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Germany's Economic Relations with Developing Countries

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GERMANY'S ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

I. Introduction and Summary

1. The Federal Republic of Germany (FRG) is today in a highly favorable economic position. Compared to other Western European countries, its per capita GDP is well above the average; its unemployment and inflation rates are lower than the average; and it has a substantial surplus in its external balance.

	1976 Per Capita GDP(US$)	1977 Inflation Rate(%)	1977 Unemployment Rate(%)	1977 Current Account Balance($B)
Fed.Rep. of Germany	3,511	3.6	3.6	3.7
European Community	2,855	8.8	n.a.	0.8
United States	5,413	5.9	6.9	-15.3
Japan	2,420	5.5	2.1	10.9
OECD Total	3,362	7.4	5.4	-27.6

2. There are four important economic links between Germany and the developing countries--trade, foreign workers and the return flows of remittances, tourism and capital flows. Germany is an important partner in all respects, except in ODA.

3. Germany has one of the more liberal trade regimes among the industrialized countries. Imports by the Federal Republic from non-oil developing countries increased by 7% per annum in 1960-70 and by 20% per annum in 1970-77, totalling about US$15 billion in 1977. The value of developing countries' manufactured exports to the Federal Republic increased at about 34% per annum between 1968 and 1976, and their share of Germany's total manufactured imports increased

from 5.4% in 1968 to 11.5% in 1976.

	FRG Imports from			FRG Exports to		
	1970 (US$m)	% change p.a. 1960-70	1970-77	1970 (US$m)	% change p.a. 1960-70	1970-77
Non-oil Exporting LDCs	3,980	7.0	20.1	5,114	8.5	18.1
Oil-exporting LDCs	1,836	11.5	27.4	945	8.6	41.3

4. The Federal Republic had a nine-fold increase in the number of foreign workers between 1960 and 1973 and a five-fold increase in workers' remittances. Since that time, however, there has been an almost complete stoppage of immigration of foreign workers. And, a number of major developing countries--including Turkey and Yugoslavia--have witnessed substantial declines in workers' remittances which were a major source of foreign exchange. On the other hand, between 1974 and 1978 there was a doubling in tourism and travel payments by German citizens, 20% of which was accounted for by developing countries, mostly in Southern Europe.

	1970	1973	1975	1977
Foreign workers (thousand)	1,807	2,498	2,061	1,872
% total employment	6.8%	9.4%	8.1%	7.5%
Net outflow of remittances ($m)	1,626	3,716	3,456	3,178

5. While Germany's ODA flows have declined as a percentage of GNP between 1975 and 1977, total capital flows from Germany have increased substantially and are above the DAC average. This increase is accounted for principally by expansions in commercial bank lending and in portfolio

investment.

	1970	1975	1976	1977
ODA - $m	599	1,689	1,384	1,386
-% GNP	0.32	0.40	0.31	0.27
Total Flows - $m	1,487	4,962	5,314	5,754
-% GNP	0.79	1.19	1.19	1.12

6. These aspects of the Federal Republic of Germany's economic relations with developing countries are dealt with in greater detail in the remainder of this note. The next section reviews the economic performance of Germany in comparison with other industrialized countries. Section III discusses Germany's trade relations with developing countries in the context of the European integration of the 1960s and recent trends in protectionism. Section IV provides a short summary of recent trends in workers' remittances and tourism outflows from the Federal Republic to developing countries, while Section V deals with financial flows. Annex tables, illustrating the structure of German trade and direct investment are attached.

II. The Comparative Performance of the German Economy, 1961-76

7. The German "Wirtschaftswunder"--the post-war reconstruction boom was one of the more highly publicized economic phenomena of the 1950s. The Federal Republic entered the 1960s as the strongest economy in Western Europe. Its per capita GDP and private consumption, although lower than in the U.S., were already above the average levels prevailing in the European Community (EC). Its investment ratio was well above that of the major industrial nations, with the exception of Japan, and a high ratio of domestic savings to GDP was reflected in a substantial surplus on the current account of its balance of payments. Furthermore, the German economy had reached a near-full employment situation in 1960 when a 1.2% rate of unemployment was matched by a twice-as-high rate of vacancies. Finally, although the major impact of European economic integration and trade liberalization under GATT was still to come, the Federal Republic of Germany was already a relatively open economy, with high ratios of imports and exports to GDP for a country of that size (Table 1).

8. During the 1960s, German economic performance came pretty much into line with the rest of the EC. The overall growth of output dropped from an 8% annual rate in the 1950s to about 4.5% during the 1960s; investment in machinery and equipment slowed down from a 10.6% to a 7.2% annual rate of growth in real terms. Per capita GDP increased at the same rate as on average in the EC, and so did the volume of exports. Per capita consumption, however, increased slightly more rapidly, which was reflected in a relatively high growth rate in the volume of imports.

9. Germany during this period had a virtually stagnant labor force, with a declining domestic supply of labor, and a spectacular increase in the

Table 1: INDICATORS OF COMPARATIVE ECONOMIC PERFORMANCE, 1961-1976

Per Capita (at 1970 prices)	GDP			Private Consumption		
	1976		1961-76	1976		1961-76
	(US$)	(1961=100)	% Growth p.a.	(US$)	(1961=100)	% Growth p.a.
Federal Republic of Germany	3,511	160	3.2	1,958	167	3.5
European Community	2,855	161	3.2	1,709	163	3.3
United States	5,413	145	2.5	3,541	153	2.9
Japan	2,420	280	7.1	1,284	261	6.6
OECD Total	3,362	161	3.2	2,088	164	3.4

In % of GDP	Domestic Savings (at current prices)/a		Gross Fixed Capital Formation (at current prices)		Imports of Goods and Services (at 1970 prices)		Exports of Goods and Services (at 1970 prices)	
	1961	1976	1961	1976	1961	1976	1961	1976
Federal Republic of Germany	29.3	24.2	25.2	20.7	12.8	23.6	15.5	26.7
European Community	24.1	22.3	21.6	21.0	15.8	26.0	17.1	28.2
United States	18.4	16.7	17.3	16.2	3.7	5.7	4.6	6.9
Japan	38.9	32.3	33.2	29.6	7.9	11.0	7.2	16.1
OECD Total	21.8	21.4	20.1	20.6	9.4	15.0	10.1	16.3

% Growth p.a. (at 1970 prices)	GDP		Imports of Goods and Services		Exports of Goods and Services	
	1961-1971	1971-1976	1961-1971	1971-1976	1961-1971	1971-1976
Federal Republic of Germany	4.5	2.4	9.3	5.7	8.0	6.8
European Community	4.5	2.9	8.3	5.8	8.0	6.4
United States	3.9	2.9	8.4	2.9	6.1	6.9
Japan	10.1	5.1	12.2	8.2	16.1	11.1
OECD Total	4.7	3.3	8.5	5.6	8.2	6.5

/a GDP minus private and public final consumption expenditure.

Source: OECD, National Accounts 1976, Vol. 1.

number of foreign workers (20.5% per annum). By 1973, the number of foreign workers in the Federal Republic of Germany had reached 2.5 million, or 9.4% of the total labor force, and the accompanying net outflow of migrants' remittances was about US$3.7 billion.

10. Despite the excess demand situation in the labor market, the rate of increase of wages and prices in Germany compared very favorably to that in the other industrialized countries (Table 2). The reasons for this were tough anti-inflationary demand management; the large increases in the number of foreign workers which enhanced the effectiveness of demand management; and the relatively moderate attitude of trade unions. However, tight demand management policies dampened the rate of productivity growth, and the squeeze on non-wage incomes, reduced the rate of return on investment. These phenomena are thought to be contributing to the current depression in investment activity and reducing the growth potential of the German economy.

11. The development of strongly competitive export industries in Germany was aided by the undervaluation of the currency through most of the 1950s and 1960s. Labor shortages also contributed indirectly to a re-orientation of investment activity towards capital-intensive technology and capital intensive economic sectors (intermediate products, agricultural and industrial machinery, electrical equipment and motor vehicles).

12. Successive appreciations of the DM in the 1970's, reflecting the continuous preoccupation of the German authorities with inflation, do not seem to have seriously damaged the relative competitiveness of exports. Although the real growth rate of exports slowed down from 8% in 1961-70 to 6.8% in 1971-76, it was still significantly above the average OECD performance

Table 2: LABOR COSTS AND PRICES: COMPARATIVE PERFORMANCE 1960-1973

(% increase p.a.)

	Compensation per employee	Labor productivity	Unit labor cost [/a]	GDP deflator	Memorandum Items		
					Indicator of gross profit margins [/b]	Price of goods and services exports [/c] (in domestic currency)	(in US$)
Federal Republic of Germany	9.2	4.4	4.6	4.2 [/d]	-0.4	2.2	5.7
France	9.9	4.8	4.9	4.9	0	3.0	3.8
United Kingdom	8.2	2.8	5.3	5.2	-0.1	4.3	3.1
Italy	11.6	5.6	5.7	5.4	-0.3	3.3	3.9
United States	5.6	2.0	3.5	3.4	-0.1	3.3	3.3
Canada	5.8	2.5	3.2	3.8	0.6	3.1	3.3
Japan	14.0	8.9	4.7	5.5	0.8	2.0	4.4

[/a] Column 1 + column 2.
[/b] Column 4 + column 3; a minus sign indicates a decline in the share of non-labor income in total income.
[/c] 1961-1973.
[/d] 1961-1973.

Source: OECD Working Party No. 2, CPE/WP2(78)4.
OECD National Accounts 1976, Vol. 1.

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in the same period. Since the early '70's the growth of GDP has shown a more pronounced deceleration than that of exports, and there has been a concomitant slowing down in the demand for imports. As a result, Germany's balance of payments situation has been highly favorable in recent years.

III. Trade Relations with the Developing Countries

13. Germany's trade relations with developing countries have to be examined in the context of the economic relations of the European Community with these countries. Trade relations of the European Community with the developing world, although increasing rapidly, are far less intensive than those of the United States and Japan. In 1970, that is, prior to the boom in commodity and energy prices, the share of developing countries (including the oil exporters) in total imports of Germany and the rest of EC amounted to 19.4 and 22.0% respectively, while for the United States and Japan the corresponding proportions were 27.8 and 39.7% (Table 3). On the exports side the EC and German percentages were even lower and the difference with the United States and Japan larger. As can be seen in Table 3, even more striking are the differences in the distribution of the increase in imports and exports of those countries over the period 1960-70; the developing countries had a relatively minor share in the rapid foreign trade expansion of the EC during the 1960s. In terms of the developing countries' overall export performance, the EC market has certainly not been an expansionary factor. In 1963, the EC absorbed 56% of all developing countries exports to the industrialized world; by 1977 the EC share was down to 44% while during the same period the share of all industrialized countries in total exports of the developing countries remained almost constant (at about 68% in 1963 and 1977). The decline in the relative significance of the EC as a market for the developing countries is even sharper when the Southern European developing countries are excluded; the latter's trade with the EC has, of course, increased.

Table 3: GERMANY'S COMPARATIVE TRADE PERFORMANCE, 1960-1977

	Imports from:					Exports to:				
	Non-oil Exporting LDC	Oil Exporting LDC	European Community	Other	Total	Non-oil Exporting LDC	Oil Exporting LDC	European Community	Other	Total
I. Federal Republic of Germany										
1970, million US$	3,980	1,836	14,852	9,288	29,956	5,114	945	15,868	12,306	34,233
1970, share in total (%)	13.3	6.1	49.6	31.0	100.0	14.9	2.8	46.4	35.9	100.0
European Community (excl. Germany)										
1970, million US$	11,617	7,452	42,025	25,480	86,574	12,849	2,972	40,543	22,025	78,389
1970, share in total (%)	13.4	8.6	48.6	29.4	100.0	16.4	3.8	51.7	28.1	100.0
United States										
1970, million US$	10,154	1,657	9,800	20,841	42,452	12,615	1,918	11,300	17,398	43,231
1970, share in total (%)	23.9	3.9	23.1	49.1	100.0	29.2	4.4	26.1	40.3	100.0
Japan										
1970, million US$	4,668	2,835	1,533	9,825	18,881	6,674	971	1,862	9,811	19,318
1970, share in total (%)	24.7	15.0	8.2	52.1	100.0	34.6	5.0	9.6	50.8	100.0
II. Federal Republic of Germany										
1960-70 % growth p.a.	7.0	11.5	14.7	9.5	11.4	8.5	8.6	13.9	10.7	11.6
1960-70 incremental share in total (%)	9.9	6.2	56.0	27.9	100.0	12.5	2.3	50.7	34.5	100.0
European Community (excl. Germany)										
1960-70 % growth p.a.	5.1	8.7	13.1	7.7	9.6	6.5	2.5	13.0	8.8	9.9
1960-70 incremental share in total (%)	8.8	8.2	57.3	25.7	100.0	12.6	1.3	59.9	26.2	100.0
United States										
1960-70 % growth p.a.	7.8	1.3	11.2	14.4	10.9	7.5	7.1	8.4	7.5	7.7
1960-70 incremental share in total (%)	19.6	0.7	23.4	56.3	100.0	28.7	4.2	27.6	39.5	100.0
Japan										
1960-70 % growth p.a.	13.5	19.4	17.4	15.2	15.4	14.1	11.2	19.4	19.7	16.9
1960-70 incremental share in total (%)	23.3	16.4	8.6	51.7	100.0	32.0	4.2	10.1	53.7	100.0
III. Federal Republic of Germany										
1970-77 % growth p.a.	20.1	27.4	18.6	16.9	19.0	18.1	41.3	19.0	17.2	19.3
1970-77 incremental share in total (%)	14.5	11.4	48.4	25.7	100.0	13.5	11.5	45.0	30.0	100.0
European Community (excl. Germany)										
1970-77 % growth p.a.	17.2	26.1	19.1	16.0	18.7	17.4	33.8	19.3	16.0	18.9
1970-77 incremental share in total (%)	11.7	15.1	50.1	23.1	100.0	14.4	10.7	53.2	21.7	100.0
United States										
1970-77 % growth p.a.	21.3	54.6	13.4	16.0	20.5	13.0	32.1	12.9	15.1	15.7
1970-77 incremental share in total (%)	25.4	29.2	12.0	33.4	100.0	27.3	15.0	19.7	38.0	100.0
Japan										
1970-77 % growth p.a.	18.6	36.6	15.4	15.3	20.9	20.8	43.0	24.9	20.1	22.8
1970-77 incremental share in total (%)	20.4	42.6	5.1	31.9	100.0	29.8	17.6	11.2	41.4	100.0

Source: IMF, Direction of Trade 1958-62, 1970-76, 1971-77.

14. The relatively low share of developing countries in the foreign trade expansion of the EC countries until the early 70's is not at all surprising. European economic integration, set in motion by the Treaty of Rome in 1957 and the creation of customs unions among the original six EC partners and other European countries (EFTA), had its major impact during the 1960s. The imposition of common external tariffs, and the rapid dismantling of all internal import duties and other restrictions, resulted in a rapid expansion of trade within the region. Although most studies agree that the trade diverting impact of the EC customs union has been small, if any, the fact remains that it has led to a much more rapid increase in intra-EC trade and consequently to a relatively lower intensity of trade relations with the rest of the world and the developing countries in particular. Table 3 shows that intra-EC trade contributed more than 55% to the Community's overall trade expansion (exports + imports) in the period 1960-70. The developing countries' share (including the oil exporting countries) was limited to about 15%, far less than their share in the trade expansion of the US and Japan. Part of the explanation for this, of course, lies in the Community's high degree of self-sufficiency in food production, fostered by the discriminatory common agricultural policy. The Community's external tariff barrier has been considerably reduced since its creation, particularly in manufactures, and is now the lowest among the industrialized countries (Table 4).[/1]

15. In the case of Germany, the EC-integration argument is even stronger. At the start of the customs union, the Federal Republic had by far the highest tariff protection on imports of all the original EC partners. Within the short time frame established for the abolition of internal tariffs, the German rate of liberalization on imports from EC partners was therefore

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/1 The discussion of protectionism is on page 17.

also the highest. For that reason mainly, the impact of European integration on Germany's imports from EC partners has been relatively stronger than on its exports to the Community. Although the changes in Germany's external trade regime also provided major opportunities for non-EC countries, prevailing institutional and supply conditions initially strongly favored the original EC partners.

16. Germany's overall trade balance evolved steadily from a DM3 billion deficit in 1950 to a DM38.4 billion surplus in 1977; the regional distribution of the balance, as well as the changes therein between the 1950s and subsequent periods, show some interesting patterns (Table 5). The contribution of the original five EEC partners in the increasing German surplus is minor, and relatively smaller after 1960 than before; this is consistent with the specific integration impacts described above. While Germany's deficit with the United States was increasing through the 1950s, the trend was reversed after 1960; the same holds true, but in the opposite direction, with regard to Japan which moved into a modest surplus position towards the end of the 1960s. The bulk of the increase in the German trade surplus was at the expense of the group "Other OECD".1/

17. The non-oil developing countries' contribution was marginal, but had an interesting evolution. In 1950, virtually all of Germany's deficit was accounted for by non-oil developing countries and the United States, reflecting a rapidly increasing demand for raw materials in the direct after-war period, when the reconstruction of the domestic economy was absorbing all productive capacity. During the 1950s, the gradual emergence of strong and competitive exports industries in Germany contributed to the elimination

1/ See Table 5, note b.

Table 5: GERMANY'S BALANCE OF TRADE BY REGIONS

(Customs basis; exports f.o.b. minus imports c.i.f.; millions DM)

	Trade Balance		Changes in Trade Balance /a		
	1950	1977	1950-60	1960-70	1970-77
Trade balance with:					
European Community of which	-161	9,378	2,374	1,438	5,727
Original EEC	(100)	(2,873)	(1,347)	(375)	(1,051)
United States	-1,305	1,174	-946	1,622	1,803
Japan	-5	-3,480	222	-312	-3,385
Other OECD /b	243	23,642	5,065	9,209	9,125
Non-oil Developing Countries	-2,364	874	2,912	-15	341
OPEC	571	1,463	-1,640	-2,244	4,776
Centrally Planned Economies /c	9	5,366	248	749	4,360
WORLD	-3,012	38,417	8,235	10,447	22,747

/a Absolute changes in trade balances between the indicated benchmark years; initial 1950 balances, plus the cumulative sum of the changes in these balances in the respective sub-periods equals the 1977 trade balances.

/b Including the Southern European OECD members: Greece, Portugal, Spain and Turkey.

/c Excludes transactions with the German Democratic Republic.

Source: OECD Economic Surveys: Germany, June 1978, Annex Table F.

of trade deficits, and in particular the deficit with developing countries. In the 1960s, with the EC partners absorbing the major part of Germany's increasing export capacity, the country's trade with the non-oil developing countries remained approximately in balance, and stayed that way through 1977.

18. With regard to the OPEC countries the pattern was totally different: the Federal Republic moved from an initial surplus into a steadily increasing deficit in the 1950s and 1960s. The underlying cause, however, was different for the two periods. During the former period Germany's energy consumption underwent a rapid conversion from coal, as the main source of supply, to oil; consequently, imports from OPEC increased at an annual rate of almost 30%, that is, at twice the rate of growth of total imports. During the 1960s imports from OPEC slowed down to 9.0% growth on average per year, that is, in line with the overall growth of imports. Exports to OPEC, however, slowed down significantly, due to the high rate of absorption of German exports within the Community. Beyond 1970 the Federal Republic, in spite of a four-fold increase in oil prices and substantial appreciation of its currency, was the only major industrialized country to actually build up a trade surplus with OPEC. This is due to a combination of factors. In the first place, Germany's trade balance with OPEC seriously understates the actual impact of rising energy prices on its overall balance, as a relatively high proportion of its energy imports enter the country through EC partners (mainly the Netherlands), in the form of refined petroleum and natural gas. The direct share of developing countries of Germany's total energy imports is one of the lowest among the industrialized countries. Secondly, the appreciation of the DM against the US dollar by 57.3% between 1970 and

1977, considerably reduced the terms of trade loss resulting from the rise in oil prices. Lastly, Germany had great success in expanding exports to the OPEC countries in that period (Table 3). Germany's export industries evidently remained competitive despite the DM appreciation.

19. The commodity composition of German imports and exports is provided in Annex Table 4, both for total trade and for trade with the developing countries; the origin and destination of German trade with developing countries by commodity, in 1976, is further detailed in Annex Tables 1 and 2.

20. Manufactures account for almost 90% of Germany's total exports and for 95% of its exports to developing countries. Southern Europe and the Middle East absorbed more than 50% of manufactured exports to all developing countries, and all developing countries accounted for almost one quarter of total German exports in that category.

21. During the period 1968 to 1976 the value of German exports to the developing world increased at a higher rate than its total exports (22.1 and 19.3%, respectively); this was true for all major primary and manufactured components of exports, with the exception of "chemical elements and compounds" and "iron and steel". The strongest relative export performance to the developing markets was in all major components of machinery and transport equipment. Some very spectacular developments appear at a more disaggregated level; for example, German exports to developing (mostly OPEC) countries of building materials which were almost non-existent in 1968,

increased by more than 40% per annum through 1977 and in the latter year these countries accounted for 43% of total exports of building materials. This is a typical example of "export creation", most certainly connected with the upsurge in construction projects contracted to German firms by the oil-rich countries.

22. Imports from developing countries in 1968-76, moved in line with the overall growth of German imports. The developing countries were able to compensate for the decline in their share in primary markets (including fuels) by a rather strong penetration of German markets in manufactures. The value of developing countries' manufactured exports to the Federal Republic(in almost equal proportions from Asia and Southern Europe) increased at a rate close to 34% per annum, pushing their share in Germany's total imports from 5.4% in 1968 to 11.5% in 1976. In that year, for example, 48% of German imports of clothing and 23% of textiles, originated in developing countries. Although textiles and clothing are the most highly publicized cases of market penetration by developing countries, in terms of the rate of penetration of the German market, machinery is an even more spectacular case. From an almost zero level in 1968 developing countries managed to export machinery worth more than US$800 million to Germany, almost 8% of the country's total imports in that category. Furthermore, machinery exports which accounted for less than 5% of the developing countries' manufactured exports to the Federal Republic in 1968, had grown to a 14.5% share in 1976, and had the same relative importance as textiles.

23. In the field of manufactures, the drastic improvement in the developing countries' trade position vis-a-vis the Federal Republic is illustrated by the fact that while in 1968, German exports of manufactures to developing

countries were eight times the value of its imports of manufactures from these countries, in 1976 they were only three times as much. (The comparable ratio for German manufactures trade with the world as a whole is two.)

24. The Federal Republic has been remarkably successful in recent years in holding the line against protectionist pressure groups. It has been one of the most liberal of the industrialized countries, with a strong commitment to trade which has proved highly beneficial for the economy.

25. There are few examples of German protective measures. Most EC safeguard measures taken against manufactured imports from third countries in 1973-78, have been imposed at the behest of the United Kingdom, France, Ireland or Italy, and Germany has resisted protectionist actions by the Community. Export subsidies in the Federal Republic are relatively low, and certainly so in comparison to the EC partners. The German steel industry did not favor the "Davignon" plan (calling for various measures to rationalize and reduce supply within the Community, among others through voluntary export restraints and the application of minimum domestic prices), and evidently went along only in the name of EC solidarity.

IV. Workers' Remittances and Tourism

26. In 1975, there were about 6.3 million foreign workers in Western and Northern Europe. The Federal Republic of Germany had the largest volume of immigrants, followed by France, Switzerland, Belgium, Netherlands, Sweden, Austria and Luxembourg.

27. The number of foreign workers in the Federal Republic, and their share in total employment, has increased about nine-fold over the period 1960-73. In the 1973, the peak year, there were 2.5 million foreign workers in Germany, representing 9.4% of total employment. The 1974/75 recession triggered a freeze on new immigration to Germany, a steady decline in the number of foreign workers, as well as in their share of total employment. Since Germany's policies on foreign workers have not changed, despite the recent recovery in economic activity, in 1977 the number of foreign workers in the Federal Republic was down to 1.9 million, still representing 7.5% of total employment.

Table 6: EMPLOYMENT IN GERMANY, 1960-1977

(Thousands)

	1960	1970	1973	1974	1975	1976	1977
Total Employment	26,247	26,668	26,712	26,215	25,323	25,088	24,972
Foreigners	279	1,807	2,498	2,381	2,061	1,925	1,872
% of total employment	1.1	6.8	9.4	9.1	8.1	7.7	7.5

Source: OECD Economic Survey: Germany, June 1978.

28. The bulk of immigrant labor consists of semi-skilled or skilled production workers. They have been employed mainly in the manufacturing, construction and services sectors. In 1975, 60% of foreigners were employed in the manufacturing sector, 13% in services, 11% in construction, 6% in commerce, 1% in agriculture and 9% in other sectors.

29. The net outflow of workers' remittances over the period 1960-77 moved parallel with the number of workers, reaching a peak of $3.7 billion in 1973, and declining thereafter to $3.2 billion in 1977.

Table 7: NET OUTFLOW OF WORKERS' REMITTANCES FROM GERMANY
(millions of US$)

	1970	1973	1974	1975	1976	1977
Receipts	322	670	791	968	1,312	1,597
Payments	1,948	4,386	4,416	4,424	4,319	4,775
Net Outflow	1,626	3,716	3,625	3,456	3,007	3,178

Source: IMF.

30. The destination of workers' remittances has remained pretty much unchanged. In the 1970s, over 80% of the net outflow went to developing countries, mainly in Southern Europe. Turkey and Yugoslavia have been the major individual recipients, increasing their shares in the total net outflow from 53% in 1971 to 63% in 1977.

Table 8: NET OUTFLOW OF WORKERS' REMITTANCES FROM GERMANY BY COUNTRY OF DESTINATION, 1971-1977

(In percent of total)

	Southern European Developing Countries							
	Spain	Greece	Turkey	Yugoslavia	Portugal	Italy	Others	Total
1971	10.1	11.6	27.9	24.8	3.1	17.8	4.7	100.0
1977	7.0	10.2	33.6	28.9	3.1	12.5	4.7	100.0

Source: Deutsche Bundesbank, January 1979

31. The net outflow of tourism and travel payments from the Federal Republic, fueled by successive DM appreciations against the currency of host countries, almost doubled between 1974 and 1978, reaching approximately $9 billion in 1978. About 20% of this outflow benefits developing countries, almost entirely in Southern Europe, mainly Spain which absorbs about half of it.

Table 9: TRAVEL: DISTRIBUTION OF NET PAYMENTS FROM THE FEDERAL REPUBLIC OF GERMANY BY DESTINATION, 1974-1978

	1974	1975	1976	1977	1978[e]
	(In percent of total)				
Developing countries of which:	20.1	19.8	19.3	18.8	20.2
Southern Europe	17.6	17.9	17.6	17.4	18.2
(Spain)	(9.3)	(10.2)	(9.8)	(10.0)	(10.3)
Others	2.6	1.9	1.7	1.4	2.0
TOTAL World (%)	100.0	100.0	100.0	100.0	100.0
(in US$M)	4,719	5,660	5,644	7,007	9,059

[e]Estimate.

Source: Deutsche Bundesbank, January 1979.

V. Germany's Financial Flows to Developing Countries

32. While Germany's ODA flows have declined as a percentage of GNP and are below the DAC average, total capital flows from Germany are rising and are above the DAC average. This results principally from a rise (30% in the period 1975-77) in private flows, in particular in bank loans and in portfolio investments.

33. The especially low ODA performance in 1977 resulted from delays in project implementation and the fact that IDA and regional bank promissory notes had not been encashed. ODA commitments were 0.5% of GNP in 1976 and 1977; but the ODA/GNP ratio on a net disbursements basis may still not exceed 0.3% in 1978. Multilateral contributions comprise about 25% of ODA net flows, with somewhat more than one-half of the remainder being grants. In 1978 Germany decided to provide future assistance to the least developed countries in the form of grants, and to convert past loans to these countries into grants, on a case-by-case basis on the debtor's request.

34. International lending by commercial banks in Germany nearly doubled in the period 1975-77, as shown in Table 10. These statistics, moreover, exclude the loans by foreign branches and subsidiaries of German banks, notably those in Luxembourg, through which a large portion of German bank Eurocurrency lending is carried out.[1/] Bond issues on the German capital market by developing countries and by multilateral development institutions have increased even more rapidly (from $0.43 billion in 1975 to $1.49bbillion in 1977); multilateral issues still account for the bulk of these funds.

1/ Detailed statistics on the operations of banks in Luxembourg are not available. The BIS reports that total Eurocurrency assets of Luxembourg banks in June 1978 were $71.5 billion or four times the Eurocurrency claims of banks in Germany. The absence of detailed statistics about Luxembourg activities of German banks has been a matter of concern to German authorities, who are understood to have taken the matter up with German banks.

Table 10: NET FLOW OF FINANCIAL RESOURCES FROM FEDERAL REPUBLIC OF GERMANY TO DEVELOPING COUNTRIES

(US$ million)

		1970	1975	1976	1977
I.	ODA	599.0	1,688.8	1,384.0	1,386.0
	Grants and grant-like flows	246.6	556.0	511.8	593.6
	Development lending	219.5	604.9	532.3	434.5
	Contributions to multilateral institutions	132.9	527.9	339.9	357.9
II.	OOF	132.1	9.1	43.0	61.0
III.	Private Flows	756.0	3,263.4	3,886.8	4,306.6
	Direct investment	317.5	815.9	765.4	846.0
	Bank loans /a	57.0	821.6	925.9	1,573.6
	Bilateral portfolio and other	53.4	62.5	211.9	588.2
	Multilateral portfolio	63.1	353.2	930.4	901.4
	Guaranteed export credits	187.2	1,005.6	848.6	173.0
	Private grants	77.8	205.1	204.6	225.0
	TOTAL	1,487.1	4,961.7	5,313.8	5,753.6
Memo:					
	ODA as % of GNP: Germany	0.32	0.40	0.31	0.27
	Total DAC	0.34	0.35	0.33	0.31
	Total flows as % of GNP: Germany	0.79	1.19	1.19	1.12
	Total DAC	0.78	1.05	0.98	1.05

/a Claims of banks resident in Germany; excludes foreign branches and subsidiaries of German banks.

Sources: DAC, Development Cooperation, 1978 Review; DAC/AR/781/01, Memorandum of Germany on 1978/79 Aid Review.

35. German direct investment in developing countries grew at 10-11% in the 1960s, and accelerated to 23% per annum from 1971 to 1976.[1/] German investment rose from about 5-6% of total DAC private direct investment in developing countries in the early sixties to 10% in 1976-77. Investment in developing countries accounted for 30% of total German direct foreign investment in 1972-76.

36. Most of Germany's investment in developing countries has gone into manufacturing, although an increasing share in recent years has gone into services such as hotels and finance. Latin America and Southern Europe received over 70% of investment in 1972-76, with Brazil alone accounting for about 25%. German direct investments, particularly in Brazil, have probably substituted in part for German exports by transferring production to the market country. (Table 11).

37. A picture of the structure of German residents' assets and liabilities vis-a-vis non-oil developing countries is provided by Table 12. It is noteworthy that German long-term claims (excluding direct investment and real estate) on non-oil developing countries are equal to about 11% of the total medium and long-term debt of these countries, or roughly the same as the German share in these countries' foreign trade. Almost all of the financial and trade credit, which includes about half of short-term claims, is officially guaranteed or insured.

1/ Annex Table 5.

Table 11: FEDERAL REPUBLIC OF GERMANY DIRECT INVESTMENT FLOWS TO DEVELOPING COUNTRIES BY SECTOR AND DESTINATION /a

(US$ million)

	Amounts		Percent of Total	
	1972-76	1952-76	1972-76	1952-76
By Sector:				
Mining	171	399	6.0	7.1
Manufacturing	1,497	3,505	52.5	62.1
of which:				
Chemicals	407	968	14.3	17.2
Automobiles	121	460	4.3	8.2
Electrical engineering	289	571	10.1	10.1
Other	680	1,585	23.8	28.1
Other	1,183	1,739	41.5	30.8
TOTAL	2,851	5,643	100.0	100.0
By Destination:				
Southern Europe	915	1,528	32.1	27.1
Africa	381	897	13.3	15.9
Latin America	1,145	2,562	40.1	45.4
Middle East	287	379	10.1	6.7
Asia and Oceania	123	276	4.3	4.9
TOTAL	2,851	5,643	100.0	100.0

/a Data shown in this table do not include reinvested earnings, which are not available in sufficient detail, and thus differ from OECD data shown in Table 10.

Source: Bundesminister der Justiz, Bundesanzeiger, various issues.

Table 12: FEDERAL REPUBLIC OF GERMANY CLAIMS ON AND LIABILITIES TO DEVELOPING COUNTRIES (EXCLUDING OPEC COUNTRIES), END - 1977 /a

(US$ billion)

	Assets	Liabilities	Balance
Official /b	10.1	1.4	8.7
Private	28.4	13.1	15.3
Short-term	7.6	9.0	-1.4
Long-term	20.8	4.1	16.7
of which:			
Banks	5.2	1.9	3.3
Financial and trade credit	6.6	1.0	5.6
Portfolio investment	1.0	0.8	0.2
Direct investment	7.3	0.2	7.1
Real estate	0.8	-	0.7
TOTAL	38.5	14.5	24.0

/a Only directly assignable claims and liabilities, i.e. excludes items arising from financial operations via third countries.

/b Includes position of the Bundesbank.

Source: Monthly Report of the Deutsche Bundesbank, July 1978.

ANNEX TABLES

Table 1: Germany's Imports (c.i.f.) by Commodities and Regions: 1976

Table 2: Germany's Exports (f.o.b.) by Commodities and Regions: 1976

Table 3: Germany's Trade With Developing Countries by Region (Selected Countries): 1960-1977 (Selected Years)

Table 4: Federal Republic of Germany Trade with Developing Countries and With World By Commodities: 1968 and 1976.

Table 5: German Direct Investment Flow by Areas (Net): 1962-1976

Table 6: German Direct Investment Flow to Developing Countries by Selected Recipient Countries (Net): 1965-76.

ANNEX

Table 1: GERMANY'S IMPORTS (c.i.f.) BY COMMODITIES AND REGIONS: 1976

(Millions of US dollars)

						of Developed Countries	of Developing Countries					
	(SITC Code)	World Total	Developed Countries	Developing Countries	CPE's/a	E.E.C.	Africa	Latin America and Caribbean	Middle East	Asia & Pacific	Europe	(OPEC)
1. Food and Beverages	(0+1+22+4)	13,711	9,110	3,904	540	6,875	700	1,695	95	654	760	229
2. Non-food Agriculture	(2 -22 -27 -28)	4,356	2,785	1,033	397	1,260	292	198	78	336	129	109
3. Fuel and Energy	(3)	15,828	5,060	9,403	1,329	4,541	4,218	289	4,806	25	65	9,018
4. Non-fuel Minerals and Metals	(27+28+68)	5,575	1,684	1,469	379	615	404	638	14	269	144	113
5. Manufactures	(5 to 9 -68)	48,313	42,641	5,577	1,680	29,237	215	462	354	2,313	2,233	247
6. TOTAL	(0 to 9)	87,783	61,280	21,386	4,325	42,528	5,829	3,282	5,347	3,597	3,331	9,716

/a Centrally Planned Economies.

NOTE: Definitions of LDC regional classifications are consistent with those in the WDR, but differ from those used by IMF and OECD.

Source: OECD, Trade by Commodities, Series C, 1976.

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Table 2: GERMANY'S EXPORTS (f.o.b.) BY COMMODITIES AND REGIONS: 1976

(Millions of US dollars)

	(SITC Code)	World Total	Developed Countries	Developing Countries	CPE's[a]	of Developed Countries	of Developing Countries				
						E.E.C.	Africa	Latin America and Caribbean	Middle East	Asia & Pacific	Europe	(OPEC)
1. Food and Beverages	(0+1+22+4)	4,529	3,810	552	162	3,111	233	45	107	65	102	191
2. Non-food Agriculture	(2 -22 -27 -28)	1,483	1,141	270	65	836	20	28	37	13	171	40
3. Fuel and Energy	(3)	2,933	2,474	125	50	1,799	32	21	17	10	44	27
4. Non-Fuel Minerals and Metals	(27+28+68)	2,687	2,280	281	116	1,669	37	51	63	38	94	79
5. Manufactures	(5 to 9 -68)	90,400	61,194	21,422	6,533	39,234	4,037	3,345	5,893	2,429	5,718	7,927
6. TOTAL	(0 to 9)	102,032	70,899	22,650	6,926	46,649	4,359	3,490	6,117	2,555	6,129	8,264

[a] Centrally Planned Economies.

NOTE: Definitions of LDC regional classifications are consistent with those in the WDR, but differ from those used by IMF and OECD.

Source: OECD, Trade by Commodities, Series C, 1976.

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ANNEX

Table 3: GERMANY'S TRADE WITH DEVELOPING COUNTRIES BY REGION (SELECTED COUNTRIES): 1960-1977 (SELECTED YEARS)

(Millions of US dollars)

	1960	1965	1970	1975	1976	1977	Percentage Share 1960	Percentage Share 1977	Average Growth Rate (%) 1960-1977
Exports (f.o.b.) to:									
1. Southern Europe	628	1,078	2,204	6,334	6,489	7,312	23.5	27.1	15.5
2. Africa	438	527	948	3,634	4,359	5,665	16.3	21.0	16.3
Algeria	14	16	99	611	741	1,079	0.5	4.0	29.1
Libya	20	42	46	536	523	650	0.7	2.4	22.7
Nigeria	40	77	102	652	867	1,293	1.5	4.8	22.7
Egypt	113	102	122	423	583	589	4.2	2.2	10.2
3. Latin America and Caribbean	774	827	1,392	3,644	3,490	4,109	28.9	15.2	10.3
Brazil	129	90	310	1,207	1,089	969	4.8	3.6	12.6
Venezuela	91	106	146	371	540	985	3.4	3.6	15.0
Argentina	150	115	211	325	347	433	5.6	1.6	6.4
Mexico	75	125	184	457	435	330	2.8	1.2	9.1
4. Middle East	271	364	583	4,783	5,757	6,841	10.1	25.3	20.9
Iran	118	158	322	2,107	2,295	2,741	4.4	10.1	20.3
Saudi Arabia	16	36	65	566	1,192	1,713	0.6	6.3	31.6
Iraq	33	40	19	1,051	898	780	1.2	2.9	20.5
5. Asia	568	739	935	2,260	2,532	3,076	21.2	11.4	10.5
India	213	262	156	354	369	493	7.9	1.8	5.1
Indonesia	65	56	92	394	478	476	2.4	1.8	12.4
6. Oceania	2	5	19	19	23	17	0.0	0.0	13.4
7. LDC Total (1 to 6)	2,681	3,540	6,081	20,674	22,650	27,020	100.0	100.0	14.6
8. Total Exports	11,422	17,911	34,189	90,021	102,032	117,932			14.7
(Percent of LDC Total, 7 ÷ 8)	(23.5)	(19.8)	(17.8)	(23.0)	(22.2)	(22.9)			
Memo: OPEC	431	575	959	6,563	7,934	10,262			20.5
Centrally Planned Economies	536	672	1,475	7,083	6,929	7,224			16.5
Imports (c.i.f.) from:									
1. Southern Europe	417	635	1,062	3,000	3,553	4,017	15.8	16.6	14.3
2. Africa	501	1,133	1,827	4,913	5,829	6,587	19.0	27.3	16.4
Algeria	26	60	150	1,025	1,146	1,176	1.0	4.9	25.1
Libya	1	371	664	1,391	2,099	2,162	0.0	8.9	57.1
Nigeria	68	105	155	962	976	1,104	2.8	4.6	17.8
3. Latin America and Caribbean	884	1,185	1,460	2,712	3,282	4,216	33.5	17.4	9.7
Brazil	120	204	309	899	961	1,152	4.6	4.8	14.2
Argentina	131	176	173	256	355	562	5.0	2.3	8.9
Chile	120	152	252	214	299	298	4.6	1.2	5.5
Colombia	69	89	111	228	335	508	2.6	2.1	12.5
4. Middle East	418	469	717	4,367	5,125	5,278	15.9	21.8	16.1
Iran	142	155	239	1,469	1,988	1,868	5.4	7.7	16.4
Saudi Arabia	126	132	200	1,592	1,798	160	4.8	0.7	1.4
Bahrain	25	0	6	740	1,987	1,866	0.9	7.7	28.9
5. Asia	412	491	732	2,582	3,428	4,063	15.6	16.8	14.4
Taiwan	5	30	77	372	436	533	0.2	2.2	31.6
Hong Kong	23	83	189	685	907	900	0.9	3.7	24.1
South Korea	1	4	20	301	405	518	0.0	2.1	44.4
Malaysia	n.a.	n.a.	85	225	310	377	n.a.	1.6	n.a.
India	47	61	71	196	297	337	1.8	1.4	12.3
Philippines	53	66	43	188	242	313	2.0	1.3	11.0
6. Oceania	4	8	11	25	169	30	0.2	0.1	12.6
7. LDC Total (1 to 6)	2,636	3,921	5,809	17,599	21,386	24,191	100.0	100.0	13.9
8. Total Imports	10,175	17,611	29,814	74,208	87,783	100,700			14.4
(Percent of LDC Total, 7 ÷ 8)	(25.9)	(22.3)	(19.5)	(23.7)	(24.4)	(24.0)			
Memo: OPEC	646	1,177	1,757	7,230	8,830	9,043			16.8
Centrally Planned Economies	474	730	1,200	3,492	4,326	4,793			14.6

Note: Definitions of LDC regional classifications are consistent with those in the WDR, but differ from those used by IMF and OECD.
n.a. = not available

Source: IMF, Direction of Trade, 1958-62, 1964-68; OECD, Statistics of Foreign Trade, Series A, 1973, 1976, 1978.

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Table 4: FEDERAL REPUBLIC OF GERMANY TRADE WITH DEVELOPING COUNTRIES AND WITH WORLD BY COMMODITIES: 1968 AND 1976

(In current million US dollars)

Commodities	(SITC Codes)	Trade with Developing Countries					Trade with World					Shares of Developing Countries in FRG Trade with World	
		1968	1976	Percentage Shares 1968	Percentage Shares 1976	Annual Growth Rates (%) 1968-76	1968	1976	Percentage Shares 1968	Percentage Shares 1976	Annual Growth Rates (%) 1968-76	1968	1976
EXPORTS (f.o.b.)													
1. Food and Beverages	(0+1+22+4)	84	552	1.8	2.4	26.5	744	4,529	3.0	4.4	25.3	11.3	12.2
2. Non-Food Agriculture	(2-22-27-28)	64	270	1.4	1.2	19.7	437	1,483	1.8	1.5	16.5	14.6	18.2
3. Fuel and Energy	(3)	32	125	0.7	0.6	18.6	826	2,933	3.3	2.9	17.2	3.9	4.3
4. Non-Fuel Minerals and Metals	(27+28+68)	82	281	1.8	1.2	16.6	861	2,687	3.5	2.6	15.3	9.5	10.5
of which:													
Non-ferrous metals	(68)	73	228	1.6	1.0	15.3	640	1,902	2.6	1.9	16.6	11.4	12.0
5. Manufactures	(5 to 9-68)	4,323	21,422	94.3	94.6	22.1	21,975	90,400	88.5	88.6	19.3	19.7	23.7
of which:													
Chemical elements and compounds	(51)	213	855	4.6	3.8	19.0	965	4,223	3.9	4.1	20.3	22.1	20.2
Plastic materials	(58)	126	663	2.7	2.9	23.1	648	3,227	2.6	3.2	22.2	19.4	20.5
Textile yarn, fabrics, etc.	(65)	176	676	3.8	3.0	18.3	1,001	3,849	4.0	3.8	18.3	17.6	17.7
Iron and steel	(67)	281	978	6.1	4.3	16.9	1,829	6,655	7.4	6.5	17.5	15.4	14.7
Manufactures of metals, NES	(69)	174	791	3.8	3.5	20.8	882	3,412	3.6	3.3	18.4	19.7	23.2
Finished structural parts and structures, NES	(691)	19	293	0.4	1.3	40.8	93	646	0.4	0.6	27.4	20.4	43.4
Machinery other than electric	(71)	1,268	6,903	27.6	30.5	23.6	5,498	22,280	22.1	21.8	19.1	23.1	31.0
Electrical machinery and appliances	(72)	441	2,591	9.6	11.4	24.8	1,947	9,410	7.8	9.2	21.8	22.7	27.5
Transport equipments	(73)	689	4,146	15.0	18.3	25.1	3,908	16,837	15.7	16.5	20.0	17.6	24.6
Scientific and control instruments, photo goods, clocks	(86)	129	527	2.8	2.3	19.2	752	2,731	3.0	2.7	17.5	17.2	19.3
6. Total Exports	(0 to 9)	4,585	22,650	100.0	100.0	22.1	24,842	102,032	100.0	100.0	19.3	18.5	22.2
IMPORTS (c.i.f.)				Shares in Non-Energy Imports					Shares in Non-Energy Imports				
1. Food and Beverages	(0+1+22+4)	1,334	3,904	42.6	32.6	14.4	4,151	13,711	22.9	19.1	16.1	32.1	28.5
of which:													
Fruits and vegetables	(05)	455	1,029	14.5	8.6	10.7	1,188	3,526	6.6	4.9	14.6	38.3	29.2
Coffee, tea, cocoa, spices	(07)	388	1,313	12.4	11.0	16.5	460	1,540	2.5	2.1	16.3	84.3	85.3
Feeding stuff for animals excluding unmilled cereals	(08)	150	382	4.8	3.2	12.4	288	826	1.6	1.1	14.1	52.1	46.2
Oil seeds, nuts and kernels	(22)	73	373	2.3	3.1	22.6	274	1,105	1.5	1.5	19.0	26.6	33.8
2. Non-Food Agriculture	(2-22-27-28)	494	1,033	15.8	8.6	9.7	1,561	4,356	8.6	6.1	13.7	31.6	23.7
of which:													
Wood, lumber and cork	(24)	116	289	3.7	2.4	12.1	319	847	1.8	1.2	13.0	36.4	34.1
Textile fibers, not manufactured, and waste	(26)	216	329	6.9	2.7	5.4	465	992	2.6	1.4	9.9	46.5	33.2
3. Non-Fuel Minerals and Metals	(27+28+68)	766	1,469	24.4	12.3	8.5	2,453	5,575	13.6	7.7	10.8	31.2	26.3
of which:													
Metalliferous ores and scrap	(28)	304	834	9.7	7.0	13.4	876	2,256	4.8	3.1	12.6	34.7	37.0
Non-ferrous metals	(68)	419	554	13.4	4.6	3.6	1,320	2,660	7.3	3.7	9.2	31.7	20.8
4. Manufactures	(5 to 9-68)	539	5,577	17.2	46.3	33.9	9,928	48,313	54.9	67.1	21.9	5.4	11.5
of which:													
Textile yarn, fabrics, etc.	(65)	125	802	4.0	6.7	26.2	1,090	3,549	6.0	4.9	15.9	11.5	22.6
Machinery other than electric	(71)	13	325	0.4	2.7	49.5	1,334	5,888	7.4	8.2	20.4	1.0	5.5
Electrical machinery and appliances	(72)	13	482	0.4	4.0	57.1	699	4,426	3.9	6.2	25.9	1.9	10.9
Clothing	(84)	120	1,975	3.8	16.5	41.9	539	4,161	3.0	5.8	29.1	22.3	47.5
Miscellaneous manufactures	(89)	27	259	0.9	2.2	32.7	392	2,090	1.8	2.9	23.3	8.2	12.4
5. Total Imports excluding Fuels and Energy	(0 to 9-3)	3,133	11,983	100.0	100.0	18.3	18,093	71,955	100.0	100.0	18.8	17.3	16.7
6. Fuels and Energy	(3)	1,402	9,403	30.9	44.0	26.9	2,057	15,828	10.2	18.0	29.1	68.2	59.4
of which:													
Petroleum, crude and partly refined	(331)	1,350	9,008	29.8	42.1	26.8	1,401	9,487	7.0	10.8	27.0	96.4	95.0
7. Total Imports including Fuels and Energy	(0 to 9)	4,535	21,386	100.0	100.0	21.4	20,150	87,783	100.0	100.0	20.2	22.5	24.4

NOTE: Definitions of LDC regional classifications are consistent with those in the WDR, but differ from those used by IMF and OECD.

Source: OECD, Trade by Commodities, Series C (Market Summaries: Exports and Market Summaries: Imports), January-December 1968 and January-December 1976.

Table 5: GERMAN DIRECT INVESTMENT FLOW BY AREAS (NET): 1962-1976

	All Countries	All Countries (excl.tax haven countries)	Developed Countries	Developing Countries	Developing Countries (excl.tax haven countries)	East Bloc Countries	Tax Haven Countries[a]	Percentage Share: Developed Countries	Percentage Share: Developing Countries	Percentage Share: East Bloc Countries
		(A)	(B)		(C)	(D)		(B/A)	(C/A)	(D/A)
	In millions of US dollars[b]							%		
1962	278	278	176	102	102	-	neg.	63.3	36.7	-
1963	280	280	212	68	68	-	neg.	75.7	24.3	-
1964	285	285	239	46	46	-	neg.	83.9	16.1	-
1965	278	276	215	63	61	-	2	77.9	22.1	-
1966	420	404	314	106	90	-	16	77.7	22.3	-
1967	517	516	408	109	108	-	1	79.1	20.9	-
1968	574	540	394	180	146	-	34	73.0	27.0	-
1969	833	697	529	304	168	neg.	136	75.9	24.1	-
1970	958	928	731	227	197	neg.	30	78.8	21.2	-
1971	766	912	632	134	280	neg.	-146	69.3	30.7	-
1972	883	836	507	376	329	neg.	47	60.6	39.4	-
1973	2,110	2,096	1,446	663	649	1	14	69.0	31.0	-
1974	1,748	1,704	1,303	444	400	1	44	76.5	23.5	-
1975	2,124	2,089	1,522	602	567	neg.	35	72.9	27.1	-
1976	2,008	1,903	1,232	766	661	10	105	64.7	34.7	0.6
End 1976[c]	18,685	18,265	13,029	5,644	5,224	12	420	71.3	28.6	0.1
1962-1970	4,423	4,204	3,218	1,205	986	neg.	219	76.5	23.5	-
1971-1976	9,639	9,540	6,642	2,985	2,886	12	99	69.6	30.3	0.1
1962-1976	14,062	13,744	9,860	4,190	3,872	12	318	71.7	28.2	0.1
1962-1970 Average	491	467	357	134	110	neg.	24			
1971-1976 Average	1,607	1,590	1,107	498	481	2	17			
1962-1976 Average	937	916	657	279	258	1	21			
1963-1970 Average Annual Growth Rate (%)	16.7	16.3	19.5	10.5	8.6					
1971-1976 Average Annual Growth Rate (%)	13.1	12.7	9.1	22.5	22.3					
1963-1976 Average Annual Growth Rate (%)	15.1	14.7	14.9	15.5	14.3					

a/ Bahamas, Bermuda, the Netherland Antilles and Cayman Islands (from 1973).
b/ Calculated by using German Mark-US dollar exchange rates (IMF, "af" rates).
c/ Accumulated total net flow of 1952 to June 1976, calculated tentatively by using an average rate of German Mark-US dollar exchange rate for 1976 (IMF, "af" rate).

Note: neg. = negligible

Source: Bundesministerium der Justiz, Bundesanzeiger, various issues.

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ANNEX

Table 6: GERMAN DIRECT INVESTMENT FLOW TO DEVELOPING COUNTRIES BY SELECTED RECIPIENT COUNTRIES (NET)[a] 1965-76

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	Cumulative Total[c] 1952-76	1965-1970	1971-1976	1965-1976	1965-1970 Average	1971-1976 Average	1965-1976 Average	Percent of Total (Excl. Tax Haven Countries) 1965-70	1971-76	1965-76	1952-76
	(In millions of dollars)[b]																						
Southern Europe	22.8	21.6	27.4	26.2	48.9	48.2	80.0	163.2	307.9	130.7	113.6	200.0[d]	1528.2[d]	205.1	995.4	1200.5	34.2	165.9	100.0	26.6	34.5	37.8	29.2
Greece	2.9	3.8	3.0	3.6	2.7	2.9	7.8	5.9	18.1	12.5	17.6	10.0	123.6	18.9	71.9	90.8	3.2	12.0	7.6	2.5	2.5	2.5	2.4
Spain	16.4	22.7	20.3	20.5	46.5	41.8	63.9	153.3	279.8	113.0	89.8	16.0	1151.1	168.2	715.8	884.0	28.0	119.3	73.7	21.8	24.8	24.2	22.0
Turkey	3.5	5.1	4.1	2.1	-0.3	3.6	4.7	1.2	2.9	0.1	2.0	1.1	55.3	18.1	12.0	30.1	3.0	2.0	2.5	2.3	0.4	0.8	1.1
Africa	33.6	23.7	26.1	33.9	15.8	57.9	65.7	83.3	113.5	10.7	109.0	64.8	897.3	171.0	447.0	618.0	28.5	74.5	51.5	22.2	15.5	16.9	17.2
Egypt	0	-0.03	0.1	0.2	0.03	0.03	0.03	0.03	0.1	3.2	15.0	23.9	50.0	0.3	42.3	42.6	0.1	7.1	3.6	0.04	1.5	1.2	1.0
Algeria	2.1	0.1	0	0.03	0	0.2	-0.1	-15.9	0.1	6.2	48.2	8.9	62.8	2.4	47.4	49.8	0.4	7.9	4.2	0.3	1.6	1.4	1.2
Libya	1.9	2.9	20.0	43.4	13.5	19.2	1.9	3.8	1.3	-54.4	1.8	4.1	132.8	100.9	-41.5	49.4	16.8	-6.9	4.1	13.1	-1.4	1.3	2.5
Canary Islands (Spanish)	0.9	0	0.1	0.5	1.4	23.6	50.8	59.0	90.1	25.3	15.4	7.7	327.9	26.5	248.3	274.8	4.4	41.4	22.9	3.4	8.6	7.5	6.3
Kenya	-0.4	1.7	0.7	0.4	0.8	2.4	0.5	2.4	4.1	2.6	2.6	3.9	27.9	5.6	16.1	21.7	0.9	2.7	1.8	0.7	0.6	0.6	0.5
Liberia	0.8	12.6	0.4	0.5	-2.3	5.9	0.9	2.2	-11.8	2.3	1.1	0.4	55.8	17.9	-4.9	13.0	3.0	-0.8	1.1	2.3	-0.2	0.4	1.1
Nigeria	2.6	0.3	0.6	0.1	-0.1	1.2	-0.2	13.1	12.0	16.9	10.4	3.8	72.2	4.7	56.0	60.7	0.8	9.3	5.1	0.6	1.9	1.7	1.4
Zaire	0.4	0.2	-0.1	0.03	0.8	0	0.4	6.7	10.7	1.4	0.4	3.2	30.3	1.3	22.8	24.1	0.2	3.8	2.0	0.2	0.8	0.7	0.6
Latin America and Caribbean	16.2	39.3	47.6	112.9	230.2	105.6	-46.8	66.4	137.3	253.9	302.5	384.9	2562.4	551.8	1098.2	1650.0	92.0	183.0	137.5	(43.2)	(34.6)	(36.4)	(41.0)
	(14.0)	(23.7)	(47.0)	(79.0)	(94.1)	(75.1)	(99.4)	(19.6)	(122.9)	(208.6)	(267.5)	(280.3)	(2142.3)	(332.9)	(998.3)	(1331.2)	(55.5)	(166.4)	(110.9)				
Mexico	2.4	4.4	11.6	8.1	18.8	7.2	15.0	-4.7	29.8	10.0	7.7	19.7	203.2	52.5	77.5	130.0	8.8	12.9	10.8	6.8	2.7	3.5	3.9
Panama	0.8	0.03	0.1	1.5	13.7	16.6	4.1	-15.6	3.0	6.8	20.0	1.6	81.9	32.7	19.9	52.6	5.5	3.3	4.4	4.2	0.7	1.4	1.6
Trinidad & Tobago	0	0	0	0	0	0	0.03	4.8	0.2	0.2	19.2	11.7	36.9	0	36.1	36.1	0	6.0	3.0	0	1.2	1.0	0.7
Argentina	2.3	4.7	4.4	8.5	10.5	13.0	7.6	6.2	13.3	9.3	11.6	-4.7	230.3	43.4	43.2	86.5	7.2	7.2	7.2	5.6	1.5	2.4	4.4
Brazil	3.9	11.9	18.3	57.0	39.7	35.1	51.3	49.6	70.8	165.0	183.2	229.0	1370.7	165.9	748.9	914.8	27.7	124.8	76.2	21.5	26.0	25.0	26.2
Chile	0.7	3.0	5.0	1.8	6.3	2.2	-0.9	-2.4	-0.4	3.0	1.2	2.1	41.1	19.0	2.6	21.6	3.2	0.4	1.8	2.5	0.1	0.6	0.8
Colombia	4.4	-1.5	3.1	1.5	-0.6	-1.1	1.2	0.1	-0.6	1.5	5.2	1.6	48.5	5.8	9.0	14.8	1.0	1.5	1.2	0.8	0.3	0.4	0.9
Peru	0.2	0.6	1.4	0.3	1.1	0.2	0	0.03	0.4	6.0	11.1	7.4	46.1	3.8	24.9	28.7	0.6	4.2	2.4	0.5	0.9	0.8	0.9
Venezuela	0.1	0.4	1.1	0.5	1.0	0.7	0.5	1.9	4.1	4.9	1.5	2.1	32.2	3.8	15.0	18.8	0.6	2.5	1.6	0.5	0.5	0.5	0.6
Middle East	2.1	7.2	2.0	1.1	3.4	9.0	11.0	45.7	81.5	20.8	44.0	94.5	379.4	24.8	297.5	322.3	4.1	49.6	26.9	3.2	20.3	8.9	7.3
Iran	1.6	3.5	0.9	0.6	2.7	7.2	3.9	4.7	5.4	8.5	26.9	45.8	134.2	16.5	95.2	111.7	2.8	15.9	9.3	2.1	3.3	3.1	2.6
Israel	0.1	3.1	0.1	0.1	0.3	1.2	9.6	39.5	73.6	9.7	6.9	35.7	202.3	4.9	175.0	179.9	0.8	29.2	15.0	0.6	6.1	4.9	3.9
United Arab Emir.	0	0	0	0	0	0	0	0	3.1	1.9	7.1	0.4	12.6	0	12.5	12.5	0	2.1	1.0	0	0.4	0.3	0.2
Asia & Oceania	8.1	4.3	6.1	5.8	5.7	6.7	24.0	17.4	23.2	27.8	33.0	21.5	276.0	36.7	146.9	183.6	6.1	24.5	15.3	4.8	5.1	5.0	5.3
Hongkong	0	0.5	0.3	-0.03	0	0.3	1.2	0.7	0.6	5.2	9.7	8.3	29.3	1.1	25.7	26.8	0.2	4.3	2.7	0.1	0.9	0.7	0.6
India	5.3	2.5	4.6	1.6	1.9	0.6	3.2	-0.3	-3.6	1.4	1.5	0.2	70.9	16.5	2.4	18.9	2.8	0.4	1.6	2.1	0.1	0.5	1.4
Indonesia	0	0	0.1	0.3	1.0	2.2	1.6	2.9	5.6	8.0	4.7	0.3	31.5	3.6	23.1	26.7	0.6	3.9	2.2	0.5	0.8	0.7	0.6
Malaysia	0.2	0.1	0.1	0.4	0.2	0.5	1.1	0.3	1.5	5.6	3.5	3.1	18.7	1.5	15.1	16.6	0.3	2.5	1.4	0.2	0.5	0.5	0.4
Pakistan	1.2	1.0	1.4	0.3	0.8	0.6	1.6	-0.03	3.0	0.5	0.9	0.3	23.3	5.3	6.3	11.6	0.9	1.1	1.0	0.7	0.2	0.3	0.4
Singapore	0	0	0	0.5	0.3	0.6	6.3	8.3	14.6	-1.0	5.5	17.7	58.8	1.4	51.4	56.8	0.2	8.6	4.7	0.2	1.8	1.5	1.1
Total (1)	62.8	106.0	109.2	180.0	303.9	227.3	133.8	375.9	663.3	443.9	602.0	765.8	5643.3	989.2	2984.7	3973.9	164.9	497.5	331.2				
Tax Haven Countries (2)[e]	2.2	15.6	0.6	33.9	136.0	30.4	-146.2	46.8	14.4	45.3	35.0	104.6	420.0	218.7	99.9	318.6	36.5	16.7	26.6				
Oil Exporters (3)[f]	6.5	7.3	23.4	44.9	18.3	31.2	10.2	15.8	32.0	-6.5	123.6	88.2	541.2	131.6	261.3	392.9	21.9	43.6	32.7				
Spain, Greece & Israel (4)	19.5	29.6	23.4	24.2	49.5	45.9	81.3	198.8	371.5	135.1	114.3	79.8	1476.8	192.1	980.8	1172.9	32.0	163.5	97.7				
Total (excl. tax haven countries) (1) - (2)	60.6	90.4	108.6	146.1	167.9	196.9	280.0	329.1	648.9	398.6	567.0	661.2	5223.3	770.5	2884.8	3655.3	128.4	480.8	304.6	100.0	100.0	100.0	100.0
Total (excl. tax haven countries, oil exporters, Spain, Greece & Israel) (1)-(2)-(3)-(4)	34.6	53.5	61.8	77.0	100.1	119.8	188.5	114.5	265.4	270.0	329.1	495.2	3205.3	446.8	1642.7	2089.5	74.5	273.8	174.1				

a/ Reinvested earnings are not included because of lack of data.
b/ Figures in terms of Deutsche Mark are converted by applying DM-US dollar exchange rates (IMF, "af" rates).
c/ Converted by applying tentatively the DM-US dollar exchange rate for 1976 (IMF, "af" rate).
d/ From 1976, including Portugal.
e/ Bahamas, Bermuda and the Netherlands Antilles.
f/ OPEC countries + Bahrain, Brunei, Oman and Trinidad & Tobago (as listed in Table E.1, Annex E, Prospects 76).

NOTE: Country details do not add up to regional totals due to incomplete country listing; regional details may not add up due to rounding.

Source: Bundesminister der Justiz, Bundesanzeiger, various issues.

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