PAFTA or the alternative of closer economic cooperation. Their major interests differ widely from those of Europeans. The Pacific basin region has a huge potential for trade growth and development which should be cultivated through coordinated efforts. Countries belonging to this region have already given recognition to the two common aims of promoting freer trade growth among the Pacific advanced countries and neighbouring less developed countries. Regional solidarity by measures for supporting the dollar, so that American economic potential can exercise a more positive role, is urgently required. Solidarity in the political and military objectives of these countries could also be developed further.

The establishment of a Pacific Free Trade Area is, however, still only an idea that needs implementation. Therefore the suggestion of bilateral government-to-government consultations and negotiations within the framework of an Organisation for Pacific Trade Aid and Development (OPTAD) would appear sound. The OPTAD could be developed along similar lines to OECD, that is, not as a regulatory agency but as a place where government-to-government consultations could take place. Although this is already a function of OECD, Japan, Australia, New Zealand, the United States and Canada thus could obtain considerable advantages in having a smaller scale regional organisation to deal with problems of a more regional nature. It is also desirable to establish a Pacific Policy Committee to study and promote practical means of achieving these objectives.


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**Focal Points of Chinese Economic Aid**

by Volker Bethke, Hamburg *

Reviewing the evolution of Chinese economic aid, it can be found that the People's Republic, though labouring under relatively adverse conditions, has proved its mettle in this field by actively supporting less developed countries (LDCs) over many years.

Even though there is a deplorable lack of sufficient statistical returns about the overall extent of Chinese aid, we can find certain points of reference that permit us to draw conclusions about the volume of Chinese economic assistance. Quantification of credits promised to countries outside the Eastern Bloc does not present insurmountable obstacles. Reviewing figures and data from different sources over longer periods, we find that, though promised credits were unevenly distributed over individual years, comparable estimates can be worked out. These data refer exclusively to economic aid, but exclude military aid, though a precise separation of the two is not always possible.

Chinese economic aid went through its initial phase from 1956 to 1960, and during this period, annual averages of promised credits remained below $40 mn. In 1961–65, the corresponding amount rose to about $130 mn, and in 1966–70, to either $150 or up to $190 mn, depending on which kind of source is used by the researcher. However,

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there is general agreement that the total for 1970 alone grew to over $ 700 mn of promised credits, both the US administration and the United Nations estimating that Chinese economic aid commitments, in 1970, surpassed that of the Soviet Union. This comparison, nevertheless, makes it possible only to draw limited conclusions regarding the overall volume and the efficiency of Chinese economic assistance. China's aid is fundamentally different from that offered by other countries for two reasons: credits are granted under easier conditions, and costs caused by carrying out projects financed by China are much lower, especially staffing costs.

Projects Supported by Chinese Aid

However, Chinese economic aid is characterised not only by favourable conditions but also by the focal points where support is given to development projects. The most spectacular of these projects is the construction of a railway line, about 1,160 miles long, leading from the Tanzanian port of Dar-es-Salaam to the Zambian railhead of Kapiri Mooshi. It was this public works undertaking which placed the Chinese People's Republic under the spotlight of world attention as an important donor nation. On the other hand, results achieved by economic aid which preceded the signing of the construction agreement for the TanZam railway in 1970 by more than ten years remained largely unnoticed.

Even though the railway project in Tanzania and Zambia claimed more than 50 p.c. of all Chinese credits promised during 1970, 175 other projects had been completed with Chinese assistance up to 1971. These small and medium-scale projects which, in general, were drawn up in conformity with the development levels already reached by recipient countries and were integrated in existing national development plans, have been widely spread over the fields of light industries, farming, local crafts, energy generation, transport and medical aid.

Regional Distribution

During the fifties and sixties, the Soviet Union and the USA were engaged in political confrontation throughout the world. This had the effect that, inspite of active striving for neutrality, the LDCs often became involved in the struggle. But whilst this process of polarisation was in train, China was also able to increase its development activities. The Chinese found sufficient changes to chip in with their economic aid, though points of departure for their assistance were very differently situated in different regions.

In many cases, especially in Asia, they were compelled simply to react to aid programmes already initiated by the USA or the Soviet Union, whereas in other areas, especially in Africa, there was still a wide field open for their development activities, without their having to risk immediate confrontation with either one of them. In the first half of the sixties, demarcation lines between opposite spheres of influence were strong in the Middle East, and this meant that there remained hardly a gap for China to slip through. And in Latin America, with the exception of Cuba, the hegemony of Western industrialised countries, especially that of the USA, remained so overwhelming up to quite recently that there was hardly a chance for cooperation left to the Chinese.

Asia — Focus of Chinese Aid?

Of a total over $ 2 bn of credits promised to 26 countries, the lion's share of 44 p.c. was claimed by seven Asian countries. Today, however, only two of them — Pakistan and Ceylon — receive official Chinese assistance. Over two thirds of originally promised credits were for Pakistan and Indonesia. But these two states must be considered to have been special cases of Chinese aid, though for different reasons.

Pakistan began to draw Chinese support in 1964. Long before 1971, the country received special treatment because of the impending war between India and Pakistan. Developments expected before China's own door, when India made its cooperation with the Soviet Union progressively closer, caused China to plunge for an exceptionally strong engagement in Pakistan which, expressed in financial terms, had added up by 1971 to a total of $ 352 mn in promised credits.