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## Development spectrum

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# DEVELOPMENT SPECTRUM

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**Triangular Cooperation:** Within the framework of the planned triangular cooperation between industrial nations, oil producers and LDCs, the first projects for Africa are already settled. Now first successes of this conception can be shown also for Latin America.

Between Saudi Arabia, the Federal Republic of Germany and the Soudan contractual arrangements are existing to carry through in the Soudan the harbour extension of Port Soudan, a project for the increase of agricultural production and the building of a sugar factory with German knowhow and Saudi Arabian money.

Between the Federal Republic and Venezuela a corresponding declaration of intent in favour of Latin American countries lacking raw materials has been initialled. Venezuela — Latin America's most important oil producer — in future intends to pay for the Federal Republic's technical aid, and these funds are again methodically to be earmarked for development promotion in Latin America.

The agreements on this new form of aid shall make allowance for the fact that now as before a number of Third World countries are still LDCs, but simultaneously dispose of considerable funds.

**DM 775 mn for Small and Medium-sized Industry:** Up to the end of 1974 the Federal Government earmarked DM 775 mn for the promotion of small and medium-sized industry (DM 690 mn capital aid and DM 85 mn technical aid). This is shown by a note of information forwarded to the Federal Parliament's Committee for Economic Cooperation by the Federal Ministry for Economic Cooperation on February 26, 1975. The Federal Government stresses its intention in future to promote more strongly the development

of small and medium-scale industry in LDCs. It intends to give priority to the sustenance of the population, the creation of productive jobs, the regional and industrial structure of enterprises and an effective operational consultancy in rural areas.

The fact that 85 p.c. of industrial production units are small or medium-sized ones shows their importance. Depending on the stage of a country's development 50 to 80 p.c. of the industrially employed are working in these enterprises.

**Performance of the Federal Republic's Development Aid in 1974:** West Germany's performance for elimination of distressed conditions and promotion of economic development in the Third World increased considerably in 1974 vis-à-vis 1973. With a growth rate of 72.3 p.c. these contributions totalled DM 8.1 bn. Thus the Federal Republic could considerably raise the share of development aid in its GNP (from 0.52 p.c. to 0.81 p.c.), although the slower economic growth contributed to this trend. While in 1973 GNP still rose by 11.5 p.c. as compared with 1972, in 1974 it increased by only 7 p.c. in nominal terms.

The increase of German performances is mainly to be traced back to the distinctly growing contributions of the private sector, which also in past years due to strong fluctuations time and again led to jerky changes in total development aid. In 1974 particularly export credits and credits of domestic banks increased vigorously the contribution of private business due to an above-average stimulation of foreign trade with LDCs. As against this, direct investments declined from DM 2.1 bn (1973) to DM 1.7 bn (1974).

Qualitatively of the same importance, but growing less

strongly by far, public development aid represents itself. In 1974 it improved vis-à-vis 1973 by about DM 0.8 bn to DM 3.7 bn. Its share in GNP rose from 0.32 to 0.37 p.c. This increase in public aid is a result of several extraordinary factors. Thus e.g. the emergency situations in large parts of the Third World caused the Federal Republic to raise its food aid. For the most severely affected countries the immediate aid within the scope of UN and EC was increased. Finally the disputed capital-aid credit to Yugoslavia of DM 280 mn was reflected by the balance of public aid contributions.

Although in future the Federal Government intends not to expand the share of multilateral contributions in its development aid any further, in 1974 they rose from DM 0.8 bn to DM 1.1 bn and thus amounted to 29.34 p.c. of public aid.

**Reintegration Measures Starting:** In the fiscal year 1975 the Federal Ministry for Economic Cooperation provides DM 6 mn for reintegration measures. This sum will be distributed on different projects and involve countries in Africa, Asia and Latin America. All measures will serve the purpose of activating members of LDCs trained and further-trained in Germany for their countries of origin in order to assist a faster economic and social development in the LDCs. It is particularly a problem of reintegrating vocationally and socially this skilled labour potential.

Another target is the creation of more jobs in those countries by supporting and later employing the returning skilled workers.

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