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ECONOMIC COMMITTEE

THE GERMAN DEMOCRATIC REPUBLIC: FINANCE AND FOREIGN TRADE

Note by the Canadian Delegation

OBJECT

The object of this paper is to examine this trade and financial circumstances of East Germany (GDR) in 1974 and 1975 and to assess their prospects. The Annex summarizes the annual plans for 1975 and 1976, the Five-Year Plan 1976-1980, and agriculture.

SUMMARY

2. The GDR is the tenth largest industrial producer in Europe and enjoys the highest standard of living in CMEA. (Paragraph 5). It is strongly dependent on imports of fuel and raw materials, lending importance to foreign trade which accounts for 30 percent of national income. (Paragraph 7). Trade with industrial West and its share of total trade has grown steadily, but due to considerable balance of trade deficit it will undoubtedly diminish. However, GDR's need for technological imports will ensure continuation of trade with the industrial West. (Paragraphs 9, 21). West Germany is GDR's principal Western trading partner, and intra-German trade is conducted under special conditions. (Paragraph 10). USSR is the GDR's most important trading partner, and its main source of fuel and raw materials. (Paragraph 15). Trade with CMEA accounts for 70 percent of total volume, and the difficulties facing GDR in its trade with the West seem to have added new impetus to its support of economic integration within CMEA. (Paragraphs 16, 17). The LDCs account for only a small part of foreign trade. (Paragraph 19).

3. In 1974 the trade deficit amounted to over 3 billion valuta marks. The surplus with socialist countries was offset by a deficit with the LDCs and the industrial West. (Paragraph 22). To compensate for deterioration of terms of trade more exports will have to be directed to the CMEA countries, especially the USSR, which will make it even more difficult for the GDR to reduce its deficit of trade with the industrial West. (Paragraph 20).

This document includes: 2 Annexes

4. The GDR's indebtedness with the West is not considered to be beyond its ability to finance. Its debt service ratio is manageable. (Paragraph 27). It has the advantage of a "swing" credit arrangement with West Germany; Arab oil-producing countries may prove to be a new source of credits; and traditional financing via government guaranteed credits and borrowings on Euromarket are expected to continue. (Paragraph 28).

I. INTRODUCTION

5. GDR Gross National Product (GNP) has reached the level which qualifies for a 16th place in the world. In terms of gross industrial production, the GDR ranks tenth in the world. On the basis of national income, the GDR qualifies for seventh place among the European countries, which means that it is equal or superior to that of several Western industrial countries. GDR is also the most industrialized country in Eastern Europe, apart from the Soviet Union, and enjoys the highest standard of living and the largest trade turnover in proportion to GNP in CMEA(1).

6. Because of the GDR's relatively high economic development and its great dependence on foreign trade, it can be viewed by Western countries as a potentially important trading partner. The extent to which trade with the GDR can be developed by the Western countries is determined by the GDR's traditional trade patterns and the availability of hard currency suitable credit and counter-purchase arrangements.

II. FOREIGN TRADE

7. Foreign trade sector plays a very important rôle in GDR's economy, accounting for 30 percent of national income. This great reliance of foreign trade is due mostly to GDR's lack of natural resources: GDR is almost totally dependent on imports of fuel and raw materials. The commodity composition of foreign trade is shown in Table 1.

8. The importance of foreign trade was reiterated in the 1976 National Economic Plan. The percentage increase for foreign trade turnover was the highest of all targets and apart from target for total and industrial investment is the only one which is higher than the 1975 targets. It remains to be seen whether the 1976 target will be fulfilled. The 9.1 percent growth set for 1975 was not achieved. The actual growth was 7 percent in volume and 15 percent in value.

(1) Council for Mutual Economic Assistance: USSR, GDR, Poland, Czechoslovakia, Bulgaria, Hungary, Romania, Mongolia and Cuba. For statistical purposes GDR groups Albania with CMEA countries.

Trade with the industrialized West(1)

9. In view of the inadequacy in statistical data the analyses that follow can not be regarded as completely precise. (Paragraph 29). However, they do portray the general situation. Although the greatest volume of GDR's trade is conducted with the socialist countries, (USSR, Bulgaria, Hungary, Poland, Romania, Czechoslovakia, Mongolia, Cuba, Yugoslavia, Albania, PRC, North Korea, North Vietnam) trade with the industrial West is of considerable importance. Table 2 shows that GDR trade with the industrial West has grown steadily. In 1974 it accounted for about 27 percent of GDR's total volume of foreign trade, and about 31 percent of value. Between 1971-1974 value of trade increased by 93 percent while value of imports grew even faster - by 99 percent. Exports grew by 67 percent in that period. The growth rates expressed in value to some extent mask the real growth as increases in prices contribute to higher value of trade. This is particularly true in case of GDR's imports where in general increases in prices of imports outstripped those of exports. In 1975 the trade volume grew by 4 percent, and it developed particularly with France, Sweden, Finland, West Germany, and the United States. The increases of industrial West's share of GDR trade - expressed in value - was mostly at expense of trade with CMEA countries. The importance of GDR's trade with the industrial West lies also in its structure. Imports are predominately high technology goods and quite vital to GDR's economic growth, which imposes a certain economic dependency on trade with the industrial West.

Trade with West Germany

10. West Germany accounts for about 33 percent of GDR imports from the industrial West, and about 10 percent of total imports. Two very important features of intra-German trade provide the GDR with unique advantages. GDR's exports to West Germany are exempt from Common Market external tariff, which substantially increases the competitiveness of GDR exports. More important, intra-German trade is conducted by means of a clearing account, on bilateral bases, with provision by West Germany of an overdraft allowance, the so-called "swing" credit. This means that GDR saves the expenditure of scarce hard currency and is automatically provided with what amounts to a long-term interest free credit.

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(1) All countries of Western Europe, Japan, United States, Canada, Australia and New Zealand.

11. In 1974 intra-German trade grew by 22 percent in value, but because of price increases the real increase is estimated to be under 10 percent. The value of GDR's exports and imports both increased roughly by 22 percent. In 1975 intra-German trade reached a record level of DM. 7,418 million - about US $2.8 billion (at exchange rate of DM. 2.61 = US $1). Imports from West Germany amounted to DM. 4,028 million - about $1.5 billion, and exports were DM. 3,390 million - $1.3 billion. The quoted figures are those released by West Germany. Figures released by the GDR were: turnover DM. 7,300 million, exports DM. 3,400, and imports DM. 3,900 million. The rate of growth of intra-German trade slowed down in 1975. Total trade increased by only about 7.2 percent, imports about 9.4 percent and exports 4.6 percent. (Table 5).

12. West Germany has been able to maintain this predominant position in Western trade with the GDR mostly by extending interest-free "swing" credit. In an attempt to normalize relations via trade between the two states, in 1968 an agreement between the GDR and West Germany was reached which provided for financing of GDR's outstanding balances in bilateral trade. Each year "swing" credit was to amount to no more than 25 percent of GDR's exports in the preceding year. In fact, the GDR overdrew its swing limit regularly, so that in 1975 GDR's debts, which are called the "accumulated surplus", amounted to 2,400 million clearing units (1 clearing unit = DM. 1) - $919 million. Starting in 1976, the 25 percent formula will no longer apply. An absolute limit of 850 million clearing units - $326 million, will be placed into effect. From 1981 onwards the GDR will have at its disposal only 200 million clearing units of interest-free credit - about $77 million. This is the original level that existed in 1968.

13. The slowdown of growth in intra-German trade in 1975 was due mainly to considerable reduction of imports from West Germany in the last quarter as compared with the first nine months. The restraint on GDR's part reflects its reluctance to let the deficit become even larger. So far, GDR's attempt to close the trade gap has failed. In 1975 GDR's trade deficit ammounted to DM. 638 million - $244 million. GDR is also unhappy with commodity structure of intra-German trade. In 1974 finished products accounted for 53 percent of total exports, whilst finished products represented 67 percent of the total imports. In 1975 principal imports from West Germany were electronic equipment, machinery and chemicals. Sales of the first two categories rose by 17 percent. GDR's main exports were textiles, clothes and agricultural products. Heinz Weseloh - first chairman of the East-West German trade association - in assessing the 1975 trade results, concluded that the structure of intra-German trade should improve. This sentiment is also shared by West Germany which also hopes that

the GDR will deliver more machine tools and other machinery than, say, agricultural products and textiles. Although the GDR has not been able in the past to achieve a well-proportioned trade, she has been making efforts in that direction, and in 1975 was able to deliver 20 million more clearing units worth of machinery than in 1974.

14. There is no doubt that the GDR will continue to lessen its economic dependence on West Germany. This strategy is evident in a much greater growth of trade with other industrial Western countries in recent years, as compared with growth of intra-German trade. However, it seems that intra-German trade will continue to grow in the next few years, if at a lower rate. The GDR's official support for further growth of intra-German trade is indicated by Heinz Weseloh's statement of the support of broadening intra-German trade qualitatively and quantitatively.

Trade with USSR

15. The USSR is by far the most important trading partner, accounting for about 32 percent of GDR's total foreign trade, 33 percent of exports and 30 percent of imports. The favourable balance of trade existing since 1971 was reversed in 1974. (Table 6). The importance of trade is not confined to its volume; it has also strategic importance. A great volume of GDR's demand for fuel and raw materials is met by the USSR. The USSR supplies 100 percent of GDR's need of natural gas, almost 100 percent of petroleum and iron ore, more than 70 percent of rolling steel aluminium, and more than 90 percent of lumber and cotton. The USSR is also an important market for GDR's exports as 25 percent of Soviet imports of machinery and equipment is from the GDR.

Trade with CMEA

16. In principle, GDR foreign trade is first of all a vehicle of foreign policy. This principle is reflected in preponderance of trade with socialist countries, to a greater extent than for other CMEA countries. GDR trade with socialist countries accounts for 70 percent of total volume. (Tables 7, 8). In 1974 the volume increased by 11 percent and in 1975 by 7 percent (15 percent in value). (Table 9). It went up by 7 percent in terms of volume (11 percent in 1974). The 1976-80 Plan envisages an increase in GDR's exports to CMEA member countries by some 50 percent calculated on the basis of the 1974 CMEA contract prices.

17. The difficulties facing the GDR in its trade with the industrial West seem to have added new impetus to GDR's traditional support of economic integration among the CMEA member countries. The intent to increase trade with the socialist countries is quite clear in the 1976 and the 1976-80 Plans. According to the 1976-80 Plan about 3 percent of total

investment, i.e., 7,000-8,000 million Marks is to be devoted to joint projects with its CMEA partners, concentrating particularly on extracting raw materials. Deepening the socialist economic integration is a firm constituent part of the new national economic plans. Apart from political reasons, it is to GDR's advantage to promote greater co-operation in production and production specialization within CMEA. Being the most industrialized country (after the USSR) within CMEA, it is to GDR's advantage if specialization in production is pursued, as GDR would be the natural supplier of industrial goods. The advantage of economic integration also stems from GDR's great dependence on imports of fuel and raw materials. It is more beneficial to secure those imports from the USSR and other CMEA partners as prices are substantially lower than on the world market. Also, the GDR can rely on future deliveries of strategic imports, as deliveries of these goods are set in advance of implementation of national economic plans. Apart from economic benefits derived from cheaper imports and assured market for exports, having secure export and import quotas facilities operation of a planned economy.

Trade with LDCs

18. Trade with the less developed countries (LDCs) quadrupled between 1960 and 1974, but it still represents only a small percentage of total trade, less than 5 percent. In 1974 the value of trade with the LDCs increased by 74 percent and the volume by 25 percent. The growth of imports was particularly high that year, (131 percent in value) but it still accounts for only 5.6 percent of total imports. (Table 10). The structure of GDR - LDCs trade is characteristic of trade between countries with different levels of economic development, the GDR exporting mostly machinery and manufactured goods, while imports are predominantly raw materials and semi-processed goods.

19. In 1975 the volume of trade with the LDCs rose by 13 percent, compared to 4 percent with industrial West and 7 percent with CMEA countries, but the base was much smaller in case of trade with the LDCs. In 1974 the traditional trade surplus was reversed and for the first time since 1960 the GDR developed a trade deficit with the LDCs. The large increase in value of imports and reversal of trade balance was largely due to increase of prices of raw materials, especially oil, as these commodities constitute a large percentage of imports from the LCDs. In view of GDR's dependence on imports of raw materials and also for political reasons, it is expected that trade with the LDCs will continue to grow. The conclusion of long-term agreements with many of the LCDs and especially with oil producing countries, and the pronouncements in the 1976 and 1976-80 national economic plans point to further development of trade with the LDCs.

20. Trade relations with the industrial West are dominated by the problem of the GDR trade deficit, and an increase of intra-CMEA prices for fuel and raw materials. GDR export prices to the industrial West rose much less than import prices, causing a worsening of the terms of trade although in 1975 the GDR was able to prevent further deterioration in their trade terms with the industrial West. Concurrent with the problem of worsening terms of trade, the GDR was also faced with a slump in demand for its exports, mainly due to the deepening recession in the industrial West. In addition, in 1975 CMEA prices were revised. The Soviets have boosted the price of oil by 132 percent. The price of Soviet oil on CMEA market is still substantially below the international price of about $11.51 a barrel. The prices of other raw materials were also increased far above the increases permitted for machinery and manufactures. The GDR is extremely dependent on imports of fuel and raw materials, and her main exports to CMEA member countries are machinery and manufactured goods. The deterioration of terms of trade with CMEA member countries, and especially with the Soviet Union, created serious new burden for GDR's economy. Availability of exports to the industrial West may be affected to some extent by the fact that the GDR will have to earmark a greater share of its production of both consumer and producers goods to pay for more expensive imports of fuel and raw materials from the Soviet Union, and to a lesser extent from other CMEA member countries and the LDCs.

21. In view of the existence of a sizeable debt there is no doubt that the GDR will make an even greater effort to conduct a balanced trade. This will mean that imports from the industrial West will be made conditional to a greater extent on GDR exports. Curtailment of exports, whether due to pressures of new intra-CMEA prices, or to unreceptive markets in the industrial West, is bound to affect imports. It seems certain that growth of GDR trade with the industrial West will slow down. However, imports from the industrial West of sophisticated technology are crucial to the GDR economy, as without them the GDR can not hope to maintain the position of the CMEA workshop or to fulfil the ambitious 1976-1980 plan. The GDR is also relying greatly on increase in labour productivity, and industrial growth is to be achieved to a great extent through an increase in labour productivity. This, undoubtedly will require labour saving technology from the industrial West. It is obvious that there is only certain degree of freedom that the GDR can exercise in curtailment of imports from the industrial West, beyond which the economic price is too great. The GDR will continue to trade with the industrial West, but a smaller trade can be anticipated. The imports will be held down to the most essential goods, and consumer goods will be the most affected. Any sales beyond those considered by the GDR as absolute necessity will probably

be dependent on the extension of favourable credits and the willingness of the Western traders to engage in compensation deals. The GDR has already warned West Germany that if they want to increase their exports they must be prepared to accept payments in goods. The attitude of conditional buying from the industrial West was apparent at 1976 Leipzig Fair. Western firms were subjected to a much greater pressure than in the past to enter into counterpurchase arrangements and to extend long-term credits. The idea of trying trade to availability of favourable credits and compensation arrangements has strongly re-emerged in most of the CMEA member countries, most of which have a sizable debt with the industrial West.

Balance of Trade

22. In 1974 GDR's trade deficit amounted to over 3 billion valuta marks (foreign trade is recorded in valuta Marks; for 1974, 3.57 valuta Marks = $1) - about $840 million, almost three times the size of 1973 deficit. (Table 11). 1974 also marked a reverse in traditional surplus with the less developed countries (LDCs), the first deficit with the USSR since 1971, and 2.5 times larger deficit than 1971 with the industrial West. Trade deficit with the industrial West in 1975 is estimated to be about 3.2 billion valuta Marks - about $972 million at VM. 3.29 = $1. This means that although the GDR was not able to close the trade gap, it at least managed to keep the increase at the lowest level since 1971, unlike other CMEA countries.

23. The accumulated trade deficit with the industrial West since 1970 is estimated to be about 13 billion valuta Marks - about $3.95 billion (at valuta Marks 3.29 = $1). The growing trade deficit is due not only to higher rate of increase of imports over exports, but also to worsening in the terms of trade both with many CMEA member countries and with the industrial West. Deterioration in GDR's terms of trade with the industrial West is mainly caused by high rates of inflation in the West. GDR's deterioration of terms of trade with its CMEA partners is due to revision of CMEA prices in January 1975. The new prices are now based on a moving average of past five years of Western prices. Prices for energy and raw materials increased more than prices for machinery and manufactured goods which are the important elements of GDR's exports. (Table 1). Recession in the industrial West added another dimension to GDR's trade problems. The highly competitive and traditionally difficult market for the GDR to penetrate became even less accessable.

Credits

24. GDR's indebtedness to the industrial West at the year end 1975 amounted to about $4 billion, of which some $900 million is owed to West Germany. This makes the GDR a major debtor, only surpassed by the Soviet Union and Poland. However, this debt is not considered to be beyond GDR's ability to finance. The debt service ratio (debt service as a percentage of exports) vis-à-vis NATO countries was only 9.6 percent in 1974, the lowest of all CMEA countries' except the Czechoslovakia which also had 9.6 percent debt ratio. (Table 12). The debt service ratio for 1975 is estimated to be about 15 percent, while Poland has almost reached 25 percent and USSR and Romania are estimated at around 20 percent. (Table 13).

25. The primary sources of hard currency available to the GDR are: government-guaranteed credits, "swing" credits, and the Eurocurrency credits. (Table 14). All of these sources are well utilized. Roughly half of GDR's indebtedness consists of Eurocurrency borrowings plus "swing" credit and the rest comes from other sources, primarily government guaranteed credits. The GDR also taps some hard currency by encouraging the East Germans to spend their West German Deutsche Marks (DM.) in specially set up shops. Many East Germans receive money from relatives and friends living in the West Germany. They can use this money to buy goods in shops in which only hard currency is accepted and which carry goods not available or not easily available elsewhere. Some hard currency is obtained from tourism, mainly from West Germany.

26. There is no doubt that GDR's need for credits will continue and it is believed that like most other CMEA member countries, the emphasis will be more on credits not tied to any particular project. This means a very active participation on Eurocurrency market. In 1976 the GDR is already trying to raise a further $20 million five-year loan on the Euromarket. It will carry an interest rate of 1.375 points above LIBOR (London interbank lending rate). This rate is more favourable than the 1.5-2 points above LIBOR that is usually charged, and is the same that the GDR was charged in 1975, indicating that GDR's credit rating has not changed. This development is contrary to predictions of many Western bankers who foresaw an increase in charges on future loans.

27. The availability of credits will play an important part in trade with the industrial West. It seems unlikely that in a foreseeable future the GDR will be able to expand its exports sufficiently to pay for imports from the industrial West. It will therefore rely primarily on government guaranteed credits and the Euromarket. Although GDR's debt to the industrial West has increased substantially, its debt service

ratio is still reasonable (Table 13) and future economic development even though it is facing serious problems is still promising. In all probability, the availability of credits will not undergo any great shift and this is particularly true in case of the government guaranteed credits. In an attempt to promote domestic exports, governments will continue to extend credits but at a higher interest rate than in the past. The recently signed "gentlemen's agreement" among some major Western industrial countries ensures that fierce competition that used to exist and often resulted in charging unrealistically low interest rates will be eliminated through general agreement on minimum interest rates.

28. Eurocredits will depend to some extent on the economic situation in the industrial West. The deep recession in the industrial West has slowed down demand for investment funds, leaving many banks with liquid funds. To maintain their lending ratio the Western bankers were quite willing to extend credits to the CMEA member countries, especially since credit rating for those countries was excellent. If the recession in the industrial West improves, demand for funds on the Euromarket will increase. The lenders may then prefer to turn to their traditional customers especially since in general, credit rating for most of the CMEA countries has somewhat deteriorated, which would mean a less responsive Euromarket to credit demands from the CMEA countries. It is almost certain, therefore, that in future the GDR will not be able to raise loans at as favourable terms as in the past and that Western bankers may insist on more information concerning projects for which credits are extended. The new $20 million Eurocredit does not bear out any of the above predictions, but most Western bankers believe that future credits will be granted more cautiously and at a higher interest rate. The GDR may also turn to a new source of credit funds. The Arab oil producing countries have begun to extend credits to some of the CMEA member countries. Their participation in the Euromarket may open a new source of credits. It is also expected that GDR will make an extensive effort to sell heavy industrial goods and technical equipment to the Arab countries. If successful, this may earn some hard currency, but most of it probably would be used up in payments for oil.

29. To evaluate GDR's trade with the industrial West is extremely difficult, because of unreliable and inadequate statistics. The data published in GDR's foreign trade statistics are inconsistent and incomplete. "The value claimed for the trade with the "capitalist industrial countries" in general is considerably greater than the sum of the separate figures indicated for these countries. The gap between imports and exports amounts to about 15 percent in every case, and this cannot possibly be explained by the absence of separate listings for some countries (such as Greece, Spain, Portugal). The goods structure of trade with the West is not mentioned at all. Only a few examples of goods exchanged are quoted, and even those are not available for all countries."(1)

(1) West Berlin DIW WOCHENBERICHT, 25th September, 1975

30. "It must be presumed that GDR statistics use different valuta conversion rates when reporting on trade with the West. It may be that differing conversion factors are used for the artificial "foreign trade unit" - the valuta Mark - in relation to the domestic monetary unit as well as to the convertible currencies. This may have been triggered by the serious dollar devaluations and the rearrangement of the Western monetary relations in the early 1970s."(1)

31. Substantial discrepancies exist in figures for trade with the West Germany and the total imports from the industrial West. Trade with the West Germany, as reported by the GDR, is lower than as reported by the West Germany. However, imports from the industrial West - according to GDR statistics - are higher than the data provided by the partner countries. One explanation may lie in methodology of recording trade. Many goods imported by the GDR from the industrial West are actually delivered to West Germany. The Western countries record these goods as exports to West Germany and not the GDR. However, the GDR trade statistics will show these goods as imports from the producer country.

(1) West Berlin DIW WOCHENBERICHT, 25th September, 1975

TABLES

Content

ANNEX I to AC/127-WP/473

TABLE 1

GDR: COMMODITY COMPOSITION OF TRADE[1]

(in percentages)

EXPORTS	1960	1970	1971	1972	1973	1974
Machines and transport equipment	49.0	51.7	51.8	51.3	51.4	49.4
Fuel, mineral raw materials, metals	15.7	10.1	9.9	10.0	10.8	12.1
Other raw materials and semi-manufactured industrial goods, and processed foods	5.9	7.4	6.5	8.0	9.0	9.1
Consumer goods	15.1	20.2	20.8	18.8	17.1	16.7
Chemical products, fertilizer, rubber, construction materials	14.3	10.6	11.0	11.9	11.7	12.4
IMPORTS						
Machines, and transport equipment	12.7	34.2	33.5	32.1	33.0	26.4
Fuel, mineral raw materials, metals	38.5	27.6	27.8	28.1	24.4	28.4
Other raw materials and semi-manufactured industrial goods, and processed foods	39.2	28.1	26.1	25.4	24.7	26.0
Consumer goods	5.3	4.5	4.7	5.6	8.4	7.0
Chemical products, fertilizer, rubber, construction materials	4.3	5.6	7.9	8.8	9.5	12.2

Source: 1975 Statistical Yearbook of GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

[1] According to standard commodity nomenclature used in trade with CMEA member countries.

-2-

TABLE 2

GDR: TRADE WITH INDUSTRIAL WEST[1]

(VM millions and US $ millions)

YEAR	EXPORTS VM	$*	$**	% CHANGE	IMPORTS VM	$*	$**	% CHANGE	TURNOVER VM	$*	$**	% CHANGE
1971	4,495.0	1,070.2	1,070.2	6.7	5,772.5	1,374.4	1,374.4	6.0	10,267.5	2,444.6	2,444.6	6.3
1972	5,014.0	1,193.8	1,295.6	11.5	7,034.7	1,674.9	1,817.8	21.9	12,048.7	2,868.7	3,113.4	17.3
1973	6,006.1	1,430.0	1,725.9	19.8	8,898.0	2,118.6	2,556.9	26.5	14,904.1	3,548.6	4,282.8	23.7
1974	8,328.1	1.982.9	2,322.8	38.7	11,462.6	2,729.2	3,210.8	28.8	19,790.7	4,712.1	5,543.6	32.8

TRADE BALANCE

VM	$*	$**
-1,277.5	-304.2	-304.2
-2,020.7	-481.1	-522.1
-2,891.9	-688.5	-831.0
-3,134.5	-746.3	-878.0

% OF TOTAL

EXPORTS	IMPORTS	TURNOVER
21.1	27.6	24.3
21.0	30.8	25.8
22.9	32.6	27.9
27.4	34.2	30.9

Source: 1975 Statistical Yearbook for GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1 According to GDR Statistics: all capitalist countries of Western Europe, as well as Australia, Japan, Canada, New Zealand and USA.

* Using exchange rate of 4.2 VM = $1 for comparison with other years.

** Using current exchange rates; 1972: 3.87 VM = $1, 1973: 3.48 VM = $1, 1974: 3.57 VM = $1

TABLE 3

GDR: TRADE WITH THE WEST

(VM millions)[1]

	EXPORTS F.O.B.				IMPORTS F.O.B.			
	1971	1972	1973	1974	1971	1972	1973	1974
Industrial West[2]	4,495.0 (1,070.2)	5,014.0 (1,295.6)	6,006.1 (1,725.9)	8,328.1 (2,332.8)	5,772.5 (1,374.4)	7,034.7 (1,817.8)	8,898.0 (2,556.9)	11,462.0 (3,210.6)
EEC (less Ireland)	3,278.8 (780.7)	3,693.3 (954.3)	4,075.8 (1,171.2)	5,577.0 (1,562.2)	3,728.9 (887.8)	4,250.0 (1,098.2)	4,526.8 (1,300.8)	6,408.4 (1,795.1)
Belgium/ Luxemburg	129.1 (30.7)	179.9 (46.5)	195.3 (56.1)	403.2 (112.9)	195.6 (46.6)	221.4 (57.2)	307.6 (88.4)	447.6 (125.4)
Denmark	97.4 (23.2)	123.5 (31.9)	140.7 (40.4)	191.5 (53.6)	84.4 (20.1)	102.5 (26.5)	135.3 (38.9)	121.4 (34.0)
France	267.7 (63.7)	347.5 (89.8)	366.2 (105.2)	475.0 (133.1)	488.5 (116.3)	368.3 (95.2)	345.4 (99.3)	443.1 (124.1)
Italy	165.3 (39.4)	201.0 (51.9)	200.5 (57.6)	274.5 (76.9)	125.0 (29.8)	180.8 (46.7)	283.3 (81.4)	388.3 (108.8)
Netherlands	252.9 (60.2)	260.5 (67.3)	327.8 (94.2)	518.6 (145.3)	282.0 (67.1)	383.4 (99.1)	650.5 (186.9)	1,120.9 (314.0)
U.K.	224.7 (53.5)	377.0 (97.4)	346.2 (99.5)	704.0 (197.2)	400.5 (95.4)	369.8 (95.6)	368.6 (105.9)	900.0 (252.1)
West Germany	2,141.7 (509.9)	2,203.9 (569.5)	2,499.1 (718.1)	3,010.2 (843.2)	2,152.9 (512.6)	2,623.8 (678.0)	2,436.1 (700.0)	2,987.1 (836.7)
ustria	112.8 (26.9)	139.1 (35.9)	171.1 (49.2)	258.0 (72.3)	175.1 (41.7)	229.5 (59.3)	413.7 (118.9)	606.1 (169.8)
witzerland/ iechtenstein	142.5 (33.9)	207.6 (53.6)	176.7 (50.8)	421.5 (118.1)	339.3 (80.8)	413.8 (106.9)	825.7 (237.3)	1,037.8 (290.7)

ANNEX I to
AC/127-WP/473

	EXPORTS F.O.B.				IMPORTS F.O.B.			
	1971	1972	1973	1974	1971	1972	1973	1974
Sweden	172.6 (41.1)	225.9 (58.4)	238.5 (68.5)	423.8 (118.7)	253.3 (60.3)	218.5 (56.5)	299.2 (86.0)	397.1 (111.2)
Japan	40.6 (9.7)	43.8 (11.3)	50.3 (14.5)	51.4 (14.4)	215.0 (51.2)	244.5 (63.2)	240.0 (69.0)	207.5 (58.1)
Canada	16.9 (4.0)	14.9 (3.9)	18.9 (5.4)	26.8 (7.5)	20.0 (4.8)	16.4 (4.2)	15.9 ([illegible])	47.7 (13.4)
U.S.A.	39.7 (9.5)	33.5 (8.7)	40.8 (11.7)	49.5 (13.9)	270.7 (64.5)	269.0 (69.5)	470.1 (135.1)	529.6 (148.3)
Less Developed Countries	934.8 (222.6)	867.2 (224.1)	1,001.8 (289.7)	1,279.3 (358.3)	779.5 (185.6)	626.8 (162.0)	816.0 (234.5)	1,887.8 (528.8)
West[3]	5,429.8 (1,292.8)	2,381.2 (615.3)	7,007.9 (2,013.8)	4,605.4 (1,290.0)	6,552.0 (1,560.0)	7,661.5 (1,979.7)	9,714.0 (2,791.4)	13,349.8 (3,739.4)

Source: 1975 Statistical Yearbook of GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1 Figures in brackets show value in US $ millions, at exchange rates current for the years; 1971: 4.2 VM = $1, 1972: 3.87 VM = $1, 1973: 3.48 VM = $1, 1974: 3.57 VM = $1

2 According to definition of GDR statistics includes: all West European countries, Australia, Japan, Canada, and USA

3 Industrial West plus Less Developed countries.

TABLE 4

ANNEX I to AC/127-WP/473

GDR: COOPERATION AGREEMENTS-GOVERNMENT LEVEL

COUNTRY AGREEMENT CONCLUDED WITH	WHEN CONCLUDED	TYPE OF AGREEMENT	DURATION (YEARS)
Austria	Dec. 1974	EIT	10
Austria	Aug. 1973	EIT	5
Denmark	Feb. 1974	EIT	10
Finland	June 1973	ESTI	10
France	July 1973	EIT	10
France	1969/70	E	5
Italy	July 1970	ST	5
Italy	April 1973	EIT	10
Japan	Mar. 1971	E	5
Netherlands	June 1974	EIT	10
UK	Dec. 1973	ETSI	10
Norway	Dec. 1974	EIT	10
Sweden	Dec. 1975	EIT	10
Switzerland	June 1975	E	10

Key: E = Economic, S = Scientific, I = Industrial, T = Technical

ANNEX I to
AC/127-WP/473

TABLE 5

GDR TRADE WITH WEST GERMANY

(DM millions - US $millions)

YEAR	EXPORTS DM	$[1]	% CHANGE	IMPORTS DM	$[1]	% CHANGE	TURNOVER DM	$[1]	% CHANGE	TRADE BALANCE DM	TRADE BALANCE $[1]
1973	2,656	1,022		3,106	1,160		5,672	2,182		-360	-138
1974	3,240	1,246	22.0	3,679	1,415	22.0	6,919	2,661	22.0	-439	-169
1975	*3,400	1,308	4.9	3,900	1,500	6.0	7,300	2,808	5.5	-500	-192
	**3,390		4.6	4,028		9.4	7,418		7.2	-638	

Source: West German Chamber for Industry and Commerce

* figures announced by West German Statistical Bureau

** figures announced by the GDR Statistical Bureau

[1] Using exchange rate of 2.6 DM (Deutsche Mark) = $1

ANNEX I to
AC/127-WP/473

TABLE 6

GDR: TRADE WITH USSR

(VM millions and US $ millions)

YEAR	EXPORTS VM	$*	$**	% CHANGE	IMPORTS VM	$*	$**	% CHANGE	TURNOVER VM	$*	$**	% CHANGE
1971	8,133.6	1,937.8	1,937.8	11.3	7,954.3	1,893.9	1,893.9	- 2.6	16,092.9	3,831.6	3,831.6	3.9
1972	9,615.2	2,239.3	2,484.5	18.1	8,003.5	1,905.6	2,068.1	0.6	17,623.7	4,196.1	4,553.9	9.5
1973	9,883.5	2,354.4	2,841.5	2.8	8,638.0	2,056.7	2,482.2	7.9	18,526.5	4,411.1	5,323.7	5.1
1974	9,955.6	2,370.4	2,788.7	0.7	10,146.6	2,415.9	2,842.2	17.5	20,102.2	4,786.2	5,630.9	8.5

% SHARE

YEAR	EXPORTS	IMPORTS	TURNOVER
1971	38.2	38.0	38.1
1972	40.2	35.0	37.7
1973	37.8	31.6	34.6
1974	32.7	30.2	31.4

TRADE BALANCE

YEAR	VM	$*	$**
1971	+ 184.3	+43.9	+ 43.9
1972	+1,611.7	+276.6	+ 416.5
1973	+1,250.5	+297.7	+ 359.3
1974	- 191.0	- 45.5	- 53.5

Source: as Table 9

* as Table 9

** as Table 9

-8-

ANNEX I to
AC/127-WP/273

TABLE 7

INDEX AND STRUCTURE OF FOREIGN TRADE IN

COMPARABLE PRICES FOR GROUPS OF COUNTRIES

		FOREIGN TRADE		
YEAR	TOTAL	WITH SOCIALIST COUNTRIES (2)	WITH CMEA (1)	WITH NON-SOCIALIST COUNTRIES
	1970 = 100			
1970	100	100	100	100
1971	106.0	106.1	105.7	105.8
1972	116.5	115.5	115.4	119.5
1973	128.2	127.6	128.1	129.8
1974	139.2	139.0	139.6	139.6

PERCENTAGE SHARE OF TOTAL FOREIGN TRADE

YEAR	TOTAL	SOCIALIST COUNTRIES (2)	CMEA (1)	NON-SOCIALIST COUNTRIES
1970	100	71.6	67.3	28.4
1971	100	71.6	67.4	28.4
1972	100	70.8	67.8	29.2
1973	100	71.2	68.5	28.8
1974	100	71.5	68.8	28.5

Source: 1975 Statistical Yearbook for GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1) According to GDR statistics include: Albania, Bulgaria, Cuba, Mongolia, Poland, Romania, Czechoslovakia, USSR, Hungary.

(2) According to GDR statistics: All CMEA countries, plus PRC, Yugoslavia, North Korea, North Vietnam.

TABLE 8

GDR: TRADE WITH SOCIALIST COUNTRIES[1]

(VM millions and US $ millions)

YEAR	EXPORTS VM	$*	$**	% CHANGE	IMPORTS VM	$*	$**	% CHANGE	TURNOVER VM	$*	$**	% CHANGE
1971	15,890.7	3,783.5	3,783.5	11.7	14,368.1	3,420.0	3,421.0	1.8	30,258.8	7,204.5	7,204.5	6.8
1972	18,049.9	4,297.6	4,664.1	13.6	15,189.8	3,616.6	3,904.8	5.7	33,239.7	7,914.2	8,589.1	9.9
1973	19,163.5	4,562.7	5,506.8	6.2	17,616.3	4,194.4	5,062.2	16.0	36,779.8	8,757.1	10,568.9	10.7
1974	20,835.8	4,960.9	5,836.4	8.7	20,219.1	4,814.1	5,663.6	14.8	41,054.9	9,775.0	11,500.0	11.6

TRADE BALANCE VM	$*	$**	% OF TOTAL EXPORTS	IMPORTS	TURNOVER
+1,522.6	362.5	362.5	74.5	68.7	71.6
+2,860.1	681.0	739.0	75.4	66.5	71.1
+1,547.2	368.4	444.6	73.2	64.5	68.7
+ 616.7	146.8	172.7	68.4	60.2	64.1

Source: 1975 Statistical Yearbook of GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1. According to definition of GDR includes: Albania, Bulgaria, China (excluding Taiwan), Yugoslavia, North Korea, Cuba, Mongolia, Poland, Romania, Czechoslovakia, USSR, Hungary, North Vietnam.

* Using exchange rate of 4.2 VM = $1 for comparison with previous years.

** Using current exchange rates; 1972: 3.87 VM = $1, 1973: 3.48 VM = $1, 1974: 3.57 VM = $1

-10-

TABLE 9

GDR;TRADE WITH CMEA[1]

(VM millions and US $ millions)

YEAR	EXPORTS VM	$*	$**	% CHANGE	IMPORTS VM	$*	$**	% CHANGE	TURNOVER VM	$*	$**	% CHANGE
1971	14,776.3	3,518.2	3,518.2	11.9	13,625.7	3,244.2	3,244.2	1.3	28,402.0	6,762.4	6,762.4	6.5
1972	17,195.2	4,094.1	4,443.2	16.4	14,547.3	3,463.6	3,759.0	6.8	31,742.5	7,557.7	8,202.2	11.8
1973	18,320.0	4,361.9	5,264.4	6.5	16,969.9	4,040.5	4,876.4	16.7	35,289.9	8,402.4	10,140.8	11.2
1974	19,739.2	4,699.8	5,529.2	7.7	19,323.6	4,600.9	5,412.8	13.9	39,062.8	9,300.7	10,942.0	10.7

TRADE BALANCE

VM	$*	$**
+1,150.6	274.0	274.0
+2,647.9	630.5	684.2
+1,350.1	321.5	388.0
+ 415.6	99.0	116.4

% OF TOTAL

EXPORTS	IMPORTS	TURNOVER
69.3	65.1	67.2
71.9	63.7	67.9
70.0	62.1	66.0
64.8	57.6	61.0

Source: 1975 Statistical Yearbook of GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1. According to definition of GDR includes: Albania, Bulgaria, Cuba, Mongolia, Poland, Romania, Czechoslovakia, USSR, Hungary.

* Using exchange rate of 4.2 VM = $1 for comparison with previous years.

** Using current exchange rates; 1972: 3.87 VM = $1, 1973: 3.48 VM = $1, 1974: 3.57 VM = $1

TABLE 10

GDR TRADE WITH LDCs[1]

(Valuta Marks millions, and US $ millions)

YEAR	EXPORTS VM	$*	$**	% CHANGE	IMPORTS VM	$*	$**	% CHANGE	TURNOVER VM	$*	$**	% CHANGE
1971	934.8	222.5	225.5	+15.8	779.5	186.0	186.0	- 1.9	1,714.3	408.2	408.2	+ 7.1
1972	867.2	206.5	224.1	- 7.2	626.8	149.1	162.0	- 19.6	1,494.0	355.7	386.0	-12.9
1973	1,001.8	238.5	287.9	+15.5	816.0	194.3	234.5	+ 30.2	1,817.1	432.6	522.2	+21.6
1974	1,279.3	304.6	357.3	+27.7	1,887.5	449.4	527.2	+131.3	3,136.1	746.7	876.0	+74.3

% SHARE

YEAR	EXPORTS	IMPORTS	TURNOVER
1971	4.4	3.7	4.1
1972	3 6	2.7	3.2
1973	3.8	3.0	3.4
1974	4.2	5.6	4.9

TRADE BALANCE

YEAR	VM	$*	$**
1971	+155.3	37.0	37.0
1972	+240.4	57.2	62.1
1973	+185.8	44.2	53.4
1974	-608.2	144.8	169.9

-12-

Source: 1975 Statistical Yearbook of GDR (Statistisches Jahrbuch der Deutschen Demokratischen Republik, Berlin 1975)

1. According to definition of GDR statistics: all African, South American and Asian countries, excluding North Korea, Cuba and North Vietnam.

* Using exchange rate of 4.2 VM = $1 for comparison with previous years.

** Using current exchange rates; 1972: 3.87 VM = $1
1973: 3.48 VM = $1
1974: 3.58 VM = $1

TABLE 11

GDR: BALANCE OF TRADE

(VM million and US $ million)

Year	Exports VM	$*	$**	Imports UM	$*	$**
1971	21,320.5	5,076.3	5,076.3	20920.1	4,981.0	4,981.0
1972	23,931.1	5,697.9	6,183.7	22851.3	5,440.8	5,904.7
1973	26,171.4	6,231,3	7,520.5	27330.3	6,507.2	7,853.5
1974	30,443.2	7,248.4	8,527.5	33569.3	7,992.7	9,403.2

BALANCE OF TRADE

	VM	$*	$**
1971	+ 400.4	+95.3	+ 95.3
1972	+1079.8	+257.~~09~~	+ 279.0
1973	-1158.9	-275.9	- 333.0
1974	-3126.3	-744.4	- 875.7

Source: 1975 Statistical Yearbook of GDR (Stadistisches Jahrbuch See Deutschen Demokratischen Republic, Berlin 1975)

* Using exchange rate of 4.2 VM = $1 for comparison with previous years.

** Using exchange rates of 1972: 3.87 VM = $1, 1973: 3.48 VM = $1, 1974: 3.57 VM - $1.

-13-

TABLE 12

GDR: THE INDEBTEDNESS POSITION TO NATO COUNTRIES

GOVERNMENT GUARANTEED CREDITS
(million $ US)

YEAR	REPAYMENTS (million $ US)	EXPORTS FOB (a)	REPAYMENTS AS PROPORTION OF EXPORTS %	CREDIT OUTSTANDING (million $ US)	OF WHICH OVER FIVE YEARS (million $ US)
1971 (1)	107.1	869	12.3	491.6	175.6
1972 (1)	104.6	990	10.6	449.7	156.2
1973 (2)	155.2	1,295.2 (b)	11.9	517.6	171.9
1974 (2)	163.3	1,694.8	9.6	431.4	129.7

Source: NATO

(1) At pre-Smithsonian parity rates

(2) In current dollars

(a) Derived from NATO countries imports as given in OECD trade statistics; when imports are c.i.f. the amount has been reduced by 10% to obtain an f.o.b. estimate.

(b) Including imports to West Germany from the GDR amounting to DM 2,659.5 million in 1973 ($984 million at DM 2.7 = $1)

TABLE 13

GDR, USSR, POLAND, AND HUNGARY DEBT SERVICING AS A PERCENTAGE OF THEIR EXPORT RECEIPTS FROM ALL NATO COUNTRIES.

	GDR	USSR	POLAND	HUNGARY
1971 (1)	12.3	17.2	15.8	7.1
1972 (1)	10.6	16.3	12.7	4.8
1973 (2)	11.9	14.4	11.6	3.2
1974 (2)	9.6	16.7	16.9	3.4

Source: NATO

(1) At pre-Smithsonian parity rates

(2) In current dollars

TABLE 14

ANNEX I to
AC/127-WP/473

GDR: EUROCURRENCY BORROWINGS

(million US $)

1973	1974	1975
$	$	$
40	100	160

SELECTED COUNTRIES EUROCURRENCY BORROWINGS

(million US $)

	USSR	POLAND	HUNGARY
	$	$	$
1974	100	400	190
1975	1,000	610	452.6

Source: NATO

Results of 1975 Plan

1. According to GDR Central Statistical Administration report, the 1975 Plan was largely fulfilled and in some areas overfulfilled. National income increased by 6,600 million Marks to 141,600 million Marks, the increase was 5 percent, slightly below the target of 5.5 percent. Foreign trade increased by about 7 percent in volume - 9.1 percent had been planned - in terms of value the increase was about 15 percent. Industrial goods production improved by 6.1 percent - 6.3 percent was envisaged. Higher productivity accounted for 90 percent of total increase. The average money income of population increased by 4 percent, the increase in average income of workers and employees being 4.7 percent. Labour productivity increased by 5.8 percent - a 0.2 percent higher than the planned figure. Capital investment increased by over 4 percent. (Table A.1).

The 1976 National Economic Plan

2. The 1976 economic plan suggests that there will be a slowing in the overall rate of growth. Most of the targets for 1976 are lower than those set for 1975. The noticeable exceptions are gross fixed investment, industrial investment and foreign trade turnover. **Emphasis** will be placed on the output of energy resources, machine tools, chemicals, transport and building. It is estimated that some three-fifths of the 6 percent planned increase in industrial productivity will stem from technological improvements. (Table A.1).

3. The main objective is development of raw material industries. Investment in coal and energy will be increased by more than 9 percent. Investment in metallurgy will be increased by 12 percent and in chemical industry by 16 percent. The second objective is the development of the engineering industry: investment in this sector is not so much to increase new production capacity, but rather to modernize and reconstruct it. The third main objective is the development of the consumer goods industry, particularly light industry. The investments will be made primarily in the industries producing semi-finished goods, such as the weaving and spinning, and the paper and pulp industries. Industrial production is planned to increase by 6 percent and labour productivity by 5.5 percent.

4. One of the basic tasks of the Plan is to save 180 million hours of work a year in industry, a saving corresponding to the use of 80,000 workers. This means that costs would be reduced by 1.3 percent and higher productivity would account for 60 percent on industrial growth. Foreign trade is to increase by 9.7 percent and productivity in agriculture by

1.4 percent. Increased effort is to be made in boosting the output of high-quality goods for export. Trade and economic relations with the industrial West are to be further developed, and trade relations and economic co-operation with the LDCs is to be expanded in keeping with the concluded agreements and contracts. Trade and economic relations with the CMEA member countries are to intensify. (Table A.1).

5. Directives in the draft for 1976-1980 five-year plan stress a need for increased productivity, modernization of industry by more astute exploitation of technological advances, better use of the country's limited raw material resources and a renewed big export drive. There will be a slowing in the overall rate of growth in the 1976-80 Plan.

6. National income is to be increased by 27 to 30 percent by 1980 compared to the previous plan and is to amount to 182-185 billion Marks. Industrial production is to be increased by 34 to 36 percent. In 1971-1975 period industrial production rose by 37 percent, achieved almost entirely due to an increase in labour productivity which accounted for 85 percent of industrial growth. The growth rate of industrial productivity is to be 30-32 percent. In the agricultural sector, crop production is to go up by 20 percent and production of slaughter animals and milk by 9 percent each. Economic integration with the CMEA member countries is to be deepened. Exports to socialist countries are to be increased by 50 percent on the basis of the 1974 CMEA contract prices. The GDR's economic, technical and scientific relations with the LDCs are to be extended. The Plan also states that trade with the industrial West is to be continuously developed on the basis of full equality and mutual advantage. Expenditure for science and technology is to amount to about 4.2 percent of the national income. Consumption is to increase by 21-23 percent. Retail turnover is to grow by 20-22 percent compared to 28 percent during the last five-year plan and consumer prices are to remain stable. (Paragraph 4). Per capita income is to increase by 21-23 percent compared to 27 percent in the 1971-1975 period. The highest growth in industrial sector is scheduled for electrical engineering and electronics, though the 55 percent increase is less than the target for 1971-1975.

Agriculture

7. Agriculture in the GDR accounts for only about 10 percent of the Net Material Product and employs a similar fraction of the labour force. The proportions reflect the high level of industrialization of the economy rather than the underdevelopment of the agricultural sector. East German agriculture has been

fully collectivized since 1960(1) and agricultural policy has been aimed at increasing output through the application of industrial methods and greater intensification. Great advances have been made, but the country is not self-sufficient in food and will not be in the foreseeable future.

8. The GDR has the highest standard of living of any CMEA country, and its people are among the highest consumers of meat. Due to rising incomes, meat consumption is growing at about 2 percent per year, although the population of the country is hardly increasing at all. The GDR became self-sufficient in livestock products (meat, milk and eggs) during 1966-70, but it must import a large proportion of the grain and protein meal needed to feed the animals, as well as over a million tons of wheat in most recent years and considerable quantities of other foodstuffs. Agricultural products make up 28 percent of the GDR's imports with livestock feed the largest category. (Table A.4).

9. Great efforts are being made to increase the production of food from domestic resources, but there are a number of constraints. The area of agricultural land can not be expanded, although on the other hand it has not shrunk appreciably since about 1970. Thus an increase in the area of any crop must be at the expense of one or more others. The agricultural labour force is declining: GDR officials reckon that in 1974, each agricultural worker had to provide food for 30 people, and will have to feed 34-35 people by 1980. (An American farm worker feeds 46 people, and a Soviet one only seven). The amount of agricultural land per person is low: one hectare for 2.6 persons, compared with fewer than 2 persons per hectare in other CMEA countries.

10. In order to make the best possible use of the available land, the East Germans have concentrated on growing crops with a high feed value. The areas sown to grain and sugarbeets, and also to oilseeds, have expanded, principally at the expense of meadow and pasture, although areas of potatoes and legumes have also declined. The expansion of sugarbeet acreage is partly a response to the high price of sugar on world markets in 1974, but the pulp remaining after processing is also a useful animal feed. Among the grain crops there has been a shift away from rye and spring wheat to winter wheat and barley, which give higher yields. The principal oil crop is rapeseed. About 75 percent of all agricultural land is arable and on the remaining meadow such high-protein crops as clover and alfalfa are favoured. (Table A.2).

(1) State and collective farms occupy some 94 percent of the agricultural area.

11. It is intended eventually to put livestock raising on an industrial footing, with very large units containing 2,000 milking cows or up to 500,000 hens. A few such complexes already exist, although typical units are much smaller. Recently an agricultural official admitted that, even being generous in the definition of "industrialized", only about 20 percent of steer production, 12 percent of pig production and the milking of 9 percent of cows could be so described. This change in methods will become increasingly necessary as the agricultural labour force continues to decline, but is expected to take many years.

12. The GDR's dependence on imported grain is also expected to continue, although the amount imported should stabilize at about present levels. Imports of wheat usually amount to between one and 1.5 million metric tons per year, coming chiefly from the Soviet Union although Australia and the United States have also supplied significant amounts recently. After its poor harvest in 1975 the Soviet Union cut back on its sales to its East European allies, and the GDR has purchased some 1.2 million metric tons of wheat from American firms in the current marketing year. (Table A.4).

13. Feed grain now makes up a larger proportion of East German grain imports than does wheat. Some of the imported grain has been Soviet barley, but a larger quantity has been American corn. The GDR also buys American soybeans, although until recently it was mostly indirectly through purchases of soybean meal crushed in West Germany. By the end of January 1976 the GDR had orders with American firms for about 1.8 million tons of corn, of which 1.1 million had been delivered. The relatively high levels of grain purchases reflect the shortfall in the GDR's own harvest resulting from a summer-long drought, and also indirectly the effects of a similar drought on the crop of their usual principal supplier, the Soviet Union. (Table A.4).

TABLE A.1

SOME OF GDR PLAN TARGETS

	% INCREASE	
	1975	1976
National income	5.5	5.3
Industrial goods production	6.3	6.0
Labour productivity in industry	5.6	5.5
Gross fixed investment	4.4	6.5
industrial investment	4.6	8.7
Retail turnover	4.6	4.0
Foreign trade, total	9.1	9.7
Net income of population	4.6	4.0
Agricultural production	2.4	1.4

TABLE A.2

PRODUCTION OF BASIC CROPS

(m.m.t.)

	1970	1971	1972	1973	1974
Grain	6.46	7.74	8.54	8.50	9.70
Wheat	2.13	2.49	2.74	2.86	3.15
Rye	1.48	1.75	1.90	1.70	1.95
Barley	1.93	2.29	2.59	2.85	3.42
Oats	0.56	0.81	0.89	0.81	0.92
Potatoes	13.05	9.41	12.41	11.40	13.40
Oilseeds	0.185	0.202	0.243	0.253	0.370
Winter rape	0.180	0.196	0.234	0.246	0.298

Source: GDR Statistical Yearbook (Statistisches Jahrbuch der Deutschen Demokratischen Republic. Berlin: 1975)

TABLE A.3

LIVESTOCK NUMBERS

(year end, 1000's)

	1970	1971	1972	1973	1974
Cattle	5190	5293	5379	5482	5585
Cows	2163	2173	2169	2164	2157
Pigs	9684	9995	10361	10849	11519
Sheep	1598	1607	1657	1742	1847
Hens (laying)	25470	24907	24872	25228	25718

Sources: FAO, Monthly Bulletin of Agricultural Economics and Statistics, various issues; GDR 1974 Plan result.

TABLE A.4

IMPORTS OF CEREALS

(1000 m.t.)

	1970	1971	1972	1973	1974
Cereals	3339	2816	3820	3175	n.a.
Wheat	2084	1867	2040	1594	1219
Barley	799	187	675	298 F	104
Corn	376	656	1031	1086	1328
Rice	29.8	44.0	43.5	51.4	51.1

F - FAO estimate.

Source: GDR Handbook 1975 as Table A.3