

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

Promotion of direct investment in foreign countries

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1969) : Promotion of direct investment in foreign countries, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 04, Iss. 5, pp. 164-165,
<https://doi.org/10.1007/BF02930121>

This Version is available at:

<https://hdl.handle.net/10419/138191>

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GERMAN PRISM

Berlin as an Example for Development Planning

16 leading municipal officers from 13 African and Asian states as well as from Australia arrived on April 16 for two and a half weeks in the Federal Republic of Germany, in order to study the German development planning through some project examples. The programme was organised by the Public Administration's central department of the German Foundation for Development Aid.

After a ten-day visit in Berlin, during which a total-school project, the city restoration, the head-office of traffic regulation and the air-port expansion were studied, the group travelled for eight days to Bavaria and visited there a project for industrial settlement as well as some building schemes. In Munich, information about the planning of the Olympic Games stood in the focus of attention. The visit was part of a seminary about comparing administration, arranged by the International Local Authority, The Hague.

Differentiated Development of Export Prices

For the development of the balance of trade and the balance of payments the changes in the costs of living are less relevant than above all the formation of export prices. The export prices of the Federal Republic of Germany have increased slightly by 3 p.c. between 1961 and 1966. During the year of the recession and also until the middle of 1968, the German corporations tried to deviate stronger towards the export markets, due to the insufficient domestic demand, through admissions in the export prices (1967: -1 p.c.; Jan.-Sept. 1968: -2 p.c.), in order to secure a somewhat satisfactory occupation of their capacities.

The German export successes are naturally in no way only due to the price reductions; they are rather to be retraced generally to more intensive selling efforts of the firms on the world markets and more favourable sales situations in important partner countries. The export efforts were seconded additionally through changes in the price relations to other countries; since while the German export prices declined during 1967/68, strong

increases in the export prices were registered specially in the USA, Canada and Switzerland.

The export prices of these countries lie today by 3 to 8 p.c. over the standing registered in 1966 and by 10 to 28 p.c. over the level of 1961.

Until 1967, France, too, had registered very high export price increases. The intensified subsidising of exports then led to a certain calming down. The export prices of Great Britain went up by 16 p.c. from 1961 until autumn 1967. Then a decrease by 11 p.c. of the export prices followed, due to the 14.3 p.c. devaluation of the pound — calculated in dollars. This trend has in the meantime been again substituted by a considerable price increase. Besides the Federal Republic of Germany, whose export prices show today about the same standing as in 1961 (the year of the DM-revaluation), other important foreign trade countries also displayed remarkably stable or even decreasing export prices. This applies specially to Italy and Japan.

Compared with these countries, the German export economy suffered competitive disadvantages through the foreign trade tax measures of November, 1968. The export index increased on the whole by 3 p.c. from November, 1968, to February, 1969. Also when increasing costs are taken into consideration, it can be followed that corporations have passed on the 4 p.c. export tax by at least one half to the customers.

Promotion of Direct Investment in Foreign Countries

The Federal Ministry of Finance has developed an immediate programme to promote direct investment of German corporations in foreign countries. In the present phase, characterised by efforts to stabilise business activity, the promotion of these investments is given special relevance as a means to reduce the pressure on the balance of payments. But the securing of a long-term and stable volume of exports by the German economy speaks also in favour of direct investment.

The programme contains among others the following immediate credit policy measures: An instant capital increase for the German Development Corporation (DEG) by DM 40 to 50 mn; foun-

dation of a German Investment Promotion Corporation (DIG), in which the Federal Government will have a share of 25 p.c. and will immediately make available government funds in the order of DM 50 mn. Because of the overwhelming participation of private industry, the public share represents only a help towards self-aid, so that the promotion measures are vastly free from political influence; improvement of the guarantee conditions for investment in developing countries and of the information service about the investment conditions abroad.

Fiscal policy measures to promote direct investment will be introduced immediately and at long sight. These are among others:

- ☐ Consideration of losses suffered by foreign subsidiaries, e.g. through the creation of a corresponding reserve fund in the parent company.
- ☐ Patronage of the purchase of foreign participations through material assets.
- ☐ Transfer of latent reserves over to foreign participations.
- ☐ Strengthening of the German negotiation activity in anti-double tax treaties.

Foreign Nations as the most Important Labour Force Reserve

The continuously strong increase in business activity, which found its display in the figures of production and orders of the last months, had a more pronounced effect in the

labour market. Two indicators reveal the development with special clearness: the rapidly increasing number of foreign labour and the—except for July, 1965—up to now highest supply of vacancies accompanied by a much lower number of unemployed persons.

Despite the unfavourable weather in March, for each unemployed there were three open places. The number of unemployed was, nevertheless, by about a fifth higher than in 1965; this was a consequence of the regional and quality discrepancies between supply and demand on the labour market. Older, less efficient wage earners were employed only hesitantly, and the low mobility of the unemployed made relatively high unemployment ratios in mainly rural regions continue to exist besides extremely low ones in municipal industrial centres. The number of guest workers that had increased to 1,233,000 until the end of March had again reached the level of spring 1966. As expected, foreign countries have herewith proved to be the most important labour force reserve of the German economy. In view of unemployment and of the outlook to find at the most a relatively low-paid working place in the own country, the readiness to work in the Federal Republic is continuously high. Since the more than 82,000 vacancies now registered for for-

eigners should be occupied in the near future, the number of guest workers will reach a new high during 1969.

On the annual average for 1969 over 200,000 more foreign labour should find an occupation as compared with the preceding year. To this we have to add a decrease in the number of unemployed by around 70,000 and a certain access from the group of pensioners, housewives, etc. Taken as a whole, the number of dependently employed will be higher by about 1½ p.c. in 1969 than one year ago.

Daimler-Benz Holds its Good Position In Yugoslavia

At the car-show in Belgrade from April 19 to 27, 1969, the Daimler-Benz AG showed a wide cross-section of its production programme. The turnover of Daimler-Benz in Yugoslavia that increased, according to the enterprise, from DM 4.07 mn in 1965 to DM 26.71 mn in 1968, reflects its good position in this market. Yugoslavia has advanced in the export statistics of the Daimler-Benz AG since 1965 from place 50 to place 17. In this period 4,800 cars, 736 trucks, 303 busses, 51 Unimog and diesel motors for installation were exported. Since 1966 an own travel-bus is mounted in Ljubljana by the firm Automontaza upon a Mercedes-Benz chassis.

Modern repair-garages with centralised spare part stocks are to be found in Ljubljana and Belgrade. In addition to this, 34 contract-workshops build a service-net that expands over the whole of Yugoslavia.

Africa- Terminal in the Port of Hamburg

The oldest quay-sheds in the Port of Hamburg—the sheds 30 to 32 on the "Kirchenpauer"-quay—have been torn down to make place for new turn-over facilities for the mixed-cargo-traffic from and to Africa. The installation which shall be completed by 1970 will be named "Africa-Terminal". At the new quay, with a length of 260 m, it will be possible to handle two vessels with a draught of up to 20 m. The German-Africa Line (Deutsche Afrika Linie GmbH) is building a shed covering 19,000 square meters for mixed cargo behind the quay. A rampless quay with a breadth of 42 m is planned for the turnover between the shed and the quay-wall. The port railroad will equip a new outer-station to make waggon delivery possible. Should it be necessary, the new quay-wall which will cost about DM 10.9 mn can be prolonged by 215 m for one more ship-berth. Hereby the possibility of handling containers at this place is given. In a third building phase the quay-wall will be later lengthened by 255 m and a further shed with a ground surface of 15,000 square meters will be erected.