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DEVELOPMENT SPECTRUM

Capital Aid Agreements: The Federal Government granted the Republic of Senegal a capital aid credit of DM 4.3 mn for the long-term struggle against the drought in the Sahel-zone. *Inter alia* this credit is earmarked for the water supply of 10 villages located along the long-distance water-pipeline between the capital Dakar and the Lac de Guiers as well as for the construction and linking to the water supply of six watering places for animals.

Still within the scope of the fiscal year of 1973 the People's Republic of Bangla Desh receives DM 80 mn of capital aid. DM 50 mn of this sum total are earmarked for aid in goods and DM 30 mn for carrying through industrial and infrastructure projects. The conditions correspond to those applying to the 25 poorest countries. A credit of DM 3.3 mn is provided for establishing the power supply system of the Liberian

capital Monrovia. The total costs of this project will presumably run up to DM 13.3 mn.

A credit to the tune of DM 20.5 mn is earmarked for the extension of the water supply in the Tanzanian capital Dar-es-Salaam. This credit will be granted at the conditions applying to the 25 poorest countries. A credit of DM 24 mn for Sri Lanka (formerly Ceylon) is intended for the financing of goods for agricultural production and the realisation of infrastructure projects.

The Republic of Bolivia is getting a credit for the extension of the tin foundry at Vinto/Druzu. The capacity of this foundry is to be increased to 20,000 tons annually. The tin foundry at Vinto produces pure tin for export. So far Bolivia exported only ores and semi-finished manufactures.

A German-Turkish government agreement provides for financial

aid of DM 123.9 mn. DM 13.9 mn of the sum total are earmarked for easier terms of Turkey's debt servicing and DM 110 mn for new capital aid loans, DM 20 mn of which for the financing of goods of the current civilian import demand within the framework of the Turkish import programme, and DM 90 mn for the promotion of infrastructure and industrial projects.

Agreements with African States: The Federal Republic of Germany concluded its development-political activities of 1973 with a number of agreements with African countries. Within the scope of German participations in raw material projects Deutsche Erdöversorgungsgesellschaft – DEMINEX (German Mineral Oil Supply Corporation) and the Algerian state enterprise SONATRACH made a fundamental arrangement on joint exploration activities in the eastern part of the Algerian Sahara. The financial participations of DEMINEX amount to about DM 270 mn. The exploration activities are planned to start at the beginning of 1974.

The Republic of Niger, the Commissariat à l'Energie Atomique – CEA, France, and Uranengesellschaft (Uranium Corporation), Frankfurt/Main, founded a similar Corporation for the Prospection and Exploitation of Uranium in the Djado-area of the Republic of Niger. An important part of the agreement is the arrangement that if deposits are discovered, whose exploitation proved to be economical, the shareholders are also entitled to the right to exploit.

For the first time the European Development Fund – EDF, as a multilateral donor organisation, and Kreditanstalt für Wiederaufbau (Reconstruction Loan Corporation) as bilateral organisation agreed to a joint financing of a development project. Both

The Federal Republic's Foreign Trade with Non-European LDCs 1971 and 1972

(DM in bn)

Position	1971	1972
Imports total	19.2	19.6
Exports total	16.3	17.0
Imports by groups of goods		
Food production	4.9	5.3
Trade and industry	14.1	14.3
incl. Raw materials	10.0	9.9
Semi-finished products	1.8	1.6
Finished products	2.3	2.8
Exports by groups of goods		
Food production	0.5	0.5
Trade and industry	15.8	16.5
incl. Raw materials	0.1	0.1
Semi-finished products	0.9	0.9
Finished products	14.8	15.5
Imports by groups of countries ¹		
Africa	6.9	6.6
Central and South America	5.1	5.5
Asia	7.1	7.3
Oceania	0.1	0.2
Exports by groups of countries ¹		
Africa	4.1	4.0
Central and South America	5.6	6.0
Asia	6.6	6.9
Oceania	—	0.1

¹ Producer or consumer country, respectively.

Source: Wirtschaft und Statistik, Vol. 12, 1973, p. 716 seqq.

intend to contribute DM 46.4 mn to the extension of the port of Lomé in the Republic of Togo.

Moreover Reconstruction Loan Corporation committed itself vis-à-vis the Tunesian development bank Société Nationale d'Investissement – SNI to financing credits on favourable interest terms for small and medium-sized manufacturers. The German loan has a period to run of 30 years. The same as the other four agreements concluded with a Tunesian development bank within the framework of German capital aid, also this agreement provides for a splitted rate of interest. The funds accruing from a transfer interest rate of an annual 2 p.c. and an effective rate of interest to the borrower of 5 p.c. annually are transferred to a special account of the development bank and in accord with Reconstruction Loan Corporation employed for the revolving financing of worthwhile projects.

DED in Latin America: Late last year a regional conference of Deutscher Entwicklungsdienst: DED (German Development Service) took place in Quito. Main point of discussion was the further work of DED in Chile after the change of government. Apart from Chile DED can cooperate in Latin America with Bolivia, Ecuador and Peru, because the projects in these countries are particularly suited for the employment of DED and because its representatives are already working there.

Peru with 80 volunteers is the centre of DED activities and it is intended to send even more volunteers to this country. While the DED-volunteers so far are mainly working in agriculture (colonisation of primeval forests), in vocational training of craftsmen and technicians, there is a special demand for teachers at universities and colleges, e.g., in the fields of physics, chemistry and engineering.

Seminar on Appropriate Technologies in Tanzania: From Dec. 3 to 12, 1973, a seminar on the subject "Appropriate Technologies for Rural Development" took place at the invitation of the German Foundation for International Development and the Tanzania Agricultural Testing Unit. 30 experts from formerly English areas in Africa discussed with experts from the Federal Republic, Britain and international organisations the problems linked with the development and distribution of adjusted technologies.

Excursions of several days to the Tanzania Agricultural Machinery Testing Unit (TAMTU) and to the Lushoto Integrated Development Project (LIDEP) imparted practical experiences concerning the efforts for appropriate technologies of these development projects. The Federal Republic is participating in the financing and equipping of these establishments. The participants agreed on the necessity of an international cooperation among developing countries and between industrial and developing nations, in order to utilise already available experiences in adjusted technologies. In a concluding resolution the participants welcomed the Federal Government's initiatives for technology transfer and particularly the plan of establishing an institute for technology transfer as well as the readiness of industrial nations and international organisations (as e.g. FAO) to cooperate in the working out and distributing of appropriate technologies.

Cooperation with South Korea: According to the Ministry for Economic Cooperation the Republic of South Korea will be granted a credit of DM 35 mn within the framework of German capital aid. This credit has a period to run of 30 years, 10 of which are free of redemption, and an interest rate of 2 p.c.

The credit is earmarked for the extension of South Korea's telecommunications (DM 22 mn), for a project of silk processing (DM 8 mn) and a factory for the manufacture of Diesel-engines (DM 5 mn). Mid-November several projects of technical and educational aid were additionally agreed on by the two states. Among these projects are the erection of an agricultural faculty at Seoul University, a forestry project and the drainage of the harbour-town of Pusan. Moreover DM 0.4 mn have been promised within the scope of technical assistance for the financing of a mobile test unit for the Korean shipping register. Furthermore a government agreement on DM 6 mn for the building of a repair shipyard in Pusan was signed.

Promotion of Cooperatives: Within the framework of its development policy the Federal Republic supported projects for the promotion of cooperatives, providing funds and personnel. Its objective was the creation of jobs, the maintenance of indigenous small and medium-size enterprises and the support of cooperation between these firms. Recently Bundesstelle für Entwicklungshilfe (Federal Agency for Development Aid) submitted a balance of these technical aid projects.

The Federal Government gave the LDCs more than DM 85 mn bilaterally for the promotion of cooperatives. The emphasis was on the commercial and production sectors of cooperatives. The supply-, sales- and services-cooperatives were given particular consideration. 80 German experts are working as consultants on 20 different projects in Latin America, Asia and Africa.

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