The Prospects of Tripartite Cooperation

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Tripartite cooperation is thought to be of cardinal importance in the ambit of East-West cooperation, at least for the future. An essential reason for this is probably the expectation that it can be used as an instrument of development aid to the benefit of the Third World. Is this expectation justified?

In retrospect it can be said today that the sphere of East-West cooperation — as indeed the economic relations between East and West in their entirety — is receiving much more attention in the public discussion than is warranted by the importance of these relations in the purview of the international division of labour. Neither the number of cooperation projects arranged between western and eastern partners nor the volume of the goods exchanges induced by these projects are so far of an extent which would justify the claim that these instances of East-West cooperation have resulted in a far-ranging intensification of the economic relations between East and West.

Precise information about the total amount of projects carried out jointly by partners from the East and West is lacking, but the Federal Republic of Germany, which is the principal economic partner of all the East European state trading countries, has not participated in more than about 400 projects. The goods transactions involved in these projects probably accounted for substantially less than 1 p.c. of the total German foreign trade turnover. Since the first cooperation contracts were signed over ten years ago, enterprises in the industrialized countries of the West and firms and organizations in the socialist states have engaged in a continuously increasing number of cooperation projects; in the last few years the rate of increase may have averaged about one-third of the number of new projects finalized in the preceding year.

The number of cooperation projects seems small bearing in mind how many thousands of western firms engage in trade with Eastern Europe. In the Federal Republic alone there are several thousand firms doing business with Eastern Europe. Since a few big enterprises in the Federal Republic each account for a significant number of cooperation projects, the cooperation transactions are, purely numerically, of declining importance.

Going beyond the purely numerical aspect, one cannot as yet speak of a great breakthrough as regards the intensity of this cooperation. The predominant forms of cooperation are today, as they were in the past, scientific-technical collaboration, cooperation through licensing, and job processing. Agreements involving specialization and close cooperation in production are still rather exceptional. The western partners currently engaged in cooperation projects are in the main domiciled in the larger and stronger economies. The pioneers of East-West cooperation on the eastern side on the other hand are the smaller and, in part, weaker countries (Hungary, Poland, Rumania).

Tripartite Cooperation — The Great Hope

This is the status — in rough outline — which must be kept in mind if the significance of the so-called tripartite cooperation and the prospects for its development are to be appraised correctly. For the past two years or so the subject has been discussed more often. At first the intention was to collaborate in the distribution in third markets of the products of cooperation, but the general wish today is to work together in all possible spheres in third countries and to do so with the participation of firms in the host country, which on principle means a developing country. The only difference from previous East-West cooperation — certainly a very important one in practice

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— is that the developing country associates itself with the project as a partner and the cooperation is taking place on the territory of the developing country.

**Advantages for Developing Countries**

An essential reason for the cardinal importance which is being attached to tripartite cooperation in the ambit of East-West cooperation — at least for the future — is probably the expectation that it can be used as an instrument of development aid to the benefit of the Third World. Great expectations are being entertained in this respect, partly because of the following positive influences ensuing from tripartite cooperation:

□ Tripartite cooperation appears to be a suitable means of securing for the governments of the developing countries a greater measure of control over their economies as far as concerns the economic activities of foreign firms on their territory. This could be the consequence of a quasi-competitive situation between the socialist and capitalist partners tending to enhance the autonomy of the developing country. The aims of the cooperation between the western and the socialist partner are however largely identical, with the result that they form a quasi-alliance vis-à-vis the developing country and are thus in a position to bring as strong an influence to bear as is the case with cooperation between a western or eastern partner and a developing country.

□ Tripartite cooperation appears to be of assistance in moving away from the traditional structures in the developing countries, i.e. to exercise a favourable influence on the economy of the developing country in all the material spheres. This is in principle true of all sectors — infrastructure, agrarian and industrial production, distribution, scientific-technical progress, as well as the raw and primary material sector.

□ The effectuation of tripartite cooperation projects over the widest possible spectrum of industries and sectors may not only produce beneficial effects in regard to the supplies inside the country but stimulate exports in particular. It may be possible not only to export the traditional export products of the developing countries on a larger scale and more cost-effective terms but tripartite cooperation can have favourable effects on the initiation or expansion of production lines in the industrial-commercial sector. The competitive situation of the individual developing country is likely to improve significantly as a result, not least if the partner countries are ready to bring their established distribution channels and all their marketing know-how into the cooperation venture.

□ Beside the potential quantitative and structural advantages for the individual developing country, the possible benefit of tripartite cooperation to the technological and organizational situation of the individual country may be pointed out. The importation of foreign capital is likely to prove advantageous. Ideally the developing country could even derive a special benefit from the importation of modern technologies and modern management methods, namely if the bringing-together of eastern and western technologies in one locality bears fruit in especially effective technologies for certain tasks.

□ The whole financial position of the country may improve: resources will be brought into the country in connection with the erection of cooperation plants, and financial flows will take place, especially at a later stage, thanks to improved export opportunities.

These possible positive effects of tripartite cooperation have caused various UN agencies — especially UNCTAD — to interest themselves in this form of three-cornered economic collaboration. They have done so for some time, probably not because of the number of tripartite cooperation projects already put into effect, but mainly in the expectation that this form of cooperation can be extended to form an element of international development policy concepts.

**Scanty Results Until Now**

A closer examination of the prospects of tripartite cooperation may be usefully preceded by a brief sketch of the present state of tripartite cooperation. Approximately twenty western states are engaging in “simple” East-West cooperation, but only about half of them have so far applied themselves to tripartite cooperation, and only about half of the latter have joined in more — some of them in considerably more — than five projects. The leaders in numbers of joint ventures are France, the Federal Republic, Austria and Italy (in this order). On the other side, all the CMEA countries have already engaged in tripartite cooperation, as they have in “simple” East-West cooperation. Poland has by far the greatest experience in this field, followed — as far as ascertainable — by Rumania, Hungary and Czechoslovakia; the USSR comes next and the GDR and Bulgaria are far behind. Algeria, Egypt, India, Iran and Morocco are slightly ahead of the many other developing countries taking part in tripartite cooperation. But they are only interested in a handful of projects each while most of the others have concerned themselves with one or two ventures only.

The information about implemented projects is gappy but nevertheless allows certain conclusions

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