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Interregional Seminar on Selected Aspects of Industrial Policy

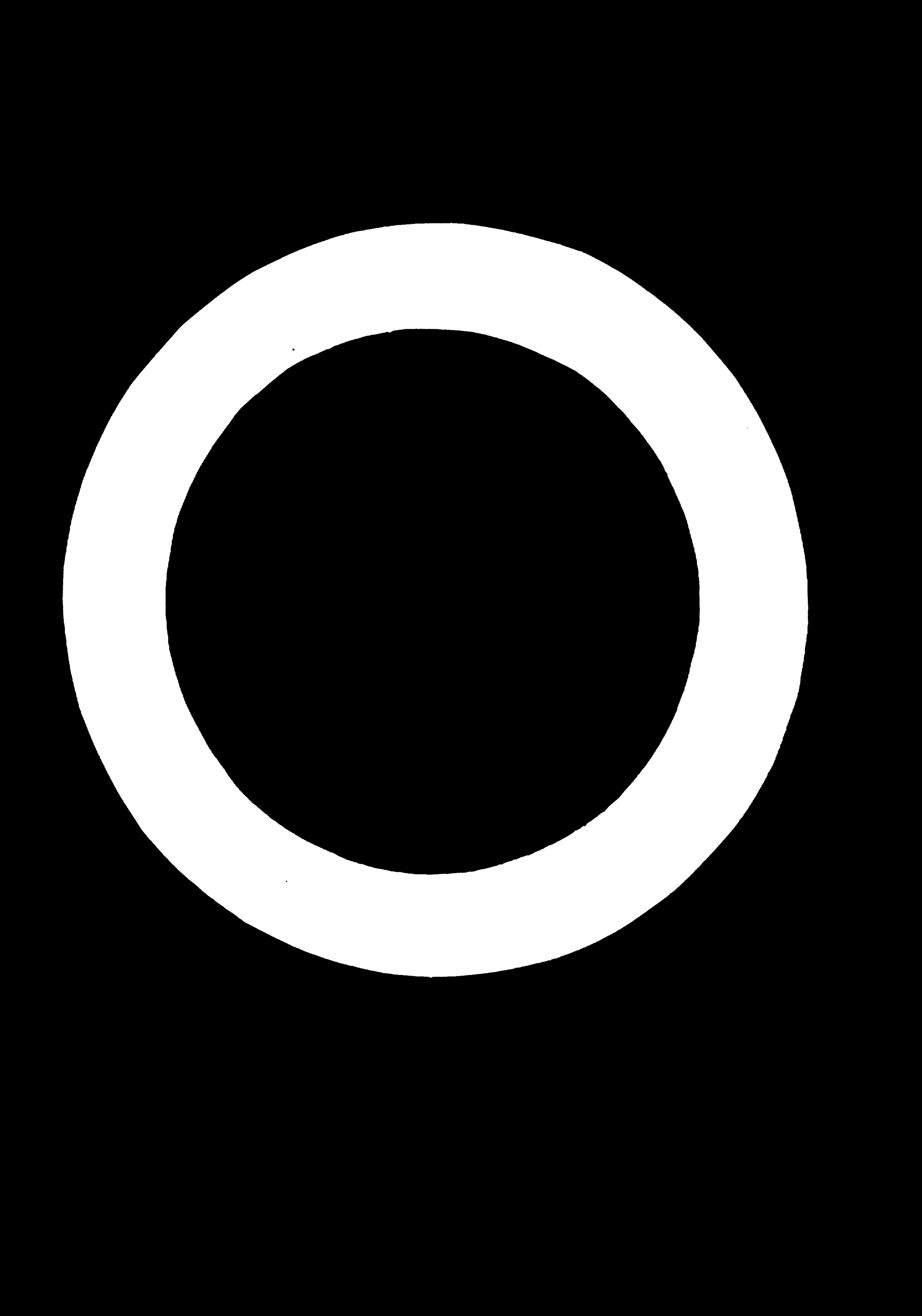
Beirut, Lebanon, 4 - 15 January 1971

CASE STUDIES TO BE WORKED OUT BY PARTICIPANTS

Country A

Advisory mission on industrial policies

Note: The circumstances of the country described in this case study are typical of those faced by certain developing countries. However, the country described here is an imaginary or hypothetical one. Participants should base their solution on information provided in this case study and not on their knowledge of the circumstances and problems faced in reality by a particular country about which they have far more detailed information.



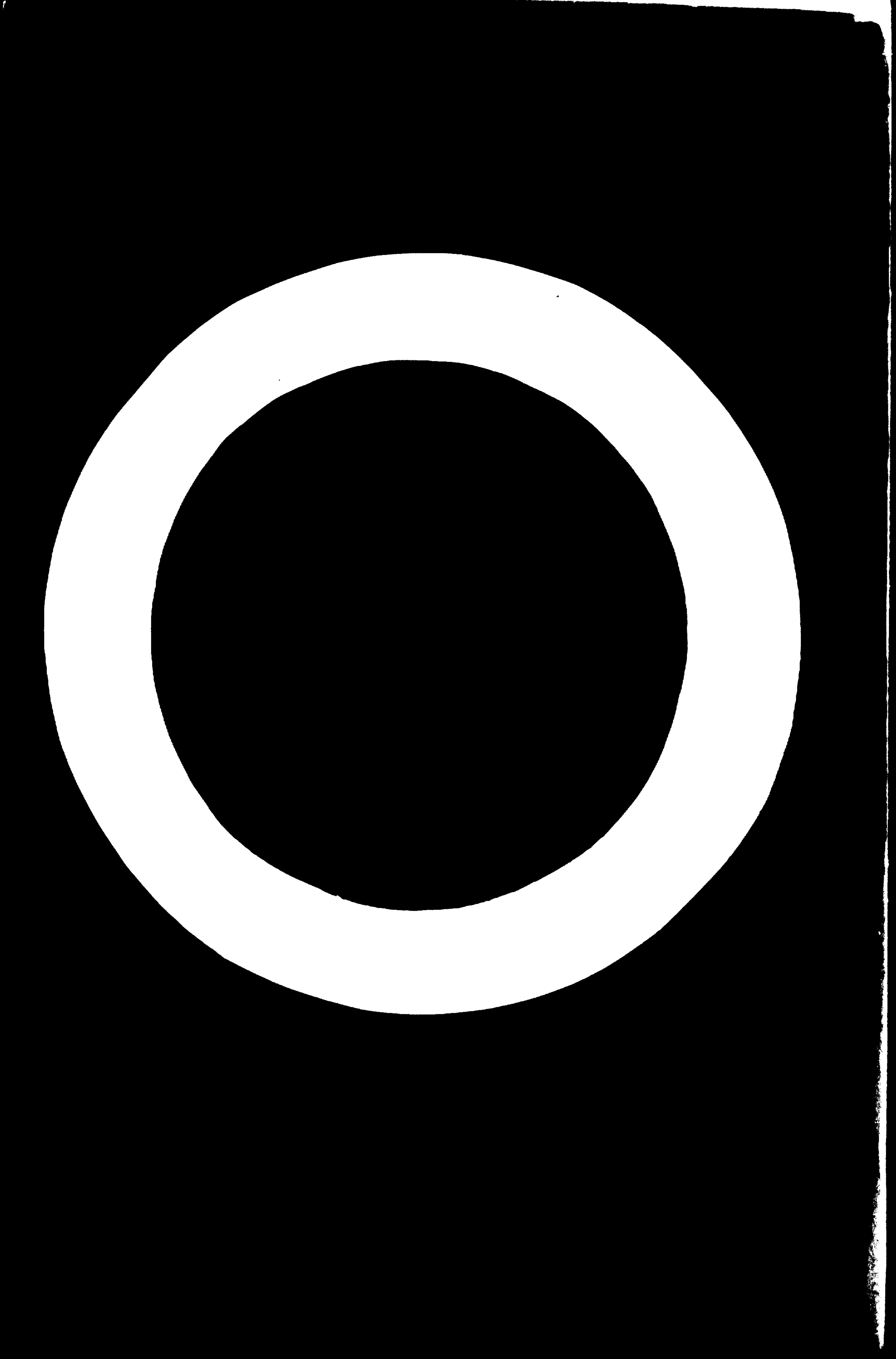
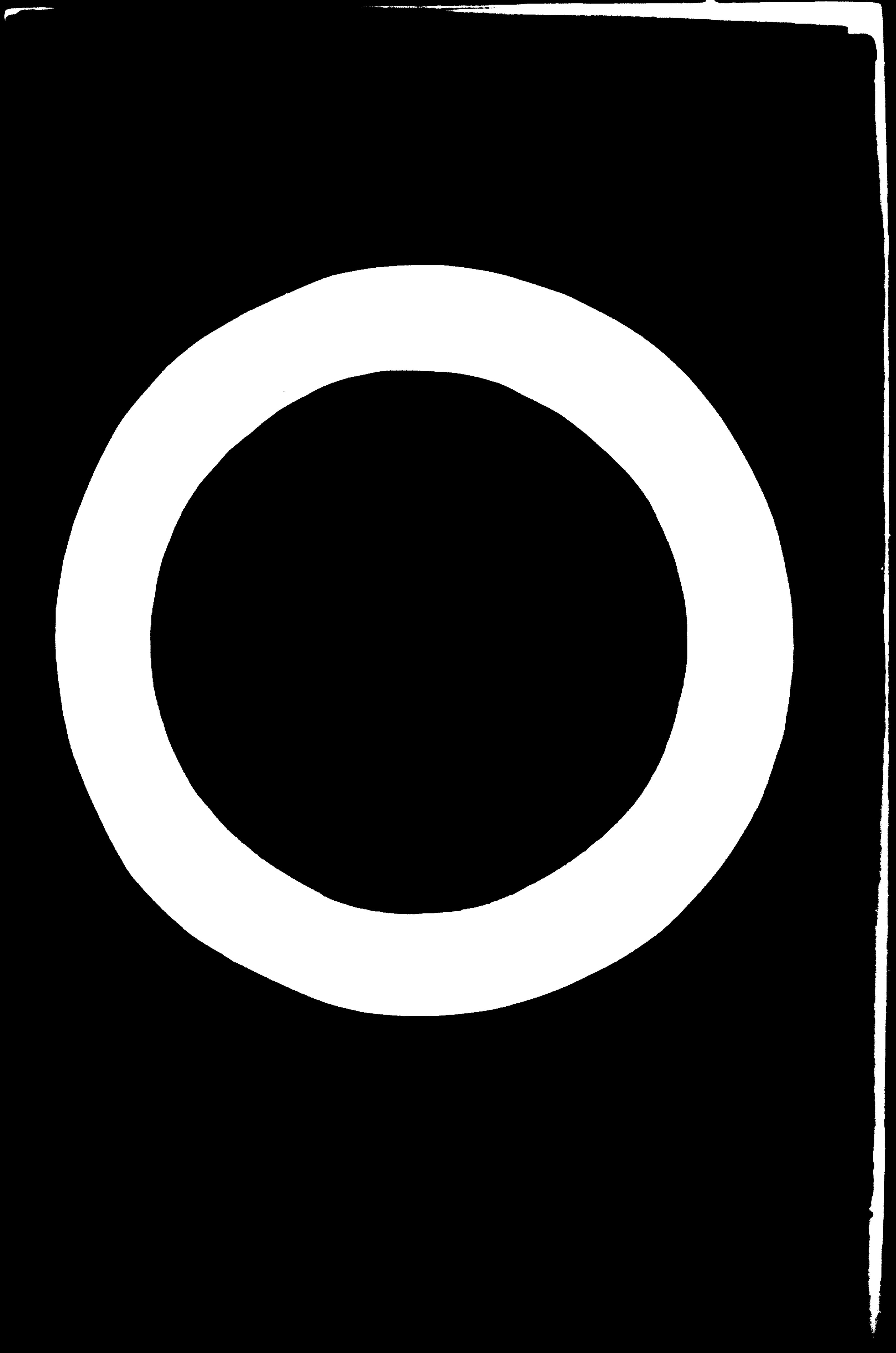


TABLE OF CONTENTS



CHAPTER I

TERMS OF REFERENCE FOR THE ADVISORY MISSION

A. The government's letter requesting assistance from the UNIDO

The letter reproduced below originated the request for assistance from UNIDO.

MINISTRY OF COMMERCE AND INDUSTRY
Central Square, Capital City, Country A

Office of the Director General
October 1, 1970

Resident Representative
United Nations Development Programme
Capital City, Country A

Dear Sir,

As you are aware, implementation of the new National Development Plan of the Government covering the period July 1, 1970 to June 30, 1975 is now under-way.

The Plan includes a detailed set of targets for the industrial sector. It outlines some general policy objectives for industrial development and indicates the role to be played by public and private sector investment in their achievement.

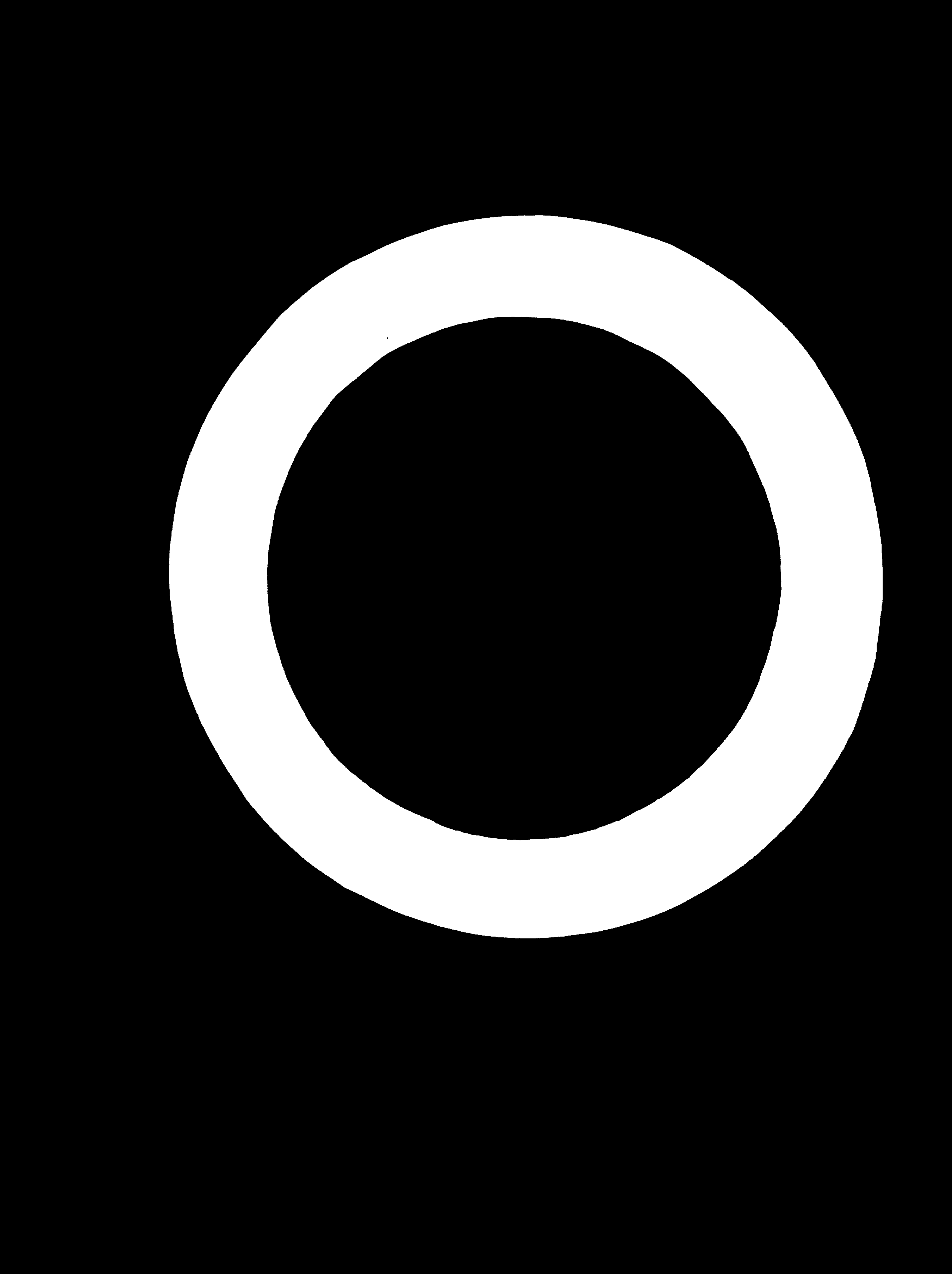
At the time when the Plan was prepared we did not feel able to spell out in detail the type of measures my government would use to ensure the successful implementation of the industrial development programme. We feel that some changes are needed and we have specific ideas. However, before introducing them we would like to discuss these ideas with a small group of consultants supplied by the United Nations.

The idea of having these discussions would be to allow us to draw on the advice of men with experience in formulating policy measures in other countries. Suggested terms of reference for the Advisory Mission are attached to this letter.

When passing this request on to the UNIDO, I would be grateful if you would indicate the importance of the Advisory Mission arriving here before the end of January next so that their recommendations can be considered when the new budget is prepared in March 1971.

Yours sincerely,

Director-General



Suggested terms of reference attached to the Director-General's letter

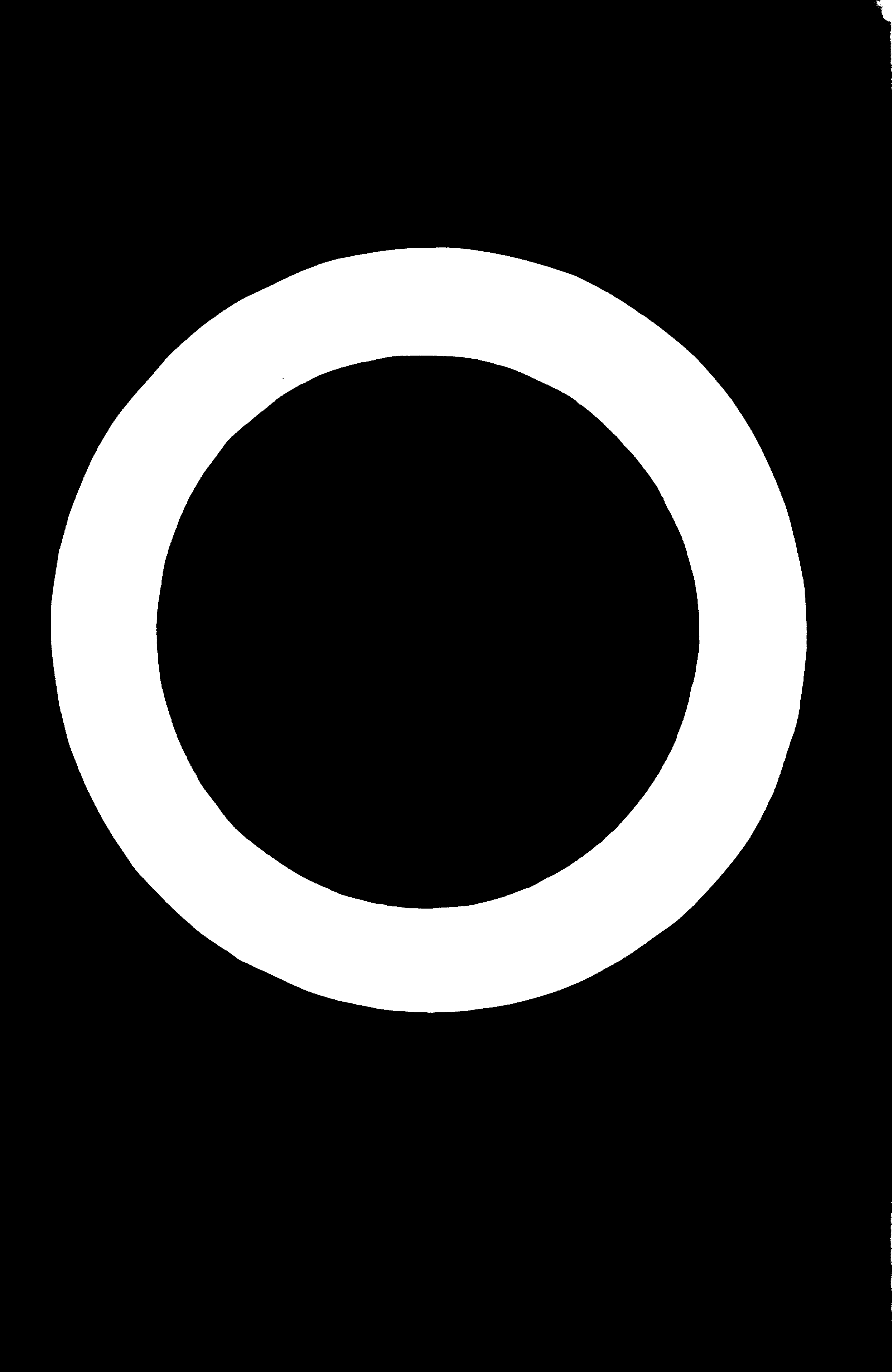
The consultants recruited by UNIDO will be asked to:

a) consider the suitability of existing instruments and measures to achieve the targets and objectives of the new programme of industrial development planned for 1970-1975;

b) suggest modifications in existing measures and/or new measures which appear to be needed;

c) consider the need for modifications in the central government machinery used to implement these measures, and,

d) consider the need for additional or strengthened subsidiary autonomous institutions to implement the measures recommended.



B. Notes on an exploratory visit by a UNIDO staff member

(This part should be read after chapters II, III and IV)

As explained in his letter of October 1, 1970, the Director-General of the Ministry of Commerce and Industry is looking to UNIDO to provide a second opinion on the ideas his Ministry has for improving the set of measures and instruments used to implement the new Development Plan.

One reason why UNIDO's assistance is requested is that value added in the manufacturing sector increased by only 36 per cent during the 1965-1970 Plan period instead of the planned level of 60 per cent. The target has been set at 50 per cent for the 1970-1975 Plan, assuming a more moderate rate of expansion from a larger base. The Director-General believes that private investment will be forthcoming to achieve this target if government measures make investment in manufacturing sufficiently attractive; he has put forward some ideas for introducing stronger tax incentives but his ideas have been blocked by the Ministry of Finance which considers that these will cost too much in terms of tax revenue foregone for too long a period.

A second reason for requesting UNIDO assistance is the realization that from January 1, 1971 there will be free trade within the regional group of countries to which country A belongs. The Director-General has been receiving representations throughout 1970 from the local Federation of Industries; some of its member enterprises have been forced out of business by imports from neighbouring countries. Unlike some neighbouring countries, country A has a reasonably strong balance of payments position and makes little use of quantitative restrictions on imports. The Federation complains that its members are losing all or part of their market in their own country as a result of the freeing of trade without obtaining better access to the markets of neighbouring countries as compensation because they continue to apply quantitative restrictions.

The decision of the regional group to eventually adopt a common external tariff is also causing the Director-General some concern. Whilst some industries are quite highly protected at present, others are not. He

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recognises that there is little logic behind the present tariff structure. It is a strange mixture of specific and *ad valorem* duties, it was originally designed in the late 1950s as a source of budget revenue; although the Ministry of Commerce and Industry is also responsible for trade policy, the powerful Minister of Finance was able to raise the level of all import duties by 30 per cent in 1961 when the Ministry badly needed more revenue and wanted to avoid raising this from other forms of taxation.

As experts are now advising on the introduction of a new tariff nomenclature, the Director-General feels that this would be a good time to examine the effects of the tariff structure on industrial development. A brief glance at the tariff schedule suggested it would be difficult to analyse because of the widespread use of specific duties.

Quite a wide range of industrialists were interviewed. They were generally positive about the prospects for future development of the country. However, some emphasized the need to develop new sources of export earnings to supplement oil exports which were expected to level off at their present level unless new reserves were found soon.

The industrialists had a number of complaints to make about government policy and its implementation. Many of them complained about the licensing system. The Ministry, it appears, has always been afraid of giving an enterprise monopoly powers; it has, therefore, as a matter of principle, granted licenses for two and usually three producers to make the same product. This they argue has led to the development of excess capacity in many branches of industry. They seem to be correct; only in a few cases has the excess capacity been used to develop export markets.

They also complain about the Customs Department which is responsible to the Minister of Finance. Clearance of imported goods is extremely slow. Although legislation was enacted in 1960 to provide import duty exemptions for materials, parts and components included in manufactured goods that are subsequently exported, many firms indicated that their claims for reimbursement

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dating back to 1968 have never been settled. Other firms claimed that there were several products which they would be prepared to manufacture within the country if and when the Customs Department was willing to reduce the import duty on the major raw materials required for the manufacturing process; the import duty on materials was higher than the import duty on the final product; but their representations to the Customs Department to correct this situation has been unsuccessful so far.

Several firms complained that the tax incentives offered by the government were of little value. A tax holiday of five years, for which many new projects were eligible, was of little use to large projects which took several years to reach a profitable level of production. Taxation was in any case too high; there was a 5 per cent tax on business turnover which was added to manufacturing costs several times if a product was handled by a number of different enterprises; on top of this, there was corporate profits tax at 50 per cent. The government's failure to collect personal income tax encouraged most firms to distribute as high a proportion of profits as possible as dividends. Much of the money distributed as dividends appears to be transferred abroad; it is not reinvested in the country.

Fragmentation of production appears to be a problem in some industries. Six firms have been licensed to assemble cars; the present market is 20,000 units per annum and a total of 18 models are assembled. There are four firms assembling trucks; the market is 5,000 units. Four firms manufacture 20,000 refrigerators per year; each firm manufactures four different models. The value added in these operations appears to be in the range of 10 per cent to 25 per cent. Ten firms have been licensed to manufacture pharmaceuticals. There are over 30 major production units in the cotton textile industry producing 150 million yards per annum.

Exports of manufactured goods are small. Garments, building materials and processed foods are exported to neighbouring countries in substantial volumes. Very few manufactured goods are exported to industrialised countries.

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When asked about the reasons for this poor export performance, industrialists point out that their costs are high. There is no refund of turnover tax on exported items; the Federation of Industries have asked for a rebate to compensate for this tax, but the Ministry of Finance replied that such a scheme would be complicated and too expensive to administer. Imports of plant and machinery are charged import duty, usually at a rate of 20 per cent. The Managing Director of one of the largest business houses said the main obstacle to exporting was the exchange rate; our oil industry, he said, permits us to maintain an exchange rate which over-values the currency; a comparison of the cost structure of the industrial and agricultural sectors of our economy with the cost structure of these sectors in other countries would suggest the need for an exchange rate of 6 dinars instead of 4 dinars to the U.S. dollar.

A visit to the government-owned industrial development bank provided some light on the problem of financing new investment. The General Manager confirmed that many businessmen preferred to send their money out of the country rather than reinvest their profits; the few foreign investor whom his bank had helped were much more willing to reinvest their profits in the country. Most firms were still private family businesses. His bank had helped the government to establish a stock exchange and there were 20 quoted companies; but trading was limited. In 1969, the government introduced an exemption from personal income tax to encourage small savers to invest in industrial shares; a recommendation by the Ministry of Commerce and Industry to reduce corporate tax from 50 per cent to 40 per cent for companies that had 25 per cent public ownership was rejected by the Ministry of Finance. However, most of private investors still prefer to invest in tax-free government bonds which yield 8 per cent at present; if they had enough money, they would speculate in real estate.

I found that the attitude of the Industrial Development Bank to be rather conservative. They do not wish to carry out more than the traditional banking functions. There is no investment promotion agency, so the bank could play a role in helping to identify and formulate new projects; but it appears

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not to do so. The bank has so far made little contact with potential external sources of finance; they have never looked to the World Bank or other external sources for loans to re-lend to their customers.

There are no industrial areas or estates in Country A. About 80 per cent of the industry is located in the capital city. There is a desperate need for industrial estates on areas in the capital city and other major towns; in the absence of town planning, industry has scattered all over the town. Foreign investors cannot own land; this may be an obstacle for some potential investors.

Foreign investment is welcome in principle, but discouraged in practice (quite illogically) by the nationalisation of two foreign-owned electricity companies in 1965. There is no foreign investment law as such, only policy statements made in the late 1950s. However, given the absence of exchange control and a comfortable balance of payments position, there seems to be scope for attracting more foreign investment.

Foreign technical and managerial personnel have to renew their visas every three months; they are liable to local income tax after 3 months residence in the country; on incomes over $5,000, the marginal rate is 40 per cent. Foreigners must pay their income tax.

The government exercises no control over foreign technical collaboration agreements but all fees are liable to a 30 per cent tax deducted at source by the paying company.

The Director-General at the end of my visit summed up his view on industrial development policy in the following manner:

"The country was still poor in many respects; there was considerable unemployment and outside the major cities and wages were low. It should be possible to establish more small-scale industries to use some of the cheap labour available; cheap labour might also form the basis for establishing new export-oriented industries.

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Over the next five years, production of intermediate and capital goods industries needed to be developed. The private sector had been reluctant to invest in these industries because there was no quick return on investment. He felt that a tax holiday of 10 years should be provided; but if this didn't promote sufficient investment very quickly, the Planning Board recommended that more projects should be implemented in the public sector.

The main problem in these industries was to design plants which were suited to the size of markets in the region. The technology which industrialized countries were developing pre-supposed a larger market than most developing countries could expect to achieve within the next decade or two."

C. Briefing by UNIDO Headquarters staff given to the Advisory Mission

(This part should be read after chapters II, III and IV)

The members of the Advisory Mission discussed their assignment at UNIDO Headquarters in Vienna with the staff member who conducted the exploratory visit to Country A. The following notes record the main conclusions of the discussion:

1. At the beginning of their mission, the Mission should attempt to clarify the objectives of the 1970-1975 programme of industrial development and identify the main obstacles and problems encountered in implementing the 1965-1970 programme.

2. The next step will be to make a complete analysis of the existing set of measures used. This should include an analysis of policy areas in which there had been little or no action by the government so far. These include the preparation of pre-investment studies of specific projects, promotion of investment in specific projects by contacts with potential investors (domestic and foreign), measures to improve and publicise the potential for foreign investment, and measures to increase the value added in certain branches of industry.

3. The measures used to implement industrial policy which appear to require modification are tariffs, licensing new investment, investment incentives.

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4. The Mission should identify specific cases where the tariff structure is an obstacle to the achievement of industrial policy objectives. It should suggest principles which could act as a basis for revising the tariff structure (for example, how to decide what level of protection is needed; whether intermediate, capital goods and raw materials should be granted the same level of protection as consumer goods). The Mission should also consider how these principles for revising the tariff structure at the national level may influence discussions taking place on the formulation of a common external tariff for the region as a whole.

5. The Mission should identify the main purposes of registering new enterprises and licensing new investment proposals. The merits and disadvantages of licensing should be assessed leading to a recommendation for future policy.

6. The Director-General's recommendation for lengthening the tax holiday from 5 to 10 years for capital-intensive industries should be considered. The Mission should explain why they support or reject this suggested modification of existing tax incentives. A more general review of taxation and tax incentives should be conducted and specific recommendations made. The need to introduce other forms of incentive measure should also be considered. Finally the cost and effectiveness of the proposed programme of incentive measures should be assessed with a view to winning the support of the Ministry of Finance for the changes suggested.

7. Policy at the branch of industry level should be reviewed. How can fragmentation of protection into too many manufacturing units be avoided in the future? What measures are needed to ensure that the existing pattern of fragmentation in some industries is changed in order to obtain longer production runs, lower costs, and improved opportunities for producing locally those parts and components which are imported at present? Will measures which require that a higher value added in such products as cars, trucks, refrigerators, pharmaceutical products, be sufficient to achieve this goal or are additional measures required?

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8. The role which foreign investment can play in the implementation of the 1970-1975 Plan should be discussed. Measures needed to encourage foreign investment more actively should be suggested. The measures affecting the efficient use of technical collaboration should also be reviewed.

9. The measures needed to achieve the Plan target for exports of manufactured goods of $100 million in 1975 will require careful consideration.

10. The central government machinery used to administer the measures used to implement industrial policy should be reviewed. The potential investor has to deal with a wide range of government departments; the establishment of an autonomous investment promotion institution can be recommended to centralise decision taking. What ministries should be represented on its board of directors? What functions should it perform?

11. The Mission should consider whether new machinery needs to be established to revise the present tariff structure and keep it under continuous review in future years? Should the machinery be located in the Ministry of Commerce and Industry or in the Ministry of Finance or should it be established as an autonomous body? Who should be represented on the supervising committees - ministries, representatives of industry etc? Will the assistance of a UNIDO expert for 12 months be required when the tariff structure is revised?

12. What will be the main functions of the Ministry of Industry and Commerce (a) in formulating policy, (b) in formulating measures to implement it, (c) in administering specific measures in the 1970-1975 period? How should these functions be more effectively coordinated with other ministries involved in formulating and implementing policies affecting the development of industry?

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CHAPTER II

BACKGROUND INFORMATION ON THE ECONOMY

A. Major economic development achievements in the 1960s

The population of Country A is about 10 million inhabitants. Average *per capita* income was $280 in 1969 compared with $200 million in 1960.

Agriculture is the main source of employment and accounts for 60 per cent of the labour force. Oil is the main source of export earnings and budget revenue. Oil production increased steadily in the 1960s but it has now reached a level where new reserves need to be found to sustain a higher level of production. Although the value added in the manufacturing sector doubled between 1960 and 1969, its contribution to GDP increased from only 10 per cent to 11 per cent.

The level of investment appears to have declined in the 1960s from over 16 per cent in 1960 to 14 per cent in 1969. One reason appears to be a lower level of savings by private investors; but the main reason is that the oil industry was investing heavily in the country in 1960. Now that oil production cannot be expanded, new investment is at a low level.

The balance of payments position is reasonably strong, but the prospects for the 1970s are not as bright as they were in the 1970s.

Prices have been reasonably stable in the 1960s. The retail price index was 130 at mid-1970 compared with 115 in 1965 and 100 in 1960.

B. Economic and social infrastructure

The infrastructure of the economy is well developed. The country has two large ports on the Mediterranean and the system of roads and rail transport is adequate to distribute manufactured goods to other urban centres. Energy

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is relatively cheap; it is likely to remain so; waste gas is being flared at oil wells in very substantial quantities.

The education system is well developed. Seventy per cent of the population are literate. There are two major universities and several technical colleges. A programme of vocational and technical training was launched with ILO assistance in 1964. Private industry has also conducted its own training programme for skilled labour.

A Management Institute was established with ILO assistance in 1963; it provides a six-month post-graduate course - specialised short courses and evening classes. It is located in the capital city; it does not serve the other urban centres where industry is beginning to develop.

C. The structure of the industrial sector

The main expansion of industrial activity took place in the 1960s. A land reform programme placed capital for investment in industry in the hands of land-owners in 1962; many of them turned to manufacturing industry. From 1960 on, the government promoted private investment by making financing available through the privately controlled industrial development bank.

By the early 1960s, the industrial sector produced many of the consumer goods which the country required; the most important branches were textiles, food processing and building materials. In the 1965-1975 period emphasis was placed on intermediate and capital goods -- several basic chemical plants, a fertilizer plant and an integrated iron and steel mill (capacity 500,000 tons) were completed in 1968 and 1969. Less rapid progress has been made in developing an engineering industry.

The location of industry is not well dispersed. The capital city claims about 80 per cent of the larger manufacturing enterprises in hand. The two main ports have not attracted industry because of unreliable power supplies.

CHAPTER III

THE NATIONAL DEVELOPMENT PLAN, 1970-75

A. Objectives of industrial development policy

Manufacturing output is expected to double between 1970 and 1980 as it did between 1960 and 1969. The value added in the manufacturing sector is planned to increase from $300 million in 1969 to $450 million in 1975. Furthermore exports of manufactured goods are expected to increase from $20 million in 1969 to $100 million in 1975.

The major objectives outlined in the 1970-75 Plan for the manufacturing sector:

a) to expand employment opportunities

b) to raise the standard of living of the people

c) to raise the level of efficiency of existing industries

d) to provide special encouragement for tradition, craft and small-scale industries

e) to reduce the reliance of industry on imported materials, parts and components

f) to promote the reinvestment of profits

g) to increase the quality of locally-manufactured goods

h) to co-operate with neighbouring countries in developing certain industries

i) to further improve the skills of management, labour and technicians in preparation for higher levels of industrial development.

B. Output and investment targets for the manufacturing sector

Although a rough break-down of the way in which the increase in value added in the manufacturing sector from $300 million in 1969 to $450 million in 1975 was made by the Planning Board, the details have not been published.

The main guide for policy formulation therefore is the Planning Board's estimate of the new investment required in the manufacturing sector.

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	1965-70	1970-75
Consumer goods industries	$220 million	$200 million
Intermediate goods industries	75	250
Capital goods industries	125	200
	$420 million	$650 million

C. Ownership policy

The policy of the government in the 1960s relied mainly on private investment to implement industrial projects; only when the private sector had shown it was not willing or capable of implementing a project was the government prepared to use public funds. In the period 1965 to 1970, the integrated iron and steel plant was only major industrial projects implemented as a state-owned project.

The 1970-75 Plan indicates a slight switch in emphasis. The government will not wait too long to see if the private sector will implement a key list of 20 strategic projects which are identified in the Plan. If the private sector has not made a start on implementing these by the end of 1971, they will be undertaken with public or mixed ownership. The 20 projects of strategic importance in achieving the Plan's industrial development targets are:

Product	Investment ($ million)
nitrogenous fertilisers	30
nylon fibre	10
polyester fibre	15
petrochemical complex	125
sulphuric acid	8
polyethylene	15
PVC and vinyl chloride monomer	15
ferro-alloys	8
steel fabrication	6
tractors	7
automobile parts (complex)	12
car bodies (press shop)	10
electronic components (complex)	8
TV assembly	3

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Product	Investment ($ million)
machine tools complex	90
railway wagons	8
power generating equipment	8
electric cable	7
electric motors	5
telephone exchange equipment	10
	$130

In addition, the government will spend a further $80 million on doubling the capacity of the steel plant.

The Plan mentions that special new measures will be introduced to protect and expand employment in traditional and small-scale industries, but it does not indicate what these measures will be.

D. Planned sources of financing

The planned sources of financing new investment as detailed in the 1970-75 Plan are reproduced in Table 4 of the Statistical appendix. They can be summarised as follows

	1965-70 Actual $ million	1970-75 Planned $ million
Private investment		
Depreciation and retained profits	90	135
New equity capital	50	75
Loans from institutional sources	150	280
Foreign investment	30	60
	320	550
Public investment		
Government budget	100	180

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E. Institutions

The main industrial development institution is the industrial development bank. There is no investment promotion agency and no agency responsible for efforts to promote exports of manufactured goods. There is an industrial research institute which has a standard laboratory; some national standards have been established.

CHAPTER IV.

THE EXISTING SET OF MEASURES USED TO IMPLEMENT INDUSTRIAL POLICY

Country A has a relatively simple set of measures to implement its industrial development policy. The most important measures are those affecting the private sector.

A. Measures used to promote and guide investment in industrial projects in the private sector.

The main instruments used to promote and guide private investment are (1) the tariff structure, (2) licensing policy, and (3) tax incentives.

1. Tariffs and other forms of protection

The tariff structure was last given an across-the-board revision in 1958; the main purpose at that time was to raise budget revenue. There was a general 30 per cent increase in all tariff rates in 1962.

Tariffs are the responsibility of the Ministry of Finance. Applications for changes are reviewed by an inter-departmental committee which meets irregularly about three times a year. Only a few *ad hoc* changes are accepted; they are incorporated in the next year's budget.

There are no quantitative restrictions on imports of manufactured goods. Import licenses are required but these are freely given.

2. Licensing policy

All new commercial and industrial enterprises must be registered at the Ministry of Commerce and Industry. In addition, all new industrial investment costing more than $10,000 requires approval in the form of an Establishment license. The issue of this license is a routine matter except for projects involving investment of over $500,000; such projects are referred to the Director-General himself for decision.

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The law provides no criteria for licensing policy. The decisions made in recent years reflect the policy of the Director-General himself. Only on two occasions has he been prepared to issue a license which would permit one enterprise to supply the whole of the national market; normally he insists on licensing plants with capacity capable of satisfying only one-half or one-third of the national market. Give an industrialist the chance, he was once heard to say, and he will exploit the consumer by causing artificial shortages when the demand for his product is at its peak.

3. Tax incentives

Tax incentives are enacted by the Ministry of Finance in the annual budget.

The major incentive is a simple 5-year tax holiday for investment in projects which manufacture a product not previously manufactured within the country. The exemption applies to corporate profits tax which is levied at 50 per cent.

All manufacturing enterprises also pay a 5 per cent turnover tax calculated on the sales of the value of their products; this tax is designed to cope with the under-declaration of profits in small businesses.

There is no exemption for profits reinvested in the enterprise. However, all new investment in machinery and equipment qualifies for an investment allowance which permits the company to write off 20 per cent of the capital cost of new equipment in addition to normal depreciation for tax purposes.

Individuals who purchase equity shares in manufacturing enterprises are exempt from income tax on dividents up to $500 per annum.

Other forms of incentive measures

There are no import duty concessions. The only incentive to promote exports of manufactured goods is the right to claim repayment of import duties levied on materials, parts and components included in manufactured goods that are subsequently exported.

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There are no industrial estates or areas in country A. Foreign investors are not allowed to aquire title to land in the country.

The Industrial Development Bank does not provide loans at a subsidised rate. The present rate for loans of 5-10 years is 11 per cent; by comparison tax free government bonds sell well offering an interest rate of 8 per cent.

Foreign technical collaboration

There is no foreign investment law. The last policy statement on the subject was made in 1958; it is seldom quoted nowadays.

Dividends, interest payments and technical collaboration fees remitted abroad are liable to a tax of 30 per cent deducted at source.

The government has not negotiated double taxation treaties with industrialised countries.

It has not signed any bilateral investment guarantee treaties; nor has it signed the Convention on the Settlement of Investment Disputes between States and Material of other states sponsored by the World Bank.

D. Instruments and measures used to implement industrial projects in the public sector.

Since the integrated steel project was the first project financed by the government, no policy has been determined. Funds were allocated from the budget as required to the National Steel Corporation on an interest-free basis.

The Corporation hopes to break-even in 1972 and to start making profits in 1973. The landed price of steel increased by 50 per cent when the plant came on stream early in 1969; however, since that time, the surplus of steel on world export markets has turned into a shortage and prices are now only 20 per cent above the landed price of equivalent imported supplies.

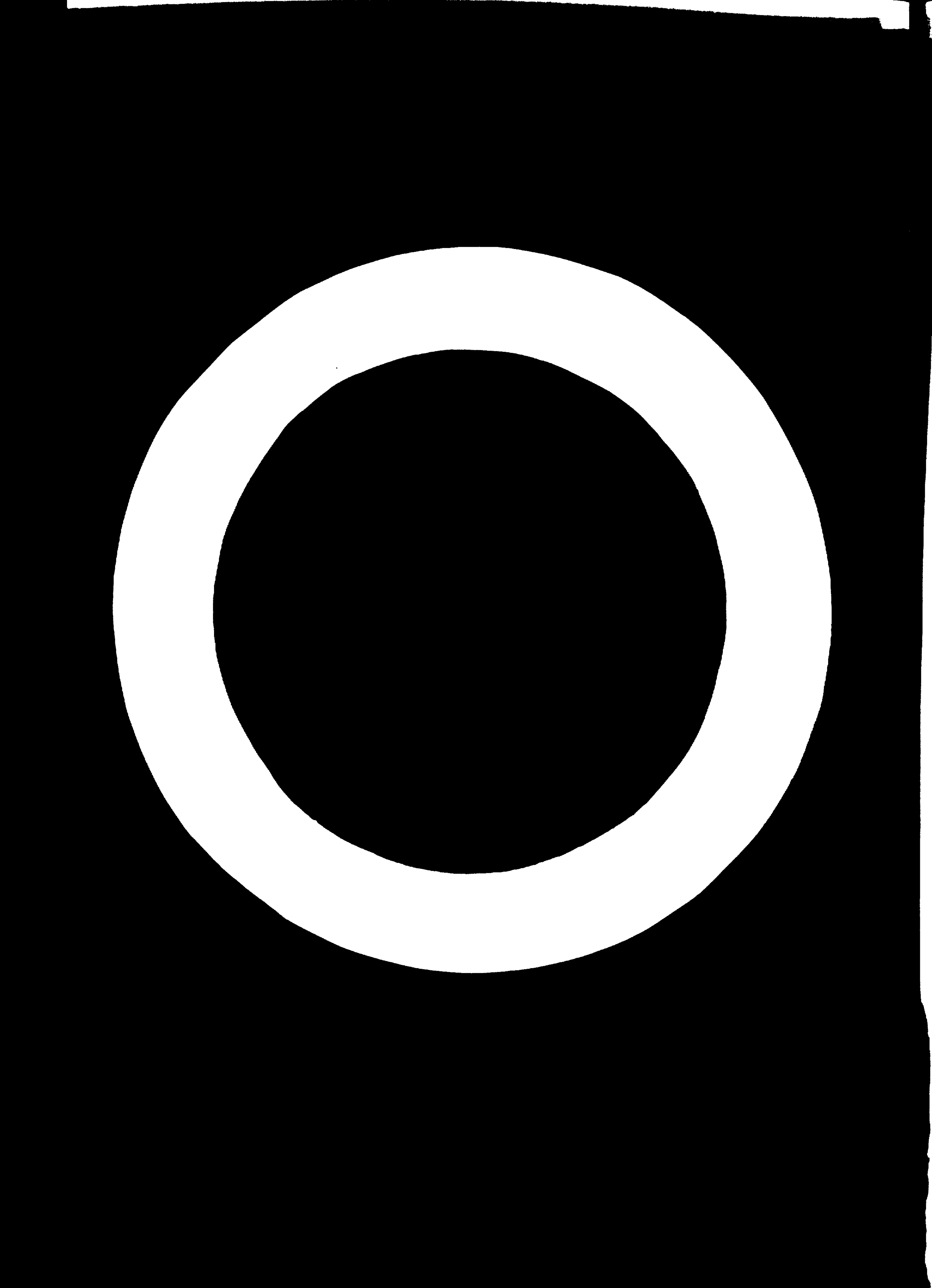

Table 1. National income statistics (factor cost)

$ millions

	1955	1960	1965	1969
Gross domestic product	1,200	1,500	2,000	2,800
Value added in:				
Petroleum sector	300	400	550	700
Agriculture sector	350	350	400	500
Manufacturing sector	90	150	220	300
Domestic capital formation	200	250	300	400
Investment in manufacturing sector				
Public sector	5	10	15	20
Private sector	25	40	55	70
	30	50	70	90

Table 2. Trade and balance of payments statistics
$ millions

	1960	1965	1969
Exports			
Oil (net receipts)	200	300	400
Agricultural products	30	60	90
Manufactured goods	10	10	20
	240	370	510
Imports			
Agricultural products	30	20	20
Raw materials	20	30	60
Consumer goods	80	80	100
Intermediate goods	50	80	120
Capital goods	80	120	200
	260	330	500
Trade balance	-20	40	10
Freight and insurance	-20	-30	-40
Servicing external debts etc.	-30	-40	-50
Current account balance	-70	-30	-80
Capital inflow	100	50	30
Change in foreign exchange reserves	30	20	-50
Foreign exchange reserves at year-end	300	350	300

Table 3. Budget revenue and expenditure, 1960, 1965 and 1969
$ millions

	1960	1965	1969
Revenue			
Oil	100	150	200
Corporation tax	20	30	40
Income tax	30	30	30
Turnover tax	20	30	40
Customs duties	50	80	120
Indirect taxes	10	20	30
	230	340	460
Expenditure			
Current expenditure	130	180	260
Capital expenditure	100	160	200
	230	340	460

Table 4. National development plan targets for the manufacturing sector, 1970-75

$ millions

	Actual 1969	Target 1975
1. Value added in the manufacturing sector	300	450
2. Investment in the manufacturing sector		
Private (domestic)	65	90
Private (foreign)	5	20
Public sector	20	40
	90	150
	Estimated 1965-1970	**Target 1970-1975**
3. Sources of financing for new investment in the manufacturing sector		
Depreciation	50	75
Reinvested profits	40	60
New equity capital	50	75
Loans from institutional sources etc.	150	280
Foreign investment	30	60
	320	550
Public sectors projects	100	100
4. Areas of new investment		
Consumer goods industries	220	200
Intermediate goods industries	75	250
Capital goods industries	125	200
	420	650

3. 12. 73