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DEVELOPMENT SPECTRUM

Cooperation with Iran: A new impetus was given to German-Iranian economic relations by the visit of Federal Chancellor Willy Brandt in March, 1972. It was decided in Tehran to set up a joint government mission to discuss the measures required for the developing of trade and economic and technological cooperation between the two countries. This joint commission is to meet once a year, Tehran and Bonn taking turns.

An opportunity for cooperation partnership in the petroleum field is to be created by an agreement on direct oil deliveries and joint erection of a refinery in the FRG. The Federal Chancellor has informed the Iranian Premier that Veba-Chemie AG is willing to enter into negotiations with the National Iranian Oil Company (NIOC) about a concrete German-Iranian oil project. The possibility of Veba-Chemie acquiring an interest in an Iranian oilfield is also to be discussed.

Marketing and Distribution System for Raw Materials: On behalf of the Federal Ministry of Economics and Finance the HWWA Institute for International Economics, Hamburg, recently carried out an investigation into marketing and distribution systems for raw materials. This study was aimed at a general examination of the recent demand of the less developed countries (LDCs) for tighter or modified marketing and distribution systems for raw materials and their view that centralisation of supply offers a means of increasing their export proceeds.

The investigation was confined to the four commodities raw cocoa, cotton, rubber and tin because they can be regarded as representative and reflect most accurately the raw material economy with its multifarious forms and great divergencies. The first part of the study specifies the new aims of the LDCs in practical terms and defines the object of the investigation against the background of difficulties of substance and time in procuring information. The second part contains an analysis of the position of the four commodities to be examined and a description of what they have in common and what are the differences between them. In the third part the opportunities for rationalisation at home and in sea transport are discussed for each commodity. The question of the dissolution of power positions on the consumer side is analysed subsequently. Much space is devoted to questions relating to national and international marketing boards and the distribution of any gains from rationalisation. In conclusion, on the basis of the results of the investigation, recommendations are put forward separately for each commodity on how to improve the marketing and distribution systems.

Operation Misereor: About DM 740 mn have been raised to date by German Catholics in "Misereor" lenten campaigns and used on nearly 10,000 projects in 108 LDCs. The episcopal scheme is the largest private gift-collecting organisation in Europe. "Operation Misereor" yielded DM 58.2 mn in 1971 — 7 p.c. more than in the preced-

ing year. In addition to donations the Catholic development aid received DM 10.9 mn from tithes and DM 36 mn from Federal resources. Nevertheless only one quarter of the project applications from LDCs could be approved. Even so 1,337 projects involving a total of DM 127.3 mn were promoted in the course of last year.

Liaison Office for Import Promotion: The Liaison Office for the promotion of imports from LDCs set up by the Federation of the German Wholesale and Foreign Trade (Bundesverband des Deutschen Groß- und Außenhandels — BGA) has been nominated by the Federal Government as the German partner of UNIDO. In collaboration with UNIDO the BGA intends to publicise special UNIDO promotion programmes for an initial market survey to indicate the chances for selling certain products. The BGA believes that German import firms should be interested in cooperating because those willing to participate in the project will have an opportunity to travel to the country concerned at UNIDO expense when occasion arises.

Bilateral Capital Aid by the FRG: Bilateral capital aid continues to be the largest single item of German public development aid. The payments in 1971 amounted to DM 1,109 mn gross, compared with DM 1,057 mn in 1970. A further rise may be anticipated because larger commitments were authorised in the last few fiscal years. The average terms of the loans have also been improved: Their average length in 1971 was 29.56 years, with 8 grace years, and the rate

Bilateral Long-Term Capital Aid by the FRG

in DM mn (a) and percent (p.c.)

Continents	Government Commitments			Loan Agreements Concluded (state on 31. 12. 71)	Disbursements gross (state on 31. 12. 71)	Repayments (state on 31. 12. 71)	
	in 1970	in 1971	since 1960/61, (state on 31. 12. 1971)				
Africa	(a)	304.119	424.200	3,353.208	2,402.921	1,951.074	168.697
	(p.c.)	22.0	27.7	19.8	17.2	16.1	11.9
Asia	(a)	754.500	742.781	9,650.616	8,178.997	7,327.977	894.818
	(p.c.)	54.6	48.4	57.1	58.6	60.6	63.2
Latin America	(a)	138.700	203.200	1,563.434	1,155.354	834.553	86.297
	(p.c.)	10.0	13.3	9.3	8.3	6.9	6.1
Europe	(a)	185.000	163.000	2,341.050	2,212.885	1,983.293	266.644
	(p.c.)	13.4	10.6	13.8	15.9	16.4	18.8
Total	(a)	1,382.319	1,533.181	16,908.208	13,950.157	12,096.987	1,416.456

Source: Federal Ministry of Economics and Finance.

of interest 2.69 p.c. This compares with 27.5 years, 8.5 grace years, and 2.86 p.c. interest in 1970. The liberalisation of aid also made progress in that 75 p.c. of the capital aid was not "tied".

Cooperation with East Asia:

In 1971 the FRG exported goods valued at DM 5.4 bn to East Asian countries and imported from them goods worth DM 5.6 bn. That is less than 5 p.c. of all imports into the FRG and less than 4 p.c. of all exports. These figures include exports to and imports from Japan (imports DM 2.5 bn and exports DM 1.8 bn in 1971) which account for 39 p.c. of the FRG's total trade with East Asia. Indonesia ranks only fifth, Taiwan sixth, and the Philippines, Malaysia and Thailand even lower.

Questions relating to trade and increased German capital exports to East Asia (where DM 22.3 bn has by now been invested) were the subject of a meeting of the German East Asia Association and the German Foundation for Developing

Countries in Hamburg on March 8-10, 1972. German businessmen and experts, including members of the Hamburg Institute for International Economics, had an opportunity to gain experience and hold discussions about an increase in German capital investment and an extension of trade with specialists from nine East Asian countries. It was agreed by all that the Asian countries as well as the FRG should take further measures to promote trade and the movement of capital.

Tanah-Datar Project in Western Sumatra:

The Tanah-Datar project in western Sumatra is held to be a successful example of selective deployment of development aid resources. Restoration of a 600-metre dam has made possible the irrigation of 180 hectares of rice lands. Half an acre of land in Tanah-Datar is sufficient to supply a family with enough rice for its needs so that with relatively small means 360 families have been assured of the means of subsistence.

The cost of the project is being met out of so-called counterpart funds, which are obtained by selling items for agriculture supplied by the Federal Republic but not needed immediately for the project itself. Mineral fertilizers, pesticides, implements and vehicles have been handed over to the peasants for payment after the harvest. The Indonesian Government remits the agreed counterpart amount to a special account standing in the name of the Federal Republic from which more agricultural projects will be financed as mutually agreed.

Deep-Sea Port on the Ivory Coast:

One of the most remarkable development projects in Africa is in progress at present in the western part of the Ivory Coast. The first section, the construction of the deep-sea port of San Pedro, was completed in February. French and Italian as well as German firms took part in building the harbour. The Federal Republic of Germany contributed a capital aid loan of DM 34.1 mn to the total costs of about DM 185 mn.

In the course of subsequent sections of the project about 20,000 resettlers are to be moved into the port catchment area which is now very sparsely populated. The timber industry is to be extended, coffee plantations are to be laid down and livestock to be kept. In addition, efforts will be made to stimulate tourism. The development programme covers an area of the size of Switzerland.

Compiled by the Department on Development Policies of the Hamburg Institute of International Economics.