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Hamburg's Links with ASEAN

At present a striking development process is going on in South East Asia. Hamburg, state of the Federal Republic of Germany, maintains close relations with this region. Therefore INTERECONOMICS interviewed Peter Schulz, the President of the Senate of Hamburg, on this subject.

IE: Mr President, time and again Hamburg insists that it is one of its special tasks to strengthen and extend its relations with the countries of the Third World. Are there any particular reasons why Hamburg should play a special role within the scope of the Federal Republic's policies?

SCHULZ: Our good and amicable relations with the countries of the Third World have an old tradition reaching back far into the last century, and they are not overshadowed by any serious controversies. There is hardly any other place on the European Continent via which these countries in their entirety maintain closer relations with this Continent than Hamburg. The avowal for a liberal world trade has been for centuries already a principle of Hamburg's policies never to be abandoned. Therefore, while the mutual economic relations of all countries are expanding, we must with all our energies prevent opposing forces from breaking up this integration. In our world basing on division of la-

bour we are depending on the mutual exchange of goods and experiences. A throw-back to protectionism and bilateralism would impede developments decisively and influence the relations between the industrial nations and the countries of the Third World adversely.

IE: Your first extensive travels as the President of the Senate of the Free and Hanseatic City of Hamburg led you to South East Asia. Which were your reasons for choosing just this destination?

SCHULZ: My choosing this destination was based on the following essential considerations:

☐ Hamburg has substantial commercial interests in this region.

☐ At present, an extraordinary development process is going on in the South East Asian countries. On the one hand, the association of the five ASEAN countries has to be mentioned, which paves the way for a development similar to that in the EC. On the other, I was deeply

impressed by the dynamics of the beginning economic upswing in this region. Though I do not want to neglect the other overseas regions, this development seems to me particularly distinct in South East Asia.

☐ Additionally, I think it necessary for us — besides the cultivation of the relations with our European neighbours — also to extend our connections with the countries of South East Asia. In this time of increasing European integration we want to maintain and intensify multifarious relations with other parts of the world and make clear that Hamburg, in spite of the progressing integration of the European countries, has always been and will be an agent of the interests of the non-associated states.

IE: What are, in your view, Hamburg's specific connections with the South East Asian countries?

SCHULZ: In this context, first of all its harbour has to be mentioned, which is connected with South East Asia by a tight network of shipping-routes. These,

however, only reflect our mutual trade relations. One half of all German imports from South East Asia and one fifth of all German exports to this region are arranged by Hamburg firms. Though among the imports traditional goods are still standing to the fore, Hamburg's importers have for a long time already and on an increasing scale turned their attention to imports of processed goods. Particularly in this field I still see wide possibilities of intensifying the exchange of goods. In addition, many Hamburg firms, primarily merchant houses, are operating manufacturing establishments in South East Asia, preferably in cooperation with indigenous partner firms. This indicates an interesting change, which will open up new tasks to the traditional merchant houses.

IE: Sir, you just emphasised the strong representation of the Hamburg merchant houses, i. e. of the import and export firms, in these countries as an element of Hamburg's connections with South East Asia. Does this representation, in your opinion, also offer possibilities of supporting the development of these countries' industries?

SCHULZ: Let me first make some general remarks on the importance of the merchant houses' establishments in the developing countries. While in the industrial nations the substantial role of trade is hardly denied any more, a deprecatory attitude towards trade can frequently be found in the Third World. Private trade in general and that in foreign hands in particular is often looked upon as a non-productive element in the economic process which better should be renounced.

Hamburg has every reason for taking these tendencies seriously and opposing them. Particularly for the less industrialised countries trade is of spe-

cial importance, for the foreign merchant firms' activities are not restricted to their mere business operations. Their branches are prepared also to provide for finance, maintenance and repairs, as well as consultancy, and to care for adequate stockkeeping and a sufficient supply of spare parts. It seems very important to me that they are promoting the training of native workers in the technical as well as in the mercantile field and that they are available not only for the sale of their own products but also for the exportation of domestic goods. It is not known throughout that markets for the products of the domestic industries are frequently only opened-up by the foreign trade businesses, which thus urge on the developing economies' integration into the world markets. With investments they act as intermediaries and often are themselves partners in the setting-up of new plants. Thus they also, directly and indirectly, take their part in the creation of additional employment. During my travels I repeatedly referred to these functions which, unfortunately, are not recognised everywhere. Especially in Thailand and Singapore I saw good examples of this kind of partnership.

IE: Mr President, you already insinuated that the — taken all in all — proceeding integration within the European Community might result in a loss of interest in the oversea countries. What possibilities are there for Hamburg as a state of the Federal Republic of Germany to exercise an influence on the conditions of the EC-trade policy vis-à-vis third countries?

SCHULZ: It cannot be denied that a certain perfectionist tendency of the European institutions — but also special interests of individual member states — occasionally lead to protectionist elements in the European Communities' policies. Thanks

to its traditional relations with these countries Hamburg can act as an intermediary between them and the EC and offer its services as a fair partner. We are certain that the importance of this city and its economic relations with many places in the world are well understood in the Federal Republic and in Europe. In this context, let me emphasise Hamburg's will to act as the advocate of those third countries' interests that are its economic partners. Hamburg will bring all its influence to bear in order to keep the European doors open to South East Asia and the other oversea countries.

IE: In South East Asia, too, political and economic integration efforts are to be observed. Thus for instance the countries visited by you are joined in the Association of South East Asian Nations — ASEAN. How do you judge the chances of this Community?

SCHULZ: The European Community offers an example of the difficulties and risks that have to be overcome when national states join in a community capable of functioning. This, however, should not deter us from valuing such associations positively, above all if they come about gradually with an eye to what can actually be done. The economic attraction exerted by South East Asia is certainly in part to be traced back to the fact that this is the only region in Asia which formed a supra-national group. Although the economic integration efforts are still in their initial stages, one starts to proceed jointly in the field of trade policy. The latest development shows that the cooperation within the Community is to be made closer. I gained an impression that in spite of many antagonisms the responsible politicians are showing a growing appreciation of the fact that proceeding pragmatically they can pursue their economic

interests more effectively vis-à-vis the outside world.

IE: Mr President, you gained positive impressions on your travels. Do you not see a risk that in future Hamburg's extensive economic relations with the ASEAN states might recede for several reasons, that there might be an adverse trend for Hamburg?

SCHULZ: I cannot agree with you here. I do not anticipate that the mutual relations between South East Asia and Hamburg will decrease before long, although they will change. A large share of our imports still consists of raw materials. South East Asia's industrialisation is making remarkable progress and no doubt this process will produce a change in the structure of goods. The ASEAN countries will enter into new and more varied relations, but this does

not mean that present connections must be given up. After all, it is not our ambition to monopolise trade with certain countries. We in Hamburg already know by experience that also our economic connections profit from the economic advance of a region or an individual country.

IE: As is well known the mineral oil crisis has led to a new consciousness in the raw material producing countries and directed their attention towards the supply of raw materials. How do you see our relations with the ASEAN area from this point of view?

SCHULZ: South East Asia is certainly an important supplier of raw materials, for instance natural rubber, tin, feeding stuffs, vegetable oils and timber. We cannot blame any country if

— following the general trend — it recognises the particular importance of its natural resources and in its trade policy pays more attention to the price outlook. But in this connection I want to emphasise that I think it wrong to be spell-bound and fascinated by raw material policies. The mineral oil crisis has led to an exaggerated accentuation of bilateral thinking as regards the exchange of goods — an attitude which requires correction. It is inconceivable that we should fall back into the primitive stage of bilateral barter trade. We must again return to multilateral thinking in world trade. Precisely from Hamburg we should point out that the relations to all countries in the Third World should be stimulated — that is what matters, not the concentration on individual raw material producing countries.

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Due to the developing countries' considerable dependence on raw materials, in particular the wide fluctuations of commodity prices are a continuous source of their economic development's instability. Therefore the present study analyses the different concepts of "compensatory financing", which aim at a financial compensation for counterbalancing the fluctuations of export proceeds and with that at a stabilisation of the developing countries' foreign exchange receipts. In an extensive empirical part of this study the effects of these concepts are investigated adducing India, Ceylon and Ghana as examples. (In German language).

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