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GERMAN PRISM

West German Mineral Oil Imports in the 1st Quarter of 1969

In the 1st quarter of 1969 West German direct imports of mineral oil and its products for immediate sale as well as for storing as bonded goods or in the free port, respectively (excluding goods in storage for foreign account) amounted to a total of 27.4 mn tons. Hereto 1,213.8 mn N-cubic metres of natural gas are to be added. The corresponding import value—cif at German frontier or port, respectively—amounted to DM 2,094 mn. Thus the volume (excluding natural gas) surpassed by 9 p.c. and the value by 7 p.c. the figures of the 1st quarter of 1968 (25.1 mn tons or DM 1, 959 mn, respectively).

Crude oil imports with a volume of 20.8 mn tons or 76 p.c. of total mineral oil imports had the biggest share again. Their growth rate vis-à-vis the 1st quarter of 1968 (19.5 mn tons) was about 6 p.c. Imported mineral oil originated mainly from countries in Africa (61 p.c.), the Middle East (33 p.c.) and America (3 p.c.). Imports of mineral oil products registered growth rates of 20 p.c. and 12 p.c. in terms of volume as well as of value, respectively. Their total amounted to 6.6 (1968: 5.5) mn tons.

Further Increase of Industrial Production

Together with a very high utilisation of capacities industrial production has continued expanding during the recent months. From January to March it increased adjusted for seasonal variation by a good 4 p.c. The expansion of the capital goods industry was particularly conspicuous within the industrial overall development. Since October production in this sector adjusted for seasonal variation has grown almost twice as much as in industry as a whole. On the other hand, the corresponding growth rates of the basic material industries and those manufacturing producer goods (4.5 p.c.), of industries producing consumer goods (a good 6 p.c.) and industries producing foods and beverages (4.0 p.c.) remained far below the overall rate. Within the basic materials industries and those manufacturing consumer goods the output of the iron and steel producing industry has somewhat declined in the past months. Different from the develop-

ment in most consumer goods industries, the production of textiles expanded more than proportional at a rate of 15.5 p.c. According to data available for April the capital goods industries with a more than seasonally usual growth rate vis-à-vis March maintained their top position.

Up to now industrial supplies have proven to be very flexible. The number of persons employed in industry (without public power supply and building industry) has increased steadily in January as well as in the two following months—different from the usual seasonal decline. In the 1st quarter it was 5.2 p.c. above the previous year's corresponding level. Productivity measured as the output per person employed increased again by 8.6 p.c. after in the 4th quarter it had grown by 8.8 p.c. In the next months bottlenecks in supply will occur more frequently than hitherto. Demand for industrial manufactures continues expanding strongly. This is shown by the accelerated cyclical growth of incoming orders by nearly 9 p.c. in the 1st quarter, referring to a whole year this would be more than one third. This expansive development was even more pronounced in the case of foreign orders than with domestic orders. Vis-à-vis the previous year's corresponding period orders increased by a total of 27.3 p.c., in the first four months with capital goods alone by 37.6 p.c. Under the influence of vigorous demand producer prices of industrial manufactures have been rising by 1.1 p.c. from October to April.

Federal Republic Has Highest Social Expenditure within EEC

The Federal Republic of Germany is at the top of the European Community concerning social expenditure per head of the population. This is the result of a comprehensive comparing calculation that recently has been published for the years 1962 to 1965 inclusively. According to the EEC the relatively late publication of the statistics is accounted for by the lengthy investigations which were necessary due to differing legal positions and manifold institutions of the Community's individual member states. The term social "expenditure" comprises all ascertainable sums that have to be spent on family allowances, unemployment, on-the-job accidents, illness, old age pensions, decease and maintenance of surviving dependants.

In 1962 social expenditure per head of the population amounted to DM 1,190 in the Federal Republic. Until 1965 this sum increased to DM 1,555. In order to make a comparison possible between the six members of the Community, the European Statistical Office converted their social expenditure into Belgian francs. According to this calculation social expenditure per head of the population rose as follows: Federal Republic bfrs 14,800 to 19,300, France 12,600 to 17,900, Luxembourg 12,700 to 17,100, Belgium 10,900 to 14,700, the Netherlands 7,800 to 13,100, and Italy from 6,200 to 9,900.

Data on social expenditure from 1966 to 1968 are only available for a number of sectors, so that a general comparison is impossible. However, the increase of performances has continued in all six countries and the lag between the still leading Federal Republic and the other partners has continued decreasing.

Moderate Expansion of West German Eastern Trade

The Federal Republic's trade with the Eastern countries with state monopoly trading showed a continuously rising trend for 1968 as well as the first months of the current

year. However, after the stormy expansion particularly of German deliveries in 1966 and 1967 a calmer development is to be registered in the meantime. In the past year exports to the Eastern states increased by 3.1 p.c. to DM 4,500 mn, while imports rose by 13.1 p.c. to DM 3,400 mn.

In the 1st quarter trade expansion centred on German exports. As compared with the previous year's corresponding period they increased by 12.9 p.c. to DM 1,205 mn, while, on the other hand, West Germany's imports from the East European states still rose by only 6.9 p.c. to DM 850 mn. The active balance in the goods exchange with these countries has grown simultaneously from DM 270 mn to DM 350 mn. In spite of the steady upward trend the East-bloc's share in German total foreign trade has declined slightly in 1968 as well as in the first months of the current year. In the 1st quarter of 1969 it amounted to 4.7 p.c. (1967: 5 p.c.) in exports and 3.7 p.c. (1967: 4.3 p.c.) in imports. The slowing down of the growth rate of German exports to the Eastern bloc can be traced back to a considerable extent to the reduced export financing facilities. A number of countries have reached a level of indebtedness that has caused a certain reserve on the side of their partners. Besides the Federal Republic's Eastern partners attach increasing importance to a better equalisation of their trade

balances. Since this aim could only in part be achieved by increasing the deliveries to the Federal Republic, cuts have also been made in supplies from West Germany. This applies above all to Roumania, Hungary and Bulgaria.

German exports to the Soviet Union and Czechoslovakia register a growth rate considerably above the average level. Exports to the USSR rose by 38.1 p.c. to DM 1,094 mn in 1968, and in the 1st quarter of 1969—vis-à-vis the previous year's corresponding period—by 30.7 p.c. to DM 353 mn. Imports from the USSR expanded by 6.9 p.c. to DM 1,175 mn in 1968, but declined slightly in the 1st quarter of 1969. The Federal Republic's debit balance in trade with the USSR dwindled from DM 611 mn in 1966 to DM 81 mn in 1968.

Performance and Guidelines of German Research Policy

Recently the Federal Minister for Scientific Research submitted the Federal Report III—the third research report since 1965. This report shows that the Federal Government has

realised the explicitly declared priority of science and research. At the same time the Federal Lands and the economy increased their expenditure. In 1966 total expenditure on research and development, teaching and student aid amounted to DM 11,400 mn in the Federal Republic. In 1968 it was about DM 14,000 mn and its share in the GNP has risen from 2.4 p.c. to 2.6 p.c.

Expenditure on research and development alone increased from about DM 9,000 mn in 1966 to approx. DM 11,000 mn in 1968, i.e. from 1.9 p.c. to 2.1 p.c. of the GNP. The Federal Research Report III considers research policy in its correlation to topical political tasks: At home it is the further development of social and political structures, the reform of education and training, the establishing of a modern and efficient infrastructure, and the development of a steady economic growth admitting at the same time the material solution of many other tasks. Beyond the country's frontiers it is the endeavour after a closer European cooperation, the promotion of the cultural and economic development of other peoples, our own security and a peaceful world.

The Research Report mentions three points of main emphasis: (1) intensifying of the research potential on a broad basis, (2) concentrated promotion of sectors that are important for the solution of certain future tasks and for the general scientific and economic performance, (3) intensive promotion of international cooperation.

ly manufactured products provided their quality is acceptable and their prices do not exceed equivalent imported prices by 10 p.c. Extensive "Malaysian goods campaigns" have been and will continue to be launched to encourage more purchases of locally manufactured goods.

As a member of the sterling area, Malaysia's Exchange Control Regulations generally follow the pattern of sterling area countries after World War II. There is no restriction on repatriation of profits, dividends and capital to a country in the sterling area. Repatriation of capital to a non-sterling area is freely allowed if approval of the Government has been obtained prior to the investment being originally made. Similarly repatriation of profits and dividends outside the sterling area is freely allowed provided certain foreign exchange formalities are complied with (submission of audited balance sheets or an acceptable alternative) at the time of repatriation.

There are 10 industrial estates in West Malaysia of which one is fully occupied and 9 are partly occupied. Five new industrial estates have been proposed or are currently being developed. The individual State Governments who are responsible for the industrial estates have prepared the land and have made available all the basic facilities like water, electricity, roads, drainage, telephone, etc.

Promotion of the Industrial Sector

The Federal Industrial Development Authority was set up to spearhead industrial development in the country. Its main objective is to promote and coordinate industrial development in Malaysia. Since it became operational in early 1968, it has undertaken studies on products that lend themselves to local manufacture, received and considered applications for investment incentives, undertaken investment promotion activities, set up an "Industrial Marriage Bureau", as it were, for introducing people with money (local) to people with know-how (foreign) for the establishment of joint ventures, undertaken the dissemination of general and specific industrial information to both local and foreign investors and the promotion of specific industrial projects.

In addition other bodies that are involved in the industrialisation effort include:

☐ The Malaysian Industrial Development Finance which offers medium and long-term loans to industry and also underwrites share issues.

☐ The Malaysian Industrial Estates Ltd. which undertakes the building of standard factory units in developed industrial estates for sale to investors.

☐ The Standards Institution of Malaysia which has been established to test and advise on the quality of locally produced goods and to see that

local goods matching international standards are given a "seal" of quality.

☐ The National Productivity Centre which aims to assist private, industrial, commercial and other organisations in the training of technical personnel to raise productivity.

☐ The Central Apprenticeship Board set up to administer the national apprenticeship scheme which has as its objective the upgrading of skilled tradesmen in various employment.

☐ The Malaysia Institute of Management whose primary object is to promote education and training for management personnel at all levels.

Remarkable Results

The Malaysian Government has during the past decade practised a policy designed to encourage the establishment of viable ventures in Malaysia. A brief indication of its success can be seen in the fact that up to date more than 134 pioneer companies have been established in Malaysia. These pioneer companies involve a total local investment amounting to more than \$ 176 mn and a total foreign investment amounting to more than \$ 231 mn. 91 other companies have been given approval in principle for pioneer status. The total called-up capital involved approximates more than \$ 108 mn. These pioneer companies manufacture a range of consumer items but also include multi-million-dollar projects for the manufacture of tyres, paints, chemical fertilisers, flour, the refining of sugar and two oil refineries.

The strength of the Malaysian economy and the confidence of overseas investors is also shown in the fact that several multi-million-dollar industries have been established on a non-pioneer basis i.e. without government incentives or tax subsidy. These include six motor vehicle assembly plants involving a total capital expenditure exceeding \$ 40 mn, the three plants for the assembly of motorised two-wheelers, several cement factories and a multi-million-dollar glass bottle factory.

The above are past trends in the development of the Malaysian industrial sector. The Government in its effort to increase further the tempo of industrial activity in Malaysia established the Federal Industrial Development Authority and introduced the Investment Incentives Act in 1968. The urgent need now is to provide employment opportunities for Malaysia's growing population and bring about savings and further earnings of foreign exchange. An accelerated process of import-substitution and the development of export-orientated industries are seen as inevitable developments in the Malaysian industrial sector. To this extent foreign investors are needed in order to contribute to the further growth of the Malaysian industrial sector.