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GERMAN PRISM

Federal Republic Exporter of Agricultural Produce

From 1954 to 1969 the Federal Republic's total exports increased fivefold, exports of the food and feedingstuffs industries, however, even sevenfold. In the first four months of 1970, too, total exports rose by 12 p.c., but exports of farm products by 34 p.c. Correspondingly the share of farm produce in total exports increased from 2.3 p.c. in 1954 to 3.6 p.c. in the first four months of 1970.

Federal Republic Officially Represented at the International Malta Fair

For the first time the Federal Republic of Germany participated officially in the International Fair at Malta, which took place from July 1 to July 15. This fair is a comparatively small one with 443 exhibitors on an area of 7,800 squaremeters of exhibition pavilions and open space of 6,500 squaremeters. But also other countries as e.g. the USA and the USSR participated officially.

The Federal Republic maintained an information stand of 90 squaremeters with an attractive exhibition of sports- and hobby articles. The technical organisation of this official participation was the task of IMAG, Munich.

Of the 314 foreign exhibitors represented at Malta, 16 came from the Federal Republic. Radio and TV sets were the dominant articles in the German offer.

Disequilibrium of Intra-German Trade Growing Still

In the first four months of 1970 the gap between supplies and imports in intra-German trade has opened still wider. Total turnovers increased by 26 p.c. The German Democratic Republic bought by 42 p.c.—i.e. for DM 787 mn—more goods in the Federal Republic, but its deliveries to the FRG rose by only 7 p.c. and reached a value of DM 523 mn only.

In spite of this growing disequilibrium the Federal Government hopes for a "consolidation of expansion". The following measures are to improve the situation: a value limitation of West German deliveries of non-ferrous and precious metals for 1970, price increases of West German deliveries and price decreases of GDR sales by 6 p.c. each, as well as an increase of the non-interest bearing credit (swing) from DM 380 mn to 440 mn.

Equity Capital for Small and Medium-size Enterprises

Modern production methods, new forms of selling arrangements and, last but not least, the lack of manpower call for a stronger financial engagement. Small and medium-size enterprises are suffering most under this trend. Their capital coverage is frequently too small for enabling them to finance their most urgent investments. And the fresh generation of entrepreneurs owning the courage to establish themselves does not have the initial capital required.

Therefore the Federal Ministry for Economic Affairs has made efforts to clarify the prerequisites to the financing of participations as regards small and medium-size enterprises. It ordered an expert's opinion which revealed the fact that holding companies based on profit and loss principles are out of the question for smaller enterprises. For holding companies only larger participations are of any interest. Holding companies for middle class enterprises should therefore aim at serving the "public economic interest", i.e. denounce maximum profits. They cannot be conceived without government aids.

The result of the investigation has been discussed intensively with business quarters. On the basis of these preliminary studies the Federal Ministry for Economic Affairs worked out the following model for promoting financing through participations in the case of small and medium-size enterprises: the formation of associations guaranteeing participations is being proposed, which interested economic quarters are to finance by self-aid measures. The Federal Government has

promised these guarantee-associations ERP credits for guarantee funds, contributions to initial costs and proportional coverage of participation risks in the shape of counter-guarantees. Furthermore, the holding companies may be granted ERP credits on favourable terms of interest for enabling a cheaper service of capital for the partner in need of a participation.

**Industrial
Production
Rising Vigorously
in May, 1970**

In May industrial production—due to a pronounced cyclical upswing as compared with April—more than made up for the preceding month's decline. Thus the average of April/

May somewhat surpassed the high level already reached in Feb./March.

The building industry's production increase (+22 p.c.) per working day vis-à-vis the preceding month was particularly pronounced. The capital goods industry, too, which in April registered a decline in production by 2 p.c., could raise its output by 11 p.c. Production in the consumer goods industry, however, showed a small growth rate only (+3 p.c.).

Industrial production of May, 1970, surpassed the previous year's corresponding level by 11 p.c. (preceding month +6 p.c.). Most distinct was the difference in the capital goods industry (+17 p.c.). The basic materials and producer goods industries also exceeded the previous year's comparable level very clearly by 10 p.c. As against this, building output (+6 p.c.) and the production of the consumer goods industry (+4 p.c.) registered a distinctly smaller result than total industry as compared with the previous year's corresponding period.

**Daimler-Benz:
Growing Turnovers,
but Stagnating
Profits**

The Daimler-Benz Automobile Concern achieved a turnover increase of DM 2,425 mn in 1969, a growth rate that by itself corresponds to the business volume of a large-

size enterprise. Additional acquisitions amounted to DM 922 mn or almost 40 p.c. of the increase. In spite of the considerable expansion, sales were still limited by production capacities. In the first months of this year, too, this state did not change considerably, for even now delivery dates reach up to 12 months.

For the whole of 1970 a turnover increase of 15 to 20 p.c. is being anticipated at Stuttgart. This proves that the market appreciates the offer of two basic models in the passenger car sector and a wide programme of commercial vehicles.

However, satisfaction is damped down by the profit situation. For, the acquisitions of the last years—e.g. the Hanomag-Henschel Fahrzeugwerke—are not yet digested. A number of measures in the production and organisation sectors don't yet seem to have the profitable effects wished for. In addition there are the steeply rising costs of materials and labour. And the coincidence of declining profits and a considerably enlarged volume of investments must naturally cause financing problems. Nevertheless, in each of the next years DM 600 mn are also to be invested in order to strengthen the concern's positions at home and abroad.

**Progressive
Production of
Large-size Pipes for
USSR has Started**

On July 6, 1970, in the presence of numerous Russian and German guests, Mannesmannröhren-Werke, Operations Section Mülheim, has started progressive production of 56"-pipes

ordered by the USSR. The pertaining delivery contract for 1.2 mn tons of large-size pipes—i.e. about 168,000 pipes with a length of 12 metres and an outside diameter of 1,420 millimetres—was concluded on February 1, 1970, between the Soviet "Promsyrimport" and Mannesmann-Export GmbH, Düsseldorf. The delivery contract provides for the carrying out of this hitherto largest single order obtained by the German steel-pipes producing industry within the period of July 1970 to December 1972.

**DM 2 bn for the
Promotion of
Agriculture in
the Third World**

In the first ten years of its existence the "Campaign against Hunger" has spent about DM 2 bn on the promotion of agriculture in the Third World. According to information given by

the German section of this Campaign at Bonn on June 30, 1970, German organisations, above all Church aid organisations, collected appr. 15 p.c. of these funds. The Federal Government participated mainly in the fertilizer programme of the Campaign that was organised by the Food and Agriculture Organisation (FAO) of the United Nations.