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## Dropping market shares in the EFTA-area

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# GERMAN PRISM

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## **Dropping Market Shares in the EFTA-Area**

The Federal Republic is losing market shares in the EFTA-area. The Ifo-Institute, Munich, states that the growth rate of West German exports to the EFTA-countries is lagging behind the expansion of West German total exports since the commercial splitting-up of Europe into two blocs. With a growth rate of 52 per cent between 1960 and 1967 the Federal Republic's exchange of goods with the EFTA shows a smaller expansion than total turnover with 82 per cent and goods trade with EEC-countries with 133 per cent. From January to October, 1968, exports to the EFTA-area rose by 7 per cent only as compared with the previous year's corresponding period. Nevertheless Germany's traditionally high export surpluses in its trade with the EFTA were rising until the end of the year. In 1967 only 24 per cent of West German total exports were sold in the EFTA-area, while 37 per cent were absorbed by the EEC. In the 'fifties the shares of the two economic blocs were almost equal with 28 to 29 per cent, respectively. Above all Sweden, which at that time imported more German products than Italy and temporarily even more than France, has lost much of its importance as a trade partner.

The Ifo-Institute takes the view that there is not too close a connection between the EFTA-nations' tariff discriminations and the volume of market losses suffered by the German export trade. Therefore a remarkable improvement of the market position may not be expected of the coming into force of the tariff reductions of the Kennedy Round from 1972 on.

## **Vigorous Business Expansion of the German De- velopment Company**

The property in the form of participations owned by the German Development Company (Deutsche Entwicklungsgesellschaft: DEG) according to information published by its management has risen in 1968 by 50 per cent in terms of value. With an increase by 21 per cent, new DEG commitments and payments reaching DM 16 mn, the expired business year has been the Company's most successful one since its foundation.

DEG was founded by the Federal Government at the end of 1962, and being an institute holding participations, it is its purpose to promote private

business initiatives for German investments in developing countries. Today, in its 7th business year, DEG is participating directly and indirectly in 144 projects. Promises to finance (nominee shareholdings and loans) amounting so far to DM 86 mn made possible total investments valued at about DM 900 mn. According to DEG the effects on their labour markets are of considerable importance to the overall economy of the countries where investments are made. Of the 57 direct participations 47 companies started production before the end of 1968. The other ten are still being organised. In contrast to the traditional financing institutes DEG is a true partner for private investors in developing countries, i.e. with regard to shaping, execution and taking care of investment projects. Experienced experts of DEG with special knowledge of details are assisting the German enterprises in planning, financing, organising accounting systems and marketing as well as for instance in the selection of a suitable management.

## **Interesting Development of Agricultural Foreign Trade**

In the last quarter the Federal Republic's foreign trade with products of the food and feedingstuffs industry has been experiencing an interesting development. According to recently available data referring in each case to the financial year 1967/68 (running from July 1 to June 30), imports of food and feedingstuffs did not share in the expansion of trade with industrial goods. In terms of value they declined by 1.8 per cent, in terms of volume by 6 per cent. In the last financial year the Federal Republic imported food and feedingstuffs to the tune of DM 16.56 billion. With that the share of these goods in total imports has fallen from 24 to 22 per cent. In imports relating to food and feedingstuffs a trend is obviously continuing that could be noticed for two years already. In the Federal area the degree of self-sufficiency increases and thus future import requirements will be gradually receding. After the record crop of 1968 a decline of agricultural imports for 1969 may be forecasted already today.

In spite of the general drop of agrarian imports the EEC-partners' exports to the Federal Republic increased. It is quite possible that after the almost complete elimination of tariff barriers within the Community in July, 1968, this kind of trade will continue expanding, and agricultural imports from other parts of the world will decline even more. Already today the deliveries of food and feeding-