

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

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1974) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 09, Iss.
6, pp. 171-172,
<https://doi.org/10.1007/BF02929073>

This Version is available at:

<https://hdl.handle.net/10419/139026>

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.

DEVELOPMENT SPECTRUM

German Bilateral Capital Aid to Asia: The lion's share of German bilateral capital aid went to Asian developing countries. DM 10.95 bn or 53.2 p.c., respectively, of capital aid promises totaling DM 20.59 bn between 1960/61 and December 31, 1973, were given Asian LDCs, followed by Africa, with 22.8 p.c., Europe with 14.3 p.c. and Latin America with 9.7 p.c.

Although the newly formulated development policy concept provides for a shift in emphasis regarding capital aid promises, in 1973, too, Asia is clearly heading the list with 43.3 p.c. (— 2 p.c. vis-à-vis 1972), followed by Africa (38.4 p.c.), Latin America (12.6 p.c.), and Europe (5.7 p.c.). Since in 1973 German capital aid promises could be considerably increased as compared with the preceding year, the Asian developing countries with DM 897 mn received even more aid in absolute terms than in 1972 (DM 752 mn). The conditions for the allocation of funds could also be improved in 1973. The average credit conditions are a period to run of 32 years (1972: 31.3 years), 9.4 years free of redemption (1972: 9 years) and an interest rate of 2.07 p.c. (1972: 2.18 p.c.).

Participation in Thailand's Development Bank: "Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit": DEG (German Association for Economic Co-operation) has contributed DM 500,000 to the capital stock of Thailand's development bank, Industrial Finance Corporation of Thailand (IFCT), Bangkok. The DEG's share in the capital stock of IFCT amounts to 2.3 p.c. IFCT promotes investments in Thailand by cooperating in the foundation, extension and modernisation of industrial enterprises.

During the past years DEG intensified considerably its engage-

ment in development banks in the Third World. At present DEG participates in 11 development banks, i.e. in 2 supra-regional financing institutes for industrial investments in Africa and Latin America as well as in 9 local development banks in Tunisia, Ivory Coast, Gabun, Tanzania, Kenya, Uganda, Niger and Thailand. The local as well as the supra-regional establishments are to contribute to a better mobilisation of domestic funds. Moreover, these institutes, which are well versed in local conditions, are to promote a sensible utilisation of funds.

Industrial Zone Western Java Being Established: The building up of an industrial complex within the triangle Cilegon-Anyer-Merak about 115 kilometres from Jakarta creates another basis for Indonesia's industrialisation. The capital employment of about DM 1.0 bn is exceptionally large for Indonesian conditions. The financing is the responsibility of an international syndicate, which covers its risks by guarantees of the mineral oil company Pertamina via Indonesian banks. German enterprises will play a conspicuous part in the realisation of this project. The construction of an iron and steel works will be accomplished by a joint venture of Ferrostaal AG, Essen, with the Indonesian state-owned enterprise Krakatau Steel. The capital expenditure will amount to DM 128.5 mn. Moreover, German firms are contributing considerably to the infrastructure of the developing industrial zone. Siemens AG will build a power station and a power distribution network. Klöckner & Co, Duisburg, has been commissioned with the building of a new deep-sea harbour. According to Indonesian sources the total value of the orders booked by Siemens and Klöckner exceeds a sum of DM 600 mn.

Capital Aid for Indonesia: The Federal Republic of Germany will provide for Indonesia credits within the scope of its capital aid, which will total up to approx. the previous year's level of DM 160 mn. These credits have a period to run of 30 years, yield 2 p.c. interest and in the first ten years there will be no redemption. Corresponding to its development policy concept the Federal Government will adjust its aid measures to the targets of the Indonesian five-year plan and give the benefit of this aid above all to those population groups, that hitherto were least favoured by economic development.

Annual Meeting of the German Indonesian Economic Association: At the 4th Annual Meeting of the German-Indonesian Economic Association in Jakarta the Indonesian Minister of Trade, Rodius Prawiro, as well as the German ambassador accredited to the Indonesian Government, Dr Kurt Müller, confirmed the excellent relations between the two countries. The Minister emphasised in particular the West German support of Indonesian interests in the European Community and other international organisations and stated his hope that in future German private business will engage itself more in Indonesia. Ambassador Dr Kurt Müller stressed *inter alia* that this anticipation is not unfounded, for in German economic quarters he found a new and diversified interest in Indonesia and a remarkable readiness for a stronger engagement there.

Unsatisfactory German Investments in South Korea: On the occasion of his journey through a number of European countries the South Korean Vice-Prime Minister, Tai Wan Son, talked with 22 German entrepreneurs, who are interested in direct in-

vestments in this developing country. He was accompanied by leading representatives of the South Korean economy. The Federal Government, represented by the State-Secretary in the Federal Ministry for Economic Cooperation, Karlheinz Sohn, promised the Korean delegation German capital aid amounting to DM 30 mn. These funds are to be mainly employed for the development of agriculture. Moreover, the financing of a telecommunications project valuing DM 22 mn was discussed.

Hitherto German industry has refrained very much from investing directly in South Korea, although the South Koreans are particularly interested in joint ventures, know-how agreements and individual contracts. So far, however, only the US and Japan have made use of the investment opportunities offered. German industry — the volume of its investments in South Korea reached no more than about \$ 8.6 mn during the last 15 years — is now running the risk of being surrounded by Scandinavian enterprises even.

Against this background the negotiations of the South Korean Vice-Prime Minister are gaining a considerable importance. His reference to the growing economic and political stability of his country should contribute to increasing German industry's interest in investment projects in South Korea.

Investment Promotion Agreement with Singapore: The Investment Promotion Agreement between the Federal Republic and Singapore has been ratified by the proper quarters. It is the purpose of this agreement to provide satisfactory legal aid for investments of German private capital in Singapore. From West Germany's point of view Singapore has recently gained a considerably higher importance as country of investment. In the

past 18 months alone the volume of German capital investment increased to about DM 90 mn and has thus trebled. With that Singapore holds the fifth place as country of investment in Asia behind Israel, Japan, India and Iran. The Agreement guarantees the German investor treatment in the same way as residents as well as most-favoured nation treatment vis-à-vis investors from third countries. It protects his property and guarantees the transfer of capital, earnings and liquidation proceeds. Moreover, an investment protection agreement is generally the prerequisite to the Federal Government's granting of capital investment guarantees for the country involved.

Investment Opportunities In India: A delegation of leading Indian industrialists, while visiting the Federal Republic invited by the Association of German Chambers of Industry and Commerce, informed themselves on investment chances in India. The main purpose of this visit was to prepare the ground for talks with German investors, who intend to participate in German-Indian joint ventures. India is mainly interested in the establishing of sophisticated and export oriented joint ventures, as e.g. in the electro-technical and electronic industries as well as the chemical (excluding fertilizers) and pharmaceutical industries. The total list comprises 120 manufacturing branches where participations are welcome. At present there exist 344 projects of German-Indian co-operation in India.

German-Chinese Cooperation: The Federal Government advocates a scientific-technological cooperation with the People's Republic of China. In this connection it was emphasised that the preparations of concrete co-operation first require the formulation of research and development problems interesting

both partners, which is to be achieved through the exchange of expert delegations. After the visit of a Chinese expert delegation already at the end of 1972, a larger delegation has been officially invited, which is to obtain a general survey of co-operation opportunities.

Although the exchange of information between the Federal Republic and the People's Republic of China is not yet a concrete one, new agreements in the case of joint projects show some progress in cooperation. One example for that is the agreement on the supply of equipments for a rolling-mill of a total value of DM 500 mn, which was signed in Peking on March 27, 1974.

This rolling-mill will be built by a German consortium in Wuhan on the Jangtse-river. It is to be delivered within 13 to 33 months and to begin operations in 1977. The consortium supplies also the know-how and licences for the operation and maintenance of the mill.

Town Rehabilitation in Nepal: West Germany will contribute to the rehabilitation of Bhaktapur, one of Nepal's three royal towns. This is the result of discussions between a Nepalese government delegation and the Federal Ministry for Economic Cooperation.

Bhaktapur numbering 40,000 inhabitants has a population density similar to that of Kolkata. Within the framework of this development project above all the sewerage system is to be repaired, additional jobs for the population are to be created and housing conditions shall be improved. The first German experts for this project will leave the Federal Republic this July.

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