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German building industry benefits from European Development Fund

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GERMAN PRISM

The Federal Republic's Increasing Exports to Czechoslovakia

The Federal Republic's foreign trade figures with the CSSR for the period from January to September 1967 show that in comparison with the preceding year's corresponding period imports from Czechoslovakia declined by DM 9 million or 3.7 per cent to DM 235.4 million. Exports to that country, on the other hand, rose considerably, by DM 42 million or 12.6 per cent to DM 375.9 million. This resulted for the said period in an export surplus to the value of DM 140.6 million as against DM 89.6 million in the period from January to September 1966. More than three quarters (76.8 per cent) of all the imports from the CSSR were industrial products. In the first nine months of 1967 considerably more than four fifth (87.4 per cent) of German exports to the CSSR were finished industrial goods. The most important among them were deliveries of machines, rods, metal sheets, wire, etc., made of steel, as well as synthetic materials, dye-stuffs and other primary chemical products. In view of the Federal Republic's expanding trade with Eastern countries and following the setting up of a trade mission in Prague both countries may look forward to a further satisfactory development of their trade relations with each other.

Cyclical Rise in Industrial Production Became Noticeable

The cyclical increase in industrial production accelerated considerably during the last months. In November/December the average production level adjusted for seasonal variation was again higher than before the recession, which was particularly marked in this field. Also the previous year's comparative level was increasingly surpassed again, on an average of the fourth quarter already by 4.5 per cent (in the usual calculation per working day). Thus, for the whole year 1967, the production backlog against the previous year—which in the first half-year still amounted to 5.5 per cent—decreased to 2 per cent.

The cyclical rise in production became noticeable, during the last months, above all in the investment and consumer goods industries, whereas the primary industries had already earlier regained contact with the production level before the recession. Among the investment goods the production of electro-technical goods rose, in comparison with the bottom in spring 1967, far above the average—by almost 25 per cent.

Steel production, however, stagnated. In the field of consumer goods, the strong increase of motor vehicle production is worth mentioning. Among other factors a considerable reduction of stocks determined the extent of production cuts in these two sectors.

While production on the average of October/November was about 2 per cent higher than one year ago, simultaneously the number of persons employed in industry was 6 per cent smaller. Consequently, there is an increase in productivity in this period—measured as productivity per employee—by approximately 8 per cent. It exceeded the rise in wage and salary costs by far. So, the wage and salary costs per produced unit were more than 5 per cent lower in October/November than in the preceding year. Moreover, growing use of capacity made the proportionate fixed charges fall.

During the last months, incoming orders in industry adjusted for seasonal variation increased noticeably. In connection with this, in the fourth quarter of 1967, the influence of temporarily effective factors—orders resulting from the second investment programme of the Federal Government and the expiration of allowances for depreciation at the end of October played a major part. Incoming orders grew more than production and may have a stimulating effect on entrepreneurial dispositions. So, the pre-conditions for a further production increase—also as regards the buyer's market—are met.

German Building Industry Benefits from European Development Fund

Recent years have shown a considerable increase in the German building industry's share in African projects financed by the European Development Fund. According to the latest statistics published by the Fund's administration the German building industry's share in the contracts during the two years 1966 and 1967 would seem to be 15 per cent. If one leaves out of account contracts of under \$ 1 million, which are hardly suitable for participation by building industries in Common Market countries, the German share in the contracts awarded during the last two years can even be put as high as 20 per cent. With one single exception, all the awards have gone to partnerships which German enterprises have entered into with French firms. The share of 15 and 20 per cent, respectively, represents the German participation in such partnerships. Since the establishment of the European Development Fund in 1959 the German share in construction work up to the end of