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DEVELOPMENT SPECTRUM

DAC's Judgement on German Development Aid: On the occasion of this year's DAC-examination the chairman of the examining committee of OECD, Maurice Williams, underlined the importance and quality of the German bilateral and multilateral development aid performances. In spite of the worldwide economic effects of the oil crisis and the necessary stabilisation policies, the Federal Republic's net-performances keep the third rank, next to the US and France, in international comparison. The Federal Republic is one of the few countries which, in 1973, were able to raise the share of public aid in its GNP (to 32 p.c.). Moreover it could be stated that, in 1973, multilateral aid gained in importance and with 28.2 p.c. of total aid reached its highest value since the start of German development aid.

According to complementary information given by the Federal Ministry for Economic Cooperation, German total aid to the group of the 25 least developed countries could, in 1973, be raised by 18.7 p.c. vis-à-vis the preceding year to approximately DM 320 mn. Net-payments in 1973 amounted to DM 221 mn, thus reaching a share of 10.5 p.c. (1972: 9.4 p.c.) of total bilateral public aid.

Investment Guide for Developing Countries: A guide for German investors was recently published under the heading "Aufbau von Unternehmungen in Entwicklungsländern" (Establishment of Enterprises in Developing Countries). This guide, which summarizes and systematizes the experience of German firms with investments in LDCs, was compiled by a working group of Schmalenbach-Gesellschaft zur Förderung der betriebswirtschaftlichen Forschung und Praxis e.V., Köln (Schmalenbach Society for Industrial

Management and Research, Cologne). Collaborators were the managing director of Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (German Association for Economic Cooperation), Leutfried Karenberg, and Professor Dr Günther Meissner of the University of Dortmund.

In the guide it is ascertained that the bulk of investments in LDCs has hitherto been made by major enterprises. The increasing pressure on production costs as well as the tight labour market, however, forced also more and more small and medium-sized enterprises to consider possibilities of shifting their production abroad. Especially to these firms a wide range of possibilities of setting up manufacturing establishments is offered by a number of LDCs. Since, however, the decision on investments in an LDC is connected with complex economic, legal and socio-political problems, the guide is to offer some "systematic assistance".

Participation of Small Enterprises: During a discussion with representatives of industry and trade, the Federal Minister for Economic Cooperation, Egon Bahr, qualified the intensification of private initiatives — as a part of development aid — as an important concern of his policy. To allow for the now necessary adaptation of development aid to the new situation in industrialized and developing countries, which has been created by the raw material crisis, the participation in the framework of development shall not be restricted to major enterprises. It would be important, the Minister said, to include also small and medium-sized firms. Moreover, he appealed to the associations and administrations to promote the smaller firms' readiness to participate in the collaboration with LDCs. Finally,

Bahr confirmed that his Ministry already deliberated on how to support and intensify the collaboration of small enterprises in the framework of German development policy.

Latin American Exports to Europe: Between October 9 and 11, about 50 Latin American and European experts met in Hamburg to discuss "New Developments of Latin America's Export Relations with Europe". The purpose of the conference was to analyse the development, findings, problems and possibilities of Latin American export promotion policies against the background of the recent changes on world markets.

Latin America's position was described by experts on trade policy and government export promotion from Argentina, Brazil, Columbia, Mexico, Paraguay, and Venezuela, the Andes Group, international institutions like CEPAL and CIPE (Inter-American export promotion centre of the OAS), as well as from Latin American research institutes. Their European discussion partners were representatives of the Federal Ministries for Economic Affairs and for Economic Cooperation, the regionally-oriented banks, the import sector (import wholesale trade and directly importing retail trade), research institutes of the Federal Republic, and also of the EC-Commission in Brussels.

The following topics were dealt with: basic development trends of Latin American foreign trade; questions of export promotion, on the one hand, of import promotion and marketing of Latin American products in Europe, on the other; aspects of an export-oriented selection of technologies and — last but not least — of Latin America's relations with the European Communities. The discussions made

clear that in Latin America vast expectations are being harboured concerning the European partner countries' possibilities and readiness to participate in the solution of Latin America's export promotion and sales problems, on the advisory, institutional and financial level. This is, of course, especially valid for the relations with the Federal Republic which, with imports of Latin American products amounting to a value of US\$ 2.3 bn (1973), is Latin America's major sales outlet in Europe. However, notwithstanding the principal understanding of Latin America's problems which was also expressed by the representatives of the competent German Ministries, the fact could not be overlooked that the European partners' possibilities are, for various reasons, rather limited. At the same time, it was stressed again and again how important Latin America's own efforts and sales activities are for its export products — especially for its non-traditional semi-processed and processed goods — on the European markets with their keen competition. Two important general requirements emphasized were the creation of productive capacities sufficient to secure a steady supply of the sales outlets, on the one hand, and a thorough market research as well as a marketing conception adapted to European requirements, on the other.

Food and Capital Aid for Bangla Desh: In order to contribute to overcoming the emergency in food supply the Federal Government will, in 1974, deliver Bangla Desh another 800 t of grain valued at DM 5.5 mn. A corresponding agreement has been signed in October by the Federal Republic and Bangla Desh at Dacca. With this new promise the Federal Republic's wheat-deliveries to Bangla Desh in 1974 rise to

38,000 t. For the distribution of the food aid the Federal Republic will, in cooperation with the Food and Agriculture Organisation (FAO) send advisors to Bangla Desh. The German delegation announced also deliveries of fertilizers to increase agricultural production.

At the same time, a capital aid agreement for 1974 was signed in Dacca. According to the agreement Bangla Desh will receive credits amounting to DM 90 mn. These credits are appropriated for purchases of goods as well as for a fertilizer factory, a cellulose factory, and the development bank. Because of the flood disaster and its balance of payments difficulties Bangla Desh had been granted a credit for purchases of goods already in August 1974.

Acknowledgement of Guinea-Bissau: On the occasion of the ratification of the Treaty of Algiers, the President of the Bundesrat (Upper House of the West German Parliament), Helmut Kohl, sent a congratulatory address, acting for the President of the Federal Republic. With the signature of the agreement in Algiers on September 10, 1974, by the representatives of the Portuguese Government and the Independence Movement of Guinea-Bissau (PAIGC) the former Portuguese colony became independent (Mozambique's date of independence will be June 25, 1975). The diplomatic acknowledgement of the Republic of Guinea-Bissau by the Federal Republic of Germany and its partners in the European Communities had already taken place on August 12.

In order to make allowance for the growing strength of Africa's national movement, an inter-ministerial South Rhodesia-Committee was established under the leadership of the Federal Minister for Economic Affairs. The Committee is to

watch over the observance of the economic sanctions put into motion by the United Nations against South Rhodesia and, above all, to support the supervising authorities in prosecuting contraventions of the agreement.

The case of South Rhodesia should also be the subject of an intense discussion within the framework of the "International Tribunal against Colonialism and Racism in South Africa" which will take place in the Federal Republic on February, 15, 1975. It was the Anti-imperialist Solidarity Committee for Africa, Asia and Latin America, the members of which are differently oriented groups and individuals, that has called up for the Tribunal.

Development Aid for Greece:

After the replacement of the military government in Greece, an increased economic support is under discussion in Brussels, the seat of the European Community, as well as in Bonn. Greece which, within the framework of an Association Agreement, entertains especially close relations with the European Community, is pressing for its intensified inclusion into the European and German development aid. Its Foreign Minister, Mavros, received already his German colleague's, Genscher's, promise that the Federal Republic will again grant development aid to Greece. The aid will amount to DM 180 mn of which DM 60 mn will be capital aid. The rest is to be used as project aid which will become effective during the next two years. In 1968, the Bundestag (Lower House of the German Parliament) decided to suspend any development aid for Greece. This decision must still be annulled by a new vote.

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