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

Article — Digitized Version

FRG-China: The ice-breakers

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1973) : FRG-China: The ice-breakers, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss. 7, pp. 201, http://dx.doi.org/10.1007/BF02927656

This Version is available at:
http://hdl.handle.net/10419/138857

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.
to curtail Israel's economic activities in Africa and not to encourage further investments. By the end of last year Israeli investments and financial commitments in Africa (South Africa excluded) had reached about $ 50 mn. Israeli firms had share holdings of $ 61 mn in African enterprises. The rupture with Uganda involved Israel in losses of $ 22 mn, and in Ghana it had to write off a further $ 15 mn following the debt moratorium.

By breaking off diplomatic and economic relations with Israel Burundi has followed Ghana and Uganda, among others, in switching from economic aid by Israel to reliance on Libya's head of state Gadafi. Burundi’s decision is fresh evidence of the growing potency of Libya's influence in black Africa, while that of the more moderate nations of Africa is declining. The consequences for Israel are reaching beyond the economic sphere. That it has fewer "friends" will probably be reflected by the wording of future UN resolutions.

Latin America

Planning Ministers in Madrid

The Planning Ministers of 16 Latin American states met in May in Madrid for a five-day conference. The problem of foreign investments and the opportunities for social and economic development in the Latin American continent were their main topics.

The former secretary general of UNCTAD, Raúl Prebisch, urged that clearly defined conditions should at least be laid down for all foreign investments in all the countries of the continent. He considers it indispensable that practicable mechanisms are evolved to counter present and future conflicts with multinational companies. In a side-note on the activities of North American combines in Latin America Prebisch appealed to Spain in particular to help open the European markets to the states of Latin America. Lopez Rodo, who at the time was the Spanish Planning Minister and is now Foreign Minister, made another notable contribution to the conference by proposing a Magna Charta for the future economic and social development of the countries of Latin America.

It is interesting that at the same time the new Argentine President, Héctor Cámara, declared in Buenos Aires that while under his government no discriminatory measures against foreign investment need be expected, legal norms would be laid down to relate the employment of foreign capital directly to its benefit for the Argentine.

It ideas like those expounded by Cámara and at the Madrid conference develop into a more or less uniform and consistent attitude by all Latin American states, they may, on the one hand, give a fresh impetus to the deadlocked integration efforts in South America and, on the other, clarify the situation for development policy.

FRG—China

The Ice-Breakers

A few days after Brezhnev’s visit to Bonn and his meeting with German industrialists a prominent managers’ delegation went to Peking. Berthold Beitz, who at China’s request was leading the delegation, and the delegation members had frank and businesslike talks with China’s leading men who give politics usually priority over economic matters.

The purpose of the visit was essentially to gather information and make the acquaintance of the men on the other side. Chou En-lai gave a survey of the Chinese economy and incidentally showed himself to be extremely well informed. He laid stress on the opportunities for cooperation with German industry on a basis of independence, equality and mutual advantage. Besides, the members of the German delegation were able to see on the spot what has been achieved in China and what still remains to be done. They found Chinese industry to be at present at approximately the stage reached by the Soviet economy in the late sixties. It can supply the country with robust standard-type machines, but the jump to the next stage of technical-industrial development is still a matter for the future.

China today accounts for no more than 7.5 p.c. of Germany’s eastern trade, but the prospects are good, despite strong competition by Japan and the USA, because China is wary of one-sided dependence. Moreover, the Chinese have given up paying on the dot for all foreign goods as a matter of principle. They will now pay 20-30 p.c. of a purchase price in cash and dispose of the remainder by instalments over up to five years at 6 p.c. interest. They have not made any spectacular cooperation offers à la Brezhnev but there are good prospects for German industry because the Chinese have found out that to set up the planned plants in time international cooperation is indispensable. The talks do not seem to have yielded much in the way of concrete results, but after all they were not meant to do that. The delegation was, in Berthold Beitz’ words, an ice-breaker. It has cleared a channel: German firms can now make faster progress.