

# **ARCHIVES HISTORIQUES DE LA COMMISSION**

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DES DOCUMENTS "SEC"

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COMMISSION  
DES  
COMMUNAUTÉS EUROPÉENNES

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Secrétariat général

Bruxelles, le 23 octobre 1991

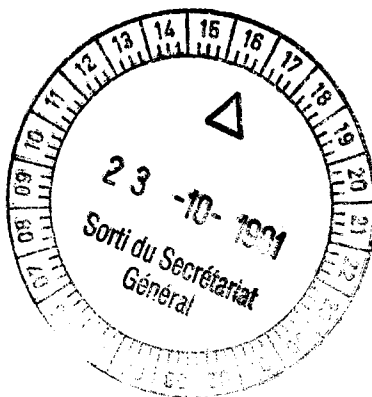
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SEC(91) 2019

NOTE DE LA REPRESENTATION DE LA COMMISSION  
EN ALLEMAGNE

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(Note d'information de M. DONDELINGER  
aux Membres de la Commission)



Destinataires : Membres de la Commission  
Mme FLESCHE  
M. DEWOST

NOTE FROM THE COMMISSION REPRESENTATION IN GERMANY

Weekly Report on German Integration

From : Gerd Langguth

Moves to Align Wage Levels Criticized

Germany's five leading economic research institutes this week challenged one of the unification dogmas : that east German wage rates be gradually aligned on west German levels by 1993. They urged that present pacts in this sense be partly suspended. They further advised that next year west German wage rises not exceed four per cent.

While the Government and employers welcomed the recommendations, union and Social Democrat representatives rejected them. Their arguments :

- . company profits have been increasing twice as quickly as wages;
- . disparate wage levels are unjust and only encourage east Germans to seek work in the west.

Part of the problem is that living costs in the east are steadily reaching western levels (the research institutes forecast a 12-per cent rise in the ex-GDR in 1992), but east German productivity still lags well behind that in the west.

Boom Giving Way to Normal Conditions

Chancellor Kohl agrees with the Bundesbank's view that the exceptional boom caused by German unity is giving way to a "normalisation".

As indicators of an upturn in the east, Kohl mentioned :

- . expected private investment in the east of DM 20 billion this year and DM 24 billion in 1992;
- . expansion of medium-sized firms : almost half a million new enterprises had been registered since the beginning of 1990;
- . the Treuhand's accomplishment : some 3,500 business concerns had been privatised, involving investment commitments of DM 70 billion and good job prospects for about 600,000 workers.

Move to Berlin in 6 - 7 Years

The Government is not likely to be fully operational in Berlin till around the end of the century.

The timing of the move depends on progress in the huge construction programme under way, especially for the Bundestag.

Embassies will not have to move, even when the Government is operational in Berlin, the German Foreign Office says. There will be no "diplomatic quarter" in Berlin, and embassies will be able to retain their embassy in Bonn, linking it to a consulate or branch representation in Berlin. The German authorities do not intend to provide embassies with property in Berlin.

#### Shortfall in Tax Revenue

Tax revenue in the ex-GDR is falling well short of estimates, and the disparity is likely to continue. The federal audit board blames lack of special knowledge and insufficient staff and inadequate premises. Finance Ministry experts in December 1990 forecast east German sales tax revenue for 1991 at DM 19.6 billion. They scaled this figure down to DM 13 billion in May. Actual revenue for the first half of this year was, however, only DM 3.2 billion.

#### Treuhand Announces Mass Redundancies

The Treuhand believes it will by the year's end have to declare redundant 500,000 to 700,000 of the two million workers in firms it currently administers. Many of these will, however, find positions in the firms being set up to absorb the jobless, or in retraining programmes. The Treuhand cites as reasons high labour costs and the expiry of special concessions for short-time workers.

Meanwhile, the Federal Labour Office in Nuremberg announced a drop during September in the number of east German jobless and those on short-time.

Higher activity in western Germany helped absorb east German jobless, in that the number of eastern German commuters increased from 400,000 to an estimated 450,000. Compared with August, the number out of work declined by 34,500 to 1.028 million (11.7 per cent of the workforce); there were 116,300 fewer short-time workers - 1.332 million.

In the past year some 708,000 workers have moved into professional training schemes, while 313,000 are benefiting from official job-creation measures.

More than 145,000 young men and women in eastern Germany applied for on-the-job training positions over the past twelve months. Some 2,500 still seek places, but about 6,000 vacancies remain. Based on the successful apprenticeship programme carried out in western Germany in the 1980s, the scheme was launched by Chancellor Kohl last year, in cooperation with the Treuhand and business associations, such as chambers of trade and industry.

#### East German Industry "Looks West"

Germany's external network of chambers of commerce has launched a campaign in 20 English-speaking countries aimed at encouraging local enterprises to look closer at business prospects in the ex-GDR.

Chamber officials help them overcome language barriers and cope with the complicated legal and economic aspects of the state-owned

undertakings. A 412-page brochure, "East Germany Business Service", has been prepared. It contains profiles of 2,000 east German firms, Treuhand telephone numbers and practical information about setting up companies and investment aids.

#### Japan Reserved about Treuhand

The Treuhand has too much on its plate and cannot advise potential Japanese investors properly, is the conclusion of a Keidanren group who spent six days in the ex-GDR.

The experts from the powerful industrial federation found Treuhand officials helpful, but not always able to answer detailed questions. They are therefore advising Japanese firms to call on regional governments or local offices.

The Keidanren representatives are recommending Japanese firms to review their hitherto reserved attitude to the new Länder, emphasising that "reconstruction" is under way, the infrastructure has been improved noticeably, and a reliable administrative system is coming into place.

#### Italian Chamber of Commerce in Leipzig

The Italian Chamber of Commerce has opened up a branch office in Leipzig. Its goal is to encourage a greater Italian business presence in the new Länder. Working with the Treuhand, the chamber hopes to develop links between concerns in the ex-GDR and the 60,000 medium-sized enterprises in Italy. Italy is preparing to open a consulate-general in Leipzig.

#### Treuhand Names Representatives for France

Henri Mood, a leading executive in Roussel Uclaf and the French subsidiary of Hoechst, has been appointed Treuhand representative in France. He will be using his industrial experience in France and Germany to promote French-German cooperation in the ex-GDR.

#### Fisheries : Privatisation "Too Slow"

Privatisation of eastern Germany's fish-processing industry is advancing too slowly, complains Mecklenburg-Vorpommern's Agriculture Minister, Martin Brick.

Modernisation of the fleet and the seven former collectivised processing plants, together with the introduction of western marketing principles, are the priorities, according to Brick. While funds to adapt the sector have not been flowing as quickly as hoped, Brick is optimistic about help from the EC and Member States.

Of the GDR's high-sea fleet of 53 ships, only six remain in service. The number of sailors has fallen from 4,000 to 350. Cooperatively-run fleets have also shrunk. Whereas the GDR landed 46,000 tons of fish in 1989, this year's tonnage is likely to be around 15,000.