europe's economic community

its industrial strength

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY

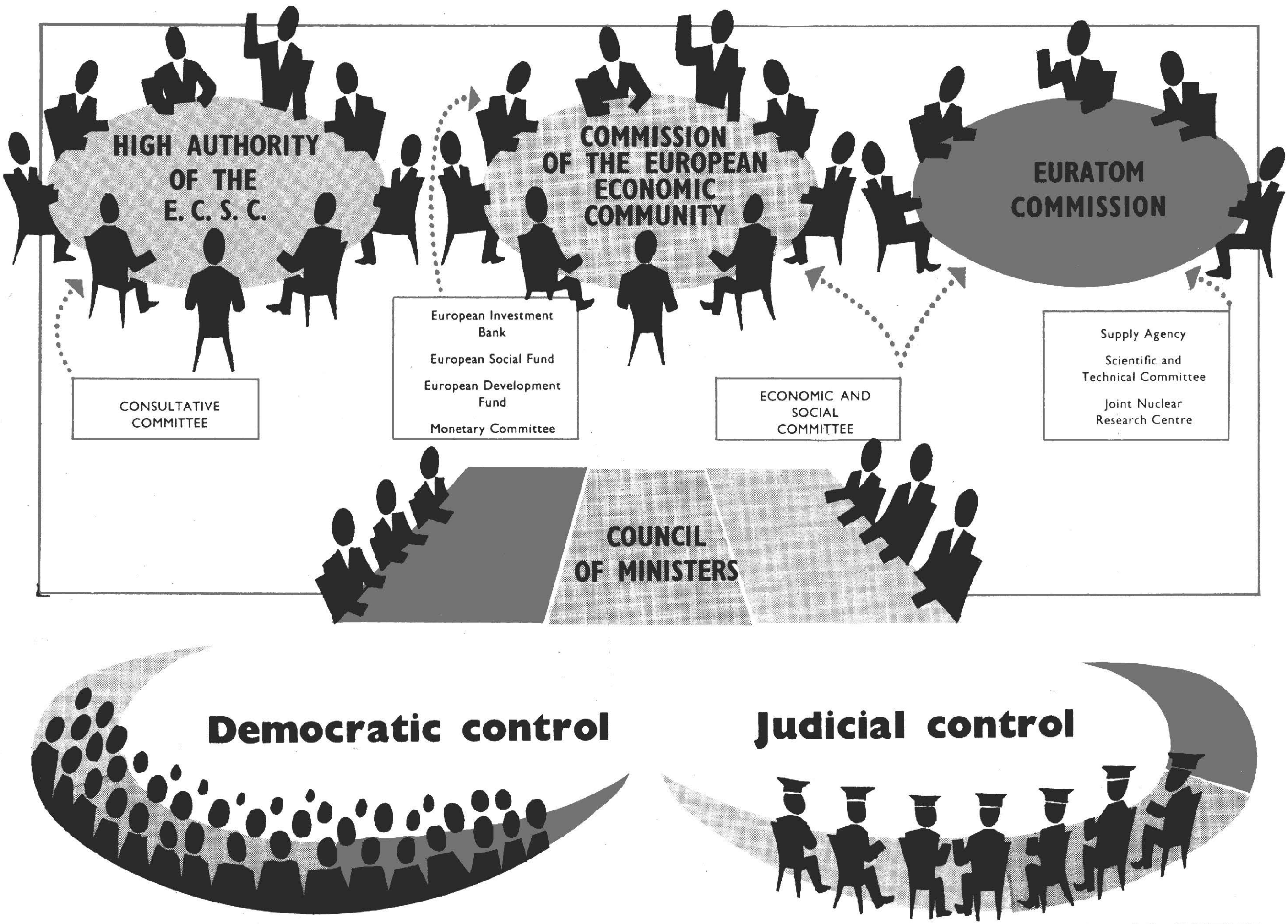
GERMAN FEDERAL REPUBLIC • BELGIUM • FRANCE • ITALY • LUXEMBOURG • NETHERLANDS

E. C. S. C.
European Coal and Steel Community

COMMON MARKET
European Economic Community

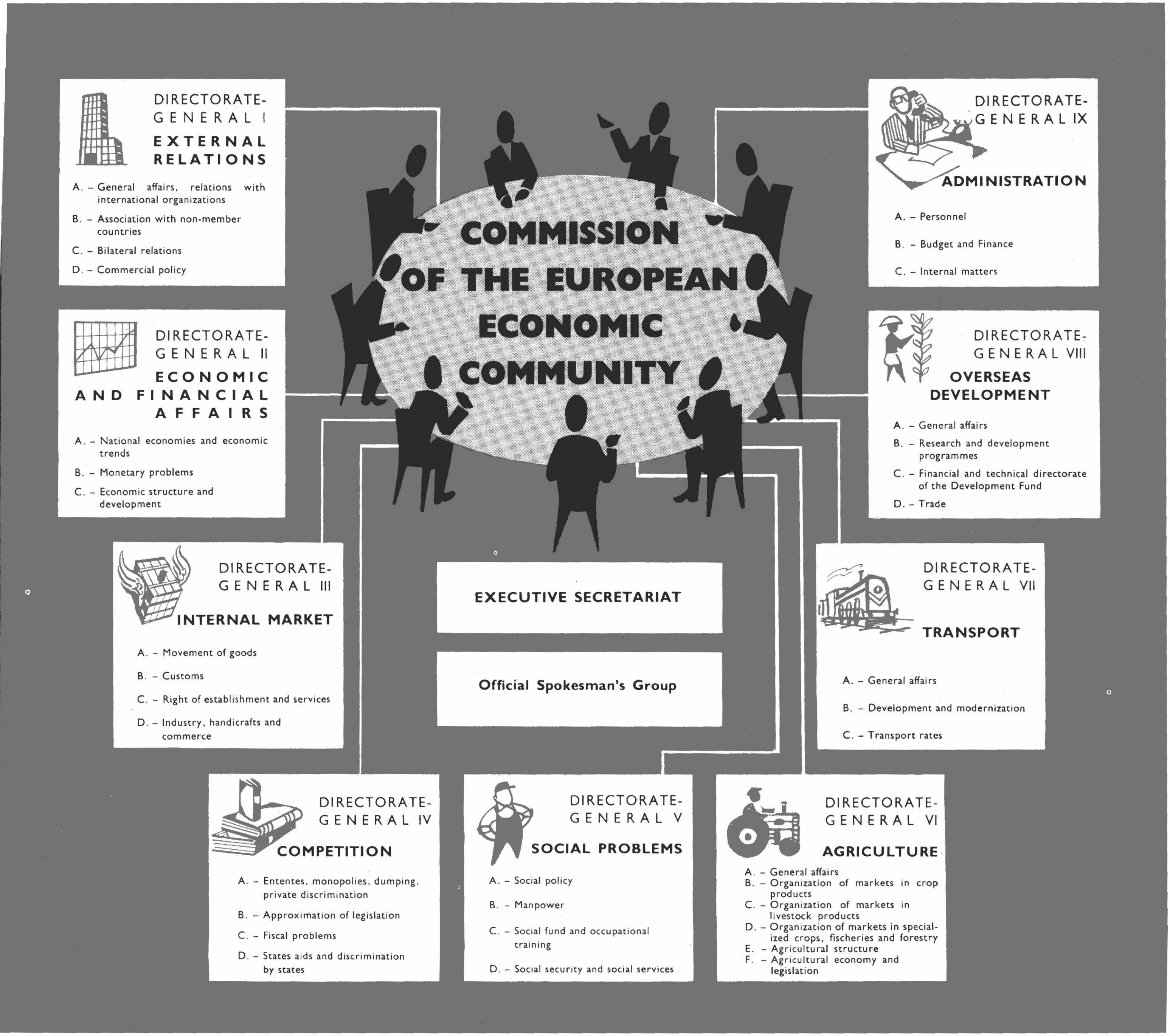
EURATOM
European Atomic Energy Community

The executives



EUROPEAN PARLIAMENT

COURT OF JUSTICE



COMMISSION OF THE EUROPEAN ECONOMIC COMMUNITY

DIRECTORATE-GENERAL I
EXTERNAL RELATIONS
A. – General affairs, relations with international organizations
B. – Association with non-member countries
C. – Bilateral relations
D. – Commercial policy

DIRECTORATE-GENERAL II
ECONOMIC AND FINANCIAL AFFAIRS
A. – National economies and economic trends
B. – Monetary problems
C. – Economic structure and development

DIRECTORATE-GENERAL III
INTERNAL MARKET
A. – Movement of goods
B. – Customs
C. – Right of establishment and services
D. – Industry, handicrafts and commerce

DIRECTORATE-GENERAL IV
COMPETITION
A. – Ententes, monopolies, dumping, private discrimination
B. – Approximation of legislation
C. – Fiscal problems
D. – States aids and discrimination by states

DIRECTORATE-GENERAL V
SOCIAL PROBLEMS
A. – Social policy
B. – Manpower
C. – Social fund and occupational training
D. – Social security and social services

DIRECTORATE-GENERAL VI
AGRICULTURE
A. – General affairs
B. – Organization of markets in crop products
C. – Organization of markets in livestock products
D. – Organization of markets in specialized crops, fischeries and forestry
E. – Agricultural structure
F. – Agricultural economy and legislation

DIRECTORATE-GENERAL VII
TRANSPORT
A. – General affairs
B. – Development and modernization
C. – Transport rates

DIRECTORATE-GENERAL VIII
OVERSEAS DEVELOPMENT
A. – General affairs
B. – Research and development programmes
C. – Financial and technical directorate of the Development Fund
D. – Trade

DIRECTORATE-GENERAL IX
ADMINISTRATION
A. – Personnel
B. – Budget and Finance
C. – Internal matters

EXECUTIVE SECRETARIAT

Official Spokesman's Group

EUROPE'S ECONOMIC COMMUNITY

ITS INDUSTRIAL STRENGTH

INDUSTRY IN THE EUROPEAN COMMUNITY

The European Community

— A leading industrial power

Industry holds a predominant position in the economy of the six Community countries :

	Gross domestic product (1960)	**Employment** (1958)
Industry and crafts . .	48,2 %	41,9 %
Agriculture	10,1 %	23 %
Services.	41,7 %	35,1 %
	100,0 %	

Community industries account for a considerable part of world output :

The Community is the world's biggest producer of :	**Tons 1961**
Potassium salts	3.858.000
Dyestuffs	85.000
Woollen yarn	539.000
Woollen fabrics	262.000
Merchant ships (gross tonnage)	2.393.000
Margarine	1.064.000

It is the world's second biggest producer of :	**Tons 1961**
Crude steel	73.300.000
Automobiles	(3.675.000 units)
Rayon	263.000
Cement	67.000 000
Cotton yarn	1.147.000
Refined copper	575.000
Zinc	726 000
Lead	457.000

— *A rapidly expanding power*

The index of Community industrial production is well above that for countries or regions of comparable industrial development.

(1953 = 100)	**1960**
Community	178
North America	118
United Kingdom	128
World total	137

Only in those countries where industrialization began later and where, moreover, demographic growth has been much more vigorous, has development been more rapid (USSR : 212; Japan : 261).

The pace of expansion varies greatly from one industry to another, but none is contracting.

	1961 (1953 = 100)
Chemicals	254
Metal processing	211
Manufacturing	197
Paper and paperboard	185

	1961 (1953 = 100)
Foodstuffs, beverages, tobacco	149
Textiles	128
Mining and quarrying	123
Hides and skins	122

— *An importer of raw materials*

The Community is the world's largest market for raw materials.

	Tons 1961
Crude oil	122.700.000
Unwrought copper	1.051.000
Unwrought lead	189.000
Unwrought zinc	125.000
Tin	34.000
Nickel	44.000
Wool	476.000
Cotton	1.012.000
Paper pulp	3.020.000

— *A major exporter*

	1961	% of output
Automobiles	1.062.700	29,5 %
Manufactured fertilizers	10.279 (1 000 t)	71 %
Cotton fabrics	107 (»)	12 %
Plastics	446 (»)	23 %

Destination of exports of manufactures, 1959 :

	%
European Community	28,4
Associated African countries	6,6
European Free Trade Association	21,5
North America	12,4
Other non-member countries	31,1

— *Promoting the expansion of international trade*

Since the establishment of the European Economic Community trade within the Community has expanded faster than trade with the rest of the world.

	(in millions of dollars)	Index (58 = 100)
1958	6.790	100
1959	8.091	119
1960	10.150	143
1961	11.708	172

Trade with the rest of the world has also expanded considerably : the exports of the Six have risen by 25 % and their imports by 27 %

	Imports from the rest of the world **(in millions of dollars)**		**Exports** to the rest of the world **(in millions of dollars)**	
		Index 58 = 100		**Index 58 = 100**
1958	16.156	100	15.911	100
1959	16.222	101	17.051	107
1960	19.444	120	19.483	122
1961	20.453	127	20.425	128

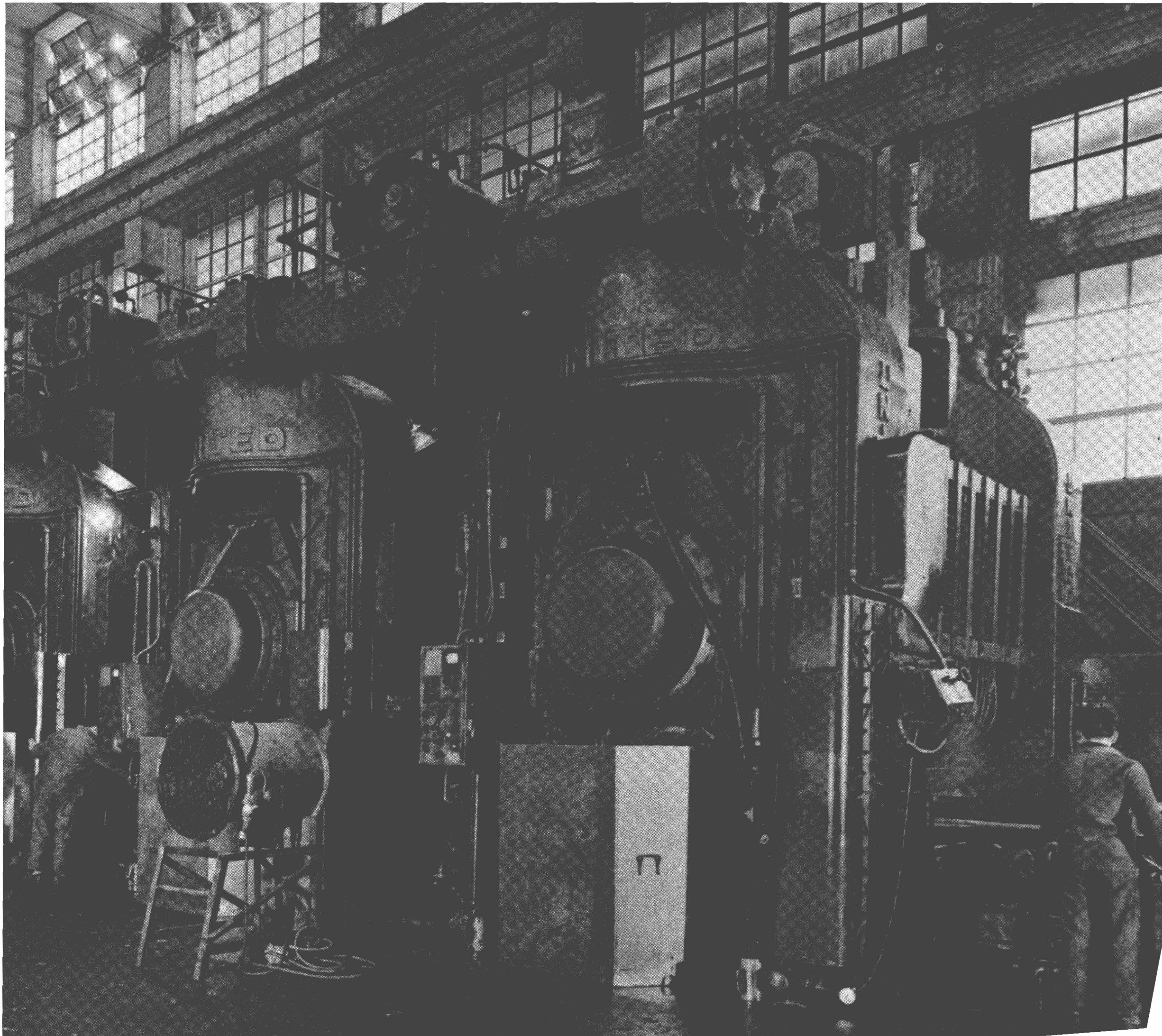
— *A new pattern*

There is large-scale cooperation among the industries of the six countries : one hundred and eleven industrial associations have been set up at Community level.
Industries are adapting themselves to the new market conditions, which require :

- — more modern equipment
- — larger firms
- — specialization agreements among firms
- — extension of distribution network to the partner countries and agreements on how they should be used.

A new division of labour in industry is growing up as the comparative advantages — natural and acquired — of localisation make themselves felt.

A concerted regional policy pursued by the Member States with the cooperation of the European Community and the Investment Bank will also provide a stimulus to regional development projects.



ALUMINIUM

Aluminium is one of the Community's most vigorously expanding industries. Cost prices are chiefly determined by investments, since relatively little manpower is employed.
Aluminium production (488,000 tons in 1960) holds third place in the Community's output of non-ferrous metals, coming after zinc and copper and followed by lead. In world production it is continuing to move ahead and has reached the second place after copper.

MANPOWER

About 12,000 people, representing 0,4 % of the total industrial manpower in the Community, were employed in the aluminium industry in 1959. The number was 6,600 in Germany, nearly 3,000 in France and 2,500 in Italy.

PRODUCTION

Community production of aluminium increased almost fourfold between 1950 and 1960. France, Germany and Italy are the only producers in the Community.

The Community and world production

(in thousands of tons)

	Commun.	USA	Canada	EFTA	USSR	Rest of the world	World
1938.	232	130	65	86	50	26	589
1950.	125	652	360	160	209	44	1.507
1958.	370	1.419	586	256	580	350	3.555
1959.	399	1.772	544	285	630	465	4.095
1960.	488	1.827	(675)	320	700	530	4.540

Source : Metal statistics of the Metallgesellschaft.

Production in the Community countries

(in thousands of tons)

	Germany (F.R.)	France	Italy
1938	(161)	45	26
1950	28	61	37
1958	137	169	64
1959	151	173	75
1960	169	235	84

Source : Idem.

STRUCTURE

In the whole Community there are seven concerns, in two of which non-member countries are associated; they operate about twenty plants of varying size. In 1960 it was a French factory situated at Saint-Jean-de-Maurienne (Savoy) which had the highest yearly production capacity (67,000 tons). Since then the most modern aluminium plant in Europe has been opened at Noguères in the Pyrenees. Its yearly capacity is initially 36,000 tons and is planned to attain 90,000 tons. Power is supplied by generating stations using natural gas from Lacq.

LOCATION OF THE INDUSTRY

The main centres, the situation of which is determined primarily by the availability of cheap electrical energy, are Savoy and the Pyrenees in France, Piedmont, the Trentino and the Venetia region in Italy, and Bavaria, Westphalia, and Baden in Germany.

PROBLEMS

Community production and consumption are expected to continue to grow.
Despite greater capacity installed or planned, production in the years ahead will not cover needs, which are also growing, so that imports will continue to be necessary.

MARKETS

Community production is insufficient to cover consumption. Large imports are required and the volume of exports is small.
70 % of the average consumption of the Community in 1960 was covered by internal production. The remaining 30 % was supplied by non-member countries.

(in thousands of tons)	Production	Consumption	Imports
1958	370	448	123
1959	399	525	154
1960	488	694	283

Source : OEEC Non-Ferrous Metals Statistics.

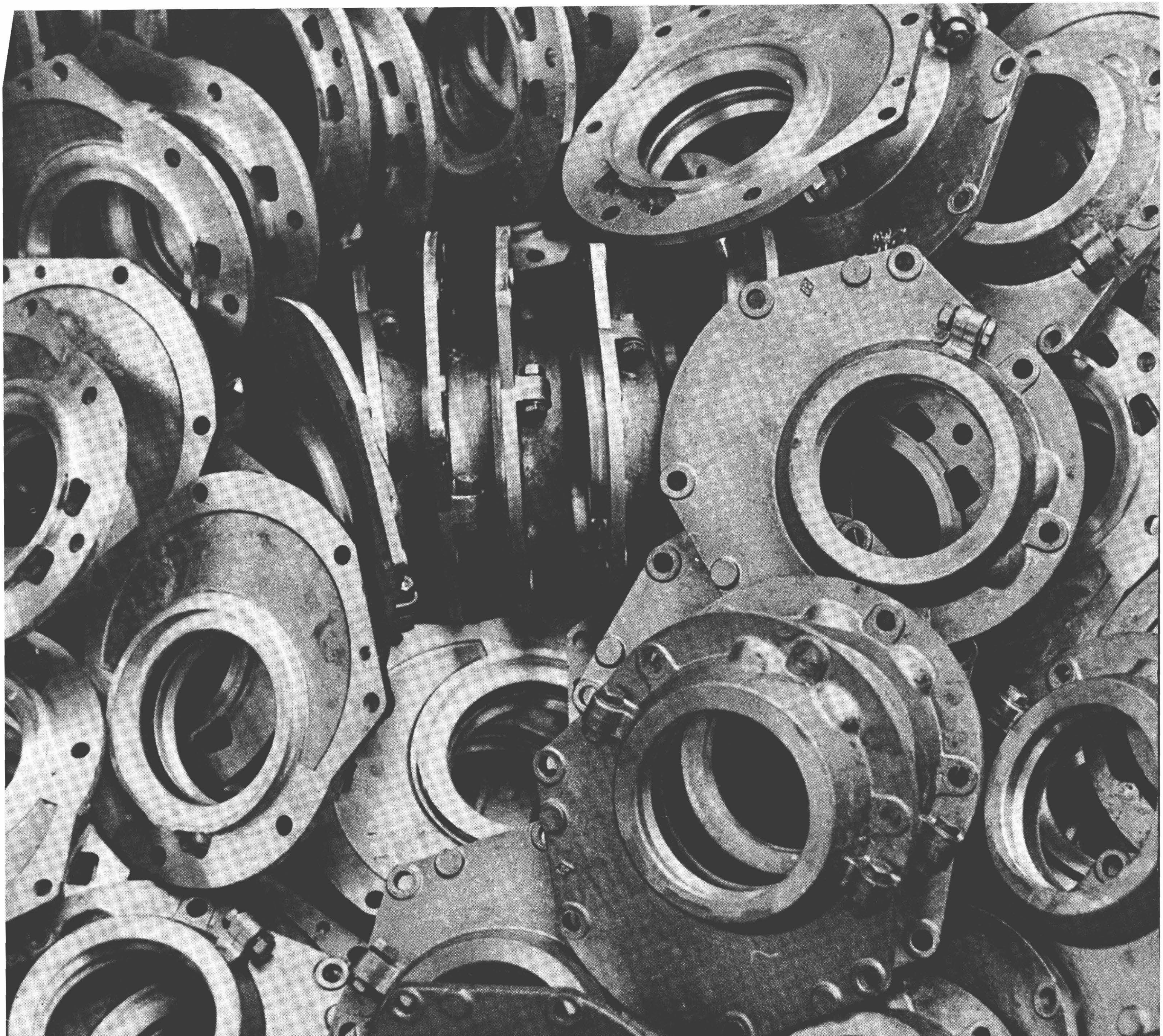
Outlets for domestic production

(1960)	Domestic market	Community	Associated overseas countries	Non-member countries
Germany (F.R.)	100 %	—	—	—
France	88 %	8 %	—	4 %
Italy	100 %	—	—	—

Of the three producing countries, France alone placed an appreciable portion of its national production in the Community and in third countries. In 1960 the volume of French exports (59,000 tons, of which 34,000 went to other Community countries) was higher than imports (54,000 tons).

THE COMMON EXTERNAL TARIFF

The duty on imports into the Community has been fixed at 10 % by negotiation between the Member States. Provision has been made for some Member States to grant 5 % tariff quotas (or even lower ones in the case of Belgium and Germany) in order to protect the interests of users.



AUTOMOBILES

Automobile manufacture is one of the key industries of the modern economy, both because the manpower and capital employed in it are considerable and because it involves other sectors such as iron and steel, electrical goods, rubber, textiles, petroleum, and the repair and maintenance trades.

MANPOWER

In the Community countries in 1959, 367,400 workers plus 81,900 staff and management were engaged in the manufacture of private and commercial vehicles, excluding assembly. The total labour force represented 1.5 % of the industrial labour force of the Community. Women accounted for 6.15 % of the workers and 20.82 % of the staff.
The following table gives the figures for the labour force in this sector for each of the countries with the respective percentages of total industrial manpower.

Labour force employed
(in thousands)

	Germany (FR)	**France**	**Italy**	**Community(1)**
Industrial labour force (1959)	11.884	7.250	7.473	29.962
Labour force of the motor industry	233,7	157,8	52,8	449,3
Workers	199,2	119,9	44,1	367,4
Staff	34,5	37,9	8,7	81,9
%	2,0	2,2	0,7	1,5

Source : Statistiques sociales — 1961, N° 3.

(1) Including Benelux (manufacture only)

PRODUCTION

Between 1951 and 1962 production of private cars and estate cars in the Community increased more than sixfold. The Community's share of world production rose from 10 % to 32 %.

By contrast, the automobile production of the United States in 1962 after wide fluctuations, barely reached its 1950 level. Its share of world automobile production decreased during this period from 82 % to 49 %. Great Britain, the world's third largest motor manufacturing country, more than doubled its production between 1950 and 1962. Its share of world production rose from 6 to 9 %.

The Community and world production

Private cars and estate cars

(in thousands)	Community	USA	UK	USSR	World
1937	511	3.916	379	—	—
1951	710	5.338	476	54	6.935
1958	2.645	4.247	1.052	122	8.653
1959	3.106	5.599	1.190	125	10.690
1960	3.603	6.694	1.353	139	12.900
1961	3.675	5.516	1.004	149	—
1962	4.351	6.935	1.249	160	14.100

Source : Office Statistique des Communautés Européennes.

Production in the Community countries

(thousands of vehicles)	Germany	France	Italy	Netherlands	Community
1937	(269)	181	61	—	511
1951	277	314	119	—	710
1958	1.307	969	369	—	2.645
1959	1.503	1.128	471	4	3.106
1960	1.817	1.175	596	15	3.603
1961	1.904	1.064	694	13	3.675
1962	2.109	1.340	878	24	4.351

Nevertheless, the year 1961 marked, for the first time since 1950, a slowing-down of the upward trend of motor manufacturing in the Community, since production remained static at about the level of the preceding year. This was due in large measure to the recession in French production and a falling-off in the growth rate of German production, Italy alone maintaining its expansion rate. This slowdown gave way to a vigorous upswing in 1962. In 1961 the United States and Great Britainalso experienced a very marked decline, but 1962 brought a sharp recovery.

The breakdown of automobile production in the Community in 1962 was as follows :

Germany (F.R.)	48,4 %
France	30,8 %
Italy	20,2 %
Netherlands	0,6 %
	100 %

There is a large assembling industry in Belgium which in 1961, produced 192,000 automobiles from parts originating in the Community and various non-member countries. In the Netherlands, apart from its own production (DAF), 27,000 foreign automobiles were assembled.

STRUCTURE

Concentration, a high degree of mechanization, rationalization — these are the three main features of the motor manufacturing industry.
In 1960 there was a total of 75 firms in the Community producing automobiles and commercial vehicles. But 90 % of the private automobiles were produced by the following nine firms : Volkswagen, Fiat, Renault, Opel, Citroën-Panhard, Simca, the Daimler/Benz Auto-Union group, Ford, and Peugeot. In the commercial vehicle sector, the same firms accounted for 77 % of production.
The degree of concentration varies from country to country, and is most dense in Italy. In 1960 Fiat produced 87.7 % of the country's private automobiles and 75.3 % of its commercial vehicles. In the same year in France 96 % of production came from the firms of Renault, Citroën-Panhard, Simca and Peugeot. In Germany tour firms : Volkswagen (44 %), Opel, the Daimler/Benz Auto-Union group and Ford together produced 89 %. Holland has only one make of car, the DAF, which went into production in 1959.
The concentration of production is accompanied by a high degree of mechanization and the installation of assembly lines permitting production on a very large scale. Some firms produce more than 2,000 vehicles a day and one exceeds 4,000.

LOCATION OF THE INDUSTRY

In France and Italy the motor industry is, geographically speaking, highly concentrated. In Germany, it is much more dispersed.
In France more than three-quarters of the industry is centred in Paris and its suburbs.
An exception to this high degree of centralization is Peugeot, which has factories in the Doubs. A tendency towards decentralization has begun with the installation of Renault at Le Mans and Flins and of Simca at Poissy, followed by the installation of Citroën at Rennes and of Saviem at Blainville in Normandy.
In Italy more than three-quarters of production comes from the industrial North, from the assembling plants of Fiat and Alfa-Romeo at Turin and Milan respectively.
In Germany there is much greater dispersal. Neverheless, here as in the other producer countries ot the Community the factories are situated in the major industrial areas and close to main lines of communication (rail, waterways), in North Rhine/Westphalia, Baden-Württemberg, Bavaria, Hesse and Lower Saxony. The industry is equally distributed between the northern and southern halves of the country.

PROBLEMS

After an enormous growth in demand during the years 1950 to 1960, European automobile manufacturers now face keen competion. The European market, though rapidly catching up on the American, is still far from

saturation, but the swift expansion of car ownership will be increasingly obstructed by the inadequacy of roads and the high density of traffic in the towns.
Moreover, the motor industry still faces obstacles arising from differences in technical regulations and divergent systems of taxation — obstacles to trade which are to be eliminated between the Community countries.
Community motor production depends for its outlets on trade among the member countries and, still more, on exports to the rest of the world.
Trade negociations with non-member countries are therefore important for the Community's motor industry.

MARKETS

The growth of the Community's automobile population can be measured against that in the United States or Great Britain. Between 1951 and 1960 the number of automobiles in the Community quadrupled, while the American figure, already very high, increased by only 50 %, and that of Great Britain doubled.

Number of private automobiles and estate cars

(thousands)	1951	1958	1959	1960	1961
Community	3.282	9.798	11.245	12.953	14.895
USA	42.683	56.871	59.562	61.274	63.274
UK	2.380	4.549	4.966	5.526	5.979
World	55.489	86.430	91.000	98.300	103.700

Even more striking is the development in the number of automobiles compared with population during these ten years. In the United States the ratio has remained constant at three persons per automobile, representing a saturated market. The Community countries are in varying degree still very far from such saturation, which however can hardly be attained in Europe because of more limited space and a very different road network.

Number of persons per automobile

	1954	1958	1959	1960	1961
Germany (F.R.)	39	18	16	13	11
France	16	10	9	8	8
Italy	69	34	30	25	20
Netherlands	48	27	25	21	19
Belgium	20	14	13	12	11
Luxembourg	17	10	10	9	8
Community	30	17	15	13	12
USA	3	3	3	3	3
UK	16	11	10	9	8

Export markets are vital to the motor manufacturing industries of the Community countries. Their importance is clearly shown by the export figures : for Germany 48 %, for France 37 % and for Italy 31 % of production in 1961.

Community countries' Exports in 1961

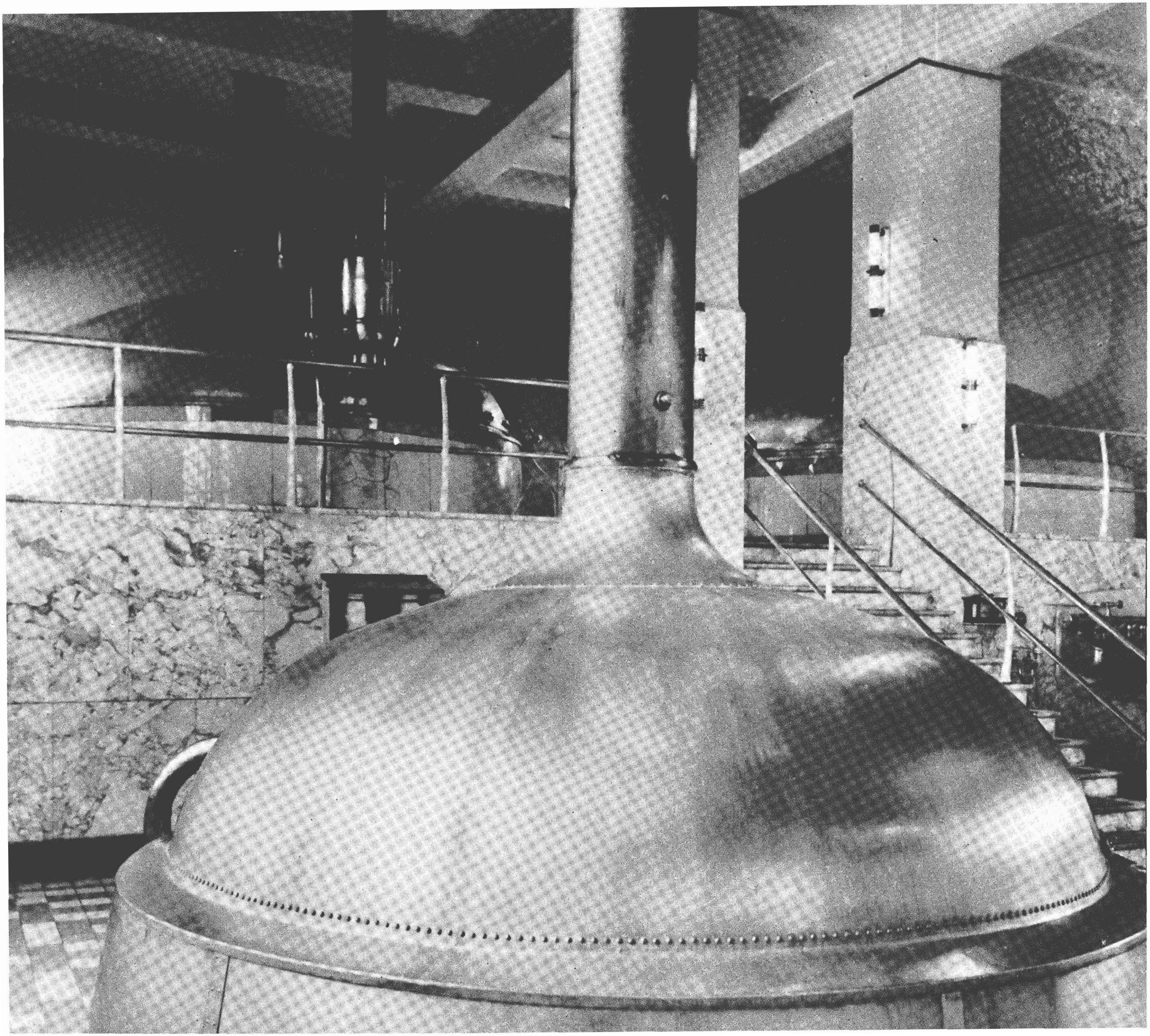
Private cars and estate cars (thousands of units)

	Production	Exports	to the Community	to non-member countries
Germany	1.904	916	198	718
France	1.064	396	154	242
Italy	694	214	126	88

By far the greater part of automobile exports from these three countries goes outside the Community, although intra-Community trade has increased since the inception of the Common Market. Germany sends 78 % of her total exports to non-member countries, France 61 % and Italy 41 %. A large part of these exports outside the Community goes to the E.F.T.A. countries and the United States, although, in the latter, imports from Europe have receded as a result of the counter-offensive by American " compact cars "

COMMON EXTERNAL TARIFF

The common external tariff imposes a 29 % duty on motor vehicles and a 19 % duty on parts.
These duties were however reduced to 22 % and 14 % respectively as a result of the Dillon round of negotiations in GATT; this lower level of duties served as basis for the first alignment on the common customs tariff made by the Member States.



BREWING

The brewing industry is expanding rapidly and has doubled its production in ten years. This expansion has not been uniform in all the Community countries; it is influenced by consumption in each country. Brewing remained almost a craft until the middle of the last century, but is has since developed along industrial lines. As in all the other food industries, its problems are closely bound up with those of agriculture, which supplies it with raw materials (barley and other cereals, hops).
Beer production in the Community was 22 % of world output in 1960; the USA produced 27 % and the United Kingdom 11 % of the world total.

MANPOWER

In 1958 the brewing industry employed about 128,000 wage-earners, or 0.4 % of the Community's industrial labour force.

The table below shows, country by country, the manpower employed as a proportion of the total industrial labour force.

Labour force employed

1958	Germany (F.R.)	Belgium	France	Italy	Lux.	Netherl.	Community
Total industrial labour force. (1959) .	11.884	1.566	7.250	7.473	67	1.722	29.962
Brewing	82,5	16,1	18,0	5,3	0,6	5,7	128,2
%	0,69	1,02	0,25	0,07	0,90	0,33	0,43

(in thousands)

PRODUCTION

After a recession between 1938 and 1950 due mainly to the war, the volume of Community beer production has risen steadily. Production went up 115 % between 1950 and 1960. This increase is accounted for almost entirely by Germany, but in some degree by the Netherlands and France, the output of the B.L.E.U. and Italy having remained more or less static. The growth rate of Community beer production was much faster than that of the rest of the world : Production outside the Community in 1960 was only 28 % up on 1950. Germany's output increased constantly and very rapidly. The Federal Republic's proportion of Community output rose from 44.6 % in 1950 to 61.7 % in 1960, whereas that of Belgium in the same period fell from 24.9 % to 11.6 %.

The Community and world production (in thousands of hectolitres)

	Community	USA	EFTA	USSR	World
1938	65.176	66.107	48.750	10.590	245.000
1951	46.084	104.268	51.496	15.190	295.800
1958	80.248	103.860	54.741	19.910	368.900
1959	86.258	106.102	57.277	23.190	387.200
1960	87.001	110.250	(59.400)	24.980	401.600

Source : Statistical Yearbook of the UN, 1960.

Production in the Community countries (in thousands of hectolitres)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
1938	(35.000)	14.301	13.880	613	1.382	65.176
1950	18.176	10.496	9.089	1.549	1.429	40.739
1958	47.809	10.578	16.940	1.980	2.941	80.248
1959	51.645	11.049	18.074	2.092	3.398	86.258
1960	53.737	10.537	16.689	2.486	3.552	87.001

Source : Statistischer Bericht des Deutschen Brauerbundes 1961.

STRUCTURE

In 1960 there were 2,935 breweries in the Community, more than two thirds of them in the Federal Republic of Germany :

Germany	2.218
Belgium.	414
France	225
Italy	29
Luxembourg	11
Netherlands.	38

One sees here a feature that is common to the entire food industry : a large number of small and medium-sized firms alongside a limited number of very large ones. In Germany, for instance, 80 % of the breweries produce less than 20,000 hectolitres a year each; accounting for only 15 % of German output; 180 firms, or 6 % of the total with an output of more than 100,000 hectolitres per annum each, produced more than 60 % of all the beer made in the Community. There has been a strong trend towards concentration in the Community since the war. Average annual output per brewery is still only 24,000 hectolitres in Germany and Belgium, but the figure is 77,000 in France, 86,000, in Italy and 93,000 in the Netherlands.

LOCATION OF THE INDUSTRY

There are six main areas of production in the Community : Benelux, Alsace and the departments of Nord and Pas-de-Calais in France, Bavaria, Baden-Württemberg and North Rhine-Westphalia in Germany. These six regions, which are quite close to one another, represent only 20 % of the Community's total area. Two other regions of heavy concentration should also be mentioned : Berlin and the Paris area. The location of breweries appears, moreover, to be greatly influenced at present by the difference in levels of consumption and the difficulties of transporting beer.

PROBLEMS

The establishment of the common market will raise problems of competitive conditions with respect to the output of and trade in beer :

— A harmonization of legislation will be necessary to prevent any barriers to trade based either on the definition of products or on that of the composition of the beer;

— Distribution networks are organized in such a way at the national level that they do not permit free circulation throughout the territory of the Community.

The southern areas of the Community are in a special position because of their distance from production centres and the cost of transport. This is one reason for the increase of beer exports from Austria to Italy, which accounted for 30 % of all Italian beer imports in 1960.
The consumption of beer may increase in France and especially in Italy, but there will be competition from other beverages, among which non-alcoholic drinks (fruit juice, mineral water) are increasingly in demand — particularly among young people.

MARKETS

The Community's production is consumed almost entirely within the Community, except for that of the Netherlands, which exports a considerable quantity to non-member countries. Trade with non-member countries shows a steadily increasing surplus since exports to non-member countries are progressing at a faster rate than imports : 50 % and 93 % respectively between 1955 and 1960.

Production in the six countries slightly exceeded Community requirements.

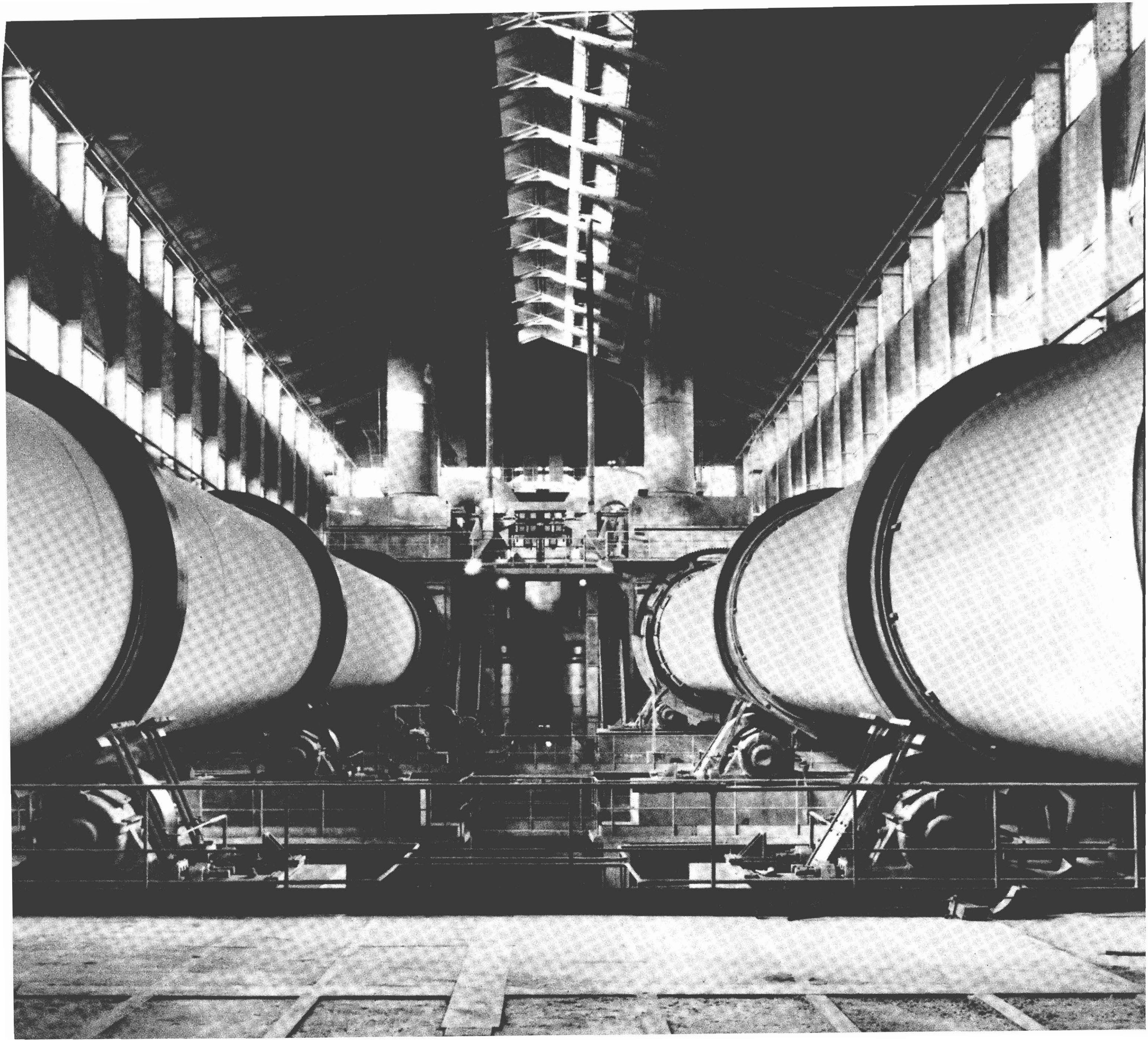
Trend of beer consumption (litres per person)

	1938	1950	1955	1958	1959	1960
Community :						
Germany (F.R.)	(70)	36	67	86	92	95
B.L.E.U.	168	115	115	115	119	113
France	28	21	27	37	39	35
Italy	1	3	3	4	4	5
Netherlands	15	11	16	20	23	24
EFTA :						
Great Britain	86	82	80	79	80	87
Austria	—	—	61	70	67	71
Switzerland	51	42	52	63	62	63
Denmark	58	72	66	66	70	63
Sweden	45	38	41	37	39	38
Norway	16	18	23	23	24	23
U.S.A.	49	66	61	57	58	—
URSS	—	—	—	(9)	(11)	(12)
Eastern Bloc :						
Czechoslovakia	—	—	79	90	90	—
East Germany	70	21	69	77	81	—
Poland	—	—	19	21	23	—
Hungary	—	—	—	28	32	—

Source : Statistical Office of the European Communities — National Statistical Offices.

COMMON EXTERNAL TARIFF

The duty on beer imported from non-member countries will be 30 % at the end of the transition period. Except for B.L.E.U. and the Netherlands, which will have to reduce their tariff protection, no Member State at present applies a duty of more than 30 %.



CEMENT

The cement industry, which exists in virtually all the Community countries, employs relatively little manpower but uses costly equipment, the unit size of which is growing. It requires a great deal of capital, the turnover of which is very slow as compared with other industries.
It is a dynamic and highly concentrated industry whose expansion is linked to that of demand in the building and construction industry in general.

MANPOWER

In 1959 the labour force employed in the Community's cement industry (including workers and staff) amounted to 57,953 persons. This represents 0.19 % of the Community's total industrial labour force (1) (29.9 million in 1959).
The following table shows how, in each country, the labour force employed in the cement industry compares with the total industrial labour force :

Labour force employed (in thousands)

1959	Germany (F.R.)	Belgium	France	Italy	Lux.	Netherl.	Comm.
Total industrial labour force......	11.884	1.566	7.250	7.473	67	1.722	29.962
Labour force employed in cement ind.	22	3,8	13,6	17,3	0,2	1,0	57,9
%	0,18	0,24	0,18	0,23	0,3	0,6	0,19

Source : Total labour force — Statistical Office of the European Communities, General Statistics, n. 3/1961.
Cement industry-OEEC, Cement Industry in Europe, Statistics for 1959.

PRODUCTION

In the past years the cement industry has developed rapidly and exceeded the average rate of expansion in industry as a whole.
From 1950 to 1960 cement output more than doubled in Germany and Italy, doubled in France and the Netherlands, but increased only very slightly in Belgium.
In the Community as a whole cement output rose from 27.4 million tons in 1950 to 61.3 million tons in 1960.

(1) Manufacturing, mining and quarrying, excl. building industry and public utilities.

The Community and world production (in millions of metric tons)

	Community	USA	EFTA	USSR	World
1938	23,6	18,3	11,3	5,7	85
1950	27,4	38,7	16,2	10,2	133
1958	51,7	54,8	21,9	33,3	260
1959	57,7	59,8	24,2	38,4	290
1960	61,3	56,0	25,8	45,5	292

Sources : OEEC : Industrial Statistics 1950/1959, and Cement Industry in Europe. National Statistical Offices.

Production in the Community countries (in millions of metric tons)

	Germany (F.R.)	Belgium	Lux.	France	Italy	Netherl.	Commun.
1938	(11,3)	3,0	0,08	4,1	4,6	0,5	23,6
1950	10,7	3,6	0,13	7,4	5,0	0,6	27,4
1958	19,7	4,1	0,20	13,6	12,4	1,4	51,7
1959	24,0	4,2	0,20	14,0	14,3	1,6	57,7
1960	25,0	4,3	0,20	14,2	15,8	1,8	61,3

Sources : National Statistics. OEEC : Industrial Statistics 1950/1959; Cement Industry in Europe.

STRUCTURE

The country in which concentration has made most headway is Belgium, where two companies account for 60 % of total output. Before the war there were 30 cement factories working in Belgium; by 1959 there were 16, of which 6 accounted for 70 % of the country's output of Portland and slag cement. The average capacity per factory has increased from 120,000 tons p.a. in 1938 to 460,000 tons p.a. in 1958.
In Germany, the three largest companies account for some 40 % of the total output.

LOCATION OF PLANTS

The location of cement works is influenced by proximity to raw materials (limestone quarries, or iron and steelworks in the case of slag cement) and to sources of power (coal, natural gas or electricity), the presence of communications (especially waterways) and the vicinity of major centres for consumption.
Cement being a bulky product, relatively costly to transport, the factories are usually to be found close to the consumption centres. They are situated at distances varying from 50 to 60 km in Belgium and Germany to 120 km in Italy.

In Germany, the two largest groups are found in North Rhine-Westphalia and in Baden-Württemberg.
In Belgium, the largest factories are situated along the Meuse, in the Province of Liège and on the Mons-Condé Canal in Hainaut.
In France, the three principal companies have most of their factories in the departments of Nord, Pas-de-Calais, Meuse, Moselle, Isère, Ardèche and Bouches-du-Rhône.
In Italy, the principal production centres are in Venetia and at Naples.

PROBLEMS

Being essential to a modern economy and in particular indispensable for all major public works and civil engineering as well as for construction in general, the cement industry is highly concentrated, which is in part due to the great cost of the equipment used. This trend towards concentration has been strengthened as a result both of an enormous expansion of consumption since World War II and of progress in mechanization.

THE MARKET

The Community as a whole supplies its needs from its own production. In 1960 exports to non-member countries amounted to 2.2 % of total output and imports were very small.

Outlets for domestic production

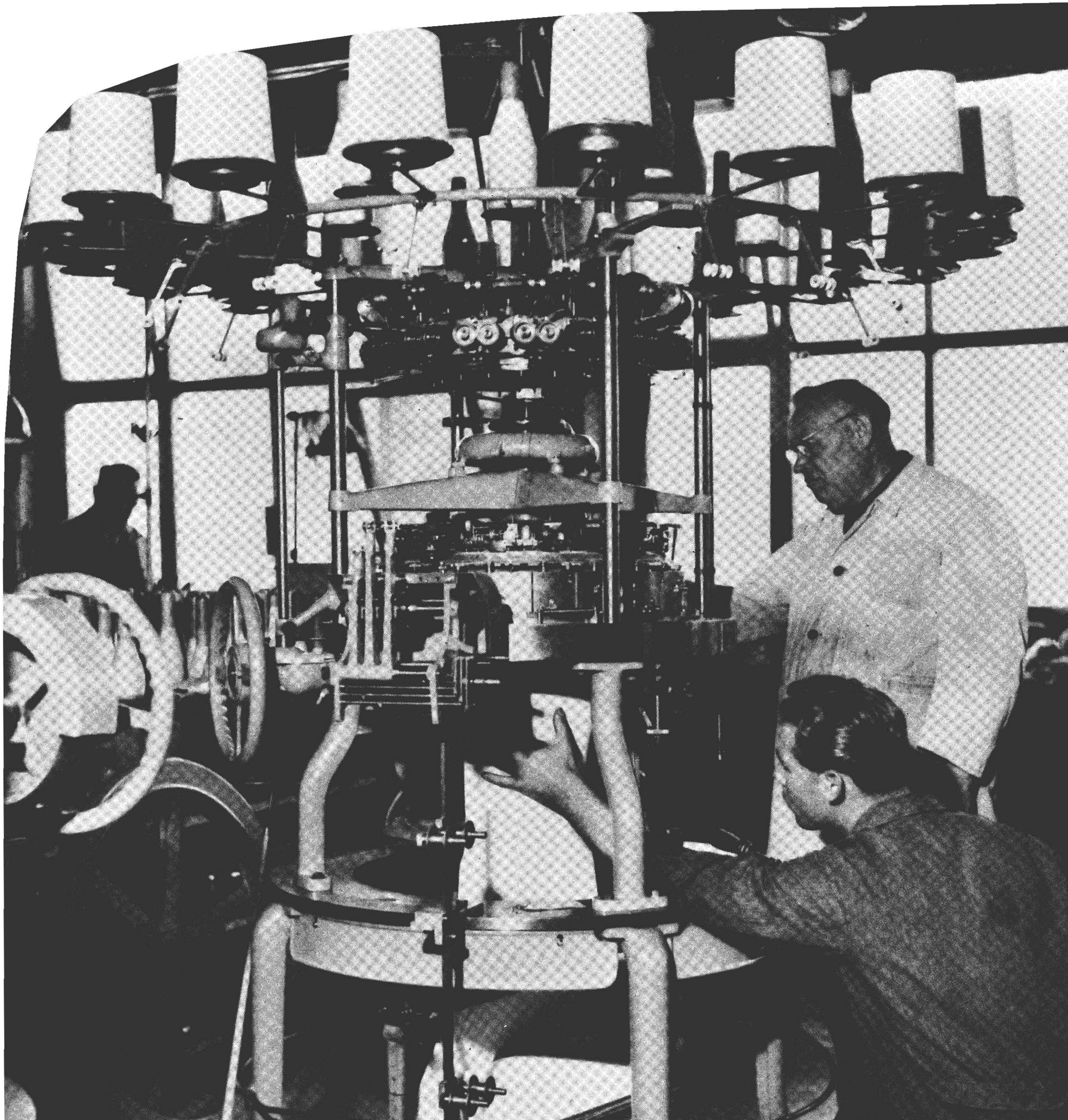
%	Germany (FR)	B.L.E.U.	France	Italy	Netherl.	Commun.
Domestic market	96,9	74,8	92,9	99,4	100	95,2
Community market	2,2	18,6	1,6	—	—	2,6
Non-memb. countr.	0,9	6,6	5,5	0,6	—	2,2

In 1960 the consumption of cement per head of population was as follows :

Germany (F.R.)	436 kg
B.L.E.U.	351 kg
France	290 kg
Italy	320 kg
Netherlands	277 kg

THE COMMON EXTERNAL TARIFF

The 8 % common external tariff represents the arithmetical mean of the national tariffs. Only Italy applied a much higher rate (18 %); the rate in other countries was either close to the common external tariff (France : 10 %) or well below it (Benelux : 3 %, Germany : 2.5 %).



TEXTILE MACHINE AT STUTTGART-BAD CANNSTADT (GERMANY)

COTTON

The cotton industry, at present undergoing modernization, is the most important in the textile sector. Despite a fall in the manpower employed and a reduction in the number of spindles and looms, output has grown substantially in the EEC.

MANPOWER

The number of persons employed in the cotton industry in 1960 was 557,000, or 1.8 % of those employed in the Community's manufacturing industries and about 30 % of the labour force employed in textiles.
The table below gives a country-by-country breakdown :

Labour force employed

(in thousands)

End of 1960	Germany FR	B.L.E.U.	France	Italy	Netherl.	Community (1)
Total industrial labour force (1959)	11.884	1.633	7.250	7.473	1.722	29.962
Persons employed in cotton industry	184,6	35,0 (2)	118,5	167,4	51,8	557,3
%	1,5	2,1	1,6	2,2	3,0	1,8

(1) Semi-manufactures included.

(2) Weaving included (estimates).

Source : EEC Committee for the Cotton Industries.

PRODUCTION

In the last ten years the cotton industry has fared better in the Community than in the other Western European countries and the United States. The respective positions of the national cotton industries have remained practically unchanged in comparison with the pre-war situation; there have, however, been :

A slight decline in French spinning and in Dutch weaving;

A slight improvement in Italian spinning and weaving and in Belgian weaving.

THE COMMUNITY AND WORLD PRODUCTION

(in thousands of metric tons)

	Community	USA	EFTA	USSR	World
Cotton yarn					
1953.	978	1.756	469	899	6.745
1958.	1.064	1.844	423	1.063	8.039
1959.	1.074	1.839	408	1.119	8.535
1960.	1.165	1.738	423	1.168	8.817
1961.	1.151	1.754	414	1.164	8.913
Total fabrics production in the cotton industry					
1953.	760	1.498	353	642	5.170
1958.	847	1.317	307	703	5.725
1959.	859	1.409	292	709	6.106
1960.	932	1.375	301	738	6.196
1961.	911	1.344	290	754	6.260

Production in the Community countries

(in thousands of metric tons)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherlands
Cotton yarn					
1953.	343	104	270	193	68
1958.	393	91	308	199	72
1959.	398	104	281	214	74
1960.	421	111	314	239	80
1961.	403	113	314	239	80 (1)
Cotton fabrics					
1953.	(268)	73	202	147	70
1958.	311	75	233	157	69
1959.	311	84	224	166	73
1960.	332	95	240	183	81
1961.	319	93	(235)	182	80

(1) Consumption of yarn for weaving.

Sources : For EEC, Statistical Office of the European Communities (yarn production corrected for Netherlands) and national cotton associations.
For other countries, International Cotton Advisory Committee.

STRUCTURE

Born of the first industrial revolution, the cotton industry in Western Europe comprises a large proportion of small or medium sized firms. In the Community in 1958 there were:

592 spinning firms, with an average of 34,000 spindles per firm (1);
2,229 weaving firms, with an average of 190 looms per firm.

The average size of the firms varies among the Community countries; at present the degree of concentration seems to be highest in Germany and in the Netherlands, where the industry is of more recent growth, but the trend among the other partners is to establish production on a sounder footing.
Two notable features of the structural development of the Community's cotton industry in recent years have been :

A decline in the numbre of persons employed and in the number of firms;
A reduction of equipment.

These trends have not been on the same scale in all the member countries — they have been more pronounced in France, Belgium and Italy — so that within the Community there are considerable disparities.
Between 1952 and 1960, the number of persons employed fell by 30 % in France, 35 % in Italy, 31 % in Belgium and 12 % in the Netherlands.
The total number of persons employed in the industry dropped about 20 % in eight years.
Efforts have been made in the last ten years to place production on a sounder footing by scrapping surplus equipment and by modernizing the mills. The outcome has been :

In spinning, a reduction of 16 % in the number of spindles — from 22.5 to 18.8 million between 1950 and 1961 — and the almost complete disappearance of the old kind of mule.
In weaving, a decline of 27 % in the number of looms — from 540,000 to 394,000 between 1953 and 1961 — and a growth in the proportion of automatic looms (61 % in 1961 as against 44 % in 1953).

LOCATION OF THE INDUSTRY

Geographical concentration of cotton firms is fairly high in three of the Community countries (Belgium, the Netherlands and Italy) but is less marked in Germany and in France.

In France, the cotton industry is situated in the northern half of the country in three main areas :
(a) The eastern area (Alsace, Vosges and Belfort) — 50 % of spinning and weaving;
(b) The northern area (Lille, Roubaix and Tourcoing) — about 35 % of spinning and weaving;
(c) The western area (Rouen, Laval, Cholet) — about 15 % of spinning and weaving.

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(1) In the cotton industry of the United States the average number of spindles per firm is about 160,000.

In Germany, the industry is spread over several areas with more dispersion for weaving than spinning.
The main spinning centres are :
(a) The Rheine Bocholt area;
(b) Baden-Württemberg;
(c) Northern Bavaria;
(d) The Munich area;
(e) Lower Saxony;
(f) The Bonn-Koblenz area.

Spinning is mainly concentrated in North Rhine-Westphalia, but there are also two important centres in Württemberg and in Northern Bavaria.

In Italy, the cotton industry is situated mainly in Lombardy, where there are 50 % of the spindles and 70 % of the looms. Piedmont and Venetia follow in that order.

In Belgium, the cotton industry has grown up in the two provinces of West and East Flanders around the centres of Ghent and Courtrai.

In the Netherlands, the greater part of the cotton industry is concentrated in the east between Twente and Achterhoek, where about 80 % of the mills are to be found.

PROBLEMS

The main problems facing the Community's cotton industry stem from the emergence and growth of competitive cotton industries in the outside world, particularly in Asia, (Japan, India, Pakistan, China and Hong-Kong). The result has been that external markets have shrunk and a grave threat of dislocation hangs over its own market. — European industry is finding it very hard to compete with Asian manufacturers, who can produce more cheaply because of low wage costs.
A common commercial policy with respect to these countries is therefore a matter of vital concern to the industry, which is pressing for adequate protection in coming years. In the opinion of the parties concerned, such protection is essential if the industry is to press forward its programme for modernizing production, which was launched several years ago and has already led to a substantial improvement in manpower and machine productivity. An international Arrangement, valid from 1 October 1962 to 30 September 1967, has been drawn up by most cotton-processing countries; it is intended to prevent market disruption as a result of imports from low-price countries by imposing quantitative restrictions.

MARKETS

Output in the Europe of the Six meets 98 % of the Community's needs in cotton yarn. The percentage for cotton fabrics is 89 %.
Two per cent of yarn production and 13 % of fabrics are exported.
Community imports are a relatively meagre proportion of visible consumption, but they are on the increase.

MARKETING OF NATIONAL OUTPUT
TRADE IN COTTON YARN AND COTTON FABRICS

Tons

(average 1957/59)	Germany FR	France	Italy	Netherl.	BLEU
Cotton yarn :					
1. Exports as % of output (1).	0,9	1,6	7,5	10,4	18,6
2. Imports from EEC as % of output. . . .	1,5	0	0	19,2	4,3
3. Imports from outside EEC as % of output.	1,2	0	0	0,9	2,4
Cotton fabrics :					
1. Exports as % of output (1).	10,5	17,9	6,9	50,6	45,1
2. Imports from EEC as % of output. . . .	3,1	1,1	0	19,0	13,0
3. Imports from outside EEC as % of output.	4,6				

(1) Including intra-Community trade.

Source : EEC Committee for the Cotton Industries.

The positions of the various Community countries may be summed up as follows :

(a) Germany, the Community's leading producer, exports relatively little. Most of what is sent abroad goes to non-member countries. As for imports — mainly fabrics — figures are relatively low in comparison with the country's own production and requirements, but they are going up.

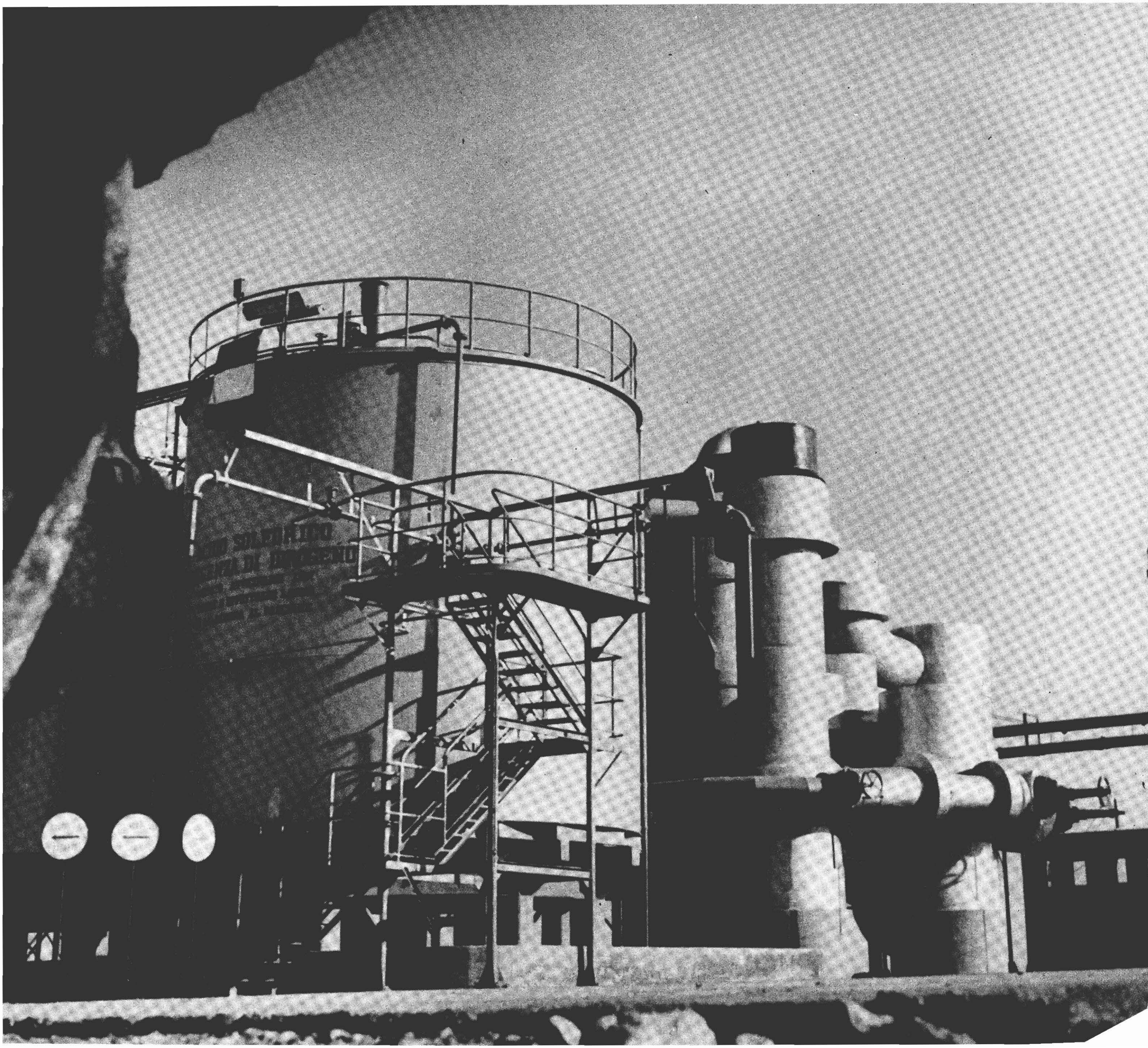
(b) France exports hardly any yarn but sells 18 % of her fabric production on foreign markets; most of this goes to the associated countries. She imports only small quantities of cotton fabrics..

(c) Italy exports considerable quantities of yarn but absorbs 93 % of her output of fabrics. Imports of fabrics are very small.

(d) Belgium and the Netherlands are the leaders in trade in products of the cotton industry. They are heavy exporters of yarn and fabrics and they import substantial quantities of cotton fabrics. The Belgians obtain their supplies within the Community, whereas the Dutch also buy from non-member countries. In the Netherlands the high percentage of exports (50 %) in comparison with output is accounted for mainly by the re-export cf grey cotton cloth from various low-price countries.

THE COMMON EXTERNAL TARIFF

The tariff protection to be enjoyed by the Community's cotton industry at the end of the transition period will be moderate. The duties in the common external tariff, zero for cotton not carded or combed, are 8 % for cotton yarn and from 14 to 19 % for fabrics.
These rates do not bridge the present gap between the selling prices of industry in the Community and those at which manufactured products from Asian countries or state-trading countries are sold.



CHEMICAL FERTILIZERS

Chemical fertilizers are essential for food crops, particularly in the Community. Without them it would be impossible to support some 170 million people on the produce of a territory comprising only 740,000 km^2 of arable land.
Thanks to the increasing use of chemical fertilizers, one hectare of land was feeding twice as many people in 1958 as it was in 1922.
Chemical fertilizers account for some 7-9 % by value of the total chemical production of the Community, which was estimated at **$** 10,500 million in 1959 and **$** 12,600 million in 1960.

MANPOWER

It is difficult to estimate the number of persons employed in the production of chemical fertilizers, because the latter are only part of the output of the chemical industry. The chemical industry as a whole (including parachemical industries) employed 974,000 people in the Community in 1960.

PRODUCTION

The production of chemical fertilizers (nitrogenous, phosphate and potash) exceeds consumption. Exports are therefore considerable. Output of mixed and compound fertilizers is expanding rapidly.

1. — Nitrogenous fertilizers

The Community and world production

(in thousands of tons of « N »)

	Community	USA	EFTA	USSR**	World
1938/1939.	851	240	234	200	3.000
1953/1954.	1.676	1.542	682	550	7.000
1959/1960.	2.923	2.421 (*)	817 (*)	860	12.294
1960/1961.	3.204	2.690	1.011	830	11.190

Source : OEEC.

* 1958/59.
** Estimated

Production in the Community countries

(in thousands of tons of « N »)

	Germany FR	B.L.E.U.	France	Italy	Netherlands
1938/1939.	(354)	93	196	109	99
1953/1954.	645	207	301	262	260
1959/1960.	1.051	304	573	589	406
1960/1961.	1.180	278	671	658	417

Output more than trebled between 1939 and 1960 in most countries; in the Netherlands it increased fourfold and in Italy more than fivefold.

2. — Phosphate fertilizers

Production in the Community countries

(in thousands of tons of P_2O_5)

	Germany FR	B.L.E.U.	France	Italy	Netherlands	Community
1938/1939.	(490)	346	330	211	108	1.485
1953/1954.	441	319	631	399	142	1.942
1958/1959.	672	432	883	407	174	2.568
1960/1961.	768	599	865	399	238	2.869

Output has progressed in varying degrees, according to country. The growth rate has been most rapid in France and Italy.

3. — Potash fertilizers

Production in the Community countries

(in thousands of tons of K_2O)

	Germany (F.R.)	France	Italy	Netherlands	Community
1938/1939.	(711)	582	—	—	1.293
1953/1954.	1.483	962	—	—	2.445
1958/1959.	1.742	1.494	3	1	3.240
1960/1961.	1.902	1.581	53	3	3.539

Two countries, Germany and France, are practically the only producers in the Community. Their output is progressing at the same rate.

STRUCTURE

Chemical fertilizers are in general produced by the large firms of the chemical industry of potash-salt mining. There is a very limited number of potash-fertilizers manufacturers; producers of nitrogenous fertilizers are more numerous.

LOCATION OF THE INDUSTRY

The production centres for potash fertilizers are to be found on the potash deposits in Alsace, Lower Saxony and Sicily.
The plants manufacturing nitrogenous and phosphate fertilizers are generally part of large chemical concerns. They are either adjacent to the latter or located near sea or river ports, so as to lower the cost of supplying raw materials (such as crude phosphate) and of distributing and exporting the finished products.
For the manufacture of nitrogenous fertilizers, large quantities of power are needed, which explains why plants are often set up near coalfields, natural-gas deposits, refineries or — to a less extent — in areas producing a great deal of hydroelectricity. There are no special plants for the production of Basic Bessemer slag, since this is a residue of the Basic Bessemer steel-making process.

PROBLEMS

Chemical fertilizers are a rapidly expanding industry. They are being used increasingly in both Community and non-member countries. There has for some years been a tendency for the use of mixed and complex fertilizers to increase.
To facilitate trade between Community countries, work has been begun on the harmonization of national legislation.

OUTLETS FOR DOMESTIC PRODUCTS

Nitrogenous fertilizers

(in thousands of tons of « N »)

1960/61	Germany (F.R.)	B.L.E.U.	France	Italy	Netherlands	Community
Consumption . . .	618	100	565	323	224	1.830
Exports.	517	179	78	312	202	1.288

Source : OEEC

Phosphate fertilizers

(in thousands of tons of $P^2 O^5$)

1960/61	Germany (F.R.)	B.L.E.U.	France	Italy	Netherlands	Community
Consumption . . .	662	95	964	379	112	2.212
Exports.	110	289	67	41	154	661

Source : OEEC

Potash fertilizers

(in thousands of tons of $K^2 O$)

1960/61	Germany (F.R.)	B.L.E.U.	France	Italy	Netherlands	Community
Consumption . . .	1.006	158	750	104	138	2.156
Exports.	877	2	751	24	34	1.688

Almost two thirds of the nitrogenous and potash fertilizers and three quarters of the phosphate fertilizers produced in the Community go to Community consumption.

The remainder is exported chiefly to non-member countries in Western Europe, to the Middle and Far East, and to Africa and Latin America.

In 1960 the value of exports was $409 million (43 % nitrogenous fertilizers, 30 % potash fertilizers, 15 % phosphate fertilizers, 12 % other manufactured fertilizers).

The consumption of chemical fertilizers has gone up considerably within the Community during the last twenty years, as is shown by the following table :

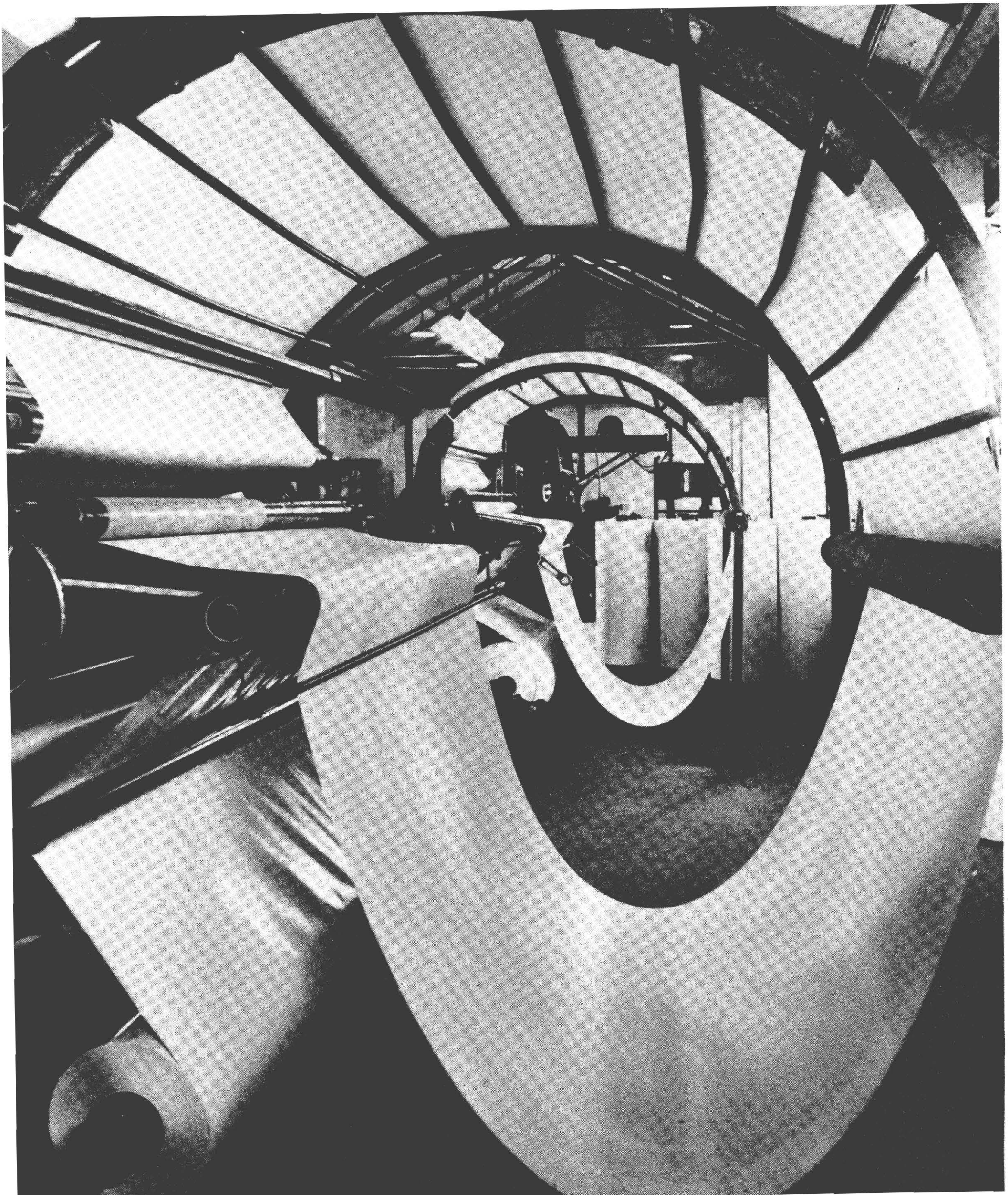
Consumption of chemical fertilizers

(in kg per hectare)

	Germany (F.R.)	Belgium	France	Italy	Luxembourg	Nether-lands
Nitrogenous :						
1938/39.	(23,7)	31,5	7,1	5,5	20,0	37,2
1959/60.	43,5	52,3	16,8	21,1	32,6	91,8
Phosphate :						
1938/39.	(28,4)	35,8	13,9	12,8	33,3	42,0
1959/60.	50,9	48,3	29,1	22,8	46,4	48,9
Potash :						
1938/39.	(43,4)	30,8	9,6	0,8	6,7	48,1
1959/60.	73,0	85,9	22,9	6,6	44,9	66,1

COMMON EXTERNAL TARIFF

The import duties in the common external tariff are low, and some of them were cut further as a result of negotiations in GATT.
At present, increasing competition is being felt on international markets from low-wage countries and the countries of the Eastern bloc. They are trying to gain a foothold, in particular, on the Community market.



FACTORY AT TOULOUSE (FRANCE)

PAPER

PULP, PAPER AND PAPERBOARD

The consumption of the finished products of this industry is increasing rapidly (it doubled from 1950 to 1960), and the trend is likely to continue.
Insufficiency of local raw material supplies is another factor which influences developments in the industry. A third feature of the industry is its fairly wide geographical dispersal and its large number of firms. Investment is high and the labour force small in relation to the value of the production.

MANPOWER

The total manpower engaged in this industry in the Community is some 190,000 (workers and employees), or about 0 7 % of the Community's total industrial labour force.
The following table shows by country the proportion of the total industrial labour force employed in this sector :

Labour force employed

1958	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Commun.
Total industrial labour force (1959)	11.884	1.633	7.250	7.473	1.722	29.962
Numbers employed in the paper pulp, paper and paperboard industr.	81	10	48	39	12	190
%	0,7	0,6	0,7	0,5	0,7	0,7

(in thousands)

PRODUCTION

I. — Wood pulp

(a) **Mechanical :** This is a coloured and coarse pulp obtained by a mechanical process separating the cellulose fibres from the rest of the raw material. This process is mainly applied to resinous woods for the production of newsprint.

The Community and world production

	Community	USA	EFTA (1)	USSR	World
1937	10,0 %	15,1 %	24,1 %	4,5 %	9.600.000 t.
1948	7,3 %	20,4 %	19,0 %	3,1 %	9.695.000 t.
1958	9,0 %	23,0 %	17,3 %	5,1 %	15.880.000 t.
1959	8,8 %	23,7 %	17,0 %	4,9 %	17.095.000 t.

Sources : UN and OEEC.

(1) plus Finland.

Production in the Community countries (in thousands of tons)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
1937	(465)	30	251	147	64	957
1948	264	30	287	105	18	704
1958	648	80	375	211	108	1.422
1959	654	81	416	231	115	1.497
1960	699	94	434	261	127	1.615

Source : OEEC.

(b) **Chemical :** Chemical pulps are obtained by processes which destroy or dissolve the ligneous matter in order to isolate the fibre.

The Community and world production

	Community	USA	EFTA (1) (2)	USSR	World
1937	5,7 %	32,2 %	36,9 %	4,3 %	14.000.000 t.
1948	3,2 %	51,5 %	21,3 %	3,7 %	18.855.000 t.
1958	4,1 %	47,8 %	19,4 %	6,2 %	33.730.000 t.
1959	4,1 %	48,1 %	18,5 %	5,8 %	37.410.000 t.

Source : UN. (1) Source : OEEC. (2) plus Finland.

Production in the Community countries (in thousands of tons)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
1937	(585)	35	105	28	45	798
1948	301	22	179	68	24	594
1958	692	42	504	136	8	1.382
1959	732	51	587	171	—	1.541
1960	752	51	710	178	—	1.691

Source : OEEC.

2. — Paper (a) **Newsprint**

The Community and world production

	Community	USA	EFTA (1) (2)	USSR	World
1937	10,4 %	10,9 %	23,6 %	2,3 %	8.100.000 t.
1948	6,5 %	10,5 %	15,5 %	2,4 %	7.530.000 t.
1958	9,0 %	13,2 %	18,0 %	3,3 %	11.855.000 t.
1959	9,4 %	13,6 %	17,8 %	3,1 %	12.790.000 t.

Source : UN. (1) Source : OEEC. (2) plus Finland.

Production in the Community countries (in thousands of tons)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
1937	(250)	52	385	60	96	843
1948	89	44	230	55	71	489
1958	244	89	422	187	126	1.068
1959	243	82	529	217	131	1.202
1960	230	95	551	259	145	1.280

Source : OECD.

(b) **Paper other than newsprint**

The Community and world production

	Community	USA	EFTA (1) (2)	USSR	World
1937	18,9 %	38,8 %	17,0 %	4,8 %	14.150.000 t.
1948	10,7 %	55,9 %	15,0 %	3,6 %	16.630,000 t.
1958	16,4 %	42,0 %	15,3 %	6,5 %	28.420.000 t.
1959	16,5 %	42,3 %	15,1 %	6,2 %	31.245.000 t.

Source : UN. (1) Source : OECD. (2) plus Finland.

Production in the Community countries (in thousands of tons)

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
1937	(1.260)	160	690	390	173	2.673
1948	467	170	689	273	182	1.781
1958	1.916	225	1.356	748	402	4.647
1959	2.063	241	1.563	856	428	5.151
1960	2.307	266	1.815	990	450	5.828

Source : OECD.

STRUCTURE

In 1957 the Community's paper industry numbered some 1,300 production units, dispersed throughout the member countries.

The output of pulp, geographically concentrated in places where there is a supply of raw materials, energy and water, comes from a small number of firms, most of them integrated. In 1957 there where 56 factories making pulp and 229 making pulp, paper and paperboard throughout the Community.

The need to manufacture newsprint at a low price by mass production, which requires a great deal of plant and capital, has led to a far-reaching concentration of the mechanical pulp industry.

In Belgium and the Netherlands, a single company produces newsprint. In Germany and France three large groups produce 80 to 85 % of these countries' output, whilst 80 % of Italian newsprint is produced by two companies.

The output of paperboard and of paper other than newsprint is much more widely spread. Alongside a small number of large companies many small and medium-sized firms make modest contributions to total production. In Germany, 163 firms (or more than 57 %) out of 285 accounted for no more than 8 % of total production in 1960, whilst 11 factories (or less than 4 %) turned out more than 43 %. Of the 287 factories in France working in 1959, 187 (or 65 %) contributed 16 % to rational production, whereas the five largest accounted for 27 %. In Belgium, 9 factories out of 34 produced 80 % of Belgian paper and paperboard and in the Netherlands 7 out of 58 produced more than 50 % in 1959. In Italy, the number of small factories is even greater; in 1959 453 units (or 90 %) accounted for 30 % of national output, and the 12 largest for 36 %.

LOCATION

Germany : The areas where most pulp, paper and paperboard factories are to be found are Bavaria, Württemberg, North Rhine-Westphalia, the Palatinate, Bremen and Hamburg. In the case of the three former industry has settled there because of the proximity of forest areas, and in the others because of the advantage of low transport costs for imported pulp.

France : Pulp factories are to be found mainly in the mountainous areas near forest areas in the centre and south-west of the country.
The paper mills are situated in the north, the south-east, Normandy, Paris, the east, the south-west and the centre.

Italy : Factories fall into three regional groups of very unequal size :
one group is in the north of the country, at the lower end of the Alpine valleys;
the second is in the north-central area (Liguria, Emilia and Tuscany);
the third is in the south-central area with a dense core around and south of Rome.
With some exceptions in Genoa and the region of Veneto the paper industry is always found near mountains and their streams or wooded slopes. In Italy, the industry faces an acute problem of water supply.

Netherlands : The factories are found in the provinces of North-Holland, Limburg, Gelderland and Groningen; the production centre for paper and straw board is situated in the north-east of the country.

Belgium : A large number of factories are concentrated in the province of Brabant, but since 9 companies out of a total of 34 account for 80 % of output, it is clear that, on the whole, the density of the factories does not correspond to that of the volume of production.

MARKETS

Wood pulp for paper and paperboard

Imports of wood pulp for paper and paperboard from non-member countries are considerable. In 1960 net imports amounted to 2,168,700 tons or 42 % of the Community's visible consumption.

Mechanical pulp : The Community covers 86 % of its requirements from domestic production. In 1960 visible consumption in the Community amounted to 1,875,000 tons as compared with a production figure of 1,615,000 tons.

Chemical pulp : The Community covers 41 % of its requirements from domestic production. In 1960 visible consumption in the E.E.C. amounted to 3,237,000 tons as compared with a production figure of 1,327,000 tons.

Outlets for domestic production of mechanical and chemical pulp

%

	Germany (F.R.)	B.L.E.U.	France	Italy	Netherl.	Community
Domestic market .	95,8	94,6	99,9	97,1	96,8	96,0
Community market	3,0	2,9	0,1	2,9	3,2	2,6
External markets .	1,2	2,5	—	—	—	1,4

Production in the Community countries as a percentage of visible consumption

Germany (F.R.)	67 %
France	63 %
Italy	44 %
Netherlands.	28 %
B.L.E.U.	50 %

Newsprint

Annual consumption per head

Germany (F.R.)	10,0 kg
France	13,3 kg
Italy	5,3 kg
Netherlands. .	14,9 kg
B.L.E.U. . . .	12,6 kg
Community . .	10,0 kg

The Community cover 76 % of its requirements from domestic production (1960). In 1960 visible consumption in the Community amounted to 1,691,000 tons as compared with a production figure of 1,280,000 tons.

Outlets for domestic production (%)

	Germany (F.R.)	France	Italy	Netherl.	B.L.E.U.	Community
Domestic market	99,2	95,3	96,8	70,7	56,4	90,7
Community market	0,5	2,9	—	29,0	35,2	7,3
External markets .	0,3	1,8	3,2	0,3	8,4	2,0

Paper other than newsprint and paperboard

Annual consumption per head

Germany (F.R.)	72,4 kg
France	44,6 kg
Italy	26,2 kg
Netherlands. .	70,3 kg
B.L.E.U. . . .	48,2 kg
Community . .	50,0 kg

The Community covers 91 % of its requirements from domestic production. In 1960 visible consumption in the Community amounted to 8,449,000 tons as compared with a production figure of 7,669,000 tons.

Outlets for domestic production (%)

	Germany (F.R.)	France	Italy	Netherl.	B.L.E.U.	Community
Domestic market .	96,8	94,0	96,9	64,2	75,0	91,4
Community market	1,2	3,7	0,2	16,6	19,1	4,2
External markets .	2,0	2,3	2,9	19,2	5,9	4,4

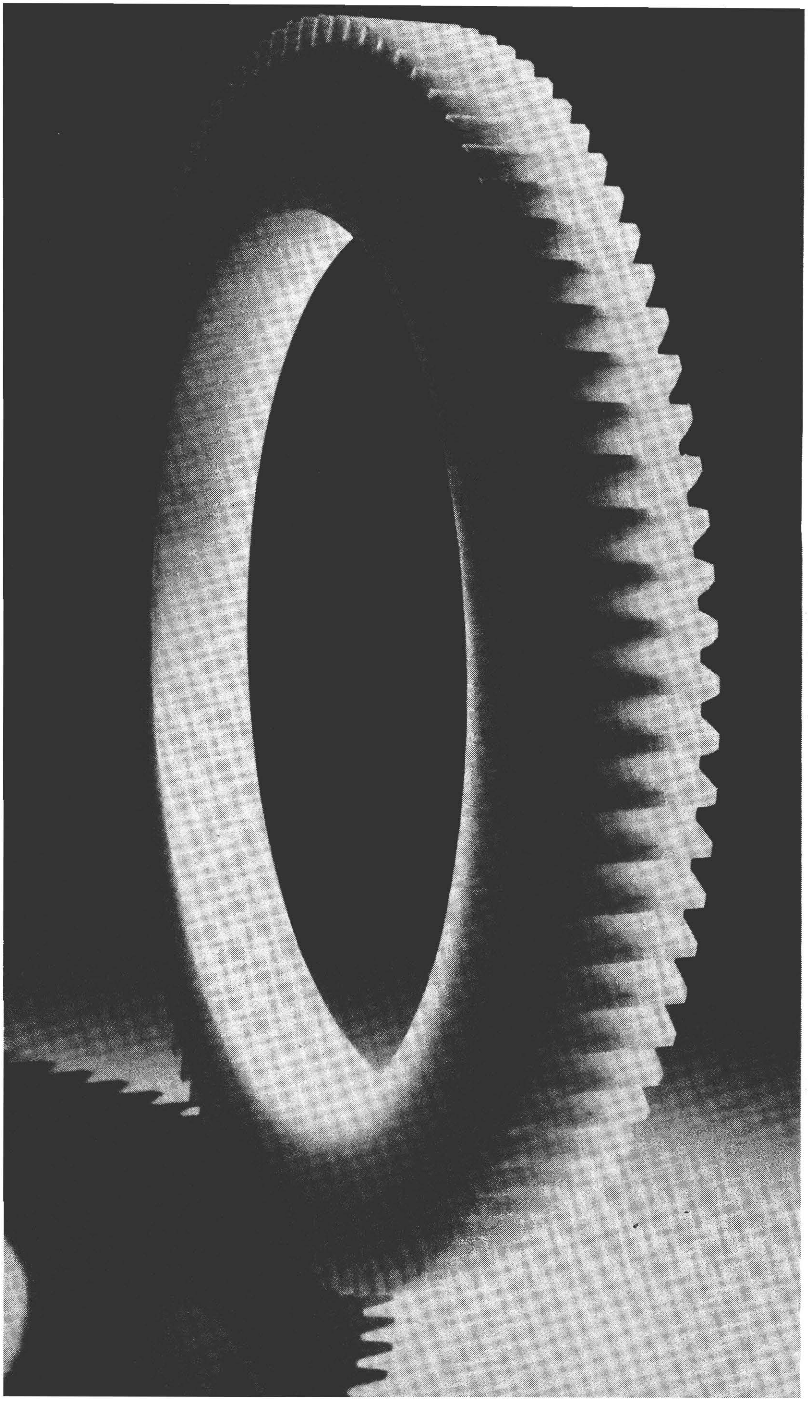
The Community imports more paper and paperboard than it exports. In 1960 net imports amounted to 1,190,000 tons or 11 % or the visible consumption.

Production in the Community countries as a percentage of visible consumption

Germany (F.R.)	78 %
France	99 %
Italy	94 %
Netherlands.	104 %
B.L.E.U.	71 %

THE COMMON EXTERNAL TARIFF

For paper pulp the common external tariff is 6 %, for newsprint it is 7 %, 6 % for paper yarn and stencils, and from 15 to 21 % for other types of paper.
Annual quotas are opened to Community countries by the Community institutions.



PLASTICS

Hardly any other branch of activity has developed as rapidly as plastics. Their use has spread to every branch of industry and they account for the entry on the market of many replacements for traditional products and products in common use such as artificial fibres, synthetic rubber, pipes used in building, thousands of technical and household articles and even plastic boats and houses. The scale on which plastics have developed makes it difficult to define the field they cover. Plastics are here understood to mean plastics as primary material, before conversion to semi-finished or finished products.

MANPOWER

Plastics production is an integral part of the chemical industry and it is therefore difficult to assess the number of persons employed in this branch.

PRODUCTION

Output of plastics is growing rapidly, stimulated by the development of new products, thanks to scientific research, and by the creation of new outlets.
The Community was producing five times as much in 1960 as in 1953 (1,750,000 metric tons as against 350,000 metric tons).

The Community and world production

(in thousands of metric tons)

	Community	USA	EFTA	USSR *	World *
1938	100	60	35	—	300
1950	200	976	178	—	1.500
1959	1.416	2.291	641	500	6.000
1960	1.750	2.154	733	650	6.500
1961	1.972	3.100	800	700	8.000

* Estimated.

Production in the Community countries

(in thousands of metric tons)

	Germany F.R.	B.L.E.U.	France	Italy	Netherlands
1958	643,7	27	204	165,3	50,1
1959	820	33	277	220	66
1960	982	40	340	305	79,5
1961	055	47	375	400	95

STRUCTURE

In view of the very high cost of research and the heavy expenditure on investment, plastics are made only by large concerns in the chemical industry. They are as a rule synthetic products and these cannot be manufactured in small plants.
Petroleum, natural gas and coal are the main basic materials; those products are processed at a high cost and made into various types of plastic. Consequently, for scientific, technical and financial reasons, the number of producers of plastics is very small, while the number of firms engaged in converting is very high.

LOCATION OF THE INDUSTRY

Plastics are normally classified as carbochemicals or petrochemicals, since coal and petroleum is their principal raw material and they are produced by chemical processes. Petrochemical works are found either in conjunction with large chemical concerns, or in the ports or areas where natural gas and petroleum are carried by pipeline; carbochemical plants are sited on coalfields. Plastics manufacturing plants are usually in close proximity to large petroleum refineries and new ones are often set up jointly by the petroleum industry and large-scale chemical undertakings.
Processing concerns are numerous throughout the Community, especially in the large towns.
The largest production centres are situated as follows :

Germany (F.R.) :	along the Rhine and in the Ruhr area.
Benelux :	chiefly in the sea ports.
France :	on the Seine estuary, in Normandy, the Nord coalfield, around Marseilles, Paris and Lacq, and in the Jura — Rhône — Alps region.
Italy :	near sources of natural gas, pipelines and refineries, and in large sea ports.

PROBLEMS

Although enormous strides have been made in production and much new capacity has been installed, it may be wondered whether consumption can continue to expand at the same rate. Output of known plastics might well level off, since the centres of production in existence or under construction are sufficient for the Community's current needs. This has provoked keen competition among Community producers and between them and American, Japanese and other producers.

MARKETS

Trade in plastics is very lively both in the Community and between the Community and non-member countries. External trade accounts for about 50 % of Community plastics production, amounting in 1960 to 865,000 metric tons.

Outlets for domestic production (in thousands of metric tons)

1961	Germany (F.R.)	France	Italy	Netherl.	B.L.E.U.	Commun.
Production	1.055	375	400	95	47	1.972
Imports.	111	77	69	85	84	426
Availabilities . . .	1.166	452	469	180	131	2.398
Exports.	391	78	134	65	20	688
Consumption . . .	775	374	335	115	111	1.710

Source : Trade organizations.

The situation for each of the Community countries in 1960 was as follows :

Germany (F.R.) : the leading importer and exporter of plastics; accounts for over half the Community's exports (imports : 104,800 metric tons, 66 million dollars; exports : 263,800 metric tons, 198 million dollars);

France : imports and exports are almost equal (imports : 56,370 metric tons, 47.6 million dollars; exports : 63,132 metric tons, 49.3 million dollars);

Italy : in volume, exports are as large again as imports (imports : 53,000 metric tons; exports : 100,000 metric tons) but in terms of value exports balance imports (imports : 42.5 million dollars; exports : 47.8 million dollars);

Netherlands : imports exceed exports in value and in volume (imports : 76,887 metric tons, 51.3 million dollars; exports : 48,027 metric tons, 30.9 million dollars);

B.L.E.U. : the Belgo-Luxembourg Economic Union imports twice as much plastics as it exports (imports : 68,085 metric tons, 42.9 million dollars; exports : 31,241 metric tons, 25.4 million dollars).

COMMON EXTERNAL TARIFF

The common external tariff provides for import duties of 11 % to 23 % at the end of the transition period. It should be pointed out that customs duties in other producing countries are as high as 40 % of the value on the national market.

european community

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PRINTED IN BEI