

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

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1971) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 06,
Iss. 9, pp. 268-269,
<http://dx.doi.org/10.1007/BF02929115>

This Version is available at:

<http://hdl.handle.net/10419/138522>

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DEVELOPMENT SPECTRUM

Crude Oil Production in Ecuador: Ecuador's Minister of Mineral Resources, Lic. Alfonso Arroyo, has recently completed a tour of information through Europe, during which he had also talks on economic matters in Bonn. He met there representatives of the Federal Ministries of Economics and Finance, and of Food, Agriculture and Forestry. Among the subjects of the talks were, besides general problems of economic development, the planned increase of oil production in Ecuador. Minister Arroyo emphasised the great interest in Ecuador in German participation in exploring for oil deposits and in building a refinery. The representatives of the German Federal Government promised that they would examine, with a view to a favourable decision, the basic study made by a German oil expert which, as was underlined, has also attracted the vivid interest of German private enterprise.

FRG and EAF: Kenya, Tanzania and Uganda have formed the East African Federation by a joint decision on December 1, 1967. Since that time, the volume of trade within the Federation and with third-party countries and especially the extent of industrial cooperation across national frontiers has steadily grown. This has led to an agreement of association of the EAF with the EEC, which was signed at Arnsha on September 24, 1969, and came into power from January 1, 1971, but whose first effects could already be noticed during 1970.

The Federal Republic of Germany's balance of trade surplus with the three East African countries has swiftly expanded after 1967: thus, after having been DM 20.2 mn in 1969, it reached DM 38.9 mn in 1970. West German imports from the

EAF rose in 1970 by 6.1 p.c. or DM 10 mn to DM 173.7 mn, whilst German exports climbed much faster, by 15.7 p.c., from DM 183.8 mn in 1969 to DM 212.6 mn in 1970.

Within the export total of the whole FEA, Kenya and Uganda were able to increase their incomes from export especially through higher shipments of coffee and cotton to the Federal Republic, whilst Tanzania suffered a decline of its exports, due to bad cotton and sisal harvests.

DAC Development Aid in 1970: Development aid by DAC states rose by 7.5 p.c. in 1970 to about US \$ 15.6 bn. Calculated at 1969 prices, the increase was approximately 4.0 p.c. Public net aid increased only fractionally from US \$ 6.6 to 6.8 bn, but private aid jumped from US \$ 6.5 to 7.6 bn. Government-financed bilateral and multilateral aid went up from \$ 0.7 to 1.1 bn. Total aid by communist states has not yet been reported for 1970, but for 1969, it was estimated at altogether \$ 230 mn.

West German development aid went down by about \$ 500 mn to a total of \$ 1.5 bn. Relative to the German GNP, this was 0.8 p.c., against 1.33 p.c. in 1969. This has brought down the Federal Republic from second place in the list of most important donors to fourth. The two Governments appointed to examine development aid accounts, those of Australia and Belgium, have therefore criticised Germany, especially because they fear lest the Federal Republic, in view of its budgetary difficulties, might not be able, in future years, to reach the recommended rate of 1 p.c. of GNP, especially not that of 0.7 p.c. of GNP for public aid. On the other hand, the two Governments

praised the improvement of the quality of German aid, and furthermore, they believe that the new concept of the Federal Government for development aid during the Second Development Decade might lead to more effective use being made of its assistance.

German-Arab Chamber of Commerce: After its annual general meeting, the German-Arab Chamber of Commerce in the UAR elected a new Board of Managers on April 24, 1971. Rudi Stärker, the representative of Hochtief AG, was reelected President of the Chamber. The new Vice-Presidents are Mustafa Kamel Mourad of the Eastern Cotton Company and Dr Erich A. Goll of Farbenfabriken Bayer AG, whilst Dr Hans-Peter Radatz was elected Treasurer.

The Chamber published its Annual Report for the occasion of its annual meeting. It contains interesting facts about the development of trade relations between Germany and Egypt in 1970. West German imports into the UAR reached a new all-time high of DM 450 mn, which makes the Federal Republic second in rank on the list of Egypt's suppliers, first place being held by the Soviet Union. The UAR's exports to West Germany in 1970 came to a total of DM 207 mn, a sizeable DM 158 mn more than in 1969, and for the first time, crude oil became the single most important export item instead of cotton.

German Private Investments in Brazil: Chemische Werke Hüls AG (CWH) and Farbenfabriken Bayer AG intend to join up with União de Industrias Petroquímicas SA (Unipar) for cooperating to develop the production of pvc. This agreement will not only supply the entire Brazilian market with this plastic material,

Development Aid by DAC States 1969 and 1970

(in US\$ million, and in p.c. of GNP)

Country	Public and Private Aid		in p.c. of GNP	
	1970	1969	1970	1969
United States	5.971	4.716	0.61	0.51
Japan	1.824	1.263	0.93	0.76
France	1.807	1.710	1.24	1.22
Federal Republic	1.487	2.046	0.80	1.33
UK	1.281	1.146	1.06	1.04
Italy	729	848	0.79	1.03
Canada	626	364	0.77	0.50
Netherlands	445	369	1.42	1.31
Australia	384	232	1.12	0.74
Belgium	308	257	1.23	1.12
Sweden	229	206	0.73	0.73
Switzerland	135	119	0.66	0.64
Denmark	97	151	0.62	1.08
Austria	96	81	0.67	0.65
Norway	67	75	0.59	0.77
Portugal	65	98	1.02	1.75
All DAC States	15.551	13.681	0.78	0.75

Source: DAC.

independently of all imports, but also enable the country to export pvc.

To do so, a new company known as Brasivil-Resinas Vinilicas Ltda., will be formed, in which CWH will hold 33 $\frac{1}{3}$ p.c., Bayer 16 $\frac{2}{3}$ p.c. of the equity, whilst Unipar will retain the remaining half. The pvc plant of Brasivil is to be set up at Ribeirão Pereis for an annual production of about 40,000 tons. Production is to start up later in 1971. The contracting partners have also agreed to start, later this year, construction of a second production unit in Piasaquerua near Cubatão. Total investments required for the two projects are estimated at about US \$ 30 mn.

How important German direct investments in Brazil are, not only for substituting previous imports but also for increasing Brazil's own exports, is shown by the fact that a subsidiary of Karl Schmidt GmbH has started exporting combustion engine pistons to the Federal Republic of Germany. KS Pistões Ltda. which started making pistons for the local automotive industry in August, 1970, was able to

export, in late July, 1971, half a month's output to West Germany.

Personal Details: Philip Rosenthal, State Secretary, and Dr Hanemann, Ministerial Counsellor, had talks about financing the expansion programmes of three Brazilian steelworks with Brazil's Minister of Trade and Industry, Pratiní de Morães.

Jürgen Kühn, Ministerial Counsellor in the Federal Ministry of Economics and Finance, was elected unanimously, and with the distinct support of the Soviet and Rumanian delegations, to be chairman of the Sessional Committee of the UNCTAD Conference for finished products of manufacturing industries.

Trade between West Germany and India: The results of trade between the Federal Republic and India have improved: Indian exports to West Germany, in 1970, have grown to DM 260 mn, 14 p.c. more than in 1969. At the same time, German shipments to India rose by 15 p.c. to DM 571 mn. It is remarkable how the composition of Indian exports has changed: the share of

technically sophisticated products in total exports to the Federal Republic climbed by as much as 260 p.c. In order to maintain this rate of growth, G. Grassmann, Chairman of the German-Indian Chamber of Commerce, suggested that German companies should continue to assist Indian exporters in finding potential buyers in Germany. One of the most suitable instruments for this are German/Indian joint ventures, which—contrary to some reports in the press—are well liked in India, as was shown, especially, by the replies to a sample poll organised by the German-Indian Chamber of Commerce.

For Cooperative Development Aid: The Federal Republic of Germany is in favour of cooperation with other industrialised nations in the field of development policy. In this, Germany does not make an exception in the case of East European states, and it has already signed agreements on such cooperation with the Czechoslovak Socialist Republic, with Yugoslavia, Poland, Rumania and Hungary. On the other hand, the Soviet Union has not so far shown any interest in such arrangements.

The Federal Government also thinks it possible to work in association with the German Democratic Republic, though this country has so far geared most of its development aid activities to its foreign policy. However, quite recently, even there the trend seems to prevail of steering aid more towards meeting the requirements of the Third World. But cooperation between GDR and FRG will only be possible on condition that East Berlin ceases to obstruct an acceptable arrangement within Germany itself.

Compiled from Government information data.