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GERMAN PRISM

Commerzbank Acquires Participation In Singapore

Commerzbank has bought a participation in the Development Bank of Singapore Ltd. This institution—according to information published by Commerzbank—has started its operations on Sept. 1, 1968. The paid-up capital amounts to DM 130 mn and has been supplied, apart from the Singapore government, by renowned banks in Europe and overseas. Commerzbank is also represented in the Development Bank's supervisory Board.

Moreover, Commerzbank has engaged itself in the Swiss Financing Company Viking S.A. This institution has hitherto been run by eight Norwegian shipping companies and from now on will operate also internationally by raising funds for shipbuilding. In this context its capital has been increased from sfrs 20 mn to 50 mn.

Recurrent Export Growth with Higher Export Prices

In the 1st quarter of 1969 foreign trade produced a surplus of "only" DM 2,800 mn after DM 4,300 mn in the previous year's corresponding period. This development reflected the reaction of goods trade to the German fiscal measures for safeguarding foreign trade as taken in November, 1968. This influence was, however, limited mainly to the months of January and February, when exports adjusted for seasonal variation dropped by nearly 9 p.c. below the results obtained in November/December 1968. These had been excessive due to deliveries effected in advance. Imports with a cyclical increase by almost 16 p.c. caught up considerably. Foreign trade results of March, on the other hand, already show a change in the trend again. As against the preceding months exports with an increase of 24 p.c. had again a considerably higher growth rate than usual at this season. Imports, too, with nearly 20 p.c. showed a more than average increase vis-à-vis the February results. However, if the Federal Government's goods imports as affected by the cyclical trend are excluded, the growth rate of imports exceeded its seasonally usual measure but slightly.

The March growth rate of exports adjusted for seasonal variation—as compared with February—can be traced back to the fact that supplies to the USA increased vigorously again after the

end of the dockers' strike. But also exports to the EFTA and EEC-countries rose more than usual at this season. In March the index of sales prices for export goods surpassed the November level by 3.2 p.c., for products of the processing industries by 3.4 p.c. even.

If even up to now the fiscal measures for safeguarding foreign trade did not show lasting effects on exports, for the future the development of incoming orders for industrial products indicates another acceleration of the export growth rate. The record level of incoming orders from abroad, that had been reached last October/November due to the prevailing expectations of a DM-revaluation, adjusted for seasonal variation has been exceeded considerably in the last months. In this context incoming orders surpassed the foreign trade turnovers—also adjusted for seasonal variation—by 21 p.c. in February and March. First the strong increase of foreign demand mainly involved the capital goods industry, particularly mechanical engineering. The latest available results of March are indicating that now foreign demand is generally expanding excessively. In March alone foreign orders adjusted for seasonal variation rose by 8.5 p.c. vis-à-vis February.

Development of Goods Trade with Arabian Countries

The Federal Republic's foreign trade with the Arabian countries, where 85 p.c. of Germany's total mineral oil imports are originating, developed quite differently in the 1st quarter of 1969. In terms of value it is showing a slightly rising trend. It is true, though, that goods trade with a number of these countries decreased in both directions. This decline is particularly noticeable in exports to Tunisia, Egypt, Sudan, Iraq, and Kuwait. According to a compilation of the Federal Ministry of Economics, in the first three months of 1969 German exports exceeded those of the previous year's corresponding period by DM 24.5 mn or 5 p.c. The value of exported goods rose from DM 486.1 mn to DM 510.6 mn. Imports from the Arabian countries (mainly mineral oil) increased by DM 27.3 mn or 2.1 p.c. from DM 1,313.3 mn to DM 1,340.6 mn in the period under review.

From January to March 1969 the Federal Republic of Germany imported a total of 20.8 mn tons of mineral oil, 17 mn tons or 82 p.c. of which came from the Arabian countries. With that mineral oil

imports of Arabian origin increased by 756,000 tons or 4.6 p.c. vis-à-vis the previous year's corresponding period.

Siemens Buys Share In Interatom

As a new partner Siemens AG (Munich) joins Interatom, International Reaktorbau GmbH, at Bensberg near Cologne. Hitherto Demag AG, Deutsche Babcock & Wilcox AG

and the North American Rockwell Corp. held shares of one third each in the company's capital funds. Siemens takes over the participation of Rockwell.

After the acquisition of further shares owned by Demag and Babcock as well as the simultaneous absorption of a capital appreciation by about DM 4 mn Siemens will participate in Interatom with 60 p.c., Demag and Babcock with 20 p.c. each. Within the collaboration in the field of sodium-cooled fast breeding reactors the AEG-Group will take over half of the shares owned by Siemens. By merging research and development of fast sodium-cooled breeding reactors at Bensberg the close cooperation between Siemens and Interatom existing since 1966 will be intensified.

Export Surpluses vis-à-vis other EEC-Countries Halved

In the 1st quarter of 1969 the Federal Republic's export surplus vis-à-vis the other EEC-partners with DM 614 mn was only half as big as in the previous

year's corresponding period (DM 1,122 mn). In trade relations with the United States and Canada the German export surplus of DM 579 mn in the 1st quarter of 1968 changed to an import surplus of DM 72 mn in the 1st quarter of 1969. As regards the other groups of countries the German export surplus declined but slightly vis-à-vis the EFTA-nations and even increased in the case of the East-bloc countries.

Leading Position of Shipyards in the Building of Special Ships

Shipbuilding, the German industry which has the highest export ratio, relaxed after the Federal Government's decision not to revalue the DM. According to a statement of the

Association of German Shipyards, in view of monetary uncertainties lasting for months, they could only maintain their market position through the providing of long-term credit aids. Due to the continuous currency risks, price concessions could not be avoided when DM-contracts were concluded. On the other hand, there are not even slight currency-differentials enabling artificial competitive advantages vis-à-vis the German

shipyards' keenest competitors – Japan and Sweden.

In 1968 the construction of merchant vessels increased to 1.3 mn grt (1967: 0.9 mn grt), while the share in the world market remained nearly constant at 7.2 p.c. (1967: 6.9 p.c.). Thus the German shipyards reached again the production level of 1958 and 1959—after long years of declining production, in which only Japan and to some minor extent also Sweden were favoured by the growth in the international shipbuilding market. But as at the same time shipbuilding for the navy declined, total turnovers (excluding the turnover tax) rose by but 4 p.c. to DM 2,950 mn.

The placing of orders in world shipbuilding increased again to 26 mn grt (1967: 20 mn grt), while the production amounted to 16.8 mn grt. This development was caused by growing world trade and rationalisation investments of the shipowners. Of these orders the German shipbuilding industry could book 2.4 mn grt or a market share of 9 p.c. In 1968 the German shipyards with 1,593 mn tons of merchant marine tonnage under construction (i.e. 647,000 grt more than in the previous year) could surpass the British shipbuilding industry for the first time after the last war.

The shipyards succeeded in maintaining their leading position in the construction of container ships, of which 34 bigger units to the value of between DM 40 to 90 mn each will be delivered from 1969 on. The business with Liberty-replacement vessels was also successful, of which a number of shipyards so far could book 50 units. Large- and medium-scale shipyards could offer series-produced ships which have made their way with German and foreign shipowners.

Business Development of Hermes Credit Insurance Company

In its 51st business year Hermes could increase its premium income from credit insurance branches operated for its own account (commercial credit insurance, instalment cred-

it insurance, guarantee insurance, and insurance against loss incurred from breach of contract) by 15.4 p.c. to almost DM 30 mn (preceding year: DM 26 mn). Most of this increase fell to the share of the commercial credit insurance, since the economy was still lively interested in an insurance against losses from bad debts—regardless of the present boom.

German exports rose from DM 87 billion in 1967 to DM 99,5 billion in 1968. The recourse to export guarantees and securities, that Hermes is operating by order and on account of the Federal Government, did not change as compared with the previous year. The sum total of guarantees including the turnovers resulting from revolving coverages amounted to DM 8.8 billion.