



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



05073



Distr.
LIMITED

ID/WG.163/2
11 October 1973

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

15th Seminar on UNIDO Operations

Vienna, 15 October - 2 November 1973

COUNTRY INFORMATION PAPERS ^{1/}

(Barbados, Greece, Egypt, Iran, Liberia, Libya,
Nigeria, the Philippines, Saudi Arabia, Thailand, Uganda)

prepared by
the participants

The views and opinions expressed in these papers are those of the participants and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

id.73-6905

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



United Nations Industrial Development Organization

Distr.
LIMITED

ID/WG.168/2/Add.1
16 October 1973

ORIGINAL: ENGLISH

15th Seminar on UNIDO Operations

Vienna, 15 October - 2 November 1973

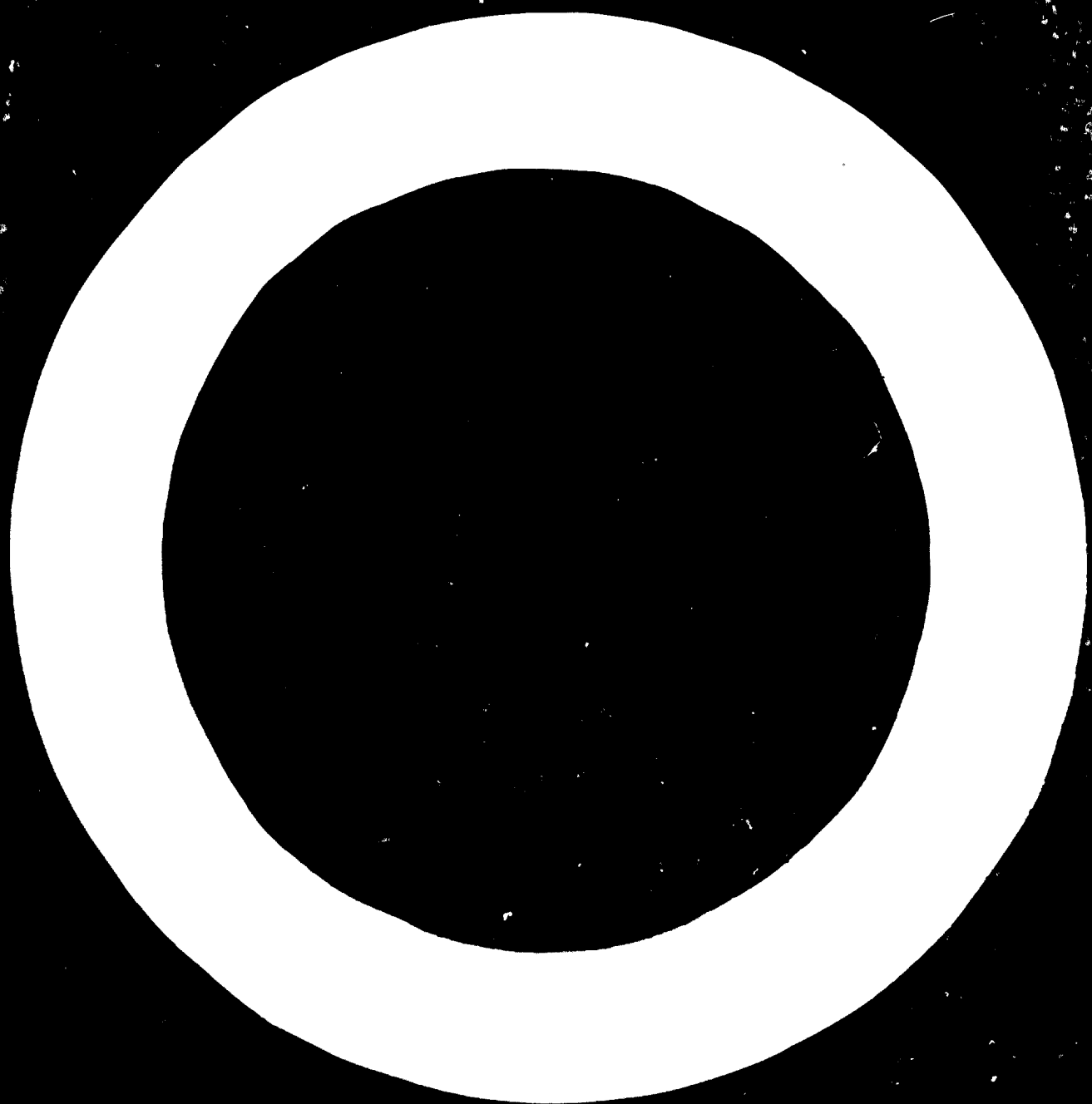
COUNTRY INFORMATION PAPERS 1/

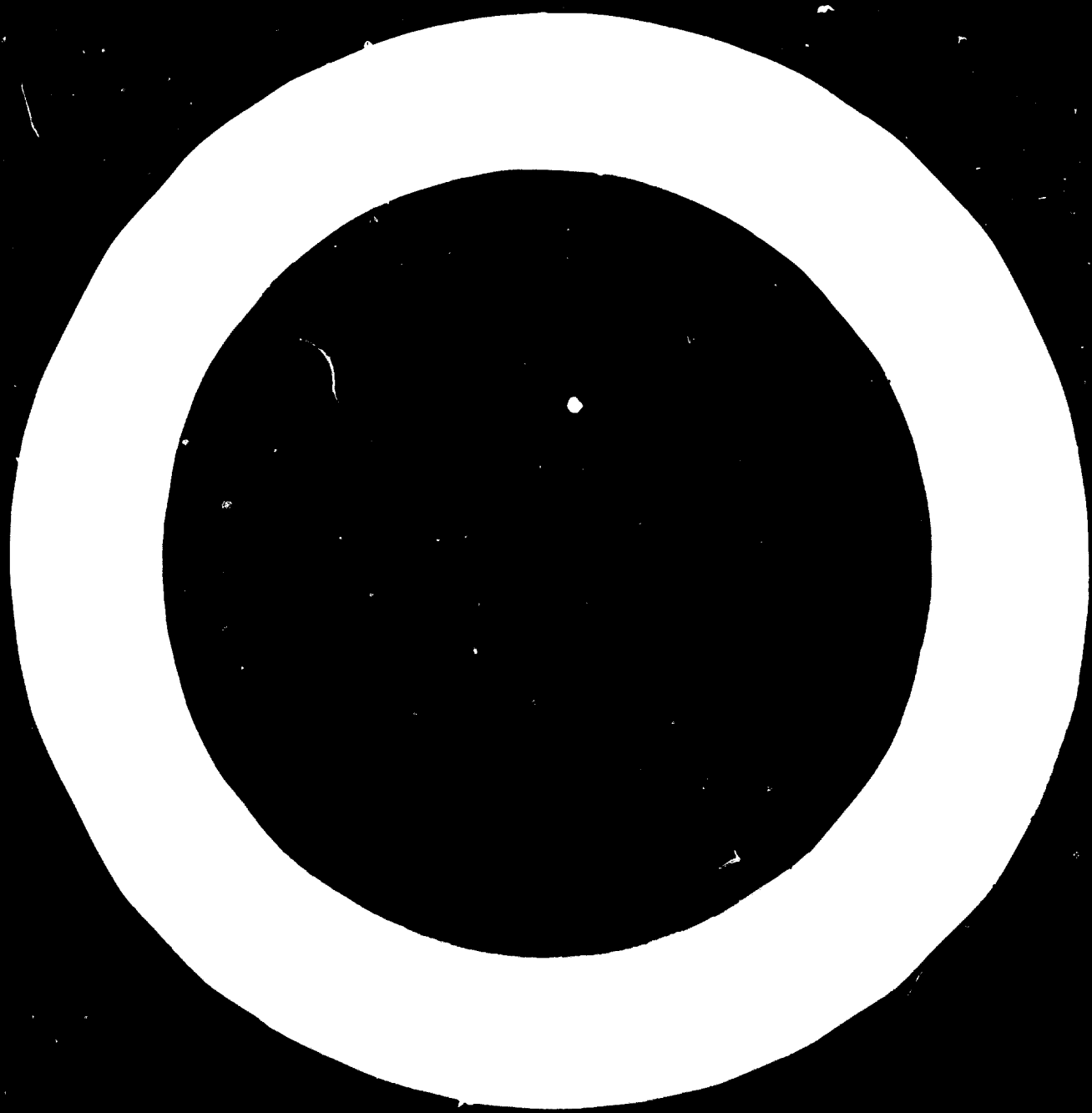
prepared by
the participants

Addendum
(Bahrain, Oman, Malaysia)

The views and opinions expressed in these papers are those of the participants and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

id.73-6962





BAHRAIN

Bahrain is a developing country, trying to achieve a diversified economy. For this reason, the Bahrain Government is making efforts to build up an industrial sector, but as it is an infant state in this respect, the country is facing a lot of difficulties, of which the following are the most significant:

a) Shortage of workforce, specially in the technical engineering, high managerial group, and to a certain extent the unskilled labour. Of course, one can summarize some reasons for this shortage:

1) The size of Bahrain population is very small (i.e. 216,000 according to the last census);

2) The trend and pattern of education was designed to provide some personnel and middle management and no attention has been paid to the technical education (i.e. in the last 2 years serious steps have been taken to change this pattern).

b) Shortage of capital. Bahrain has the least oil revenue in Gulf area, although it is the oldest country in this industry.

The following table might give an idea about the oil revenue and volume of its contribution in the general finance of the country (ooo's Bahrain Dinar)

	1966	1967	1968/69	1970	1971	1972
Gross revenue	11,352	12,400	11,971	14,486	18,000	26,000
Oil revenue	7,581	7,761	8,070	9,611	9,200	10,250

from the above table we can derive some facts.

1) Most of the gross revenue could be eaten up by the current expenditure, leaving very little for the development requirements.

2) No significant increase took place in the oil revenue and the increase in the gross revenue was due to the other growing sectors (industry, trade, etc.)

c) If we exclude oil and gas, we will notice that there is no raw materials or natural resources, such obstacle make most of projects economically unavailable, due to the increase of production cost.

d) Absence of statistical data in connection with economy in general and particularly with industrial sector.

OMAN

A. BACKGROUND OF INDUSTRIES IN OMAN:

Introduction:

As in many undeveloped countries, most of industries in Oman are of primitive and traditional type.

Using some sort of primitive tools and simple ideas, the Omani managed to develop his skill in producing such fine products like Khangars and beautiful ornaments.

Main industries in this country can be summarized in the following:-

1. Agro-Industries.

In this type, the agricultural products are used as raw-material. We can mention here:

(a) Manufacturing of Biser.

Special type of half riped dates are cooked and then dried under the sun to produce a type of hard dry dates which could be preserved for several months. This product is mainly exported to India, and it is considered as an important source of income for several citizens.

(b) Date Trees.

From date trees, trunks are used to produce a sort of wooden pillars for building purposes and roof supporting.

Fruit baskets, mats etc., are manufactured from palm leaves.

2. Building Materials.

Most of houses in Oman Interior are built from burnt mud mixed with dry straw to help in setting process. Specialized people are consigned to this important industry.

3. Handicraft Industries related to metals like Silver, Gold etc.

Here the smith uses fire from charcoal, converting the imported bars of noble metals to fine sheets and threads, from which ornaments are being manufactured.

We should not forget to mention here the Copper-smiths who are manufacturing trays, bowls etc., for domestic use.

4. Khanger Making.

This is a very flourishing industry, as a lot of Omanis are wearing Khangers as part of their traditional dress. Khanger is a sort of decorated dagger. Very specialized people are producing Khangers using mainly silver threads or (gold) to decorate the wooden sheaths. The handles are made from bonny or horny material imported from Africa. The blades are just normal steel.

5. Pottery.

In certain places in Oman like Behla, a suitable clay for this industry is available. Mixing clay with water in certain proportion to produce a paste which can be converted in different shapes according to the pot produced. The drying process is carried out by exposing the products to the sun. The products are mainly used for water and food storage.

6. Carpets and Rugs.

These are produced from wool mixed with cotton. Although the quality is so nice and colourful, the production itself is very limited.

7. Dhow-building at Sur.

This is very old industry in Oman. Sur people are specialized in this type of industry. The Dhows took a lot of Omanis to East African countries and India for trade and migration.

8. Fisheries.

Most of the towns along the coast, like Sohar, Sur and Massira island, were engaged in drying process of certain types of fishes. The process in itself is very primitive using huge quantities of salt and making use of sun. The dried fish can be preserved for several months. This was exported mainly to East African countries and Somalia.

9. Textiles.

This is very old industry in Oman - interior towns like Sunail, Mizwa and Mustaq. Using cotton and linen grown in the country itself different materials were manufactured using primitive tools. Most famous of all is known as Khudhri, which is a type of rough material but very strong. In one time, Oman was not importing any clothing material depending on local manufactured textile.

B. Modern Industries.

The Department of Industry was formed about one and a half years ago. We realize that we have to start from zero.

The country is in the most critical transitional stage of development. It is moving from feudal conditions to twentieth century era in the shortest time possible. Therefore we have to start with those industries which will be of great help in developing our country.

For example, to help the fastest growing sector, construction, we are establishing a cement factory with capacity of two hundred thousand tons per annum with possible extension to double the production.

Fishing boat - building Industry.

This is a newly formed project to revive boat building industry, which was one time a flourishing industry in Sur sub-region. This project will supply the newly formed fishing company with necessary boats.

Agro Industries.

As the country is producing fine types of dates and in quite large quantities, studies are being carried out to establish packing process for this rich fruit.

The second crop is lime, canning of its juice is under investigation. The possibility of establishing sugar factory at Babina area is very promising due to the presence of enough water in this area, a feasibility study is being carried out for that purpose.

Industries Related to Petroleum.

Oman is producing about 340 thousand barrels of good crude oil per day plus natural gas. Consequently, there is a promising future for a refinery and petro chemical industries like a fertilizer plant.

A serious survey is being carried out to establish useful small scale and to revive traditional industries.

INDUSTRIAL DEVELOPMENT IN MALAYSIA

Malaysia has traditionally been an exporter of primary products and a net importer of manufactured goods. Since the achievement of independence in 1957, greater emphasis has been placed on the development of the industrial and manufacturing sectors of the country, as it was recognised that too great a reliance on the export of primary products could lead to serious social and economic consequences should -- as has been the case -- there be a severe downtrend in prices of primary products.

2. The industrial and manufacturing sectors have since expanded at a very rapid rate largely through the encouragement given by Government. The public sector efforts to foster industrial development can be summarized as follows:-

- (i) Measures to maintain political and economic stability to create a favourable investment climate.
- (ii) Conscious and planned efforts to develop the necessary institutional and infrastructural facilities.
- (iii) An efficient public administration machinery including to establishment of institutions to assist foreign investments in Malaysia.
- (iv) A sound set of policy guidelines and an attractive package of fiscal and non-fiscal incentives.
- (v) Entering into multi-lateral and bi-lateral arrangements with individual countries and world bodies to engender confidence in Malaysia as an attractive areas for foreign investment.

3. During the 1960's, the average annual growth of the industrial sector in West Malaysia was 10.2% as compared to only 5.51% to the 60's decade. In 1970 value added in manufacturing contributed to 13.1% of Gross Domestic Product as compared to only 8.5% in 1960. During the period of the First Malaysia Plan (1966-1970) the rate of growth of net manufactured output was 10.4% per year while overall output grew at 5.4% annually.

4. Development of Malaysian industry proceeded along two lines. First, there was the development of raw material base export oriented industries, like forest and rubber products, with particularly rapid growth shown by sawn timber, veneer sheets and plywood products. Between 1965-1970 the average annual growth for manufactured exports was 14.2%. By 1970 an absolute level of \$515 million was achieved as compared to only \$282 million in 1965. Exports of manufactured products grew at more than twice the rate of total exports. In 1960 manufactured products comprised less than 5% of total exports, while by 1970 they exceeded 10%.

Second, there was the development of manufacturing for import substitution of consumer goods. Prominent in the category were food processing industries, chemical industries and petroleum refinery.

5. This positive trend in the industrial sector persisted through the 1970's and output from manufacturing expanded vigorously by nearly 12%. Its rapid expansion in recent years has transformed the manufacturing sector into becoming the second largest sector in the economy. At present, its contribution to Gross Domestic Product is 18.9% while in 1970 it is only 13.4%.



Distr.
LIMITED
ID/WG.168/2/Add.2
17 October 1973
ORIGINAL: ENGLISH

United Nations Industrial Development Organization

15th Seminar on UNIDO Operations
Vienna, 15 October - 2 November 1973

COUNTRY INFORMATION PAPER 1/

prepared by

the participant

Addendum

(Khmer Republic)

1/ The views and opinions expressed in this paper are those of the participant and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

6. The manufacturing sector has been given a major task under the Second Malaysia Plan (1971-1975) for the achievement of the planned objectives and targets. In terms of employment, this sector is expected to provide 108,000 new jobs over the Plan period, doubling the actual achievement of 54,000 jobs created during the First Malaysia Plan period (1966 - 1970). The contribution of value added in the manufacturing sector as a proportion of GDP is expected to rise from 13% in 1970 to 17% in 1975. To achieve this output target, a total investment of US\$739 million is required. Of this amount, the government is to provide US\$132 million and the rest is expected to come from the private sector.

It can thus be seen that the private sector is designated to play a very substantial role if the various targets of the Second Malaysia Plan are to be achieved. In this context, Malaysia depends greatly on the free inflow of private investments, particularly in those areas of manufacturing activities in which Malaysia lacks technical know-how, management expertise and export market outlets, Malaysia therefore encourages and promotes foreign investment into the country to set up projects which are mutually beneficial.

COUNTRY PAPER
KHMER REPUBLIC

1- The Khmer Republic, also known as Cambodia, is situated in the southern part of the Indochinese peninsula, between the 10th and 11th parallels of latitude N and the 102nd and the 108th meridian of longitude E. It is bordered in the east by the Republic of South Vietnam, in the north east by The Kingdom of Thailand and in the South West by the sea. Its surface measures 181, 000 Km² with 7,550,000 inhabitants.

2- In 1970, 1438 manufacturing enterprises have been listed of which 1312 had 6 to 50 workers, and 126 others employed more than 50. In total, the number of workers amounted to more than 41,000 persons among which 18,671 worked in small industries (45,5%) and 22,355 in medium and big scale industries (54,5%). This excludes the works of self-employed and their family totalling 40,000. About 3% of active population is employed in industrial sector.

In order to satisfy our consumption needs, 66 industrial projects have been identified. Some of them will be in position to export of their production.

- 3- Number of main industrial projects 1973-80 66
- Number of small industries to date 660
- growth average per annum of industrial production 10%

- Number of new employment to create 37.600

4. Before the out-break of hostilities in 1970, the industrial sector grew sharply. It represents by 12% of GNP against 9% in 1960 and 11% in 1965. Since 1952, the rate of growth of value added to GDP for industrial sector has been 6,3% per annum and for agricultural sector, the average was only 2,7%.

5- The industrial sector, has just been incipient development in 1953, there were a few plants such as distillery, rubber processing plant and some power plant.

During 1956 - 57, the government has set up some public enterprises because of the hesitation of private sector particularly in the fields of cement, glass ware, fertilizers, rubber, pulp and paper, textiles, beverage.

In 1968, the joint venture enterprises between private sector and government owned were taking place at that time and to some extent, the state reserves the right to monopolize certain activities in industrial sector.

In 1969, these policies were abandoned. The new orientations lead toward to a realistic liberalisation.

The scope of such a liberalisation is not unlimited but governed by the constraint of an under-developed economy where investments have to be oriented in order to try to fulfill such tasks according to the priorities and to ensure the proper harmonisation and to avoid the bottlenecks. The state control of public services should be ensured for a proper implementation according to the investment legislation. Furthermore, the role of the state must never be refraining to private investment and should bring the most of favorable conditions to the expansion of economy.

6- The scope of industrial activities is relatively ^{broad}, it covers many various manufacturing. There are from the handicraft, to large enterprises. In spite of the low cost, those enterprises are of low profitability. It constitutes a serious obstacle to a modernization program.

7- Some big companies and enterprises are supervised directly by state administration or by mixed association. But the experience shows that these public factories encounter many problems of management, some of them are functioning with subsidies from the government. For the above reasons, the government has decided to abandon these policies and to promote the liberalization policies of the whole economy.

8_ In order to encourage private investment the new regulations has given many guarantees and advantages :

- guarantee against any nationalisation measure for a period of 20 years starting from the date of setting into operations of the enterprises.

- important fiscal exoneration of registration, stamp duty obligations for the company deeds, increases in capital, import fees for equipment and basic materials, land tax on rural property, profit tax, revenue tax on stocks and shares for dividends distributed.

- the repatriation of investment capital authorized to be invested up to 20% per year .

- the reimbursement of capital in the form of loans abroad as well as the transfer of interest and credits, the transfer of profits for each year in the original foreign currency up to 15% of the capital invested. This percentage can even be raised to 20% according to the economic interest.

9- In order to show his desire to encourage private investment, an ordinance is set up named " National Investment committee " which includes the Minister of Planning, Agriculture, Industry, Commerce, Finance, National Central Bank.

This committee plays a triple role:

- First: documentation: It is responsible for fastening together all members and placing all the legislative texts and regulations concerning investment.

- Second: aid and instigation. The committee has the task of

facilitating new investors and self - financment in helping to make administrative approach to the interested departments and arranging the relative decisions with necessary advantages and guarantees for providing the right climate for the installation of new enterprises.

Third: Coordination: The committee is responsible for the liaison between the various departments and centralised the advice given by each department and reports to the higher planning Council, within 40 days of the decisions being taken.

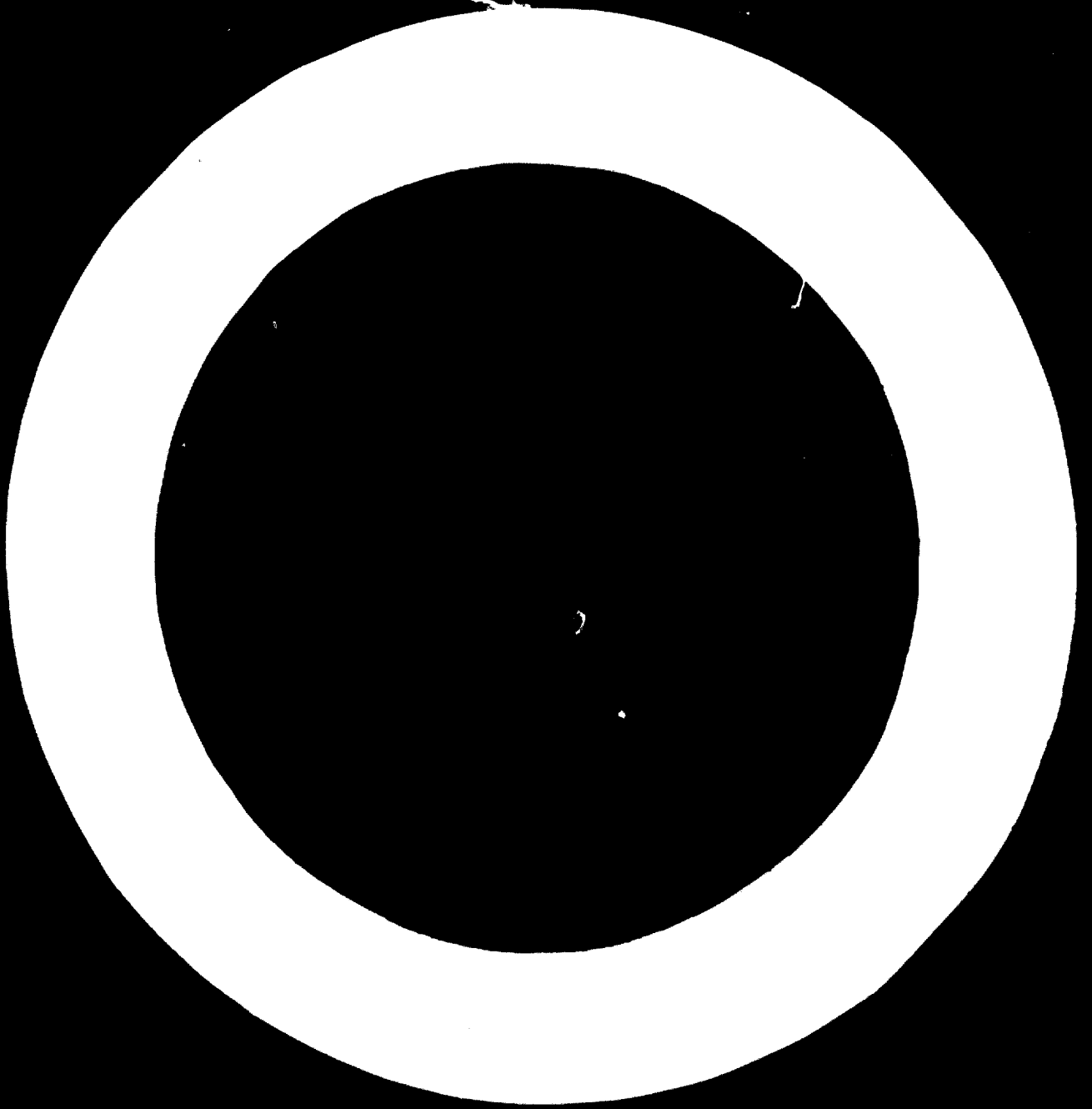
Despite the advantages, the private investors hesitate to invest in my country because of the lack of security. The lack of skill labor constitutes also another bottleneck. Our efforts are focused on creating the appropriate local training with the collaboration of U N D P and multilateral assistances.

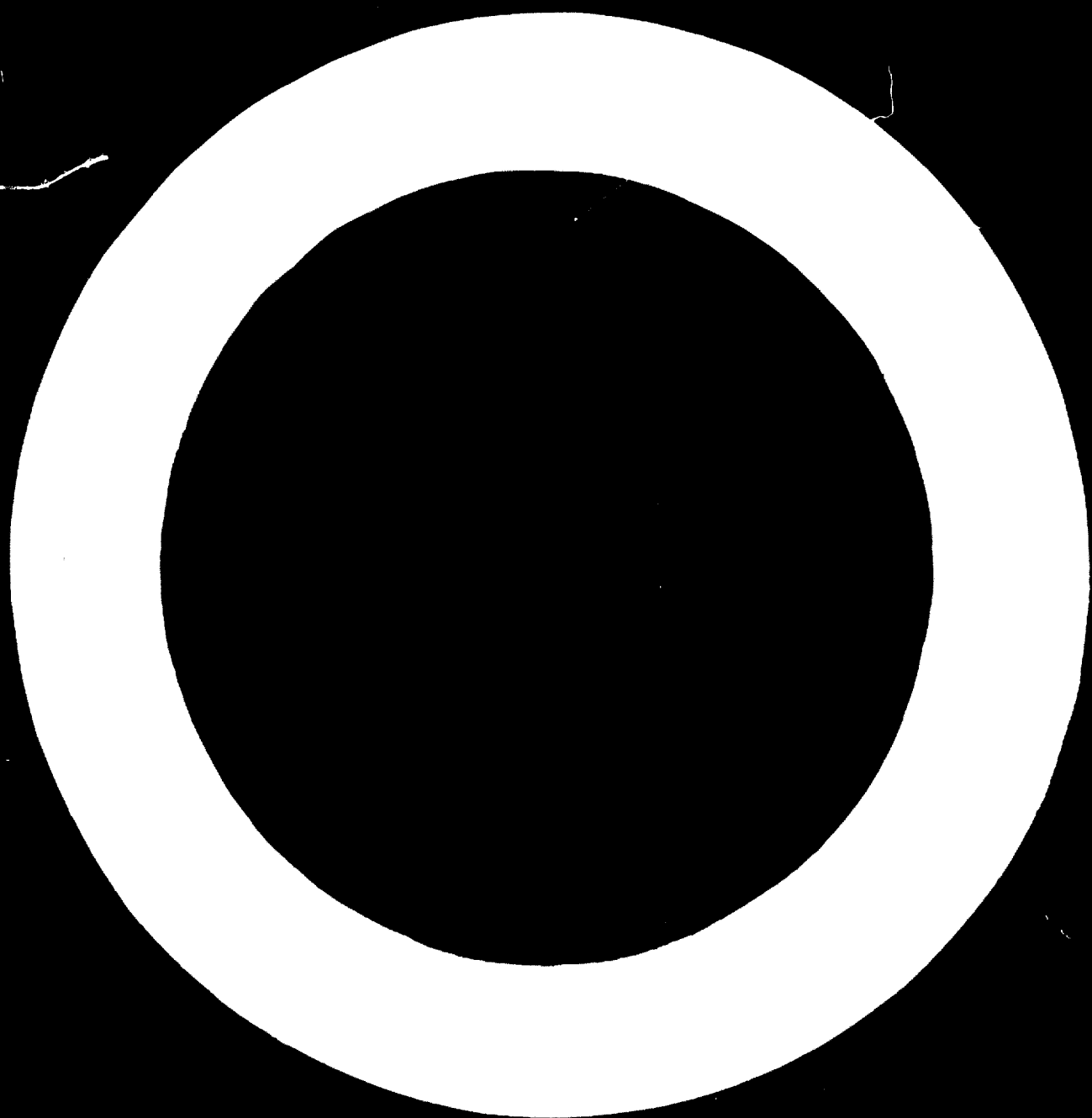
10- The particular problems we are confronted is the lack of qualified staffs which can make apprising, supervising the industrial project program; for example, the ministry of planning has only three senior officials. The Ministry of Industry tries to create a centre called " National Center of Productivity " sponsored by U N D P and U N I Do. The statistical on industries are not available. The training centres created by U N D P for the technical training with I L O are now paralyzed by the war which caused a lot of damage in industrial sector. There are also the problems of new materials supply from abroad because the currency reserves are not sufficient. Most factories are closed at present time. The industrial production has a large decrease due to the falling down in the productivity of agricultural products, because of the insecurity, in the transports and communications. As my country is still full scale of war, it creates a favorable ground for inflation and speculation.

For financing problems, it's very difficult now to mobilize internal resources. It's preferred to work in tertiary sector

where the profits are easy and quickly to get. The structure of capital formation in the previous 15 years period shows a relatively constant ratio of 35% through public finance, national and external and 65% through private capital of which half at private enterprise level and half by the households.

- The Khmer Republic is a predominately agricultural country and likely to remain so for a considerable time. Nevertheless, the government attaches a high priority to promote industrial development with emphasis particularly on agricultural industries but also on a variety of small and medium - scale industries as well as the promotion of handicrafts and artisanal industries. The new policy is changed within the framework of the encouragement of a more liberal economy ./-





BARBADOS

Barbados is probably the smallest country in the world to seriously attempt an Industrial Development programme. Barbados is a small island of 166 sq. miles and a population of just over 240,000, and forms part of the archipelago stretching east and south from the south-eastern tip of the United States of America to the north-eastern coast of South America.

The major problems in industrialisation have been the extremely small size of the local market, and the lack of managerial and technical skills.

A serious effort to develop an industrial sector was begun in 1957 with the establishment of the Barbados Development Board, a Statutory Body commissioned by the Government to "stimulate, facilitate and undertake the development of industry in the island". The programme began with half-hearted efforts to persuade local businessmen to engage in import-substitution activities; the results were not encouraging.

However, in the middle of the 1960s, an office was established in New York to try to persuade North American labour-intensive firms to set up off-shore manufacturing facilities in Barbados. The efforts in this direction met with immediate success; Barbados had a lot to offer. Apart from its relatively low wage rates (now around 25% of the going rates in North America), Barbados boasted the highest literacy rate in the world,

98%, and this provided industrialists with an easily trainable work force. What was perhaps equally important was the fact that Barbados has a history of political and social stability, and industrial relations have been satisfactory for the past several decades.

The industries that took advantage of the special tax and duty concessions for off-shore manufacturing were the electronics and the garment industries. Firms such as Playtex, General Dynamics and Van Raalte of the U.S.A., and Supreme Aluminium and Cooper of Canada have plants in Barbados.

Within the last two to three years, efforts have been renewed to involve local investors in manufacturing, and these are now beginning to bear fruit. Altogether, the industrial sector accounts for about 15% of the Gross Domestic Product, and employs about the same percentage of the work force.

Attention is now being given to the question of export promotion, and if this effort succeeds, it should make the industrial sector quite significant within the country.

THE PARTICULAR PROBLEMS IN BARBADOS IN RELATION TO INDUSTRIAL DEVELOPMENT IS IN ITS PHYSICAL SIZE AND THE SMALLNESS OF ITS POPULATION.

BARBADOS HAS AN AREA OF 166 SQ.MILES, AND HAS A POPULATION OF TWO HUNDRED AND FIFTY THOUSAND. THE SMALL SIZE OF OUR LOCAL MARKET MAKES IT DIFFICULT TO ATTRACT THE ESTABLISHMENT OF ENTERPRISES ENGAGED IN IMPORT SUBSTITUTE ACTIVITIES, SO THAT WE HAVE CONCENTRATED ON THE ESTABLISHMENT OF "EXPORT INDUSTRIES" WHICH SHIP ALL OF THEIR PRODUCE TO NORTH AMERICA.

THE DIFFICULTY LIES IN THE POSSIBILITY THAT THE MAJORITY OF OUR INDUSTRIAL SECTOR MIGHT NOT BE AT ALL INTEGRATED WITH OUR ECONOMY; THE "ENCLAVE INDUSTRIES", MANY OF THEM MULTI-NATIONAL CORPORATIONS, WOULD NOT NORMALLY RESPOND TO LOCAL ECONOMIC IMPERATIVES, AND ALTHOUGH, AT THE PRESENT TIME, THERE DOES NOT SEEM TO BE ANY SIGNIFICANT DIVERGENCE IN INTERESTS, IT MIGHT BE DIFFICULT TO CONTROL THESE INDUSTRIES IF AND WHEN SUCH A SITUATION AROSE. IN GENERAL, THEN, I WOULD BE INTERESTED IN EXPLORING THE PARTICULAR PROBLEMS OF INDUSTRIAL DEVELOPMENT IN SMALL STATES, ESPECIALLY IN SUCH STATES AS DO NOT HAVE THE KINDS OF NATURAL RESOURCES UPON WHICH AN INDUSTRIAL SECTOR IS USUALLY BASED.

G R E E C E

For approximately 20 years Greece has experienced a constant and rapid pace of industrial development.

In my opinion, this has been possible through the following factors which have affected, in a decisive manner, the performance of the Greek Economy:

1. Monetary stability, which has been maintained throughout the post-war period.
2. Incentives to encourage investment in Industry, with emphasis in the regional development (from as early as 1952).
3. Important invisible earnings, from shipping, immigrants, tourism, which provided comfortable financing for the supply of capital goods from abroad.
4. A very moderate population increase, which allowed a real per capita increase of national income and a consequent expansion of the demand for manufactured products.

To give some idea of the performance of the Greek Economy, the following statistical information are included :

- Gross National Product (GNP) : The annual growth rate for 1972 was 10.5% in comparison to 9% for 1971, and 8.5% for 1970.
- Forecast for the period 1973-1987 : Average annual growth rate of 7% and per capita income of \$ 2,600 in 1987, as against \$ 1,100 in 1972.
- Industrial Production : The annual growth rate for 1972 was 13%, in comparison to 9.8% for 1971, and 10.9% for 1970. Sharp increase was particularly noted in the production of capital goods.

- Capital formation : Total gross capital formation in 1972 amounted to 25% of national expenditure and rose by 21.7 % (in fixed prices) as against that of the previous year 1971.

In manufacturing, gross capital formation amounted to 18.5 % of total private investment. Between 1968 and 1972, this amounted in total to \$ 1,550 million, with an average annual increase of 17.7 %. During the next five years it is expected to reach \$ 2.700 million.

- Exports of manufactured products : Exports of manufactured products rose by 52% in 1972 and covered 40% of total receipts from exports. In previous years this percentage was 34.5% for 1971, 18.5% for 1967 and only 6% for 1962.

The existing gap between imports (\$ 2,400 million in 1972) and exports (\$835.4 in this same year) is more than compensated by receipts from invisible earnings, mainly shipping, tourism and remittances from Greek residing abroad. Inflow of foreign capital also plays an important part in the country's international transactions.

Current Problems

Industrial development in Greece faces today a number of problems. It is a universal phenomenon that the more an economy advances to higher levels of development the more problems accumulate and more complex solutions are required. The most important problems currently encountered in Greece are, in my opinion, the following :

As the Greek economy is approaching full employment, a tight situation is developing in the labour market. An antagonism is felt between the tourist industry and the manufacturing industry, to secure the required manpower. In this confrontation, the tourist industry is, as a rule, the winner due to the more agreeable labour conditions offered. The balance of employment between the various sectors of economy is of primary importance today in Greece. Trends must be carefully watched and eventually counterbalanced. Especially in the agricultural sector, productivity must be improved by the use of industrial methods, to save labour and increase the agricultural income so as to prevent undisirable outflow of agricultural population to urban centres.

The use of land is also a factor of primary importance. Rapidly expanding industrial installations, with their necessary large infrastructure, are creating problems and hindrances for other uses of land, i.e. tourist, urban and agricultural.

Particular Problems at Work

My particular field of responsibility is the promotion of foreign investments in Greece.

Lately, a new field has been added concerning matters of technical assistance. This subject is now taking up a lot of concern and effort in order to organize it on the best possible lines.

Our attention is currently directed towards investigating manufacturing plants in regional, if not remote, areas. The point is to find out the level of technical know-how, management competence, etc, of such plants in order to propose collaborations with more advanced manufacturing companies (local or foreign) to renovate these units.

Foreign investment promotion is a subject that has undergone radical change. Ten years ago, when this endeavour was first undertaken in a systematic way, the problem was to attract foreign investments with the view of creating employment in industry.

Now the situation has changes completely. Our effort is now directed towards encouraging investments in plants requiring a high level of technology and able to create substantial export opportunities.

E G Y P T

INDUSTRY

Policy and Development Objectives

During the past decade, industry has emerged as the most dynamic sector of the economy in growth terms, now contributing about 23% to the GDP.

After the 1961 nationalization measures, most industrial enterprises were put under Government control. At present about 80% of industrial production is within the public sector. Therefore, industrial development in Egypt depends mainly on the Government's initiative and policy decisions.

The Ten Year Plan envisages 40% of the total investment to be allocated to industry, with an expected increase in production of 120% at the end of the plan period, 1982.

The main objectives of the plan for this sector are as follows :

1. A continuous increase in exports of manufactured items. The exports in the industrial sector reached L.E. 148 million in 1970 realising about 112% increase over 1969. This constitutes only 9% of the total production of L.E. 1.611 million, the textile industry being in the leading position followed by the petroleum industry, which has great potential.
2. Diversification of products with a shift from the conventional light industry to the establishment of a heavy industrial base. The most important projects included in the plan are the iron and steel complex, aluminium plant, ferro-silicon factory, phosphorous

complex and two petrochemical plants. The installed capacity of the High Dam hydro power station is now reaching 2.1 million kw (with an ultimate generated capacity of 10,000 million kwh) is taken into consideration and will be utilized in the electrification of the villages. This, in turn, will cluster industrial units all over the country and encourage agro-industries.

Like any other developing country in its early stage of industrialization, manufactured goods are increasingly facing keen competition in external markets. The industrial sector is facing a problem of local productivity and dependence on the importation of spare parts for maintenance and repair. In order to alleviate this situation, the Government is taking measures to deal with the above-mentioned problems. There has been a shift from import substitution to export promotion, leading to a greater emphasis on production and improvement of quality of existing industries possessing a high export potential, such as textiles, food processing, cement and engineering industries.

In recent years, due largely to the establishment of large-scale enterprises and the purchase of a number of computers the need for improved organization and management has been felt.

95. The Government is fully aware that the problems of industrial management are linked to a variety of factors, including allocation of decision-making responsibilities, plant size, employment policies, foreign exchange shortages, etc. Measures are being taken to overcome these difficulties so that many of the industries will have a significant growth potential for both local and export

markets.

Needs proposed to be met with UNDP assistance

UNDP assistance has been widely spread throughout the various aspects of industry, touching on most high priority areas. The crucial problem areas of productivity, management, quality control and development of new and modern technologies particularly in the export oriented industries, have gained special consideration. In addition, there has been a noticeable trend to encourage institution-building schemes within the general organizations with assistance ultimately reaching the affiliated companies.

Special Industrial Services (SIS) projects have played a special role in the experience of industry in Egypt responding promptly to needs in various areas, such as feasibility studies, pilot scale tests, quality control and similar aspects.

I R A N

In the applicant's personal opinion, problems of industrial development can be divided in two categories: National problems and International problems.

National problems

1 - Economies of scale

Due to the low rate of population, in most cases specially in chemical industries, economical capacity of a manufacturing unit is far beyond the internal consumption.

Thus having a plant considering the economies of scale requires available and ready export market which due to the high cost of imported machinery and raw materials seems impossible in many cases.

2 - Decentralization of industries

Industry is mostly concentrated in Teheran. Population growth in Teheran is reaching to a threatening point where water will be of short supply. Encouraging new industries in other non-industrialized parts of the country needs huge investments by the government on infra-structure to provide roads and communications, services such as power, water and telephones, housing facilities, etc.

3 - Skilled labor force

Industrially skilled labor force is not available. Industrialists are required to spend huge amount on training.

International problems

1 - High cost of machineries and raw materials

Increasing cost of imported machineries, spare parts and raw materials affects the manufacturing cost and increases the cost of living.

2 - Technical know-how

Developing nations are not in a stage to launch their own research. To narrow the gap between industrialized and developing countries, these nations should purchase technical know-how. Obtaining advanced technology is sometimes impossible.

3 - Know-how fees

Industries in advanced countries, in return of supplying their know-how and technical services demand enormous amount which in the long run does not help the other side in the balance of foreign exchange payments.

L I B E R I A

The Liberian Government's commitment to industrial development has heretofore been dictated by the Open Door Policy, originally enunciated in 1944, and the Investment Incentive Code of 1966 (this Code is presently being revised). The former is an invitation to foreign investors to invest in Liberia, preferably on a partnership basis while the latter outlined standard investment incentives and procedures.

However, Liberia, like many other developing African countries, encounters obstacles which provide constraints on its efforts towards industrial development. Prevalent among these are the following obstacles, which are particularly relevant to the Liberian Situation:

1. There is a scarcity of skilled manpower, which to a certain extent has led to chronic unemployment and under-employment, in urban areas;
2. There is an inadequate supply of dynamic and efficient Liberian entrepreneurs. Liberia has an insufficient supply of indigeneous businessmen who are shrewd enough to make rational investments in the industrial sector. Consequently, the economy is dominated by foreign entrepreneurs;
3. The size of the Liberian market is very limited, even if one is viewing it from the point of the size of the population or the incomes of the people;
4. There is an apparent lack of an effective organization to promote industrialization;
5. There is an absence of policies, which might enable Government to promote industrial development and to some extent increase job creation; and
6. Even though there are a few small manufacturing establishments (concentrated in the urban areas) they are using methods which tend to be capital intensive.

PARTICULAR PROBLEMS CONFRONTED IN
THE EXECUTION OF MY PLANS

- (1) The lack of clearly defined Government industrial development policies tends to lead to an ad-hoc approach to the question of the promotion of industrial development in Liberia;
- (2) There is inadequate coordination and cooperation between the central planning machinery, the sectoral agencies, and the private sector;
- (3) There is a need for additional and trained staff to coordinate, monitor, and follow-up problems and programmes relating to industrial development; and
- (4) There is an urgent need for up-to-date manuals and reference materials that could provide the present staff of the Industrial Planning Unit of the Ministry of Planning with the basic framework and format in their analysis of industrial projects.

L I B Y A
A SHORT NOTE
ABOUT THE INDUSTRIAL DEVELOPMENT
IN
THE LIBYAN ARAB REPUBLIC

No doubt that the manufacturing industry plays an important role in the over-all economic and social development of the country due to its capability in widening and diversifying the production base as well as satisfying the ever-increasing needs of the population .

In the L.A.R. where an overall comprehensive planning approach has been adopted , the manufacturing industry has been emphasized for the purpose of changing the economic structure of the country through the development and expansion of the production capacities and the exploitation of the available resources whether natural or material or human ...etc.

In the past and up to 1969 the manufacturing activity was so limited , subject to individual initiative and was in the hand of few number of profit-oriented people , regardless of the national interest of the country .

Therefore , the manufacturing activity during that period was characterized by :-

- Low contribution in the gross Domestic Income.
- Low annual rate of growth when compared with that of the national economy .
- Low volume of investment when compared with the total investment at the marco level .
- Small-scale enterprises engaged mainly in the fields of food , tobacco and beverages industry .

Since 1969 the Libyan Government has undertaken the role of industrialist. The Government has taken the responsibility of industrializing the country through the financing and the execution of the large-scale industrial projects for which the private sector is unable or unwilling to get involved in it. In general such projects, although so vital to the national economy as a whole, they are large capital-demanding with less rate of return.

In the course of carrying out the industrialization plan, a great number of large-scale capital intensive projects were proposed, detailed technical and economic feasibility studies undertaken and the most feasible ones have been concluded in the development plans of the country. It should be emphasized that there are various considerations underlying the selection of the feasible projects to be concluded in the plans such as :-

- Satisfaction of local demands.
- Utilization of less labour
- Exploitation of available local resources .

For purposes of carrying out the industrial plans of the country, the National General Organization for Industrialization was established in 1970. The Organization budget comprises a variety of industrial projects which cover all branches of the manufacturing industry such as :-

- Food Industry.
- Ceramic & building materials industry .
- Textile & garments
- Engineering industry
- Chemical industry .

The projects which were contracted for and being carried out amount to about 38 projects will start in production - according to schedule - during this year and the coming two years. They can be classified as follows :-

FOOD INDUSTRIES : that cover :

Flour mills , Vegetables , Fruits & Sardine canning as well as beveragesetc.

It should be noted that the total planned production capacities of the four flour mills is about 800 tons/day .

CERAMIC & BUILDING MATERIALS INDUSTRIES : that cover :

Cement , lime , ceramic & pottery , sanitary ware , Hollow concrete blocksetc.

The total production capacity of cement existent in the country at the end of 1974 is expected to be 1,000,000 tons/year . In addition there are other two cement plants still in the contracting stage , the planned production capacity of each is about 500,000 tons/year .

TEXTILE & GARMENTS INDUSTRY : that comprises :

A weaving and finishing complex with a rated capacity of 21,000,000 meter/year as well as a wool spinning plant for carpets and blankets and a ready-made garments plant .

ENGINEERING INDUSTRY : that comprises :

a spiral welded pipes plant with a capacity of 75000 tons/year a longitudinal welded pipes plant with a capacity of 21,000 tons/year , an electric wire & cable plant whose capacity is about 4000 tons/year, furniture and leather shoes plants ... etc.

CHEMICAL INDUSTRY : such as ;

Dry batteries plant with a capacity of 75000 battery/day ,
the tannery , glass wareetc.

Moreover , the Organization's plan comprises a number of various projects which are still in the contracting stage such as tyres plant , agricultural tractors & lorries , or in the pre-investment study stage such as Iron & steel complex .

Last , but not least , the writer hopes that the above - underlined short note help illustrate the structural development that occurred in the industrial sector of the Libyan economy.

As regards to the major difficulties that face the industrial development of the country , they can be summarized as follows :-

- Shortage of personnel in general and skilled labour in particular.
 - * Intensive training programmes are now in effect.
- Under the overall development plan all various sectors have been working actively to supply the basic infrastructure , i.e power , roads , sewage , housing , being a prerequisite for the industrial development .
- The absorptive capacity of local civil works sector is limited when compared with the volume of work to be done .

MAJOR DIFFICULTIES
CONFRONTING INDUSTRIAL PROJECTS
IMPLEMENTATION

Being the General Manager of Industrial projects Implementation one can say that the proper execution of industrial projects according to the pre-determined time schedules is among my major tasks.

In effect the General Administration of Industrial Projects Implementation covers a number of activities that deal with all stages through which the scheduled project should pass up to its completion and its taking over .

Therefore , a sophisticated level of coordination and follow-up is needed to tie up all stages together in the proper sequence .

Actually I don't have special problems confronting me in carrying out the tasks and duties assigned to me , but there are some general difficulties that might influence the level of performance wanted such as :-

- Shortage of personnel in general and the skilled labour in particular
 - * At present , intensive training programmes are in effect.
 - * Great efforts are being exerted at present by relevant sectors to supply roads , sewage , housing power ...etc. in order to let the industrial sector have an easy access to it .
- The limited capacity of the domestic civil works sector when compared with the great volume of work needed .

N I G E R I A

NIGERIA'S EXPERIENCE WITH INDUSTRIALIZATION

Nigeria, like most other countries of the third world, is essentially an agrarian economy. Before and immediately after independence, the economy satisfied its requirements of manufactures goods mainly from imports which were paid for with foreign exchange earned from exports of primary cash crops to which very little or no values were added before exportation. With rising living standards came a rapid growth in the level of consumption, which was not matched by a corresponding growth in agricultural earnings. Since demand for imports was essentially inelastic, the only thing that Government could do in those circumstances was to ensure that limited resources were put to productive uses.

2. Thus we pursued a policy, for some years, to induce investors to engage in import substitution industries. A number of fiscal and physical incentive mechanisms were introduced between 1957 and 1964 to attract investors to any and every field of industrial endeavour. That is however not to say that a number of industries did not come in without solicitations before that time. Thus there were a number of investors who responded to the market pull generated by our rather large population. For instance, the first brewery was established by the U.A.C. group in 1949; the first cigarette factory in 1951; the first cement factory in 1953 whilst the first modern

textile factory was established in 1957. These pace-setters came before most of our incentive legislations were in fact introduced.

3. The upsurge of import substitution industries was the manifestation of a yearning for economic freedom which political freedom generated in its wake. It was generally believed that it would make for greater self-reliance to produce locally what was hitherto imported. Of course it was however recognised, also that three of the four factors of production - entrepreneurship, capital and high level manpower would still have to be largely imported and paid for in foreign exchange.

4. In order to attract these essential factors of production in sufficient measure, the following incentives were introduced. First, the Industrial Development (Income Tax Relief) Act was introduced in 1953 for the purpose of providing a five-year tax-holiday in the first instance to investors coming into the industries declared by the state as "pioneer industries" for the production of commodities designated as "pioneer products". Second, the industrial Development (Import Duties Relief) Act was introduced in 1957 for the purpose of enabling Local industries to import their requirements of raw materials at concessionary rates of duty. This was subsequently modified and designated as the "Approved User Scheme" - This scheme grants outright tariff reductions on the raw materials of industry. At the same time, importation of machinery, equipment and spare parts was put under the duty-free schedule. The accelerated depreciation scheme was written into the Companies Income Tax Act of 1961 to provide very generous capital and investment allowances.

5. As the need arose to protect the budding industries from unfair competition from abroad, the Customs Duties (Dumped and Subsidised Goods) Act was introduced in 1958. This provided punitive rates of import duties on offending importers of consumer goods. Side-by-side with these concessions, import duties on the imported equivalents of locally manufactured items were progressively increased, depending however on the local elasticity of demand for the particular commodity and the proportion of its effective demand being satisfied by the local industry. Quantitative import restrictions were also introduced here and there where it was thought and seen that the demand for particular items of consumer goods was not adversely affected by price disadvantages occasioned by punitive rates of duty.

6. It is generally recognised that investors do not come in for charitable ventures. They are attracted by the profit motive. Therefore, in order to assure them that they will be free to take out their investments and the profits from time to time, the Approved Status Scheme was introduced in colonial Nigeria in 1943, and was formally inscribed into the Exchange Control Act of 1962.

7. Against the background of these concessionary and protective devices, very rapid strides were made in several sectors of industry. Significant developments took place in the textile, food and drinks, plastics, wood, leather, chemical printing, metallic and non-metallic-and metal fabrication industries. With the exception of certain aspects of the textile industry which were based on the use of local cotton plantation, certain aspects of the tobacco industry which were based on the use of local tobacco; the furniture industry based on the use of local

wood and parts of the cement industry which were based on the use of local limestone deposits, most of the industries—which came in during the first industrial development decade were all based on the use of secondary and tertiary raw materials to which very little or no value was added locally.

8. It is fair to add however, that before the impact of petroleum on the Nigerian economy, the country was not really in a position to pick and choose between industries. We were more interested in the multiplier effects of industrial development and every investor who had technology, money and brains to invest, was welcomed with open arms. But during the second half of the sixties, it became clear that Nigeria did not receive more than a quarter or a fifth of the value added to locally manufactured goods, since as already stated, the machines, know-how, high level skilled manpower, raw materials and various additives still had to be imported. This is why in spite of the fact that the growth rate in the industrial sector averaged 15% over the last ten years, its real impact on the whole economy was rather small in real terms. In view of the reassurance that the oil boom brought in its wake, the time has come to take a critical but objective look at the philosophy hitherto underlying our industrial development effort.

9. With the promise held out by the oil industry, it is now possible to look out for industries involving greater risks. We have become more and more interested in local-raw-material-oriented industries. This was the hall-mark of the industrial sector of the Second Development Plan. It is recognised however that in such risk-laden industries it is difficult to

expect the private sector to take the initiative even with the promise of over-generous incentives. Experience shows that as long as industrialists succeed in maximising their return on capital on their existing level of activity, there is little desire for a backward integration of their enterprises and the trend seems to be towards desirable area of additional activity only.

10. Strict measures had had to be applied firmly before our textile printers saw the need to integrate backward into local spinning and weaving of greybaft hitherto imported. Public bodies also have had to take the initiative to restore a certain degree of equilibrium in the local cement industry, and companies which were not prepared to make use of local limestone had had to be turned back.

11. The need to conserve foreign exchange for the prosecution of the war, made it necessary to impose quantitative restrictions on the importation of many items of consumer goods. The resultant euphoria gave rise to a number of new industries of doubtful viability, particularly in the textile sector. With the war over, followed by relaxation of import restrictions, these new industries were exposed to very stiff competition with imported goods.

12. It has always been and still is, the basic intention of Government to intervene actively to channel the course of industrial development to desired dimensions. Amongst the industries in which the State participated during the first plan period 1962 to 1963 were distillation, paper production, meat canning, flour milling, etc. State intervention in this connection was designed to ensure that the otherwise unprotected consumer was not unduly exploited. During the Second Plan period,

the accent has been not only on ensuring greater indigenous participation in the field of industry but also as a means of developing areas which would otherwise not be significantly touched by the private sector still very largely dominated by expatriate entrepreneurs. In short, Government intends to create favourable conditions for Nigerians to participate more actively in the two basic factors of production-entrepreneurship and labour.

13. Thus the Nigerian Enterprises Promotion Decree was promulgated this year prescribing industries which are completely banned to aliens and those in which aliens may participate under certain conditions. A grace period of about three years has been provided in the Decree. When the time comes, with co-operation of foreign concerns, I believe that the take-over will be smooth judging by the progress already made. In spite of this Nigeria is still a free-economy country, ever ready to allow genuine foreign investors willing to invest in the fields reserved for them and to co-operate with any country in the interest of international understanding and stability.

14. Again, the Industrial Training Fund Decree was introduced to compel industry to provide appropriate training to indigenous labour force and equip them to be in a better position to acquire new skills in technology to qualify them for a more dignified place in the industrial sector.

15. The greatest problem which Nigeria, like most developing countries, have had to face is that of getting our traditional customers who otherwise supply finished commodities to engage more meaningfully in the production of commodities for which we are rich in raw materials or in which our foreign exchange

outlay is rather heavy. This is one of the main reasons why the Federal Military Government has decided to participate more actively in such fields as Iron and Steel, petrochemical, industrial and potable alcohol, caustic soda, fertilizers, pulp and paper, sugar, passenger cars assemblies and fish and shrimp trawling. One industry which is being embarked upon for strategic reasons is the local production of edible salt. On the other hand, rather than export our agrarian crops in primary form, it is now a fundamental Government policy to add more value to them to enable them yield more foreign exchange and afford employment opportunities to our population. Thus, for example, the Government intends to participate in palm kernel crushing and wooden furniture industries. These projects are just beginning to take off from the ground and we hope to get them to blossom before the end of the present decade.

16. In her pursuit of international standard, Nigeria established the Nigerian Standards Organisation about a year ago, as one of the Departments of Ministry of Industries. Its main function is to ensure that the factory-made goods in Nigeria are of international standard. Towards this end, specific complaints from the public on Made in Nigeria goods are investigated and appropriate action taken. For that matter, N.S.O. has established the nucleus of a testing Laboratory and uses the facilities of existing laboratories. As a governing body to the Nigerian Standards Organisation, the Nigerian Standard Council approves a Certification Mark for manufacturers, on application. Manufacturers are expected to apply for certification marks as guarantee for the standard quality of their products. Nigerian Standards Organisation is a full-fledged member of international Standards Organisation (I.S.O.).

17. Nigeria encourages dispersal of industries. Experience has shown that investors usually prefer to establish their business near large urban settlements where they can easily dispose of their products. The result of all this is that there are a certain urban centres that have over-concentration of industrial activity. We are now examining the possibility of facilitating industrial dispersal by use of discreet incentives so as to make possible the even development of the country.

18. Nigeria also encourages establishment of small-scale industries. (By our current local definition of small scale industry in Nigeria because the definition of a small-scale industry varies from country to country in view of the wide range of industrial development, any enterprises having a capital investment not exceeding ₦60,000 and employing not more than 50 persons, is a small scale industry. We, of course, do not lay emphasis on the labour force, because we need labour intensive industries, to absorb, to some extent, the increasing number of youngsters who drift into the urban centres of the country) - the development of which has been part and parcel of Nigerian Government programme to cater for uniform economic upliftment of the country. Towards this objective, Industrial Development Centres have been established to train entrepreneurs for small-scale industries. Facilities for financial assistance in the form of "Small Industries Credit Schemes" have been established. Government institutions are advised to buy, when in need, the products of small-scale industries. Incentives in the form of excise duty concession as well as import duty concession on machineries and equipment, for small-scale industries, are also being examined.

THE PHILIPPINESSOME PROBLEMS ARISING FROM INDUSTRIAL
DEVELOPMENT: PHILIPPINE EXPERIENCE

Since gaining independence the country's development policy has been anchored on a strong commitment to industrialization. With a fast growing population (estimated at 3.2 percent) and an already high man-to-land ratio industrialization is perceived by policy makers as the only feasible strategy for increasing employment, insuring steady growth of income, and safeguarding political autonomy.

But this commitment to industrialization has in the past led to choices which have unfavorable consequences. One of these is the channelling of capital resources to industry at the expense of agriculture. This "imbalance" in capital allocation thru public policy is well reflected in the relative cost of capital in the agricultural, particularly traditional, sector compared to industry. While savings are mobilized by financial institutions, this has been mainly for the benefit of the modern sector. Farmers still pay the highest rates of interest for borrowed capital, while all sorts of concessions have accrued to the industrial capitalist.

A direct although unintended result of this imbalance is the phenomenon of food shortages inspite of considerable technological advances in rice varieties, animal husbandry, and many other related sciences. Agricultural output has not been responsive to price

changes due largely to high cost capital and subsequently underdeveloped state of agricultural infrastructure.

An equally serious consequence of industrial development in the Philippines is the widening of the income gap between the rich and poor, and between the urban and the rural population. In the Philippines, the bottom 60 percent of the population received only 25 percent of total income in 1956 and 24 percent in 1965, while the top 10 percent received 39 percent in 1956 and 40 percent in 1965.

The widening of the income gap is also notable between rural and urban populations. In 1956 urban households which constituted 33 percent of the total number of households accounted for 55 percent of the income. In 1965 the urban households constituted only 30 percent of total households but accounted for 51 percent of the income.

Urbanization has bred a variety of problems including high cost of housing and infrastructure, criminality, and pollution to mention a few. Metropolitan Manila provides many examples of these problems arising from excessive concentration of people in one small area. Of course it may be argued that industrialization should have been pursued with a vigorous policy of industrial dispersal. The fact remains, however, that Philippine industrialization has provided a strong stimulus for population concentration.

Finally, industrialization has often resulted in the dislocation of traditional handicraft industries and the like. New products based on new synthetic materials drive away from the market old products made in small towns and villages by cottage industries. Many skilled artisans are thrown out of work in the process. Unfortunately these types of skills are not the ones needed by modern industry hence many of these artisans are thrown out of work permanently.

There are many more problems which have arisen with industrialization, although for some of them it is not altogether clear whether or not they are necessary consequences of industrialization. Developing countries have the advantage of learning from the mistakes of the developed countries. The Philippines, like many other developing countries, has already started meeting these problems with vigorous policies on industrial dispersal, city planning, pollution control, and others.

S A U D I A R A B I A

The Saudi economy is overwhelmingly dependent on oil. To ensure a balanced and long range growth, programs must be developed to accelerate the growth in other sectors of the economy.

The Government of Saudi Arabia has recognised the need for a fast growth in the industrial field (other than oil industry). To achieve the required growth rate the Government has adopted some programs of industrial incentives which include:

1. Provision of consultancy services to industry through the Industrial Studies and Development Centre. These services include the carrying out of feasibility studies, market studies and engineering services.
2. Exemptions from custom duties for industrial machinery and raw materials.
3. Provision of suitable industrial sites on nominal rent basis in the industrial estates sponsored by the government.

The efforts of the government and the private sector in promoting industries has resulted in a noticeable progress being made in this regard

In order to accelerate the tempo of industrial development, answers must be found for the following questions:

1. What other incentives can the government give to industries?
2. How can the country solve the problem of shortage of skilled workers?
3. What effects does the limited market available have on the establishment of new industries?
4. How to approach the subject of industrial regional development in the Kingdom?
5. What are the best means for inducing foreign industrial firm to participate in the industrial development of the Kingdom?

PARTICULAR PROBLEMS

As the Deputy Director General of the Industrial Studies and Development Centre, which is a UNDP sponsored project, I am in-charge of supervising the work of the various departments which are entrusted with carrying out the functions of the Centre which are summarised below:-

- i) to conduct industrial researches and studies;
- ii) to give advice and consultation on formulation of industrial policies, plans and programmes and on the implementation of industrial projects;
- iii) to provide technical assistance to existing industrial enterprises; and
- iv) to supervise planning, construction and operation of industrial estates.

The main problems which we are facing in carrying out our functions are:

- 1- To determine the best, fastest and most effective ways to obtain information necessary for carrying out feasibility studies especially those information which relate to:
 - a) manufacturing processes
 - b) type and cost of machinery
 - c) sources and cost of raw materials.
- 2- The most effective approach for encouraging joint-venture projects with foreign firms.
- 3- The best source of obtaining short term experts for specific industries.

Situation of the Industrial Development in Thailand

1. Manufacturing Industry

Manufacturing industry was one of the fastest growing sectors throughout the 1960's. During the period 1960-1969 the growth rate of value added in manufacturing industry was 12 per cent per annum. However manufacturing output has been growing at about 8 per cent a year since 1969, which is slower than the 12 per cent annual average of the 1960's. The share of manufacturing output in the GDP increased from 15.4 per cent in 1969 to an estimated 16.7 per cent in 1972. The third National Economic and Social Development Plan (1972-1976) targets a growth rate of 8 per cent per annum so that manufacturing output in 1976 should account for 17.6 per cent of the GDP.

Industrial structure has changed over the past decade. Rice mills, saw mills and oil factories now form a smaller part of the total number of businesses because of an increasing number of small manufacturing construction materials, iron and steel, electrical, textile goods, chemicals, plastics, petroleum, cement, glass, and assembling automobiles. Thailand's manufactured goods depend mainly on the domestic market demand which has been sluggish. Manufactured products exports are still low. However, export value of manufactured goods (excluding tin) increased from U.S.\$ 39 million in 1969 to U.S.\$ 86 million in 1971, and to an estimated U.S.\$ 121 million in 1972. Since domestic demand expands slowly and import substitution is becoming exhausted, it is imperative for the manufacturing industry to shift its orientation to exports. Some industries with capacity in excess of domestic demand began to turn to exports as in the case of textiles, cement, steel and other construction materials. In addition, some industries based on local raw materials expanded their exports as in the case of food and food processing (e.g. canned foods, maize meal and molasses) and wood products.

Manufacturing industry employs only 4.2 per cent of the labour force, a total of 750,000. Manufacturing should also be encouraged to absorb a higher share of the labour force, especially in labour-intensive, export-oriented industries.

The Thai Government has taken several measures to encourage manufactures exports during the past two years. Refunds of import duties on materials included in exported manufactures were increased and made easier to obtain. In 1972 a new system of tax refunds was introduced for exported manufactured products. So far exporters of 27 products including textiles, cement, tires, rubber tiles and other products have been entitled to tax refunds. Trade agreements were signed with several countries and participation in trade fairs was arranged to expand the market for Thai products.

An amended Industrial Investment Promotion Act was introduced in October 1972. Under the new Promotion Act, special privileges are granted to foreign investors, including exemption from import duties and business taxes on imported machinery and equipment, exemption from corporate income tax for a period of 5 years, a maximum of 8 years, permission to remit profits abroad, and the right to own land for carrying out the promoted activities. Certifications have been granted to enterprises engaged in oil extraction, textile weaving, hotel and restaurant, automobile and electrical assemblies, manufactures of various types of machinery, electrical and electrical appliances.

2. Mining and Quarrying

Mining industry is composed of production of metals and minerals largely for export and of non-metallic products largely for domestic use. Export value of minerals and metals increased from U.S.\$ 103 million in 1967 to U.S.\$ 110 million in 1971. However production for export increased more slowly in 1972. Mining activities account for about 2 % of the GDP of which about 85 % is contributed by tin production. The Third National Plan targets a growth rate of 6 % per year so that mining output in 1976 should account for 1.6 % of the GDP.

Workers employed in mining activities are estimated to be 51,000 which is less than 1 % of the total labour force. Most mining operations are privately owned and are concentrated in the South. Tin is the most important minerals while other minerals being produced are fluorite, tungsten, antimony, manganese, iron ore and gypsum. Kaolin, silica sand and marl are also extracted.

Progress to date on mining development has been slow. Because of budgetary limitation the Government will be forced to finance its mining development activities by means of foreign loans and grants.

The Department of Technical and Economic Co-operation (DTEC), the office to which I am attached, is charged with the main responsibility of coordinating all projects and various Thai Government agencies for foreign technical assistance in all sectors including industry. Requests for technical assistance or project proposals must be properly prepared and substantiated by the DTEC, in consultation with other Government agencies concerned, before submitting them to the external delegating agencies.

The principal duties and responsibilities are confined to the consideration, follow-up, and evaluation of project requests in industrial sector. Major problems confronting me in the carrying out of my duties can be discussed below.

1. Problems arising from the Thai Government

1.1 Project preparation and programming. In the past requests for external assistance were considered and approved on an individual project basis rather than on a program basis. This practice together with the lack of knowledge and experience in project preparation and programming on the part of the project implementing agencies resulted in requests for assistance and misallocation of technical assistance received.

1.2 Manpower shortage. Personnel shortage is a common problem faced by most operating agencies during the course of their project implementation, and after the termination of foreign assistance. Moreover some staffs who have gained experience through training or working under the assisted project resign to work with the private business. To solve this problem, recruitment and pay scale should be reviewed and improved.

1.3 Coordination. Lack of coordination or insufficient coordination among Government agencies concerned causes duplication and overlapping of work and uneconomical utilization of available resources including foreign technical assistance.

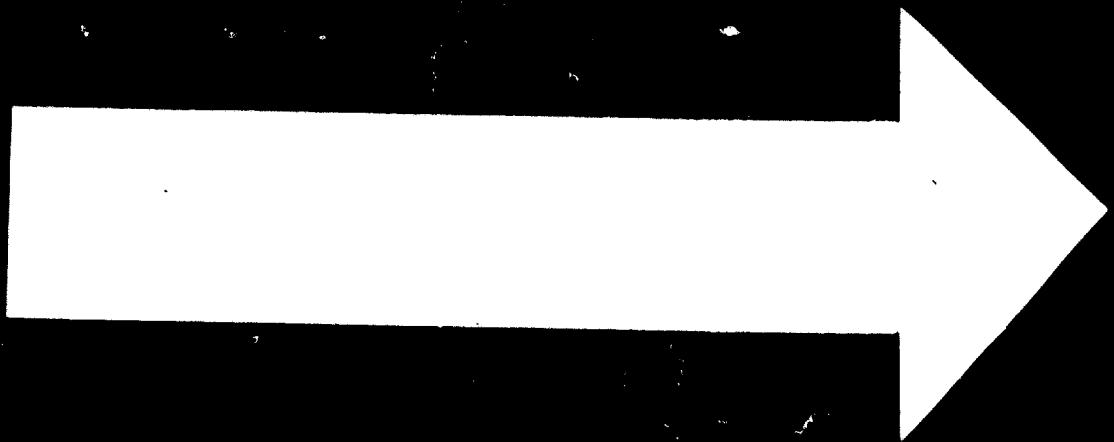
1.4 Budgetary limitation. Some implementing agencies fail to take necessary measures to ensure that the assisted projects could be carried on effectively after the assistance is phased out because of budgetary limitation. The Budget Bureau and the DTEC should try to find measures to remedy this situation.

2. Problems arising from aid-giving agencies

2.1 Foreign aid policy. Some donors fail to provide clear-cut definition of their policy on the provision of assistance or that they attach more importance to the type and field of assistance they wish to provide than the need of the Thai Government for certain specific types or fields of assistance.

2.2 Channel of communications. Some donors tend to contact the implementing Government agencies directly and not through the DTEC which is the coordinating agency for the Thai Government on foreign assistance. This direct contact makes it difficult for the project to be properly implemented especially when the DTEC and/or the Budget Bureau cannot provide the necessary support and in accordance with the program set out in the plan of operations.

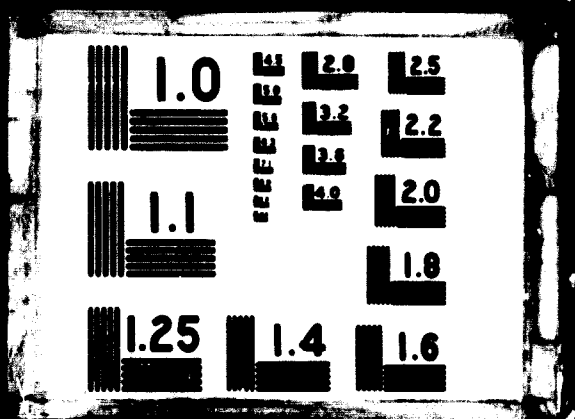
2.3 Delay in project implementation. Delays have been observed in the case of the recruitment of staffs, procurement of the necessary fellowship, and delivery of supplies and equipments. Such delays make it difficult to carry out the project in accordance with the schedule of work.



2 . 9 . 74

2 OF 2

05073



INDUSTRIAL DEVELOPMENT IN UGANDA

Since 1970, many changes have taken place in Uganda which affected the Industrial Sector tremendously.

In May 1970 the former Government announced a 60 - 40 per cent take over of a number of big firms and this reduced private investment greatly.

In January 1971 the Army tookover the Government and Industries which had been nationalized by the former Government were given option either to retain 40% or to negotiate for 51% share holding.

Confidence among Industrialists started building up gradually until 1972 when all British Asians were expelled from Uganda and a number of British firms were taken over by the Government.

As the entire Industrial and Commercial Sectors were heavily dominated by the British Asians and other foreigners their expulsion had a big effect on Industrial development in Uganda.

During the period of exodus most firms except the big ones and those run by the Uganda Development Corporation, the State holding Company, closed down and production fell tremendously between August and December 1972.

By February 1973 quite a number of firms had been allocated to the indigeneous Ugandans and production started but at far below capacity. By June 1973, however, the overall Industrial production had risen by 15 per cent from the lowest level when the firms had just been allocated.

So there was an abrupt change of ownership and Uganda had to face the inevitable repercussions.

The immediate problem was lack of technicians who were mainly British Asians working in their family businesses. The Government had to act quickly in recruiting technicians from friendly countries on a contract basis in order to avoid stopages due to break downs. The recruiting Campaign has been successful and most of the key industries are now

PARTICULAR PROBLEMS CONFRONTED IN CARRYING OUT MY
DUTIES

It would be very difficult for a civil servant to mention his problems in carrying out his duties for a number of reasons.

In the first place a civil servant's duties vary so much that the problems confronted are very difficult to generalise.

Secondly, it would be difficult for a civil servant to point a finger at the government.

On the other hand, one can safely attribute most of the problems if not all, any civil servant may confront to the bureaucracy in governments.

Many servants who are so active and anxious to see their ideas developed and implemented, get frustrated due to the long time it takes to reach a decision on a number of issues.

One of the reasons behind these long delays is that the chain of command is so long that the decision maker gets the information after a long time.

This is in contrast with business firms where "time is money" and therefore quick decision making is a very big asset.

In fact, with a variety of duties, when one adds the long chain of command, it may lead to someone neglecting a number of things. So, one always gets a feeling that things are moving too slowly or are not moving at all.

On the other hand, once a government decision is made it carries so much weight that implementation always tend to be easy.

having technicians to keep their machinery running.

Typical of most developing countries, Uganda has also been more or less a dumping place for second-hand machinery which had already been written-off in their countries of origin. So one can rightly say that more than 50 per cent of the machinery in the country are too old and need replacement or complete overhaul. This will be another headache to the new owners sooner or later.

At present, therefore, constant breakdowns are inevitable which affects production. It also means that there is a big demand for spare parts. This is made worse by the apparent ignorance among the new owners about their sources of supply for spare parts as well as raw materials.

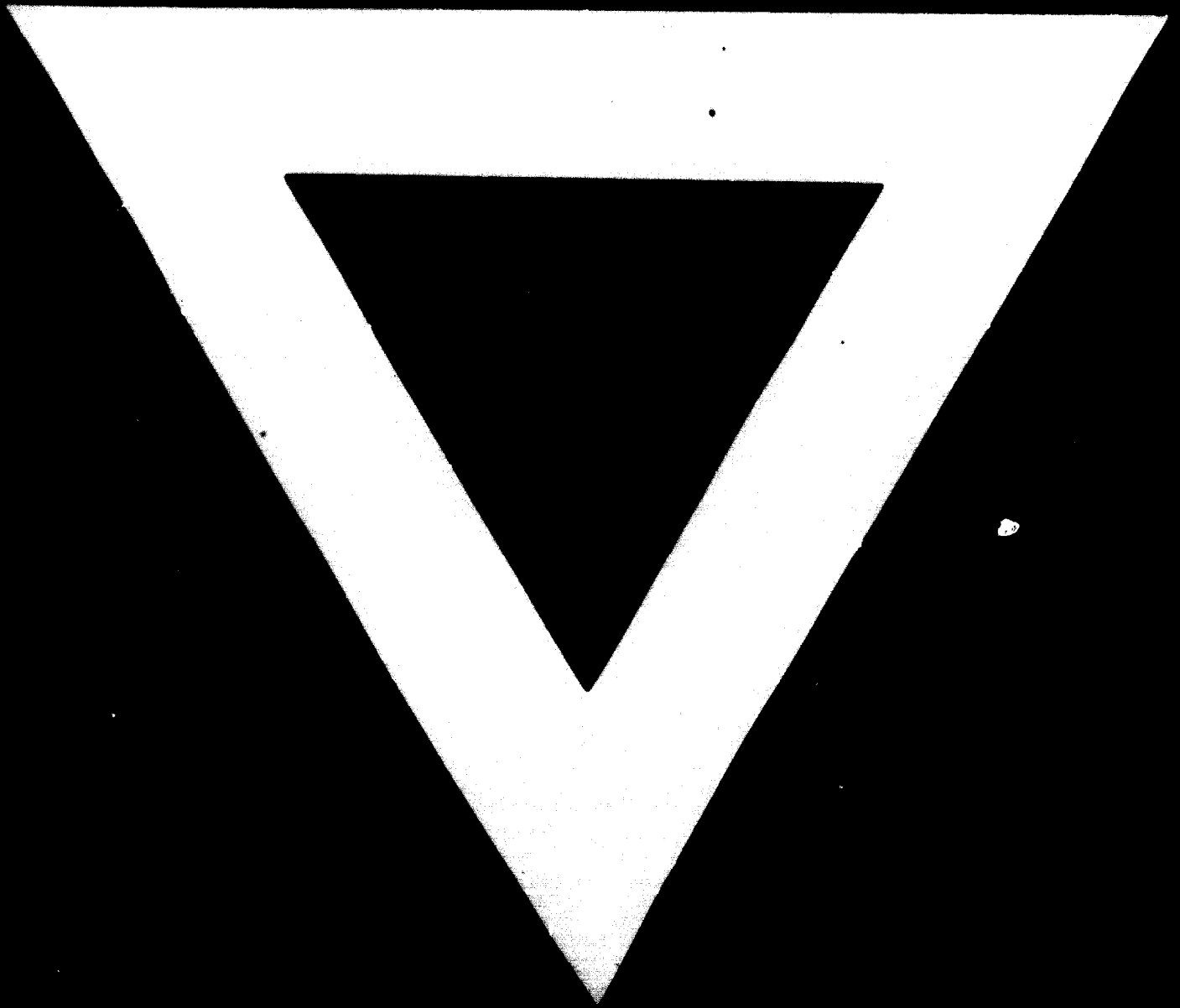
However, crash training programmes for the new manufacturers have been launched and gradually contacts abroad have been made, the only problem being the extremely stringent suppliers' terms.

Most suppliers of spare parts, raw materials and other imported stuff are demanding pre-payment before shipment. In some cases it means pre-payment before even manufacturing. These stringent suppliers' terms have put too much pressure on Uganda's foreign reserves because previously the former industrialists used to get credit facilities of up to 180 days or more.

We hope that as Uganda gradually gains confidence abroad we shall be able to get better credit facilities and regular supplies of raw materials and spare parts.

This is a summary of the situation concerning industrial development in my country.





2 . 9 . 74