

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

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1973) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss.
7, pp. 206-207,
<https://doi.org/10.1007/BF02927658>

This Version is available at:

<https://hdl.handle.net/10419/138859>

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DEVELOPMENT SPECTRUM

More Private Capital for Africa: The Federal Republic's private investments in Africa have again increased. Excluding the Canary Islands, in 1972 they surpassed with DM 1.3 bn the previous year's result by 9 p.c. Measured by the German economic potential this is, however, a very low rate of investment. On the other hand, private investments—partly affected with considerable political risks—are very important to these countries under development policy aspects. This applies above all to those 16 African states that are among the 25 poorest countries in the world. Taken together they register a steady increase of German investments.

The Afrika-Verein (Africa-Association), to which all German enterprises interested in business with Africa belong, deplores the German authorities' pronounced disinterestedness in private investments in Africa. The Association has noticed that the political climate has not generally been decisive for investment decisions. Politically less liberal countries may have private investments in prospect if investors can rely on it that the present conditions will not deteriorate and the political risks remain calculable.

The volume of investments depends to a large extent on whether the government involved can explain plausibly and credibly what its intentions are for the next years.

Deutsche Stiftung für Internationale Entwicklung (DSE): In May this year German Foundation for International Development in co-operation with Organização Sul Americana de Municípios (OSAM) arranged a three-week international seminary on the "Role of Municipal Federations in Na-

tional Development". Numerous delegates competent for communal policy attended this seminary. They came from the following Latin American countries: Argentina, Bolivia, Brazil, Chile, Columbia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

Main subjects of discussion were problems concerning the tasks and organisation of national communal federations, their functions and necessity regarding a country's development as well as the chances of Latin American and German communal federations to represent the interests of municipalities and to promote their exchange of experiences.

Double Taxation Agreement between the Federal Republic and Morocco: The Federal Government has brought the "Agreement between the Federal Republic of Germany and Morocco on the Avoidance of Double Taxation in the Field of Income and Property Taxes" before the Bundesrat, the representation of the Federal Lands, for approval. This Agreement is to place the economic relations between the Federal Republic and Morocco on a firm foundation regarding taxes. The major stipulations and the formulation of this Agreement are in correspondence with the OECD-standard agreement. According to the memorandum accompanying the Agreement the Moroccan deduction of tax at source is fixed at a rate that guarantees the German investor protection and security.

According to the Agreement, whose stipulations are said to be relatively favourable for the Federal Republic, also Germany grants tax reliefs in order to promote the German Investors' interest in Morocco. For the first

time this Agreement will be applied to the tax collection periods ending in the year when the ratification instruments are being exchanged.

Craftsmanship Schools in Malawi: Since the end of 1971 a village craftsmen school is operating as part of a German-Malawian regional programme within the scope of German development aid measures.

At the end of 1973 the first trained craftsmen will leave this school, in which to begin with metal workers and artisans in the building trade are being trained. Later they are supposed to settle in villages as independent craftsmen. This way the Malawian farmers for the first time will get expert aid for the manufacture and repair of simple farm equipment and for building construction.

Supplementary assistance for these trained artisans, in the shape of supply with materials and of consultation, will for the time being still be given by the school. This is to secure that the village craftsmen do not leave the villages again in order to look for dependent work in the towns, if they meet with initial difficulties as independent artisan.

Carl-Duisberg-Gesellschaft: In 1973 the Carl-Duisberg-Gesellschaft will carry through 80 seminar lectures for more than 1500 stipendiaries within its training and refresher programmes. Over more than 1300 seminar-days, within the scope of 25 expert courses run by 120 associate professors, management personnel from the economy and administration of LDCs will be trained. This will be done on the basis of operational experience in management techniques and special

fields of science, technology, economics and administration.

50 seminar lectures will mainly serve the control of progress and success of the refresher programmes. Five meetings will work on the further development of programme measures and prepare a number of seminars abroad in Khartoum, Rangoon, Lima and Brussels.

The progress and success control courses will this year be extended by lectures training the participants with regard to methodical problems of social and development policy in group-dynamical classes. To increase the quality of courses didactic plannings particularly by case studies and planning studies are to be promoted.

Germany's Contribution to UNESCO: The contribution of the Federal Republic of Germany to the budget of UNESCO climbed from about DM 3 mn in the fiscal year 1961 to DM 8.34 mn in 1972. It thus has tripled during 12 years. Already in 1971 the Federal Republic's contribution exceeded the sum of DM 9 mn, but in consequence of the DM revaluation declined by the corresponding percentage. On the whole the contributions increased continuously according to the payment formula of the United Nations, which is being calculated on the basis of the individual countries' national income and applies also to the UN Special Organisations.

The contributions do not include the allocations for special activities of UNESCO. During the same period the Federal Government provided an additional sum of DM 10 mn for the saving of the Nubian monuments of Kalabasha and Phila.

A list of "Federal Contributions to the United Nations, Special Corporations and Special Organisations" of the German Association for the United Na-

tions shows that in 1972 the Federal Republic's highest contributions were given to the International Development Association (IDA), that received DM 235.95 mn. All the other UN organisations followed at a large distance: Development Program (UNDP) with DM 48 mn, World Food Program (WFP) with DM 34.13 mn, World Bank (IBRD) with DM 19.65 mn, World Health Organisation (WHO) with DM 16.65 mn, and Food and Agriculture Organisation (FAO) with DM 10.8 mn. The contributions to UNESCO occupied the 7th rank. Within UNESCO, however, the Federal Republic now as before holds the third rank behind the USA and the USSR.

German Foreign Investments: German companies have, according to the Federal Ministry of Economics, invested DM 26.6 bn abroad between 1952 and December 31, 1972. Of this total, DM 18.7 bn (70.4 p.c.) were invested in industrial nations, while DM 7.9 bn (29.6 p.c.) went to developing countries.

DM 15.57 bn were invested in Europe, mainly in the EEC- and EFTA-areas; Africa had a share of DM 1.77 bn, while Asia received DM 0.91 bn. Investments in America amounted to DM 8.09 bn, of which DM 4.38 bn went to North America, DM 1.06 bn to Central America and DM 2.65 bn to South America. Private capital investments in Australia and New Zealand totalled DM 0.26 bn. Of the total capital volume to LDCs, DM 5.88 bn were invested in industry followed by DM 1.9 bn in the tertiary sector.

Commercial Agreement with Egypt: On February 8, 1973, in Cairo two commercial agreements have been signed between the Federal Republic and Egypt. For the first time since 1963 Egypt has again been promised German capital aid to the tune of DM 160 mn in the

shape of government credits and DM 80 mn as Hermes-export-guarantees. Simultaneously, however, a second agreement stipulates that Egypt will pay two thirds of its outstanding debts of DM 460 mn to the Federal Republic by instalments. A period to run of about 20 years has been fixed for this purpose. Moreover, Egypt has undertaken to pay German suppliers a preferential interest rate of 7.75 p.c. on overdue debts before the funding agreement comes into force and 6 p.c. after this date. It will also pay an interest rate of 3 p.c. on debts vis-à-vis the Federal Republic.

In the meantime, Egypt has paid back in time the first monthly installment of over DM 3 mn as a result of the debt consolidation agreement between this country and the Federal Republic of Germany.

Capital Aid for Bangla Desh: The Federal Republic gives Bangla Desh a retroactive capital aid for 1972 amounting to DM 80 mn. This agreement has been concluded at Dacca in January 1973. Of the sum total DM 50 mn are aid in goods and DM 30 mn project aid. The aid conditions correspond to those demanded for the 25 Least Developed Countries at the last World Trade Conference in Santiago de Chile, i.e. a period to run of 50 years, no redemption for 10 years and an interest rate of 0.75 p.c.

Problems of technical aid have also been discussed within the framework of these negotiations. Besides there was an exchange of notes regulating the taking-over of already existing German capital aid projects by Bangla Desh.

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