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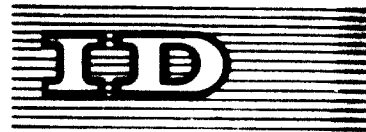
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COUNTRY INFORMATION SHEET <sup>1/</sup>

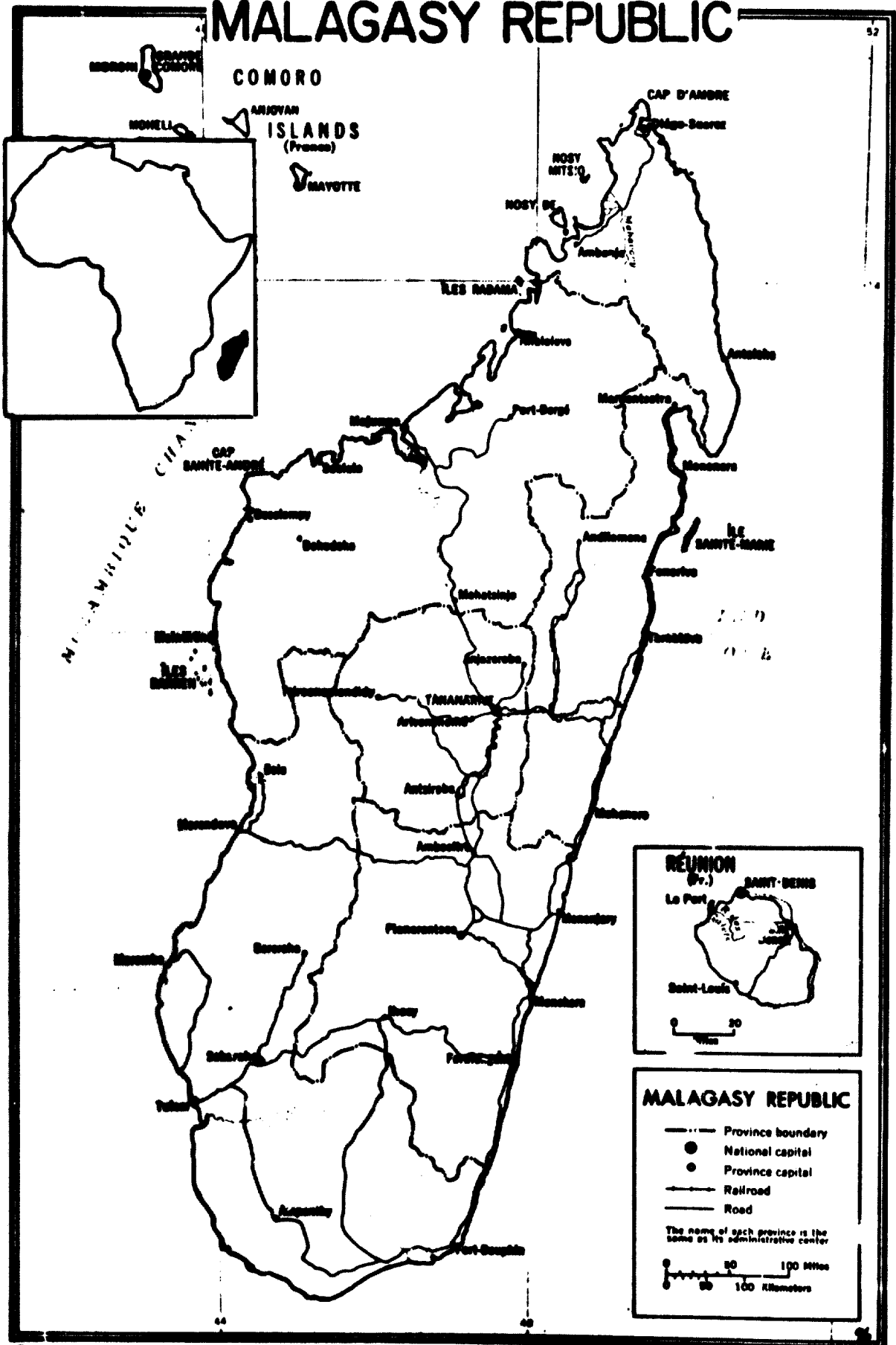
THE MALAGASY REPUBLIC

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# MALAGASY REPUBLIC



ECONOMIC BACKGROUND HIGHLIGHTS

A. THE COUNTRY AND ITS PEOPLE

1) ECONOMIC GEOGRAPHY:

a) AREA: 590,000 Sq. km (228,000 sq. miles)

b) GEOGRAPHY AND CLIMATE: Divided from the south-east coast of Africa by the Mozambique Channel, the isle of Madagascar forms a veritable miniature continent of its own. It is situated almost entirely in the tropics. The land is varied and mostly mountainous. The climate is tropical, fanned by the trade winds and the monsoons. The highlands have a moderate climate. Rainfall is highest on the east coast.

c) POPULATION: (mid 1966) 6.20 million.

d) LANGUAGES: The two official languages are Malagasy and French.

e) MAIN CENTRES: The main towns are:

Tananarive (Capital):	321,600	Diego-Suarez:	38,000
Tamatave:	49,000	Tuléar:	34,000
Majunga:	43,400	Antsirabé:	28,000
Fianarantsoa:	39,000		

f) TRANSPORT FACILITIES: There are 5,250 miles of national roads including 1,315 tarred miles and 3,937 of earth roads which can be used the year round.

- The railways are 536 miles. 2 lines link Tananarive with the east coast and Tamatave with a branch line to Ambatsoratra. The other line goes to Antsirabé. Another line links Fianarantsoa with the small port of Mankara on the east coast. An extension of the rail network is planned that will practically double the mileage.

- There are 18 ports carrying an annual traffic of 1.1 million tons. The most important are at Tamatave, Diego Suarez and Tuléar.

- There are 65 aerodromes including those at Tananarive, Arivonimamo, Tamatave, Majunga Mananjary, Fianarantsoa and Manakara. The international airport at Ivato near to the Capital has a 3,100 metre runway. There are three other runways on the island that can take long distance jets.

2) POLITICAL STATUS: The present constitution of the Malagasy Republic dates from April 29, 1959. Since the proclamation of independence it has been modified in 1960 and 1962. Madagascar has relations with 24 countries. There is a permanent delegation at the UN, a permanent representative with EEC and another at Addis Ababa who is OAU representative. Madagascar is an active member of the Organization of Afro-Malagasy States, OCAM.

Sources: - I.B.R.D. "The Economy of Malagasy Republic" Oct. 1968.  
- Yearbook of National Accounts statistics 1968.  
- Africa 1969/70 - the editorial staff of "Jeune Afrique"  
- Quarterly Economic Reviews - The Economist Intelligence Unit 1969.  
- "A.I.D." Data book - Africa 1969.  
- "EUROPA" Year Book 1969.

B. BASIC ECONOMIC DATA

1) ECONOMIC INDICATORS:

a) NATIONAL CURRENCY: The Malagasy Franc (FMG) is the national currency.  
 US\$ 1.00 = FMG 275  
 French Franc 1.00 = FMG 50.0

b) GROSS DOMESTIC PRODUCT:  
 Per Capita: 1966 (Market Price) US\$ 113  
 Primary Sector: 32%  
 Secondary Sector: 11%  
 Transport, Trade, Services and admin. 57%  
 Rate of growth, 1960-1966 100%  
 4.5% (at current prices) -----

c) PER CAPITA INCOME: "1967" US\$ 97

d) CONSUMER PRICE INDEX: January 1964 = 100  
 1967 1968 1969  
 108 109 115

e) BALANCE OF PAYMENTS: The balance of payments projections is as follows: (billion FMG)

	1966	Rate of change 1960-1966	1968	1970	1972
Exports, f.o.b.	24.1	1.6%	26.3	27.7	29.0
Imports, f.o.b.	30.3	5.1%	31.8	32.6	32.6
Trade Balance	-6.2		-5.5	-4.9	-3.6
Insurance and Freight	-4.8		-5.8	-5.8	-5.8
Other Services	+2.5	-3.0%	+1.5	+0.5	-0.5
Goods and Services	-8.5		-9.8	-10.2	-9.9
Factor Payments	-7.4	1.0%	-8.0	-8.0	-8.0
Current Balance	-15.9	0.7%	-17.8	-18.2	-17.9
	=====		=====	=====	=====
Public Transfers	+10.5		+11.0	+10.0	+9.0
Private Capital (net)	+ 1.9		+ 3.0	+ 3.0	+3.0
Foreign Exchange requirements	+ 0.7		+ 3.8	+ 5.2	+5.9
Errors and Omissions	+ 2.8		-	-	-
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2) NATURAL RESOURCES: - The Agricultural land is over 90 million acres of which only 5% is available land and land under tree crops and the rest is meadows and pastures. Agricultural land is 13 acres per capita.

- Animal husbandry is carried on everywhere.
- Forests are estimated to cover 10-20% of the area.
- Despite over 3000 miles of coastlines, salt water fishing is very little developed. The government carries on a programme of fish-raising and stocking of rivers and ponds. There is no

commercial fresh-water fishing industry.

- Graphite, mica and urano-thorianite are principal minerals mined and exported. Madagascar has the largest known reserves of flake graphite. Production of chromite was expected to begin in 1969. Other mineral resources include quartz industrial beryl, monazite, tantalite, semi-precious stones, columbite, coal, lignite, nickel and bauxite.
- Hydroelectric power and virtually unused low grade coal. Oil exploration is in progress. Hydroelectric power potential of several rivers is under study.

3) LABOUR FORCE: 46% of the population. 84% of the labour force in agriculture. There are about 150,000 wage earners mainly in building, public works, service industries, industry, transport and mines.

4) ORIGIN OF GDP: (billion FMG) Marketprices

	<u>1963</u>	%	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1966</u>	%
Agriculture, Forestry and Fishing	52	34.7	54	54	54		31.6
Industry	14	9.3	16	17	19		10.9
Transportation	14	9.3	15	16	18		10.3
Commerce	29	19.3	31	31	32		18.4
Services	13	8.7	13	14	15		8.6
Administration	<u>28</u>	<u>18.7</u>	<u>31</u>	<u>33</u>	<u>35</u>		<u>20.1</u>
GDP	150	100.0	160	165	174		100.0
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5) MAIN INDUSTRIES: The industrial sector only produces 15% of the national income. The main industries are:

Food: Rice mills - starch factories using cassava - spaghetti factory - oil mills - chocolate factories - brewery - mineral water factories - sugar refineries - rum distilleries - fruit juice factory - meat, fruit and vegetable canning plants - coffee roasting factories.

Textile and Leather: A cotton cloth mill (28 million metres) - jute factory - sisal processing factories - garment factory - tanneries - shoe factory (300,000 pairs).

Chemicals: Acetylene plants - javel water factories - compressed oxygen factories - soap works - petrol refinery - fertiliser and insecticide factory - plastic factories.

Building: Cement factory, brick and tileyards-furniture factories.

Metal and Mechanical: Battery factories - small metal work shops - vehicle assembly lines - transistor radio factory - factory making steel for the building trade.

Others: Match factory - tobacco factories - carton factory - paper mill.

Five industries come under the "big operations" programme for 1968 and 1969: The Textile Complex, the Tamatave flour mill, the bottle factory, the tannery and shoe factory, the soapworks.

C. DEVELOPMENT PLAN

1) INVESTMENTS: The five year plan from 1969-1973 comes under the ten year long range plan of 1964-1973. The national investment company plays a major part in promoting investment. The second five year plan consists primarily of a number of projects which will be executed during the period and less concerned with output target, than was the first plan. At least as far as the first years of the second plan are concerned, that is from 1970 onwards, public investment will be largely committed to continuing programs which will already be in existence. The main elements are the Program of Major Operations and the fairly high level of road investment. The government has decided to increase public investment and has initiated this change without waiting until the second plan could be started in 1969 or 1970. The vehicle which has been used to make this change in policy is a program of Major Operations. The program is divided into three phases: 1968, 1969 and subsequent years. The level of investment foreseen by the program is as follows: (million FMG)

	<u>1968</u>	<u>1969</u>	<u>1970 and after</u>
Agriculture	3,575	5,054	11,364
Industry	2,825	2,235	250
Equipment and Communications	788	1,590	892
Syndicats de communes	1,128	253	-
Total	<u>8,316</u>	<u>9,132</u>	<u>12,506</u>
	-----	-----	-----

2) SOURCES OF FINANCING: The sources of financing the program of Major Operations are as follows: (million FMG)

	<u>1968</u>	<u>1969</u>	<u>1970 and after</u>
Foreign borrowing	1,855	2,936	2,352
Local resources	2,597	1,645	5,122
Subsidies	784	1,723	1,937
Private finance	3,080	2,828	3,095
	<u>8,316</u>	<u>9,132</u>	<u>12,506</u>

It would appear that the Government has done all it reasonably could within the framework of an open liberal economy to encourage private industrial investment.



D. FOREIGN TRADE DATA1) FOREIGN TRADE BALANCE: ( in million francs M.G.)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<b>Exports*special*Feb</b>					
France	10,596.8	12,314.7	10,121.7	11,056.6	9,428.4
Germany F.R.	790.8	802.4	1,036.2	792.5	730.6
Other E.E.C.	957.4	573.7	700.2	951.4	549.4
Réunion	1,118.9	1,161.1	1,310.0	1,588.6	2,715.3
Kenya	-	-	-	.2	183.0
Senegal	234.6	473.2	200.9	549.0	1,156.4
Algeria	331.7	49.2	73.6	32.8	229.9
U.S.A.	3,471.7	4,164.6	6,092.3	5,503.5	6,314.6
U.K.	557.4	422.5	603.2	657.6	436.7
Japan	132.1	129.7	229.3	252.8	386.0
All Other	2,070.1	2,562.1	2,264.9	2,700.9	3,561.2
<b>Total</b>	<b>20,261.5</b>	<b>22,653.5</b>	<b>22,632.3</b>	<b>24,131.5</b>	<b>25,711.3</b>
<b>Imports</b>					
France	23,335.4	24,045.5	21,397.9	22,095.9	23,206.3
Germany F.R.	1,077.4	1,270.6	1,404.8	1,775.3	1,933.1
Other E.E.C.	1,317.5	1,660.3	1,753.5	1,847.8	2,188.6
Réunion	-	-	-	12.5	17.9
Kenya	-	153.2	165.1	241.9	157.8
Senegal	33.8	292.6	670.4	720.3	528.1
Algeria	316.5	275.8	246.5	388.9	275.6
U.S.A.	1,065.5	1,501.0	1,507.5	2,236.5	2,457.4
U.K.	516.1	397.8	403.5	504.0	568.1
Japan	434.7	415.2	510.9	872.5	960.3
All Other	3,382.8	3,439.6	6,106.3	4,378.0	3,592.2
<b>Total</b>	<b>31,479.7</b>	<b>33,451.6</b>	<b>34,166.4</b>	<b>35,073.6</b>	<b>35,885.3</b>

2) VALUE OF IMPORTS; MAIN PRODUCTS:

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1967</u> %
Animal products	706.1	825.1	879.4	826.4	893.3	3
Wheat flour	640.4	597.7	710.5	814.5	640.1	2
Processed foods and beverages	2,240.2	2,172.5	1,942.8	1,924.6	1,875.9	5
Tobacco and Cig.	258.3	320.1	290.2	296.2	296.5	1
Textiles	4,520.9	3,981.5	3,312.9	3,236.7	3,963.0	11
Clothing and acces- sories	1,759.9	1,577.1	1,291.0	1,481.4	1,207.1	3
Pharmaceutical and chem.prod.	3,082.2	3,253.7	3,476.4	3,904.3	4,201.9	12
Wood and wood prod.	213.2	195.6	144.6	138.7	215.8	1
Paper and paper prod.	1,058.7	1,152.0	1,285.9	1,468.8	1,181.7	3
Petroleum prod.	1,123.9	1,138.4	1,641.9	1,513.3	1,894.0	5
Cement	435.2	416.9	487.6	403.9	318.5	1
Tires and Tubes	551.2	582.1	609.2	573.1	624.4	2
Metals and metal products	3,480.5	3,544.1	3,615.6	3,526.3	3,752.0	10
Machinery and equip- ment	4,091.0	5,175.6	4,776.3	6,141.4	5,814.0	16
Automobiles and other vehicles	3,375.1	4,105.1	3,762.1	3,783.2	5,264.2	15
All other	3,942.9	4,414.1	5,900.2	5,040.8	3,742.9	10
<b>Total</b>	<u>31,479.7</u> -----	<u>33,451.6</u> -----	<u>31,166.4</u> -----	<u>35,073.6</u> -----	<u>35,885.3</u> -----	<u>100</u> -----

3) VALUE OF EXPORTS; MAIN PRODUCTS:

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1967</u> %
Coffee	5,865.0	6,061.0	7,132.9	7,593.3	8,121.9	32
Rice	1,334.5	1,474.7	675.7	1,052.2	1,854.2	7
Vanilla	1,048.5	1,582.9	2,436.7	2,216.0	1,672.0	6
Cloves	385.9	813.2	743.6	579.2	875.6	3
Pepper	202.7	335.1	316.8	259.8	259.3	1
Beans	691.9	613.1	847.4	708.0	537.0	2
Groundnuts	540.2	359.5	393.8	295.0	363.7	1
Sugar	2,179.1	2,349.2	1,161.8	1,485.4	2,137.8	8
Manioc and tapioca	429.7	356.1	338.5	450.7	391.5	2
Tobacco and cig.	969.3	1,265.9	1,037.0	1,266.6	711.0	3
Bananas	129.8	175.3	221.1	403.0	263.6	1
Essential oils	480.6	486.5	487.9	593.7	554.5	2
Sisal	1,810.2	2,057.0	1,339.6	972.1	721.3	3
Raffia	584.2	641.5	682.4	811.5	918.4	4
Meat and meat prod.	808.1	1,177.6	1,698.2	1,587.4	1,327.5	5
Cattle	166.9	192.8	169.3	240.9	295.8	1
Hides and skins	372.9	364.7	351.4	585.9	372.3	1
Graphite	393.5	359.5	461.9	454.8	432.3	2
Mica	252.3	247.6	241.4	258.2	259.6	1
Chromite	43.6	23.5	26.1	-	-	-
Petroleum	-	-	0.3	166.3	982.6	4
All other	1,572.6	1,716.8	1,862.5	2,151.5	2,654.4	11
<b>Total</b>	<u>20,261.5</u> -----	<u>22,653.5</u> -----	<u>22,632.3</u> -----	<u>24,131.5</u> -----	<u>25,711.3</u> -----	<u>100</u> -----



**5 . 4 . 74**