

The Financial Times du 27-8-1956

# Freeing Newsprint Supplies

By a Financial Times Correspondent

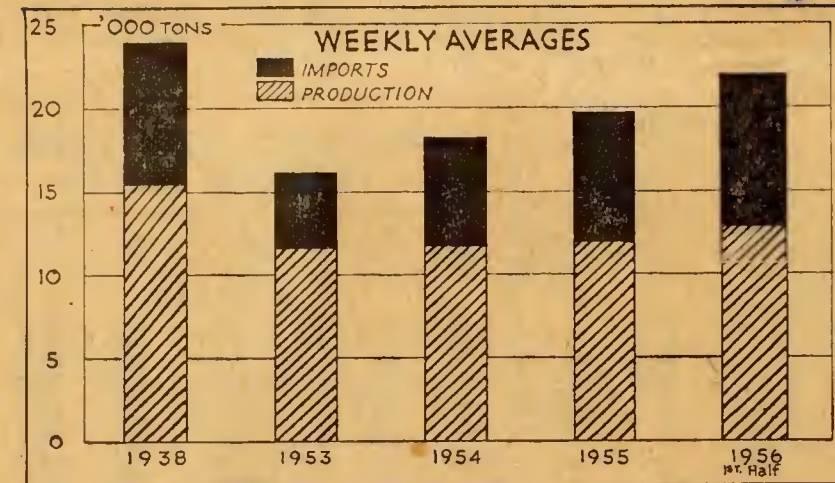
## NEWSPRINT SUPPLIES

THE fact that Government control of newsprint is expected to come to an end in December and that more paper has been made available to newspapers from August 19 onwards does not mean that ample supplies will be available next year. Production in this country, though it has been steadily rising, is still appreciably below pre-war levels. Damage done to machinery and plant during the war was considerable, and even now it has not fully been made good.

### Profitable Grades

THERE has also been switching of capacity to other grades of paper, which can be made on newsprint machines, because the older and slower-running machines are less suitable for making newsprint and because other sorts have been more profitable.

At the present time, domestic production is running at the rate of about 660,000 tons a year, which should be increased by another 60,000 tons when Bowaters' Kemsley No. 6 machine reaches the operational stage some time this autumn. No other sources of increase in home production are in sight for the near future, though by next summer Bowaters' Mersey Nos. 5 and 6 machines, the output of each of which should be about the same as that of their Kemsley No. 6, may be in production. It is also possible that Albert E. Reed will have another large machine in operation by that time. To build a new newsprint machine is comparable, both in



the amount of money required and in the time it takes, to building a large ship.

### Import Ceiling

THE other source of newsprint supply is imports. For the first half of this year, these had risen to an annual rate higher than that of 1938. Newsprint is one of the few remaining commodities subject to import licensing, whether from dollar countries or not. However, it has been officially stated that licensing has not been used to restrict supplies. The rate of imports in the first half of 1956 was at about 470,000 tons a year, and as the ceiling has been fixed at 650,000 tons, it may be considered as only a theoretical obstacle at the moment.

If imports cannot be increased—and in view of the apparently insatiable demand of the whole of the western world for news-

print this seems probable—the only other way of obtaining more would be to cut down exports. These have, in fact, recently reached the rate of about 150,000 tons a year, to which they are restricted by Government order, compared with 110,000 tons in 1938. These exports are made under long-term contracts, some of them dating back 30 to 40 years or more and, in the words of the Minister of State, Board of Trade, "great importance is attached to them by the Commonwealth countries concerned and by our newsprint manufacturers."

### Exports Doubled

HENCE, whatever the value of overseas contracts, so long as the present system of export control lasts, it can now be said that any additional home production will go to the home market.

Compared with pre-war days when total usage per year was about 1.2m. tons, usage now is approaching 1.1m. tons. This usage is divided between exports; miscellaneous users such as magazines, telephone directories and so on; and newspapers. Exports are more than double what they were before the war, and miscellaneous users obtain about the same quantity as formerly, so that the whole shortfall is borne by the newspapers, who now obtain rather less than 900,000 tons, against 1,090,000 tons pre-war, a drop of a little over 20 per cent.

### Higher Circulations

CONSIDERING that The Times no longer uses newsprint and that several provincial papers have ceased publication, there seems no reason why newspapers should be much thinner than they used to be. The reason they are, of course, lies chiefly in the fact of increased circulations, which on the average are between 60 and 70 per cent. higher than in 1938.

But even if larger supplies of newsprint were to be made available, it does not follow that all newspapers would find it practicable to try and get back to pre-war sizes. The cost of paper is now £58 a ton, compared with £10 to £12 formerly. To add two pages to a standard-sized daily paper of, say, 1m. circulation would cost an extra £800 per issue in newsprint alone. A similar increase in a "tabloid" evening paper would cost about £350 per issue.