

**FOR IMMEDIATE RELEASE****COMMON MARKET ECONOMY EXPANDING AT STEADY 4.5 PER CENT ANNUALLY**

WASHINGTON, D.C., October 28, 1966 -- The steady 4.5 per cent growth rate the European Economic Community showed last year will continue through 1967, according to the EEC Commission's latest estimates.

Reporting on the economic situation in the EEC at the end of June 1966, the Commission, in its third Quarterly Survey this year, noted a 6 per cent improvement in the production index from June 1965 - June 1966, a slight easing in the labor market, and continued strength in demand from abroad. Seasonal factors prevented consumer price indices from rising during the second quarter, but the Commission stressed that changes in the economic climate do not yet justify relaxation of efforts to achieve price stability. The more successful that short-term policy is in controlling consumer expenditures, the greater will be the margin for investment without which no long-term economic growth can occur, the Commission said.

**FOREIGN TRADE: EXPORTS TO U.S., UP 20% - IMPORTS FROM U.S., UP 10%**

Community exports, according to customs records, were valued at 10.5 per cent more during the second quarter of 1966 than at the same time last year, largely because developing countries stepped up their purchases in the Community.

Imports grew more slowly. Total investment in plant and machinery fell, despite vigorous expansion in France and, to a lesser extent, Italy. Consumer expenditures increased, but at a slower pace than earlier. Visible imports amounted to 6 per cent more than at the same time in 1965, despite reductions in raw material purchases for stocks, defense purchases, and outside purchases of foodstuffs.

(MORE)

Community imports from the United States totaled \$3.04 billion, 10 per cent above the January - June 1965 level. Community exports to the United States rose 20 per cent during the same period, to \$1.9 billion. Thus, the Community had a \$1.14 billion deficit on visible trade with the United States during the first half of 1966.

During the second quarter of 1966, the Community reduced its deficit on visible trade with non-member countries to \$385 million, half of its first quarter deficit. Net inflows of capital gave the Community a surplus in its balance of payments position.

Trade between the members of the EEC climbed 13.5 per cent by value during the same period.

GROWTH FORECASTS - ANNUAL INCREASE OF 4.5% THROUGH 1967

The signs point to continued economic growth during the rest of 1966, the Commission believes. Price rises will bear watching, particularly in the final months. The Community's balance of payments position should continue to improve. Real gross Community product should rise 4.5 per cent above the 1965 level by the end of the year, and 4.5 per cent above the 1966 level by the end of 1967.

The Commission described the business outlook for 1967 as encouraging. Steady growth in Community exports, some easing of the upward price spiral, and brisk growth in trade between the member states appear likely.

# # #