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COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

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INDUSTRIAL PRODUCTION RISES

12 PER CENT IN COMMON MARKET

WASHINGTON, D. C., January 10 -- Economic expansion in the European Community continued at a high rate through 1960 and is expected to maintain momentum into 1961, according to a report issued by the Common Market Commission in Brussels, it was announced by the Community's Information Office here today. A sharp rise in industrial production within the six countries of the Community was coupled with an increase in imports from third countries. But exports have begun to fall off including sales to the United States.

Industrial production climbed 12 per cent in 1960 over the previous year as compared with a rise of 7.5 per cent in 1959 over 1958 and only 3 per cent in 1958 over 1957. The final figure was higher by one percentage point over an estimate made three months ago. The report points out, however, that the rate of growth has been slowing down over the past few months.

The fourth quarterly report of the Commission, "The Economic Situation of the Community at the End of 1960 and Prospects for Early 1961," attributed the expansion to an increase in consumption of consumer goods, growth in the service industry, and further development of fixed investments. While the economy has

spurred ahead, no appreciable rise in prices took place except in the German Federal Republic where a tendency toward higher prices for industrial products and services has been noted for some time. Besides Germany, other member countries are Belgium, France, Italy, Luxembourg, and the Netherlands.

The Community's trade balance vis-a-vis the United States showed a one billion dollar deficit for the first nine months of 1960 because of the high rate of imports from the U. S. But the Community's over-all balance of payments remained favorable mainly because of an influx of capital attracted by higher interest rates and other investment opportunities. Although imports of finished products have continued to increase, purchases of raw materials and agricultural products from third countries have been more unsettled.

The Commission forecasted that total demand will continue during the first months of 1961. It is hoped that a slowing down of exports by the Community will be offset by increased investments and private consumption. Industrial production is expected to grow but at a slower rate.