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COMMON MARKET EXPECTS MODERATE ECONOMIC GROWTH TO CONTINUE THROUGH 1963

WASHINGTON, D.C., April 18 -- Private consumption and public investment will continue to provide major stimulus to the economy of the six Common Market countries (Belgium, France, Germany (F.R.), Italy, Luxembourg, and the Netherlands) in 1963, according to a quarterly economic survey just published by the Commission of the European Economic Community.

The survey, dated March 1963, points out that in the last months of 1962, and at the beginning of this year, the level of economic activity in the Community rose. In some sectors, however, its rate slowed because of Western Europe's severe winter.

No appreciable reduction is foreseen in the 4.5 per cent growth rate forecast for the Community's gross product in 1963.

Internal demand has continued to expand. The growth of private consumption was again considerable, rising with wage and salary income. Investment by the public authorities, the Commission said in the survey, also provided the economy with an appreciable stimulus.

The growth of capital investment by enterprises has further declined, however, except in Italy, where it has recovered. Investment in the construction sector decreased more than anticipated because of the abnormally cold weather.

Productivity Increase Noted

When the weather improves there will be a vigorous recovery of total industrial production and building activity, the survey predicts. The anticipated increase of 5 per cent in industrial production in 1963 is still foreseen.

Despite the unseasonable weather, industrial production increased by about 2 per cent between the third and fourth quarters of 1962, after a rise of 1.4 per cent between the June and September quarters. The production index in 1962's fourth quarter was up 6.4 per cent over the corresponding period of 1961.

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This speedier growth of industrial production is believed to reflect a rapid rise in productivity, for, while general employment rose, its increase in industry was negligible.

Imports from Non-Member Countries Increase

Imports of goods from non-member countries again advanced vigorously. From October through December 1962 they increased in value by 7.5 per cent over the fourth quarter of 1961.

Exports during this period of 1962 were barely above the level of a year earlier, and in the early months of 1963 they fell below the level of the corresponding period of 1962.

The balance of trade thus declined further in the fourth quarter of 1962. There was a deficit of \$366 million, compared to approximate equilibrium in the last quarter of 1961. Official gold and foreign exchange reserves in the member countries went up only \$185 million in 1962's last quarter.

The upward trend of consumer prices continued at an increasing rate toward the end of 1962, particularly as cold weather forced up prices for some foodstuffs and fuels.

Taking into consideration these trends, the Commission forecasts: very slight expansion in exports to non-member countries; a moderate increase in over-all investments; growth of private consumption and public spending.

The rise in prices is expected to level off appreciably unless the latest increases, mainly due to random factors, should aggravate the upward trend of labor costs and thus reinforce the rise in prices, the report states.

In view of this possibility, the Commission says that the Governments of most of the member states are seeking to take stabilizing action while taking care to avoid measures which would adversely affect the growth of investment.