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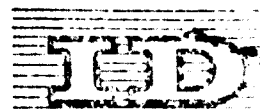
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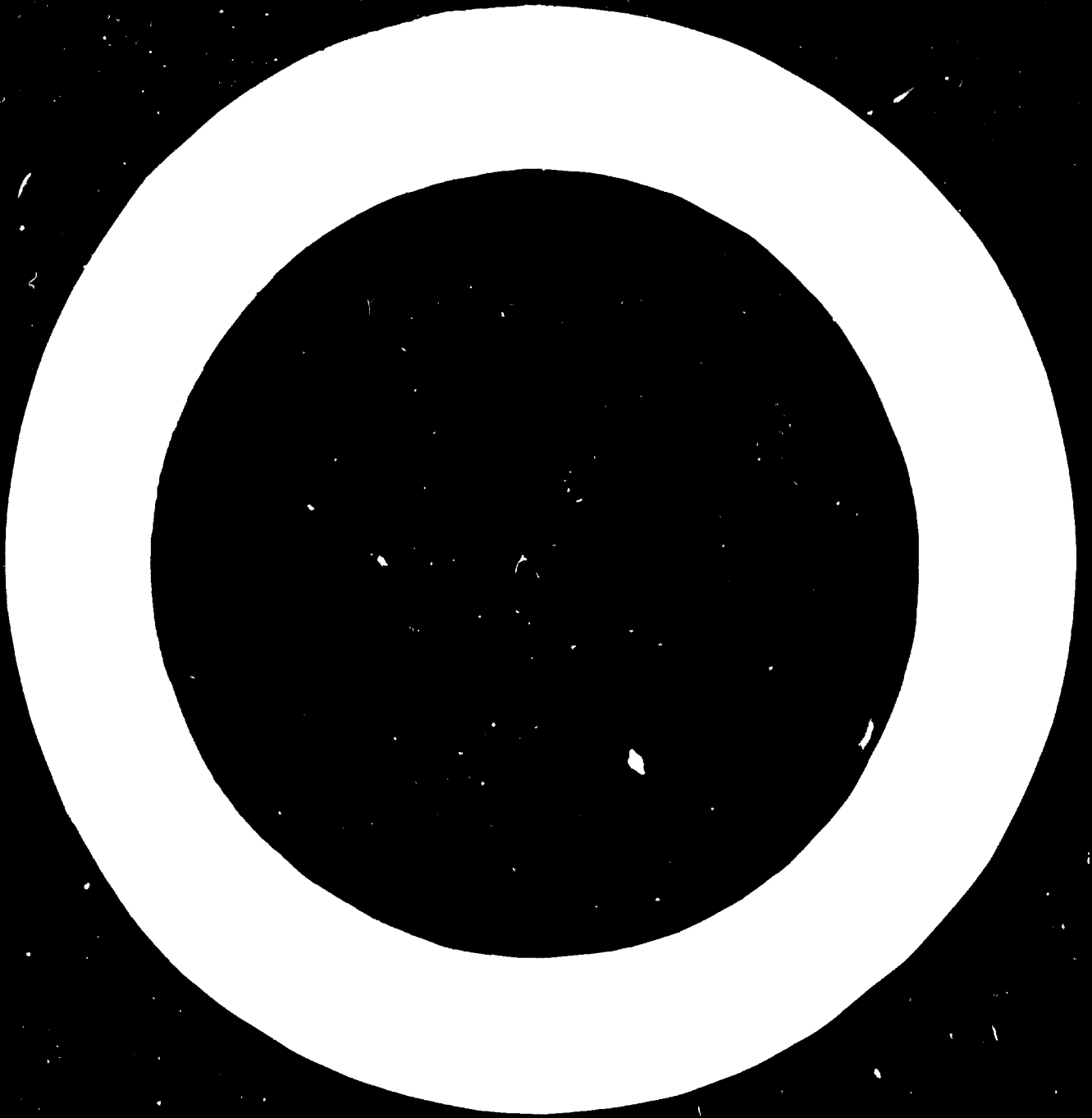
EFFORTS TO ESTABLISH AN INTERREGIONAL SUBCONTRACTING
CLEARING-HOUSE COVERING THE GRAND DUCHY OF LUXEMBOURG, LORRAINE,
BELGIAN LUXEMBOURG, SAARLAND AND THE TRIER DISTRICT ^{1/}

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^{1/} The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO.
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Efforts to establish an interregional subcontracting clearing-house covering the Grand Duchy of Luxembourg, Lorraine, Belgian Luxembourg, Saarland and the Trier district

Since 1965, industrial, craft and government circles in the Grand Duchy of Luxembourg have encouraged the setting-up of a national subcontracting clearing-house in the metal manufacturing sector.

The monolithic structure of Luxembourg industry based on the working of iron ore deposits needed to be diversified by the establishment of complementary industries in order to make the Luxembourg economy less vulnerable in periods of crisis.

For this purpose, a law was passed to initiate and co-ordinate measures for improving the general structure and regional balance of the national economy and to stimulate its expansion.

In this context the subcontracting clearing-house appeared a suitable means of promoting specialisation of firms, raising product quality, establishing new outlets, organising inter-firm relationships, harmonizing supply and demand, increasing the number and concentration of medium-sized enterprises and adapting them to the requirements of the intra-community market. After contacts with foreign agencies experienced in subcontracting work and visits to French subcontracting centres, it became clear that:

- on the one hand, the Grand Duchy was too small a country for a national clearing-house to be organised with advantage;

- but, on the other hand, it would be in the interests of adjacent regions to set up an interregional clearing-house in Luxembourg (covering Saarland, Lorraine, the Province of Belgian Luxembourg, the Trier district and the Grand Duchy), since the town of Luxembourg occupied a central position in the area.

Such an interregional clearing-house could profitably be established in a vast industrialised region extending across four national frontiers and with an adequate concentration, type and number of industrial enterprises to guarantee its operation.

The initial step towards setting up this interregional clearing-house was taken by the C.C.S.C. when it invited public and private agencies from the countries concerned to a first informatory meeting on 28th June, 1965.

A study carried out by the "Cortex" of Paris, in collaboration with the "Nancy Subcontracting Clearing-House" on the problem as a whole led to a second meeting at the C.C.S.C. on 23rd May, 1966.

On 21st June, 1966, the parties concerned decided to instruct a group of five regional experts or correspondents to do the necessary preparatory work for setting up an inter-regional clearing-house, a Luxembourg expert being responsible for co-ordination.

At the experts' first meeting on 29th September, 1966, at Nancy, a long-term programme and action procedures were established.

The experts were faced with a choice between two types of clearing-house:

(a) a "speciality-oriented" clearing-house, which would inform members of the addresses of firms supplying special products, manufactures or services;

(b) an "activity-oriented" clearing-house informing members whose means of production might prove inadequate (either because of overfull order books or for want of special machinery or through breakdowns) what capacity other members had available.

The experts finally opted for the second formula, which had been particularly urged by the Nancy subcontracting clearing-house.

While adopting the Nancy subcontracting clearing-house as a long-term model, the regional experts proposed:

(1) to begin work by sending a circular periodically to heads of firms informing them of the capacity declared by other firms to be available;

(2) to prepare at a later stage the card indexes under the headings "machinery" and "enterprises" used by the Nancy clearing-house in order to centralise members' availabilities and demand.

Unfortunately, the proposed activity had to be broken off because of the economic depression of 1967-1968. Heads of firms were indeed too concerned with their economic troubles to take a favourable view of the proposed interregional subcontracting clearing-house.

Furthermore, the administrative and fiscal barriers at the frontiers of the regions concerned were still too substantial and ill-suited to this type of exchange.

Not until 1st January, 1970, will the States in question have adopted the T.V.A., which will greatly facilitate the intra-community exchange of subcontracting services. The programme of activities for the interregional clearing-house was therefore based on this date of 1st January, 1970.

Meanwhile, various activities were initiated by the co-ordination committee in view of preparing the project for the interregional clearing-house on the basis of the decision.

- (i) A review of the published studies on the subject of subcontracting clearing-houses was made and sent to correspondents for information.
- (ii) The expert responsible for co-ordination has attended international seminars and symposia on collective activities and subcontracting clearing-houses.
- (iii) A functional inventory of the means of manufacture and control used by metal-manufacturing firms was prepared. This inventory was drawn up in two languages (French and German) in order to form a basis for the interregional unified card indexes and was numbered by the decimal system so that it could be transposed onto punched cards.

All these data have confirmed the principle that the efficient operation of an interregional clearing-house depends more on the collaboration of existing, well-equipped regional clearing-houses than on a single central card index common to all the regions concerned.

Towards the end of 1938, the period of economic depression came to an end and work could begin again on:

- (a) a Luxembourg regional clearing-house;
- (b) the interregional clearing-house.

(a) The Chambre de Commerce (Chamber of Commerce), the Chambre des Métiers (Craftsmens' Guild), the Fédération des Industriels (Manufacturers' Federation), the Groupement des Constructeurs et Fondateurs (the Builders' and Foundrymen's Group), the Fédération des Artisans (Federation of Craftsmen) and the Office de Productivité (Productivity Office) jointly set up the "Service for the Co-ordination of Available Production Capacity in Luxembourg Metal-Manufacturing Enterprises".

This service (regional subcontracting clearing-house) sent questionnaires to some 30 Luxembourg firms inviting them to support the proposed subcontracting clearing-house and to return the forms sent with the questionnaire (one card each for type of business, machinery, current state of subcontracting operations).

Eight firms sent back the duly completed forms immediately and seven others after a reminder, but the remainder of the firms had to be visited before their cards could be collected.

No firm refused to give the information requested although it was fairly detailed.

The Service is currently engaged in compiling the card indexes necessary for the operation of the clearing-house.

(b) The Lorraine region is already covered by the Nancy clearing-house, but the Trier district, Saarland and Belgian Luxembourg were invited by the Co-ordination Centre to resume their efforts in order to compile similar regional card indexes.

All necessary data for this were supplied to them in their respective languages by the Luxembourg Co-ordination Centre.

The correspondent for Belgian Luxembourg has sent the relevant questionnaires to the enterprises in his region, but the Saarland and Trier correspondents are having difficulty in getting firms to accept them. The heads of firms claim that available production capacity in these regions is due rather to the shortage of skilled workers than to idle machinery.

However, a recently created group for exchanges of experience in Saarland has been instructed to study this problem.

Furthermore, the information circular (see I) has been introduced successfully in the Saar region and will be maintained for the time being.

Although frontier restrictions between the regions in question will have been considerably reduced by January, 1970, there are already some indications that operation of the Luxembourg International but not acting Clearing-House will be handicapped from the outset by a number of difficulties.

It is to be hoped that the difficulty of using card indexes (2) and circulars (1) simultaneously in relations between correspondents and that will not be aggravated by other obstacles such as economic problems regarding the national economics of the partners, language problems or national sentiments.





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