



ECONOMIC SURVEYS

AUSTRIA

ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

PARIS MAY 1966

BASIC STATISTICS OF AUSTRIA

THE LAND

Area (thousand km ²)	84	Major cities, March 1961 (thousands of inhabitants):	
Agricultural area (thousand km ²)	40	Vienna	1,627
Exploited forest area (thousand km ²)....	32	Graz	237
		Linz	196
		Salzburg	108
		Innsbruck	101

THE PEOPLE

Population, 1964	7,215,400	Net immigration, annual average 1962-64	961
— per km ²	86	Total employment ¹ , monthly average 1965	2,381,467
Net natural increase in population, annual average 1962-64	43,463	— in industry	606,900
— per 1,000 inhabitants	6.1		

PRODUCTION

Gross national product, 1965 (sch. billion)	239	Industrial origin of GNP at market prices, 1965 (per cent):	
— per head (U.S. \$)	1,266	— Agriculture	8
Gross fixed investment, average 1963-65:		— Industry	40
— per cent of GNP	25	— Construction	11
— per head (U.S. \$)	296	— Services	41
		Home food production, 1964 (per cent of total food availability)	83

THE GOVERNMENT

Public consumption, 1965 (per cent of GNP)	13	Composition of Federal Parliament May 1966:	
General Government current revenue, 1964 (per cent of GNP)	35	Austrian People's Party	85
Federal Government debt, end 1964 (per cent of Federal Government revenue). 47		Socialist Party	74
		Freedom Party	6
		Last election: March 1966	
		Next election: 1970	

LIVING STANDARDS

Calories per head, per day 1963-64... 2,960		Number of passenger cars in use, end 1964 (per 1,000 inhabitants)	97
Weekly gross earnings of industrial workers in Vienna, 1965 (sch.)..... 741		Number of telephones, end 1964 (per 1,000 inhabitants)	130
Food expenditure in 1964 (in percent of total expenditure in worker household)	39.5	Number of radio sets, end 1964 (per 1,000 inhabitants)	296
		Number of television sets, end 1964 (per 1,000 inhabitants)	83

FOREIGN TRADE

EXPORTS:		IMPORTS:	
Exports of goods, and services 1963-65 (per cent of GNP)	25	Imports of goods and services, 1963-65 (per cent of GNP) average	26
Exports, 1965 (per cent of total merchandise exports):		Imports, 1965 (per cent of total merchandise imports):	
— Food, tobacco, beverages	5	— Food, tobacco, beverages	13
— Raw materials and energy	16	— Raw materials and energy	18
— Chemicals	5	— Chemicals	9
— Machinery and transport equipment	20	— Machinery and transport equipment	31
— Other finished and semi-manufactured products	54	— Other finished and semi-manufactured products	29

THE CURRENCY

Monetary unit: Schilling.

Currency units per U.S. dollar: 26.

1. Wage and salary earners.

ECONOMIC SURVEYS BY THE OECD

AUSTRIA

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the OECD shall promote policies designed:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;*
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development;*
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

The legal personality possessed by the Organisation for European Economic Co-operation continues in the OECD, which came into being on 30th September 1961.

The Members of OECD are: Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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INTRODUCTION

The expansionary forces in the Austrian economy can be expected to weaken in the current year. The growth rate of activity is likely to be only slightly higher than last year, when it fell to 3 per cent partly due to adverse weather. The increase of overall demand will probably not be sufficient fully to employ productive capacity in the economy and industrial investment, which apart from last year's moderate upturn has been declining since 1962, will most likely fall again. Last year's tendency towards less stable price conditions should reverse itself. The overall balance of payments, which produced a deficit in 1965, after ten years of surpluses, is likely to improve.

Part I of this review discusses recent trends and short-term prospects for demand, output, prices and wages. Part II considers economic policy action over the past year. Part III is devoted to an analysis of the movement towards a better balance in foreign payments and the outlook for the balance of payments in 1966.

I. INTERNAL DEVELOPMENTS

The Austrian Institute for Economic Research has estimated that return to normal weather conditions would be equivalent to a 2 per cent rise of output in the current year. But demand will probably not increase sufficiently to push up the rate of growth by more than some 0.5 per cent, to about 3.5 per cent. Building investment should provide greater stimulus to activity than in 1965, when it was adversely affected by weather. But the growth of expenditure on machinery and equipment looks like weakening substantially, with a resumption of the downward trend of industrial investment. Last year's tendency towards a steepening rise of private consumption may not continue. The rate of growth of public consumption should stay fairly stable, after an abrupt fall in 1965. Stock building, strongly contracting last year, is unlikely to change much, given the conjunctural outlook. The trend of imports will probably become less steep but the expansion of exports may well fall off more strongly.

Demand

Gross fixed asset formation can be expected to increase by some 3.5 per cent in the current year. Last year the increase had fallen to 4.5 per cent, roughly half that recorded in the preceding year, largely due to the marked drop of growth of building activity. Weather conditions, poor in 1963 and 1965, inflated the growth rate of building in 1964 and depressed it last year. But there are reasons to suppose that the underlying trend of building weakened in some sectors in 1965. Federal spending for investment and investment promotion, strongly rising in the previous year, was kept stable in response primarily to budget policy considerations. According to plans announced early in the year, the electric power industry had expected to invest somewhat less in real terms than in the previous year and the building trades had planned to cut their own investment sharply. Building by industry rose less rapidly than in 1964, again probably because of less strong demand; smaller capacity extensions were planned and the weather conditions do not appear to have prevented their realization.

TABLE 1. INVESTMENT OUTLAYS IN INDUSTRY

Percentage change from previous year.

	TOTAL	BASIC INDUSTRIES	CAPITAL GOODS INDUSTRY	CONSUMER GOODS INDUSTRY
1966, planned.....	-3	-5	8	-11
1965	6	9	16	-2
1964	-2	-10	-5	5
1963	-12	12	-22	-2
1962	-3

Source: Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung.

The growth of investment in machinery and equipment is likely to weaken in the current year. According to an investment enquiry made last autumn, industry plans to spend 3 per cent less on investment than last year. This would imply an appreciable drop in real terms and a 15 per cent reduction, in current prices, as compared with outlays in 1961. The declining trend of industrial investment, persisting since 1962 except for a temporary rise last year, is giving rise to considerable concern in policy-making circles in Austria. It is true that there has been some shift in the structure of demand away from capital-intensive industry in recent years. But this probably implied no more than a moderation of the previously high rate of growth of investment in industry as a whole. The absolute decline appears to reflect a number of other factors. Uncertainty as regards

the outcome of negotiations with the EEC has probably been an important element. Differences of political and ideological attitudes in policy-making bodies of the State industries may have acted as an additional brake. Financial obstacles have probably increased as well. Labour costs have risen rather steeply in recent years, as a result of less easy employment conditions. Growing discrimination against Austrian products in EEC markets may also have adversely affected business investment.

Private consumption can be expected to continue rising roughly at last year's rate. The tendency for households to save a smaller proportion of their incomes may not continue. But wages and transfer incomes of households will probably again increase steeply and this, combined with more stable prices, may prevent a slowdown of the growth of consumer spending.

Last year's contraction of stock-building activity should not continue. It largely reflected a change of inventory policies in basic and semi-finished materials. The heavy stock replenishment of such materials associated with the conjunctural upswing in the spring of 1963 had largely come to an end by the second half of 1964. It was followed by some running down of stocks. This trend appears to have reversed itself in some sectors in recent months, but an increase in total stock-building activity in the current year seems unlikely, since the rise of inventories of finished products, fairly strong in 1965, notably in the basic and capital goods sector, can be expected to become more moderate.

TABLE 2. REAL GROSS NATIONAL PRODUCT

Percentage change from previous year¹.

	1964	1965
Private consumption	4.4	4.4
Public consumption	5.2	3.8
Gross fixed investment	8.1	5.0
plant and equipment	5.8	5.7
building	10.9	4.2
Stock building (per cent of GNP) ¹	[2.3]	[1.9]
Domestic expenditure	7.0	4.0
Exports	8.0	6.6
Imports	9.3	9.6
Gross National Product	6.6	3.0
of which: industry	7.3	4.1
building	10.0	3.1
agriculture	7.0	-8.6
other	4.9	5.1

1. At constant 1954 prices.

Source: Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung.

The relatively favourable outlook for world trade points to a continued strong trend of exports in the current year. It may be difficult, however, to maintain the high growth of commodity exports achieved last year. Then demand was rising particularly fast in Germany, the most important single market for Austria's exports, a new trade agreement came into effect and commodity lists were extended in existing agreements with Eastern Bloc countries, and government arrangements for export credits were enlarged. The growth of imports should also slow down. Food imports are likely to go up less strongly given normal weather conditions and machinery and equipment imports may expand less rapidly if industrial investment is to contract.

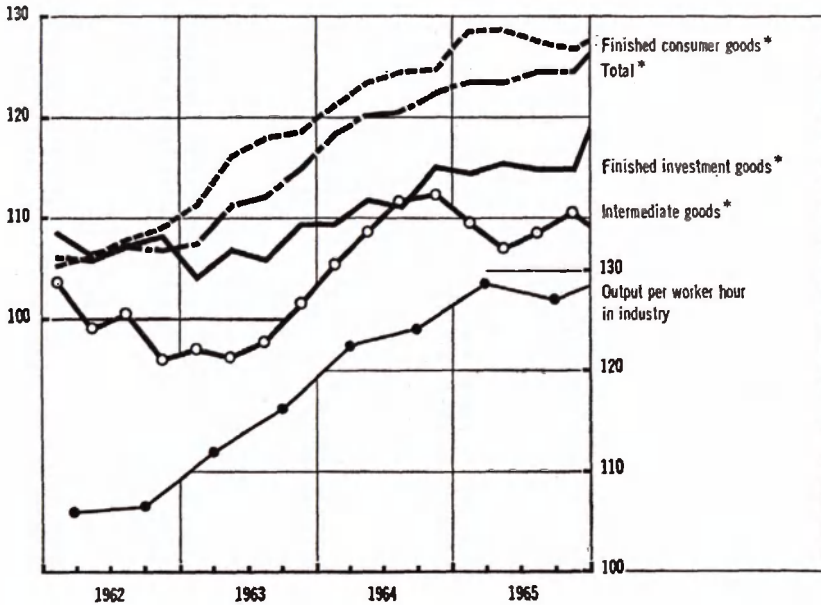
Supply

Labour supply conditions will probably not tighten in the current year, except possibly in the building trades. Business enquiries in manufacturing suggest that industrial employment will remain roughly stable, as in the past three years. But the tendency towards short-term work may well increase; it became clearly more widespread last year after having been limited virtually to the textiles, clothing and leather industries in 1964. The outflow of labour from agriculture, corresponding to $\frac{1}{3}$ — $\frac{1}{2}$ of net additions to non-agricultural employment in recent years, should continue. It will probably also be possible, should need be, to increase further the intake of foreign labour. In the past two years employment under the foreign labour quota has roughly tripled and provided about one-half of the rise of total employment in Austria. Finally there may still be some scope for reducing seasonal unemployment, which is relatively high in Austria.

The cuts in outlays, announced by industry in last autumn's enquiry, can be expected to reduce further the growth of industrial plant in the current year. Industrial capacity seems likely to expand by only 3.5 per cent, the lowest rate recorded in ten years, compared with increases of 4.5 per cent in 1965 and 5.4 per cent in 1964. As in 1965, the slowdown of the expansion will probably take place in the basic industries and consumer goods sector. In the investment goods industries the rate of capacity growth had already been relatively low in 1964; it changed little last year and is likely to continue about the same in 1966.

The rate of growth of industrial output, adversely affected by poor weather last year, is unlikely to steepen much in the current year. All main branches contributed to the slowdown of the growth of output in 1965 (3.1 per cent per employed person, as against 8.0 per cent in 1964). By far the biggest deceleration occurred in building materials and basic goods. The consumer goods sector raised output much less than in the previous year despite the steepening of private consumption; and the

Diagram 1. INDUSTRIAL PRODUCTION



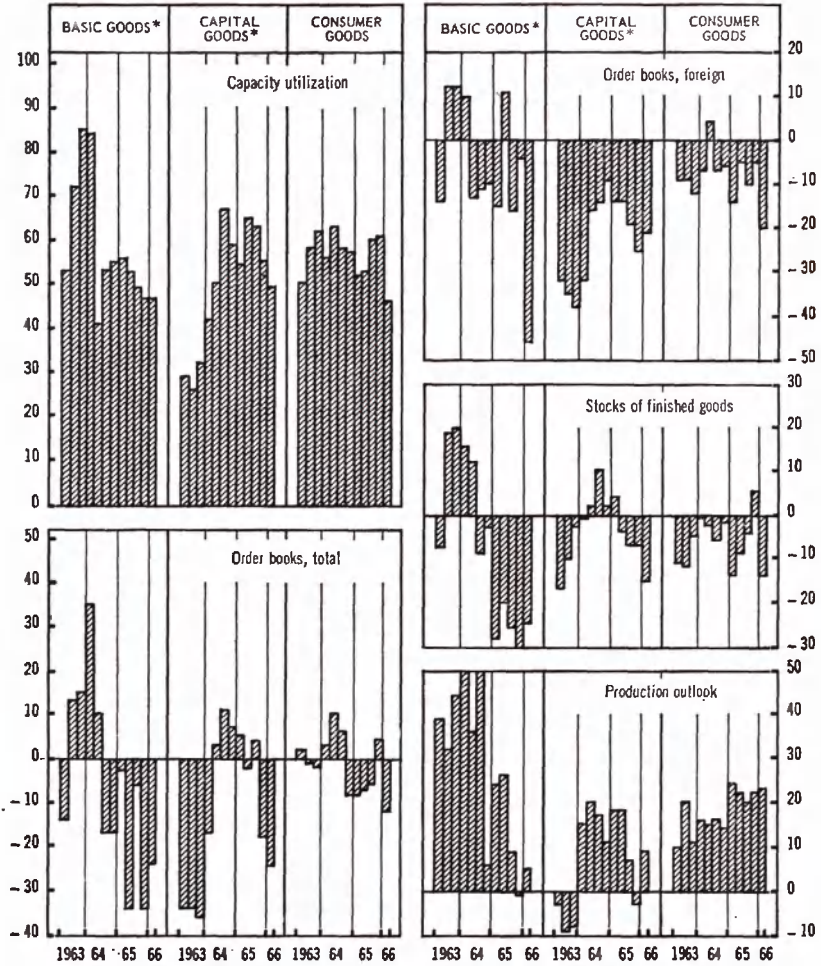
* Seasonally adjusted.

Sources : Main Economic Indicators, OECD and Monatsberichte des Oesterreichischen Institutes für Wirtschaftsforschung.

machinery and equipment industry appears to have lost some ground in the domestic market to foreign suppliers. This was partly due to a change in the structure of spending in favour of foreign goods, but it may also have reflected some loss of competitive strength of Austrian manufactures in the domestic market.

Seasonally adjusted indices showed a rising trend of output in the early months of 1965 followed by a rather flat trend in the spring and summer and some upturn in the autumn. Activity declined rather steeply in the first half of the year in the basic and semi-finished sector, with some recovery thereafter. In the consumer goods and finished capital goods sector the trend of output was strong early on but has flattened out since last summer. This contrasts sharply with the steadily mounting trend in all three main sectors in the course of 1964. Replies to business surveys suggest some fall in capacity utilization and a worsening of the order position over the past year. Business expectations of production for short-term have deteriorated somewhat in the basic and capital goods industries but remain fairly favourable in consumer goods.

Diagram 2. BUSINESS SURVEYS IN MANUFACTURING



* Building materials and intermediate goods are included in "capital goods".

Note. The graph on capacity utilization shows the weighted number of negative replies to question A (as percentage of total replies). The other graphs show the net balance of weighted affirmative replies to questions A and B (as percentage of total replies).

	Question A	Question B
Could output, with existing plant and labour, be raised?	rise?	fall?
Is output, in the three months ahead, likely to be more than adequate?	more than adequate?	inadequate?
Are orderbooks too small?	too small?	too big?
Are stocks of finished goods		

The surveys relate to April, July and October 1963, January, April, July and October 1964 and 1965, and January 1966.

Source : Oesterreichisches Institut für Wirtschaftsforschung.

The marked slowdown of growth in industry was accompanied by a large absolute drop of output in agriculture in 1965. In the remaining sectors other than building (where, as noted above, the rise of activity fell strongly) the previous year's advance appears to have been roughly maintained. In the present year the growth of activity in these sectors can be expected to slow down somewhat. But the recovery of agricultural and building output should more than offset both this and the slower advance of industrial activity.

Wages and prices

The wage rise is not expected to slow down in the current year despite the weakening market situation for industry. A number of wage contracts will come up for renegotiation in the summer. Last year, the wage rise had steepened partly because of extensive adjustment of collectively agreed rates in the spring. Hourly rates in industry in the Vienna region rose by 11 per cent, twice as fast as in the preceding year. But this acceleration was not fully reflected in the course of earnings, which had already been mounting fairly rapidly in 1964. The productivity advance diminished substantially last year and this, combined with the steeper wage trend, suggests a fairly strong rise of labour costs. Business may have been helped to absorb this by the relatively high profit margins enjoyed in 1964 when labour costs had been virtually stable.

TABLE 3. PRICES AND WAGES

Percentage increase from previous year.

	1963	1964	1965
Cost of living	2.7	3.8	5.0
non-food items	2.0	3.6	2.6
Wholesale prices	-1.6	5.2	3.9
Hourly wage rates in industry ¹	5.5	5.1	10.6
Hourly earnings in industry ¹	6.8	8.8	10.8
Gross monthly earnings in industry	6.0	9.2	8.7

1. Vienna region only.

Source: Main Economic Indicators, OECD, and Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung.

In any case, the available indicators of industrial producer prices suggest that upward adjustments were rather smaller in 1965 than in the preceding year. The rise of the non-food components of the cost-of-living index slowed down, except for tobacco products and certain personal services.

The total index climbed steeply¹, however, because food prices were forced up by a poor harvest both at home and in the countries called upon to meet the domestic shortfall. Normal weather conditions should help to stabilize food prices in the present year. But upward adjustments of publicly controlled prices and charges for other goods and services, which have been postponed for some time, will influence the index. In the industrial sector the weakening demand situation will probably act as a brake on prices, although a further rise of labour costs would work in the opposite direction.

II. ECONOMIC POLICY

Budgetary policy was made less expansionary in 1965, while no marked change was made in monetary policy. Longer-term economic problems remained in the fore of the public debate and some progress was achieved in preparing the ground for action on certain issues.

The Federal budget

The tendency towards an easier Federal budget policy, manifesting itself in 1962-64, was reversed in 1965. Considerations of demand management played a certain role in this reversal. It was felt that the expansion of demand and output which had taken place in 1964 called for a "neutral" budget in 1965, or one in which borrowing corresponded roughly to debt repayments. A second main objective of budget policy in 1965 appears to have been to reinforce the movement towards a better balance in foreign payments. The easy budget policy of the preceding years, with heavy borrowing at home and abroad, had hampered this movement by inflating the inflow of long-term capital.

In the spring of 1964 the Federal Government had decided to discontinue borrowing abroad. In the autumn a budget for 1965 was drawn up which also reduced the need for Federal recourse to the domestic capital market. In the event, net borrowing abroad gave way to large net debt repayments in 1965. Net borrowing at home also contracted, although less than planned because of unforeseen spending in connection with flood damage. Total net borrowing, at home and abroad, fell to one-fourth of its previous level. Transactions with a direct impact on domestic demand produced a deficit of only 0.5 billion in 1965; in the previous year that deficit had amounted to Sch. 1.7 billion.

1. The index overstates the rise in 1965 by giving a relatively heavy weight, derived from spending patterns in 1955, to food items, especially seasonal products. A new index is being worked out.

TABLE 4. THE FEDERAL BUDGET

Sch. billion.

	CLOSED ACCOUNT			VOTED BUDGET		
	1963	1964	1965	1963	1964	1965
RECEIPTS:						
1. Taxes and duties	28.9	32.1	34.9	29.0	30.8	37.0
2. Social insurance contribution.....	5.7	6.4	6.9	5.9	6.1	6.7
3. Income of state monopolies and enterprises	13.3	14.0	14.8	12.9	14.0	14.6
4. Transfers from abroad	0.0	0.6	0.6	0.5	0.5	0.6
5. Drawings on budget reserves from previous years	0.1	0.2	0.0	—	—	—
6. Other	7.0	4.8	5.5	7.4	4.8	4.9
7. Total	55.0	58.1	62.7	55.7	56.2	63.8
EXPENDITURE:						
8. Wages and salaries.....	13.6	14.9	16.5	13.2	14.3	15.8
9. Subsidies and transfers	19.9	21.7	23.1	19.8	21.2	22.8
10. Investment and investment promotion	7.6	8.9	9.0	7.8	8.6	9.4
11. Debt redemption	1.5	1.8	2.9	1.6	1.8	2.8
12. Purchases from and payments to abroad	0.6	1.9	0.5	0.3	0.2	0.8
13. Accumulation of budget reserves ...	0.2	0.0	0.0	—	—	—
14. Other	15.7	13.5	14.0	16.4	14.0	15.2
15. Total	59.1	62.7	66.0	59.1	60.1	66.8
16. Overall deficit	4.1	4.6	3.3	3.4	3.9	3.0
17. Deficit excl. debt redemption (16 less 11)	2.6	2.8	0.4	1.8	2.1	0.2
18. Deficit excl. transactions not directly affecting demand (16 less 11, 12 and 13 plus 4 and 5)	1.9	1.7	0.5	2.0	2.4	—

Source: Ministry of Finance.*Note.* Data for 1964 and 1965 exclude various transitory items, which inflated receipts and expenditure by Sch. 2.4 billion in 1963.

To achieve this, severe cuts had to be made during the budget year in expenditure appropriations not fixed by law or contract. The cuts were partly a consequence of the fact that voted appropriations had been based on an estimate of tax receipts which could only have been realised under quite exceptionally favourable circumstances. Furthermore, Parliament voted additional expenditure in the course of the budget year, which had to be offset by savings in other categories of spending not bound by law or contract. Appropriations in those categories, which normally account for only 10 — 15 per cent of total budget expenditure, had to be cut by Sch. 2 billion. This meant that Federal spending for investment and investment promotion which had risen strongly in the preceding year, had to be kept roughly stable. But Federal investment financed outside the budget, notably for telecommunications and road construction, continued

to increase. All in all, therefore, Federal finances may not have reinforced the tendency towards a weakening of the investment conjuncture in 1965.

According to the budget currently in force Federal spending for investment and investment promotion will remain roughly at last year's level. The budget is provisional and covers only the first six months of 1966, the failure of negotiations on a full year budget having caused the Government to resign in November with a new Government formed in April. The six months' budget provides for one half of the appropriations voted for 1965, except in the case of legally or contractually fixed expenditure, which is not subject to this limitation. The upper limit for long-term borrowing was fixed at roughly one-third of gross long-term borrowing effected in 1965, and corresponds to about one-half of debt repayments made that year. The ceiling for short-term borrowing, Sch. 1 billion in 1965, was raised to Sch. 1.5 billion to take account of the fact that somewhat less than one half of annual budget receipts normally accrue during the first half of the year.

In June Parliament will vote the budget for the year 1966. It is planned to keep expenditure for investment and investment finance roughly stable.

The scope for formulating Federal budget policy with a view to longer term requirements has been further studied over the past year. As a first step towards the setting up of a longer-term budget, estimates have been made of Federal revenue and expenditure in the period 1966-1968. These are based on existing revenue and expenditure laws and show that revenue would leave little scope for raising spending in categories not covered by existing laws.

Money and credit

Since the autumn of 1964, when midly restrictive monetary measures were last taken, the authorities have considered further tightening inappropriate on three main grounds. First, it might reinforce the deterioration of the investment climate, without helping to check the price rise which was felt not to result mainly from excessive demand. Second, a main policy objective is to check the rise of interest rates, because a renewed capital inflow would inflate bank liquidity and complicate the task of restricting the credit expansion. Third, market forces—and notably the balance of payments—exerted a more restrictive influence on monetary conditions in 1965 than in the preceding year, thus reducing the need for a tighter policy. At the same time, however, there was a desire to avoid action which would ease monetary conditions or, indeed, check the tendency towards tightening resulting from market forces.

For these reasons, certain measures taken in 1965, on grounds unrelated to demand management, were conceived so as to have no effect

on money and credit. Thus, when the agreement concluded in September 1964 on the blocking of certain foreign assets of the banks expired last summer, the funds set free were absorbed by an increase of minimum reserve requirements and investment in Federal Treasury paper, which the banks undertook to hold for a minimum period of one year. Similarly, the change of the Credit Control Agreements (see footnote to Table 6) undertaken last June to improve the earning power of banks' liquid assets, was conceived so as to leave bank liquidity unchanged. Other policy action over the past year, was aimed directly at reducing interest rates and the net capital inflow. It included:

- i)* an enquiry into the reasons underlying private non-bank borrowing abroad, to serve as a basis for measures to improve the competitive position of domestic banks;
- ii)* a reduction of interest rates on current account credits;
- iii)* a cut of National Bank charges on Lombard credits;
- iv)* introduction into the Austrian market of BIS notes denominated in Schilling and eligible as liquid holdings under the Credit Control Agreements.

Some further progress has been made towards improving the functioning of the money market. The outstanding stock of old Treasury bills has been further reduced. These bills were unsuitable as a money market instrument because the National Bank was not in a position to fix buying and selling rates for them and the bulk was neither rediscountable at the Bank, nor negotiable among the banks. To provide the National Bank with suitable money market papers, Sch. 3 billion worth of Federal Government debt towards the Bank was converted into a new type of Treasury bill in February. These bills can be sold to the Bank at any time and the Bank can fix buying and selling rates for them.

In June the Bank decided to mobilize the bulk of this paper. However, the banks' interest in this new investment outlet, which carries an interest rate of 4 1/8-4 1/4 per cent, was restricted by the tightening of their liquidity position. At the end of 1965 only Sch. 1.1 billion of the stock has been put into circulation, and the banks had committed themselves in the summer to hold virtually the total of this for a minimum period of one year. While the National Bank has thus been provided with a new instrument, and a more efficiently functioning money market is being evolved, further advance may require an enlargement of the number of participants in the market, notably by admitting non-banks, and a more active Federal debt management policy.

The monetary policy pursued last year permitted the steepest expansion of bank credit since 1955. The expansion partly reflected a strong increase in credits for export finance, which were favoured by more gener-

ous government guarantees, and a big drop of net foreign borrowing by Austrian non-banks. The banks also raised their holdings of bonds and Treasury bills much more than in the previous year.

TABLE 5. INCREASE OF LENDING TO DOMESTIC NON-BANKS

	<i>Sch. billion.</i>	
	1964	1965
Total bank credits ¹	11.4	14.8
Banks' net investment in fixed interest securities of non-banks	1.1	1.6
Total bank lending	12.5	16.4
for medium- and long-term export finance	0.2	1.7
other	12.3	14.7
Foreign loans and credits to domestic non-banks	1.9	0.4
Foreign net investment in domestic fixed interest securities	0.3	0.1
Total lending to domestic non-banks, excluding medium- and long-term export credits	14.5	15.2

1. Including Schilling credits to abroad.

Source: Mitteilungen der Österreichischen Nationalbank.

The banks were able to accommodate the steep credit expansion because of a relatively comfortable, though weakening, liquidity position and a continuous strong rise of deposits. The growth of deposits, net of additional obligatory minimum reserve holdings, corresponded to two-thirds of the growth of bank lending in 1965, as against three-quarters in the preceding year. The remainder was largely financed by heavy drawings on foreign exchange reserves and free deposits with the National Bank and by extensive recourse to National Bank credit facilities. The amount of funds raised by the banks through bond issues rose slightly.

Bank liquidity shrank fairly substantially as a result of the credit expansion and the shift from heavy surplus to sizeable deficit on non-monetary balance of payments transactions. Cash reserves fell sharply and the growth of other liquid assets lagged behind the rise of deposits. But the minimum liquidity reserves prescribed under the Credit Control Agreements were still exceeded by high margins. At the end of the year there remained scope for credit expansion within the terms of those agreements, although less than a year earlier.

The capital market

The firmer Federal budget policy, which reduced Federal resort to the capital market, made it possible to accommodate a big increase of demand for funds on the part of other domestic sectors. The administra-

TABLE 6. BANK LIQUIDITY AND UNUSED CREDIT MARGINS

Per cent, end of year.

	1963	1964	1965
Ratio of liquid assets to deposits from non-banks ¹	39	40	36
Ratio of excess reserves to minimum reserves prescribed under the Credit Control Agreements ²	55	49	46
of which: First-degree liquidity	43	45	55
Second-degree liquidity	62	51	41
Ratio of unused credit margin to credit ceiling	8.5	9.5	4.7

1. Liquid assets include cash, deposits with the National Bank and foreign banks and holdings of securities immediately rediscountable or acceptable as collateral at the National Bank.

2. The Credit Control Agreements stipulate that 10 per cent of total liabilities are to be held in reserves of first-degree liquidity (cash, deposits with the National Bank and the Postal Savings Bank), 5 per cent in second-degree—A liquidity, (net assets with foreign banks, open market Treasury Bills, promissory notes of the BIS), and 25 per cent in second-degree—B liquidity (cheques, matured interest coupons, securities acceptable as collateral at the National Bank, discountable bills, Treasury notes not acceptable as first-degree liquidity).

Source: Mitteilungen der Österreichischen Nationalbank.

tion of new issue controls was liberal, and the plans for floatations announced at the beginning of 1965 were able to be fulfilled without exerting undue pressure on long-term interest rates. Average yields on Federal bonds went up by 0.3 percentage points to 6.6 per cent in the course of 1965. During the preceding two years they had dropped by 0.7 percentage points.

TABLE 7. NEW BOND ISSUES

Sch. billion.

	1963	1964 ¹	1965
New bond issues, net	4.39	4.56	5.51
Repayments	0.75	1.37	1.70
New bond issues, gross	5.14	5.93	7.21
of which: Federal Government	2.65	2.40	2.30
other public sector	0.90	1.79	2.64
credit institutions	1.53	1.56	1.77
other domestic	0.05	0.15	0.50
foreign	0.01	0.02	—
New issues of non-banks bonds, gross	3.61	4.37	5.44
purchased by: banks	1.59	2.03	2.78
domestic institutional investors	0.39	0.57	0.71
other domestic sectors	1.02	1.39	1.67
foreign investors	0.60	0.38	0.29

1. Excludes a Sch. 1 billion Federal issue for conversion of old Treasury bills.

Source: Mitteilungen der Österreichischen Nationalbank.

Net capital market borrowing rose by one-fifth last year, following an increase of only 4 per cent in 1964¹. The acceleration was largely made possible by the greater inclination of the banks to invest in domestic bonds. Data on subscriptions to new issues suggest that demand on the part of other domestic investors, institutional as well as enterprises and persons, went up less than in 1964, while foreign subscriptions again contracted substantially.

The public authorities and state enterprises continued to absorb the bulk of new funds coming on to the market. But their share of total issue activity declined slightly owing to shrinking demands on the part of the Federal Government. The issue of bank bonds, roughly stable in 1964, rose moderately. Resort to the market by other domestic sectors increased strongly, mainly because of borrowing to finance highway construction. Foreign issues, of marginal importance in most recent years, entirely disappeared in 1965.

Demands on the capital market are likely to increase substantially in the current year. The public sector (including state enterprises) plans to increase its issue activity by more than one-half, despite continued efforts on the part of the Federal Government to restrict its borrowing needs. As it remains an important policy objective to prevent an increase of Austrian bond yields relative to yields ruling abroad, capital market issue controls may have to be administered more strictly than last year.

The problem of improving the functioning of the capital market remains a main preoccupation of the authorities. In December the Minister of Finance proposed new legislation, which Parliament is likely to pass before its summer recess, to promote capital market activity and facilitate investment finance. This includes easier conditions for security issues by business, inter alia tax free conversion of reserves into share capital, and new tax incentives for savings in the form of securities and life insurance. The proposals also envisage the introduction throughout the country of uniform — and on the whole more favourable — depreciation rules with unlimited duration, when the current rules expire at end 1966. Moreover, they provide particularly advantageous arrangements for self-financed investment in enterprises too small to obtain funds in the capital market.

III. THE BALANCE OF PAYMENTS

The balance of payments showed a deficit in 1965. Adverse weather conditions meant that earnings from tourism no longer increased in step

1. This disregards a Sch. 1 billion Federal issue placed with the banks in 1964 in connection with the withdrawal of old Treasury bills held by the banks.

with the trade deficit, as had been the case in other recent years. Net transfer receipts, which had gone up steeply in 1964 when Austrian payments under the State Treaty were terminated and certain German payments to Austria were resumed, remained stable. The current balance swung into a small deficit, largely because of an exceptionally steep rise of imports and a relatively slow increase of earnings from tourism. Commodity exports went up strongly, notably to developing countries, which benefited from the enlarged Austrian facilities for export finance. The small deficit on current account, coincided with a pronounced reversal of the previous net inflow of long-term capital. This produced a deficit on basic balance which, at \$ 74 billion, was nearly as large as the surplus of the previous year. But at the same time there was a marked swing round from deficit into surplus on account of short-term capital transactions, errors and omissions, and special transactions which left official gold and foreign exchange reserves almost intact.

TABLE 8. THE BALANCE OF PAYMENTS

\$ million.

	1962	1963	1964	1965
Trade	-279	-340	-417	-500
Exports	1,273	1,335	1,446	1,600
Imports	1,552	1,675	1,863	2,100
Services, net	299	346	422	436
<i>of which:</i> tourism	280	314	385	419
Unilateral transfers	64	12	54	53
Current transactions	84	18	59	-11
Long-term capital	102	99	27	-63
Basic balance	186	117	86	-74
Net payments to international organisations	-7	-12	-35	-2
Foreign exchange transactions of credit institutions ¹ ..	-9	-34	20	72
Other transactions	67	53	-27	-3
<i>of which:</i> errors and omissions	40	21	-24	3
Net increase of official external reserves	237	124	44	-7

1. Change in balances with foreign banks and money market investments abroad minus change in non-residents' deposits.

Source: Österreichische Nationalbank.

Last year's roughly balanced overall position followed upon a ten-year period of uninterrupted, and usually substantial overall surpluses, which had put Austria in a very comfortable foreign reserve position¹.

1. At the end of 1964 gross official gold and foreign exchange holdings amounted to \$172 per head of population and covered eight months of imports and four-fifths of the monetary circulation.

The adjustment was achieved largely by policy action, resulting from a change of objectives as regards the balance of payments, as well as important areas of the domestic economy.

Up to the early 'sixties it had been a main policy objective to strengthen the foreign reserve position, which in the early 'fifties was weak by comparison with that of most other Member countries. The net capital inflow, substantial in most years, was considered a natural consequence of Austria's poorly-developed financial markets and her relative capital poverty. It facilitated the finance of large infra-structure investments and an expansive budget policy, judged appropriate on internal grounds. The balance of payments surpluses did not seriously jeopardise internal stability but rather helped to absorb spare capacity in the economy.

The marked strengthening of the reserve position led to a reconsideration of balance of payments objectives in 1963-64. The attainment of full employment conditions and concern over the inflationary impact of the balance of payments surplus also contributed to this. Furthermore, it was considered appropriate, on internal grounds, to adopt a firmer budget policy, which implied a reduction of Federal net borrowing at home and abroad. Finally, attention turned to structural problems relating to the domestic money and capital markets, and dependence on foreign funds lessened as action was taken to make domestic markets more efficient and competitive.

There was thus no conflict between external and internal objectives. On the contrary, policy action capable of adjusting the foreign balance would also help to meet policy objectives in other important areas. Another factor which facilitated the task of coping with the imbalance was the relatively simple nature of the surplus. In contrast to the earlier years, the reserve accumulation during the 'sixties had resulted almost exclusively from a net inflow of capital and transfer receipts. Loans and credits to public authorities and enterprises and foreign purchases of Austrian securities had accounted for the bulk of the net inflow of long-term capital (excluding special transactions); in addition there had been some net capital import due to private borrowing and direct investment. The balance on goods and services had been roughly in equilibrium, with net earnings on services growing more or less in step with the rising trade deficit.

Considerable progress in doing away with the surplus on long-term capital account had already been made in 1964. In that year the net inflow due to long-term loans and credits contracted sharply because of lower demands on the part of the public authorities and enterprises, and higher medium and long-term lending abroad by Austrian banks. Private borrowing, however, had risen to a record level. Austrian portfolio investment abroad had doubled and, for the first time since the war,

exceeded the foreign purchases of Austrian securities, which had declined sharply. The net inflow due to direct investment had risen, but had remained relatively small.

TABLE 9. LONG-TERM CAPITAL FLOWS

® million.

	1962	1963	1964	1965
Net borrowing		67.5	52.2	-8.7
Public authorities and enterprises		43.2	12.5	-15.5
Private		24.3	39.7	6.8
Net lending		-11.4	-34.8	-71.6
Public		-4.3	-3.3	-4.1
Private		-7.1	-31.5	-67.5
Net sales of domestic securities	23.2	43.8	12.0	4.3
Net purchase of foreign securities	-8.2	-6.2	-13.5	-11.2
Direct investment in Austria	15.4	7.1	14.5	29.9
Direct investment abroad	0.6	-2.1	-3.0	-5.8
Total long-term capital	102.0	98.7	27.4	-63.1

Source: Österreichische Nationalbank.

In 1965, public borrowing again contracted, falling well below debt redemption, and the strong expansion of private lending to abroad continued. Another important element in the elimination of the capital inflow in that year was the marked drop of private borrowing abroad. Net foreign portfolio investment in Austria virtually disappeared, but this was more than offset by a big increase in foreign direct investment. The outflow due to Austrian portfolio and direct investment abroad remained roughly unchanged.

The reversal of the long-term capital inflow was, to an important extent, due to policy action. Supply-demand conditions in the capital market in 1963-64 aided in bringing Austrian interest rates down. Rising interest rates abroad, notably in Germany, subsequently helped to keep them in line with foreign rates.

The main policy measures taken were:

- i) Cessation of Federal borrowing abroad, decided in the spring of 1964, and appeals to other public bodies and enterprises to follow suit.
- ii) Substantial liberalisation of banks' foreign lending and borrowing activity in short, medium and long-term markets (1963), full liberalisation of residents' portfolio and direct investment abroad (1962).

- iii) The provision of more favourable arrangements for Government guarantees and other assistance for export finance (1965).
- iv) The various measures taken in the field of budget and monetary policy (noted on page 15) designed to keep interest rates in line with those ruling abroad and to induce the export or discourage the import of bank money.

Action directly affecting the current balance includes trade liberalisation measures which have been taken virtually every year recently, and cuts of customs tariffs and border taxes on certain products in 1964. The impact of these measures was probably not large inasmuch as the administration of import controls had been fairly liberal. Residents' allowances for travel abroad were raised fairly substantially in 1962 and 1963.

It is improbable that the basic balance of payments will continue in deficit in the current year. The outflow of long-term capital can be expected to contract somewhat. The plans announced for issues in the domestic capital market will need to be cut fairly substantially if a rise of interest rates is to be avoided, which is a declared objective of government policy. This will no doubt lead to greater resort to foreign borrowing, which is now largely liberalised. The Federal Government will probably endeavour to cover its own borrowing needs mainly at home, but borrowing abroad by other public authorities is likely to expand. Austrian net lending to abroad can be expected to contract in response to tighter credit conditions at home. Last year such lending was inflated by the provision of new government facilities for export finance and these are not expected to be further enlarged in the current year.

It is likely that the tendency for the current balance to worsen will become much less marked. Return to normal weather conditions would mean a moderation of the growth of agricultural imports. But the shift towards foreign products in finished consumer and capital goods may well persist. Imports may therefore continue to rise more steeply than exports. The growth of earnings from services, notably tourism, should accelerate, but probably not sufficiently to fully offset the rise of the trade deficit. Net receipts on unilateral transfers are unlikely to change much.

POLICY CONCLUSIONS

The gap between actual and potential economic growth can be expected to widen in 1966, mainly reflecting trends in industry. Return to normal weather conditions would permit a much faster acceleration of growth than can be expected on demand grounds. While private consumption and exports may continue to rise rather strongly, the growth of investment is

likely to weaken further, despite the recovery of building activity. The balance of payments is likely to improve but will probably remain in deficit. The wage rise may not moderate. Food prices should climb less steeply than last year, given more normal weather conditions, but the rise of prices not heavily influenced by weather conditions may not slow down much.

In these circumstances it would appear appropriate to consider whether demand management policies should not be somewhat eased, with a view, in particular, to stimulate investment activity. There might be advantage in following a budget policy which favoured consumption rather less and concentrated expenditure rather more on Federal investment and investment promotion. There may be need to consider also whether an easing of monetary conditions would not be appropriate should the growing tightness of bank liquidity seriously restrict lending for finance of investment in industry, which heavily depends on bank credit for external finance. Finally, in administering issue controls it may be desirable to pay special attention to the needs of industry.

The achievement of better price stability is a main economic policy objective of the new Government. The authorities are, therefore, reluctant to take action to stimulate business investment for the time being. They feel that a relaxation of demand management policy would strengthen the wage rise and reinforce the tendency towards a deterioration of the competitive position of Austrian industry. Furthermore, it is considered that the gap between actual and potential growth in the economy reflects largely structural problems rather than inadequate overall demand. Of these the most important one is the predominance in manufacturing of heavy industry and traditional consumer goods industries. Measures partly designed to facilitate structural adjustments are likely to be enacted shortly (see the last paragraph of Section II). It is important that further action should be taken to this end.

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STATISTICAL ANNEX

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TABLE I. NATIONAL PRODUCT

Billion Schillings.

	1962	1963	1964	1965	1962	1963	1964	1965
	<i>Current prices</i>				<i>1954 prices</i>			
EXPENDITURE:								
Private consumption	115.2	125.1	134.6	145.2	95.7	100.7	105.1	109.7
Public consumption	23.9	26.8	29.7	32.1	14.2	15.1	15.9	16.5
<i>of which:</i> Defense	2.1	2.6	3.4
Gross domestic fixed capital formation	46.1	49.3	55.2	61.4	35.1	36.0	38.9	40.9
<i>of which:</i> Construction	21.9	24.2	27.8	31.7	15.4	16.0	17.8	18.5
Machinery and equipment	24.1	25.0	27.4	29.7	19.7	20.0	21.2	22.4
Change of stocks, and statistical	1.6	0.9	2.4	2.3	2.3	1.0	3.6	3.1
Exports of goods and services	45.9	50.5	56.2	61.9	40.0	43.6	47.1	50.2
<i>Less:</i> Imports of goods and services	45.4	50.7	56.8	64.0	44.1	47.6	52.0	57.0
Gross national product at market prices	188.3	201.9	221.4	238.9	143.3	148.9	157.7	163.4
INDUSTRIAL ORIGIN:								
Agriculture, forestry and fishing	17.9	19.1	21.0	20.2	15.9	16.4	17.5	16.0
Manufacturing, mining and and public utilities	77.7	81.6	89.0	94.9	64.4	66.6	71.5	74.4
Construction	16.9	18.9	21.5	25.2	10.8	10.2	12.3	12.7
Other	75.7	82.3	89.9	98.6	52.2	54.7	57.4	60.3
	<i>Current prices</i>				<i>Current prices percentage distribution</i>			
DISTRIBUTION OF NATIONAL INCOME:								
Compensation of employees	90.9	98.2	107.4	118.3	63.2	63.9	64.0	65.4
Income from property entrepreneurship	40.7	43.9	47.5	63.4	28.3	28.5	28.3	35.0
Savings of corporations	7.2	6.7	8.1		5.0	4.4	4.9	
Direct taxes on corporations	4.8	4.7	5.2		3.4	3.1	3.1	
Government income from property and entrepreneurship	1.7	1.8	1.3	1.3	1.2	1.2	0.8	0.7
<i>Less:</i> Interest on public debt	1.6	1.7	1.9	2.1	-1.1	-1.1	-1.1	-1.2
National Income	143.8	153.7	167.7	180.9	100.0	100.0	100.0	100.0

Source: Monatsberichte des Österreichischen Institutes für Wirtschaftsforschung.

TABLE II. OUTPUT, EMPLOYMENT, WAGES AND PRODUCTIVITY IN INDUSTRY

Indices: 1956 = 100.

	1962	1963	1964	1965	1964				1965			
					1ST	2ND	3RD	4TH	1ST	2ND	3RD	4TH
					Qtr.	Qtr.	Qtr.	Qtr.	Qtr.	Qtr.	Qtr.	Qtr.
OUTPUT:												
Seasonally adjusted	135.9	141.6	152.7	158.4	150.0	152.6	153.0	155.5	157.2	157.2	158.3	158.2
Not seasonally adjusted	135.9	141.6	152.7	158.4	143.2	156.1	146.6	163.5	151.5	161.4	153.5	167.3
Mining	102.6	99.4	103.3	101.9	101.7	104.2	101.9	105.4	104.8	101.5	97.5	104.1
Basic materials	126.5	135.7	146.6	155.2	145.3	146.8	144.8	150.3	147.9	150.5	152.0	169.5
Investment goods	134.8	134.8	147.4	149.1	131.7	154.5	147.4	156.4	137.3	156.3	148.8	154.1
<i>of which:</i> Building materials	152.9	163.9	188.3	195.9	121.2	216.0	226.1	189.6	132.9	226.1	232.8	190.0
Machinery and equipment	127.4	126.1	132.4	136.1	121.0	136.6	123.8	148.9	126.3	141.0	129.0	148.2
Consumer goods	139.3	149.7	159.3	166.6	154.0	160.8	147.1	175.6	164.5	168.7	153.1	181.1
<i>of which:</i> Food, drink and tobacco	124.8	134.9	137.5	140.6	122.1	127.3	124.5	176.1	129.4	131.3	132.2	170.6
Clothing	135.6	144.2	150.9	153.7	155.5	158.8	136.1	153.8	158.6	159.0	137.2	161.4
Durable goods	149.9	156.9	172.7	185.6	162.2	172.6	159.3	196.7	176.6	188.4	167.8	207.6
EMPLOYMENT:												
Seasonally adjusted	108.7	107.2	107.0	107.2	107.1	107.0	106.5	107.0	107.2	106.8	106.8	107.3
Average paid work hours	93.9	93.6	94.0	95.5	92.4	94.2	94.9	94.4	93.2	95.3	97.0	96.5
WAGES AND PRODUCTIVITY:												
Monthly gross earnings of employees	148.9	157.8	172.4	187.6	153.7	169.5	172.9	193.3	160.8	180.3	197.0	211.9
Output per employee	125.0	132.1	142.7	147.8	135.5	146.3	137.4	151.7	142.1	151.7	153.2	154.5
Unit labour costs	119.1	119.5	120.8	126.9	113.4	115.9	125.8	127.4	113.2	118.9	128.6	137.2

Sources: Main Economic Indicators, OECD; Statistische Übersichten, Österreichisches Institut für Wirtschaftsforschung.

TABLE III. RETAIL SALES AND PRICES

Indices: 1958 = 100.

	1962	1963	1964	1965	1964				1965			
					1ST Qtr.	2ND Qtr.	3RD Qtr.	4TH Qtr.	1ST Qtr.	2ND Qtr.	3RD Qtr.	4TH Qtr.
RETAIL SALES:												
Total, in current prices	140.5	150.3	158.9	171.0	138.3	138.3	144.8	196.3	143.6	158.7	171.6	210.1
Non-durables	140.0	149.5	158.0	170.1	139.9	145.4	155.0	191.6	145.0	159.0	170.9	205.7
<i>of which:</i> Food and drinks	142.2	151.7	161.5	175.0	150.2	153.3	160.4	182.2	155.2	167.8	178.5	197.9
Clothing	129.0	135.0	140.7	150.6	107.2	127.5	125.2	203.0	111.5	142.7	136.9	211.4
Durables	144.3	154.6	164.2	176.0	127.7	141.6	162.8	224.7	135.0	157.3	175.9	236.0
<i>of which:</i> Household goods and furniture	139.6	150.5	161.2	171.5	123.4	141.7	162.5	217.3	127.5	154.6	173.7	230.3
PRICES:												
Cost of living	111.4	114.4	118.8	124.7	117.0	118.1	119.9	119.3	120.2	126.0	126.7	125.7
<i>of which:</i> Food	110.9	114.6	118.9	127.1	115.9	119.8	120.8	118.9	119.7	129.9	131.0	127.9
Clothing	108.5	110.3	113.1	115.8	112.3	112.7	113.2	114.3	115.0	115.6	115.9	116.8
Household goods and furniture	112.8	114.4	118.5	120.8	118.0	118.5	118.8	118.7	118.8	120.0	122.0	122.4
Rent	119.8	124.1	130.7	136.3	128.1	129.4	131.8	133.7	134.9	136.0	136.9	137.4
Wholesale prices of basic materials	109.7	107.9	113.6	118.0	111.4	113.0	114.7	115.3	115.1	116.8	120.3	119.8
Foodstuffs	109.8	105.7	111.8	118.2	108.8	111.4	113.8	113.6	113.9	116.0	122.3	120.4
Industrial materials	109.4	110.7	115.8	117.7	114.9	115.3	115.8	117.5	116.6	117.9	117.3	118.9
Building prices (in Vienna)	118.5	125.5	129.9	142.1	129.6	129.6	129.8	131.2	141.7	141.9	142.1	142.6
Labour	129.2	139.4	144.4	165.6	144.4	144.4	144.4	144.4	165.6	165.6	165.6	165.6
Buildings materials	109.0	112.9	116.9	120.8	116.3	116.3	116.7	118.3	120.1	120.5	120.9	121.9

Source: Statistische Übersichten, Österreichisches Institut für Wirtschaftsforschung.

TABLE IV. MONEY AND BANKING

End of Period.

	UNIT	1962	1963	1964				1965			
				1ST	2ND	3RD	4TH	1ST	2ND	3RD	4TH
				QTR.	QTR.	QTR.	QTR.	QTR.	QTR.	QTR.	QTR.
INTEREST RATES:											
Discount rate	per cent	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Sight deposits	—	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Savings deposits (less than 6 months notice) Time deposits (notice of 12 months and over)....	—	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
	—	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
MONETARY CIRCULATION AND EXTERNAL RESERVES :											
Notes and coins in circulation	billion schillings	23.9	25.7	25.0	26.8	27.1	27.7	26.8	29.6	29.5	29.8
Sight liabilities of the National Bank	—	9.0	10.3	10.3	10.5	11.8	12.7	12.7	11.1	11.1	11.5
Gross external reserves of the National bank. of which: Gold	—	27.3	30.9	30.1	30.2	31.4	32.2	30.8	31.3	32.8	32.1
	—	11.7	13.8	14.6	15.2	15.5	15.5	16.1	17.1	18.0	18.0
CREDIT INSTITUTIONS:											
Credits to non-banks, total	—	57.2	64.4		69.4		75.8		82.9		93.3
Short-term	—	25.8	26.0		27.7		29.3		31.9		34.4
Medium-term (1 to 5 years)	—	10.7	12.6		14.1		15.8		17.6		18.4
Long-term	—	20.7	25.8		27.6		30.7		33.3		37.5
Deposits from non-banks, total	—	70.4	79.2	81.9	83.4	88.4	90.6	94.2	96.2	100.3	103.2
Sight	—	18.3	20.1	20.0	20.2	22.2	21.2	21.2	22.0	23.9	23.5
Time	—	8.9	9.2	9.4	9.6	10.4	10.1	11.1	11.3	11.3	11.1
Savings	—	43.2	49.9	52.5	53.6	55.8	59.2	61.9	63.0	65.2	68.5
Treasury bill holdings	—	6.4	6.2	6.2	3.4	3.1	2.9	2.0	2.3	3.5	3.3
Other security holdings	—	11.8	13.4	14.0	15.6	16.1	16.6	17.5	17.9	18.2	19.1
Foreign assets	—	1.7	2.7	4.1	4.7	6.5	4.4	4.9	4.6	5.9	5.8
Foreign liabilities	—	3.3	3.1	2.9	3.2	3.1	4.4	3.6	3.9	4.3	7.3

Source: Mitteilungen der Österreichischen Nationalbank.

TABLE V. MERCHANDISE TRADE BY COMMODITY GROUP AND AREA

Monthly averages, million schillings.

	IMPORTS				EXPORTS			
	1962	1963	1964	1965	1962	1963	1964	1965
TOTAL	3,362	3,630	4,036	4,551	2,738	2,873	3,133	3,467
Food, drinks, tobacco	460	478	502	622	135	158	141	182
Raw materials	393	416	472	494	427	420	430	454
Mineral fuels, energy	317	357	355	335	65	68	92	113
Chemicals ¹	287	309	352	394	135	158	147	167
Machinery and transport equipment	1,027	1,086	1,204	1,393	533	576	640	707
Other	878	983	1,151	1,313	1,442	1,493	1,683	1,844
OECD countries ²	2,692	2,851	3,247	3,670	1,980	2,095	2,294	2,503
EEC countries	1,992	2,116	2,374	2,694	1,369	1,435	1,489	1,618
of which: Germany	1,423	1,501	1,685	1,901	765	758	873	992
Italy	275	281	301	376	420	479	385	373
France	130	154	184	190	57	67	77	77
EFTA countries ³	444	506	588	679	435	477	601	637
of which: United Kingdom	170	195	215	249	78	112	143	135
Switzerland	167	187	219	252	197	195	247	259
USA	187	172	208	200	106	109	124	145
Other OECS countries	69	57	77	97	70	74	80	103
Non-OECD countries ²	670	779	789	881	758	778	839	964
Eastern Europe and USSR	426	502	487	551	479	502	548	614
Africa	63	70	89	96	60	61	71	86
South America	58	71	80	95	47	33	41	44
Asia	82	85	77	105	121	132	123	165
Other	41	51	56	34	51	51	56	55
VOLUME (index, 1961 = 100)	105	113	127	143	106	113	120	129
PRICE (index, 1961 = 100)	100	100	99	99	99	98	100	102

1. Including SITC section 9.

2. From April 1964 onwards Japan is included under OECD countries.

3. Including Finland.

Source: Statistische Übersichten, Österreichisches Institut für Wirtschaftsforschung; Mitteilungen der Österreichischen Nationalbank.

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