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the structure of manufacturing industry. It is hoped that an advance copy of the Census will be ready sufficiently early to attach as an appendix to this paper. The items which will be covered below are those which do not specifically rely on information from the Census of Industrial Production.

2. Major Branches of Manufacturing - Principal Plants Meat and Fish Industry

An investment of £790,000 is being made by the Uganda Development Corporation (U.D.C.) in a meat canning factory at Soroti. When the factory is completed in 1967 it will have a capacity for processing 75,000 head of cattle per year and will employ 275 workers. A cattle fattening scheme is also getting under way.

The Uganda Fish Marketing Corporation operates a factory on the shores of Lake George in Western Uganda for the production of frozen fish fillets and dry salted fish. The frozen fillet trade is directed towards the East African Common Market and large quantities are sold in Kenya.

Grain Milling

Uganda Grain Milling Co. Ltd. operates a large and modern flour mill in Jinja which mills all of Uganda's wheat requirements.

Bakeries and Confectionery

The largest biscuit factory in Uganda is Mukisa Biscuit Co. which sells throughout East Africa.

Sugar and Tobacco

There are two large sugar companies in Uganda - Uganda Sugar Factory with its refinery in Lugazi and Muljibhai Madhvani & Co. with its factory in Kakira. A third estate is presently being established at Sango Bay.

Beverages

There are two breweries, one near Kampala and the other near Jinja. A distillery has just been completed and is manufacturing Uganda's national drink - Waragi.

Manufacture of Textiles, Footwear and Wearing Apparel

The major plant in the field of textiles is Nyanza Textile Industries Ltd., a company wholly owned by U.D.C. The company's factory produced 31,000,000 sq. yds. of cloth in 1964, over one-half of which was plain dyed sheeting and the rest was divided among khaki drill, grey sheeting, white drill, dyed drill, nytil satin, navy drill and black drill. An expansion of the plant is presently under way and this will permit the manufacture of poplin shirting.

Another large textile mill, Mulco Textiles Ltd. has just started production at Jinja. The mill has a licensed capacity of 30 million square yards and when in full production will employ about 2,000 workers.

A proposal has recently been approved to establish a small weaving mill in Uganda. This mill will produce specialized items of textiles such as ginghams and kikoys up to a limit of 3 million square yards per year and will employ approximately 300 workers.

A ready-made garment factory is also being completed.

Manufacture of Wood and Furniture

There is a large saw-mill in Jinja which also manufactures veneer and plywood.

A match factory to supply all of Uganda's requirements started production in early 1965.

Rubber and Chemicals

A factory went into production in Tororo in 1952 to produce 25,000 tons per annum of single super phosphate from 87,500 tons of Sukulu soil concentrated into 13,900 tons of apatite. A sulphuric acid plant has been installed which is capable of producing 10,000 tons per annum of acid from imported brimstone. Acid surplus to superphosphate requirements is sold on the East African market. In addition the company operates a pyrochlore plant to produce pyrochlore concentrate from apatite tailings. A cotton spray insecticide is also manufactured by the company.

Non-metallic Mineral Products

A company in Tororo produces various asbestos products including flat sheets, corrugated roofing sheets, asbestos roof tiles, rain-water goods and asbestos water tanks from imported fibre.

A glass factory is to be opened shortly in Kampala.

A large cement factory exists at Tororo and supplies almost all of Uganda's cement needs. The factory is comprised of one large and one small kiln with a total capacity of 180/190,000 tons.

Metal Industries and Engineering

A steel rolling mill exists at Jinja with a capacity of 25,000 tons a year of rods, bars, flats and angle iron, manufactured from scrap. There is an engineering company in Lugazi which manufactures steel tubes and agricultural implements. It will shortly start the assembly of tractors.

A company at Port Bell produces enamel hollow-ware, signs, beds and hospital equipment.

A company in Jinja is producing hoes from local steel for the East African market and neighbouring territories.

3. **Geographical Location of Main Manufacturing Enterprises**

Kampala	- Galvanising and corrugating iron
	Shoe manufacture (3)
	Aluminium hollow-ware
	Nails
	Soap
	Oil milling, Biscuits, Fish-nets, Brewery, Distilleries, Enamel hollow-ware, soluble tea.
Lugazi	- Iron foundry
	Sugar

Jinja	- Grain milling
	Steel works
	Copper smelter
	Oil milling
	Bicycle tyres
	Hoes
	Matches
	Plywood
	Textiles (2)
	Brewery
Kakira	- Sugar
	Sweets
	Metal box
Tororo	Cement
	Phosphatic fertilisers
	Galvanising and corrugating iron
	Sulphuric acid
	Asbestos products
	Plastics
Lake George	- Fish Processing.

4. Transport Facilities

The Kampala area is linked directly with the port of Mombasa by the main line and, via Voi and the recently opened Ruvu-Mnyusi line, with the Tanganyika railway system, including the ports of Tanga and Dar-es-Salaam. Western Uganda is served by the Kampala-Kasese Extension of the railway. Northern and Eastern Uganda are now linked with the rest of the system by the recently completed extension from Soroti via Lira and Gulu to Pakwach East. Further railway construction to serve the West Nile District is dependent on the construction of a bridge across the Nile at Pakwach and on economic justifications. Meanwhile E.A.R. & H. Road Service has been instituted between Pakwach and Arua, thus providing the West Nile area with a connexion to the coast. Additionally, the Masindi and Hoima areas are connected with Kampala by E.A.R. & H. Road Service through the Kampala-Kasese Extension.

Uganda is also linked with Tanzania by the E.A.R. & H. Lake Victoria Steamer Services. Action is presently in hand to improve transportation across Lake Victoria by the provision of two rail ferries to effect a rail connexion over the lake between Jinja, Kisumu, Musoma and Mwanza. The first of the ferries was launched in April this year and the assembly of the second, together with the construction of the associated terminals at the points to be served, is well in hand. Uganda is also indirectly linked with countries further South of Tanzania by E.A.R. & H. Lake Services on Lake Tanganyika: between Kigoma and Mpulungu and between Kigoma and the Burundi port of Usumbura; the Malawi railways steamers on Lake Malawi call at Itungi port and there are road connexions to Malawi transport system through Mbeya depot.

So far as the future is concerned, the E.A.R. & H. planning is based on an increase of 3 per cent a year in the growth of general traffic over the period 1965-67. It is appreciated that if any particular traffic develops in Uganda at an exceptional rate, this could lead to an even higher overall rate of growth and that such a development might arise in the case of either apatite, sisal and sugar.

In order to meet a 3 per cent increase in traffic, it is estimated that an investment of about £1.34 million in fixed assets will be needed in Uganda over the period 1965-67, including the provision of a rail ferry terminal at Jinja. About £1.17 million is to be invested in railway rolling stock and £70,000 in ships on Lake Victoria to replace worn out units and to carry the additional traffic. Roughly £2.5 million is to be invested to provide the rolling stock required to move Uganda traffic through Kenya.

As to new construction, no extensions of the railway system in Uganda are allowed for in the E.A.R. & H. present development programme, with the exception of the bridge across the Nile at Pakwach, the cost of which will be shared between the Uganda Government, and the E.A.R. & H. Extension to Okollo is thought to be not justified at present on economic grounds.

Apart from the Transport Licensing Board, Uganda does not have a freight licensing system, so it is not easy to determine correctly the present pattern of transportation and to predict with high accuracy the country's needs in future.

5. Power Facilities

The principal hydro-electric station is at Owen Falls, Jinja, owned by the Uganda Electricity Board, with a total capacity of 150,000 kw., of which 120,000 kw. are installed and a further 15,000 kw. will be installed by June, 1966. The present demand on the station is 100,000 kw., of which 30,000 kw. goes to Kenya. In terms of units, it is probable that up to 850 million may be obtained, depending on the amount of water which the Board is allowed to use. The present annual demand in Uganda is equivalent to generation of 350 million units, and 190 million units are generated for supply to Kenya.

Several factors enter into the computation of the power available at the hydro-electric station, but the one which is of greater concern at Owen Falls is the quantity of water available. The amount is regulated by agreement between Egypt, Sudan, Uganda, Kenya and Tanganyika, and is based on the average discharge over the past 70 years down the Nile from Lake Victoria. The Owen Falls Scheme was planned for the utilization of 505 cumecs, which enables about 710 million units per annum to be generated. It is now thought likely, however, that as storage and discharge of water from the lake can be regulated to a considerable extent, the above countries will increase the amount which Uganda is allowed to use to 630 cumecs, which would enable Owen Falls to generate about 850 million units per annum.

In addition to the main station, the Board has two small hydro-electric stations near Kabale and Kabarole (total capacity 1,500 kw.) and has 12,000 kw. of diesel plant available in case of need.

It is estimated that power available from the River Nile in Uganda is 2½ million kw., equivalent to 22,000 million units per annum.

The date by which a second major hydro-electric station should be available is dependent on the quantity of water which the Board may use, the introduction of new industry and the shape of future load curves. If it transpires that the Board may use 630 cumecs of water then - without the introduction of any new major industry - it is thought that a second station may not be required until 1973. If, however, Uganda is to be restricted to 505 cumecs, or if a new industry is introduced to Uganda within the next year or two having a total demand of, say, 20,000 kw., then a second station should be contemplated for operation in the year 1969.

The present power facilities are well in excess of demand, and it is the Board's policy to try to keep ahead of demand. As from February, 1966 the Board will be able to generate from 650 to 760 million units, depending on agreement as to water, and from 1967 this could be increased to 720 to 860 million. Without any new major industrial development the demand is estimated to be:-

	Year		
	1966	1967	1968
	Estimated Units - Millions		
Domestic:	45	47	49
Commercial:	40	44	48
Small industrial:	81	88	95
Large Industrial - Copper, Cement, Steel and Textiles:	180	190	202
Total for Uganda:	346	369	394
Supply to Kenya:	220	240	260
	566	609	654
Add Losses in Transmission:	50	54	60
Total to be Consumed:	616	663	714
Units available:	650/760	720/860	720/860
Excess available for new industry: -Minimum:	34	57	6
-Maximum:	144	197	146

It may be noted, however, that Kenya expects to commission the Seven Forks Hydro-Electric Station in 1968, and if this is done, the above figure of 260 million units may be reduced, thus enabling more units to be sold in Uganda.

IV INDUSTRIAL PROGRAMMES

1. Main Features of Development Plan

In looking at the industrial development programme it is necessary to refer to the coming five year development plan 1966/67 and 1970/71 for two reasons:

(a) The current national development plan is due to expire within less than one year.

(b) The first plan was not drawn up in a systematic co-ordinated way, so that, it does not contain any industrial programme in the strict sense of the term. In other words, it contains neither well-defined measures and projects nor any clearly specified targets for the industrial sector.

Unfortunately, however, the next five-year plan is not fully articulated yet, and although an outline programme for industry has been worked out according to a procedure described below, it is not yet possible to give any detailed description of this programme. The few figures given hereunder are not final and should be regarded as only indicative of broad orders of magnitude.

For purposes of national accounting, the industrial sector is sub-divided into "Crop Processing", "Manufacture of Food Products", and "Miscellaneous Manufacturing". In 1964 Gross Domestic Product arising from these three sub-sectors was estimated as £5.7 million, £1.6 million and £6.2 million respectively. It is forecast that in 1966, the corresponding figures will be £6.4 million, £2.0 million and £8.4 million. Plans and projections indicate that between 1966 and 1971, GDP arising in these sectors will grow by 94%, 100% and 170% respectively to the new levels of £12.4 million, £4.0 million and £22.7 million.

Thus, each of these sectors are planned to grow faster than the total monetary economy (61%). In terms of 1960 prices, it is only "Crop Processing" that is expected to grow a bit slower than the above figures indicate. It is also significant that, of all sectors distinguished in the accounts, "Miscellaneous Manufacturing" is planned to grow fastest over the coming five-year plan period. In 1971, it is planned that about 15% of total monetary GDP will be generated in processing and manufacturing activities. The comparable figure in 1964 was about 9%.

It is anticipated that during the period 1966-1971, gross investment in industry will amount to at least £40 million, of which about £19 million will be in the public sector, and £21 million in the private sector. Preliminary indications are that most of this investment will go into sugar factories and refineries, textiles, chemicals and metal industries.

In terms of turnover, the largest industries in 1971 will be textiles and clothing, sugar milling and refineries, and food manufacturing, but the industries that will grow the fastest in terms of turnover will be leather and rubber products, metal products and equipment and textiles and clothing, in that order.

Total employment in crop processing and manufacturing is expected to increase from 48,000 persons in 1966 to 74,000 in 1971, in which year about 20% of all employment in the monetary sector will be in these activities, as compared with about 17% in 1966. Indeed, more new employment is going to be created in crop processing and manufacturing activities than in any other sector of the economy.

No other detailed information can be given about projects contained in the programme. The main reason for this is that project evaluation is at present the least complete of all the work involved in drawing up the coming plan. It can, however, be said that major projects are envisaged in sugar manufacturing, textiles, wearing apparel, chemicals and chemical products, and in metal manufactures.

2. Procedures of Industrial Planning

Initial output and investment targets for the industrial sector as a whole were worked out by the Central Planning Bureau through the use of a mathematical model and a consideration of past trends. These initial targets were then given as guides to a Working Party which was asked to "advise in detail how these targets can best be achieved.... taking into account also available resources and the likely growth of markets". It was emphasised to the Working Party that the targets should be regarded as the minimum, not the maximum. The Working Party was also asked to consider general policy for promoting industrial development. It is important to point out that this Working Party consisted of government administrators, officials of para-statal bodies, leading private industrialists, and also academic economists.

The Working Party has already written its report, but, since this has not yet been approved by the Planning Commission, its contents cannot yet be published. The industrial programme proposed by the Working Party, while pointing to a revision in the initial targets not only of the industrial sector but also of the other sectors and of the whole economy, has itself had to be modified in order to harmonize it with plans in other sectors and thus arrive at a well co-ordinated National Development Plan. At this stage, when the National Plan is merely being worked out, the work of integration and harmonization is being carried out by the Central Planning Bureau. In the first instance it consists in ensuring that projects in each sector add up to sector totals that are consistent and desired from the point of view of the whole economy. It also consists in ascertaining that the demands and outputs of each sector and major projects conform to the demands and outputs of all other sectors and major projects.

No direct planning of the private industrial sector is attempted. As far as this sector is concerned, the plan is basically a set of estimates and forecasts. Private industrialists, however, are fully informed about government's plans and wishes, and they would sometimes

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find it in their own interest at least not to act in direct opposition to those plans and wishes. In addition, the licensing system, as well as the fiscal and other measures, can be and are used to increase the probability that private industrialists will conform to national priorities

3. Method of Implementation

Both private and public enterprise participate in industry. This has been the situation in the past and it is not anticipated that it is going to change in the near future.

All Government's industrial interests are undertaken by the Uganda Development Corporation, which is fully owned by the Government. The U.D.C., which also participates in joint ventures with private (foreign and domestic) concerns, is now the largest single industrial organisation in the country, and its share in total industrial activity is expected to remain large in the future since Government is expected to pursue a vigorous industrial promotion policy.

Both domestic and foreign private investment in industry is positively encouraged and, as noted in thepreceding paragraph, the Government sometimes undertakes industrial projects jointly with private organizations. An industrial charter has recently been published. This clarified the relationship between the Uganda Government and private investors. The Charter explains the special privileges that are afforded to new investors. In addition, Parliament has enacted the "Foreign Investment (Protection) Act" which protects approved foreign investments against expropriation without full compensation and ensures the transfer out of Uganda of profits, and the principal and interest on loans. This law applies to all non-Ugandans non-discriminately. The industrial charter and the "Foreign Investment (Protection) Act" together constitute incontrovertible evidence of Government's favourable disposition towards private investment (domestic and foreign) in industrial projects. Of the estimated total gross investment in manufacturing industry of about £40 million over the next five-year plan, the public and private sectors are expected to contribute approximately equal proportions. During the current plan, the private sector was estimated to invest about £4.1 million in manufacturing and processing, and the public sector about £6.8 million.

In the past, a substantial proportion of U.D.C.'s capital expenditure (in industry and other activities) has been financed with funds raised abroad (mainly from the US Agency for International Development), but it is certain that about one-half of the Corporation's expenditure has been financed from its own surpluses. The Corporation will continue to finance its expansion programme from both these sources, although no accurate estimate can be given of the future relative importance of each source. It is also likely that, in the future, more industries will be established through bilateral aid agreements.

There is no precise information on the extent of foreign financing for the private industrial sector: although it is not thought to be excessive. There has been at least one instance where a local industrialist has obtained finance from an international financing agency. Such instances may become more frequent in the future.

4. External Assistance

There will be continued need for external assistance both financial and technical. This is because Government has embarked on an ambitious development plan with the specific objective of doubling the per capita income of the population by 1981. Much money and manpower will be required to implement this plan and Government does not have all this money and manpower and must therefore rely considerably on foreign assistance. In the field of technical assistance, technicians, teachers and equipment will form the bulk of requirements.

5. Plans and Policies for Regional Co-operation

East African Common Services Organization

Co-operation between Uganda and the other two East African countries, Kenya and Tanzania, was first initiated under the colonial regime shortly after the first World War. The particular fields in which co-operation was felt to be fruitful were economic development, research and communications. As a result, in 1926, it was agreed that a Conference of Governors should meet annually and be assisted in its deliberations by a permanent secretariat.

The Conference of Governors was changed into the East African High Commission in 1947 and, with the coming of independence became the East African Common Services Organisation (EACSO).

EACSO is controlled by the East African Common Services Authority which consists of the Heads of Government of Kenya, Uganda and Tanganyika. Under the Authority, five Ministerial Committees, each of three Ministers (one from each country) control the services which are divided into five groups. The groups are Communications (including Railways & Harbours, Posts and Telecommunications, Civil Aviation and Meteorology), Finance, Commercial and Industrial Co-ordination, Social and Research Services and Labour.

The Secretary General is the principal executive officer of EACSO and he is responsible for carrying out the decisions of the Authority, attends its meetings and is a member of the Central Legislative Assembly. The Assembly legislates for the services of the Common Services Organisation and consists of the Speaker and forty four members, comprising fifteen Ministers (the five committees), two ex-officio Members (the Secretary General and the Legal Secretary) and nine members from each country chosen by the Elected Members of the three East African legislatures.

Commercial and Industrial Co-ordination

The Ministerial Committee on Commercial and Industrial Co-ordination (MCCIC) is the main body for consultation and co-operation on commercial and industrial matters within East Africa. MCCIC generally meets three or four times a year, rotating among Kampala, Nairobi and Dar-es-Salaam. The meetings are preceded by meetings of officials from the three countries and EACSO.

NCCIC has under its control the East African Industrial Research Organisation (EAIRO). The EAIRO reports to an East African Industrial Research Board (EAIRB) composed of representatives of government and industry from each of the three countries.

The East African Industrial Council administers the system of industrial licensing in East Africa. Industrial licensing is an attempt to foster orderly industrial development on an East African basis. Identical ordinances were enacted in 1948 by the three territories and these ordinances are still in effect, though in a slightly modified form. The ordinances provide for the scheduling of industrial products which thereafter can only be manufactured under licence. Scheduling and licensing are the responsibilities of the East African Industrial Council, acting under EACSO. The main object of industrial licensing is to enhance the attraction of the Common Market for an entrepreneur with the necessary capital and knowledge by assuring him against competition from too many other similar enterprises. Those products which are presently scheduled are:

Yarn spun from cotton or synthetic fibres
Cotton piece goods other than knitwear
Cotton blankets

Woollen piece goods other than knitwear
Woollen blankets

Woven or warp knitted fabrics

Glassware of all types whether plain or moulded, excluding sheet or window glass
Sheet or window glass
Metal window frames, metal doors, metal door frames manufactured as single or composite units, and any metal fittings for such window frames, door or door frames.
Enamel hollow-ware - that is to say, basins, plates and domestic utensils made from ferrous or non-ferrous metal and having an enamel coating over the whole or majority of the articles

Incandescent filament electric light lamps
Aluminium foil, circles and plain sheet
Pneumatic tyres and tubes for vehicles excluding retreads and recaps
Wireless receiving sets and components thereof
All parts of bicycles; and
Fish nets

There is at the moment some question as to the usefulness of industrial licensing. Both the East African Economic and Fiscal Commission of 1961 and the World Bank Report of 1962 have advised its abolition. The reasons for favouring its abolition are as follows:-

(a) Inter-territorial difficulties have made it impossible to agree on an over-all development programme, without which industrial licensing cannot be effective.

(b) The growth of non-scheduled industries (e.g. cement and shoes) shows that licensing is not necessary for development.

(c) Licensing tends to produce monopolies resulting in inefficiency, higher prices and a bar to further investment in these fields.

Despite these objections, there is still the belief that industrial licensing may be useful on at least a national basis. This is because there frequently arises the case of an entrepreneur who is willing to invest only if he can be assured a protected position in the market for a certain period of time. This assurance is often a reasonable request because the local market will support one local manufacturer, but if two or more were to attempt to supply the market, they would all operate at a loss. Industrial licensing thus provides a useful mechanism by which this assurance can be granted.

The latter part of the above list of scheduled products (except for fish-nets) represents industries allocated to each of the three East African countries as a result of the Kampala Agreement, drawn up and signed by the three countries in June of 1964. This Agreement allocated incandescent lamps to Kenya, aluminium rolling, vehicle tyres and radio assembly to Tanzania and nitrogenous fertilisers and bicycle parts to Uganda. The main motivating force behind the Agreement was the desire to see a more equal distribution of productive capacity throughout East Africa. In addition the Agreement provided for the establishment of a Quota Committee to discuss and apply quotas against the free flow of certain goods within East Africa. This was an attempt to balance the flow of trade amongst the three countries, effectively allowing Tanzania and Uganda to import substitute for some products imported from Kenya.

The Kampala Agreement also provided for the establishment of a Committee of Industrial Experts which would recommend the further allocation of industries within East Africa. This Committee was never assembled owing to difficulties in obtaining a Chairman for it. As a result of recent meetings between the Heads of Government it has been decided to form another committee which will examine the workings of the Common Market and report by May, 1966.

Another area of co-operation among the three East African countries is in external tariff policy. Although each country is free to set its own external tariff rate, in practice the continued existence of the common market requires that each country has the same external tariff. Consequently, any changes in tariff structure must be agreed between the three countries and the East African Tariff Committee provides the forum for discussion. At these meetings each country represents the interests of its own producer.

Closely allied with tariffs is customs refunds on imported raw materials used in manufacture. The consultative system among the three countries is not as formalised as it is with tariff protection and thus manufacturers in certain countries obtain greater refunds than those in others. However, there is an attempt to keep the discrepancies from becoming too large.

V. INDUSTRIAL POLICIES

1. General Policy

It is the Government's policy to encourage and assist the industrialisation of Uganda. Moreover the Government believes that the primary burden of development should be undertaken by private businessmen, so that it is only where such initiative is not forthcoming that the Government, through the Uganda Development Corporation is willing to move in directly.

Uganda's industrial policy is embodied in the Industrial Charter published by the Government on the 9th June, 1964. In it, the Government of Uganda has stated in very clear terms that it is determined to accelerate the pace of Uganda's economic growth by securing the participation of both local as well as foreign enterprise and capital.

The Government is also aware that the Uganda market is in many cases too small to support an industry without some form of tariff protection against imports. The Government recognises the increased cost of locally manufactured goods as a necessary cost of industrialisation and is willing to provide a substantial measure of tariff protection to investors.

The Government has no explicit criteria for promoting industrialisation, apart from the obvious desires of ensuring that industries in Uganda are profitable. There is no particular emphasis placed on any industrial sector - although there is the realisation that industrial development can best take place through further processing of exportable primary products or through import substitution.

2. Policy Concerning Private Foreign Capital

Uganda is conscious of the fact that the fear of nationalisation, monetary inconvertibility, national radicalism and political instability are some of the powerful factors limiting the flow of capital to under-developed countries. The Uganda Government has therefore enacted a Foreign Investment (Protection) Act (no.17) of 1964 guaranteeing the transfer out of Uganda of:-

(a) The profits after payment of the relevant taxes;
(b) The approved proportion of the net proceeds of sale of all or any part of the approved enterprise;
(c) The principal and interest of any loans raised from external sources by an approved enterprise;
(d) Any compensation payable in the event of nationalization of the enterprise.

Uganda has also concluded bilateral Investment Guarantee Agreement with friendly countries, notable among which is the agreement with the USA. The institution of a system of insurance against risks, that are outside the investor's control and that are not eligible for coverage under normal conditions by private insurance companies is one of the most efficacious instruments for promoting the flow of foreign investments to Uganda or for that matter to Africa. It is our experience, however, that important restrictions still persist in the application of the Investment Guarantee Agreements to bring about the desired flow of capital to under-developed countries. This is particularly so with the US. Investment Guarantee programme of which we have some limited experience. Under this programme eligible investments do not include those investments made in Uganda by:-

(1) Corporations and Associations registered in the USA if United States interests are not in the majority;
(2) Subsidiary Companies established in Uganda by US Companies when the capital of the subsidiary has been contributed partly by investors from Uganda or East Africa or other countries;
(3) Uganda citizens and enterprises.

These restrictions make impossible the insurance of investments in enterprises outlined above and are a serious drawback to the even flow of capital to Uganda and presumably to other African countries.

It would be highly desirable to eliminate these restrictions and ECA can do much for us here in studying the individual bilateral guarantee agreements with a view to suggesting remedies.

Uganda further proposes to sign and ratify the World Bank Convention on the Settlement of Investments Disputes, as a token of its determination to create a favourable climate for the flow of foreign investments to Uganda.

3. <u>Mobilization and Channelling of Savings into Industrial Investment</u>

As far as the mobilization and channelling of savings into the Industrial sector of the economy is concerned, the Government of Uganda established by an Act of Parliament, a Uganda Development Corporation whose powers and functions are:-

(1) to promote or finance any undertaking in Uganda;
(2) to lend or advance money to or to acquire an interest in or to underwrite or otherwise assist in the subscription of capital for any undertaking engaged in business in Uganda;
(3) to manage, develop, let or hire immovable or movable property of any sort;
(4) to give a guarantee in relation to the financing of any other undertaking;
(5) to raise money by the issue of debentures or debenture stock;
(6) to act as managing agent of any undertaking;
(7) to conduct research into the mineral, industrial and agricultural potentialities.

From the foregoing it is clear that the Uganda Development Corporation stands ready to join hands with any local as well as foreign entrepreneur in fostering the economic growth of Uganda. The UDC has an interest in the following industrial projects:-

Steel, rolling mill, wheat mill, paper factory, textile mill, match factory, agricultural tool, potable alcohol, soluble tea factory, shoe manufacturing, meat canning factory, starch manufacture and fish net factory.

The Government has further established a Development Finance Company with an authorized capital of £1.5 million whose object is to further development in Uganda. The Uganda Development Corporation, the Commonwealth Development Corporation and the West Germany Government are joint shareholders in this Company. It is further proposed to establish an Industrial Finance Corporation with the object of providing medium-term and long-term finance to industry and to secure finance for Ugandan public borrowers.

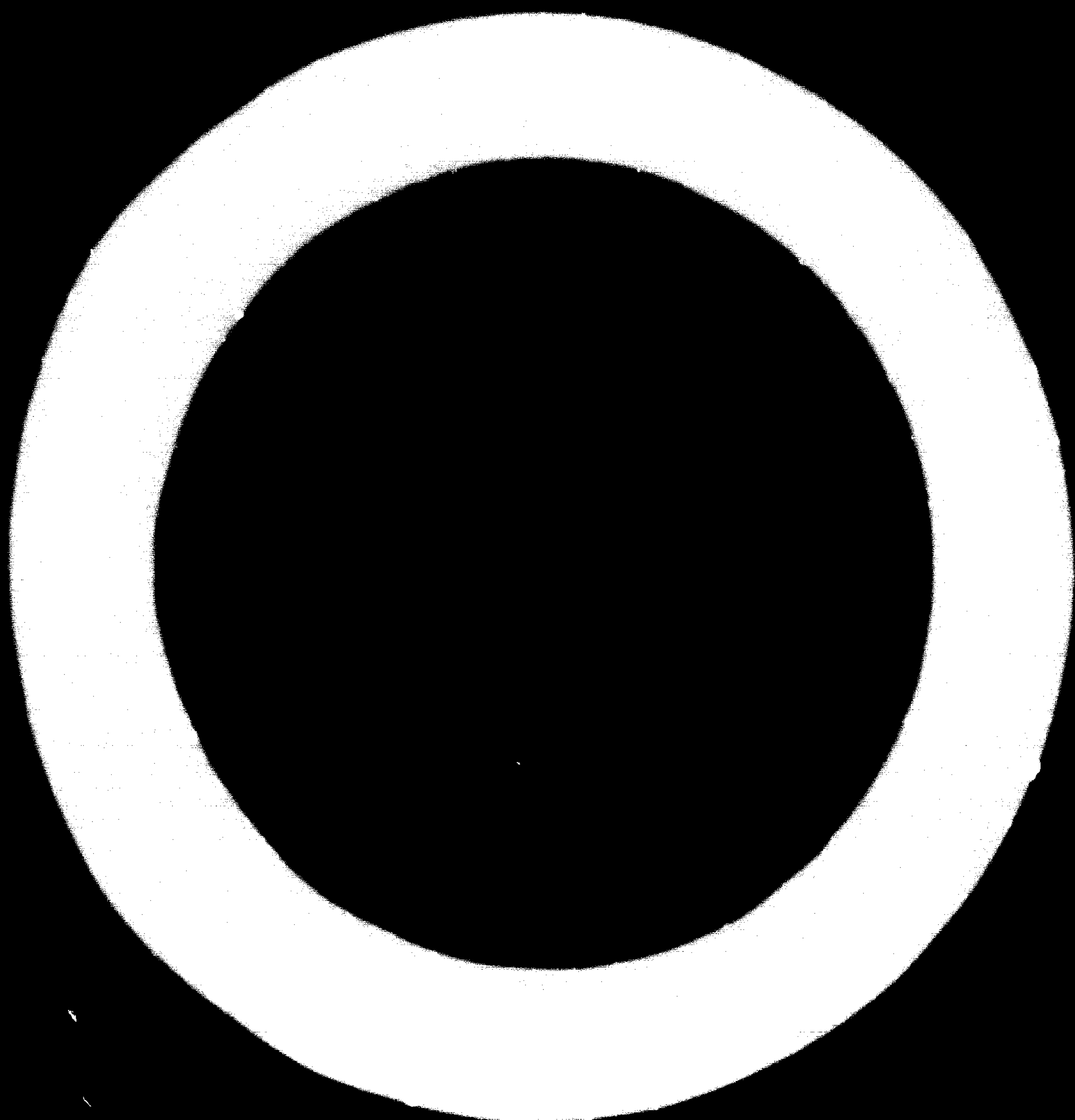
4. <u>Fiscal Policies Relating to Industrial Investment</u>

As regards fiscal policies relating to Industrial Investment are concerned, Uganda does not grant any tax holidays in respect of any investments made but operates an income tax deduction allowances scheme under which expenses incurred in the production of the income liable to tax may be deducted in computing the tax due. These deductions are as follows:-

(a) on certain buildings and structures an annual deduction of four per cent (six per cent for new hotels);

(b) on plant and machinery a wear and tear deduction depending upon the type of machinery and varying from 12½% to 37½%

(c) on mining expenditure - an initial deduction of 40% for the year in which incurred, and the balance equally over the next six years (or over a shorter period if the life of the mine is likely to be less than seven years). Expenditure incurred in mining certain minerals will rank for an initial allowance of 100%. In such cases no annual allowance will be given; on farm works (farmhouses, labour quarters, any



other buildings necessary for the proper operation of the farm, fences, dips, drains, water and electricity supply works, windbreaks or other necessary works) - 20% in the year in which incurred and 20% in each of the next four years (but coffee growers may instead, elect to deduct 100% of their expenditure in the year in which it is incurred);

(d) the whole of the expenditure incurred on clearing agricultural land and planting with permanent or semi-permanent crops (e.g. citrus, coffee, tea, sisal), the whole of the expenditure incurred on scientific research;

(e) a deduction of 20% of the capital expenditure incurred on building (and machinery installed therein) used in the manufacture of goods or materials or in the processing of local goods or materials. This investment deduction which was recently extended to new hotel projects, is additional to the deductions mentioned above and thus, over the life of the asset, a total deduction amounting to 120% of the cost is allowed;

(f) a deduction is also given for an employee's contribution to an Approved Pension Fund.

In addition to the standard rate of duty of 30% a.v. the Government applies a protective tariff of 37½% in orderr to protect infant industries from disruptive competition from abroad. Likewise remission of customs duty and customs refunds are granted on raw materials used in the manufacture of industrial goods.

5. Monetary and Financial Policies

As regards monetary and financial policies, because of the absence of a central bank for Uganda, no such policy exists at the moment. It is proposed in the near future to establish separate Monetary Authorities for each of the three East African countries when it will be necessary to crystallize our policies in this respect.

6. Foreign Exchange Policies

There is no restriction whatever in the use of foreign exchange for use of the purchase of goods and services. However, Uganda has imposed exchange control measures against all countries outside East Africa. There are no restrictions over payments of a current nature although there are restrictions on the transfer of capital.

7. Wage Policy

Government's wage policy aims at raising the economic level of the people of Uganda, and formulating a wa e structure which will reflect the skill and experience and not the race or creed of a worker.

8. Trade Policies

Uganda has a liberal non-discriminatory trad policy the objective of which is to further the economic development of the country. The one column customs tariff which is operated by East African Customs and Excise offers most-favoured nation treatment to all countries outside the East African Common Market. All items in the tariff are either for revenue or protection of local industry purposes. Moreover, Uganda is a member of the General Agreement on Tariffs and Trade and has signed other trade agreements specifying reciprocal most-favoured nation treatment with Bulgaria, Czechoslovakia, West Germany, Poland, the Sudan, United Arab Republic and USSR. Import licensing is used when governmental assistance is required to promote a particular industry with a view to raising the general standard of living in Uganda, but when no other measure will achieve this objective. In the administration of import licensing, licences are issued on a non-discriminatory basis with respect to the country of origin of the product concerned.

Because exports are 50% of monetary gross domestic product and because two commodities, coffee and cotton, represent 80% of exports outside East Africa, and furthermore because 30% of government revenue stems from export taxes on coffee and cotton, foreign trade is of singular importance to Uganda's development. Consequently, Uganda supports all action in international organisations to remove tariffs or internal fiscal charges on primary commodities in developed countries, and also supports schemes for the stabilisation of prices and markets for these products. This is because it is recognised that falling export prices could constitute a major impediment to economic development, not only because of their adverse effects on national income and savings, but even more directly, by limiting government expenditure as a result of reduced receipts from export taxes. For the same reason Uganda supports all measures for supplementary and compensatory financing to aid developing countries in combating the risks of both short-term falls in export proceeds and long-term deterioration of the terms of trade.

Efforts are made to find new markets for exports and also to export increasing amounts of what are now "secondary" exports, and also, to start exporting completely new products. It is sought to increase trade with developing countries especially other African countries as it is to these markets that manufactured goods may be exported, although it is recognized that in most cases some kind of preferences will be necessary to compete with products from developed countries.

Uganda supports the efforts of developing countries to gain preferences in the markets of developed countries, because the difficult access to the markets of developed countries, especially for manufactured and semi-manufactured goods, is at present, and will continue to be a serious impediment, in the future to industrial development. However, all developing countries are not at the same stage of economic development; and these countries at a lower stage of development would not benefit for a good time to come from preferences on manufactured and semi-manufactured goods as these countries do not have the industrial base to compete with developing countries at a higher stage of development that have not only more, but also, larger and more efficient industries. Therefore, while supporting the idea of universal preferences to be granted by developed countries to developing countries on a most-favoured nation basis, Uganda strongly feels that such preferences must be worked out in conjunction with special measures in the fields of financial aid and technical assistance for the developing countries at the lowest stage of development so as to enable these latter countries to develop and expand their industrial base. Uganda also supports the idea of preferences among less developed countries, but here preferences should not be extended automatically by one developing country to all less developed countries, but rather, should be flexible so that co-operation can take place in specific fields as necessary, because only the more developed countries with larger and more efficient industries would benefit from universal preferences among all developing countries.

It should be noted that in considering the stages of development of developing countries it should be recognised that this difference is not always reflected by comparisons of per capita income, but becomes obvious when such indicators as absolute manufacturing employment, total number of industries by kind and size, and investment in manufacturing industry are compared.

VI INSTITUTIONAL FRAMEWORK

1. Responsibility for Industrial Development

Responsibility for the promotion of trade and industry rests primarily with the Ministry of Commerce and Industry. The Ministry is also specifically responsible for the Uganda Development Corporation (UDC) Ordinance, the Uganda Electricity Board and the Weights and Measures Bureau.

The Minister of Commerce and Industry is responsible for the exercise of statutory powers under the UDC Ordinance and acts for the Government as the only shareholder of that corporation. The Minister appoints the directors of the Board, including the chairman. The chairman is the only full-time director, the remainder being chosen by reason of their ability and experience in business or administration. The chairman of the Board represents the UDC on the boards of all the subsidiary companies. Financial, executive and secretarial divisions at the Kampala office are responsible for general administration. The Development Division handles new projects up to the point of maturity.

UDC is largely responsible for the implementation of any government industrial projects. UDC is required to obtain investment approval from the Minister for any large investment which its Board has sanctioned.

The Ministry's role is restricted more to actually preparing the way for investment. The Ministry's role can be considered as:-

(i) Attraction of industry to Uganda
   (a) Searching for new industrial opportunities
   (b) Attempting to obtain the interests of local or overseas investors.
   (c) Publicising Uganda's investments opportunities.

(ii) Care of existing industry
   (a) Customs refunds and tariff protection
   (b) Temporary employment permits
   (c) Industrial Legislation.

(iii) Industrial Planning
   (a) Elaboration of policies for the development of certain industries.

2. <u>Industrial Development Corporations</u>

The government of Uganda is anxious to encourage foreign investors and to provide whatever assistance possible to all new business that will increase production and help to diversify the economy. Its main instrument of policy in this respect is the Uganda Development Corporation Ltd., which offers aid of a most practical kind to those companies or individuals who wish to take advantage of the potential for profitable investment in Uganda. The corporation was established in 1952 with an initial capital of £5 million, subscribed by the government to enable the corporation to take over its industrial interests. By the end of 1964 the authorised capital was £8 million, of which £6.4 million had been issued as equity shares, all held by the government, and the consolidated balance sheet for 1964 showed net assets of £8.9 million. This capital has been invested in a wide range of industrial and agricultural enterprises and generally deployed in a fashion designed not only to give the maximum stimulus to the economy as a whole, but also to provide every assistance necessary for the attraction of foreign capital. In both these tasks it has achieved remarkable success, as may be seen by noting that at the end of 1964 the UDC, including its 34 subsidiary and 15 associated companies, owned fixed assets of a net book value of £17,000,000, achieved a gross turnover for the year of £15,600,000, paid in salaries and wages for the year to 15,300 employees the sum of £2,800,000, and made a record gross profit for the year of £1,126,000 before taxation.

The Development Division of UDC is concerned with investigating and making recommendations on new projects that are submitted to it, or which the Division itself considers to be worth while. A project is approved only after exhaustive enquiries into all aspects of costing, marketing and the technical problems of production have shown that it has a reasonable chance of proving commercially profitable. The Division will then either go into partnership in the enterprise with the firm that made the enquiry or, in the case of projects originated by itself, will make enquiries ith a view to enlisting the interest of private enterprise.

During this stage, further investigations may be carried out by the private firm or its consultants as a double check on the potential profitability of the enterprise - the essential prerequisitite for its adoption. Once established, with UDC as major shareholder or holder of a minority interest in the equity capital, the Investment Management Division will provide directors for the board who are experienced in handling local problems, and who usually include men well known and influential in the area in which the company operates. The Secretarial Division will then deal with any statutory secretarial work and, in conjunction with private lawyers, handle legal matters connected with the new company's formation or other contracts. It is also available to give advice and assistance to its associated companies on new legislation affecting companies and such matters as staff housing, transport services or public relations. Another department of the UDC is available for giving assistance on finance and accounting to subsidiary or associated companies. If there is any problem over buildings, a subsidiary company of UDC. - Uganda Consolidated Properties - is engaged in building and leasing housing and office accommodation with the particular intention of assisting new companies to find suitable premises to lease and so save on initial expenditure.

If skilled labour is required, then the UDC will be able to draw upon its experience in the textile and other industries and advise on the management of training schools. It will also help to find suitable staff for appointment to the supervisory level of management.

Not least of UDC's services to new investors is the help it gives in arranging participation of local interests, a policy which, reflecting the view of the government, it considers to be of the greatest importance to the success of any new enterprise. This participation can be arranged either through the purchase of the lease of the land for shares, or by the appointment of local members to the board, or by inviting Ugandan businessmen to buy shares in the equity capital. Land can also be leased from local authorities or individuals in the normal way, but freehold land is virtually unobtainable.

3. Sources of Capital for Industry

Local Sources of Capital

UDC is an important source of equity capital in Uganda. However, UDC's investments in associated companies form only a small proportion - some 14% - of its total investment the rest being in subsidiary companies. Thus UDC's role as a source of development finance for third parties is a limited one in so far as its financial resources are almost fully committed to the fulfilment of its primary role of an entrepreneur particularly concerned with the promotion of material development.

The small Industries Section of UDC seeks to encourage the Ugandan entrepreneur by financing the establishment or expansion of small business by way of loans in the several range of £250 to £5,000.

Development Finance Company of Uganda Ltd., (DFCU)

DFCU was established in 1964 by UDC, the Commonwealth Development Corporation and the West German Development Corporation, each party taking a one third interest. The aim of the sponsors was to create an internationally based but nevertheless local development organization to supplement the efforts of government.

DFCU is particularly concerned with the development of both industrial and agricultural projects in conjunction with private enterprise as its sponsors believe that the role of private enterprise in the development of the economy can be greately expanded if both local finance and local knowledge of business conditions can be made available to potential investors. The Company provides finance and management advice for the type of project which is outside the scope of the UDC Small Industries Section (i.e. its investments range is £20,000 to £250,000) and which UDC itself cannot undertake without using finance which it needs for its own projects.

DFCU is prepared to consider all normal forms of commercial finance including equity participation but is not prepared to take a majority interest in any company nor to put up more than half of the total finance required for any project.

Uganda Credit and Savings Bank (UCSB)

UCSB was established in 1950 with the objects of making loans available for the following purposes, amongst others:-

(a) the development, purchase, improvements and cultivation of land.

(b) the purchase of livestock, vehicles and fertilisers.

(c) the erection and repair of buildings.

(d) the financing of any trade, business or industry.

Such loans are available to either industrial or co-operative societies. The Bank also accepts savings deposits from the public and at 30th June, 1964 over 8,000 deposit accounts totalling over £1,200,000 were in operation.

The Bank's main lending in recent years has been to co-operative societies and to finance the construction of private dwelling houses, the financing of agriculture being undertaken by the African Loans Funds and the International Co-operation Administration Revolving Loan Fund both of which are administered by the Bank. These two funds have outstanding some 4,000 loans totalling over £550,000 covering in the main agriculture, cattle ranching and fishing, but also trade and small industries.

Other local sources of finance are few, the only ones of any size being Industrial Promotion Services (U) Ltd. and certain of the insurance companies, the latter being more concerned with property development.

In due course it will be possible to raise money for industry and agriculture through the Kampala stock exchange but the underwriting of, and subscription for, public issues of stocks and shares has not yet been tried on any large scale in Uganda.

Overseas Finance

There are seven private commercial banks in Uganda which normally provide short-term money suitable for financing working capital requirements. All of these banks are subsidiaries of foreign banks (three British, one British-French, two Indian and one Dutch), some of the banks also have their development corporations providing longer term finance with generally a preference for loan finance repayable over a period of between seven and ten years, but this preference does not preclude them from investing in ordinary or preference shares.

Commonwealth Development Corporation (CDC)

CDC operates on funds borrowed from the British Government, but it can make loan or equity investments, finance and manage its own projects or simply participate financially in projects promoted and managed by third parties. It usually does not finance the smaller projects (less than £100,000) except indirectly through its one third stake in DFCU.

4. <u>Institutions for Standardisation, Quality Control, Patents</u>

There is at present no standards institution in Uganda. Recently, however, interest has been expressed in the possibility of establishing such a body, preferably on an African basis. It is expected that a special team will soon be appointed to study Africa's requirements in this field.

Similarly there is no quality control institution in Uganda.

Patents are not issued in Uganda. All requests for patents go to the British Patent Office. Once the patent has been granted it must be registered in Uganda within 30 days.

5. <u>Industrial Research and Special Supporting Facilities</u>

<u>Industrial Research</u>

The industrial research activities in Uganda, in general, are tied up with the East African Industrial Research Organisation, which was set up first in 1942 under the name of East Africa Industrial Research and Development Board, being responsible for establishing industries as well. In 1943, two functions, namely research and development, were separated and the present form adopted, and since 1955 it has the present name.

The East African Industrial Research Organisation (EAIRO) located in Nairobi, Kenya, has been maintained under the East African Common Services Organisation (EACSO). The policy of EAIRO has been to conduct such research which could not be carried out easily by the overseas research organisations, mainly owing to geographic reasons. The EAIRO is therefore complementary to the big overseas research institutions. EAIRO is mainly financed by EACSO and Britain. Only 10% is supplied by fee charges to industries sponsoring research in which they are interested.

Recently, some thoughts have been given to the reorganisation of the EAIRO. The objectives of such a reorganisation being the decentralisation of specialized research on an expanded basis, to serve more efficiently

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each national territory in East Africa and utilise the limited resources and personnel. It is hoped that, through UN co-operation, a solution will be found for an efficient research organisation.

Management Training and Advisory Centre:

In order to prepare Uganda personnel for managerial and supervisory posts, to provide Uganda entrepreneurs with advisory services and technical training, and to assist in improving the organisation and operation of enterprises, a U.N. assisted organisation, the Management Training and Advisory Centre is in the process of being built up.

- The Management Training and Advisory Centre will:

(a) assist government departments and public institutions with advisory and training services to be given to their personnel such as industrial officers, trade development officers, community development officers, etc., or, the staff of the Uganda Development Corporation, concerned with the promotion and development of industry and trade, particularly with small-scale industry and indigenous entrepreneurship, with a view to enabling such personnel to advise, assist and train Ugandan entrepreneurs throughout the country, thus generating a multiplying effect most beneficial to the economic development of Uganda;

(b) assist industry and other economic sectors in introducing and/or improving management practices, techniques and methods, including public services and utilities, with a view to raising their productivity;

(c) prepare Ugandans for managerial, functional and supervisory posts in existing and new industries and business enterprises;

(d) help Ugandans to become entrepreneurs, by providing them with advisory services and instruction in simple management practices and particularly management accounting and marketing, and by giving them technological guidance and practical demonstrations;

(e) raise the standard of skill of workers employed in industry through accelerated training, upgrading, in-plant training.

To implement these objectives, the Centre will concentrate on three types of functions: advisory services, training and collection and dissemination of information and documentation.

The advisory and training services will be given to enterprises and individuals at the level appropriate to the conditions and the needs of industry and business and the local Ugandan entrepreneurs and would-be entrepreneurs. These services cover the fields of industrial engineering, management accounting, marketing and sales and entrepreneurship.

Training will be given both within the Centre and on the job. It will be directed towards existing personnel, as well as entrepreneurs to be, with a view to improving the functioning of the existing industries and raising the level of the managers, specialists, technicians, foremen, skilled and semi-skilled workmen.

Information and documentation will be systematically collected and collated to provide specific technical information with regard to equipment, machinery, tools, methods, practices and techniques of specific interest to the entrepreneurs.

A central workshop will be provided as a pilot demonstration, development and training centre consisting of four units covering metal, electrical and automotive engineering, and wood products processing, which carry out the following main activities:

(a) studying and improving existing methods and techniques as followed in industry;

(b) assisting existing or new enterprises in studying designs of new products, models and devices;

...

(c) organizing and conducting training courses for semi-skilled and skilled workers, foremen, supervisors and technicians, including maintenance workers, on methods and techniques of tool operation as suitable for the equipment and work conditions in the country.

In order to benefit the small industrialists and entrepreneurs, located in areas far from Kampala, from some of the services of the Centre, a mobile workshop for the simple basic trades, will also be provided.

Within the framework of its overall programme of industrial development, the Government has requested Special Fund assistance through various projects, including this project as well as the proposed project to strengthen the Small Scale Industries programme of the Uganda Government and to establish an Industrial Estate near Kampala. Within the policy and programmes of Uganda Government, for which the Ministry of Commerce and Industry is responsible, the two chiefs of these projects, and the responsible representatives of the Ministry of Commerce and Industry, will consult on matters of mutual responsibility, with a view to integrating and strengthening the facilities and services provided under the two projects, particularly with regard to the optimum reciprocal use of personnel and equipment, the drawing up of programmes of activity, and extension, advisory, information and training services for industry.

Industrial Estates

It is the policy of Uganda Government to provide the necessary encouragement and incentives to the indigenous population, and to create facilities for the promotion of new small-scale industrial enterprises even by men of limited capital resources and skills. The Government is satisfied that given the necessary assistance, there is scope for organising many modern small-scale enterprises in the country and considers that industrial estates offer the best means of expending such assistance to prospective entrepreneurs.

Because of the weaknesses and handicaps owing to smallness of size and scale of operation, small industries are specially in need of guidance, assistance and support. A chief merit of the industrial estate is that the grouping of small industries permits integration of the various measures of assistance and services economically and effectively. Therefore the Government of Uganda intends to expand considerably its programme of promotion and development of small-scale industries. An integrated programme for small-industry development includes industrial estates as one of its tools.

6. Industrial Activity of Co-operative Unions

Activity in the industrial sector by Co-operative Unions is confined to the primary processing of agricultural crops preponderantly cotton and coffee. The Unions themselves are amalgamations of the primary marketing societies which have in the past largely confined themselves to the marketing of their members' cotton and coffee.

Cotton Processing

For the purpose of growing, marketing and processing cotton the country is divided into fourteen zones, and cotton grown in any particular zone must be marketed and processed within that zone. If there is more than one ginner in any zone then they are obliged by law to join a pool, and the pool agreement lays down the share of the zonal crop which each ginner may process.

Up to 1952 the ginnery industry was entirely in the hands of non-African concerns, mainly Asian but to a lesser extent European. The Acquisition of Ginneries Ordinance, 1952, gave the Government powers to purchase ginneries for resale to the Co-operative Unions. The Unions had to put down 20% of the purchase price and received a loan for the remainder from the African Development Fund. The ginneries so acquired by the Co-operative Unions, five in all, held the same share in the zonal crop under the Co-operative ownership as they had under previous ownership, although there were extremely complicated rules whereby this share could be increased if there were a substantial increase in the zonal crop. At the same time the Cotton Ordinance enacted in 1952 prohibited the building of any new ginneries except by Co-operative Unions, although even in the latter case a pre-condition of permission being granted was again a substantial increase in the zonal crop.

By the 1961/62 season the Co-operative Unions had obtained fourteen ginneries out of approximately 130. The additional ones had either been purchased direct from the private owners or had been newly erected. In both cases the Unions borrowed the funds from the Uganda Credit and Savings Bank on a Government guarantee.

In 1962 the Government announced that it was the intention to place the entire ginning industry in the hands of the Co-operatives over a period of time. This was to be done either by the purchase of existing ginneries or the erection of new ones, and a revolving fund of £1 million was set aside by the Government for the purpose of providing loans to the Unions.[1] At the same time the restriction on the building of new Co-operative ginneries was removed. Also the restriction of the pool shares on the Co-operative ginneries was abandoned, and in its place power was given to the Minister of Agriculture and Co-operatives to fix in any zone the share of the crop which the Co-operative ginneries should have irrespective of any pool agreement.

As a result of these measures and legal provisions the number of ginneries operated by Co-operative Unions had risen to 31 by the 1963/64 season, and these processed 39.4% of the total cotton crop in the country. This increase in the number of ginneries in Co-operative hands has mainly been in the form of purchases from the private sector, as new ginneries have only been built where there have been overriding technical and economic considerations. In the 1964/65 season the number of ginneries operated by the Unions increased to 38 and the total cotton allocated to them was 59%. In two zones the Unions have already achieved a monopoly of processing, and it is expected that in the coming season the same state will be achieved in at least two further zones.

The Co-operative ginneries operate under the same conditions as those in the private sector. All lint and seed produced is sold to the Lint Marketing Board at prices based on the statutorily fixed price of raw cotton to the growers plus operating costs and a fixed margin of profit.

In the main the ginneries have been operated successfully by the Unions, although the rapid expansion over the past few years has placed considerable strain on some of them because of inadequate managerial capacity coupled with the too rapid assumption of large liablilities in the form of interest-bearing loan capital.

One other aspect of cotton processing is the oil-milling industry which in Uganda is based almost completely on cotton seed. The surplus production after planting requirements have been set aside is sold by the Lint Marketing Board through auctions to the local oil-millers. The Co-operatives have not yet entered this industry but are bringing pressure to bear to be given Government assistance to do so. This would be necessary as the Unions have not got the capital available either to purchase existing mills or erect new ones.

<u>Coffee Processing</u>

Approximately 95% of Uganda's coffee production is Robusta, and almost all of this is sold by the growers as dried cherry (kiboko). The main industrial activity in the coffee sector, therefore, is the dry processing of this dried cherry to produce clean coffee which is then sold to the Coffee Marketing Board.

As with cotton, the processing of the Robusta coffee crop was entirely in the hands of non-Africans until the early fifties. The Coffee Industry Ordinance of 1953 stipulated that the first six licences to be given (subsequent to the Ordinance) for coffee processing factories should be reserved for African interests. These six factories were erected and were operating by 1957. Only two, however, were owned and operated by Co-operative Unions, the remaining four by ordinary limited companies wholly African-owned. One of these, however, has since been taken over by a Co-operative Union. Both the original co-operatively owned factories were built on a large scale and have the biggest throughput of coffee of any processing units in the industry. These two factories were both in Buganda, the main coffee producing area in the country, but more recently Co-operative Unions in three of the lesser producing areas have built and are operating dry processing factories and one further one is in the course of construction. Also a further two small factories have been erected in Buganda, so that at present the Unions are operating eight factories and one further factory will be working shortly. In all cases the Unions have been assisted by Government guaranteed loans from the Uganda Credit and Saving Bank.

A recent development has been the Government encouragement of the wet processing of Robusta coffee, which in the past was largely confined to Arabica and was only used on Robusta on a few non-African estates. The processing units (pulperies) have, by the nature of the process, to be smaller than those for dry processing, and the capital and operating expenses per unit of output are higher. Wet processed coffee does, however, command a substantial premium over the ordinary dry processed product.

Whilst as yet only a small proportion of the Robusta crop is processed in this way, the Co-operative Unions have built and are operating three pulperies, two in Buganda, one in the Western Region.

The bulk of Uganda's Arabica crop is produced in Bugisu and Sebei Districts of the Eastern Region. Production, marketing and processing of this coffee is covered by special legislation and the Co-operative Unions have a statutory monopoly of processing and marketing. All the coffee is wet processed either by individual growers or at Co-operative Society-owned pulperies and sold to the Unions as parchment. Formerly the final processing was carried on in Nairobi, but in 1958 the Bugisu Co-operative Union built its own mill in Mbale which now processes all the crop which varies between 4,000 and 10,000 tons per year.

VII. EXTERNAL ASSISTANCE

External financial assistance has been received or negotiated as follows:-

£,000

Source of Aid	Grants	Loans	Total
United Kingdom	3,501	11,150	14,651
USA	1,205	1,425	2,630
West Germany	—	3,200	3,200
USSR	—	5,600	5,600
Other International Sources	524	—	524
TOTAL	5,230	21,375	26,605

In addition to this the following financial assistance has been either agreed to in principle or is under negotiation:

£,000

Source of Aid	Grants	Loans	Total
I.B.R.D./I.D.A	—	4,500	4,500
Indian Government	—	2,000	2,000
China	1,000	4,000	5,000
Yugoslavia	—	4,000	4,000
TOTAL	1,000	14,500	15,500

Technical Assistance so far received is as follows:-

Country	Value of Assistance, etc. £,000	Personnel lent
United Kingdom	320	160
Canada	400	31
Norway (Peace Corps)	300	68
United Nations	750	80
USA	300	95
Other	20	9
TOTAL	2,090	443

The value of technical assistance from the United Kingdom does not include the cost of overseas addition to the salaries of British expatriates in the Civil Service.

Foreign scholarships and training facilities abroad for Ugandans is another form of assistance which is becoming increasingly important. It is estimated that between 1961/62 and 1964/65 this will have cost foreign governments and aid agencies £1 million.

VIII. APPRAISAL OF THE CONDITIONS AND PROSPECTS FOR ACCELERATING THE COUNTRY'S RATE OF INDUSTRIAL DEVELOPMENT.

Among the conditions conducive to faster industrialization are the following:-

1. Large hydro-electric power reserve
2. Great potential for food production and agricultural production.
3. Availability of skilled labour.
4. The country's location vis-a-vis the potentially rich markets of Eastern Congo, Rwanda, Burundi, Southern Sudan, Northern Tanganyika and Kenya.
5. The existence of proven reserves of iron ore.

6. The concentration of a relatively rich farming population in the region of the Lake Victoria basin and the possibility of cheap water transport on the Lake.

7. The emergence of a virtually unified domestic market, which has been the result of the improved network of internal transport and other communication facilities.

8. Uganda's membership of the East African Common Market, which has enlarged the market available to Uganda industries.

9. Political stability and high standard of maintenance of law and order.

The factors which tend to inhibit industrialisation in Uganda include, among others:

1. The very small size of the domestic market for industrial goods.

2. Uganda's long distance from the sea, which increases the cost of imported industrial inputs and also greatly limits the possibility of exporting industrial goods overseas.

3. The absence of any large proven metallic and non-metallic mineral reserves.

4. Lack of skill and industrial labour force on a large scale.

5. The lack of adequate indigenous entrepreneurship and the paucity of domestic capital resources.

6. It has been argued that Uganda's membership in the East African Common Market has diverted certain possible industries from Uganda to the other countries of East Africa. This is definitely possible at least theoretically.

7. Difficulty of access to markets of developed countries especially for manufactured and semi-manufactured goods.

8. Lack of preferential access to markets of other developing countries, especially to neighbouring countries, except Kenya and Tanzania.

9. A general industrialization of both human and material resources together with predominantly agricultural economy.

10. Difficulty in the transfer of technology from developing countries, especially owing to the lack of adequate research facilities and technological advisory centres.

On the whole, possibilities exist for accelerating the rate of industrial development. A large number of new industries have been set up over the last two years or so, and preliminary studies have indicated many other viable industrial projects. In addition, many of the factors inhibiting industrial growth can be alleviated by human action, and in view of the government's declared policy to foster the growth of industry it is quite likely that many of them are going to disappear in the not-too-far future.

Over the next five year plan, a very steep rise in average incomes is expected together with a 2.5% per annum growth in population. This will lead not only to a greatly expanded market for industrial goods but also, in conjunction with already announced reforms in the monetary system, to the generation of more domestic funds for investment in industry. Besides, general economic development, increasing political stability, and certain specific incentives by government are all expected to lead to an accelerated inflow of foreign investment.

The overall development plans place great emphasis on formal education, and all other types of training, particularly technical training. This must greatly improve the quality of the labour that will be available for employment in industry. Similarly, the number and ability of local entrepreneurs is expected to grow as a result of the government's special promotion of small industries. Besides, increased direct government participation in industry (through the UDC) will do much to make up for the present lack of indigenous entrepreneurship.

Finally, as the recent Kampala Agreement has indicated, there is a definite willingness by all concerned to evolve a more equitable mechanism for the location of industries within East Africa. This would necessarily mean the allocation of more industries to Uganda than in the past.

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	[illegible]	[illegible]	[illegible]	1957	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1963	1964	1965
Agriculture	[illegible]	[illegible]	72.7	73.	76.1	[illegible]	[illegible]	[illegible]	[illegible]	92.4	97.5	102.1
Cotton ginning, coffee curing, sugar manufacture	4.0	4.4	4.8	5.3	4.0	4.1	3.9	4.5	4.5	6.4	6.8	7.1
Forestry, fishing & hunting	5.7	6.0	6.5	6.6	6.7	6.9	7.3	7.4	7.6	7.6	7.9	8.2
Mining & quarrying	.9	1.2	1.3	1.7	2.0	2.1	2.2	2.5	2.8	2.9	3.2	3.2
Manufacture of food products	1.4	1.1	1.1	1.3	1.4	1.2	1.2	1.2	1.1	1.1	1.3	1.4
Miscellaneous manufactures	3.1	4.7	6.0	5.3	5.1	4.7	4.8	4.8	4.6	4.6	4.7	5.6
Electricity	.6	.9	1.1	1.4	1.7	1.8	1.9	2.0	[illegible]	2.4	2.6	2.7
Construction	5.8	5.7	6.7	4.8	5.0	4.3	3.9	3.5	3.7	3.3	2.9	3.8
Commerce	9.6	10.7	11.6	13.0	12.6	13.2	14.4	14.7	15.1	17.6	18.5	20.9
Transport & Communications	3.7	4.4	4.6	4.8	5.1	5.5	6.2	6.1	5.9	6.4	6.6	6.5
Government	3.6	4.0	4.3	4.4	4.1	4.2	4.2	4.0	4.3	3.8	4.5	4.6
African Local Governments	1.5	2.4	2.5	2.6	2.4	2.6	2.6	2.8	2.8	1.6	2.1	2.2
Miscellaneous	7.0	8.8	9.8	9.3	10.1	10.1	10.9	10.9	10.6	10.9	10.2	11.6
Rents	2.6	2.6	2.7	3.0	3.1	3.0	3.0	3.3	3.4	3.5	3.6	3.7
TOTAL	[illegible]	[illegible]	122.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	164.7	173.2	182.5

[illegible]

[illegible]

	[illegible]				[illegible]				[illegible]				[illegible]				[illegible]			
	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total
Agriculture	3.1	42.4	.6	46.1	3.2	43.7	.6	47.5	2.9	46.0	.6	49.5	3.6	40.2	.6	44.2	3.8	44.3	.7	48.2
Cotton ginning	-	7.8	.6	8.4	-	9.6	.6	10.2	-	8.7	.6	9.3	-	6.1	.6	6.7	-	4.0	.5	4.5
Coffee curing	-	-	-	-	-	-	-	-	-	-	-	-	-	1.5	.1	1.6	-	1.5	.1	1.6
Forestry, fishing & hunting	2.8	.1	.1	3.0	2.9	.3	.1	3.3	4.1	.2	.1	4.4	2.9	.6	.1	3.6	3.6	.5	.1	4.1
Mining & quarrying	-	7.9	.2	8.1	-	6.7	.2	6.9	-	5.3	.3	5.6	.1	5.5	.3	5.9	.2	3.7	.3	4.2
Manufacture of food	-	-	.6	.6	-	-	.6	.6	-	-	.6	.6	-	7.5	.7	8.2	-	7.0	.7	7.7
Miscellaneous manuf.	-	24.2	1.8	26.0	-	24.5	1.9	26.4	-	23.2	1.9	25.1	.3	17.2	2.1	19.6	.3	18.0	2.1	20.3
Construction	27.3	18.1	2.1	47.5	20.2	20.2	2.1	42.6	19.7	17.4	1.7	38.8	16.4	18.8	1.7	36.9	18.1	18.6	1.9	38.5
Commerce	-	6.2	1.4	7.6	-	6.9	1.5	8.4	-	6.6	1.5	8.1	.6	8.0	3.4	9.6	1.0	9.2	3.5	13.8
Transport & Comm.	5.9	1.7	.7	8.3	6.8	1.7	.8	9.3	7.1	1.8	.8	9.7	8.1	2.3	.8	11.2	7.8	2.6	.9	11.3
Government	11.1	-	.9	12.0	11.9	-	.9	12.8	13.2	-	1.0	14.2	13.2	-	1.2	14.4	14.3	-	1.2	15.5
African Local Govt.	37.3	-	.1	37.4	35.4	-	.1	35.5	37.0	-	.1	37.1	18.9	-	.1	19.0	36.0	-	.1	36.0
Educ. & Medical	-	-	.9	.9	-	-	1.0	1.0	-	-	1.2	1.2	8.2	12.5	1.4	22.1	9.7	9.4	1.6	20.7
Misc. Services	10.5	18.1	.8	29.4	11.6	20.4	.8	32.8	11.9	20.7	1.0	33.6	2.6	9.8	.8	13.2	3.2	12.4	1.0	16.5
TOTAL	[illegible]	126.7	10.6	230.7	90.2	134.1	11.2	237.4	95.8	129.9	11.3	237.1	94.6	118.3	13.7	226.6	97.2	131.2	14.6	243.0

TABLE 3 (Cont'd.)
([illegible])

	[illegible]				[illegible]				[illegible]				[illegible]				1961			
	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total	Public	Private	Non-Afr.	Total
Agriculture	3.7	[illegible]	.6	[illegible]	4.2	[illegible]	.7	[illegible]	3.0	[illegible]	.7	[illegible]	4.2	[illegible]	.8	[illegible]	4.2	42.8	.7	47.7
Cotton Ginning	-	[illegible]	.5	[illegible]	-	[illegible]	.6	[illegible]	-	3.3	.6	[illegible]	-	[illegible]	.5	3.0	-	3.2	.4	3.6
Coffee curing	-	[illegible]	.1	[illegible]	-	[illegible]	.2	[illegible]	-	[illegible]	.1	[illegible]	-	3.0	.1	[illegible]	-	3.0	.1	3.1
Forestry, fishing & hunting	[illegible]	.5	.1	[illegible]	3.0	.6	.1	3.7	[illegible]	.5	.1	3.0	[illegible]	.4	.1	3.6	[illegible]	.1	.1	3.0
Mining and Quarrying	.1	[illegible]	.4	[illegible]	.1	[illegible]	.4	5.7	.1	[illegible]	.4	[illegible]	.1	[illegible]	.4	5.5	.1	[illegible]	.3	5.2
Manufacture of foods	-	[illegible]	.7	[illegible]	-	[illegible]	.8	[illegible]	-	[illegible]	.9	[illegible]	-	7.6	.8	[illegible]	-	7.4	.8	8.2
Non-food manufacture	.3	[illegible]	[illegible]	[illegible]	.3	[illegible]	[illegible]	[illegible]	.4	[illegible]	[illegible]	[illegible]	.2	[illegible]	[illegible]	[illegible]	.2	17.0	1.9	19.1
Construction	[illegible]	[illegible]	[illegible]	[illegible]	17.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.6	1.4	[illegible]	[illegible]	7.0	.9	26.7
Commerce	.6	[illegible]	[illegible]	[illegible]	.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	.6	[illegible]	[illegible]	14.0	.3	9.4	3.4	13.1
Transport & Comm.	[illegible]	[illegible]	.8	[illegible]	7.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.9	[illegible]	.8	[illegible]	6.7	2.9	.7	10.3
Government	[illegible]	-	[illegible]	[illegible]	16.5	-	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	-	.9	16.5	13.4	-	.7	14.1
African Local Government	[illegible]	-	.4	[illegible]	[illegible]	-	.1	[illegible]	[illegible]	-	.1	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	.1	26.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.3	[illegible]	[illegible]	[illegible]	2.2	27.6
Misc. Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	.9	[illegible]	[illegible]	[illegible]	1.0	[illegible]	[illegible]	[illegible]	.9	13.7
TOTAL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.0	[illegible]	[illegible]	[illegible]	13.3	[illegible]

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I. HISTORICAL REVIEW

1. Historical Note

The modern economic development of Uganda dates from 1901 when the railway from the Kenya coast reached Lake Victoria. Since that time, the economy has steadily developed by means of a successive introduction of cash crops which have provided farmers with monetary income. Cotton and coffee were both introduced at an early date and their cultivation spread rapidly so that the economy is now heavily dependent upon these two crops - in 1964 they represented one-half of the value of Uganda's cash crop production and made up 80% of Uganda's exports outside East Africa. Efforts are now being made to diversify the economy's agricultural base by the development of tea, sugar, maize and other secondary crops.

2. Review of Industrial Development

As used in this paper, industry refers to all enterprises in the cotton ginning, coffee curing, sugar manufacture, manufacture of food products and miscellaneous manufacturing sectors.

In this review section, three indices of industrial growth will be examined. These are gross domestic product (GDP) from the industrial sector, employment in the industrial sector and number of factories registered under the Factories Ordinance. Each of these indicators measures a different aspect of Uganda's industrial growth and each has its particular limitations, either conceptually or in practical terms of measurement.

Industrial GDP is a somewhat inadequate index owing to the fact that a comprehensive census of industrial production has never been made. Thus the value of net output must be estimated somewhat indirectly. The way in which this figure is obtained is by adding together:

(a) profits before taxation (from income tax returns)

(b) depreciation allowance (obtainable from income tax returns)

(c) wages and salaries (from employment figures)

Although this approach may have some margin of error, we have assumed that this margin has remained constant over the years so that the figur s derived in this way will be at least internally consistent and should give an accurate picture of the trend of industrial growth.

The correlation between industry GDP figures and industrial employment figures could be expected to be quite close since, as noted above, employment, through wages and salaries, makes up a large part of GDP.

The number of factories registered under the Factories Ordinance provides the most striking picture of industrial growth. Not all factories are required to register - only those which employ some form of prime mover and/or dangerous substances and/or more than 6 employees. Since, however, this probably includes all factories with an appreciable effect on the Uganda economy, the definition is adequate for our needs. A more serious problem arises in trying to keep track of the number of factories in existence in Uganda which come under the ordinance. Factories are supposed to register with the Factories Inspectorate when they open and also if and when they close. This registration is not always done, so that a large number of the additions and subtractions to the list of factories results from actual field trips of inspectors. There is, therefore, the possibility that the number of factories registered is not an entirely accurate picture of the situation. It is, however, probably adequate for our needs in determining the trends of industrialization.

An important index which has not b en used, because of the unavailability of information is investment in manufacturing. Figures are available for overall investment in Uganda, but are not broken down finely enough for manufacturing investment to be obtained.

3. Review of Uganda's Industrial Growth

As can be seen from Table 4, Uganda's industrial growth has been somewhat varied over the past 10 years. Industrial GDP rose rapidly from 1954 to 1956 at the remarkable rate of 20% per year. After being on a high plateau for the two years 1955 and 1956, industrial output slumped and did not regain its level of the mid-fifties until 1963. Industrial output would now appear to be on the rise again, and if the forecast figure of £14.1 million for 1965 is achieved, industrial output will have grown from 1962 at the rate of over 11% per year. Uganda industrial output can therefore be characterised by rapid growth in the mid-fifties and early sixties, with a half-decade of no growth in between.

The pattern of output is reflected in the employment figures of table 4 only in general outline. Industrial employment in fact has shown no increase over the past decade. At first glance this seems to be difficult to reconcile with the rise in output, although an explanation could be found in the increasing use of electricity which has probably to some extent replaced the use of manpower.

In contrast to the lack of growth exhibited in employment, and to a lesser extent in industrial net output, the growth in number of factories in Uganda is quite spectacular. From 1954 to 1964 the number of factories has more than doubled. This growth seems inconsistent with the pictures given by the employment and GDP indicators, but some of the reason may be the electification noted above, and because many of the new factories may be quite small.

II. IMPORTANCE OF MANUFACTURING IN THE NATIONAL ECONOMY

Out of the total GDP of £173.2 million in 1964, £12.8 million or 7% was derived from industry.

Manufacturing as a percentage of monetary GDP only was somewhat higher - £12.8 million out of £148.9 million or 8½%.

Of the 227,000 persons in paid employment in 1964 approximately 34,000 or 15% were employed in industry.

As noted above, 80% of Uganda's exports outside of East Africa are composed of cotton and coffee. Since most of Uganda's primary produce is exported, that portion of manufacturing output which is concerned with the processing of agricultural products is also exported. We have estimated above that at least 50% of manufacturing GDP is derived from agricultural processing, and thus at least 50% of manufacturing GDP is exported.

Figures for gross capital formation are not broken down as to the various sectors in which the investment is made. However, the figures that are available divide capital formation into building and works, plant, machinery and equipment and vehicles (see Table 5). It can be seen that in 1964 there was a considerable increase in capital formation in plant, macinery and equipment. Gross capital formation in buildings and works at £11.2 million in 1964 showed a rise of £0.9 million from the previous year. Almost all of the £0.9 million increase in 1964 was due to a small rise in the general price level for buildings and works.

III. PRESENT STRUCTURE OF MANUFACTURING INDUSTRY

1. Structure of Industry

Uganda's industry has been based traditionally on the processing of agricultural crops. This can be seen from Table 4 where output from cotton, coffee and sugar processing has only once fallen below 40% of total industrial output and in recent years has risen to over 50%. These figures do not include such processing industries as tea and tobacco factories whose output is included in Manufacture of Food and Miscellaneous Manufacturing Industries respectively. It is therefore evident that manufacture of consumer products represents considerably less than half of industrial output.

In recent years, however, the pattern of industrial growth appears to be changing somewhat with the addition of several modern factories manufacturing primarily consumer goods.

At the time of writing the Uganda Census of Industrial Production has not been fully compiled. This Census is the first one of its type to be made and will include most of the information needed for analysing

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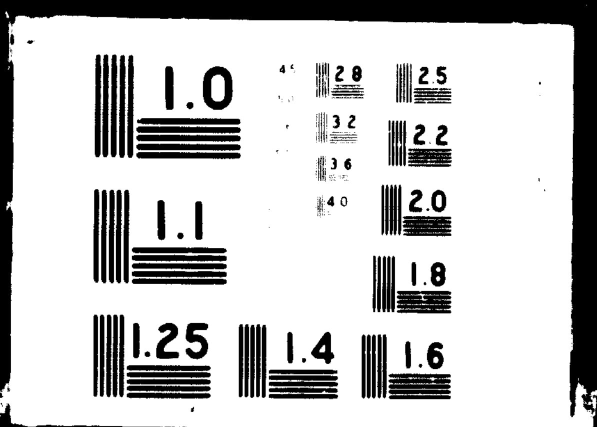

TABLE 3

Enterprises Registered under Factories Ordinance

	1954	1955	1956	1957
Metal extraction, refining	-	-	3	3
		48	52	59
General marine & loco	41			
Motor vehicle & plant	88	98	128	148
Hollow-ware	7	5	7	9
Other	6	6	5	14
Bricks, tiles	14	16	17	16
Stone, lime cement	4	7	15	20
Sawmilling	56	60	58	57
Furniture & woodworking	105	123	166	197
Letterpress, printing, bookbinding	16	20	27	37
Lithographic/printing	1	1	1	1
Cotton ginning	145	146	144	145
Sisal	2	1	2	2
Cotton spinning, weaving	-	-	2	2
Leather	1	1	1	1
Rubber	5	5	5	6
Soap	13	13	16	16
Other chemicals	1	-	2	2
Milling, grinding, gristing	65	84	99	113
Bakeries	12	15	20	24
Sweets	4	4	3	3
Tea	17	18	19	21
Coffee	67	70	75	78
Sugar & Jaggery	19	19	22	24
Alcoholic drink	1	2	2	2
Non-alcoholic drink	19	19	22	25
Oil milling and processing	41	47	53	53
Tobacco & cigarettes	4	9	10	13
Other	7	4	4	4
TOTAL	761	841	980	1,095

TABLE 3 (Cont'd.)

Premises Subject to the Factories Ordinance

	1958	1959	1960	1961	1962	1963	1964
Food manufacture	305	353	394	413	436	484	532
Beverage industries	28	25	26	27	22	22	22
Tobacco manufacture	4	4	4	4	5	5	5
Textiles (inc: cotton ginning).	146	146	146	146	149	146	149
Footwear, wearing apparel, etc.	3	7	19	20	30	45	49
Wood and cork	59	63	64	62	63	56	53
Furniture and fittings	228	236	236	221	219	187	193
Paper & paper products	1	2	1	1	1	-	2
Printing, publishing, etc.	45	47	55	54	53	51	50
Leather & leather goods	1	1	1	1	16	19	22
Rubber goods	5	5	5	5	5	7	9
Chemicals & chem. products	71	74	74	75	72	56	58
Non-metallic mineral produce	39	45	48	43	43	34	35
Basic metal industries	3	2	2	2	2	3	3
Metal products	16	25	38	43	36	39	39
Machinery	59	57	56	56	72	73	77
Electrical machinery	12	14	18	17	18	18	24
Transport equipment	194	210	232	221	228	230	247
Miscellaneous manufg. industries	22	22	22	18	9	14	13
	1,241	1,338	1,441	1,428	1,480	1,489	1,582

Factories - Under the definition of the expression factory applicable in Uganda, premises in which mechanical power or dangerous substances are in use are not subject to the operation of the Factories Ordinance unless at least six persons are employed.

TABLE 4

Summary of Principal Indicators

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Industrial G.D.P.	8.5	10.4	11.9	11.9	11.9	10.0	9.9	10.5	10.2	12.1	12.8
Industrial employment	35.0	37.2	35.0	36.1	34.1	33.6	35.1	35.1	33.4	34.0	N.A.
No. of factories	761	841	980	1095	1241	1338	1441	1428	1480	1489	1582
% of industrial G.D.P. from agriculture	47%	44%	40%	44%	42%	41%	39%	43%	44%	53%	53%

TABLE 5

Gross Capital Formation Current Value

Year	Buildings & Works	Plant Machinery & Equipment	Vehicles	Total	% of the Monetary Economy (at market prices)
1960	10.7	5.3	2.6	18.6	15.5
1961	10.2	6.5	1.3	18.0	14.5
1962	9.9	5.8	2.0	17.7	14.8
1963	10.3	7.0	2.8	20.1	14.1
1964 (estimate)	11.2	10.4	2.7	24.3	14.8

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