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ECONOMIC TRENDS

Economic Development in Eastern Europe

Always at the beginning of a year the Department of Economic Order and Economic Systems of HWWA-Institut für Wirtschaftsforschung-Hamburg submits a summary of the past year's economic results and of the current year's development tendencies in the CMEA-countries¹. The following contributions present the major results.

Soviet Union

When the Soviet Union embarked on its new five-year plan in 1976, it set its sights unusually low. In many spheres however the results have fallen short even of the low targets set in the plan. Provisional data show the following rates of increase compared with the plan figures for the most important aggregates: national income (appropriated one) 5 p.c. instead of 5.4 p.c., gross agricultural production 4 p.c. instead of 7.1 p.c., transport performance 4.5 p.c. instead of 5.7 p.c., profit increase in industry 7 p.c. instead of 9.7 p.c. The planned rates of growth were exceeded in industrial production (4.8 p.c. against 4.3 p.c.) including investment goods (5.5 p.c. against 4.9 p.c.) and consumer goods (3 p.c. against 2.7 p.c.). Against the background of the low plan figures this is, in absolute terms, the worst result since the war. It is substantially below the average annual growth rate of the preceding five-year plan; in Group B it was barely half as high, which means that the heavy industries retained their dominance. There was something of a break in growth rates compared with the preceding year, but the plan shows that it was foreseen. While good results were achieved in the energy field, ferrous metallurgy was among the sectors which faced serious difficulties. These show up even more distinctly in 1977. Unsatisfactory was also the development in important sections of the light and food industries.

The figures which have a bearing on the standard of living on the other hand were in large part overfulfilled; so were the targets for retail sales and incomes. In the wage sector this was chiefly due to the fact that once again the recorded production results were achieved only through the

deployment of a larger labour force than planned. The substantial contraction of the growth rates in absolute terms indicates the existence of limits to such a policy and highlights the cardinal problem of the Soviet economy. The times when high growth rates could be achieved by comprehensive resource mobilization are over. Labour is getting scarce in the industrial areas, and in the regions with a manpower surplus it is almost impossible to mobilise the available labour reserves. With overall growth slowing, high investment growth rates are likewise no longer attainable. In 1976 the investments failed evidently to grow at the planned rate (the available figures cover only the first half of the year). The low input growth rates make a decisive increase in productivity the paramount task for the next years.

In the virtual absence from the plan fulfilment reports of other productivity indices the productivity of labour remains one of the most important yardsticks for an assessment of the economic position of the Soviet Union. Its development in 1976 was unsatisfactory. The relatively low plan targets were not reached in a single sector. The situation is especially critical in the building industry and in the railways sector. In manufacturing industry the shortfall was marginal but the actual increase over the preceding year was no more than 3.3 p.c. That the industrial plan was overfulfilled is therefore entirely due to the above-plan increase of the labour force and thus the result of an extensive policy of growth. Inadequate gains only were thus scored in regard to labour productivity in the Soviet economy in 1976 – not only compared with the plan targets but in absolute terms as well.

Uncompleted investments remained an unresolved problem also in 1976. So far from going faster, new investments took longer. With such a start to the projected growth of production under the five-

¹ Author of the contribution on the Soviet Union is Hermann Clement, since January 1, 1977, a member of Osteuropa Institut – München.

year plan it is difficult to see how the planned growth can be achieved since it was to be brought about mainly by bringing investments more quickly to fruition.

Progress in agriculture, traditionally the problem child of the Soviet economy, was again uneven in 1976. The live stock industry has not yet recovered from the setback of the 1975 drought but some crops, e.g. grains and sugar beet, yielded record harvests despite bad weather in the spring. The cotton and fodder crops were also good, while the potato and sunflower crops were not satisfactory. In toto agriculture did not attain its target. It has however probably kept its development chances intact – despite the 1975 drought – thanks to the large financial infusions given so as to eliminate the large capital deficit and to the measures for the protection of brood animal stocks.

An increasing number of problems have arisen in rail transport, and these are likely to have serious repercussions on the whole economy. In the field of foreign trade on the other hand the Soviet Union worked a change in 1976 in that the overall trade deficit and the trade deficit with the West were greatly reduced. In the final quarter the Soviet Union's external trade was indeed once more showing a substantial overall surplus.

The foreign trade and the economy as a whole thus showed in 1976 a tendency towards consolidation at a considerably lower growth level than in previous years. Taking an overall view, the Soviet economy has manifestly to grapple with great structural problems which are probably not much less severe than those facing the western economies.

Romania

Romania's plans for 1976 envisaged more moderate overall growth of the national economic aggregates than under the plans for previous years. The growth targets for this year were thus more in line with the real growth potential in the country than the plan targets for the preceding five years some of which had been very ambitious indeed. Hence they also had a better chance of being attained.

The national income rose exactly as planned to Lei 400 bn – 10.5 p.c. up on 1975. The gross industrial production increased by 11.5 p.c. to Lei 661 bn. The output growth has thus eased further compared with the preceding years. The plan objective of a 10.2 p.c. rise however was surpassed, for the first time in many years. The 1976 plan was admittedly based on much slower growth than previous plans (1975: 15.0 p.c., 1974: 16.7 p.c.,

1973: 16.2 p.c.). Even so it gave Romania the highest growth rate for industrial production, not only in the CMEA. The two-digit growth rates for the national income and gross industrial production were very high even on a European scale and also showed that Romania is still passing through a phase of extensive growth. The trend of labour productivity shows however that Romania is making great efforts for an intensification of the economic process. In manufacturing industry the labour productivity rose by 8.8 p.c. compared with 1975, the highest rate of increase in any of the last ten years and more than the planned 8.5 p.c. In spite of these, on the whole, good results the most important industries, mechanical engineering and chemicals, were unable to fulfil their plans entirely; in mechanical engineering the shortfall was 0.6 percentage points and in the chemical industry 2.4 points.

In the investment sphere growth decelerated greatly in comparison with the preceding year. In 1975 the total investment volume had still risen by 15.1 p.c.; in 1976 the new investments were only 8.2 p.c. higher, leaving the actual result more than 10 percentage points below the plan target. The 1976 plan fulfilment report did not state how the total investment of Lei 149 bn was spread over the individual industries. According to the 1976 plan manufacturing industry was to have received a slightly larger share of the investments than in 1975 – once more at the expense of agriculture – namely 52 p.c. of the total of Lei 143.7 bn firmly committed under the plan.

For agriculture 1976 was a record year; according to the plan fulfilment report the gross agricultural production was the largest in Romania's history. The 17.2 p.c. rise of production to Lei 110 bn indicates fulfilment of the agricultural plan. Compared with the poor harvest in 1975 the output gains were exceptionally large for some product groups. Nevertheless none of the major crops (grains, potatoes, vegetables, sunflowers, sugar beet, fruit and grapes) reached their plan targets. The good production results in agriculture helped to avoid the severe supply bottlenecks of 1975. Although the sales through the socialist retail outlets did not increase as planned but only by 8.6 p.c., the sales of various kinds of foodstuffs increased at a faster rate than in the preceding year.

Romania's balance of trade showed a small surplus – foreign exchange Lei 200 mn – from a foreign trade turnover 14.5 p.c. up on 1975 at foreign exchange Lei 60.8 bn at current prices. The foreign trade expanded again more rapidly vis-à-vis the preceding year but fell short of the plan target of 17.8 p.c. growth. The export trade

underwent a further slight structural improvement by a shift towards processed products; the imports consisted in 1976 again mainly of fuels and raw materials as well as of machinery and equipment. As the currency position in relation to the western industrialized countries is growing more acute, Romania had in 1975 already reversed the regression of its trade with socialist states; their share increased in that year for the first time since 1970, and this new trend probably continued in 1976.

The 1977 plan specifies in some spheres somewhat higher growth rates than the 1976 plan: 11.3 p.c. for the national income, 10.5 p.c. for gross industrial production, 9.2 p.c. for the labour productivity in manufacturing industry. The plan targets for the other national aggregates have been fixed slightly lower. It remains to be seen whether the damage caused by the earthquake disaster in March, which is assessed at about Lei 10 bn, will induce the Romanian economic leadership to revise the current plan.

Hungary

The 2–3 p.c. rise of the Hungarian national income in 1976 must be described as, at best, moderate compared with the annual results in the preceding plan period. It indicates an abrupt break with the relatively steady growth of the national income over a number of years. The growth last year did not amount to even half the average annual rate (of 5.4–5.7 p.c.) aimed at until 1980 and will probably hamper the realization of the five-year plan target.

While the development of the Hungarian economy progresses in the main in a balanced manner, it does not correspond to the quantitative targets

of the plan. The price which has to be paid for this is a slower rise of the standard of living. The retail sales increased in 1976 by a nominal 6.8 p.c. compared with the preceding year, but with consumer prices on average 5 p.c. higher the real value of private consumption in 1976 was only 1.5–2 p.c. higher than in 1975. A comparison with the 1971–75 figures shows likewise that the improvement of supplies has been modest.

The 4.1 p.c. growth of gross industrial production in 1976 did not equal either the result of the preceding year or the plan target (6 p.c.). Since the peripheral conditions were not very favourable, it would however be wrong to take an entirely negative view of this result. Seldom before can adverse developments in the agricultural sector have affected the overall result in industry as much as they did last year through the food processing industry which recorded a growth of no more than 0.9 p.c. The export-oriented industrial production grew faster than that for domestic requirements. The significant feature of industrial development as a whole was a notable change in the ranking of individual sectors as measured by their growth rates. The mechanical engineering industry was not able to repeat the extremely satisfactory result of 1975; the 4 p.c. increase in this sector in 1976 was less than half the previous year's rate (10 p.c.). The chemical industry led in 1976 with a growth rate of 11.1 p.c., and the 7.8 p.c. rise in electricity generation may also be described as respectable, seeing how unfavourable the economic situation was in general.

In 1977 the industrial production will again be the main support of economic growth; its 45 p.c. share of national income is the largest of any sector. In view of the tight labour market situation the

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Hermann Clement

**DIE ROH- UND GRUNDSTOFFWIRTSCHAFT
DER SOWJETUNION**

(The Soviet Union's Raw Material and Primary Industries)

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V E R L A G W E L T A R C H I V G M B H - H A M B U R G

projected 6 p.c. growth of industrial production can only be achieved by a further increase of labour productivity. The mechanical engineering, chemical and electric energy industries are to raise their outputs by more than the 6 p.c. average; the sectors which have been in the lead – not always in the same order – for several years past are thus to remain the growth leaders.

Since the agricultural production achievements in the fourth five-year plan period had been perfectly satisfactory in comparison with the plan targets, the 4 p.c. increase planned for 1976 was regarded as a very realistic target. That the actual result was much lower than planned is chiefly due to the unfavourable weather conditions in 1976. It was certainly not a very good start to the 16–18 p.c. growth of agricultural production targeted for 1976–80.

Special attention is being given in Hungary to the quantitative and structural advancement of the supply of goods and services for export. Being highly involved with the world economy, the country has a great interest in strengthening its position in the world market. The trade with foreign countries doubled during the last plan period (at current foreign exchange prices) from 56.6 to 113.7 bn (foreign exchange) forints. Until 1975 the imports rose faster – to 209 (1970 = 100) – than the exports – 192. But in 1976 the total foreign trade deficit contracted; the import surplus in trade with western countries fell by 35 p.c. A closer look at the trade balances shows that although the volume of trade with non-socialist countries is only about half that with socialist states, Hungary's balance of trade problem arises mainly with the non-socialist countries.

Czechoslovakia

The economic development of Czechoslovakia was hampered in 1976 by structural changes within the CMEA as a whole and also by a succession of bad harvests. The national income increased nevertheless by 4 p.c. over the preceding year; the total volume of industrial production rose by 5.5 p.c. to Koruna 530.7 bn. The pace of economic development has slowed distinctly compared with the 1975 growth rate of 6 p.c. for the national income and 7 p.c. for industrial production as a whole.

The growth rate of gross industrial production varied in the individual industries; i.e. the industrial production has in fact undergone a notable structural change. In the mechanical engineering, chemical and building materials industries outputs increased by more than the average while the food processing industry, owing to reduced

supplies of agricultural raw materials, showed the lowest rate of increase (only 0.1 p.c.). Although the electricity generation advanced by 5.8 p.c. compared with the preceding year, power remained a significant supply bottleneck for Czechoslovak industry. The total investment volume rose only by 5.2 p.c. over 1975 – a 7 p.c. increase was planned. The figures for plant and machinery deliveries were better than those for construction work. Increased labour productivity accounted for 90 p.c. of the total industrial production growth. The problems caused by manpower shortages manifested themselves again in 1976 and certainly tend to impede continuous economic progress.

The agricultural production was only 2.8 p.c. lower than in 1975 but 8 p.c. below the state plan. The production of agricultural crops was 6.3 p.c. smaller than in 1975 and affected the supply of feeding stuffs in particular. For a number of important fodder plants the crop yields fell to one-fifth of the 1975 figures.

The volume of transport services grew as a whole by 4.5 p.c.; 600 mn tons of goods were carried by public transport – a growth rate of 3.4 p.c.

The standard of living indicators moved irregularly: private consumption increased by no more than 3 p.c. while social consumption expanded by 6.6 p.c. The total money incomes of the population rose by 4.6 p.c.; the social welfare receipts increased most strongly, due to the raising of the social security pensions. The retail sales increased by 3.7 p.c. only and not by 4.7 p.c. as planned. The 11.1 p.c. rate of increase in the volume of foreign trade in 1976 was 3.2 percentage points less than in the preceding year. Exports rose by 11.8 p.c., a little more than the imports which were 10.4 p.c. higher. The trade with the socialist countries saw a bigger increase in exports (by 16 p.c.) than imports (10.5 p.c.); the distribution of the foreign trade over the various classes of goods did not change materially in 1976. The exports to western countries declined slightly (by 1.8 p.c.) whereas Hungary's imports from them expanded by 10.8 p.c.

To attempt a forecast, in 1977 industrial production – more especially in the mechanical engineering and chemical industries – will again provide the main support for economic growth. The national income is to rise by 5.2 p.c. The foreign trade volume is to be expanded more substantially (by 9.2 p.c.) – on the export side with 10.4 p.c. somewhat more than on the import side. The trade with socialist countries is to grow faster than that with non-socialist countries, namely by 6.6 p.c. against 4.1 p.c. An increase by about 10 p.c. is envisaged in the plan for the exports to western countries.

Poland

The general economic development in Poland in the past year was marked by an exacerbation of the grave imbalances between the economic circulation parameters of consumption, investment and external contribution. Structural disequilibria showed up not only between these aggregates but within them. This was reflected very clearly by the growth rate of the principal indicator of economic performance and efficiency, the generation of national income. With an increase of 7.5 p.c. over 1975 last year's result did not only fall short of the plan target for 1976 by 0.8 p.c. but was relatively worse than in any year during the sixth five-year plan period (1971–75). The deceleration of national income growth would have been even more marked had the industrial production not developed more favourably during the past year than had been anticipated in the plan and (inclusive of the building industry) made the largest contribution of any economic sector to the national income. The industrial production actually increased by 10.7 p.c. in 1976 and thus exceeded the plan by 2.5 percentage points.

The total investments in the socialist economy rose at a rate of 3.5 p.c. and were thus larger than planned. Compared with the 1972–74 growth rates (which were well over 20 p.c.) and 1975 (15.2 p.c.) the 1976 investments were modest. While the labour input increased only slightly, the labour productivity rose by 10.1 p.c. in manufacturing industry and by 10.3 p.c. in the building industry — a welcome achievement against the background of otherwise rather less favourable results since the limited growth of manpower and capital (intensive phase) makes labour productivity the dominant growth factor for economic development. The responsibility for the most glaring negative result shown up by the central indicators of economic performance rests with the agriculture. Following on a very bad 1975, the gross agricultural production in 1976 was not only 6.7 p.c. below plan but actually lower than in 1975.

The trend of consumer goods supplies in 1976 is indicated by the increase of retail sales by a nominal 13.2 p.c. against the preceding year. The retail sales of Zl. 909.3 bn were 2.5 percentage points above the target; in the 1971/75 plan period there was only one year in which the retail sales grew at a slightly faster rate; in 1974 they rose by 14.7 p.c. compared with 1973. It is evident from the figures that after the riots in June the political leaders were afraid of curbing private consumption.

The foreign trade disappointed in 1976. In 1975 Poland's exports had, for the first time in the seventies, increased faster than the imports, and

according to the plan this satisfactory trend should have continued. With a 9.4 p.c. rise in the foreign trade turnover compared with 1975 (the target was + 11.8 p.c.) the foreign trade-orientation of the growth policy was less marked but the external trade was still rising faster than the total performance of the Polish economy. The exports increased by no more than 7.5 p.c. (against the planned 14.9 p.c.), imports however by 10.8 p.c. (planned was an increase of 9.2 p.c.), so that the projected trade deficit cutback from (foreign exchange) Zl. 7.5 bn to Zl. 6 bn in 1976 failed to materialize. The deficit increased instead to (foreign exchange) Zl. 9.4 bn, a new record high.

The current seventh five-year plan marks a turning point in Poland's economic development. In 1977 and in the whole of the present five-year period Poland will perforce have to pursue a growth policy holding out a promise of growth over the longer term without giving rise to severe imbalances between the relevant economic circulation parameters. The proportions and targets of the 1977 plan clearly reflect the consequences of this qualitatively different growth strategy; so does the five-year plan 1976–80. The produced national income is to rise by another 5.7 p.c. only in 1977 — the lowest plan target since 1971. For the gross industrial production the plan envisages an increase by 6.3–7.3 p.c., which is rather less than the actual output increase of 10.7 p.c. in 1976 and 0.9–1.9 percentage points less than set out in the 1976 plan. It is also the sharpest cutback of gross industrial production growth since 1971. The plan provides for a further reduction of the national income share going into investments.

German Democratic Republic

In the first year of the new five-year plan the individual sectors of the economy of the German Democratic Republic (GDR) showed marked differences in economic growth. Manufacturing industry (+ 5.9 p.c.) and the building industry (+ 6.8 p.c.) made above-average contributions to the increase of the gross product while the summer drought caused agriculture (– 9.8 p.c.) to lag far behind the targets. As, contrary to the plan forecast, the domestic use of the national income rose faster than the production, it may be assumed that considerable unplanned imports have taken place which put an extra burden on the economy and made the balance of trade deficit worse.

The produced national income rose in 1976 by 3.7 p.c. only — by 5.2 bn to 146.9 bn GDR-marks (M). The overall productive performance of the GDR economy thus lagged behind the plan for 1976 by 1.6 percentage points, i.e. by about

M 2.3 bn. This growth shortfall is to be attributed for the most part to insufficient plan fulfilment in agriculture. According to the plan fulfilment report the net agricultural production was 9.8 p.c. smaller than in 1975. At about M 14.7 bn the recorded net output was nearly M 1.5 bn lower while the plan had provided for an increase of 1.1 p.c. There was thus a shortfall compared with the plan of about M 1.7 bn in the agricultural sector alone. The growth of industrial production by M 14 bn, i.e. 5.9 p.c., on the other hand was approximately in line with the plan target of + 6 p.c. There is however a reference in the plan fulfilment report to the manufacturing industry having made an above-plan contribution of M 2.6 bn. The explanation may be that at some time during the year the industrial production plans were subjected to an – unpublicized – revision. This revision may have been of the order of about 4.8 p.c. About 90 p.c. of the 1976 growth of industrial production is stated to be the result of a 6 p.c. increase in labour productivity.

As for the investments, the intensive efforts by the party and state leadership to make the invest-

ment plans fully effective by exercising tightly organized control over them, which have been observed since 1974, seem to have yielded successes. All investment projects went ahead according to plan – for the first time since 1972. The actual investment growth by 6.8 p.c. in 1976 compares with a planned increase of 6.5 p.c. The plan fulfilment report contains no data however about the plan fulfilment in the industrial sector which generally accounts for about 50 p.c. of all investments. The targets for this sector were never reached in previous years; the 1976 plan provided for 8.7 p.c. growth.

The retail sales, which are the principal indicator for the supply of goods, rose to M 85.4 bn, i.e. by 4.3 p.c. compared with the 1976 plan target of 4.0 p.c. and the actual increase of 3.6 p.c. in 1975. Industrial goods accounted for a larger proportion of the total turnover, as happened similarly in the preceding years. The sales of industrial goods rose by 5.6 p.c. but those of food, drink and tobacco by 3.1 p.c. only. The food supply was affected especially by the bad harvest. The total net money income of the population grew by

PUBLICATIONS OF THE HWWA-INSTITUT FÜR WIRTSCHAFTSFORSCHUNG-HAMBURG**NEW PUBLICATION**

Klaus Bolz, Hermann Clement, Petra Pissulla

**DIE WIRTSCHAFTSBEZIEHUNGEN ZWISCHEN DER
BUNDESREPUBLIK DEUTSCHLAND UND DER SOWJETUNION**

(Economic Relations between the Federal Republic of Germany and the Soviet Union)

A thorough analysis of the hitherto existing quantitative and structural development of trade, of the cooperation and credit relations is the basis of the assessment of future development opportunities of the German-Soviet economic relations offered in this study. The development of the Federal Republic's and the Soviet Union's economies, the integration of both economic partners into the EC on the one hand, and into the CMEA on the other hand, the USSR's order regarding its external economy and the external relevance of the Soviet economic plans are being examined in respect of their corresponding effects. In addition, the competitive positions of Soviet goods on the German market and of German goods on the Soviet market are being investigated and the influence of the political climate, and the policy of concluding agreements on economic relations is being assessed. Finally, a forecast of the external relations for the period up to 1980 is being deduced by comprising the effects of all individual components. (In German)

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V E R L A G W E L T A R C H I V G M B H - H A M B U R G

4.0 p.c. in 1976 – a little less than the supply of goods – but the wage and salary earners' net income from work increased by 4.6 p.c. – a little faster than the supply of goods. As in previous years the bonus payments increased at a higher rate (+ 5 p.c.), so that the proportion of performance-linked earnings rose further; it is by now already equal to a thirteenth monthly income for wage and salary earners.

Only one figure is given in the 1976 plan fulfilment report for the foreign trade, and this relates to the total turnover which according to the plan should have risen by 9.7 p.c. but in fact increased by 14 p.c. – presumably at current prices – to (foreign exchange) M 84.809 bn.

Intra-German trade deliveries by the GDR increased by 16 p.c. to DM 3.877 bn and the intra-German deliveries to the GDR advanced by 8.9 p.c. to DM 4.269 bn. There was an overall balance of debts from trade in both directions of about DM 2.5 bn in 1976.

The 1977 plan provides for the first time for a faster rise of the national income (+ 5.5 p.c.) than of industrial production (+ 5.1 p.c.). The projected increase of the investments (+ 6.5 p.c.) is well ahead of that envisaged for the retail sales (+ 4 p.c.).

Bulgaria

A moderation of economic growth compared with the preceding year characterized the economic development in the People's Republic of Bulgaria in 1976. The structural deviation towards the industrial sector made further progress but was not as marked as in the years before 1976. Despite many improvements in the agricultural sector the country is beyond question still developing from an agricultural into an industrial state.

As for the national income, the growth target of 9 p.c. in the 1976 plan was not fully attained. The effective growth by 7 p.c. compares with an increase of 9 p.c. in 1975, a very successful year. Related to the national income target of + 45 p.c. for the seventh five-year period, 1976/80, the 1976 result was certainly not incompatible with the plan objective. The industrial production increased by 8 p.c. according to the provisional plan fulfilment report, which is less than the growth rate of the preceding year. As for the improvement of labour productivity, which is of considerable importance for the progress of the Bulgarian economy, the first results to hand show further welcome gains. At 7 p.c. the productivity in industry did not rise as fast as in 1975 but, looking at the period since 1970, there has certainly not been anything like a break in the trend.

The aim of improving the standard of living of the population, which has often been singled out as especially important in the past, was again pursued energetically in 1976. A further general improvement of the standard of living was achieved last year, continuing the notable successes in the preceding five-year period. Progress was made in some sectors compared with previous years even though not all the wants of the population were fully satisfied.

The establishment of agro-industrial complexes was continued in the agricultural sector as were the measures for the further chemicalization, mechanization and industrialization of agriculture. The production target of a 5 p.c. increase was not fully attained. A satisfactory feature of the 1976 results is that there were none of the major output shortfalls seen in many an earlier year.

The supply of energy and primary products is an important economic parameter as it is in all countries without substantial raw material resources; coal is still the most important base material for electricity generation. About 42 p.c. of the total coal output is currently converted into electricity (plan target for 1980: 50 p.c.). The crude oil output amounted to about 120,000 tons in 1976. The nuclear energy centre at Kozluduj supplied about 10 p.c. of all the electric energy produced last year.

The foreign trade expansion by about 8 p.c. "only" in 1976 seems modest compared with the remarkable growth rates of 1974 and 1975. The socialist countries accounted for 79 p.c. of Bulgaria's foreign trade last year and were thus again its major trading partners. The ratio of trade with socialist to non-socialist countries which was a little under 3:1 in 1974 is now again nearing 4:1. The trade with the Federal Republic of Germany fell off by 9.5 p.c. Bulgaria's commercial dealings with one of its most important non-socialist trading partners have thus declined in 1976, but whereas German exports to Bulgaria were nearly 17 p.c. lower, the German imports from the People's Republic went up by about 23 p.c.

Bulgaria's economic plan for 1977 shows no drastically changed growth rates for the individual sectors compared with the plan targets and actual results for 1976. As in the preceding year, the targets for 1977 create all the prerequisites for a speedy and all-comprehending development of the economy and an effective rise of the standard of living. In line with the objectives of the seventh five-year plan covering the period up to 1980 the further speedy advancement of the concentration and specialization process in the Bulgarian economy was stated to be a priority aim of the 1977 plan.