companies. In Spain, for instance, the state oil company, EMP, forced the merger of four petrochemical companies with which it was engaged in joint ventures -- Alcudia, Paular, Calatrava, and Montoro.[22] Second, large companies have traded assets or formed joint ventures to increase their scale and competitiveness in narrower lines of business. ICI exchanged its polyethylene plants for BP's PVC plants; ENI and Montedison pooled their bulk chemicals operations, and SNIA, Italy's third-largest chemicals producer, is likely to join the venture later.[23] Third, a significant number of European chemical firms have substantially reoriented their business away from commodity chemicals to specialty and fine chemicals. ICI reports that 60 per cent of its sales come from specialty chemicals (up from 35 per cent in the 1970s), and it is estimated that most European chemical firms are targeting a specialty chemical share of business of about 70 per cent.[24] Fourth, EC chemical firms have been deliberately expanding sales outside Western Europe, in particular in the United States. Italian firms have tended to set up joint ventures. Enichem, the Italian state-owned chemical company has set up joint ventures with Dow, Du Pont, Union Carbide and UniRoyal. ICI, Hoechst, BASF, and Rhône-Poulenc have all invested heavily in U.S. acquisitions.

The typical European chemical producer now has 20 per cent of its sales in the United States, 80 per cent of which are supplied by local U.S. plants.[25] Fifth, within the EC investment has moved from the richer countries with strong chemical industries (West Germany, France, and the U.K.) to the less rich countries with weaker chemical industries (Spain, Portugal and Greece).[26]

2.1 Plastics

Table 5 shows that during the recession of the early 1980s European plastics production fell, in part because substantial amounts of plant were scrapped, in particular in West Germany and the U.K. But the industry has rebounded strongly and is expected to continue to do so into the early 1990s. Plastics production is particularly heavily concentrated in West Germany, which accounts for more than one-third of the tonnage produced.

TABLE 5

EC Plastics Production: Total and Selected Countries (in thousands of tonnes)

	1979	1982	1987	1993 (Forecast)
EC total	20 800	19 280	24 632	30 500
W. Germany	7 240	6 274	8 392	10 626
France	3 213	3 110	3 863	4 610
Italy	2 450	2 160	2 780	3 280
U.K.	2 918	2 163	1 990	2 300
Spain	1 189	1 195	1 560	2 100

Source: *Europe in 1993: Economic Outlook by Sector*, BIPE, Paris, 1989, p. 241.