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## German Prism

Intereconomics

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## German Development Activities

**The Federal Republic's New Development Concept:** At the end of 1975 the Federal Government presented its third revised formulation of the Federal Republic's development policy concept, a programme catalogue of targets and principles, focal points and measures of German development policy. Against the background of the international economic crisis during the last years, the new conception emphasises that German development policy is directed towards the promotion of international cooperation and the opposing of confrontations. The further development of the world economic order together with the maintaining of the free market economy principle belong also to this intention.

Regarding the distribution of its development aid the Federal Government will increasingly consider more strongly the developing countries' growing differentiation and correspondingly raise the share of the least developed countries. As regards the terms of financial cooperation this group of nations as well as the other most seriously affected countries will also be favoured from 1976 on. More advanced developing countries will be granted less favourable credit terms, and they will have to finance technical aid in part or completely with their own funds. Credits and subsidies within the framework of financial and technical cooperation are on principle not tied. The UN standards for the Second Development Decade continue to be valid within

the financial framework planning of German development policy. The target of 0.7 p.c. (share of public aid in the GNP) shall now be achieved by the end of the decade.

**German Firms Industrialising Libya:** German industry is playing the leading part in the realisation of Libyan development projects. Thus in 1974 the Libyan Government allocated 20 out of 36 new invitations to tender to German firms. Currently German firms are participating in almost 100 development projects with a total value of about DM 5 bn either alone or acting as leader. Among those projects are *inter alia* the building of a power station, an ammonia factory, cementworks and hospitals.

This development is also reflected by a steep rise in German exports to Libya; from 1973 (DM 560 mn) to 1974 (DM 1,035 mn) they nearly doubled. With that the Federal Republic of Germany holds the second place behind Italy in Libya's supply statistics. In the near future, too, this development might continue. German firms anticipate good chances in connexion with projects in the stage of preparation, among them a steel-works at Misurata.

**Agreement of Lomé:** Still before the end of the year the German Federal Parliament approved of the Agreement of Lomé, which has been concluded between the European Communities and 37 countries in Africa, 6 countries in the Caribbean

area and 3 countries in the Pacific area (ACP-states). Following the two Association Agreements of Yaounde concluded in 1964 and 1969, this new agreement opened up new dimensions for the relations between the formerly 18, now 46 contracting partners and the EC.

The most important advances in the agreement of Lomé are to be found in the field of trade cooperation. 99.2 p.c. of all EC imports originating from the 46 partner countries can now enter the Community's market without being handicapped by tariffs or quantitative restrictions — among them 92.4 p.c. of all agricultural EC imports from the ACP-countries. The regulations pertaining to the origin of goods have been relaxed noticeably. The ACP-states in their entirety are now considered as one area of origin. The Agreement bases on the principle of non-reciprocal trade concessions. The ACP-states are not obliged any more to grant the imports from the Community trade concessions.

Important is also the agreement on the stabilisation of the export proceeds of ACP-states with little diversified export structures. 375 mn units of account from the European Development Fund have been earmarked (to begin with for five years) for the equalisation of the fluctuations of the ACP-countries' export proceeds. Another remarkable innovation is the quasi-linking of prices for sugar from the ACP-states to the Community's guaranteed prices. A number of measures for the promotion of industrial cooperation are also contained in the agreements.

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