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DEVELOPMENT SPECTRUM

Cooperation through Private Enterprise: The Federal Government means to give further support to partnerships formed by German private companies with companies resident in developing countries. To this end, it has commissioned a new study designed to analyse all the problems involved, especially about finding suitable partners. It is also intended to support cooperation between special branches. *Deutsche Entwicklungsgesellschaft* DEG (German Development Company) and *Bundesstelle für Außenhandelsinformation* (Federal Information Agency for Foreign Trade) have already been operating successfully in promoting new partnerships, which has persuaded the Federal Government to increase its efforts in this field.

In this context, it is certainly of interest to study the results of a report published about German/Indian partnerships and joint ventures by the Joint Chamber of Commerce of the two countries, which is really striking in its breadth of scope and realism. Contrary to the state of affairs in the past, the majority of such partnerships now involves direct capital participation (71 p.c. of all German companies that sent in replies), whilst agreements on technical cooperation and the issue of licences represent the minority of cases. In 52 p.c. of all new partnerships, the German interest in the equity was between 25 and 50 p.c. Cash investments were more frequent (80 p.c. of all cases) than the provision of capital goods (64 p.c.). Participations in exchange for licences granted represented 10 p.c. only. About 80 p.c. of all the agreements made were to run for 10 and more years, but shorter treaty periods became more numerous in 1970. Of all the companies answering questionnaires, 43 p.c. had Germans among their directors, and by 32 p.c. of them, German experts (engineers, etc.) were employed.

German Trade with Egypt: During the first 9 months of 1971, German trade with Egypt contracted, relatively to the comparable period of 1970. German imports from Egypt were by DM 21.0 mn, or 12.6 p.c., lower than in 1970 and reached only DM 146.1 mn. Exports also dropped by DM 69.8 mn, or 21.8 p.c., to DM 250.0 mn. Also the German surplus of the trade balance with Egypt was 32 p.c. lower at DM 103.9 mn, against previously DM 152.7 mn.

The table below shows trade developments between Germany and Egypt, from 1966 (in DM mn).

The Federal Republic buys from Egypt chiefly crude oil, raw cotton, cotton yarns and vegetables, whilst it sends to Egypt mostly motor vehicles, machines, and electrical goods.

Trade between Germany and Egypt 1966 to 1971
(in DM mn)

Year	Imports	Exports	Trade Balance
1966	122.7	365.3	+242.6
1967	115.1	219.8	+104.7
1968	109.3	266.9	+157.6
1969	158.0	312.2	+154.2
1970	207.1	448.5	+241.4
1970 Jan./Sept.	167.1	319.8	+152.7
1971 Jan./Sept.	146.1	250.0	+103.9

Hermes - Kreditversicherung (Hermes Credit Insurance) which guarantees the safety of export credits, had been able, in 1969 and 1970, to report net profits. But it is likely that its 1971 accounts will show that it just broke even, whilst for 1972 a net loss is expected. The Federal Budget for 1972 estimated this loss (including inland guarantees) at DM 75 mn. However, this appropriation will not be large enough, because claims against the credit insurance entity from the consolidation of Chile's external debts, which are said to total US$ 3.8 bn—of which the Federal Republic has to carry DM 215 mn—alone are higher than that budget estimate. German claims against Pakistan total about DM 250 mn; a conference of the Pakistan Consortium was to deal with these debts at the beginning of February.

German claims which will mature between 1972 and 1974 total DM 360 mn in the case of Peru, and also for this country it is planned to launch a consolidation and postponement of redemption attempt. Unredeemed German claims against Egypt are DM 629 mn. As private creditors, under Hermes credit insurance conditions, must agree to a retention of 15 p.c., part of the sums named above will fall on the shoulders of exporters. The German Federal Government, however, concedes exporters priority in settlement of their claims.

The Asian Development Bank: ADB, the Asian Development Bank, has been granted by the Federal Republic an additional contribution to the extent of DM 2.8 mn for "Consolidated

Numbers and Distributions of Development Helpers sent out by German Development Service (DED)
(State of Mid.-1971)

Professions and Jobs	Number of Helpers	in p.c. of Total	Types of Projects	in p.c. of Total	Regional Distribution	in p.c. of Total
Engineers, technicians	243	25.3	Technical and craft training and apprenticeships; support of small industries	36.0	Africa (14 countries)	40.7
Other industrial and craft vocations	250	26.0	Village and regional development; Social work	24.2	South America (6 countries)	33.4
Medical jobs	187	19.4	Public Health	14.4		
Commerce, trade, administration	81	8.4	Schools, Colleges, Polytechnics, Universities	10.6	Asia (5 countries)	25.9
Farming	73	7.6	Farm Development	9.8		
Social schools	64	6.7				
Teaching	49	5.1	Trade, Commerce, Industry, Administration	5.0		
Miscellaneous jobs	15	1.5				
Total	962	100.0		100.0		100.0

Source: DED Letter, Sept./Oct. 1971, pp. 6/7.

Special Funds". The Bank's President, Takeshi Watanabe, and its Executive Director, Enno Carstensen (the German representative with the Bank), have signed an agreement on October 7, 1971, which fixed German financial contributions at a total of DM 64 mn for setting up "Multi-Purpose Special Funds". These will serve for making loans to developing countries which are members of the Bank. The 1971 contribution of Germany amounted to DM 11.2 mn, and in 1972 it will give DM 14 mn for similar purposes.

Loans from the fund may be drawn for German-manufactured goods and German services, but also for similar help from developing member nations and also from other member countries, provided they have made contributions to Agricultural and Multi-Purpose Special Funds of the ADB.

Peru and Bolivia: *Deutscher Entwicklungsdienst* DED (German Development Service) lends preferential support to projects from which socially and economically underprivileged groups of the general population will benefit. One of the DED's standard programmes therefore is cooperation of development helpers in the organisation and execution of land settlement projects. In South America, most of them are sponsored by the churches or by national governments.

In Peru, such a DED-supported project is situated along the middle reaches of the Huallaga river. There, a road through the jungle was skirted in order to attract settlers who are granted, through state agencies, roughly 38 acres of arable or 76 acres of pasture. Pater Godin took the initiative to get from the national government and the Federal Republic of Germany financial help (the Federal Republic granting technical aid to the extent of DM 80,000) for setting up an agricultural development centre. Six German development helpers work there – their help extends from obtaining seedcorn to processing and marketing crops. Some of their most important work concerns maintenance in the farm machinery centre.

DED also employs about 20 development helpers to take part in a vast land settlement project in Bolivia, near Santa Cruz. It is sponsored by the Bolivian government's Instituto Nacional de Colonización (INC), which has been given the brief to open up areas of land settlement through building roads, surveying the land, to construct administrative buildings, schools and health centres, and to organise the activities of the Altiplano's (highland) Indians. German helpers mainly train the new farmers, give them technical advice, and maintain a health service for them.

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