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Changes in Hamburg's Foreign Trade

by Angela Daven, Hamburg *

The European Common Market has opened up a new chapter in the economic life of the Hanseatic City. Initial reservations and scepticism have long ago given way to the realisation that Hamburg's foreign trade has profited from the dynamic effects of integration.

The world's trade is subject to constant change. The truth of this observation has become particularly manifest during the last two decades which have witnessed a radical change of its structure through the three movements towards integration in Europe—the European Economic Community, the European Free Trade Area and COMECON—but also through the creation of new states in Africa and Asia and the endeavours of the developing countries to build up their economies.

Hamburg with its far-reaching foreign trade relations has not remained unaffected by these developments. Foreign trade turnover has nearly doubled with imports and exports increasing at about the same rate so that, as before, imports still account for two thirds and exports for the remaining one third of the total. However, a comparison between 1957—the last year before the Treaty of Rome became effective—and 1969, which marked the end of the transitional period, clearly shows a shift of emphasis in Hamburg's foreign trade, not only geographically but also in the type of goods handled.

European Trade Increasing

The European business has clearly gained in importance, while Hamburg's overseas trade—formerly so characteristic of the city's commercial activities—has lost ground. In only a couple of years Hamburg's trading partners in Europe will probably account for more than half of its trade. This development is due to the rapid rate at which trade between members of the EEC has been growing. Trading in manufactured goods and particularly in finished products has shown an

especially marked increase — a trend that is noticeable throughout the world. In the food sector, the farm policy of the EEC has been causing shifts in the trade with agricultural products. Thus the relative decline in Hamburg's foreign trade in food products has only affected imports; food exports, on the other hand, have been rapidly increasing, especially in the last few years.

As far as imports are concerned, Hamburg's overseas trade still accounts for the greater part of its commercial activities. Yet even here a comparison between 1957 and 1969 shows a shift away from overseas transactions and towards European business, the share of overseas transactions in the City's total turnover having declined from 71.8 p.c. to 59.2 p.c., i.e. by 12.6 points. Within the overseas sector itself, considerable shifts of emphasis have become manifest: imports from African countries have gained considerably in importance. This is not solely due to the preferential treatment accorded to imports from countries associated with the EEC and the large oil imports from Libya. Another reason is that the creation of new independent states in Africa has presented Hamburg firms with opportunities for doing business which did not exist while these countries were still under colonial domination. The same applies, though in lesser degree, to Asia. The Asian trade, too, has slightly increased, not only in absolute terms, but also proportionately. Grave is, on the other hand, the relative decline in imports from America — formerly the most important continent for Hamburg's importers. In the past twelve years these imports have shrunk to nearly half their previous volume. Whereas imports from Latin-American countries, which feel themselves discriminated against through the preferential treatment accorded by the EEC to associated African states, have risen by 44 p.c. since 1957, imports from North America, i.e. the

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United States and Canada, have decreased by 12.5 p.c.

The growing interest shown by Hamburg importers in Europe is most clearly illustrated by the high rate of increase in imports from the EEC-partner states. In 1957, these represented barely one tenth of Hamburg's total imports, but by 1969 their share had risen to nearly one quarter. As for the European socialist countries, there has been a percental increase, but this is hardly enough to constitute a decisive breakthrough. The share of imports from EFTA-countries has shown a slight decline.

Independently of the shifts in the percentage shares of Hamburg's total imports, their value has tended to increase since 1957 for all groups of countries — with the exception of North America. (See Table 1).

Table 1
Distribution of Imports According to Regions in 1957 and 1969

Region	Import Values in mn DM *		Changes in p.c.	in p.c. of Hamburg's imports	
	1957	1969		1957	1969
Total	9,978.3	18,999.6	+ 90.4	100	100
Europe	2,817.0	7,843.6	+178.4	28.2	41.3
EEC	995.4	4,570.9	+410.4	10.0	24.1
EFTA	1,041.5	1,701.5	+ 63.4	10.4	9.0
Eastern Bloc	291.0	711.9	+144.6	2.9	3.7
Africa	973.4	3,076.0	+216.0	9.7	16.2
America	4,136.0	4,263.1	+ 3.1	41.4	22.4
North America	2,460.0	2,153.0	- 12.5	24.6	11.3
South America	1,460.6	2,110.1	+ 44.5	16.8	10.0
Asia	1,869.6	3,601.2	+ 92.6	18.7	19.0
Australia	181.4	214.9	+ 18.5	1.8	1.1

* Refers to total trade including entrepot trade.

A comparison between the ten most important of Hamburg's supplier-countries in 1957 and 1969 also reveals the growing importance of the European Economic Community: In 1957, the only EEC-country that figured among Hamburg's ten most important suppliers was the Netherlands; twelve years later all the EEC-partners could be found on that list. On the other hand, the number of overseas countries that may still be regarded as Hamburg's traditional trading partners has declined. The list for 1957 contained the names of seven non-European countries; by 1969 their number had decreased to five, but of these only the United States and Japan can be regarded as traditional trading partners. Libya, Saudi Arabia and, to a great extent, also Iran are almost exclusively suppliers of petroleum. Venezuela, which in 1957 was still an important source of petroleum, has dropped out of the list, as Hamburg's petroleum imports come no longer from South America but mainly from Africa.

As far as commodities are concerned, Hamburg has always imported more foodstuffs and industrial raw materials than industrial semi-finished and finished goods. Here, too, a change is unmistakably under way. The percentage-shares of all the groups in the food sector are smaller for 1969 than they were for 1957 because food imports have been rising at a slower rate than industrial imports. This development is in the last analysis due to the agrarian protectionism of the EEC which discriminates against imports of farm products from third countries.

In the case of industrial raw materials, the decline over the same period has been less pronounced, amounting to only 2.7 points. This is to some extent due to the fact that most German petroleum companies have their head offices in Hamburg and that therefore the greater part of the Federal Republic's crude oil imports are registered in Hamburg's import statistics. It is noteworthy that the share of imports of finished goods has more than doubled since the creation of the EEC. It is due to this increase that the relation between farm produce and industrial goods, which in 1957 was nearly in balance (48 p.c. to 52 p.c.), had by 1969 strongly shifted in favour of industrial goods (35 p.c. to 65 p.c.). This tendency is likely to continue. Owing to their progressing industrialisation also the so-called raw material producing countries increasingly export finished products. Structural changes apart, the value of all the important commodity groups imported via Hamburg shows considerable rises for the period from 1957 to 1969. (See Table 2).

Table 2
Hamburg's Imports by Commodity Groups in 1957 and 1969

Commodity group	Import Values in mn DM *		Changes in p.c.	in p.c. of Hamburg's total imports	
	1957	1969		1957	1969
Total	9,978.3	18,999.6	+ 90.4	100	100
Foodstuffs	4,754.3	6,695.3	+ 40.8	47.6	35.3
live animals	46.2	43.6	- 5.4	0.5	0.2
food produced from animals	774.5	918.3	+ 18.6	7.7	4.8
food of vegetable origin	2,909.4	4,649.1	+ 59.8	29.1	24.6
beverages	1,024.2	1,084.3	+ 5.9	10.3	5.7
Industrial goods	5,217.2	12,261.7	+135.0	52.3	64.5
raw materials	2,810.1	4,841.7	+ 72.3	28.2	25.5
semi-finished goods	1,349.4	3,098.3	+129.6	13.5	16.3
finished goods	1,057.7	4,321.6	+308.6	10.6	22.7
Returned goods	6.8	42.6	.	0.1	0.2

* Includes all imports i.e. entrepot trade.

As far as Hamburg's exports are concerned, the orientation in the direction of Europe has been

even more convincing than in the field of imports. Whereas in 1957 only 41.6 p.c. of the exports went to buyers in Europe, twelve years later their share had risen to 62.3 p.c. Here, too, the by far greatest increase occurred in the exports to the member countries of the Common Market; their share in Hamburg's total exports rose in the period under review from one eighth to a quarter. Noteworthy is also the increase in the exports to the EFTA-countries which take nearly 29 p.c. of Hamburg's exports and are thus its most important customers. America, which in 1957 was Hamburg's greatest market, had fallen far behind by 1969. Exports to Latin America shrank to such an extent that their 1969 value was less than that of 1957. The shares of exports to Africa and Asia have also declined since the EEC came into being. Only exports to Australia have registered a slight increase proportionately. (See Table 3).

Table 3
Distribution of Exports by Regions in 1957 and 1969

Region	Export Values in mn DM *		Changes in p.c.	in p.c. of Hamburg's total exports	
	1957	1969		1957	1969
Total	3,488.5	7,050.9	+102.1	100	100
Europe	1,447.7	4,395.0	+203.6	41.5	62.3
EEC	432.9	1,772.0	+309.3	12.4	25.1
EFTA	793.2	2,021.9	+154.9	22.7	28.7
Eastern Bloc	94.2	242.2	+157.1	2.7	3.4
Africa	396.9	554.0	+ 39.6	11.4	7.9
America	817.1	906.3	+ 11.0	23.4	12.9
North America	221.7	335.9	+ 51.5	6.4	4.8
South America	595.3	570.5	- 4.2	17.0	8.1
Asia	766.9	1,075.7	+ 40.3	22.0	15.3
Australia	29.0	66.8	+130.3	0.8	0.9

* Total values including entrepot trade.

Among the ten most important customer-countries for Hamburg's exports in 1957, half of them were overseas and the other half European countries. Among the latter only one (Netherlands) was a country that subsequently became a member of the EEC. On the list for 1969 only two non-European countries remain, in seventh (USA) and ninth (Japan) place, but all the EEC-partners now rank among Hamburg's most important customers. Such lists do, admittedly, change from year to year according to what political and economic events influence world trade. It is nevertheless safe to assume that in the foreseeable future none of the EEC-members will disappear from the list of Hamburg's most important trading partners.

A striking fact emerges from a review of exports according to the various commodity groups; it is the growing importance of food exports. This development has become noticeable only in the course of the last few years. It is the result of

EEC policy to subsidise Common Market farmers – a policy that is particularly apparent in Hamburg because of the activities of the Milk, Fat and Egg Board. In the industrial sector, the most interesting feature is the decline in the exports of so-called primary products for further processing and a corresponding rise in exports of fully finished products. Table 4 illustrates not only the structural changes that have taken place, but also the considerable increases—primary products excepted—that have occurred since 1957.

Table 4
Hamburg's Exports According to Commodity Groups in 1957 and 1969

Commodity group	Value of exports in mn DM *		Changes in p.c.	in p.c. of Hamburg's total exports	
	1957	1969		1957	1969
Total	3,488.5	7,050.9	+102.1	100	100
Foodstuffs	340.6	1,009.1	+196.3	9.8	14.3
live animals	0.3	2.2	+630.0	0.0	0.1
food produced from animals	49.7	343.1	+590.0	1.4	4.9
vegetables	233.2	555.0	+138.0	6.7	7.8
beverages	57.4	108.8	+ 89.5	1.1	1.5
Industrial goods	3,143.6	6,030.4	+ 91.8	90.1	85.5
raw materials	89.0	124.2	+ 39.6	2.6	1.8
semi-finished goods	464.4	1,098.8	+136.6	13.3	15.6
finished goods	2,590.2	4,807.4	+ 85.6	74.3	68.1
primary products	740.3	719.8	- 2.8	21.2	10.2
end-products	1,849.9	4,087.6	+121.0	53.0	57.9
Returned goods	4.3	11.5	.	0.1	0.2

* Total values including entrepot trade.

Future Developments

There are grounds for hoping that these favourable developments will continue despite some discouraging signs and portents such as the protectionist endeavours manifesting themselves in the commercial legislation of the United States. On January 1, 1971—that is a year earlier than planned—the European Economic Community lowered its customs duties on certain meat products and canned food. It will be the Latin-American countries that will benefit most from this anticipated introduction of the last tariff-reduction phase of the Kennedy Round. Successes are also indicated in the negotiations on the granting of preferential treatment to products from developing countries. Besides, prospects for a further increase in the trade with Eastern Europe are also favourable. But more important still, Hamburg as a gateway to the North pins its hopes on the extension of the European Economic Community through the entry of Great Britain and the Scandinavian countries.