FREE ENTERPRISE SYSTEM FOR German Foreign Trade

By Ethel B. Dietrich

ONE OF THE chief economic objectives of American occupation policy is to revive the foreign trade of Germany. Germany needs foreign raw materials for its factories and imported food for its people. If German men and women are to be adequately fed, housed, and clothed, foreign trade must be permitted to expand as freely as conditions permit, using all of the experience, contacts, and know-how which the German economy has at its disposal.

However, that is not enough. Foreign trade is going to bring in dollar exchange and raw materials. In order to start foreign trade on its way, it has become necessary to provide an initial amount of dollar exchange and raw materials, in addition to the large German food imports for which American taxpayers have paid in the last two years and are still paying. The doors must be opened to the desired free flow of goods through trade agreements with other nations...

Although the reestablishment of normal trade relations must be a slow process back because of internal and external conditions, marked progress has been achieved during 1947 under what is actually an eight-point program. This includes the decentralization of export and import trade, visits of foreign business men, trips of German business men to other countries, opening up of communications, the 10 percent export incentive program, financing of cotton imports, and the trade agreement program.

Under the decentralization program German exporters now make contracts directly with foreign buyers—as in any private business, subject to an export license granted by the branch office of the Joint Export-Import Agency. The JEIA is primarily interested in the financial terms, since there is as yet no foreign exchange rate and all external funds must be held in the name of Military Government. For small orders a foreign buyer can make purchases of $5,000 or less over the counter and take the goods away with him on a cash-and-carry basis.

CONTRACTS FOR imports needed for the export program may be also made by German producers. German exporters may now sign contracts for imported goods, subject to an import license by Military Government which allocates the required foreign exchange. This gives the experienced producer the opportunity to act more quickly than by the more cumbersome government procedures and to buy according to specifications which he knows best.

Free Enterprise System for German Foreign Trade was adapted from a speech by Miss Dietrich over the German radio network of the US Occupied Area.

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Face-to-face contact with foreign buyers is another prime prerequisite of free expansion of trade. Insofar as security regulations have permitted, OMGUS has always welcomed foreign buyers as one of the best ways of restarting trade. Plans have been hampered, however, because of lack of accommodations and transportation facilities to take care of visitors.

Last April a quota system, based on the number of available beds, was inaugurated whereby each country is allocated a certain number of visitors a month. The first quota for the combined British and American zones was 300. The most recent quota for December is approximately 2,800.

A plan is under consideration for the reopening of visitors' hotels by Germans which should make it possible to allow entry to a larger number of businessmen. In addition to these quota visitors, sponsored buyers who do not require accomodations or transport may come in without limitation on numbers. This plan is of special importance to nearby countries which have been accustomed to a considerable amount of border trade.

Additional aids for foreign buyers are the export expositions in Wiesbaden, Stuttgart, Munich, Flensburg, and Hanover. Directories of export firms are being compiled, and an export buyers' guide has been widely distributed.

IT IS EQUALLY important that German business men go abroad in order to reestablish contacts with foreign buyers, and to gain firsthand information as to market conditions, and new styles. This is now possible. Five German business men left recently for the United States to look into the situation in porcelain, glassware, leather goods, silk weaving, jewelry, silver, and toys. Others have gone to Switzerland. Large-scale travel, however, cannot be anticipated for some time because of the cost in

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