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COMMENTS

East-West Trade

Politics and Business

The political attitude towards the East, the so-called "Ostpolitik", takes precedence at present over all other political issues in the Federal Republic of Germany. While no binding agreements have so far been forthcoming, one has already come to arrangements in the field of economics. A long-term agreement has been signed provisionally between the Federal Republic and Czecho-Slovakia covering the exchange of goods as well as economic and scientifically technical co-operation. Negotiations with Poland about a similar agreement were concluded successfully. Both agreements entail the gradual elimination of still existing German trade obstacles. It remains nevertheless rather doubtful whether, as a result of further trade liberalisation, German imports will grow markedly, because of exports from Eastern Europe having in the past benefited only to a small extent from measures of this nature. For this reason, both sides look upon economic and technical co-operation as the appropriate instrument for larger trade. Even from this aspect, however, the possibilities should not be overrated in view of the still very apparent difficulties in the way of co-operation between individual companies in the West and firms in the countries with state monopoly trading.

The economic significance of these arrangements will have to be judged on the political background. The confidence shown by Eastern Europe in the present "Ostpolitik" of the Federal Republic of Germany has, after all, substantially helped the conclusion of the agreements. The economic agreements between the Federal Republic of Germany and Czecho-Slovakia and Poland, and in future also with other East European countries, will contribute towards expediting the process of approachment between the two sides. ma.

FAO World Food Congress

Recognition of Problems

It was not the merit of the eagerness to protest shown by youthful participants that, contrary to so many other similar meetings, there was a conspicuous absence of boring speeches at the FAO Conference at The Hague. It was also because of the high-explosiveness of some of the subjects. During the discussion about family planning, for instance, there were hotly disputed differences of opinion right through the represented industrial

and developing countries. Thickly populated countries like India and Pakistan were the most fervent defenders of birth control. They found supporters among most delegates from industrial countries. The thinly populated African countries, and Brazil, on the other side, rejected all measures of this kind for economic reasons or because of their looking upon them as some sort of neo-colonialism. The Catholic Church, too, stood behind the opponents of family planning, but it appeared as though it was already on the retreat.

There were also hard discussions about the demand of many developing countries to bring the aid more intensively to the benefit of the poor. Speakers from industrial countries thereagainst emphasised the necessity of better facilities for the import of agricultural products from less developed countries even at the expense of curtailing the production in their own country. The next few years will have to prove whether this was a desirable recognition or merely an alibi for calming down the critics.

There was, however, all round concord about the question of employment and training policy. Both problems shall in future have higher priority. Twenty p.c. of development aid are to be devoted for training purposes alone, and Vice-President Mansholt of the EEC Commission demanded the setting up of a world organisation with supra-national powers for dealing with the problem of unemployment. It would seem, though, that this will not be the solution. But at least one has recognised these, and many other, problems and attempted to come to grips with them. And this is the really positive result of the FAO World Food Congress. fa.

Africa

The Japanese on the March

Japan continues to march onward, also on the Black Continent. It was only a few years ago that Japanese industrialists began to become interested in Africa but they have, all the same, already succeeded in gaining important ground. Initially the Japanese economic advance extended only to the English speaking countries in Africa. More recently, however, Japanese firms have set foot increasingly also in African countries where French is spoken.

The main reason behind the Japanese activities is the lack of raw materials in their own country. It forces large companies in Japan to turn not only to South-East Asia for the supply with com-

modities, but also to countries further away. Today, for instance, Japan imports iron from Algeria, Mauretania, Angola, Lesoto and the Union of South Africa, as well as phosphate from Morocco, Togo and the Cameroons. With the securing of raw material resources in mind, negotiations with several other African countries are held about the obtaining of mining and oil concessions. One Japanese company for example intends to participate in the exploitation of copper reserves in Morocco, others negotiate with the United Arab Republic, Libya and Nigeria about oil concessions.

Along the lines of these activities there are endeavours to broaden trade relations with the former French and Belgian colonies in Africa. The most spectacular success has been the agreement on the supply of a complete and ready-to-work oil refinery to Algeria. The sending of a powerful economic delegation last February shows the Japanese determination to penetrate the Black Continent economically still further. Although Japan's trade with Africa is even now only in the beginnings, it seems none the less that in Africa, too, the Japanese are likely to become a serious competitor for the European industry. la.

Development Policy

A Remarkable Move

The former American Minister of Defence and present President of the World Bank, Robert S. McNamara, was the "star performer" at a meeting of development aid experts held in Heidelberg in June this year. At this informal meeting the "new development policy" of Herr Eppler, the present Federal German Minister for Economic Co-operation, stood in the centre of the discussions. His intention is to make headway in future with world-wide rationalisation of development aid as well as international harmonisation between the various projects and the institutes financing them. He believes that at the same time the interests of the developing countries are to be brought to the fore much more than hitherto during the investigations of single projects.

Eppler's suggestions are quite remarkable. Free from any prejudice they go to the root of the shortcomings in the present structure of development aid. He made no bones about the reasons for these defects. It was because of this outspokenness that the development aid experts assembled at Heidelberg fully agreed with him and promised further support. This being so, it must nevertheless not be overlooked that Eppler was in a better position than his opposites in other industrial countries. The German trade balance does not necessarily rely on exports to less de-

veloped countries. Also, when it comes to international tenders the competitiveness of German industry easily allows for attractive orders to be placed in Germany without bilateral capital ties. Others are not in the position to take from the full but must in all aspects of development aid draw their economic growth, the balance of payments trend and the state of employment in their own country into the considerations. It will therefore take some time until also the politicians in the industrial countries will fall into line with Eppler's suggestions. mk.

Tariff Preferences

Somewhat off Course

When the delegates from industrial and developing countries packed their bags at the end of the Second World Trade Conference in New Delhi in 1968, both sides had every reason to hope that by 1970 a world-wide preferential system for the developing countries could be introduced. Meanwhile, however, existing difficulties have not been removed. To the contrary, they have become even greater. In the first place, the EEC has met severe criticism because this community chose not waiting any longer for an agreement but became increasingly active in the Mediterranean area. There is every likelihood of Spain, Israel, Morocco, and Tunisia shortly becoming closely linked with the Common Market, unless the objections voiced by GATT yet have a hindering effect.

The criticism stems foremostly from the opinion that allegedly the EEC regulations are not compatible with Article 24 of the GATT Treaty and that agreements of this nature would tend to turn the threatening formation of regional preferential blocs into reality. The Americans in particular point at the danger of such blocs for the free world trade. The main reason for their opposition seems to be that, after a possible inclusion of Great Britain and the Commonwealth in preferential agreements, the EEC might become much stronger than the threatened, though hardly realisable, American bloc.

A renewed formation of zones or blocs in world trade was surely not the aim of the initiators of preferential agreements. What they endeavoured to achieve was an effectful trade aid for the less developed countries within the principles set up by GATT. Meanwhile, however, one has obviously been steering off course not merely in the EEC but also in Japan and the USA. Some extreme optimists still believe that the introduction of a world-wide preferential system will merely be delayed until 1971. But this appears to be wishful thinking. ke.