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D01747

United Nations Industrial Development Organization

Distr.
GENERAL

ID/CONF.1/B.13
11 May 1967

ENGLISH ONLY

INTERNATIONAL SYMPOSIUM ON INDUSTRIAL DEVELOPMENT
Athens, 29 November-20 December 1967
Provisional agenda, item 3 (a)

Background paper

POLICIES AND PLANS OF DEVELOPING COUNTRIES REGARDING THE PUBLIC SECTOR IN MANUFACTURING INDUSTRIES

Presented by the Executive Director
of the United Nations Industrial
Development Organization

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INTRODUCTION

1. To achieve economic development at an accelerated rate, developing countries are emphasizing the promotion of manufacturing industries. An important problem in this regard is presented by decisions regarding the roles of the public and the private sectors in the development of manufacturing industries. Almost all developing countries recognize that, at the present stage of their economic development, they have to rely on both the public and the private sectors for building up their industries. However, countries differ in the degree of importance that they attach to the roles of the two sectors. Countries also differ on methods of implementing their policies in this regard.

2. This paper attempts to examine the policies and plans of developing countries with regard to the role of the public sector in the promotion of manufacturing industries. Depending on available data, it also attempts to provide an idea of the scope, structure and growth trends of the public sector in manufacturing industries of these countries.

Definition of the public sector

3. Generally, the development plans which have been examined use the extent of a State's ownership or equity interest in a manufacturing enterprise as an expression of the scope of the public sector. This means that the flow of financial resources from public sources to manufacturing enterprises in the private sector in the form of loans is excluded from the scope of the public sector.

4. Associated with ownership is the question of control over an enterprise. Generally speaking, control depends on the extent of ownership. The amount of ownership interest held by the public sector in an enterprise may vary from 100 per cent to a minority share, and consequently the degree of control exercised by it over a particular enterprise. Since the extent of equity interest held by the public sector has important policy implications, it would be useful to analyse the financial structure from this angle of the different enterprises. Unfortunately, data on this aspect are not readily available.

5. Ownership or equity interest is held by a State in two forms, namely direct and indirect. Under the direct form, a State itself is an owner or stockholder in an enterprise. There are no intermediaries between it and an enterprise. For

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example, the Hindustan Steels Ltd. of India is an enterprise completely owned by the Government of India. Similarly, the Fábrica Nacional de Motores S.A. of Brazil is owned by the Government. The Taiwan Fertilizer Company is owned by the Government of the Republic of China (Taiwan).

6. Under the indirect form, a State owns wholly or partly a financial institution. This institution, in turn, holds equity interest in various enterprises. For example, the Pakistan Industrial Development Corporation, a Government-owned institution, holds equity interest in a number of enterprises including some in jute and cotton textiles. The Sümer Bank of Turkey holds equity interest in a number of enterprises in various fields of manufacturing. The Nacional Financiera S.A. of Mexico also owns equity interest in a number of industrial enterprises.

Assessment of the role of the public sector in an economy

7. To obtain a balanced assessment of the role of the public sector, one has to take into account both the quantitative and the qualitative aspects.

8. Quantitatively, the place of the public sector in a national economy could be assessed through measures such as: its share in industrial capital; its share in value added by manufacturing sector; its share in aggregate employment in manufacturing. Attempt has been made in this paper to assess the place of the public sector in terms of these indicators for as many countries as possible. Unfortunately, the number of countries for which data along these lines is available is very few.

9. Qualitative aspects refer to the role of the public sector in planning. It is also claimed that public sector is necessary for correcting imbalances in an economy which may have arisen as a result of many factors. Amongst them may be mentioned: lack of entrepreneurship in the private sector; unwillingness or inability of the private sector to develop essential industries because of lack of capital or complex technological skills required; deficiencies in the development of technical and managerial skills; absence of key industries which may impede economic growth; uneven development among different geographical regions.

GOVERNMENTAL POLICIES IN RESPECT OF THE PUBLIC SECTOR IN MANUFACTURING

10. For analytical purposes, according to their policies towards the public sector, developing countries could be grouped into three categories: (1) countries which emphasize the public sector in principle; (2) countries which emphasize the private sector in principle; (3) countries which in principle have no preconceived preference for either the public or the private sector.

a. Countries which emphasize the public sector in principle

A few developing countries emphasize the public sector in manufacturing on grounds of principle. They do so because they aspire to establish socialism in their territories. Burma, Ceylon, India, Iraq, Mongolia, Syria and the UAR belong in this group.

Among these countries there are wide variations in their attitudes towards the private sector. In the early 1960's, Burma, Syria and the UAR brought an overwhelming part of their economies including manufacturing into the public sector through nationalization. On the other hand, Ceylon, India and Iraq not only tolerated the private sector in manufacturing, but encouraged it to develop in certain directions.[1/]

b. Countries which emphasize the private sector in principle

A vast majority of developing countries prefer in principle to rely on the private sector for the development of manufacturing industries. Nevertheless, they contemplate direct State intervention in the manufacturing field for a number of reasons explained in the following section. Many of them hope eventually, as a matter of policy, to transfer the interest of the public sector in manufacturing to the private sector, whenever feasible.

1/ Ceylon and India group industries into those reserved for development by the public sector, those reserved for development by the private sector, and those open to both the sectors. Iraq and Syria had a similar scheme in operation prior to the extensive nationalizations of 1964 and 1965 respectively.

In Latin America, there have been instances of such transfers. Argentina, for example, since 1957, has sold a number of enterprises in the chemical, metallurgical and textile fields to the private sector. Many of these enterprises were acquired by the public sector because they were classified as "enemy capital" during World War II.2/ There have also been instances of such transfers in Ghana, the Republic of Korea, the Republic of China (Taiwan) and Pakistan.

Countries belonging to this group generally tend to favour the "indirect" method of promoting public sector enterprises. They set up wholly or partly publicly owned and controlled financial institutions which in turn promote, own and manage manufacturing enterprises. Examples of such institutions are given in Table 1. However, the tendency to favour "indirect" methods does not entirely exclude resort to the "direct" method.

c. Countries which in principle have no preconceived preference for either the public or the private sector

Some developing countries are interested in the rapid promotion of manufacturing industries and do not care particularly whether a specific industry is located in the public sector or in the private sector. Each case is decided on its merits.

Among the countries whose policy statements or plans were examined, only a few seemed to be explicitly in this group. However, it may well be that many more countries would be found to be in this category if actual policies were examined. For example, in Cambodia,3/ Ethiopia,4/ Ghana,5/ and Laos6/ all fields of investment including manufacturing are open to both the public and the private sectors.

2/ UN Economic Commission for Latin America: "The Process of Industrial Development in Latin America" (ST/ECLA/Conf.23/L.2/Add.1), p. 34.

3/ Cambodia, Country Study (I & NR/Ind.Conf./C.5), contributed by the Government to the Asian Conference on Industrialization, p. 6.

4/ Imperial Ethiopian Government Second Five-Year Development Plan, (1963-1967), p. 35.

5/ The National Liberation Council: Budget Statement for 1966-67, by Lt. Gen. J.A. Ankrah, O.O.V., M.C., Chairman, p. 9.

6/ Laos, Country Study (I & NR/Ind.Conf./C.19) contributed by the Government to the Asian Conference on Industrialization, p. 8.

ECONOMIC AND SOCIAL REASONS FOR THE ENTRY OF THE PUBLIC SECTOR INTO THE FIELD OF MANUFACTURING 7/

11. Apart from the differences in approach to the public sector on grounds of principle discussed above, there are many economic and social considerations, common to all developing countries, which Governments consider have made State intervention in manufacturing expedient. For analytical purposes, the following basic considerations can be identified: (1) inadequacy of domestic private enterprise; (2) developmental requirements; (3) strategic needs; and (4) social equity. In substance, these considerations often overlap each other. Frequently, a decision to locate an industry in the public sector is a result of more than one consideration. For example, one consideration may be that the private sector may not be in a position to raise the necessary amount of capital. Another may be that the industry is considered of strategic importance to the economy.

12. Generally speaking, where developing countries have felt that they could not rely on local private enterprise to meet the needs of economies trying to achieve rapid industrialization, this may be due to a lack of management experience with manufacturing industries or a tendency to enter traditional occupations or to go in for investments which yield high immediate gains.

13. In some developing countries, the problem is the absence of indigenous private enterprise or its very rudimentary development. Hence, the choice before the public authorities is not between locating a manufacturing industry in the public sector or

7/ Though this is a paper on the role of public sector in manufacturing industry, it may be helpful to recapitulate briefly the main arguments advanced in favour of organization of economic activity in developing countries on private enterprise basis. The arguments are as follows:
(1) the operation of profit motive and competition leads to the most efficient mobilization and organization of money, men, technology and physical resources. On the other hand, public sector enterprises are plagued by cumbersome bureaucracy and political interference, which has adverse effects on efficiency;
(2) private enterprise creates a large stream of profits, increasing the financial resources available for reinvestment and providing an expended basis for taxation;
(3) private enterprises are more likely to adopt technological and manegerial innovations and to take advantage quickly and imaginatively of new economic opportunities compared with public sector enterprises.

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indigenous private sector, but between public sector and foreign private sector. However, it is claimed that reliance on foreign private enterprise has certain drawbacks. The terms of entry of foreign capital may not be acceptable to a country. Its availability is uncertain, and the continuity cannot be counted upon to the same extent as indigenous private sector or the public sector. It also tends to limit the freedom of action of host countries.

14. Instances of developing countries facing such a choice between the public sector and the foreign private sector can be found in many parts of the world. But the problem is found in its most acute form in the newly independent countries of Africa, particularly in those countries south of the Sahara.

15. At times, countries rely on the public sector to develop their economies according to a design relating both to the pattern envisaged for their industrialization and the span of time deemed reasonable for achieving it. Generally, this design is expressed through planning. But even countries which do not resort to planning have some idea as to the pattern of industrialization they envisage for their economies.

16. In this connexion, many countries feel that the private sectors in their respective economies may not be able to achieve certain conditions which will enable their economies to progress towards industrialization according to the plan pattern. The conditions may relate to the achievement of planned targets for investment and capital formation, or to the desirable structure of production. Therefore, they rely on action in the public sector.[8/]

17. Often countries believe that they have to rely on the public sector for the promotion of industries deemed essential, and which may not be within the practical possibilities of the private sector. Among other countries, India,[9/] Pakistan[10/]

8/ For a discussion on the private sector, see: UN Department of Economic and Social Affairs, Centre for Development Planning, Projections and Policies: Some Problems of Implementation in the Private Sector of the Economy. E/AC.54/L.10).

9/ Government of India: Planning Commission: Third Five-Year Plan, p. 264.

10/ Government of Pakistan: President's Secretariat, Planning Commission: Mid-Plan Review, May 1964: p. 35.

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and Turkey[11] have advanced such a line of reasoning for the entry of the public sector into the industrial field.

18. Industries may be deemed essential on grounds of national interest, or because their absence is likely to create industrial bottlenecks impeding economic growth. They may not be within the practical possibilities of the private sector because of complex technological requirements or because of the need for huge amounts of capital, or because of the absence of quick financial returns. Industries like the manufacture of steel or refining of oil, for example, fall within these categories. Of course, the requirements of skills and capital have to be judged as complex or heavy in relation to the stage of development reached by a country. In one country, a particular industry may be judged so and hence be located in the public sector. In another country, the same industry may be located in the private sector.

19. In Latin America, this line of reasoning seems to have been the main factor behind the entry of the public sector into the manufacturing field. Furthermore, the timing of the implementation of this policy in different countries seems to suggest that the public sector began to enter the manufacturing field, when radical changes in the structure of industries were becoming imperative, and the private sector was not responding with the desired speed.[12] For example, Mexico moved in this direction by founding a State agency called the Nacional Financiera in the 1930's. Argentina founded its Banco Industrial in the 1940's. Brazil organized the Banco Nacional de Desenvolvimento Economico in the 1950's.

20. Similarly, countries on other continents, for example India[13] and Turkey,[14] have also emphasized the usefulness of the public sector in making basic changes in the structure of industrial production.

21. Some countries have argued that the entry of the public sector in manufacturing would help increase capital formation, on the grounds that the surpluses generated by the public sector enterprises are more likely to be reinvested than those

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11/ Republic of Turkey; Prime Ministry; State Planning Organization; First Five-Year Development Plan, 1963-1967; p. 58.

12/ UN: Economic Commission for Latin America, "The Process of Industrial Development in Latin America" (ST/ECLA/Conf.23/L.2/Add.1) Vol. II; p. 30.

13/ Government of India; Planning Commission; Third Five-Year Plan; p. 264.

14/ Republic of Turkey; Prime Ministry; State Planning Organization; First Five-Year Development Plan, 1963-1967; p. 57.

generated by private enterprises. A further argument is that public sector enterprises would help to increase the resources at the disposal of the State and also provide more flexibility in allocation of investment among different sectors.

22. Many developing countries reserve a number of fields of industrial investment for the public sector for strategic reasons. They would like to strengthen the power of the State to determine the character and functioning of the economy. An allied reason is that many of them would like to prevent a small group in the private sector from acquiring undue influence through the control of strategic or basic industries. Most of the developing countries reserve defence industries for the public sector.

23. A number of developing countries hope to attain various social objectives through the public sector. Generally, the important objectives are: (1) prevention of the emergence of monopolies in the private sector and exploitation; (2) achievement of more equitable distribution of income.

24. For example, Pakistan[15/] and Turkey[16/] state that if grounds of public interest, financial or technological requirements, make it necessary to set up a monopoly enterprise, then it should be located in the public sector. Such is often the case with heavy industry, where a single plant could satisfy the entire national market of a country.

25. Burma and the UAR have used the instrument of the public sector to change the ownership distribution of industries from foreign to national hands. In Burma, many rice mills which were in the hands of persons of European, Indian or Chinese origin, were brought into the public sector through nationalization. The Burmese Second Four-Year Plan of 1961 claimed that one of the country's achievements since independence in 1948 was the change of the ownership structure of industries from foreign hands to the public sector.[17/] In the UAR, many foreign interests in industries were transferred to the public sector, especially following the Suez conflict.

15/ Government of Pakistan; Outline of the Third Five-Year Plan; p. 45.

16/ Republic of Turkey; Prime Ministry; State Planning Organization; First Five-Year Development Plan, 1963-1968; p. 58

17/ Burma; Ministry of National Planning; Second Four-Year Plan (1961/62-1964/65); p. 21.

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SCOPE AND STRUCTURE OF PUBLIC SECTOR ENTERPRISES IN MANUFACTURING

Scope and structure

26. The preceding discussion of stated policies raises the question of the actual place which the manufacturing public sector occupies in the economies of developing countries. In Table 2, an attempt has been made to give some idea of the scope and structure of public sector manufacturing enterprises in a number of countries. It describes the nature of public sector enterprises, their principal activities, and their relative importance in selected developing countries. To indicate the relative importance, a variety of indicators had to be used such as: share in physical output; share in value added; and distribution of public industrial capital among different public sector enterprises.

27. On the basis of available data in Table 2, it is not possible to observe any pattern of development of the public sector in these countries. However, certain groups of countries tend to favour certain industries. For example, larger and relatively more advanced developing countries such as Argentina, Brazil, India, Colombia, Mexico, Turkey and Venezuela, tend to favour industries such as steel manufacturing and petro-chemicals; while countries like Cambodia, Iran and Ghana tend to favour industries such as sugar refining, textile and cement manufacturing.

Recent trends in regard to the development of the public sector

28. The description in the previous section of the existing position of the public sector in selected countries raises a number of questions. Is it possible to detect any trend with regard to the growth of the public sector? Is there any relationship between the degree of emphasis on the public sector by a given country and the stage of industrialization reached by it? Has the public sector accelerated the growth of output in the manufacturing field? What fields of investment are emphasized in the public sector?

29. Because of the limitations of data, it is not possible to answer these questions fully. However, an attempt has been made to draw whatever limited inferences are possible in this respect with the help of the data presented in Tables 3 and 4.

30. A rough idea as to the trend in regard to the growth of the public sector in selected countries can be formed from the data presented in the columns 2 and 3 of

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Table 3. The second column refers to the period of the plan or plans as the case may be. The third column presents the percentage shares of the public and the private sectors in planned investment in manufacturing.

31. From this data, it is clear that one could speak of trend in regard to the growth of the public sector only in the case of India, Pakistan and Colombia. For other countries, the period covered by the data is too short to reveal any trend. In India, the public sector appears to have grown over the three five-year plans, while in Pakistan its relative importance declined in the second five-year plan, and is expected to go up during the third five-year plan. In Colombia, there has been an increase in the share of the public sector in planned investment but its aggregate share compared with the private sector is so small that the increases do not have much significance.

32. A further examination of Table 3 reveals that there is no systematic relationship between the share of the public sector in planned investment (column 3), and the percentage share of manufacturing sector in gross domestic product (column 5). In other words, the degree of emphasis on the public sector is not related to the stage of industrialization reached by a country. It is an outcome mainly of policy considerations discussed in the earlier sections of this paper. Table 3 also suggests the absence of any systematic relationship between the share of public sector in planned investment (column 3) and the annual rates of growth planned for manufacturing output, (column 4). It means that the planned rates of growth for manufacturing output do not vary with the size of the public sector. The absence of such relationship is revealing in view of the assertion that the public sector is necessary for accelerating the growth of manufacturing industries. An explanation for the lack of relationship may be that the gestation period for public sector industries tends to be relatively longer as often these industries tend to be capital intensive. Therefore, the full impact of public sector investment on manufacturing output in many countries would be reflected after a considerable time lag.

33. An examination of Table 4 shows that there is a wide variation in the pattern of public industrial investment among developing countries. However, in the majority of the countries represented in Table 4, the emphasis seems to be on three fields: viz. chemical and chemical products, products of petroleum and coal, and

basic metal industries (steel manufacturing). For example, Brazil and Colombia planned to spend more than 90 per cent of their public industrial investment in these fields, while India, Morocco and Pakistan plan to make more than 50 per cent of their public industrial investment in these fields. Among these three fields, there are differences of emphasis among the countries.

34. India, the Philippines and the UAR also lay emphasis on the manufacture of machinery including electrical machinery. India planned to make 22 per cent of public industrial investment in this field, while the UAR planned 18.5 per cent, and the Philippines 13.9 per cent.

35. On the other hand, countries such as Burma, Morocco and Uganda lay emphasis in public industrial investment on the development of textile industries. At the same time, Sudan planned to concentrate public industrial investment in food processing industries.

SOME BASIC PROBLEMS

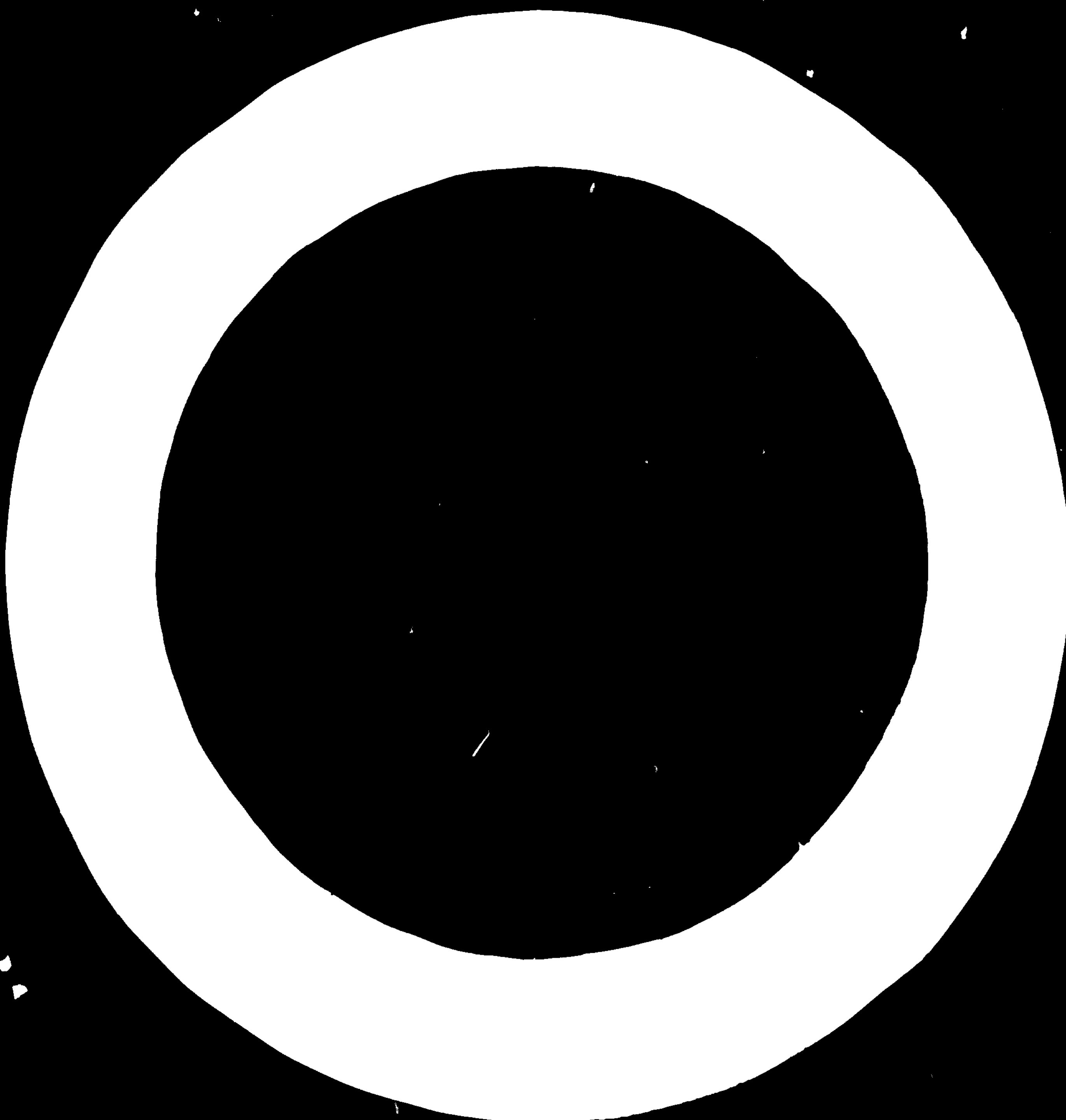
36. Generally speaking, all developing countries assign a role of some kind to the public sector in their industrialization programme. However, they face problems in this regard.

37. The main problems relate to the content and functioning of the public sector. What should be the optimum content of the public sector? What measures should be taken to make it function efficiently?

38. To find possible answers to the first question, each developing country should attempt to develop national guidelines. Of course, such development would take into account the political philosophy and the economic resources and needs of the country.

39. It is also necessary to develop proper concepts and guidelines in regard to the efficient functioning of public sector enterprises. Attempts should be made to answer questions such as: What should be the standards by which their efficiency should be judged? Are their price and profit policies conducive to capital formation and acceleration of the rate of growth of the economy? What would be an appropriate form of organization for the public sector enterprises, and what kind of personnel policies should they follow?

40. To explore answers to some of these questions, the UNIDO is planning to organize in 1968 a seminar on the financial aspects of public sector enterprises in developing countries.



ANNEX I

Table 1

Selected Public and Semi-Public Development Finance Institutions in Developing Countries

Country	Promotion Agency
Africa:	
Kenya	Industrial Development Corporation
Morocco	Banque Nationale pour le Développement Economique a/
Nigeria	1) Northern Regional Development Corporation
	2) Eastern Region Development Corporation
	3) Western Region Finance Corporation
Senegal	Banque Sénégalaise de Développement a/
Sudan	Industrial Bank of Sudan a/
Tunisia	National Investment Corporation a/
Uganda	1) Development Corporation
	2) Development Finance Company
Asia and the Far East:	
China (Taiwan)	Development Corporation a/
Korea, Rep.of	Reconstruction Bank
Malaysia	Industrial Development Finance Corporation a/
Pakistan	The Pakistan Industrial Development Corporation. Now bifurcated into the East Pakistan Industrial Development Corporation and the West Pakistan Industrial Development Corporation.
Philippines	National Development Company a/
Singapore	Industrial Promotion Board
Latin America:	
Argentina	Banco Industrial
Brazil	Banco Nacional de Desenvolvimento Economico
Chile	Corporación de Fomento de la Producción (CORFO)
Colombia	Instituto de Fomento Industrial
El Salvador	Instituto Salvadoreno de Fomento Industrial
Haiti	Agricultural and Industrial Credit Institute
Jamaica	Industrial Development Corporation
Mexico	Nacional Financiera S.A. a/
Puerto Rico	Puerto Rico Industrial Development Company
Trinidad & Tobago	Industrial Development Company
Venezuela	Corporacion Venezolana de Fomento
Middle East:	
Iran	Industrial Credit Bank
Turkey	The Sümer Bank
	The Industrial Development Bank

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a/ Mixed public sector and private sector company.

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Table 2

Relative Importance and Characteristics of Enterprises Owned by the State or Developed by the Public Sector in Selected Countries

Country	Nature of Enterprises[a]	Principal Activities	Relative Importance
Argentina	A considerable number of enterprises, including dependencies of the Dirección General de Fabricaciones Militares (14), of the Dirección Nacional de Fabricaciones e Investigaciones Aeronáuticas, or DINFIA Group (11), and of the Dirección Nacional de Industrias del Estado, or DINIE Group (38). A large proportion were later transferred to the private sector.	Steel-making, manufacture of metal products and machinery, motor vehicles, petrochemicals.	In the aggregate, 1 per cent of total industrial production; 60 per cent of production of steel ingots; 5 per cent of that of metal products and machinery; and 4 per cent of that of motor vehicles. b/
Brazil	Several important enterprises in the hands of the Federal Government, besides those developed by State authorities	Steel-making, petroleum refining and the manufacture of petrochemicals, motor vehicles, rubber.	Federal Government enterprises account for 6.3 per cent of the total industrial product; 85 per cent of petroleum refining; 45 per cent of production of steel ingots; and 1 per cent of that of motor vehicles. b/
Cambodia	Enterprises in the hands of the Government (9) and participation with the private sector (6)	Sugar refining, cement manufacture, textile factory, jute mills and chemical factories	Percent distribution of public sector investment:d/ cement manuf. (35); paper manuf. (17); tyre manuf (13); textile (9); sugar refining (9); plywood (8); misc. (9).

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Table 2 (Continued)

Country	Nature of Enterprises	Principal Activities	Relative Importance
Chile	A considerable number of enterprises promoted by the Development Corporation (CORFO) through various types of participation (contributions, loans, loan guarantees); some kept in the hands of the State, others transferred to the private sector, and yet others in which the latter has played a predominant part from the outset.	Steel-making, manufacture of petroleum derivatives, metallurgical, metal-transforming and fishing industries, production of cement, beet sugar, chemicals, textiles and wood manufactures.	Almost 100 per cent of steel production and manufacture of petroleum derivatives (excluding fuel oil) 20 per cent of sugar production. b/
China (Rep. of Taiwan)	Several enterprises jointly owned with the private sector. Many of them are classified as public sector enterprises because the Government owns the major portion of equity capital.	Sugar refining, fertilizer, chemical, textile, aluminum, petroleum refining, machinery manufacturing, and shipbuilding.	Shares of public and private sectors in value added in manufacturing in 1960 were: 34.2 and 65.8 respectively.
Colombia	Several enterprises developed by the central Government or through the Institute of Industrial Development, some transferred to the private sector; in addition, many small enterprises owned and run by departmental authorities.	Steel-making, petroleum refining, manufacture of alkalis, fertilizers, tyres, spirits, salts.	100 per cent of steel and caustic soda production; 60 per cent of petroleum refining and 40 per cent of production of fertilizers. b/
Ecuador	Several enterprises promoted by central Government agencies, including the Department of Monopoly Control (Dirección de Estancos), and others established by the *municipios*.	Manufacture of cement fertilizers and spirits; pasteurization of milk	

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Table 2 (Continued)

Country	Nature of Enterprise	Principal Activities	Relative Importance
Ghana[e/]	Some enterprises wholly owned by the public sector (24 enterprises) and some enterprises jointly owned (9 enterprises) with the private sector.	Food processing, beverages, textiles, timber processing, furniture making, rubber tyre moulding, edible oils, match making, metal products, shipbuilding.	Share of public sector and jointly owned enterprises in value added: Public % / Private % 1962: 20.4 / 79.6 1963: 23.2 / 76.8 1964: 20.8 / 79.2
India	Several important enterprises developed by the central Government (24 in 1961), besides those developed by State authorities. Few in oil refining have participation with foreign private capital.	Steel manufacture, fertilizers, petroleum refining, organic chemicals, railway equipment, and machinery making.	In 1960-61, steel manufacturing (68%); fertilizer (9%); locomotive works (5%); petroleum refining (1.6%); misc. (16.4%). a/
Iran	A number of enterprises promoted by the Government and municipalities themselves and others with the participation of the private sector.	Food processing, textile, wood processing, chemical and chemical products, brick manufacture, refractory & cement manuf.	In 1960, sugar production 70%, cotton goods production 35%, caustic soda 10%, portland cement 45%. b/
Iraq	Several enterprises promoted with State participation in equity capital.	Food processing, tobacco, textiles, textile products, petroleum, non-metallic minerals	Food processing (8.61); tobacco (2.1); textiles (7.4); textile products (3.9); petroleum (62.0); non-metallic minerals (13.0); miscellaneous (2.3).c/
Jordan	Several enterprises promoted with State participation in equity capital.	Paper manufacturing, potash refining, edible oil, dyeing, pharmaceutical, petroleum refining, cement industry, automotive industry.	Paper manufacturing (.72; potash refining (24.0); edible oil (8.6) dyeing (4.8); pharmaceutical(.24) petroleum refining (12.0); cement industry (47.6); automotive industry (1.9).c/

Table 2 (Continued)

Country	Nature of Enterprises	Principal Activities	Relative Importance
Korea (Rep.of)	Several enterprises promoted with State participation in equity capital.	Fertilizer manufacturing, oil refining, ore refining, heavy industry, shipbuilding.	Fertilizer manufacturing (36.7)[c] oil refining (26.1); ore refining (4.4); heavy industry (21.3); shipbuilding (11.5).
Kuwait	Several enterprises promoted with State participation in equity capital.	Flour milling; petrochemicals; petroleum refining; brick making asbestos.	Flour milling (7.7)[c] petrochemicals (49.4); petroleum refining (34.7); brick making (5.9); asbestos (2.2).
Mexico	Several State enterprises developed by agencies other than the Nacional Financiera, and a large number promoted by this latter through various types of participation, including assistance in the expansion or consolidation of existing enterprises.	Steel-making, manufacture of petroleum derivatives, metallurgical and metal-transforming industries, production of fertilizers cement, sugar.	Taking into account State enterprises only: 45 per cent of production of steel ingots, 20 per cent of sugar production and 100 per cent of that of petroleum derivatives.[b]
Pakistan	Several enterprises developed by the Pakistan Industrial Development Corporation and its successors.	Chemicals, fertilizers, cement, jute mills, textile mills, and newsprints.	
Peru	Several enterprises developed by the Central Government and others by local development agencies, in addition to the tobacco and salt monopolies.	Steel-making, manufacture of fertilizers, tobacco products, cement, petroleum derivatives.	
Saudi Arabia	Several enterprises promoted with State participation in equity capital.	Petroleum refining, petro-chemical, steel rolling.	Petroleum refining (22.6);[c] petro-chemical (.81); steel rolling (76.6).

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Table 2 (Continued)

Country	Nature of Enterprises	Principal Activities	Relative Importance
Turkey	Several enterprises promoted by the Central Government State Economic Enterprises by themselves or with private participation, Turkish Monopoly, and local administrations.	Steel manufacture, paper products, machinery manufacture, chemical industries, rubber products, tobacco products, alcoholic drinks, textiles cement, paper, fertilizer.	40 per cent of industrial output.[b]
Venezuela	Apart from the private concerns which the Venezuelan Development Corporation (CVF) has helped to build up, state enterprises include the Siderugica del Orinoco and several sugar mills.	Steel-making, sugar production	CVF Sugar mills account for 40 per cent of the country's production[b]

a. Figures in the brackets refer to the number of enterprises.
b. Percentage share of physical output.
c. Figures in the brackets denote percentage distribution of Government investment
d. Refers to investment in wholly public sector industries.
e. Ownership structure data relates to the period prior to the change of Government in February, 1966.

Table 3

Planned Investment in the Public and Private Sectors in Manufacturing in Selected Countries

Country	Plan Period	Percentage Share in Planned Invest. in Manuf. Public	Percentage Share in Planned Invest. in Manuf. Private	Planned Annual Rates of Growth[a] in Manuf. Output	Percentage Share of Manuf. in G.D.P. [b]
Iraq	1965-70	98[c]	2	...	9.6
U.A.R.	1960-65	94	6	13.5	14.0
Ceylon[d]	1959-68	69.7	30.3	12.0	4.1
Morocco	1965-67	60.8	39.2	...	13.4
Republic of Korea	1962-66	56.7	43.3	11.5[e]	10.6
India:	1951/52 to 1955/56	14	86	...	15.3[f]
	1956/57 to 1960/61	48	52	...	16.6[f]
	1961/62 to 1965/66	53	47	11.0	18.2[f]
Syria	1964-69	47[g]	53	...	13.4[h]
Turkey	1963-65	43	57	...	14.1
Pakistan:					
	1955-60	46	54	...	9.7
	1960-65	28	72	8.5	9.2
	1965-70	36	64		10.2
Uganda	1961/62 to 1965/66	33.3	66.7	...	6.6
Sudan	1961/62 to 1970/71	30	70	21.0	4.6
Tanzania	1964/65 to 1968/69	24.9	75.1	14.5	3.6
Venezuela	1963-66	19.4	80.6	13.5	13.5
China (Taiwan)	1961-64	18.2	81.8	12.5	18.8
Philippines	1963-67	10.0[i]	90.0[i]	10.0[j]	18.5

Table 3 (continued)

Country	Plan Period	Percentage Share in Planned Invest. in Manuf. Public	Percentage Share in Planned Invest. in Manuf. Private	Planned Annual Rates of Growth in Manuf. Output	Percentage Share of Manuf. in G.D.P.
Senegal	...	7.4	92.6	...	...
Jordan	1962-67	4.0	96.0	...	6.3
Colombia k/					
	1959	.8	99.2)		16.6
	1964	1.8	98.2)	8.5	17.4 l/
	1970	2.1	97.9)		...

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a/ Data refer to value added.

b/ Percentage share in the first year of the Plan or the year nearest to it.

c/ Includes Investment in mining and electricity.

d/ Large-scale industries only.

e/ Includes mining.

f/ Includes manufacturing, construction, electricity, gas and water; share of net domestic product.

g/ Includes electricity, mining and petroleum.

h/ Includes mining and quarrying.

i/ Does not include cottage industries.

j/ Including mining. Percentage of net national product.

k/ These figures include only those which IFI has actually programmed for, and which appear as public investment in the four-year plan. In addition, there will be during the decade, investments in which the Government will participate or play a promotional role, and which in this table are listed simply among private investments.

l/ Share in the year 1962.

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Table 4

Distribution a/ of Planned Public Sector Investment Among Different Fields of Manufacturing

(percentage)

Country	Share of b/ manuf. in GDP	Period of planned investment	Food	Beverage	Tobacco	Textile	Footwear, wearing apparel and made-up textile goods	Wood and cork except furniture	Furniture and fixtures	Paper and paper products	Printing, publishing and allied industries	Leather and fur products except footwear and other wearing apparel
Brazil	25.8 c/	1965	...	...	...	...	...	...	...	...	...	...
China (Taiwan)	18.8	1961-1964	[illegible]			...	...	...	...	...	...	...
Philippines	18.5	1963-1967	...	...	...	...	...	...	...	...	...	...
India	18.5 d/	1961-1966	...	...	...	...	...	...	...	.6	...	...
Colombia	16.6	1961-1964	...	...	...	...	...	...	...	1.6	...	...
Burma	14.1	1961/62-1964/65	13.4	.1	...	41.1	...	...	...	14.7	...	...
Turkey	14.1	1965	9.3	2.0	7.4	7.5	...	5.0	...	9.9	1.6	...
UAR	14.0	1960-1965	19.8	...	...	12.0	...	...	...	...	...	...
Morocco	13.4	1965-1967	...	...	...	27.4	...	...	...	13.8	...	...
Republic of Korea	10.6	1962-1966	6.1	...	...	.96	...	...	...	...	.6	...
Pakistan	9.2	1960-1965	5.5	...	...	10.9	...	...	...	4.8	.99	...
Uganda	6.6	1961/62-1965/66	15.3		...	39.5	...	...	...	14.0	...	...
Sudan	4.6	1961/62-1970/71	94.0	...	...	...	...	...	...	3.1	...	2.8

Country	Rubber products	Chemical and chemical products	Products of petroleum and coal	Non-metallic mineral products except products of petroleum and coal	Basic metal industries	Metal products except machinery and transport equipment	Machinery except electrical machinery	Electrical machinery, apparatus, appliances and supplies	Transport equipment	Miscell. manuf. industry
Brazil	...	5.7	42.1	...	42.7	...	...	...	9.5	...
China (Taiwan)	...	10.7	13.5	...	2.2			...	...	...
Philippines	...	...	...	...	78.2	...	13.9	...	7.9	...
India	...	11.6	10.7	.3	45.6	4.5	13.6	8.7	2.8	3.5
Colombia	...	50.5	...	...	47.9	...	...	...	...	...
Burma	...	25.0	...	5.0	.3	.4	...	...	...	...
Turkey	...	18.0	...	8.6	14.9	2.4	2.9	.4	2.1	...
UAR	...	18.2	7.1	.3	13.9	...	18.5	...	...	...
Morocco	...	20.3	12.3	...	26.2	...	...	...	...	...
Republic of Korea	...	17.9	8.5	1.0	14.7	.1	4.3	...	22.6	25.22
Pakistan	...	42.6	3.8	4.4	20.3	.55	.65	...	4.7	1.1
Uganda	...	...	...	...	...	...	...	...	...	30.2
Sudan	...	...	...	...	...	...	...	...	...	...

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Table 4 (continued)

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a/ ... means not available. In many places three dots are inserted instead of nil because from the available data it is not clear whether it completely covers the public sector.

b/ Refers to the first year of the planned investment period or the year nearest to it.

c/ Includes manufacturing, mining and quarrying, construction, electricity, gas and water. Percentage based on net domestic product.

d/ Includes manufacturing, construction, electricity, gas and water. Percentage based on net domestic product.

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