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## COMMERCIAL NEWS

### One Year of European Payments Union.

In July the European Payments Union was a year old. It will be remembered that the Union's greatest achievement was to set up a monetary convertibility among the members' currencies. It is true that this convertibility was only a partial one as creditor countries had first to open a line of credit before receiving gold remittances from the Union. These on the other hand could be used outside EPU countries, and consequently enhanced the attraction of the system.

The hopes raised by EPU have not been disappointed: Goods have flown more freely, restrictions on "invisible" items have been lifted, so that after twelve months of existence the general balance can be regarded as positive.

Passing in review the various countries, we see that Germany gave rise to great concern: as early as October, she had used up her quota. New credits, import restrictions, and an expansion of exports, have, however, remedied the situation in the meantime. A few days ago the German quota was raised from 320 to 500 million EPU units (equivalent to dollars). The constant deficit recorded by the Netherlands is another source of anxiety. The quota of 330m. has been increased by another 25m. Austria, Iceland, Greece and Turkey, the so-called structural debtors, will be granted a new aid by the United States. Of the creditor countries (United Kingdom, France, Belgium, Portugal, Switzerland) only Portugal used up her quota to such an extent that the situation had to be reviewed: A continued favourable balance would be accounted for, up to 25m., by gold remittances from the Union for one half and by Portuguese credits for the other half. Extreme creditors and extreme debtors being two sources of worries for the Union, it is gratifying to see that Switzerland's balance has been more or less in equilibrium. It will be remembered that at the outset too strong a creditor position of Switzerland had been feared. Actually the very large imports recorded since war broke out in Korea, and rumours of revaluation of the pound and the Swedish Kroner, kept the surplus at a very reasonable level. It cannot be said, however, that this trend will go on for long: Stockpiling may slow down whereas exports will rise, at least in prices. In July, Switzerland actually had her largest surplus since January, and by the end of the month the line of credit opened to the Union reached 132m. francs.

### The Tinned Milk Industry

Sales have gone down in Switzerland during the first half of the year, a trend that may be due to private households using up part of the foodstuffs stored on the Federal Council's advice. Imports of cheaper powdered milk may also play their part. Exports on the other hand have improved by 40-50% in volume and in value as well. The world shortage of tinsplate may become a new source of difficulties, since by statutory order various uses of tinsplate for preserving foodstuffs have been prohibited.

### The Horological Industry.

Watches continued to sell very well. In June exports amounted to 82.4m. francs (first six months:

465). The lower grades become more and more in favour. All parts of the world participate in the purchase of Swiss watches: Export to European countries, Asia and Oceania have risen, and those to America and Africa have slightly decreased.

### Tariff Negotiations with the German Federal Republic.

As from October 1st the new German tariff (ad valorem system instead of specific duties) will come into force. At the GATT (General Agreement on Tariffs and Trade) conference in Torquay Western Germany made various concessions, which will also benefit Switzerland under the clause of the most favoured nation. Switzerland being, however, not a member of GATT, particular requests from our export industries could not be discussed within the Torquay conference. In these circumstances Switzerland and Germany propose to open bilateral negotiations in mid-September. Comprehensive investigations are being made by the Division of Commerce, the Swiss Union for Trade and Industry, and the Swiss Farmers' Union, in order to ascertain the exporters' wishes.

### Comptoir suisse, Lausanne.

The 32nd Comptoir Suisse, covering this year an area of 9,000 m<sup>2</sup> and comprising the exhibits of 2,000 participants, will open on September 8th. As every



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year, a foreign country will be represented with an official stand. Morocco's participation is likely to attract much attention. Among the novelties there will be a science stand, and sculptures will be displayed in the grounds.

#### Argentine-Swiss Talks.

On 3rd August, 1950, a supplementary agreement provided for goods quota valid from 1st July, 1950, to 30th June, 1951. Argentine regulations for implementing imports from Switzerland have, however, been lagging behind. Talks have begun in Buenos Aires to wind up arrears and set up new lists for the second half of the current year.

#### Purchase Tax on Imported Goods of Utility Type.

Importers of Swiss goods know all too well the crippling effect of the purchase tax on all goods that have to compete with the national utility range. Textiles and shoes have been particularly hard hit, and the present trend of expanding the utility scheme is an ever growing threat to imports. Switzerland and other foreign countries were not slow in drawing the British authorities' attention to this discrimination. At the GATT conference in Torquay the British delegate promised that His Majesty's Government would examine the problem sympathetically. A first step has now been taken in that direction since a special commission has been set up. The terms of reference are to bring the utility system in keeping with such divergent interests as the import of foreign goods, the export of British goods, and the point of view of consumers and Inland Revenue.

#### Negotiations for the Avoidance of Double Taxation.

A British draft has been handed to the Swiss authorities concerned, who are busy collecting the opinion of the Cantons and the chief economic associations. The federal structure of taxation in Switzerland render these fact finding inquiries rather lengthy, but the Swiss draft is likely to be passed on to the Inland Revenue in the near future.

#### Cost of Living Index.

Whereas in most countries the cost of living is going up by leaps and bounds, the Swiss index remains relatively stable (end of July 167.3 — August 1939 = 100 — monthly increase 0.5%). The main reason may be that stocks have never been allowed to become depleted and a spreading over of the steep price increases of the last few months has been possible.

#### Employment in Switzerland.

During the last few years the number of factory workers and employees has considerably increased. Between 1937 and 1949, it rose from 360,000 to 497,000. The employment of women has much developed, too: 12 years ago there were 120,000 women working in industry, and 156,000 in 1949.

Foreign manpower constituted a serious problem for Switzerland just before the first world war. In 1911, 22% of factory workers were foreigners. The two world wars caused a considerable decrease in their number, but while there were only 19,400 in 1944 (5% of the total number of factory workers) in 1949 there were 38,300 (8%).

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