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# GERMAN PRISM

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## **Further Increase of Industrial Production in Germany**

The cyclical growth of industrial production (excluding building industry) continued also in the last months. Above all the results of the processing industries contributed to this development.

Adjusted for seasonal variation they increased noticeably since the beginning of the year, and from spring on these results have again distinctively improved vis-à-vis the period preceding the last recession. In the aggregate of the second quarter industrial production surpassed the previous year's corresponding level by 15 per cent. In the first quarter the result had still been hardly 7 per cent higher than a year ago. However, the increase of the second quarter's growth rate was in part only caused by this year's cyclical stimulation. It was also influenced by the declining production results during the first half of 1967. For the first six months of 1968 industrial production—as compared with the preceding year—increased by 11 per cent.

In May/June production in the basic and capital goods industries—adjusted for seasonal variation—continued increasing mainly due to further stockpiling. In the last months also the production of capital goods and particularly of consumer goods industries increased after a rather hesitating development lasting till spring.

The development of incoming orders indicates a continuation of the cyclical growth of industrial production also in the coming months. Foreign demand, that during the first quarter declined slightly, increased again vigorously in the second quarter. Also newly booked domestic orders increased cyclically. On the average of the second quarter of 1968 they even surpassed the incoming orders of the previous year's fourth quarter, that due to special influences registered a particularly big volume. Altogether incoming orders increased more than deliveries, so the backlog of orders in hand decisive for future production developments has grown.

## **Germany as a Partner and Competitor in the Nuclear Industry**

During the last two years the Federal Republic of Germany has become the biggest producer of atomic fuel elements within the European Communities. Germany does not only cover its own

demand but in addition exports fuel elements to EURATOM-countries and Sweden as well as Japan.

Natural uranium is bought up by USAEC (United States Atomic Energy Commission) all over the world, of course apart from the East-bloc states. Within the framework of the EURATOM Treaty long-term agreements on the supply of uranium have been concluded with the members of the European Communities.

In 1967 the American deliveries amounted to 3,897 kilogrammes (kg), 85 per cent of which was the raw product and 15 per cent finished fuel elements. The Federal Republic's nuclear industry took over for further processing 2,000 kg of the 3,300 kg uranium in the shape of the raw product Hexafluorid. Western Germany's own requirements amounted to 1,300 kg in the previous year. The rest was delivered to France, Italy, Belgium, Sweden and Japan. In the past year production of the French industry reached one quarter of the German industry's output. France produced fuel elements equivalent to 516 kg uranium. Italian production amounted to 2.7 kg, while EURATOM ordered 794 kg, more than half of which with German firms.

When in 1957 the Treaty on the European Atomic Energy Commission (EURATOM) was concluded, only France owned technical and industrial installations for the processing of natural uranium. Within one decade German industry has closed the technological gap and is now a partner and also competitor of the United States and Britain.

## **Development of Foreign Trade Indicating a High Surplus for 1968**

In spite of a continuous upward movement of the internal business trend, in the second quarter imports, adjusted for seasonal variation, hardly increased still. Ignoring the distortion at the turn of the year, there would be a slight decline even. However, the comparatively small imports particularly in June can be largely traced back to special influences, e.g. the strikes in France, the extremely low number of working days in June and the abolishing of the EEC internal tariffs on July 1, 1968. In comparison with the previous year's corresponding period, in the second quarter imports were still higher by 11.1 per cent.

Different from imports, exports cyclically increased more vigorously again. Even considering the deterioration at the turn of the year, the second quarter would show a considerably higher figure than the first one. This most recent development, it is true, cannot be perceived by the growth rate of but 4.3 per

cent as compared with the preceding year's corresponding period. The present development of incoming orders from abroad does not give any hints of a slowing down of the growth of exports — adjusted for seasonal variation. However, at least the changed conditions in the USA—i.e. the fiscal restrictions and the avoiding of a steel strike—should have repercussions on German exports.

On the other hand, the Federal Republic's imports adjusted for seasonal variation will grow somewhat more again after the cessation of the above mentioned special influences. Although the extensive replenishment of stocks is stopping one of the hitherto effective impulses, this could be made up for by a growing marginal propensity to invest caused by an increasing utilisation of domestic productive forces. Under these assumptions the growth rate of goods imports should amount to 11.5 per cent for the second half year, the growth rate of exports to 7.5 per cent. This would result in a surplus in the trade balance of DM 7,200 mn (first half year DM 7,800 mn). For the whole of 1968 the export surplus with DM 15,000 mn would be smaller by about DM 1,800 mn than in 1967.

### **German Development Assistants Aiding the "Third World"**

At present 1,045 German development assistants are working in 23 countries of the "third world". Forty per cent of them are staying in Africa, 35 per cent in six Latin American countries and 25 per cent in four Asian developing countries. Further 137 youths are presently being trained at Wächtersbach and Berlin in order to prepare them for a two-years stay abroad.

The planners of the German Development Service created points of emphasis: 40 per cent of the total of German developing assistants are working in four countries. Brazil is heading the list with 125 assistants, followed by Afghanistan (112), India (105) and Tunisia (101). Forty per cent of the total number of volunteers are working in the health and social services. Another 40 per cent are occupied in technical training or in educational services.

The rest is working in agriculture, trade, industry and administration. The activities of German development assistants comprise for instance consultations of mothers, well-sinking, poultry-farming, etc.

### **Development Credits Concentrating on 25 Countries**

According to figures published by the Federal Ministry for Economic Cooperation and Development, more than half (55 per cent) of all German credit promises, that have been given up to the end of 1967, fall to the share of Asia. Further 18 per cent have been earmarked for Africa. Regarding European developing countries—above all Turkey—14 per cent of the credit volume are provided for while only

8 per cent will go to Latin America. The rest will be allocated supra-regionally.

The Federal Government is adhering to a point-of-main-effect programme, i.e. more than 80 per cent of all credits promised are concentrating on only 25 out of more than 90 developing countries.

In the field of technical aid (non-repayable subsidies for experts, technical equipments, etc.) Africa with 43 per cent is uppermost, followed by Asia with 36 per cent and Latin America with 14 per cent.

### **Agricultural Exports May be Increased to DM 5,000 mn**

In the course of time German agricultural exports may be increased to DM 4,000 mn or even DM 5,000 mn annually through further intensive efforts. As has been pointed out by experts, the Federal Republic's exports of farm produce will grow conspicuously in 1968 and probably reach a value of DM 2,500 mn after DM 2,300 mn in 1967.

However, what is needed is cooperation of German exporters of agrarian products on the markets at home and abroad as well as coordinated advertising, which has already proved its value with different products. This will enable the success of intensified sales efforts also in a period of continuous surpluses.

In this connection the French "Sopexa" should be pointed out, an organisation for the sales promotion of French farm produce on markets at home and abroad. This organisation is being supported by government funds and might serve as an example for German agriculture.

### **West German Foreign Trade with EFTA-countries in the 1st Half of 1968**

According to the latest available data in the first half of 1968 the Federal Republic of Germany has reached a total turnover in its trade with the EFTA-countries of DM 16,482 mn as compared with DM 15,464 mn in the previous year's corresponding period. Thus the increase amounted to 1,018 mn or 6.6 per cent.

In the first six months of 1968 DM 6,091 mn fell to the share of imports and DM 10,390 mn to that of exports. Vis-à-vis the preceding year's corresponding period imports increased considerably by DM 845 mn or 16.1 per cent, exports, however, but slightly by DM 173 mn or 1.7 per cent.

As compared with the Federal Republic's total imports, which could be raised by 13.3 per cent, the share of supplies from EFTA-countries rose slightly only, from 15.5 per cent in the first half of 1967 to 15.9 per cent in the corresponding period of 1968.

As measured against the Federal Republic's total exports, the share of German deliveries to this area declined from 23.9 per cent in the first half of 1967 to 22.5 per cent in the first six months of 1968.