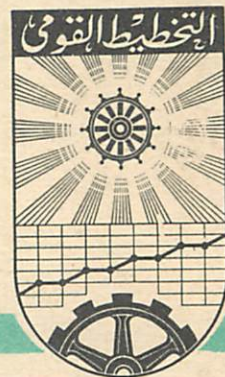


# UNITED ARAB REPUBLIC

## THE INSTITUTE OF NATIONAL PLANNING



Memo. no. 997

THE INSTITUTIONAL FRAMEWORK OF  
SOCIALIST FOREIGN TRADE PLANNING  
AND THE WAY OF DRAWING UP THE  
PLAN

BY

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May 1971.



The Institutional Framework of Socialist  
Foreign Trade Planning and the Way of  
Drawing up the Plan.

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This is the 2-nd paper in the series of Memos,  
dealing with socialist foreign trade planning.  
Please, see also Memo. 992 "Some basic  
questions on Foreign Trade Planning."

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## The Institutional Framework of Foreign Trade

### Planning and the Way of Drawing up a Plan

#### Foreign

The basis for the organization of trade in all socialist countries is the state monopoly of foreign trade. In conformity with the basic principles of a planned economy also the foreign trade of the German Democratic Republic is effected on the basis of this state foreign trade monopoly in connection with the currency- and foreign trade transport monopoly.

The foreign trade monopoly is characterized by the following 3 items:

1. Direct management of foreign trade by the socialist state. Usually there is a special state body in charge of the entire management of foreign trade on central level, e.g. in the GDR it is the Ministry for Foreign Trade.
2. Planning of foreign trade, which contains both planning on central level and on decentral level.
3. A State system, laying down, which body (or which organization) may carry through certain foreign trade operations in which field and to which extent.

The concrete forms and methods of state planning and management as well as the system of materialization of the different export and import operations are not unchangeable. In accordance with the respective concrete conditions that result both from the development standard of the country's own national economy and from the political and economic relations with other countries, these forms and methods are continuously perfected and developed. Thus during the first years of building socialism in the G D R there existed a very strong centralization in foreign trade and the so-called protective function of the foreign trade monopoly prevailed, i.e. foreign trade monopoly above all was used as an instrument for protecting the national economy against possible disturbances from external markets.



Such a strong system of centralization, which means that only a few bodies or enterprises are competent for export and import operations, has various advantages:

- it favours the unified implementation of the economic and political aims of foreign trade,
- it protects the economy against undesirable impacts exercised by external markets,
- it makes it possible to increase the efficiency of foreign trade.

On the other side, of course, such a strong centralization of foreign trade over a long period may cause some problems, e.g. the isolation of the industrial enterprises, the producers, from the development taking place in the world markets particularly with regard to scientific and technological progress. In the early 60-ies therefore, in connection with the achieved development-standard of our national economy, the requirements of the scientific technological revolution and the ever growing influence of socialist international division of labour in our production, the G.D.R. has been making efforts aimed at increasingly involving the industrial enterprises into the immediate foreign trade activities and still more to stimulate them in carrying through foreign trade transactions. Those measures are in close connection with the introduction of what is called "Economic System of Socialism."

Studying this historical development of the foreign trade monopoly and the experiences gathered by other countries from the aspects of the developing countries one can say that it is also necessary, to establish a state monopoly of foreign trade and to develop it in a comprehensive way on the basis of the concrete conditions in each developing country .



Usually the first step will be the nationalization of foreign trade and then the establishment of a central state organ for foreign trade planning and management and the establishment of a number of national foreign trade enterprises, which have a monopoly in importing or exporting certain goods. Nowadays one can see that a number of developing countries is doing these steps.

Now let us go more into details in organizing foreign trade planning under socialist conditions.

1. The institutional framework and the organization of foreign trade planning

1.1 Basic principles for organizing foreign trade planning.

As mentioned before, the basis for organizing foreign trade planning is the foreign trade state monopoly. Derived from this monopoly, there exist some basic principles of organizing foreign trade within the whole national economy which proved to be very effective both from the political and economic points of view. Such main principles for planning foreign trade are:

A. On the basis of the foreign trade state monopoly planning and management of foreign trade has to be carried through on the basis of a so-called pyramid system. All organs resp. enterprises which are planning and managing foreign trade and also those organs which carry through the foreign trade operations are involved in this planning pyramid and linked with one another. The foreign trade planning pyramid is part of the comprehensive pyramid of planning the national economy.

Roughly we distinguish 3 levels of planning:

- (a) Central level (Council of ministers,  
Ministry of planning).
- (b) Branch level (Ministries of industry,  
Ministry of Foreign trade etc.)
- (c) Lower level (producers of export goods, foreign trade  
enterprises, buyers of imports).



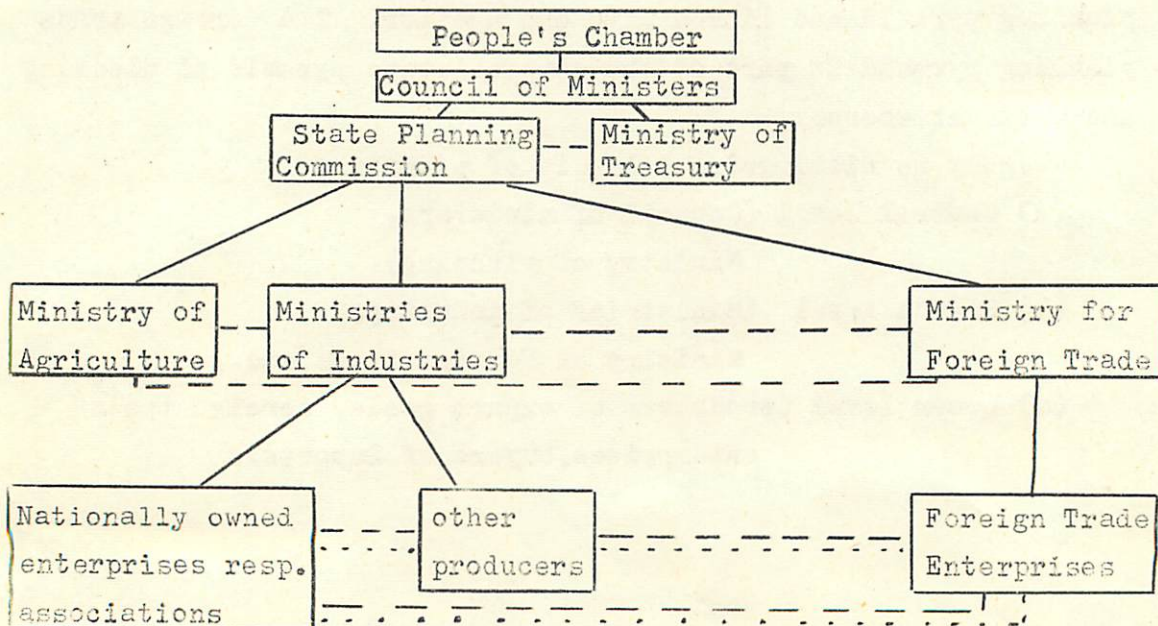
A fundamental principle is that at central level the most important questions of foreign trade are planned and decided. These are questions of major significance for the future development of the national economy. (We will explain the tasks of the central state organs in the field of foreign trade planning later.)

The pyramid set up becomes apparent through the fact, that the tasks on foreign trade planning and the foreign trade plan itself are more and more detailed as it passes down to the lower levels. Questions concerning the structure of assortments and the different business transactions have to be planned at foreign trade enterprises level and at producers level.

The following scheme gives you an idea about the pyramid set up for foreign trade planning.

#### The Pyramid of Foreign Trade

##### Planning in the G D R



Explanations:

\_\_\_\_\_ relations with the character of orders



- - - - this are relations with informational character  
..... this are contractual relations

B. When foreign trade planning comprises all these separate stages or levels of the national economy, there must be a continuous flow of plan indicators from the top to bottom and vice versa. Thus, an other main principle of planning and management will be realized in this field, namely democratic centralism. This principle requires, on the one hand, strict centralized foreign trade planning, fixing the important economic targets at central level for all concerned and making them binding so that economic development as a whole according to plan can be ensured. On the other, democratic centralism contains the comprehensive use of the creative power of the working people and their participation in plan drafting, implementation and supervision. Through the use of these potentialities the plan can be improved upon, well-defined and reserves can be drawn upon.

Democratic centralism in this sense means, that all enterprises, producers etc. on the lower level will make their proposals regarding the plan and hand over them to the ministries and other central level organs.

C. The third basic principle of organizing foreign trade planning is the so-called 2-canal-planning system. As you can see from the planning pyramid there exist two canals as for the flow of plan indicators from top to bottom and vice versa. On the one side we have a flow of plan indicators from the state planning commission to the ministries of industry, agriculture etc. and from these ministries to the production units. On the other side plan indicators are distributed from the state planning commission to the ministry of foreign trade and from this ministry to the foreign trade enterprises. After making plan proposals on the lower level these proposals are handed over to the ministry concerned and



we will find the same flow resp. canals of plan proposals vice versa. Of course it is necessary to realize the planning process through both canals simultaneously and in close cooperation and connexion between all organs both on the same level and on different levels.

Summarizing we can say that these principles for organizing foreign trade are at the same time a concrete expression of the basic idea of the Economic System of Socialism in the German Democratic Republic, which reads as follows: "Strengthening central state planning and management and on this basis connecting it directly with the responsible planning and management on enterprise level and with organizing the social life regionally through the local state organs."

The outstanding feature of our planning system is the strengthening of central planning and, parallel to it, the extension of planning at the lower levels. So, we do not follow the concept of central versus decentral planning, but we are rather in favour of combining both activities. As the G.D.R. economy is a socialist one and the public is owning most of the means of production priority must be given to the central planning.



The economic function of the socialist state and the binding force of central state plans are essential features of a socialist economy. They ensure the unity of the overriding political will of the society and the unconditional maintenance of its basic interests, and, at the same time, create such conditions for highly effective work of enterprises to the benefit of the society that the highest possible rationality of economic activity is guaranteed.

On the basis of the mentioned 3 principles for organizing foreign trade planning all organs and all workers are involved in the planning process and are participating in planning.

#### 1.2 The major tasks of the central state organs in the field of foreign trade planning.

After dealing with the main principles of organizing foreign trade planning we will give you a rough idea about the major tasks of the central state organs in the field of foreign trade planning. Of course, these tasks depend upon the stage of development and upon the actual political and economic situation. But there are general experiences in bearing responsibilities in the field of foreign trade planning and we will concentrate our explanations on it.

##### (1) The People's Chamber and the Council of Ministers

The people's Chamber being legislative organ enacts the law on the long-term plan or the annual national economic plan. In this connection the foreign trade plan which is part of the national economic plan is laid down with its most important indexes.



The Council of Ministers as the supreme executive organ controls the materialization of the national economic plan and by it the foreign trade tasks. Necessary changes of the state foreign trade plan, e.g. increase or decrease of the volume of export and import as a whole or of what are called state plan positions have to be submitted to the Council of Ministers for confirmation. Important trade and payment agreements are likewise submitted to the Council of Ministers for decision.

(2) State Planning Commission (Ministry of Planning)

The State Planning Commission plans and determines the structure of foreign trade and the volume of exports and imports from the aspect of the proportional and optimal development of the national economy and using foreign trade as a factor of increasing the rate of growth of national income.

The State Planning Commission is responsible for a correct coordination of the foreign trade tasks with the development of the other branches of the national economy. It deals, in the first place, with long-term development.

In this context it is of special importance to establish correct relations between the development of investments and the structure of export and import. The commodity structure of foreign trade is planned



at this level for about 30 groups of products and approximately 400 important positions. Within the framework of economic co-operation with the member countries of the Council for Mutual Economic Aid (Comecon) the Planning Commission carries out international co-ordination of national economic plans and concludes agreements with the Planning Commissions of other Comecon countries. This task becomes more and more important under the conditions of an increasing process of international socialist integration and also concerns the tasks of the Ministries of Industry, Foreign Trade and others.

The Planning Commission also maps out the methodical regulations for the co-operation between the different branches of the national economy (foreign trade, industry, agriculture, transport etc.) for drawing up the foreign trade plan.

(3) Ministries of Industry, Agriculture etc.

In the GDR we have several ministries of industry in conformity with different industrial branches. Furthermore there exist a Ministry for Agriculture and Foodstuffs Production, a Ministry of Trade and Supply, of Building etc. The following tasks will be enumerated for the Ministries of Industry, but they are of analogous validity for other ministries.



The Ministries of Industry are central organs of the Council of Ministers in charge of planning and management of different industrial branches. They have likewise to solve important tasks in foreign trade. These tasks, above all, include guidance to and control over the Nationally Owned Enterprises, allied in Associations of Nationally Owned Enterprises, as for the tasks of industry in manufacturing and marketing of export commodities. The ministries have to exert an influence on scientific and technological progress, on the more purposeful organization of cooperation between the national branches of industry as well as between the corresponding branches in other socialist countries.

In the field of import the Ministries of Industry bear also special responsibility. Within the framework of the entire quotas fixed by the State Planning Commission, the "balancing" organs-- mainly the Associations of Nationally Owned Enterprises-- draw up an import plan with regard to assortments, quality, terms of delivery etc. The specific import requirements, contained in the plan, are channeled to the foreign trade enterprises and included in the foreign trade plan. In the case of larger import requirements, put forward by the Associations of Nationally Owned Enterprises and individual enterprises concerning raw materials, fuels, semi-finished products, investments or production licences, the



Ministries of Industry decide on the priority of these requirements and on their inclusion in the foreign trade plan. In all these questions they closely co-operate with the Foreign Trade Ministry.

(4) Ministry for Foreign Trade

The Ministry for Foreign trade bears main responsibility for planning and managing the foreign trade activities of the German Democratic Republic. It is the central organ of the Council of Ministers for foreign trade and directs, co-ordinates and controls about 25 trade enterprises of which it is in charge. These enterprises carry through the bulk of all exports and import transactions with foreign trade partners. The Ministry confirms the long-term plans and the annual plans of the foreign trade enterprises; it regulates the financial relations with the state budget and works out the system of economic levers for the branch of foreign trade. On the basis of plan proposals of the lower levels and in accordance with plan indicators, handed over by the State Planning Commission, the Ministry for Foreign Trade elaborates the comprehensive foreign trade plan and submits it to the State Planning Commission.

With the aid of foreign currency allotments to the foreign trade enterprises it exercises an immediate influence on the materialization of the import plan. In addition to that, the Ministry is entitled and obliged to give guidance to and to exercise control over all the other economic organs of the GDR as for their activities in foreign trade markets, although these organs are subject to a different central authority. One major task of the Ministry is long-term planning and management



of foreign trade with regard to individual countries. This is particularly important and complex a task since the bulk of GDR foreign trade is carried through bilaterally, and the currency balances continuously have to be kept within the agreed swing-limits.

Therefore the trade agreements are prepared and to a great extent concluded also by the Ministry itself.

#### (5) Ministry of Treasury

The Ministry of Treasury is in two-fold respect linked with foreign trade. One task is to put certain investment and circulation means at the disposal of the foreign trade organs. Furthermore the ministry fixes the levies or the subsidies the enterprises have to pay resp. will get when realizing export and import tasks according to plan. By this the Ministry of treasury also directs foreign trade to better profitability. During the implementation of the plan the Ministry of Treasury uses the plan figures for carrying through an adequate control of all export and import activities.

The other aspect concerns the foreign currency economy and is connected with the role of the Ministry in the materialization of the GDR foreign currency monopoly. Proceeding from the confirmed payment balance as part of the national economic plan, the Ministry is responsible for guiding, co-ordinating and controlling the foreign currency plan as a



a whole. Through its import and export activities foreign trade has the biggest share in the gain of foreign currency. Here the necessity results in a permanent close co-operation between the two Ministries (Ministry for Treasury and Ministry for Foreign Trade). This co-operation already sets in with the elaboration of trade and payment balances and of the foreign currency plan.

The above mentioned organs are the <sup>most</sup> important ones in the field of foreign trade planning on central level. In practice there are still some other organs, e.g., the Ministry of Transport, the tasks of which we will not explain in details. (The Ministry of Transport, e.g., is responsible for the materialization of the foreign trade transport monopoly).

Summarizing the explanations dealing with the major tasks of the central state organs in the field of foreign trade planning we want to stress the following: Apart from features which may be characteristic for the concrete country and for the stage of development there are two basic principles which are important for an effective socialist planning of foreign trade:

- There must be one central state body which is responsible for the complex national economic plan and by this for the coordination of the plans of the branches and sectors, e.g. foreign trade.

In the G.D.R. it is the State Planning Commission.

- There must be one central state organ which bears full responsibility for the foreign trade plan, especially for planning and management of foreign trade with regard to individual countries and areas. In the G.D.R. this is the Ministry for Foreign trade.



1.3. The position and tasks of State Foreign Trade Enterprises and Industrial Enterprises in the field of foreign trade.

The institutional framework of foreign trade planning on enterprises level has also undergone some changes during 2 decades of foreign trade development in the G.D.R. But the existence of state foreign trade enterprises has been one remarkable feature and one important aspect in realization foreign trade state monopoly. Also nowadays we can say, that the materialization of operative foreign trade activities, i.e. above all the conclusion and fulfilment of export and import contracts with foreign customers and suppliers lies, in the first place, in the hands of the foreign trade organs sub-ordinated to the Foreign Trade Ministry. On the other side we can notice that there are also some other ways resp. other organs for carrying out foreign trade operations.

At present there exist some 25 foreign trade enterprises, one per branch of commodities. Each of them carries through both export and import objectives for its own group of commodities. The foreign trade enterprises are independent enterprises. They are run on the basis of the plan and the principle of economic accounting and are directed by general directors. Their main task is, on the basis of the state plan,



to solve the export and import tasks with a maximum degree of national economic efficiency. In the first place they concentrate their activities on the foreign markets. Their responsibility is to see to it, that in the foreign trade activities in their special commodity branch, there is a good and fruitful co-operation and division of labour between the respective Nationally Owned Enterprises, the export producers, and the buyers of import products. The contracts with foreign customers are concluded by the foreign trade enterprises. They are buying the commodity from the producers and selling them to abroad. But it doesn't mean that the producers are not participating in foreign trade activities abroad. E.g., they will participate in contract negotiations, in foreign price discussions etc. The objective is to increasingly involve the organs of the industry in the immediate foreign trade activity and with the aid of planning to stimulate their interest in the results of foreign trade.

The 2. way of materialization of export (and in some cases also import) activities is that when the producers will conclude the foreign trade contracts with the foreign customer and will be responsible for all conditions of the contract. Consequently, in these cases the producers hold a position in foreign trade equal to those of the foreign trade enterprise. This is a new way of exporting, which has been gone since 1965.



At present we will find various producers which are exporting their goods **themselves**, e.g. Carl Zeiss-Jena and others.

A **3rd** way of undertaking exports is a combination between the **1st** and **2nd** way.

In all cases the main instrument by which the central state organs direct the enterprises is the plan, containing the tasks for the fixed period.

The conformity of the total of different enterprises plans with the state foreign trade plan as part of the national economic plan ensures a development of exports and imports in the various branches in conformity with the entire economic interests. At the same time it is one of the great advantages of socialist planned economy and the state foreign trade monopoly.

This is promoted considerably by the fact, that the state plan is largely based on proposals made by the foreign trade enterprises and is in keeping with forecast appraisal of market developments by a huge number of experts. Thanks to the conclusion of long-term trade and payment agreements, which are in line with the plan targets, the state plan also possesses a strong and great realistic prospects for trade abroad.



This, of course, is true in the first place with regard to foreign trade relations with the Comecon member states.

But this is becoming true to an ever greater degree also in planning foreign trade with developing countries. A recent example is the agreement on long-term economic and scientific co-operation between the United Arab Republic and the German Democratic Republic for the years 1971 till 1975.



## 2. The way of drawing up the foreign trade plan

After dealing with the tasks of different organs on central state level and on decentral level in the field of foreign trade we will give you a comprehensive survey about the way of drawing up the plan. We will concentrate the explanations on elaborating the annual plan, but you can find a similar method in long-term or medium-term planning.

At the beginning of the elaboration of an annual plan, surveillance or control figures have to be worked out by the State Planning Commission (Please, take also a look on the planning pyramid, we gave you some pages before). By this a binding instruction shall be given for all organs which are involved in the planning process. These binding figures are elaborated on the basis of the long-term plan and the up-to-date findings from materialization of the last annual plan and aim to a proportional and optimal development of foreign trade.

The State Planning Commission elaborates such figures for exports, imports, balance of payment as part of the general directive. These tasks are valued on home price basis and on the basis of the foreign currency equivalent of the foreign prices, subdivided into groups of products and regional groups (e.g. exports and imports with socialist countries, developing countries, capitalist countries). Some especially important export and import positions are also specified.

The above figures are then passed on to the Ministry of Foreign Trade and to the Ministries of Industries. These state institutions work out detailed targets and particular directives for economic units and departments under their purview.

From there they are broken down to the various Associations of Nationally Owned Enterprises for the centrally run industrial branches and to the county economic councils for the export tasks of local economy.



The most comprehensive work in elaborating the annual foreign trade plans then has to be performed at the level of the foreign trade enterprises and their home partners.

This concerns above all fixing the commodity and country structure according to the different assortments and types, home prices, foreign prices etc. For this purpose all foreign trade enterprises and their home partners reach comprehensive coordination of exports and import supplies and record it exactly. Following this co-ordination, the foreign trade enterprises elaborate the complex plan proposal according to commodities, countries, foreign currency and home financial relations, the transport services with regard to quantity and value, the deployment of manpower and investments. The central pillar in this is the purposeful shaping of the commodity and regional structure in export and import and the planning of foreign prices.

The economic units discuss the plan proposals with all working people. As a result of this work which takes place with the broad participation of the producing enterprises the complex plan proposal of each foreign trade enterprise is fixed and can be submitted to the Ministry for Foreign Trade (at the same time the plan proposals of the industrial enterprises, producing units etc., are submitted to the ministries concerned).

The Ministry for Foreign Trade examines these plan proposals and condenses them into the entire foreign trade plan according to the various points of view expressed previously. Above all, it safeguards the balancing of the entire trade relations with the different countries and the achievement of an advantageous foreign trade profitability.

The export and import plan is co-ordinated between the Foreign Trade Ministry, the Ministries of industry and other competent ministries, above all, with regard to the total volume and the commodity structure. Following this it is submitted to the Planning Commission as the complete plan proposal for foreign trade.



The State Planning Commission coordinates the foreign trade plan and the other partial plan proposals (of industry, agriculture etc.). This is done because experiences have shown that certain differences and differing opinions arise between the branches and organs of the national economy. The final smoothing of such differences is closely linked with an examination of the plan proposals according to reach accord with the national economic aims and balances.

The State Planning Commission lays the composite plan before the Council of Ministers and the People's Chamber for confirmation. The plan will be resolved and gets legal sanction. The state plan for foreign trade - part of the entire plan - is then passed on through the Planning Commission, the Ministry for Foreign Trade to the foreign trade enterprises resp. through the Ministries of Industry to the producing units and other organs sharing in foreign trade and is the binding basis for the work of the enterprise collectives in their respective range of tasks. Finally, at the end of drawing up the plan, every economic unit and person knows its or his task for the current year.

In this way the first stage of planning i.e., drawing up the plan is over. Now it is essential to implement the plan i.e., of carrying out the tasks and to fulfill the plans according to commodity and quality. Plan implementation and supervision now go hand in hand.



### 3. Planning of Foreign Trade for different periods of time.

Up till now we only mentioned annual planning resp. planning in general without differentiation according to different periods of time. But the determining of the plan period and the different methods of planning-which are employed depending on the given period- is of great significance for planning. On the one hand, it is advantageous to plan the development for long periods ahead because then it becomes possible for the development of the research capacities and investments, the opening up of new markets abroad etc. to be controlled timely and with a high efficiency. On the other hand, the degree of precision of the forecasts at the basis of the plan is the greater the shorter the plan period is. This is particularly true for foreign trade with regard to the appraisal of the development of sales and purchase possibilities in foreign markets, the development of world market prices or the foreign political situation with its concrete effects on trade policy. But there are also internal factors, for example unforeseen changes in agriculture brought about by nature, which can act as insecure factors in planning of foreign trade. In addition, there are differing conditions resulting from the type of production and characterised by very differentiated terms of delivery (complete plants or textiles e.g.).



For that reason we plan the development of foreign trade in conformity with the other branches of the national economy parallel and continuously according to four periods:

- prognostic projections for 10 till 15 years ..
- long-term plans and programmes for 5 till 10 years
- medium-term plans for 5 years
- short-run plans for 1 year and sometimes quarterly.

While planning foreign trade in the past, the main emphasis was played on annual planning. Now we attach more and more importance to long-term and medium term plans. At the same time we endeavour increasingly to materialize prognosis for 5, 10 and 15 years.

As the first steps are new let us give especially an outline of them.

Prognostic projections are detailed studies on the objective trends and probable results of future development, not only in economy, but also in science, technology etc. They have to tell you what objectively will be or can possibly take place in future and not what would be desirable or what should take place.

It is clear that such activities require a profound knowledge and experiences in the respective fields.



In the G.D.R some years ago an extensive programme for prognostic projections had been launched. This programme was under direct supervision of the government. About 20 groups have been working on different problems like e.g.:

- natural resources
- trends in automation
- educational system etc.

Projections on foreign trade development in the respective fields were involved.

As the function of prognostic projections is to submit background studies and new ideas as a fundament for decision-making, so these projections are a decision-preparing activity.

The long-term plans and programmes come after the prognostic projections. It is a question of long-term decisions, which are necessary in regard to the main trends in economic development. Therefore long-term programmes are elaborated covering the long-term tasks and the means for their solution. The programmes also include tasks concerning the development of international division of labour and contain the probable development of export and import. From these programmes the central state organs draw conclusions for the fixing of long-term and medium-term objectives of



economic development.

Although so far no comprehensive and complex foreign trade plan has been elaborated for such long periods, still the knowledge of the development trend of the industrial branches and the active influencing of this trend by the foreign trade organs is an important prerequisite for the elaboration of optimal foreign trade plans for different periods.

Unlike the above-mentioned long-term development programmes, the medium-term plans are elaborated in a complex, and are all-round balanced for all organs sharing in foreign trade, down to the foreign trade enterprises, the Associations of Nationally Owned Enterprises and the big export enterprises. They comprise the volume and the commodity structure of export and import, subdivided to some 100 important commodities and some 30 countries. In a multi-stage process the export and import tasks are coordinated between the different organs on different levels and also coordination takes place between the development of investments, production, consumption and foreign trade.

The medium-term plans are the basis for annual planning, for the conclusion of trade agreements with other countries and for the conclusion of long-term contracts, especially in the branches of investment goods.



The annual plans of foreign trade serve the concrete detailing of the export and import tasks laid down and subdivided in the medium-term plan. However, in elaborating the annual plan, it is necessary to check, whether certain conditions of the medium-term plan have changed in the meantime, so that corrections have become necessary as compared with the original goal. This is often the case in the field of foreign trade, for instance, due to the conclusion of new trade or payment agreements in the meantime. Further they may be due to new findings in market and price research, or due to the immediate experience, gained from commercial activities.

The annual plan is the instrument for direct management of operative foreign trade activities. The annual plan therefore contains the detailed tasks in foreign trade development (concerning the commodity and country-structure) and on the other this concerns above all the foreign currency and finance plans.

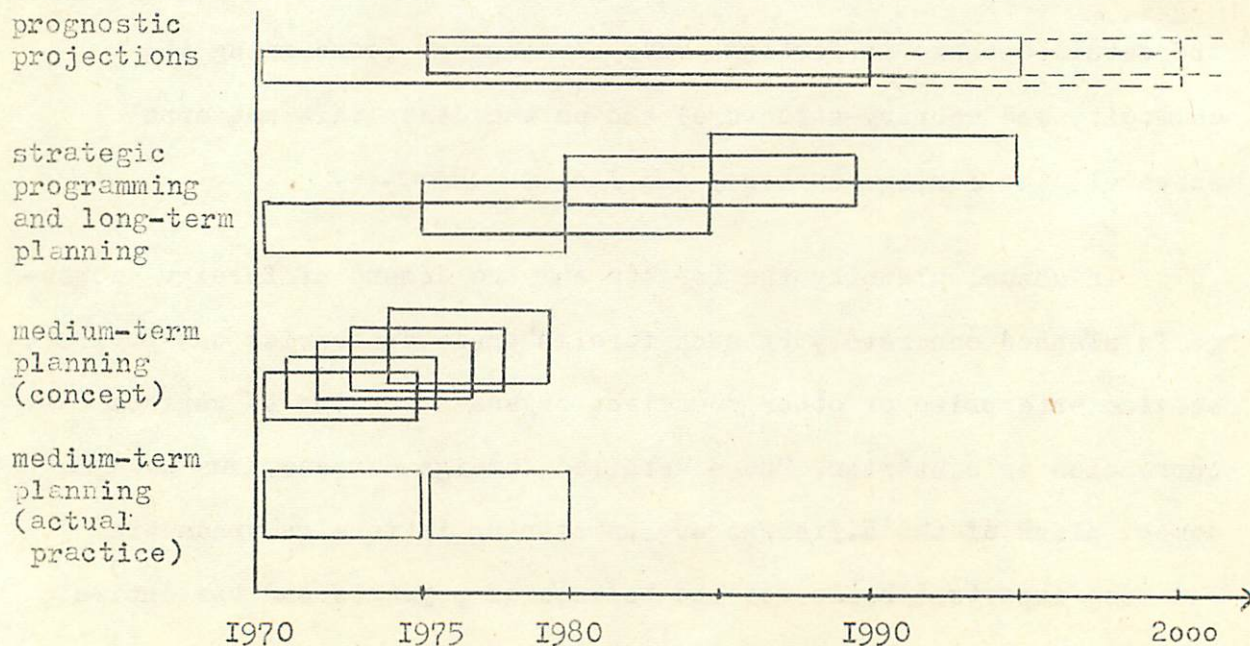
In annual planning the targets and the demand of foreign exchange is planned concretely by each foreign trade enterprise and public service enterprise or other competent organs according to various currencies or countries. These detailed foreign currency target and demand plans of the different organs sharing in foreign trade are the most important basis for the balance of payments and the entire foreign currency plan of the country.



According to its tasks as an instrument of management, the annual plan is sub-divided quarterly and sometimes monthly in order to guarantee a continuous course of the exports and imports and monetary relations within the plan year, too.

Summarizing we can say, that it is necessary, to plan foreign trade continuously, i.e. for 1, 5, 10 and more years ahead. According to these different periods of planning you need different methods of planning and the detailed fixing of plan targets will be different either the plan period covers 10 years<sup>or</sup> only the next year. At present prognostic projections gain more and more importance as a basis for long-term, medium-term and short-run foreign trade plans.

An other aspect of planning continuously is that of sliding planning. We will explain it with the following scheme.





The comparison between our actual practice of drawing up Five-Year-Plans and the future concept for drawing up them makes it clear what to understand by the term "sliding planning." The main idea for applying such a system of sliding planning is to ensure a better conformity between the course of the processes which must be planned (reproduction process in general, or production, investment processes etc. in details) and the way of planning. Because the economic processes are continuously you have to plan continuously, i.e. slidingly.

Finally we would like to mention that the concept of sliding planning is up till now a theoretically one which we shall try to realize within the next years. With regard to prognostic projections you can say that we are already applying such a system.



