

since Iranian forces took Khorramshar the government export guarantees called Hermes insurance have been lifted. The Association of Wholesale and Foreign Trade, linked to Herr Sieman's association, estimates that 10 billion deutschemarks in contracts to Iraq are blocked as a result. Otherwise, Nigerian income is off 27 percent; West German firms are involved in major industrial projects there. April data show that bookings for capital goods are down by 11.4 percent from April 1981, and total industrial orders for export are down 9.4 percent.

"The Eastern European countries are obviously not the place where we are going to find an alternative to our business with Argentina," Herr Sieman said. The high volume of Eastern debt per se is only part of the problem. Eastern European countries have been maneuvered—or have maneuvered themselves—into "a very unfortunate maturity bunching of debt payments." Seventy percent of Soviet debt comes due in 1983.

As for the United States, Herr Sieman says German exporters do not want to think beyond the end of 1982. Plant-construction orders have collapsed, although "we are still selling a decent volume of machinery . . . for the moment, and our steel people are doing so well, they all have anti-dumping suits on their heads."

West Germany sells 13.1 percent of its total exports to France. Here exports are riding on French inflation and, again, the cheap deutschemark. "But the French are not going to be able to avoid a devaluation of the franc. How hard our exports get hit will depend on how large the devaluation is, but we will get hit."

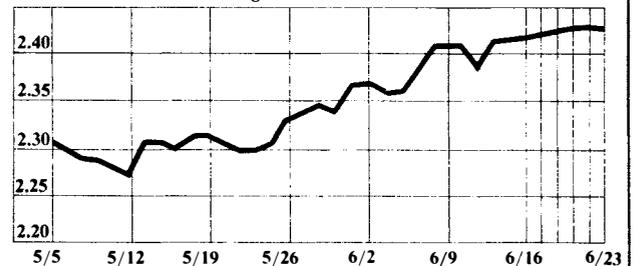
In the past, the government has used the Hermes export-credit insurance system to help exporters open new markets where the economic risk was high, but prospects good. "What we fear now is that Hermes risks will no longer be judged on economic criteria, but rather on criteria on a scale of religious, racial, and political priorities." Four or five years ago, only 30 percent of German exports to the Soviet Union—about 5 percent of total exports—were insured, "because their business was so solid. No one doubts that they are still economically solid, but the political risks have been raised," and so no one will go into Soviet exports without insurance coverage. "The Falkland crisis is an example of the same thing," he claimed, criticizing his own government's having bowed to British demands. "Argentina is a rich country, and there would be no reason to stop Hermes guarantees unless one thought there was an immediate danger of direct war with Argentina."

Herr Sieman says that there is no justification for the complacent belief of German banks that they will just continue to finance exports. "Switching from finance credits to supplier credits does not change much," he points out cautiously, "not in a threatened worldwide . . . recession."

Currency Rates

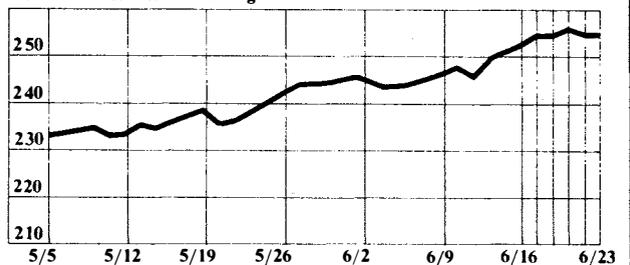
The dollar in deutschmarks

New York late afternoon fixing



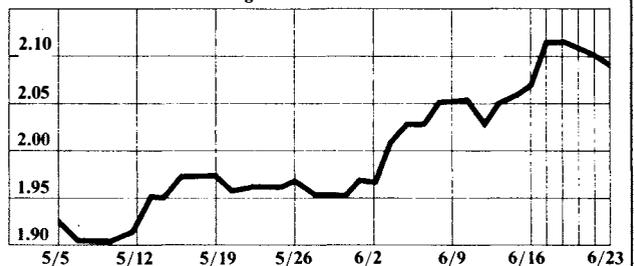
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

