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German Development Activities

Settlement Project in Thailand:

The First German-Thai joint project in the agricultural sector, the "Saraburi Land Settlement", whose purpose is the training, consultation and the production-technical support of the settlers, has recently been successfully concluded. According to Deutsche Gesellschaft für Technische Zusammenarbeit: GTZ (German Association for Technical Cooperation) the project is located about 85 miles to the North of Bangkok and comprises about 150,000 acres of an agriculturally useful area with 18,000 settler families. This project offers the Thai settlers new development aspects through enabling diversification in conformity with the market and an increasing agricultural production. The newly established purchasing and marketing cooperative has in the meantime become a model for other projects in Thailand.

After a duration of eight years the agricultural settlement project Saraburi is now completely in charge of Thai authorities. Already in 1971 Thais were alone responsible for parts of the project — i.e. the operation of the station, the work shop, the keeping of cattle, and training — and did not register any setbacks in these activities. Together with an increasing employment of Thai personnel the Department of Public Welfare has taken over a growing share in the financial burden.

CDG Training Balance 1974:

According to the Annual Report of Carl Duisberg-Gesellschaft (CDG) the economic situation in the Federal Republic of Germany affected also the operation

of training and continuation training programmes for skilled labour and executives from developing countries. More often than in the preceding years qualified applicants from developing countries had to be rejected because it was impossible to find suitable places for their further training in German firms. Thus in 1974 the number of stipendiaries (2,904) was by about 7 p.c. lower than in 1973 (3,119).

The CDG's activities abroad, however, increased in two directions. On the one hand, the number of promised sur-place individual stipends in the stipendiaries' home countries or in third countries rose to about 200, and, on the other, the CDG could offer about 150 participants a continuation training in most different professions by organising vocational seminars of one to four weeks duration in Hongkong, India, The Philippines, Columbia and Mexico.

Taxation Policy of African States:

In view of the ever increasing integration of the world economy also the governments of the African countries feel themselves increasingly obliged to coordinate their taxation policies. The Federal Republic of Germany — owing to its economic development and its position within the EC — is able to make a considerable contribution to the international discussion of these problems. Therefore in Berlin it arranged, within the scope of the German Foundation for International Development, a seminar on the subject of "Taxation law and taxation policy in the industrialised and the less industrialised states".

This seminar intended to analyse the limits and possibilities of taxation policy as an instrument of economic policy. The participants were top executives from Egypt, Ethiopia, Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Nigeria, Zambia, Sierra Leone, Soudan, Swaziland, Tansania, Uganda, the EC/Brussels, the International Fiscal Association and the Federal Republic of Germany.

German-Iranian Chamber of Commerce:

The Federal Minister for Economic Affairs, Hans Friderichs, and the President of the Central Association of German Chambers of Industry and Commerce, Otto Wolff von Amerongen, headed a German delegation attending the inauguration of the German-Iranian Chamber of Commerce in Teheran. Minister Friderichs underlined the fact that the developing countries should obtain a larger share of industrial output. He will use his influence to achieve that the EC will support this objective, even if in the long run a restructuring of work places should become necessary in Europe. At the same time, however, the Minister cautioned against an impairment of the free market forces and the free formation of prices.

Otto Wolff von Amerongen regards Iran as an efficient partner for the strongly export oriented German economy. From 1973 to 1974 German exports to Iran have grown from DM 1.9 bn to DM 2.9 bn. For 1975 he anticipates a further increase by 40 p.c. During the same period German imports have risen from DM 1.5 bn to DM 3.2 bn, although the oil price increase contributed to this development with DM 2.7 bn.

First Agreement on Paid Technical Aid Signed:

Recently in Bonn the Governments of Saudi Arabia and of the Federal Republic of Germany signed the

first agreement on paid technical aid. This agreement provides for the organisation and extension of Saudi Arabia's vocational training within the framework of its five-year plan. The total order obtained by Deutsche Gesellschaft für Technische Zusammenarbeit: GTZ (German Association for Technical Cooperation) amounts to more than DM 500 mn.

The first project of this paid technical cooperation comprises *inter alia* the planning, completion and technical equipment of 14 vocational schools (among them also an agricultural training centre), the working out of training schedules and the supply of training material. Moreover, it is planned to dispatch 80 experts from the Federal Republic during the first organisational stage (up to spring 1976).

Guidelines for the Federal Republic's Bilateral Capital Aid: At the beginning of June the guidelines for German bilateral capital aid have come into force. The objective of bilateral capital aid is the improvement of the socio-economic living conditions of as many people as possible in developing countries. Therefore the emphasis of financial promotion is on agriculture, forestry and fisheries. Besides the development of trades and industries, the production and processing of raw materials and natural resources, the diversification and structural improvement of the economy and the advancement of the foreign exchange position are of high importance.

The terms of bilateral capital aid take the partner country's overall economic situation into consideration. In order to make allowance for the world economic changes caused by the oil crisis the Federal Government now established three instead of two categories of terms as of January 1976:

The most favourable terms (0.75 p.c. rate of interest, 50 years duration, 10 redemption-free years) are not only granted the 26 "least developed countries" but also the 33 "most seriously affected countries". As these groups of countries partly overlap, these terms apply to a total of 43 developing countries.

Harder terms will be imposed on several relatively advanced developing countries — if they still get any capital aid at all (4.5 p.c. interest rate, 20 years duration, 5 redemption-free years).

For the other developing countries the "standard terms" will apply (2 p.c. interest rate, 30 years duration, 10 redemption-free years).

German Brazilian Cooperation in the Utilisation of Nuclear Energy:

At the end of June 1975 the Federal Republic of Germany and Brazil concluded an agreement on the joint peaceful utilisation of nuclear energy. The agreement, signed by the Foreign Minister Genscher and the Brazilian Foreign Minister da Silveira, stipulates for the following details:

construction of at first four 1,300-megawatt nuclear power stations with reactors according to the Biblis-model up to 1986 and a preferential regulation on the construction of four further nuclear power stations of the same model up to 1990;

construction of a plant for manufacturing fuel rods and of a spent-fuel recycling pilot plant;

production of enriched uranium fuel;

foundation of a joint company for prospection, exploration and extraction of uranium in Brazil.

The agreement, covering a total value of DM 12 bn, includes the promise of uranium supplies to the Federal Republic. Thus a considerable part of the Ger-

man demand for uranium should be secured for years. Brazil commits itself explicitly not to use any of the supplied material for nuclear explosions and non-peaceful purposes. Brazil expects the German investments to contribute considerably to its national development process.

DEG Promotes Direct Investments in the Raw Material Sector:

The Federal Government decided to raise the capital stock of Deutsche Entwicklungsgesellschaft: DEG (German Development Association) in two steps — to DM 420 mn (1975) and DM 500 mn (1976), because the German firms' insufficient basic capital resources and limited preparedness to take risks impeded an increased capital export above all to raw material sectors. With that DEG is to give German industry pecuniary assistance particularly for investments in raw material sectors.

In 1974 DEG made 28 promises covering financial contributions amounting to DM 55.1 mn. Total investments in projects, to whose financing DEG contributed in 1974, amounted to DM 376.6 mn. The DEG's financial contributions originated with about DM 46.6 mn (84 p.c.) from its own resources and with DM 8.5 mn (16 p.c.) from Federal capital aid funds in the case of which DEG acted as trustee. Of the 28 promises 17 with DM 34.2 mn concerned original investments of DEG and 11 with DM 20.9 mn were increases in capital investments. The new promises covered 18 developing countries, in connection with which the emphasis was again on Africa and Asia. In Nicaragua, Upper Volta, Rwanda and the Philippines DEG invested for the first time.

Compiled by the Department on Development Policies of HWWA-Institut für Wirtschaftsforschung-Hamburg.