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Considerable expansion of export financing

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(1966: 978,776) vehicles. With a share of 56.9 per cent in total motor vehicle exports of the German automotive industry, Volkswagen Works again was the world's biggest exporter of motor vehicles. As already for many years, the United States was the import country number one also in 1967.

In the first quarter of the business year 1968 the whole concern achieved a world-wide sale of 431,000 vehicles. This means an increase by 35 per cent as compared with the first months of 1967, when cars did not sell readily.

Considerable Expansion of Export Financing

In the Federal Republic, the volume of export financing credits increased fivefold during the last three years. The Export Credit Company Ltd (AKA), sustained by a German banking syndicate

and the Federal Bank, has further extended the limit for promises to finance or to grant credits. In 1967 the credit terms for AKA credits improved considerably due to falls in the bank rate. The total of credit contracts concluded with AKA amounted to DM 4,300 million at the end of 1967. The total of promises to finance, including those being granted but not yet paid out, amounts to DM 5,500 million, of which 60 per cent went to developing countries and 25 per cent to East-bloc states. The regional emphasis of export financing has distinctly shifted towards Europe. Of the newly promised credits 55 per cent went to European countries, above all to the less developed nations. Asia received again 19 per cent, Africa's share declined to 10 per cent, and the Latin American share in promised credits dropped considerably from 43 per cent in 1963 to 11 per cent in 1967.

Recurrent Increase of Industrial Production

In the first months of the current year industrial production reflected the actual cyclical tendency but insufficiently. For, the noticeable decline in production occurring in January did not

justify any doubt in the further development of the cyclical upsurge. As a reaction on the exaggerated increase of industrial production in December last year, caused by specific influences, it was—on the contrary—hardly surprising. In February as well as in March industrial production increased more than usual at this season. In March it surpassed the previous year's corresponding level by approx. 9 per cent. In February the consumer goods industry adjusted for seasonal variation produced again somewhat more than in January. Sales to ultimate consumers were, however, still unsatisfactory. Even more pronounced was the production increase in the basic materials

industries and those manufacturing producer goods. Here in February the output adjusted for seasonal variation reached about the same level as in December 1967, the highest one obtained so far. Compared with the previous year's corresponding period, production surpassed last year's level by about 10 per cent. The production decline in the capital goods industry was also but temporary. Already in February the manufacture of electrical investment goods and the production of delivery-vans and trucks rose noticeably again.

Next months' industrial production will continue to be determined by the favourable development of incoming orders. After from December to January new orders booked decreased slightly due to the decline in orders from abroad, in February and March the increase of orders booked was higher than usual at this season. With that it became quite conspicuous that the cyclical upsurge was increasingly supported by domestic demand. As already in February, new orders booked in the capital goods industry had a particularly pronounced growth rate also in March. In the aggregate, incoming orders distinctly surpassed deliveries in the 1st quarter and thus orders in hand increased again and admit of expecting another increase of industrial production. The level of industrial production as reached in the first quarter would already guarantee a growth rate of fully 5 per cent on an annual average.

Foreign Trade Advisory Council Deliberates Trade and Monetary Policies

On May 7, on the occasion of the Hamburg "Overseas Day", the Foreign Trade Advisory Council of the Federal Ministry for Economic Affairs deliberated topical problems of trade and monetary policy under the chairmanship of the banker Dr Münchmeyer. The Federal Minister of Economics, Professor Schiller, was also present. In the Council's opinion, the risks threatening world trade due to possible protectionist measures introduced by the USA have to be taken very seriously owing to the world-wide chain reactions connected with them. The Advisory Council therefore supports very emphatically the suggestion made by the Ministry of Economics to contribute to the solution of US balance of payments problems in an expansive way, as e.g. by realising earlier and asymmetrically EEC tariff reductions vis-à-vis the USA, which have been agreed on in the Kennedy Round.

According to the Advisory Council it is indispensable—in the interest of a continuing expansive development of world trade as well as of the protection of domestic developments against external influences—to make the international monetary system more flexible. Just in view of the American balance of payments troubles, the instrument of special drawing rights should soon be made operative.