

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

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1972) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 07, Iss.
4, pp. 105-106,
<https://doi.org/10.1007/BF02929450>

This Version is available at:
<https://hdl.handle.net/10419/138618>

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DEVELOPMENT SPECTRUM

German Development Aid In 1971: The first provisional figures show development aid by the Federal Republic of Germany in 1971 at DM 5.3 bn, of which public aid accounted for DM 3 bn. German development aid, measured by DAC standards, declined from 0.80 p.c. of the GNP in 1970 to 0.71 p.c., and public aid from 0.32 p.c. to 0.31 p.c. In explanation the Federal Minister for Economic Cooperation, Erhard Eppler, pointed out that the stabilisation policy has, i.a., resulted in development aid delays and revisions. The share of multilateral aid was increased in 1971 in accordance with previous decisions. The FRG paid a total of DM 50 mn for the development aid programme of the UN. The FRG is one of the six largest contributors to multilateral development aid among the western industrialised nations; 24 p.c. of German development aid in 1971 served multilateral purposes. It became known at the same time that the share of German non-tied capital aid is also increasing; about 24 p.c. of German capital aid in 1971 was tied to a source of supply, against 57 p.c. as late as 1967.

Overseas Services: The "Dienst in Übersee" (Services in Overseas) Working Group of Evangelical Churches (DÜ) and the "Deutscher Entwicklungsdienst" (German Development Service) are sending skilled personnel to Third World countries as part of their development aid. In 1971 the Working Group engaged 71 specialists on three-year contracts for work in overseas countries.

The principal professions involved are: Physicians and surgeons (67, of whom 9 left for overseas in 1971), nurses and medical-technical assistants (57/10), social occupations (67/7), artisans (64/6), farmers and veterinary surgeons (60/8), gram-

mar and elementary school-teachers and university lecturers (95/21), and technicians, engineers and architects (80/8). The focal points selected for the development aid projects of the Churches ensure that the demand for members of these professions will remain strong.

Scientific Contacts: Since 1950, and more particularly in the last decade of years, more and more contacts have been established between German scientific institutions and partners in developing countries. At least one third of all German scientific institutes are maintaining such contacts, partly on a contractual basis, and 19 such university partnerships have by now been promoted by the Federal Ministry of Economic Cooperation.

An example is the partnership between the Universities of Bonn and Kabul, for which the Federal Ministry has provided about DM 20 mn in ten years. This sum includes the cost of the establishment of a Natural Sciences Faculty by Bonn University and an Economic Sciences Faculty conjointly by the Universities of Bonn, Cologne and Bochum. Five years is the average time allowed for such projects.

Special difficulties have been encountered in the past with the Economic Sciences Project in Kabul because Bonn University entered virgin land when it embarked on this project 10 years ago and did not yet possess sufficient experience. Special problems arose in regard to questions concerning grant scholars and finding suitable students for studies in Germany. An inspection team of the Federal Ministry has been in Kabul meanwhile to review the aims of this partnership from the point of view of development policy. In the German-Afghan technical aid negotiations the

Kabul Government placed the project third on its list of priorities.

Promotion of Tourism: By the end of December, 1971, the Federal Government had committed about DM 325 mn to projects for promoting tourism in developing countries. About DM 286 mn were provided for capital aid and DM 28.2 mn for technical aid; DM 9.6 mn went on training and DM 0.2 mn on special research projects.

The promotion of tourism in the Third World is one of the tasks to which priority is given in German development aid. Stress is laid on the training of skilled personnel for tourist services. A hotel school has been set up at Bizerta in Tunisia where German teachers are training 120 Tunisians in 18 one-month courses for hotel and catering work. Similar courses are arranged in the FRG by the "Carl-Duisberg-Gesellschaft", which acts for the Federal Ministry for Economic Cooperation. Besides, the "Deutsche Stiftung für Entwicklungsländer" (German Foundation for Developing Countries) is holding tutorials for senior personnel concerned with tourism in developing countries.

Argentina and Colombia: An Argentine economic delegation led by the President of the Argentine Central Bank, Dr Carlos Santiago Brignone, had talks with representatives of the Foreign Office and the Ministry of Economics and Finance at Bonn in mid-February. The reason for the talks was Argentina's current balance of payments position. To overcome the foreign currency bottleneck, the delegation is at present trying to obtain loans totalling about US\$ 575 mn from Germany and other countries of western Europe as well as the USA, Japan and the

FRG Contributions for Development Aid and Similar Purposes in 1971 (Target) and 1972–1975 (according to the Finance Plan)

(in DM mn)

Subject of Item	Target		As planned		
	1971	1972	1973	1974	1975
Schedule 5.02: Development aid	2,450.8	2,565.1	2,780	3,020	3,340
Schedule 5.03: Cultural affairs abroad and foreign schools	330.9	384.1	400	410	420
Schedule 5.05 of which: International contributions (partly on a voluntary basis)	33.9	36.2	40	40	45

Note: The division is by departments and not by functions.

Source: Federal Ministry of Economics and Finance, The Finance Plan of the Federal Republic, 1971 – 1975, Bonn 1971.

IMF. The Federal Government took a responsive attitude to Argentina's problems and promised to examine a German participation in the worldwide credit scheme.

An agreement on a DM 23 mn capital aid grant to Colombia by the "Kreditanstalt für Wiederaufbau" (Reconstruction Loan Corporation) was signed late in January. The Colombian Finance Minister, Leorente, expressed his satisfaction with the advantageous credit terms. The funds now made available will be used for industrial development, especially of small and medium-sized enterprises, in Colombia.

Africa Information Day in Bonn: The prolongation of the validity of the Development Aid Taxation Act was urged by the Chairman of "Afrika-Verein" (Africa Association) in Hamburg, K. Hansen, when he spoke on Africa Information Day in Bonn. In addition he suggested that more double taxation and capital promotion agreements should be concluded to encourage direct investment in Africa. In Hansen's view conditions for private direct investment in Africa are not worse than in other parts of the Third World.

The trade relations of the FRG with Africa are showing a positive trend in the export sector. Shipments from the Federal Republic to Africa rose from October 1970 to September 1971 inclusive by 14 p.c. to DM 5,967 mn while FRG imports from African countries over the same period showed an increase of 1.6 p.c. only to DM 7,974 mn. The FRG's balance of trade deficit with Africa in consequence declined to about DM 2,000 mn.

German - Algerian Relations:

Trade relations between the Federal Republic of Germany and Algeria have expanded greatly in recent years. The Algerian government's policy on international trade favours broad geographical diversification of trade. At the same time, government trade monopolies have been set up, and all this has led to the opening up of new sources of supply. From the beginning of the 1967–73 Seven Year Plan, and especially from 1970 to 1973, the number of invitations to competitive international tender issued by the Algerian government has multiplied. German companies benefited from the fact that the Algerian client wants

especially high-quality and technically advanced goods and services.

Financing conditions, too, became more and more important for Algerian purchasing agencies, because of the Algerian foreign currencies' reserves situation. German companies, which initially had been at a disadvantage in this respect, relatively to their western competitors, are now in a much better position due to progressive improvements of Hermes conditions.

For current Algerian imports, the Federal Republic has succeeded in largely replacing France as the main supplier in some branches, e.g. dairy products and semi-finished goods. Algerian trade returns show that German imports, which had cost only Algerian Dirham (D.) 97 mn in 1967, had jumped to D. 619 mn in 1970, which means that Germany has become the second biggest supplier of Algeria immediately after France. Algerian exports to Germany consist mainly of crude oil: they were valued at D. 448 mn in 1967 and at D. 695 mn in 1969. In 1970, they dropped to D. 640 mn. For the first time, Algeria reported a trade deficit in 1970 in its exchanges with the Federal Republic, but during the first half of 1971 this has turned again into a surplus. In the field of development aid as well, the Federal Republic is developing new activities since diplomatic relations were restored on December 21, 1971. The main fields of operation of this kind so far extend to town planning and water supplies. Very recently, a resuming of German financial aid to Algeria is being considered.

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