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## Development spectrum

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# DEVELOPMENT SPECTRUM

**The Federal Republic's Foreign Trade:** The FRG's foreign trade in the first half of 1973 — in particular regarding exports — was marked by high growth rates as compared with the previous year's corresponding period.

The share of LDCs in the Federal Republic's imports improved slightly in the period under observation vis-à-vis the preceding year. In the first half of 1973 it amounted to 15.7 p. c., while in 1972 it was 15.3 p. c.

The share of exports to LDCs declined from 11.4 p. c. in 1972 to 11.2 p. c. in the first half of 1973. The countries of the African continent, which as compared with other LDCs register the smallest share in the FRG's exports, with 26.9 p. c. showed the highest growth rates among LDCs. Then follow the Asian countries with an increase by 20.8 p. c., while the Latin American countries participate with only 3.9 p. c. in

the FRG's exports. As countries of origin the Asian states with a growth rate of imports into the Federal Republic of 30.4 p. c. are plainly heading the list. Asia's share in the FRG's total imports is also the highest one as compared with the other continents. The importance of the total exchange of goods with Asian LDCs has with that grown considerably.

**Goods Trade with Egypt and Israel:** The Federal Republic's goods trade with Egypt registered considerable increases in the first half of 1973 as compared with the previous year's corresponding period. While imports from Egypt rose by DM 24 mn (34.5 p. c.) to DM 94 mn, exports to this country increased by DM 29 mn (20.8 p. c.) to DM 167 mn. Industrial raw materials alone, mainly cotton and mineral oil, accounted for DM 54 mn (57.6 p. c.) in imports from Egypt.

Exports to Egypt consisted mainly of manufactures to the tune of DM 90 mn, i. e. a share of 54 p. c. in total exports to this country. Exported articles were motor vehicles, machinery, construction and electrical equipments. Foodstuffs exports (incl. wheat) amounting to 42.7 p. c. of exports were also important.

Trade with Israel, too, in the first half of 1973 showed high growth rates. Imports from Israel amounted to DM 258 mn and exports of the Federal Republic to DM 455 mn. This is an increase of import values by 4.3 p. c. and of export values by 26.3 p. c. Goods imported from Israel were vegetable foodstuffs (51.6 p. c.) and finished industrial products (45.7 p. c.) consisting mainly of jewelry (processed diamonds) and textile products. In the first half of 1973 86 p. c. of Germany's exports to Israel were manufactures, above all machinery and electrical equipments and motor vehicles.

**The FRG's Foreign Trade by Groups of Countries**

	1972		Jan.—July 1973		Changes vis-à-vis preceding year	
	in mn DM	in p. c. of the export and the import	in mn DM	in p. c.	1972	Jan./July 1973
Imports total	128,744.2	100	84,134.2	100	+ 7.2	+ 14.6
Industrialised Western Countries	103,673.3	80.5	67,362.3	80.1	+ 7.9	+ 13.5
State trade countries	5,323.2	4.1	3,466.2	4.1	+ 11.7	+ 21.8
LDCs	19,635.5	15.3	13,245.2	15.7	+ 2.5	+ 18.4
Africa	6,637.7	5.2	4,305.1	5.1	- 4.1	+ 10.4
America	5,501.9	4.3	3,497.0	4.2	+ 8.0	+ 10.1
Asia	7,292.5	5.7	5,251.4	6.2	+ 2.8	+ 30.4
Oceania	203.4	0.2	191.7	0.2	+388.9	+126.0
Exports total	149,022.7	100	99,943.1	100	+ 9.6	+ 19.7
Industrialised Western Countries	124,039.8	83.2	82,766.0	82.8	+ 9.3	+ 18.7
State trade countries	7,660.1	5.1	5,796.0	5.8	+ 31.5	+ 46.2
LDCs	17,003.7	11.4	11,184.0	11.2	+ 4.0	+ 16.1
Africa	3,968.4	2.7	2,932.0	2.9	- 2.9	+ 26.9
America	6,029.1	4.1	3,543.9	3.6	+ 8.2	+ 3.9
Asia	6,945.2	4.7	4,679.1	4.7	+ 4.7	+ 20.8
Oceania	61.1	0.0	28.1	0.0	+ 14.4	- 27.9

Source: Own calculations according to: Federal Ministry of Economics, Die wirtschaftliche Lage in der BRD (The Economic Situation in the FRG). Monatsbericht (Monthly Report) 9, 1973.

**Federal German Loan to Mali:** The Federal Republic will support Mali in the construction of a second peanut-mill in the region of Kita and in the water supply of this town by granting a loan of about DM 15 mn. The credit has a period to run of 50 years and yields interest of 0.75 p. c. This mill, just the same as the first one in Konhihoro, which was also financed with German capital and technical aid, will have an annual capacity of more than 30,000 tons.

The operation of the peanut-mill, for which an overall economic earning power is secured, will considerably contribute to improving Mali's balance of payments, which is chronically in trouble, and through external economics promote consider-

ably the regional development around Kita.

**Investment Agreement with Bangla Desh:** Bangla Desh intends to improve its investment climate by concluding investment protecting and duplicate taxation agreements. For this purpose an economic delegation headed by the country's Minister of Trade visited the Federal Republic in mid-October. During his stay in Bonn the Minister met in the Ministry of Economics State Secretary Rohwedder and representatives of the Foreign Trade Department for a discussion of economic problems, *inter alia* the chances for the promotion of Bangla Desh's exports to the EC. Besides the conclusion of an investment promotion agreement was discussed. The Federal Government has forwarded the draft of such an agreement to Bangla Desh, which at present is studied by the ministries concerned.

The Bengalese delegation met also representatives of trade and bankers in the Frankfurt Chamber of Commerce. The Minister of Trade used this opportunity to talk about his country's economic situation and answered questions on development possibilities. He emphasised that the Bengalese industry is mainly government controlled, but leaves ample scope for private enterprise and welcomes private investments, too.

**Reorganisation of the Employment of Experts:** In a statement on problems of personal aid the German Forum for Development Aid (Deutsches Forum für Entwicklungspolitik: DFE) demands a reorganisation of the employment of experts under three aspects mainly.

DFE wants a better cooperation with partners in the LDCs as regards the planning and carrying through of projects. This will enable the Forum better to make allowance for the partner coun-

try's ideas on development policy.

Furthermore, DFE demands the utilisation of the experts' experiences for our own society, e. g. by their participation in development policy training and public relation work, by their employment for the support of under-privileged groups in our society, etc.

Finally DFE demands – in order to make service in LDCs more attractive – a framework law that defines development service as part of service for our own society, as an alternative of an equal standing with German public services. This would put development assistants on a par with members of other services (e. g. military service) regarding vocational and social promotion.

**European Development Policy:** Early in November a meeting in Brussels of the EC Ministers in charge of development policy did not make decisive progress on the road towards a common policy in this field. Although there was agreement in principle on the necessity of coordination and harmonisation, the practical measures decided on by the ministers were non-committal. They agreed on a better exchange of information on principles, targets and methods, but not on programmes. Moreover, a common procedure in international bodies and a mutual harmonisation of bilateral aid measures for associated countries were decided on.

But there was no agreement on problems of the future volume of the common development aid and the support of non-associated LDCs. France refused any thorough harmonisation as long as not all member countries were prepared to give 0.7 p. c. of their GNP as development aid. The French were also hardly compliant as regards the problem of the inclusion of non-associated LDCs. France emphasised the

priority of the hitherto associated countries and made its approval of a worldwide development aid of the EC dependent on effective quantitative progress regarding aid to the hitherto associated LDCs.

**Investment Chances in Tunisia:** The Tunisian Minister of Planning, and the President of the Tunisian Investment Promotion Authority visited – at the invitation of the German Association for Economic Cooperation (Deutsche Entwicklungsgesellschaft DEG) – the Federal Republic of Germany to make propaganda for German investments in Tunisia. In meetings with Ministries in Bonn and with businessmen in Cologne, Hamburg, Munich and Stuttgart the visitors pointed out the Tunisian interest in German investments and the favourable working- and investment conditions in their country. DEG called Tunisia an ideal country for entrepreneurs' investment chances in the Third World. The cooperation with Tunisian authorities is good, the investment climate for foreign capital is favourable. According to data of June 30, 1973, German enterprises invested DM 17.6 mn in Tunisia. The cautiousness regarding investments in Tunisia is mainly a result of the lack of sufficient information. Thus the meeting in the Federal Republic intended to convey data important for investors and to make and to improve contacts between interested German enterprises as well as authorities and Tunisian representatives. Following this visit, DEG in cooperation with the Tunisian Investment Promotion Authority will further these contacts and assist German firms in the preparation and carrying through of investments in Tunisia.

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