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E U R O P E

THE GENERAL SITUATION

The economic situation in Europe has not undergone any significant changes since our last review of it. The boom continues unabated both on the Continent and in the U.K. Inflationary forces are beginning to gather momentum as more countries are approaching the state of full employment which invariably brings with it higher wage demands and increased spending. France, Germany and Belgium (the latter having just reduced its standard work week from 48 to 45 hours under the pressure of a national strike) are now beginning to feel the same pinch of higher wages which has already contributed much to the decline of the trade balance in the U.K. British newspapers in commenting upon this trend in Germany, do so with a certain amount of glee over the fact that their main competitor might soon face similar difficulties as those under which Britain is laboring.

Continental countries are also coming closer to the British position in their coal and steel shortage. The six countries of the European Coal and Steel Community (ECSC) will import in 1955 about 18 million tons of U.S. coal, or three times as much as in 1954. Steel shortages are developing in Germany which is now for the first time a net importer of rolled steel products. Steel plants in France, Belgium and Luxemburg are all working at full capacity which is about 20-30% above last year. As a result of the higher demand and price for U.S. coking coal as well as the wage hikes, steel prices are beginning to rise throughout the ECSC. This is a somewhat disheartening reversal of the trend maintained so far in the common market of the Community. It will undoubtedly have an effect on prices and delivery dates of European-made oil industry equipment.

Despite these growing similarities in the economic woes of Great Britain and the Continent, there is still a divergent trend between the two in the matter of gold and dollar reserves. While Britain's reserves declined by over 10% between June 1954 and June 1955, the major continental countries all increased their hard currency reserves: Germany by 12%, France by 33%, Italy by 24%, Sweden by 12%, etc. The divergence has continued throughout the third quarter with the result that continental countries still have much more leeway in what remedial measures to take against the inflationary threat than the U.K. which has only one remedy left: belt-tightening until it hurts. Germany, on the other hand, is about to increase its imports and lower some of its duties in order to force domestic prices down by subjecting them to increased competition from abroad.

Of course, not all continental countries are earning dollars as a result of export or current account surpluses. In France, for instance, the foreign trade deficit with the dollar area has actually increased over last year, but U.S. military expenditures chanelled to France have made possible a steady increase in hard currency reserves. However, this only postpones the real problem, namely how France will bridge its dollar gap when such unilateral payments will cease or decline. The situation is partly alleviated by France's current surpluses with the OEEC area which are settled mainly in dollars. Yet, the country is still far from ready to lower its various protective walls against imports to the level of the other OEEC countries.

The balance of payments difficulties are probably most evident in the Scandinavian countries which have also taken the strongest measures to cope with them. In Denmark these measures which consisted mostly of curbing new investments and introducing new consumption taxes (including one on gasoline) have now begun to take effect and the country is again showing a positive foreign trade balance. In Norway which took similar steps the result is not quite as clear, so far, but in the third quarter of 1955 the foreign trade deficit showed a definite reduction over the previous two quarters although it was still above the comparable 1954 period. The government is therefore considering a new series of anti-inflationary measures. In Sweden the effect of the austerity measures has also not yet been fully felt but indications are that the trade deficit - though probably Sweden's largest since 1947 on a full-year basis - will be lower for the second half of 1955 than for the corresponding period of last year. The only major country with which Sweden's deficit continues to increase is the U.S. whose exports to Sweden are now 42% above last year while U.S. imports from Sweden are 16% below. Shipments of automobiles, coal and oil (especially lubricants)have registered the steepest rise.

In all three countries special corrective measures are directed against motor vehicle imports. When these take effect they will bring about reductions in vehicle imports which, in turn, are likely to be reflected in a temporary levelling off in motor fuel consumption. Higher gasoline and diesel taxes in Sweden and Denmark will add to this trend.

The fourth northern country, Finland, has recently shown a significant improvement in its foreign exchange reserves which stood in September at $ 126 million, or 16% above September 1954. This officially acknowledged "relatively good" foreign exchange position, despite higher import allocations, is of significance to the U.S. oil companies operating in Finland which have repeatedly requested foreign exchange allocations to bring some Western oil into Finland which now imports almost all its oil from the USSR and Romania.

The U.S.'s participation in Europe's boom is generally on the rise, helped along by new measures to liberalize dollar imports. U.S. non-military exports to Europe for the first half of 1955 increased by $ 500 million over the first half of 1954 to a semi-annual total of $ 2.1 billion. At this rate they amounted to almost 30% of all U.S. civilian exports and made Western Europe the U.S.'s major export market, a place which last year was still held by Latin America.

The increase was concentrated in grain, steel and coal (the latter rose from $ 35.5 million to $ 91.5 million) which indicates that the higher demand for U.S. goods is due rather more to the current investment boom in Western Europe and the poor harvest-- which have created shortages of all these commodities-- than to the various dollar liberalization measures. U.S. petroleum exports shared in the boom to a limited extent, rising from a half-yearly total of $ 45.5 million last year to $ 47.8 million in 1955.

In evaluating the duration of the current trend for higher dollar imports it must be kept in mind that it has not coincided, so far, with increases of European exports to the U.S. of a similar magnitude. Therefore, the balances of payments of most European countries with the dollar area have either dropped or have increased by only small amounts in recent months. This would suggest that further liberalizations of dollar imports may well be kept in abeyance for the time being, especially in view of the fact that the dollar cost of U.S. coal imports is bound to rise for some time to come.

On the economic integration front, the Committee for Further European Integration, appointed by the foreign ministers of the ECSC countries last summer, has completed its work under the chairmanship of Belgian foreign minister Paul Henry Spaak and will soon submit its recommendations. It is expected that the report will contain practical suggestions on a common market treaty among the six countries with definite time limits for the lowering of tariffs and the removal of restrictions. The ultimate aim, which the foreign ministers have indorsed, is to create a common European market. The creation of this market would very likely involved the abandonment of some aspects of national sovereignty in the field of foreign trade to a supranational authority. This seems to be the biggest stumbling block in the way of further progress. However, the Committee is not pessimistic about overcoming even this obstacle.

If and when such a common market comes about it would certainly create a number of complicated problems for the domestic petroleum industries in each of the six countries. For instance, in Germany import duties on crude oil are protective enough to make it possible for the high-cost domestic producers to maintain their share of the market. In France, an agreement exists between refiners and coal producers which limits the total amount of residual fuel oil produced. Another problem would be the fixing of overall tariffs for the entire Common Market for goods coming in from the outside. The Spaak Committee's suggestion that all Common Market tariffs be kept at the average rate of the prevailing specific national tariffs may create more problems than it solves.

In view of these difficulties it is estimated that the time needed for the Common Market to take full effect will be 10-12 years. The approach to it will be in stages but, unlike the creation of the common coal and steel market, it will not be on a sector-by-sector basis but rather on a gradual overall reduction of barriers among the six countries.

Meanwhile, the six ECSC countries are also planning to set up a common atomic energy pool, tentatively called EURATOM. In the absence of any vested interests in this field, its creation faces much fewer obstacles than the Common Market idea. Progress towards more regional cooperation is also under way in the field of conventional energy. The sixteen OEEC nations last month held the first meeting of their new Commission for Energy under the chairmanship of Sir Harold Hartley of Great Britain. The meeting dealt with the type of questions to be asked of the various member countries in order to gather the necessary information for a forecast of Europe's total energy needs and resources for the period 1960-1975.

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EUROPEAN PETROLEUM DEVELOPMENTS

An interesting analysis of the role of oil in Europe's energy pattern and the distortions caused by the high rate of consumption taxes on gasoline and other Government policies was recently made by a B.P. marketing expert during a lecture tour in Germany. A summary of his talk is given below:

> Total energy consumption in Western Europe which amounted in 1954 to a per capita figure of 2.7 tons of coal equivalent (compared to eight tons in the U.S.) was composed of 74% coal, 14% oil, 1% natural gas and 11% waterpower. The total oil consumption amounted to 75 million tons of which 35 million tons (equivalent to 50-55 million tons of coal) were utilized for purposes for which under prewar conditions coal would have been used.
>
> The coal-oil ratio shows wide variations among individual countries, depending on the size of their domestic coal production. Thus, in 1954, Germany used 5 tons of oil per 100 tons of coal, England's ratio was eight tons of oil, the Benelux countries used 14 tons of oil, France 17 tons, while in the countries with little or no domestic coal production (Italy, Switzerland, Scandinavia) the ratio was 70 to 120 tons of oil per 100 tons of coal.

A percentage breakdown of oil consumption in Western Europe by major product groups in 1954 (with 1938 percentages in parentheses) gives the following figures: gasolines 29.5 (49.5), middle distillates 29 (17.5), fuel oils 32.5 (20.5), others 9 (12.5). These figures show that the share of the middle distillates and of fuel oil has climbed from 38% in 1938 to 61.5% in 1954. This is of the greatest importance for the European refinery industry because of the technical limits to an ever-increasing production share of middle distillates and fuel oil. While it is possible to increase the share of the light products almost unlimitedly through cracking and hydrogenation, the opposite of this process is not yet known. It is also not easily possible to shut down the existing cracking plants in order to make less gasoline, both for economic reasons and for quality reasons since the cracking plants are needed to produce high anti-knock gasolines. Therefore, a serious disturbance of the balance in the West European refinery structure can only be avoided by increasing the consumption of gasoline. This, however, is prevented above all by the tax and customs policy of most European governments. In the countries of Western Europe, gasoline taxes run to at least 100% and up to 200% of the tax-free consumer price. In addition, there are vehicle taxes in almost all countries.

On the other hand, <u>diesel fuel</u> consumption for transportation purposes is given official encouragement in many countries (in addition to the natural economic advantage of diesel fuel vehicles) so that Western European road traffic in 1954 used already 1 ton of diesel fuel per 3 tons of gasoline. Yet, each ton less of gasoline consumption, due to a switch to diesel, means a 0.6 ton increase in diesel fuel consumption and since the demand for gasoline more or less determines the quantity of crude oil to be refined, this means that a one-ton reduction in gasoline consumption causes a reduction in crude oil throughput of 4-5 tons which in turn results in a 0.9 ton reduction in diesel oil output. Therefore, the loss of each ton of gasoline consumption, due to a switch to diesel oil, causes a reduction in the availability of diesel oil of 1.5 tons (0.9 tons less supply and 0.6 tons more demand) as well as a considerable reduction in residual fuel oil output.

This development will undoubedly soon have an effect on the price structure i.e. it will cause a narrowing of the price gap between light and dark oil products. In Great Britain, for instance, the price of gasoline in 1954 was only 85% above 1938 while the price of middle distillates had risen by 176% and that of residual fuel oil by 122%.

The following conclusions can be drawn from the above analysis:

1. The ability of the oil industry to supply the increasing need for middle distillates and residual fuel oil is being seriously impeded by the stifling - through excess taxation - of gasoline consumption; the special encouragements granted to diesel vehicles seriously disturbs the balance of refinery output.

2. Without a reduction of the fiscal burden on road tariff and a cessation of the preferred treatment accorded to diesel vehicles an at least relative increase in the prices of middle distillates and residual fuel oil must be expected.

The size of the fiscal burden born by oil products in Europe is also illustrated by another recently released figure which shows that total duties and taxes collected by all OEEC countries in the signle year 1953 amounted to more than the entire cost of Europe postwar refinery construction program. The government collections on oil amounted to $ 2.5 billion while the total expenditures for new refineries were only $ 2.3 billion. With a total oil consumption in the OEEC countries of almost 75 million tons in 1953, each ton of oil carried a tax burden of approximately $ 33.30. For 1955 this figure would probably be higher since oil taxes have generally gone up over the last two years.

EUROPEAN COUNTRY BRIEFS

UNITED KINGDOM: Economic indicators in Great Britain are now beginning to point in several directions. This in itself is an improvement over the first three quarters of the year when they pointed almost unanimously in one direction, namely, towards inflation and loss of dollars. Dollar reserves are still declining and stood at the beginning of November at only $ 2.297 billion, the lowest level in the last 30 months. However, the October drop itself was only $ 48 million which was considerably less than the drop in each of the three previous months. On the other hand, compared to the $ 35 million increase registered in October 1954 last month's performance was not very reassuring. Its major importance lies in the fact that it gives some evidence of a reversal of the recent high rate of decline and that it was caused exclusively by the $ 82 million settlement of the deficit with the EPU accrued in September. Since the EPU deficit payable in November will amount to only $ 32 million, there is good reason to hope for a much more substantial improvement in that month.

Another positive sign is that the supplementary budget announced by the Chancellor of the Exchequer late in October has so strengthened foreign confidence in sterling that at the beginning of November the free sterling rate in Europe actually climbed above the official rate of $ 2.80. This stopped, at least temporarely, one of the sterling area's most worrysome dollar drains.

Britain's visible foreign trade also registered a relative improvement in October. Exports reached an all-time high of $750.7 million, 13.5% above the monthly average export figure for the first nine months. Dollar exports were in the forefront of the increase. Imports at $ 935.5 million were unfortunately also higher than the average for the first nine months but only by 4% with the result that the October trade deficit was about 30% below the first nine-month average of 1955. However, for the entire ten-month period it was still $ 850 million above the comparable 1954 figure.

Future progress now depends mainly on the effect of recent measures to curb consumption and capital expenditures. The supplementary budget is an implied acceptance of a recent OEEC study which severly criticises Britain for taking only indirect credit tightening measures. That these credit rectrictions, fo far, were ineffective is shown by the continued expansion of installment buying. In October, this type of credit was 22% above the already high level of October 1954, including a 70% increase in installment purchase

Whether the new fiscal measures,which include a higher vehicle tax, will bring about a reduction in spending depends largely on the future cost of Britain's scarcest commodity labor. At present new wage demands are made by 7-8 million British workers. The new taxes, coming on top of the 4.5% cost of living increase over the past 12 months,has firmed labor' determination to get additional wage increases. With current conditions of absolutely full employment,it will be difficult to deny these claims despite the Prime Minister's recent warning that they would lead to full-scale inflations.

How long the present boom will last is something on which few experts have ventured a guess. However, one of Britain's outstanding economists, Prof.Roy Harrod, recently declared unequivocally that sometimes "in 1956 we shall be faced with the problems of recession." Since, to Harrod,"the central feature of the (current) boom is the enormous and sudden upsurge in the demand for industrial equipment...the problem...in 1956 will be how to raise consumption sufficiently to give work to all the capacity that is now being created."

The U.K. petroleum industry is one industry to which such a prediction is least likely to apply since its expansion is based not only on higher demands in its traditional markets but also on the continuing switch from coal to oil.

The confidence of the British petroleum industry in its growth is vividly illustrated by the very large number of recent tanker orders. While these tankers eventually will carry their loads all over the world, the U.K. oil market expectations had certainly a great deal to do with the size of the new orders which will help keep British ship yards fully occupied until 1960.

A tabulation of the recent tanker orders, as shown below, give a one-glance summary of their magnitude and main features:

TANKER ORDERS BY U.K. COMPANIES
SEPTEMBER & OCTOBER 1955.

Owner	total tdw. (000)	£ value million	no. of ships	ships per type of tdw: 18,000	32,000	over 32,000	orders placed in: U.K.	Italy	Germany	Holland
Shell	1,054		43	23	20		21		8	14
B.P.	836	52	23		1	22**	17	6		
P.O.	476*	35	25	22		3***	25			
Esso	216		6			6	2		4	
Eagle	182	12	7	3	4		7			
Cory	36	2.8	2	2			2			
	2,800	180-200****	106	50	25	31	74	6	12	14

*approximately; **incl. 6 tankers of 42,000 tdw; *** the decision of how many of the 25 tankers will be of this category is still tenative; **** estimated by Petroleum Press Service.

These figures which may soon be further increased by additional orders from B.P. and also by a planned order for two 32,500 ton tankers for Iran (in addition to the two Iranian tankers just ordered in Holland) represent the first large tanker orders placed in the U.K. this year. Until their receipt, there was a continuous fall in the number of tanker orders placed by the big companies whose last large tanker building program dates back to 1951/52. Since then the total of new tanker orders placed in U.K. shipyards fell steadily from the 2.25 million tdw figure of 1951 to 100,000 tons in 1954 and almost nothing for the first eight months of this year.

The same decline of orders was registered on a world-wide basis. At present, less than 9 million tdw of tankers are still awaiting delivery and most of them will be completed by 1957. The recent flush of fresh orders now insures a steady flow of tanker tonnage during the years 1958 to 1960.

An interesting feature of the new tanker program is the entry of two independent shipping companies into the tanker trade. The ownership of tankers by shipping lines has made rapid progress in recent years. At present only about one third of the world's tankers are owned by the oil industry itself and among the 9 million tdw of tanker orders still outstanding last July, 5.7 million were for tramp owners. However, in Britain, shipping lines, so far, have paid relatively little attention to the tanker business and present ownership of the U.K. tanker tonnage is still two thirds in the hands of the oil companies. Yet, with the terrific expenses faced by the oil companies in all other sectors of their industry they are turning more and more to the chartering of tankers in preference to the financial burden of ownership. For instance, the Shell group and B.P. which own currently a combined dw tonnage of over 4 million have a combined chartered tonnage of nearly twice this size.

Almost all of the tankers ordered by the two independents, Peninsula & Oriental Navigation (P. & O.) and Wm. Corey & Sons, are for the 18,000 tdw class while most of the oil companies' orders (with the exception of Shell) are for 32,000 tdw and up. This division of size seems to be typical of the trend in tanker building. Oil companies in the future will concentrate more on the supertankers (see B.P.'s order for six 42,000 tdw tankers) carrying the crude from producing fields to the big refineries while tramp owners seem to tend more towards the smaller general purpose tanker. With the world-wide ratio of dry cargo ships to tankers rapidly rising in favor of tankers - from 4.5 cargo ships for each tanker in 1939 to 2.1 in January 1955 - there is no doubt that the independent shipping lines will now tend more and more to enter the tanker business in order to participate in the expansion of the fastest growing sector of the world shipping trade.

Does the tanker program foreshadow an expansion in the U.K. refinery sector? A look at present oil import and export figures seems to suggest this. For the first eight months of 1955 the total volume of crude and products entering and leaving the U.K. was only 1% above last year. A breakdown of this agregate shows that only products imports increased - by 20% - while crude oil imports remained static and products exports declined by 23%. Yet, during the same time British oil consumption increased by at least 14%. Paradoxically, as the country's oil consumption increases its total tanker traffic is likely to fall even further behind. The reason for this is that with most refineries running at capacity, there is now not much room for additional crude oil imports and the increasing domestic demand must be met largely by a reduction of exports. If this reduction outruns the increase in products imports, as it did during the first eight months of this year, overall tanker activity may well drop as a result of the increased demand.

Thus, rumors of new refinery construction and expansion which would mean increased tanker activities are given added weight by the latest tanker orders of the oil and shipping companies that supply the U.K. Of course, there are also other reasons for these orders such as the need to replace obsolete ships and the rise in the companies' oil trade in other parts of the world.

An analysis of the U.K.'s oil imports during the first eight months also reveals that their composition has undergone some change compared to the same period of last year. Imports from the Middle East dropped significantly and now account for only 63.7% of the total, compared to 70.6% last year. Among Middle East countries only Saudi Arabia has increased its shipments to the U.K. and also its share in the country's total oil imports. On the other hand, shipments from the Caribbean have increased from 18.3% to 20%. This is due mainly to higher shipments from Venezuela and Trinidad (but not from the Dutch West Indies) to meet the higher demand for heavy crude and fuel oil resulting from the coal deficit.

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GERMANY: The current rate of increase in consumption of petroleum products has necessitated an upward revision of previous estimates of future consumption. It is now predicted by the oil industry association that total inland and bunker consumption over the next five years will rise as follows:

	1955	1956	1958	1960
Total inland consumption	9,491	10,662	12,706	14,196
Total Foreign bunker consumption	1,420	1,495	1,645	1,795

Thus, between 1955 and 1960 total oil consumption will grow by 46.6% to a total of almost 16 million tons which is two million tons more than had been estimated earlier this year. The largest increase is predicted for residual fuel oils whose share in total inland consumption will rise from 21% this year to 28.5% of the larger total in 1960. This will put fuel oil quantitatively ahead of diesel oil which is presently the major product, accounting for 31% of all inland consumption.

The growing importance of oil in the Germany economy is also born out by other recent statistics which show that between 1950 and 1954 oil increased its share in the national energy consumption pattern from 4.7% to 8.5% while the share of all other energy sources declined.

For the first half of the current year this trend has continued at an accelerated pace. Domestic oil consumption increased by the record figure of 27.2% over the comparable 1954 period to reach a total of 4.76 million tons. This required crude oil imports of 3.36 million tons (of which 82% came from the Middle East and the balance from Venezuela and Mexico) plus a domestic crude production of 1.5 million tons. Products imports more than doubled to reach a record of about 700,000 tons of which 60% consisted of residual fuel oil.

For 1956, the oil industry plans a total crude oil input of 11.55 million tons which is 16.2% above the 1955 figure. 29.3% of the crude will come from domestic sources (compared to 30.7% in 1955), the other 8.17 million tons will be imported by the following countries:

Saudi Arabia	46.3%	
Iraq	25.3%	
Kuwait	14.4%	
Other M. East	3.4%	
Total Middle East		89.4%
Venezuela		9.0%
Mexico		1.6%
		100.0

A scheduled expansion of Germany's tanker fleet also reflects the steady growth of the country's oil market as well as the expected decline of the share of domestic crude oil in the rising total. A major tanker construction program has been undertaken by the German Esso subsidiary which has now placed orders with German yards for six 35,000 tdw tankers. This brings the total of foreign and domestic tanker orders placed in Germany between the last week in September and the first week in November to over 500,000 dw tons. The six Esso tankers will be delivered between 1958 and 1959 and will bring the German Esso fleet to a total deadweight of 350,000 tons.

Other oil developments include several German government actions. One was a new law which fixes the duty on light fuel oil at 1.50 DM (35.5¢) per 100 kilogram, reduces the duty for heavy fuel used in gas works from 2.50 DM to 1 DM (23.7¢) per 100 kilogram and frees bitumen and petroleum coke from import duties altogether. In another action all remaining quantity restrictions on oil imports from France were dropped.

The Government also told the oil industry that "now that the period of large expenditures on new equipment and modernization in the marketing sector is largely completed it should make price concessions on gasoline". The Undersecretary of Commerce who made this statement during a parliamentary debate on oil prices also stated that while the motor fuel market was not cartel-controlled, the power of the independent dealers was not strong enough to exert any influence on prices. He concluded that the German motor fuel market was an "oligopoly" and thus not fully subject to the normal price-determining forces. The official added that the draft law on cartels was designed to cope with market situations of this nature.

Recent oil news have come also from the Ruhr area where the Belgian concern PETROFINA has just acquired 75% ownership of the Ruhrbau refinery from the I.G. Farben successor concern Bayer. The refinery which has an annual capacity of 300,000 tons has been closed from some time due to its unrentability. Petrofina is expected to modernize and expand it and will market its products through a new subsidiary.

The increasing importance of the Rhine-Ruhr area as a refinery center which would receive a further strong boost if Esso goes through with its plan to build a plant near Cologne (see W.B. August, p.6) has caused increasing talk about laying a pipeline from an Atlantic seaport to the heart of the Ruhr. At present, Rotterdam is considered the most likely coast terminal for such a project. However, Wilhelmshaven on the North Sea has also announced its interest in it. The advantage of Wilhelmshaven over Rotterdam would lie in the fact that the pipeline would not run across another country and therefore no difficulties could arise regarding double import duties or transit rights. On the other hand, the distance from Rotterdam to the Ruhr is shorter by 45-50 miles. In any case, it seems that the Ruhr-Rhine area which has an annual refinery capacity of 5.1 million tons (41% of Germany's total) will soon cease to depend for its oil supply on barge traffic up the Rhine from Rotterdam.

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AUSTRIA: The political battle over the future of the Austrian oilfields continues unabated. The struggle is between the two coalition parties of the present government, the Socialists and the People's Party. The Socialists insist that the Austrian concerns returned by the Russians be nationalized, particularly the oil industry for which a hitherto unenforceable nationalization law was passed in 1946. People's Party leaders, on the other hand, insist that Austria needs desperately foreign capital to re-equip and modernize the returned concerns which are generally in rather poor conditions. They argue that any large-scale new nationalization measures would scare away foreign investors. It has even been unofficially suggested by some Austrians that any nationalization moves might make a bad impression upon the World Bank mission presently in Vienna to make preliminary recommendations on a loan for capital equipment. From Washington it has been reported that new capital investments would be held up pending settlement of that part of the Austrian oil problem dealing with the claims of U.S. oil companies, mainly Socony Mobil.

Various ministries and other bodies have submitted proposals on how to dispose of the oil problem. It is interesting that even the most pro-socialist of these, submitted by the Minister of Nationalized Enterprises, foresees some future for private capital by granting it the status of a minority partner in a government oil enterprise. Other proposals suggest that even if the oil industry were wholly government-owned it should have the right to conclude contracts with foreign firms concerning exploration and exploitation. The semi-official Austrian Chamber of Trade & Industry has submitted a brief which rejects nationalization on the grounds that exclusion of the international oil companies might make it difficult for Austria to compete with foreign oils, both at home and abroad. Furthermore, the chamber feels that the risks in oil exploration are such that they must be internationally distributed.

Thus, as of now it seems that foreign oil companies previously active in Austria will have a chance to participate in the exploitation of the country's oil but it will probably be in form of an "operating agreement" with the government oil administration rather than through the granting of outright concessions, except for the concessions now operated by foreign concerns, namely RAG (owned by Socony and Shell) and the Canadian firm Van Sickle.

Meanwhile, it has become evident that Austria's oil reserves are really larger than had been previously believed. For 1955, production will reach a record of nearly 3.8 million tons, about 11% above last year's output, of which only 160,000 tons will come from privately owned fields. This will give Austria a net export surplus, after deduction of contractual shipments to the USSR, of about one million tons. In addition, there are several partly developed natural gas deposits whose monthly output is now only around 2.2 billion cubic feet. Increased utilization of this fuel is one of the first projects of the Austrian Oil Administration.

The government has also started exploration drillings and seems to have discovered its first field a few weeks ago within the city limits of Vienna. In Western Austria, RAG spudded its first wildcat late in September.

In the refinery sector which has a capacity of about 36,000 b/d, decisions of whether the antiquated plants should be expanded or whether a new refinery with higher gasoline yield should be constructed must await the outcome of a market analysis currently conducted by the oil administration. An investigation into the cost structure of the oil industry is also still under way. However, preliminary findings have already resulted in a decision to cut gasoline retail prices by 0.76¢ per liter (2.8¢ per gallon). This reduction should make Austrian gasoline again competitive with the freely imported foreign gasoline which for some time now has been underselling the domestic product by 5%.

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ASIA

THE GENERAL SITUATION

The current economic scene in South East Asia is dominated by news about economic development plans. At the recent Colombo Plan conference within whose framework Asia's underdeveloped countries meet periodically with such "donor" countries as the U.K., the U.S., Australia, Canada and Japan to discuss economic planning and assistance, it was revealed that Asian governments had devoted in 1954/55 at least $2.11 billion for development in the public sector, compared to $ 1.52 billion in 1953/54. These figures indicated that the $ 8.4 billion which the Asian members of the Colombo Plan had originally allocated to economic development during the Plan's first six years will probably have been exceeded when this period ends in 1957. Among individual members, INDIA, CEYLON, PAKISTAN and INDONESIA have all recently come out with new long-term schemes to improve their standard of living.

By far, the most ambitious of these is INDIA'S second Five Year Plan which is to begin next March. Total expenditures which have yet to receive final parliamentary approval, call for overall expenditures of over $ 19 billion during the next five years, a considerable increase over the current plan. Of this total, about $ 13 billion would be spent on new investment, two thirds of it by the government and the rest by private capital. The aim of the Plan is to create about 11 million new jobs (an important factor in view of the country's large structural unemployment) and to increase total production by at least 25% by 1961. To achieve this goal, the new Plan emphasizes industrial and mineral development more than the current one which is ahead of its set target in the field of agriculture but has fallen behind in industry.

Many foreign observers consider India's new Plan unrealistic and Indian officials themselves have admitted that unless they receive a big foreign loan - something in the order of over $ 1 billion - they may have to revise it downward. In the past five year India's foreign loan total amounted to less than $ 500 million. However, even if the economic goal for 1961 will have to be reduced somewhat, the country is still headed for a period of very rapid expansion, particularly in its industrial sector. This, in turn, will undoubtedly be reflected in an increasing consumption of oil.

The participation of private foreign capital in the new development scheme is likely to be adversly affected by India's program of a slow, cautious but definite socialization policy. The most damaging piece of legislature to foreign business since the passing of the constitutional amendment to end judicial review of nationalization procedures last May is the new Companies Law. This law aims primarely at eliminating India's managing agency system under which many foreign-owned concerns are run. It does so by severely curtailing its functions and subjecting all activities of managing agencies to continuous government review. A government recommendation urging the immediate nationalization of the coal industry which is slated to play a key role in the new Plan is also not designed to alleviate the reluctance of foreigners to invest in India.

Of particular interest to U.S. investors would be the conclusion of an intergovernmental agreement to guarantee private U.S. investment in India,such as the U.S. has already with 26 other countries. According to the Indian Minister of Finance, the chances of such an agreement are now considered good. A proposed U.S. - Indian treaty of friendship and commerce recently broke down over an issue closely tied to foreign investment, namely an American request that U.S. companies be given equal rights with nationalized concerns and that compensation payment procedures in case of nationalization be included in the treaty document. However, an Indian spokesman said that the attempt to conclude this type of treaty was abandoned partly because "the proposals for an investment guarantee scheme held the prospects of greater agreement."

A new development plan was also announced by CEYLON. Spread over a six year period, its aims seem much more realistic than those of India. Ceylon's plan, designed to increase agricultural production but also to diversify the economy which depends now almost exclusively on tea, rubber and coconut production, envisages total expenditures of $ 500 million. Of this, 36% is to be spent on agriculture and irrigation and 33% on public utilities, including the dieselization of railroads, the improvement of the road system and thermal-electric power plants, all of which will mean an increase in oil consumption.

In the field of big industry the plan proposes to convert profit-earning government-owned concerns into public companies with the government holding less than 20% of the shares. The proposal to reduce government ownership in industry is in sharp contrast to the tendencies prevailing in some other countries in the area.

Among proposed industrial projects in which Ceylon has expressed particular interest is an oil refinery. Negotiations with Shell regarding establishment of a 24,000 b/d plant near Colombo are currently under way. According to reports, Stanvac and Caltex would also participate in the project as minority shareholders. Ceylon's total oil consumption last year was about 16,000 b/d of which almost 9,000 b/d was for bunker fuel. Other Ceylonese projects include a two-year survey of the country's natural resources to be conducted by Canada under the Colombo Plan and a reported U.S. proposal to set up Asia's first atomic reactor in Ceylon, also under the Colombo Plan.

In PAKISTAN, the new plan concerns chiefly the foreign sector of the economy. It is a follow-up of the country's currency devaluation of last August to preserve competitiveness in jute and cotton, Pakistan's major export commodities. The new export promotion scheme is designed to create a more balanced foreign trade. Its main feature is the added incentive given exporters by granting them import licenses for 15 to 25% of their export earnings. The higher of the two percentages applies to exporters of manufactured goods. This will enable them to bring in more of the necessary equipment and machinery to expand their respective industries.

Another feature of Pakistan's new foreign trade system is that it will do away with all currency discrimination between the dollar and the sterling area so that importers can buy from the cheapest source. This import liberalization was made possible largely by foreign grants and loans which have helped increase the country's official gold and dollar holdings by 26% in the year since August 1954. The largest of these contributions from abroad were the $ 117 million provided by the U.S. in the fiscal year 1954/55. A new allocation of $ 200 million for the improvement of port facilities, highways and air bases has just been announced by the U.S.

In INDONESIA economic progress is still held back by the uncertainties of the political situation. The final results of the first national elections, held in September, are still not fully known but the returns up to now show that the Communist Party was not able to do better than any of the three other major parties, as had been reported at first, and is now holding fourth place again although it did receive about six million votes, or 22% of the total. The communist-tainted Nationalist party is still in the lead but its plurality has been cut somewhat by the moderate, pro-western Masjumi party which now holds second place. The politically amorphous Moslem Teachers League is in third place. It thus seems very likely that the next government will be a coalition group without the Communists. Unfortunately, the present Premier Harahap of the Masjumi party who has done much since coming to office in August to improve relations with the West will most probably be replaced in January by a Nationalist prime minister who may again try for a "neutralist" policy with a pro-Soviet slant.

Pending the formation of a new parliament, no action can be taken on Indonesia's proposed Five Year Plan. The Plan calls for an estimated total expenditure of $ 1 billion, to be distributed in equal shares among the following four sectors: industry and mining; irrigation and multipurpose projects; transport and communications; agriculture, transmigration, social and educational projects. In the field of agriculture a special plan has already been in existence since 1950 with the aim of making Indonesia self-sufficient in rice, its main food. This goal was thwarted by the large floods earlier this year.

Of special importance to foreign trade are the several measures taken by the new Harahap government to improve the trade balance. They include, above all, measures to trim imports by dividing them into four categories: essential and semi-essential goods which will be taxed 50 and 100% respectively and semi-luxury and luxury goods whose taxes will determined at public auctions. The auction system is expected to reduce the exorbitant profits made by importers who succeeded in bringing in luxury-type goods. Under the new regulations, foreign businessmen in the import trade will no longer have to operate through Indonesian citizens which should greatly reduce their operating costs.

The government has also shown its interest in the export trade by abolishing all export surtaxes and many export duties. In addition it now gives exporters of all but the staple commodities a 10% export premium. Under the new system, oil and oil products carry an export duty of 4% plus a 1% statistical tax; previously, these duties were 8% plus 1%.

The Indonesian government is also working on a new foreign investment law. Under its tentative provisions the types of industrial enterprises open for foreign capital include, among others, oil concessions and synthetic fertilizer plants. However, foreigners would not be permitted to own more than 50% of the shares in such enterprises. The draft law lists a number of enterprises like utilities and transport systems as being exclusively the domaine of the government but permits majority ownership by foreigners of all enterprises not listed in either the government category or the enterprises subject to the 50% Indonesian ownership provisions. Another draft law of which, however, very little is known as yet is the proposed new mining code. Its provisions are reported to apply to the ore as well as the oil industry.

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ASIAN PETROLEUM DEVELOPMENTS

In THAILAND a refinery with a yearly capacity of 250,000 tons is to be built near Bangkok. Its output will be equivalent to one third of Thailand's current inland consumption. However, with the rate of consumption having increased by a yearly average of over 24% during the last five years, this share will probably be somewhat smaller by the time the new refinery comes on stream. Meanwhile, plans are also under way for commercial utilization of the country's shale oil deposits. A government company with a capital of about $ 16 million was formed for this purpose. It is reported to be hiring several German technicians.

In PAKISTAN the government has abolished the sales tax of $ 1.36 per ton of fuel oil and has reduced the duty on motor gasoline by 54¢ in line with its policy to keep prices of essential commodities low in order to prevent an inflationary trend from developing as a result of the recent currency devaluation.

In British BORNEO a show of oil was found at Jerndong in the state of Brunei by the Shell group.

In DUTCH NEW GUINEA the Dutch New Guinea Petroleum Company, owned jointly by U.S. British and Dutch interests, has spent about $ 110 million on exploration without achieving any real success, according to a recent announcement. Production at present runs at 550,000 tons annually. On the political level, the area's actual and potential oil production has spurred Indonesia's territorial claim for what it calls "West Irian" Its proposed incorporation into the Indonesian republic is one of the few major issues on which all Indonesian political leaders are in full agreement. In the southern half of New Guinea - PAPUA - which belongs to Australia, the results from oil exploration have been even more disappointing. So far, about $ 30 million has been spent on searching for oil without encountering sufficient quantities of it anywhere. Nevertheless, exploration activities in both parts of New Guinea are scheduled to continue.

In BURMA the government has proposed higher excise duties on several commodities, including petroleum products to reduce its budget deficit. Also from Burma comes the news that over 6,000 workers of the Burma Oil Co and of an Indian-owned oil firm went on strike for several days. The strike was called mainly against the Indian-owned concern in support of wage claims. Burmah Oil Co. workers participated only as a token of sympathy. An oil workers strike was also reported from INDONESIA where 10,000 Shell workers at Palembang briefly walked out in support of higher wage demands.

New import regulations in MALAYA list all items which may now be directly imported from the U.S. and for which licenses are issued freely. Among these are lubricating greases, lubricating oils, bitumen and carbon black.

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ASIAN COUNTRY BRIEF

INDIA: In India's petroleum sector the emphasis is now on more active government interest in line with the new Five Year Plan which will require a rapid increase in petroleum consumption. The government is about to bring in seven Soviet oil experts (the first time that the Soviet Union has sent its oil technicians to assist a non-communist country) to make a survey of India's oil potential and advise the government on exploration and development work. India is also considering a Soviet proposal to set up a plant for oil drilling and prospecting equipment. Besides the USSR, a West German firm may also enter the Indian oil search, according to the country's Minister for Natural Resources who recently stated "we are determined to acquire our oil know-how from whatever sources we can" and who hopes "to strike oil in sufficient quantities in two years' time." Last year, India's domestic consumption was slightly over 86,000 b/d of which it had to import about 78,000 b/d at a cost of $ 182 million. In 1955 oil import costs will be lower due to the two large refineries which came on stream late last year and early this year, respectively. Another refinery is still under construction by Caltex and there is a strong possibility that a group consisting of two Indian businessmen, a French engineering concern (Krebs) and the National Iranian Oil Co.will build a 25,000 b/d plant at a cost of $42 million in Western India at Bhavnagar.

These refineries plus one or two planned synthetic oil plants would put and end to India's oil products imports but the government is equally eager in eliminating or at least reducing imports of crude oil. It is therefore planning to form government companies to prospect for oil independently of the exploration activities of the private companies. It has also just announced a five-year exploration project involving expenditures of $ 17 million. The project will be confined to the state of Rajasthan in the northwest and neighboring areas and will be carried through all the way from aeromagnetic survey to actual drilling.

The government is also continuing its participation in exploration deals with private firms such as the recent establishement of a company for prospecting in Assam in which the Government of India and the state government of Assam hold together one third of the shares and the Assam Oil Co. (Burmah Oil Co.) the remainder. Activities will start not far from Digboi, India's oldest existing oilfield where the Assam Oil Co. has an 8,700 b/d refinery. If the exploration activities turn out to be successful a new refinery with a capacity of 15,000 b/d may be constructed in Assam, according to a statement by the state's chief minister. Another branch of the oil industry in which the government has recently shown increased interest is the tanker sector and it is not improbable that the first Indian flag tanker will soon be ordered.

Two other recent developments affect the petro-chemical industry. One is a contract with Montecatini of Italy to build a fertilizer plant at Sindri, 300 miles from Calcutta, at a cost of $ 14 million; the other involves a tentative arrangement for the sale of refinery waste gases by Stanvac and Burmah-Shell to a projected large goverment fertilizer plant near Bombay which would use them as raw material for the production of nitrogen fertilizer.

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OIL DEVELOPMENTS BEHIND THE IRON CURTAIN

(Caution: While PIRING believes its sources of information on oil developments behind the Iron Curtain to be fully reliable, it has no way of checking such information and can therefore not vouch for its accuracy.)

U.S.S.R.: The three centers of Soviet crude oil production - Baku on the Caspian Sea, the Bashkirian Republic and the Kama River valley in Tatarian Republic - are currently each producing at an annual rate of about 17 million tons, according to the late reports. The three areas thus account for approximately 75% of the USSR's total current oil output which is slightly below 70 million tons. Last year, Baku was still ahead of either of the two other fields by a significant margin.

Due to the large-scale development of off-shore production in the Caspian Sea (estimated at about 4.5 million tons for 1955) Baku's production which had declined since the last war seems now stabilized. Output in the Tatarian Republic (located in south east European Russia) was started only five years ago with the establishment of the Tatarian oil concern TATNEFT. Despite its very rapid advances during this period, Soviet planners believe that most of its oil deposits have not yet been tapped. This belief is reflected in the Soviet Union's sixth Five Year Plan (1956-1960) under which Tataria's oil production is to rise to about 50 million tons annually by 1960. According to the director of Tatneft, the only real obstacle to achieving this goal is the lag in construction, housing and power, relative to the increase in oil production. If this can be overcome "oil extraction in Tataria should grow at a very rapid pace". In this connection a recent gusher discovered near the state capital Kasan is of special importance since it is the first well in Tataria to come in at a low depth (3,600 ft.).

In the Bashkirian Republic (also in south east European Russia) the largest field is located in the Ufa region. This is currently the Soviet Union's largest single producing field. It is also a refining center with plants located in the city of Ufa, in Ischimbai and in Novo-Ufimsk. According to Soviet statistics, oil production in the entire Baskirian Republic was increased 2.3 times between 1951 and 1954 and much additional progress was made in the first six months of this year.

Another growing field in this general area between the Ural mountains and the Volga exists in the Balashov province, near Saratov between the Volga and the Don. A new deposit was discovered there a few months ago. It has already resulted in eight gusher wells, all at a depth of about 4,000 ft. Commercial oil extraction from the new field is about to start. A large natural gas field was also discovered nearby. It will supply town gas to the city of Kharkov from next year on.

The significance of these developments lies in the fact that almost all of the increase in Soviet oil production comes now from new fields whose commercial exploitation only started five to eight years ago. Furthermore, the full oil wealth of this entire new region - often referred to as the "Second Baku" - is still far from determined. Thus,it is not unlikely that the annual percentage increases in oil output registered in the last couple of years - 16 to 20% in 1955 and 12% in 1954 - will continue or perhaps even grow during the next Five Year Plan so that by 1960 the Soviet Union's annual oil output will have surpassed the 100 million ton mark by an appreciable margin.

Efforts are also made to increase oil production outside of European Russia. The East Siberian Petroleum and Geological Trust is currently engaged in surveying the entire territory of East Siberia (from the Yenisey River in Central Siberia to the Pacific Coast) and Kamchatka for oil and gas prospects. The survey work started in 1954 and preliminary results, so far, have revealed the presence of high-quality deposits, according to an official Soviet dispatch.

Still further in the Far East there is a relatively small commercial production (about 19,000 b/d) on Sakhalin Island. So far, all production comes from the island's north-eastern tip, around Okha where the Far East Oil Union has its headquarters. However, recent discoveries have reportedly also been made in Southern Sakhalin which until 1945 was Japanese territory. It was transferred to the USSR under the Yalta agreement. The new oil discoveries have dashed any hopes Japan may have entertained of regaining Southern Sakhalin if and when a peace treaty with the Soviet Union is signed.

The increased oil prospecting activities in the Soviet Far East seem to reflect the growing oil needs of that area and the fact that most of its oil demands must be supplied via tanker from Russia's Black Sea ports. In the first nine months of this year, tanker shipments to Far Eastern Russia amounted to 280,000 tons, or almost three times as much as in the comparable period of 1954.

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SOVIET BLOC OIL EXPORTS

During the first eight months of 1955 the USSR and Romania have shipped a total of 3.2 million tons of oil to non-Communist countries via their Black Sea ports. Of the total, 1.8 million was loaded in Russian ports and 1.4 million in the Romanian port of Constanza. Just as last year, all of the crude oil - 500,000 tons - was of Russian origian (see W.B. Sept. '55, p. 18). Of the remainder, 2 million tons were residual fuel oil and some diesel fuel and 700,000 tons represented light products of which the major share apparently came from Romania. Last year, Soviet Bloc oil exports reached their highest rate during the last four months. If this seasonal pattern is repeated this year, total shipments may reach the postwar record of five million tons, compared to about 4.5 million in 1954. Black Sea oil exports, however, are not synonymous with total Soviet Bloc oil exports since they do not include oil shipments from East European satelite countries. Last year these amounted to over $ 19 million of which the lion's share went to East Germany for its synthetic oil exports.

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ICELAND and the SOVIET UNION have agreed on the amount of goods to be exchanged during 1956. Included in the total Soviet shipments of $ 10.9 million will be

250,000 tons of oil and 40,000 tons of gasoline. This is a substantial increase over the Soviet oil shipments for the period ending December 31, 1955.

ISRAEL has signed an agreement with the USSR on November 2nd for the exchange of 350-400,000 tons of Soviet crude and fuel oil against Israeli citrus fruit and bananas. The new agreement is in addition to the 168,000 tons of Soviet oil contracted for in April (see W.B. May '55, p. 20)

WEST GERMANY is likely to be offered a trade agreement by the SOVIET UNION as a result of Chancellor Adenauer's visit to Moscow, according to several well-informed European business newspapers. These same sources say that crude oil and oil products will be among the chief export items offered to Germany by the USSR.

A new trade agreement signed on September 1st between YUGOSLAVIA and the SOVIET UNION calls for an increase of trade between the two countries from the present amount of $ 32 million to $ 70 million annually over the next three years. Included in the agreement is a long-term contract for the delivery of Soviet oil and the construction of two Soviet-financed nitrogen fertilizer plants.

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ANNEX

SUEZ CANAL PETROLEUM TRAFFIC

During the first nine months of 1955 a total of 51.4 million tons of crude oil and products was shipped through the Suez Canal, compared to 47.6 million tons for the same period in 1954. As in the past months, the increase was almost entirely due to higher south-north shipments from the Persian Gulf and the Far East to Western Europe and the U.S. while north-south shipments from the refining centers of Europe, the U.S. and the Caribbean all dropped sharply. The only north-south shipments which registered an improvement over last year were Soviet Bloc shipments to Siberia, Red China and to the port of Suez for Egyptian home consumption. The Soviet shipments to Suez accounted for the entire north-south traffic in crude oil and helped to make Suez the only Red Sea port to receive more oil shipments this year than last.

While all countries of Western Europe and the Western Hemisphere shared in the 72% drop in north-south oil shipments, the decline was sharpest for the U.K. whose shipments last year amounted to over 30% of total north-south traffic which made them by far the largest of any country; this year their share has shrunk to only 3.5%. The explanation here lies not only in the coming on stream of the many new refineries east of Suez but also in Britain's apparent inability to increase its exports in the face of its rising domestic needs (see also p.7). The major export item in Britain's north-south oil traffic last year was residual fuel oil. Domestic demand for this product is now particularly strong so that the U.K. is now a net importer of it. This is also the explanation for the much sharper drop in north-south shipments of residual fuel oil than any of the other products.

South-north traffic during the first nine months increased by over 18% to almost 50 million tons. While crude oil still accounted for over 93% of this total, the big increase over last year, percentagewise, was registered by shipments of refined products. Among these, residual fuel oil rose to almost half of the total in line with the sharply increased demand for it throughout Western Europe as a result of the industrial boom and the coal shortage. Bahrein and, to a lesser extent, Saudi Arabia account for most of the increase in residual fuel oil shipments.

The most important south-north oil shipper, as far as the Suez Canal is concerned, is Kuwait which currently accounts for almost two thirds of all south-north oil traffic. Furthermore, Kuwait is the Middle East's only oil producer to ship the major share of its output abroad via the Suez Canal. This year, Kuwait's share of total south-north petroleum shipments has dropped considerably, compared to last year. This is due largely to declining shipments to Great Britain, Kuwait's biggest customer. For the first nine months, Kuwait' oil shipments to Great Britain amounted to 12.7 million tons which is 400,000 tons below the same period of last year.

Kuwait oil shipments to the U.S., on the other hand, increased from 4.24 million to 5.55 million tons. Thus, 85% of the U.S.'s total oil receipts via the Suez Canal during January - Sept. 1955 originated in Kuwait.

S U E Z   C A N A L   P E T R O L E U M   T R A F F I C

January - Sept
1954 & 1955

NORTH - SOUTH TRAFFIC

I. Tanker Movements
(thousands of net registered tons)

	Jan. - Sept. 1954	Jan. - Sept. 1955	Rise or Decline in percentage 1954 - 1955
Loaded Tankers	3,156	947	-70
Empty Tankers	21,196	27,768	31
Total N-S Tanker Movements	24,352	28,715	17.9

II. Products & Crude Shipments
(thousands of metric tons)

	Jan. - Sept. 1954	Jan. - Sept. 1955	Rise or Decline in percentage 1954 - 1955
Gasoline	1,282	456	-64.4
Kerosene	850	378	-55.5
Gas/Diesel Oil	513	202	-60.6
Residual Fuel Oil	2,687	359	-86.6
Other Oil Products*	38	38	00.0
	5,370	1,433	-73.3
Crude Oil Shipments	-----	87	

III. Countries of Origin
(thousands of metric tons)

	Jan. - Sept. 1954		Jan. - Sept. 1955		Rise or Decline in percentage 1954 - 1955
Great Britain	1,655		54		-96.7
France	841		148		-82.4
Italy	1,078		279		-74.1
Netherlands	382		237		-38.0
Total Western Europe		3,956		718	-81.9
U.S.	514		151		-70.6
Caribbean	546		76		-86.1
Total Western Hem.		1,060		227	-78.6
U.S.S.R. & Romania		263		554	110.6
Other Areas		91		21	-76.9
		5,370		1,520	-71.7

*Excluding Lubricating Oil shipments which amounted to 192,000 tons for the first nine months of 1954 and 270,000 tons for the same period in 1955.

IV. Areas of Destination
(thousands of metric tons)

	Jan. - Sept. 1954		Jan. - Sept. 1955		Rise or Decline in percentage 1954 - 1955
India, Pakistan, Burma, Ceylon	1,556		164		-89.5
British Malaya	542		194		-64.2
Australia, New Zealand	481		111		-76.9
Total Far East		2,579		469	-81.8
Red Sea ports	797		445*		-44.2
Aden	1,453		119		-91.8
Persian Gulf	49		33		-32.7
Total Middle East		2,299		597	-74.0
East Africa		312		81	-74.0
USSR (Siberia, China		159		359	125.8
Other Areas)		22		14	-36.4
		5,371		1,520	-71.7

*of which 315,700 tons went to Egypt (Suez)

SOUTH - NORTH TRAFFIC

I. Tanker Movements
(thousands of net registered tons)

	Jan. - Sept. 1954	Jan. - Sept. 1955	Rise or Decline in percentage 1954 - 1955
Loaded Tankers	23,101	27,418	18.7
Empty Tankers	751	253	-66.3
Total S-N Tanker Movements	23,852	27,671	16.0

II. Crude Oil & Products Shipments
(thousands of metric tons)

	Jan. - Sept. 1954		Jan. - Sept. 1955		Rise or Decline in percentage 1954 - 1955
Crude Oil		40,595		46,649	14.9
Gasoline	283		373		32.3
Kerosene	168		331		97.0
Gas/Diesel Oil	400		828		107.0
Residual Fuel Oil	554		1,516		173.6
Other Oil Products	207		213		2.9
Total Oil Products		1,612		3,261	102.3
		42,207		49,910	18.3

III. Countries of Origin
(thousands of metric tons)

	Jan. - Sept. 1954		Jan. - Sept. 1955		Rise or Decline in percentage 1954 - 1955
Kuwait*	30,680		32,369		5.5
Saudi Arabia	4,935		4,997		1.3
Iran	105		3,598		3326.7
Iraq (Fao)	1,991		2,946		48.0
Quatar	3,075		2,704		-12.1
Bahrein	696		1,252		79.9
Aden			434		
Total Persian Gulf		41,482		48,300	16.4
Egypt*		43		86	100.0
Indonesia, Malaya, Borneo	593		1,477		149.1
New Guinea	89		47		-47.2
Total Far East		682		1,600	136.1
		42,207		49,910	18.3

*Including Kuwait Neutral Zone
*Mainly domestic transfer shipments from Red Sea to Mediterranean ports.

IV. Countries of Destination
(thousands of metric tons)

	Jan. - Sept. 1954		Jan. - Sept. 1955		Rise or Decline in percentage 1954 - 1955
Great Britain	15,484		15,744		1.7
France	8,168		9,074		11.1
Netherlands	4,192		5,420		29.3
Italy	3,985		5,389		35.2
Belgium	1,337		1,485		11.1
Spain (incl. Canaries)	1,177		1,407		19.5
Sweden	1,014		1,285		26.7
Germany	796		978		22.9
Total, Major European Oil Importing Countries		36,153		40,782	12.8
U.S.		4,749		6,521	37.3
All Other Countries		1,305		2,607	99.8
		42,207		49,910	18.3