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## Development spectrum

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# DEVELOPMENT SPECTRUM

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**Korea:** Korea will receive DM 70 mn in capital aid from the Federal Republic of Germany in the economic year of 1970/71. Of the German aid credits, it was announced in Seoul, DM 18 mn are intended for extension of the electricity network, DM 17 mn for the furtherance of agriculture, and DM 11 mn for the erection of a diesel engine plant. The remaining DM 24 mn are being spent in support of industrial enterprises and the shipbuilding industry. The aid is given to Korea at an interest rate of 3 p.c., with repayments to start after 7 years and to be completed in 20 years. Besides, Seoul has been promised technical assistance to the value of DM 10 mn. — The total aid hitherto received by Korea amounts to about DM 760 mn net. Private assistance accounts for the bulk, about DM 575 mn. German direct investment however was no more than DM 8.9 mn.

**Indonesia:** The Indonesian Government recently drew up a balance-sheet of the technical aid it has received. The total from 1967 to 1970 amounted to about \$ 91.5 mn; the figure for 1970 alone was about \$ 30 mn. About 300 projects or project investigations have been financed with this money, and 5,700 trainees have been given instruction. These figures reflect the growing confidence which western industrial nations and international organisations place in the Indonesian economy.

This is certainly so with regard to the Federal Republic of Germany which, with 14 projects, ranks fourth among aid donors, behind the USA, the Netherlands and Japan. German technical aid between 1950 and 1969 totalled DM 69.1 mn. Capital aid amounted to DM 454.1 mn. German private investment in Indonesia which had reached DM 8.1 mn only by 1969 doubled

to DM 16.2 mn by the end of 1970. Imports from Indonesia however declined by 16.1 p.c., from DM 434.9 mn, to DM 364.9 mn, while exports rose from DM 263.2 mn to DM 337 mn.

**German Participation in Consulting Groups:** The Inter-governmental group on Indonesia which links Indonesia's creditor countries including the Federal Republic of Germany met in Amsterdam on April 19/20, 1971. After the meeting the Federal Ministry of Economic Affairs affirmed that private domestic and foreign investments in Indonesia are to be encouraged in future with German help. The Federal Minister for Economic Co-operation, Dr Eppler, had promised DM 135 mn of financial aid. This brings the German capital aid to Indonesia since 1963 to a total of DM 700 mn.

The Federal Republic was also represented in the consulting groups for the Philippines and Ceylon which met under World Bank auspices in Paris at the end of April. According to the decisions taken there, the Federal Republic will participate in financing an operations plan for a technical support project in the Philippines. Similarly the Federal Government will under decisions of the Ceylon group help to finance the development plans in Ceylon.

**German Investments in Morocco:** The German-Moroccan Economic Committee, at its second meeting in Rabat in the middle of April, discussed 28 concrete investment projects. The Committee on which the two countries are represented on an equal footing consists of German industrialists, members of the German Development Association and of representatives of the Moroccan Government and Moroccan private industry. The idea is to get

private and public agencies to co-operate in the form of joint ventures in the realisation of these projects. German industrial participation is necessary because German direct investments in Morocco amounted to no more than DM 20 mn in 1970.

The new and relatively comprehensive investment programme that is now under consideration aims at setting up a leather-processing enterprise, a sugar refinery, a hotel and 11 other industrial plants in the fields of electrical engineering, small engine-production, the manufacture of paints and varnishes, and textiles. In addition, there are 14 other projects concerning agriculture. These enterprises, some of which are to start operating this year, will each give employment to anything between 20 and 400 workers.

**Co-operation between FRG and Cameroon:** The Parliamentary Secretary of State in the Federal Ministry for Economic Co-operation, Frau Brigitte Freyh, regards the new Waza — Maltam road in Cameroon which was constructed with German capital aid as an indication of the good co-operation that exists between the West-African state of Cameroon and the Federal Republic. The new road is an important section in the link between the North and the South of the country. At the same time it gives the Chad access to Cameroon's South-Eastern ports. The opening ceremony gave Frau Freyh an opportunity to meet the State Presidents of Cameroon, Ahidjo, of Niger, Diori and of Chad, Tombalbaye.

The FRG has so far promised Cameroon capital aid amounting to DM 65 mn. About two thirds of the German projects aim at improving the country's infra-

### Commitments and Disbursements of Foreign Credits of the Reconstruction Loan Corporation in Developing Countries 1970

(in DM mn)

Type of Credits	Continent <sup>1</sup>			Total
	Asia	Africa	America	
Capital Aid Credits				
Commitments	658.0	296.4	83.6	1,228.0
Disbursements	561.5	217.8	137.3 <sup>2</sup>	1,040.2
of which earmarked				
Commitments	487.5	241.7	44.5	863.7
Disbursements	301.6	193.8	95.5	614.2
Export Credits				
Commitments	533.3	340.1	80.7	1,001.0
Disbursements	77.5	39.7	144.0	364.2
of which credits to foreign orderers				
Commitments	441.8	322.5	78.5	889.7
Disbursements	14.5	32.1	124.4	287.7
Financial Credits, not earmarked				
Commitments	20.0	13.3	—	193.3
Disbursements	89.8	35.6	30.0	155.4
Credits to Foreign Subsidiaries				
Commitments	8.1	6.8	5.7	28.8
Disbursements	3.4	4.2	4.8	20.5
Total				
Commitments	1,219.4	656.6	170.0	2,451.1
Disbursements	732.2	297.3	316.1	1,600.3

Remarks: <sup>1</sup> Without Europe. <sup>2</sup> Commitments of the year 1969 will be carried through in 1970.

Source: Kreditanstalt für Wiederaufbau, 22. Jahresbericht, Geschäftsjahr 1970 (Reconstruction Loan Corporation, 22. yearly report, business year 1970), p. 83.

structure. Investments by private industry total about DM 4 mn. All in all German Government and public and private contributions rendered to Cameroon are estimated to have a net value of DM 1,000 mn.

**Credits for Latin America:** In the past few weeks a number of Latin-American countries obtained German credits to enable them to realise various development projects and programmes. As a result of a capital aid agreement between the FRG and Columbia, the Banco de la República, Bogota, will be given credit facilities of up to DM 12 mn for a fund for private investments, and the Reconstruction Loan Corporation (Kreditanstalt für Wiederaufbau — KfW) will grant to the Institute for Industrial Development a credit of DM 10 mn. Both these credits are to be used to promote Columbia's small and medium-sized private business enterprises. Credit facilities granted to Ecuador by the Reconstruction Loan Corporation as long

ago as 1966 have been increased by a further DM 13 mn to DM 30 mn.

Brazil is receiving from German, Scandinavian and British banks credits totalling \$ 40 mn. An additional DM 30 mn will be advanced by the Thyssen-Stahlverein and the Ferro-Steel Group. Bolivia, too, is to get capital and technical assistance for the construction of a metal processing plant, whose first phase was recently completed by Klöckner. This project which when completed will have a capacity of 20 mn tons is to enable the Bolivian iron and steel industry to process the country's ore deposits which hitherto have had to be exported.

**Aid Programme for Kenya:** On the occasion of a visit to Bonn by Kenya's Minister of Finance and Economic Planning, Mr Mwai Kibaki, it was announced that the Federal Government was prepared, after due examination of the individual projects,

to grant Kenya within the scope of bilateral capital aid additional financial aid to the tune of DM 12 mn. The projects for which Kenya is requiring this assistance concern the extension of the country's water supply and sewage systems; the settlement of new industries and the irrigation of rice fields. During his visit Mr Kibaki also negotiated with the Federal Minister for Economic Co-operation, Herr Eppler, about German participation in the extension of Mombasa airport which is to play an important role in the opening up of Kenya to tourists. Total capital aid so far promised by the BRD to Kenya amounts to DM 105.7 mn.

**KfW — Progress Report:** As in the preceding financial year, new credits promised by the Reconstruction Loan Corporation (Kreditanstalt für Wiederaufbau — KfW) during 1970 again totalled DM 3,600 mn. Making credits available in accordance with the general economic policy of the Federal Government is by no means KfW's sole task. Another very important one is the handling of all banking transactions that arise from "development aid".

Although the volume of new business has remained unchanged, there has been a shift in its composition. More than three quarters of the total (DM 2,803 mn against DM 2,050 mn in 1969) consist of various forms of foreign credits. Capital aid promised in accordance with the Federal Government's development aid policy accounted for DM 1,228 mn which is roughly what it was the year before (1,225 mn). Export credits, on the other hand, increased sharply to DM 1,152 (575) mn; so did advances not tied to any specific purposes—from DM 235 mn to DM 393 mn.

*Compiled from Government information data.*