

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

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1972) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 07, Iss.
11, pp. 333-334,
<https://doi.org/10.1007/BF02929662>

This Version is available at:

<https://hdl.handle.net/10419/138729>

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DEVELOPMENT SPECTRUM

Agreement with Zambia: An official delegation from Zambia led by Finance Minister, J. M. Mwanakatwe, and Minister for Trade and Industry, A. J. Soko, paid a visit to the Federal Republic of Germany. The Federal Government agreed, on this occasion, to a DM 17.5 mn development loan for Zambia. This sum is to be utilised for projects of water supply and drainage in Msaka as well as a fairly large project of timber processing.

The Zambian delegation emphasised its interest towards intensifying German private investments in Zambia (up to now about DM 2 mn) and exchanged ratification documents for an agreement on the furthering of investments. Thus, the pre-conditions for German investors in Zambia have been improved. From now on government guarantees are also available for the covering of the political risk for capital investments in Zambia. Furthermore, a German-Zambian agreement on double-taxation is near completion. There are also prospects for talks on a shipping agreement between the two Governments.

Development Aid of DAC-countries: According to OECD statistics the 16 OECD member-countries belonging to the DAC (Development Assistance Committee) have in 1971 extended aid of all kind in the sum of US \$ 18.1 bn to LDCs. This total exceeded the performances in the previous year by 14 p.c. and was double as high as ten years ago (1961: US \$ 9.2 bn).

Among industrial countries the US took first place as donor of development aid with approx-

imately US \$ 7.05 bn after 6.25 bn in 1970. Japan, with US \$ 2.14 (1970: 1.82) bn, advanced from third to second place. The Federal Republic of Germany whose performance increased from US \$ 1.49 bn in 1970 to 1.92 bn last year moved up from fourth to third place. France fell back from second to fourth place on the list of donors with its performance of US \$ 1.65 after 1.87 bn, whereas Great Britain—with US \$ 1.57 (1970: 1.28) bn—remained fifth.

In spite of the aid increase, the OECD-countries have so far not reached the aim to give one p.c. annually of their GNP for development aid. In 1971 total performances of the OECD-countries represented 0.82 p.c. of their combined GNP (1970: 0.80 p.c.).

Also in the sector of public development aid of the OECD-

countries the 0.7-p.c.-target set in the strategy for the Second Development Decade, and recommended by UNCTAD, has not been reached by far. The share of public performances by all DAC-countries in the GNP amounted in 1971 to a mere 0.35 p.c. (1970: 0.34 p.c.).

Radio and TV: On the invitation of the Institute of International Solidarity of the Konrad-Adenauer-Foundation, 28 Latin-American Radio and TV directors of educational programmes had come to the Federal Republic in June and stayed from the 5th to the 30th. Over half of them, in fact 15, were from Brazil. Among the remainder of the guests, 3 each were from Mexico, Colombia and Peru, 2 from the Argentine and 1 each from Chile and Venezuela.

Table: Development Aid of the DAC-countries *

	Public aid (in \$ mn)		p.c. share of GNP		Total Aid (in \$ mn)		p.c. share of GNP	
	1970	1971	1970	1971	1970	1971	1970	1971
Australia	202	202	0.59	0.52	381	389	1.11	1.00
Austria	19	10	0.13	0.06	98	93	0.67	0.56
Belgium	120	143	0.48	0.49	309	300	1.23	1.03
Canada	346	342	0.42	0.37	626	760	0.76	0.82
Denmark	59	74	0.38	0.43	86	138	0.55	0.80
France	1,006	1,107	0.68	0.68	1,824	1,856	1.27	1.02
Western Germany	599	734	0.32	0.34	1,487	1,915	0.80	0.88
Italy	147	173	0.16	0.17	682	862	0.73	0.85
Japan	458	511	0.23	0.23	1,824	2,141	0.93	0.96
Netherlands	196	216	0.63	0.60	457	590	1.48	1.63
Norway	37	42	0.32	0.33	67	65	0.59	0.51
Portugal	39	52	0.61	0.75	69	109	1.07	1.58
Sweden	117	159	0.36	0.45	229	243	0.70	0.69
Switzerland	30	28	0.15	0.12	137	220	0.67	0.93
Great Britain	447	561	0.37	0.41	1,279	1,570	1.06	1.14
USA	3,050	3,324	0.31	0.32	6,254	7,045	0.64	0.67
All DAC-Countries	6,873	7,679	0.34	0.35	15,851	18,096	0.80	0.82

* Net performances after deducting capital repayments. Round figures. The figures for total aid include performances by charitable organisations.

On the comprehensive programme were lectures and visits to German broadcasting institutes in Mainz to the ZDF, in Berlin to the training centre for foreign TV personnel and to Radio Free Berlin, in Baden-Baden to the studio for training programmes of Radio South-West, in Munich to Bavarian Radio with special emphasis on programmes for school children, and to "Transtel" and WDR in Cologne. At the end of the tour there was a forum-discussion in Cologne at which the guests from Latin-America had the opportunity for a thorough exchange of experiences with representatives from the German Federal Ministry for Economic Cooperation, the Federal Press Bureau, "Deutsche Welle" and "Transtel", Radio South-West and the Konrad-Adenauer-Foundation.

Development Aid by the Churches: State and Churches have intensified their cooperation in the development aid field progressively in the recent past. The two main Christian Churches in the Federal Republic spent a total of over DM 1.6 bn on development aid measures between 1960 and 1970. About 40 p.c. (DM 608.8 mn) were state grants and used for the promotion of 1,473 development aid projects in 78 states of Asia, Africa and Latin America.

The Federal Government, in consultation with the Church authorities, has developed the following criteria for this kind of assistance:

- Measures which activate the population's will for self-aid,
- Education of leadership cadres,
- Relief measures in especially backward and neglected areas,

Improvement of health services and nutritional patterns.

Trade with the Far East: The turnover of Western Germany's trade with Far Eastern countries increased by 8.8 p.c. to DM 5,855 mn in the first half of 1972 compared with DM 5,382 mn in the corresponding period last year. The import amounted to DM 3,092 mn (growth rate 3.4 p.c.) and on the export side there was an increase by 14.1 p.c. to DM 2,763 mn. In the first six months of this year, Germany's export to the Far East amounted to 3.8 p.c. of its total export, after 4 p.c. in the first half of 1971. Compared with Germany's total import, that from Far Eastern countries represented a share in its total import of 4.9 p.c. (last year 4.5 p.c.).

According to countries, the trade with Japan is clearly most important. It amounts to 40 p.c. of Western Germany's total trade with the Far East, followed by Hongkong with 11.8 p.c., India (8.6 p.c.), China (6.8 p.c.), Taiwan (5.5 p.c.) and Indonesia (5.1 p.c.). The share of the other trade partners in the Far East was less than 5 p.c. in each case.

Multinational Seminar: In August 1972 the Central Office for Public Administration of the German Foundation for Developing Countries (DSE) held an international seminar on the mobilisation of domestic sources of finance by developing countries, which savings and credit specialists in various African countries as well as Pakistan had been invited to attend.

In content the seminar was related to meetings arranged by the DSE, the UN and the International Institute of Savings Banks in 1970 and 1971. Drawing on concrete examples, it concentrated on the practical im-

portance of savings banks for local development, regional policy and national planning.

The mobilisation of indigenous financial resources occupies a key position in the development process because foreign financial aid can do no more than complement domestic finance facilities. As a matter of fact, the developing countries have hitherto financed about 85 p.c. of their investments out of their own savings, with the savings ratio standing at about 15 p.c. of GNP. The objective is an 0.5 p.c. annual progression in the savings ratio, so that by 1980 an average of 20 p.c. of GNP may be available for investments from local savings.

German-Algerian Trade Relations: The economic relations between the Federal Republic and Algeria have developed well, despite the rupture of diplomatic relations which were "frozen" since May 14, 1965 until recently. German imports from Algeria rose from DM 515 mn in 1967 to DM 967.5 mn in 1971, and German exports increased over the same period from DM 67.3 mn to DM 432 mn.

In view of the important position held by German firms in the Algerian industrialisation plan, experts for the Arab world take a positive view of economic prospects following the resumption of diplomatic relations. In the economic negotiations announced for the end of October of this year the main issue will be new financial aid commitments by Germany to Algeria; another one concerns encouragement of German private investment which has so far reached DM 50 mn.

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