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## Oil consumption 1967 fully covered in spite of the near East crisis

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# GERMAN PRISM

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## **Oil Consumption 1967 Fully Covered In spite of the Near East Crisis**

In spite of the political and military events in the Near East, the oil industry has, in 1967, solved its tasks of supplying the West German economy. The German demand last year amounted to 98.1 million tons, or 4.2 million tons (4.5 per cent) more than the year before. According to Esso, Hamburg, the German domestic market absorbed 81.9 million tons of oil products in 1967 against 78.5 million tons the previous year. Added to this were 5.2 (4.8) million tons self-use in refineries, one (1.1) million tons used by the armed forces as well as 3.3 (3.9) million tons for bulk-bunkering and 6.7 (5.6) million tons for export. Petrol (gasoline) consumption showed the highest growth rate in 1967, by 6.1 per cent to 12.2 million tons. Consumption of diesel oils and light fuel oils went up by 4.1 per cent, from 34.5 to 35.9 million tons; in the case of heavy fuel oil, consumption increased by only 0.2 to 20.1 million tons. In order to meet the demand, 72.7 million tons of crude oil were imported which was 7.4 per cent more than in 1966. As a result of wars and boycotts in the Near East, Libya's share fell from 38.9 to 28.3 per cent, but supplies from the Persian Gulf went up from 38.1 to 43.1 per cent. In spite of the complicated supply situation, West German stocks of crude oil and refinery products could be increased by almost twenty per cent from 10.6 to 12.7 million tons.

## **Preparations of a New Finance Basis of the Shipbuilding Export Industry**

Towards the turn of the year the President of the Association of German Shipyards expressed the German shipbuilding industry's hope that it would soon succeed in solving the problems of shipbuilding finance that still jeopardise its competitive strength today. In this connection, the Association pointed at the finance basis for the exporting side of the shipbuilding industry made available early in 1967 by the Federal German Government, securing so-called follow-up orders. The Federal Government at present prepares a new 3-year programme intended to secure the finance during the building stages for ship deliveries during the 'seventies. Besides, the Federal Government has earmarked investment credits meant to enable the shipbuilding industry to keep pace with the rapid progress of shipbuilding techniques and the investments in other countries. Deliveries of German shipyards were in 1967, at 1.3 million GRT, higher than the year before. The size of new orders received

was equally good (1.5 million GRT against a mere 540,000 GRT in 1966). Employment is thus secure for 1968, and at most shipyards also beyond this year. Nonetheless, Germany's share in world shipbuilding has not improved. For orders and completions it is still about eight per cent against 15 per cent a few years ago.

## **In 1968 Price Increases of at least 2 Per Cent Must Be Expected**

The considerable slowdown of demand in 1967—the year of recession—did not remain without impacts on the price development. Measured to data for the first 11 months, producer prices for industrial products were about 1 per cent lower in 1967 than the preceding year. Besides price losses of the primary and producer goods industries with -2.6 per cent exceeded the average, whereas prices of the consumer goods industry fell comparatively slightly (-0.6 per cent).

No doubt, in 1967, the decline in prices for industrially produced goods was favoured by the development of costs in industry. Granted, world trade prices for industrial raw materials—according to the raw material index of the Hamburg Institute for International Economics—have only negligibly decreased below the preceding year's level. But the reduction of expenses for wages and salaries in industry was with -4.6 per cent—against the reduction of net production (-2.4 per cent)—so considerable that the wage and salary costs per produced unit have shown a distinctly downward trend since the second quarter of 1967.

With 1.5 per cent the growth rate of consumer prices reached the lowest level since 1960, although housing rents rose by 7 per cent and prices for luxuries by at least 3 per cent. Prices of foodstuffs, however, stagnated approximately on the preceding year's level, especially those of seasonal foodstuffs being forced down, as the extraordinary good harvest and the growing supply of animal products met an only slightly increased available income of private households.

For 1968 stronger price increases must be anticipated again. In view of the not too strong growth forces, it is questionable, whether in the course of a revival of business trends producer prices of industrial manufactures will already rise, too. Further increases in rents, the adaption to the added value tax, and the increase of its rate planned for July 1, 1968, will, however, make consumer prices rise. Added to this