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MONITORING THE ACTIONS TAKEN AND PROGRESS ACHIEVED BY GOVERNMENTS  
AND INTERNATIONAL ORGANIZATIONS TOWARDS IMPLEMENTING THE  
LIMA DECLARATION AND PLAN OF ACTION<sup>\*/</sup>

Second Survey, 1978-79

8 FEB 1980

Prepared by the Secretariat of UNIDO

606528

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### Introduction

The Third General Conference of UNIDO will consider a report (Document ID/238 [ID/CONF.4/4]) which examines the replies of Governments and international organizations in response to the questionnaires issued by UNIDO in May 1978, in order to assess the progress achieved towards the implementation of the Lima Declaration and Plan of Action. Similar to the first exercise which took place in 1976-1977, this second survey was carried out in pursuance of paragraph 3(c) of IDB resolution 45(IX) of 30 April 1975. In accordance with established directives to keep to a minimum the volume of Conference documentation, the report referred to above does not elaborate in detail on the extensive information gathered between November 1978 and June 1979. It does, however reflect the views of Governments and international organizations on their individual and collective actions taken since 1975 to achieve accelerated industrial development within the framework of the Lima Declaration and Plan of Action, as described in their official replies to the questionnaire.

All contributions received are reproduced in their entirety in this document. For ease of reference, the information is presented in two parts according to the main issues included in both questionnaires, one for developing countries and the other for developed countries. An English translation is given in those cases where the information was received in other languages.

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A. COUNTRY PARTICIPATION IN SECOND MONITORING EXERCISE, 1978-1979 <sup>1/</sup>

Questionnaires sent on 4 May 1978 to 151 countries  
(117 developing, 34 developed)  
Number of replies received by deadline 30 Nov. 1978: 10  
(10 developing, 0 developed)  
Total number of replies received by 30 June 1979: 97  
(72 developing, 25 developed)

Afghanistan	German Democratic Republic	Malawi	Somalia
Austria	Germany, Federal Republic of	Malaysia	Spain
Bangladesh	Ghana	Maldives	Sri Lanka
Belgium	Greece	Mali	Sudan
Bolivia	Guatemala	Malta	Swaziland
Botswana	Guyana	Mauritania	Sweden
Brazil	Honduras	Mauritius	Switzerland
Bulgaria	Hungary	Mexico	Syrian Arab Republic
Burundi	Iceland	Mongolia	Thailand
Byelorussian SSR	India	Morocco	Togo
Canada	Indonesia	Netherlands	Tunisia
Central African Empire	Iraq	New Zealand	Turkey
Chile	Ireland	Niger	Ukrainian SSR
China	Israel	Nigeria	United Arab Emirates
Colombia	Italy	Norway	United Kingdom
Cuba	Ivory Coast	Oman	United Republic of Cameroon
Cyprus	Jamaica	Pakistan	United Republic of Tanzania
Czechoslovakia	Japan	Panama	United States
Denmark	Jordan	Papua New Guinea	Uruguay
Ecuador	Kenya	Paraguay	Venezuela
El Salvador	Kuwait	Peru	Yemen
Ethiopia	Lesotho	Republic of Korea	Yugoslavia
Fiji	Libyan Arab Jamahiriya	Romania	Zaire
Finland	Madagascar	Rwanda	
France		Saudi Arabia	
Gambia		Sierra Leone	
		Singapore	

B. PARTICIPATION BY UN ORGANS AND SPECIALIZED AGENCIES:

CTC	ESCAP	UN-CNRET	UNESCO
ECA	FAO	UN-IESA Statistical Office	WIPO
ECE	GATT		World Bank
ECLA	ILO	UNCSTD	
ECWA	IMF	UNCTAD	

<sup>1/</sup> This list differs from the country participation shown in Annex I of document ID/238 (ID/CONF.4/4) presented to UNIDO III, in that it includes contributions received subsequent to finalization of that document, i.e. Greece, Ireland and Israel as well as the European Economic Community. (In its communication the Community referred to the questionnaire sent to the member States of the Community. As some of the measures taken by member States in accordance with the recommendations of the Lima Declaration and Plan of Action come under the heading of measures decided on within the framework of the Community, in particular in implementation of decisions of the Council, the competent authorities of the Community considered that these measures might best be discussed in a common reply).

## I. DEVELOPMENT PLANNING AND POLICIES

In the Lima Declaration and Plan of Action emphasis is placed on the need for the developing countries to investigate systematically their long-term industrial growth potentials and to work towards their optimal realization through adequate long-term and medium-term planning and policies appropriate attention being given to the development of the government sector. The individual developing countries will thus have to establish and maintain a reliable data base and effective institutional machinery for planning and plan implementation. (Paras. 58(a), 61(d), and 62(f).

Governments were invited to supply information on the issues mentioned above, including such topics as:

Existence of a national development plan and the period it covers;

Whether an industrial development plan is formulated within the framework of the national development plan;

Whether any long-term projections (over 10 years) for industrial growth have been made by the national planning agency, or by any other agency.

### INFORMATION RECEIVED FROM DEVELOPING COUNTRIES IN RESPECT OF DEVELOPMENT PLANNING AND POLICIES:

#### AFGHANISTAN

After the Revolution of April 1978, overall economic policies (including the industrial policy) have been laid down in the Basic Lines of Revolutionary Duties of the Government of Democratic Republic of Afghanistan. These Guidelines emphasize, inter alia:

- (a) Strengthening of the public sector of the economy with scientific planning and establishment of effective sovereignty over reserves and natural resources of the country and training of national cadres; and
- (b) Protection of domestic industries and production against competition from foreign products, and encouragement, protection, control and guidance of private investment in industries and small and medium size enterprises.

Medium term national development plans of the country include plans for the industrial sector also. Currently, a new Five Year Plan is under preparation, which will cover the period April 1979 to March 1984. It will contain concrete programmes for these five years as well as take into account growth for the next five years.

Afghanistan (cont'd)

Our approach to planning is "from bottom to top". Planning starts at project level. The programmes of various producing units are consolidated at sector level by the administrative ministries concerned, and these sectoral programmes are further consolidated into a national plan by the Ministry of Planning Affairs. The Ministry of Planning Affairs is also entrusted with the overall responsibility for implementation of plans and programmes.

BANGLADESH

Immediately on emergence Bangladesh set up a national body viz, Planning Commission for Planning and Economic Development of this country. The Commission is responsible to draw up country's comprehensive development plan both for the overall economy and for specific sectors and sub-sectors. Plans are drawn for various durations e.g. Perspective Plan (20 years), Five Year Plan, Annual Plan and Special Plans like the Two-Year Plan. The First Five Year Plan formulated by the commission covered the period from 1973-1978. Whereas in the Five Year Plan the objectives are defined, targets are set, policy framework is spelt out and sectoral and sub-sectoral allocations are made, annual plans and annual development programmes are formulated on the basis of prevailing objective conditions which is under constant review. Project wise allocations are made in the Annual Development Programme before the commencement of the financial Year which is from 1st July to 31st December, a mid-year review is carried out and necessary revision is made on the basis of actual progress during the first six months of the year.

There are separate sector divisions e.g. Agriculture, Industry, Power and Natural Resources etc. in the Planning Commission who are entrusted with the task of plan formulation of the respective sectors within the framework of the national development plan.

BOLIVIA

Bolivia has a development plan. It is entitled the "National Plan for Economic and Social Development" and is designed to cover the period 1976-1980.

Since 1977, annual operating plans have been prepared which form the basis for the country's general budgets and the programmes concerned with monetary matters and external financing.

An industrial development plan does in fact exist and is aimed at maintaining the dynamism of the State's direct intervention as a producer in sectors of the national economy regarded as having strategic importance. This intervention takes the form of the encouragement of greater participation by the private sector, and the adoption and dissemination of technologies appropriate to the quantity and quality of the national work force and compatible with the establishment of modern industries, particularly industries producing goods for export.



Bolivia (Cont'd)

High industrial productivity is one of the basic objectives in the effort to increase general income. A priority policy of Bolivian industrial planning is the establishment of certain basic industries - for example, iron and steel, petrochemistry and motor vehicles - as a foundation for the industrialization of the country. The industrialization plan also provides for the establishment of such industries as mechanical and electrical engineering and the chemical industries, which have an "integrationist" role to play, and for manufacturing industries efficient enough to satisfy internal requirements, provide import substitutes on a selective basis, and promote wider participation by the private sector in industrial development.

No national agencies are preparing long-term projections of industrial growth. However, with the establishment of the Office of Science and Technology under the Ministry of Planning and Coordination, the Government has set up the machinery to undertake such studies.

BOTSWANA

Since the independence of Botswana in 1966 the current Fourth National Development Plan (NDP) covers the period from 1976 to 1981. The fifth NDP is currently under preparation.

The industrial development plan forms part of the current NDP together with plans for other economic sectors.

There are some long term prospects calculated in the NDP IV; in particular prospects are being made for the development of GDP and employment. The National Development Planning is co-ordinated by the Ministry of Finance and Development Planning.

CONSERVATIVE ESTIMATES OF THE DEVELOPMENT OF GDP AND EMPLOYMENT

SECTOR	GDP (P. Million)		Employment	
	1980/81	1990/91	1980/81	1990/91
Beef	56,2	56,2	7,850	7,850
Other Agriculture	42,2	46,6	9,400	10,400
Minerals	93,3	178,0	5,300	9,000
Other <sup>1)</sup>	239,7	322,1	67,340	74,900
TOTAL	431,4	602,9	90,390	102,150

1) Including Industrial Sector - Source: NDP IV

## BRAZIL

The Second National Development Plan (II PND), covers the period 1975-1979. An industrial development plan is formulated within the framework of the National Development Plan.

The Institute for Economic and Social Planning (IPSA) has not prepared any long-term projection for industrial growth.

## BURUNDI

Within the framework of the country's development, a five-year economic development plan has been prepared, covering the period 1978-1982. One of the principal sections of this plan covers the industrial sector. The basic objectives of this industrial development plan are:

- to base Burundi's industry on the processing of locally available raw materials (agricultural products and ores);
- to create export promotion offices and import substitution units;
- to create regional development poles by setting up labour-intensive industries.

Projections for industrial growth have been made by the Ministry of Planning in co-operation with the Ministry of Industry.

## CHILE

The economic policy applied by the Government of Chile in recent years is aimed at efficient use of the price system in assignment of resources. The free play of market forces determines what goods are produced and into which sectors resources are channelled.

In addition to this, State intervention is necessary in all cases where the market does not properly fulfil its function or where the social benefits of a project are not reflected by its profitability from the viewpoint of private entrepreneurs. Thus, the State will carry out infrastructure work, implement socially oriented projects and income-redistribution policies, etc. In order to ensure that the State's work will be genuinely efficient, it is required that projects undertaken should first be subject to economic and social evaluation. This guarantees that State resources are channelled into the sectors where they will do the most good.

Chile (cont'd)

As part of this development strategy, the economy has been opened up to foreign trade, so as to achieve a more efficient allocation of resources. This opening up will enable the country to produce those goods in respect of which it has a comparative advantage, and it will import those which it can only produce very expensively.

The goods which the country will tend to specialize in producing are those which make the most intensive use of the resources most plentiful in the country, e.g. labour and natural resources.

As was indicated above, the development of the industrial sector depends largely on what is done by individuals, for whom there is no pre-established plan. The State's action in this sector consists in what it can do in its subsidiary role, e.g. management of strategic enterprises such as those dealing with copper, energy and communications.

The Government of Chile, through the National Planning Office, prepares the National Development Plan. This document is prepared for a period of six years, and is periodically reviewed to incorporate new information, and perfect the global and sectoral development policies. It covers both the public and private sectors. For the former, it is more imperative in nature, while for the latter it only lays down general guidelines in accordance with which the private sector should act. Other planning documents are: the economic and social development strategy; the regional development strategy; the ministerial programmes.

COLOMBIA

The last National Development Plan was prepared by the National Planning Department for the period 1975-1978. Although this plan was drawn up under an administration in which the President's term of office ended on 7 August 1978, the new Government has already announced its intention to continue certain major lines of action in order to ensure the continuity needed for a number of measures requiring a period longer than the four years of a presidential term to bear fruit.

The objective of this development plan is to bring about the kind of economic growth that will make possible the creation on a large scale of productive job opportunities for the benefit, in particular, of the poorer half of Colombian society.

To this end, the plan envisages, in its first part, a number of macro-economic policies designed primarily to promote the accelerated growth of labour-intensive industries and avert an inflationary process with its particularly adverse effects on workers in the most backward sectors of the economy. The basic thrust of fiscal, exchange and monetary policies is towards the elimination of subsidies that discriminate against labour as a production factor, and the creation of special incentives for those industries which

Colombia (cont'd)

produce popular consumer goods and in which production increases are accompanied by a significant rise in employment. In addition, controls have been established in the exchange, monetary and fiscal areas to ensure a slow-down in the rise of prices.

The second part of the plan outlines in detail the Government's policies in four areas: agriculture, industry, export promotion, and regional and urban development. These policies have been formulated for the purpose of attaining the same objectives of full employment and equitable redistribution pursued in the macro-economic policies.

Among the sectoral policies, special priority has been given to rural development, not only because most of the poorest families live in rural areas, but also because agricultural investment generates the greatest number of jobs. In addition, since landless rural workers and owners of small properties represent the population group that has benefited least from the advances of the recent decades, the Government has designed a special programme of integrated rural development and agrarian reform, whose effect, by increasing the productivity of agricultural workers, will be to raise substantially the income levels of this group, which had thus far not shared in the process of modernization of the economy.

CUBA

Since the victory of the Cuban Revolution, the country has effected far reaching transformations of its social and economic structure. Principal among these are the following:

- Public ownership of natural resources and major industrial installations;
- Centralization in the hands of the State of foreign trade, banking and, thus, foreign exchange control.

The implementation of these measures made it necessary to come to grips with the problems of economic development, and at the same time to restructure the entire machinery for the direction and integrated planning of the economy. The various sectors of the economy were organized by grouping the production units into enterprises and the latter under ministries.

The Central Planning Board was established as a leading agency of government with broad powers to formulate and monitor plans for economic and social development. In this way the administrative structure necessary for the attainment of rapid economic and social growth was created.

The country's system of planning began in 1962 with the formulation of annual plans. The preparatory work for the country's first five-year plan (1976-1980) started at the beginning of 1974. An important factor in making this work possible was the degree of consolidation and growth attained by the Cuban economy by that time.

Cuba (cont'd)

The year 1977 saw the beginning of work on the second five-year plan (1981-1985), in which substantial priority has been accorded to the development of the industrial sector. Concurrently with this planning for the period 1981-1985, preparations are being made for the formulation of a "development strategy" for the period up to the year 2000, which may be regarded as the linchpin of the country's long-range planning effort.

As one of its key elements, the country's planning system involves the planning of industrial production, in recognition of the industrial sector's importance to the process of extended socialist reproduction and to the creation of the material and technical basis for the development of the economy as a whole. The basic objective of the production plan for industry is the attainment of the highest possible output of finished products of specified composition and quality through effective use of all available material and human resources.

CYPRUS

The Government of Cyprus recognizes the importance of reliable data for planning purposes and has thus given particular attention in improving the collection and quality of national statistics. Expert assistance has been sought and obtained under various programmes while at the same time emphasis was given to improving the calibre of personnel engaged by the Statistics and Research Department through training of existing personnel and recruiting qualified people.

Since its independence in 1960 Cyprus has adopted national economic planning as a means for speeding up its economic development. The central planning agency which is lying at the apex of the planning structure is the Central Planning Commission which is headed by the President of the Republic and virtually includes all Ministers. The economic and administrative arm of the whole planning machinery is the Planning Bureau.

There is no doubt that national economic planning has speeded up the rate of growth of the economy. In the post-independence period the economy has achieved much higher rates of growth than in the period prior to independence. During the First Plan (1962-1966) manufacturing value added increased at an average rate of 7.1% p.a., while during the Second Five Year Plan (1967-1971) industrial growth averaged 9.2% p.a. In both periods the actual growth rate of the manufacturing sector was much higher than the target growth rate.

On the 1st January, 1972 the Third Development Plan, covering the period 1972-1976, began to be implemented. During the first two years of the Third Plan the economy remained basically healthy and it was expected that the upward trend could have been maintained.

The Turkish invasion in July-August 1974, halted this upward trend for the creation and stabilization of which so many efforts had been made and caused instead tremendous economic and other survival problems.

Cyprus (cont'd)

Due to the dramatic change in the economic and other conditions, the foundations on which the preparation of the third five year plan and its aims and objectives were based, no longer existed. Therefore, there was a need to readjust the plan by setting new targets and working out and adopting new programmes and policy measures geared to the new situation. Hence the First Emergency Economic Action Plan covering the period 1975-1976 has been put into operation, which has been followed by the Second Emergency Economic Action Plan covering the period 1977-1978.

The Third Emergency Economic Action Plan covering the period 1979-1981 is under way.

ECUADOR

The industrial sector in the national economy - 1978

The industrial sector developed very positively in 1978, with rising trends in investment, production and sales. It is estimated that this sector attained a growth of 12.9 per cent at constant 1970 prices, or nearly twice that of the gross domestic product, which in real terms was about 6.8 per cent. As a result, the industrial sector strongly stimulated the growth rate of the economy and became the most dynamic component in the gross national product. The value of industrial production was 84% greater than that of the petroleum and natural gas sector. At 17.9 per cent, the industrialization ratio - i.e. the share of the industrial product in the gross domestic product - was the highest in the country's history, despite the contribution of the oil sector to the GDP. The 1978 trade balance showed a surplus of \$295 million, due in part to industrial exports which were more than \$100 million higher than in 1977.

Industrial policy

Well aware of the need to exploit and channel the dynamic growth of the manufacturing sector appropriately, the Ministry of Industry, Commerce and Integration has been applying an industrial policy designed on the basis of the following principles:

The maintenance of a climate of confidence as an indispensable condition for the attraction of private national and foreign investment; in order to attain this objective, provision has been made to ensure the stability of the legal machinery and promotional institutions concerned with industrial development;

The intensive promotion of industrial projects that are regarded as being of priority importance to the country; special emphasis has been placed on promotion abroad for the purpose of attracting foreign investment and technology to contribute to the implementation of these projects;

cond. (cont'd)

The promotion and development of basic industry - particularly iron and steel, petrochemistry and the automotive industry - through the creation of the necessary legal and institutional machinery;

The development of industrial activities, especially agro-industry, that make use of domestic natural resources;

Special support to small-scale industry and the crafts sector and, in general, to such industrial activities as employ significant numbers of workers in relation to the investment level required;

Dispersal of new industrial activities in order to attain a more equitable geographical distribution of these activities and contribute to the solution of the serious problems of the large urban areas.

The private sector was quick to respond to this policy. The form of that response, which may be seen from the statistical data and results described in this report, helps to reaffirm the optimism with which we look to the future of the country.

Projections for 1979

The Government intends to continue and consolidate in 1979 its industrial policy, whose foundation is the development of basic industries, support for the small-scale industry and craft sectors, and industrial dispersal. In that context, the necessary action will be taken to establish enterprises in the automotive sector and to carry out the iron and steel and petrochemical projects.

New industrial activities will be undertaken under the Directed Investment List (DIL) promotional system, and there will be continued promotion, at home and abroad, of the product lines assigned to Ecuador within the Andean Group.

Maximum attention will continue to be focused on the process of subregional integration because of its very great importance to the country and the subregion. In the area of foreign trade, the export promotion and diversification policy will be maintained and solutions will be sought for imbalances in foreign trade.

The special draft legislation which has been studied and formulated to provide more satisfactory regulation and incentives for activities that are the Ministry's responsibility, to promote and control, will be enacted in 1979 in particular the following: the Industrial Promotion Law, the Automotive Industry Promotion Law, the Export Promotion Law, the Equipment Leasing Law, and the Law on the Establishment of the Financing Agency for Small-Scale Industry and the Crafts Sector.

### EL SALVADOR

The 1978-1982 National Plan "Well-being for All", which takes the form of 51 "strategic programmes", is now being implemented. Operational responsibility for the Plan lies in the ministries of the public administration (Executive Authority).

The strategic programmes that have the most direct bearing on the industrial sector are the following:

PE-10 Infrastructure for industrial development poles

PE-12 Development of basic industries

PE-14 Standards and quality

PE-15 Development of small-scale and craft industries

PE-16 Export promotion

PE-17 Financial support for industry and services

The responsible organizations do not at the moment have any projections that extend beyond ten years.

### ETHIOPIA

Three five-year development plans were framed by the now-defunct feudo-bourgeois regime. These plans were public relation exercises aimed more at impressing foreign donors of assistance than at ameliorating the conditions of the masses. That this is so may be grasped from the fact that the Ethiopian people were never publicly told of the existence of the first five-year plan and were thus not consciously expected to participate in or benefit from the plan.

The past four years of the Ethiopian revolution, which wiped away the discredited feudo-bourgeois order, have mainly been times for destroying an unjust social organization and establishing another which permits fast and equitable growth. Past industrialization in Ethiopia depended on and responded to the resources and interests of foreigners rather than the capabilities and needs of nationals. This could not continue after the advent of the Revolution. For the Revolution, importantly, was a rejection of a system which, on grounds of rewarding initiative, permitted excessive benefits to a few while denying even basic means of livelihood to the many. This led to the adoption, in 1974, of Socialism as the preferred goal of social organization and to the consequent nationalization of all banks, insurance companies, urban and rural land and a substantial number of manufacturing enterprises.

A medium-term plan - the National Revolutionary Economic and Cultural Campaign - was launched in February, 1979 with a view to rectifying the most acute weaknesses of the economy and to prepare the conditions for longer-term central planning. Sectors which are given priority, in order of importance, are agriculture, industry and trade. The objectives in industry are to correct the most acute weaknesses of the sector and to lay the foundations for planning the development of a self-reliant economy. Since the Campaign is a medium-term plan, increases in output are to be realized primarily by more efficient utilization of capacity



FIJI

The Development Plan 7 covers the period 1976-1980.

GAMBIA

The Five year Plan for Economic and Social Development covers the period 1975/76 - 1979/80. No longer term projections for industrial growth have been made.

GHANA

Ghana is currently implementing a five-year Development Plan covering the period 1975/76 - 1979/80. Part II, chapter 3 of the Plan deals with the Industrial Sector of the Economy. No long-term projections (over 10 years) for industrial growth have been made by the national planning agency or by any other agency in Ghana.

GREECE 1/

The 5-year Plan of Economic and Social Development covers the period 1978 to 1982. Industrial Development Program is part of the 5-year Plan.

GUATEMALA 2/

There is a medium-term National Development Plan, which covers the period from 1975 to 1979. A new National Development Plan for the period from 1979 to 1982 is being prepared. There is a National Industrial Development Plan within the framework of the National Development Plan. The National Industrial Development Plan for the period from 1979 to 1982 is also being finalized.

There are at present no long-term projections either in the form of a national plan or relating to industrial growth over a period of more than 10 years. However, a document containing very general projections for industrial development up to the year 2000 will be annexed to the medium-term industrial development plan being prepared for 1979-1982.

GUYANA

The State Planning Commission replaced the previous planning organogram (the Development Secretariat Ministry of Economic Development) in late 1978. This move formed part of a deliberate attempt to bring about a more efficient management of the economy.

The Commission has as its first task the preparation of a national development plan, to cover the period 1978-81. The previous D-Plan was rolled over into 1977 in order that a few of its targets could be reasonably achieved. Work on the new plan is well advanced and its basic thrust will be the consolidation of the Government's programmes for socialist development initiated in the last plan period

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1/ The reply from Greece was received after publication of document ID/238.

2/ A copy of the National Development Plan 1976-79 was attached to Guatemala's report.

Guyana (cont'd)

(Table I below gives the main objectives of the State Planning Commission). An industrial plan does exist within the framework of the national D-plan. This plan seeks to develop and promote export-oriented industries and continue the programme of import replacement through greater utilization of domestic raw materials and the assembly of intermediate and capital goods. The national planning agency has not been able to make any definitive long-term projections for industrial growth. This will be done as soon as the Industrial Sector Unit of the Commission finishes other priority tasks.

TABLE I

The main objectives of the State Planning Commission include the need to:

- a) introduce a more rational co-ordination and integration of planning at the central level;
- b) strengthen and rationalise regional and sectoral planning within the framework of the national plan, and provide a sounder foundation for planning at the central level;
- c) monitor and appraise sectoral and regional performance in the light of fixed targets, performance criteria and other norms;
- d) prepare and review long-term medium term and annual national plans;
- e) prepare regional and sub-regional development plans in consultation and collaboration with the regions and sectoral agencies;
- f) formulate policy recommendations for the mobilization and utilization of human/natural and financial resources;
- g) evaluate, rank and co-ordinate projects in the public, co-operative and private sectors;
- h) review and appraise the implementation of national goals and objectives, including regional and sectoral plans; and
- i) undertake research and studies into the various aspects of social, economic and political development, nationally and internationally relevant to national development.

HONDURAS

Specific aspects of the medium-term industrial strategy are linked to the pattern of growth that has been adopted and are complementary elements of the substance and projection of the image implied in the country's long-term global and sectoral development strategy. The growth pattern for the period 1974-1978:

Honduras

- there will be a need for balance in the growth, both inward and outward, of the industrial sector.
- during this period, growth in this sector will be directed towards the substitution of traditional manufactured goods, raw materials and intermediate products, with particular emphasis on the promotion of exports.

The strategy for production and productivity will be concerned with two principal lines of development:

- Production to meet internal demand;
- Production for export.

Export and import: period 1974-1978. The intention during the first stage is to regain a strong position in the Central American market. The aim of the strategy will be to exploit the favourable situation offered by the expansion of international trade in manufactured products derived from agriculture, stock-raising and fisheries. As the second stage it is planned that the products of the steel and glass industries will enter the market in 1979, while the emphasis during the five-year period 1979 to 1983 will be on the export of large-bulk products - paper and pulp, basic fertilizers, agricultural machinery, and polyester, rayon and cellophane fibres.

Industrial integration: The medium and long-term strategy assigns a high priority to industrial integration. An effort is being made to establish complementary linkages between large-scale industries as a means of achieving one of the objectives of economic integration - that is, the maintenance of an equitable level of participation by all the countries associated in the common market.

Resource utilization:

- more intensive and rational use of primary (mineral, forestry, agricultural and fishing) resources;
- over the medium term the aim of the strategy is to correct the deficiencies that have been observed in the use of capital.
- in the manufacturing sector the generation of employment will continue to be the principal objective of the investment strategy.

Industrial regionalization:

- establishment of industrial development centres to promote the regionalization of industry.
- subregional integration to correct the present imbalances between the countries participating in the subregional common market.

Honduras (cont'd)

In constant prices, the gross domestic product increased at a rate of 0.5 per cent in 1975 and 6.5 per cent in 1976. The economic sectors listed below contributed to the gross domestic product in the amounts indicated:

	<u>1975</u>	<u>1976</u>
Agriculture (including stock-raising)	26.7%	27.5%
Industry	14.6%	15.9%
Commerce	11.9%	13.1%

It will be noted that from 1975 to 1976 there was growth in the manufacturing sector. Developments in the commercial sector can be traced to the increasing industrial and agricultural activity and to the heavy volume of international market transactions.

Manufacturing industry

(Selected products in thousands of units)

	<u>Unit of measure</u>	<u>1975</u>	<u>1976</u>
Sugar	Quintals	1,745	1,877
Cement	42.5-kg sacks	6,377	5,795
Cigarettes	Packages of 20 units	90,211	98,235
Wheat flour	Quintals	700	707
Matches	Packages of 40 units	51,021	51,592
Cloth	Yards	16,596	15,010
Soft drinks	6-ounce bottles	589,438	638,881
Beer	12-ounce bottles	90,709	69,890
Blended liquors	Litres	4,513	5,006
Brandy	Litres	1,070	1,301

The State retains control of:

- a) All woodlands located in public and private forest areas, through the Honduran Forestry Development Corporation (COHDEFOR);
- b) The resources of the sea, fauna, etc., through the Ministry of Natural Resources;
- c) Regarding capital, the State has established the National Investment Corporation (CONADI), an independent institution with legal personality and its own capital. Its objective is to promote the organization, expansion and strengthening of industrial enterprises contributing to the economic development of Honduras.

Honduras (cont'd)

In 1976 net capital income amounted to 287.4 million lempiras, which is 5 per cent more than the figure for 1975, when the corresponding figure was 271.5 million lempiras.

External capital used by the private, public and banking sectors was allocated as follows: 22 per cent to agriculture, 21.8 per cent to industry, 12.9 per cent to transport, 5.8 per cent to electric power and 5.7 per cent to public health; the remaining 31.6 per cent went to the other economic sectors.

Short-term loans totalled 58 million lempiras in 1976 against a figure of 700,000 lempiras in 1975;

- (d) Facilitating, for a greater number of Honduran investors, access to enterprise ownership through the formation and financing of capital and assets.

The objectives and targets of the country's industrial production plans are:

- a) To reach the point where the contribution of manufacturing industry to the gross domestic product is comparable to that of countries at an intermediate level of industrial development.

The effort required to advance from a figure of 13.9 per cent in 1972 to 16.4 per cent in 1978 will be linked to continuous dynamic growth making it possible to achieve an industrial contribution of 13.4 per cent to the gross domestic product by 1980.

- b) To diversify industrial production with the aim of giving a greater impulse to industries producing intermediate and capital goods than to those producing consumer goods.
- c) To increase industrial production at a rate higher than the rate at which the demand for manufactured goods is increasing. This means that it is planned that over a period of five years the gross value of industrial production should increase at an average annual rate of 10.9 per cent against an increase in demand at a rate of 9.7 per cent per annum.
- d) To concentrate manufacturing activities on industrial fields in which, because of the abundance and quality of specific natural resources and the skills of the labour force, the country enjoys a comparative advantage over other countries producing similar products.
- e) To increase the productivity of industry and improve its technological level through the adoption of effective organizational and production standards.

Honduras (cont'd)

- f) To establish new industrial centres in regions which have thus far been cut off from the industrialization process, but where natural resources and primary products are available. This objective will be pursued through a strategy aimed at developing small and medium-scale industrial enterprises.
- g) To begin the establishment of basic or strategic industries designed to supply raw materials and intermediate products to enterprises producing consumer goods and capital equipment.
- h) To achieve a higher degree of industrial complementarity through interrelationships between manufacturing activities, with particular emphasis on the involvement of small-scale industry.
- i) To make maximum use of the agricultural and forestry raw materials made available as a result of the reform of the agrarian and forestry sectors to be carried out by the State.
- j) To encourage the development and establishment of industries producing essential consumer, durable and semi-durable goods, a high percentage of national factors being incorporated in their production.

The industrial programme which has been selected will be based on:

- a) a total of 104 small and medium-scale projects (1974-1978);
- b) four basic projects over the medium and long term;
- c) identification of long-term small and medium-scale projects, which in most cases will be dependent on basic industries.

Small and medium projects

	<u>Number of projects</u>	<u>Investment</u>	<u>Value of production</u>	<u>Raw materials</u>	<u>Employment</u>
Total:	104	61.8	141.8	96.1	6,100
Consumer goods industry	70	39.0	114.7	83.6	4,348
Industries producing intermediate products	20	19.5	18.8	7.7	1,167
Industries producing capital goods	14	3.3	8.3	4.8	585

## INDIA

It is twentyseven years since India opted to follow the path of planned development in order to translate "the goals of social and economic policy prescribed in the Directive Principles of the Constitution ..... into a national programme based upon the assessment of needs and resources." So far, five medium term plans (Five Year Plans) and three Annual Plans (1966-69) have been formulated and implemented starting with the First Plan (April 1951 - March 1956). Apart from these, Annual Plans were also formulated as part of the Five Year Plans. In view of the need for re-ordering plan priorities and restructuring investments accordingly it was decided to terminate the Fifth Five Year Plan one year in advance and begin the current Five Year Plan 1973-83. The Draft Five Year Plan 1973-83 adopts the concept of Rolling Plan which involves indicating, before the end of each year of the Plan, the projections for one year beyond the present five year plan period.

The Draft Five Year Plan 1973-83 has set out the following objectives to be achieved within a period of ten years:

- (i) The removal of unemployment and significant under-employment;
- (ii) an appreciable rise in the standard of living of the poorest sections of the population;
- (iii) provision by the State of some of the basic needs of the people in these income groups.

These primary objectives are to be attained along with the achievement of a higher growth rate for the economy than in the past, a reduction in the present disparities of incomes and wealth and ensuring the country's continued progress towards self reliance. The sectoral strategies, targets and outlays reflect the main strategy and basic objectives of the plan. Thus the highest priority has been given to the sectors which generate the maximum employment and which have a significant impact on the standard of living of the poorest, like agriculture and allied activities, village, cottage and small industries and inputs like irrigation, fertilisers and power which are required to sustain them.

The quantitative framework upon which the Draft Five Year Plan 1973-83 is based, is an inter-industry consistency model, assuring the terminal year consistency among the output levels of different sectors. The model consists of an integrated system of three components - a macro-model indicating the requirement of total gross investment during the plan period for achieving the targetted rate of growth in gross domestic product, a consumption model giving the estimates of sectoral private consumption demand for the targetted year and an input-output model which helps to convert the final demand targets into sectoral production targets. Imports of goods and non-factor services have also been estimated with the help of the input-output model while the level of exports have been determined exogenously. The industrial Plan, like other sectoral plans is formulated within the framework of the national plan. ~~Apart from the input-~~

India (cont'd)

output model mentioned above, the recommendations of various working groups in regard to demand and supply as well as investment requirements of various industries are taken cognizance of, while determining the targets for various industries. At the same time, the material balances worked out for a number of major industrial and mineral products provide a rigorous consistency check to the targets.

The Plan proposes an average rate of growth of industrial production of 7 per cent as compared to the overall growth rate of 4.7 per cent per annum for the economy. The broad strategy in regard to industrial development is based on the premise that the big increase in investment that is proposed in employment intensive activities will stimulate the demand for a wide range of mass consumer intermediate and capital goods. The major thrust of the new industrial policy has been spelt out in the Industrial Policy Statement (announced in the Parliament on 23rd December, 1977) which assigns a predominant role to Cottage and Small industries. "Whatever can be produced by the small and cottage sector must only be so produced". Subsequently the list of industries which would be exclusively reserved for small scale sector has been expanded to include 807 items as compared to 180 items earlier. Further, special protection for cottage and household industries which provide self-employment in large numbers is also envisaged. The role of the large scale industry would be related to the programme for meeting the basic minimum needs of the population through wider dispersal of small scale and village industries and strengthening of agricultural sector.

The industrial strategy adopted in the Draft Five Year Plan 1978-83 envisaged (a) The utilization of existing capacity in many industries to the fullest extent, (b) employment of technologies with low capital output ratios provided production costs are not adversely affected to any significant extent, (c) conservation of scarce non-renewable resources, (d) reduction of production costs through a combination of measures such as exposing the domestic industry to a limited degree of competition from imports and by setting up of units of economic size where economies of scale are significant, (e) proper usage of the foreign exchange reserves, (f) reduction of concentration of economic power in the private corporate sector through a mix of policy, regulatory and organizational measures, (g) taking timely steps to minimise the incidence of sickness in industries.

An important aspect of industrial development in the country is the dominant role achieved by the public sector, particularly the central sector and its pace-setting role. The public sector has an expanding role, not only as the producer of important and strategic goods but also as a stabilising force for maintaining essential supplies to the consumer. It is envisaged that the public sector will be assigned the responsibility of encouraging the development of a wide range of ancillary industries and providing technical and managerial expertise to the decentralised sector. Considerable emphasis is also being placed on the building



India (cont'd)

up of a professional cadre of managers in the public sector. In terms of plan outlays, the public sector outlay on industries and minerals has increased in absolute terms in the current plans as compared to the Fifth Plan (from Rs. 96600 million to Rs. 133400 million) but its share in the total public sector outlay shows a decline from 25 to 19 per cent. At the same time an almost three fold increase in investment in cottage, village and small industries is envisaged.

The new priorities and investment structure envisaged in the Draft Five Year Plan 1978-83 would necessitate far reaching changes, both in regard to planning process as well as the machinery for implementation and monitoring. In general, the planning capabilities at the central and state levels and in the public sector undertakings will have to be strengthened. The creation of a full time professional planning machinery at the block and district levels would be necessary for effective implementation of the Plan. The strengthening of monitoring and evaluation system at the central, State, district, project and village levels is also envisaged during the plan period.

Each Five Year Plan is conceived against a long-term perspective. The first plan was set against a simple projection of economic growth over a period of thirty years from 1951 to 1981, while the second was worked out in relation to a perspective extending up to 1976. The third plan was drawn up and implemented explicitly as the first phase of a fifteen year plan for the period 1961-76. The fourth plan (April 1969 - March 1974) had a long range perspective extending up to 1980-81. The Fifth Five Year Plan delineates the profile of growth over a period of 15 years. The Draft Five Year Plan 1978-83 gives projected sectoral rates of growth over the periods 1977-78 to 1982-83 and 1982-83 to 1987-88. These are presented in the Table below. Apart from the ten year perspective plan, a new fifteen year perspective plan is also to be prepared for charting the longer term course of the economy as a whole, taking demographic factors into account. <sup>1/</sup>

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<sup>1/</sup> A copy of the Government of India's Statement on Industrial Policy was attached to India's report.

India (cont'd)

Projected sectoral Growth Rates in terms of  
Value of output and value-added at factor cost

Sectors	Growth Rate (Per cent)			
	Output		Value Added	
	1982-83	1987-88	1982-83	1987-88
	over 1977-78	over 1982-83	over 1977-78	over 1982-83
1. Agriculture	3.98	4.02	2.76	3.92
2. Mining and Manufac- turing	6.92	6.37	5.03	6.80
a) <u>Mining</u>	8.84	5.16	9.77	5.42
b) <u>Manufacturing</u>	6.85	6.68	4.67	6.23
(i) Food products	3.64	5.45	1.39	4.93
(ii) Textiles	4.72	4.60	3.47	6.04
(iii) Wood and Paper Products	9.58	6.79	8.39	6.55
(iv) Leather and Rubber Products	6.61	9.15	3.29	9.06
(v) Chemical Products	9.46	4.50	6.78	4.19
(vi) Coal and Petro- leum Products	3.15	5.43	6.66	5.26
(vii) Non-Metallic mine- ral Products	11.27	6.08	9.99	5.83
(viii) Basic Metals	8.71	6.75	1.43	6.09
(ix) Metal Products	7.31	3.72	2.57	3.46
(x) Non-electrical Eng. Products	6.45	3.21	5.96	3.28
(xi) Electrical Eng. Products	5.32	9.41	3.59	9.17
(xii) Transport Equip- ment	5.30	10.51	3.71	10.19
(xiii) Misc. Industries	7.38	10.17	6.28	10.31
3. Electricity	10.80	9.68	9.55	5.74
4. Construction	10.35	6.60	10.09	6.54
5. Transport	6.24	6.74	4.65	6.53
6. Services	6.01	6.23	5.61	6.22
7. Total:	-	-	4.7	5.5

(Draft Five Year Plan 1978-83, Page 37)

## INDONESIA

Indonesia has a series of Five Year National Development Plans (Repelita). The Repelita I started on 1st April 1969 and ended on 31st March 1974 further followed by Repelita II for the next 5 years and so on. In each Repelita the sectoral plans are laid out in broad outline, including the plan for the industrial sector. The main objectives of each Repelita is stated in the General Outline of the State's Policy, formulated once every five years by the People General Assembly to serve as basic strategy and policy for the development of the country before the commencement of the Repelita. The long-term objective of the economic development is to change the economic structure gradually from agrarian to a new economic structure in which the industrial sector will assume the leading role and become the backbone of the economy. This change will be carried out in stages (at the moment 6 stages are envisaged until the year 2000) which are translated into operational plans in the Repelitas. The major policy for the industrial development of the first 3 Repelitas are as follows:

Repelita I (1969/70 - 1973/74). The industrial development was aimed at providing support to increase the agricultural output by producing agriculture necessities such as fertilizer, insecticides, agricultural implements and machineries. The overall economic growth was estimated at 7.5% annually in which the industrial share in GDP could become 9% at the end of Repelita I. This is to be achieved through an average annual growth of 11%.

Repelita II (1974/75 - 1978/79). The objectives were similar as Repelita I but with more emphasis on the development of industries which process agricultural output into semi-manufactures or manufactures. The overall economic growth was estimated at 7.5% annually in which the industrial share GDP could become 12.3% at the end of Repelita II with an annual growth rate of 12%.

Repelita III (1979/80 - 1983/84). The emphasis is now on the development of basic industries including the manufacture of machineries. The estimated economic growth is 6.5% per annum in which the industrial share in GDP at the end of Repelita III will become 15.1% with an annual industrial growth of 11%. Long range projection has been made in a study on the economic perspective up to the year 1985 which gives projections on economic growth, production, investment, source of funds, export etc. Considerable investment has been made in the Government sector, in particular in strategic industries such as cement, fertilizer, pulp and paper, petrochemical, caustic soda which were mostly capital intensive. It was intended that such investment could cause multiplier effect on the development of the smaller industries and other sectors. Meanwhile studies, training and infrastructure development aimed at promoting industrial development were extensively undertaken by the Government.

### IRAQ

The National Development Plan covers the period 1976-1980. There are sectoral plans within the above mentioned plan, including the industrial plan, with a long-term projection for industrial growth up to 1995. This is part of a long-term development plan covering the period 1975-1995 and being up-dated to the year 2000 made by the national planning agency.

### IVORY COAST

The Five-Year Plan for the economic, social and cultural development of the Ivory Coast 1976-1980 falls within the framework of the over-all objectives for the decade 1970-1980: namely to move from a growth economy to an economy aiming at individual and collective progress.

The 1976-1980 Plan is not conceived in terms of operations to be carried out as in the case of previous plans but rather in terms of objectives and resources in the various economic and social sectors. Programme legislation has been drafted for each year in order to programme State activities with a view to achieving the objectives of the Plan.

The preparation of this new Plan was preceded by a study on the Ivory Coast's long-term prospects, entitled "Côte d'Ivoire 2000". The Plan is largely based on the conclusions of that report.

In the field of industrialization, the 1976-1980 Plan reflects a new industrial policy for developing export industries, dynamizing enterprises oriented to the domestic market and making maximum use of local resources. This new industrial policy is reflected in the Plan by the establishment of objectives and means for obtaining them as well as statistics on medium-term and long-term sectoral growth projections. The 1981-1985 Plan is currently being prepared.

### JORDAN

Jordan has a national five-year development plan (1976-1980) which includes an industrial development plan. No long-term projections (over 10 years) for industrial growth have been made.

### KENYA

Kenya has five year development plans. The current plan covers the period 1979-1983 <sup>1/</sup>. The five-year plans are prepared in line with Kenya's long-term industrial policy and strategy, based on the Sessional Paper No. 10 on African Socialism as it applies to planning in Kenya. The development plans are thus undertaken continuously (on a five year basis), accompanied by annual reviews.

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<sup>1/</sup> A copy of the Development Plan 1979-83 was attached to Kenya's reply.

Kenya (cont'd)

In these reviews new policy measures are introduced to achieve the objectives set up in the plan and often the objectives themselves are modified to reflect changes in the economic situation. Long term projections for industrial growth (say in the next ten years) focus on the development of infrastructural facilities, such as energy and communications. There are also projections of basic industries, e.g. steel production and machine building capabilities.

KUWAIT

The long term development objective of the economy of the State of Kuwait is to establish an advanced society characterised by a 'self-reliant' driving force with an increasing rate of production and income guaranteeing minimum limits of affluence for each of its members. Periodic development plans are drawn to co-ordinate with this long term objective and move within its framework. Furthermore, development policies aim at the diversification of the national economy with a view of reducing the heavy dependence of the economy on the oil sector and to achieve balanced growth.

Industrial development is one of the basic means through which diversification of the national economy is going to be accomplished. Consequently it is assigned high priority in this policy. The promotion and acceleration of industrial development are likely to be even more emphasised in future development programmes all through the end of this century.

A five year development plan has been prepared for the period 1976/77 to 1980/81. An industrial development strategy has been formulated, as the case with other sectors, within the framework of the national development plan. Industrial growth has been projected to increase at the rate of 15% yearly through the years of that national development plan.

LESOTHO

The current (second) National Development Plan covers the period 1975/76 to 1979/80, and the Central Planning and Development Office staff are engaged in the early stages of preparing the Third Plan. An industrial Development Plan is formulated in broad terms within the framework of the National Development Plan, but the constraints of Lesotho's geographical location, limited natural resources, and absence of social and economic planning during the colonial period up to 1966, has resulted in only slow progress in the industrial sector.

A UNIDO mission (November 1978 to March 1979) is expected to examine the development issues of the industrial sector, and to make proposals for more intensive application of planning, policies and institutions, calling for additional UNIDO support. The uncertain-

Lesotho (cont'd)

ties of capital availability, and attracting foreign industrial know-how have mitigated against long-term planning, but attention will be given to this aspect during studies for preparation of the Third Plan.

LIBYAN ARAB JAMAHIRIYA

Jamahiriya has a Five Year Transformation Plan covering the period 1976-1980 which includes an Industrial Development Plan. Work has been initiated in the Secretariat of Planning over a long range plan covering the period up to the year 2000 within which the next five year plan (1981-1985) would be placed and developed in the required details. Both plans should include the pertaining industrial development plans.

MADAGASCAR

The social and economic development of Madagascar is now organized in the following framework:

- 1) A long-term plan laying down the over-all development strategy (up to the year 2000),
- 2) Medium-term plans laying down ways and means of implementing the over-all strategy;
- 3) Short-term plans/programmes establishing action and projects to be undertaken.

The National Development Plan, composed of the three types of plans mentioned above, includes industrialization plans, since the development strategy considers agriculture as the basis and industry as the driving force. Long-term projections for industrial growth have been prepared by the Planning Ministry in cooperation with the other departments concerned, above all as regards details of application.

MALAWI

The Malawi Government does not have a national development plan. Instead, the Government formulates feasible economic guidelines which guide the economic development of the country. These policy guidelines are contained in the document which is entitled: "Statement of Development Policies". The statement of economic development guidelines covers a period of ten years from 1971 to 1980 and is currently being revised to cover a further ten years period. In addition the Government of Malawi undertakes planning of development projects on a three year rolling programme.

Since Malawi attained independence in 1964, no industrial development plan has been formulated. Consequently, industrial planning has been on an ad-hoc basis. This has, nevertheless,

Malawi (cont'd)

been carried out within the framework of the development policies. However, the Government will, from this year, draw up an industrial development programme which will, among other things, formulate policy guidelines on the development of industries for the next ten years. It is expected that the programme will be completed by the end of 1979. UNIDO is providing technical assistance for this programme.

MALAYSIA

National development planning in Malaysia is embodied in the five-year development Plan. Malaysia has so far gone through two five-year plans and is at present midway through its third plan. The First Malaysia Plan covered the period from 1966 to 1970, the Second Malaysia Plan from 1971 to 1975 and the Third Malaysian Plan from 1976 to 1980. Apart from the five-year plans, Malaysia has also formulated a long-term plan known as the Outline Perspective Plan which covers a twenty-year period from 1971 to 1990. This plan covers, amongst others, growth targets for the industrial sector. The national development plan spells out development planning for all sectors of the economy, including that of the industrial sector.

MALDIVES

Presently we do not have a National Development Plan. Nevertheless a National Planning Agency was set up in December 1978 with the task of laying down an economic policy for the purpose of development.

MALI

The Republic of Mali prepared a national development plan covering the period from 1974 to 1978. This five-year period is expiring, and the Ministerial Planning Department is now (August 1978) evaluating results. The Five-Year Plan for 1974-1978 includes an industrialization plan, the financing of which accounts for 31 per cent of the total allocations for the development plan. Long-term industrial growth projections (covering more than ten years) are being prepared by the department responsible for industries. An industrial development policy is being studied by the Studies and Industrial Promotion Centre (CEPI).

MALTA

Reference may be made to the Development Plan for Malta (1973-80) and the Supplement published in October 1977. These documents set out policies and strategies in regard to industrial development within the national economic planning framework. The Government, in assigning a major role to industrial growth, particularly ship-building and repair facilities and manufacturing, has intensified efforts to attract the location of manufacturing enterprises on the Island.

Malta (cont'd)

An industrial promotion campaign has been embarked upon to seek industrial investment from various countries in Europe, the American continent and Asia. As stated in the Supplement to the Plan, it is expected that the Investment Finance Bank and commercial banks through their contacts abroad and with their resources and experience, should be more directly involved in identifying partners for development and, in collaboration with the Malta Development Corporation, promote the participation of foreign state and private capital in Malta. One may also mention the initiative taken by the Government in close collaboration with UNIDO for the setting up of a Metal Industries Development Centre.

MAURITANIA

The Third Economic and Social Development Plan covers the period 1976-1980.

The Industrialization Plan for the ten-year period 1975-1985 is directed towards the achievement of two major goals:

- the improvement of the people's standard of living;
- economic independence.

The objectives of the plan may be summarized as follows:

- to make more effective use of the country's human and natural resources;
- to integrate the industrial sector more effectively within the national economy.

These objectives will be attained through the use of the following instruments:

- directly productive investments by the State;
- activities undertaken by the State to promote industrialization;
- the establishment of communal plants and infrastructure required for strengthening production facilities.

There are currently no projections extending beyond the 1975-1985 period.

MAURITIUS

Planning as an instrument for economic development came to Mauritius with the advent of independence. The first Development Plan, launched in 1971 and covering the period 1971-75, set out as its main objectives the creation of productive employment, steady and viable economic growth and more equitable distribution of income. Upon its successful completion in 1975 (GNP at factor cost showed an annual growth rate of almost 10% as against a target of 7%), the Government of Mauritius published its Second Five Year Plan extending over the period 1975-1980.



### Mauritius (cont'd)

The 1975-80 Plan has pursued the development strategy which the Mauritius Government had laid down for the present decade. The fundamental objectives were the creation of productive employment opportunities, economic diversification through the creation in 1971 of the Mauritius Export Processing Zone (M.E.P.Z.) and through the development of tourism and a more equitable distribution of income.

According to the 1975 Act, Government offers foreign industrialists an attractive package of facilities, advantages and benefits in order to encourage them to come and invest in the island. This scheme has up to now worked remarkably well and the Mauritius Export Processing Zone continues to attract investors from the United States, Britain, France, Germany, India, Hong Kong etc. In September 1978, 91 enterprises were employing 17,740 persons in the MPEZ and the proportion of manufacturing (except sugar and tea) increased from zero in 1970 to a quarter of total exports in 1978.

Total employment in the industrial sector is expected to rise to 77,000 at the end of the Second Plan period - an increase of 47,000 over the 1974 employment figure.

### MONGOLIA

The Mongolian Government is constantly concerned to improve economic planning, which is the principal instrument for putting the country's socio-economic policy and its long-term economic and cultural development on a scientific basis.

Mongolia has accumulated a certain amount of experience in drawing up complex economic development plans, including plans for industrial development. In the past 30 years, five five-year plans and one three-year plan have been drawn up and fulfilled. Mongolia is currently implementing its sixth five-year economic development plan for the 1976-1980 period. There is under way in Mongolia on a forecast of the main trends in socio-economic development up to 1990 and for the 1981-1985 period.

Mongolia's over-all State plan comprises more than 20 sections. One of its core sections is the plan for the development of a socialist industry, drawn up in relation to particular time spans, i.e. with a division into one-year, five-year and longer-term plans. The main strategy of the industrial development plan consists in converting Mongolia into an industrial-agrarian country, achieving higher, stable growth rates in industrial production and substantially increasing the general contribution of industry to the country's socio-economic development.

Mongolia's draft industrial development plans are drawn up by a central planning agency together with the industry ministries and other ministries and departments in charge of individual industrial enterprises. In addition to these, ministries and departments indirectly concerned with industry (the Ministry of Finance, the State Committee for Labour and Wages, the State Committee for Material

Mongolia (cont'd)

and Technical Supplies, and others) are also involved in drawing up the over-all industrial plan. For the comprehensive elaboration and underpinning of draft long-term industrial development plans, the results of scientific research work and various forecasts are used.

MOROCCO

Immediately after independence, Morocco adopted an economic policy based on flexible planning of all economic activities. There has been a succession of three-year or five-year plans since 1960, which are mandatory for State and public establishments and indicative for the private sector.

The five-year plan which ended in 1977, covering the period from 1973 to 1977, was prepared on the basis of long-term projections of economic growth (horizon: the year 2000). These projections related in particular to population growth and the development of public investment. Under the plan for 1973-1977, special attention was devoted to industrial development because "industrialization is looked upon as a national imperative." In this connexion, a number of objectives were established:

- maximum utilization of domestic resources,
- promotion of industrial investment,
- development of exports of manufactured goods,
- increase in the rate of utilization of production capacity,
- creation of the maximum number of new jobs in industry,
- regionalization of industrial development.

Long-term sectoral programmes have been instituted with a view to ensuring self-sufficiency in certain products or upgrading some exports. These programmes are:

- the sugar plan,
- the cement plan,
- the upgrading of mineral products.

A three-year transitional plan is being prepared for 1978-1980 to make possible an improvement in the external finance situation.

The pause which will be inserted will be turned to advantage in the field of industry through the execution or completion of a number of general or sectoral studies such as:

- Study identifying industrial investment possibilities (preparation of an industrial strategy);
- Study of requirements in respect of training of medium-level cadres in industry;
- Sectoral study for the metalworking, mechanical engineering, electrical and electronics industries, etc.

Morocco (cont'd)

All these studies are oriented towards analysis of the changes which the industrial sector has undergone in the most recent five-year period as a result of a spectacular increase in both public and private investments, they also are intended to define a programme of action for the next five-year period.

NIGER

A National Development Programme has been established for the period 1976-1978. This three-year development programme includes an outline industrialization plan. No long-term industrial growth projections have been prepared because the programme is intended to provide a basis for the collection of data for real planning.

NIGERIA

The country is currently implementing the Third National Development Plan which runs from 1975-1980. The first National Development Plan covered the period 1962-1968 while the Second which could not take off earlier because of the Civil War covered the period 1970-1974.

The development plans cover the whole sectors of the economy so that an industrial development plan is normally formulated within the framework of the national development plan. The plan contains projections first of the growth rate of the economy as a whole and then of the growth rate of individual sectors including the industrial sector. Such projections are usually formulated so as to correspond with the life of the development plans which normally covers a period of 5 years.

OMAN

Oman has prepared its first Five Year National Development Plan which covers the period 1976-1980. It covers within its framework the manufacturing sector. At present no long-term projections (for over 10 years) for industrial growth have been made.

PAKISTAN

Pakistan is pursuing economic development within the framework of both long-term and short-term plans. Four Five Year plans were implemented during the period 1955-74. As the Fourth Five Year Plan prepared in 1970 had to be abandoned, annual development plans from 1972 to 1976 were undertaken. A Fifth Five Year Plan has been prepared and put into operation for the period 1978-83. The Fifth Plan is conceived as a comprehensive national effort to overcome the economic difficulties and strains which have emerged in the past.

### Pakistan (cont'd)

Long-term projections covering the period from 1973 to mid 1983 have been made for the Fifth Five Year Plan for industrial growth as well as growth of other sectors of the economy. The national Planning Commission, in consultation with other Federal and provincial agencies concerned have prepared the Fifth Plan. Besides the Five Year Plan, annual Development Plans are also prepared as short term exercises for the establishment of annual economic goals and allocation of resources.

To provide rational and balanced targets particularly for the industrial sector expert working groups for each major group of industries were set up to assess development trends and investments and to recommend priorities and allocation and investment targets for the 5th Plan were fixed on the basis of these recommendations.

This exercise was also the base for an Industrial Investment Schedule for the 5th Plan period which is intended to serve as an instrument for guiding and assisting private sector industrial investment in the desired channels.

Investment in industries during the Fifth Plan is proposed at Rs. 40 billion, Rs. 21 billion in the public sector and Rs. 19 billion in the private sector. The salient features of the Investment Programme in the public sector is that about 69 per cent of the investment is earmarked for basic industries. Of this 30 per cent is in basic metals (including Karachi Steel Mills), 14 per cent in fertilizers, 9 per cent in cement, 6 per cent in chemicals and petro-chemicals and 10 per cent in machinery including electrical machinery and transport equipment. Most of the investment in agro-based industries particularly in textiles, food processing and the small scale industries will take place in the private sector.

A growth rate between 10 to 12 per cent per annum in large scale manufacturing and around 10 per cent for the industrial sector as a whole is envisaged over the Fifth Plan period.

### PANAMA

The National Government of Panama, working through the Ministry of Economic Planning and Policy, has prepared a two-volume National Development Plan covering the period 1976-1980. The first volume summarises the Plan's objectives, targets, and global and regional policies, while the second deals with the same aspects sector by sector. Volume II of the National Development Plan includes a chapter on the industrial sector, which discusses: Analysis and current status (1960-1974); Objectives, strategy and outlook, and Policy and instruments.

### PAPUA NEW GUINEA

There is no national development plan for Papua New Guinea as such. However, for the country five national goals and directive principles have been set relating to integral human development, equality and participation, national sovereignty and self-reliance, natural resources and the environment, and Papua New Guinea ways.

### Papua New Guinea (cont'd)

In addition, upon self-government in 1974, the Government declared its eight aims relating to the increase in the proportion of the economy controlled by Papua New Guineans, equal distribution of benefits, decentralization, small scale artisan activity, self-reliance, locally raised revenue, equal participation by women, and necessary Government control and involvement. In 1975, a national development strategy was published in line with the five national goals and building upon the achievements made towards the eight aims. A total industrial strategy was not formulated within the framework of the national development strategy though certain aspects, such as appropriate technologies, rural business and industry, urban employment and investment policy are discussed.

Planning work is, however, being undertaken by the Department of Commerce and Industry on the development of secondary industry. Potential industries for development are being identified and profiles drawn up. Priorities for promotion and establishment are to be made based upon the degree to which the industries contribute towards the furtherance of the Eight Aims. It is hoped that optimal strategies for industrial development can be derived from a quantification of the benefits from the establishment of these industries.

The National Planning Office, within the Department of National Planning and Development, has an input-output computer model of the country which is used to prepare 5-year forecasts for thirty-two sectors. However, rather than being used as a planning tool for industry it has been restricted to use in forecasting national income and expenditure. Much of the growth in the industry sectors, in recent years, has been through the establishment of new enterprises, creating new linkages in the economy. This renders computer model forecasting, at least based on past trends, highly suspect and subject to major subjective assessments.

The Department of Finance is currently developing a simulation model of the country but, again, its use is primarily for general policy investigations.

### PARAGUAY

There is a national development plan covering the period 1977-1981, which includes an industrial development plan for the same period. Projections do not extend beyond that period.

### PERU

National development planning is an integrated and on-going process which involves the successive stages of formulation, execution, evaluation and reprogramming of the plan. It is carried out by the State through its National Planning System, whose central body is the National Planning Institute (INP). The long-term, medium-term national development plans and the National Statistical Plan are prepared within this general context.

The National Planning System prepares the national development plans as guideline instruments ensuring the coherence of goals and economic and financial action, both sectoral (including industrial) and regional. These plans are binding on the public

Peru (cont'd)

sector and provide guidance to the private sector. At the present time, national development plans exist for the following periods: 1975-1978 (approved by Supreme Decree), 1979-1980 (approved by Supreme Decree), 1978-1982, and 1978-1990.

As an integral part of the plans listed in the preceding paragraph, the Operational Plan for the Industrial Sector, 1978-1979, has been approved, and the industrial sector plans listed below are now being prepared:

- Operational Plan 1979-1980
- Medium-term Plan 1978-1982
- Long-term Plan 1978-1990

It is estimated that industrial growth should take place at a cumulative annual rate of 7 per cent during the period from 1979 to 1990. Projections for this period have been prepared by the Sectoral Planning Office for Industry on the basis of the development and growth in the gross industrial product projected by INP for the long-term plan for 1978-1990.

GRASS INDUSTRIAL PRODUCT

<u>Year</u>	<u>(billions of soles, 1970)</u>	<u>Percentages</u>
1977*	78.8	
1978*	75.7	4.0
1979*	76.5	1.1
1980*	80.0	4.5
1981	84.7	5.9
1982	91.5	8.4
1983	99.5	8.4
1984	107.7	8.2
1985	115.9	7.6
1986	124.6	7.5
1987	133.3	7.0
1988	142.4	6.8
1989	151.5	6.4
1990	161.0	6.3
		7.0 (1979-90)

\* Source: National Development Plan, 1979-1980 (General Plan)

REPUBLIC OF KOREA \*/

The Korean Government implemented three FYDP (Five-Year Economic Development Plans) from 1962 to 1976 and the Korean economy is now in the third year of the 4th FYDP (1977-1981). The main contents and performances of these plans are as follows:

I. DEVELOPMENT STRATEGIES AND PERFORMANCE IN THE 1960's

- A. Export-Oriented Industrialization: overcoming the limitation of narrow domestic markets, inducing the foreign capital necessary for development; increasing employment through the expansion of labor-intensive export industries, laying the foundation for sustained export growth.
- B. Increase in Foreign Loans and Investment: overcoming the vicious circle of poverty resulting from shortage of domestic saving and investment; securing the development resources for industrialization; inducement of foreign capital and modern technology; substantial increase in domestic saving ratio.
- C. Strategies for Industrialization with Priority given to Light Manufacturing Industries: priority given to the development of labor-intensive light manufacturing industries enjoying comparative advantages (textiles, plywood, electrical goods, footwear, etc.); maximum utilization of limited development resources; gradual movement in the direction of industrialization from industries with large import substitution effects such as fertilizers, oil refining, cement, etc., to the integrated iron and steel mills, petro-chemicals, etc.
- D. Enlargement of Social Overhead Capital - the Precondition for Sustained Economic Development: enlargement of basic infrastructure facilities needed for industrialization such as electricity generation and transportation and communications; leading role of the Government in mobilizing domestic and foreign resources for the construction of basic industries requiring large scale investments and having a long gestation period.

II. THE IMPLEMENTATION OF THE THIRD FIVE-YEAR PLAN (1972-1976)

- A. Key Points of the Plan:
  - (i) Basic concept of the Plan - "the harmonization of growth, stability and balance".
  - (ii) The principal goals of the Plan - directed at attaining a viable independent economic structure: "Innovative development of the economies of farm and fishing villages" - self-sufficiency in major food grains; "rapid expansion of

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\*/ The information below represents the Korean Government's position in respect of "Development Planning and Policies, "Social Objectives", and "External Resource Requirements".

Rep. of Korea (cont'd)

exports" - improvement of the balance of payments,  
"Construction of the heavy and chemical industries -  
upgrading the industrial structure.

- (iii) Key policies: attainment of self-sufficiency in the production of major food grains and growth of farm household incomes through increased grain production; improvement of the living environment of farm and fishing villages and the expansion of the infrastructure, achievement of 3.5 billion dollars worth of merchandise exports and improvement of the balance of payments; upgrading the manufacturing sector through the construction of the heavy and chemical industries; improvement of science, technology, and manpower development; balanced development of such basic social facilities as the electric power grid and the transportation and communications systems; acceleration of regional development and optimum dispersion of industrial manpower; expansion of social security and improvement of public welfare.

B. Major Achievements of the Third Five-Year Plan:

(i) Magnitude of the Economy

	Unit	1971	1976	
			Planned	Actual
GNP	Billion Won at 1970 Prices	2,827	4,275	4,768
	Current Billion Won	3,152	-	12,143
	Current Billion Dollars	8.7	13.4	25.1
Annual Growth Rate of Real GNP	Average (1972-76), %	-	8.6	11.2
Per Capita GNP	Current Dollars	266	389	700
Commodity Exports	Current Million Dollars	1,132	3,510	7,815
Commodity Imports	Current Million Dollars	2,178	3,654	8,405
(Simple Terms of Trade)	(%)	(99.2)		(78.0)
Population	Thousand Persons	11,882	34,345	35,860
Employment	Thousand Persons	10,224	11,792	12,640



(ii) Growth and Structural Change by Sector  
in 1970 constant billion won

	1971		1976		Average Rate of Increase, (1972-76)	
	Amount	Composition 1/	Amount	Composition 1/	Planned	Actual
GNP	2,826.8	100	4,767.9	100	8.6	11.2
Agriculture, Forestry and Fisheries	748.5	28.9	973.1	24.8	4.5	5.9
Mining and Manufacturing	690.4	22.8	1,715.2	31.0	13.0	20.0
Manufacturing	659.2	21.7	1,670.7	30.0	13.3	20.4
Social Overhead Capital and Others	1,387.9	48.3	2,079.6	44.2	8.5	8.4

## (iii) Establishment of Heavy and Chemical Industry

	Unit	1971	1976	
			Planned	Actual
Iron and Steel Industry Steel Production Capacity	Thousand M/T	911	4,019	4,530
Machinery Industry/Machine Tools	Thousand Sets	4.6	8.6	8.4
Bearings	Thousands	1,740	5,320	5,400
Power Tillers	Thousand Units	6.2	10.0	41.9
Electronics Industry				
IC	Millions	96	173	591
Television Sets	Thousand Sets	215	552	2,238
Shipbuilding Industry				
Shipbuilding Capacity	Thousand G/T	190	1,300	2,600
Chemical Industry				
Petroleum Production Capacity	Thousand BPSD	265	655	435
Ethylene Production Capacity	Thousand M/T	-	100	100

1/ In Current Prices

Rep. of Korea (cont'd)

III. BASIC GOALS AND MAJOR INDICATORS OF THE FOURTH FIVE-YEAR PLAN (1977-1981)

A. Basic Goals of the Plan:

- i) Economic Structure for Self-Sustaining Growth  
- Self Reliance in Investment Financing

	1975	1981
Investment Ratio	27.3%	26.0%
Domestic Savings Ratio	18.0	26.1

- Equilibrium in the Balance of Payments  
- Deepening of the Industrial Structure

- ii) Promotion of Social Development:

- Enlargement of Employment Opportunities  
- Increasing investment in education, health care and vocational training programs  
- Improvements in the rural living environment by completing projects for rural electrification, sanitary water supplies, and housing improvements  
- Improvements in the national living environment by controlling pollution and constructing more house units.

- iii) Technological Innovation and Improvements in Efficiency:

- Increasing investment in research and development  
- Strengthening management-labor co-operation, limiting various government subsidy measures, and improving the administrative system  
- Encouraging fair trade practices, developing an industrial information system, and nationalizing corporate management will further contribute to Korea's international competitiveness.

IV. ECONOMIC MANAGEMENT PLAN FOR 1978-1979

A. Economic Policies for 1978-1979:

- i) Price Stability: Increase in the supply of major commodities; Improvement of the marketing structure; Enforcement of price administration; Discouragement of excess wage hikes and improvement of wage structure.
- ii) Management of Sound Public Finance and Improvement of Financial Structure: Minimization of the deficit in the Grain Management Funds and the size of the supplementary budget; Holding the increase in money supply at the appropriate level; Holding down the increase in net foreign assets; Expansion of the private credit including foreign currency loans.

Major Economic Indicators

- iii) Efficient management of the Balance of Payments: Maintenance of export support, more liberalization of imports, Promotion of overseas construction.
- iv) Promotion of Investment and Rationalization of Industry: Promotion of private investment, Rationalization of industry.
- v) Promotion of Small and Medium Enterprises: Co-operative relations between small and large enterprises; Promotion of modernization of small and medium enterprises; Managerial and technical guidance; Increase in the supply of funds; Improvements in the supportive system.
- vi) Technology and Manpower Development:
  - Development of technology: Promotion of technology import and indigenous research development, Encouragement of private research development.
  - Manpower development: Increase in the supply of qualified managerial and technical manpower; Extension of vocation education; Extension and improvement of vocational training; Reinforcement of employment security; Reorganization of the manpower development system.

B. Major Economic Indicators

	Unit	1977	1978	1979
Economic Growth				
G.N.P.	Current bil. Won	15,240.4	19,036.6	23,037.6
(Growth of Rate G.N.P.)	Constant %	10.3	10.5	10.0
Agr., For., and Fisheries		3.1	7.0	4.0
Min. and Mfg. (Mfg.)		11.2 (11.2)	12.8 (13.0)	12.3 (12.5)
Soc. and Other		13.0	10.1	10.6
Population	1,000 persons	36,436	37,019	37,605
Employment	1,000 persons	12,929	13,405	13,847
Per Capita GNP	Current US \$	864	1,060	1,260
Investment Financing				
Gross Invest- ment	Current %	26.2	27.4	28.2
Domestic Saving		24.8	26.0	27.0
Foreign Saving		0.6	1.4	1.2
Statistical Discrepancy		0.8	-	-

## ROMANIA

In evolving its development policy, Romania takes as its point of departure the conviction that only planned development can ensure the rational and optimum utilization of a country's resources in keeping with the needs of society. Consequently, all the economic sectors, including industry, evolve under a system of planned development in the context of a single national plan.

As regards the periods covered by the plan, medium-term development is based on the five-year plans, which in turn include current (annual, quarterly and monthly) plans.

The five-year plans are prepared and adopted approximately two years before the starting dates for their implementation. The sixth five-year plan (1976-1980) for the Romanian economy is now being implemented.

Since 1975, projection has become essential in the preparation of long-term strategies. Similar macro-economic projections are prepared and give a comprehensive picture of the country's economic and social development over a period of 10 to 20 years. For some sectors, special programmes have been prepared for a period of 30 to 35 years.

## RWANDA

On 17 June 1977, the Rwandese Government adopted the Second Five-Year Economic, Social and Cultural Development Plan (1977-1981). Volume 1, Part One, Section II, of this Plan deals with industry and craft-type activities. The broad thrust of the Plan corresponds on the whole to the principles set forth in the Lima Declaration and Plan of Action. The main features of the industrialization policy to be followed by the Government are the introduction of import-substitution industries, the use of intermediate labour-intensive technologies, and the development of local raw materials.

The Government has not yet finalized a sectoral development plan for industry and craft-type activities, although it plans to do so. The approach followed has been to view sectoral plans as instruments for implementing the general Plan; consequently, while it has not been possible to bring them out at the same time as the Plan, they will have to be drawn up during the initial part of the implementation period.

The projections made are for the five-year period 1977-1981. Long-term projections will be included in the industrialization plan.

### SAUDI ARABIA

In 1970 the Kingdom of Saudi Arabia launched its first Development Plan with a target growth rate of about 10% per year in G.D.P. The Second Development Plan has been launched in 1975 and covers the period: 1975 to 1980. The target of this Second Development Plan is the same growth rate of 10% in G.D.P., but the non-oil sector, the growth of which is crucial for the diversification of the economy, is expected to grow at the rate of 13% per year. In addition, more attention is being given to the development of the government sector for the optimal realization of the Plan's goals and targets, particularly in the field of industrialization. Such a policy provides an effective institutional machinery for plan implementation.

An overall industrial development plan has been formulated and is under operation within the framework of the national development plan in order to ensure progress and review the achievements in the industrial sector.

The national planning agency (Ministry of Planning) not only prepares long-term projections for industrial growth but also reviews the same from time to time. In this respect, for instance, the Kingdom's Ministry of Planning has been working, in collaboration with the World Bank, on the preparation of a long-run manpower development program in view of the future industrial growth and requirements within the Kingdom. The Ministry of Industry and Electricity assists the Ministry of Planning in the preparation and review of any long-term projections for industrial growth.

### SIERRA LEONE

In pursuance of the Lima Declaration, the Government of Sierra Leone has embarked upon a policy of investigating and fixing medium-term targets of economic growth and achieving these targets through planning. Sierra Leone has a Ministry of Development and Economic Planning which has an overall responsibility and in this Ministry there is a Central Planning Unit supported and assisted by a team of experts provided by UNDP/UNOTC engaged in the task of development planning. The Central Planning Unit is further supported and assisted in the performance of its functions by the Planning Units established in other Ministries concerned with various sectors of economic development. Such a unit in the Ministry of Trade and Industry is still in the formative stage and is expected to be in position in the near future.

The first National Development Plan (1974/75-1978/79) was produced and released in August 1974. It includes an Industrial Development Plan. No long term Projections (over 10 years) for industrial growth have yet been formulated.

### SINGAPORE

Singapore has not formulated any National Development Plan, and it does not have any long term projections for industrial growth.

### SOMALIA

Somalia gained independence in 1960 and entered into the era of planned economy in 1964 when the First Five Year Plan (1964-68) was launched. This was followed by 2 short term programmes of economic development (1968-70 and 1971-73). Current Plan (1974-78) is now about to conclude and the next 3 years plan (1979-81) is in the offing. Thus Somalia has gained experience of co-ordinated planning, for economic development. The Ministry of Economic Planning and Co-ordination has since been replaced by a State Planning Commission which operates as an autonomous agency of government. The Ministry of Industry has also reconstituted itself by establishing a separate Department of Industrial Planning.

The present Plan (1974-78) is running out and a new plan (1979-81) is under preparation. The Ministry of Industry has, with the assistance of UNIDO/UNDP project SO 4/72/007 has already developed a draft plan of Industrial Development for inclusion in the next plan (1979-81). Long term projections for industrial growth requires perspective studies, and evaluation of development prospects in various economic sectors. UNIDO/UNDP Project SO 4/72/007 has undertaken industrial studies and prepared industrial reviews to initiate the process of long term planning.

### SRI LANKA

The Government of the Democratic Socialist Republic of Sri Lanka has formulated a Medium Term Investment Programme for the Public Sector to cover the period 1979-1983. Industrial output during this Medium Term Investment Programme is projected to grow at an annual rate of 8% at constant prices.

The factory industries are expected to grow at a higher rate in comparison with cottage and small scale industries. Capacity utilization in the factory sector has been low in the past with the imported availability of inputs and intermediates and better demand conditions. Capacity utilization is expected to reach optimum levels and thus contribute to faster output growth. New industries that will come in the Free Trade Zone will also contribute to the increase in value added.

In the Agro Industries field and Mineral based Industries field, the demand for certain specific commodities have been identified up to 2000 A.D.

## SUDAN

A six year plan is formulated to cover the period 1977/78 - 1982/83. It is the first phase of a perspective plan extending over eighteen years (1977/78 - 1994/95). The six year plan aims at an annual growth rate of 7.5% in constant prices, with agriculture continuing to be the leading sector of the economy. By the end of the last phase of the perspective plan, it is expected that major structural changes in the economy will take place, such that a stage of self sustained growth is approached.

Industry: Within the overall framework of the national development plan, industrial production is expected to grow from 9% of GDP in 1976/77 to 10% in 1982/83, with an annual rate of growth of 9.3%. Thus there is no separate plan for industry as such. Targets for all sectors of the economy are consolidated in the six year national development plan.

There has been no attempt to project long-term rates of growth of industrial output as a whole. However, the perspective plan (1977/78 - 1994/95) estimates that the contribution of manufacturing industry to GDP will grow from 9% in 1977/78 to 15.5% in 1994/95.

## SWAZILAND

The 3rd National Development Plan covers the period of 5 years from 1978-1983, but has not yet been officially issued to the public.

The Industrial Development Plan is formulated within the framework of the national development plan. But one has to make it clear that the National Industrial Corporation of Swaziland (NIDCS) plans projects and sends them to the Ministry of Economic Planning for final approval according to their priorities; in turn then the Ministry of Economic Planning will ask for funds from the Ministry of Finance in order to carry on the projects.

At the moment long-term projects (over 10 years) for industrial growth have not been made by the national planning agency or by any other agency except that when the period of (5 yrs) expires any particular project is carried on.

## THAILAND

The Fourth Five-Year of National Economic and Social Development Plan which covers the period 1977-1981 is now being implemented. This plan was drawn by the National and Social Development Board under the Office of the Prime Minister. It has been implemented since 1977 together with some modifications and improvements based on previous plans and past experiences.

### Thailand (cont'd)

Under the current Fourth National Economic and Social Development Plan, the Royal Government of Thailand intensifies the efforts in a number of areas which are considered as pre-conditions for effective implementation of various key development policies and programmes so as to improve the national socio-economic objective.

It can be said that an industrial development plan is being formulated within the current framework of the Fourth National Economic and Social Development Plan with the target set forth aiming to increase the output of export industries such as sugar, textiles and cement in accordance with the demand in world markets. Serious attempts will also be made during the Fourth Plan period to create favourable conditions for the future establishment of heavy industries such as steel, petrochemical and chemical industries.

There is no long-term projections set for industrial growth. Since the Government of Thailand has firstly introduced the First Five-year of the National Economic and Social Development Plan which was launched in 1961, the national policies and programmes that cover all sectors in the development of the country fall within the framework of this plan. Therefore, no other plan aside from the National Economic and Social Development Plan has been made.

### TOGO

Togolese planning experience dates from 1965, when the first Five-Year Plan was drawn up. It covered the period 1966-1970; the second development plan covered the period 1971-1975, and the third - in course of implementation covers the period 1976-1980. In 1986 the over-all targets were established for a long-term period of twenty years.

### TUNISIA

Tunisia has entered on its Fifth Development Plan, which covers the period from 1977 to 1981 and follows on from the third four-year plan 1973-1976. For the period under review, out of a total investment of 4.2 million dinars <sup>1/</sup>, an amount of 1,985,000 dinars is earmarked for the mining, energy and manufacturing industries sector, as compared to 635,000 dinars for the period 1973-1976.

The developments envisaged for manufacturing industries, as set forth in the plan at present being implemented, are quite ambitious. They should make it possible, inter alia, to double the sector's added value and should create some 39 per cent of all the new jobs on the labour market. This calls for an investment estimated at 950 million dinars (i.e. 23 per cent of total investment), as against 269 million dinars for the period 1973-1976. A reason for this is the launching of large-scale projects involving heavy capital investment and relating to strategic commodities: cement works, a new steel plant, phosphoric acid and ammonia plants and an engineering complex.

1/ 1 dollar = 0.408 dinars (February 1979)



Tunisia (cont'd)

Investment in the private sector continues to grow in absolute terms (233 million as against 174 million dinars); however, its ratio to total investment will be lower because of the launching, during this time, of a number of large-scale projects relating to basic industries.

Projections up to 1986 have been established by the Ministry of Planning.

TURKEY

Turkey's national development plans cover periods of five years. The IV Five Year Plan which was adopted at the end of 1973 covers the period between 1979 and 1983. Industrial development plans of Turkey are integrated in the national development plans.

According to the targets of the IV Five Year Plan the share of industry in gross national product will increase from 29.5 per cent in 1973 to 34.3 per cent in 1983. This means an average annual growth of 9.9 per cent in the value added of the industrial sector, the contribution of which to the growth in gross national product will be 36.5 per cent.

In order to reach the targets of the Plan, a fixed capital investment of 1575.3 billion Turkish Liras will have to be realized. 12.2% of this amount will go into the agricultural sector, 6.1 per cent to metallurgy; 27.4 per cent to manufacturing industries and 10.6 per cent to energy sectors.

During the 1979-1983 period the following policies will be implemented in the Government sector:

- a) Productivity and effectiveness of the public sector and specially of the State Economic Enterprises will be increased, the investments of these institutions will be channelled into large scale integrated industries employing modern technology.
- b) Investment policies will serve as a means for the distribution of resources in line with the targets of the Plan.
- c) In sectors of priority investments will be undertaken as a matter of urgency and private investment will be channelled through measures of encouragement.

UNITED ARAB EMIRATES

Actually the Ministry of Planning is working on the first National Economic and Social Plan, which was approved recently by the Government. However, the period of the Plan is not yet decided whether the Period should be 3 years plan (1980-1982) or 5 years plan.

There is no separate industrial development plan, but the overall economic plan will include a special chapter concerning the strategy of Industrial development plan.

UNITED REPUBLIC OF CAMEROON

Every five years the Cameroonian Government draws up a Five-Year Plan for Economic, Social and Cultural Development. The current Plan (1976-1981), which is the fourth of a series whose basic objectives was to double real per capita income within 20 years, will make it possible to take stock of how far this objective has been accomplished in 1980/81. The total volume of investment of national interest contemplated in the Fourth Five-Year Plan, under the economic conditions of 1974/75, is estimated at 635 billion CFA francs.

As the industrial sector still lacks co-ordination, the Cameroonian Plan does not include a detailed sectoral analysis of the industrial area. The objective of the Plan, however, is defined by a number of specific actions aimed at integrating the sector and gathering preliminary data for the formulation of an industrial plan and the preparation of realistic sectoral forecasts.

In the Fourth Five-Year Plan these actions stress:

The development of hydroelectric power in adequate quantities and at rates adapted to the demand;

Active exploration in the area of mineral resources, petroleum and natural gas to provide a better assessment of the country's potential and the related extraction and processing possibilities;

The development, as quickly as possible and under the conditions of greatest advantage to the country, of common mineral resources;

The development of the country's agricultural, forestry and fishery resources on an increasing scale;

The establishment of industries to produce intermediate goods;

The pursuit of a policy aimed at developing domestically produced substitutes for imported consumer goods;

The production of goods for export;

The promotion of production units to manufacture intermediate goods for use by the industrial sector.

UNITED REPUBLIC OF TANZANIA

There exists a long-term National Development Plan which has been guiding our economic and social development, since 1964. It expires in 1981. This perspective plan is subdivided into medium-term development plans of five years duration. The medium plans are further subdivided into short-term annual development plans.

The country's sectoral plans are formulated within the long-term national development plans. Therefore the current Industrial Development Plan is part of the National Development Plan and is implemented on an annual basis.

United Rep. of Tanzania (cont'd)

The Government has already drawn up a long-term industrial perspective plan which covers a period of twenty years (1975-1995). Implementation of the plan is in progress. The major objective of this plan is to restructure the industrial sector from a dependent one to a self-reliant sector with the view to making it internally self-sustaining.

URUGUAY

A National Development Plan was drawn up and implemented for the period 1973-1977, in which provision was made for a cumulative growth of 5 per cent per annum in the gross domestic product. As a result of a series of governmental meetings it has been possible to control deviations but not that was originally planned and what has been actually achieved and to formulate the policies and targets to be reached by each ministry.

These inter-ministerial meetings have also made it possible to define the policies to be followed and targets to be reached in the period 1978-1981, on the basis of the previous National Development Plan.

The new plan is designed to achieve a basically liberal economy governed by the market forces of supply and demand. In line with this approach, the policies and targets for the industrial sector were laid down at the last (Solis) governmental meeting.

SEPLACODI, the national planning agency, has made no arrangements for long-term projections covering more than ten years.

VENEZUELA

Every five years the Venezuelan Government approves and begins to implement a National Plan which sets forth the essential guidelines for the country's economic and social development. The Fifth National Plan, covering the period 1975-1980, is currently in effect.

This plan contains strategies, policies, programmes and objectives which are binding on the agencies of government. The plan also covers all the areas of priority importance to national development.

The Fifth National Plan contains a chapter on the industrial sector which is based on the proposition that the transformation of the country's socio-economic structure requires a redirection of industrial development aimed at correcting the shortcomings that have accompanied the pattern of industrialization which has thus far been followed, and which has been based on the production of finished goods at very high costs as a result of the low levels of efficiency and productivity of the existing enterprises.

Venezuela (cont'd)

The following are among the priorities set by the Fifth National Plan in this sector:

- To reorder and enlarge the production establishment with the intention of creating an instrument capable of ensuring an adequate supply of consumer goods for the population and taking greater account of the social implications of industrial expansion by providing more jobs and a higher standard of living for workers;
- To develop programmes and projects for the industrial use of domestically available raw materials as a means of promoting economic dispersal and regional integration;
- To continue and intensify the process of import substitution through the manufacture of intermediate and capital goods as an effective means of improving Venezuela's balance of payments, lessening its dependence on other nations and achieving a suitable level of inter- and intra-sectoral integration;
- This process must be mainly centred on **those** areas which enjoy comparative advantages and can supply the other production sectors to be developed with the goods they require;
- To continue the process of industrial dispersal in order to correct the serious existing imbalances and achieve the harmonious development of all the country's regions, taking into account also the requirements of national defence;
- To increase and diversify exports of manufactured products;
- To achieve a more efficient use of installed capacity and improve quality, efficiency and productivity;
- To strengthen, modernize and expand small-scale and medium-scale industry;
- To broaden the basis of ownership of the means of industrial production and seek more rational systems for product marketing;
- To promote and expand programmes for the training of skilled workers, middle-level and specialized technicians and new entrepreneurs in priority areas;
- To channel appropriately the inflow of national and international private capital.

Strategy

- i) Through the use of incentives and credit policy, the State will promote the expansion of existing capacities in industries responsible for supplying the needs of the population -

Venezuela (cont'd)

particularly in such areas as food, textiles, clothing and footwear - and will assign priority to those enterprises which make use of national agricultural resources and technology in their production processes.

- ii) The process of import substitution will be continued, with emphasis on the production of intermediate and capital goods, particularly such products as are required for the agricultural and industrial sectors and for the public health and education services.
- iii) For intermediate and capital goods a new protectionist policy will be adopted containing the following elements:
  - (a) Tariff reform to provide adequate protection for the national manufacture of these products;
  - (b) fiscal and credit incentives to promote the manufacture of these goods, with an eye to maximizing the national value added;
  - (c) formulation of a procurement policy on the part of the State that will bring this market increasingly within the reach of domestic manufacturers under competitive conditions.
- (iv) Small-scale and medium-scale industry will be promoted vigorously.
- v) Concurrently with the above, programmes will be instituted for increasing the productivity of both capital and labour, on the basis of sectoral studies evaluating the conditions under which enterprises are operating and the results they are achieving.

There are also plans for specific programmes, as follows:

- Iron and steel programme;
- Shipbuilding programme;
- Metalworking and engineering programme;
- Industrial estates programme.

Long term projections are processed by the Central Office for Co-ordination and Planning (CORDIPLA).

YEMEN ARAB REPUBLIC

National Development Plan captioned as first 5 years Plan of the Yemen Arab Republic has already been launched. It covers the period 1975-76 to 1980-81. An Industrial Development Plan is formulated within the framework of the 5 years plan. The results of the current Plan will be projected for the following period.

YUGOSLAVIA

Development planning in Yugoslavia has existed since 1947. Long-term development plans cover ten-year or longer periods of time while medium-term plans cover mainly five-year periods. Yugoslavia has initiated the implementation of the "bases of the

Yugoslavia (cont'd)

Common Policy of Long-Term Development of the SFR of Yugoslavia until 1985" and the medium-term plan for the period 1976-1980. The national plan of social development of Yugoslavia comprises also the broadlines of the development of industry as a whole and of individual industrial branches. New development projections to cover the period until the year 2000 are under preparation.

ZAIRE

Certain conditions having been created, the Planning Department (Ministry) was established in 1972 as a Planning Service attached to the Office of the President of the Republic, and was subsequently made into a Department, in February 1977.

An emergency plan, known as the Mobutu Plan, is being prepared, providing for a relaunching of the priority sectors of the domestic economy. Its main elements are as follows:

- i) The development of agriculture and relaunching of existing production units;
- ii) Reorganization of transport;
- iii) Optimization of the mining industry;
- iv) Financial reorganization (stabilization plan);
- v) Regional economic decentralization;
- vi) Management in the State apparatus as a whole.

The emergency plan, covering the period from 1979 to 1981, will be followed by a five-year plan, which will in turn be followed by another five-year, seven-year or ten-year plan, depending on the circumstances and results achieved under the preceding plans. These long-term plans will be global in nature.

The Mobutu Plan, an emergency plan, already provides for the rehabilitation of industrial production, and industrialization will play a preponderant role in the five-year plan now being prepared. In the other plans, once agricultural development has been consolidated, industrialization will be the ultimate objective.

Long-term projections will certainly be prepared for industrial growth. The information concerned will be available at the end of 1979 or beginning of 1980, when the general outlines of the five-year plan will have been prepared.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS  
RELEVANT TO DEVELOPMENT PLANNING AND POLICIES:

ECONOMIC COMMISSION FOR AFRICA:

Discussions at the third and fourth sessions of the Conference of African Ministers of Industry clearly revealed that the high rate of growth of value added called for in order to reach the Lima target of raising Africa's share in world industrial production from the current level of 0.6 per cent to 2 per cent by the year 2000 could not be achieved within the context of the traditional import-substitution policies and strategies. Nor could it be achieved through industrial development programmes which resulted in a miscellany of heterogeneous isolated industrial projects, which moreover, are often characterized by higher requirements for working capital, a paucity of repair and maintenance facilities, an absence of spare parts and components, excess capacity, limited utilization of by-products and waste materials and longer gestation periods. The need for a review of obstacles to industrialization of the African region and the formulation of new industrial policies has become obvious.

The fourth Conference of African Ministers of Industry, which met at Kaduna, Nigeria, in November 1977 decided to convene a symposium on industrial development policies and strategies for internally self-sustaining development and diversification and collective self-reliance up to the year 2000. The main theme of the symposium (scheduled to be held in Nairobi, Kenya in September 1979) will be to evaluate past and current industrialization policies designed to meet any of the major economic objectives laid down in major international conferences and consultations within the last three years. Such objectives include: self-sustaining development and economic growth, an increasing measure of economic independence, an increase in the capability of member States to mount effective attacks on the twin evils of mass poverty and unemployment which persist in spite of the obvious abundance of natural resources in the region.

The fourth Conference of African Ministers of Industry also called upon the sponsoring organizations, namely ECA, OAU and UNIDO to ensure adequate national and regional preparations before the regional symposium. For this purpose an ad hoc meeting of experts drawn from Benin, Cameroon, Egypt, Ethiopia, Kenya, Madagascar, Mali, Nigeria, Sierra Leone, the Sudan, Tanzania, Uganda, and Zaire was convened in Addis Ababa in July 1978 followed by a task force of four intergovernmental experts responsible for preparing the basic document. In its preparation for the symposium, the task force visited a selected number of African countries, held discussions with appropriate officials, and obtained on the spot information on past and present obstacles to African industrialization. The findings of the task force will constitute inputs for the basic document of the symposium. The symposium itself will indicate both new priorities in industry and related sectors as well as identify various types of instruments for implementing the national and regional industrial development policies. In addition, it is also expected to produce recommendations on the African position in connexion with the Third General Conference of UNIDO.

Economic Commission for Africa (cont'd)

It should be noted that the fourth Conference of African Ministers of Industry recommended that, in order effectively to prepare for the regional symposium, it "should be preceded by preparatory activities at the national level in the form of workshops to be conducted on the basis of guidelines to be provided by ECA, ONU and UNIDO". In accordance with the Conference's decision the three organizations formulated "Guidelines for the Organization of National Workshops in Preparation for the Regional Symposium on Industrial Policies for Internally Self-sustaining Growth, Diversification and Collective Self-reliance, 1979-2000". Moreover, ECA, UNIDO and RLPOCs have provided the necessary technical assistance to several African countries for organizing their national workshops. The objectives of these national workshops on industrial strategies and policies are:

- (i) to pinpoint the basic obstacles to industrial development and examine measures for overcoming them;
- (ii) to review and evaluate the implications of recent industrialization objectives, strategies and policies;
- (iii) to identify and spell out alternative strategies and policies and draw up guidelines for planning and programming industrial development in conformity with the Lima Declaration and Plan of Action;
- (iv) to reflect the views emerging from active participation of policy-makers and civil servants, representatives of public and private sectors with experience and interest in various areas related to industrial development;
- (v) to assess the type and form of technical and other assistance needs in the field of industrial strategies and policies;
- (vi) to provide a useful input to the Regional Symposium on industrialization strategies and policies.

ECONOMIC COMMISSION FOR LATIN AMERICA:

Work in the field of development planning and policies has been directed towards providing the countries of the region with information and studies which will help in the formulation and follow-up of industrialization policies and strategies intended to comply with their programme targets and with those expressed in the New International Economic Order and the Lima Declaration and Plan of Action. Activities so far carried out are of different nature: studies, some of them prepared as internal research documents, technical assistance missions to various countries and participation in meetings and seminars. The following is an illustrative list that includes some of the most relevant studies carried out:

- The industrialization process in the last quarter of the century; the State's role in that process. Joint CEPAL/UNIDO Industrial Development Division, October 1976.
- The Latin American industry in this decade and its prospects, December 1976, Joint CEPAL/UNIDO Industrial Development Division, December 1976.
- Notes on the study of the industrial development in Latin America, Joint CEPAL/UNIDO Industrial Development Division, July 1977. Includes a comprehensive review of present industrial development plans.



Economic Commission for Latin America (cont'd)

At present, a major study on the industrial development in Latin America is being prepared for submission to the forthcoming Latin American Conference on Industrialization, preparatory to the Third General Conference of UNIDO. It includes a critical evaluation of the progress achieved in the industrialization process of the region and its position in the world scenery that can provide an appropriate background for further analysis. It would then be possible to make some considerations on the possible policy options to remove present constraints and achieve a more accelerated development of the industrial sector, in accordance with the goals and objectives of the Lima Declaration and Plan of Action. Given its broad scope, this study also deals with other aspects of the process of industrialization, such as the problem of the agents (public sector, private sector, transnational corporations) of that process, some of its social implications (employment) and international co-operation aspects (integration schemes, export of manufactures, etc.).

Technical assistance missions mainly related to industrial programming have been undertaken to the following countries: Bolivia, Brazil, Costa Rica, Ecuador, Mexico, Paraguay, Republica Dominicana. Most of them have been carried out by the Latin American Institute for Economic and Social Planning (ILPES).

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC:

In the field of industrial development, the two programme components industrial programming and planning and regional co-operation in industrial development consist of a number of programme activities specifically designed to meet the objectives of the Lima Declaration.

In industrial development and planning special attention had been paid to the industrial growth target envisaged in the Lima target. A meeting of ministers of industry was held in November 1977 at which attention was paid to several matters. Primarily, it dealt with reorientation of industrial policies within the region in order to insure growth of industry with the fullest participation of the people and keeping in view the fullest utilization of resources within the countries. The ministers outlined a programme for reorientation of policies based on four elements:

1. strengthening of linkages between industry and agriculture;
2. strengthening of linkages between basic industries and small industries;
3. development of industry oriented towards increasingly meeting the basic needs of the people; and
4. dispersal and re-location of industries away from metropolitan areas.

ESCAP (cont'd)

Towards implementation of these objectives, studies were undertaken at the national level to determine the extent to which action has to be taken by governments and as to what further steps were necessary to build up and strengthen the policies envisaged. The ad hoc group meeting of ministers of industry was held in January 1979. The meeting recommended in depth studies related to preparation of a comprehensive analysis of specific industries in respect of selected agro-industries. The studies were to cover terms of trade between agriculture and industry, including institutional relations and the resulting balance of bargaining power and the role of agro-industry boards. These aspects are being followed-up and implementation of this programme is well under way.

In regard to dispersal of industries, the project on development of industries in non-metropolitan areas has progressed to a stage where specific industries have been identified for development in selected countries. The stage has been reached when the programme of implementation could be put on stream within the next few years.

One of the major issues pertain to improvement of investments in industry with special reference to achieving the target outlined in the Lima Declaration. Comprehensive studies were undertaken in consultation with UNIDO and UNCTAD and assistance to countries have been rendered through training of personnel for improvement of investment infrastructure with special reference to fiscal and taxation measures. Three seminars have been conducted for top government officials on foreign investment and taxation and a number of information documents have been published. Specific reference may be made to the loose-leaf eight volume publication on Asian and Pacific investment and tax systems. Steps have also been taken to organize a programme with reference to the development of public sector industries. This programme is in accordance with the objectives outlined by the General Assembly on development of the public sector industries. Work is being carried out in consultation with UNIDO and U.N. Headquarters. It is expected that the meeting of industrial managers of public sector would be shortly convened at ESCAP in order to determine a specific programme of action for this sector.

ESCAP has also undertaken a comprehensive evaluation of the progress of industrial development within the region. This study is in preparation for the documentation for the Third United Nations Development decade. The study has also taken into view the Lima target and the review to be completed shortly is expected to bring out a number of issues. Along with this review, studies are also compiled in preparation for the Third General Conference of UNIDO which would also review the situation vis-a-vis the second General Conference. These documents are expected to be completed by the end of July 1979.

With regard to the development of agro-industries, attention has been paid to the development of specific industries identified by the regular inter-governmental meetings on the subject. A workshop on integrated dairy industries was held in 1978 and a comprehensive programme has been drawn up for this industry based on the recommendations of that meeting, both for development of this industry and for improving conditions for increased regional and sub-regional co-operation in the dairy industry. Steps are also in hand

ESCAP (cont'd)

to organize a comprehensive study on the possibility of the development of the sericulture industry in the region. In this connexion, the activities of the Regional Centre for Technology Transfer as well as the Regional Network for Agricultural Machinery are also of relevance. Much of the specific activities in the development of agro- and allied-industries have been taken in hand by these two institutions. For example, the RCTT has in addition to other activities, a programme for utilization of agro-wastes and development and processing of medical plants.

WORLD BANK

The Lima Plan of Action (Chapter I, "Measures of national scope") indicated the priorities to be incorporated in the national industrialization policies of developing countries. It also urged the developed countries to take a series of measures to assist the developing countries' industrialization process.

Before deciding what projects to support in a developing member country, and on what terms, the World Bank reviews the situation and prospects of the country's economy, including the industrial sector and the country's industrial policies. In the case of countries where industry offers greater development potential or presents particularly critical problems, the World Bank makes specialized sector reports on industry. In 1978, industrial sector studies' subjects ranged from small-scale industry to the public industrial sector and industrial development and finance companies.

Thus in several ways the World Bank assists developing countries to formulate industrialization plans directly related to each country's socio-economic conditions. It directs attention not only to overall development goals and the need for balanced sectoral growth but also to the country's manpower, natural resources and existing productive structure, its potential for diversified exports and the needs of the national market, to appropriate production technologies.

The World Bank has also addressed itself to broader development problems, in particular those involving the interdependence between developed and developing countries. Its publication "World Development Report, 1978" is the first in a series of annual analytical reviews of global development issues. The report, which is directed to developed and developing countries alike, deals inter alia with industrial growth prospects in particular groups of countries, and with the international trade requirements for developing countries' industrial expansion.

The World Bank's selective research program is designed to support operations, broaden the understanding of the development process, and improve World Bank capacity to provide advice and to assist indigenous research capacity in the developing countries. A variety of research projects relevant to industrial development strategies are currently under way at the World Bank. The subjects range from

World Bank (cont'd)

general aspects, such as patterns of industrial growth, to regionally focussed problems, such as industrial policies and economic integration in Western Africa. In parallel with the new lending program for small-scale enterprises, a study is being made to investigate more systematically than heretofore the potential contribution of small-scale industry to employment and income growth among the poor. Extensive case studies are being conducted in several countries and a number of surveys are being made of selected industries, in both urban and rural areas, to explore in depth the characteristics of the enterprises and of their economic environment. Great attention to industry is being given in a major study under way on the effects of export promotion measures in four developing countries.

The World Bank has established an experts' panel to review current research and to advise on the scope of future in-house studies. Among the specialized areas of research to be reviewed are employment and industrial development and trade. World Bank staff also participate ad hoc in research sponsored by other institutions and agencies in 1978, World Bank staff contributed to industrial sector studies carried out outside the Bank in fertilizers, iron and steel, leather and leather products, oil seeds and oil, agricultural machinery and capital goods.

## II. INDUSTRIAL PRODUCTION TARGETS

The Lima Declaration stipulates that the share of the developing countries as a whole in total world industrial production by the year 2000 should be at least 25 per cent. In the Plan of Action developing countries are requested to place proper emphasis in their national industrialization policies on the establishment of production facilities covering all branches of industry engaged in meeting the needs of both internal and external markets. Particular importance is attached to the development of basic and integral industries such as steel, metallurgical, petrochemicals, chemicals and engineering industries. The developing countries are also called upon to consider giving priority to and expanding the base for agro-related industries, which provide an incentive for the establishment of further natural resource-based industries. (Paras. 28, 51, 52 and 58 (c and f).)

Governments were invited to supply information on the issues mentioned above, including such topics as:

- Growth targets set for the industrial sector as a whole and for specific sectors and subsectors within the current development plan or industrial sector plan, as well as in the context of longer-term projections, if any;
- Specific industrial sectors given priority in the development plan or otherwise.

### INFORMATION RECEIVED FROM DEVELOPING COUNTRIES IN RESPECT OF INDUSTRIAL PRODUCTION TARGETS:

#### AFGHANISTAN

After the formation of Revolutionary Government, the previous unrealistic Seven Year Plan was given up. The new Five Year Plan, incorporating the growth targets for the industrial sector and sub-sectors, is under preparation. Emphasis is also being placed on modernization of agriculture.

Priority is being given to those industries which utilize indigenous materials, have employment potential and meet the requirements of masses of people such as cotton ginning and cotton seed crushing, textiles, foodstuffs and basic industries like engineering, construction materials, chemicals and fertilizers. In selecting the development projects care is taken to select those projects which are quite yielding as well as those projects of infrastructural nature such as feasibility studies, training programmes and projects to strengthen transport and power, which provide a good base for future industrialization.

BANGLADESH

Growth as well as production targets - both physical and financial are set in the industrial development plans for achieving the objectives of the national development plan in general and industrial development plan in particular. In the First Five Year Plan the target of 7.1% annual compound growth rate was fixed over the benchmark and for the Two Year Plan this target has been fixed at 7.3%. Industry wise physical targets for each item are set in the plan documents.

In order to attain self sustained growth in industry as well as other sectors due emphasis has been given to the development of basic and integral industries like steel, metallurgy, chemicals and engineering.

BOLIVIA

During the period 1976-1980 it is expected that the industrial sector will grow at an average rate of 9.8 per cent per annum.

Production for the domestic market	10.1%
Production for export	<u>2.2%</u>
General average	9.8%

By putting into effect the country's industrial strategy, it will be possible to create 56,400 jobs during this five-year period, thereby increasing employment in the industrial sector from 195,700 workers in 1975 to 252,100 in 1980.

The 1976-1980 National Plan for Economic and Social Development has assigned priorities to different sectors of the Bolivian economy.

Listed in their order of importance, these priority sectors, which involve activities in the areas of science and technology, are the following:

- Agriculture
- Minin
- Energ
- Healt.
- Education
- Infrastructure, transport and communications
- Others (to be added)

BOTSWANA

The Gross Domestic Product (GDP) will increase by an average of 9.6% p.a. from P299 million in 1976/77 to P431 million in 1980/81.

Botswana (cont'd)

PROJECTED GROWTH OF GROSS DOMESTIC PRODUCT 1976/77 -  
1980/81 (P MILLION AT 1976/77 MARKET PRICES)

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Agriculture, fishing forestry and hunting	75,8	78,5	81,1	83,5	89,3
Mining, quarrying and prospecting	36,7	62,8	68,7	86,4	93,3
Manufacturing	16,2	17,7	19,1	22,0	27,0
Water and electricity	7,7	8,5	8,9	9,1	9,6
Construction	18,1	21,8	23,1	23,6	23,8
Trade, Hotels and Restaurants	64,2	68,8	72,9	75,0	79,0
Transport and Communi- cations	9,1	9,6	10,9	11,8	13,0
Finance, Insurance, Business Services, Real Estate	24,3	26,2	28,4	30,6	33,0
Community and Personal Services	15,1	16,2	17,6	19,9	20,2
General Government	31,5	33,3	36,1	39,4	43,2
<b>TOTAL</b>	<b>298,7</b>	<b>343,3</b>	<b>366,8</b>	<b>403,3</b>	<b>431,4</b>
Percentage increase over previous year		14,9	6,8	10,0	7,0

Priority is being given to the industrial sector. The emphasis is furthermore laid on job creation to absorb the fast growing labour force, mainly in urban areas. In the past, priorities had been in the Mining and Agricultural Sectors.

BRAZIL

Specific industrial sectors given priority in the Second National Development Plan are:

- Capital goods industry (in particular the heavy equipment industry);

Brazil (cont'd)

- Basic electronics industry;
- Basic inputs industries (non-ferrous metals, petrochemicals, fertilizers, paper and pulp, cement, iron and steel, alcohol and caustic soda).

INDUSTRIAL INVESTMENTS IN THE BASIC SECTORS

The Industrial Development Council (CDI) is placing great emphasis on investments in the capital goods, component production and basic input sectors. In this connexion, the tax incentives administered by the Council are used as an instrument for promoting the establishment of new industrial enterprises and the expansion and modernization of existing ones.

As a result of this policy, a great expansion in the production of capital goods has taken place in recent years: 74.5 per cent of industrial projects approved by CDI in 1977 related to machinery and equipment manufactured in the country, while, in 1976, the share accounted for by such projects was 58 per cent, and in 1975 47.8 per cent.

Furthermore, priority industrial programmes, the most important aspects of which are described below, are being implemented.

The iron and steel programme

Demand in the iron and steel products market in Brazil is growing rapidly, making imports necessary. In 1977, imports of steel, in terms of ingot equivalents, amounted to approximately 1 million tonnes, as compared to around 5.5 million tonnes in 1975. In 1978, domestic consumption is expected to amount to 12.2 million tonnes, and domestic supply to approximately 13 million tonnes. By 1980, a production of 15.6 million tonnes is forecast.

The basic objective of the programme being completed is to promote self-sufficiency of production in this industrial field, which is vital to the country's development. At the same time, it is expected that the domestic supply of capital goods will make a significant contribution to the execution of iron and steel projects and that domestic entrepreneurs will play a decisive role in the implementation of these projects, especially in connexion with non-flat products. Positive influences and results are also expected in relation with the problem of industrial decentralization by the establishment and expansion of plants in various areas offering favourable conditions for iron and steel enterprises. For example, mention should be made of the completion in Rio Grande do Sul of the Aços Finos Piratini project and also of initiation of its expansion to



Brazil (cont'd)

300,000 tonnes/year. In Espírito Santo, financial negotiations for re-organizing the Tubarão plant have been completed. However, without any doubt at all, it is in the state of Minas Gerais that the largest volume of iron and steel investments is concentrated, because of its natural suitability for that purpose. The expansion of USIMINAS and establishment of ACOMINAS and Mendes Junior constitute the most important iron and steel projects being implemented in the country.

The non-ferrous metals programme

The main characteristics of the non-ferrous metals sector are:

1. The inadequacy of domestic supply, growth in the sector being out of step with the over-all development of the economy and making necessary increasing imports of non-ferrous metal products;
2. The paradoxical existence in some sub-sectors of abundant mineral resources, e.g. aluminium, tin and nickel;
3. Relative technological backwardness and, as a result, heavy external dependency.

The objectives fixed in the Programme call for self-sufficiency in meeting demand in the domestic market for common non-ferrous metals by 1983, together with planning, establishment and development of the special non-ferrous metals industry.

In 1977, aluminium production capacity was of the order of 208,000 tonnes, or 66 per cent of apparent consumption. This figure should increase to 73 per cent by 1980 and to 86 per cent by 1982. The expansion of the Alcan (Bahia) and CBA (São Paulo) projects and the establishment of the Albrás (Pará) and Valesul (Rio de Janeiro) projects are decisive factors in achieving a production capacity of 503,000 tonnes/year by 1982.

The zinc production capacity in 1977, estimated at 61,000 tonnes, enabled 44 per cent of apparent consumption to be met. This figure should increase to 100 per cent by around 1970. The expansion of the Companhia Mineira de Metais (Minas Gerais) and the establishment of the Paraibuna (Minas Gerais) and Ferro Agudo (Minas Gerais) projects are decisive factors for the achievement of a production capacity of 148,000 tonnes/year by 1980.

Brazil (cont'd)

In the case of copper, in 1977, the country met barely 29 per cent of its consumption through domestic production, and this was on the basis of secondary copper, since it will be only with the start-up of the Caraibas (Bahia) project, around 1980 that Brazil will have primary copper to meet perhaps 58 per cent of domestic demand. The Iluma (Rio Grande do Sul) project, which will increase the country's production capacity to 336,000 tonnes/year, enabling it to achieve full self-sufficiency through domestic production, should start operating in 1982.

Lead production last year met 75 per cent of consumption, and the figure should increase to 89 per cent by 1980 as a result of the expansion of the Cobrac (Bahia) project and the establishment of the Morro Agudo project (Minas Gerais), increasing the country's production capacity in that year to 100,000 tonnes.

In nickel, domestic production last year accounted for 49 per cent of the country's requirements. With the start-up of the plants being established by CNT (Goias), it will be possible to increase the figure to 53 per cent by 1980. By around 1981, the Codemin (Goias) project should start operating, enabling installed production capacity to increase from 7,000 tonnes/year in 1980 to 12,000 tonnes/year in 1982.

The petrochemical programme

In the important area of petrochemicals, once the São Paulo petrochemical pole had been virtually consolidated, the Government turned its attention, in support of the private sector, to the north-eastern pole, which started operating, and to the design and start of construction of the third petrochemical pole.

The Economic Development Council, in determining that this third pole would be located in the state of Rio Grande do Sul, took a decision of the greatest importance in the industrial field, and one which will have undeniable implications, both regional and national. A PETROBRAS/PETROQUISA/CDI standing committee was set up to supervise and co-ordinate the establishment of the pole, whose production objective is the achievement of domestic self-sufficiency with respect to petrochemical products by the end of the present decade. In addition, it reflects a positive aspect of the Government policy of decentralization of the country's industrial development.

The National Petrochemicals Programme is aimed at achievement of self-sufficiency of supply in the sector by the beginning of the next decade.

Brazil (cont'd)

The Programme currently contemplates primarily the establishment of the following units:

- A) Units belonging to the Southern Petrochemical Pole  
Central raw materials unit,  
Low-density polyethylene (two factories),  
High-density polyethylene,  
Vinyl chloride monomer (VCM) and polyvinyl chloride (PVC),  
Polypropylene,  
SBR rubber,  
Styrene/propene oxide,  
Polystyrene.

It is still expected that the complex will start operating in mid-1981. Investments of around \$2,000 million, at June 1977 prices, are estimated for the execution of COPESUL.

- A.1) Central raw materials unit. The implementation of the project is progressing normally. Brazilian technicians are already following developments in the material balance and basic project preparation calculations from the outside. Mechanical equipping of the central unit for the production of ethane, propene, butadiene and aromatics is still expected to take place by the end of 1980.
- A.2) Low-density polyethylene. The two projects selected, namely, POLIOLEFINAS S/A and POLITENO S/A account for a total of 215,000 tonnes/year of low-density polyethylene. The POLITENO project is progressing normally, and is now in the phase of finalization of the transfer of technology contract with SUMITOMO CHEM. (Japan). With regard to the POLIOLEFINAS project, it appears that there is some indecision concerning the participation of the project partner in Rio Grande do Sul.

Brazil (cont'd)

- A.3) High-density polyethylene. The project selected was that of POLISUL PETROQUIMICA LTDA. (association of Ipiranga and Hoechst), with a capacity of 60,000 tonnes/year of the product. The problems related to marketing of the end product were solved during the fourth quarter of 1977, terminating in assignment at that time of joint responsibility to the Industrial Development Council.
- A.4) Vinyl chloride monomer/polyvinyl chloride. The project selected was run by PETROPAR (association of Olvebra, the Montepio da Familia Militar and FIBASE) using technology from FORMOSA PLASTICS CO. The project provides for a production of 240,000 tonnes/year of PVC. The enterprise submitted an export programme to BEFIEA with a view to anticipating establishment of the project by planning the export of PVC manufactures (72,000 tonnes/year). The participation of a new domestic partner in the enterprise is still being studied.
- A.5) Polypropylene. The Industrial Development Council has already approved the project run by PETROPAR, in association with the firm providing the technology, namely, HERCULES INC. (USA), and with PETROQUISA, in the proportions 40:40:20. The project provides for the production of 50,000 tonnes/year of polypropylene.
- A.6) SBR rubber. The PETROWLEX project, using technology taken over from the FALBOR (Rio de Janeiro) unit was the one selected. Production of 80,000 tonnes/year of SBR rubber, using the polymerization in emulsion process is planned. Implementation of the project is progressing normally.
- A.7) Styrene/propene oxide. The project run by OXITENC S/A INDUSTRIA E COMERCIO has already been approved by the Industrial Development Council. The technology selected (Oxirane process) will make possible the production of 50,000 tonnes/year of propene oxide, in addition to 125,000 tonnes/year of styrene.
- A.8) Polystyrene. The project of PROQUIGLL INDUSTRIA E COMERCIO PRODUTOS QUIMICOS LTDA., in association with APLUB, in the proportion of 50:50 was selected. The project provides for the production of 15,000 tonnes/year, using a technology developed by the enterprise itself. It is planned that the unit should start operating at the beginning of 1979.

Brazil (cont'd)

B) Unit for the production of 1,2-dichloroethane in Maceió (Alagoas)

Implementation of the project is progressing normally, and physical execution is expected to be completed by September 1979. SALGEMA S/A is responsible for running the project.

C) São Paulo Petrochemical Pole

This complex has already been consolidated, and only the POLIBRASIL S/A polypropylene project, which started production in the first quarter of 1978, remains.

D) North-eastern Petrochemical Pole

D.1) Aromatic derivatives. The caprolactam (NITROCARBONO) and dimethyl terephthalate (PRONOR) projects have already been operating since the beginning of the second half of the year, using imported raw materials, pending the start-up of the central raw materials unit. The toluene diisocyanate (ISOCIANATOS) project started operating in the first quarter of 1978.

D.2) Olefin derivatives. The central raw materials unit and the down-stream units were completed in the first quarter of 1978. The only project in the olefins derivative sector with regard to which there is a delay is the CPC - CIL. PETROQUIMICA CAMACARI project, and this has resulted from initial uncertainty concerning the supply of chlorine, subsequently settled by the use of dichloroethane produced by SALGEMA. It is expected to start operating in December 1978.

The fertilizer programme

Since domestic demand is growing rapidly as a result of the development of agriculture, the fertilizer sector is heavily dependent on imports - to the extent of around 90 per cent in terms of NPK nutrients - the implications of which for the balance of payments amount to around US\$500 million a year.

In November 1974, the Economic Development Council approved the National Agricultural Fertilizer and Lime Programme, which established targets for 1980 with regard to the consumption and supply required for full satisfaction of the needs of the Brazilian market. The demand in respect of NPK projected for 1980 is 4 million tonnes, and a supply of 1.4 million tonnes of

Brazil (cont'd)

nitrogenous fertilizer, 1.6 million tonnes of phosphate fertilizers and 1 million tonnes of potassium products is forecast.

The implementation of the programme is progressing satisfactorily, with the exception of potassium products, with regard to which there have been lags because of indecision with regard to the utilization of the deposits at Carmópolis in Sergipe. In the past year, Petrobrás Mineração S.A. was set up to operate as a holding company for enterprises participating in the exploration work in question.

The progress of the projects intended to meet the targets laid down under the National Fertilizer Programme (PNF) is being followed by the Executive Commission for Fertilizers (CEF), which meets regularly. The targets laid down under the National Fertilizer Programme are as follows (for 1980:

	<u>Tonnes</u>
Nitrogenous (N)	1,400,000
Phosphate (P <sub>2</sub> O <sub>5</sub> )	1,600,000
Potassium (K <sub>2</sub> O)	1,000,000

So far, the following projects have already been decided on and planned by the Executive Commission for Fertilizers:

<u>Nitrogenous</u>	<u>Thousands of tonnes of N</u>
<u>Current supply</u>	<u>325</u>
Petrofertil (Bahia)	256
Ultrafertil and Petrofertil (São Paulo)	139
<u>Projects planned</u>	<u>970</u>
Sergipe	209
Araucária	276
Norte-Fluminense	209
CRN	276
<u>Future supply</u>	<u>1,365</u>
<u>Programme target</u>	<u>1,400</u>
<u>Deficit</u>	<u>35</u>
	(Balance)

Brazil (cont'd)

(Comment: It has been assumed that 85 per cent of installed capacity in respect of ammonia is intended for the fertilizer sector.)

<u>Phosphate</u> (Phosphate rock)	<u>Thousands of tonnes</u> of $P_2O_5$
<u>Current supply</u>	<u>140</u>
Camig. (Araxá)	33
Serrana (Jacupiranga)	98
Socal (Santos)	9
<u>Projects planned</u>	<u>680</u>
Arafertil (Araxá)	231
Valep (Tapira)	324
Serrana (Ipanema)	125
<u>Other projects already decided on</u>	<u>725</u>
Metago (Catalão)	210
Fosfago (Catalão)	175
Fosfertil (Patos de Minas)	340
<u>Future supply:</u>	<u>1,545</u>
<u>Programme target</u>	<u>1,600</u>
<u>Deficit</u>	<u>55</u>
<u>Potassium</u>	<u>Thousands of tonnes</u> of $K_2O$
<u>Current supply</u>	-
<u>Project to be executed</u>	<u>1,000</u>
Petrobrás Mineração (Sergipe)	1,000
<u>Future supply</u>	<u>1,000</u>
<u>Deficit</u>	-

Brazil (cont'd)

Fulfillment of the goals laid down in respect of nitrogen is being ensured by projects organized by Petrobrás Fertilizantes, and increases in phosphate requirements can be covered by means of the deposits of phosphate rock in the country.

Projects under the Programme

i) Nitrogenous fertilizers

The projects of Petrobrás Fertilizantes located in Araucaria (Paraná), Laranjeiras (Sergipe) and Norte Fluminense (Rio de Janeiro), the physical facilities of which will start operating on a staggered basis by 1981, should help to meet the production target.

The original technological design of the project of Cia. Riograndense de Nitrogenados (CRN) in Rio Grande (Rio Grande do Sul) has been altered, and coal will be used as a raw material for ammonia. PETROBRÁS is now deciding on the coal gasification process to be used. In July 1977, a shareholders' agreement was signed by the Government of Rio Grande do Sul, PETROBRÁS FERTILIZANTES and FIBASE. In this connexion, the target for nitrogen, in terms of the basic ammonia input, is the exclusive responsibility of PETROBRÁS FERTILIZANTES, which will have to meet demand by 1981.

ii) Phosphate

The projects for the production of phosphate rock already decided on under the Programme are as follows:

VALIP (Tapira - Minas Gerais) - project run by Cia. Vale do Rio Doce, now being executed, with completion expected in the second quarter of 1978;

ARAFERTIL (Araxá - Minas Gerais) - project in the initial production phase; the rock is to be sold to present importers in the central region;

SERRANA (Ipanema - São Paulo) - project already approved by GEIMI; the shareholding and financial plans have yet to be finalized;

METAGO (Catalão - Goiás) - a shareholders' agreement was recently signed by PETROBRÁS FERTILIZANTES, METAGO and FIBASE, providing for division in the proportion 20:60:20;

FOSEFERTIL (Patos de Minas - Minas Gerais) - earth-moving is now being started for project construction work. The following are being decided on:



Brazil (cont'd)

- Precise location of the factory;
- Feasibility study for the distribution of output;
- Economic feasibility study under analysis by GEIMI.

FOSFAGO (Catalão - Goiás) - progressing slowly, the production distribution plan not yet having been finalized.

The above projects ~~will be able to provide a~~ production capacity adequate to meet domestic demand at the beginning of the 1980s, as already indicated.

The remaining projects included under the Programme relating to the production of fertilizers which will be able to supplement domestic supply of  $P_2O_5$  are:

- Trauíra (Maranhão)
- Fosforita (Pernambuco/Paraíba)
- Serrote (São Paulo)
- Fosfórico (Rio Grande do Sul).

iii) Potassium

The only project listed under the National Fertilizer Programme which involves prospecting for potassium is the one relating to utilization of the deposits at Carmópolis (Sergipe).

On 14 February 1977, PETROBRAS MINERÁCAO S/A was set up. It will serve as a holding company for future subsidiaries which will be responsible for the various types of services provided by the enterprise as a whole.

At the present time, the enterprise is carrying out the following:

- Selection of the supplier of technologies;
- Training of manpower for mining operations;
- Selection of the area of activity for each unit.

The crop-protection product programme

In the area of crop-protection products, too, there is steady growth of demand in the domestic market and a high degree of external dependency.

The National Crop-Protection Product Programme, approved by the Economic Development Council in August 1975, aims at increasing the proportion accounted for by domestic supply to at least 50 per cent of Brazilian consumption by 1980 (see annex III).

During the period, an effort was made, through the Special Co-ordination and Follow-up Group of the National Crop-Protection Product Programme, to co-ordinate efforts

Brazil (cont'd)

with a view to achieving the domestic production targets established under the Programme for 1980 and also to continue with evaluation of the remaining functions (of a technical nature) covered in it and falling within the purview of the ministries represented in the Follow-up Group.

Domestic production targets for 1980

(Tonnes)

Insecticides

BHC	5,100
Toxaphene	21,100
DDT	18,400
Monocrotophos	1,543
Dicrotophos	
Parathion	4,255
Malathion	7,130
Trichlorphone	500
Dimethoate	1,000

Fungicides

Maneb	15,500
Copper oxychloride	15,000
Ziram	1,500
Thiram	226

Herbicides

Trifluraline	5,947
Triazines	3,500
Propanil	2,080
Diuron	2,000
2,4-D	9,000
Paraquat	1,000

The pulp and paper programme

The pulp and paper sector, which reached a satisfactory level of development a few years ago, covers a substantial share of the domestic consumer market, with, however, substantial imports in certain lines of paper, in particular, newsprint. Brazil has great potential for becoming a major producer of paper products, even for export.

Thus, the Government decided, through this programme, which was approved by the Economic Development Council in December 1974, to adopt a group of measures aimed at the development of this manufacturing sector. Specifically, in the area of pulp, the production of 2.2 million tonnes for the domestic market and 2 million tonnes for export was fixed as the goal for 1980.

Brazil (cont'd)

The National Pulp and Paper Programme approved on 4 December 1974 proposes, as a medium-term target, achievement of the following levels of physical production for cellulose, paper and mechanical pulp by 1980:

	<u>Production, thousands of tonnes</u>
PAPER	<u>3,680</u>
- Newsprint	550
- Writing and printing	950
- Packing	1,300
- Industrial and other uses	800
..	
CELLULOSE	<u>4,200</u>
- For the domestic market	2,200
- For the foreign market	2,000
MECHANICAL PULP	650

The targets established under the Programme would make it possible for the country to achieve self-sufficiency in all types of paper and also to export 2 million tonnes/year by 1980 if the homogeneous forests connected with iron and steel enterprises are used. If not, the exports advocated would amount to 1,200,000 tonnes.

As a long-term target, the Special Export Programme, which calls for gradual increases in exportable surpluses of cellulose, up to 20 million tonnes by 1983, was established.

On the basis of installed capacity in 1973 and production targets fixed for 1980, the following investments required for the period 1974-1980, excluding reforestation, were estimated in the Programme:

	<u>Millions of US dollars</u>
Paper	520
Cellulose	2,200
Mechanical pulp	<u>38</u>
Total	<u>2,758</u>

Brazil (cont'd)

It was also specified that Government agencies would provide 40 per cent and external agencies 30 per cent of the resources required, while the remainder, equivalent to US\$800 million, would be raised by the enterprises themselves. CURRENT PROSPECTS ARE:

Cellulose and mechanical pulp. According to a survey made by the São Paulo Association of Pulp and Paper Manufacturers (APFPC), installed cellulose production capacity in 1977 was as follows:

	<u>Thousands of tonnes</u>
Short-fibre	<u>1,439</u>
- Bleached	950
- Unbleached	489
Long-fibre	<u>672</u>
- Bleached	103
- Unbleached	576
Total, cellulose	2,118

According to studies carried out by the Association of the Paper, Cellulose, Paper Pulp, Paper Board and Paper and Paper Board Products Industries of the state of Paraná, in 1976, installed production capacity in the country in respect of mechanical pulp amounted to 424,000 tonnes. Taking into account the cellulose projects in implementation, approved and under analysis by the Industrial Development Council and BEFIEX, the following additional capacities can be estimated for the period 1978-1982:

ENTERPRISE	(Thousands of tonnes)				
	1978	1979	1980	TOTAL (1980)	1981
<u>Short-fibre</u>	<u>304</u>	<u>305</u>	<u>321</u>	<u>930</u>	<u>110</u>
Aracruz Celulose S.A. <sup>a/</sup>	130	137	133	400	-
Celulose-Nipo-Bras. - CENIBRA	155	-	-	155	-
Cia. Suzano de Papel e Celulose	19	-	-	19	-
Cia. Guataparã de Celulose e Papel	-	-	60	60	110
Jari Florestal <sup>a/</sup>	-	127	128	255	-
Industrias Klabin do Paraná	-	41	-	41	-

<sup>a/</sup> Primarily export-oriented projects.

Brazil (cont'd)

	1978	1979	1980	TOTAL (1980)	1981
<u>Long-fibre</u>	144	100	274	518	-
Cia. Celusa da Bahia	-	68	-	68	-
Braskraft S.A.	-	-	204	204	-
Indústrias Klabin do Paraná	34	32	-	66	-
COCELPA - Cid. de Celulose e Papel do Paraná	110	-	50	160	-
Indústria de Papéis Santo Amaro S.A.	-	-	20	20	-
<u>Total, cellulose</u>	448	405	595	1,448	110

By adding installed capacity in 1977 to that provided for under new projects, we obtain the estimated cellulose output for the next few years; in the light of the targets laid down in the National Paper and Cellulose Programme (PNPC), the following balance is yielded for 1980.

TYPE	PRODUCTION CAPACITY	TARGETS FIXED BY PNPC		BALANCE
		Internal	External	
		Target	Target*	
Short-fibre	2,420	1,321	1,200	2,521 (101)
Long-fibre	1,197	842	-	842 355
<u>Total</u>	<u>3,617</u>	<u>2,163</u>	<u>1,200</u>	<u>2,363 254</u>

In this way, it is expected that, by 1980, Brazil will achieve self-sufficiency in respect of cellulose of all types and will export approximately 1 million tonnes of short-fibre cellulose, bringing into the country foreign exchange earnings of around US\$400 million.

As regards mechanical pulp, studies carried out by APFPC indicate that, by 1980, there should be an installed capacity of 193,000 tonnes of mechanical, mechanical/chemical and hot-ground pulp, which, added to 1976 production capacity, provides the data for the following comparison with the targets fixed under the Programme:

Installed capacity 1980	Target fixed by the PNPC	Balance (thousands of tonnes)
617	650	(33)

\* Export targets under the PNPC, not taking into account utilization of plantations connected with iron and steel enterprises.

Brazil (cont'd)

It will be seen from the above table, however, that there will be a small production deficit in comparison with the figure fixed under the PNPFC.

According to data obtained from cellulose enterprises whose projects are being implemented, have been approved or are being considered by the Industrial Development Council, the volume of investment realized or to be realized by 1980 is as follows:

	<u>Millions of cruzeiros</u>
Investments	<u>22,244</u>
- Realized	6,281
- To be realized	15,963

It is expected that the finance for the investments to be realized will come from the following sources:

	<u>Millions of cruzeiros</u>
Own resources	<u>5,368</u>
- Private shareholders	3,734
- FIBASE	1,090
- FINOR/FISET	544
External resources	<u>11,304</u>
- National Economic Development Bank (BNDE)	7,517
- Other government credit agencies	-
- Other sources of finance	-
- Domestic	420
- Foreign	3,367

Paper

The paper sector can be subdivided as follows:

- Newsprint,
- Writing and printing paper,
- Packing paper,
- Paper for industrial and other uses.

According to the APFPC report, in 1977, production capacity in the paper sector was as follows, broken down by type of product:

Brazil (cont'd)

	<u>Thousands of tonnes</u>
Newsprint	126
Writing and printing	615
Packing	1,306
Industrial and other uses	709
<b>Total for paper</b>	<b>2,756</b>

The report quoted above also estimates that the following additional installed capacity will be created between 1978 and 1980:

<u>Type of paper</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Total, 1980</u>
	(Thousands of tonnes)			
Newsprint	-	15	80*	95
Writing and printing	20	38	63	121
Packing	75	116	211	402
Industrial and other uses	36	12	3	51
<b>TOTAL</b>	<b><u>131</u></b>	<b><u>181</u></b>	<b><u>357</u></b>	<b><u>669</u></b>

\* PARANAPRINT project, assuming operation at 50 per cent of capacity in 1980, i.e. 250 tonnes/day or 80,000 tonnes/year.

Future output of the various types of paper was determined by adding the 1977 capacity to the additional production arising out of the new projects being implemented; the following table comparing production capacity with the goals fixed under the PNPC for 1980 was compiled on that basis:

<u>Type of paper</u>	<u>Production capacity</u>	<u>Targets fixed under PNPC</u>	<u>Balance</u>
	(Thousands of tonnes)		
Newsprint	221	550	(329)
writing and printing	736	950	(214)
Packing	1,708	1,300	408
Industrial and other uses	760	880	(120)
<b>TOTAL</b>	<b><u>3,425</u></b>	<b><u>3,680</u></b>	<b><u>(255)</u></b>

It will be seen that there are production deficits with respect to newsprint and paper for printing and writing and industrial and other uses, while there is a positive balance with respect to packing paper. With the exception of newsprint, we believe that new projects can be implemented by 1980, ensuring a balance between supply and demand.

Brazil (cont'd)

The medicaments guideline plan

The general guidelines and policies for the Medicaments Guideline Plan were laid down by a decree promulgated in 1973, which provided for a number of measures to strengthen the domestic pharmaceutical industry.

By resolution No. 36 of December 1974, the Industrial Development Council regulated the granting of incentives for the production of raw materials intended for the chemical/pharmaceutical industrial estate. In co-operation with the Central Office for Medicaments (CEME), the Industrial Development Council prepared a list of priority raw materials, production of which should be promoted. In addition, conditions were laid down for integration of the industry producing chemical and pharmaceutical inputs with a view to supporting production processes used in the country and also the achievement of import substitution in this field.

The new orientation adopted by the Industrial Development Council awakened interest among entrepreneurs, leading to a number of proposals for action aimed at the achievement of vertical integration of industrial enterprises established and the development of the sector.

BURUNDI

For the industrial sector as a whole, the total growth rate will be an average of 14.7 per cent per year for the period under consideration (1978-1982). The industrial sectors given priority in the development plan are:

The processing of agricultural products;  
Building materials industries;  
Mining;  
Food industries;  
The manufacture of agricultural equipment;  
Textile and leather industries.

CENTRAL AFRICAN EMPIRE

The five-year plan merely lists the industrial projects to be carried out, taking into account needs and the stage of preparation, and suggesting possible sources of finance.

Production of electric power;  
Agro-industries;  
Metallurgy;  
Consumer-goods industries;  
Others.



## CHILE

One of the most important targets of the economic plan implemented by the Government of Chile is development of production activities in which the country is genuinely efficient, both domestically and by comparison with foreign countries. For this reason, the decision as to what to produce or what investments to make remains largely in the hands of private individuals, who will react to differences in the prices for factors and products, thus directing resources to one sector or the other.

It is considered that both domestic and international markets can provide objective guidelines which will adequately orient the activities of the various branches of production. The sectors in which domestic production is most efficient are those making intensive use of the resources which are most abundant in the country, i.e. labour and natural resources. Thus the production activities which will undergo the greatest growth in the next few years are agriculture, agro-industries, mining, forestry, fisheries and a few others.

As was indicated in the reply in respect of Planning and Policies, the role played by the State in this development process must not be forgotten. The State adopts a subsidiary role, allowing itself to be guided by considerations of efficiency in the use of resources.

For all the reasons given, it has not been considered desirable to plan the allocation of resources in a mandatory manner. Instead, general guidelines for individual action have been laid down.

## COLOMBIA

The National Development Plan does not contain growth targets for the industrial sector, but at the present time the Export Promotion Fund (PROEXPO) is completing an exhaustive study in this area, which will include forecasts for the entire industrial sector, broken down by branches and sub-sectors, for the period 1979-1982. This study will be ready by the end of this year (1978).

Although the National Development Plan does not specifically assign priority to any particular industrial sector, agro-industry is regarded as the basic sector, since it has the key role to play in supplying the products essential to the carrying out of the National Food and Nutrition Plan, one of the major programmes that has been undertaken.

CUBA

Our five-year plan for the period 1981-1985 provides for the preferential development of the industrial sector in order that, through this development, it may be possible to diversify exports, integrate the economy more fully, and lay the basis for the expansion not only of industry itself, but of the other sectors of the economy as well.

The intention is steadily to increase the share of industrial products in the country's total exports - with special emphasis on exporting more non-traditional products, until, by 1985, approximately 17 per cent of gross industrial output is exported.

Another objective is to develop the domestic manufacture of equipment, components and spare parts, and to begin the building of certain types of industrial plants.

The growth of industrial production during the five-year period covered by the plan is to be largely based on the increasing availability of new capacity and is to be characterized by a relatively high concentration of investment in basic sectors.

The following are the different sectors to be given priority under the 1981-1985 five-year plan:

Electric power. New power plants with a potential capacity of 1,100-1,300 MW are to be placed in service; construction is to begin on a power transmission line carrying 400-500 KW, as well as lines carrying 220, 110 and 33 KW, and work is to be accelerated on the building and equipping of the country's nuclear power station.

Fuel industry. Petroleum extraction and refining levels are to be increased and liquefied gas is to be produced in large amounts; more manufactured gas is to be produced; existing refineries are to be modernized and expanded, the first stage of the new refinery is to become operational, and the production of oils and greases is to be stepped up.

Mining and ferrous metallurgy. The output of common steel, billets and finished steel products is to be increased; the working of the refractory chrome deposit is to be intensified; work on the Integrated Iron and Steel Complex is to be speeded up, and the building of a plant to produce stainless steels is to begin.

Mining and non-ferrous metallurgy. A wider range of nickel products is to be produced, including the separation of cobalt; lead, zinc and pyrites production is to be increased, and studies

Cuba (cont'd)

are to be made of the feasibility of using available high-purity silica sand to produce optical glass and monocrystal silicon.

Construction of non-electrical machinery and metal products.

The production of agricultural machinery, equipment and implements and new lines of automotive equipment is to be increased, along with the production of machinery and equipment for the sugar industry; more refrigeration and air-conditioning equipment is to be manufactured; the production of steel structural elements and technological equipment is to be increased; there is to be greater utilization of the production capacity for stainless steel equipment, parts and components; the production of railway transport equipment is to be increased; new casting, forging, boiler-making and machining facilities are to be built, and an effective national capability in the area of planning and design is to be created.

Electronic and electrical engineering industry. The production of consumer durables is to be increased, and the production capacity for electrical wires and cables expanded; an accelerated programme is to be started for the production of technical computation facilities, and the manufacture of storage batteries is to be increased.

Fertilizer industry. The production capacity for blended and granulated fertilizers and the output of nitrogen fertilizers is to be increased.

Tyre and inner-tube industry. Tyre production is to be increased and the recapping capacity expanded; inner-tube production capacity is to be enlarged and work begun on the construction of a rubber recycling plant.

Pharmaceuticals industry. Existing installations are to be expanded and modernized, and there is to be greater investment to produce serums, semi-synthetic antibiotics and steroids and to develop the production of pharmaceutical raw materials.

Chemical industry. Paint production capacity is to be increased to a level of not less than 45 million litres by 1985; an intermediate resin plant is to be built and the capacity to produce industrial gases is to be expanded; a calcium carbide plant is to be erected and a plant to produce carbamide resins is to be placed in operation; soap production capacity is to be increased.

Cuba (cont'd)

Paper and pulp industry. Paper and cardboard production is to be increased; maximum use is to be made of the available bagasse and of paper and cardboard waste as raw materials; a capability to produce corrugated cardboard cartons and multiply containers is to be established.

Furniture industry. Production of household furniture is to be quadrupled and maximum use is to be made of artificial board.

Building materials industry. Cement production is to be increased by 1985 to a level of not less than 5.7 million tonnes; the production of asbestos-cement sheets and prefabricated structural elements is also to be increased.

Glass and ceramics industry. The production of window glass is to be expanded, light-bulb production is to be modernized and the manufacture of tiles and sanitary ware is to be increased.

Textile, ready-to-wear clothing and leather industry. Some 370 million m<sup>2</sup> of fabrics are to be produced by 1985; national yarn production is to be increased; the production capacity for signal rope and cord is to be expanded; the production of knitted goods, woven fabrics and mattresses is to be increased; new facilities are to be built for the production of zippers, elastic bands and other accessory products; tanneries are to be expanded and modernized, with footwear production brought to 40 million pairs by the end of the five-year period.

Sugar industry. Sugar production is to be substantially increased by the year 1985, with a daily milling capacity of 64 million arrobas<sup>1/</sup> of cane achieved by the end of the five-year period; the sugar refining capacity is to be expanded, and additional storage facilities for raw and refined sugar and molasses are to be built.

Food industry. Exportable products are to be increased by a factor of five.

Fisheries industry. The total fish haul by 1985 is to amount to not less than 380,000 tonnes.

Beverage and tobacco industry. There is to be an expansion of the alcoholic beverage industry, with existing breweries enlarged to produce not less than 50 million cases by 1985; soft-drink production by 1985 is to total not less than 75 million cases; cigar production for export is to reach a level of not less than 200 million units.

1/ Translator's note: A unit of weight in the Spanish-speaking world varying in its precise value from country to country, but equivalent to about 11.5 or 12 kg.

Other industries. Book production is to be increased, the sporting goods industry is to be expanded, and the development of local industries producing such things as household and craft items is to be promoted.

### CYPRUS

The main target set in the Second Emergency Economic Action Plan 1977-1978 for Industrial Development was the increase of the contribution of the manufacturing sector towards the Gross Domestic Product. It is estimated that the value added of the manufacturing sector would increase at 11.1% per annum during the Second Emergency Economic Action Plan at constant prices of 1973.

The above growth target has been set up after a thorough examination of the present situation of the manufacturing sector and it is within the capabilities of the Cyprus Industry. Its final materialization, however, is highly dependant on the capabilities and willingness of the private sector to exploit the existing potentialities.

During the Second Emergency Plan the sector of electrical machinery and apparatus was expected to achieve the biggest increase, and penetrate successfully the export market. Paper and paperboard products industry though it is still underdeveloped it would be strengthened with the establishment of new manufacturing units which would lead to a substantial increase of its production capacity.

Footwear industry would have continued its active expansion through exports. Substantial increase of production would have also been achieved by the metal working industries due to the establishment of new industrial units as well as due to the good prospect that some of the products of this industry have in the export market. The contemplated establishment of shipyards would enhance the rapidly increasing importance of the transport sector. The non-metallic mineral industry, however, would be in a position to satisfy the increasing demand of the manufacturing sector for a great number of conventional as well as new products.

Satisfactory production increase would have been achieved in the printing, rubber and wearing apparel sectors while the food industry was expected to be strengthened by the establishment of new production units.

The following table shows in two-digital groupings the projected value added of the manufacturing sector for the period 1975-1978 at constant 1975 prices as well as the growth rate for the years 1977/78.

Cyprus (cont'd)

Industries	Manufacturing sector: Value Added			Growth rate
	1975 £ C'000	1976 £ C'000	1978 £ C'000	1977/78 %
Food	5,201	5,741	6,886	9.5
Beverage	4,754	5,483	6,122	5.7
Tobacco	928	1,411	1,620	7.2
Textiles	1,444	2,021	2,694	15.5
Footwear	2,019	2,773	3,794	17.0
Clothing	3,711	4,854	5,649	7.9
Wood	804	1,003	1,201	9.4
Furniture	1,542	1,721	2,039	8.8
Paper	340	483	660	17.0
Printing & Publishing	1,872	2,124	2,744	13.6
Leather	509	609	809	15.2
Rubber	300	359	453	12.4
Chemicals	1,195	1,423	1,657	7.9
Petroleum byproducts	1,975	2,166	2,424	5.8
Non-metallic minerals	4,474	6,483	8,086	11.7
Metalworking	1,673	2,013	2,874	19.5
Engineering	756	956	1,167	10.5
Electrical Goods	459	600	946	25.5
Transport Equipment	2,445	2,634	3,518	15.6
Miscellaneous	<u>1,037</u>	<u>1,199</u>	<u>1,458</u>	<u>10.3</u>
	37,437	96,056	56,798	11.0

Source: Planning Bureau.

The above outlined prospects of the Cyprus Industrial Sector are not expected to alter substantially during 1979-1981. The sectors of the Chemical Industry, however, are expected to provide the main basis for the increase in the manufacturing sector during the period 1979-1981 with the establishment of an industry for the production of compound fertilizers and Sulphuric Acid.

ECUADOR

In 1978, there was a significant increase in the number of enterprises classified under the Industrial Promotion Law and in the level of investment over the year 1977. This can be seen from the following table.

Ecuador (cont'd)

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	1977	1978 (as of 15 December)
Number of enterprises classified	41	41
Total investment, in millions of sucres 1/	4,013	7,692

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1/ Includes the initial investment of the enterprises classified, as well as investments for the existing industrial plants.

The automotive industry

The Ministry, Commerce and Integration implemented a number of measures in 1978 aimed at establishing and developing an Ecuadorian automotive industry.

- The automotive industry sectoral development programme of the Commission of the Cartagena Agreement was made a part of the country's domestic legislation, thus creating the legal framework necessary for the development of this industry, including protective measures for the internal and external markets.
- As part of this sectoral programme, new coproduction and assembly agreements were signed with Venezuela, thanks to which it will be possible for our country to manufacture heavy trucks of categories B3 and B4, even though the production of these vehicles was not assigned to Ecuador.
- The Government completed the process of evaluating the bids submitted by the automotive enterprises for the production of the passenger cars and trucks assigned to Ecuador under the automotive programme of the Andean Group. As a result of this evaluation, Volkswagen and General Motors were given the opportunity to sign production contracts for passenger cars and trucks, respectively.
- On 18 December 1978 a contract was signed with Volkswagen for the production of the passenger cars of category A2 which have been assigned to Ecuador, as well as the engines for this type of vehicle. During the first half of January 1979 negotiations will begin with General Motors, which are expected to lead to the signing of a production contract for the category B1 trucks which have also been assigned to our country.
- Thirteen new basic and priority industrial projects in the automotive sector were brought under the promotional machinery of the "Directed Investment List" (DIL). This measure will not only facilitate the implementation of the automotive programme, but will contribute to the industrial dispersal process as well.

Ecuador (cont'd)

- An automotive industry promotion bill has been studied and prepared for submission to the Supreme Governmental Council for approval.

The development of the automotive industry will open up important new prospects in the industrial development of the country. Estimates indicate that by 1983 the production of vehicles and automotive components by value will be not less than \$300 million, which will represent some 24 per cent of the country's gross industrial product. Automotive industry activity as a whole will stimulate the development of such other important branches as iron and steel, petrochemistry, and metalworking and engineering; it will also provide an incentive for the establishment and expansion of a large number of component manufacturing enterprises, which will in turn require a vast range of nationally produced raw and processed materials. In the area of foreign trade as well, the automotive branch will take on particular importance. Estimates that have been prepared indicate that by 1983 the value of vehicles and components exported will reach \$250 million, so that car and truck production will advance into second place among all exports and into first place within the group of exports of manufactures. This will constitute a major source of foreign exchange revenue for Ecuador and a considerable saving of hard currency through import substitution in the vehicles and components. In addition, by that same year, the automotive industry will have generated some 10,000 jobs in the form of direct employment, taking into account both the assembly plants and the various manufacturers of basic and secondary components.

What is more, the expansion of this sector will make a significant contribution to national technological development by bringing about the mastery of such technologies as casting, forging, precision machining, stamping and the heat treatment of metals, which are new in Ecuador. Since the priority projects in the automotive sector will be promoted under the Directed Investment List system, this activity will also contribute to regional development and the establishment of numerous industrial centres.

The iron and steel industry

The year 1978 saw the creation of ECUASIDER, with the objective of implementing an iron and steel industry project in El Oro Province, operating on the direct reduction system and using gas from the Gulf of Guayaquil; it will have an installed capacity of 400,000 tonnes of steel a year. In order to achieve appropriate industrial integration, ECUASIDER has acquired the majority of the shares of the ANDEC enterprise and has at the same time made plans for the expansion of that firm's rolling mill as well as for the operation of the FUNASA foundry enterprise. ECUASIDER has also been granted the



Ecuador (cont'd)

incentives provided for under the Industrial Promotion Law, as a further aid to carrying out this project.

The petrochemical industry

Particular mention should be made of the two petrochemical complexes which are to be built as the result of assignments to Ecuador within the Andean Group, work on which is currently at the study and promotion stage. One of these is an ammonia-urea complex that will make use of natural gas from the Gulf of Guayaquil and will have a capacity of between 1,000 and 1,500 tonnes/day; it will be of major importance for the agricultural development of the country. The other is a petroleum cracking complex, which is to be located in Esmeraldas Province in order to take advantage of the crude petroleum available there.

The promotion of the pharmaceuticals industry

An incentive for the establishment of laboratories to produce pharmaceutical products came into being with the enactment, in August 1970, of Decree 372-C providing for total exemption from import duties on raw materials intended for use in the manufacture of pharmaceuticals and requiring foreign laboratories to manufacture these products within the country. Later, Decree 1103 of October 1972 established facilities for the effective implementation of these exemptions. Similarly, other decrees passed during 1973, 1974 and 1975 further contributed to facilitating the establishment of pharmaceutical laboratories, especially Decree 924-C and its regulatory provisions, which exempted raw materials intended for use in manufacturing pharmaceutical products from payment of the 4 per cent business transaction tax and waived customs duties on containers, packaging materials and indirect raw materials. A number of foreign laboratories have responded to this incentive programme, and such firms as Merck, Sharp and Dohme, Shering, Hoechst, Warner Chilcott, and Abbott Laboratories have built or are building industrial plants in Ecuador.

EL SALVADOR

Targets of the industrial sector 1977-1982

(millions of colons at 1975 prices)

Indicators	1977	1982	Cumulative rates	
			1977	1982
Gross Domestic Product accounted for by industry	1,005.3	1,650.6	9.4	
Percentage share of industrial production in total GDP	20.7	22.5	-	

- P -

El Salvador (cont'd)

	<u>1977</u>	<u>1982</u>	Cumulative rates <u>1977 - 1982</u>
Gross value of industrial production	2,447.3	3,928.9	9.9
Imports of manufactured goods	1,534.1	2,211.7	7.6
Exports of manufactured goods	543.7	886.8	10.3
Domestic demand	3,437.7	5,253.8	8.8
Investments	195.6	330.2	11.0
Employment (thousands of persons)	109.0	143.5	5.7

Source: Plan Nacional Bienestar para Todos 1978-1982. Versión General [National Plan 1978-1982 "Well-being for All". General version].

Strategic programme PE-12, Development of Basic Industries, gives priority to the iron and steel, metal-working and engineering, chemical, and building materials industries.

ETHIOPIA

Industrial development in Ethiopia is very much at its infancy and displays the weaknesses inherited from the feudo-bourgeois past. Its development was based on a policy which, on the one hand, encouraged import substitution of consumer goods under high tariff protection and, on the other, relied upon foreign ownership and management of industry. The almost exclusive concentration on consumer goods production for the domestic market meant that negligible attention was paid to growth generating activities like the engineering, chemical and basic industries. The advantage of these high "linkage" industries is that their establishment may not only have triggered the emergence of other new activities, but may also have increased the efficiency of existing industries. Thus, there is little doubt that the pace of Ethiopian agricultural development was constrained by the non-existence of industries producing such items like agricultural machinery tools and storage facilities, while the absence of units producing even rudimentary spare parts meant that factories either have to carry excessively high stocks of imported spares or face periodic production stoppages.

Measures to correct such weakness will be undertaken. In fact, the broad contours of an industrial strategy are emerging and though it would be pre-mature to discuss it here,

Ethiopia (cont'd)

it may be noted that the strategy underscores the special importance of the export, resource-based and engineering industries for the development of a strong and self-reliant economy. In this context, agro-based industries will continue to be given emphasis to make use of the economy's advantages in agriculture and to generate new employment opportunities.

FIJI

Overall manufacturing and processing growth rate is 7.8% per year during Development Plan 7. Priorities:

Sugar processing	6.3%
Other food processing	7.2%
Textiles, wood, printing, paints etc	10.1%
Cement	-11.2%
Other manufacturing	8.9%

GAMBIA

The current development plan growth target for the industrial sector as a whole is a 4.5% growth rate per annum. In the national development plan emphasis is placed on the development of the indigenous informal sector.

GHANA

The target growth rate for the industrial sector has been fixed in the Plan Document at 7.5% per annum in real terms. In the Plan Document, great emphasis has been placed on the development of the following industries during the Plan period:-

- a) agro-based industries, utilising local materials;
- b) export-oriented industries, using local resources;
- c) iron and steel production;
- d) bauxite processing;
- e) engineering industries;
- f) aluminium rolling mill;

Targets have been set for the production of particular items such as building materials, but not subsectors of industry such as textiles, chemicals, leather, etc.

GREECE 1/

- The average annual rate of growth set for the secondary sector as a whole and the subsectors mining, manufacturing, electricity and construction is based on data expressed in constant 1970 prices and has as follows:

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<u>G N P</u>	Assumptions	<u>Alternative growth rates 1977-82</u>	
		<u>5.0%</u>	<u>6%</u>
		A*	B*
<u>Secondary Sector</u>		7.1	7.4
a) mining etc.	5.4	6.0	7.0
b) manufacturing	5.0	6.6	7.5
c) electricity	8.0	9.5	9.8
d) construction	5.7	7.6	6.3

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- The plan gives priority to further development and vertical integration of domestic natural resource-based industries (i.e. aluminum etc.), as well as to sectors requiring advanced technology and more specialised labor (i.e. chemicals, metal products etc.)

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\* Alternative growth rates shown in the last two columns are based on two different assumptions concerning primarily changes in the export demand for manufacturing goods.

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1/ The reply from Greece was received after publication of document ID/258.

GUATEMALA

The National Industrial Development Plan for 1976-1979 assigns priority mainly to:

- a) Activities in the food industry whose production plays a major role in the nutritional standards of the low-income sectors of the population;
- b) Activities in the textile, garment and leather and footwear industries, which reflect patterns of domestic consumption and the nature and amount of factors of production at the national, regional and local levels;
- c) Industrial activities intended to provide basic inputs for construction, mainly of housing for low-income sectors of the population;
- d) Industrial activities providing inputs for the agricultural and stock-breeding sector;
- e) Activities providing intermediate inputs and some unsophisticated capital goods to the industries listed.

Given the nature of the branches of activity which are to lend dynamism to the model at the outset, these should consist primarily of medium-sized and small production units using intermediate and simple technologies. In order to achieve this, the elements specially emphasized are:

(a) development of interdependent industrial groups made up of plants producing basic consumer goods for the population and plants which provide these with inputs and certain capital goods; (b) industrial decentralization on the basis of a rational location of industry in the national territory with a view to optimizing the utilization of natural resources, and benefiting the most depressed rural areas; (c) gradual elimination of structural unemployment and underemployment through the establishment of small-scale industry and craft activities; (d) rationalization of the production apparatus, with an effort to increase the productivity of factors of production in accordance with the employment targets proposed; (e) financing of the sector, which involves an increased degree of use of the country's financial resources and a more rational use of funds from abroad.

The targets for the industrial sector for 1976-1979 are oriented towards achievement of a production structure in accordance with the model of industrialization proposed, with a view to ensuring that the sector will make a significant contribution, inter alia in quantitative terms, to the achievement of the targets and objectives laid down in the comprehensive development plan. The branches to which priority has been assigned are:

Guatemala (cont'd)

1. Foodstuffs;
2. Textiles;
3. Garments;
4. Leather;
5. Footwear;
6. Wood;
7. Furniture;
8. Non-metallic minerals and
9. Metalworking and engineering.

Added value should increase during the period at a cumulative average annual rate of 10.81 per cent. The branches to which priority has been assigned will grow at a rate of 11.4 per cent, and those without priority at a rate of 9.1 per cent. If industrial development is to be given the dynamism desired, it will be necessary to import increasing amounts of machinery and equipment. Special attention is therefore paid to the promotion of exports, which should grow at a cumulative annual rate of 26.34 per cent over the period, and to the gradual imposition of restrictions on unnecessary industrial imports. Imports should grow at a rate of 23.15 per cent, in order to reduce the deficit in the trade balance for the sector.

GUYANA

A number of industrial projects which began during 1972-76 plan period are scheduled for completion in the 1978-81 plan period. Table I provides data on the actual achievements of the manufacturing sector for the period 1974-77. This will influence the fixing of growth targets in the new plan and also, give an estimate of the new targets. Table II gives the list of projects which will form the base of the industrial sector in the 1978-81 plan. The industrial sectors that are given priority:

- 1) Food Processing Industries
- 2) Building Materials
- 3) Industries with an iron and steel base.

The new plan places emphasis on a more balanced industrial programme, in the sense that whereas in the previous period much was not achieved in the fields of fishery, and forestry, these sectors are now given the necessary impetus to make them strong contributors to the economic development of the country.

Guyana (cont'd)

TABLE I

Industrial Sector Contribution to GDP (G'mn.) at  
Current Factor Cost

	1974	1975	1976	1977
Total GDP at Factor Cost	<u>865.0</u>	<u>1,096.1</u>	<u>1,024.5</u>	<u>1,000.5</u>
<u>Mining and Quarrying</u>	<u>117.0</u>	<u>142.2</u>	<u>145.0</u>	<u>164.2</u>
<u>Manufacturing</u>	<u>329.3</u>	<u>445.7</u>	<u>301.1</u>	<u>1,249.2</u>
Sugar	(250.0)	(334.5)	(191.0)	(104.4)
Rice	(29.3)	(42.2)	(30.0)	(58.2)
Food and Tobacco	(23.0)	(27.0)	(34.0)	(34.1)
Other Manufacturing	(27.0)	(42.0)	(46.0)	(52.5)
<u>Forestry</u>	<u>7.5</u>	<u>8.5</u>	<u>10.0</u>	<u>10.0</u>

Source: Bank of Guyana Annual Report, 1977

Note: (i) GDP at factor cost (1970 prices) averaged an annual growth rate of about 4.5% during 1972-76 plan period, which fell disappointingly short of the projected growth rate of 8.5%.

(ii) In the manufacturing and processing sector, output was 1.2 times higher than in 1971. Thus the sector did not attain the expansion to 1.4 times over 1971 level.

TABLE II

List of the Major Industrial Sector Projects, 1978-81

(1) Upper Demerara Forestry:

Total investment in this project is estimated at G\$77.7mn. The sawmill is expected to begin operations in early 1981 and would provide direct employment for some 500 people. The project would utilize the timbers in an area of approximately 152,000 h.a. to produce sawn lumber, piles and poles. It would comprise, among other infrastructural facilities, the following components:

- (a) logging of 93,500 m<sup>3</sup> of roundwood per year;
- (b) a sawmill, including repair shops and transport fleet, with an annual output capacity of 41,100 m<sup>3</sup> of lumber.

Guyana (cont'd)

- (2) Cement Plant: The Cement Plant is expected to produce 40,000 tons of portland cement per year at full capacity at an estimated total investment of G\$23mn. and generated employment for some 150 persons.
- (3) Clay Brick: Clay Brick Factory built with Chinese assistance is producing some 10 mn. bricks a year.
- (4) Glass: The estimated total investment for this project is G\$12 mn. and it is expected to utilize local sand to produce glass containers, glassware and sheet glass. A total of 156 persons will be employed in this project.
- (5) Solvent Extraction Plant: Investment in this plant is expected to be G\$1.8 mn. and will produce oil from rice bran and other oil related products. Output is expected to be 1,250 tons per year and direct employment generated will be 30 persons.
- (6) Fish Processing: This project will utilize as its raw material the enormous fish resources off the coast of Guyana. The project will process 40 mn. lbs. of mixed round fish per year and produce an output of 28 mn. lbs. of finished product which includes, whole clean fish, frozen fish and fish fillets. Total investment is estimated at G\$40 mn. and direct employment to be generated by the project will be 530 persons.

HONDURAS

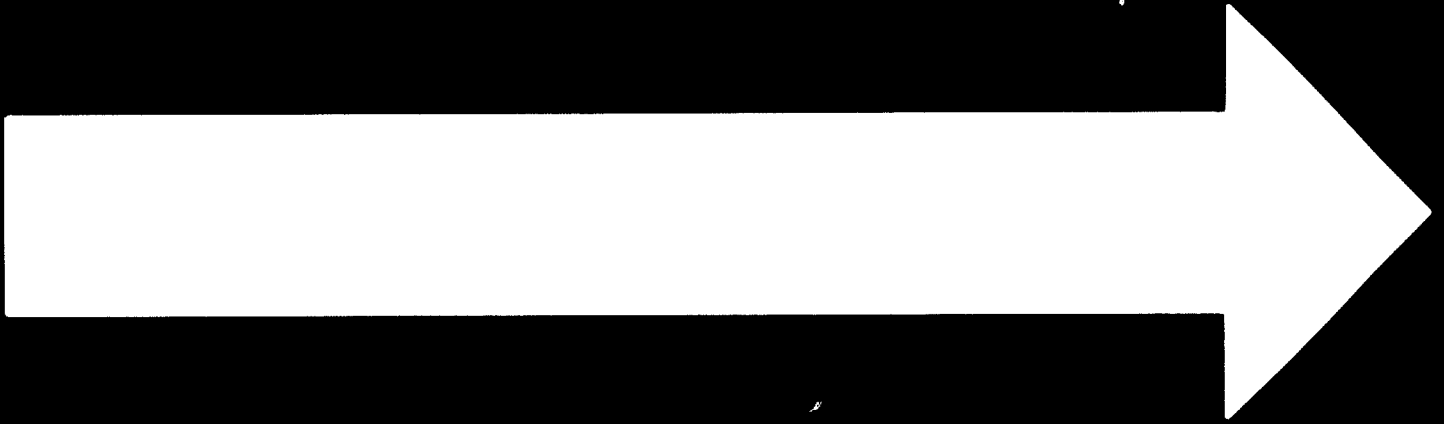
Specific industries whose development is to be encouraged in the future are the following:

Projects	Number	Fixed investment	Value of Production	Raw materials	Employment
Total:	6	369.2	233.7	116.9	6,150
Iron and steel	1	80.4	30.0	15.0	1,600
Flat glass	1	12.0	12.5	6.3	100
Paper and pulp	1	180.6	78.4	39.2	1,960
Cement	1	17.0	9.5	4.8	500
Ammonia-urea	1	56.8	68.3	34.2	
Agricultural machinery and implements	1	22.4	34.0	17.4	1,754

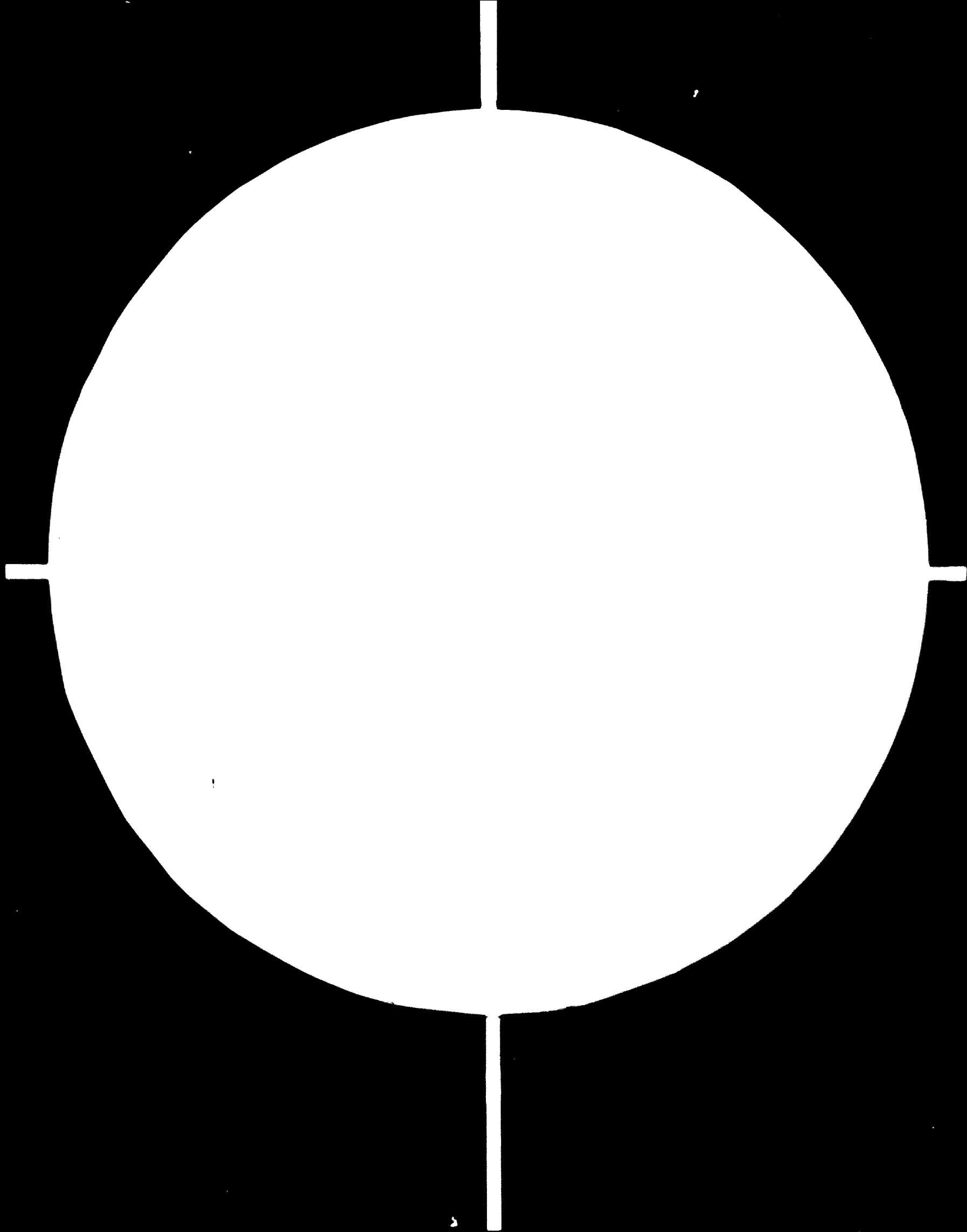
Of these six large basic projects it is planned that four - iron and steel, flat glass, cement, and paper and pulp - will begin construction during the first five-year period (1974-1978), with their products estimated to be on the market in 1980 and 1982. The remaining two projects - ammonia-urea and agricultural machinery and implements - will begin production in 1986-1988.



**G-555**

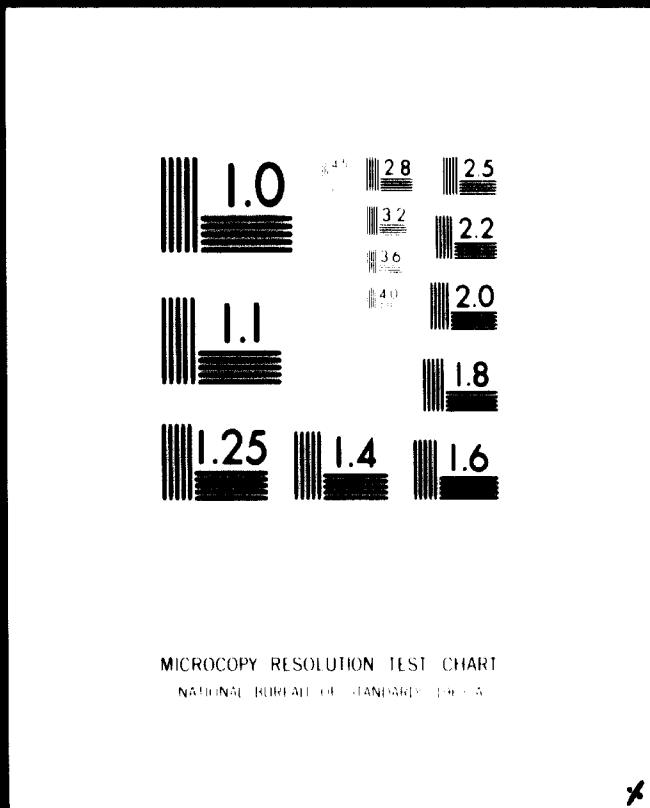


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INDIA

The targets of production and capacity fixed for 1982-83 in respect of certain major industries are reproduced in Table I below. Apart from 1982-83 targets, the Plan document also gives estimates of output for 1987-88 for some selected commodities, which are given below:

<u>Item</u>	<u>Unit</u>	<u>Estimated output</u> <u>in 1987-88</u>
1. Coal	M. tonnes	202.0
2. Iron Ore	"	77.0
3. Mild Steel	"	15.4
4. Cloth	Mill Mts	15300.0
5. Nitrogenous fertilizers (N)	Th. tonnes	6370.0
6. Phosphatic fertilizers ( $P_2O_5$ )	"	2250.0
7. Cement	Mill. tonnes	40.0
8. Paper and Paper board	Th. tonnes	1750.0

The bulk of the public sector outlay in the Plan is accounted for by petroleum, steel, coal and fertilizer industries. This reflects the priorities implicit in the Plan. However, in the case of steel, the investments planned provide for completion of programmes under implementation, further expansion in certain units to optimise in-built capacity and for replacement and rehabilitation. There has been a shift in emphasis in the fertilizer strategy in that greater attention will be devoted to the production and application of organic manures in improving the soil, minimising pollution and reducing costs of key nutrients. However, organic manures would need to be supplemented with chemical fertilizers. Hence expansion of capacity has been planned in this industry. Within the overall targets proposed for the Plan, the private, joint and co-operative sectors are expected to contribute towards significant expansion in the fertilizer, cement, paper, textiles (spinning sector), chemicals, pesticides and drugs and pharmaceutical industries.

INDIA (Cont'd)

(Table 1)

Capacity & Production for selected  
major industries for 1982-83

	Unit	1977-78		1982-83 Targets		
		Capa- city	Pro- duction	Capa- city	Prod- uction	
1	2	3	4	5	6	7
<b>I. <u>Mining</u></b>						
1. Coal	M. tonnes	-	103.02	-	149.0	
2. Petroleum (Crude)	"	-	10.77	-	13.0	
3. Iron Ore	"	54.0	43.0	72.0	65.0	
<b>II. <u>Basic Metals</u></b>						
1. Hot Metal	"	12.24	10.0	14.24	14.0	
2. Steel Ingots	"	13.30	9.7	17.6	15.0	
3. Saleable mild steel	"	10.25	7.73	13.62	11.80	
4. Alloy and special steel	Th. tonn.	675	542	900	840	
5. Aluminium		275	180	350	300	
<b>III. <u>Non-Metallic Mineral Products</u></b>						
1. Cement	M. tonnes	21.87	19.20	35.0	30.0	
IV. Petroleum Products	"	27.45	22.32	37.45	33.15	
<b>V. <u>Basic Chemicals</u></b>						
1. Sulphuric Acid	Th. tonnes	2640	1900	3790	2910	
2. Caustic Soda	"	704	530	970	800	
3. Soda Ash	"	618	570	970	800	
<b>VI. <u>Agricultural chemicals</u></b>						
1. Fertilizers (N)	"	3028	2060	6111	4100	
2. Fertilizers (P <sub>2</sub> O <sub>5</sub> )	"	915	660	1426	1125	
3. Pesticides (Tech. Matrls.)	"	50	39	80	65	

.....

India (cont'd)

	1	2	3	4	5	6	7
<b>VII. <u>Thermo plastics</u></b>							
1. L.D. Polyethylene	Th. tonnes	33	24	113	99		
2. Polyvinyl Chloride	"	65	55	133	97		
<b>VIII. <u>Drugs and Pharmaceuticals</u></b>							
1. Bulk Drugs	Rs. crores	-	175	-	425		
2. Formulations	"	-	830	-	1900		
<b>IX. <u>Food Products</u></b>							
1. Sugar	M. tonnes	5.2	5.2	7.0	6.2		
2. Vanaspati	Th. tonnes	1283	600	1283	780		
<b>X. <u>Textiles</u></b>							
1. Cotton Yarn	Cap: M. spindles Prod: M. Kgs.		19.8 960		21.0 1220		
2. Cloth Mill sector	Cap: lakh tonnes Prod: Mill. Mts.		2.08 4200		2.08 4600		
3. Cloth (Decentralised sector)							
Handloom	M. Mts.	-	2300	-	3700		
Powerloom	"	-	2900	-	3900		
Jute Manufactures	Th. tonnes	1400	1180	1400	1400		
<b>XI. <u>Paper and Paper Products</u></b>							
1. Paper and Paper board	"	1137	900	1650	1250		
2. Newsprint	"	75	58	155	120		
<b>XII. <u>Other Consumer Products</u></b>							
1. Soap (Organized sector)	"	233	298	285	350		
2. Synthetic detergents	"	210	104	300	200		

India (cont'd)

1.	2.	3.	4.	5.	6.	7.
<b>XIII. Machinery and Transport</b>						
<u>Equipment</u>						
1. Machine tools	Rs. crores	153	100	200	160	
2. Chemical and Pharmaceutical mach.	"	84	65	150	100	
3. Transformers	M. kVA	22.2	19.0	40.0	35.0	
4. Agricultural tractors	Th. tonnes	52	36	60	45	
5. Diesel locomotives	Nos.	150	142	130	130	
6. Shipbuilding	Th. GRT	80	66.4	238	238	
7. Passenger cars	Th. Nos.	43.4	40	51.4	48.4	
8. Commercial vehicles	Th. Nos.	73	40	73	65	

INDONESIA

The growth targets for the specific sectors and subsectors of the industrial sector is being drawn up by the Department of Industry for Repelita III (1979-1984) as follows:

- The Food Processing Industries is expected to have a growth rate of 3,5 per annum.
- The textile industries is estimated to have 13,9 annual growth rate.
- The Building Materials Industries is expected to have a growth rate of more than 10,6 per annum.
- The growth of demands in the field of steel construction industries is estimated at 17,5 for Repelita II and 15 for Repelita III.
- The electrical machinery and electrical equipment industries are designed to meet domestic requirements, especially to support electrical power development.
- The development programme for small/rural industries is designed to meet the following objectives:
  - a. to create employment
  - b. to promote the products and quality of small industries
  - c. to increase the contribution of small industries to GDP
- The development of agricultural supporting industries is directed to meet the national demands on agricultural output, in particular the basic needs of the people.
- The development of non food agricultural processing is planned to promote the quality and quantity of production in line with the market demand either domestic or for export.

INDONESIA (Cont'd)

- The development of petrochemical industries is primarily directed to meet national requirements in a line of olefine aromatic based petro-chemical products with the excess to be exported.
- Based on the supply of raw materials (oils and gas) the development of fertilizer industries without neglecting other fertilizer industries such as phosphate fertilizer and compound fertilizer.
  - a. based on the estimated 10% growth rate per annum, the demands for urea will increase from 1,975,000 ton per annum at Repelita II to 3,233,000 ton per annum at Repelita III.
  - b. based on the estimated 10% growth rate per annum, the demands for triple super-phosphate (TSP) will increase from 79,000 ton per annum at Repelita II to 904,000 ton per annum at Repelita III.
- The development of the agrochemical industries is directed primarily to meet national requirements and the rest will be exported especially to ASEAN countries.
- The programme for the development of the diesel engines industries designed to supply the domestic need for diesel engines with the possibility of export in the future.
- The development of automotive industry is designed to reach full "manufacturing" still to be carried out in four phases: for commercial cars in 1984; for simple commercial cars in 1981; triple wheeled cars in 1980; and two wheeled cars in 1980.

IRAQ

Industry, currently including mining, constitutes about 55% of GDP. Growth targets for industry in the current 5-year plan 1976-1980 is 17.3% including a growth target of 15.5% annual growth for the mining industry and 32.9% annual growth rate for manufacturing industry. Within the manufacturing industry highest priority is given to the development of basic industries, particularly chemical and petrochemical industries, steel and metal-working industries and agro-based manufacturing industries.

IVORY COAST

In the industrial sector the main objective of the 1976-1980 Plan is to promote maximum development of the country's industrial structure. Projected over-all growth rates in the industrial sector are as follows:



IVORY COAST (Cont'd)

	1976-1980	1980-1985
Growth in production	+ 13% p.a.	+ 11.2% p.a.
Accumulated investments	685 billion CFA francs	530 billion CFA francs

	1975	1980	1985
% of over-all GNP	26%	30%	34%
Value added	185 billion CFA francs	322 billion CFA francs	547 billion CFA francs

In the coming years, the strengthening of the industrial sector will be based mainly on the establishment and development of long-distance export activities making maximum use of local resources.

Growth targets in the main industrial sectors:

Value added in billions of CFA francs

	1975	1980	1985
Mining industries	1.0	1.0	26.5
Agro-related and food industries	32.3	61.0	104.3
Textile industries	17.3	41.3	66.0
Wood-processing industries	7.5	18.2	29.5
Chemical industries	25.5	42.0	70.0
Building materials industries	4.2	7.5	10.5
Mechanical engineering, electrical and electronic industries	13.4	22.5	34.7
Paper and miscellaneous industries	2.8	5.0	24.0
Electricity generation	11.0	17.0	35.5

JORDAN

The target for the industrial and mining sector is to increase income from JD.45 m. in 1975 to JD.144 in 1980, or at an average annual rate of 26.2%. The share of manufacturing production in the Gross Domestic Product in 1976 amounted to 21%. The planned total investments set for specific sub-sectors are as follows:

JORDAN (Cont'd)

<u>Mining and Industry Projects, 1976-1980</u>	<u>Total, JD.'000</u>
1. Oil Exploration	4,630
2. General Prospecting	525
3. Investigation of Underground Thermal Energy	300
4. Natural Resources Authority Workshops	465
5. Expansion of Phosphate Production	24,000
6. Expansion of Petroleum Refinery	39,000
7. Expansion of Cement Production at (Fuheis)	8,000
8. Chemical Fertilizer Industry	61,000
9. Cement Industry in Southern Jordan	21,300
10. Potash Extraction	25,000
11. Textile Factory at Zarqa	3,000
12. Copper Production	5,000
13. Industrial Estates	1,600
14. Standard Specifications	300
15. Other Private Sector Investments in Mining and Industry	35,000
	<hr/>
	229,120
	<hr/>

Specific industrial sectors which are given priority in the current Five-Year Development Plan are industries based on local minerals, e.g., phosphate, potash, cement and copper, as well as chemical and food industries.

KENYA

The Development Plan covering the period 1974-1978 had set a target of 10.2% growth rate per year in the manufacturing sector. The actual growth rates between 1972 and 1977 was 10.5%. The 1979-1983 Development Plan, however, has set the growth rate target in the manufacturing sector at 9 per cent. The specific industrial sectors given priority in the 1979-1983 Development Plan include:

- a) Manufacture of resource-based, export oriented industries
- b) Basic industries
- c) Manufacture of intermediate products
- d) Development of rural and labour intensive industries
- e) Industrial research.

KUWAIT

To promote and accelerate industrial development, the State of Kuwait has taken positive steps towards having a favourable investment climate (i.e. production facilities) for its industrial policy. Policies aiming at the encouragement and promotion of industry are embodied in the Industrial Law (Law No.6) issued in 1965. The Law grants licensed industries, among other things, exemption from customs duties and other taxes on imported machinery, equipment and raw materials as well as the necessary land at nominal rents. Other promotional measures include the granting of loans to certain industries at low interest rates and recently an Industrial Bank has been established to play an important role in industrial development.

KUWAIT (Cont'd)

In addition, the favourable investment climate includes also several positive factors which favour the development of industry, such as the availability of domestic capital, cheap energy and good transport and communication systems. The industrial sector is targeted to increase by 15% per annum instead of 10% experienced before 1976.

LESOTHO

Lesotho is in the earliest stages of industrial development, and growth, sub-sectors have been related to the resources available which are extremely limited. The most notable areas are food processing, leather products, and non-metallic minerals, but it is proposed to move towards metal industries, textiles, and garments. Actual reported growth rates are indicated in the following table of G.D.P. at a factor cost at 1972 constant prices in millions of Rand.

	<u>1973/74</u>	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>
Mining and					
Quarrying	.2	.9	1.3	1.3	1.7
Manufacturing	1.7	2.6	2.7	1.8	1.7
Building and					
Construction	1.6	.8	2.0	3.5	7.5
Tourism	1.9	2.0	3.3	4.0	5.0

LIBYAN ARAB JAMAHIRIYA

Growth targets set for the industry as a whole and the industrial branches, as well as the expected performances are outlined in the table below. Priority has been given to the following industries.

- a) Petro-chemical and refinery industry
- b) Metallurgical industry
- c) Cement and building material industries
- d) Food industries

LIBYA (Cont'd)

Growth Targets of the Industrial Sector of the Jamahiriya's economy

(in mill. LD of 1974 prices)

(1) Industry

S. No	Indicators	1975 (base year)	1980	Annual compound growth rate for the Transformation Plan (1976-1980)	
				Planned	Estimated
1.	Gross production	137.5	700	27.9	17.7
2.	Value added	65.5	323	30.7	20.8
3.	Total gross investment	121.5	1510 for the total 5 year plan period		

(2) Industrial branches

S. No	Branches	Targets for 1980	
		Production	Value added
1.	Food industries	96.7	41.7
2.	Tobacco	23.0	13.8
3.	Textiles and leather	22.6	7.7
4.	Timber and wooden products	21.8	7.6
5.	Paper and printing	5.6	2.7
6.	Chemical industry	14.6	5.3
7.	Building materials	86.1	51.7
8.	Metallurgy and metal working	62.9	30.2
9.	Household industries	5.0	3.0
10.	Oil processing and petro-chemical industries	359.2	157.3
11.	Other industries	3.0	1.8

### MADAGASCAR

Growth targets (or growth rates) have been fixed for industry as follows:

- Basic industry: average annual rate of 31 per cent, over all;
- Heavy industry: average annual rate of 18 per cent, over all;
- Other miscellaneous industries (excluding light industries): 10.7 per cent a year;
- Energy: average annual rate of 10.2 per cent, over all.

The industrial sectors to which priority has been assigned in the Development Plan are:

- Industries upstream and downstream of agriculture and stock-breeding
- Basic industry
- Manufacturing industry
- Heavy industry

### MALAWI

The annual growth rate realized by the Malawian industrial sector is at 11% per annum. The industrial sector contributes approximately 12% to the national Gross Domestic Product. The total net output for the industrial sector was at K25 million during the year 1973. So far, emphasis has been laid on the development of industries that are agro-based, to manufacture raw materials from agriculture into a more valuable output i.e. the processing of cotton, rice, sugar, tobacco and tea. In addition to these, an attempt has been made to substitute as many imports as possible.

As already stated above, a general policy outline of industrial development is to be re-examined fairly soon and it is hoped that new avenues of industrial investment will be explored. The Ministry of Trade, Industry and Tourism, had identified investment opportunities which had to receive detailed investigations. Recently feasibility studies have been done on the following activities:

1. Production of infusion solutions
2. Ceramic products industry
3. Utilization of molasses
4. Re-refining of lubrication oil
5. Textile industry
6. Leather production

In addition, planning for a multi-million dollar project on pulp and paper is in its advanced stage.

MALAYSIA

The manufacturing sector in Malaysia is the fastest growing sector in the economy, with value added envisaged to grow by about 12% per annum during the Third Malaysia Plan period (1976-1980) and 12.7% per annum over the longer term development plan period (1976-1990).

The share of manufacturing in the GDP will rise from 14.4% in 1975 to 16.8% in 1980 to reach 26.2% by 1990, thus becoming the largest sector of the economy. The growth targets of the various industries in the manufacturing sector and the composition of the manufacturing sector from 1970 to 1990 are given in tables 1 and 2.

Table 1

PENINSULAR MALAYSIA: GROWTH OF MANUFACTURING

INDUSTRY 1/ 1970-90

(% per annum)

	<u>1971-75</u>	<u>1976-80</u>	<u>1981-90</u>	<u>1976-90</u>	<u>1971</u>
Consumer products	11.8	12.9	9.9	10.9	11
Food	11.5	12.5	8.8	10.0	10
Textiles and clothing	14.5	12.3	15.0	15.4	15
Intermediate products	9.0	10.8	10.6	10.7	10
Wood and paper products	9.2	10.2	8.5	9.1	9
Chemical and rubber products	9.1	10.9	10.6	10.7	10
Basic metals and non-metallic products	8.9	11.2	11.9	11.7	11
Investment products	15.2	14.7	14.7	14.7	14
Machinery and equipment	14.2	15.0	15.0	15.0	14
Other manufacturing products	19.3	13.9	13.3	13.5	14
Total	<u>11.0</u>	<u>12.3</u>	<u>10.9</u>	<u>11.4</u>	<u>11</u>

1/ Excludes the potential growth of the petro-chemical and petro-chemical products industries now under study as part of the preparation of the oil and natural gas Masterplan study.

MALAYSIA (Cont'd)

Table 2

PENINSULAR MALAYSIA: COMPOSITION OF MANUFACTURING

INDUSTRY, 1970-90

(% share)

	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1990</u>
Consumer products .....	35.6	39.8	42.6	38.6
Processed food .....	3.8	3.1	2.8	2.7
Oils and fats .....	6.6	12.6	15.4	9.7
Other food .....	16.9	14.6	13.6	12.8
Beverages and tobacco .....	5.3	5.3	5.1	4.6
Textiles and clothing .....	2.5	3.8	5.3	8.4
Leather and footwear .....	0.5	0.4	0.4	0.4
Intermediate products .....	56.5	49.3	43.9	40.9
Sawmills and furniture .....	5.4	5.7	5.4	4.3
Paper and printing .....	2.3	2.4	2.6	3.0
Industrial chemical and fertilizer .	1.5	1.6	1.9	2.3
Chemical products .....	2.8	4.0	4.3	5.0
Petroleum refining and products <sup>1/</sup>	2.6	2.0	2.0	2.1
Rubber processing .....	20.1	15.2	11.7	6.7
Rubber products .....	1.8	1.3	1.8	1.7
Cement .....	1.1	1.2	1.1	1.0
Non-metallic products .....	1.2	1.2	1.2	1.3
Ferrous products .....	4.0	4.3	4.7	6.7
Non-ferrous products .....	13.7	9.9	7.2	6.3
Investment products .....	7.9	10.9	13.5	20.5
Industrial machinery .....	1.5	1.9	2.2	4.0
Electrical machinery .....	1.3	2.4	3.7	5.3
Transport equipment .....	4.0	4.7	5.4	8.2
Other manufacturing products .....	1.1	1.9	2.2	3.0
	<hr/>	<hr/>	<hr/>	<hr/>
	100.0	100.0	100.0	100.0
	<hr/>	<hr/>	<hr/>	<hr/>

<sup>1/</sup> Excludes the potential contribution of the petrochemical products industries.

MALAYSIA (Cont'd)

The expansion of the manufacturing output as envisaged in the long term development plan will bring about basic changes in the structure of modern manufacturing, and thus increase employment and income. Greater emphasis has been placed on the manufacture of industrial machinery and transport equipment goods. However, the production of intermediate goods and consumer goods are expected to continue to provide the major share of 40.9% and 38.6% respectively of the manufacturing sector in 1990.

Performance 1976 - 1978

Latest indications point to the manufacturing sector exceeding the targets set out in the Third Malaysia Plan. Value added in the manufacturing sector is estimated to have expanded by an average annual growth rate 13.7% between 1976 to 1978, exceeding the Plan growth target of 12% per annum. The share of the manufacturing sector in the GDP rose from 17.5% in 1976 to 19% in 1978. The major industries contributing to the high growth in the sector during the period were machinery and transport equipment, textiles, wood and paper products and petroleum products industries.

The following industries have been given priorities for development in the Plan:-

- a) Resource - based industries with special emphasis on timber and rubber products.
- b) Agro - based industries, especially the food industries
- c) Export - oriented industries
- d) Labour - intensive industries
- e) High technology industries
- f) Industries that are able to lend themselves to backward and forward integration with existing industries.



MALDIVES

In the absence of a National Industrial Development Plan no growth target had been set up.

MALI

The Five-Year Plan for 1974-1978 does not fix growth objectives either for industry as a whole or for individual sectors. The industrial survey and diagnosis in Mali requested in 1977 and approved by UNIDO (IS/MLI/78/802) is intended, inter alia "to identify the development potential of the main industrial sectors on the basis of the existence of markets and the availability and cost of factors of production". The qualitative objectives assigned by the Plan to industry are:

- Strengthening and consolidation of existing industries,
- Geographical decentralization,
- Development of basic industry,
- Development of the domestic private sector,
- Regional co-operation for industrial development,
- Greater integration of agriculture and industry,
- Development of crafts.

The growth rate of turnover in the industrial sector is of the order of 8 per cent per annum. Taking into account population growth (overall - 2.7 per cent per annum, and urban - 8 per cent per annum) and price increases, the growth rate in real terms is zero or negative.

The priority sectors are agro-industries, cotton processing and the production of building materials.

### MALTA

Ship-repair and ship-building facilities on the Island are being further developed and expanded. Moreover, the industrial strategy aims at attracting manufacturing activity mostly of the "light industry" variety, this type of industry being considered most suitable under local conditions owing to the lack of indigenous basic raw materials and energy resources. Revised plan projections for the economy as a whole aim at an average annual rate of growth in real gross domestic product of around 8 per cent; within the directly productive sector, manufacturing firms and ship-repairing and ship-building enterprises will be required to raise substantially their contribution to GDP and to increase the proportion of output intended for export.

The metal industries and the industrial engineering sectors in particular are held to offer considerable advantages. Engineering products are relatively labour-intensive and possess a high content of locally-added value. Consequently, the development of metal industries is being given priority as these in the long run should, moreover, help towards diversification away from undue reliance on manufacturing activities which are highly sensitive to fluctuations and instability in international markets such as textiles and clothing.

### MAURITANIA

The growth targets set in the Third Economic and Social Development Plan for industry as a whole and for its various sectors and subsectors are founded on two basic principles:

- The pursuit of well-being for the Mauritanian people;
- The pursuit of economic independence.

The industries assigned priority under the Third Plan

are:

- Those which are engaged in the processing of local raw materials, especially the agro-industries;
- Those which provide import substitutes and also certain export-oriented industries, the intention here being to incorporate greater value added in products, improve the balance of payments, etc.

In connexion with this assignment of priority to production activities based on domestically available resources (i.e., such industries as food, hides and skins, etc.), mention should also be made of the importance attached to the mining and fisheries sectors, and in particular the processing of such products within the country.

### MAURITIUS

Growth in the industrial sector is measured in terms of employment creation and the targets for 1980 i.e. at the end of the Second Plan Period are given below.

#### Targets for 1980 (including small scale industries)

	1974	1980
a) Employment (000)	30	77
b) Contribution to G.D.P. at Factor cost (1974 prices in Rs million)	214	660
c) Productivity per worker (in Rs at 1974 prices)	7,130	8,600

Mauritius lacks natural resources. Consequently, studies are being made and priority will be given to the establishment of agro-based industries, using the products, by-products and waste materials of the sugar industry, like bagasse and molasses.

Due to exiguity of local demand most heavy industries are not economically viable. The prospects of import substitution industries are by now nearly exhausted.

### MEXICO

Within the various areas of competence in the industrial field, the Mexican Government has prescribed a series of specific measures intended to guide the industrial development of particular branches or areas: this applies to capital goods, the automotive and automotive parts industry, and the assembly industries. Studies are also well advanced on the establishment of a general system of incentives for industry. The following explains briefly what is being done in regard to each of these topics.

#### Recent action taken by the Mexican Government in specific areas of industrial development

##### Capital goods

The manufacture of capital goods is a basic element in enabling a country to achieve levels of development. It offers a broad guarantee of independence in production matters. Accordingly, the Mexican Government has adopted various measures that support the production of capital goods.

Because of the great importance of purchases by the public sector, a set of regulations has been laid down to govern the purchase of capital goods.

MEXICO (Cont'd)

The general mechanism for the selection of suppliers of capital goods is tender among Mexican manufacturers, who must comply with the requirements specified by the buyer in respect of price, technology, quality, and delivery time. The tendering enterprises must also have a manufacturing programme in which the competent authorities establish the required degree of national integration and the other requirements to be met by the manufacturing enterprises that wish to produce the item concerned.

The financial authorities have also promulgated a series of measures intended to support the manufacture and sale of capital goods. The aim of these measures is to encourage the credit institutions to grant credit to the large, medium and small industrialists and thereby speed up the integration of the Mexican capital goods manufacturing industry.

Specific support may include, according to the particular case, production financing, purchase and sales financing, assistance through differential interest rates, and guarantee operations.

In addition to support for financing, guarantees are granted to protect the first purchaser of a piece of capital equipment first designed and made in Mexico against the risk of loss of the initial manufacturer's price due to fundamental shortcomings in the design approved by the buyer, or due to total or partial non-fulfilment of the performance guarantee given by the manufacturer.

A guarantee may be given to credit institutions against failure to pay, when credit is given to Mexican producers for the manufacture of capital goods that will replace exports and that meet the requirements laid down.

As an additional measure, a series of fiscal incentives for the production of capital goods was established in March 1978. The incentives include reductions in the ad valorem duty on imported machinery, equipment and raw materials that are not produced in the country but are used for the manufacture of capital goods in Mexico. Similarly, exemptions are granted on trading income from the sale of such goods and additional help is given in respect of sales tax to enterprises which produce new capital goods at the national level or which fill important gaps in strategic activities.

Enterprises applying for incentives must have a rate of national integration above 60 per cent in relation to direct production costs, a manufacturing programme, and at least 51 per cent national capital; they must also be situated in preferential areas.

MEXICO (Cont'd)

Similarly, the financial authorities have decided to allow the benefit of accelerated depreciation to manufacturers who purchase Mexican capital goods.

B. The automotive industry

The assembly of cars began in Mexico in 1925 and it was not until 1962, 37 years later, that the first effort was made to establish a Mexican automotive industry. Until 1962, the emerging vehicle parts industry in the country concentrated mainly on a domestic spare parts market that was noted for its rather low quality and service standards and high profit margins.

In August 1962, a presidential decree was issued to normalize the activities of the sector. At that time the prime consideration was to accelerate the programme of integration of the automotive industry up to levels of around 60 per cent. Similarly, the enterprises of the final industry were given a period of two years to manufacture cars and lorries which had to include Mexican components, principally in the drive train. The decree caused a big change in quality, service and price for a fairly small domestic market.

In 1972, the Mexican Government decided that it was necessary to reduce the deficit in the country's balance of trade, increase the employment rate and process more raw materials and parts locally. The consequence was the issuance of a decree in October 1972, the principal purposes of which were:

- To limit the production of vehicle parts exclusively to enterprises with majority Mexican capital;
- To offset, increasingly from 1973 to 1979, duties on the import of goods purchased with foreign exchange;
- To limit the production of vehicles to three lines and three models;
- To control the price of vehicles.

As a result of the decree, there was an increase in import substitution and in the participation of vehicle parts manufacturers in exports. The results were not sufficient, however, to eliminate the balance of payments deficit.

Consequently, because of the special conditions of the Mexican economy and the degree of development and integration reached by the automotive industry, a presidential decree was issued in June 1977 for the promotion of the automotive industry. The general aims of the decree are:

- Operation at international productivity levels;
- Rationalization of the use of foreign exchange;

MEXICO (Cont'd)

- Generation of net foreign exchange in the medium term;
- Manufacture of more vehicle components.

Minimum percentages of national integration are also stipulated, to be reached for each type of vehicle. Along with the obligations, there are important fiscal incentives that will make it possible to achieve the aims set out in the decree, and price controls on cars are removed.

With the new decree, the final automotive industry will be able to reach a state of balance or a surplus - starting from an initial authorized quota supported by past considerations - either by including more parts made by Mexican enterprises with a manufacturing programme or by exporting part of their production.

The decree stipulates that at least 50 per cent of the exports needed for the foreign exchange budget of the final enterprises must be obtained by exporting vehicle components manufactured by the vehicle parts industry. The idea is to encourage the development of export-oriented enterprises with majority Mexican capital.

C) Encouragement of the "maquila" (enterprises processing imported products for re-export

Mexico has a very long frontier with the United States. This, together with the insufficient employment possibilities in Mexico and rapid population growth, has led to a considerable flow of migrants towards the northern frontier. With a view to opening up new sources of income to these people seeking work, without prejudice to the country's economy, various measures have been taken in recent years to establish maquila plants which, basically, make use of the skills of Mexican labour in the production process. During 1977, the relevant regulations were changed with a view to bringing greater flexibility to the control and supervision of these enterprises. A special commission was set up, the members of which include the various agencies of the Federal Government that are directly responsible for such matters.

MONGOLIA

Mongolia's industrialization policy is geared to broadening and strengthening the material and technical base for industry and to raising its technical level in order to establish a rational national industrial complex. The country is currently facing a crucial and difficult phase in its industrialization. In this phase, the task will be to transform the country into an industrial-agrarian economy and create an industrial nucleus. In implementing the country's industrialization policy, the Mongolian Government will continue to take into account the problems and specific aspects of each stage in economic development, the level of industrial progress, the scale of and orientations for the utilization of the country's resources and the advantages and possibilities offered by the world socialist economy.

MONGOLIA (Cont'd)

In the light of the above, the judicious choice of branches, sub-branches and production lines within industry and the development of a balanced combination of small-, medium- and large-scale enterprises acquire particular importance. In this connexion, serious attention is being given to the development of an industrial structure that will correspond to the greatest possible extent both to environmental conditions and to practical realities within the country. Accordingly, planning covers such aspects of future industrial development as the following:

Further strengthening of the fuel and energy base of the economy;

A more rapid development of the mining sector on the basis of the exploration and exploitation of the country's mineral resources;

Further development of branches of light industry and food processing through an increase in the degree of processing of the agricultural output;

Securing the rapid growth of the building materials and woodworking industries in order to satisfy the growing needs of capital construction;

Strengthening the repair and maintenance of the economy.

(The following table contains figures for the annual mean rate of increase in industrial growth in Mongolia, in total and by branches of industry for the periods 1961-1970, 1971-1975 and 1976-1980).

Indices of industrial development in Mongolia

(Annual mean rates of increase of industrial output in total and by branches of industry)

	1960-1970	1970-1975	1975-1980 (extrapolated on the basis of development trends)
1. Energy	20.5	18.2	12.5-13.7
2. Fuels	2.8	6.4	
3. Repairs and metal- working	13.8	9.6	8.5- 9.0
4. Building materials	6.8	10.5	11.2-12.5

MONGOLIA (Cont'd)

	1960-1970	1970-1975	1975-1980 (extrapolated on the basis of development trends)
5. Timber and wood products	10.2	6.9	7.7-8.5
6. Chemical industries	7.1	20.7	10.1
7. Mining	3.2	11.5	41-44
8. Light industries			
Textiles	3.1	9.8	5.9-6.7
Sewn goods	14.4	14.0	7.0-7.7
Leather, furs, shoes	11.0	4.15	4.3-4.7
Printing and publishing	7.9	6.6	3.2
9. Food industries etc.	9.0	8.85	6.5-7.0
TOTAL industrial sector	9.8	9.2	9.8-10.5

MOROCCO

The targets fixed in the five-year plan for 1973-1977 were 9 per cent a year for industrial growth and 13.5 per cent a year for the growth in industrial exports. The value added target is obtained by aggregation of the targets fixed for each of the branches of manufacturing industry, as defined in 1973, in particular:

- Building materials	+ 14 per cent/year
- Transport equipment	+ 15 per cent/year
- Textiles	+7.6 per cent
- Ready-made clothing	+ 16 per cent
- Chemicals	+ 13 per cent
- Paper and paperboard	+ 13 per cent

For the three-year plan for 1978-1980, the studies now being carried out as mentioned in the first part of this report, will make it possible to identify the priority branches more precisely in the framework of the future five-year plan.

As regards the manufacturing sectors whose production capacity may be reviewed in the light of a future restructuring of world industry, it should be pointed out that Morocco is developing a substantial manufacturing potential for phosphoric acid and chemical fertilizers.

Substantial potential also remains to be developed in agro-industry and, above all, in fisheries and the sea-food processing industries.

A qualitative analysis has already revealed the following priorities:

- The mechanical and electrical engineering industries;
- The agro-based industries (fats, sugar, milk and milk products and livestock feed);
- Chemicals and allied industries (building materials, fertilizers).



### NIGER

Niger is dependent on supplies from abroad in respect of everyday consumer goods and capital goods. The three-year programme for 1976-1978 is intended to promote:

- Establishment of import-substitution industries for the production of everyday consumer goods and capital goods;
- Development of industries processing agricultural, animal and mineral resources.

Priority will be given to projects whose output and/or indirect promotion effects will make available new resources for development as quickly as possible.

### NIGERIA

For the plan period 1975-1980, the country's GDP at current factor cost was projected to grow at the annual rate of 15.5%. The manufacturing and craft sub-sector was projected to grow at the rate of 28.2% annually while the mining and quarrying sub-sector was projected to grow at the rate of 11.0% annually. Tentatively, the projections for 1980-1985 for GDP, manufacturing and crafts, and mining and quarrying are 13.6%, 20.7% and 6.8% respectively.

In the priority list of projects are iron and steel, petrochemical projects, agro-allied manufacturing projects and building materials projects.

### OMAN

The Five Year Development Plan (1976-1980) of the Government of the Sultanate of Oman has set a growth target for the industrial sector as a whole. While the major industrial projects have been mentioned in the Plan, separate growth targets for sectors and sub-sectors of the industrial sector have not been spelt out.

Industries based on local raw-materials such as cement and copper, lime and sand blocks, animal food, oil-refinery, utilization of natural gas, industries catering to development of fisheries and projects catering to the creation of the infrastructure such as Industrial Areas have been specifically mentioned in the Five Year Plan. The Plan also mentions an iron and steel project - this has been identified as a steel re-rolling mill for bars and rods.

The basic objective of industrial planning in the Sultanate is to launch income-generating projects which will reduce the near-total dependence of the economy on the revenues from export of oil and which will utilise the natural resources available within the country. Import-substituting industries will receive priority consideration.

Oman (cont'd)

The industrialization of Oman has just begun. This will be evident from the fact that out of the G.D.P. of 758 million Rials Omani in 1976, only 3 million Rials (0.4%) were contributed by the manufacturing sector. But of the target of a G.D.P. of 806 million Rials Omani in 1980, the manufacturing sector is planned to contribute 25 million R.O. to the G.D.P. in 1980.

PAKISTAN

In the Fifth Plan priority is being given to the creation of a sizeable base of manufacturing units for producing basic industrial and agricultural inputs. Without sizeable domestic production of such basic inputs, as steel, cement, heavy chemicals, fertilizers and agricultural machinery, no policy to build a viable capital goods industry or to achieve self-sufficiency in agriculture can succeed. Basic commodities like steel are of no particular use unless the capability to convert them into final products also exists. Therefore, it is proposed to enhance the capability of the capital goods sector, through balancing and modernising existing facilities and creating new capacities, to effectively utilize the output of the Karachi Steel Mills.

Plan priorities put heavy emphasis on the establishment of industries which produce basic agriculture inputs such as fertilizer, pesticides, agriculture machinery etc. as well as these industries which are involved in the processing of agriculture products like cotton, sugar, wool, leather, etc. It is also a recognised objective of industrial strategy to ensure adequate availability of essential consumer goods so that the country is as far as possible self-reliant in meeting the basic needs of the people. In addition balance of payments considerations dictate a high priority for export-oriented industries based on local raw material and towards manufacture and export of finished items with a higher component of domestic value added. Furthermore, to promote efforts towards self-reliance the development of selected capital goods industries had also been accorded high priority.

Pakistan (cont'd)

PRODUCTION TARGETS FOR FIFTH PLAN (1978-83)

Sl.No.	Item	Unit	1977-78 Estimates	1982-83 Targets	1978-83 Annual Growth(%)
1.	White sugar	000 Metric tons	800	1000	4.6
2.	Vegetable ghee	000 Metric tons	412	650	9.6
	including refined oil				
3.	Cigarettes	Billion Units	32	42	5.6
4.	Cotton yarn	Million Kgs.	295	548	13.2
5.	Cotton/blended cloth	Million Sq.Met.	1500	2465	10.4
6.	Textile finishing	Million Sq.Met.	1035	1440	6.8
7.	Footwear	Million pairs	112	145	5.3
8.	Paper	000 Metric tons	25	72	23.0
9.	Board	000 Metric tons	35	72	15.5
10.	Soda Ash	000 Metric tons	74	103	6.9
11.	Caustic Soda	000 Metric tons	32	98	25.0
12.	Sulphuric Acid (non-captive)	000 Metric tons	9	21	18.5
13.	Fertilizers:				
	(a) nitrogenous	000 N. tons	320	1196	30.2
	(b) phosphatics	000 N. tons	14	185	65.0
14.	Polyester	000 Metric tons	-	30	-
15.	B.T.X.	000 Metric tons	-	25	-
16.	Carbon Black	000 Metric tons	-	10	-
17.	Tyres other than scooter/cycles (including retreading)	000 Units	215	600	23.0
18.	Cement	000 Metric tons	3150	6000	13.0
19.	Sheet Glass (3 mm thickness)	Million Sq.Ft.	31	65	16.0
20.	Iron and steel (excluding pig iron)	000 Metric tons	-	800	-
21.	M.S. Products	000 Metric tons	280	450	10.0
22.	Castings	000 Metric tons	86	N.A.	-
23.	Special Steel	000 Metric tons	10	12	16.0
24.	Bicycles	000 Units	225	550	19.6
25.	Electric Fans	000 Units	198	490	19.8

Overall Annual Growth of Large Scale Industry - 10% p.a.

PANAMA

- It is planned to make manufacturing industry more dynamic to raise the general technological level;

- Development of agro-industry with an eye to the internal and export markets;

- Development, principally for export, of other natural resources: the wood industry, fishing, copper and copper by-products;

- Selective import substitution designed to take advantage of the possibilities, making possible the development of industries to supply major projects;

- Development of the activities required to bring about better co-ordination between the various industrial sectors and the use of external economies; as a first stage, the provision of certain inputs of a general nature and the establishment of an engineering industry for the supply of heavy items to existing industry, including the beginning of spare-parts production;

- A tax incentive policy designed, among other things, to promote manufacturing activity.

Projections of the share of industry in the gross domestic product by industrial branch, including the value added by the new public sector industrial projects (sugar mills, cement works), for the period 1978 - 1980 (in millions of 1975 balbeas)

	1978	1979	1980	Growth rates		
				1978	1979	1980
Share of GDP accounted for by industry	366.9	395.6	431.2	8.3	7.8	9.0
Share of GDP accounted for by industry, excluding the petroleum sector	352.8	381.5	417.1	8.7	8.1	9.3
Consumer goods industry	245.6	265.4	289.6	7.1	8.1	9.1
Food industry <sup>2/</sup>	136.4	149.2	164.1	8.8	9.4	10.0
						.....(continued)

1/ The projections for the industries of this group were arrived at by considering the internal demand of the value added represented by each of them in relation to the total GDP.

2/ The 1976 figure includes the value added which will result from the expansion of the sugar mill at Veraguas, while data for the following years reflect the added value to be produced by the mills at Pacera, Alanje and Azuero.

Panama (cont'd)

	1978	1979	1980	Growth rates		
				1978	1979	1980
.....(continued)						
Beverages industry	41.7	44.2	48.1	4.0	6.0	8.8
Tobacco industry	7.5	7.8	8.2	2.8	4.0	5.1
Footwear and clothing industry	14.0	14.8	15.6	4.5	5.0	5.4
Furniture and accessories industry	24.7	27.0	29.8	8.3	9.3	10.4
Printing and related industries <sup>3/</sup>	6.4	6.4	6.0	0	0	0
Manufacturing industries	14.9	16.0	17.4	7.2	7.4	8.8
Industries connected with building materials <sup>4/</sup>	80.9	87.5	96.0	14.2	8.2	9.7
Sawmills and other wood products <sup>5/</sup>	5.3	5.8	6.4	8.1	9.4	10.3
Production of non-metallic mineral products, except petroleum derivatives <sup>6/</sup>	37.7	40.7	44.1	24.0	8.0	8.4
Basic metal and metal products industry, except transport machinery and equipment	37.9	41.0	45.5	6.8	8.2	11.0
Intermediate goods industries	26.3	28.6	31.5	6.9	8.7	10.1
Manufacture of chemicals, hides, skins and rubber	11.6	12.6	13.8	8.4	8.6	9.5
Manufacture of paper and paper products	14.7	16.0	17.7	5.6	8.8	9.5
Manufacture of petroleum derivatives <sup>7/</sup>	14.1	14.1	14.1	0	0	0

3/ Because of the impossibility of forecasting its future evolution in the light of developments in recent years, zero growth has been projected for this branch.

4/ The projections for the industries of this group, with the exception of the sawmills, were determined by considering the value added they generate in relation to total investment in the construction sector.

5/ Sawmills. The projections are based on historical trends.

6/ Beginning with 1978, the figures include the value added to be generated by the Bayano State Cement Works.

7/ A value added figure similar to that recorded in 1974 has been assumed for each of the years in the five-year period, because no expansion of the installed capacity in this sector is expected and 1974 is regarded as a normal year.

Panama (cont'd)

Note: The projections in the preceding table show slight discrepancies from the sectoral projections presented in chapter IV of Volume I of the National Development Plan. These discrepancies are due to the special adjustments made for each branch of economic activity.

Source: Ministry of Economic Planning and Policy

PAPUA NEW GUINEA

The secondary industry sector in Papua New Guinea is small and underdeveloped, comprising some 735 establishments in 1977 (which includes such enterprises as motor vehicle repair shops, dry cleaners and shoe repairers) and employed around 19000 persons. It is very difficult to establish growth targets for the industrial sector as a whole and especially for specific sectors as, at least historically, most of the growth has come through the establishment of new enterprises rather than the expansion of existing ones. Between 1960/61 and 1970/71 the number of establishments rose by 12 per cent per annum. However, the growth, to all intents and purposes, ceased after 1970/71. The recent period has been the time of self government and independence. Recently, there has been indication of renewed investment interest. Nevertheless, because of the small, fragmented nature of the market there can be only a few enterprises in each industrial sector so the timing of the establishment or demise of enterprises is critical to the growth rate over the short and medium term.

The input-output model disaggregates secondary industry into eight sectors. The growth rates forecast of the sector outputs in real terms between 1977 and 1982 are as follows:

Sawmills and Joineries	6.4	per cent	per annum
Metal and Electrical Engineering	0.7	"	"
Vehicle, Aircraft and Ship Repair	3.2	"	"
Beverages	-0.2	"	"
Tobacco and Cigarettes	-0.5	"	"
Crop and Food Processing	5.0	"	"
Other Manufacturing	5.7	"	"
Village Industries	24.5	"	"

Overall, the forecasted growth rate for secondary industry is 3.1 per cent per annum. This is in line with the planned growth rate of 3 per cent per annum for government expenditure on goods and services. The 3 per cent growth target is an extremely modest one when the enormous development needs of the country are considered. However, it is necessary if there is to be meaningful progress towards fiscal self-reliance. Government expenditure usually accounts for 30-40 per cent of gross domestic products in any year, it is thus the chief catalyst for investment elsewhere in the economy.

Papua New Guinea (cont'd)

The Government does give priority to certain specific industry sectors. Each year the National Investment Priority Schedule is published. It is a document geared for potential overseas investors; delineating those industries which are, restricted to development by nationals, a priority for development by any investor and open to all investors. The priority areas are primary and resource-based industries.

PARAGUAY

The targets are described in the table below. In general, the industrial sectors given priority in the development plan are the agro-industry sectors. Priority is also given to such sectors outside of agro-industry as can perform related activities and contribute to the integration of the industrial sector.

GROSS VALUE ADDED BY INDUSTRY

Branch	1977	1978	1979	1980	1981
31. Food, beverages, tobacco	11,867,729	12,648,779	13,402,751	14,327,683	15,331,356
32. Textiles, footwear and clothing, hides and skins	3,649,594	3,928,829	4,270,473	4,623,354	5,228,268
33. Wood and cork industry, furniture and accessories	2,739,545	3,277,597	3,952,728	4,790,026	5,849,142
34. Paper and paperboard prod., printing and publishing	420,254	465,469	515,607	542,730	633,373
35. Chemical prod., rubber, plastics and petroleum derivatives	2,108,982	2,299,942	2,456,206	2,631,938	2,810,179
36. Non-metallic minerals	1,047,639	1,152,781	1,277,760	1,421,422	1,592,610
37. Basic metal industries	44,629	52,197	61,124	71,649	84,087
38. Machinery, accessories, equipment, transport equip.	731,445	766,473	803,447	842,466	883,650
39. Misc. manufactured articles	88,874	97,073	106,028	115,808	126,504
Total GVA thousands of guaranis	22,698,682	24,689,141	26,846,124	29,367,076	32,539,169
(US\$1 = 126 guaranis)					

PERU

Within the guiding framework of the Lima Declaration and Plan of Action, the long-term objectives for industrial production are:

- Substantially increasing and diversifying domestic production of foodstuffs in order to ensure future supply and improve the nutrition of the Peruvian people;
- Increasing exportable production with a view to ensuring a flow of external resources making possible expansion of the industrial product and considerably reducing the share of total exports accounted for by traditional exports.

The above calls for a basic change in the dynamics of industrial growth, and necessarily supposes a wider dissemination of modern technology, which will make it possible to improve average productivity, and also to increase the prevalence of an investment pattern which would tend to reduce the great diversity of the production structure.

This will provide a context within which an effort will be made to discourage consumption of luxury items, with resources devoted to increasing investment and consumption of basic goods, to rendering the production structure uniform and to laying the foundation for a long-term growth which will be qualitatively more harmonious and quantitatively more sustained.

Furthermore, the crisis situation in which the Peruvian economy, and in particular the industrial sector finds itself, makes it advisable for a substantial portion of the production apparatus to be oriented towards the foreign market, and this means production of goods with a higher degree of diversification and sophistication. Channelling most of the production process towards the domestic market means producing goods which are essential for the population and such industrial goods as are needed by the priority sectors, as defined in global government policies. In both cases, maximum use will be made of domestic resources.

In this way, it is intended to achieve a higher degree of utilization of installed capacity, a larger share in the production process for enterprises producing capital goods and basic inputs and higher levels of efficiency in domestic industry. The industrial production targets for the short and medium terms are:

- To ensure the recovery of industrial activities affected by the crisis through support for and promotion of industrial exports, and the production of goods essential for the population and industrial goods needed by priority sectors;



Peru (cont'd)

- To achieve a higher level of utilization of domestic productive resources in order to develop a more highly integrated domestic industry which would be less dependent on foreign countries;
- To develop production technologies and adapt the use and dissemination of technology to requirements in respect of the development of domestic industry;
- To decentralize industrial activity in accordance with the potentialities of the regions of the country;
- To ensure consolidation of the industries assigned to the country under the Sectoral Industrial Development Programmes of the Cartagena Agreement (Andean Group).

PRODUCTION GOALS AND SUPPLY OF ESSENTIAL GOODS  
(in volume)

Indu- strial goods	Production	Imports	Exports	Fluctua- tions in stocks	Apparent domestic supply
<b>Edible oil</b> (thousand tons)					
1977	123.3	--	--	1.9	121.4
1978	126.5	--	--	3.0	123.5
1979	130.9	--	--	3.0	127.9
1980	135.0	--	--	2.0	133.0
<b>Balanced livestock feeds</b> (thousand tons)					
1977	736.7	--	--	--	736.7
1978	600.0	--	--	--	600.0
1979	620.0	--	--	--	620.0
1980	630.0	--	--	--	630.0

Peru (cont'd)

Industrial goods	Production	Imports	Exports	Fluctuations in stocks	Apparent domestic supply
<b>Sugar</b> (thousand tons)					
1977	922.1	--	379.0	12.9	530.2
1978	875.0	--	250.0	71.0	554.0
1979	879.0	--	290.0	16.0	573.0
1980	900.0	--	315.0	(10.0)	595.0
<b>Urea</b> (thousand tons)					
1977	118.3	45.0	--	--	163.3
1978	143.5	49.0	--	--	192.5
1979	150.0	49.0	--	--	199.0
1980	154.0	46.0	--	--	200.0
<b>Ammonium nitrate</b> (thousand tons)					
1977	52.9	30.0	--	--	82.9
1978	57.0	27.0	--	--	84.0
1979	63.0	27.0	--	--	90.0
1980	90.0	10.0	--	--	90.0
<b>Ammonium sulphate</b> (thousand tons)					
1977	7.5	35.0	--	--	42.5
1978	9.2	37.0	--	--	46.2
1979	10.0	37.0	--	--	47.0
1980	12.0	37.5	--	--	49.5
<b>Phosphates</b> (thousand tons)					
1977	8.3	12.0	--	--	20.3
1978	9.0	15.0	--	--	24.0
1979	10.0	15.0	--	--	25.0
1980	13.0	26.0	--	--	39.0
<b>Potassium chloride and potassium sulphate</b> (thousand tons)					
1977	--	26.0	--	--	26.0
1978	--	24.0	--	--	24.0
1979	--	24.0	--	--	24.0
1980	--	25.0	--	--	25.0

Peru (cont'd)

Industrial goods	Production	Imports	Exports	Fluctuations in stocks	Apparent domestic supply
<b>Newsprint (thousand tons)</b>					
1977	--	38.0	--	--	38.0
1978	--	60.0	--	15.0	45.0
1979	65.0	15.0	26.0	4.0	50.0
1980	102.0	--	46.0	--	56.0
<b>Bond paper and similar products (thousand tons)</b>					
1977	19.0	--	3.3	--	15.7
1978	20.0	--	3.5	--	16.5
1979	21.0	--	3.7	--	17.3
1980	23.0	--	--	--	23.0
<b>Cement (thousand tons)</b>					
1977	1,962.0	--	57.5	(22.8)	1,927.3
1978	1,897.5	--	75.0	--	1,882.5
1979	1,975.0	--	100.0	--	1,875.0
1980	2,080.0	--	--	--	2,080.0
<b>Corrugated bars for construction (thousand tons)</b>					
1977	123.5	--	--	(1.5)	125.0
1978	104.0	15.0	--	--	119.0
1979	135.0	--	10.0	--	125.0
1980	140.0	--	--	--	140.0
<b>Commercial vehicles (thousand units)</b>					
1977	7.7	0.1	(0.1)	(0.3)	8.0
1978	5.5	--	0.2	--	5.3
1979	6.3	--	0.4	--	5.9
1980	7.7	--	0.6	--	7.1
<b>Wheeled tractors (units)</b>					
1977	269.0	--	--	--	369.0
1978	300.0	--	--	--	300.0
1979	369.0	--	--	--	369.0
1980	456.0	--	--	--	456.0

REPUBLIC OF KOREA

Basic Policy Directions

In view of the constraints placed on industrial sector plans by limited savings mobilization, poor resource endowments, and steadily increasing employable population, emphasis will be placed on skilled labour-intensive industries such as machinery, electronics, and shipbuilding during this Plan period. Capital-intensive industries such as iron and steel, non-ferrous metals, and petrochemicals will be established on scales large enough to ensure international competitiveness. On the other hand, the international competitiveness of light industry will be strengthened through product diversification and quality improvement.

Promotion policies will encourage and assist both the introduction and local adaptation of advanced foreign technologies as well as investment in research and development activities by private enterprises. Policy measures will also facilitate technological diffusion and scientific management to improve industrial productivity and competitiveness.

Overseas markets will be actively developed with the establishment of an overseas market information network and the training of sales engineers.

To improve managerial efficiency and to establish fair competition, the existing selective industrial incentives system will be replaced with a new consistent system which maximizes the creative efforts of entrepreneurs. The role of business associations will be expanded to establish a self regulating consultative system within each industry.

A number of steps will be taken to promote small and medium-scale enterprises and to improve their economic position. Business areas which are suitable for these enterprises will be protected, complementarity between small and large scale enterprises will be encouraged, and linkages with large scale enterprises through specialization will be promoted. These policies will strengthen the economic raison d'etre of such enterprises.

Effective anti-pollution regulations will be adopted in order to control the pollution resulting from rapid industrialization.

Sectoral Plans and Policy Instruments

A) Machinery Industry

Highest industrial investment priority in the Plan will be

Republic of Korea (cont'd)

given to the machinery industry. The output value of machines and machine parts is projected to increase from 598.7 billion won in 1975 to 2,397.0 billion won in 1981 at 1975 prices, representing a four-fold increase. The value of exports of machines and machine parts is to increase by a factor of 4.9, from 289 million U.S. dollars in 1975 to 1,415 million dollars in 1981.

- i) The quality of machine products will be improved and their international competitiveness will be strengthened through liberalized importation of basic materials, parts, and capital equipment which cannot be produced locally at competitive costs.
  - ii) The importation of advanced foreign technology will be encouraged. Research and development activities by enterprises will be promoted, including the establishment of a subsidy system for new product development. Product quality will be improved by enforcing standardized production for machine parts and materials and by strict inspection and quality control.
  - iii) Domestic equipment production will be encouraged by providing local financing and by discouraging purchase of plants on a "turn-key" basis.
  - iv) The export capacity of the machinery industry will be expanded through the development of machine products which have a comparative advantage. Export promotion of machine products will be intensified through sales engineer training programs.
  - v) The promotion of machinery industries will be concentrated on the development of strategic items in the following categories: basic materials, machine parts, machine tools, and industrial machinery.
  - vi) The pre-modern segment of the machinery industry will be modernized. Five hundred small and medium scale machinery plants will be selected and supported intensively in an effort to promote product specialization and linkages of small and medium scale enterprises with large scale enterprises.
  - vii) A machinery industrial estate will be constructed in Changwon and will contain 104 plants by 1981.
- B) Electronics Industry

Electronics output is expected to increase by a factor of 4.4, from 455.9 billion won in 1975 to 1,997.6 billion won in 1981 at 1975 prices. Exports of electronic products are to be 4.6 times as great, increasing from 409 million U.S. dollars in 1975 to 1,940 million U.S. dollars in 1981.

- i) The electronics industry will change structurally from an assembly-type production to one which mainly produces basic components and parts. In the meantime, product quality will be improved.
- ii) The electronics industry will be promoted as a

Republic of Korea (cont'd)

major export industry through the development of new technology products and the expansion of overseas sales activities.

- iii) On the basis of product life cycles and comparative advantage, fifty seven items including semi-conductors, computers, and related items have been selected as strategic products. An industrial estate will be constructed for the production of semi-conductors and computers.
- iv) In an effort to promote the importation of advanced technology and to accelerate technical progress, a research institute for technological development in electronics will be established in the industrial estate for semi-conductors and computers. For this purpose, a product development fund of 60 million U.S. dollars will be created.

C) Shipbuilding Industry

Shipbuilding capacity will be expanded from 2.4 million gross tons (G/T) in 1975 to 4.3 million G/T in 1981. Exports of vessels will rise by a factor of 1.9, from 588 thousand G/T in 1975 to 1.1 million G/T in 1981.

- i) Major projects for the Plan period include construction of the Ogpo shipyard with a capacity of 1.2 million G/T and the Judo shipyard with a capacity of 150 thousand G/T.
- ii) Exports of vessels will be expanded through the following measures: increased financial support for exports on a deferred payment basis, diversification in the types of vessels produced, promotion of sales activities, and establishment of a market information network.
- iii) A planned shipbuilding program will be implemented in order to stabilize the flow of work orders at shipyards. Standardized vessels will be developed to raise the productivity of the shipbuilding industry as a whole and to improve the performance of related industries.
- iv) Advanced foreign technology will be imported to induce local development of new shipbuilding technology and design capability.

D) Metallurgical Industries

Iron and steel industry: Steel production capacity will expand three-fold, from 2.9 million metric tons in 1975 to 8.7 million metric tons in 1981. The output of iron and steel products is to increase by a factor of 2.6, from 3 million metric tons in 1975 to 7.7 million metric tons in 1981. The following policy measures will be taken to achieve these targets:

Republic of Korea (cont'd)

- i) The capacity of the Pohang Integrated Steel Mill (POSCO) will reach 5.5 million metric tons when the third phase of expansion is completed. By the completion of the fourth phase of expansion, which will add 3 million metric tons to this capacity, the POSCO plant will be an internationally competitive large scale integrated steel mill.
- ii) To ensure balanced expansion of production, adjustments will be made in facilities during the planning stage. Top investment priority will be given to the expansion of the special-steel production sector, the weak link in Korea's present steel-making facilities.
- iii) Policies will be pursued to improve productivity and quality in the iron and steel industry through the promotion of interrelationships and products specialization between the integrated iron and steel mill and private steel processors.
- iv) To guarantee a sufficient and stable supply of raw materials, development of domestic supply sources and exploration of new overseas raw-materials markets will be stressed.

Non-ferrous metal industry: Output of zinc is to increase from 21 thousand metric tons in 1975 to 80 thousand metric tons in 1981, and that of lead from 4.5 thousand metric tons to 6.1 thousand metric tons. The output of copper is projected to increase more than 4 times, from 28 thousand metric tons to 117 thousand metric tons. Thus, domestic production will be sufficient to meet demand for major non-ferrous metals by 1981.

- i) The investment plan for this industry includes the construction of a large scale copper refinery with an annual production capacity of 80 thousand metric tons and a zinc refinery with an annual capacity of 50 thousand metric tons. Processing plants for non-ferrous metals will be concentrated in the Onsan complex, strengthening linkages between smelting and processing plants.
- ii) Measures to raise the level of technical sophistication in the non-ferrous metal industry include importation of the latest smelting techniques and development of special alloy production techniques.
- iii) A stable supply of raw materials will be sought by promoting the development of local mines and establishing long-term supply contracts with foreign countries.

E) Petrochemical Industry

The output of ethylene, the basic material of petrochemicals, will increase by a factor of 5, from 96 thousand metric tons in 1975 to 500 thousand metric tons in 1981. Propylene output will be 4.6 times as great, increasing from 58 thousand metric tons to 268 thousand metric tons.

Republic of Korea (cont'd)

- i) A petrochemical industrial estate will be developed in the Yeosu district. A naphtha cracking center with an annual capacity of 350 thousand metric tons on an ethylene basis and nine related plants will be built.
  - ii) The plant size of the existing naphtha cracking center in the Ulsan district will be expanded from an annual capacity of 100 thousand metric tons to 150 thousand metric tons. Four related plants will be either constructed or expanded in capacity.
- F) Fine Chemical Industry

The fine chemical industry is a resource, energy, and capital-saving industry which is well suited to the resource-poor conditions of the Korean economy. This industry is therefore classified in the sectoral plan as a new strategic industry.

The fine chemical industry will be developed by establishing special industrial estates to increase production capacity and specialized research centers to develop technology.

G) Textile Industry

Cotton yarn output is projected to increase from 185 thousand spindles in 1975 to 367 thousand spindles in 1981, nylon fibre from 58 thousand tons to 123 thousand tons, polyester fibre from 62 thousand tons to 142 thousand tons, and acrylic fibre from 92 thousand tons to 115 thousand tons. Textile exports will increase from 1,817 million dollars in 1975 to 3,740 million dollars in 1981.

- i) Chemical fibre production facilities will expand from a daily capacity of 788 tons in 1975 to 1.5 thousand tons in 1981. Facilities for cotton yarn will also increase from 2.7 million spindles to 4.7 million spindles, and weaving facilities from 110 thousand looms to 160 thousand looms.
- ii) Policies for this industry will focus on improving product quality and international competitiveness, replacing old and obsolete equipment and developing design capabilities and dyeing techniques. In view of the export-oriented characteristic of this industry, policy measures during the Fourth Plan period will favour active sales promotion, especially exploration of new overseas markets.

H) Other Manufacturing Industries

Cement industry. The production capacity of the cement industry is planned to increase from 12 million tons in 1975 to 20 million tons in 1981. On the basis of current long-term supply contracts with other nations and the overseas activities of Korea's construction industries, cement exports are projected to increase from 2.4 million tons to 3.9 million tons over the same period.



Republic of Korea (cont'd)

Flat glass industry. The output of flat glass is projected to increase from 2 million cases in 1975 to 3 million cases in 1981, representing an average annual growth rate of 7.0 per cent over the Plan period. Flat glass exports will be promoted through quality improvement, modernized production processes, and development of new products such as colored glass.

Fertilizer industry. Fertilizer output will increase from 873 thousand metric tons in 1975 to 1.6 million metric tons in 1981 on a contents base, growing at an annual average rate of 10 per cent. Prospects for fertilizer exports are uncertain due to declining profit margins, and import substitution by other countries. The fertilizer industry will therefore remain mainly a domestic market-oriented industry. Only the large-scale integrated fertilizer plant in Yeosu scheduled for completion in 1977, will be constructed during this Plan period.

I) Small and Medium Industries

- i) By actively enforcing legislation promoting small and medium industries, these industries will be induced to specialize in the production of components, parts and semi-processed goods. These goods will then be supplied to large industries, which in turn will be induced to transfer their technologies to the smaller firms.
- ii) In an effort to improve the structure of small and medium industries, financial support for the modernization of production facilities, especially for the replacement of old and obsolete equipment, will be expanded. Policy measures will also encourage business integration and gradual shifts in business activity toward growing industries.
- iii) To induce technical innovation and productivity improvements in small and medium industries, programs for management and technical guidance will be carried out through industrial and university research institutes.
- iv) To achieve regional dispersion of polluting plants currently operating in urban center, industrial estates for small and medium industries and collective estates for each industry will be developed. Common service and testing facilities to enhance standardized production, quality improvement, and product specialization will be established in the industrial estates.

ROMANIA

Since practical experience has shown that the development of an economy is heavily dependent on the existence of a strong domestic industry, Romania now places the sustained growth and modernization of industry at the centre of its economic policy, and will continue to do so in years to come.

Romania (cont'd)

In the context of efforts to develop industry and increase its role as a leading sector of the economy, special attention is paid to the development of basic branches of industry, which provide material and technical support for other production activities. These are above all the mechanical engineering, chemical, metallurgical, energy, electrical engineering and electronics industries.

The assertions which have just been made are borne out by the growth rates for industry as a whole and for its individual branches.

For example, the average annual growth rate of production in industry as a whole predicted for 1976-1980 is 11.5 per cent, and that for 1981-1985 is expected to be between 9 and 9.8 per cent.

As regards the individual industrial branches, it should be pointed out that, during the period from 1976 to 1980, the annual growth rate for ferrous metallurgy will exceed 14 per cent, while the rate for mechanical engineering will be around 13 per cent and that for the chemical industry 17 per cent. The largest share of investment for industry has been and will continue to be assigned to these industrial branches (70 per cent during the current five-year period).

In developing basic industries, Romania is at the same time devoting special attention, in the context of development plans, to other sectors of industry and the economy as a whole. Thus, during the current five-year period, light industry (textiles, ready-made clothing, glass) will develop at an average annual rate of approximately 9.5 per cent, and the food industry will grow at a rate of nearly 10 per cent annually.

RWANDA

The Second Plan provides for an average annual growth rate of 7.1 per cent during the period 1977-1981 in the added value created by mining, industry and craft-type activities. Naturally, patterns of development will vary from one subsector to another and from one branch of activity to another. The distribution of industries into groups with a higher or lower growth rate than the sectoral average is summarized in the following table.

Rwanda (cont'd)

Groups	Value in 10 <sup>6</sup> Rwandese francs (1976 prices)		Percentage breakdown		Growth rate
	1977	1981	1976	1981	
	<b>A. Group with a rate higher than the sectoral average</b>				
	5,000.5	8,961.6	41.0	52.0	12.3
<b>Mining and natural gas</b>					
	1,120.0	1,678.0	9.2	9.7	8.4
<b>Food industries</b>					
	1,451.4	2,151.1	11.9	12.5	8.2
<b>Textiles, leather, footwear</b>					
	85.5	861.4	0.7	5.0	60.0
<b>Modern joinery</b>					
	32.2	52.2	0.3	0.3	9.9
<b>Printing</b>					
	43.7	62.7	0.3	0.4	7.5
<b>Chemical industries</b>					
	163.0	571.9	1.3	3.3	28.5
<b>Building materials</b>					
	22.5	305.4	0.2	1.8	67.0
<b>Mechanical and electrical engineering industries</b>					
	318.6	562.8	2.6	3.3	12.0
<b>Water - electricity</b>					
	167.8	334.9	1.4	1.9	14.8
<b>Buildings and public works</b>					
	1,604.4	2,381.2	13.1	13.8	8.2
<b>B. Group with a rate lower than the sectoral average</b>					
	7,205.7	8,270.6	59.0	48.0	2.8
<b>Quarrying</b>					
	69.4	88.4	0.6	0.5	5.0
<b>Local food processing</b>					
	6,372.2	7,241.6	52.0	42.0	2.6
<b>Wicker furniture</b>					
	495.3	603.7	4.0	3.5	4.0
<b>Local pottery</b>					
	268.8	336.9	2.2	2.0	4.6
<b>Grand total</b>	<b>12,215.2</b>	<b>17,232.2</b>	<b>100.0</b>	<b>100.0</b>	<b>7.1</b>

SAUDI ARABIA

Industrialization policies and development efforts in the industrial sector are focused mainly on (a) hydrocarbon-based industries for which the Kingdom has abundant basic raw material, namely, petroleum and gas, and (b) import substitution of those commodities for which domestic market is large enough to justify the economic operation of the industries concerned. Keeping in view this basic policy, the growth targets are set as per below:

- (a) Industrial sector as a whole @ 10% per year
- (b) Sub-sectors:

Hydrocarbon-based Industry - 9.1% per year  
Non Hydrocarbon Industry - 13% per year

Due importance is being given to development of basic and integral industries. Other feasible industries are also not neglected. Following industrial sectors are therefore given priority: . .

- (a) Hydrocarbon-based industries (Petro-chemical, fertilizer and steel etc.) for which this Kingdom has abundant basic raw material like petroleum and gas as feedstock and energy.
- (b) Production of construction material.
- (b) Production to have import substitution of commodities for which the market demand is on increase.

#### SIERRA LEONE

The government of Sierra Leone is conscious of its responsibility to the achievement of targets stipulated in the Lima Declaration and its plan of Action.

A number of industrial studies have already been carried out and these include studies on agro-based industries like sugar and textiles. Progress in the field of engineering and capital goods industries had been slow but Sierra Leone has a workshop which has become surplus as a consequence to the closing down of railway. Endeavours are being made to develop this large sized workshop into a nucleus of engineering industries with the export assistance provided by Hungary under its programme of bilateral assistance. A number of chemical industries based on imported inputs have sprung up and these include a petroleum refinery, paint factory, soap factories and a polythene form plant. The experience gained in the field of industries based on imported inputs has not been very encouraging.

A new industrial policy is now in the making and based on that, a new law is being drafted for promoting regulating and coordinating industrial development activity. The proposed law will not only offer a package of incentives to improve the investment climate but will also provide guidelines to the Ministry to design a system of planning and undertaking industrial studies. A proposal is also in the formative stage to equip the Ministry with staff and facilities needed to achieve the objectives of new industrial policy. Replies to the specific questions are listed below:

Sierra Leone (cont'd)

The following targets were laid down in the National Development Plan (1974/75 - 1978/79) for modern factory-type industry in Sierra Leone.

	Base <u>1973/79</u>	Plan target <u>1978/79</u>
Investment	Le.2.16 million	Le.45.64 million
Value added	Le.25.81 million	Le.200.00 million
Gross output	Le.57.44 million	Le.415.00 million
Employment	Le.3,675.00 million	Le.8,596.00 million

Average rate of growth  
per annum during Plan period: 15.5%

The Plan included the following new industrial projects:

Sugar mill  
Fruit canning  
Textile mill  
National workshop  
Clay brick factory  
Perfume, cosmetics and pharmaceuticals  
Fish canning  
Cassava pellets  
Alcohol plant  
Veneer plant and sawmill

An allocation of Le.3 million was earmarked for projects not specified above.

The Plan further visualized that it will not be possible to generate the total investment of Le.62.94 million required for the implementation of the programme proposed and therefore recommended that a part of the programme costing Le.27.81 million be carried over to the next Plan. Thus a long-term projection of investment was proposed.

As will be seen the emphasis had been on the agro-based industries.

SINGAPORE

Singapore has not set any growth targets for the industrial sector. Singapore is keen to expand those industries which have the scope for technology upgrading. This includes the metal engineering sector, electronics, precision optical products and petrochemicals.

SOMALIA

Somalia is conscious of its responsibility vis-à-vis the Lima Declaration and is making endeavours to achieve its share in the industrial production target to be attained by 1980 by the developing countries. There has been a growing emphasis on industrial development. This is evident from the following allocations earmarked in the periodical national plans for industrial development.

Plan period	Total cost of plan in millions of So.Sh.	Plan allocation for industrial development	Plan's cost (%)
a) 1968-70	705	38.00	5.3
b) 1970-73	1000	87.80	8.8
c) 1974-78	4562	1078.80	23.6

Data in regard to the implementation of the Plan's (a) and (b) are not available. As regards (c) above, actual expenditure up to 1976 amounted to So.Sh.345.8 million, and the amount budgetted up to 1977 was So.Sh.549.4 million.

Data in regard to industrial growth from 1967 to 1974 is presented below.

S.No.	Item	1967	1971	1972	1973	1974	% growth over 1971
(i)	Number of establishments with five or more workers	121	187	221	271	390	2.08
(ii)	Number of workers employed	1910	3489	5415	7394	10,344	2.96
(iii)	Value of gross output in millions of So.Sh.	73.00	206.40	288.33	246	349.87	1.69
(iv)	Value added in millions of So.Sh.	43.50	112.10	127.10	125.5	118.90	1.06

Data for subsequent years are still not available. Value added during 1974 is relatively less than in 1973 due to the impact of draught in Somalia.

The current Plan includes a petroleum refinery, a new sugar complex, a cement plant, two tanneries, two slaughter houses, a flour-cum-pasta mill, and a cement asbestos roofing sheet plant. All these projects are either completed or in the varying stages of completion. Projects on which work could not be initiated are: paper and board mill, pharmaceutical institute, three fish meal plants, a fishing-gear manufacturing unit and a salt works.

In the private sector a new soap factory and a paint factory have been established. A Pepsi-Cola plant is also sanctioned.

Somalia (cont'd)

Emphasis on agro-based industries and building materials industries is likely to continue during the next plan period. The Ministry of Industry has proposed 10 new plants for inclusion in this plan. These include: a mini steel mill, another cement plant, a pesticides formulation plant, a vegetable oil mill, a glass factory, a sanitary and table ware plant, a solar salt plant, a gypsum plant, a dry battery factory and an aluminium utensil factory. The Ministry is also considering some other projects for inclusion in this plan. These include: a lime plant, a gas concrete plant, a urea plant, an animal feed plant, a milk-processing plant, a factory for producing lead accumulators and an assembly unit for industrial vehicles and bodies. Thus maximum possible emphasis is on the development of resource-based industries.

The Somali Government has not so far set growth targets for the industrial sector as a whole nor are targets set in the current plan for specific sectors or subsectors. Specific industrial sectors given priority are: agro-based industries, building materials industries and other resource-based industries.

SRI LANKA

In general, the government is committed to the development of basic industries vital to the growth of the economy. Accordingly petroleum, chemicals, fertilizers, cement, tyre and paper are all to receive emphasis. High priority is accorded to the development of industries based on local minerals such as kaoline, mineral sands, copper, magnetite and apatite deposits.

In addition, industries based on local raw materials will be given importance. Rubber-based industries seem to offer great potential in this area. An expanded programme of small-scale industrial development is envisaged and over Rs.100 million is expected to be used for government investment in supporting services to this sector.

SUDAN

Prior to 1969, the contribution of the industrial sector to GDP did not exceed 8% with manufacturing industry registering a growth rate of only 5%. In 1970, a five year plan was formulated, in which the volume of industrial production was expected to grow by 57.4% by the end of the plan period. The current six year plan (1977/78 - 1982/83) estimates that the contribution of the industrial sector (i.e. manufacturing, mining, construction, electricity and water) will rise from 14% in 1976/77 to 16% in 1982/83. Manufacturing industry is expected to grow from 9% of GDP in 1976/77 to 10% in 1982/83, with an annual rate of growth of 9.5%, while the annual rate of

Sudan (cont'd)

growth of construction and electricity and water supplies is expected to be 9% and 8% respectively. Manufacturing industry is expected to maintain its rapid rates of growth beyond the six year plan period, so that its contribution to GDP will increase to 15.5% in 1994/95, the year which marks the last phase of the eighteen year perspective plan.

Agro-based industries, especially textiles and sugar production, are the dominant features of the plan for the industrial sector. This falls in line with the plan objective of encouraging those industries which process local raw materials, as well as maintaining strong links between the leading sector of agriculture and that of industry.

A tentative fifteen year plan for textiles is drawn, which aims at meeting the needs of local markets, as well as exporting fine yarn, dyed and bleached cloth.

Sugar production is expected to increase from its present level of 150,000 tons to 780,000 tons in 1982/83. The country's consumption of sugar in 1971 amounted to 270,000 tons and it is estimated that consumption will grow by around 5.5% annually.

The development of basic industries such as steel, chemicals and engineering industries is being closely examined, but no concrete measures have, so far, been taken.

SWAZILAND

It is considered that the task of continuing industrial development must be accomplished by meeting the following objectives:

- a) to promote rapid industrial growth in order to raise incomes and employment with specific emphasis on relatively labour-intensive industries;
- b) to promote the development of local enterprises and management and to increase the participation of Swazi nationals at all levels of the industrial sector;
- c) to achieve a greater measure of Swazi control over industry;
- d) to establish industries in the less developed areas of the country;
- e) to obtain maximum value from all local natural resources, especially by raising the level of the stage of processing in existing and future industries;
- f) to establish export-orientated industries primarily those with a potential for markets outside the Southern African region.



Swasiland (cont'd)

The specific targets for the achievement of those objectives are the following:-

- a) To create 6,200 additional jobs in industry, of which 3,000 will be in the less developed areas and the rest will require Government paraetatal assistance (3,275 through NIDCS and 45 through SEDCO i.e. Small Enterprises Development Corporation)
- b) To develop the Nhlanguano and Ngwenya industrial estates and to expand the Matsapha industrial estate.
- c) Through SEDCO to establish an additional 128 enterprises whose annual turnover will reach more than E. 1 million, to establish 4 new estates, and to assist an additional 75 construction entrepreneurs.
- d) To create a new trade fair ground near Matsapha to replace the existing site in Manzini.
- e) To establish a trade promotion body within the Ministry of Industry.
- f) To ensure the successful establishment of the Third Sugar Mill and to bring its annual capacity up to 113,000 tons by 1983.

THAILAND

The Fourth National Economic and Social Development Plan of Thailand which covers the period of 1977 - 1981 has set fourth the growth target for industrial sector as follows:-

Industrial value added is projected to increase at a minimum rate of 9.6% per annum over the plan period. As regards the specific industrial sector, the output of export industries such as sugar, textiles and cement will be increased in accordance with demand in world markets. The emphasis will be placed on the development of agro-industries such as paper, food canning and livestock feeding which can stimulate agricultural production by creating additional demand and can provide additional rural employment. Furthermore, small-scale import substitution industries which utilize indigenous raw materials and labor will be expanded to meet domestic demand. These industries include spare parts, mechanical repairs and spare parts, metallic as well as non-metallic industries. Attempts will also be made during the Fourth Plan period to create favourable conditions for the future establishment of heavy industries such as steel, petrochemical and chemical industries.

As regards the growth rate of specific industrial sector, the Fourth Plan has set the target as follows:-

Thailand (cont'd)

(1977-1981)

<u>Industries</u>	<u>Growth rate</u> (per cent per annum)
Sugar	5.6
Cement	7.0
Textiles	10.4
Iron and Steel	10.5
Paper and Pulp	19.5
Fruit and Canned Vegetables	12.8
Animal Feeds	30.0
Condensed Milk	5.4

TOGO

The growth targets set forth in the industrialization plan currently in force envisage an industrial growth rate of 9.6 per cent per annum between 1976 and 1980. This performance will enable the secondary sector to increase its relative share of the gross domestic product to 28 per cent in 1980.

Rate of growth in construction industries: 3.25 per cent;  
Rate of growth in manufacturing industries: 11.70 per cent.

Annual growth rates in the food, beverages, wood and chemical industries are between 15.5 and 27 per cent.

The agro-food and mineral resource processing industries are the priority industrial sectors in Togolese economic and social development planning.

TUNISIA

The added value, at current prices, of manufacturing industries, and their growing share in the gross domestic product (GDP), may be analysed as follows:

	(Amounts expressed in millions of dinars)		
	<u>1972</u>	<u>1976</u>	<u>1981</u> forecasts
Agricultural and food industries	42	60	88
Ceramic construction materials and glass	7	14	46
Engineering, metallurgy, electrical industries	13	24	60
Textiles, leather and footwear	18	45	86
Chemicals	10	11	37
Paper and miscellaneous	9	20	46
Added value of manufacturing industries	99	174	364
Domestic product at factor cost	947	1,634	2,994
Share of manufacturing industries in GDP	10.5%	10.5%	12.1%

Tunisia (cont'd)

Exports should amount to 327 million dinars in 1981 as against 151 million dinars in 1976. Exports of non-food industrial products should account for 36 per cent, on average, of exports of products during the Fifth Plan, as against 29 per cent during the Fourth Plan.

New jobs created are put at 90,000, representing 43 per cent of job creation forecasts for the non-agricultural sectors, as against 60,600 (39 per cent) during the Fourth Plan.

The breakdown of investment according to sector of activity is given below:

	Fourth Plan (absolute terms)		Fifth Plan (absolute terms)	
	Million Dinar	Per cent	Million Dinar	Per cent
Agricultural and food industries	59.2	20.8	130	13.7
Building materials	82.1	28.9	290	30.5
Mechanical and electrical engineering industries	31.6	11.1	170	17.9
Chemical industries	46.4	16.3	220	23.2
Textiles and leather	45.5	16.0	100	10.5
Wood, paper miscellaneous	19.5	6.9	40	4.2
<b>TOTAL</b>	<b>284.3</b>	<b>100.0</b>	<b>950</b>	<b>100.0</b>

A special effort will be sustained and intensified in respect of the building materials industries, in which there was a certain lag during the first three development plans. Likewise, the chemical sector continues to receive some priority, and mechanical and electrical engineering industries, too, are to be given a special impetus during the next few years.

The mining sector will receive investment in the order of some 130 million dinars, as against 41 million dinars during the Fourth Plan. Production is expected to rise, during the Fifth Plan, at an average annual rate of 12.6 per cent, as against 1.9 per cent during the Fourth Plan.

Investment in the energy sector is expected to amount to 732 million dinars as against 259.5 million dinars during the Fourth Plan. The average annual increase in added value is put at 13.3 per cent as against 3.3 per cent during the Fourth Plan.

### TURKEY

The main principles and policies of the Turkish national plans run parallel to the basic aims of the Lima Declaration and Plan of Action. The Lima Declaration stipulates that the share of developing countries as a whole in total world industrial production by the year 2000 should be at least 25 per cent and in order to reach this target those countries should realize an annual industrial growth of at least 8 per cent. The IV Five Year Plan has set the target of Turkish annual industrial growth at 11.7 per cent. Industrial production which was 775.4 billion Tls. in 1978 will be 1347.9 billion Tls. in 1983 and the share of industry in total production will be 45.9 per cent in 1983 against 41.2 per cent in 1978.

Mineral production which was 36.3 billion Tls. in 1978 is aimed to grow to 76.4 per cent in 1983 with an average annual growth rate of 16 per cent.

In the Plan a structural change is foreseen for the manufacturing sector. The production of this sector will be shifted to intermediate and investment goods. For this sector an average annual growth rate of 11.4 per cent is planned.

As for the energy sector an average growth rate of 13.9 per cent is suggested.

The Plan sets a priority for chemical, petrochemical, iron and steel and machine production industries as well as export-oriented branches.

### UNITED ARAB EMIRATES

No quantitative target has been decided on, yet the policy of the Government consists of increasing as much as possible the industry based on crude oil policy, and the very small-scale industry of manufacture which is left for the private sector.

### UNITED REPUBLIC OF CAMEROON

In the industry, crafts, mining and energy sector the investment effort under the Fourth Five Year Plan is directed at:

- the industrial processing of local materials on an increasing scale;
- the creation of large agro-industry complexes;
- the promotion of heavy industry through the use of the country's workable mineral resources;
- the establishment of competitive industrial units to contribute both to supplying the domestic market and to increasing the volume of exports;

United Republic of Cameroon (cont'd)

- the development of an intermediate-goods industry to produce capital equipment of prime necessity for existing industry;
- the tapping of the country's hydroelectric resources for the generation of electric power, and the exploitation of petroleum deposits.

The investments planned for all branches of this sector represent more than 35 per cent (240,700 million CFA francs) of the total amount budgeted for the Plan.

UNITED REPUBLIC OF TANZANIA

Tanzania's industrial sector is at its infancy stages and its further development is still to a large extent dependent on external sources for its machinery and equipment. Meanwhile the main source of foreign earnings for acquiring such imports (among others) is generated through exports of primary commodities, especially agricultural commodities. Therefore is the industrial sector domestically heavily dependent on the primary sector. In 1977, its contribution to the total GDP was 9.6 per cent at 1966 prices.

The existing industries are basically producing consumer goods and processing agricultural products mostly for the home market. At present food, beverages and agricultural processing form the largest industrial sub-sector.

During the current development plan, the industrial sector is projected to grow at 9.3 per cent per annum. Growth targets for sub-sectors within the current industrial development plan are not available. However, the plan has accorded priority in developing the following industrial sub-sectors:

- Iron and steel
- Chemicals
- Food and beverages
- Paper and wood
- Non-metal products including construction materials
- Textiles, leather and sisal
- Others, including industrial services.

URUGUAY

For the period 1973-1977, the National Development Plan sets a cumulative growth rate of 4 per cent per annum as the target for the industrial sector as a whole. Growth rates for specific sectors or sub-sectors were not laid down.

Uruguay (cont'd)

This target has been retained at subsequent meetings, it being decided that the industrial sectors which will receive greatest attention are those which utilize Uruguayan raw materials, particularly the agro-industries and industries based on extractive activities.

In the agro-industrial sector, arrangements have been made to make the country self-sufficient in sugar.

An effort will be made to restructure those industrial enterprises which are found to be potentially capable of attaining acceptable levels of efficiency, improving their productivity through technical assistance and financial incentives.

In 1977 industrial production increased by 6.1 per cent. This expansion continued during the first half of 1978, with a growth of 7.7 per cent. It is expected that it will at least be possible to maintain these growth rates over the next two years.

The outlook varies from one branch to another: import substitution industries, which produce exclusively for the home market, will continue to expand only insofar as the reduced rate of increase in local demand permits.

The reactivation of the farming sector and the expansion of the fishing sector will lead to a development of agro-industries and of industries manufacturing fish products, as well as the reactivation of those branches which produce inputs for farming.

VENEZUELA

The new Venezuelan development planning concept, which is implicit in the current National Plan, is aimed at redirecting production in the various sectors so as to provide solid support for the effort to improve the quality of life of the nation's citizens by fully tapping the economic potential of all regions of the country. This means a definite orientation of production towards the accelerated expansion of the consumer goods branches, better co-ordination of production activities using domestic natural resources to supply the capital goods and inputs required by these branches, a reduction of the share of imports in national consumption, and growth in production sectors on the basis of co-ordinated planning covering the regions with development potential.

The most important sectors to which priority has been given under the Fifth National Plan include: the iron and steel sector, the shipbuilding sector and the metalworking and engineering sector.

Venezuela (cont'd)

The iron and steel sector

The subsector for this branch consists of Sidor Plan 4, which is aimed at increasing the country's steelmaking capacity from 1.2 million tons to 4.8 million tons by the end of the 1970's.

The major products within this subgroup are: installations for expanding steelmaking capacity, including storage and raw-material processing facilities, a pelletizing plant, direct reduction plants, a steelworks and continuous casting facilities for billets and plates, and a lime plant.

Shipbuilding sector

Plans call for the building of supplementary shipyard facilities as well as the preparation of studies and projects to ascertain the feasibility of constructing shipbuilding and ship-repair yards at different sites throughout the country.

Metalworking and engineering sector

There are two major project groups under this heading; one concerns the automotive sector and the other the production of agricultural tractors and engines.

YEMEN ARAB REPUBLIC

Growth target set for the industrial sector as a whole is six per cent, and it composes as follows:

Manufacturing	0.7%
Mining	5.3%
Water/Electricity	0.4%
	<hr/>
	6.4%

The industries based on use of local raw material will be given preference.

YUGOSLAVIA

The growth targets set by the "Bases of the Common Policy of Long-Term Development of the SFR of Yugoslavia until 1985" are the following:

- Further industrialization in the forthcoming period with unreduced intensity (average rate of growth 9-10 per cent) so that the industrial sector's share in the total social product by 1985 should amount to about 45 per cent.

Yugoslavia (cont'd)

- The production of energy, raw materials, food, and some selected sectors of engineering industry and the durable consumer goods are in the focus of the production orientation and the development policy. This production has a particularly significant role in achieving economic stability, the elimination of the balance of payments difficulties on a lasting basis and sustained dynamic economic development in general.

- The Social Plan of Yugoslavia for the period of 1976-80 provides for a more accelerated development of branches which are of special importance for the implementation of the policy of comprehensive development of the country, viz.:

Growth rate of the volume of production:

	<u>1980</u>
Electricity	10.0
Coal	9.0
Oil and gas	6.0
Iron steel production	11.0
Non-ferrous metallurgy	11.0
Non-metals	13.0
Engineering and shipbuilding	11.5
Petrochemical industry	18.0
Agro-industrial complex	8.6

ZAIRE

Because the disorder in the world economy in recent years has had strong repercussions for the sectors of the Zairian economy oriented towards export of raw materials, mainly copper (80 per cent of exports), systematically calculated growth targets can be set only after order has been restored or, in particular, when a long-term plan is being prepared.

However, the targets for industrial development are:

- the production of mass consumer goods within the country, intermediate and capital goods for industry and transport, the basic chemical industry, general mechanical engineering, etc.;

- industrial integration with respect both to production intended for the domestic market and to that intended for export. In the former case, and for certain industries, local raw materials should be simply substituted for imports, and in the second case, the products exported should be sold at the most advanced stage of processing possible. In this way, Zaire expects in the very near future to increase the degree of processing of the products with respect to which it is in a favourable export position.



Zaire (cont'd)

The choice is dictated by the size and topography of the country and by its natural resources. The priority industries will be:

- extraction and processing industries;
- food and other manufacturing industries;
- wood industry;
- construction (engineering, electrical engineering, buildings, roads and bridges) and transport equipment industry.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO INDUSTRIAL PRODUCTION TARGETS:

ECONOMIC COMMISSION FOR AFRICA

The activities of the Joint ECA/UNIDO Industry Division concerning the development of specific priority industrial sectors are summarized as follows:

Chemical industry development programme

Following the priority accorded to basic industries, including chemicals by the Lima Declaration and Plan of Action (paragraphs 52, 58(f) and 60(b), (c), (i) and (k) in particular) and by the ECA legislative bodies preparatory work was undertaken in 1977/78 to launch the chemical industry development programme.

The first part of the first phase of the programme, i.e. the ECA/UNIDO field mission was carried out during the period May-October 1978. A team of three consultants and a staff member toured six representative African countries (Tanzania, Gabon, Cameroon, Nigeria, Upper Volta and Egypt) between 20 May and 8 August 1978. The team prepared country and regional reports during the remainder of the period.

One of the main objectives of the mission was to prepare the ground-work for future ECA/UNIDO activities in that sector in Africa, particularly in the basic chemicals, fertilizers, pesticides, petrochemicals and pharmaceuticals subsectors. This included formulating sectoral policies, programmes and targets, and identifying integrated chemical industry projects at the national, subregional and regional levels. To this end, the team held discussions with appropriate government officials and industrial managers and personnel (including those of related business activities) in both the public and private sectors. It tried to ferret major obstacles to the development of the sector; assess progress so far achieved; and identify interlinkages within the sector and with other economic activities, specific project opportunities, training needs, modalities for industrial co-operation and institutional requirements. These and other topics and issues, in as much as information was available, are reflected in the reports.

A meeting of African experts in early 1979 will be the immediate follow-up activity. This will be followed by a meeting of plenipotentiaries in the same year. The latter is expected to result in concrete directives for the future activities of ECA/UNIDO in the chemical sector as well as in some kind of commitment on the part of member states in the implementation of projects identified by them.

ECA (cont'd)

Metals and engineering industries development programme

It has now been finally established that there is a conspicuous absence of engineering industry in the majority of African countries. The causes of this state of affairs have been attributed partly to the narrowness of the markets at national level and the economies of the scale that are characteristic of these industries. The other attributes of these industries have been recognized and the need to render the excessive external dependency of African countries on the soft ware of the basic metals and engineering industries has also been fully recognized. For instance, African countries have had to use the technology, capital goods, and intermediates that are not consistent with actual needs. Large scale production technology continues to be employed in operations where emphasis should have been on development of scale down plants.

The programme of work between 1976-1978 has emphasized the identification of problems and difficulties facing the development of the basic metals and engineering industries in order to achieve integrated and self-sustaining development by means of creating a capability for transfer, adaptation and development of technology and the development of small-scale industries, foundries, forging shops, machine tools and metallurgical facilities for the iron, steel, and non-ferrous metal industries in order to be able to produce spare parts, components, accessories and capital goods for other industries.

In pursuance of this objective, two field missions have been mounted each for two months from early November 1978 to Kenya, Sudan, Tunisia, Egypt, Lesotho, Mauritius, Nigeria, Mali, Senegal, Namibia and Uganda. The main output of these field missions will be reports to be studied and examined by inter-governmental meetings of experts. The recommendations, findings, and conclusions will be further examined by consultation meetings of government policy makers and executing institutions in the African region.

By end of 1979 it is expected that policies, targets, programmes and strategies for the development of the basic metals and engineering industries in accordance with the Lima Declaration and Plan of Action will have been quantified and finalized at regional level.

The activities of 1979 will give guidelines for follow-up action in respect of projects at national, multinational and subregional levels.

The basic metals and engineering industries are essentially technology and capital intensive. They require skilled manpower and a strong technological back-up in order to grow rapidly and become self-sustaining. These happen to be in particular short supply in the African region. Neither the institutional framework nor policy instruments have evolved to tackle these

EC' (cont'd)

problems. The basic issues involved in translating the Lima Declaration and Plan of Action into reality involve the scaling down of operations in order to produce small quantities for national markets on the one hand and the economic integration involving several countries to expand the market base in order to use large scale production methods on the other. These two approaches need reconciliation in terms of policies, targets, strategies and programming.

By a series of ad-hoc expert meetings, consultation meetings, seminars and workshops in 1979 it is hoped that the scope of information on the sector, projects and needs will be widened. Modalities and mechanics for translating the Lima Declaration and Plan of Action into reality will be more closely examined and agreed upon.

Building materials and construction industries development programme

During the last few years in particular several conferences at the African regional level as well as at the international level have emphasized the paramount importance of building materials as factor inputs capable of creating a favourable situation from the human settlements standpoint by reduction to an acceptable level the disparities between urban and rural communities. In fact, despite important efforts made by concerned authorities in several African countries the lack of coherent policies, strategies and programmes in the construction and building materials sector has resulted not only in an increasing outflow of hard currencies to pay for imported building materials, machinery, techniques, etc., but also in unsatisfactory utilization of local resources whether natural, human or financial.

In view of such a situation and at the request of African member states, ECA, in collaboration with other regional and international organizations, particularly OAU and UNIDO, have elaborated a programme for the development of building materials and construction industries with a view to assisting African Governments in:

- (i) formulating, both individually and collectively, strategies and policies for the development of the building materials and construction sector;
- (ii) elaborating programmes which take into account objectives at national, subregional and regional levels, as well as priority areas and resources locally available;
- (iii) setting up and/or strengthening institutions, including financial institutions, and making other arrangements which are likely to facilitate the practical implementation of the programme with the ultimate objective of achieving self-sufficiency in the sector at the regional level by the year 2000.

ECA (cont'd)

The implementation of the "Building materials and construction industries development programme" started in 1977 by mounting a field mission comprising a group of experts who visited eight African countries. During that mission it was possible to identify the main problem areas in the sector as well as pilot projects which would benefit several African countries. However, the mission elaborated a three-year programme of work at the ECA level. It should be noted that the elements of the whole development programme of building materials and construction industries were included in a report which was submitted to and approved by the fourth Conference of African Ministers of Industry held in Kaduna, Nigeria, during November 1977.

It is worthy of mention that all ECA activities within the framework of that development programme were reviewed by the "Meeting of African Experts on Building Materials" which was held in Addis Ababa in July 1978. The meeting elaborated recommendations on strategies and policies which would likely enable African Governments to achieve the self-sufficiency target and identified priority areas and programmes at national, subregional and regional levels.

The meeting's recommendations were submitted to the "Intergovernmental Regional Committee on Human Settlements" at its first session held in Addis Ababa in October 1978. The Committee expressed its deep interest in the proposed programme which is to be accomplished by the end of 1981 in the following two phases:

- (i) a preparatory phase mainly geared to drawing up an inventory of all kinds of resources and available research results for their use in the African region and for setting up national, subregional and regional institutions which are indispensable for the implementation of industrial and non-industrial projects;
- (ii) a full-scale project phase during which special emphasis will be placed on prefeasibility and feasibility studies as well as on the implementation of pilot projects already identified during the first phase.

It should be noted that the implementation of these two phases calls for close co-operation between African countries on the one hand and international organizations on the other.

Food and agro-industry development programme

During 1978 a cereal technologist financed by FAO regular programme and a senior consultant assigned by ECA visited Sudan, Tanzania, Botswana, Mozambique, Kenya, Senegal, Niger and Madagascar on exploratory missions to ascertain the Governments' interest in the programme and assist in drawing up a full-scale project document. In order to ascertain priorities and views

ECA (cont'd)

of other countries in the African regions a comprehensive questionnaire was prepared at ECA level and sent out to those countries. Several returns have been received.

A series of meetings have been held between UNDP and ECA to discuss results of the exploratory missions and outcome of the questionnaire's returns. On the basis of these discussions an agreement has been reached concerning the emphasis to be placed during the first phase of the full-scale project programme. That emphasis should be laid on cereal processing industries, oils and fats processing industries and training in those two industrial areas.

It should be noted that a project document has been prepared, technically cleared by FAO and submitted to UNDP headquarters for assistance.

Forest industries development programme

In order to implement the Lima Declaration and Plan of Action at the African level the establishment of a new Forest Industry Advisory Group (FIAG) to be attached to the ECA/UNIDO Industry Division has been in the pipeline. As part of the preparatory assistance phase of the project, study tours of a representative selection of countries of the region (Ghana, Mali, Morocco, Algeria, Zaire, Gabon, and Nigeria) and a questionnaire survey of all ECA member states were carried out. The basic aims of the study tour and the survey were to establish the needs and priorities of the countries in the field of forest industries, the attitudes of governments towards their development, and the expected role of the new FIAG.

The surveys have shown that all countries are in favour of the new FIAG; the majority would like to see it stronger than the previous Group; they would all like to use its services; they will all support the assistance missions that request it with full local facilities; and many of them have expressed their wish to nominate a candidate for training within the Group at their own expense.

Their priority areas for urgent attention, in decreasing order, are: training, charcoal, sawmilling, logging and transport, wood-based panels, secondary wood products, marketing, economics, planning statistics, pulp and paper. Their priority needs in activities are: training, project appraisal, identification and financing, market surveys, sector planning and reviews, subsector reviews, problems in existing industries, promotion of economic communities, regional resource planning, and multinational projects.

ECONOMIC COMMISSION FOR LATIN AMERICA

Activities related to industrial production have been directed to assist the governments in their endeavour to develop specific industrial sectors and to intensify industrial co-operation among countries of the region and with other countries of the region to provide them with the technical and economic basis to allow them to take part in the system of world consultation established in the Lima Declaration and Plan of Action.

It is worth mentioning the following documents and other activities:

Fertilizer industry

- Report of the Joint Division PNUD/CEPAL/FAO on the possibilities of establishing multinational firms for production and/or marketing of fertilizers (Project RLA/75/014), August 1975.
- Fertilizers in Latin America E/CEPAL/L.78, June 1978.
- Participation in the Second Latin American Congress on the Fertilizers Industry, organized by ADIFAL (Association for Development of Fertilizers in Latin America), Caracas.
- Technical assistance to SELA both in order to set up the Action Committee on Fertilizers and to assist in its further functioning.

Petrochemical industry

- A report being prepared on the petrochemical industry in Latin America.
- Participation in the First Latin American Congress on the Petrochemical Industry (Bariloche, Argentina, November 1976).

Capital goods

- Study on the present situation and prospects of supply and production of capital goods in Latin America. It is being done in the framework of project RLA/77/015/A/01, jointly with UNIDO and UNDP.

Agro-industries

Regional meetings were held in June 1977 in Santiago, in connexion with each of those industries, as preliminary steps to the World Consultations on Leather and Leather Products (November 1977) and on Fats and Vegetable Oil (December 1977).

Documents submitted by CEPAL and final reports from those meetings were the following:

- The industry on leather and leather products in Latin America, Joint CEPAL/UNIDO Industrial Development Division.
- Production and Foreign Trade on Fats and Vegetable Oils in Latin America, E/CEPAL/1048, January 1978

- Report of the Latin American preparatory meeting for consultations on leather and leather products E/CEPAL/L.160, August 1977

- Report of the Latin American preparatory meeting for consultations on fats and vegetable oils E/CEPAL/L.164, July 1977

#### Forest industries

Several national reports have so far been completed, in association with FAO and UNDP (Project RLA/77/019). Those reports are mainly an evaluation of the pulp and paper industry potential in each of the covered countries (Argentina, Bolivia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela) with a view to assess the possibilities of regional or subregional co-operation in that field.

#### ECONOMIC COMMISSION FOR WESTERN ASIA

The activities of the Joint ECWA/UNIDO Division of Industry relating to the development of specific industrial sectors have the primary objective of assisting in identifying the technoeconomic problems faced by selected branch industries in the countries of the region and assess their prospects and needs for further development. Two branch industries have been selected for study in 1978-1979. These are the engineering and petrochemicals industries. The study of these industries will be directed in assisting the countries concerned in achieving a co-ordinated and sustained development of these industries. Due regard shall also be given to the problems encountered in the selection, acquisition and adaptation of technology.

The Joint Division is also planning to monitor and appraise the process of industrial development in the region with a view to identifying short-falls and recommending adequate measures for their remedy. This is envisaged through a systematic annual review of industrial progress to be supplemented by an analysis of industrial growth potential and prospects and projections of industrial development in countries where adequate information is available.

#### ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

In the field of specific industries, attention has been paid by ESCAP to iron and steel with special reference to sponge iron.



### III. SOCIAL OBJECTIVES

A number of social objectives have been listed in the Lima Declaration and Plan of Action as being of major importance to the integrated industrialization of developing countries such as social justice and the equitable distribution of the benefits of industrialization. It is emphasized that industrialization should eliminate social disadvantages and unemployment and ensure that benefits shall be equitably distributed among all sectors of the population. In this context, rural exodus and the full integration of women in the industrialization process should receive particular attention. The socio-economic implications of industrialization should be taken fully into account at the planning and implementation stages. (Paras.30,37,50,51 and 53 (b,d, and g).)

Governments were invited to supply information on the issues mentioned above including such topics as:

- The impact on employment that the process of industrialization has had and is expected to have in the future.
- In the context of an integrated industrialization programme, with an equitable distribution of benefits, special attention may be given to the development of small and medium-scale industries. Are specific programmes being undertaken to this effect?
- Similarly, are measures being taken to support the dispersal of industries to semi-urban and rural areas?

#### INFORMATION RECEIVED FROM DEVELOPING COUNTRIES IN RESPECT OF SOCIAL OBJECTIVES:

##### AFGHANISTAN

It is the objective of the Government's policy to create increased employment. The modernization of agriculture and expansion of public sector industries are expected to help in the creation of employment opportunities. The land reforms programme is to be pursued vigorously and this should enable the benefits to be distributed equitably to all sections of the population. Private investment is being encouraged in small and medium size enterprises. Co-operatives are being formed both in agricultural and industrial sectors. For the welfare of the workers, Social Welfare Funds are being established in industrial and other units. Such action should also help to achieve reduction in concentration of wealth which is at present concentrated in a few hands.

In order to encourage dispersal of industries to semi-urban and rural areas, incentives are given by the Government. New industries set up in the private sector enjoy benefit of exemption from personal

### AFGHANISTAN (Cont'd)

income tax in the case of units set up outside Kabul city. This is expected to help dispersal of industries to semi-urban and rural areas. Infrastructural facilities are being created in rural areas. Schemes are being drawn up to improve living conditions by starting health centres, clean water supply schemes and educational programmes. Youth Clubs are also being formed throughout the country.

### BANGLADESH

Social justice and equitable distribution of the benefits of industrialization is the corner stone of industrial development planning and hence importance has been given to creation of employment, dispersal of industry and development of rural and cottage industry. The plan takes specific cognizance of the socio-economic objectives of the President's Nineteen Points Programme which provides the basic framework for making the country self-reliant in all respects. Major features of the Nineteen Points Programme include social and economic justice in all spheres of national life, national self-reliance in all respects, strengthening of the national and rural economy, provision of necessary incentive of the private sector and improvement of conditions of the workers etc.

### BOLIVIA

The social objectives of the country's national development plan are a acceleration of the growth rate of the per capita gross domestic product; formulation of an honest, realistic and pragmatic medium-term strategy for the attainment of objectives that in the past have involved conflicts. One of the major programmes in the industrial area calls for the training of managerial personnel and the improvement of products. As regards the current programmes, advisory assistance will be given with respect to credits, raw materials, manpower and marketing, with a view to the diversification of production and improved efficiency. The establishment of industrial complexes is seen as part of the general programme to promote small-scale industry.

Measures have been taken in connexion with the process of restructuring present national socio-economic territorial patterns through:

- structuring and development of a "basic territorial system";
- implementation of this system through investment concentrated in selected areas;
- Organic development of urban and rural regions in order to ensure the establishment of functional and adequately sized communities throughout the entire country;

**BOLIVIA** (Cont'd)

gradual integration of all national regions and systematic expansion of the internal socio-economic frontier.

**BOTSWANA**

Employment in the industrial sector grew from 2 300 in 1973/74 to 2 800 in 1976/77 and is forecasted to rise to only 4 700 by the end of the plan period, 1981, (Figures exclude that of the largest industrial employer, BMC). The Botswana Enterprises Development Unit (BEDU) was founded for supporting small-scale industries and the aim of its programme has been the establishment and encouragement of local industries owned and managed by Botswana entrepreneurs. The National Development Bank (NDB) also promotes and supports the establishment of local small-scale industries by providing loans to local entrepreneurs.

Special emphasis is laid on rural industrialization and various programmes are established to achieve this target: rural electrification, major and rural village water supplies; rural industrial infrastructure, industrial building leasing scheme, technology center for rural industries promotion.

**BRAZIL**

The main phenomenon as regards employment by sector is the rapid decline in the share of the primary sector in the total population employed. Non-agricultural employment, on the contrary, has considerably increased, and in 1976 accounted for nearly two-thirds of the total, with particularly high growth in employment in industry, as indicated in the following table:

BREAKDOWN OF EMPLOYMENT  
(Percentages)

Sectors	1960	1970	1972	1976
Primary	54.2	45.1	43.5	36.7
Secondary	12.6	17.9	18.0	23.0
Tertiary	33.2	37.0	38.5	40.3

Sources: FIBGE, Censuses and PNAD.

The prospects are for steady growth in the proportion of the total population employed accounted for by employment in industry.

In 1965, a special fund was set up for small and medium-size enterprises: FIPEME (Programme for the Financing of Small and Medium-Sized Enterprises), managed by the National Economic Development Bank (BNDE). In 1972, the Brazilian Centre for Management Assistance to

RAZIL (Cont'd)

Small and Medium-Sized Enterprises (CEBRAE), linked with the National Economic Development Bank, was set up. CEBRAE, a non-profit-making company, enables managers of small-scale and medium-sized enterprises to obtain further training in technical and management fields through technical, management and credit assistance, training and research. It now has a number of regional and state offices operating under agreements with the Secretaries of Industry and Commerce, etc. Its network of officers covers the whole country.

In 1974, PIPEME was replaced by the Joint Operations Programme (POC), which injected new life into financial co-operation with small and medium-sized enterprises. POC, with its ease of penetration throughout the country, has helped to expand the economies of the less developed regions and attenuate regional imbalances in the distribution of income. BNDE is also helping small and medium-sized enterprises throughout the country through its system of financial agents (state development banks and investment banks). In August 1977, the Government launched a Programme of Support for Small and Medium-Sized Enterprises.

In connection with dispersal of industries, on 21 December 1977, the Economic Development Council (CDE) adopted the following resolution:

INDUSTRIAL DECENTRALIZATION GUIDELINES AND  
PRIORITIES FOR GOVERNMENT ACTION

RESOLUTION No. 14 77\*/

The Secretary-General of the Economic Development Council hereby announces that the President of the Republic, in the exercise of the authority vested in him, has approved the following resolution:

The action of the Federal Government as regards industrial decentralization, in keeping with the second National Development Plan, shall respect the following guidelines and priorities.

I. Without prejudice to support to the São Paulo industrial pole, which will continue to be the main industrial nucleus in the country, the industrial poles of Rio de Janeiro, Minas Gerais and the south of the country shall be strengthened.

In addition, the importance already assumed by industrialization in the development of the north-eastern region must be stressed, and priority is to be assigned in particular to the various industrial complexes located there which are of national, regional or state interest.

As has already been done in the textile sector, it will be possible to concentrate the development of certain industrial branches in the north-eastern region.

\*/ Published in the Official Gazette of 22 December 1977.

BRAZIL (Cont'd)

As regards the Amazonian and central/western regions, integrated complexes in the mining industry or agro-industry sectors considered to be of a priority nature will be established.

II. As regards the São Paulo industrial pole, the following should be stressed:

- (a) The importance of taking concrete action to improve the quality of urban life in the metropolitan São Paulo area, for which reason new industrial projects should be approved only exceptionally by the bodies which manage incentives;
- (b) The desirability of the effort already being made by the state, with support from the Union, to achieve industrial decentralization along the axis Rio-São Paulo and to other areas in the interior.

III. It is essential that the industrial poles of the other metropolitan areas should be consolidated in the context of clear legislation on urban zoning and in particular on the basis of projects located in industrial districts or zones.

IV. In the individual states, preferential support will be given to industrial districts under the responsibility of state governments, either in metropolitan areas, in capitals or in medium-sized towns.

V. In co-operation with the states, the sectoral ministries, the National Housing Bank (BNH), the National Economic Development Bank (BNDE) and other financial agencies will assign priority to the establishment of an infrastructure for electric power, transport communications, sanitation, housing, pollution control, etc., in integrated industrial complexes of interest for national and regional development.

VI. In the effort to achieve industrial deconcentration, a policy of strengthening domestic private enterprises will be followed in order to preserve, in the new industrial poles, the required balance between foreign enterprise and State-owned enterprise.

In order to enhance the feasibility of projects of particular interest to them, the states must endeavour to establish contact with the competent ministries from the outset for purposes of analysis of priorities and obtaining authorizations for various types of federal support.

VII. The Industrial Development Bank, the National Economic Development Bank, BEFIEX, the Superintendency for the Development of the North-East, the Superintendency for the Development of the Amazon, SUFRAMA and other bodies managing fiscal or financial incentives shall lay down standards in their respective spheres of competency with a view to ensuring explicit compliance with the guidelines laid down in this reduction.

Brasilia, 21 December 1977. (João Paulo dos Reis Velloso  
Secretary-General, Economic Development  
Council)

### BURUNDI

The development plan provides for the creation of 7,230 jobs in the industrial sector. Approximately 6 per cent will be senior posts, 26 per cent posts for skilled workers and the rest posts for unskilled workers.

Special attention has been paid to strengthening small and medium-scale enterprises, thus, financing facilities have been provided for private investors, as well as guarantees for financial backers. Furthermore, the Government is increasing its efforts to obtain investment financing in the industrial sector, and is offering certain fiscal advantages; it is also giving technical assistance to these enterprises.

Measures have been taken to promote the dispersal of industries, including the creation in the interior of a number of service centres and rural workshops covering different trades; the creation of development poles in the interior to decentralize industry; various advantages and facilities for industries installed in the interior.

### CENTRAL AFRICAN EMPIRE

It has been estimated that the number of jobs generated if the industrial projects are carried out will be somewhat more than 5,000. An Office for Small- and Medium-Sized Enterprises, provided for under the five-year plan, has been established. It will operate with assistance from the European Development Fund (EDF). Because of the small amount of industry that exists, no consideration has been given to the problem of dispersal, although it is currently being studied. It is necessary, however, to call attention to the problems posed by the condition of the roads and to difficulties in other infrastructure areas (electricity, town planning, etc.)

### C H I L E

The development plan implemented by the Government of Chile has two basic objectives:

- (a) A high level of sustained growth;
- (b) Rapid social development.

CHILE (Cont'd)

Achievement of the latter objective depends both on success in achieving the former objective and on the efficiency with which specific social action programmes are implemented.

Historically, there has been a chronically high level of unemployment in Chile. The inability of the Chilean economy to generate more jobs has been due primarily to the development model based on indiscriminate import-substitution adopted in Chile in the past few decades. This policy protected industries which made intensive use of the scarcest factor in the country, namely capital, to the detriment of labour. A second factor was the low rates of saving attributable to the establishment of very low interest rates, which even became negative when inflation was taken into account, thus penalizing savings and eliminating any possibility of creating new sources of jobs. At the same time, many restraints were placed on the entry of foreign capital, resulting in similar effects on the possible creation of new jobs. Lastly, mention should be made of the way in which social welfare was financed, through the system of social welfare contribution, which really constituted a tax on the hiring of labour.

The Government of Chile is aware of the fact that economic growth is based on the full and efficient use of the country's resources, and especially on full employment and better training of existing labour. For this reason, one of the objectives of economic policy has been to remove the distortions from which the economy was suffering, and which prevented it from generating new jobs to the extent required, by creating the incentives necessary for rapid development of labour-intensive activities.

The economy has therefore been opened up to foreign trade, and this, together with a realistic exchange-rate policy, has provided a strong incentive to the export sector, which is without a doubt the sector which provides the greatest sources of jobs. A capital market with free and real, positive interest rates has grown up, making capital more expensive, and thereby rendering labour more attractive in relative terms. This liberalization of the capital market has greatly contributed to the achievement of increased efficiency in the transfer of the resources of savers to investors, thus making possible the creation of more sources of work. In addition, clear, stable and non-discriminatory guidelines have been laid down for the foreign investor so that his action will effectively complement domestic investment.

Lastly, a reform of the social security system, implementation of which will considerably reduce the cost of social welfare, which as has been seen is one of the impediments to the hiring of larger number of workers, has been studied. These wide-ranging measures have been supplemented by others of a more immediate nature, such as subsidies to promote the hiring of additional labour, which involve payment by the Government of up to 30 per cent of the minimum salary for each new worker recruited by a private firm. Furthermore, the

CHILE (Cont'd)

indicative development plan mentioned above indicates what specific social action policies are to be applied. Basically, these are to be aimed at the following:

- a) Identifying and obtaining full data on the families in the lowest income brackets and channelling the main benefits of government social welfare programmes to these families;
- b) Increasing the share accounted for by wage-earners in the national income by improving the employment rate and enhancing the purchasing power of wages by increasing productivity;
- c) Extending on-going vocational training to a substantial percentage of workers;
- d) Lowering the rates of malnutrition and infant mortality;
- e) Eradicating sub-standard housing and making it easier for families in the middle-income bracket to buy their own housing;
- f) Improving health assistance, increasing enrolment in educational institutions and expediting the administration of justice.

As a means of providing unemployment insurance to persons in those sectors not covered by social welfare (the poorest sectors) who have not found jobs or have been displaced from their jobs, the Minimum Employment Programme (PEM) has been set up. The persons working under this programme receive a money payment and also assistance in the form of food for the worker and his dependents, life insurance and medical attention. In addition, they are given training through scholarships granted by the National Training and Employment Service (SENCE).

In addition, a severance benefit is paid, both to manual workers and to white-collar workers, whereas previously only the latter received it. The Statute on Training and Employment has also been promulgated, with a view to providing workers with the means for further training, in the career fields they have freely chosen. With a view to promoting, approving and supervising training activities carried out by enterprises under the Statute, and to administering a scholarship programme aimed at ensuring equal training opportunities for all workers, the National Training and Employment Service (SENCE) was set up.

A number of other social action programmes have been implemented by other agencies. Some of these programmes concern: education and child care; supplementary food; assistance to the elderly; supply and distribution, and low-cost housing. Thus, both the economic policy and the social policy are aimed at providing stable employment and decent living conditions to the whole population of the country.



COLOMBIA

In an effort to decentralize credit and make it more widely available, it has been possible, working through the Popular Finance Corporation (Corporación Financiera Popular), to increase the amount of credit granted to small-scale and medium-scale industry by 145 per cent. When the previous administration took office, the paid-up capital of the Corporation was 134 million pesos; the figure is now 310 million pesos, which represents an increase of 176 million pesos. The authorized capital has increased from 200 million in 1974 to 400 in 1978. The Corporation has approved 6,398 loans totalling 2,491 million pesos. These figures represent an increase of 43.3 per cent in terms of the number of loans granted and of 145.7 per cent in terms of monetary value in comparison with the first six years of the Corporation's operation. During the period 1969 - 1973 loans in the amount of 0.4 million pesos were granted to co-operative enterprises, whereas this figure amounted to 51.3 million in the period 1974-1977.

The present decade has seen a gradual reduction in the rate of unemployment in the large cities. A comparison of the house-to-house survey conducted in June 1974 and the last one, taken in April 1978, indicates that the drop in unemployment has been significant. Thus, in June 1974 unemployment was running at about 12.7 per cent, whereas by April 1978 it had fallen to 9.9 per cent. This unemployment rate refers to the four largest cities of Colombia. In other words, despite the substantial increase in the economically active population, due both to natural demographic growth and immigration, the number of unemployed persons remained equal between 1974 and 1978. Additionally, under this same heading, the rate of under-employment dropped from 17.2 per cent in 1974 to 15.1 per cent in 1978.

As an important element in the effort to bring about a dispersal of industry towards semi-urban and rural areas, a sizable portion of the Government's resources have been transferred to departments, lower-level territorial administrations (intendencias and comisarias), and municipal governments. There was an increase of 252 per cent in such transfers during the four years between 1974 and 1978. This development can be illustrated as follows (figures in millions of pesos):

	<u>1974</u>	<u>1978</u>
Education allocations	2,026	6,461
Public health allocations	712	2,270
Transfer of income tax	1,207	4,500
Transfer of sales tax on domestically produced liquors	-	630
Total	<u>3,945</u>	<u>13,911</u>

## C U B A

It is a basic concern of the Cuban Government to plan the use of the country's principal production asset - its work-force - so as to bring about the necessary conditions for the full and concerted deployment of the nation's manpower resources. This planning is seen as the key to the solution of such socio-economic problems as the securing of rapid and sustained increases in labour productivity and the rational distribution and redistribution of manpower resources among the country's different economic branches and sectors and among its different regions.

Another area being given special attention concerns the changes caused by the regional patterns of natural demographic growth. From the very beginning of the revolutionary process in 1959 decisive measures have been taken to eliminate unemployment by creating new jobs, mainly in the agricultural sector.

When education and medical services were taken over by the public sector and made available to the population throughout the country, hundreds of thousands of positions were created for teachers and instructors as well as for health service personnel of all descriptions. The vigorous promotion of agriculture and the expansion of education and public health services led to the involvement of women both directly in these sectors and in the small food-producing enterprises based on agriculture.

One of the aims of the Government's investment policy has been to provide employment for the large population groups that were either unemployed or only seasonally employed. Typical of this last situation was the sugar industry, the mainstay of the country's economy. Today, all sugar production workers, whether engaged in the agricultural or the industrial side, are guaranteed work throughout the year.

The national industrialization process has also generated a considerable number of jobs for workers in the construction sector. The industrialization process over the period 1981-1985 is intended to promote the balanced development of the different regions of the country, building on the level of development that has already been achieved.

## CYPRUS

The Turkish invasion resulted in a mass displacement of people and a dramatic disruption of the labour supply and demand situation. The Government acted quickly in order to reactivate the economy in the south and mop up the mass unemployment. The Government efforts, the initiative of the private sector, and the fact that thousands of workers went abroad in search of employment, brought about a marked improvement in the labour situation and by the end of 1977 some shortage of skilled labour were felt in certain sectors.

CYPRUS (Cont'd)

The 2nd Emergency Economic Action Plan 1977-1978 aims at reducing the still high unemployment rate amongst the less skilled section of the labour force and to train people in those sectors where demand is expected to rise, i.e. fitters, electricians, production foremen, carpenters, welders and building workers. At present the social policy of the Government of Cyprus as this is expressed in the 2nd Emergency Economic Action Plan, entails a return to the normal pre-war situation as far as the living standard of the population is concerned. First of all a massive housing programme has been implemented to provide decent accommodation for thousands of displaced refugee families. Secondly, pay-packets, social insurance, pensions, and all other social benefits gradually returned to their pre-war level and have even improved. In the fields of education, health and social welfare the aim of Government policies is to ease overcrowding oversubscription and the very cramped conditions of the various services by extending their provision and improving their quality.

In the industrial sector the Government policy is to provide every assistance to private industry through tax allowances investment grants and a wide range of other incentives. For the small-scale industries a special scheme has been implemented since July 1977 by which they can get finance through the Cyprus Development Bank with Government Guarantee. The Government has also developed Industrial Estates, some of which are in rural areas, and leases out land and buildings to industrialists at very low rents.

ECUADOR

With respect to the manufacturing sector, 1978 witnessed a distinct trend in the direction of industrial dispersal. In fact, whereas in previous years 80 per cent of the total investment of the enterprises classified was concentrated in the provinces of Pichincha and Guayas, in 1978 the total investment of such enterprises was distributed as follows:

Guayas and Pichincha provinces:	47 per cent
Rest of the country:	53 per cent

This distribution does not include the investment of ECUASIDER (1,916 million sucres for the first stage), whose industrial plant will be located in El Oro province. If this enterprise's investments are included, the geographical distribution of the total investments registered in 1978 will be as follows:

Guayas and Pichincha provinces:	24 per cent
Rest of the country:	76 per cent

The same trend towards industrial dispersal can also be observed in small-scale industry and the crafts sector. Whereas, in recent years, 75 per cent of the enterprises classified were located in Guayas and Pichincha and only 25 per cent in the rest of the country

ECUADOR (Cont'd)

the 1978 figures were 51 per cent for Guayas and Pichincha and 49 per cent for the rest of the country.

In 1978, a draft Equipment Leasing Law was prepared and formulated, whose purpose is to promote the establishment of firms to lease machinery and equipment to enterprises that require them. The experience of other countries indicates that leasing firms of this kind would be of definite advantage for the country's production sector by helping to rationalize the use of costly equipment, lowering production costs, raising the technical level of production and stimulating the establishment of new enterprises. It is believed that the small-scale industry and crafts sectors will be among those that will benefit most from the introduction of this system.

The Ministry of Industry, Commerce and Integration has submitted to the economic authorities a bill to amend the Industrial Promotion Law, extensive hearings on which had previously been held with other government departments and the private sector. This bill takes into account the experience and concerns that exist with regard to the application of the Industrial Promotion Law and proposes certain basic principles intended to permit better regulation and promotion of the country's industrial development. Foremost among these principles are: the granting of benefits under the law in accordance with criteria more selective than those currently in effect, taking into account the importance of the industrial activity in question and the characteristics of the particular project; protection for domestic industrial producers through the application of import tariffs coupled with the elimination of open-ended protective measures, thus encouraging efficiency and productivity in the enterprises, the introduction of time limitations on certain of the benefits depending, among other factors, on the degree of development of the industrial activity in question, its profitability and the loss of fiscal income entailed, the creation of the National Industrial Investment Fund to be responsible for channelling private funds to the industrial sector; the adoption of measures to ensure adequate compliance with quality standards by domestic manufacturers; the establishment of clear and precise standards providing suitable control of assembly operations, the provision of special incentives to agro-industry and for technological research programmes; etc.

In 1978 the National Centre for the Promotion of Small-scale Industry and Artesanal Activities (CENAPIA) considerably stepped up its efforts in the area of promotion, technical assistance, credit management and information services, for the purpose of accelerating the growth of the small-scale industry and crafts sector; modernizing their production processes and helping them to attain higher productivity. As part of this work, CENAPIA was directly involved in the establishment of 14 new small enterprises representing a total investment of 147 million sucres

### ECUADOR (Cont'd)

and the creation of 740 new jobs. In order to satisfy the increasing financial requirements of the small-scale industry and craft sectors, the Centre has carried out studies leading to the preparation of a draft decree that would establish a national financial authority specializing in the channelling of funds to these sectors. The Centre's work has won international recognition, as reflected in its designation, on behalf of Ecuador, as the headquarters organization of the Permanent Secretariat of the Small Enterprise Movement, at Latin American level.

### EL SALVADOR

The present National Plan for 1978-1982 aims at creating directly more than 34,000 jobs during the five-year period in question, thus making a major contribution to the reduction of unemployment and under-employment, the cumulative annual rate of growth being 5.7 per cent.

Strategic programme PE-15, Development of small-scale and craft industries, which is part of the Plan, is designed to provide social and economic assistance for small-scale industrial entrepreneurs and craftsmen, create new jobs and increase the supply of goods and services for the domestic and international markets.

The Plan also includes strategic programme PE-10, Infrastructure for industrial development poles, which consists in the building of the essential infrastructure that will enable private enterprise to increase its investment activity and encourage industrial decentralization so as to involve all areas of the country in the development process.

### ETHIOPIA

Industry's contribution to employment has been negligible - it being estimated to have been limited to about 10 per cent of the urban labour force. And for many years to come it cannot be looked upon to be a major source of employment because scarcity of capital limits the number of jobs that can be created in modern big industry since investment costs per job are too high.

Small-scale industries make contributions to employment because they are generally more labour intensive than larger ones and on the average generate more direct jobs per unit of invested capital. Small-scale industries have additional advantages in employing indigenous skills and utilizing low volumes of imported inputs thus easing the strain on the balance of payments. It is for this reasons that the government recently established the Handicrafts and Small-Scale Industries Development Agency to promote the development of small-scale industries and handicrafts by evolving appropriate policies, by providing purchasing, production and marketing assistance as well as training facilities.

ETHIOPIA (Cont'd)

It is government policy to locate new industries, whenever possible, outside areas of present concentration. It may further be noted that state ownership of a substantial portion of the industrial sector provides a central mechanism for distributing benefits equitably among regions.

Efforts at building a socialist form of social organization have provided numerous opportunities for the integration of women in the industrialization process on a non-discrimination basis.

FIJI

GDP and employment growth in the manufacturing sector since independence are shown in the table below:

	1970	71	72	73	74	75	76	77
\$Million at GDP (1968 prices)	16.8	17.7	18.5	19.1	19.8	19.9	20.1	21.5
Growth rate (%)		5.3	4.5	3.2	3.7	0.5	0.8	16.8
Employment (000)	9.1	10.0	9.8	10.1	10.4	8.6	11.2	12.2

Between 1970 and 1977, GDP grew at an average 3.6% annual growth rate, while employment grew at an average of 4.3% per annum. The total number of jobs created in this sector during the seven year period was 3,100 or about 440 per year. This compares with an increase in labour force size of about 4,500 each year. Therefore industrialization provides less than 10% of the increase in employment which is demanded by the expanding population. There are no indications that this trend will change substantially in the future.

An urban/rural small-scale industrial support programme is being carried out with the help of UNIDO and CFTC. The programme seeks to identify and advise potential entrepreneurs about import substitution and local raw material based industries which are viable with a modest level of investment and technological sophistication. Rural service centres are planned throughout the country to give rural dwellers access to common workshop facilities and technical advice. Industrial estates are being built in urban areas to provide workshop facilities, advice, and infrastructure to small-scale manufacturers.

GAMBIA

The latest employment statistics are from June 1976. Estimated employment at that date in manufacturing establishments employing 5 or more workers was 2,819. In comparison, total employment in establishments employing 5 or more workers (all private and public institutions) amounted to 21,512 per the same date and the total labour force was estimated at 260,000 including self-employed farmers. It should be noted that part of the employment is only seasonal.

GHANA

A basic objective of Ghana's industrialization programme is to increase the employment generation capacity of the economy. Ghanaian women are fully integrated into the industrial process; the National Council on Women and Development is the national body whose responsibility is to help women participate fully in all sectors of the economy, including industry. The Government is giving every encouragement and support to individuals, firms and companies to grow more raw materials to "feed" agro-based and rural industries; it is also using its "approving" and "licencing" authority to plan the location of industries. It is hoped that all these measures will help achieve the objectives of creating employment opportunities in the rural areas, enhancing rural incomes and maintaining balanced urban-rural development.

GREECE <sup>1/</sup>

The number of people employed in manufacturing alone increased from 466,000 in 1965 to 625,000 in 1977. It is expected that during the plan period (1978-82) 50,000 to 65,000 new jobs will be created.

Small and medium-scale industries will be encouraged as long as and to the extent that they contribute to the efficiency of the production process and the competitiveness of goods produced. To this effect various measures are included in the Plan.

Dispersal of industries to semi-urban and rural areas has been encouraged with several government measures in the past and is included among the aims of the 5-year Plan, 1978-82. Laws 299/76 and 849/78 provide various incentives for the establishment of new industrial firms and movement of those already operating in urban areas to rural Greece.

GUATEMALA

During the period covered by the Plan, employment should grow at a cumulative annual rate of 5.9 per cent, exceeding the rate of 4.3 per cent recorded in the past and also exceeding the growth rate in respect of labour productivity in the sector. It is planned to create 54,000 new jobs. The priority branches should provide the greatest amount of employment, with a total of 49,400 new jobs, and the metal-working and engineering sector will achieve an increase corresponding to a cumulative annual rate of approximately 13.12 per cent. The sector as a whole has not as yet been sufficiently dynamic to absorb a larger proportion of the active population, since the total of 231,600 persons employed in 1976 accounts for 12.1 per cent of the economically active population, and the manufacturing industry accounts for only 4 per cent of that population.

As regards the development of small-scale and medium-sized industry, the objectives of the Industrial Plan were already indicated under chapter II. As regards specific programmes, the first Census of Craft Activities is being carried out and the fifth Census of Small-Scale, Medium-Sized and Large-Scale Industry, which will make it possible to adjust and improve the new industrial development plan, is being prepared. With regard to decentralization, it has also been indicated that this is one of the targets of the Plan for 1976-1979 and of the new plan for 1979-82. Of 63 industrial projects, 38 were analysed, and of these 14, or 37 per cent, accounting for a value of 7 million will be implemented in the departments. These projects will generate 2,327 new jobs. The projects mentioned are distributed as follows: 19 in the agro-industrial sector, 11 in metal-working and engineering, 4 in non-metallic minerals, 3 in miscellaneous industrial activities and 3 in the chemical industry. The remaining 35 projects in some cases represent investments amounting to more than 100 million quetzals for a single project. This will be the case as regards one paper mill and one cement and petroleum derivatives plant. The total investment for the 63 projects may amount to 257 million quetzals.

<sup>1/</sup> The reply from Greece was received after publication of document ID/238.

## GUYANA

The industrialization process has undoubtedly provided more employment opportunities for Guyanese. In the 1972-76 plan period, it was estimated that some 7,863 persons will have found employment.

The future employment creation possibilities are: Cement Plan (150), Glass (136), Solvent Extractor (30), Fish Processing (531), Cotton Textile (-), Upper Demerara Forestry Project (500).

The Guyana Agricultural and Industrial Development Bank is the government agency responsible for the financing of Cottage industries that make use of local raw materials and are at the same time import substituting. The specific programmes to push the development of small and medium-sized industries include: provisions of loans and credits (some 96 individuals and groups were provided assistance over the 1974-77 period); industrial estates for small industries, fiscal incentives (tax holidays, duty free entry of equipment, raw materials etc); advisory service (organization, production, finance and marketing etc).

The Government insists on a regional location industries as a means of promoting balanced growth in the economy. The country itself is divided into six developmental regions. The table below shows major industries set up in Guyana since 1972 and their locations.

<u>Industries</u>	<u>Location</u>
Cheese Factory	Kingston, Georgetown
Radio Factory	Victoria, E.C.D.
Fishing Nets	Ruimveldt, Georgetown
Cosmetics	Mc Doon, East Bank Dem.
Claybrick Factory	Wales, West Bank Dem. ) Covarden, East Bank Dem. )
Fish and Shrimp Processing	New Amsterdam, B/coe. ) Kingston, Georgetown )

## HONDURAS

In 1976 the State, working through particular institutions and special machinery, is intensifying its efforts to promote the development of small and medium-scale industry so as to meet internal demand in an efficient manner, and also to develop a policy of industrial decentralization aimed at providing more jobs for rural manpower, generating added value and increasing the purchasing power of the population.



HONDURAS (Cont'd)

The 1975 industrial census revealed the existence of a total of 32,709 enterprises operating in the industrial sector of the Honduran economy. Of this total, 97 per cent were small craft enterprises - that is, 31,863 enterprises which employed from one to four persons each. Manufacturing industry proper, i.e. with five or more employees per enterprise, included 846 enterprises or 2 per cent of the total for the industrial sector. In turn, two major categories are distinguished within manufacturing industry: small-scale industry consisting of enterprises employing from five to 49 persons, and medium- and large-scale industry with enterprises employing 50 or more persons.

In 1975, small-scale industry reported 675 enterprises, representing 2.1 per cent of all the enterprises in the industrial sector; medium- and large-scale industry accounted for 171 enterprises, representing 0.5 per cent of the total. The industrial census indicated that 82,974 persons were employed in the industrial sector, 10,697 (or 12 per cent) of whom held jobs in small-scale industry.

I N D I A

The objective of the Draft Five Year Plan 1978-83 is the removal of unemployment and significant under-employment and the attainment of an appreciable rise in the standard of living of the poorest section of the population within a period of ten years. Since the growth of employment in large and medium industries would be able to absorb only a small fraction of the labour force, the employment strategy of the Plan is to adopt employment intensive sectoral planning, to regulate technological change in order to protect and enhance employment and to promote area planning for full employment. The pattern of growth envisaged in the Plan, the intersectoral allocation of investment and the fixation of output targets, have all been explicitly based on the need for rapid increase in employment generation. The generation of employment is planned to be achieved through a big increase in investment in agriculture and allied activities, and the expansion of infrastructure and social services including the minimum needs programme which covers elementary and adult education, rural health and water supply and rural roads, housing and electrification programmes. It is presumed that, as a result of these activities, there will be a large increase in the consumption of the poor, generating additional demand for wage goods which will be produced by labour-intensive methods. The irrigation, power and housing programmes envisaged in the Plan also imply a massive increase in construction activity with a corresponding expansion of employment activities.

A conscious effort is being made in the industrial sector to choose technologies which further contribute to raising employment without adding significantly to costs of production.

INDIA (Cont'd)

The village and small industries sector, which is a major contribution to planned growth of employment, is to receive very high priority and allocation for them is being increased by nearly three times. A wide range of industries is already reserved for the small-scale sector. The integrated rural development programme envisages the creation of detailed block level programme for full employment. These will identify the scope for setting up traditional and other small industries taking cognizance of skill levels, local raw material resources and markets. In all the rural industries programmes, the landless labourers, artisans, small farmers and the backward classes will be the beneficiaries.

If the Plan investment and production programmes are fully implemented, it is estimated that employment opportunities of the following order would be created:

	<u>Million man - years</u>
Agriculture and allied sectors	22.768
Mining	0.447
Manufacturing (Including cottage industries)	8.918
Construction and services	17.128
TOTAL:	<u>49.261</u>

This implies that the expansion of labour force during the period 1978-83 which is estimated at 30 million as well as a substantial part of the backlog of unemployment could be absorbed by the additional employment expected to be created during the Plan period. The labour intensity of the whole structure of production is so designed as to result in a higher rate of growth of employment (5.3 per cent per annum) as against the rate of growth of G.D.P. (4.7 per cent per annum).

The programmes for development of village and small industries, integrated rural development programmes and the Revised Minimum Needs Programme are expected to contribute in a big way not only to employment (including educated employment) but also towards a significant reduction in the present disparities of income and wealth. Further, these programmes would also facilitate dispersal of industries to rural/backward areas.

In regard to promoting female employment, the Plan envisages the following steps: (a) expansion and diversification of the education and training facilities available to women, (b) special

INDIA (Cont'd)

stimulation by Government's investment programmes to industries and occupations which have been identified as women preferred, (c) making available to women entrepreneurs and co-operatives, a fair share of co-operative and commercial bank credit and other financial aids.

INDONESIA

The development of small industries and handicrafts that has been started since Repelita I (First Five-Year Development Plan) has positively affected employment opportunities either in the semi-urban or in the rural areas. In many places or in small industries and handicraft centres, women have taken active part in the small industries and handicrafts activities. Up to the present time the amount of workers engaged in the activities of small industries and handicraft is estimated at approximately 11 million people. In the coming plan, Repelita III (1979-1984) it is expected that the activities of small industries and handicrafts will involve additional 1,220,000 people.

The policy of investment and the choice of technology in the development of industries have always been given careful attention by the Government and attempts have been made to increase national production by the least possible investment with the absorption of as much employment as possible.

Since Repelita II, the development of small industries and handicraft has been more intensified through a project called the BIPIK assistance programme. Much assistance has been extended by this project to small industries and handicraft. The assistance programme consists of the following activities: directing and supervising programme (extension service programme), education and training programme, technical/equipment assistance and management assistance, promotion and information assistance.

In line with the BIPIK (Development of Small Scale Industry Project) programmes to assist economically weak entrepreneurs, the Indonesian Government has provided various credit facilities, e.g. Small Investment Credit, Permanent Working Capital Credit, Mini Credit and Credit for Small Retailers. To improve the implementation of these credit programmes, the Government had established several institutions e.g. PT. BAHANA (charged with facilitating the flow of credit to medium scale industrial entrepreneurs, PT. ASKRINDO and "Lembaga Jaminan Kredit Koperasi" charged with providing guarantee on credits, the latter especially for co-operation).

The balancing of growth between large scale industries and medium/small-scale industries had taken the Government's special attention. The Government is committed to take best efforts to ensure harmonious co-existence of these industries. A sub-contracting system between large industries and smaller industries is one of the methods encouraged by the Government. For this purpose the

## INDONESIA (Cont'd)

Government provided the necessary direction and together with adequate supervision, the small/medium industries are assisted the improvement of their production methods such as to meet production's requirements.

The development of small and medium-scale industries was also carried out through the establishment of co-operatives all over Indonesia in conformity with the content and spirit of paragraph 33 of 1945 Constitution, i.e. that the country's economy is established as a collective effort based on the family principle.

In addition, the dispersal of small industries and handicrafts in to small towns, semi-urban and rural areas are induced by the establishment of small industries and handicraft centres, with act on Technical Service Centres. Several field advisers are assigned to these centres to provide direct supervision to entrepreneurs in the small industries and handicraft sector.

The dispersal of industries has also been carried out through the following means: investment programme under the State's Development Budget; establishment of Industrial Estate in regions outside Java, establishment of Industrial Estate especially for small-scale industries and handicrafts and medium industries outside Java; regional studies aimed at identifying regional potentialities and investment opportunities. (The results of these studies serve to providing information to economically weak groups of entrepreneurs, who generally cannot afford to conduct studies on their own.)

## I R A Q

Rapid economic and industrial development has eliminated unemployment. On the contrary there is shortage of manpower covered by inflow of Arab and foreign labor.

Within the context of integrated industrial development certain encouragement is made for the development of medium and small-scale industries taken in view the emphasis on capital and technology intensive industry to overcome shortage of labor. This development is organized within a 5-year programme and annual programs undertaken by a specialized government agency.

Within the above mentioned programme particular measures and incentives are taken to disperse industrial projects all over the country particularly to lesser developed regions and away from industrially congested areas.

## IVORY COAST

The social objectives of industrial growth are clearly stated in the 1976-1980 Plan. They are job creation, the manning of the industrial structure with Ivory Coast personnel and the balanced development of all areas of the country.

IVORY COAST (Cont'd)

Job creation resulting from industrial development (including building and public works) is estimated at 43,000 jobs for the period 1976-1980 and 45,000 for the period 1980-1985. Over-all employment in the industrial sector would amount to 132,000 in 1980 and 177,000 in 1985 as compared with 88,000 in 1975.

Bringing the industrial structure under the control of Ivory Coast nationals is necessary in order to ensure that the community derives maximum benefit from industrial growth. It will be achieved by the take-over of small and medium-scale enterprises by national capital, by a dynamic policy of expanding State and subsequently private participation in industrial concerns, and by promoting Ivory Coast entrepreneurs. The Office for the Promotion of Ivory Coast Enterprises (OPEI) and the National Commission for the Replacement of Expatriates by Ivory Coast Nationals (Commission nationale de l'ivoirisation) will play key roles in that process.

The decentralization of industrial activity is necessary in order to achieve harmonious development throughout the country. To that end, the following measures, among others, are envisaged: the establishment of plants for processing primary products in the areas where they are produced, the development of a number of industrial poles and the provision of special assistance for the establishment of industries in certain areas.

The job creation, the replacement of expatriates by Ivory Coast personnel and the dispersal of industry throughout the country will be based to a large extent on the promotion of the handicraft sector and the small and medium-sized business sector as the principle means of strengthening the industrial infrastructure and exploiting national resources.

JAMAICA

Industrialization has been slowly receding from an exclusive dependency on foreign technology and screw-driver type operations, to more emphasis on the modification of foreign methods to suit the local environment, and the deployment of locally acquired technologies which are socially more relevant.

The Scientific Research Council is establishing an appropriate Technology Unit to survey the world reservoirs of technologies which can be used to exploit local resources by establishing small-scale industries. It is now absolutely clear that the mere availability of funds to establish these enterprises will not be fully realized without the methods, the markets, and the management. Special emphasis is being paid to the development of agricultural base in affording more opportunities for processing of agricultural commodities. A programme for the sensitization of primary target groups and the acquisition of knowledge about their resource base is now being undertaken by the Scientific Research Council.

JORDAN

The distribution of the working force among economic activities was as follows:

	<u>%</u> <u>1961</u>	<u>%</u> <u>1975</u>
Agriculture	35	18
Mining, Manufacturing, Electricity and Construction	21	19
Services	44	63
	<u>100</u>	<u>100</u>
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It is anticipated that an increase of 9% per annum in employment will be expected to occur over the Plan period. The labour force is anticipated to increase in the years 1976-1980 by 32%, assuming no change in the social structure. It follows that at least 120,000 addition persons will become economically active. Special attention is given to expand the financial resources for small-scale industries and handicraft, particularly through credit facilities of the Industrial Development Bank.

Measures have been taken to support the dispersal of industries to semi-urban and rural areas. Under the provisions of the Income Tax Law No. 53 of 1972, net profits of an approved economic development project not owned by a public shareholding limited company, or not created outside the Capital Governorate are exempted from income tax and social services tax, for a period of six years, and from buildings and land tax, for a period of five years. If that project is owned by a public shareholding limited company, or if it is created outside the Capital Governorate, the period of exemption from income tax and social services tax are extended to nine years, and from buildings and land tax, to seven years. It is also envisaged to establish industrial estates in various towns and the rural areas.

K E N Y A

In the past industrialization process has not had a very encouraging impact on social objectives. This has been due to inappropriate (capital-intensive) technology which has meant very high investment per worker. Consequently industrial employment percentage did not improve appreciably.

In the new Development Plan, special emphasis has been placed on small, medium-sized and rural industries. This is expected to create a minimum of 50,000 new employment opportunities during the plan period in the sector.

KENYA (Cont'd)

Efforts are also being made to disperse industries into lesser developed areas in order to stop rural exodus. Thus special incentives are being created for industries set up in less developed areas. More emphasis is being placed on agricultural products and agro-related industries, e.g. sugar, oil, soap, flour mills, repair shops etc. At the same time zonal studies are under way to identify industrial potential for less developed areas.

KUWAIT

The State of **Kuwait** observes in its development programmes the social objectives adopted in the Lima Declaration and Plan of Action. Specifically, the long term strategy of the country's social policy is the continuation of a welfare state to all its members on equal level.

The process of industrialization is expected to increase employment to achieve the objective of diversification of the national economy. In this policy attention was given to the development of wide range of small and medium-scale industries of the import substitution type. This is made possible by a favourable investment climate with suitable production facilities including planned industrial areas.

LESOTHO

It was planned that manufacturing industry would provide the major contribution to employment prospects, giving rise to 4500 jobs, as against the expected increase of 60,000 in the number of job-seekers, during the period of the Second Plan. Up to the end of the Third Year of the Plan only 609 jobs had been created in manufacturing industry. The impact has therefore only been small.

A radical improvement in all **matters relating to industry** is essential to reverse present trends.

Promotion of craft industries is provided for by a Parastatal Organization, but as yet there is no organization or department specifically charged with small industry promotion.

A Parastatal Organization is endeavouring to disperse industries and has established industrial areas at Maseru and Mafutsoe. However, since there are only 37 operating industries in Lesotho, dispersal of industry has not yet become a problem.

Lesotho, fully enclosed by the Republic of South Africa, is concerned over the incentives given to investors to establish industries in the peripheral areas of South Africa. Rail Transport from South African ports and towns is legally enforced but preferential rates are reportedly given to the new industries while Lesotho must meet the full charge.

LESOTHO (Cont'd)

While Lesotho at the present time, needs to allow its citizens to work in South Africa, the Government is concerned for their welfare, health, services, and social conditions.

LIBYAN ARAB JAMAHIRIYA

At the past and current phase of industrialization of the Jamahiriya's economy preference is given to the capital intensive industrial development projects, what is tied with the experienced continuous shortage of the labour force. This allows to ease somewhat this development constraints. Nevertheless, the industrialization process takes out of the agriculture and to less degree from some other sectors some amount of labour.

The Industrial and Real Estate Bank is oriented towards the helping of the small-scale industries and handicraft by the appropriate credit and loans. Tendency towards equitable distribution of benefits is one of the key strategy and goal of the country's long and medium range plans. It is implemented by a whole array of measures.

A number of studies have been initiated to tackle the problem of dispersal of industries to semi-urban or rural areas. The accepted measures in this respect, are included into the regional and physical plans which are co-ordinated with the sectoral plans of the country's economy. A number of industrial plants were located outside the traditional development areas e.g. cement plants, building materials, food industry, etc.

MADAGASCAR

One of the main objectives of the Plan, up to the year 2000, is solving the unemployment problem. In this context, industry in Madagascar should be labour-intensive, especially if it is aimed at the local market. Advanced techniques and/or automation could be used in industry manufacturing products intended primarily for export. By contrast to the situation in the past, the industrial potential provided for in the Plan will make it possible to use a substantial amount of labour.

Furthermore, the aim of the socialist system in Madagascar is the development of every person and of the whole person, so that plans provide for the participation by the workers in the management of socialist enterprises (enterprises in which the State and State organizations hold more than 51 per cent of the capital). In this context, it should be pointed out that the "Year 2000" Plan stipulates that co-operatives and socialist enterprises should contribute 75 per cent to the formation of total value added, as compared with 25 per cent contributed by industrial and private enterprises. Improvement of the situation of the workers is also planned through training and the provision of fringe benefits.



### MADAGASCAR (Cont'd)

As regards consumer goods in Madagascar, one of the objectives of industrialization is to meet local requirements (as a priority) before exporting surpluses of a given product, while of course taking into account the competitiveness of prices of local products with those of imported products, of the same quality.

In the context of integrated industry, special attention is devoted to the development of small-scale and medium-sized industries. With a view to promoting small and medium-sized enterprises in the industrial sector in Madagascar (whose savings potential is poor), the new Investment Code introduces special measures providing for specific incentives for small and medium-sized and craft-type enterprises.

As regards industrial dispersal, the Investment Code encourages industrial projects intended to promote economically less developed regions. In addition, the Development Plan calls for harmonious development ensuring balance within and between the regions as an essential objective.

### MALAWI

Currently the employment level of the industrial sector stands at over 35,000 representing about 15% of the wage earning population in the country. This is expected to grow at an annual growth rate of about 10%.

The Malawi Government follows a policy of dispersal of industrial activities in order to help to correct the regional economic imbalances. In this connection, new investors have been encouraged to locate their projects outside of the main urban centres i.e. Blantyre/Limbe areas. Also a promotion programme for small-scale industries is being planned.

The aims of the small-scale industries project are to develop a Malawian entrepreneurial class, to promote the more efficient use of resources in production, to increase employment and compliment medium and large-scale industries and to achieve a reasonable geographical spread of industries in the country. The project will provide to the small-scale industrial entrepreneur, industrial estates with factory shells from which to operate, common service facilities of machinery, equipment and showrooms and in addition, a raw material procurement scheme, technical assistance and financial assistance. It is envisaged that the project will cost about 1.2 million in its initial years.

### MALAYSIA

The employment pattern in Malaysia has experienced considerable structural change since the Government embarked on industrialization programmes. The more noticeable and significant change has been the sectoral shift of labour, particularly from the traditional agricultural sector to the modern industrial sector. In 1965, just one year before Malaysia launched its first five-year development plan,

MALAYSIA (Cont'd)

the agricultural sector absorbed 52% of the total working labour force, whereas the industrial sector employed only 8%. Since then there had been a gradual and substantial shift of labour to the industrial sector and by 1978 it is estimated that the industrial sector accounts for 13% of the total labour force and the agricultural sector accounts for a lesser proportion of 44%.

Industrialization process will continue to affect employment structure in the future. Resulting from the rapid growth in the industrial sector, it is projected that manpower requirement in this sector will grow by an average of 6.8% between 1976 and 1990. This sector will by then absorb 16.8% of the total labour force. The proportion of manpower engaged in agricultural activities will fall to 35%.

The development of small and medium-scale industries has been accorded high priority in Malaysia's industrialization programme. These industries not only complement the development of the major industries, they also possess vast potential to provide large employment opportunities to the growing labour force. The promotion of potential entrepreneurs could be further facilitated through small and medium-scale enterprises since they are less demanding in terms of capital and technology.

The Malaysian Government has established a number of institutions to promote the growth of the small and medium-scale industries. These institutions collectively provide a variety of assistance to these industries, such as the extension of long and medium-term loan for the establishment of new projects or the expansion of existing ones, providing training to various levels of personnel engaged in the industries, and extending advisory and consultancy services to them.

Dispersal of industries to semi-urban and rural areas has become part and parcel of the industrialization programme in Malaysia. The aim is to achieve a more balanced regional industrial development in the country so that there will be more equitable distribution of income and employment opportunities among the population. It will also help to check migration of the rural people to the urban centres. The dispersal policy has been actively pursued by the Government since the launching the Second Development Plan in 1971. Since then about 2,000 industrial projects or 60% of all projects approved have been sited in the less developed semi-urban and rural areas throughout the country. The measures taken by the Government to encourage industrial dispersal include the provision of tax incentives in the form of tax holidays, development of industrial estates and free trade zones where the necessary infrastructure facilities are readily available for the establishment and operation of industrial projects.

### MALDIVES

There are no major industries in the Maldives. The existing ones except the main livelihood fishing, are small in size and highly scattered over the archipelago. Hence no changes are recorded with reference to the employment process.

### MALI

The industrial sector employs more than 3,000 persons, or 22 per cent of wage-earners other than Government officials.

CEPI (Industrial Studies and Promotion Centre), set up and run in co-operation with UNIDO since 1975, is responsible primarily for the development of small-scale and medium-sized industries. Between 1978 and 1982, it proposes that 40 industrial enterprises falling within this category should be set up and has already prepared 16 prefeasibility studies and 15 feasibility studies, identified 10 national sponsors and obtained approval for seven projects. It also assists and provides staff for existing small-scale and medium-sized industrial enterprises and is due to take part in the training of industrialists.

Industrial decentralization is one of the objectives of the Five-Year Plan. In this connexion, 40 per cent of jobs in industry are outside the metropolitan area of Bamako. The Investment Code offers particular advantages to companies setting up plants in areas not yet or insufficiently industrialized.

### MALTA

The social objectives of Malta's development effort aim at meeting the basic needs of the community for better housing, health services, education and work opportunities, as well as the creation of a better and more highly motivated environment in which the Maltese community can lead a more satisfying life with a deeper sense of purpose. Malta's social environment is not as heavily unbalanced as that found in other developing countries where very wide differences in living standards and social conditions exist. Nevertheless, Government efforts have narrowed even more the gaps that existed between social groups.

Industrial development has been accompanied by a determination to ensure that the success registered in the economic sphere is accompanied by a fair distribution of available resources especially in favour of the weak, the aged and the infirm and to those who, through no fault of their own, cannot participate actively in the development exercise.

Full employment has been one of Malta's major objectives under the 1973-80 Development Plan. The job-creation effort has accordingly aimed at promoting productive activities which could provide work opportunities for workers released by declining

MAURITANIA (Cont'd)

sectors and for new workers coming on to the labour market for the first time. These efforts have had a good measure of success which would have been greater if world recession had not occurred in 1974. The adverse international environment brought about by a downswing in international economic activity caused labour redundancies in export oriented industries as well as a net migratory inflow for three successive years, thus substantially increasing the demand for new jobs. In spite of these difficult conditions, the employment situation improved as shown by the results of the 1977 Manpower Survey: the number of persons in gainful employment rose from 110,518 in 1976 to 114,415 an increase of 3,897. The number of persons registering for employment stood at 5,139. Thus the participation - that is the proportion of the gainfully occupied and the unemployed out of the total population of working age - rose from the previous year's level of 60.5% to 61.8%.

On the basis of revised projections the labour force is expected to rise to 125,000 by 1979. The job creation effort must take into account this projected increase in the labour force as well as labour redeployment in line with the envisaged structural change in the economy.

Projects in hand or in the pipeline - such as the Red China Dock, in Marsa Shipbuilding Yard, new tourist projects, manufacturing firms which are still in the pre-production and related activities - are together expected to provide around half of the total planned job requirements. The balance is expected to be provided by projects which should get under way in the coming years as a result of the various initiatives which are reviewed in the third section of the Plan Supplement.

MAURITANIA

Until quite recently industrialization has had only a limited capacity to absorb manpower. However, on the assumption of rapid future growth in the industrial sector, it should be possible to create 40,000 new jobs. This is an almost negligible figure when set against the available manpower of 300,000.

One of the major thrusts of the country's economic policy is in the direction of small and medium-scale enterprises. As part of its effort to encourage these enterprises, the Government intends, in the very near future, to establish a new Industrial Promotion Unit and to revise the Investment Code so as to bring it into line with the new industrialization policy. For the moment, the Government is assisting these enterprises by preparing studies on the projects which they submit to the Government and by granting them exemption from taxes on certain raw materials which they require for the manufacture of their finished products. A programme for the dispersal of industries to semi-urban and rural areas already exists, and there is reason to believe that, as part of the new Investment Code, measures will be taken to promote this trend.

MAURITIUS (Cont'd)

Under the programme of assistance to small and medium-scale industrial enterprises the State will finance the establishment of fully serviced industrial estates in industrial centres. It will also promote the establishment of a building materials industry.

MAURITIUS

Appreciable progress was made in the manufacturing sector during the period 1971 - 77 in the achievement of planned objectives in respect of employment creation. The table below which does not include some 10,000 workers employed in small-scale enterprises, gives an indication of employment in the sector.

	<u>Employment (excluding small enterprises)</u>						
	1971	1972	1973	1974	1975	1976	1977
EPZ enterprises	644	2,588	5,800	8,969	10,267	17,163	18,169
of which male labour	214	384	770	1,088	1,676	3,478	3,808
of which female labour	430	2,204	5,030	7,882	8,591	13,685	14,361
Local enterprises	9,131	8,988	9,922	11,704	12,205	12,185	12,623
<b>TOTAL</b>	<b>9,775</b>	<b>11,576</b>	<b>15,722</b>	<b>20,673</b>	<b>22,483</b>	<b>29,348</b>	<b>30,792</b>

Employment in the manufacturing sector increased from 22,483 in September 1975 to 29,348 in September 1976. This represents an increase of 30.5% compared to an increase of only 8.8% in 1975 over the previous year. Employment creation, however, slowed down in 1977 and by September total employment in the manufacturing sector amounted to 30,800. This situation, it is hoped, is only a temporary phenomenon as the bulk of employment opportunities must necessarily come from the export industry since agriculture has more or less reached its limits, and, with growing mechanization, the number of persons employed on land will go on diminishing and since the prospects of import substitution industry are nearly exhausted.

One principal objective of national planning has been to increase remuneration to labour and to enhance its bargaining position towards other factors of production. This objective has been successfully realized. Wages paid in the manufacturing sector increased from a total of 17 million Rs in 1968 to 136 million Rs in 1977. In the same time the bargaining strength

MAURITIUS (Cont'd)

of labour organizations has increased substantially.

A small-scale industry in Mauritius is defined as one having a fixed investment of not more than Rs 100,000 and employing not more than 25 workers per shift. To encourage the development of small-scale industries, a Small-Scale Industries Unit (SSIU) has been recently set up in the Ministry of Commerce and Industry to provide technical, economic and management guidance to small-scale industries. Besides, in addition to the Development Bank of Mauritius which provides loans at a concessionary rate of interest up to a value of Rs 15,000, a loans scheme to provide machinery to small industries has been introduced in collaboration with the State Commercial Bank.

The dispersal of industries to semi-urban and rural areas has been taken care of and industrial estates have been set up both in rural and urban areas. In fact, one of the objectives of planning in Mauritius is to bring jobs to the people and not the other way round.

MEXICO

The level of economic and social development reached by Mexico in recent years has made it necessary to orient action in support of industry more directly towards the achievement of well-defined policy objectives. Consequently, the Mexican Government, through the agencies directly responsible for directing industrial policy, is developing a series of studies aimed at making the legal provisions and administrative instruments drawn up on this subject as coherent as possible. Thus, the methodology for determining the type of industrial goods that should receive special treatment is being studied. The aim of this selection is to orient the country's production towards goods which, because of their special features, will help to meet the most urgent needs of the population or, in accordance with national objectives, will be of strategic importance in the effort to reach higher levels of efficiency and greater economic dependence on the outside world.

The need is also being studied for a reorientation of the location of industries according to selective criteria, avoiding the continued extreme concentration of capital while also preventing incentive from being dispersed throughout the country without specific purposes. In this way it is hoped to link incentives to industry with the criteria for urban development and thereby guarantee the possibility that the industrial development areas will have the necessary infrastructure and equipment for development.

A policy is also being studied for differential prices for basic petrochemicals and fuels. The main idea is to use the country's oil resources to benefit geographical areas and industrial sectors that have been selected in view of their importance for the economic and social development of the country. In the case of gas,

### MEXICO (Cont'd)

efforts are being made to set up a network that will link the sources of supply with the main industrial consumer areas, guiding the location of domestic industry by means of prices.

The policy of fiscal incentives to industry is also being reviewed, in an effort to adapt the measures involved to the current needs of the country so that the fiscal sacrifice inherent in the incentives goes towards encouraging new investment, the expansion of existing capacity, relocation and generation of employment in activities defined as necessary to the development of the country and located in geographical areas selected for the purpose.

### MONGOLIA

The Government gives extremely close attention to the problems of the socialist industrialization of the economy, and regards this as a basic method for establishing an up-to-date material and technical base within an optimal complex whole. The industrialization process in Mongolia, which has made the transition from feudalism to socialism, shows a number of characteristics brought about by specific historical conditions, the necessity for the country to go through a whole series of stages in industrial development, and the special features of the problems posed by each period of economic development.

Looking back at the last stage, one can identify a number of features that have become evident during the course of the country's socialist industrialization process over a comparatively long period of time (1951-1975):

Firstly, around 1960, by means of industrialization, Mongolia transformed itself into an agrarian-industrial country. The consistent pursuit of industrialization between 1961 and 1975 has created real possibilities for solving the problem of transforming Mongolia into a developed industrial-agrarian country in the near future.

Secondly, the socialist industrialization of the country coincided with the process of raising the birth rate and lowering mortality, and thus with the development of a favourable demographic situation resulting in a significant increase in the labour force available to the national economy. The number of manual and office workers increased by a factor of 2.3 between 1951 and 1960, and by a factor of 1.7 between 1961 and 1975, with a relatively higher rate of increase in the number of manual workers. The role of women in society is gaining importance even more rapidly. This question is being given serious attention. From 1961 to 1975 alone the number of women employed in the economy grew by a factor of more than 2.5, accounting for 45 per cent of the total number of manual and office workers in 1975. Economic planning allows conscious control over the country's industrialization process and secures full employment for the entire working population.

MONGOLIA (Cont'd)

Thirdly, industrialization has also given rise to a more rapid growth of the urban population in comparison with the rural population. Between 1961 and 1975 alone the urban population grew by 80 per cent, while the rural population grew by 33 per cent, the **overall** population growth being 50 per cent. The share of the urban population grew from 40 per cent to 47.5 per cent during that period. During the first stage of industrialization, the agricultural sector served as an important source of manpower for the manufacturing and other industries. In future, the manpower requirements of industry will be satisfied mainly through the high rate of growth of the potential work force and the training of qualified professionals.

Fourthly, vast capital investment has been necessary in order to bring about the socialist industrialization of the country. Between 1948 and 1975, 18.6 billion tugriks were invested in the development of all the sectors of the economy.

Fifthly, in the course of industrialization, the productivity of labour has been increased considerably. In particular, in the 1961-1975 period the productivity of labour increased by factors of 2.3 in the manufacturing industries, 0.74 in agriculture and 2.5 in construction.

Sixthly, socialist industrialization necessarily causes the people's welfare to increase and their standard of living to rise. This is borne out by the following facts: between 1966 and 1975, there were increases by factors of more than 1.6 in the real income of working people, 2.3 in social funds, and 2.7 in pensions and grants.

An important part in the industrialization of the country is played by the development of new large towns and industrial conurbations. In the country's experience, the emergence of new industrial towns is directly connected with the exploitation of large deposits of economic minerals and raw materials. In the last 10 to 13 years alone, such industrial towns as Darkhan and Erdenet have made their appearance. The development of existing towns and the creation of new industrial centres is regulated by economic plans (annual and longer-term). In the long-term plans, not only the expansion and development of existing towns and settlements is considered, but also the setting up of agro-industrial complexes and new industrial centres and conglomerations. Long-term development planning of towns and industrial centres finds concrete form in master plans for the development of large and small towns and settlements and in concrete projects for the construction of new industrial centres. The planning of a new town with a large industrial plant of strategic importance is always a complex and many-faceted problem involving consideration of economic policy, social policy, organization and external economic policy.



### MONGOLIA (Cont'd)

A new town is planned and constructed as a large complex centred around a strategically important industrial plant. Around such a plant are established: first, infrastructure for production, including electricity and water supply, sewers, roads, basic housing and material and technical supplies; secondly, appropriate light industries, food processing plants and agricultural establishments to supply the future town's population with food and manufactured goods; and, thirdly, a social infrastructure and an administrative centre. Detailed plans with the basic building layout are drawn up to make clear the architectural planning and spatial solutions adopted for the building areas, and define the requirements for and location of activities and institutions concerned with cultural and social services, together with solutions regarding engineering networks and elements of the planning of streets, roads and greenery.

### MOROCCO

In recent years, experience has shown that industry is unable to absorb the substantial surplus of labour in the labour market through the creation of jobs. The structure of the economically active population shows that industry and crafts absorb barely more than 15 per cent of the total active population. The development of investments per job over the past five years shows a rather sharp increase in the cost of investment per job. Concomitant developments are a shortage of skilled labour and an abundance of ordinary labour.

In order to correct this trend, studies are being carried out with the assistance of the World Bank, with a view to launching a programme for the development of small industries enterprises able, inter alia, to promote the creation of jobs in the industrial sector. A small-scale industry unit is being established in the Industrial Development Office to assist in this same project.

As regards the regional development of industrial activities, a great effort was made during the last five-year period, particularly in the form of measures encouraging the regional establishment of industrial units. These measures will be strengthened through a large-scale programme for the establishment of industrial estates in a number of focal areas of development which have been identified (Mador, Tensift, Tangier, etc.) and through very substantial infrastructure investment, especially in port installations.

### NIGER

Niger is a country with a population which is 90 per cent rural. Farmers are occupied with agriculture only during the rainy season, which lasts three months. There is a period of virtual inactivity during the dry season.

NIGER (Cont'd)

The Niger's industry is at an embryonic stage, and its influence on employment is still quite small. However, planned development in this sector involves the establishment of labour-intensive, small-scale and medium-scale industries, especially in rural areas.

Industrial dispersal is one of the objectives of the three-year programme for 1976-1978. In this connexion, special incentives are to be granted to industrialists who agree to establish facilities in the most disadvantaged regions, in order to promote the development of secondary focal points of industrial activity. (These measures relate to the rate of turnover tax and the duration of incentives).

The three-year programme also provided for the establishment of an office for the promotion of enterprises in Niger, which was in fact set up in the last quarter of 1978.

NIGERIA

The process of industrialization has had some considerable impact on employment. For instance, in 1975, estimated employment in the Manufacturing and Crafts sector was 4.69 million persons or 16.8% of total gainful employment in the country. In 1980, the estimated number of persons employed in Manufacturing and Crafts will be around 6.03 million or 19.0% of total gainful employment. This represents an additional employment in the Manufacturing and Crafts sector between 1975 and 1980 of 1.34 million or 34.8% of additional gainful employment within the period.

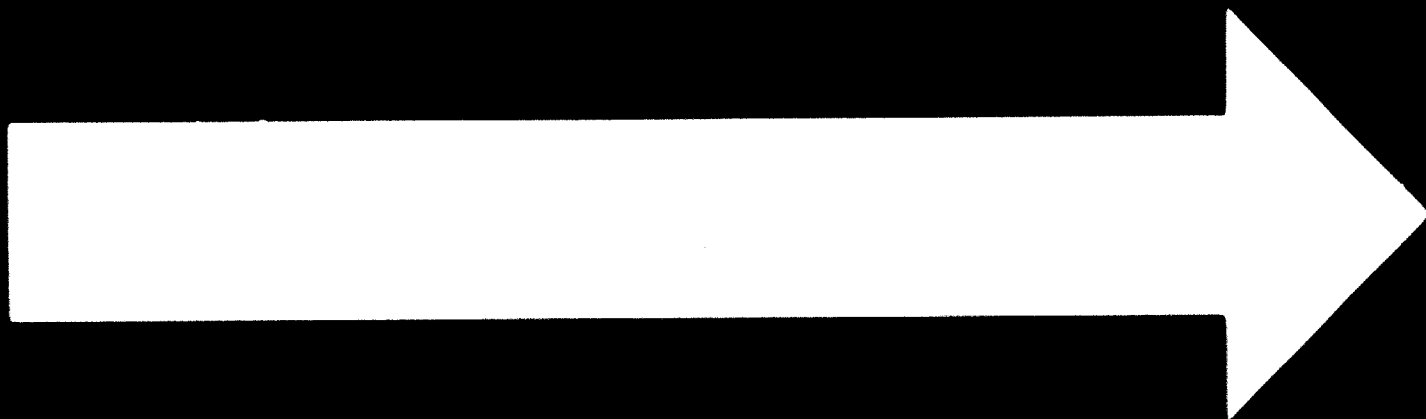
Nigeria is conscious of the role small and medium-scale industries can play in the industrialization of the country. It is in recognition of this role that the country has set up several schemes like the small-scale industries credit scheme, the Industrial Development Centres scheme, the Industrial Areas/Estates scheme to aid small and medium-scale industrialists to set up their industries. These schemes however, are not making the progress one would have liked them to make because of a number of constraints among which are finance and man-power (management).

With regards to the dispersal of industries, the Government is still working towards evolving an all embracing policy on the dispersal of industries. Meanwhile some measures such as provision of industrial infrastructures are being used to disperse industries to rural areas. At the same time, the Government endeavours to spread its own industrial projects to different parts of the country including semi-urban and rural areas.

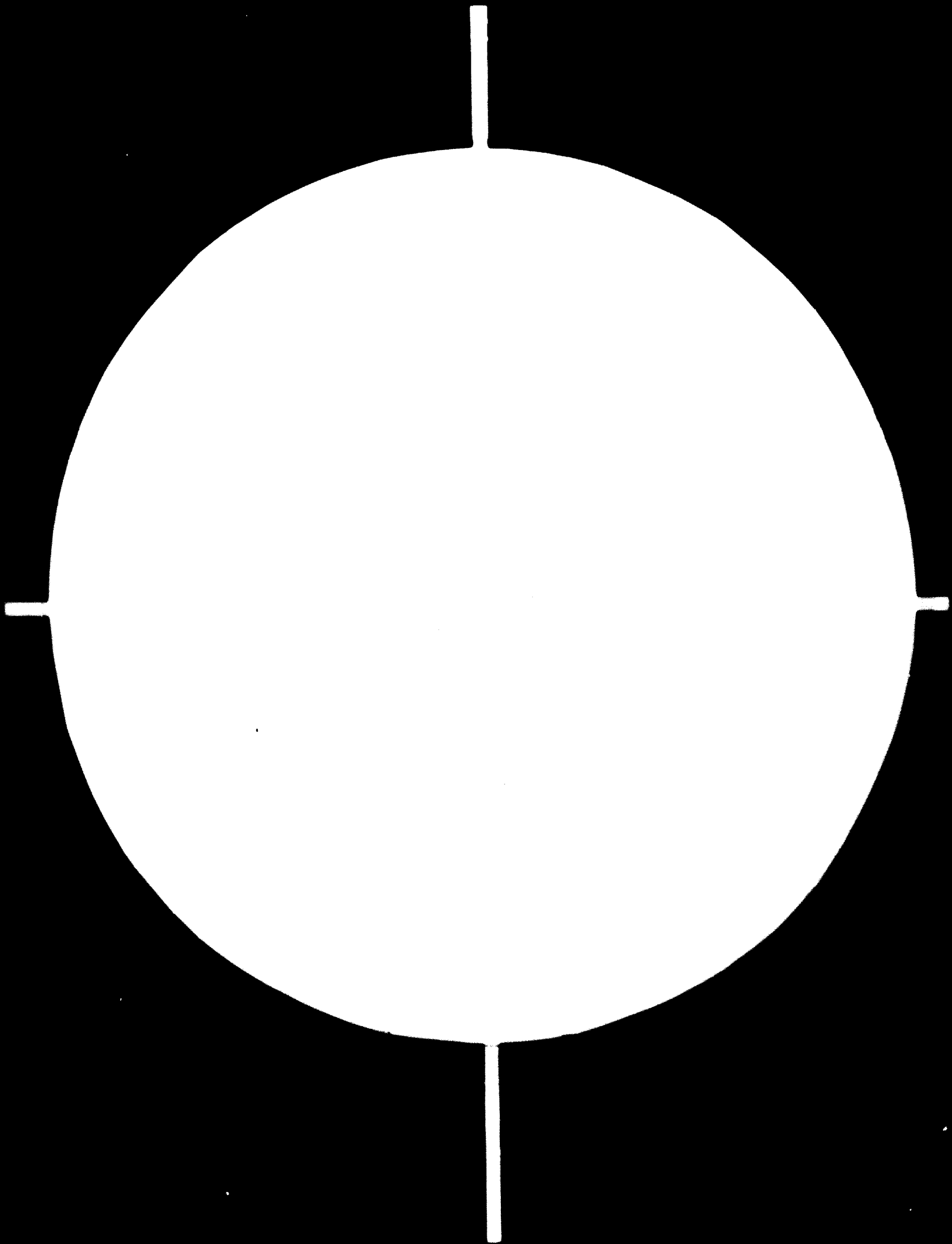
O M A N

Industrialization has just begun in Oman. The Five-Year Plan mentions that in 1975, the total employment in the Private Manufacturing Sector was estimated at 2199 only. In 1976, 85% of the persons employed

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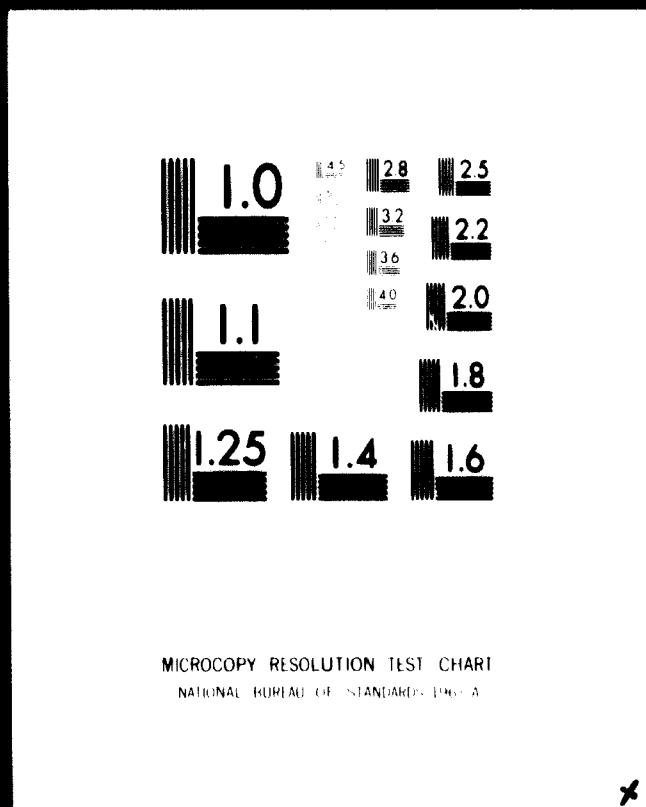


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in Private Manufacturing Sector were expatriates. The results of training of Omanis will not be fully felt before 1983. Trained Omani labour is expected to enter the market only at the rate of 1200 a year. Expatriate employment still remains a key barometer of the overall level of economic activity in the country. A considerable number of Omanis are engaged in services and clerical work. Expatriates still hold the majority posts in professional, technical, administrative and managerial levels in the private sector.

Since the scarcity of trained and technically skilled local personnel is one of the bottlenecks, the primary emphasis is not so much on employment-generating industrial projects, but on income generating and import-substituting projects. These may require capital intensive projects.

However, one of the objectives of the development policy in the Sultanate of Oman is "to effect a wider geographical distribution of investment in order that the benefits may be shared by different regions of the country, and to narrow the gap in the standard of living in different regions with special emphasis on the least developed regions. For the purpose of Government capital expenditure, the country has been divided in three Geographical Regions and the total Government Capital expenditure during the Five-Year Plan is planned as follows:

Oman (cont'd)

YEAR	CAPITAL AREA		INTERIOR		SOUTHERN REGION		TOTAL	
	MILLION R.O.	%	MILLION R.O.	%	MILLION R.O.	%	MILLION R.O.	%
1976	103.4	40.5%	104.4	40.8	47.8	18.7	255.6	100%
1980	28.5	27.0%	56.5	53.4%	20.7	19.6	105.7	100%
TOTAL (for 1976 to 1980)	300.3	32.1%	380.9	40.8%	253.6	27.1%	934.8	100%

As for the Ministry of Commerce and Industry, the direct Government expenditure on development projects during the Five-Year Plan (1976-1980) is envisaged as 36.06 million Rials Omani (of which in capital area 0.20, in interior area 34.86, in southern area 1.00).

In particular, the project utilizing mineral resources of the country and catering to the development of fisheries are likely to come up in semi-urban and rural areas.

## PAKISTAN

Labour Force and Employment: the 1951 population of 33.7 million has more than doubled today. The current population is estimated at 75.62 million with labour force of 27.22 million. The size of labour has progressively increased from 10.4 million to 13.9 million and 20.8 million according to the censuses of 1951, 1961 and 1972.

Measures were taken to improve the employment situation in the last several years. The allocation for manpower and employment were substantially increased. The institutions set up to promote employment were: the Manpower Division, the Appropriate Technology Development Organization, the Overseas Employment Corporation, Technical Training and Apprenticeship Centres. A comprehensive labour welfare policy was introduced, land reforms were undertaken and special employment generating programmes were started in both rural and urban areas. Although these measures have to some extent improved the labour and employment situation, much, however, remains to be achieved.

The unemployment problem will be tackled with the following objectives in view during the Fifth Plan period: creation of jobs to cater for additional entrants to the labour force; reduction in seasonal unemployment; relief from low-productivity employment; removal of shortages of skilled and semi-skilled workers; and programmes for specific target groups such as educated unemployed.

The Fifth Plan provides for substantial advances in basic amenities in the sectors of education, health and housing. It is planned to provide primary education facilities by 1982-83 to cover 90 per cent of boys and 45 per cent of girls compared with the present coverage of 73 and 33 per cent. Basic health cover will be provided to almost 100 per cent of the population; it is proposed to set up a rural health unit within 5 mile radius of each village. Similarly, safe water supply will be extended to 81.5 per cent urban and 36.0 per cent rural, sanitation facilities to 50 per cent urban and 35 per cent rural population. These programmes will mostly benefit the poorer income groups, rural areas and backward regions.

In the Fifth Plan, there is a change in policy towards small and medium-scale labour-intensive industries. However, the increase in employment that will be generated in large-scale industry will not be commensurate with the investment proposed for the Fifth Plan. This is primarily because in the public sector investment will be projects such as fertilizers, chemicals and basic metals where the employment to investment ratio is exceptionally low. On the other hand, there should be generation of additional employment through better utilization of existing capacity. Thus, while policies will be pursued for generating as much employment as possible in industry, this sector cannot be expected to make a substantial contribution, by itself, to



PAKISTAN (Cont'd)

increasing employment opportunities. Therefore, in the Fifth Plan, it is necessary to make up for this deficiency by increased investment in employment intensive sectors.

Small-Scale Industries: all the previous Five-Year plans have emphasized the importance of small-scale industries and spelt out a broad policy framework and institutional arrangements to promote small-scale industries. However, the full potential of small industries has not been realized. The major problems of small-scale industries have remained unsolved. Measures taken up till now have not had the desired impact on productivity and the quality of the products of small industries.

No reliable data is available to assess the contribution of small industries sector to the economy of the country. Statistics available mainly project general trends, despite this, it can be stated with confidence that the contribution of small industries in G.N.P., employment, production, exports is quite significant. According to an assessment of the Statistics Division, the contribution of small industries to G.N.P. in 1976-77 was about 3.5%. According to a World Bank estimate the contribution was around 7 to 8%.

In the Labour Force Survey conducted in 1971-72, the total labour force in 1971-72 was estimated at 13.4 million, out of which the share of manufacturing was assessed at 2.3 million i.e. 12.5% of the total labour force. Out of these 2.3 million, the labour force in large-scale industry was 0.3 million while in the small-scale sector it was about 2.00 million. This indicates that over 80% of the industrial labour works in small industries.

The Small Industries share was roughly 18% of the total exports of the country during 1976-77. The small industries sector has considerable potential for growth but it suffers from a number of problems relating to organization, financing, technology and marketing. To facilitate the development of this sector, there is a need to have a closer look at the constraints under which this sector operates and to remove the hurdles which inhibit its healthy growth. There is also need to provide some special incentives and assistance to small entrepreneurs who have the resources or skill that can be profitably exploited. In the Fifth Plan, fiscal and commercial policies will give due recognition to these factors.

Rural Development: it is estimated that in 1977-78, 72.6 per cent of Pakistan's population inhabits rural areas, spread over some 45,000 villages. The economy gets its major exports, raw materials and food from rural sector. Yet about 35 per cent of rural population has to survive in conditions of poverty and squalor. This is the direct outcome of the existence and perpetuation of substantial under-employment in the rural economy, open unemployment reveals that 34 per cent of the rural force falls in the family-helper category. Also, 44 per cent of farm area consists of holdings less than 7.5 acres, which is far below the subsistence size of holdings.

PAKISTAN (Cont'd)

The Fifth Plan objectives in regard to rural development are as under:

- (a) To meaningfully integrate rural development with the national socio-economic development effort;
- (b) To reduce the burden of underemployment;
- (c) To increase the density of services provided to agriculture and other rural activities;
- (d) To improve rural infrastructure;
- (e) To make a beginning towards providing social amenities to target groups;
- (f) To create an institutional framework for ensuring community participation in the implementation of the rural development programmes.

Small-scale enterprises based on agricultural raw material will be located in the rural areas. These industries include rice and wheat milling, oil crushing, cotton ginning hosiery and other textile crafts, carpets, leather and footwear based on agricultural by-products and waste products like molasses, wheat and rice straw etc. During the Fifth Plan, public sector investments in this programme will amount to Rs. 482 million over and above Rs. 2585 million estimated for the private sector for which necessary provision has been in the industrial sector.

The Integrated Rural Development Programme is aimed at co-ordinating the activities of various government building departments and semi-government organizations by pooling their resources for organizing the agricultural, economic and other development programmes in rural areas. Built round the Markaz (Centre), the focal point of the production area of 50-60 villages and population of 60,000 to 75,000, the main objectives of the programme include improvement of physical infrastructure, mobilization of rural capital for agricultural development, furnishing a package of technology, inputs and services to the farmers to improve their skills through the establishment of model farms, setting up of agro-allied industries and strengthening of storage and marketing facilities.

Location of Industries: the need of a wider dispersal of industries is now widely recognized both for the purpose of avoiding a dangerous degree of congestion and over-growth in major cities as well as for achieving more rapid development of rural areas of the country. A comprehensive approach is essential if the locational policies are to be more effective than in the past. Firstly, it is essential to draw up regional plans which provide for the location of industries, growth in agriculture and development of infrastructure in an integrated manner. Secondly, the industries to be set up in backward and forward linkages within the area so that industrial development leads to more widespread and organic growth. Thirdly, in the case of private sector movement of industry to the lesser developed areas should be through inducement rather than "Incentive Tax".

### PAKISTAN (Cont'd)

concessions for establishing industries in backward regions should continue but the Government should not rely on incentives alone. Fourthly, it would appear that provision of certain facilities such as industrial estates does not itself constitute any attraction for industry to locate in a backward area. Such investments have sometimes proved premature and, therefore, wasteful. For really backward areas, it would be better for the Government to invest directly in setting up of industries along with such infrastructure as is needed for the project concerned. It is true that for some industries proximity to raw material is essential, for some proximity to markets is needed, and for export industries proximity to the port is desirable. However, considerable scope exists for combining these considerations with a proper locational policy which avoids further industrial polarisation and promoting the development of backward areas.

In the present investment policy there is no customs duty on the import of machinery if the machinery is installed in the province of Baluchistan, Dera Ismail Khan and Malakund Divisions, Tribal Areas, Northern Areas and Azad Kashmir. Fifty per cent exemption in duty is granted for other less developed areas. In addition, a number of tax incentives have been provided to the industries located in the less developed areas. These include income tax relief, super tax rebate, tax exemption on investment, tax credits, liberal depreciation allowances, etc.

### PANAMA

One of the approaches that has been considered in studying the employment situation in Panama is by analysing the problems at the sectoral level and the capacity of the different branches of the economy to generate new jobs in the future. On the basis of studies of the employment situation in the industrial sector, the impact of the national industrial process on the generation of employment can be measured.

In the last 15 years there have been four distinct stages in the evolution of employment in the industrial sector. Between 1960 and 1965 the annual increase was relatively low, at approximately 1,000 new jobs every year, and the total number of employed persons rose from 20,400 to 26,100. Between 1965 and 1969 there was a substantial increase and the number of employed persons almost doubled, rising from 26,100 in 1965 to 45,700 in 1969. It should be mentioned, however, that this significant increase was partly due to a change in the industrial survey technique, in that a craft group previously not covered was now included under the heading of industrial workers. During the period between 1970 and 1974 the increase in employment in the industrial sector was again slow; since that time, growth has ceased altogether and there has even been a decline in absolute terms. The following table illustrates how employment has evolved in the industrial sector, according to the type of industry.

PANAMA (Cont'd)

Development of employment in the industrial sector  
(in thousands of persons)

Type of industry	1960	1965	1970	1974	1975
<u>Total</u>	<u>20.4</u>	<u>26.7</u>	<u>42.6</u>	<u>51.2</u>	<u>46.9</u>
Factory-type	12.1	15.1	22.2	27.8	-
Craft	8.3	11.6	20.4	23.4	-

Source: Labour statistics and industrial survey

The increase of the factory sector was concentrated, principally, in the food and the clothing and footwear industries. Between them, these two sectors accounted for somewhat more than 50 per cent of the 14,900 new jobs created in the factory sector during the period 1961-1975. During this same period there was a very similar upward turn in employment in the paper and printing, chemical, non-metallic minerals, and metal products branches (each of which recorded an increase of about 1,200 jobs). Together, these four branches account for about 33 per cent of the rise in employment in the factory sector during the period in question. The remaining 17 per cent is distributed among the remaining branches, the wood products and furniture industries being conspicuous for their slight growth.

The crafts sector, which is defined as comprising all enterprises or individual activities employing less than five persons, experienced considerable growth in employment from 1965. Between that year and 1970 the number of persons employed in this sector nearly doubled, reaching 20,400. Thereafter there was a slackening in growth, with the figure dropping by 1975 to 17,100. The relative share of the crafts sector in total industrial employment has fluctuated between about 40 and 50 per cent, although as a result of the depressed economic situation of the last three years it has now fallen to 38.8 per cent.

It is estimated that, as a result of the public investment programme for the industrial sector covering the next five years, approximately 13,500 new jobs will be created, an average increase of 2,700 net jobs a year. It is worth while noting that 58 per cent of the new jobs created during this period will be in the mining of metallic ores.

The National Bank of Panama has established, in the amount of 7.5 million balboas, a financing programme for small and medium-scale industry to cover the period 1978-1981. Thirty per cent of the loans have gone to areas in the interior of the country. The programme is being carried out with the financial assistance

PANAMA (Cont'd)

of the Inter-American Development Bank. Another programme on behalf of small industry for the period 1979-1982 is to be started by the Ministry of Commerce and Industries. This programme, which has been funded at a level of 17 million balboas, will receive financial assistance from the International Bank for Reconstruction and Development through the National Finance Corporation. Another small-industry development programme in the amount of 1.6 million balboas was started in 1977, and is to end in 2007. The average disbursement is 18 million balboas.

Further, the United States Agency for International Development (USAID) is to provide financial assistance for the strengthening of urban growth and service centres in a programme to be carried out during the period 1978-1984 at a cost of 28.5 million. Of this sum, 11.1 million will be used to finance production enterprises in the small-industry sector and in agro-industries, as well as for such support infrastructure as industrial estates (to be precise, two) and management training in the centre and west of the country. Other components of this financing will be used for housing, etc. This programme is being carried out jointly by the Ministry of Economic Planning and Policy as the co-ordinating agency, the Ministry of Commerce and Industries as the executing agency, and COFINA.

Other programmes include the Prodiar Project for the development of rural centres. The Urban Project, total cost 28 million balboas, is to begin in 1979 and run for approximately four years. The purpose of this project is to create urban conditions in the interior of the country and also to generate jobs through secondary programmes for small-scale industry.

PAPUA NEW GUINEA

The process of industrialization has had only a small impact on employment. 70 per cent of the population are still engaged in subsistence agriculture, though most are able to an extent earn some money through the growing of cash crops. A further 15 per cent work or are supported by work in plantations and other rural or resource based industries and the remaining 15 per cent live or work in urban areas. Secondary Industry in Papua New Guinea is underdeveloped yet it is unlikely that, under existing conditions employment in this area could be increased by more than 50 per cent to around 28000 persons.

The small, fragmented market means that most industries are small-scale by world standards. The average number of employees per establishment is 22 while for the sector with the highest number of employees per establishment it is 222. It should be noted that there is no informal sector in Papua New Guinea. Specific programmes are being undertaken to develop small businesses; the Dept of Commerce and Industry's function is to encourage national entrepreneurs and assist them to establish and run businesses.

PAPUA NEW GUINEA (Cont'd)

No specific measures are taken to support the dispersal of industry to semi-urban and rural areas. It must be remembered that the towns in Papua New Guinea are very small. The capital Port Moresby has only around 100 thousand persons and Lae, the industrial centre has around 45 thousand; there are only another 6 towns with populations of 10 thousand or over. In the semi-urban and rural areas most of the critical infrastructural facilities are lacking. The Government encourages those industries which can overcome the costs and difficulties of such locations but is unwilling to undertake the open-ended commitments that most supportive measures to disperse industry would require. However, it is hoped that by developing industry profiles the cost of decentralization can be evaluated and weighed against the benefits.

PARAGUAY

The impact of the industrial sector as a user of manpower is not particularly significant. Statistics reveal that 15 per cent of all persons employed work in the industrial sector.

In the context of the industrialization programme, development plans envisage the strengthening of small and craft-type enterprises, mainly in order to meet the needs of the domestic market. In addition, there is to be technological co-existence between small-scale and craft enterprises, on the one hand, and manufacturing industries, on the other.

Dispersal is not being used as a policy measure to strengthen small-scale and craft enterprises. Even in this context, no distinction is made on the basis of the size of enterprises; the basic consideration rather has to do with the availability of resources and their utilization, making use of the comparative advantages of individual regions in order to avoid over-concentration and other imbalances.

PERU

It is recognized that there are three main manpower problems in relation to the industrialization process in Peru:

- the capacity and rate of manpower absorption by the industrial production apparatus are not as great as could be desired, primarily owing to an inadequate policy for the absorption of imported technology and also to low levels of industrial investment;
- the levels of manpower training are low despite the efforts made by the National Industrial Training Service (SENATI), particularly in those industries which must be able to compete abroad in order to win a place in the international market;
- the profits from industry have tended to be concentrated among certain strata of the population and in the most dynamic branches of industry.

PERU (Cont'd)

As a consequence of these important problems, which are delaying the achievement of the social objectives of industrialization, the current State policy with regard to these social objectives is largely directed along the following lines:

- development of small labour-intensive industries to complement large capital-intensive industries. For this purpose, the Law on Small Enterprises has been promulgated, together with supplementary legislation.
- development of technology and production, and adaption of the utilization and dissemination of technology to the country's requirements. In this connexion, in 1970, the Institute for Industrial and Technological Research and Technical Standards (ITINTEC) was set up to replace INANTIC (the National Institute of Industrial Standards and Certification, which was concerned more with product standardization). The purpose of ITINTEC is technological research based on the requirements of private and public industrial enterprises and on the requirements of industrial development itself. For its work, it receives two per cent of the net earnings of industrial enterprises, as provided for by the General Industries Law in force.

Similarly, a Technical Information Centre has been set up and studies have been carried out on developing a programme for technological centres in various locations in the country.

- distribution of profits among workers in the industrial sector, for which purpose Industrial Communities have been set up under a deliberate policy of economic pluralism, defining the development and consolidation of four property sectors, namely the State, social-ownership, reformed private (reformed by the community) and privately owned small-scale industry sectors.

In the context of the growth of industrialization in Peru, much thought has been given to the long-term prospects for homogeneous industrial development, in which a preponderant role is played by industrial decentralization.

Decentralized industrial development takes place at two very clear-cut levels. The first is that of industries of national scope, which necessarily require concentration of basic company capital, skilled manpower and natural resources of high quality and in substantial amounts. The second relates to light industry, with localized production, where lower levels of concentration are required, in terms of both quantity and quality.

The process taking place in Peru has channelled resources mainly into the establishment of focal points of development other than the capital city, which is a relatively highly industrialized metropolis, and this has made it necessary for other cities suited to complex industrial development to grow. The State has laid the groundwork for basic company capital by constructing industrial estates and thereby making available the economic and social

PERU (Cont'd)

infrastructure for non-public establishment of industrial enterprises and encouraging the alternative location of industry.

However, although the State invested in infrastructure, the domestic and foreign economic situation has not been propitious to non-public investment. The response to this has been promulgation of Decree-Law No. 18977, the Law on Industrial Decentralization, which, through a differential tax and credit policy which strongly promotes the establishment of regional industry, attempts to generate a regional demand for investment. To supplement these policies, the State is initiating an administrative decentralization process, seeking to bestow greater decision-making power on the regional administration and thus facilitating administrative processes.

In 1976, the project for generation of rural employment (GERM), whose multisectoral projections are administered by the Industry Sector, was established. The fiscal deficit situation reduced the financial possibilities of the project. However, after being implemented at a low level initially it subsequently gained strength as an executing organ for small projects of a local character, financed by the State through the policy for the promotion of projects of local interest throughout the country. The GEAR project is aimed at generating a process of expanded capital reproduction in "micro-zones" which have been determined to be depressed and to have migratory potential. It endeavours to establish productive enterprises using manpower as the main type of investment. Here, the State provides the technical and economic element, although this has hitherto been very limited. This action is also being supported by the Graduates' Civilian Service (SECIGRA), under which recently graduated professionals are encouraged to work in the interior of the country.

The studies now under way for evaluation of agricultural, mineral and other resources indicate the need for a thorough analysis of the real situation in the country in order to prepare an alternative plan for the rational distribution of industry. The need for such a study has already been determined and, given the required support, it should result in a proposal for a decentralized alternative for Peruvian investment.

Beginning in 1977, an accelerated process of administrative decentralization of State functions was started, with a view to achieving decentralization with respect to technical standards in the medium and long terms. Regional development agencies (ORDES) have been set up primarily to supervise the funds allocated by the government budget to projects of a regional nature and to administration by the State apparatus.



REPUBLIC OF KOREA

(The information provided by the Government of the Republic of Korea in respect of "Social Objectives" is to be read in conjunction with the chapter on "Development Planning and Policies").

ROMANIA

The primary objective of Romania's economic and social development policy is to ensure that the growing needs of the people are appropriately met and that the material and spiritual standards of living of the people as a whole continue to rise. Industrial development plays a decisive role in achieving this objective, and this fact will have direct repercussions on the way in which the labour force is used. It should be pointed out in this context that it is expected that around 48 per cent of the total work force will be employed in industry by the end of the current five-year period.

The aim pursued covers the harmonious and balanced development as regards the achievement of objectives, including industrial objectives, in all parts of the country so as to eliminate differences in levels of development among the various regions and among the various districts within each region and to ensure equalization of living standards in the city and the villages. In this connexion, it should be pointed out that one of the objectives of the current five-year period is the achievement by 1980 of a minimum industrial production of 10 billion lei for each region of the country; in 1975, there were 19 regions in which production fell short of 10 billion lei and in 10 regions production amounted to less than 6 billion lei. It should be noted that, by the end of 1978, there will be only eight regions which fall short of the 10 billion lei level. However, the plans envisage the gradual transformation of more than 120 communal centres into small agricultural or agro-industrial towns and the eventual establishment of between 300 and 400 urban centres

RWANDA

The Second Plan provides for the creation of 40,000 jobs during the five-year period. The industrial sector alone will provide approximately 4,000 new jobs.

For the promotion of small- and medium-scale enterprises, the Rwandese Government has adopted a new, very liberal, investment code; it has also adopted new measures for granting credit, designed in particular to assist persons with few guarantees. In addition, the country has an Industrial Promotion Office, the major function of which is to provide information and advice to promoters of industrial projects.

RWANDA (Cont'd)

The Second Plan places particular emphasis on projects that help to achieve a balance between the various regions of the country; this is also one of the bonus criteria taken into account in the planning of public investment, i.e. criteria whereby projects with certain specific features are given advantageous treatment.

SAUDI ARABIA

The ultimate social object of the development efforts of Saudi Arabia is to maximise the welfare of the people at large within the shortest possible time without rupturing the religious and moral values of the country. The socio-economic implications of industrialization has been fully taken into account. The past, present and future impact of industrialization-under-process on employment is summarized below:-

- a) Due to the shortage of technical and skilled manpower the implementation of various development projects depends heavily upon the expatriate manpower.
- b) For the long-run solution of the manpower problem top-most priority is given to human resources development through general education, generous scholarship, new universities and several vocational training institutions.
- c) In future it is expected to reduce speedily the present gap between the high employment requirements and low availability of local manpower.

Special attention is paid to the development of small and medium-scale industries through private enterprise, which is the main vehicle of industrial growth. In order to have an equitable distribution of benefits among the countrymen the Government has initiated a balanced program of incentives to the private sector which include the following items:-

- a) Interest-free loans to cover up to 50% of the total project cost.
- b) Selective protection to viable industrial projects. For instance, no tariffs on the import of plant, machinery, raw material, and other productive resources.
- c) Providing industrial plots of land alongwith electricity, water, sewage, transportation, telecommunication and other infrastructure facilities at a very nominal rate.
- d) Generous tax exemptions for the industrial units set up by the private sector.

Measures are being taken to support the dispersal of industries to semi-urban and rural areas. New industrial estates are being planned/developed in different regions. Moreover, two completely new industrial towns of Jubail and Yanbu (one in the eastern province and the other in the western province) are being developed by the Government with all the infrastructural facilities.

### SIERRA LEONE

The Plan specifically highlights the following social objectives to be achieved: dispersal of industry and employment generation. It was visualised that process of urbanization could be controlled by planting large-sized agro-industrial complexes in the raw-material producing areas. As regards employment generation, the Plan proposed that labour intensive technology be chosen where economically feasible.

Sierra Leone is at present in the initial stage of industrial development. There are around 50 modern factory-type establishments offering employment to around 4000 workers. The number of small cottage-scale industrial establishments is however as large as 40,000 offering employment to around 63,000 workers. These together form a microscopic percentage of total labour force in the country. Emphasis is being laid on industrial development to generate employment and to wipe out underemployment and unemployment.

As is evident from above, 88% of industrial workers are employed in small industry. The output of small industry is equivalent to almost 60% of the total industrial production. The Ministry of Trade and Industry has a separate Small Industries Division. Public sector assistance programme being undertaken covers training and skill formation, credit, extension and market development. Endeavours are also being made to organize craftsmen into co-operatives. Already 20 producers co-operatives have been formed and established.

The new law, a draft of which has already been prepared offers tax holiday and other incentives for the establishment of industrial units outside the capital city of Prestown.

### SINGAPORE

Singapore embarked on an industrialization programme in 1960. At that time the manufacturing sector employed about 85,100 persons accounting for 17.3% of the economy's employment. Since Singapore was faced with high unemployment then, labour-intensive industries such as garments, textiles, electronic assembly were set up to absorb the unemployed. By 1970, manufacturing employment has risen to 143,100 or 22% of the labour force. Last year, the sector employed 245,500 or 27.2% of the economy's work force. Singapore has also risen from the position of mass unemployment to structural shortages. Therefore, in the future, while the manufacturing sector will still be the key employment sector, job creation is envisaged to slow down and there will be increasing emphasis on skill development in the labour force.

A Small Industries Finance Scheme was launched in November 1976 by the EDB in conjunction with the Development Bank of Singapore. This scheme provides loans for the establishment of small and medium-scale industries as well as for their expansion, modernization, diversification and working capital.

SINGAPORE (Cont'd)

The SIPS is opened to companies with fixed assets not exceeding S\$2 million. Those with fixed assets exceeding this limit are also considered on a case-by-case basis. The company must be involved in manufacturing and assembly operations or supporting services related to manufacturing.

SOMALIA

Somalia has chosen an economic system based on scientific socialism for its development. Social justice, equality of sexes, and equitable distribution of the benefits of industrialization are the primary aims of this system. Accordingly labour laws in force are liberal and women are eligible to compete with men for any job. Labour in Somalia enjoys almost all the social benefits.

Somalia is a large country (638,000 km<sup>2</sup>) with a relatively small population (3.7 million). Consequently, unemployment problems is not acute. On the other hand Somalia is obliged to choose capital-intensive technology in preference to labour-intensive technology. Employment in industry is growing at a fast pace (see table on industrial growth in the previous chapter of this report)

There is a steady growth of employment in industry. Although current statistics are not available as yet, it is envisaged on the basis of 1971 to 1974 data that employment in industry will continue to grow at a rate higher than 30% per annum. Skilled labour is and will remain in short supply necessitating the employment of expatriates to facilitate the process of on-the-job training in Somalia.

Periodical national plans of Somalia always include an allocation for small industry. However, this allocation is used to finance the industrial co-operatives of cottage workers and artisans. Private enterprise in Somalia is dormant because of its socialist economy. However, endeavours are now being made to reactivate the private enterprise. The Ministry of Industry has proposed a separate allocation of funds for this purpose in the next plan.

Dispersal of industries to semi-urban and rural areas require the creation of infrastructural facilities which are either non-existent or inadequate. Somalia is therefore obliged to set up large - medium sized industrial plants in port towns like Mogadiscio, Kismayo, Berbera and Merca. However, Somalia has been organizing rural craftsmen into societies and financing the societies thus established to improve production. This will provide a sound base for the dispersal of industry to semi-urban and rural in the due course of time.

### SRI LANKA

The broad strategy for industrialization is to evolve a pattern of investment and output which would lay emphasis on further development of export-oriented industries and on promotion of small-and medium-scale industries particularly in rural areas, expansion of industry and on supplying articles of mass consumption. An estimated growth rate of 5.6% in the manufacturing sector for 1978 has been recorded.

### SUDAN

The "1974 promotion of Industrial Investment Act" which sets the guidelines for the acceptability of industrial projects, emphasizes the need for the creation of employment opportunities by industrial units. Labour-intensive industries, such as textiles, are favourably treated in terms of the concessions and incentives provided by the Government. The industrial sector which contributes 9% to GDP provides direct employment to 5% of the total labour force. It is likely that this figure underestimates the number of workers employed in industry, because it is based on the 1974 employment survey which did not cover small scale and handicraft industries.

The importance of small-scale and cottage industries was recognized as far back as 1956 when the first national government took active interest in the development of the industrial sector. However, little was done in terms of concrete measures aimed at encouraging this particular type of industries. Recently, a study was undertaken for the establishment of an industrial estate with help from the Federal Republic of Germany and UNIDO.

Regional dispersion of industry and the removal of regional inequalities is one of the top priorities of Sudan's Development policy. Most of public sector industrial concerns are widely dispersed throughout the country. This was also a result of the government policy of encouraging the processing of local raw materials. As far as the private sector is concerned, licences to establish certain industries could only be obtained, if these industries are to be located in semi-urban or rural areas.

### SWAZILAND

The impact on employment that the process of industrialization has had is that the population is inclined to income earning and is becoming aware of cash economy with the outcome of creating squatters in urban and industrial areas. This, however, does not expel the fact that there is still a subsistence population both around rural areas as well as urban areas. One should add that the impact on employment that the process on industrialization will have in future is that 10% of the Swazi population will be employed in industry by the year 2,003 A.D.

### SWAZILAND (Cont'd)

Being a member of the Customs Union Agreement with South Africa, Botswana and Lesotho, Swaziland finds it difficult to give special attention to the development of small-and medium-scale industries due to the fact that South Africa has destroyed some small-and medium-scale industries by raising tariffs of certain commodities that would have enabled the booming of certain industries in the country. So the Government policy is to try to develop large-scale industries if possible.

Indeed measures are being taken to support the dispersal of industries to semi-urban and rural areas e.g. the Third sugar Mill is located in the lower veld of Swaziland in a typical rural area where bush had to be cleared and a canal had to be dug to draw water from the Black Mbuluzi River for irrigation and consumption in the mill's township. Secondly, the defunct pioneer textile mill destroyed by South Africa's textile mills with the support of the Government was located near Mhlangano, a semi-urban area in the South of Swaziland. But now there is talk of it being revived. A glass factory at Ngwenya, a semi-urban area is now operating. Small Enterprise Development Corporation (SEDCO) estates have been established in different parts of the country in places such as Manzini, Mbabane, Mhlangano, Hlatikulu, Pigg's Peak, Muvulane etc.

### THAILAND

During the course of recent years the employment situation in Thailand has suffered from world-wide energy crisis. It affected the industrialization in the country almost as a whole. Some manufactures have been forced to close down and lay off their workers. From this point of national crisis, the Government of the Kingdom of Thailand special attention to remedy this situation so that the industrialization sector in this country may properly survive.

However, there are some factors that create the unemployment and underemployment. These factors may be classified as follows:

- i. The protectionism: In fact this ideology has been brought up for a long time but not as severe as it is at the present time. This concept has been established in order to protect the national interest by way of the imposition of high import tax; the determination of limited import quota, and so on. These practices cause major effects to the industrialization in the developing countries of both industrial manufacturers and employment. Whenever the products can not be sold satisfactorily, the investors or the owner of such manufactures have been forced to close down their plants and finally laying off their employees in order to prevent bankruptcy.

THAILAND (Cont'd)

ii. The high price energy: since petroleum, which is a main source of energy has become more expensive resulting other material to be more expensive too. From these effects the basic cost of production become higher and higher which the investors could not afford to employ more workers like usual. Some manufacturers cannot remedy these burdens and finally tend to quit their business.

The two above-mentioned examples are significant problems that cause the impact on employment. However, the Government of Thailand has tried its best in solving these problems so as to seek a brighter aspect on this. But as the matter of fact these problems cannot be solved by a single country, the international or intergovernmental co-operation is needed to get rid to these problems.

According to the Fourth Five-year of National Economic and Social Development Plan together with the present government policy Thailand is giving high priority to develop and encourage the small and medium-scale industries. With this policy laid down by the Government, the Board of Investment, the Ministry of Industry and other government agencies, are trying to push their attempt in establishment these kind of industries in order to develop the national economic and social situation. Furthermore, the Government of Thailand has set a long-term programme in supporting the small and medium-scale industries. After this programme be achieved, the Government of Thailand will push toward to promote such heavy and large-scale industries in this country. The discovery of natural gas in the Gulf of Thailand and the government promises to utilise it by 1982 has made the bright prospect in establishing such heavy and large-scale industries as steel, petrochemical, machineries and etc. in Thailand. By that time the benefits will be distributed among the people in the country as well as social welfare.

At present, most industries flock together in the urban area especially in such large cities as Bangkok, Chiangmai, Khonkhan, Choburi, Samutprakarn and etc. These practices are due to the easiness in employment, transportation of material, and other processes. However, the Government of Thailand tries to disperse such industries to semi-urban and rural areas in order to distribute the employment and economic and social balance to those areas. The dispersal of industries to such semi-urban and rural areas which are rich of resources to comply with the need of such industries may help to reduce the cost of material transportation to feed far-away industrial plants. In doing so it may help to distribute the prosperity and progress to rural areas. It may also reduce the degree of environment pollution in those industrial manufacturers dense areas. With these aims and hopeful prospect in the future regarding the dispersal of industries to semi-urban and rural areas, the Government of Thailand has a firm policy to achieve this target within a limited period of time.

TOHO

Effect of industrialization on employment in 1978 can be seen from tables below:

Jobs created in new industries

Mining and quarrying	100
Food and beverages	49
Textiles and leather	50
Wood	0
Chemicals	150
Manufacture of non-metallic mineral products	50
Manufacture of fabricated metal products, machinery and equipment	460
Other manufacturing industries	163
Total	1,022

Jobs expected to be created as a result of  
the expansion of existing enterprises

Food and beverages	85
Textiles	100
Manufacture of non-metallic mineral products	80
Chemical industry	19
Other manufacturing industries	13
Total	297

i.e., a total of 1,319 jobs

For the small and medium-sized enterprises sector, the National Centre for the Promotion of Small and Medium-Scale Industries has been set up and entrusted with carrying out the following tasks:

- Establishment of a programme of research into new industrial opportunities for small and medium-sized enterprises, and the widespread dispersion of such opportunities.
- Identification of new national entrepreneurs.
- Preparation of feasibility studies and of "bankable" project dossiers.
- The setting up of a productivity service whose basic task will be to assist small and medium-sized enterprises systematically in improving their management and production techniques and product quality and marketing.
- Establishment of an office specializing in studies on financing.
- The new revision of the Investment Code is aimed at fostering the development of small and medium-sized enterprises.



TOGO (Cont'd)

- The easing of administrative formalities for obtaining entitlement to the benefits extended by the Investment Code.
- The granting of loans at preferential rates by State credit agencies.
- Logistic support from private-sector banking houses for the financing of the working capital of small and medium-sized enterprises.
- The setting up of a central buying board in order to coordinate raw material orders.
- The new revision of the Investment Code provides for decentralizing industry in favour of semi-urban and rural areas, by granting special fiscal benefits to industries according to where they are established.

TUNISIA

A speedier economic growth rate (7.5 per cent as against 6 per cent), an increased volume of investment, most of it being earmarked for directly productive sectors, the strengthening of employment promotion structures and the attempt to establish a better balance between training and employment will result in some 234,000 jobs being created in the non-agricultural sectors, apportioned among the sectors as follows:

Fisheries	6,000
Mining	(1,300)
Energy	2,350
Manufacturing industries	90,000
Building and public works	55,000
Transport and telecommunications	10,500
Tourism	6,200
Administration	30,000
Commerce and services	35,000

Agriculture, for its part, will provide a further 8.8 million working days - the equivalent of 30,000 jobs.

Attainment of industrialization targets depends to a very large extent on the development of small-scale and medium-scale industry. Decree No. 74-793, dealing with the organization and operation of the Industrial Decentralization and Promotion Fund, establishes a number of incentives for industrial decentralization and another group of incentives for the benefit of small and medium-sized enterprises and the promoters of such enterprises.

Decentralization incentives include both fiscal and financial incentives: enlargement of the fiscal benefits extended to manufacturing industries (in which the rate of relief on profits is proportional to the number of jobs created); exemption from taxation on industrial profits for a further year (six years instead of five); abatement of tax on income from securities in respect of distributed profits (a ceiling of 6 per cent of nominal share value) during the first five years of operation.

TUNISIA (Cont'd)

All industries set up outside certain zones regarded as well provided with industries, and defined by the decree itself, are eligible for these two additional types of fiscal incentives. The decree defines two further zones for which financial incentives, in addition to those of a fiscal nature, are envisaged. The first of these two zones, designated zone B, will benefit from an interest subsidy not exceeding five per cent, on loans contracted for investment financing, and from reimbursement by the State of expenditure on infrastructure work. The second zone, designated zone C, in addition to all the above-mentioned incentives, will benefit from an equipment subsidy in an amount up to 10 per cent of the investment figure, with a ceiling of 10,000 dinars.

The second series of incentives, namely measures to promote small-scale and medium-scale industry, are essentially of a financial nature and are made up of two components: the first takes the form of an initial advance to the promoter, to give him the necessary capital to set up the business, and the second takes the form of a loan, additional to this, to allow completion of the financing arrangements for the project. The initial advance may amount to 70 per cent of the capital and is to be repaid over two years, with a five-year grace period, at three per cent interest. The loan is for ten years, with a three-year grace period, at four per cent interest. The latter will be granted only in respect of small projects in which the total investment amounts to less than 75,000 dinars; larger projects may be financed by regular commercial bank loans at rates of interest which may be kept to no more than five per cent as a result of the interest subsidy, if, as mentioned, the industries are established in decentralization zones.

TURKEY

Industrialization is considered as the only solution to the problems of unemployment in Turkey. The supply of manpower from the increase in population and from the excess in agriculture should be met by a creation of demand for manpower in the industrial sector. One of the main reasons of the problems of today are the shortcomings experienced so far in this respect. In 1978 the civilian manpower supply was 16.4 million against a demand of 14.8 million. This means that 1.6 million were unemployed. This figure excludes the seasonal unemployment of the agriculture which stood at 720,000 in 1978. Through the realization of the targets of the 1979-1983 plan the demand for manpower is expected to be some 6.5 million by 1983 against a supply of 17.5 million thus lowering the number of the unemployed to 1 million at the end of the Plan period. The same year seasonal agricultural unemployment will be around 620,000.

UNITED ARAB EMIRATES

The United Arab Emirates are an underpopulated country, so the industrial development policy is a capital intensive, rather than labor intensive industrialization.

For this reason the need in the future arises in the utilization of high level technology.

UNITED REPUBLIC OF CAMEROON

During the ten-year period 1960-1970 the Cameroonian Government emphasized economic growth in general, with special attention to agriculture, but with considerable stress on industrialization as well. During this period, the industrialization of the country benefited the urban areas to the detriment of the rural areas. Although there was in fact an over-all increase in the rate of growth, the expected effects of this increase in terms of an equitable distribution of the benefits and the generation of jobs for the unemployed and underemployed failed to materialize in any decisive way. Following this, the Government shifted the focus of its effort to the active involvement of the rural masses in the development programme through the creation of large, labour-intensive agro-industry complexes in rural areas.

Regarding the involvement of Cameroonian citizens in the industrial sector, administrative and financial measures have been taken to encourage the establishment of small and medium-scale enterprises with Cameroonian capital and management. The objective in encouraging nationals to become genuine entrepreneurs is to make the Cameroonian himself the driving force behind his own development.

In order to enable promoters of small and medium-scale enterprises to carry out their projects under favourable conditions, a National Centre for Assistance to Small and Medium-Scale Enterprises has been established, which is playing an important role in the promotion and establishment of such enterprises and in providing managerial assistance. Financially, these small and medium-scale enterprises are eligible for financial assistance from the Fund for Assistance and Credit Guarantees for Small and Medium-Scale Enterprises (FOGAPE), the Cameroon Development Bank and the commercial banking establishments. In the co-operative area, the National Centre for the Development of Co-operation (CENADEC) assists and trains farmers who wish to develop their activities.

UNITED REPUBLIC OF TANZANIA

Available statistics suggest that when the third five year development plan was launched in 1975 there were 470,799 wage employees out of which 73,218 (i.e. 15.6%) were employed in the

UNITED REPUBLIC OF TANZANIA (Cont'd)

industrial sector. During the current development plan employment in the industrial sector is projected to grow at 3.5 per annum, so that by 1981 there will be 130,000 employees in this sector. This number is projected to rise to 400,000 employees when the long-term industrial development plan expires in 1995.

In promoting industrial development, deliberate steps are being undertaken to stimulate industrialization throughout the country. The aim is to avoid possible polarization effects whereby the existing major industrial centres would continue to pull more industries at the expenses of the industrially backward regions in the country. Therefore in order to stimulate industrialization throughout the country, the government has established six industrial zones, viz: the Eastern Zone (covering Morogoro, Coast and Dar-es-Salaam regions), the Northern Zone (covering Tanga, Kilimanjaro and Arusha regions), the Lake Zone (covering Mara, Mwanza, Shinyanga, and West Lake regions), Central Zone (covering Dodoma, Singida, Tabora and Kigoma regions), South-Eastern Zone (covering Mtwara, Lindi and Ruvuma regions) and South-Western Zone (covering Iringa, Mbeya and Kuka regions).

Furthermore, under the long-term industrial development plan, the Government has devised a three pronged industrial development strategy. At national level, large and medium-scale industries will be established and their location will be in accordance with the established industrial zones. At district level, medium-scale industries will be established. Villages will be encouraged to promote and establish small-scale industries. All these measures are aimed at ensuring that the process of industrialization covers the whole country.

The execution of these programmes has just started so that it is still too early to make any reliable conclusions regarding their success or failure on the overall industrial development in the country. However, suffice to state here that the necessary foundations for implementing these programmes have been laid. In this case, the Government has formed parastatal organizations for promoting and establishing national industries. At district level, there are district development corporations which would take care of the medium-scale industries. As for village and other small-scale industries, their promotion would be undertaken by the Small Industries Development Organization (SIDO). SIDO was established in 1973 for the sole purpose of promoting small-scale industries.

URUGUAY

Of the total active population, 25.9 per cent are employed in the industrial sector. Manufacturing industry accounts for 19.1 per cent, construction for 5.4 per cent, and electricity, gas and water for 1.4 per cent. 94.4 per cent of the total labour force in the secondary sector is concentrated in the urban areas. The primary sector, which includes agriculture, forestry, fishing, hunting and mining, employs 16 per cent of the economically active population. Three quarters live in the rural interior. In recent

### URUGUAY (Cont'd)

years the active population has tended to move into non-farming activities, and the long-standing trend towards an outflow of the labour force from the primary sector has continued. In the 1963-1975 period the active population engaged in this sector fell by 2.4 per cent.

The changes in the internal structure of the secondary sector indicate considerable geographical mobility, urban areas in the interior and Montevideo accounting for 64.7 per cent in 1963 and for only 58.3 per cent in 1975. The greatest change has taken place in the manufacturing industries. The active population in the rural interior has risen from 6.4 per cent to 8.6 per cent, at the expense of manufacturing industry (1.2 per cent) and of construction (10 per cent).

The tertiary sector has developed at break-neck speed and now accounts for almost half of the labour force (49.2 per cent). In the urban areas of the interior and in Montevideo it amounts to approximately 55 per cent on average. The rural interior accounts for only 4.9 per cent of the active population in this sector.

The Government is supporting the establishment of industries in the interior through studies, technical assistance and credits to promote them. In 1975 unemployment totalled 6.7 per cent. The implementation of industrial promotion measures has made it possible to create approximately 6,000 new jobs in industry over a period of five years.

In general the country's labour force has a relatively high level of training, which is given free of charge - as in all branches of education - through specialized schools located both in the capital and in the interior (Universidad del Trabajo del Uruguay). This is one of the reasons why the quality of the Uruguayan labour force has traditionally been high; nevertheless, additional efforts are being made to bring it more into line with the new national development requirements in all fields.

### VENEZUELA

The Venezuelan industrialization process is characterized by particular features within the general pattern which, following the path of import substitution, emerged in Latin America at different periods during the present century. Thus, the impetus for the first phase of industrialization came not from the weakening of the external sector nor from the inability to import, but rather from the supply crisis during the period 1939-1945 and the capital accumulation made possible by an expanding external sector based in turn on Venezuela's petroleum resources.

One of the principal expectations in this regard concerns the impact of the industrialization process on employment. A key period for the study of the effect of industrialization on employment in the past is the period between 1950 and 1970. In 1950,

Venezuela (cont'd)

manufacturing industry employed 206,900 persons (12.9 per cent) of the total economically active population of 1,599,900. Over against this, the petroleum sector accounted for 42,700 jobs (2.7 per cent), agriculture 704,700 (44.1 per cent), and trade and services 491,500 (30.7 per cent). In 1960 the economically active population was estimated at 2,031,100 persons, of whom the manufacturing industry employed 253,000 (12.5 per cent), the petroleum sector 41,000, agriculture 732,100 (36.0 per cent), mining 10,000, and trade and services 749,000 (36.9 per cent).

By 1970 the situation was as follows: an economically active population was estimated at 2,976,000 persons, of whom 256,000 (18.0 per cent) were employed in manufacturing industry, 23,800 (0.8 per cent) in the petroleum sector, and 1,345,000 (45.2 per cent) in the trade and service sectors (the figures being 543,000 and 802,000 respectively).

It will be seen from these figures that, although the number of persons employed in the manufacturing sector increased by 5.5 per cent during the period 1960-1970, there was a greater increase (8.3 per cent) in the trade and service sub-groups over the same period. The same trend is observed if a longer period is to be examined - e.g. 1936-1970 - and also if in the analysis additional production sectors are included, such as construction, agriculture and stock-raising, transport and communications, electricity, gas and water. Within the latter period there was a relative decline in employment in the sectors mentioned, the overall share dropping from 76.2 per cent in 1936 to 53.7 per cent in 1971, while the number of jobs provided by the trade and service sectors increased from 22.3 per cent within the same period.

This percentage increase for the trade and service sectors has been due to the often disproportionate growth of low productivity activities which concealed situations of unemployment and underemployment and were both the cause and the effect of the unbalanced growth in the profitability of the country's different industrial sectors.

In illustration of this imbalance it might be noted that between 1950 and 1970 the petroleum sector contributed between 30.2 and 21.9 per cent of GNP, while during this same period manufacturing industry increased its share from 9.1 to barely 12.4 per cent; meanwhile, total employment fluctuated between 2.7 and 0.8 per cent in the petroleum sector and between 12.9 and 18.0 per cent in the manufacturing sector during this period.

Although the import-substitution policy did produce a higher level of employment in absolute terms, it also led to the promotion of a manufacturing sector reliant on highly sophisticated imported technology which led to a curtailment of employment opportunities in the most dynamic and productive areas of the economy, in that it produced a tendency to technological unemployment, similar to that which is observed in the petroleum and mining sectors.

What is more, this tendency was disguised by growth in the crafts and small industry sub-sector, underdeveloped technologically, which accounted for some 50 per cent of the remaining economically active population in the manufacturing sector. The result of all this was an overt unemployment rate of more than 12 per cent at the beginning of the 1970s.

In conjunction, however, with the process of industrialization through import substitution, the Venezuelan Government has undertaken and pursued a policy of industrial processing of basic resources, including, in particular, the following areas: the iron and steel industry, metalworking and engineering, petrochemistry, together with the liquefaction of natural gas, the aluminium industry, and the harnessing of the major hydro-electrical energy sources located in Guayana. This policy is fast becoming a more promising approach to national development than industrialization based on import substitution. Nevertheless, it should be noted that during the period 1970-1974 unemployment increased by 0.4 per cent, rising from 6.1 to 6.5 per cent, as a consequence mainly of the tendency for the industrialization phase based on import substitution to run out of steam. Thanks to the extraordinary measures taken by the Government in April 1974 and the continuing new investment activity, by 1976 it was possible to reduce unemployment from this high mark of 6.5 per cent to 5.6 per cent.

The satisfactory result of 1975 and 1976 were successfully repeated in 1977. Analysis of the figures for the period between the first half of 1976 and the first half of 1977 indicates a considerable drop in the number of jobless, to 199,300, representing an unemployment rate of 5.0 per cent.

On the other hand, the number of persons employed rose from 3,585,000 to 3,781,700, which represents an increase of 195,200 new jobs. Just how positive a development this trend is becomes clear when one considers that the targets of the Fifth National Plan, which envisaged the creation of an average of 180,000 new jobs annually, are continuing to be overfulfilled. Not only did this large number of new jobs absorb the influx of 149,000 additional persons into the country's work-force, but it also made possible a reduction of the existing unemployment.

It is worth pointing out that the Venezuelan work-force expanded rapidly during 1977 (the annual rate was 3.9 per cent) as a consequence of the dynamic growth of the economy. This growth, in addition to involving an increasingly large percentage of the domestic population in economic activities, also made it necessary to bring in a sizable contingent of foreign workers. Despite this, the rate of employment for Venezuelan citizens of 15 years of age or above increased from 51.5 per cent during the first half of 1976 to 52.3 per cent during the same period of 1977.

Venezuela (cont'd)

These overall trends have also been reflected in favourable regional developments. In all regions of the country unemployment rates have fallen and employment rates have increased. The decline in the rate of unemployment has affected all age groups, but has been especially marked among young people, while statistics analysing unemployment on the basis of sex indicate that the rate is down among both men and women. Similarly, there is a continuing downward trend in unemployment for all educational levels of the economically active population. These facts indicate that the effects of the Government's full-employment policy are being felt in all sectors of the population.

As this policy is aimed not merely at creating jobs, but, more than that, at ensuring that the jobs created are productive and contribute to higher income levels for Venezuelan citizens, it is important to stress developments in the area of low-paid employment. The trend noted above towards the contraction of this category of employment is continuing; this is indicated by the fact that during the period from the first half of 1976 to the first half of 1977 the proportion of non-agricultural workers receiving wages of less than 500 bolivars a month decreased from 20.4 per cent to 14.1 per cent. Similarly, considering employment paid at the legal minimum wage of 450 bolivars a month, it was found that the percentage of persons receiving this wage declined from 16.5 per cent to 11.6 per cent within the total employed work-force and specifically from 13.2 per cent to 9.3 per cent in non-agricultural jobs and from 44.2 per cent to 32.3 per cent in agriculture. Moreover, it is also found that the number of workers on short time is down from 9.5 per cent to 7.8 per cent throughout the country. Finally, the pattern of employment growth has also contributed to the pursuit of the country's development targets, since of the 195,200 new jobs created, 112,000 have been in the secondary sector of the economy and 82,700 in tertiary activities.

As is seen, overt unemployment is not a serious problem in Venezuela. Where the situation is perhaps most critical, however, is in the area of underemployment. Although there has been a drop in the overt number of unemployed, a large number of the new jobs are of very low productivity but are paid wages on a par with, or higher than, more productive jobs. As a result, the monetary remuneration these new employees receive for their role in an expanding economy is not closely correlated with a given or expected volume of goods or services.

The industrial sectors in which the rate of growth was particularly noteworthy during 1977 were electrical and non-electrical machinery, chemical products, paper and pulp, and durables.

During the most recent fiscal period important decisions regarding manufacturing industry were adopted and substantial progress was achieved in the implementation of planned industrial projects. The projects that have been drawn up for the establish-



ment of new enterprises involve an investment of 3,747,800 bolivars in fixed capital and employment opportunities for 39,626 persons, while the plant expansion projects will require an investment of 1,706,300 bolivars and provide jobs for 9,652 workers.

The Venezuelan Development Corporation has intensified its policy of promotion and enterprise participation. Within its development programme, the following deserve mention:

- the establishment of the Paraguana Industrial Free Zone Enterprise, which is to become a centre of economic and industrial development in the west central area of the country, with the potential for creating some 2,600 jobs in the industrial sector and some 5,000 in services and trade;
- the Táchira Iron and Steel Complex, located in the Fria industrial zone, which is to be a direct source of employment for 1,500 workers;
- the relocation to the states of Anzoategui and Cojedes of some 400 pig farms from the Caracas area and, as a complementary measure, the signing of contracts for the establishment of agro-food complexes, slaughter-houses and meat-packing plants; this relocation is expected to create some 4,000 new jobs.

As part of the national long-range industrial plan the following projects are particularly significant:

- the expansion of the country's aluminium production capacity, with the total capacity of 280,000 tonnes/year expected to be installed by 1980. Although estimated production for 1978 was less than a quarter of the total target, the mid-year personnel requirement was estimated at 1,500 workers.
- the construction and start-up of a shipbuilding and ship-repair dockyard by mid-1979, as well as the establishment of a marine products industry in the State of Falcón. This project will provide work for 4,000 persons during its construction phase and will generate 5,637 direct and 16,911 indirect jobs once it has become operational.

During the year 1977 CORPOINDUSTRIA, in line with its basic objective of meeting the full requirements of the crafts sector and of small-scale and medium-scale industry through appropriate technical and financial assistance, made investments in the amount of 768.8 million bolivars. This investment resulted in the creation of 11,099 new jobs through the following activities:

- a total of 235 loans amounting to 539.1 million bolivars were granted to small-scale and medium-scale industry, resulting in the creation of 6,372 new jobs. Of this total, 89 loans went to established enterprises, 153.8 million bolivars being invested and 1,771 new jobs created. The sum of 385.2 million bolivars

Venezuela (cont'd)

- was approved for 146 new enterprises, leading to the employment of 4,601 workers. This financial assistance was made available for use in the formation of working capital, the purchase of machinery and equipment, the acquisition of land and the construction of industrial buildings.
- a loan of 2 million bolivars was granted to the Co-operative Movement. In addition, 82 loans totalling 316 million bolivars were approved for the purchase of vehicles by owners who suffered losses as a result of the heavy rains that struck the Caricua region.
  - the crafts sector received 2,121 loans totalling 27.1 million bolivars, which made possible the creation of 4,727 new jobs.
  - a sum of 95.2 million bolivars was made available for the purchase of land, for town-planning studies and schemes, for city development projects and for industrial buildings.
  - during this same year of 1977 agreements were signed with the Zulia Regional Development Bank for 9 million bolivars, with the Los Andes Regional Development Bank for 6 million bolivars, and with the Lara Regional Development Bank for 6 million bolivars for the financing of the working capital requirements for the expansion of the production capacity of existing small and medium-scale enterprises and for plants scheduled to be built. Sixty per cent of the funds to be provided under these arrangements are put up by CORPOINDUSTRIA and 40 per cent by the Regional Development Banks. Also signed was an agreement between the Federation of Co-operatives (CECONAVE) and CORPOINDUSTRIA on the delegated administration of the funds of the co-operative financing and promotion system. Under this agreement, 46.8 million bolivars were transferred to CECONAVE.

In the investment area, CORPOINDUSTRIA increased its share in the Insumos Industriales de Venezuela enterprise by 28.5 million bolivars in pursuit of its objective of ensuring that small and medium-scale industrialists can obtain the inputs they require to carry out their production programmes. In addition, it contributed 2.4 million bolivars for the construction of the Empresa de Artesania, C.A. (EVENAR, C.A.), whose purpose is to furnish craftsmen with the technical advice they need to rationalize their production processes and set up efficient marketing systems for craft products.

For the programmes and activities planned by CORPOINDUSTRIA for 1978, 483.9 million bolivars were budgeted, which will make possible the granting of 3,540 loans and the creation of 11,800 new jobs, the completion of 160 new industrial projects and further progress in various areas of the Organization's planning.

The aim of the industrial dispersal policy, which is administered through the Office of Industrial Promotion and Decentralization within the Ministry of Development, is balanced and harmonious growth in all regions of the country. The efforts that have been made to

Venezuela (cont'd)

promote industrial dispersal have taken the form of a set of measures, of which the following are noteworthy: Decrees Nos. 1477 and 1478 of 23 March 1978 enacted through resolutions Nos. 1093 and 5262 of the Ministries of Development and Finance, respectively.

Under Decree No. 1477 the country is divided into five areas as a basis for the formulation of industrial policy. These areas are as follows:

- Area A: Includes the Federal District, the District of Sucre, and the municipalities of Carrizales, Cecilio Costa, Los Teques San Antonio and San Pedro of the District of Guacaipuro of the State of Miranda.
- Area B: The axis Puerto Cabello - Tejerias, including the axis formed by the communities of Puerto Cabello, Morón, Valencia, Guacara, Mariara, Maracay, Turmero, Cagua, la Victoria, El Consejo and Tejerias and the respective districts: Puerto Cabello, Valencia and Guacara of the State of Carabobo, and Girardot, Mariño, Ricaurte and Sucre of the State of Aragua.
- Area B:  
Marginal Includes the districts of Pérez, Brisa, Arvelo, Zamora, Paz Castillo, Lander, Urdaneta, Independencia, Cristóbal Rojas and part of Guacaipuro, the municipalities of Paracotos and Tacata of the State of Miranda, the District of Falcón of the State of Cojedes, Bajuma, Carlos Arvelo and Montalban of the State of Carabobo, the District of Virgua of the State of Yaracuy, and Zamora, San Sebastián and Casimiro of the State of Aragua.
- Area C: Includes the States of Zulia, Falcón, Mérida, Trujillo, Barinas, Apure, Portuguesa, Lara, Cojedes (except the District of Falcón), Yaracuy (except the District of Virgua), Guárico, Anzoátegui, Sucre, Monagas, Nueva Esparta and the Districts of Heros, Piar and Caroní of the State of Bolívar and the District of Urdaneta of the State of Aragua.
- Area D: Includes the territories of Delta Amacuro and Amazonas and the Districts of Cedeno, Roscio and Sucre of the State of Bolívar.

Decree No. 1478 specifies the activities which, because of their hazardous nature or the danger of contamination they involve, must be relocated outside the area comprising the Federal District, the District of Sucre and part of the District of Guacaipuro of the State of Miranda. Resolutions Nos. 1093 and 5262 establish an income tax exemption scale to apply to the

Venezuela (cont'd)

profits earned by new enterprises or as a result of the expansion of existing enterprises in areas C and D as defined in Decree No. 1477 already mentioned. This exemption may be as high as 100 per cent for a period of five years. The percentage of the exemption decreases by a half if the enterprises set up operations or expand their facilities in area B Marginal.

In 1977 the Government approved 172 locations, including authorizations to relocate within the metropolitan area as indicated in Decree No. 1478, permission to build industrial facilities under article 7 of Decree No. 365 of 27 August 1974, and authorizations for continued operation in the metropolitan area. With regard to relocation programmes, in 1977 approval was given to 97 enterprises to relocate their plants outside the Caracas metropolitan area. These relocations involve jobs for 6,259 persons and an investment of 508 million bolivars. The financing required for the moves is around 230 million bolivars. Of the 97 relocations approved, 16 apply to enterprises which are obliged to move under the terms of article 6 of Decree No. 1478 of 23 March 1976, and 81 to firms that wish to move in order to become eligible for the incentives granted to firms operating in the so-called priority development areas or because of space problems in the metropolitan area. Seventy-six per cent of the moves are to the areas B Marginal, C, and D.

All told, 203 relocations have been approved since 1975, involving an investment of 1,514 million bolivars and employment for 13,453 persons. Seventy-eight per cent of the relocations were to the country's priority development areas. In addition, 58 requests for opinions were processed in connexion with income tax exemption for various industries, and on the designation of "priority industry", a prerequisite for financing in the B and B Marginal areas. Fifteen industrial zones and estates were registered during 1977.

On the matter of project evaluation and registry, 765 projects were evaluated and approved during 1977, of which 577 involved new enterprises and 188 pertained to expansion plans for existing enterprises. Of the 577 projects approved for new enterprises, 419, i.e. 73 per cent, relate to small and medium-scale industry, and of these 419 new enterprises, 71 per cent are to operate in the intermediate and engineering industry sectors.

Venezuela (cont'd)

Table below indicates the projects for new enterprises approved in 1977, broken down by industrial decentralization areas.

Areas	Number of projects	Employment	Fixed capital	Value added	Domestic raw material consumption
			(Thousands of bolivars)		
<u>National total</u>	<u>577</u>	<u>39,626</u>	<u>3,747,768</u>	<u>4,030,319</u>	<u>2,921,136</u>
A	7	68	1,805	4,600	1,702
B	112	8,472	623,632	769,740	511,498
B Marginal	137	6,215	601,490	707,955	551,996
C	318	24,672	2,516,842	2,529,345	1,811,897
D	3	199	3,999	13,679	44,043

This table indicates that 79 per cent of the new enterprises will be located in areas B Marginal, C and D, with 56 per cent of them in areas C and D, which have been assigned priority importance under the industrial decentralization policy. These enterprises are expected to create 31,086 new jobs in areas B Marginal, C and D.

YEMEN ARAB REPUBLIC

The impact on employment that the process of industrialization is expected to have, is that the base year employment of employees will be raised to 54,400 and this scoring 27.7% increase.

There is still an infinity as regards to industrialization and such measures of equitable distribution of benefits will be taken up when some such speed of industrialization will be allowed. Still the investors confidence is being built-up.

Industrial projects being set-up in semi-urban and rural areas are patronized.

YUGOSLAVIA

The following objectives of social and economic development for the period 1976-1980 have been set:

- a. Further development of socialist self-managing socio-economic relations based on the principles of the Constitution of the SFR of Yugoslavia - as the basic condition for a more harmonious and accelerated development of production forces and the social labour productivity;
- b. The stabilization of economic flows through dynamic development, the strengthening of qualitative economic factors, the establishment of more harmonious relations in the pattern of production and consumption and further raising of the standard of living;

Yugoslavia (cont'd)

c. The improvement of the country's economic position in the international division of labour on the basis of equality, the strengthening of the export capacity of the country and ensurance of its foreign liquidity, with a view to reducing the relative difference in the development level;

d. A more accelerated development of each economically insufficiently developed republic and province particularly of the Socialist Autonomous Province of Kosovo, with the aim of reducing the relative difference in their respective development level as compared to the level of development of the country as a whole;

e. Further strengthening of the defence capabilities and of the level of social self-protection of the country as a vital condition for a secure development of the whole country and Yugoslav socialist self-managing society.

In the last ten years, out of the total number of those in civil employment in Yugoslavia, 38 per cent, i.e. 2.0 million workers are employed in the social sector of industry.

The number of those employed in the social sector is expected to increase until 1980, at the average annual rate of 3.5 per cent.

In 1976, Yugoslavia had 7,320 industrial organizations of associated labour:

	Number of organizations	Number of workers
Less than 15 workers	158	1,449
16-29	298	6,817
30-60	855	38,377
61-125	1,603	147,696
126-250	1,959	351,294
251-500	1,501	527,002
501-1,000	714	487,940
1,001-2,000	201	260,757
More than 2,000	31	92,679
<b>Totals:</b>	<b>7,320</b>	<b>1,914,001</b>

There are no specific programmes which determine the size of organizations of associated labour. Siting of industrial organizations and plants is determined freely by organizations of associated labour.

## ZAIRE

In 1972, the last year for which data are available, 132,850 permanent industrial jobs were registered in enterprises in the modern sector. In addition, there were 15,000 jobs in small and medium-sized production enterprises in Kinshasa. There was no information on the situation in this sector outside the capital. Therefore, there were in that year approximately 160,000 direct industrial jobs. This figure accounts for less than 2 per cent of the economically active population, which is estimated at 10.5 million persons. During the relaunching of industrial production and in future, the main social objectives will continue to be full employment and improvement of all working conditions, or in other words, the use of labour, which is plentiful in the country, and the promotion of employment through vocational training, both for production tasks and for management and planning.

Promotion of small- and medium-scale agricultural and industrial enterprises, which are best adapted to the Zairian environment, and the use of intermediate technology, in other words technology which is not costly and does not call for excessive foreign technical assistance, are amongst priority development objectives and already appear in the emergency plan programme.

Under the emergency plan, specific programmes are now being prepared by the following bodies set up to promote small and medium-scale enterprises:

- National Office for the Promotion of Small- and Medium-Scale enterprises (OPEZ);
- Agricultural Department (Directorate) of the Development Finance Corporation (SOFIDE).

To support the dispersal of industries the following measures are already being taken:

- Revision of the investment code, providing for additional incentives to investments in the country;
- Establishment of regional economic councils for regional development planning;
- Establishment of the Rural Development Department (ministry);
- The OPEZ (National Office for the Promotion of Small and Medium-Scale Enterprises) programme, to be applied in all regions; and
- The programme of investment in supporting infrastructure for the productive sectors. For example, the hydroelectric dams at Inga (Bas-Zaire), Mombayi (Ubangi-Squateur), Ruzizi (Southern Kivu), Butembo (Northern Kivu), Katende (Kasai West), Tshiala (Kasai East), etc.; the railway between Matadi (Bas-Zaire) and Lubumbashi (Shaba); and the national roads Kisangani (Haut-Zaire) - Bukavu (Kivu) and Kinshasa-Kananga/Mbuji-Mayi (Kasai) - Lubumbashi (Shaba).

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO SOCIAL OBJECTIVES:

ECONOMIC COMMISSION FOR AFRICA:

The "social development programme" of ECA has been formulated to conform with the social objectives of the Lima Declaration and Plan of Action. The Social Development Division has now a Youth and Social Welfare Section which addresses itself to the various issues raised in that Declaration and Plan of Action. The Division's "Integrated Rural Development Programme" encourages the socio-economic integration of the rural and urban sectors and promotes activities which enhance the quality of life for rural residents. Towards this end the Social Development Division co-ordinates the integrated rural and village technology programmes at the ECA level.

Mention should also be made in this respect of the ECA African Training and Research Centre for Women (ATRCW). Established in 1975 the Centre has been assisting member States to:

- (i) Set-up national and regional machineries for the integration of women in development whose functions are the examination and evaluation of the present contribution of women to the various sections of development in the light of national needs and priorities; the study of specific areas where women's participation should be initiated or strengthened; the development and promotion of action proposals to integrate women in all sectors of national development.
- (ii) Develop skills and increase job opportunities for girls and women. A series of Itinerant Training Workshops have been held in the Region for women leaders and trainers in their own local environment. This programme aims at bringing planners and trainers concerned with improving rural life. With due regard to priorities at the national level training in these workshops includes: use of labour saving devices and home improvement, communication programme, planning curriculum development and the use of evaluation techniques. One of the important areas of activities identified by the Centre is generating women's economic contribution to the GNP by up-grading their skills in existing industries and introduction of new skills needed in the African countries. This programme is to be initiated by the Handicrafts and small-scale industries joint project of ECA/ILO funded by SIDA.



- (iii) Carry out research in areas relevant to integration of women in development with special emphasis on rural areas. The absence of complete data on the role of women in development in the Region has resulted in the **underestimation** of women's contribution and consequent low allocation of resources and opportunities for women and programmes affecting them. The Centre engages in secondary research, conducts surveys and supports primary research on such topics as self-employment, wage employment, development of indicators relating to women's socio-economic role, legal protection of women etc.
- (iv) Organize the African Women Development Task Force. This programme is based on the expressed need of women of the Region for an exchange of skills and experience among themselves. This project will not only contribute to efforts in promoting the development of African countries but will also foster technical co-operation among African countries.

It should be added that in formulating and implementing its work programme in the field of population the ECA has taken into account the social objectives laid down in the Lima Declaration and Plan of Action. Reference is made to the studies on demographic aspects of the labour force in Africa, including trends in female participation rates in industry. Such studies are basic to the formulation of appropriate policies for the involvement of women in industrial development. Other relevant studies worthy of mention are the interrelationships between the location of industry, population movements and population distribution.

#### ECONOMIC COMMISSION FOR LATIN AMERICA:

Concerning social objectives attention has been focused on two broad topics: Styles of development and social changes in Latin America. Joint activities concerning critical poverty (ECLA/ILPES/CELADE) and rural social development (ECLA/FAO/ILPES/CELADE) are also being carried out. Projects were mainly directed towards the interpretation, through a unified approach, of the development alternatives open to the region in the context of the processes of social changes. In connexion with those projects, studies also include employment stratification, housing and urban services, women and their integration in development, the problems of employment, the dynamics of income distribution, etc.

The following studies and/or documents are to be mentioned:

"The concrete utopies and their confrontation with the world of today" (CEPAL/DRAFT/DS.134)

"Poverty as a social phenomenon and as a central issue for development policy" (CEPAL/DRAFT/DS.133)

"Latin America in the possible scenarios of détente"

"Las propuestas de un nuevo orden económico internacional en perspectivas" (CEPAL/BORRADOR/DS/148)

"Types of income distribution and political styles in Latin America" (CEPAL/DRAFT/DS/138)

"La vivienda en América Latina; una visión de la pobreza crítica" (CEPAL/BORRADOR/DS/142)

"Notas sobre consumo y estilos de desarrollo" (CEPAL/DS/Versión preliminar/166)

"Modernización agrícola y cambio social en América Latina: una hipótesis y sus variantes"

"La clase media en América Latina" (CEPAL/DS/versión preliminar/171)

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS:

FAO contributes to the integration of different sectors of the economy in the rural sector by its rural development programmes. The complex nature of rural development led, in 1974, to the setting up, within the inter-agency framework of ACC, of a Task Force on Rural Development. FAO took the leadership of the Task Force in 1976 and hosted its most recent meeting also in 1978 when it considered progress made in harmonizing inter-agency efforts.

At its Nineteenth Conference in 1977, FAO adopted a Resolution deciding that a World Conference on Agrarian Reform and Rural Development would be held in Rome in 79 to identify the basic needs of the rural people and to seek measures to help such people participate in the development process. One of the subjects to be considered by the World Conference is the growing role of women in rural development and proposals to ensure that women are involved in the social and economic development process.

The expansion of small-scale agro-industrial activities in the developing countries has called for changes in marketing systems, not only by introducing new techniques but also by adopting a new approach to enable the marketing system to supply raw materials for new home-based agro-industries using food and industrial crops. Marketing the resultant products has added a new dimension. For example, FAO has assisted countries in Africa in applying new marketing techniques for the products of new home-based industries.

In forestry, FAO has embarked on a comprehensive programme to design small-scale labour-intensive forest industry mills appropriate for developing countries. The need for such mills is dictated by a combination of factors such as small domestic markets, scarcity of capital and especially of foreign exchange, and lack of skilled labour. A 'Portfolio of Small-Scale Forest Industries for Developing Countries' has been prepared and is being expanded in co-operation with industry and has made possible investors in developing countries aware of new technology available.

FAO activities in fertilizer use development over the last 20 years have recently brought about a recognition in developing countries of the need for fertilizer supply to farmers and whenever feasible for national production of fertilizers. Fertilizer requirements have been the subject of close collaboration between UNIDO and FAO over many years, particularly through the UNIDO/FAO/World Bank Working Group on Fertilizers. Co-operation has intensified since 1973 when FAO established a Commission on Fertilizers and, at the request of ECOSOC, an International Fertilizer Supply Scheme. The UNIDO/FAO/World Bank Working Group on Fertilizers have been monitoring and forecasting world fertilizer supplies and demand for the FAO Commission on Fertilizers, following a request of the World Food

Conference. The UNIDO Industrial Development Board, at its 11th Session in May 1977, agreed that the Working Group should be responsible for monitoring the growth of world fertilizer supply for future UNIDO meetings on fertilizers. FAO has little doubt that the fertilizer industry in developing countries will achieve 25 per cent of total world output of fertilizers well before the year 2000.

In pesticides FAO's programme is designed to help developing countries make the best use of pesticides and work out the appropriate regulations for this. FAO provides specifications for pesticides and the means for testing them as well as certification, registration and advice as required by recipients. It is only after attention has been paid to these needs that industrial scale production and manufacture of pesticides can be embarked upon. FAO is also involved in consultations and decisions in specific countries or areas about the requirements for manufacturing pesticides and determining whether the product corresponds to criteria which FAO specifies for any given purpose. FAO participates as appropriate in joint missions with UNIDO in these particular fields.

INTERNATIONAL LABOUR ORGANIZATION:

The comprehensive ILO contribution, entitled "Industrialization and Social Progress", is given in Addendum 2 to this report.

#### IV. UTILIZATION OF NATURAL RESOURCES

In the Lima Declaration and Plan of Action it is emphasized that the characteristics of each country should be taken into consideration in formulating industrial plans and strategies. Attention is also drawn to the economic advantages to be derived from the further processing of raw materials intended for export and to the importance of effectively controlling the use of natural resources, a premium being placed on self-reliance. (Paras. 29, 32, 34, 38, 49, 58 (b, e and h) and 59 (d).)

Governments are invited to supply information on the issues mentioned above, including such topics as:

The extent to which the industrial sector plan and long-term projections are related to the utilization and domestic processing of local raw materials, including further processing of raw materials of export interest;

Measures taken in respect of the utilization of natural resources.

#### INFORMATION RECEIVED FROM DEVELOPING COUNTRIES IN RESPECT OF

#### UTILIZATION OF NATURAL RESOURCES:

##### AFGHANISTAN

Establishment of effective sovereignty over reserves and natural resources of the country is one of the Basic Lines of Revolutionary Duties of the Government. Expansion of public sector is planned to use the natural resources for industrial development and for the welfare of the people and to maintain Government control over the reserves. Important steps have been taken to utilize mining wealth for the good of the people. Extraction of coal has been speeded up and agreements have been signed for opening more mines to meet the fuel and energy requirements of the country. The work relating to exploitation of copper mines has been undertaken. Natural gas is used to manufacture fertilizer. Petroleum refinery is being set up to utilize mineral oil reserves of the country. At the same time exploration of more mines is also being undertaken.

Emphasis is being laid on starting those industries which utilize and process domestic raw materials to meet the indigenous requirements as well as requirements of export market. Agro-based industries like cotton ginneries, vegetable oil, processed fruits and vegetables and beverages are being expanded. The two problems in the way of speedy utilization of resources are the lack of investment funds and the paucity of trained technical personnel. Efforts are being made to formulate new projects for being financed from external resources.

### BANGLADESH

Gainful exploitation of indigenous natural resources and raw material processing is a significant aspect of the industrial development plan in Bangladesh. The most predominant is the jute industry which is based on processing of locally produced jute. Fertilizer and cement factories are being set up to utilize indigenous natural gas and limestone and hard rock mining projects are also being set up to utilize natural resources.

### BOLIVIA

The objective of the best possible utilization and conservation of natural resources will be pursued through a policy of preserving the ecological balance, safeguarding the environment, protecting the land against the effects of erosion, and achieving an appropriate mix of the factors of production. The Office of Science and Technology of the Ministry of Planning and Co-ordination is currently engaged in the setting up of task forces to study and analyse all aspects of these problems.

### BOTSWANA

By far the most important economic sectors of Botswana are: diamond mining, copper-nickel mining and matt production, cattle raising, slaughtering and export of meat.

The objective is to increase the utilization of raw materials available locally such as hides and skin, horn and other by-products of meat production, wood, gypsum, gemstones, clay.

In addition to the processing of these raw materials it is the aim of the Government to produce commodities used in the mines such as foundry products, protective clothing, spare parts and furniture.

The Government's contribution to the mining industry is in the form of shareholding and promotion of the utilization of natural resources such as production of leather goods, processing of gemstones and production of glass, cement, clay products.

### BRAZIL

In view of the situation of traditional dependence on foreign countries and the vulnerability of the foreign accounts, the Government is constantly concerned to use the country's natural resources. For this purpose, the National Basic Inputs Programme and the Programme for the Nationalization of Capital Goods were instituted.

Brazil (cont'd)

The first results of efforts undertaken under the guidelines of the second National Development Plan as regards reduction of the country's dependence on foreign countries for the satisfaction of domestic demand in respect of a number of basic inputs, are already visible. Production of the main intermediate goods sectors of manufacturing industry grew over the past two years at rates exceeding those of the growth of domestic demand in respect of their products (measured by the rate of expansion of the gross domestic product of the economy). This is in contrast to developments in the period from 1971 to 1974. The ratio between product and domestic demand increased from 0.7 in 1971-1974 to 1.5 in 1976-1977 in the case of metallurgy, from 1.3 to 1.7 in the case of the chemical industry, from 0.6 to 1.7 in the case of paper and paper products and from 1.2 to 1.5 in the case of non-metallic minerals.

As a consequence of the import-substitution policy in respect of basic inputs, it has been possible to achieve a substantial reduction, amounting to 33 per cent, in the value of imports of intermediate goods of industrial origin (from \$US5.4 billion in 1974 to \$US3.6 billion in 1977). The average for the period from 1975 to 1977 was \$US3.7 billion, with the gross domestic product of the economy steadily increasing (at average rates of 6.5 per cent over the period 1975-1977).

As regards industrial sectors, it can be seen that the share accounted for by production in the meeting of domestic demand increased over the period. In the case of iron and steel products, this share increased from 74 per cent in 1974 to 93 per cent in 1977. In the case of cellulose, it increased from 97 per cent to 102 per cent; in paper, from 83 per cent to 90 per cent; in nitrogenous fertilizers, from 49 per cent to 61 per cent; in phosphate fertilizers, from 44 per cent to 125 per cent; in aluminium, for the period from 1975 to 1977, from 61 per cent to 66 per cent.

Degrees of self-supply, measured by predicted production capacity for 1980 and 1985, should be as follows: iron and steel products - 97 per cent for both years; cellulose - 174 per cent and 161 per cent; paper - 120 per cent and 91 per cent; nitrogenous fertilizers - 103 per cent and 118 per cent; phosphate fertilizers - 155 per cent and 115 per cent; aluminium - 73 per cent and 86 per cent.

In the period from 1970 to 1974 the country's capital goods industry, although it grew at a fairly rapid rate, did not keep pace with the development of domestic demand, and as a result dependence on foreign countries grew, with the value of imports of capital goods increasing from \$US 1 billion in 1970 to \$US 3.4 billion in 1974. The industrial policy adopted up to that time was responsible for the imbalance. This policy

Brazil (cont'd)

was oriented towards promotion of the production of durable consumer goods, and a substantial share of industrial investments was channelled into that sector, to the detriment of basic sectors such as the capital goods sector.

From 1975, the emphasis of economic policy was changed. The import policy, which was primarily aimed at preventing the external debt from increasing, provided for a series of restrictions relating, inter alia, to imports of capital goods, one of which involved an increase in the term of the advance deposit and a temporary rise in customs duties. The specific industrial policy became more selective and concentrated on promotion of the production of capital goods.

At the proposal of the Economic Development Council, measures were approved during 1974 with a view to orienting purchases of capital goods by the public sector (50 per cent of domestic demand) towards domestic industry. As part of these measures, the establishment of teams of technicians in State enterprises was recommended for the purpose of promoting the introduction and development of technologies required for their activities and the channelling of the maximum number of orders for capital goods to Brazilian enterprises. These recommendations were implemented through the establishment of units for co-ordination with industry, which are technical bodies functioning within State enterprises and co-ordinated by the Agency for the Financing of Studies and Projects (FINEP).

The National Economic Development Bank system, in turn, significantly expanded the volume of its applications in the capital goods sector, especially through FINAME, its agency specializing in the financing of production, purchase or sale of domestically produced machinery and equipment. In addition, EMBRAMEC was set up as a subsidiary of the National Economic Development Bank with a view to the promotion of shareholding and purchase or finance in respect of technological development, in both cases for enterprises in the capital goods sector controlled by domestic entrepreneurs.

Mention should also be made of resolution No. 9 of the Economic Development Council, which calls for support for increased participation by domestic enterprises in projects in dynamic industrial sectors. As regards the production of capital goods, this resolution recommends that projects should be approved taking into account the desirability of avoiding monopoly situations and also excessive numbers of enterprises in a single line of production, creating obstacles to specialization.

As part of the effort to develop the capital goods industry, two programmes for specific industries, i.e. shipbuilding and production of railway rolling-stock, were also approved.

Brazil (cont.)

The results thus far achieved and those which can be expected over the next few years can be looked upon as reasonable.

Further to the measures already described, see Decree Law No. 1,428 of 2 December 1975, Decree No. 77,065 of 20 January 1976 and resolution No. 49 of 27 May 1976 of the Industrial Development Council.

BURUNDI

Considerable importance has been given in the five-year economic development plan (1978-1982) to industries involved in the processing of agricultural products (processing of cereals, vegetable oils, vegetables, coffee and sugar plants, etc.). As the national market cannot absorb the entire production, some 40 per cent of the processed products will be for export. The country's raw materials will be processed under the various projects covered by the five-year plan to the extent of 72 per cent, and 20 per cent involves the export of finished products.

As far as natural resources are concerned, there are projects already under way including the extraction of peat, nickel, and the development of medicinal plants.

CENTRAL AFRICAN EMPIRE

A number of projects envisage the use of such natural resources as uranium, iron ore (metallurgy), limestone (cement works), and medicinal plants (pharmaceutical laboratory).

However, no action has yet been taken on these projects because of the lack of sources of finance, the high costs occasioned by the country's land-locked situation (the ocean is 1,600 km away), and the limited size of the domestic market. A few study and research projects, however, are to be initiated - examples: CONACO in connexion with petroleum, and UNDP in connexion with mineral exploration.

CHILE

One of the objectives of the economic policy implemented by Chile in recent years has been to ensure that the country will produce those goods with respect to which it has a comparative advantage, in other words those goods in the production of which it is most efficient. These goods are those making most intensive use of raw materials and the resources most abundant in the country. For example,



Chile (cont'd)

optimum exports are guaranteed for sectors such as mining, forestry, energy, etc. The prospects for some of these sectors are as follows:

Copper:

Large-scale and Andean mining operations, represented by the Corporación del Cobre (CODELCO), will continue to generate a substantial share of the country's foreign exchange earnings. For the time being, the investments of CODELCO will go essentially to projects bringing about a reduction in cost and an increase in efficiency, with a view to avoiding losses in view of the low price of copper.

During the period, the desirability and profitability of investments to prevent subsequent drops in the production of fine copper as a consequence of the use of lower-grade ores will be reviewed. In any event, all increases in processing capacity to compensate for the lower ore grade must be justified on the basis of profitability, as must any increases in the production of fine copper.

EXPECTED PRODUCTION OF COPPER IN LARGE-SCALE

MINING OPERATIONS (1978-1983)

(thousands of tonnes of fine copper)

	1978	1979	1980	1981	1982	1983
<b>TOTAL</b>	838	834	834	820	761	782

The prospects for an increase in production in small-scale and medium-scale mining operations are promising, with a projected increase of around 70 per cent over the period. The contracts signed by Andacollo, Cerro Colorado and Quebrada Blanca suggest that, within a period of no less than six years, production will increase by around 180,000 tonnes.

EXPECTED COPPER PRODUCTION IN SMALL-SCALE

AND MEDIUM-SCALE MINING OPERATIONS (1978-1983)

(thousands of tonnes of fine copper)

	1978	1979	1980	1981	1982	1983
<b>TOTAL</b>	161.8	161.7	177.5	192.5	236.8	266.0

Chile (cont'd)

Iron:

The iron mining programme for the next few years provides for increases in production by comparison with 1977, the year in which the total amount produced was approximately 7.5 million long tonnes. With regard to investments, the Compañia de Acero del Pacifico (CAP) is implementing a pelleting programme (with a total investment of \$US276 million), which should be completed in 1978.

IRON ORE PRODUCTION - CAP (1978-1983)  
(thousands of long tonnes)

	1978	1979	1980	1981	1982	1983
Ore	8.240	9.183	9.367	9.412	9.440	9.480

Saltpetre:

Production over the next six years will depend on the evolution of sales. Investments will be channelled into the replacement of equipment and machinery, reduction in costs, social welfare measures and construction of the sulphate plant.

SALTPETRE, IODINE, SODIUM SULPHATE - SOCIEDAD QUIMICA Y

MINERA DE CHILE (SOQUIMICH) (1978-1983)

(tonnes)

	1978	1983
Saltpetre	612,200	650,000
Iodine	2,000	2,000
Sodium sulphate	50,000	80,000

The mixed-salt project for establishing the desirability of exploiting various chemical elements in the brines of the Salar de Atacama and in the saltpetre beds in various areas of regions I and II is being evaluated.

Chile (cont'd)

The studies cover the following:

- (a) Exploitation of the lithium, magnesium, potassium and boron in the Salar de Atacama;
- (b) Implementation of the Pampa Pisis project, which consists in determining the desirability of installing saltpetre production units using modern techniques;
- (c) Technical assistance to SOQUIMICH through modernization of certain items of equipment and improvement in production processes, with a view to increasing its efficiency.

These studies have made it possible:

- (a) To set up a joint company with the participation of the Production Development Corporation (CORFO) and the Foote Mineral Company to exploit the lithium and magnesium in the Salar de Atacama;
- (b) To apply several new processes in the existing saltpetre plants;
- (c) To build a sodium sulphate plant which would start operating in May 1978.

Forestry:

The forestry sector is being developed primarily through private investment.

In addition, however, there is a National Forestry Corporation (CONAF), whose job is conservation of national resources in this sector and orientation of their development.

For this purpose, programmes are being prepared on silviculture, forest fire prevention, control of forest pests and diseases and forestry training, etc.

Furthermore, as a means of promoting the development of forestry industries, the State grants a subsidy of 75 per cent of the value of afforestation and reforestation and management of the resulting forest to anyone who plants trees in soil appropriate to them.

Energy

Electricity:

In recent years, consumption of hydro-electric power has accounted for between 17 and 25 per cent of total gross consumption of energy.

Chile (cont'd)

At present, approximately 70 per cent of total electric power is generated by hydro-mechanical means. Potential hydro-electric resources have been calculated at 111,690 GWh, capable of being generated in an average year. Given the present state of technology, one-third of this potential is economically exploitable, and is of great importance for future electricity generation in the interconnected system.

In 1976, the country generated 9,493.3 GWh of electric power, or 8.7 per cent more than in the previous year. In 1976, installed electric power generating capacity amounted to 2,654.1 MW, indicating a growth of 1.2 per cent over the period.

For 1977, it is estimated that electric power generation will increase by 5 per cent. Generating capacity, for its part, increased by 10 per cent when the hydro-electric power station Ventanas II (210 MW) started operating, and the figure will change in 1981 with the starting up of the Antuco power station (300 MW).

**Coal:**

Coal consumption in Chile, as in most of the rest of the world, has declined in importance in the over-all energy consumption picture. For example, in 1970 the share of total gross consumption of energy accounted for by coal was 18.4 per cent, and in 1976 this share had declined to 13.6 per cent. As a consequence of this trend, undesirably large stocks of coal grew up, and a policy of production cuts was therefore adopted for 1976. However, in 1977 this process has been reversed, with an increase in total coal production of around 5 per cent.

The potential coal resources estimated by the National Coal Enterprise (ENACAR) amount to 300 million tonnes in Concepción and Arauco, 4,000-6,000 million tonnes of sub-bituminous coal in Magallanes and 20 million tonnes in Valdivia, all of which will be resources of great importance in the country's future energy development.

**Petroleum and natural gas:**

The national contribution to the country's hydrocarbon requirements amounts to between 30 and 35 per cent, while the share of domestic consumption of this resource which is imported accounts for 60 per cent of the country's total gross energy consumption.

During 1976, crude oil production was 1,330,960 m<sup>3</sup>, and natural gasoline production amounted to 146,347 m<sup>3</sup>, while the amounts of natural gas and liquid gas produced were 7,031,613 m<sup>3</sup> and 855,700 m<sup>3</sup>, respectively.

Chile (cont'd)

In recent years, domestic petroleum production has been declining as a result of the exhaustion of some wells. The prospecting for new petroleum deposits being carried out successfully by the National Petroleum Enterprise (ENAP) in the Magellan Straits and the agreements signed with foreign investors for the same purpose in 1977 are therefore important.

The estimated reserves of petroleum in areas of the Magellan Straits explored amount to 36,000 ktpe, and those of natural gas are close to 130,000 ktpe.

**Investments:**

The energy sector is one of those in which the country is investing the most. The main investors are public enterprises. In the most recent year for which final figures are available, the situation was as follows:

The National Electricity Enterprise (ENDESA) invested \$US 81.4 million in 1976, representing an increase of 20 per cent over the figure for 1975. In 1976, CHILECTRA invested \$US 49.9 million, representing an increase of 155 per cent over the figure for 1975. ENACAR invested \$US 5,592,000 in 1976, showing a decrease of 4 per cent by comparison with the figure for 1975. In 1976, investments by ENAP declined by 5 per cent in comparison with 1975, amounting to \$US 53 million.

The objective of the overall energy policy is to meet domestic energy demands at a cost which is as low as possible for consumers and economically acceptable to producers; to optimize Chilean energy resources by selecting the alternatives which are least costly to the country; to limit the consumption of crude oil to specialized uses; and to achieve a reasonable degree of independence with respect to energy.

Chile is in a position of dependence primarily because of its consumption of crude oil which is at present the country's main source of energy. In the short term, there is no economic advantage to achievement of independence with respect to energy. In the medium and long term, the country's own energy resources should be developed, to its strategic and economic advantage. With a view to this, conservation and substitution will be promoted in order to reduce demand for crude oil. A rate of exploitation of Chile's energy resources will be established on the basis of both strategic and economic considerations. The search for new energy resources, both from conventional and nonconventional sources, will be promoted.

The State will promote rational use of the energy consumed in production processes through the price system, laws and customs, with a view to eliminating the distortions which give rise to an irrational use of energy. Progress will be encouraged in all phases of energy production and conversion. In addition, a public relations campaign to encourage the saving of energy will be carried out.

## COLOMBIA

Within the operational framework of the National Development Plan, reforestation is regarded as a multi-purpose activity contributing to the country's economic and social progress. The principal objective is to ensure the permanent availability of woodland resources so as to be able to meet the demand for wood and raw material for the production of pulp for use in the manufacture of paper and cardboard, and to guarantee the proper management and conservation of the country's land and water resources.

The enactment of the National Code on Renewable Natural Resources and Environmental Protection must be regarded as one of the most important achievements of the Institute for the Development of Renewable Natural Resources (INDERENA) DURING THE LAST FOUR YEARS. The Code lays down provisions for the safeguarding of the country's hydrobiological resources, forests, water resources, national parks and woodland fauna, and regulates activities relating to the environment, land development and the soil, its purpose being to promote the protection and permanence of these resources and their rational use by the State. In the forestry management area, nine concessions covering 276,745 hectares were granted, 23 concessions were cancelled, 1,252,845 hectares of land were incorporated into the national reserve system and a total or partial ban was declared on the cutting down of a number of tree species. A total of 1,788 hectares were reforested, 2,980 hectares of woodland were planted by hand, and 25 million tree seedlings were supplied as part of the afforestation programme. In the fisheries sector, INDERENA sought through its programmes over the 1974-1978 period to increase the average consumption of protein by the public, raise the income of the independent fisherman and safeguard the ecological conditions required for the long-term attainment of these objectives. In addition, the Government has set up a Pacific Coast fishing co-operative, which is to invest 100 million pesos in this sector.

Since its establishment in 1976, the Colombian Institute of Hydrology, Meteorology and Land Development (HIMAT) has begun a programme of land development and reclamation, which is also designed to manage and maintain those districts of the country already under irrigation.

With regard to non-renewable resources, the previous administration abolished the system of petroleum concessions, thereby putting an end to the policy of turning over the extraction and processing of the nation's hydrocarbon resources to third parties. The concession system was replaced by a

Colombia (cont'd)

so-called "partnership contract" which makes the State an active partner in the exploitation of national energy resources. This partnership principle has been extended to the mining sector through the Colombian Mining Enterprise (ECOMINAS), the coal sector through the Colombian Coal Enterprise (CARBOCOL), and the uranium sector through the Colombian Uranium Enterprise (COLURANIO).

Three gas fields have been discovered in different regions of the country, one of which has proven reserves of  $3.6 \times 10^{12}$  cu ft (representing a production level of 70,000 barrels daily), and the other two estimated reserves of  $3.6 \times 10^{12}$  cu ft and  $1 \times 10^{12}$  cu ft respectively.

Oil has been discovered in two regions of the country. Total petroleum production in April 1978 was 131,540 barrels/day. A 150-km oil pipeline has been built at a cost of 15 million dollars and also a gas pipeline running 389 kilometers through four departments and costing 54 million dollars. Studies are now in progress regarding a National Gas Pipeline Plan designed to link the country's four major cities at a cost of 350 million dollars.

A plant for the extraction of ethane and propane from natural gas has been built, thereby making it possible to expand an already existing ethylene plant and to begin work on a new one to produce polyethylene. Work has gone forward on the construction of another plant which, when completed, will make possible an increase of 30 per cent in petrol production and the utilization of heavy crude. During the four-year period 1974-1978, Colombia's installed power capacity rose from 3,060 MW to 4,300 MW (an increase of 40 per cent), as 12 generator projects capable of producing a total of 1,200 MW became operational and a number of diesel-powered mobile generators for use in municipalities not yet connected to the national power grid were purchased.

For the purpose of bringing electric power to isolated regions and thereby involving them in the development process, the Government continued to press forward with its programme of rural electrification, which, with a planned investment of 3,200 million pesos, will bring power to 900,000 rural customers in the intendencias and comisarias as well as in eight Departments.

CUBA

More extensive geological surveying and research aimed at the discovery and exploitation of mineral deposits is a priority objective of the country's development plan. The guiding aim in this effort is, in the first place, to ensure the availability of the resources required by the building materials industry, as well as the development of the country's reserves of nickel-bearing ore.

Cuba (cont'd)

Under the heading of the rational use of the land, the Government intends to fix the boundaries of urban communities and of building-zone areas within cities and towns, with agro-related installations preferably sited on non-agricultural or low-yield land. Special care is being taken in the design and routing of roads, energy networks, communication systems and other similar projects in order to minimize the resultant damage to agricultural land. Another related aspect of this effort concerns the elimination of the damage caused to the coastline and beaches by the hauling away of sand for use in building.

It is a specific government policy to take the steps required to ensure the optimal use and conservation of the country's water resources both above and below the surface of the land.

CYPRUS

The Cyprus industry is heavily dependent on imported raw materials thus a serious attempt is made to encourage industries processing local raw materials as far as possible. Priority is attached to agro-based industries that produce not only for the home market but also for exports e.g. the wine and spirits industries, dairy production, carob kibbling, tobacco manufacture, fruit & vegetable canning etc. Special attention is also given to industries based on animal husbandry and processing various by-products. In this respect there are plans to establish fully equipped modern slaughter houses, and to enforce, by legislation, better methods of flaying animals.

The Government is also considering the establishment of industrial units based on locally available mineral resources. One can cite the cases of bentonite, terra umbra, lime, asbestos and salt. Both the generous financial and fiscal incentives that are available and the work of the Cyprus Development Bank aim at channeling long-term funds into these sectors of industry.

EQUADOR

Considering only the production of foods, leather and leather substitutes, wood and cork, furniture and non-metallic minerals (which includes cement) as the most representative products with respect to the utilization of natural resources, it can be observed that investment in these sectors totals 3,829 million sucres, or 44 per cent of the total investment over the period under study, though investments in the following sectors were not included in calculating this percentage:



Ecuador (cont'd)

- (a) Investments in the textile sector, which by using raw materials of national origin for much of its production makes a substantial contribution to the development of agriculture;
- (b) Investments in the fisheries sector over the last three years (since 1974 these investments have been under the jurisdiction and control of the Ministry of Natural Resources, where they are also registered);
- (c) Investments in the tobacco industries, which, although they are subject to a legal system of their own and are not recorded in the Ministry of Industry, Commerce and Integration, have led to considerable development in tobacco growing.

In discussing the sectors selected as most representative with regard to the utilization of internal resources, special mention should be made of the contribution of the group of edible oils and fats processing industries to developing the cultivation of fast-maturing oil plants and the oil palm through their large-scale purchases of domestically produced raw materials. Soya, a crop which until recently had been almost totally neglected in Ecuador, is now produced in annual amounts of 300,000 quintals, all of which is consumed by domestic industry. The total output of cotton seed, sesame, ground-nuts and the crude oil of the African and royal palm is also consumed by this dynamic group of Ecuadorian industries.

The cocoa-producing enterprises constitute another group worthy of being singled out as a major consumer of national raw materials; moreover, cocoa is being exported as a semi-finished product, with a consequent increase in unit value.

It should also be stressed that domestic natural resources have for a number of years been used in other such important branches of industry as the production of sugar, instant coffee, grain milling products, soaps, balanced foodstuffs, beer, rope, tyres, flat glass, cement furniture, etc.

EL SALVADOR

With regard to natural resources, the 1978-1982 National Plan includes strategic programme PE-6, Exploitation of fishery resources, which aims at the more efficient utilization of these resources through the training and organization of fishermen and the establishment of the necessary infrastructure for fishing, processing and storage. The Plan also includes strategic programme PE-42, Exploitation of mineral resources, whose objective is the promotion of surveys and studies to

El Salvador (cont'd)

identify metalliferous and non-metalliferous mineral resources and to discover and evaluate new deposits in order to provide a realistic assessment of reserves of metalliferous and non-metalliferous minerals and make possible their orderly exploitation.

Other programmes with some relation to the utilization of natural resources are strategic programmes PE-5, Development of agro-industry, PE-9, Comprehensive utilization of water resources, and PE-11, Power development.

ETHIOPIA

Ethiopia is an agricultural country. Some of the existing as well as planned industries are based on utilizing agricultural raw materials. To cite examples there are self-sufficiency in oilseeds required by the domestic vegetable oil industry; self-sufficiency in sugar cane required by the domestic sugar industry; self-sufficiency in cotton required by domestic textile industry; self-sufficiency in leather required by the domestic footwear industry; plan for achieving self-sufficiency in hard fibres required for bagging materials and plan for increasing exports of canned meat and leather products. Future activities would aim at increasing the level of these and other agro-based industries to meet the demands of an increased domestic market (resulting from the redistribution of income) as well as exports.

One of the fruits of the Revolution is that it has freed Ethiopia from foreign ownership of means of production and foreign ownership of natural resources.

FIJI

The development plan calls for intensive effort by the Government to attract industries which process local raw materials. The plan lists many industries which could be set up in Fiji, including alcohol from molasses, bagasse, furfural, coconut oil, activated carbon, dessicated coconut, fruit juices, canned or frozen fruits and vegetables, banana chips, fish meal, tinned fish, frozen fish, wooden furniture, door frames, prefabricated wooden housing, bricks, glassware, salt, cigarettes, dairy and other animal products, honey and farms, paper and paper board. Most of these industries would be for both export and import substitution. Many of these industries have been established.

The development plan as it relates to the industrial sector is mainly indicative. It depends on the decisions of private investors for actual implementation. The Government has, however, invested in a commercial fishing venture which supplies tuna to a local cannery and in a firm which plans to export edible products made from refined coconut oil. It also provides encouragement in the form of tax and duty concessions to private firms to manufacture products from indigenous raw materials.

GAMBIA

There is no definite long-term Industrial Sector plan. However, the groundnut industry is gradually moving into increased processing of groundnuts into oil and cake (for animal feed) for export. Developments are also taking place in the increased processing of industrial fisheries. Experimentations are also going on in the utilization of the groundnut shell for making charcoal briquette as a substitute for wood charcoal.

GHANA

1. the Plan Document as well as in the country's industrialization programme, policies are geared towards the full utilization of raw materials by industries. Adequate incentives are provided for industries which operate in the export sector. The state has acquired controlling interests in most of the attractive industries in the country.

GREECE 1/

Full utilization and processing of domestic natural resources already known and intensive research to discover and locate others is a characteristic of the long-term industrial development policy. The 5-year plan 1978 - 1982 is in line with this policy and provides several measures towards its realization.

GUATEMALA

With special reference to the most important branches covered by the Industrial Development Plan, the following may be indicated:

Foodstuffs:

- (a) Strengthening and establishment of enterprises designed to meet the basic food requirements of the majority of the people, using local raw materials;
- (b) Promotion of exports of non-traditional manufactured foodstuffs with a view to achieving equilibrium in the trade balance of the sector;
- (c) The above involves promotion of industry, and projects along these lines are already under way, e.g.: preparation of natural milk; manufacture of vegetable oils and fats; baby food; and processing of fish, crustaceans and other seafood;
- (d) With regard to non-traditional products, the plan contemplates projects relating to the packing and preserving of fruits and vegetables, preparation of processed and packed honey; and production of candies and chocolates.

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1/ The reply from Greece was received after publication of document ID/238.

Guatemala (cont'd)

Textiles and garments branches:

The Plan also devotes special attention to these branches because they are more suited to the country's manpower and capital resources, generating as they do the highest levels of employment in the sector, and also because of the dispersion of the production units, most of which are small-scale and craft enterprises, in the various regions of the country. This gives rise to certain problems, such as the intensive use of imported synthetic fibres, processing of which requires a high degree of capital-intensity and complex technologies and increasing use of sophisticated raw materials; as a result, the use of natural resources such as cotton and wool is relegated to a secondary position and craft activities may decline in some regions. It also gives rise to greater imports of increasingly sophisticated machinery, to the detriment of the domestic savings which could otherwise be channelled into the purchase of machinery better suited to national realities and to the country's primary domestic requirements. Given the prevailing situation, the Plan will have to mobilize national resources to generate medium-term and long-term activities through the organization of medium-sized, small and craft enterprises, making possible a geographical redistribution of earnings between the capital city and the other regions of the country.

Leather and footwear branches:

These branches are closely linked. Their dynamism is dependent on the expansion of domestic demand and the growth of the demand; through the gradual and systematic introduction of new products. The development of these branches is therefore mainly based on the dynamics of the demand for footwear, which calls for an abundant supply of high-quality, low-cost raw material, i.e. leather, so that the leather industry is in turn promoted. In view of the low income of a large percentage of the population, the large-scale footwear industry has had to orient itself mainly towards the manufacture of footwear for consumption by the lowest-income sectors of the population. The consumption requirements of the high-income sectors are met through subcontracting to small-scale industry, and in some cases to craft concerns. This complementary relationship between large-scale industry, medium-scale industry and crafts makes possible the development of the latter two sectors. The leather industry is developing in a different way, since, on the one hand, it depends on stock-breeding activity and, on the other, its supply is conditioned by the dynamics of the footwear industry. The quantity and quality of hides and skins are also decisive factors.

In view of the above, the National Development Plan, in addition to other recommendations, places special emphasis on the promotion of medium-sized and small-scale industry and on

Guatemala (cont'd)

craft activities, especially in the footwear industry. For the smallest enterprises, as in the case of craft activities, it is recommended that co-operatives should be organized, with channels of supply which provide them with inputs in appropriate quantity and quality and at acceptable prices, as well as channels for the marketing of their finished products. The Plan aims at promoting the establishment of domestic enterprises for the production of intermediate inputs for the leather and footwear industry and the institution of appropriate transfer-of-technology machinery.

Metalworking and Engineering

The development of this branch has shown more dynamism than that of any other branch of industry. From 1967 to 1973, it grew at the high cumulative annual rate of 11.3 per cent and, between 1964 and 1975, generated the greatest growth in employment in manufacturing industry as a whole, with a cumulative annual rate of 12.93 per cent. In the craft sector, growth took place at a cumulative annual rate of 3.66 per cent. The development of metalworking and engineering was based on import-substitution in respect of intermediate and capital goods. This process was made possible largely by the dynamic role played by the Central American Common Market. The products in respect of which growth has exceeded the average (11.3 per cent) are: metal structures, wire and wire products, aluminium products, domestic and commercial appliances, agricultural and industrial machinery and transport equipment. Although it is recognized that the metalworking and engineering branch has undergone substantial growth, the National Development Plan has assigned it a high degree of priority, indicating the basic framework for its future development. As a result of this, the studies for the metalworking and engineering complex, comprising foundry and forging activities and the production of machine tools, tooling for agricultural machinery and hand tools, have already been initiated. This completes an investment in fixed and operating capital of approximately 5 million, and will generate an added value of 49 per cent.

Building materials

This branch should play a very important role in the development plan as a basic element in the reconstruction and boosting of the economy as a whole, and especially the industrial sector. Together with the paper and metalworking and engineering branches, it has also grown substantially. Its cumulative annual growth rate was 8.1 per cent between 1964 and 1975, and employment increased at one of the highest rates. Most of this growth was in craft activities, which account for 67.6 per cent of total employment in the branch. Domestic demand in respect of the main products concerned is met primarily through domestic production, with the exception

Guatemala (cont'd)

of a few products which are still being imported, e.g. glass. However, the negotiations for the establishment of a plant for the production of all types of flat glass products for all uses have nearly been completed. In this branch, the industries generating the greatest added value are those using domestic raw materials such as wood products, cement-making, quick lime and slaked lime, sand, gravel, crushed rock, "tayuyo" bricks, tubular bricks, roof tiles and cement-derived products such as blocks, cement bricks, tubes and piles of cement and sheet and tubes manufactured from asbestos cement.

In view of the differing degrees of development, concentration of capital, technology and generation of employment, the National Development Plan assigns high priority to this branch of activity and contains a number of recommendations for making maximum use of its installations and increasing its production.

GUYANA

The short-term economic strategy of the 1978-81 D-Plan focuses on the rapid increase of production for export which ensuring that the basic requirements of home consumption are met. Accordingly, the physical volume of imports will hardly show any growth over the plan period.

The shift to a high export performance will depend on an expansion in the exports of bauxite/alumina products, rice, timber, shrimp and other miscellaneous exports (mainly manufactures). The industrial sector plan, therefore, presupposes an expansion of exports in those sectors that utilize local raw materials given the foreign exchange limitation Guyana is now experiencing. It is difficult to project increases in export sales for the country's major products because of the difficulties in the external markets.

Much emphasis is being placed on a better utilization of natural resources. The Plan requires that an inventory of natural resources be taken with a view to examining the local possibilities for developing agro-industries, bauxite and other mineral-linked industries and forestry-based industries. Also, feasibility analyses are being conducted for the establishment of industries such as glass, cement, textiles etc. Finally, a programme to reduce the import content of production while broadening the output mix of the industrial sector is being actively pursued. It is hoped that this will assist in the rationalization of the existing industrial structure.

The Government of Guyana has pursued a policy of local State ownership of the dominant means of production. This strategy guarantees control over the major export products of sugar, rice and bauxite and permits the Government to

Guyana (cont'd)

change the structure of production-relations in a manner consistent with its socialist orientation.

See table below for a list of the major nationalised industries services.

NATIONALIZATION OF FOREIGN DOMINATED INDUSTRIES/SERVICES

<u>CORPORATIONS/COMPANIES</u>	<u>FORMER OWNERS</u>	<u>YEAR NATIONALIZED</u>
1. Guyana National Trading Corporation Limited	Sandbach Parker and Company Ltd.	1974
2. Guyana Wrefords Limited	Wrefords	1973
3. Guyana Gajraj Limited	R.B. Gajraj & Sons Limited	1970
4. i) Guyana Stores Limited		
ii) Guyana National Lithographic Company Limited.		
iii) Guyana National Pharmaceutical Corporation Limited	Bookers Bros.	1976
iv) Demerara Sugar Terminals Ltd.		
v) Guyana National Shipping Corporation		
5. Guyana Timbers Limited	Commonwealth Development Corporation	1972
6. Guyana International Telecommunications Corp.	Cable and Wireless	1977

Guyana (cont'd)

7.	Guyana National Engineering Corporation	Sproctons	1976
8.	The Guyana Oil Company	West Indies Oil Company	1976
9.	Guyana Sugar Corporation	Bookers Bros.	1976
10.	Guyana Mining Corporation	Alcan/Reynolds	1971

HONDURAS

Looking towards balanced development and co-ordination of the roles of the industrial and agricultural sectors, and aware that agriculture functions as a supplier of raw materials and that its growth is an important factor in reducing imports and increasing exports of natural and processed products, the State acts through the National Agrarian Institute. Its objective is to bring about the kind of agrarian reform that will lead to the establishment of a socially equitable system in the country's agricultural sector and ensure the effective participation of the farmer in the country's economic, social and cultural development.

During the period from January 1975 to September 1976 a total of 65,907 hectares were transferred to the reformed sector. This area, added to the 75,960 hectares allocated during the previous biennium under Decree No. 8, makes a total of 141,867 hectares of land so transferred during the nearly four years of implementation of the Agrarian Reform. It has been possible in this way to make land available to 44,700 rural families organized into more than 900 enterprises, mostly of a co-operative type.

In January 1975, following the promulgation of the new law, the programme to establish co-operative units was continued and an additional 19 groups were organized. During this period, nature wreaked havoc with the entire project. In September, hurricane Fifi wiped out nearly 100 per cent of the accomplishments both in the area of cultivation and in infrastructure facilities. It was thanks only to the consistent policy of social organization carried out during the preceding period that the project could be saved at all. Farmers from other parts of the country whose holdings had been damaged by the storm moved to the Lower Aguán area and joined the groups that had been organized there. By December 1975, one year after the hurricane, a total of 3,495 members were working together in the 78 existing co-operatives. It will be noted that this number already exceeds the plans of the original



Honduras (cont'd)

project, which aimed at the settlement of 3,000 rural families.

Despite the serious damage caused by hurricane Fifi, the project has gone forward steadily and its progress has in fact been so rapid that the first stage was completed in 1976 instead of 1977 as scheduled.

In 1976, a total of 8,000 tonnes of African palm were produced. The co-operative programme in 1975 grouped together 3,943 members in 65 co-operatives, and 13,155 hectares of land were recovered in that year. The figure in 1976 was 2,500 hectares. During the period 1975-1976 the following areas were placed under cultivation: 2,200 hectares of African palm, 2,060 hectares of citrus fruit, 16,484 hectares of maize, 827 hectares of rice and 3,000 hectares of beans. During this same period, 120 km of highway and 186 km of access roads were built, and the physical facilities required for offices, laboratories, workshops, etc., were erected.

The building of 13 school centres was begun in 1975. In 1975 an agreement on interinstitutional co-operation was signed between the National Institute of Housing and the National Agrarian Institute for the construction of 1,000 housing units for rural dwellers benefiting from the Agrarian Reform. During the period 1975-1976, foodstuffs worth 208,956.40 lempiras were distributed to 2,568 rural families.

In addition to the Aguán project, which is already benefiting nearly 4,000 families, other projects which will be carried out at a later date include: the Guasimas project, which will benefit 987 families; the San Manuel project, which will benefit 804 families; The La Masica project, which will benefit 603 families; the La Entrada project, which will benefit 136 families; the Monjaras-Buena Vista project, which will benefit 2,224 families; the San Bernardo project, which will benefit 600 families and the OLA project, which will benefit 740 families.

Considering that the availability of trained manpower - managers, administrators, technicians - is one of the most important factors in the development effort, and considering the need to train people for production, the educational system has been restructured through reform at the intermediate level.

Technical training has been promoted through the National Autonomous University of Honduras; vocational training institutes; decentralized institutions, (such as the institute for Professional Training (INPOP); Co-operative Centre for Industrial Technology (CCTI); National Centre for Training and Research of the Ministry of Finance (CENADIH);

Honduras (cont'd)

Co-ordinating Council For Development (CONCORDE); Training Programme for Agrarian Reform Co-operatives (PROCCARA); the labour confederations; Adult Literacy Programme (ALFALIT); Federation of Co-operative Savings and Credit Association of Honduras (FACACH), etc.

On the subject of the participation of women in the economic life of the country, it should be noted that while women accounted for 12.5 per cent of the work force in 1964 they represented 17.2 per cent in 1974. This increase is an indication of the extent of participation by women in such activities as community, personal and social services, domestic and foreign trade and manufacturing industry, etc.

The conditions of the labour market are such that jobs for women are available, but the employment of women is clearly influenced by questions of marital status and maternity, with the result that female workers tend to be concentrated in the 15 to 34 age bracket. The participation of women is concentrated in the commercial and services sector, where nearly 70 per cent of all women are employed.

INDIA

The natural resource endowment of the country is taken into account while formulating various projects/schemes under the Plan. Considerable emphasis is placed on the utilization of local raw materials and the processing of raw material to cater to export demand. In agro-based industries like sugar, cotton cloth, vegetable oils, export based industries like jute manufacture, tea, coffee and fishery products, forest based industries like paper and paper products etc., the availability of raw material over the long-run, as well as over the medium-term plan period are taken into account while deciding the production targets. With greater emphasis being placed on the development of small-scale and rural industries, it is envisaged that there would be considerable increase in the processing of local raw materials. In regard to mineral resources, the present knowledge of the potential and known reserves is admittedly inadequate and as mentioned in the Draft Five-Year Plan 1973-83, - "in fact, only 46 per cent of the total geographical area has been mapped by 1975. Further, the available estimates of mineral reserves are not only based on incomplete mapping, but where mapping has been completed, investigations have been preliminary in the case of many materials."

Taking these facts into consideration, the Planning Commission has from time to time stressed the need for proper assessment of the natural resources of the country, their judicious utilization, conservation of non-renewable resources and the regeneration of renewable resources. Certain policy measures envisaged in the Draft Five-Year Plan 1978-83 in this regard are given below:

India (cont'd)

Mineral Resources:

- Establishment of acceptable depletion rates;
- Integrated geological mapping of the whole country on a suitable scale;
- Adoption of trade, pricing and royalty policies to induce socially optimal rates of depletion;
- Imports of scarce materials to be maintained at significant levels in relation to requirements, so that the depletion of domestic reserves is slowed down;
- Evolving and intensification of R + D efforts, especially in regard to exploitation of low-grade and complex ores.

Renewable Resources:

- Particular attention would be devoted to the conservation, protection, regeneration and replantation of forest resources especially to avoid overexploitation of forest resources by industries;
- Policy to maximise the use of potential non-conventional raw materials for industrial uses (e.g. in paper industry) is being formulated;
- Consequent on the declaration of exclusive economic zone of 200 miles from the coast line, there is additional need for ensuring optimum utilization of marine resources. Intensive exploration and judicious exploitation of these resources would help to boost the export trade in shrimp and other high value fish and fish products.

INDONESIA

It is stated in the Industrial Development Concept prepared by the Department of Industry that development is undertaken on the basis of the utilization of national potentials and endowment factors such as natural resources, manpower, characteristic traditional or cultural heritage, strategic geographical location etc. Foreign aid or capital is regarded only to supplement national efforts. The utilization of these resources are regulated as such that a maximum benefit is obtained for the economy. Industries which conform to this condition will be developed. Industries in this category are:

- key industries and basic industries. These industries will process domestic raw materials for input to other industries (forward linkages) or for exports.
- import substitution industries.
- export substitution industries, substituting traditional export commodity with products of higher value added.
- home or handicraft industries.

### Indonesia (cont'd)

Numerous steps have been taken in support of this objective as direct investment by the Government, import protection, investment incentive, and reduction or exempt of export duties.

### IRAQ

First priority in the current 5-year plan as well as in the long-term plan is given to the development of those manufacturing industries depending on local natural resources which are by law effectively owned and controlled by the State.

Strict measures are taken to rationalize and make full use of the available natural resources specially those which are exhaustible such as crude oil, and associated natural gas, phosphate, sulphur, limestone, etc.

### IVORY COAST

The industrial policy laid down in the 1976-1980 Plan is based on the utilization of local raw materials and the local processing of these raw materials for export. Various measures are envisaged to that end, including the preparation of systematic statistics on raw materials, the programming and financing of research on the processing of primary products, and special assistance to industry.

With regard to energy - vital element in all economic growth - the aim of the policy laid down in the 1976-1980 Plan is to develop national energy resources with a view to reducing the country's external dependence and meeting its energy requirements at the lowest cost. Various major programmes are under way or planned: hydroelectric and thermal power plants, an intensification of the search for petroleum, and research on and development of new sources of energy (in particular, solar energy).

### JAMAICA

The Scientific Research Council was established in 1960 to uncover ways to effectively exploit the Nation's natural resources, and since then, the Council's R + D activities have uncovered a number of local materials which may be exploited.

Most of these results have not been fully developed, while most of those at an advanced stage of development have not been commercialised because of a closer linkage of the business sectors with foreign interests.

Recent economic distress has stimulated more interest in the activities of the Council especially in the areas of import substitution and projects to earn foreign exchange.

Jamaica (cont'd)

The Council is, however, devoid of sufficient support to conceive, develop, and export some of its activities while there is no agency to ensure that those results which can be commercialized are commercialised. Plans to tackle problems plaguing the S & T community, and to ensure a local infrastructure to maximise the use of indigenous resources, have been elaborated in the Nation's recent Five-Year Development Plan (1977-1982).

JORDAN

One main policy of the industrial and mining sector in the 1976-1980 Development Plan is to process local materials into finished products, whenever economically feasible. An example of this is the establishment of cement and potash industries. Also a policy has been adopted according to which processing of raw materials is encouraged instead of exporting them, like phosphate in the fertilizer industry and kaoline and feldspar, in the ceramic industry.

KENYA

Because of the need to be self-reliant, the Government is placing increasing emphasis on the efficient utilization of natural resources, as well as domestic processing of local raw materials. For instance, additional expansion of cement production is under way; there are plans to make caustic soda from soda ash; timber will now be exported as ready made furniture or structural wooden members; finished leather rather than raw hide will now be exported; the extraction of pharmaceutical products from medicine plants or herbs; insecticides are to be extracted from pyrethrum; and furfural from maize cobs. All these reflect Kenya's effort at making full use of her natural resources to the benefit of her people.

To facilitate and accelerate industrialization, Kenya is undertaking increased development of energy - and essential input for industrial development. For example, Tana River Power Project at Gitaru, Geothermal Units in the Rift Valley, Bio-gas and recycling of agricultural and forest waste to generate power, are all under way.

KUWAIT

Oil and gas are the main natural resources of the economy of Kuwait. The oil and natural gas reserves of Kuwait are substantial and according to 1976 statistics Kuwait is the third largest oil producer in the Middle East and the Sixth in the World.

As such the industrial development of Kuwait is geared to utilize the abundant oil and gas resources and

Kuwait (cont'd)

hence most of the established large-scale industries are heavily based on petroleum. These industries include oil refining, petrochemical industries and recently a liquid petroleum gas plant has been established (inaugurated in February 1979).

The objectives of the development programmes are to expand industrialization of the petroleum wealth in order to achieve diversification of the sources of income, a balanced and a complementary growth of the sector, preparation and promotion of the necessary local capabilities for the management of the petroleum industry, and the integration of the petroleum sector in the national economy.

LESOTHO

Although it is the policy of the Government to achieve maximum self-reliance, resources are limited and only partially surveyed. Minerals and water resources are currently under study. The harnessing of water for electric power generation would be a major advance reducing dependence on the supply of power from South Africa.

LIBYAN ARAB JAMAHIRIYA

Utilization and processing of local raw materials is one of the essential targets in the Jamhiriya's long-term industrialization strategy. Intensive surveying and mapping of the country's territory is under way. Geological investigation for other minerals is a continuous growing activity of the country.

Exploration activities for new oil and non-oil mineral resources are integral part of the current and prospective industrial and mining investment. Beside building raw materials processing into cement, lime, building blocks (the so-called Gargaresh bricks), tools, pottery, a large-scale programme of the Wadi Shatti iron ore deposit utilization (for the processing into iron on the Libyan soils and perhaps, for export in the future) is prepared. Programme of brine utilization has led to construction of Chemical Complex at Zuara and preparation of a feasibility study for magnesium and potassium industries processing brine deposit at Murada. Beside crude oil lifting and refining, utilization of natural gas has led to the development of large centre of petro-chemical industry Marsa Brega (liquefeed natural gas, ammonia, urea).

MADAGASCAR

The Investment Code encourages the utilization of local raw materials. The Plan also provides for an expansion of the industries processing these materials, wherever possible,

Madagascar (cont'd)

in the regions of production.

Maximum processing of these materials is to be achieved before they are exported.

Lastly, import of raw materials for local industry is justified only where most of the finished products are exported (application of the system of temporary admission of imported materials).

MALAWI

So far the industries established in Malawi have been mainly based on the concept of utilization of local raw materials and the substitution of imports. A majority of the industries are in the tea, tobacco, and cotton processing, production of textiles, production of sugar, furniture and timber sawing, rice milling while a paper and pulp mill project is being planned. However, an attempt has been made to look for other raw materials i.e. mineral resources. To this end, studies are under way to establish the feasibility of exploiting the local deposits of bauxite and coal and also the production of glass containers from sand, the production of calcium carbide from limestone, the production of ceramic products such as pottery, urinals and other products such as cement, fertilizer, and ceramic ware.

The Government encourages the manufacturing sector to use as much locally based raw materials as possible. No industrial activities have been allowed based on the use of imported materials when they are locally available, i.e. importation of raw materials is allowed only when it is ascertained that the input is not available locally.

MALAYSIA

Being a traditional agricultural-oriented economy Malaysia is now diversifying into industry. The industrialization strategy during the Third Malaysia Plan will be geared to meet the New Economic Policy objectives of eradicating poverty and restructuring society in the context of an expanding economy.

To promote the growth and diversification of the manufacturing industry, Malaysia provides a variety of fiscal incentives and tax incentives, with special emphasis on the need to encourage the growth of labour intensive, resource/agro based and export - oriented industries as well as their dispersal to the less developed states in the country.

In the promotion of industrial development, priority is given to raw material-based industries including rubber, wood and palm oil.

Malaysia (cont'd)

Malaysia consumes about ~~7%~~ of the total rubber production. The major consumers of NR globally are the manufacturers of tyres, footwear, latex foam and retread compound. While rubber processing accounts for a substantial share in the manufacturing sector, the manufacture of rubber products is still a relatively minor activity. The Government has set up a Rubber Technology Centre to assist existing and potential manufacturers of rubber products in the country as far as technical aspects of rubber usage are concerned.

A list of "priority products" has been approved by the Government. The list includes rubberized fabrics, conveyor belts, transmission belts, V-type belts, rubber insulated and braided cables, swimming accessories of rubber, sporting goods of rubber, dipped rubber products, inflatable rubber products, tyres - all types, rubber shoes and boots, rubber masterbatch, tubing/hoses, oot sheets, rubber mats and other moulded rubber products, rubber floor tiles, medical and surgical rubber products.

Being the world's largest exporter of tropical hardwood Malaysia is naturally keen to encourage the setting up of wood-based industries. Wood is a versatile industrial raw material which can be used to manufacture a large number of products ranging from toothpicks and toys to building raw materials and boats. However the major portion of Malaysia's export of timber products is made up of sawn timber, veneer and plywood. There is therefore a wide scope for the production of all kind of wood products from tropical hardwood available in Malaysia.

A recent development in the Malaysian timber industry is the establishment of integrated timber complexes in order to obtain the maximum utilization of timber resources with a minimum wastage. Products manufactured in such complexes range from sawn timber and plywood to moulding and pre-fabricated houses. Several integrated timber complexes are now in operation.

Malaysia is rapidly expending her palm oil production and it is projected that production will amount to about 2.5 million tons in 1980 and over 5 million tons in 1990. Traditionally, Malaysian palm oil has been exported in the form of crude palm oil. Since 1972 increasing quantities of semi-processed palm oil (mainly neutralized and limited quantities of fully refined oil) and fractionated palm oil have been exported. A number of factories have been set up producing refined palm oil, olein and stearine and manufacturing products based on palm oil such as cooking oil, Vanaspati, margarine, soap and other products. It is felt that there are already enough factories for the time being doing the processing of palm oil and any future expansion of capacity or establishment of new factories would be directed towards the



Malaysia (cont'd)

higher stages of processing and manufacturing of end products.

MALI

The priority industrial sectors are concerned with the further processing of agricultural and mining products. Industrialization is continuing in this direction. The breakdown of projects submitted by CEPI to the Investors' Forum at Dakar in 1978 is as follows: twelve projects relating to agricultural resources, three projects relating to mining resources, out of 16 proposed.

MALTA

In designing the planning framework, attention was given to the following related considerations: making optimum use of manpower, which is Malta's most valuable asset; utilizing to the full materials available locally; and making full use of existing plant and equipment, and ensuring that new investment is made economically and judiciously.

The Plan seeks to accelerate Malta's industrialization process at all levels by the development, improvement and strengthening of the Island's crucial industrial sector. However, in its efforts to expand economic activity in Malta to the full, the Government has not restricted itself solely to this sector: it has also explored new ideas and free possibilities. These new ideas are mainly based on the potential benefits and advantages which can be derived from a fuller exploitation of Malta's geo-strategic position in the centre of the Mediterranean region. Thus Malta's new strategy will as well seek to turn Malta into a major centre where raw materials or semi-processed goods from distant countries in South America and Asia may be processed and distributed to other countries in Europe and North Africa. In this new partnership with other developing countries from other continents, Malta will provide the required infra-structural services and facilities and will serve as an outlet for the distribution of products and/or raw materials from far-away countries on a more competitive basis than if these processes are carried on elsewhere.

MAURITANIA

The processing of existing resources (iron ore, etc.) will make available a number of products (pig iron, steel, etc.) for appropriate development. So far, the greatest development has been attained in the processing of iron ore, which is the most interesting export. Various other processing industries make use of a number of local raw materials. In the rural sector that presupposes the introduction of industrial crops, the adoption by the population of a semi-sedentary existence and modification of the commercial networks.

Mauritania (cont'd)

On the subject of natural resources, it will be recalled that the deposits thus far confirmed constitute sizable reserves capable of providing the basis for many processing activities. Geological prospecting for petroleum, iron ore, copper, tungsten, uranium and phosphates is in hand. A study is being prepared on an iron-ore pelletization project, which will represent the first step towards the establishment of a national iron and steel industry. In addition, a new fisheries policy specifically aimed at the local processing of marine products and the transfer of this sector to Mauritanian nationals is now being formulated.

MAURITIUS

Mauritius lacks natural resources and almost all of its industries especially in the Export Processing Zone use raw materials which are imported from other countries. Studies are in process to identify the proposals of establishing agro-based industries using the products, by-products and waste materials of sugar industry like bagasse for the production of newsprint, citric acid, lactic acid, furfurool, ethyl alcohol, molasses etc.

MONGOLIA

The contribution of industry in Mongolia to the effective utilization of the various raw material resources is steadily growing. Owing to the branch structure of industry, certain specific patterns in the utilization of natural resources are developing. Serious attention is currently being devoted to the fuller industrial processing of agricultural produce and the output of economic minerals. The mining and coal industries are being intensively developed. In this connexion, prospecting and exploratory work is being intensified, mainly with a view to increasing the resources of various kinds of non-ferrous metal and coal. Thanks to geological surveying work and the mapping of individual districts and regions of the country, a significantly larger proportion of the country's territory will be surveyed from a geological point of view. Furthermore, work will be carried out on the further exploitation of deposits of building-stone, precious and semi-precious stones and other minerals. Implementation of the above measures will produce the basic supply of minerals and raw materials necessary for the creation of new industrial centres and conurbations which will ensure the establishment of territorial manufacturing complexes and a better regional distribution of the country's productive forces.

### MOROCCO

On the whole, investment opportunities are studied in the light of processing a local raw material; import substitution, or export markets.

In this connexion, some of the main industrial projects thus far implemented relate to sugar mills for the processing of local sugar-bearing plants; plants for the production of superphosphate and phosphoric acid from phosphates; textile and leather processing complexes which make it possible to utilize the potential in cotton, wool and hides; canneries for animal and vegetable products, lead smelters; building materials, etc. It can be said that the processing of local resources has always been a permanent objective of industrialization.

### NIGER

The three-year programme for 1976-1978 is intended to promote the development of industries processing agricultural, animal and mineral resources.

Long-term development prospects for the industrial sector will be defined in greater detail in the next Five-Year Plan (1979-1983), which will specify measures relating to an increased degree of processing of local raw materials - first those which will meet domestic demand and then those whose utilization is clearly profitable - and to the use of natural resources.

### NIGERIA

Over 58% of the industrial projects in the current plan were supposed to depend on utilization of domestic raw materials, but the present financial constraint which has affected the rate of development of the River Basins, local plantations, etc. may constitute a serious obstacle to realization of this objective. However, some major industrial projects will still depend largely on local raw materials. For example, the petroleum refineries, petrochemical projects, the LNG plants, the Ajaokuta steel plant, the cement projects and the pulp and paper projects will depend largely on local raw materials.

Domestic processing of locally produced raw materials for export purposes has been a main feature of Nigeria's economy for a long time. For instance, cocoa, rubber, palm produce, cotton, groundnuts and other vegetable oils have always been processed for export. The new phenomenon is that most of these commodities have virtually disappeared from the export list because most of what is now processed is consumed in local industries. However, cocoa is still being further processed for export purposes.

Nigeria (cont'd)

Measures taken in respect of utilization of natural resources include conduct of research into uses of local raw materials, exploration for discovery of new minerals, appraisal work to determine the quantity of existing minerals, establishment of National Mineral and Metallurgical Laboratories to determine the quality of minerals and surveys to determine the availability of underground water resources especially in the arid northern zones of the country where the effects of drought constitute a threat to development.

OMAN

The industrial sector plan accords high priority to the utilization and domestic processing of local raw-materials including further processing of raw materials of export interest.

The investigation into the feasibility of setting up a refinery to process local crude oil, the utilization of natural gas, the implementation of a 1 million tonne per annum cement plant, based on 40% export of cement production, the copper smelter of a capacity of 20,000 tonnes per annum of fire-refined copper and subsequently copper products for export, the processing of dates, partly for export, the investigation into the feasibility of setting up units for manufacturing glass and glass products, marble and marble products, ceramic products, partly for export, the investigation into the possible uses of concentrated brine discharged by the Desalination Plant and into the feasibility of setting up units to produce quick lime, slaked lime and lime-based industries, secondary products of cement such as pre-cast concrete blocks, autoclaved light concrete bricks and blocks, sand and lime bricks, dolomite plasters and the feasibility of developing industries and industrial activities catering to the development of fisheries, these are some of the steps being taken or contemplated to utilize the natural resources of the country.

PAKISTAN

The Industrial potential in Pakistan is at present considerably restricted by the lack of substantial minerals and natural resources such as crude oil, iron ore, forest and other minerals. These are raw materials that provides the base for heavy metals, engineering, chemicals and other industries and which in turn support the growth of a large number of medium and small consumer goods industries. In absence of the adequate natural resources, Pakistan therefore has to rely mainly on two of its major natural resources, namely agricultural produce and the labour force to provide the base for strong industrial growth in the near future. It is not so much the present size of the agriculture produce which of great importance for further industrial development as indeed for the economy as a whole, it is the potential for growth in agriculture which holds the greatest promise.

Pakistan (cont'd)

If the present low productivity in agricultural sector could be increased through the use of better technology and improving the irrigational facilities available, growth in this sector could produce a great abundance of raw material for such processing industries as rice-milling, sugar, cotton, textiles, cigarettes, woollen and leather goods and industries based on agricultural waste products. Not only could these industries meet the growth indigenous requirements fully but could also leave large exportable surpluses as well. On the other hand development of agriculture would give the necessary impetus for the growth of certain major industries which provide essential inputs for agriculture, such as fertilizer, pesticides, agricultural implements including tractors, electrical equipment etc.. At the same time the generation of income in the farm sector would provide growing markets for a large number of consumer goods industries, wheat, tobacco, rice, leather, wool, etc., also create products that are, and would be for some time to come, the major foreign exchange earners for the country.

In the past, the urgency and need for the accelerating exploration and development of natural resources was recognized but the physical production targets for a number of minerals, energy and fuel resources remained unfulfilled. Production targets and a definite development policy for the exploration of natural resources has been strengthened. The best example of successful exploitation of natural resources is the production of natural gas in the country. The consumption of natural gas in 1977-78 is estimated as 181 billion cubic ft. The demand forecast envisages an average growth of 11.5 per cent per annum, which would raise the total gas consumption to 312 billion cubic ft by 1982-83. Use of gas for fertiliser production would increase by 22% per annum where as for power, the increase would be 6 per cent per annum. The consumption for domestic use would be nearly doubled. The demand forecast for cement industry also shows a high rate of consumption.

As regards the development of indigenous oil resources, the focus of public sector investment will be on development of discovered fields. The Government intends to maintain exploration activities also at a high level. The existing policies and regulations for the foreign oil companies which have encouraged flow of foreign capital would be continued. In the Fifth Plan highest priority will be given to quick development of proven or nearly discovered oil fields. The production of indigenous crude oil from discovered fields is expected to go up from 0.49 million ton in 1977-78 to 1.7 million tons in 1982-83.

Gypsum and lime stone are a convenient and cheap supply of raw material for the cement plants, chemicals industries. Since substantial investments are envisaged in the development of relevant industries during the Fifth Plan, it is expected to that the production of gypsum and lime stone would grow more rapidly.

## PANAMA

Work is proceeding on the initial phase of carrying out a feasibility study on the exploitation of a 30,000-hectare area of woodland for the production of sawn wood and particle board. It is estimated that the project will require an investment of 40 million balboas to be financed in the form of an association between the Panamanian Government and a number of Canadian companies. (State Forestry Enterprise (EFONSA)).

Two projects designed to meet a number of the electrification objectives of the National Development Plan are the La Estrella-Los Valles Project, which is to start up in early 1980 with a capacity of 90 MW, and the Fortuna Project, for the beginning of 1983, which will cost 260 million balboas and will have a capacity of 255 MW. The Teribe Hydroelectric Power Station (1983-1987), with a capacity of 250 MW, will ensure the supply of power for the Cerro Colorado mining project.

The estimated implementation period for the Cerro Colorado mining project, costing 1,500 million balboas, is 1979-1983. It will turn out 27 million tonnes of ore a year, making possible the annual production of 187,000 tonnes of blister copper. A phosphoric acid plant with an annual production capacity of 494,690 tonnes will also be constructed. The principal areas of activity are mining, concentration plant operations, foundry operations, water supply, port operations, electric power and road-building.

A fisheries project, financed through BDA-IDB with IDB technical assistance at an estimated cost of 8 million balboas, designed to develop coastal fishing through fishermen's co-operatives. Implementation period : 1974-1979 (final phase). Benefits : increase in production to approximately 5,000 tonnes of fish on completion of the project. During the fifth year of operation the marketing and distribution system will be improved, leading to a greater supply of fresh fish. Fisheries credit project (12.6 million balboas) for the period 1977-1981 : the purpose of this project is to provide financial assistance to private enterprise for the partial modernization of the fishing fleet belonging to the fish meal industry, to improve the efficiency of the shrimping fleet, and to relocate the shrimp-processing industry to the new fishing port under construction at Punta Vacamonte near Panama City. The Vacamonte Fisheries Project, costing 48 million balboas and receiving financial assistance from the World Bank, will enable Panama to exploit its great marine resources more effectively and offer all the services required by international fishing vessels. Operations are expected to begin in 1979.

Bayano State cement works : this plant will export cement.

Agricultural credit programme (bananas, coffee, cocoa, oil palms) - cost 29 million balboas; implementation period : 1975-1982.

Panama (cont'd)

Loans to be granted for planting of 1,000 hectares of bananas in Bard; administration through COBAPA; restoration of 1,300 hectares of coffee plantations in the central provinces; restoration of existing cocoa plantations and new plantings (2,500 hectares) in the Bocas del Toro region; planting of 3,000 hectares of oil palms. The National Bank will administer the oil palm and banana projects, and BDA the coffee and cocoa projects. The Ministry of Agricultural Development will provide the necessary technical assistance for all projects under this programme.

PAPUA NEW GUINEA

Papua New Guinea is a resource rich country and consequently the greatest potentials for secondary industry lie in the field of processing raw materials. To date the linkages between primary and secondary industry have not been strong. The Government wishes to improve these linkages and integrated primary and secondary industry developments are encouraged where viable.

However, the developmental emphasis of the Government is towards rural development and the improvement of the quality of life and standard of living of the village dwellers. The acceptability of major natural resource-based projects is largely determined by the Government revenue which they generate and can thereby be utilized for rural development. Most other aspects of such developments are seen to be disadvantageous to the country in terms of social disruption, pollution, etc.

The Government's policy is to maximize exploration and development activities in the long run under conditions that will yield maximum revenue and minimum risk to the country. In practical terms the Government aims to negotiate for flexible profit's taxation rather than equity.

With reference to the fishing and forestry resources the Government does attempt to stimulate further processing through the taxation of exports of primary products.

PARAGUAY

The economic policy measures which are in effect, together with the recommendations contained in the development plans, are aimed at imparting a higher value added to, or bringing about further processing of, the products exported. For the most part, the measures taken in respect of the management and utilization of natural resources are based on the following legislation: the forestry law, legal provisions governing prospecting and exploration for petroleum and other hydrocarbons and their exploitation; the mining law, and other, less important laws.

## PERU

The Plan for the Industrial Sector provides for industrial development based on the greater and gradually increasing use of natural resources which, in the case of Peru, mainly concerns mineral, forest and water resources.

As regards mineral resources, Peru's mining activities are well known, and the Government is assigning priority to new metallurgical projects which, once in production, will gradually make it possible to implement certain more advanced industrialization programmes, especially in the metalworking and engineering branches.

Concerning the second field, the exploitation of forest resources, these resources are looked upon as an important factor within the future Peruvian plan of action known as the plan for conquering the East. This plan will make it possible to engage in manufacturing activities with the aim of meeting the growing domestic demand and aggressively entering the export market with surplus products having undergone a higher degree of processing.

One of the decisive factors for achieving greater industrial development relates to energy supply. In order to make new industrial projects effective, this supply must be timely, abundant and cheap. Considering the world-wide problems relating to the use of oil as a source of energy, the water power resources located in the Peruvian territory acquire special importance in the Government's plans. In this connexion, actions are directed towards better utilization of sources of water power for hydroelectric power stations to help bring about on-going and self-sustaining industrial development.

In 1974, Peru set up the National Office for the Evaluation of Natural Resources (ONERN) as an organ linked with the Office of the President of the Republic, under the supervision of the Prime Minister, to carry out comprehensive studies on the country's natural resources with a view to its economic and social development; to co-operate with the National Planning Institute in the formulation of the policy governing use and conservation of these resources; and to study, at the national level, the interdependence between the natural environment and man, proposing alternatives for action which make its preservation feasible.



## REPUBLIC OF KOREA

The following measures will be taken to insure a stable supply of natural resources :

- Domestic resources must be exploited as long as production costs are competitive with import prices.
- Long-term guarantees for resource imports should be secured by expanding overseas economic co-operation and by promoting overseas investments in resource development.
- Resources should be used economically and efficiently in order to minimize unnecessary resource consumption.

In an effort to explore and exploit domestic natural resources, a comprehensive series of geological surveys will be made during the Plan period. The survey activities will include a map survey of 15,300 square kilometers, a coal-deposit survey for an area of 750 square kilometers, general mineral deposit surveys for an area of 3,640 square kilometers, and undersea mineral deposit surveys for an area of 234,172 square kilometers. 639 kilometers of drilling and 370 kilometers of tunnel excavation will be carried out to locate and develop iron, copper, lead, and zinc deposits. Policy tasks include the consolidation and adjustment of mining zones and the modernization of mining facilities. In addition, a financial support system for mine shaft construction will be established to encourage deep mining.

- A capital fund of 40 billion won will be paid to the Korea Mining Corporation. Incentives for mining will be increased through expansion of tax incentive systems, including a special depreciation allowance and mine-exploration reserve funds, and by means of a gradual increase in general funds for mining development.
- An extensive exploration survey for uranium deposits will be carried out to support the gradual development of atomic fuel production and tungsten mines will be developed to increase tungsten production.
- Expansion of refining facilities for lead and zinc and of processing plants for non-ferrous metals will increase the value added of such domestically-produced minerals.

Targets of the Fourth Plan meant to ensure an adequate inventory of imported materials and long-term import price stability call for various policy measures :

- The Plan seeks economic and technical cooperation with resource-producing countries. Various purchase methods including direct importation, joint ventures, barter trade, and futures market transactions, will be developed in order to safeguard the medium and long-term supply of overseas resources.

Republic of Korea (cont'd)

- Overseas development will be actively promoted for such materials as iron ore, coal, and forest resources.

Development of resource-saving industries, expansion of stock-piling facilities, and recycling of waste materials will support an efficient and economical utilization of resources. The following measures are called for :

- In addition to the promotion of resource-saving industries, domestic resources will be fully exploited, and storage facilities for crude oil and other imported materials will be expanded to allow an optimum level of reserves.
- A suitable pricing structure and sound patterns of consumption will ensure efficient resource allocation. Waste recycling technology will also be developed.

ROMANIA

Since Romania takes the position that its own effort constitutes the decisive factor in realizing the objectives of accelerated economic development, it is devoting special attention to the maximum mobilization and more sophisticated processing of its own resources, including natural resources. In this connexion, measures have been taken with a view to intensifying activity relating to the prospecting and identification of new raw materials and energy resources while continuing to process and utilize them in order to make it possible to meet the requirements of the economy to a larger degree through the use of the country's own resources.

At the same time, measures are being undertaken to increase production of the agricultural (both plant and animal) and forestry raw materials required by industry. Special attention is being devoted to the rational use of energy resources.

Furthermore, in the industrialization process, efforts are being made to ensure that certain manufacturing industries which are large consumers of energy or raw materials are located close to the relevant natural resources. Nearly 100 projects of this type will be executed in the current five-year period, including thermal electric power plants using lignite and bituminous schist as fuels, enterprises for the processing of copper concentrates, complexes for the chemical processing of methane gas and food industry plants (sugar mills and fruit and vegetable canneries), which will be located in areas that are rich in agricultural raw materials.

### RWANDA

The Rwandese Government attaches particular importance to the further processing and utilization of natural resources and has established a Ministry of Mines and Natural Resources to put this policy into effect.

Moreover, the utilization of natural resources is one of the major criteria taken into account by planning experts in drawing up an order of priorities for projects for which investment is planned.

### SAUDI ARABIA

In formulating industrial plans and strategies, special characteristics of Saudi Arabia have been duly taken into consideration. The industrial sector plan is, therefore, closely related to the utilization and domestic processing of local raw material available, namely, natural oil and gas. The rationale behind our hydro-carbon based industries is, consequently, to fully utilize the abundant reserves of petroleum and gas as feedstock and energy. The total investment for this sector is as much as \$ 16 billion. Beside this, a large amount of capital has been allocated for the development of infrastructural facilities. In addition to the establishment of cross-country pipelines for the distribution of crudes and gas, refineries and gas gathering systems, hydro-carbon-based industries in process include petrochemical complexes, fertilizer plants, an aluminum smelter and a steel plant. Alongwith these basic industries a network of secondary and support industries are planned.

Apart from the natural resources of oil and gas, the development of the minerals sector, during the period 1975-80, was planned largely to increase the commercial potential of the Kingdom's metallic and non-metallic resources. While the mineral exploration will be extended in future, two of the special geological studies planned relate to uranium prospects and to the availability of water for a mineral industry. The Mining Code and other regulations and various incentives will be reviewed in the light of international practices to encourage private enterprise in the field of mineral exploration.

### SIERRA LEONE

Sierra Leone is known for its deposits of diamonds. DIMINCO (a joint enterprise in which the Government of Sierra Leone has 51% share) holds mining concessions over two rich deposits. Despite Government's 51% share the company is being managed and run by the foreign partners. DIMINCO was persuaded to establish a plant for diamond cutting and polishing. For this purpose another company was formed in which DIMINCO an American diamond merchant Templesman and the Government of Sierra Leone acquired the equity. A small-sized gem cutting and polishing unit based on antiquated technology was established and is now being run by Templesman and Son. It looks surprising but this is a reality that the diamonds cut and polished in this unit are not those mined in Sierra Leone. This is so because the diamonds produced by DIMINCO are sold in bulk in London through a central sales agency of diamond miners in West Africa. As a consequence this small-sized unit imports its requirements from London and thus the purpose for which this unit was established was not fulfilled.

This explains the situation in which developing countries are placed in relation to the industrial utilization of their own mineral resources, Sierra Leone has also iron deposits. DELCO another foreign enterprise had been mining and exporting iron ore from Sierra Leone for over three decades to feed its steel plants. This enterprise never came forward with a proposal for the industrial utilization of iron ore in Sierra Leone. Sierra Leone is also rich in bauxite deposits over which a Swiss enterprise Alluswiss holds mining concessions. This company has presented a proposal for establishing an alumina plant based on Fort Lake deposits, but the proposal has yet to take a concrete shape.

Sierra Leone has the largest deposits of rutile in the world. These have also been leased to foreign enterprises. It is still premature to say whether industrial utilization of this mineral will be possible in the near future.

It is apparent that both mineral and agro-based industries are capital-intensive and funds required for their establishment are mostly beyond the reach of any developing country. Foreign investors are interested in the exploitation of natural resources to feed industry in the industrialized world and rarely interested in the establishment of industries in the developing countries based on their natural endowments. Sierra Leone has offered generous incentives like tax holiday, exemptions from import duty on plant and machinery, as well as materials. Sierra Leone further permits the employment of expatriate personnel on a generous basis. In the case of joint ventures, although the Government holds 51% equity in all the big industrial projects of the country, the management is entrusted to the foreign investors and the Government does not interfere in the management. the Government has further guaranteed repatriation

Sierra Leone (cont'd)

of capital and profits earned on that capital free from any limitation. Despite all these facilities and incentives, Sierra Leone has not received any encouraging response in respect of resource-based industries. The same may be the situation in other developing countries. Sierra Leone further permits the employment of expatriates on a generous basis.

The following resource based projects have already been identified. In some cases feasibility studies have been carried out. But the progress is held up due to lack of response from foreign investors.

- (i) Alumina Plant
- (ii) Veneer/Plywood Factory
- (iii) Paper Mill
- (iv) Sugar Mill
- (v) Edible Oil Refinery
- (vi) Textile Mill
- (vii) Glass Factory (for producing bottles)
- (viii) Fish Canning.

Excepting Textile and Glass all these projects are export oriented.

Measures taken for the utilization of natural resources are as follows :

- Diamond and Bauxite are being mined and exported
- Iron ore was being exported till 1975 when DELCO decided to give up the operations due to exhaustion of easily accessible ore deposits.  
However, some new deposits have also been found.
- Exploitation of rutile is likely to start in the near future.

As regards agricultural resources, the Government of Sierra Leone has established the following autonomous agencies to facilitate the industrial utilization of the available resources : Forest Industries Corporation, Sierra Leone Produce Marketing Board (crops on its schedule include: palm and palm kernel, coffee and cocoa), Rice Corporation. All the three organisations have established factories for primary processing in their respective fields but further processing requires both capital and expertise for the acquisition of which endeavours are continuing.

SINGAPORE

Apart from manpower, Singapore has little other natural resources. Questions under this section are therefore not applicable.

## SOMALIA

Somalia has been following an industrial policy aimed at the development of industries primarily based on its own resources. As a consequence, fish, meat and milk factories, tanneries and shoe plants, fruit processing plant, cement factory, oil mill, maize mills, sugar mills, etc. have emerged or are in the process of being established. Somalia plans to follow a similar policy. The draft plan proposed for 1979-81 includes new resource based projects like solar salt, gypsum plant, new vegetable oil mills, glass factory and a plant for producing sanitary and table wares. Other resource based plants under consideration are: lime and gas concrete blocks, animal feed, milk processing, fish meal and fish oil etc.

Somalia has yet to enter into the field of perspective planning. There is no doubt that long-term plans for developing water, power and land resources have been prepared. It is, after the financing of such projects is ensured that agricultural development plans would emerge. Agro-based industries cannot be planned unless the availability of materials is ensured.

As such, unless uncertainties in particularly in the matter of financing of resource development projects are resolved, neither long-term projections of agricultural produce, nor of industrial development based on these projections can be conceived.

The resource development projects, the financing of which is assured accomplished include :

- a) Fancle Barrage on the Jubba river likely to be financed by the People's Republic of China,
- b) Balad Irrigation Project being financed by the People's Republic of Korea,
- c) Live stock Development Projects aimed at the establishment of ranches, fodder farms, etc. financed by IBRD,
- d) Range Development Project in the northern regions of Somalia being financed from Kuwait Fund,
- e) Nomad settlement Project financed jointly by Kuwait Fund and IBRD.

The implimentation of these projects will considerably improve industrial prospects of Somalia.

Somalia has 2800 Km long coast-line and is rich in marine resources. FAO is providing assistance to develop this resource. A plant has been established at Mogadiscio with the collaboration of Swedish firm Pento Volva for the production of glass fiber boats. To exploit the marine resource huge investment is needed on the creation and

Somalia (cont'd)

development of infrastructural facilities like fish harbours, cold storages and Fish Catching equipment. It is apparent that these developments will take place gradually. However, FAO has recommended a major industrial project for producing fish meal and fish oil. The financing of this project could lead to a break through in this field.

As regards mineral resources, preliminary geological surveys are under way. The Ministry of Mining has still to assess the quantum of deposits of the minerals already identified and to undertake chemical and physical tests to evaluate their industrial utilization.

Despite the situation explained, industrial projects have been developed on the basis of the known resources and the potential available. These include projects for producing solar salt, milk processing, animal feed, edible oil, banana fiber, particle board, tanneries, shoe factories, calcination of gypsum and limestone for industrial utilization, glass production, sanitary and table ware production etc. In addition sectoral and subsectoral studies have been carried out to determine prospects for several other industries.

SRI LANKA

Development of industries based on local raw material have been emphasised in the 5-Year Mid-Term plan 1979-1983. Besides, steel, chemicals and petrochemicals industries have been identified for investment during this period. In the Mid-Term plan 1979-83 these sectors have been identified as priority sector. Manpower training, improvement of credit facilities have been harnessed for industrial development.

SUDAN

Prior to the current six-year plan (1977/78 - 1982/83), the question of processing natural resources was treated in a rather broad manner. The successive industrial investment acts consider the processing of local raw materials as one of the conditions for providing concessions and incentives to local industry.

The current six-year plan of economic and social development is based primarily on the proposition that any meaningful development of the Sudanese Economy in the near future, should evolve round the processing of natural resources. The bulk of the investment funds for the industrial sector in the plan, were attached to the textile, sugar and oil seeds industries. Industries closely related to the agriculture such as agricultural machinery are to be established.

Sudan (cont'd)

The Arab Authority for Agricultural Investment and Development - a Pan Arab organization - is taking active interest in developing the vast agricultural potential of the country. The Authority's activities include economic and social infrastructure, as well as the provision of extension services, establishment of factories and production units for local consumption and export markets.

SWAZILAND

Swaziland in her development plan clearly states that she intends processing all local raw materials from beginning to finishing for local consumption as well as for export. She also intends processing semi-raw materials for the same purpose.

A principal aim of the Government since Independence has accordingly been to create the institutions and instruments necessary for the more effective guidance and control of the economy. Considerable progress has already been made in this regard, and further steps are envisaged over the Plan period.

In the field of natural resources, two important actions were recently taken to establish more effective control over their use. The enacted 1972 Land Speculation Control Bill and the Control of Tree Planting Bill are still in force today. Introduction of the Land Speculation Control Act was necessitated by the fact that large areas of land in Swaziland are owned by foreign, absentee landowners and are underutilized. Under the Act, transfers of land to non-citizens became subject to the approval of a Land Control Board. In deciding whether to grant consent to a transfer, it is the duty of the Board to consider whether the transaction is desirable for the development of the land. The Control of Tree Planting Act was introduced to prevent indiscriminate afforestation on land which could be more advantageously used for other agricultural purposes. The Act empowers the Government to subject tree-planting to licensing in areas designated as having alternative uses. Over the coming years, the exercise of the regulatory powers created by these two acts will enable the Government to bring about a more efficient use of land resources.

Powers over the exploitation of mineral resources are vested by the Constitution in the Swazi Nation, and the use of these resources is therefore adequately safeguarded. However, mining legislation has not been reviewed for many years and is, in some respects, outdated. A revision of mining legislation will soon be presented to Parliament.

Since Independence, national influence over the domestic economy has also been progressively strengthened through the expansion of direct public participation of the



Swaziland (cont'd)

the Central Government or the Swazi Nation in commerce, industry and mining. The Swazi Nation has participated for some time as a minority shareholder in certain major enterprises, including the wood pulp and iron ore industries; and a substantial minority shareholding in the asbestos mining enterprise has also recently been negotiated. Through the National Industrial Development Cooperation, the Government has acquired a 50 per cent interest in the major private wholesale company in Swaziland; and it also has minority interests in several other commercial and manufacturing enterprises. This policy of seeking participation in major enterprises, without impairing their commercial viability, will be continued. The policy seeks to establish a more balanced relationship between foreign and domestic ownership and control of modern enterprises through the creation of a mutually advantageous working partnership with foreign capital.

SYRIAN ARAB REPUBLIC

The Fourth Five-Year Plan (1976-1980) envisaged processing of domestic raw materials to meet the local market's needs for manufactures and to export the remainder in the processed form. The following are targets set in the Plan for the most important industries relying on local resources :

- Spinning of about 75% of the local ginned cotton output, as compared to 26% during the Third Plan (1971-1975). The number of spindles increased from 180,014 in 1970 to 409,750 in 1975 and will reach 733,952 in 1980.
- Replacement to a large extent of the processing of imported crude sugar, accounting for 67% of the refined sugar production, by locally grown sugar beet. The Fourth Plan envisages expansion in sugar beet cultivation in the reclaimed areas in the Euphrates Valley. It is estimated that these areas will amount to 500,000 hectares, as compared to 186,500 hectares under sugar beet cultivation in 1977. Apart from the three existing sugar factories, two large projects have been implemented, each with a daily capacity of 4,000 t. of sugar beet, and two other projects of the same capacity will be completed in 1979. In addition to the sugar factories, there are two factories producing yeast from molasses, a by-product of the sugar industry, to meet the local consumption needs. Also under study is a project on citric acid production from molasses for local needs and for the needs of State members of the Council of Arab Economic Unity.
- Use of the entire local cotton seed output to obtain cotton seed oil, its refining and hydrogenation of a part thereof by developing the existing vegetable oil mills and adding new units to them with a view to raising the vegetable oil output to 11,000 t. as

Syrian Arab Republic (cont'd)

against 33,000 t. in 1975. The Plan also called for establishing projects for processing sunflower seeds and embarking on new trials for cultivation and processing of soybeans.

- Development of the canning factories and addition of new production units to them in order to raise the output from 9,000 t. in 1975 to 25,000 t. in 1980. The Plan envisages expanding the area of cultivated and irrigated land to meet the demands of the food processing industry for the necessary agricultural products. In addition, the Plan called for expansion of the onion-drying industry and for trials of drying other vegetables like sweet potatoes, garlic, etc. It also provides for expansion in the brewery industry, which is based on abundantly available barley, with a view to raising beer production from 6 million litres to 25 million litres per annum or by more than 400%.
- The agricultural plan includes the establishment of 14 cattle breeding stations in order to increase the country's milk production by 969% from 3,400 t. to 33,000 t. It is therefore necessary to establish units for pasteurization and sterilization of milk, and for obtaining milk products such as "leben", cheese and butter by developing the existing factories and setting up new ones.
- Processing of phosphate ores and their conversion into concentrated triphosphate fertilizer. The Plan provides for a unit for this purpose at Homs with an annual production capacity of 450,000 t. which is now being established. Its output is intended for internal consumption and export.
- Processing of petroleum derivatives (like naphtha stock) to obtain nitrogen fertilizers. The Plan calls for establishing a urea/ammonia unit with an estimated daily capacity of about 1050 t. A part of the output is intended for local consumption and the rest for export to external markets.
- Expansion of the cement industry. The production capacity has increased, as a result of implementing some new projects under the Plan, from 940,000 t. in 1970 to about 1,630,000 t. in 1978 and will amount to 3,010,000 t. in 1980. Thus Syria will become an exporter of cement, since it will be able to export a million tonne as from 1980.

## THAILAND

As regard the utilization of natural resources, in the past, the development of agro-based industries in Thailand was hindered by the problem of fluctuations in the supply of raw materials resulting from variations in agricultural output due to uncertainties in climatic conditions. In addition, the Government's policy is still uncertain with respect to the setting up of export targets in accordance with production and raw material requirements of domestic industries. Industries encountering serious raw material constraint include the food canning industries and industries which use natural resources such as iron ore, rock salt, potash and phosphate in which deposits have been located, but uncertainties regarding available reserves still exist.

Hence, the Government has the policy as outlined in the Fourth Plan, to urgently solve the existing problems, by having the strategies to accelerate and assist projects to produce raw materials for agro-industries. Natural resources will be surveyed to ascertain the extent of their deposits and the amount of reserves that will be available. The Government will also promote investment in basic industries producing raw material such as petroleum and pulp industries. Information and data services will be provided on existing production capacity, domestic consumption and export potential.

The Fourth Plan has accorded high priority of problems concerning the utilization of national critical natural resources, especially forests, water, minerals, energy and fuels, as well as problems relating to environmental deterioration which have resulted from previous neglect. Basic studies have been carried out to determine the underlying nature of the problems in order to formulate an appropriate development strategy for these major resources in line with other important targets.

Measures taken in respect of the utilization of major natural resources :

**Forestry** : At present Thailand is facing with the problems of deforestation which resulting mainly from clandestine logging. Hence, in the Fourth Plan, targets for conserving forest resources have been set up. Aiming that, at least 37 per cent of total land must be covered by forest. The rate of deforestation must be reduced and at the same time reforestation must be accelerated. And number of national reserves will be increased to twenty during the Fourth Plan period.

And to achieve these targets, the forest concession will be reviewed with the objective of reducing the number of forest concessions. The survey on both intruded and virgin forest will be accelerated, and reforestation work

Thailand (cont'd)

will be contracted out to private enterprises. In the conservation zone or national reserve number of government officials will be increased significantly to protect the area against any encroachment. Regarding the forestry products, there will be limitation on approval for applications for new saw mills or the expansion of existing ones. And the export of all kinds of logs and related wood products will be prohibited.

Water Resources: As water resources are vital and limited, it is necessary to formulate strategies and measures to develop and to allocate water resources for facilitating future national development efforts. In the Fourth Plan there are overall policies and measures to control the use of and to conserve water resources. Among the Development Measures and Policies in the Fourth Plan are:

- A high level central agency to carry out studies and to formulate a water resources plan and appropriate strategies in collaboration with relevant agencies will be set up. This agency will thus have to estimate the amount of water required for different activities and for various development projects of different sectors at present and in future. At the same time, investigations into total existing water supplies and resources will be carried out.
- Vital projects relating to the conservation of water resources in basins and watershed areas will be designed in conjunction with schemes for conserving forestry and soil resources. Studies on the environmental impact of each major development project will have to be carried out prior to project implementation. In addition, projects for dredging ditches, canals, swamps and ponds will be carried out so as to improve the quality of surface water resources.
- Laws and regulations concerning the control on disposals of garbage and human refuse into waterways will be revised with the view to conserve water and water resources and limit environmental pollution.
- With respect to flooding, surveys and studies will be carried out so that plans can be formulated for limiting the extent of flooding in all areas of the country. Various projects will be prepared for developing water resources, particularly projects aimed at protecting forest areas and reforestation schemes. These projects are necessary for alleviating long-term constraints. Projects concerning the study and survey of large basins to determine the condition of waterways, water levels and the supply of water in various basins have to be speeded up. Modern technology will be incorporated in the flood control plans. A forward flood warning system will be created. In addition, studies and surveys will be carried out to design drainage canals for

Thailand (cont'd)

channelling water from large basins directly to the sea so that during periods of abnormally heavy rainfall water can be diverted from urban areas and thus alleviate flooding in those areas. During the dry season, these drainage systems can be used for cultivating upland crops.

- Projects to assist farmers in the arid areas of the Northeast and North will be formulated to deal with specific areas which have acute water shortage problems during the dry season. These areas will be identified in the Changwat (Provincial) Plans which will pinpoint the tambol (sub-district) and villages which need most assistance in the short run as well as in the long run. These projects will be included in the annual budgets. Thus, the projects that must alleviate short-run problems have to be completed in 1978 to be included in the budget for 1978/79 fiscal year.

Energy and Fuels: The Fourth National Economic and Social Development Plan has incorporated the following strategies and measures for the development of energy and various types of fuels:-

- A master plan for long-term energy development will be formulated to develop domestic fuels and energy resources to the maximum extent possible, to promote energy savings, to increase efficiency in the utilization of fuels and energy and to reduce the use of imported energy and fuels. In addition, energy development will be co-ordinated with economic and social development in various sectors and adequate consideration must be given to the environmental impact of such projects.
- The Government will promote additional surveys, research and investigations relating to domestic energy and fuels including the follow-up of new developments on the search for new sources of energy, energy substitutes and energy distribution systems.
- Every effort will be made to develop energy and fuel resources to the maximum extent possible, such as accelerating surveys to stimulate the utilization of lignite, carrying out surveys for additional hydropower sites, accelerating explorations to determine the amount of oil shale deposits in Mae Sod, and analysing the quality of oil shale for future use.
- The development of natural gas and crude oil in the Gulf of Thailand and in the Andaman Sea will be accelerated through the implementation of a definite policy to promote international co-operation in determining the commercialized amount of natural gas and crude oil in these areas. The development of natural gas will be given particular emphasis as its commercial quantity are partly known.
- The hydroelectric projects for which detailed feasibility studies have been completed will be expeditiously carried

Thailand (cont'd)

out and the Government will consider proposals for installing additional hydroelectric generators at various dams, including the Bhumipol, Sirikit, Sirindhorn, and Chulabhorn dams.

- The Government will accelerate the development of other potential hydropower dam sites to maximize the production and the utilization of hydroelectric power to substitute electricity generated from oil fuel.

Mineral Resources: In promoting the development of mineral resources during the Fourth Plan period, a number of policies and operational procedures will be adopted to promote surveys, production, marketing and public services. In addition, a set of mineral resources development strategies will be laid down. The main policies and strategies are outlined below:-

A) Investment policy for developing mineral resources

Investment policies for the mining industry from the feasibility survey stage to the mineral processing stage can be summarized as follows:-

- i) The Government will support investments made by domestic private concerns in small and medium-sized mines that can be effectively operated by such investors. These types of investments include surface mining of tin and other mineral deposits which do not require sophisticated and complex mining techniques.
- ii) For a number of medium-size investments domestic private concerns have acquired the necessary techniques, such as offshore tin mining or certain types of underground mining. However, if private concerns are not able to mobilize sufficient financial resources for such ventures, the Government should consider joint investment with private concerns during an initial period and then sell its shares at a later date to convert the venture into a public company.
- iii) With respect to large mining operations which require huge capital outlays and the use of modern production methods and complex technology which local investors do not possess, the Government should carry out joint investments with local and foreign investors.

B) The formulation of a land-use plan for the mining industry:

To prevent and to solve potential conflicts among various activities concerning forestry, agriculture and environmental protection as well as to promote the production of land-use maps relating especially to the mining industry, the Government will adopt the following land-use strategies:-

Thailand (cont'd)

- i) Land-use maps relating specifically to mining aspects will be produced by collecting data from mining areas and areas which have been surveyed to determine the extent to which mineral deposits are commercially exploitable.
- ii) A set of economic land-use policies will be formulated by a central agency which will be established to co-ordinate all activities in this field. In addition, an "economic land-use policy" committee will be set up to formulate a definite land-use plan concerning forestry, agriculture and mining. This committee will consist of high level officials from relevant agencies who should be able to ensure the implementation of agreed measures.
- iii) Areas previously used for mining purposes will be rehabilitated for other uses.

C) Government assistance: Strategies relating to infra-structural projects, capital mobilization and technical know-how in the mining sector will be formulated to support private investment in this field in accordance with the policy to promote the distribution of industries to provincial areas.

D) The promotion of mineral output: More surveys will be carried out in areas known to have mineral resources to expand survey coverage to areas which have good prospects for mineral development but have not been developed as yet. This should also help to promote the production of other minerals in addition to the limited number of minerals that are presently being mined on a commercial basis.

E) The establishment of a financial institution to develop mineral resources: The Government will support the establishment of a financial institution for mobilizing private funds from foreign and domestic sources to contribute to the financing of mineral surveys and to the development of commercial deposits of minerals which are in great demand. This proposed institution should promote more efficiency in mining operations and the utilization of modern equipment.

F) Marketing and the maintenance of price levels: Studies of current economic situation and prospects in the mining sector and the market for each important mineral that Thailand exports will be supported. At the same time, measures will be implemented to regulate mining production so that mineral supplies are roughly in line with demand conditions. Measures to promote a greater degree of price stability include cooperation with other mineral producer countries similar to the International Tin Agreement and the formation of an association or group of domestic mineral producers so that there is more co-operation on production and marketing matters.

Thailand (cont'd)

G) The improvement of government administration:  
Administrative regulations and procedures of the relevant government agencies in areas concerning the regulation of the mining industry will be revised as rapidly as possible.

TOGO

Since the launching of the first development plan, the country's industrialization efforts have been concentrated on the processing of local resources. Emphasis has thus been laid on the creation of agro-industrial complexes, for which a number of projects are planned or in course of implementation. Particular mention may be made of the installations for palm oil, palm kernel oil and cotton-seed oil, the sugar mill complex, the tomato and pineapple cannery and the coffee and cacao processing units. Also envisaged are a phosphate fertilizer complex to make use of the country's chief mineral resource, a clinker production project planned on a sub-regional basis, and a dolomitic lime plant.

TUNISIA

Following the economic crisis which has affected the mining sector since 1975, some recovery is expected during implementation of the Fifth Plan. Phosphates production is expected to rise from 3.3 million tonnes to 6.5 million tonnes, taking into account the entry into production of newly developed deposits. Other noteworthy expansions relate to: zinc, with an increase of 19,500 tonnes (rate of increase 14.5 per cent); spar, with an increase of 35,600 tonnes (rate of increase 16.1 per cent); and barytes, with an increase of 32,700 tonnes (rate of increase 16.5 per cent.) Natural resources development will affect phosphates processing first and foremost. There should be a fairly sustained overall growth in fertilizer production (24.1 per cent annually), and exports should rise at an average annual rate of 23.6 per cent.

In 1980, aluminium fluoride production will reach 18,000 tonnes, compared to 7,500 tonnes in 1976; the entire output will be exported. In the iron and steel industry, studies are in hand to determine ways and means to meet requirements in round steel, which should increase at an annual rate of 15 per cent during the period covered by the Fifth Plan.

The agricultural and food industries will require investment estimated at 130 million dinars, as against 59.2 million dinars during the Fourth Plan. Flour-milling capacity should rise from 25,000 quintals per day in 1975 to 40,000 quintals per day in 1981. A considerable increase in production is expected in the sugar industry, and a new sugar refinery is planned, which will have a capacity of 4,000 tonnes of beet per day. The total investment required has been estimated at 26.5 million dinars.



## TURKEY

One of the main objectives of the IV. Five Year Plan is the maximum utilization of natural resources with a view to realizing social and economic development. Dependency on petroleum for industrial energy production will be lessened. Investments for a full utilization of water and coal will be given priority. In the longer term, studies will be made for the establishment of nuclear power plants and for the procurement of raw materials for these plants for domestic resources.

To meet the raw material demand of the industry the Plan envisages an average annual increase of 16 per cent in the production of minerals. Turkey possesses 0.3 per cent of the world mineral and raw material reserves. Lack of interest for the development of these resources is the primary cause shortcomings in securing a place in the world markets. The increase of demand internationally and also domestically requires a full utilization of the mineral resources. During the Plan period an average annual increase of 18.3 per cent in the production of metallic minerals, 14.2 per cent in industrial raw materials, 9.1 per cent in building materials and 17.1 per cent in primary sources of energy is foreseen. Due to the increase in domestic demand and since the Plan aims at the exportation of minerals in processed form, the exports in raw minerals will fall at an average rate of 2.8 per cent annually. On the other hand an average yearly increase of 27.6 per cent is expected in the exportation of metallurgical industry.

During the Plan period the production of lead will increase 2.8 times while the production of concentrated lead will increase 18.5 per cent annually. Likewise, the production of copper and copper pyrite will jump 3.6 times and the production of concentrated copper and copper pyrite will increase at an average annual rate of 34.2 per cent and 92.2 per cent respectively. During the same period the production of industrial raw materials will increase by 14.2 per cent per year.

Among the primary sources of energy lignite will be given priority. Production of this material will be raised 2.6 times bringing the total production to 51.6 tons by 1983. In petroleum a yearly average increase of 17.4 per cent is envisaged. In order to reach the target of 6 million tons by 1983 new exploration activities will be initiated. To realize the targets of the Plan in Mining sector an investment of 93.6 billion TLs is necessary. 10 per cent of this amount will be spent for exploration and the remaining for operational costs.

With a view to realize full benefit from the mineral resources of the country, the control of state in this sector will be enhanced.

#### UNITED ARAB EMIRATES

The only raw material used in the domestic process of production is crude oil and gas. A survey on the mineral resources is being carried to explore the availability of other crude resources.

#### UNITED REPUBLIC OF CAMEROON

Although it has not yet formulated any special plan or long-term projections for the industrial sector, the Cameroonian Government is following an overall strategy which takes concrete form in specific measures. A part of this strategy is concerned with the development of the country's natural assets. The national Development Plan stresses the need to survey the natural resources of the country, as a result of which, in the mining sector for example, some 23,000 million (1974/75) CFA francs have been allocated to mineral exploration and to exploit and process domestically a significant proportion of the natural resources already identified.

#### UNITED REPUBLIC OF TANZANIA

The long-term industrial plan (1975-1995) emphasises on the use of local natural resources as the basis for a self-sustaining industrial strategy. Therefore under this plan deliberate measures are being taken to ensure that textiles, leather products, wood and paper products are produced through the use of the existing natural resources. Such measures include the expansion and establishment of resource-based industries e.g. plans are under way to expand the existing four national textile mills (Mwatex, Sunguratex, Urafiki and Kiltex). Two textile mills are currently under construction at Musoma and Tabora. There are also plans to construct two others at Morogoro and Mbeya. Similar measures are being taken in respect of leather products and wood and paper products. Other measures which are being taken to ensure full exploitation of the existing natural resources include the establishment of State Mining Corporation (STAMICO) which is supposed to survey, explore and exploit all usable minerals. Meanwhile the Tanzania Petroleum Development Corporation (TPDC) is engaged in the exploration of petroleum deposits in the country. So far available indications suggest that there exists natural gas in economic quantities.

#### URUGUAY

Priority is given to the promotion of those industries which utilise Uruguayan raw materials. The need to continue prospecting for hydrocarbons, natural gas, oil shale and radioactive ores was reiterated; it was also decided to stimulate and continue technological research on solar and wind energy. Feasibility studies on the utilization of the iron ore to be found in the Valentines area are continuing.

Uruguay (cont'd)

There is a Fisheries Development Plan designed to achieve a national exploitation of this resource through the incorporation of new vessels and processing plants.

In the last few years non-traditional exports have been developed as the result of expanded processing of primary products, particularly leather and textiles, which in 1977 represented 27.5 per cent of total exports and 48.2 per cent of non-traditional exports. In the period 1973-1977 non-traditional exports in this branch increased by 409 per cent.

VENEZUELA

As regards non-renewable natural resources, the country's mineral policy is oriented towards implementation of programmes of exploration making it possible to determine the mineral resources existing, and also towards the development of deposits with a view to gradually increasing the degree of processing and amount of value added in respect of ores processed in the country, thereby enhancing the self-sufficiency of the sector and/or substituting beneficiated or processed products for traditional mineral exports.

This policy could be summed up in the following points:

- (a) Development of mineral exploration programmes;
- (b) Development of mineral deposits in line with the requirements of domestic industry;
- (c) The gradual replacement of exports of raw materials in their natural state by more highly processed products;
- (d) Import-substitution with respect to both raw materials and processed products.

The iron ore industry was established in Venezuela in 1950 and its production was intended to meet part of the requirements of the North American and European iron and steel markets.

The industry established in Venezuela consisted of subsidiaries of two North American iron and steel companies, namely, the Iron Mines Company of Venezuela, with a production capacity of 4 million tonnes, and the Orinoco Mining Company, with a capacity of 24 million tonnes. These enterprises were nationalized on 10 January 1975, when the Venezuelan State set up C.V.G.- V Ferrominera Orinoco, C.A., to which all activities involved in the exploitation and marketing of iron ore are assigned. Iron ore has thus far been exported in the form of crude ore, but it is planned soon to replace exports of this type of ore with products incorporating a greater amount of added value, as two plants for the production of crude metal are now being set up and most of their output will be exported. In addition, C.V.G.- Ferrominera Orinoco, C.A., is considering the establishment of a plant to produce oxidized crude metal, with a production capacity of 3.3 million tonnes, for the foreign market.

Venezuela(cont'd)

The reserves of high-content iron ore in Venezuela amount to approximately 2,000 million tonnes, with an average yield of 60 per cent Fe, and the reserves of low-content ore are estimated at 8,000 million tonnes, with an Fe content of less than 50 per cent. None the less, the iron ore prospecting programme contemplates exploration in the El Paují group, in the deposits located to the south of El Pao and, shortly, in the Cerro La Imperial, as well as a feasibility study for utilization of the low-content ores in the María Luisa deposit and, in the medium term, exploitation of Piacoa.

Processing of iron ore into iron and steel products on a significant scale began in Venezuela in the early 1960's with the establishment of Siderúrgica del Orinoco, whose initial production capacity was 700,000 tonnes of steel. By 1972, its capacity had risen to 1.2 million tonnes, and it is expected that, by 1981, implementation of the plan for the expansion of installations will have been completed, increasing its capacity to 5 million tonnes.

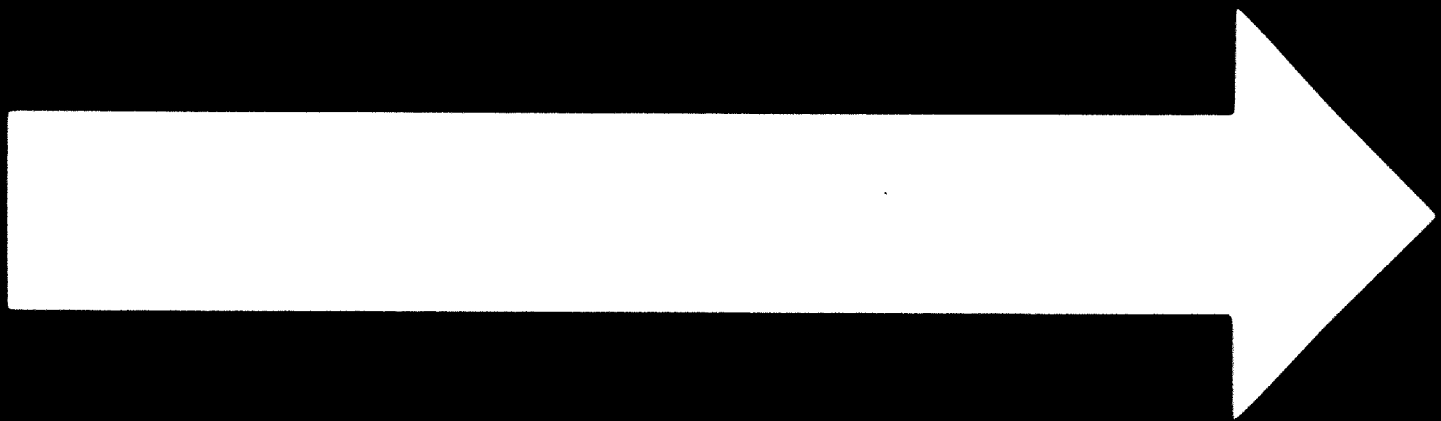
The most important projects under the National Iron and Steel Plan, apart from the expansion of Siderúrgica del Orinoco mentioned above, are the plants Siderúrgica del Zulia and Acelcar. Siderúrgica del Zulia is expected to start operating in 1983, with an initial production capacity of 1.3 million tonnes a year of steel, and to achieve its maximum capacity of 5 million tonnes in the mid 1990s. Acelcar is expected to start up in 1982, with an annual capacity of 0.5 million tonnes of special steels.

Implementation of the National Iron and Steel Plans will increase domestic iron ore consumption from 1 million tonnes in 1978 to 10 million tonnes in 1983, 12 million tonnes in 1987 and 20 million tonnes at the end of this century, with the difference between domestic consumption and total production capacity being exported.

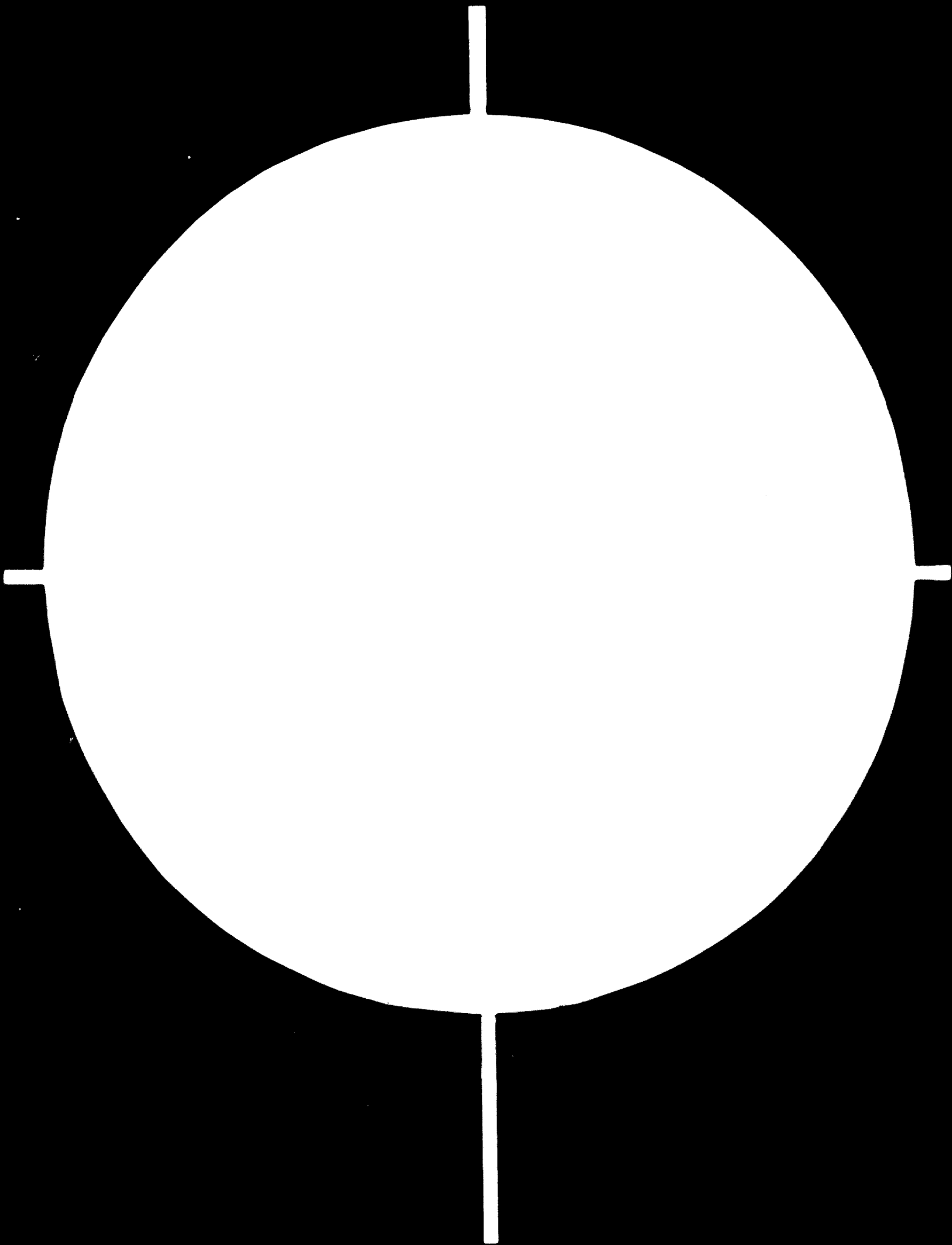
Over the past 20 years, the coal produced in Venezuela has come primarily from the deposits in Lobatona, Táchira state, since the deposits at Maricual, the working of which began in the last century, were closed down in the mid 1940s owing to an explosion in one of the galleries. Later on, work was undertaken to renovate these mines, whose production accounted for approximately 50 per cent of total domestic production in 1976 and 1977.

In order to meet the substantial coal requirements for the production of the coke needed by the Zulia steelworks and also by the Zulia thermal power plant, which will have a capacity of 2,000 MW, the coal deposits in the Guasare region, in the state of Zulia, will be developed. Exploitable reserves in this area amount at present to 1,500 million tonnes of bituminous coal with a high volatile content and low sulphur and ash contents.

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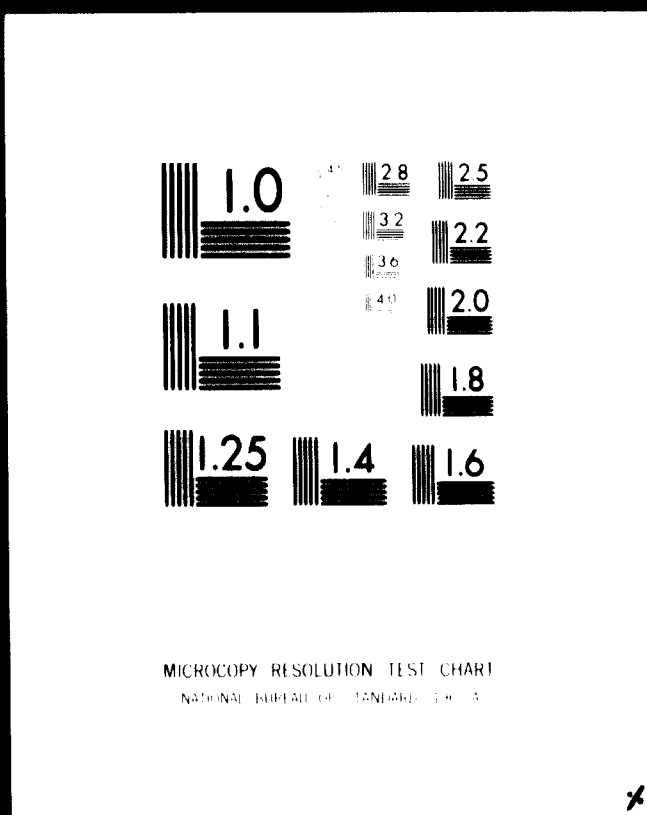


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Venezuela (cont'd)

For the production of coke, this coal will have to be mixed with 45 per cent imported coal. Production, which will begin in 1982 with 400,000 tonnes, will increase to 4 million tonnes by 1988. Of this production, 60 per cent will be used for the thermal power plant, and the remaining 40 per cent for the preparation of metallurgical coke.

The aluminium-producing industry in Venezuela consists of the enterprises Aluminio del Caroní, S.A. (ALCASA), and the Industria Venezolana de Aluminio, C.A. (VENALUM), which use imported alumina for the production of primary aluminium.

The enterprise Inter-Alumina is now setting up a bauxite processing plant, which will produce alumina to meet the requirements of the above-mentioned enterprises.

Work was recently started on implementing plans for the development of the bauxite deposit at Los Pijiguaos in the state of Bolívar, whose reserves are cautiously estimated at around 600 million tonnes, with a 44 per cent  $Al_2O_3$  content. The working of this deposit is expected to start in 1982.

Aluminium production began in Venezuela in 1967, with the starting up of the first plant belonging to ALCASA, whose initial capacity of 10,000 tonnes had been increased to 125,000 tonnes a year by 1977. All the alumina used by this enterprise is imported, and the aluminium produced is mainly used to meet the requirements of the domestic market, with the surplus being exported. The share held by the Venezuelan State, through the Corporación Venezolana de Guayana, amounts to 50 per cent; the remaining 50 per cent is held by Reynolds International Inc., which supplied the technology required for this type of industrial enterprise.

VENALUM is an enterprise set up at the end of 1973, with the Corporación Venezolana de Guayana holding 80 per cent of the capital, and a group of Japanese enterprises holding the remaining 20 per cent. The technology supplied by Reynolds International Inc. will be used. The initial production capacity of this enterprise, which started operating in mid-1978, is 70,000 tonnes a year. This capacity will gradually be increased, up to 350,000 tonnes a year at the beginning of the 1980s. The production of this enterprise will be intended for the international market.

The requirements in respect of alumina of the enterprises producing aluminium in the country justify the establishment of an alumina production plant. This has led to the establishment of the enterprise Inter-Alumina, in which the Corporación Venezolana de Guayana holds 85 per cent of the capital and the firm Alusuisse, which will provide the technology, holds the remaining 15 per cent. Imported bauxite will initially be used. This enterprise will start operating in 1981, with an initial



Venezuela (cont'd)

production capacity of 500,000 tonnes a year of alumina, and will achieve its full capacity of 1 million tonnes a year in 1982. Most of this production will be used in Venezuela, with between 150,000 and 200,000 tonnes a year being sold on the world market.

Over the past decade, gold production in Venezuela has fluctuated between 500 and 600 kg a year. All this production comes from the gold-producing area in the state of Bolívar. Of the total, between 90 and 95 per cent comes from concessions, and the remainder is produced in areas of free exploitation. All the gold is sold on the domestic market and used for producing jewellery and medals. Most of this gold comes from the gold ore processed at the old mill in El Callao, which is now being renovated with a view to enabling larger amounts of ore to be processed and thus achieving an increase in gold production. The enterprise MINERVEN, which will work the gold deposits in the El Callao region, has been set up to produce gold for export. The processing plant is expected to start operating early in 1979, and will have a processing capacity of 700 tonnes of ore a day, with the result that its annual production will be between 4,500 and 4,800 kg of gold.

Under existing laws, while metallic minerals are the property of the nation and concessions are granted at the discretion of the national Government, non-metallic minerals belong to the owner of the land, who may exploit them provided certain requirements are met; such minerals include marble, sand, gypsum, clay, stone for building or decoration, porphyry, magnesite, slate, limestone, etc. These minerals are exploited mainly to meet the requirements of the building industry. In order to promote increased demand for these minerals from other industries, an industrial laboratory to carry out research on their use is being set up.

The legal provisions governing the utilization of non-renewable natural resources are contained in the Mining Law (Ley de Minas) and the relevant regulations. With a view to supplementing the above-mentioned provisions, the national Government has promulgated various other provisions, the most important of which are:

- (a) Decree No. 63, of 28 April 1978, establishing the National Iron and Steel Board, which is responsible for recommending the policy to be followed regarding the utilization of iron ore resources and their processing in the country, and for preparing the draft National Iron and Steel Plan, in accordance with the guidelines laid down in the National Plan;
- (b) Decree No. 580, of 26 November 1974, reserving exploitation of the iron ore industry for the State, while cancelling, as of 1 January 1975, concessions previously granted, and subrogating the Corporación Venezolana de Guayana for the State in

Venezuela (cont'd)

all matters relating to the redemption of concessions and property attached to them;

- (c) Resolution No. 1587 of 15 July 1976, of the Ministry of Mines and Hydrocarbons, laying down standards for the exploitation of iron ore;
- (d) Decree No. 2039, of 15 February 1977, in which the State reserved for itself exploration and exploitation within the national territory in respect of all the minerals referred to in article 2 of the Mining Law, with provision for the granting of optional concessions;
- (e) Resolution No. 71, of 26 May 1977, of the Ministry of Energy and Mines, laying down standards for the exploitation of the minerals referred to in article 7 of the Mining Law;
- (f) Resolution No. 148, of 6 April 1978, of the Ministry of Energy and Mines laying down the standards to be applied in respect of the granting of mining concessions.

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NOTE: Article 2 of the Mining Law refers to metallic minerals.  
Article 7 refers to non-metallic minerals.

YEMEN ARAB REPUBLIC.

The industries based on use of local raw materials have got priority for approval and execution. The national resources available at the moment are for chemical cement and glass industries. Government gives priority to the industries based on such material.

YUGOSLAVIA

Mineral resources and their utilization as well as the maintenance and further development of the raw material base are one of fundamental bases of Yugoslavia's development in the field of material production and have a particular significance because the country's orientation in the forthcoming period will be to intensify the production of energy, raw materials and food.

Despite the problems encountered in the sphere of prospecting (insufficient funds, lack of continuity and co-ordination, etc) a significant base of metal raw materials which are being exploited (copper, aluminium, lead, zinc, nickel) has been created. Such a raw material base has enabled an increased production of all the raw materials from the group of metals and "other metals" (with the exception of chromite) as well as the introduction of some metals which until recently were not exploited in the country. Furthermore, Yugoslavia is about to start production of a number of other raw materials (uranium, etc).

Yugoslavia (continued)

In spite of the increased efforts in the field of oil exploitation and more extensive exploratory work undertaken, in view of the limited reserves the share of the domestic production of oil and gas in meeting the local requirements for crude oil and gas is decreasing.

The available reserves of coal represent the most significant energy potential of Yugoslavia, which having in mind the favourable disposition of deposits and the quantity and quality of coal represent a stable source of primary energy.

The existing raw material base of non-metallic minerals is not explored and utilized sufficiently, although the pre-conditions exist for the development of industry based on these minerals.

Documents related to the development of non-ferrous metallurgy and non-metallic minerals which are already adopted and these pertaining to prospection for energy resources and other mineral raw materials as well as prospection for nuclear raw materials which are about to be passed, envisage measures to intensify prospection and exploitation through creating conditions for the association of labour and pooling of resources.

ZAIRE

The following measures have been taken, and others will follow:

- a) "Development agreements" between the State and manufacturing enterprises compelling the latter to substitute local commodities for imported raw materials and to contribute to the cultivation of those commodities through an additional tax (a small percentage) levied on the sale of their finished products.
- b) A higher degree of processing of export products:
  - A programme for investment in infrastructure - energy input in industrial development - hydro-electric dams (see preceding chapter);
  - The iron and steel plant at Maluku (Kinshasa), cement works, etc.;
  - Projects for processing plants in the environs of the Inga dam;
  - Projects for the production of methane gas from Lake Kivu, chemical fertilizers from the gas, sulphuric acid, phosphates, wood products, cement, etc.;
  - Development of exploitation of the agricultural products and mineral deposits (ores, hydrocarbons, gas, wood and wood products, rubber, palm products, cocoa, cotton, sugar-cane, coffee, tea, etc.).

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO UTILIZATION OF NATURAL RESOURCES:

CENTRE ON TRANSNATIONAL CORPORATIONS:

The Lima Declaration (paragraph 58 (f)) has underlined the need for more local processing if developing countries are to meet their economic and social objectives. The Centre on Transnational Corporations has prepared a report on "Transnational Corporations and the Processing of Raw Materials: Impact on Developing Countries", for UNIDO, dealing with the role and practices of transnational corporations in mineral production and processing, developing countries' policies aimed at increasing local mineral processing and possible modifications in the role of the transnational corporations in the sector. Surveys related to the minerals industries are currently being prepared drawing upon, among others, the work of the United Nations Centre for Natural Resources, Energy and Transport. The Joint Unit of the Centre with ECLA has meanwhile carried out field studies of the bauxite and tinc industries, while possibilities for carrying out further in-depth studies in selected countries are under consideration with UNIDO give attention both to indirect or competitive structure impacts, and to specific policy measures which countries may adopt to encourage desired linkage effects.

ECONOMIC COMMISSION FOR AFRICA:

The work programme for the ECA Natural Resources' Division has been formulated in line with the Lima Declaration and Plan of Action. In connexion with measures taken in respect of the utilization of natural resources mention should particularly be made of energy resources and utilization of water in industry in Africa.

Energy resources:

- (i) Offering assistance in the formulating of integrated energy policies emphasizing on effective control by Governments over their national energy resources.
- (ii) Promotion of co-operation in development and utilization of energy resources, supporting development and extensive use of renewable sources of energy such as solar, wind and biogas.
- (iii) Initiation of training of Africans in the field of renewable sources of energy and supporting the establishment of institutions for training in the area of energy.

Utilization of water in industry

The utilization of water in industry will undoubtedly increase in future with the planned increase in industrial production in African countries within the framework of the Lima Declaration and Plan of Action. Considerable importance is attached by planners and policy makers in Africa to increasing industrial production in successive plan periods. Although decisions on the location of new industries will depend upon market conditions, the availability of raw materials and transport costs in the various subregions of the continent, factors relating to the quantity and quality of water may often become important for decisions on industrial locations within individual subregions or countries. It is, therefore, natural that countries in the region are attaching increasing importance to assessing and planning their needs in respect of demand for water for industrial development. For example, Algeria, Botswana, and Ghana have worked out their water needs for industry in detail for each of the subdivisions of their countries and for each of the coming two decades.

The demand for industrial use of water in Algeria is estimated at 124 million cubic metres. In Botswana, it is estimated that the industrial water use will be of the order of 57 million cubic metres of water in 1982, which is expected to increase to 193 million cubic metres by the year 2002. Another point of interest in the case of Botswana is that the projections indicate that the industrial water use in 1982 will be higher than the consumptive use in either rural or urban water supplies, and almost equal to their aggregate total, as the following figures show.

Industrial water use in 1982	57 million cubic metres
Rural water supply needs in 1982	44 million cubic metres
Urban water supply needs in 1982	12 million cubic metres

The importance of the industrial use of water in Botswana is further evidenced by the fact that recycling of water is resorted to in the mining community at Dukwe (Sua Pan). In the proposed Sua soda brine refinery project, an integrated steam supply system is contemplated, as is the use of the evaporation areas as a secondary cooling source.

In the case of Ghana the following levels of demand for industrial purposes have been estimated for the consumer goods, mining and food processing industries.

Demand for water for Industrial use in Ghana, 1970-2000

(thousands of cubic metres)

Year	Supplied by the Ghana Water and Sewerage Corporation	Self supplied	Total
1970	6 150	1 968	8 123
1980	9 594	2 214	11 808
2000	28 290	4 921 722	4 950 012 <sup>1/</sup>

<sup>1/</sup> Figures include an estimated 4 million acre-feet or 4,920 million cubic metres of water, representing the requirements of cooling water of thermal power generation, particularly in the lower Volta basin.

Industrial use by direct extraction in the case of Malawi is estimated at 0.1 per cent of the total water use of about 350 million cubic metres, whereas in the case of Blantyre city industrial use is as high as one third of domestic use.

Tog estimates that industries such as textiles, cement and phosphates will need about 2-4 million cubic metres of water over the next decade.

Swaziland currently uses 12,162,000 cubic metres of water from the run-of-the-river flows for industrial purposes, and plans to use an additional 3.6 million cubic metres which would necessitate storage for industrial purposes. There is a small amount of recycling of water by industry in Swaziland.

In Chad, the textiles mills at Sarh, the sugar factory at Banda, the Logue Breweries at Foudou and the 20 Cotonchad factories are among the most important industrial consumers. Industrial requirements for water were estimated in 1975 at 13,000 cubic metres per day, or about 5 million cubic metres per year.

In Mauritania, the mineral metallurgical and petrochemical industries need sizeable quantities of water. The copper mines at Akjoujt are estimated to consume 2.2 million cubic metres of water per year. The deposits of phosphates at Sive, of gold and chromium are at Selibaby and of copper at Boghe, which are now being prospected, all need water. The same is true for the iron ore deposits at Tasiast, Zencrat and F. Derick and other mineral potential in the extreme north and the centre of the country. The growing metallurgical and petrochemical

complexes at Nouadhibou need increasingly large quantities of water (estimated at 1.7 million cubic metres in 1980).

From the example of Chad and Mauritania, it is obvious that the development of the industrial potential of the Sahel countries will be intimately linked with the development of the water resources of the region, and that water would provide great encouragement for the growth of new industries in the draught-affected countries.

Notwithstanding the aforementioned cases of recognition of the increasing importance of the use of water for industrial purposes, and increasing interest in assessment of the present and potential needs in this sector, the problem requires to be studied in greater depth and in a more systematic and comprehensive manner than in the past in the different countries and river basins, the subregions and the region as a whole both in its quantitative and qualitative aspects.

The use of low quality water for cooling purposes and better methods of use, re-use and recycling will also have to be evolved. Untreated effluents and thermal wastes may adversely affect fish production in rivers and lakes.

#### ECONOMIC COMMISSION FOR LATIN AMERICA:

Activities carried out concern the development of water resources in Latin America (supported by UNEP); the economic aspects of energy in Latin America; and mining in Latin America.

The first relates to the need to improve planning and management of water resources, by attempting to reconcile the satisfaction of the needs of rapid economic development with the protection of the environment. The "Agua, desarrollo y medio ambiente" (E/CEPAL/L.148) was also prepared.

With regard to the second, <sup>activity</sup> substantial progress has been made on the document on a historical view and future prospects for energy in Latin America. Also, the document entitled "La hidro-electricidad y sus perspectivas en América Latina" (E/CEPAL/L.162) was prepared for the Inter-american Seminar on Hydroelectricity.

Concerning the mining activity the analysis of the mining sector for the study entitled "El desarrollo latinoamericano, su evolución y perspectiva a largo plazo" was continued. This study covers several areas such as copper, bauxite, tin, lead, etc.

## V. TECHNOLOGICAL CAPABILITY

In the efforts towards the industrial development of developing countries, a premium should be placed on self-reliance. Developing countries should, in particular, develop manpower resources and research capabilities as well as promote technological information, adaptation and innovation to form a basis for continued industrial growth. Developing countries should also ensure that the technologies chosen shall be appropriate to national development objectives and priorities. The Plan of Action also refers to institutions related to the acquisition of technology and co-operation among developing countries in this respect. (Paras. 49, 55, 58 (k, l, m and o) and 60 (b and k).)

Governments are invited to supply information on the issues mentioned above, including such topics as:

Measures taken to ensure that appropriate foreign technology in different industrial sectors is being obtained on suitable terms and conditions. Is such inflow being regulated by any national agency on the basis of broad guidelines?

Has an overall plan for the development of science and technology been evolved?

Have measures been taken to develop research capabilities?

Measures taken, if any, for the development of domestic consultancy and engineering services;

Technical manpower needs in terms of engineering and supervisory personnel and skilled personnel in various categories. Capacity of the educational system to meet these needs adequately.

### AFGHANISTAN

It is fully recognized that for sustained industrial development, it is necessary to develop manpower resources and research capabilities as well as to promote information base for adoption of appropriate technology for the country. Unfortunately no attention was paid to these aspects before the formation of the Revolutionary Government. To begin with, a separate office has been created in the Ministry of Planning Affairs to co-ordinate all matters relating to Science and Technology. Another office in the Ministry looks into the contracts and agreements to ensure that not only correct technology is adopted but that this is obtained on reasonable terms. The Department of Norms and Standards also assists the Ministry of Mines & Industry. In order to meet the requirements of technical manpower, educational facilities are being expanded fast. The Science Academy is being established for the purpose of development of various areas of sciences in the country. It is hoped that the Science Academy will enable popularization and development of science and knowledge and also help in training of professional cadres in various fields. Also the Afghan Institute of Management set up through the assistance



Afghanistan (cont'd)

of ILO is looking after training of industrial workers.

Since the developing countries like Afghanistan have to pay prices which have increased 10 to 15 times, the fulfilment of objectives set under the Lima Declaration has become difficult. Efforts are being made to undertake programmes for improving indigenous technology, specially to suit the rural requirements.

BANGLADESH

Fortunately Bangladesh possesses a large pool of technically qualified manpower suitable for working at mid and senior levels. Although she has been setting up a number of industrial enterprises on turn-key basis, she has taken care to have an adequate number of technicians/operators trained and skilled manpower to petro-dollar countries she has been feeling a gradual pinch on the technical manpower requirement of the existing industrial enterprises. The quality of products from existing politechnic institutes, technical training centres and vocational institutes are fairly good and given minimal exposure to on-the-job training these products turn into skilled hands in the shortest possible time. Because of this there is a great potential to develop a large cross section of this manpower into skilled technical hands for operating and maintaining Engineering Industries on the expansion of which great emphasis has been placed by the Government. In line with this the Government is planning to strengthen the existing technical institutions and further develop these institutions for turning out more efficient skilled hands. Specific project proposals are already in hand. One area where the deficiency is particularly felt is the design of electrical and mechanical machinery. Because of basically agricultural background the country could not till now produce adequate manpower in this area. Of late attention of the Government has been drawn to this area and the Government as of now is working out an institutional framework of developing a large pool of design manpower.

BOLIVIA

The promotion, adaptation and dissemination of labour-intensive technology will be channelled to those particular industrial activities in which the country enjoys comparative advantages.

Plans for the development of science and technology, and also manpower requirements, are covered in the various legal provisions enacted to promote progress in these areas, and are also the responsibilities of such bodies as the Office of Manpower Training (FOMO), the Office of Standards and Technology, INALPRE, etc.

The legal procedure currently in effect in Bolivia to regulate the inflow of foreign technology is based essentially on agreements reached at the level of the Board of the Cartagena Agreement. The procedure is as follows:

(a) Application

Competent national agency  
(Central Bank of Bolivia)

Bolivia (cont'd)

- |                           |  |
|---------------------------|--|
| (b) Evaluation and ruling | Office of Standards and Technology of the Ministry of Industry, Commerce and Tourism |
| (c) Approval              | Competent national agency (Central Bank of Bolivia)                                  |
| (d) Registration          | Competent national agency (Central Bank of Bolivia)                                  |

Regarding the evolution of an overall plan for the development of science and technology, although no such plan has therefore been formulated in Bolivia, the Office of Science and Technology of the Ministry of Planning and Co-ordination has prepared the first draft of a "Basic Plan for the Development of Science and Technology", which has, as a preliminary step been submitted for inter-institutional consideration, after which it will be transmitted to higher bodies for approval, circulation and implementation.

As regards the development of research activities and of domestic consultancy and engineering services, and personnel training, these matters have been considered and programmes for them developed at interinstitutional meetings.

BOTSWANA

There are no restrictions regarding private foreign investments, as a result there are no particular measures taken concerning the extent of the appropriateness of the technology. However, labour intensive technology is preferred.

There are plans to establish a Research and Planning Unit in the Industrial Division of the Ministry of Commerce and Industry before the end of the current NDP. There are proposals to set up a Product Design and Development Centre. The Rural Industries Innovation Centre was set up to device technologies that will make use of Botswana's resources, and in assisting and setting up rural industries.

The local university at present does not offer any courses in the technical fields of engineering and supervisory management. The capacity of the educational system does not cater for these needs at present hence the recruitment of expatriates to meet these needs.

BRAZIL

The acquisition of foreign technology for industrial use in the various production sectors is regulated by specific legislation (Regulatory Act No. 15 and others). The Government agency responsible for the execution and orientation of this legislation is the National Industrial Property Institute (INPI), an autonomous federal agency linked to the Ministry of Industry and Commerce (MIC) under the co-ordination of the Secretariat for Industrial Technology (STI) of that Ministry.

The overall science and technology plan is the Second Basic Scientific and Technological Development Plan, which includes a chapter on industrial technology.

Brazil (cont'd)

Several Government agencies are responsible for promoting the development of technology. In the sphere of the MIC, the STI is responsible for co-ordinating action aimed at promoting the development of technology, and, between 1974 and 1978, sponsored approximately 300 projects in this sphere, most of which related to research and development and were executed either by specialized Government agencies or by industrial enterprises directly interested in the technological product. In the sphere of the MIC/STI, some of the technological projects sponsored were jointly contracted out to consultancy and engineering enterprises as a means of making use of the technical capabilities of these enterprises and/or contributing to their progress. The MIC/STI has not encountered difficulties in locating trained manpower to implement the projects financed or to administer and supervise every activity relating to its field of action.

Although a number of measures are being taken to establish some degree of compatibility between the country's technological requirements and purchasing processes in the world market, it has not as yet been possible to establish a uniform policy. A number of government agencies (in various ministries and public enterprises) are active in this field. Some only record and follow the process of purchasing abroad, while others evaluate the field and attempt to identify requirements and to promote the generation of innovations and development of processes and products. As a rule, the National Council for Scientific and Technological Development (CNPq) is responsible for general co-ordination and basic liaison in this connexion. Some of the measures being taken are reflected in the annexed standards acts Nos. 15 and 30 of the National Industrial Property Institute (INPI) (established by Law No. 5,648 of 11 December 1970), Law No. 5,772 of 21 December 1971 (which established the Industrial Property Code), Law No. 4,131 of 3 September 1962 (Law on Foreign Capital), as amended by Law No. 4,390 of 29 August 1964 and Decree No. 55,762 of 17 February 1965.

The second Basic Plan for the Development of Science and Technology (PEDCT) is now in process of implementation and is already being evaluated by the Council on Science and Technology (CCT), which is using advisory committees in 44 different fields of knowledge to study implementation of the Plan and suggest specific policies. In addition to the second PEDCT, there is the National Post-Graduate Plan, the purpose of which is to co-ordinate expansion of programmes for the training of manpower and involve the universities in scientific production.

The Agency for the Financing of Studies and Projects (FINEP) maintains a specific line of finance and technical support for strengthening private national consultancy enterprises (Programme for the Support of Domestic Consultancy introduced in the second half of 1973). As regards support for engineering services, the Government has decided that preference should be given in large-scale government programmes to the purchase of services from domestic engineering enterprises.

Brazil (cont'd)

A number of specific studies are under way relating to requirements in respect of highly skilled labour for sectors or branches in which large-scale investment (in "impact" projects) involving technological innovations is taking place (petrochemicals, nuclear power, iron and steel, etc.). As regards the supervisor levels in general, contacts relating to the initiation of programmes of expansion have been established with universities, federal technical schools and the National Industrial Apprenticeship Service (SENAI) and the National Business Training Service (SENAEC). The tables below will provide clarification in this respect.

FEDERAL TECHNICAL SCHOOLS ENROLMENT - 1977

Number of schools .....	23
Number of courses offered .....	29
Total enrolment .....	54,701

FIELDS OF STUDY

Electro-technology/electronics/electro-mechanics/ special electro-technological techniques .....	14,625
Mechanics/metallurgy / special mechanical techniques .	8,985
Basic studies .....	8,350
Construction .....	7,943
Telecommunications .....	3,076
Roads .....	2,807
Chemistry .....	2,385

HIGHER EDUCATION - 1974-75

	Graduates, 1974 Enrolment, 1975	
TOTAL	150,226	266,666
<b>FIELDS OF STUDY</b>		
Biological sciences	23,521	32,109
Exact sciences	25,635	65,949
Agricultural sciences	2,823	2,419
Social sciences	79,087	148,842
Liberal arts	19,160	17,347

BURUNDI

For the time being no specific measures have been taken to ensure that appropriate foreign technology in different industrial sectors is obtained; nevertheless, there is a general scientific development plan, under which a higher technical institute will be set up to train engineers in various fields, and to concern itself with research and the adaptation of technology to local conditions. Technical education is also to be developed in order to train skilled staff for the various industrial sectors.

### CENTRAL AFRICAN EMPIRE

- There is no national agency responsible for regulating technology inflow. New technologies are incorporated in the different projects.

- There is not yet any overall plan for scientific development, nor any kind of research institute.

- Although the needs are certainly great, it is difficult to estimate requirements as no serious study has yet been prepared for the purpose of determining the number of personnel needed.

The educational system still tends to concentrate on the arts. A mining institute (with an option on a building), a science faculty and a business management institute have been established. The Government's present concern is to shift the emphasis to scientific and technical education. A Ministry of Higher Education and Scientific Research was created in December 1976.

### COLOMBIA

In 1968, the National Council for Science and Technology, presided over by the President of the Republic, was established as the Government's leading advisory body for policy matters in the area of science and technology. At the same time, the Colombian Fund for Scientific Research and Special Projects (COLCIENCIAS) was established as the executive arm of the Council for Science and Technology, with additional responsibility for promoting and co-ordinating scientific and technological activities and advising the national Government.

During the 1974-1978 period, COLCIENCIAS invested a total of 81 million pesos. It financed 348 projects at a cost of 49,971,037 pesos distributed among five priority areas - basic, engineering, health, agricultural and social sciences - and also funded 556 requests totalling 32,999,556 pesos for such things as scientific events, publications, scientist exchanges, and supporting activities on behalf of associations, academic bodies and research associations.

The following are some of the directions of the Government's policy in the science and technology area. research priorities have been established, science and technology requirements have been identified on the basis of the programmes for social and economic development, pilot research and development programmes have been devised for a number of sectors in which there is involvement by the Government, the production sector and the scientific community; new and practical approaches have been developed for multi-disciplinary projects involving more than one institute.

Thanks to a systematic programme of studies, the analysis of problems in the area of science, technology and development and of the obstacles in the way of more effective progress in this area has been continuously refined. The country's scientific potential, the use of human resources, the institutional machinery and the inter-relationships between the various bodies engaged in scientific and technological work have been carefully studied, resulting in far more

Colombia (cont'd)

detailed knowledge for use in devising programmes for these areas.

Decree 1900 of 1973 incorporating Decision 24 of the Andean Pact into Colombia's national legislation had the effect of making available to the Government more far-reaching powers than those provided under the existing laws, and strengthening the negotiating position of the State agencies which are concerned with the transfer of technology and which make up the Royalties Committee, the National Planning Department (through direct foreign investment), the Institute of Foreign Trade (INCOEX) (through the authorization of comprehensive industrial licences and the importation of machinery and equipment), and the Exchange Office of the Bank of the Republic (through the approval of contracts for technical assistance and technical services in general).

The general criteria governing the introduction of foreign technology into the country are the following: generation of greater employment; greater utilization of the country's natural resources; environmental harmlessness; positive contribution to the country's scientific and technological development; utilization of highly skilled national manpower; positive contribution to the balance of payments; increasing exports.

On the subject of national technological and consultancy services, mention should be made of the establishment, in 1973, of the National Information System (SNI), which consists of the following elements:

- A focal support centre for the system (located at COLCIENCIAS);
- Five information subsystems operating in the following areas:
  - (a) Health sciences information subsystem, whose centre is located at the Ministry of Health;
  - (b) Economic and administrative sciences information subsystem, whose centre is located at the Colombian Chamber of Commerce;
  - (c) Industrial information subsystem, whose centre is located at COLCIENCIAS (Programme of Information and Technical Assistance to Industry);
  - (d) Agricultural sciences information subsystem, whose centre is located at the Colombian Institute of Agriculture (ICA);
  - (e) Education sciences information subsystem, whose centre is located at the Ministry of Education;
  - (f) Environmental and natural-resources information subsystem.
- At the regional level there are six nodal centres located at the six major public university centres of the country.

CUBA

At the time of the Revolution, the country was totally dependent, and the technology transfer process took place through United States investment. Beginning with the identification of technological requirements and the evaluation and selection of the technologies and ending with their exploitation and the utilization of the results of

Cuba (cont'd)

such exploitation, the interests of these investors were determinative at every stage in the process.

Cuba had no scientific and technical infrastructure or technological base of its own, and the minimum essential prerequisites for industrial development did not exist. The country had no agencies for the control and regulation of industrial property and the transfer of technology; no planning offices or consultant engineering services; no mechanical engineering industry; and no support facilities for industrial construction and installation.

Throughout this period, Cuban industry was characterized by the co-existence of craft-type and mechanized production, together with a few firms operating with modern technologies in sectors given priority importance by North American interests. All this was a reflection of the mode of production, the production relationships and the whole dependent structure of the Cuban economy and society.

Other characteristic features were the presence of industries with a high degree of dependence on imported raw materials, parts and components; industries which have been relocated from their original countries and set up in Cuba because they were obsolete; and, finally, technologies, prototypes and equipment that had been sent to the country for testing. On the other hand, there were also production sectors, such as the cutting and stacking of sugar-cane, mining and others, where inhuman working conditions were the rule and where, despite the existence of technologies that might have eased these conditions, these were not introduced into the country because they would not have suited the commercial interests of the North American monopolies and national bourgeoisie.

Amidst the difficult circumstances that followed the severing of the ties of subordination and dependence that had bound the country to North American imperialism, Cuba took its first steps on the path towards industrialization. In response to the imperialist blockade, which deprived the country in a criminal manner of the traditional markets, it was able to draw on the solidarity and assistance of the socialist countries, especially the Soviet Union, which, offering terms that were highly advantageous to Cuba, made available to the country the technologies which were required for the development and which were unable to obtain elsewhere.

From the very earliest years, the Revolutionary Government has given this problem great attention. The first scientific research institutes were established and personnel training was begun, mainly at the universities, but also directly at the research centres that were coming into being. Through a variety of channels, the country began to receive foreign technical assistance in support of the effort to establish, consolidate and develop educational institutions and a national scientific and technical infrastructure. There has been a strengthening of the National Office of Inventions, Technical Information and Trade Marks, a department to regulate the transfer of technology has been established, planning agencies and department with responsibility for the development of technology have been set up within government agencies, the engineering industry has been

Cuba (cont'd)

expanded, and the foundation has been laid for an industrial construction and installation industry.

The national educational system has been gradually improved to the point that today it is able to offer some 35 specialized courses for engineers, 155 for middle-level technicians and 277 for skilled workers. It has over 100 research and development institutions, seven design and planning undertakings and 17 engineering undertakings, in addition to the planning offices that operate within 16 central government agencies.

By creating their own scientific and technical infrastructure and technological base they have been able to gain experience and add steadily to the effectiveness of technology acquisition procedures, although there are still a number of shortcomings and difficulties to be overcome.

The recently adopted regulations governing the investment process lay down and circumscribe the responsibilities of the various agencies and institutions within a sequence of related activities. Technological requirements are identified on the basis of the country's social and economic development plans. The evaluation and selection of the most appropriate technology begins with the investment proposal and project. This is followed by an analysis of the technology components - the breaking down of the technological package - and the negotiation of the best possible terms and conditions on the basis of a knowledge of the principal regulations governing technology transfers, the proper use of technological information and an inquiry into the correctness of the patents involved so as to avoid unnecessary and economically burdensome payments and guarantee a freedom to market unencumbered by third-party rights. In the adaptation and assimilation of imported technology, its utilization and the exploitation of its benefits, consideration is given to manpower availability and skill levels, the country's natural conditions, its scientific, technical and technological infrastructure and measures to protect improvements brought about in the utilization of the technology.

In all these activities comprising the technology acquisition process, not only are technical and economic factors taken into account, but also ecological and legal considerations and industrial property rights.

In the near future the Government intends to begin applying a new procedure for the evaluation of technological investment projects by expert groups, this is expected to result in an improvement in technology evaluation and selection.

The Young People's Technical Brigades and the National Association of Innovators and Rationalisers, which between them group together, guide and direct the work of thousands of young scientists and technicians and the activities of the innovators and rationalisers



Cuba (cont'd)

of the country's 23 trade unions, represent an effective force for the technological development of Cuba and deserve mention as one of the significant experiments in this field, since there is no doubt that the many innovations that are continually being proposed by the members of these organizations are a key factor in the successful adaptation of foreign technology to the conditions of the country's economy, society and natural surroundings.

Encouragement is given to the work of Cuban specialists in technological creation and innovation, with the result that new technologies, equipment and processes have been developed and improvements made in equipment and technologies already in operation, thus accelerating the achievement of self-reliance in the technological area.

CYPRUS

The Government of Cyprus is conscious of the fact that a developing country cannot rely solely on its own resources to accelerate economic development, therefore its policies are designed to attract foreign participation in certain ventures, particularly those involving high initial capital outlays and needing effective outlets for their products in the international market, but also for industries requiring advanced technology and specific know-how in production and management.

Each proposed foreign investment or licensing agreement requires an approval by the Central Bank of Cyprus which is in close consultation with the Ministry of Commerce & Industry.

There is neither a national agency nor clearcut policy guidelines for the regulation of the inflow of foreign technology. However, an Industrial Extension Service operates within the Ministry of Commerce & Industry combining economic and engineering expertise, it keeps the industry under constant review and offers solutions to a wide range of problems, including machinery layout product design, maintenance of plant, storage methods, utilization of waste, etc. It can give specifications for the proper machinery & equipment to be purchased, for replacement, expansion or balancing of existing equipment. Permanent expertise is currently fed into the footwear, clothing, furniture and engineering industries.

To meet the growing needs of industry, special attention is given to industrial training. Two types of Technical Schools have been established in Cyprus. One provides a four-year vocational training programme and aims at supplying local industry with skilled workers and craftsmen, the other provides a six-year education and technical training supplying industry with technicians. There is also the Cyprus Productivity Centre providing vocational training to workers in industry with the aim of rapid and significant increase in productivity. The Higher Technical Institute trains technician engineers in the fields of Civil Mechanical & Electrical Engineering

Cyprus (cont'd)

and also teachers and instructors for vocational schools. It provides part-time upgrading courses and specialized short courses according to the needs of industry.

ECUADOR

Throughout 1978, the Ecuadorian Standardization Institute (IEN) has continued to promote the rationalization of commercial and industrial activities, economy in the use of factors of production, and improvement of the quality of nationally produced goods.

In the area of technical standardization, the Ecuadorian Construction Code has been drafted and its first revision has been completed. Nine additional codes have been prepared, along with 310 proposed technical standards covering various aspects of industrial and professional activities.

Under the heading of quality control and certification, 12 contracts were signed in 1978 for the quality control and certification of the products of 12 firms. Currently, 30 enterprises are marketing their products at home, and in some cases abroad as well, under the IEN quality seal. The volume of production of certified quality by these firms in 1978 amounted to some 595 million sucres.

In the area of metrology, the introduction of the SI international system of units has continued in important sectors of industry and commerce as well as at all levels of the educational system. The forthcoming issue of amendments to the Law on Weights and Measures, along with the relevant regulatory provisions, will facilitate the immediate application of this law.

Following its reorganization under its new charter, the Ecuadorian Industrial Development Centre (CENDES) has pursued a policy which, while not neglecting the internal promotion of the industrial sector, is aimed at making it more outward-looking, for the purpose of attracting foreign capital and technology and bringing about contacts with Ecuadorian investors interested in establishing new branches of industry in the country. As a direct consequence of the industrial promotion activities of CENDES, 11 projects were carried out in 1978 representing a total investment of more than 3,100 million sucres and generating 1,000 jobs. In addition, 12 industrial projects were indirectly promoted, at an approximate investment of 325 million sucres, leading to the creation of 300 new jobs. Among the Centre's other activities, the following deserve particular mention: the promotion and establishment of industrial estate enterprises, particularly at Cuenca, Ambato, Riobamba and Tulcan; the design and organization of a documentation centre and an industrial data bank, the preparation and publication of numerous special studies on the industrial sector, and the preparation of an industrial rationalization programme.

Ecuador (cont'd)

The purpose of the Ecuadorian Capital Equipment Commission which began work in 1978, is to promote the development of the engineering industry and the manufacture of capital goods in Ecuador. As the Commission's work develops it will contribute to the establishment of national technological capability, savings in foreign exchange, the creation of new jobs and the reduction of the country's external dependence in the manufacture of machinery and equipment such as metal structures, tanks and containers, pipes and fittings, distilling columns, furnaces, boilers, etc.

EL SALVADOR

One of the objectives of strategic programme PE-48, Development of Science and Technology, is the establishment of an advisory office on the transfer of technology to ensure that this transfer is in accordance with the objectives and targets of the National Plan 1978-1982, Well-being for All. In addition, this same programme also includes provision for the creation of a project decentralization and optimization unit.

ETHIOPIA

Fostering the country's technological capability as a means of developing a self-reliant economy is appreciated. In this regard particular attention is being paid to expand the economy's educational base, especially in the field of science and engineering. But because past attempts at development placed excessive emphasis on external capital and manpower, very little was done to enhance domestic technological capability. Much, therefore, needs to be done in this area and the beginning include:

- The expansion of the educational base, particularly in the fields of science and technology,
- The strengthening of institutions charged with the vocational training needs of the industrial sector,
- The establishment of a Science and Technology Commission to chart a science and technology policy appropriate for Ethiopian development;
- The planned establishment, with UN assistance, of a centre to monitor the transfer of technology,
- Appreciation of the importance of establishing a domestic consultancy and engineering services - what remains being the modalities of establishing the services.

## FIJI

No effective measures though guidelines exist to ensure that appropriate foreign technology should be obtained. No overall plan though Fiji prepared background paper as part of submission to the UN Conference on Science & Technology for Development has been evolved and no measures have been taken to develop research capabilities.

Recent manpower investigations indicate that the country is chronically short of engineers, accountants, high level administrators and technical supervisors. Estimates indicate that over the next ten years, engineers will be required at a rate of 30/year, accountants at 27/year, and middle and high level administrators at 210/year. If a proposed large mining project goes ahead, these figures could easily double or triple in the next five years.

Local training in technical and trade level occupations has approximately doubled in the last three years. Output of skilled people at these levels should be sufficient to cater for expected demand unless the mining operation goes ahead.

Graduate engineers are not trained in Fiji at present, and it may not be economical to set up local training at this level because of the relatively high degree of specialization required, the costliness of training, and the relatively small numbers required. Nevertheless, scholarships for training overseas will have to be stepped up if this crucial area of manpower need is to be catered for.

Administrators and accountants are being trained locally, but not at a sufficient rate to displace large numbers of expatriate personnel now in the labour force. Local training is expected to produce about 50 administrators, 5 accountants per year but these do not approach the requirements mentioned above.

On the other hand, Fiji currently has a surplus of school leavers with some secondary school educations but without appropriate tertiary training. There are about 10,000 persons/annum in this category competing for only about 3,000 openings/year.

## GANBIA

The inflow of foreign technology is presently only indirectly influenced through the variable fiscal incentive system. No special agency regulates the inflow.

No overall plan for the development of science and technology exists nor measures have been taken so far to establish research capabilities or to develop domestic consultancy and engineering services.

No estimates of technical manpower needs have been made. The capacity of the educational system to meet these needs is limited due to the absence of any university or polytechnic high school in Gambia.

## GHANA

In the efforts towards the industrial development of developing countries, a premium should be placed on self-reliance. Developing countries, should, in particular, develop manpower resources and research capabilities as well as promote technological information, adaptation and innovation to form a basis for continued industrial growth. Developing countries should also ensure that the technologies chosen shall be appropriate to national development objectives and priorities. The Plan of Action also refers to institutions related to the acquisition of technology and co-operation among developing countries in this respect.

- There is very little information available to the Government on the terms and conditions on which the private industrial sector purchases foreign technologies. The inflow and purchase of foreign technology are not under governmental control in this country.
- There is a technology plan embodied in the Five-Year Development Plan.
- Adequate research institutions operate in the country, and there is a national research council.
- There are also enough engineering and consultancy services provided for the economy by both the private and public sectors.
- The manpower requirements for the industrialization programme are adequately met.

## GREECE

The Ministry of Industry by approving agreements between domestic and foreign companies with respect to payments of royalties influence the kind of foreign technology that is being obtained in different industrial sectors.

Improvement of technology as a means to increase efficiency of industrial firms is emphasized in the Five-Year Plan 1978-82 and different measures to this effect are proposed to be taken during the Plan period. Included in these measures is subsidization of private sector to encourage technological research aiming at the adaptation of foreign technology to domestic needs and the development of original domestic technology as well.

Overall objectives of the changes in the educational system decided recently is to cure existing imbalances in labour markets and meet the needs of supervisory and skilled personnel in various categories.

## GUATEMALA

The provisions of the National Development Plan for 1976-1979 are still in force. The Plan sets forth a definite policy in relation to research and transfer of technology, based on the following:

- (a) Strengthening of co-ordination in the public industrial sector and of the Research Institute for Industry (ICAITI) in order to establish the technological policy of the sector and to evolve a research programme taking into account the priorities laid down in the Plan;
- (b) Establishment of an industrial information system to bring about the selective orientation of transfer of technology with a view to giving priority to those technologies which use a large proportion of national natural resources and manpower;
- (c) Rationalization of the use of patents, trademarks and contracts for technical assistance and technology of foreign origin in the industrial sector. Guatemala has been acquiring technology through:

Guatemala (cont'd)

the use of technical assistance experts, employment of foreign consultancy firms, negotiation with suppliers of machinery, equipment and raw materials; contracting of licences for the use of trademarks and patents; the acquisition of technological know-how with the consequent payment of royalties; joint ventures with participation by foreign partners and the establishment of subsidiaries of foreign firms, etc

- (d) As regards technology, particularly in the industrial sector, it is realized that the country continues to be heavily dependent on foreign countries and that, with the exception of the training of personnel for administration, production processes and control for use in industry and agriculture, carried out by the Technical Institute for Training and Productivity (INTECAP), there are no programmes being implemented with regard to this very important activity, which is fundamental to industrial development. The degree of dependency on foreign countries is indicated by the fact that more than 1,000 patents are registered in the Industrial Property Registry Office, and this represents an obstacle to the expansion of the industrial sector. The amount of financial transfers abroad for payment of royalties in respect of the use of foreign technology amounted to more than 12 million quetzals between 1972 and 1976, and those for imports of electrical and non-electrical machinery and equipment amounted to 281.7 million quetzals in 1976.

There have been imports of technology in industrial branches with the highest product/capital co-efficients, such as the food-stuffs, textiles, garments and chemical industries.

In view of the situation described and of the fact that creation of technology is estimated at 0.14<sup>1/</sup> for 1971, the new development plan, which will be implemented from 1979, contemplates implementation of a programme in the field of science and technology covering the points of the Lima Plan of Action referred to in Section V of this questionnaire.

GUYANA

The Guyana Government established the National Science and Research Council (N.S.R.C.) in 1976. This Council advises the Government on the institutional arrangements necessary to ensure that appropriate foreign technology is being obtained on just terms and conditions. There is an element of monopoly in the prices charged for imported technologies and there is little that bureaucratic regulations can do to mitigate this problem. N.S.R.C. was set up to provide increased competition and disseminate information about the sources of supply

1/  $\frac{\text{Expenditure in respect of research and development}}{\text{Gross domestic product}} \times 100$

Guyana (cont'd)

of technologies. Also, a mechanism does exist to supervise the buying of imported technologies - N.S.R.C., Technical Specialist and Ministries. N.S.R.C. is now involved also in Environmental Consulting Services

There is an overall plan for the development of science and technology: State Paper on a National Science and Technology Policy, February 1976. The major thrust in the development of research capabilities is the establishment of an Institute of Applied Science and Technology which will become operational later this year

N.S.R.C. has carried out a survey in order to determine the number of qualified scientists and technologists available to the Society. The survey to date is only 50 per cent complete. Manpower is Guyana's most valuable asset as well as its principal constraint. The Government has instituted a policy of free education from nursery to university. However, science education is, at the moment, being handicapped by a severe shortage of science teachers, e.g. the school population of 200,000 is being served by a teacher population of 7,289 and a university population of 2,000 has 157 lecturers. However, there are definite plans to build up the educational capacities.

INDONESIA

The role of technology for development is fully recognized, so that technology has an important place in the national development plan. However, self-reliance is always upheld. The import of technology should not be detrimental to the national interest, technology may be adapted, renovated or developed as to suit the local condition. Several measures have been taken to facilitate the transfer of technology:

- Royalty as an incentive allowed to investment projects amounts to 2 per cent of net sales for the duration of five years.
- Thorough and exhaustive negotiation on the part of state enterprises against foreign counterpart for the acquisition of technology.
- The establishment of a Government Board to study all aspects of technology transfer.
- Training and education in existing industries, joint consultancy, participation in designing and physical construction of industries.
- Unification of domestic consultant firms
- Modernization of existing chemical research facilities, establishment of new textile and cement research centres.
- Revaluation of existing educational system as to be able to meet future needs

## IRAQ

No single national agency is yet established to deal with regulation of the inflow of foreign technologies, however, on the basis of central guidelines given by the National Central Agency, individual government organizations deal separately with technological inflow on sectoral bases.

A draft for a National Science and Technological Development Plan is under discussion within the long-term development plan. The law of the five-year plan stipulates the evolution of science and technological plan as an integral part of the National Five-Year Development Plan.

Directive and emphasis are made within the National Development Plan for the rapid expansion of research facilities on a national scale as well as within each development sector and project. High priority is being given to development of governmental consultancy, design and engineering services in various economic and industrial sectors taking into account the achievement of the self-reliance in this field.

The national manpower development plan has been elaborated within the five-year plan. According to the rapid expansion of education, training facilities are being established to meet the need for various levels of manpower including the establishment of universities, technological universities, technical schools, training centres and various other vocational centres.

## IVORY COAST

There is a continuous transfer of technology from abroad. It is being promoted through the encouragement of foreign investment, the organization of numerous seminars and training programmes, technical assistance and the activities of foreign consultancy organizations.

The recent establishment (1977) of the Technology and Industrial Information Office in the Ministry of Economic Affairs is worth noting. Its purpose, inter alia, is to promote and organize the transfer of technology.

Research should be one of the driving forces in industrial development. It will be concentrated primarily on methods of exploiting national resources, will make greater use of indigenous research personnel than in the past and will be brought into closer relationship with the specific conditions of the Ivory Coast.

Certain measures have been adopted to that end including the programming of research by the Ministry of Scientific Research, financial encouragement for pilot projects, the establishment of a National Scientific and Technical Documentation Centre, the preparation of a special statute relating to research personnel, and the establishment of permanent, contractual links between research workers, universities, schools and businesses. The recent establishment of the



### Ivory Coast (cont'd)

Institute of Tropical Technology and the work of research bodies such as the Institute for the Technology and Industrial Processing of African Tropical Products (ITIIPAT) and the Office of Overseas Scientific and Technical Research (ORSTOM) are important in that respect. In addition, the Ivory Coast aims to strengthen international co-operation in the field of research by diversifying its partners in and the modalities of its foreign assistance programmes, and preparing research programmes with other African countries within the West African Economic Community (WAEC) on subjects of common interest, to be financed by the Community Development Fund.

In the field of education, it is acknowledged that technical and scientific training as it has been conceived to date is far from satisfactory. Educational reforms are in progress. In future years the emphasis will be on the development of technical education and vocational training with a view to meeting the current and future requirements of industry.

In the field of domestic consultancy and engineering services, there are already several Ivory Coast consulting firms and new ones are being established every year. At the same time, the need for experts is great. The foreign assistance requirements in the field of research over the period 1976-1980 are estimated at 10 billion CFA francs.

### JAMAICA

The SRC, along with the NPA, is assessing the nation's scientific and technological capabilities and needs with a view to elaborating a National Science Policy. This Policy will pay particular attention to the acquisition of appropriate technology, both from local and foreign sources. The Policy will also address itself to the upgrading and increase of local manpower and the need to strengthen local consultancy, engineering, and scientific capabilities.

### JORDAN

At present there is no government machinery responsible for controlling the acquisition of foreign technology on the basis of government-sponsored guidelines. This is being done instead by the local entrepreneurs with the foreign suppliers concerned. It is planned that a consistent policy is to be developed on a national level for the acquisition of foreign technology. A national research institution, namely The Royal Scientific Society, has been established to develop research capabilities.

Of the measures taken to support domestic consultancy and engineering services is the mandatory association of foreign consultants with native consultants for the purpose of training the latter on-the-job. During the same period both the Ministries of Education and Labour will train about 2,500 technicians and skilled personnel.

## KENYA

To ensure that appropriate foreign technology is being obtained on suitable terms and conditions, the National Council of Science and Technology has been institutionalized to guide and formulate policies for technology transfer into the country. The Kenya Industrial and Research Development Institute (KIRDI) is to widen its scope to undertake research and development programmes especially in food, leather, textiles and building materials industries.

Kenya is eager to co-operate with other developing countries to ensure collective self-reliance among developing countries. While not minimizing the significance of Kenya's dependence on developed countries for trade, technology and aid, deliberate efforts are being made to obtain appropriate technology from developing countries. Examples of the important collaboration agreements with developing countries are to be found in the fields of paper, textiles and pharmaceuticals.

Emphasis is being placed on training abroad of local personnel in specialized fields. Some local consultancy organizations have been created and the foreign consultancy firms are now required to collaborate with local consultancy in new projects. Adequate manpower training facilities for engineering and supervisory personnel have already been created, except for some gaps in middle-level technical skills. Steps have been taken, in the 1979-1983 Development Plan, for providing facilities in such trades as textiles, leather and tool-room technology.

## KUWAIT

The stipulations of the Lima Declaration and the Plan of Action regarding the above topic are observed by the development programmes of Kuwait. Measures taken in this respect include: adoption of policies which will lead to the establishment of a self-base for technology; the study and promotion of technology suitable with the country's requirements; strengthening of bargaining position to obtain the appropriate technology; developing the country's capabilities to absorb and develop technology; promotion of Arab and regional co-operation in the field of technology in the frame of Technical Co-operation among Developing Countries.

The national agency concerned with science and technology policy is the Kuwait National Committee for Technology. The development strategies of the country have great concern towards science and technology development. Research capabilities have been developed through the establishment of a number of science and technology institutions. These include Kuwait Institute for Scientific Research, Kuwait University, Government Centres for Research and Scientific Services, etc.

The national economy is characterized by shortage of technical manpower needed for development. 1975 statistics show that technical manpower available amounted to 17,519 of which 15,597 were males and

Kuwait (cont'd)

1,922 were females representing 89 per cent and 11 per cent, respectively. Foreign technical manpower amounted to 13,912, i.e. 79.4 per cent of existing total. The Government is taking the necessary measures to increase the capacity of the educational system to enable it to meet the economy's needs for technical manpower.

LESOTHO

None of the industries established to date could be considered high level technology. It is anticipated that agreements with foreign organizations will come under closer scrutiny when a Technical Industrial Development Unit has been established, and broad guidelines for such agreements will be drawn up.

The development of science and technology within Lesotho is unavoidably in its earliest stages, the main pre-occupation being to train technicians and graduates in relevant studies. A co-ordinated approach covering all fields of science and technology has yet to be formulated, but interaction between the university, technical institutes, and research studies can be observed. Industrial research, for example, mineral dressing, market research, etc., is dealt with as it arises.

Architecture and construction are partially catered for locally but further local design capability is necessary. Industrial Technical and Management Consultancy does not exist in Lesotho as yet, but proposals are being made by the UNIDO Mission to develop an industrial consultancy unit.

The primary and secondary education systems are not producing enough candidates capable of entering technical courses, nor are the technical courses available adequate for the country's needs. Manpower development is in the care of the National Manpower Development Secretariat.

LIBYAN ARAB JAMAHIRIYA

Transfer of appropriate foreign technology is channelled through the feasibility studies, turn-key contracts and consultancy service. The inflow is regulated on the basis of broad guidelines, planned targets and programmes prepared by the individual sectors. To this sphere rely also bilateral agreements on the Government level. An overall plan for development of science and technology has not been developed yet. A number of organizational measures aim at further development of the research capabilities of the existing Industrial Research Centre and Central Petroleum Laboratory.

Consulting company of the country was established in 1978. There is also a number of small private Libyan consulting firms.

### MADAGASCAR

The possibility of introducing a system involving a national transfer-of-technology register is now being studied with a view to the acquisition of appropriate foreign technology on satisfactory terms.

As regards the development of research potential, the assignment of responsibility for both higher education and scientific and technical research to the same ministry clearly reflects the concert of the Government to co-ordinate and develop all scientific or fundamental research and technological research. In this connexion, it should be noted that the inadequacy of contact between the Ministry of Research and the technical and economic ministries, which are the final users of the results of research, has already come to the attention of the authorities, who are seeking a solution.

As regards the development of local consultancy and engineering services, the restructuring of the Industrial Development and Promotion Office (BDPI), a kind of study and consultancy office, itself reflects the concern of the Government to make its action more operational and effective.

### MALAWI

The Malawi Government has established a council which is responsible for research on science and technology and the council is known as the National Research Council of Malawi. The National Research Council of Malawi is entrusted with the responsibility of co-ordinating all matters relating to science and technology development in the country. With regard to technological capabilities, Malawi has formed an appropriate technology committee under the auspices of the National Research Council of Malawi whose main objective is to formulate policies on the development, transfer and adaptation of technology. There is no overall plan for the development of science and technology. All activities relating to the development of science and technology are co-ordinated by the National Research Council of Malawi.

The science and technology capabilities are actively being pursued particularly in the field of agricultural research, Malawi being basically an agricultural country. In this connexion, Government research centres have been established in the country. However, industrial research is rather at its infant stage because industrial development has largely centred on the development of import-substitution industries which has entailed the direct establishment of industrial ventures by multinational companies and overseas establishment of companies which are based in industrialized countries.

A number of companies have been established in Malawi, the majority of which are foreign companies. The Government of Malawi is actively engaged in training manpower with a view to building up technological capabilities. In this connexion, the educational system has been expanded to include the training of accountants, engineers, surveyors and other professionals in order to meet the growing demand for these professional and technological services.

## MALAYSIA

The lack of technical know-how has been an inhibiting factor affecting the rapid growth of the Malaysian industrial sector. To overcome this, the Government is encouraging the inflow of technology from the developed countries. The Government is, however, keeping a watchful eye on the inflow of technology to ensure that only the proper technology is being transferred into the country. For this purpose, the Government has designated the Ministry of Trade and Industry to regulate technology inflow. All manufacturing enterprises licensed by the Government have to obtain the prior written approval of this Ministry before entering into any agreement on technical assistance with foreign entrepreneurs. The purposes of this regulation are to ensure that the agreement will not impose serious and unjustifiable handicaps to the local entrepreneurs, the agreement will not be prejudicial to the national interest and the payment of fees will be commensurate with the level of technology to be transferred.

The Malaysian Government, while recognizing the benefit of importing foreign technologies, is aware of the importance in developing and modernizing indigenous technologies to meet the requirements of the local industries. To this end, the Government has set up several research institutions. Standard Institution and Industrial Research of Malaysia (SIRIM) was established in 1975 to carry out research activities to adapt a wide range of proven industrial technology for the manufacture of resource-based products for domestic application. Its functions also include the development and promotion of national standards for commodities, processes and practices as well as to test and provide certification marking for commodities which conform to Malaysian standards. Other agencies which are involved in industrial research include the Rubber Research Institute of Malaysia (RRIM) and Malaysian Agricultural Research and Development Institute (MARDI). The RRIM undertakes research into the end uses of rubber and rubber wood while MARDI carries out research on the utilization and processing of agricultural products, livestock and fish for industrial and commercial uses. Another agency, Forestry Research Institute (FRI), develops the use of Malaysian timber as well as the fibre by-products of plantation crops of pulping.

The growth of the Malaysian economy over the next few years will call for sizeable increases in the availability of qualified manpower. According to a Manpower Survey conducted in 1973, Malaysia will require between 1976 and 1980 about 65,300 professional and technical workers, 12,300 administrative and managerial workers, 59,000 clerical workers, 32,000 sales workers and 190,000 production workers. The demand for engineers will be about 3,000 engineering assistants and technicians 5,500, laboratory and science technicians 2,100

In line with the manpower requirements, the Government is giving priority to the expansion of opportunities for science, technical and vocational education and training. Significant efforts will be made to increase the output of engineering, medical, agricultural, and other skilled manpower at all levels. Existing programmes of the various

Malaysia (cont'd)

educational institutions in management development and training will be considerably strengthened. With the existing educational and training facilities, as well as foreign institutions where Malaysians will be educated and trained, the Government is confident that the manpower requirements will be met.

MALDIVES

No measures have been taken to ensure that appropriate foreign technology in different industrial sectors exist.

MALI

Appropriate foreign technologies are acquired, often through mixed-economy enterprises, whenever this is necessary. The National Directorate for Industry and the National Investment Commission consider the value and appropriateness of these inputs when a project is approved.

There is no overall plan for the development of science and technology. There is a laboratory developing the use of solar energy and there are applied development centres within sectoral bodies (textiles, fruits, agricultural machinery, stock breeding, architecture and housing, crafts).

The establishment of CEPI has been an important step in the development of domestic consultancy and engineering services. Mali has two engineering schools, three vocational training schools, one productivity and management planning institute and one post and telecommunications school, which between them have 1,150 students and 1,971 pupils at the advanced and vocational levels.

MALTA

According to the Plan, the ultimate objective of the Maltese economy is self-sustaining growth. However, Malta has no indigenous research and development capacity, and must necessarily rely largely on transferred technology. Its capacity to absorb and understand transferred technology is high. The Government has formally sought access to the research institutions and facilities of the European Economic Community and on the basis of a revised agreement, access to European technological know-how suited to Malta's specific needs has been secured. It is the Government's firm intention to tap this opportunity fully in the years ahead to enable Maltese institutions to keep abreast with technological progress abroad that may be of practical benefit and of direct interest to the local situation. This access to European research knowledge is particularly vital since, in view of local limitations, Malta can never aspire to build its own technological base and must necessarily depend on similar contacts with European research and development institutions.

Malta (cont'd)

Initial contacts which have been established with the Directorate General for Research, Science and Education and with the Joint Research Centre of the Commission of the European Communities have proved encouraging. As a result, it is expected that co-operation in this field between Malta and the EC will include the provision of technical documentation relevant to Malta's requirements; visits by Maltese scientists to the establishments of the Joint Research Centre, and attendance at courses organized by these establishments; expert advice on specific technical enquiries including visits to Malta by officials of the Commission and the acceptance of Maltese trainees in the establishments of the Joint Research Centre according to existing Community procedures. The specific areas which have already been identified for scientific and technological co-operation include the application of solar energy to heating, cooling, refrigeration, desalination and the production of electricity; environmental protection, with special emphasis on problems of air and water pollution, and of toxic chemicals, and standardization in areas linked with industrial activities.

Malta's industrialization process cannot fail to give attention to the development of the required managerial and technical skills. The development of a comprehensive policy for industrial management education in Malta is of the utmost importance if Maltese products are to compete on an equal footing with other products in terms of function, design, quality and price. The educational system has been considerably strengthened in line with the industrial and social objectives of the Development Plan. In order to build Malta's economic future on a healthy industrial base, a number of trade schools was opened to cater for manpower skills required by the expanding industrial sector. The rapid expansion of Malta's educational system especially at the technical level will ensure a more productive labour force adequately equipped to fulfil its important function in Malta's industrial society. As mentioned earlier, measures are also being taken, in collaboration with UNIDO, for the setting up of a Metal Industries Development Centre.

MAURITANIA

There is no agency, at the level of the Directorate of Industry, with responsibility for regulating the inflow of technology. There is only one research institute at work in the area of science and technology.

Because of the lack of supervisory personnel, there is a great need for specialists in engineering, etc. At present the country has neither a university nor any technical institutes where engineering personnel can be trained. The implementation of the various projects contemplated in the Third Plan requires the following skills manpower: 224 senior supervisory personnel, 765 foremen, 1,415 skilled workers, and 3,930 specialized workers.

On the other hand, it should be emphasized that the various projects are at very different stages of development and that, as they progress, their staffing requirements may undergo frequent changes.

Mauritania (cont'd)

The Industrial Promotion Unit within the Industrial Studies and Promotion Centre, now being set up, is to be responsible for facilitating the transfer of technology particularly through assisting Mauritanian nationals.

Mauritania is a founding member of the African Regional Centre for the Transfer of Technology. It is also a member of the Industrial Development Centre of Arab States and the Mashrab Industrial Studies Centre.

MAURITIUS

The sugar industry introduced advanced technology and research already in the 19th century. The Mauritius Sugar Industry Research Institute is internationally recognized as being of a very high standard.

Due to the exiguity of the economy as a whole, research facilities have not been established in other fields and there is no agency with the specific function of the screening imported technology. Concerning in particular the export industry Mauritius depends on foreign technology, which is examined in connexion with the evaluation of project proposals and applications for Export Processing Zone Certificates.

Proposals to establish a centre for research and technology consultancy services are currently being evaluated. Domestic consultancy and engineering services are well developed in the private sector.

There are technical trade training centres providing training in basic skills. The University provides training in agricultural science, public and business administration and in technical science. There is a shortage of trained staff for lower management function at shop floor level. An extensive project of management consultancy services in this field is being examined together with UNIDO.

Development has so far taken place predominantly in very labour-intensive production, notably textiles, garment and knitwear. Current policy is to upgrade industrial job opportunities by encouraging more technology-intensive industries, in particular in the light and precision engineering field and in processing of the products, by-products and waste materials of the sugar milling industry, which are the only locally available raw materials.

Due to the exiguity of local market and lack of raw materials, co-operation in the fields of fertilizers, iron and steel, leather and leather products, vegetable oils and fats has little chance to develop.



## MEXICO

The agency of the Government responsible for assisting Mexican businessmen to acquire the best technology on the most favourable market conditions is the Directorate General for Foreign Investment and the Transfer of Technology.

A special law entitled "Law on the restriction of the transfer of technology and the use and working of patents and trademarks" has been prepared for the purpose of eliminating obstacles to foreign trade and bringing technology contracts into line with the Government's industrialization policy. Its purpose is also to encourage the creation of the scientific and technological infrastructure that will make it possible to adapt foreign technology to the conditions and requirements of the Mexican economy.

Under this law a register has been established in which every contract involving a transfer of technology must be entered. This step has been taken in order to maintain a record of the technology acquired and to make it possible to examine the terms under which contracts are negotiated, so that registration may be denied in cases in which there are violations of the relevant legal requirements.

Contacts have been established through IIFOTEC (a subordinate agency of the National Council of Science and Technology) as a means of seeking information regarding various technologies, and it is on the basis, and on the basis of the law, that the technology to be acquired is selected. IIFOTEC has information on 95 per cent of technological developments in the world, so that it is in an excellent position to provide information.

The National Council of Science and Technology (CONACYT) was established in 1971 for the purpose of contributing towards scientific development, technological self-determination and cultural autonomy.

In the area of scientific development, the Council is responsible for the entire range of experimental research and development, and also for information and support services, technical activities, the importation of technology and manpower training.

Accordingly, CONACYT's objectives in this area are:

- to ensure the direct involvement of research workers in the planning of scientific activities, particularly at the institutional level;
- to increase the resources available for the financing of research projects so as to promote specialization in areas in which sufficiently large groups of researchers can be brought together to achieve positive results, interdisciplinary co-operation, and research in areas of national interest which may be neglected by the scientific communities of the advanced countries;
- to promote the domestic production of scientific equipment and instruments, or facilitate the import of such equipment when necessary;

Mexico (cont'd)

- to discourage the duplication of research already being undertaken elsewhere in the world, except for purposes of training;
- to make scientific research an integral part of curricula in higher education;
- to prepare a long-range national plan for post-graduate training.

With regard to the objective of technological self-determination, it has been considered essential to increase the country's experimental research and development capability and its resources in the area of engineering and advisory services, and to channel demand for technology towards the country's own scientific community. There is a fundamental need to transform the orientation and organization of technological practice, which together shape the pattern of the country's technological development. Technological self-determination implies freedom of decision in the search for, and selection, negotiation, utilization, assimilation, adaptation and generation of, technology.

There are two agencies that offer engineering and consultancy services: INFOTEC (which is subordinate to CONACYT) and the Mexican Institute of Technological Research (IMIT). INFOTEC-CONACYT is an information agency whose function is to promote the use of know-how in the production of goods and services, thereby contributing to the technological development of industry. INFOTEC is capable of providing all types of information and services to enterprises in nearly every branch of industry.

Mexico has training centres such as the Centre for Training in Industrial Occupations (CECATI), the National Centre for Technical Teaching for Industry (CEIETI), the training centres of the IMMS Institute, Rapid Manpower Training (ARMO) and the National Productivity Centre (CEFAPRO). However, the persons trained each year in these centres account for not more than 15 per cent of the country's economically active population, which is considered as 'equivalent unemployment' in industry.<sup>1/</sup> The shortage of trained manpower in different technical areas is therefore obvious. It is due, in large measure, to the inadequacy of the educational system to provide such training.

MONGOLIA

As a result of measures taken by the Government in the fields of education and scientific research, scientific teaching personnel qualified to carry out independent scientific research have been trained. At the same time, academic and research institutions are constantly being established. It should be stressed that these measures have enabled Mongolia to create a national supply of qualified personnel in a historically brief span of time. On that foundation, the National Academy of Sciences was established in 1961, and

1/ The reason being that industry now requires trained personnel.

### Mongolia (cont'd)

has by now become the scientific headquarters of the Republic, and in 1971 the State Committee for Science and Technology of the Council of Ministers was set up.

In order to provide State guidance for the development of science and technology, a long-term overall plan for the development of scientific research has been drawn up. Furthermore, it has been thought necessary to establish a State "science and industry" system, in connection with which scientific and industrial research institutions for various branches of industry, as well as engineering and design agencies and works laboratories and centres, began to emerge. Since the 1960's, a lot of attention has been given to developing and strengthening the country's scientific and technological potential. Between 1965 and 1975, the number of research institutions increased sevenfold, the overall number of persons employed in science and technology activities increased by a factor of 3.5, and the number of graduate workers grew by a factor of 4.1.

Implementation of the Government's scientific and technological policy at the national level is provided for in one-year and five-year plans for the development of science and technology. These plans are drawn up on the basis of development forecasts for science and technology in Mongolia for the next ten to fifteen years and are intended, in the first place, to help to solve current science and technology problems of particular importance to the national economy. In 1972, a National Centre for Scientific and Technical Information was established in Mongolia, which co-operates closely with the International Centre for Scientific and Technical Information.

At present, Mongolia's international relations in the field of science and technology are basically of two kinds: bilateral scientific and technical co-operation, and multilateral scientific and technical co-operation within the framework of CMEA.

Bilateral co-operation with countries of the socialist community involved exchanges of specialists and scientific and technical documentation, exhibitions, symposia and conferences, as well as consultation meetings of academic and engineering personnel.

Mongolia is a party to 23 agreements on the solution of important scientific and technical problems, as envisaged in the Comprehensive Programme for Socialist Integration, three agreements on questions pertaining to inventions and patents, and four agreements on the establishment of international organizations of CMEA member States. Mongolia also takes part in the activities of UNESCO and other specialized agencies within the United Nations System in connection with science, technology and the protection of the environment.

### MOROCCO

At the present time, the main objective in scientific and technical development is reflected in the priority assigned to vocational training and training of cadres. Considerable efforts have been undertaken in this field, and a programme for the training of industrial

### Morocco (cont'd)

cadres is now being prepared with the assistance of the World Bank in the context of the fourth educational project.

The development of domestic industrial engineering services and management of the "import" of technology presuppose that the substantial requirements in respect of cadres generated by industrial growth will be met. Nonetheless, specific measures have been taken in some individual branches, like packaging, food technology, and fisheries, to develop research activities.

Private initiatives involving the establishment of a number of domestic consultancy offices, which are making some contribution to the development of certain studies or projects, should also be referred to. These initiatives need to be strengthened.

Furthermore, there is no national institution responsible for managing and regulating transfers of technology since the approach adopted in this connexion tends to be liberal.

The State is sparing no effort to encourage enterprises in various sectors to purchase the most up-to-date technologies, in particular by making it easy for them to transfer foreign exchange to pay for the services of foreign companies. In the context of the study on investment opportunities, special attention will be devoted to industrial engineering and vocational and technical training (evaluation of requirements, action programmes, etc.)

### NIGER

The acquisition of appropriate foreign technology in the different industrial sectors takes place only at the time of implementation of projects. The Office for the Promotion of Enterprises in the Niger (OPEX), which was set up on 3 November 1973, will be a local consultancy service and will have a part to play, *inter alia*, in basic and further training and the provision of cadres for enterprises.

The problem of personnel is encountered by all sectors of the domestic economy, and industry is no exception. It is largely to solve this problem that industrial enterprises wishing to establish facilities in the Niger are required to submit a plan for the training of personnel.

### NIGERIA

In addition to the universities and colleges of technology charged with the responsibility of training various categories of skilled manpower, there are a number of the Government sponsored specialized research institutes also charged with the responsibility of acquiring and developing new technologies. For instance, the National Science and Technology Development Agency has been set up in Nigeria and charged with the following responsibilities, some of which appear well for industrialization:

Nigeria (cont'd)

- to advise the Federal Military Government on national science policies and priorities and on scientific and technological activities generally;
- to prepare periodic master plans for the development of science and technology and advise the Federal Military Government on the financial requirements for the implementation of such plans;
- to prepare annual budgets for scientific research development and receive grants for allocation to research institutions and special research projects conducted by universities under the aegis of the Agency;
- to advise the Federal Military Government on the creation of new research institutes and centres and the reorganization of existing ones to meet national needs;
- to supervise and co-ordinate the activities of research institutes and centres established under this Decree;
- to allocate special research projects to the universities after consultation with the National Universities Commission;
- to take such steps as it may deem necessary to facilitate the application of the results of scientific and technological research by Federal and State Ministries and their agencies;
- to advise on scientific and technical manpower requirements of Nigeria and to promote manpower training for research;
- to advise on science education not only at the advanced level in respect of scientific manpower training, but also at lower levels in respect of science education in schools and general science education for the public;
- to establish and maintain a National Science and Technology Library, Documentation and Conference Centre;
- to publish or sponsor the publication of scientific research journals as it may consider desirable;
- to channel external aid meant for the development of science and technology to the Government research establishments;
- to promote co-operation in science and technology with similar bodies in other countries and with international bodies connected with science and technology;
- to carry out such other activities as are necessary or expedient for the full discharge of any of the functions of the Agency under this Decree.

### Nigeria (cont'd)

This Agency has a number of research institutes under its control such as the Federal Institute of Industrial Research, Oshodi, and Projects Development Institute, Ibadan, both of which specialize in industrial research and development.

There is no national body that negotiates the terms for **engaging** foreign technology in the country. Various industries seek and employ relevant foreign technology they require. However, attempts are being made to set up a centre for transfer of technology in the Federal Ministry of Industries. In addition to the advisory role being played by NSTDA, this centre will be expected to perform regulatory roles in acquisition of foreign technology especially as they relate to certain aspects of industrialization such as patents.

There are several measures in force to promote indigenous consultancy and engineering services. One such measure is that consultancy service is placed under schedule 2 of the Indigenization Decree. This means that Nigerians must own majority shares (60 per cent) in any consultancy agency operating in the country. The Government is also considering seriously the setting up of a National Consultancy Organization to handle mostly Government projects.

### OMAN

The first Five-Year Development Plan of the country was launched only in the year 1976 and only two years and a half of organized, planned development efforts have elapsed.

The education system and institutions are being organized and it will be only after several years that capabilities in science, technology and research could be developed in the country. For several years to come, therefore, the development effort in related spheres will have to rely on foreign technologies and expatriate professional personnel and skilled labour. At the present stage of the country's development, domestic consultancy and engineering services cannot be built up.

However, the various Ministries of the Government of the Sultanate of Oman take care to see that appropriate foreign technologies are obtained. Suitable terms and conditions are sought to be ensured through careful selection of renowned Consulting Engineers and contractors through a well-defined procedure of selection of tenders. The Ministry of Commerce and Industry carries out objective and in-depth evaluation of the proposals and offers for industrial projects and tries to ensure that foreign technology, know-how and expertise are made available at suitable terms and conditions.

### PAKISTAN

The economic and social demands of technology in a developing country like Pakistan are manifold. The productivity of labour is very low, a quarter to one-tenth of the level in industrialized countries; there is substantial underemployment; the absolute

Pakistan (cont'd)

volume of savings is modest and the resources for imports are severely limited. These are the conditions and constraints under which a technology policy is to be designed. It calls for special efforts to select for import the most appropriate technology and increase indigenous research and development to enable the adaptation of imported technology to local requirements.

In the Fifth Plan, efforts will be made to (a) propagate the labour-intensive technology appropriate to conditions of surplus manpower in the country; (b) make greater use of local raw materials; (c) develop indigenous designs with a view to encouraging manufacture of domestic capital goods and minimizing foreign exchange expenditure on purchase of technology; (d) devise technology for small-scale operations suited to the conditions prevailing in the country; (e) modify and adopt imported technology to suit local conditions; and (f) increase productivity.

The present economic policies are favourable for the promotion of an appropriate technology. The exchange reforms have removed the incentive for excessive use of imported machinery. The shift in emphasis towards small and medium industries will have a favourable impact on the use of domestic technology. However, the work relating to technology, particularly intermediate technology, needs to be systematized and provision needs to be made for quicker dissemination of results. In technological development, the emphasis will be on undertaking specific projects rather than building up of new institutions. The maximum possible use would be made to promote research and innovation of a practical nature. An example of the new approach is the setting up of an Appropriate Technology Development Organization, which constitutes a small nucleus for organizing and co-ordinating research into specific projects with the assistance of existing institutions.

In the Fifth Plan, the pace of applied industrial research will be accelerated with emphasis on programmed and user-oriented research. The primary aim of this research would be to develop process for enabling the use of local raw materials and minerals in industry to the greatest extent possible. The creation of the Ministry of Science and Technology is a reflection of the Government's desire to promote well planned and co-ordinated research in industry and other sectors of the economy.

The Pakistan Council of Scientific and Industrial Research would be strengthened and expanded to undertake increased research and development work in the industrial and mineral sectors. Research and development will be conducted on practical industrial research problems such as agro-chemicals, pharmaceuticals based on natural products, utilization of agricultural and industrial wastes, reduction in post-harvest losses of crops, sugar and oil technologies, basic and industrial chemicals, minerals and metallurgy, leather and fibre technology, village level industries, coal utilization and solar energy, scientific instruments and applied physics, chemicals process equipment development, improvement in electrical and industrial machinery equipment, materials such as polymers, glass, ceramics, etc. In addition, development work relating to improvement in quality of

Pakistan (cont'd)

electric motors, generating sets, tractor-drawn implements and agricultural machinery based on sound technology will be encouraged. In electronics, research and development will be undertaken at the National Institute of Electronics with a view to creating indigenous manufacturing capacity.

In order to improve the industrial design engineering capabilities in the country, a National Design and Industrial Services Corporation has been established. During the Fifth Plan, NDISC would expand its expertise to supply designs of all types of engineering products. The Appropriate Technology Development Organization will also be further strengthened to promote site-specific technologies for making maximum use of local materials and know-how.

Research is basic for the qualitative improvement of education. The plan provides for research in various aspects of education, especially high priority problems in each sub-sector whose solution will have a significant impact on the socio-economic development of the country. A comprehensive framework for the development of skilled manpower training would be provided in the Fifth Plan. The Government has decided to implement the following recommendations of the UNDP/ILO:

- establishment and efficient operation of the Federal Training Board with National Training Bureau as its Secretariat, to formulate vocational training policies and standards;
- establishment of a Federal Training and Staff Development Institute for training and upgrading instructors and
- establishment of network of training centres in all provinces of the country to cope with the growing demand for skilled manpower.

The Fifth Plan aims at expanding employment to an extent which is sufficient to absorb new entrants to the labour force, reduce underemployment and raise the gains from work for the poorer sections. It envisages substantial increases in jobs for educated youth. Similarly, vocations for female employment, and especially the educated women, will be greatly expanded. Finally, the supply of skilled workers will be stepped up to meet the rapidly growing domestic and international demand.

PANAMA

The National Register for the Transfer of Technology was established to ensure appropriate foreign technology be obtained. The Legislation Commission has discussed and approved a draft bill, presented by the Ministry of Commerce and Industries, creating a National Register for the Transfer of Technology, to be subordinate to this Ministry. Under the Terms of this draft bill, which is now the subject of public hearings, mandatory registration will be required for any legal instrument, contract or agreement concerned principally or secondarily with the transfer of technology or with any partial or total modifications.



Panama (cont'd)

The Panamanian Commission for Industrial and Technical Standards (COPANIT) has been established within the Ministry of Commerce and Industries for the primary purpose of pursuing a policy of standardization, that is to say, devising, modifying and proposing technical standards for adoption, promotion and application in the Republic of Panama.

The Government recently established, by means of Decree No. 6 of 20 June 1978, the National Commission for Policy on Science and Technology, whose function is to formulate, guide, co-ordinate and evaluate national science policy for the promotion of science and technology. The Commission's responsibilities, within the framework of the country's socio-economic policies, include the preparation of the National Plan for the Development of Science and Technology, and determining the resources required to finance it. The Technical Secretariat services for the Commission are provided by the Department for Policy on Science and Technology of the Ministry of Economic Planning and Policy. The Commission is currently being set up.

The Institute of Agricultural Research (IDIAP) was established by Law No. 51 of 20 August 1975, although, for budgetary and organizational reasons, it did not begin work until January 1976. Its principal objectives include the encouragement, co-ordination, design, promotion and execution of research activities aimed at developing the knowledge and technologies required for growth and progress in the agricultural sector: higher production and productivity in priority areas (agriculture and animal husbandry), improved domestic supply and export possibilities, conservation and rational utilization of agricultural resources, etc.

A recently founded organization is the Centre for the Development of the National Research Capability (CEDECANI), which was established on the basis of an agreement between the Ministry of Education and the University of Panama to provide answers to problems affecting national development. CEDECANI has its headquarters in the Department of Natural Sciences and Pharmacy of the University of Panama and its activities are co-ordinated with the Ministry of Education, which finances the Centre through an AID loan programme.

The planned Central Medical Equipment Institute would have as its purpose the supply of medicines, materials, equipment and devices for medical and surgical use, materials, equipment and devices for orthodontic use, and other similar equipment and devices to state clinics and hospitals, national social security and public health institutions, and all associated pharmacies and health-care centres. The Institute would also be responsible for the production of materials for medical use in hospitals and for the preparation and repackaging and processing of medicines. The proposal for the establishment of this institute is currently being examined in public hearings prior to its consideration by the National Legislative Council.

Establishment of the Centre for Development and Technical Extension Services to Industry at the Polytechnical Institute of the University of

Panama (cont'd)

Panama for the basic purpose of systematizing scientific and technological information so as to develop technical extension services to industry - i.e., existing information and know-how, or such information and know-how as can be so channelled, is to be made available to public and private users in the production sector as a means of helping them to find effective solutions to their problems.

As part of the educational reform, the National Polytechnical System has been created for the purpose of ensuring the basic and advanced training of the personnel required by the country at different levels in the occupational hierarchy. This government programme combines the efforts of the Ministry of Education, the University of Panama (through the Polytechnical Institute) and the Ministry of Labour and Public Welfare (through CENAFORP).

The activities proposed for the initial stage of the work contemplate the basic and advanced training of teaching staff along with the planning and preparation of the curricula for this training, and also assistance in the modernization of the physical installations of the teaching institutions and their outfitting with the equipment, tools, instruments and other materials required to meet the needs of each region.

PAPUA NEW GUINEA

With regard to overseas investments the National Investment and Development Authority acts as the point of first contact. The Authority also co-ordinates the Government's response, appraisals and negotiations with respect to that investment. One of the aspects considered is the transfer of technologies and skills to determine their appropriateness for Papua New Guinea. If an investment proposal is found to be of benefit to the country and is in accordance with the requirements laid down by the Government, it would be registered by NIDA; thereby permitting the activity.

An appropriate technology working group has been set up within the Government to recommend a science and technology policy, co-ordinate the collection, collation and dissemination of technological information, and efforts to develop technical skills, co-ordinate the technological inputs into agricultural health, rural infrastructure, small business development, and community education projects, and devise ways and means of improving the dialogue between researchers and implementors/extenders.

There are already several centres and institutions capable of applied technological research in Papua New Guinea, such as the University of Technology in Lae, the South Pacific Appropriate Technology Foundation, the Forest Products Research Centre and the Small Industries Research and Development Centre. Partly due to the close historical links between Papua New Guinea and Australia, several consultancy firms have established area offices in the country. Although these firms could provide a base upon which indigenous

Papua New Guinea (cont'd)

consultancy enterprises may be developed there has been no move in this direction as yet. Engineering service companies were some of the first enterprises to be established in Papua New Guinea. The sector is dominated by expatriate-owned companies, but some indigenous have entered the field.

The National Planning Office has a Manpower Planning Unit which investigates the demand supply relationship between industry and the education system.

PARAGUAY

A plan for the development of science and technology has been in effect since 1977. With regard to the measures taken under the development plan, its indicative nature should be borne in mind. In any event, the agency responsible for these matters is the National Institute of Technology and Standards, which operates within the prevailing system of "free enterprise" and whose functions are limited to certain basic activities that in any case do not extend to regulatory authority over the foreign technologies brought into the country or to other action of direct concern to the investor.

Measures to develop research capabilities are included in the guiding principles and intentions of the public sector, but, as pointed out above, with indicative force only.

A statement of manpower needs by categories is given in the table below. There is provision in the development plan to ensure that the educational system has the capacity to meet the needs of the industrial sector.

Requirements for training and further training  
of manpower in industry

	<u>Requirement for the training of new manpower</u>	<u>Requirement for further training</u>
<u>Professionals and technicians</u>	462	924
Professionals	143	218
Technicians	319	706
<u>Administrators and managers</u>	1,907	924
<u>Employees and sales personnel</u>	2,930	4,239
<u>Operators and technicians</u>	6,390	19,784
Skilled	437	11,033
Semi-skilled	5,453	8,751
Unskilled	-	-
<u>Service personnel</u>	103	435
TOTAL	7,750	26,305

PERU

The first concrete step taken by the State with regard to establishing overall guidelines for scientific and technological research was the creation of the National Research Council (CNI). The Council was set up in 1966 to co-ordinate and orient scientific activity and to serve as an advisory body at the highest decision-making level with regard to scientific and technological policy.

It was none the less designed to be an institution separate from but parallel to the already existing planning system, with possible formal relations with that system. This concept of CNI as an advisory body on matters relating to scientific and technological planning, separate from the remainder of the system, placed the emphasis exclusively on academic research, to the detriment of the study of the characteristic problems of the Peruvian economy. The Council was thus not conceived of as a primary participant in the preparation of the development strategy which would later have to be implemented and of the industrial policy which would be applied.

The Development Plan for 1971-1975 introduced some consideration of the technological factor, above all at the levels of general objectives and in the main lines of policy considered necessary for their implementation. Reference was thus made to "the need to establish a policy in respect of research in the fields of science and technology oriented towards promoting the country's own capacity for creating technology and its ability to assimilate and adapt imported technology".

In the light of the experience of the National Research Council and its inability to institute a well-structured scientific and technological policy, technological institutes were set up beginning in 1972 in the main production sectors (industry, mining and energy) with a view to overcoming the practical deficiencies observed in the work of the Council. Thus, the approach involving a centralized and generalized technological policy is being abandoned in favour of a sectoral, pragmatic approach, and one which is much more functional, taking more precise account of the problems and requirements of the production apparatus.

In the industrial sector, the Institute for Industrial and Technological Research and Technical Standards (ITINTEC) was set up as an autonomous public agency to concern itself with the following: promotion, co-ordination, orientation and execution of research relating to industrial technology, in accordance with the promotion development policy of the Ministry of Industry, Commerce, Tourism and Integration (MICTI); promotion and development of the country's technical standardization activities; approval of national technical standards.

It has been decided that every industrial enterprise shall deduct two per cent of its net earnings for utilization in scientific and technological research for industry. These resources are employed in the execution of programmes approved and supervised by ITINTEC. The programmes may be executed by enterprises either individually or

Peru (cont'd)

collectively, either using their own research services or those of public or private institutions specialized in this field, universities or ITINTEC. Where the industrial enterprise does not make use of the amount concerned, it will be passed on to ITINTEC.

Subsequently, the National Commission for Foreign Investment and Technology (CONITE) was established by Decree-Law 21501 of 25 May 1976 to propose national policy with regard to the treatment of foreign investment and technology in accordance with national development plans and to ensure the achievement of the objectives laid down in Decision 24 (common system for the treatment of foreign capital) of the Commission of the Cartagena Agreement (Andean Group). CONITE belongs to the economic and finance sector and is presided over by one of the representatives of that sector. The industrial sector, like other sectors, is also represented.

REPUBLIC OF KOREA

Appropriate technology may initially have been labour-intensive but as industrialization proceeds it is becoming highly advanced. Korea has been convinced that the policy for the transfer of technology should concentrate not on the appropriateness of technology to be transferred but rather on the capabilities of developing countries to select and adapt technologies relevant to their national needs. The Korean Government emphasizes the transfer of new modern technologies. The transfer of foreign technology has been controlled through the Foreign Capital Inducement Law enacted in 1962, which recently simplified technology import procedures in an effort to liberalize them.

Science and technology plans have been implemented parallel with economic plans. The science and technology plan places great emphasis on manpower development, technology development which includes technology import as well as domestic R+D capability building, and the creating of a favourable social milieu for science and technology development. The Long-Term Plan covers twenty years, and there are also Five-Year Plans and an annual plan. The two latter are set up in line with the Long-Term Plans.

A series of laws have been enacted for the promotion of science and technology:

- The Technology Development Promotion Law of 1972 supports private and public corporate enterprises in their scientific and technological development efforts through tax privileges and other incentives.
- The 1975 Law for Assistance to Special Research Institutes provides incentives in legal and financial terms for research institutes in specialized fields of high priority such as shipbuilding, electronics, communication, mechanical and materials engineering, and energy.

Republic of Korea (cont'd)

- The 1975 Law for the Korea Science and Engineering Foundation provided a legal basis for the establishment of a foundation to support basic research in pure and applied sciences, mostly at academic institutions.

A science town has been under construction since 1973 a) to enable Korean manpower to apply technological capability most effectively for economic benefit, b) to locate the new strategic industry research institutes in the same area to enable joint R+D programmes, common use of support services and other merits of a research complex; c) to establish an ideal, systematic interdisciplinary, R+D system by forming an intellectual community of research institutes and universities.

The Engineering Services Promotion Law, enacted in 1973, aims at upgrading local engineering capacities. The Law stipulates: engineering services project which can be carried out by local engineering companies should be given to Korean engineering firms rather than foreign ones. Even when a local engineering firm finds it difficult to undertake a project alone, it is encouraged to act as the principle contractor with the assistance of a foreign engineering firm.

The National Technical Qualification System was established in 1975 under the National Technical Qualification Law to recognize qualifications systematically for those engineers and craftsmen whose technical capabilities have reached a specified level, and to accelerate the use of their capabilities. The Korea Technical Qualification Corporation has streamlined the diversified criteria to make possible the implementation of this system. The Master Craftsmen's College, which was established in 1977 under the Master Craftsmen's College Law, is designed to produce technical managers and supervisors through managerial and technical education for craftsmen who are skilled technicians, thus providing them with the ability to enjoy a higher social status in an industrial society.

ROMANIA

In view of the fact that the intensive development of industry, and indeed of the economy as a whole, is heavily dependent on the large-scale introduction of technological progress, Romania is making intensive efforts to develop scientific research, and in particular applied research. As is the case in other sectors of economic and social life, the development of scientific and technical research is a planned activity as an integral part of the single national development plan. Taking into account the current requirements of the Romanian economy, the 1976-1980 five-year plan calls for a period of full affirmation of the technical and scientific revolution in all sectors of the national economy. Therefore, more resources have been assigned to this than in previous years. For example, in 1980, expenditure on research and development activities will account for more than two per cent of the national income.

Romania (cont'd)

In the period 1976-1980, about 600 projects will be implemented in the field of scientific research and technological development. At the end of the current five-year period, it is expected that approximately 20 per cent of the value of total industrial production will be accounted for by new or improved products. As regards scientific research and technological development potential, the number of persons occupied in these activities is steadily increasing and now amounts to 150,000, of whom 100,000 are in research.

At the same time there is concern to ensure, through the educational system, that the labour force required to meet growing research needs will be available. Thus, between 1976 and 1980, about 200,000 persons will complete advanced or post-secondary training courses, and of these 82,000 will complete advanced technical education. A large number of these will become directly involved in technological research and development activities.

In order to ensure the optimum utilization of technical research and development potential and to increase their contribution towards the achievement of economic and social objectives, a system for the co-ordination and guidance of activity in this field has been set up. At the sectoral level, the system consists of central research institutes connected with the various branches of industry. At the national level, there is a National Council for Science and Technology which is responsible for implementing the Government's policy in the field of science and technology.

When technology or machinery and equipment are acquired abroad, it is usually in the framework of complex import package agreements, or under licence, in accordance with regulations laying down, inter alia, the technical and economic terms which must be respected in the case of such imports.

RWANDA

The acquisition of technology is of great importance to Rwanda, which is entirely dependent on imported technology. The Ministry of Finance and Economic Affairs has a Directorate-General for Industry which is responsible for registering patents and brand names and regulating new technologies.

For some time, Rwanda has had a National Scientific Research Institute at Butare. Until now, the Institute's activities have been concerned with history, culture, archaeology and the geomorphology of the country, but it is expected to move into other areas of scientific research also.

Lastly, a national office for project studies will shortly be established; this is expected to reduce the country's dependence on foreign consultancy organizations and contribute significantly to the fulfilment of the Second Plan by generating a large number of operational projects, including some in the industrial sector.

## SAUDI ARABIA

Every effort is being made to develop the technological capability of the country and have a sound technological base. In the meantime, appropriate measures are being taken to bring the foreign technology to Saudi Arabia to meet its ambitious industrial programme. The principal means of obtaining technology are as follows: purchase or licensing of technology through royalty payments or lump-sum payments; joint ventures with companies from developed countries; contracting for technical assistance from foreign consulting companies and specialists.

The Government offers assistance to private industry to acquire and use appropriate technology through ISDC (Industrial Studies and Development Centre). ISDC guides the industry in finding the source and selecting the best technology available. Recently the Ministry of Industry and Electricity have requested UNCTC (through Regional Representative of UNDP) for a mission to advise on the establishment of policies for the transfer of technology, guidelines for the negotiations of agreements and procedures for the administration of technology transfer agreements.

In order to have an overall plan for the development of science and technology, the Government of Saudi Arabia has now established National Council of Science and Technology. Under an agreement with the US Science Foundation, the Council of Science and Technology is drawing up a comprehensive work plan for science and technology development in the Kingdom.

At present, the universities are doing their best to develop research capabilities. But very soon an integrated system of research will be evolved by the National Council of Science and Technology in order to explore for the maximum possible research talents among the local people. It is also expected that a well co-ordinated chain of scientific and technical institutes would be set up to develop the local skills and expertise.

The domestic consultancy and engineering services are being availed and utilized to a large extent. The domestic services are normally given preference over similar foreign services.

There is a shortage of local technical and skilled manpower in the Kingdom. Steps are, therefore, being taken to expand the capacity of the educational system. Apart from general education to be increased by over 200 per cent, generous scholarships are provided to the students to go abroad for training in various skills. Similarly, within the Kingdom, together with five major universities several vocational training institutions have been established to cater to the personnel needs in various categories as adequately as possible.

## SIERRA LEONE

Sierra Leone has entered into an agreement of regional co-operation with Liberia and developed financing institutions to suit its requirements. However, like other small developing countries, this has not



### Sierra Leone (cont'd)

not been able to develop adequate facilities of personal development, industrial research and institutional set up to guide the choice of appropriate technology and its acquisition at reasonable costs.

There is no institution existent in Sierra Leone to guide its decisions related to the selection of technology and its cost. The only research facilities available are at the level of university and these too in the fields of agriculture, economics and engineering.

There is no industrial research institute in Sierra Leone. Consultancy and engineering services are still in the initial stage of development.

In the field of personnel development for industry, Sierra Leone has two vocational training centres. An institute of management is also in the process of being established.

### SINGAPORE

Singapore has not adopted any measure and does not regulate the inflow of foreign technology. Singapore does not have any overall plan for the development of science and technology. However, the Government has set up departments and institutions such as the Department of Scientific Services, the Applied Research Corporation and Singapore Institute of Standards and Industrial Research for the provision of advisory technical consultancy and R+D services.

As Singapore industries progress up the technology ladder and the country develops into a brain centre of the region, there will be an increasing demand for the type of manpower listed above. In anticipation of this increase in demand, plans have been made to expand the education system which has been restructured with a technical bias.

### SOMALIA

The Somali Government is conscious of the shortcomings in the fields of industrial information, training and research. UNIDO project SOII/72/007 has developed a project for establishing an industrial information centre. This project is at present under consideration for implementation. A start has been made in the field of training and manpower development with assistance provided by UNESCO. Three technical institutes have been established at Mogadiscio, Hargeisa and Burao. A polytechnic institute is in the process of being established. It is proposed to run these institutions on double shift basis to overcome the short supply of mid-level technical personnel. Regarding lower level personnel, a craft training centre has been established. At present training potential of industry is not exploited. A UNDP/ILO project for a pilot vocational centre is under consideration.

Somalia (cont'd)

As regards higher level and managerial skills, Somali industry is almost exclusively dependent upon fresh graduates passing out of Mogadiscio University or those returning from abroad with degrees in related fields. SIDM (Somali Institute of Development Administration and Management), however, organizes and conducts short-term training courses in varying managerial skills to improve the efficiency of existing managerial/administrative personnel. Nevertheless, skills in production planning, productivity improvement, export marketing, accountancy and product costing are either rare or non-existent.

A proposal has been formulated by UNIDO project SOM/72/007 for establishing a multidisciplinary laboratory for testing materials and products. This laboratory when established might also prove helpful in providing advice on the selection of technology and facilitating co-operation with other developing countries.

Somalia, like several other developing countries, is obliged to accept technology from a country willing to finance a project. There is neither any national agency to regulate the inflow of technology nor set procedures to facilitate the acquisition of technology on suitable terms and conditions. However, the Ministry of Industry has now started floating international tenders for its requirements of technology and technical equipment, and this is expected to facilitate the inflow of technology on competitive terms. Project SOM/72/007 does provide advice when and where sought and even makes endeavours to make available the services of a short-term specialist/expert from UNIDO for this purpose.

Somalia will take some time to evolve such a plan and to undertake measures to develop research capabilities. Initially, Somalia is considering the prospects of establishing a multidisciplinary laboratory proposed by project SOM/72/007. This, when established, may provide a base for developing research capabilities. Somali National University at Mogadiscio has faculties of social sciences (economics, statistics, law, philosophy, etc.) and natural sciences (medicine, engineering, chemistry, physics, biology, etc.). Somalia also sends a good number of students abroad for higher education in different faculties as well as for training in specific specialized skills. Somalia imports expatriate technicians in varying skills to fulfil its needs. These endeavours have to be supported and strengthened by international agencies by offering fellowships and scholarships in very large numbers. Somalia's requirements for mid-level technicians are now being met by the three technical institutes established with the collaboration of UNESCO. The polytechnic, when established, will further strengthen the base for the supply of technicians of this class. Nevertheless, it may be necessary to import technicians skilled in rare specializations for some time to come. The proposed vocational centre when established is likely to prove helpful to overcome deficiency of machine operators and lower level skilled personnel.

### SRI LANKA

The research programmes of scientific organizations will be placed more closely to the needs of local industries in regard to the use of local resources and the development of local technology.

### SUDAN

The development of the Sudanese industry through the process of import substitution was not accompanied by a clear policy towards the type of technology suitable for the Sudanese economy in its present stage of development. It is sometimes argued that the importation of capital goods is made artificially cheap by an overvalued exchange rate and a subsidized interest rate. This, together with the absence of any regulating policy as regards the appropriate level of technology, besides almost the complete absence of an indigenous capital goods sector, has led to a state of complete dependence on developed countries for the supply of technology. The Ministry of Industry - the body responsible for regulating and directing industrial development in Sudan - has not, as yet, acquired the necessary machinery for influencing and rationalizing the use of foreign technology and the terms and conditions under which it is supplied. Scarcity of foreign exchange has led in some cases to a situation where capital goods are imported, mainly because payment is made sometime in the future.

Recently, however, a growing concern is being expressed for the lack of an adequate policy that covers the use of foreign technology. A national conference on technology was held during the second half of 1978, and its findings and recommendations were made available to those concerned. However, it is too early to say whether these recommendations are going to be incorporated into a specific policy for the use of foreign technology.

Moreover, it is realized that the state of technological dependency on advanced countries is going to prevail for a considerable time, and the only way to reduce it is via the encouragement and development of national scientific-research capabilities. Already a few research institutions are operating and continually expanding the scope of their activities. The Ministry of Education is to introduce a plan that emphasizes the importance of technical training, and the whole of the educational structure is being directed towards meeting the needs of the Sudanese economy.

In recent years, a number of domestic consultancy firms began to offer their services to prospective investors and to existing firms. However, it is widely felt that there is a need for a policy and a law that governs and directs the practices of these firms.

### SWAZILAND

There are measures taken to ensure that appropriate foreign technology in different industrial sectors is being obtained on suitable terms and conditions, e.g. students are sent abroad by different mills for studies; USJuta Pulp Mill sent some to New Zealand, Sugar Mills sent some to the USA, etc. There is also an inflow of technicians from developed countries. The inflow of technology is regulated by the Office of the Deputy Prime Minister.

An overall plan for the development of science and technology has been evolved and is supervised by the University College of Swaziland. Measures have been taken to develop research capabilities on a very small scale indeed.

Technical manpower needs in terms of engineering and supervisory personnel and skilled personnel in various categories is very high at the moment, and Swaziland will rely on foreigners for some time. And the capacity of the educational system to meet these needs is not adequate at the moment.

### SYRIAN ARAB REPUBLIC

In the area of transfer of technology Syria relies on developed countries, the following being the forms of such transfer:

- Employment of experts: This method applies usually to small and medium projects in the engineering, the food processing and some other consumer goods industries.
- Agreements on supply of equipment and machinery: Such agreements usually include transfer of technology relating to the operation of the machinery and equipment supplied. This method satisfies the industrial aims in both small- and large-scale projects. The supply agreements for equipment and machinery sometimes stipulate the supplier's obligation to train local persons or to continue providing expertise after the stage of commissioning and acceptance.
- Agreements on the licencing of technology: Such agreements predominate, to a large extent, in the private sector, where the owners of industrial installations buy foreign licences for a number of products, e.g. washing machines, refrigerators, shaving cream and toothpaste, and manufacture these items under the licences thus obtained.
- Agreements on turn-key projects: This method is very common for enterprises in the public sector, where agreements are signed on the establishment of industrial projects to be handed over to the customer in full operating condition. The supplier may be the proprietor of the manufacturing technology, the provider of a major part of the equipment and machinery or an engineering consultancy firm, depending on the nature of the project and the technology needed for it.

Syrian Arab Republic (cont'd)

Apart from the types described above, Syria makes use of the existing training facilities offered by UNIDO and friendly states under technical and scientific co-operation agreements. The trainees receive instruction on modern industrial methods in the advanced countries to which they are sent.

Syria has recently embarked on a new attempt to accelerate the transfer of foreign technology in many industries through participation in mixed Syrian-foreign companies such as the Euphrates Tractor Company, in which 75 per cent of the capital is owned by Syria and 25 per cent by the Spanish partner represented by the firm Ibero, and the telephone distributor company, a joint Syrian-French Government venture.

The Industrial Testing and Research Centre under the Ministry of Industry is continuing techno-economic studies and research on the solution of industrial problems and the optimum use of raw materials and is organising its activities on specifications. The Centre comprises the following divisions: Specifications and Technical Information; Quality Control; Chemistry; Mechanical and Electrical; Techno-economic Studies; Management and Financial Affairs.

As regards the supply of intermediate-level technical personnel, a number of specialized institutes have been set up in order to meet the growing needs of projects for technicians in the various branches of industry. The most important of these institutes are:

<u>Institute</u>	<u>Courses</u>
Intermediate Institute for the Spinning Industry, Damascus	150 students in one course
Intermediate Institute for Engineering and Mining Industries, Damascus	100 students in one course
Intermediate Institute for the Chemical Industry, Damascus	100 students in one course
Intermediate Institute for the Food Processing Industry, Aleppo	100 students in one course
Intermediate Institute for Agricultural Machinery, Damascus	50 students in one course

These institutes are under the Ministry of Industry. The Intermediate Institute for the Spinning Industry was established in 1970 and the others in 1975. Their objective is to train specialized personnel for the respective industries. The duration of study is two years, after which the candidates, who are holders of secondary school-leaving certificates, are awarded the certificate of assistant engineer. They are provided with jobs in the relevant areas of specialization in the State sector.

Apart from the intermediate-level institutes, there are industrial secondary schools under the Ministry of Education in each of the provinces of Syria, and the students graduating from these

Syrian Arab Republic (cont'd)

schools are awarded industrial secondary school-leaving certificates. There is also a mechanical and electrical engineering faculty, which conducts five-year degree courses in mechanical, electrical and electronic engineering.

As regards vocational training, there are two centres, one in Damascus and the other in Aleppo, each conducting training courses in the following subjects: Damascus Centre - metal-working, general mechanics, electricity, construction, commerce, industrial and architectural drawing and secretarial work. Aleppo Centre - metal-working, general mechanics, automobiles and engines, electricity, spinning and textiles, industrial and architectural drawing.

The competent authorities are in the process of establishing two new vocational training centres, one in Homs and the other in Deir ez-Zor. The purpose of these centres is to train skilled and semi-skilled workers in the subjects mentioned above. The number of people trained at the vocational training centres during the 1970s has reached 3,251.

The Management and Productivity Development Centre is responsible for training middle and senior management levels so as to develop individual managerial skills and to teach modern management methods. It also carries out special studies in industrial enterprises with a view to raising their productivity and improving the ability of their workers and provides the necessary advice within its area of specialization.

THAILAND

The Government of Thailand still has not had any appropriate measurement to be taken to ensure foreign technology in different industrial sectors. It always happens that some industrial redeployments which were transferred from developed countries into Thailand are now creating such a difficulty as pollution. These polluted source industries not only hazard the environment in big cities but also are harmful to human health.

Although local mass media and some educated people have urged and struggled very hard against this selfishness in industries, those investors turn their deaf ears to this urge. The fact is that these investors do not want to spend much more money in applying such new technologies or buying more equipment to get rid of any pollution. In their opinion, this additional investment is useless because they do not want to lower their profit.

The Government of Thailand, however, has taken these problems into consideration so as to safeguard the country from being polluted. Whenever there is no law to prevent the pollution creation enacted and the degree of selfishness among those investors has not been reduced. This concept is still being the so-called "day dream".

Thailand (cont'd)

The United Nations Industrial Development Organization at its twelfth IDB meeting which was held in Vienna during 15-27 May 1978 has discussed the transfer of technology and redeployment of industries. This meeting took note of the urging from developing countries in connexion with the prevention of inflow of the unwanted technologies from developed to developing countries as well as the redeployment of demoted and unwanted industries. As one of developing countries, Thailand still hopes that UNIDO will use its effort to satisfy this request.

Thailand has recognized the importance of science for a long time. This is because science will bring up well-being to the people in the country as well as a better prospect in the economic situation. This recognition resulting the establishment of many new government offices so as to carry out the task in development of science to assist the country in many fields such as industry, agriculture, fishery, etc.

Although Thailand has been realizing the importance of science, the lack of modern technologies prevent it from achieving the objectives. The country still needs more aids in the form of equipment, money and experts to fulfil the target.

Thailand is rich in natural resources. Not more than five per cent of these resources have been utilized. This is due to the lack of technology, know-how and experiences in utilizing these resources in order to support the economic aspect of this country.

Because of the uprising price in such energies as crude oil, natural gas, etc., which in turn results in other products becoming more expensive. These referred products are petrochemical products, machineries, fertilizer and so on. By realizing these economic problems, the Government of Thailand has made serious attempts to solve them. Ways and means have been exploited to use other sources of energy, for example, solar energy, wind energy, wave energy and others. This exploitation aims to search for a new and usable energy in order to remedy the hardship of foreign deficit in this country. This effort has been drawn up in the national level plan so as to expedite the use of other sources of energy as substitute ones.

There are many institutions taking part in the research works in order to achieve the highest technological capacity in various fields. These institutions include universities, the Applied Scientific Research Corporation of Thailand, National Research Council and other related government agencies. These offices have been taking appropriate measures so that the research capacity will be developed fruitfully and successfully. Although these institutions have made their great attempt to fulfil the targets in developing the research capacity, the lack of adequate funds has delayed the implementation of their plans.

### Thailand (cont'd)

In fact, the Government of Thailand realizes the importance of the technological research, but the budget limitations have paralyzed this research. This can be solved by granting more financial and personnel aid. The Government of Thailand, however, cannot do so because of other priority projects.

In the face of such difficulties, one can neither abandon the programme nor accelerate it. A better solution to this problem is to seek international assistance in the form of financial aid and experts so that research capacity will be achieved effectively.

The development of domestic consultancy and engineering services has been taken into serious consideration as far as self-reliance concept is concerned. The Government, with close co-operation from internal as well as external higher educational institutes, is producing more skilled and educated personnel. Even with this support it seems that there is not sufficient manpower to fulfil the needs in various categories. This is due to the rapidity of the country's development. Sufficient technical manpower to carry out the supervisory and skilled tasks is still lacking. However, the Government of Thailand has placed the plan to produce more skilled technical manpower on the top priority list.

### TOGO

No national agency to regulate technology inflow exists at present. Likewise, no overall plan for the development of science and technology has been evolved and no specific measures to develop research capabilities have been taken.

With regard to the development of domestic consultancy and engineering services, the recent establishment of a national consultancy organization will enable specific studies to be made in collaboration with foreign consultants. Longer-term requirements relating to engineering and supervisory personnel have not yet been evaluated. The reform of the educational system provides for the training of supervisory personnel and specialists in accordance with the requirements of the economy.

### TUNISIA

There is no national agency to regulate foreign technology inflow. However, the acquisition of technology is being looked into carefully both by competent departments of the Ministry of Industry, Mining and Energy and by ad hoc commissions.

Measures have been taken to develop research capabilities: several specialized research bureaux have been established, such as the National Centre for Industrial Studies (Centre national d'études industrielles), the National Centre for Agricultural Studies (Centre national d'études agricoles), the Building Technology Centre (Centre



Tunisia (cont'd)

technique du bâtiment), the National Centre for Information Science (Centre national d'informatique) and the Economic and Social Centre for Studies and Research (Centre d'études et de recherches économiques et sociales).

In order to improve the training of senior Tunisian personnel and to ensure a certain transfer of know-how, the National Centre for Industrial Studies, when it is responsible for a study, subcontracts those parts calling for a high degree of specialization to engineering consultancy offices possessing the relevant competence.

The recent establishment of a Ministry of Higher Education and Scientific Research will undoubtedly play a role in strengthening research capabilities within the country. The authorities have strengthened the training capacity for top-level and intermediate-level technical staff, in order to meet the requirements of the economy in terms of senior staff and specialized personnel.

In 1973, 55 per cent of secondary school pupils and 54 per cent of university students - 23,000 in all - were enrolled in vocational training courses, as against 37 per cent and 42 per cent respectively in 1973. This rate is expected to increase, moreover, as the result of a growth in the number of technical secondary schools and specialized engineering schools. There are also the Centres for Professional Training, whose capacity should reach a figure of 25,000 with 3,750 in higher-level establishments, as against 20,000 and 5,350 respectively in 1975. With regard to higher-level establishments, this increase will involve the building and civil engineering institutes, the training of skilled textile technicians and the training of skilled technicians in mechanical and electrical engineering. In higher education, the number of student places in technical sciences will rise from 3,916 in 1975 to 5,926 in 1981.

The programmes to be carried out during the Fifth Plan include the building of a science and technology faculty at Monastir and a new engineering school at Gabès, the establishment of a university-level college for technical education at Tunis and a school of science and technology at Sfax. It is also planned to expand the Tunisian National School for Engineers (ENIT). The technology sector also includes schools and institutes of technology, agriculture, aviation, post and telecommunications, building, and so forth.

TURKEY

Technological policies are dealt with as a whole by the Plan along with industrial employment and investment policies. Certain branches of industry will be given a character where it produces and develops its own technology. Research and development activities will be given the necessary backing and co-ordination with industry will be realized.

Turkey (cont'd)

An active role will be played within the existing international information system on technology. To this end, close ties will be established with the information centres of various countries and international organizations. In this domain the service of the Ministry of Industry and Technology and of TUBITAK/TUROOK will be utilized.

As far as the transfer of technology is concerned, the importation of technology as packages will be avoided. Instead, the importation of the required parts of technology will be encouraged. Thus, domestic know-how capability will be fully utilized. Technology transfer is closely followed by the Ministry of Industry and Technology and by the State Planning Office in order to ascertain their compatibility with the conditions of the country in sectoral level.

Due to the ambitious targets of the plan, a deficit of 27,900 is foreseen in the supply of qualified manpower. It is hoped that this shortcoming could be remedied partly by the full-capacity functioning of the institutions of higher education.

UNITED ARAB EMIRATES

No regulations have been decided upon so far concerning the transfer of technology. No research centre is available in the UAE.

UNITED REPUBLIC OF CAMEROON

Most industrial promoters wishing to invest in Cameroon take advantage of the favourable terms offered under the Investment Code. In this way, the Interministerial Committee responsible for the co-ordinated study of investment and development projects can exercise practical oversight over the contribution of foreign technology in relation to certain economic and social variables (added value, employment and personnel training, taxation, etc.) and in respect of their impact on the environment.

A National Committee for the Transfer of Technology is in the process of being established. Its mission will be to find ways and means of ensuring - in co-operation with the specialized and technical organizations that already exist (e.g., the National Bureau for Scientific Research (OHAREST), the National Centre for Agricultural Machinery Studies and Experimentation (CENESMA) and the research departments of industrial and agro-industrial companies) - that the foreign technology acquired is appropriate to the needs of the country and is obtained on suitable terms. The Committee will also be responsible for promoting regional co-operation in the field of technological development.

United Republic of Cameroon (cont'd)

The Committee will make an inventory of national requirements in the areas of science, technology and industry, which will provide guidance for measures to accelerate the development of the country's scientific and technological potential -- for example, as measured by the number of scientists and engineers per 1,000 inhabitants, the current figure for Cameroon being only 0.05.

The extent of Cameroon's needs in this area can be appreciated by comparing this figure with the rates prevailing in the developed countries:

USA and USSR	10.0	European Economic Community	10.0
Canada	11.0	Japan	8.0
United Kingdom	10.4	Sweden	7.0

As a means of making up this lag, Cameroon is pursuing a policy of educational diversification and specialization designed to produce a system capable of delivering a maximum number of highly trained specialists.

UNITED REPUBLIC OF TANZANIA

The importance of technology in the process of socio-economic development is an already-proven fact. The main question at issue here is that of technology transfer from developed countries to developing countries, including Tanzania. Unfortunately, although the country's industrial sector is still dependent on imported technology, there is not as yet a comprehensive national policy for effecting technology transfer, i.e. regulating the inflow of technology, the adaptation of technology and development of technology.

However, at the sectoral level attempts are being made to ensure effective technology transfer. The Ministry of Industries has introduced measures such as examining critically aids through project evaluation during which emphasis is placed on the impact of the aid on transfer of technology (e.g. training of local personnel).

Other measures include the introduction of industrial consultancy services which form an important link between the adaptation and the generation of technology and the users in the national productive system. The establishment of the Tanzania Industrial Studies and Consulting Organization (TISCO) is particularly significant. In addition, an Industrial Research Organization is being established in Dar-es-Salaam. The importance of this particular institution was emphasized. It is, however, important to stress here that Research and Development is basic in the development of technology.

The Ministry of Industries plans to establish specialized institutes which would turn out the required technical skills. The proposed institutes include textile, silicate, metal engineering institutes. Furthermore, education system in Tanzania is being re-oriented with a view to strengthening technical education. Meanwhile, opportunities to train Tanzanians abroad (especially in technical fields) will continue to be exploited.

### URUGUAY

General objectives in the field of scientific and technological development have been indicated in the National Development Plan for 1973-1977 and at subsequent governmental meetings. In particular, at the Solis meeting in December 1977, attention was drawn to the advisability of urgently re-organizing the national science and technology system and formulating the country's first development plan for science and technology.

There is no national agency which regulates the inflow of foreign technologies on the basis of general criteria. According to studies which have been made, it would be desirable to aim at an adequate system of technological information, to develop a system of private and public evaluation of technologies to be incorporated, and to co-operate with the private sector, at its request, in their negotiation.

A feasibility study on technological development is being carried out. It adheres to the modern concept of a "research and development enterprise" based on a semi-governmental laboratory jointly managed by the Government and industry. There is also an industrial training project which, under the management of a board specially established for the purpose, is designed to adapt manpower to the various requirements of the development process.

### VENEZUELA

Decisions 24 and 34 of the Commission of the Cartagena Agreement are in force in the country and provide the country with a fairly full legal framework to orient the acquisition of technology towards economic and social development, while at the same time promoting the generation of local technology. In order to implement Decision 24 of the Commission of the Cartagena Agreement, which established the common system for the treatment of foreign capital and for trademarks, patents, licences and royalties, the Superintendency for Foreign Investments (SIFEX) was set up with responsibility for preparing, through a special directorate, economic, legal and technical evaluations of the contracts under which foreign technology is to be acquired. This is intended to enhance the negotiating capacity of the party acquiring the technology.

As regards broad guidelines for the evaluation of contracts, the Superintendency considers that, because this evaluation is based on completely individual situations, it is not advisable to be tied to a single kind of criterion. Decision 34, which lays the foundation for a subregional technological policy, contains a number of commitments and controls making possible the formulation and adoption of a technological development policy to be applied in the following main areas: imports; assimilation; adaptation and creation of technologies; application and use of technologies in production activities; a system of scientific and technological information.

The National Council for Scientific and Technological Research (CONICIT) is the national body responsible for co-ordinating all

Venezuela (cont'd)

action required to achieve implementation of the commitments and controls contained in Decision 24. This takes place through a Permanent Technical Committee co-ordinated by CONICIT, which also includes representatives of the Ministry of Development, the Ministry of Energy and Mines, the Central Office for Co-ordination and Planning (CORDIPLAN), the Institute of Foreign Trade and the Superintendency of Foreign Investment.

In this connexion, there is a First National Science and Technology Plan for 1977-1980. This plan is looked upon as a sectoral expansion of the relevant chapter of the overall plan, which, as regards science and technology, analyses the scientific and technological system, and tries to establish the reasons for the backwardness and weakness of the system. The need for a strategy for the country's scientific and technological development is also indicated, and the strategy is outlined in terms of objectives and specific action. In this National Science and Technology Plan, provision is made for the use of funds to promote the development of research in the country, particularly that arising out of the free initiative of the national scientific community, and adhering to evaluation criteria based on project quality.

Consultancy in Venezuela takes place from various angles. For example, it can be carried out by the private sector, mainly through firms of consulting engineers. The private sector also provides services of this type through the consultancy departments of large manufacturing enterprises. In addition, the public sector provides consultancy services through the engineering and consultancy departments of the major state enterprises. Domestic consultancy services are at a disadvantage in competing with similar services offered from abroad, largely owing to the absence of suitable legislation favouring national consultancy. There is as yet no national register of consultancy enterprises. Measures for the development of domestic consultancy would be part of a complex of aspirations and demands which have not as yet been met.

As regards the above question, it can be said that, in Venezuela, as in any developing country, there is a growing need for trained technical manpower. The First National Science and Technology Plan indicates that there is a clear shortage of this type of manpower in the country. For example, there is a lack of Venezuelan professionals for the planning and design of processes, equipment and plants to produce capital, intermediate and consumer goods. Professionals who can assimilate the most up-to-date technologies and utilize them efficiently to solve specialized problems are also needed, having the ability to improve existing elements, techniques, products and processes and introduce new ones. There is also a shortage of professionals for scientific and technical supporting activities such as standardization, quality control, metrology and scientific and technological information.

Lastly, there is a clear shortage of planners and administrators for scientific and technological development to implement realistic strategies and policies and to administer research units and technical support services.

Venezuela (cont'd)

The educational system has inadequate quantitative and qualitative capacity to cover these requirements, largely as a result of inadequate planning of the system in terms of requirements in respect of the country's economic and social development. For example, some negative points are: the inadequacy of training of professional cadres in the use of and search for information; the absence of appropriate training for multidisciplinary work; the absence of training oriented towards problem-solving; the lack of co-ordination between education and the requirements of the production system.

The first National Science and Technology Plan contemplates strategic guidelines which will bring about a gradual improvement in the educational system in the field of science and technology. Some of these guidelines are:

- Development of specialization in respect of manpower to carry out the function of generation and application of know-how, experimental development, design and evaluation of projects and technological management, especially in the areas to which priority has been assigned;
- Promotion of refresher courses and further training for manpower already incorporated in the scientific and technological system;
- Support of re-orientation and retraining of professionals for research and development work;
- Promotion of supportive relationships and co-operative action between the educational and economic sectors, with a view to utilizing the potential teaching and apprenticeship capacities of enterprises and agencies in the goods and services sectors;
- Harmonization of domestic educational policies, both within and outside the formal educational system, and policies for the recruitment, selection, contracting, remuneration and promotion of staff with scientific and technological development policies.

YEMEN ARAB REPUBLIC

The inflow of foreign technology, know-how and finance is regulated by Law 18 of 1975. The Ministry of Economy of the Yemen Arab Republic sets limitation for such imports. The Republic is still engaged in spreading the academic education among the masses. Development of vocational training centre for technical education is envisaged in this plan.

There is nothing sponsored by the Government for the development of domestic consultancy and engineering services, but foreign services with local collaboration are patronized.

Yemen Arab Republic (cont'd)

The technical manpower needed in terms of engineering and supervising personnel and skilled workers in various categories is 22,000 personnel for the plan. They will be recruited from abroad for limited periods to be replaced by locals.

YUGOSLAVIA

The law which is not in force in Yugoslavia contains provisions obliging the contracting parties to regulate, in contracts concerning the obtaining of technology, certain rights and obligations as provided for by the law, as well as to determine the provisions which cannot be negotiated among the contracting parties in the contracts on the acquisition of technology.

According to these provisions the suppliers of technology are obliged to provide certain guarantees in regard to the technology they supply - guarantees that the technology and documents in question are complete and that it will contribute to the promotion of the objectives agreed upon in the contract, the obligation concerning the training of personnel of the recipient country, the cession of any improvements while the contract is in force. In addition, special obligations have been provided for in the case of default or responsibility in the case of damage or of legal eviction.

Furthermore, contracts must not contain any restrictive clauses concerning territorial export restrictions, the obligation of exclusive purchases of raw materials, process material and intermediate products and equipment from the supplier of technology, nor any other restrictions envisaged for the purpose of impeding a free and independent development of the recipient of technology.

It is well known that the application of science and technology for development purposes without adequate social changes can bring about a rapid social differentiation and the widening of the development gap in underdeveloped societies themselves, which often gives rise to instability and, as a response, social regression and blocking of further development.

Therefore, in its development programmes, Yugoslavia has formulated such social targets which consider science and technology as a means for the creation of more humane social relations and a free and more creative life of each individual. This results from the establishment of the self-management system on the national level, whereby all social structures take part in decision-making. This effort is reflected both in the general principles of organization and in the establishment of a system of the management and the establishment of priorities of scientific and research activities. The organizational form of this linking is the so-called self-managing community of interest within which the delegates from scientific institutions and the delegates of the institutions' beneficiaries participate in making decisions on research programmes and the manner of the use of pooled resources. On this basis is elaborated the plan of the general

Yugoslavia (cont'd)

development of science and technology including the promotion of consultancy services.

Yugoslavia today has about 500 research organizations, of which number 300 are independent institutes and 200 are research centres within economic organizations. In addition, research work is also carried out at the 170 faculties and other schools of higher education. Research organizations employ over 11,500 research workers, while there are some 4,000 researchers engaged in research work at the faculties. The responsibility of work organizations for their own technological development stimulates the development of numerous research units within the economy, which represents a part of the responsibility for the development of the entire social community.

ZAIRE

Existing measures and structures:

- The Regional Nuclear Energy Centre at Kinshasa (CREN-K);
- The Industrial Promotion Service of the Department of National Economic Affairs and Industry;
- Establishment of the Scientific Research Institute (IRS), which has recently launched a large-scale survey to evaluate Zairian scientific potential;
- Establishment of a consultancy office attached to the Office of the President of the Republic (SPR), concerned with technical studies at the national level;
- The study under way at the National University to evaluate requirements in respect of national specialists;
- The forthcoming establishment of a National Committee for Science and Technology;
- The obligation for consultancy offices set up in Zaire to associate Zairian researchers or consultancy offices in studies in the national interest.



INFORMATION RECEIVED FROM INTERNATIONAL ORGANISATIONS RELEVANT TO  
TECHNOLOGICAL CAPABILITY

ECONOMIC COMMISSION FOR WESTERN ASIA

The activities of the Joint ECIA/UNIDO Industry Division relating to human resources development have the aim of assisting in promoting the development of the industrial manpower with special emphasis on the training of higher technical and managerial personnel and the promotion of local training capabilities within the region itself. As a first step, it has been envisaged to survey the manpower training facilities and needs in the industrial sector of the countries of the region.

The objective of the Joint Division's activity is in the field of administration, management and financing to assist member countries of ECIA to meet the requirements of the industrial sector in these fields. In view of the importance of the public sector industries in many countries of the region, it is intended to investigate the administrative and managerial set-up of these industries in selected countries with a view to identifying the problems and formulate recommendations to the governments concerned. Special attention will be given to the industrial public sector of the less developed countries of the region, where the problems are of particular importance in view of the scarcity of managerial and administrative resources.

WORLD BANK

The Lima Plan of Action (Chapter I) stressed the need for the developing countries to intensify manpower development programmes and professional training of management staff. Practically all Bank and IDA operations in the industrial sector incorporate a training component, the cost of which ranges between 1.5 and 5 per cent of total project cost. Training components include construction and equipment of new or expanded professional institutes, technical schools and management development centres; instruction courses at and visits to model plants and supplier facilities; on-the-job training and fellowships.

The Economic Development Institute (EDI), a staff college of the Bank, provides training for officials concerned with development programmes and projects. The courses deal with practical techniques of development programming and project analysis. During the last five years EDI has given seven industrial projects courses in Washington, two of which were conducted in French. The courses deal with project preparation and appraisal in industry in general and in the agro-industrial sector in particular. EDI co-sponsored or assisted overseas courses with local training institutions. In FY70, such courses were 26, of which 10 were of a regional nature, grouping officials from countries sharing the same cultural background. Evaluation of industrial projects was a subject often included in the courses' curricula. In recent years, EDI has expanded its assistance

World Bank (cont'd)

to governments and agencies in developing their own training programmes. Industrial projects courses set up with EDI participation have become a part of national training programmes in numerous countries. EDI is also providing teaching support to many courses on industrial projects set up by other training institutions.

## VI. EXTERNAL RESOURCE REQUIREMENTS

The goals of the Lima Declaration and Plan of Action call for an increased, steady flow of resources from developed to developing countries to enable the latter to supplement their own efforts to industrialize. In the Plan of Action the developing and developed countries are called upon to establish forms of co-operation with the view of facilitating the redeployment of certain productive capacities existing in developed countries and of creating new industrial facilities in developing countries. For their part, developing countries should ensure that the external resources shall be directed towards meeting industrial development objectives through the strengthening of relevant institutions, formulation of appropriate policies and accurate definition of investment priorities (Paras.58(n and o), and 61(d).)

Governments were invited to supply information on the issues mentioned above, including such topics as:

As part of the industrial development programme, has an assessment been made of the extent to which foreign financial resource inflow would be necessary in the form of direct foreign investment and foreign loans and credits? If so, please indicate the requirements in this regard for the period for which such estimates have been made;

Has any programme for investment promotion been undertaken or is one being considered for the inflow of direct foreign investment into sectors where such an inflow is desired? Please indicate the nature of the investment promotion programme;

Information may be given on the manufacturing sectors in which production capacity could be expanded as part of a restructuring of world industry in the future, taking account of the availability of resources and raw materials and adequate capability in terms of human skills;

Following the recommendations made by the respective consultation meetings in industrial sectors, held during 1977 (on fertilizers, iron and steel, leather and leather products and vegetable oils and fats), has an analysis been made of the possibilities for mutually beneficial international co-operation in these sectors? If so, can any specific areas for co-operation be suggested?

### INFORMATION RECEIVED FROM DEVELOPING COUNTRIES IN RESPECT OF

#### EXTERNAL RESOURCE REQUIREMENTS:

##### AFGHANISTAN

The new Five Year Plan of the country is under preparation. This Plan is expected to incorporate the industrial development

### Afghanistan (Cont'd)

programme of the country. This programme will be based on an assessment of the extent to which foreign resources will be necessary in the form of foreign loans and credits as well as direct foreign investment. The exercises relating to such an assessment are already on in the Ministry of Planning Affairs. In order to ensure that the flow of foreign capital is directed towards desirable channels, such capital will be utilized for the planned development projects of the country. To promote direct foreign investment, equal treatment is given to foreign investors compared to domestic investors, and the foreign investors are allowed proper repatriation facilities in respect of capital invested.

The future expansion of production capacity in the world must take into account the requirements of developing countries. Industrialization in developing countries is affected by the industrialization and tariff policies of the developed countries. The developed countries should concentrate on those items for which very sophisticated technology is necessary and should leave simple technology area industries for the developing countries. Also the developed countries should facilitate marketing of products of developing countries.

### BOLIVIA

A credit policy will be applied as one of the principal tools to ensure that investments are directed to those regions, sectors and projects that are regarded as having priority importance. This will be accomplished through the use of selective criteria for the allocation of funds through the monetary programme and by adapting the various legal instruments that exist for this purpose. With respect to investment promotion, Bolivia has a special body directly responsible for this area - namely, the National Investment Institute (INI), which is subordinate to the Ministry of Industry, Commerce and Tourism.

### BOTSWANA

Foreign financial resource inflow pays a large part in the industrial development programme of Botswana. The Government attracts foreign investments through liberal foreign policies and other incentives such as tax concessions. The Botswana Development Corporation (BDC) which is the commercial arm of the Government encourages foreign investors into joint ventures. Other sources of foreign inflow are UNIDO, international organizations.

An investment promotion programme is being expanded to accelerate the present pace of industrialization by attracting local and foreign investors and by the provision of relevant data.

Areas for possible international co-operation: Expansion of the mining linkage industries to replace the imports by locally manufactured goods with regard to availability of raw material, capital, entrepreneurial and skilled manpower.

### BURUNDI

The total cost of investment in the industrial sector for five years (1978-1982) is estimated at 8.1 billion Burundi francs, i.e. 90 million United States dollars. Foreign financial inputs may be as much as 50 per cent. To promote investment and to interest both national and foreign investors, there is an Investment Code in which all the advantages and obligations are set forth in detail. For the time being only the agricultural sector can be expanded, particularly coffee production.

### CENTRAL AFRICAN EMPIRE

An over all assessment has been made of the foreign financial resource inflow required for industrialization, but about 5 per cent of this consists of EDF assistance for the establishment of the Office for Small and Medium-Sized Enterprises (215 million francs as grants and 150 million as loans to small-scale national entrepreneurs). UNIDO has provided assistance to the Ministry of Industry and Commerce by sending three industrial planning experts; in addition, there is an ILO project for the training of a small number of mechanics (30 a year), assistance from the French Fund for Assistance and Co-operation (FAC) towards the Management Institute established at the University, and an EDF-sponsored Training Centre for Works Foremen at the Ministry of Public Works (25 trainees a year).

Consultations have been initiated within the Customs and Economic Union of Central Africa (UDEAC) and the Common African and Mauritian Organization (OCAU) regarding the possibilities of inter-State co-operation. These have led only to consideration being given by UDEAC to the establishment of a pharmaceutical laboratory. Proposals for co-operative projects will be difficult until the completion of the African highway, which will ease communication.

### CHILE

The Government of Chile considers that the attraction of foreign capital under suitable terms, whether in the form of loans or of investments, is important to the country's development. It has therefore wanted to establish clear and permanent standards and conditions for those wishing to invest in Chile. The Statutes for the Foreign Investor contain these standards, which are founded on three principles:

- a) Non-discrimination. This ensures that the foreign investor receives the same treatment as the domestic producer. It further ensures that the special incentives enjoyed by the domestic producer are also extended to the foreign investor.
- b) Impersonality. The investor decides where to invest in accordance with his guidelines.

Only investments in an amount exceeding \$US 5 million

Chile (Cont'd)

or the equivalent in other currencies require special authorization. In addition, investments are not permitted in sectors where the State is normally active or in means of communication which are in the public interest.

c) Automatic application: simplicity of transactions

In addition, there has been gradual liberalization of the inflow of foreign credits through the formal capital market. These two forms of attraction of foreign resources will enable the country to supplement its own savings investment resources, thus making possible an accelerated rate of growth. The sectors which offer the best prospects for the foreign investor are: agro-industries, forestry, mining, energy and finance.

The result of this policy has been that, in recent years, 283 applications for investment and 95 applications for increases in initially authorized investments have been approved. The new investments alone have amounted to \$US 2,455,052,000. The substantial sums which have been lent to the country from abroad must be added to this amount. The good results obtained as a result of the economic policy implemented in recent years and, in general, the greater confidence of international financial circles in Chile have made it possible for both the public and the private sectors to obtain foreign loans under very good terms.

COLOMBIA

In the section below a summary is given regarding the financing of the major projects contemplated under the National Development Plan, in line with projections for governmental resources.

A. National Food and Nutrition Plan (PAN)

This plan consists essentially of the following programmes: subsidized food distribution, food production, a national programme of nutrition education, support for the national health system, a pilot project in the Department of Cauca and, finally, an aqueduct and sewer construction programme.

Under the National Development Plan a total of 5,954 million pesos, equivalent to 46 per cent of the total cost of the Food and Nutrition Plan, is allocated to the subsidized food distribution programme. This programme is to run until 1979, with 28 per cent of the funds obtained from the regular resources of the national budget, 23 per cent from the Colombian Institute of Family Welfare (Instituto Colombiano de Bienestar Familiar), 14 per cent from an external loan from the World Bank, 21 per cent in the form of contributions from the agencies CARE and CARITAS and the World Food Programme (WFP), and 14 per cent from the users themselves. The cost of the processed food production programme has been put at 1,955 million pesos to be financed as follows: 48 per cent through an external loan from the World Bank and AID, 23 per cent from the regular resources of the national budget, and the rest through UNDP contributions and private

Colombia (Cont'd)

financing For the academic restructuring of the professions concerned with problems of food and nutrition, an approximate cost of 1,000 million pesos has been estimated, to be financed as follows: 75 per cent through the regular resources of the national budget and 25 per cent from the World Bank. The cost of the programme of assistance to the National Health System consisting essentially of the expansion of the network of health centres and the training of paramedical personnel to ensure the successful operation of the plan, has been estimated at 2,412 million pesos, 54 per cent of which is to be financed from the regular resources of the national budget and the balance through an external loan from the World Bank. The cost of the pilot project in the Department of Cauca has been put at 285 million pesos, 47 per cent of which is to be provided by AID and 53 per cent from the regular resources of the national budget. The cost of the aqueduct and sewer construction programme for the most socio-economically disadvantaged areas has been set at 1,202 million pesos to be financed entirely in the form of a loan from the World Bank.

To summarize, 34 per cent of the total cost of the National Food and Nutrition Plan is to be financed out of the budget, 35 per cent through external loans, and the balance from funds provided by executing agencies. In this connexion, a credit agreement was signed with AID in 1976 for 6 million dollars and with the World Bank in 1977 for 25 million dollars.

B. Integrated Rural Development (DRI)

The major programmes envisaged under what is known as Integrated Rural Development are the following: technological research and dissemination, credit, marketing, and physical and social infrastructure investments. The cost of technological research and dissemination has been estimated at 1,765 million pesos for the period 1976-1980. A total of 929 million pesos have been allocated for this project from the regular budget, with the remaining 837 million, or 47 per cent, to be financed through external loans. It is estimated that credit for the traditional rural sector will amount to 5,169 million pesos, with 33 per cent obtained from the national budget and the remaining 67 per cent from the World Bank, the Inter-American Development Bank (IDB) and the Inter-American Committee for Agricultural Development (CIDA).

All told, the cost of the Integrated Rural Development Programme has been put at 11 billion pesos, 41 per cent of which is to be financed from the regular resources of the national budget and 59 per cent through funds from international financing organizations - the World Bank, IDB and CIDA. In this connexion, financing was received in 1976 from CIDA in the form of a loan for 13 million dollars, in the same year from IDB for 64 million dollars, and in 1977 from the World Bank for 52 million dollars. For complementary subprojects under the Integrated Rural Development Programme, a loan was concluded in 1977 with the World Bank in the amount of 64 million dollars.

C. Aqueducts and sewer systems

The following break-down has been established for the financing

### Colombia (Cont'd)

of the aqueduct and sewer programme: 60 per cent from the regular national budget, 32 per cent in the form of external loans, and 8 per cent in the form of internal loans and the executing bodies' own resources. To this end, the Government is currently negotiating a loan with IDB and the World Bank for approximately 30 million dollars.

#### D Urban development

The total cost of the Integrated Urban Development Programme has been estimated at 8.8 billion pesos, including the Buenaventura Integrated Development Plan and the Urban Renovation Plan for the South-Eastern Section of Cartagena. Although it had not originally been planned to draw on external funds for this programme, in 1977 a loan was concluded with IDB for 41 million dollars for the Buenaventura Plan. For the Cartagena Renovation Plan the Government is now negotiating a loan with the same bank for a total of 10.3 million dollars.

#### E. Technological research and small-scale industry

It has been planned to invest in the development of this programme a total of 3,743 million pesos, 18 per cent of which are to be obtained from the national budget and the remaining 82 per cent from other sources. The following loans have already been signed for this programme: with IDB in 1975 for 5.5 million dollars, with AID in 1975 for 5 million dollars, with the Federal Republic of Germany in 1977 for 3.2 million dollars, and with the World Bank in 1977 for 15 million dollars. A loan of 15 million dollars has been negotiated with the World Bank for the development of the Cartagena Free Zone.

### CYPRUS

National savings are expected to finance only 35.7 per cent of the total investment expenditure planned for 1978. The contribution therefore of the foreign sector to the overall investment programme for 1977-1978 is of increasing importance compared to previous years. To maintain effective demand at desirably high levels without causing the exchange rate to deteriorate nor having to incur disproportionate foreign debt, it is estimated that about C£67.8 m. are needed in the form of remittances and disposable income coming from abroad plus C£35.3 m. in the form of foreign sector savings. In 1977-78 fixed investment in the manufacturing industry will be C£28.3 m. or 20.9 per cent of the total investment in fixed assets for the whole economy. Another C£22.9 m. is earmarked for investment in housing projects.

It is the deliberate policy of the Government of Cyprus to attract foreign investment particularly in the form of joint ventures in industry and for this reason a wide range of incentives has been devised. While a local participation of at least 51 per cent is considered desirable, every case is treated on its merits. All available incentives, concessions and facilities are enjoyed by both local and foreign firms on a non-discriminatory basis.



Cyprus (Cont'd)

Approved investments are guaranteed full freedom of unrestricted transfer of profits, interest and dividends as well as repatriation of capital (including appreciation) under existing exchange control regulations.

ECUADOR

In 1970 the countries of the Andean Group adopted the Common System for the Treatment of Foreign Capital, which, following its amendment in 1976, provides an appropriate legal framework for the attraction of investments from abroad. The purpose of this system is to ensure that the foreign investments made in each of the countries are in line with the real needs of those countries and that they are directed towards production branches requiring external financial backing. A further aim of the system is the association of foreign with domestic investment capital in such a way that the latter has the power of decision in the enterprise, as well as regulation of the remittance of profits abroad and the establishment of rules governing the negotiation of foreign technology transfers. The pursuit of these objectives and the establishment of clear guidelines, in a country as economically attractive to foreign investors as Ecuador, has produced the following results:

- i. The volume of direct foreign investment authorized by the Ministry as of 30 October 1978 totalled 1,249,121,960 sucres, and it is expected that the figure will rise to nearly 1,450 million sucres by the end of the year. The figure for authorized direct foreign investment up to October 1978 shows an increase of 330 million sucres or 36 per cent over the total for 1977.
- ii. Of the amount authorized up to October 1978, 8.4 per cent represents investment by Latin American countries, 26.2 per cent investment by European countries, 50.3 per cent investment by the United States of America, and the remaining 15.1 per cent investment by other countries of the Americas, Asia and the Middle East.
- iii. Of the total direct foreign investment authorized during 1978, 68.9 per cent went to the manufacturing industry sector, 17.9 per cent to financial insurance and banking institutions, 6.9 per cent to the agricultural sector, 5.4 per cent to the service and commercial sectors, and 0.9 per cent was distributed among the building, mining and service sectors.

The direct foreign investment authorized up to October 1978 in the manufacturing sector totalled 860,268,000 sucres; 29.5 per cent of that amount was accounted for by the manufacture of chemicals, 26.5 per cent by enterprises in the agro-industry sector engaged in the production of food, beverages and tobacco, and 22.7 per cent by the producers of non-metallic minerals, while 21.3 per cent was divided among manufactures of paper, wood, metal products and equipment.

Ecuador (Cont'd)

Industrial credit in the public sector

The National Finance Corporation (CFN): The volume of resources mobilized by the Corporation in 1978 for the growth of the industrial sector and the diversification of exports totalled 2,784 million sucres, the largest amount in the history of this body. These resources took the form of direct industrial credit for more than 100 industrial enterprises and were also channelled through the Export Promotion Fund (FOPEX), for the purpose of increasing Ecuador's foreign exchange revenue and strengthening its trading position, and finally through the Fund for Small-Scale Industry and the promotion of projects.

In addition, CFN has participated as a shareholder in the formation and expansion of the capital of industrial enterprises of priority importance to national development. It has also contributed to the capital of the Andean Development Corporation (ADC) and the Arab Latinamerican Bank (ARLABANK). A feature of CFN's credit policy that deserves special mention is the emphasis placed on regional development, which reinforces the industrial dispersal policy pursued by the Ministry of Industry, Commerce and Integration and contributes to the more effective utilization of each region's natural resources. To this end, CFN has made the necessary arrangements to open two offices, one in the Sierra and the other on the coast.

National Development Bank (BNF): By allocating a total of 850 million sucres to the development of small-scale industry and craft enterprises, BNF has, despite its limited financial resources, made a positive contribution to these two sectors.

The Directorate for Foreign Investments of the Ministry of Industry, Commerce and Integration does not calculate or estimate the amount of foreign investment required to develop the country's various production activities; its work entails establishing whether the proposed areas of investment correspond to the country's development priorities. That exercise is carried out on the basis of the following criteria:

- A. The contribution that the investment will make to the process of subregional integration;  
Sectoral industrial development programmes;  
The automatic tax exemption list;  
The immediate market access list;
- B. The contribution that the investment will make to the process of Latin American integration;  
The LAFTA common list;  
National lists;
- C. The effect of the investment on the country's balance of payments;  
Increase in exportable production;  
Import substitution;  
Imports of raw materials or intermediate goods;

Ecuador (Cont'd)

- D. The contribution that the investment will make to improving the country's level of employment;
- E. The contribution to the country's technological, administrative, financial and commercial development;
- F. The utilization of local raw materials and parts or elements manufactured or about to be manufactured in the country;
- G. The manufacture of intermediate products that will stimulate activity in other enterprises;
- H. The diversification of exportable production and of foreign market outlets;
- I. Adequate coverage of the activity by existing enterprises;
- J. Better utilization of installed capacity;
- K. Industrial projects to which the State attaches priority for the country's economic development;
- L. Location in certain zones or parts of the country designated for accelerated development;
- M. The implementation of programmes and manufacture of products of interest to the subregion by multinational enterprises;  
Sectoral industrial development programmes;  
Infrastructure projects that have a favourable impact on the process of subregional integration;  
Production rationalization programmes in existing industries;  
Joint agricultural development programmes;  
The participation of subregional personnel in the technical, administrative, financial and commercial management of the enterprise.

EL SALVADOR

Balance of payments  
(projections at current prices)  
(millions of colons)

	1978	1979	1980	1981	1982
Private foreign investment, net of depreciation	58.0	66.0	76.0	88.0	101.0

Source: National Plan 1978-1982, Well-being for All. General version.

### ETHIOPIA

The redistribution of income in favour of the masses which resulted from some of the measures implemented by the Revolutionary Government has made accessible to the masses many products which were previously denied to them. This has, on the one hand, widened the size of the market for many staple industrial products (like food, textiles, footwear, building materials) and on the other hand, increased the need for expanding the capacity of the output of the industrial sector.

Preliminary estimates of investment requirements needed to establish the most urgent needs in the industrial sector ran to over US\$500 million over the next five years. Some of these requirements will have to be met from domestic sources while others may be secured from bilateral and multilateral sources. It is, however, not yet certain on the extent to which reliance will have to be made on foreign direct investment in meeting some of the envisaged capacity increases. There have not, therefore, been investment promotion programmes.

The country has yet to realize any benefits which can be said to have resulted from the UNIDO-sponsored international consultations on industrial sub-sectors.

### FIJI

As regards areas for possible international co-operation: More use could be made of local timber and coconut oil. Products could be manufactured here which add further value to these products. Fiji also has a surplus of unskilled/semi-skilled labour which could be utilized in assembly operations.

### GAMBIA

No estimate of the necessary foreign finance for an industrial programme has been made. The possibilities for international co-operation in various sectors have been analysed. Specific areas suggested include the modernisation of the Gambia Produce Marketing Board groundnut Mills with the European Investment Bank participation, and the development of industrial fisheries with the African Development Bank investment.

### GHANA

In the current National Five-Year development plan, estimate has been made to show the magnitude of foreign private investment, institutional and counterpart loans that are required to help achieve the target growth rate set for the Economy.

The Ministry of Industries is responsible for the overall promotion of investments and the capital Investments Board - for the granting of fiscal incentives to approved new projects and for the attraction of foreign direct private capital into the Economy.

The international community can help Ghana by providing financing and technical management to establish the following industries:

Ghana (Cont'd)

- (a) bauxite and alumina processing;
- (b) iron and steel production;
- (c) pulp and paper development;
- (d) petrochemical complex;
- (e) fertilizer plant.

GREECE 1/

During the Plan period foreign capital requirements are estimated to reach the amount of \$12,000 or \$14,000 million depending on whether the growth rate of GNP is going to be 5% or 6%. These figures however, express overall needs in foreign exchange and they are based on the expected deficit of the Balance of Payments current account, the obligations of part borrowing due during the five year period and the change of the official reserves.

Policy recommendations for an increased investment of foreign capital given in the 5-year plan include cooperation of private firms or public agencies and foreign companies and emphasize encouragement of investments directed to the production of certain goods now imported and for which an increased demand is expected.

GUATEMALA

Although this section calls for specific information on requirements in respect of external resources, it is worth pointing out that the National Development Plan for 1976-1979 contemplates finance for the industrial sector from domestic sources to bring about a kind of self-sustained development by increased use of the country's domestic financial resources, in order to reduce the need to resort increasingly to external finance, and resulting in rationalization of the latter. In addition, majority participation of domestic capital in the priority industrial branches is advocated.

As regards financial resources, as at mid-1976 the banking system had, by and large, contributed 31 per cent. Financing for the industrial sector has grown more rapidly than total financing, which increased at a rate of 13.3 per cent, while industrial financing increased at a cumulative annual rate of 18.9 per cent. In 1976, 78.4 per cent of finance in industry, or 110.5 million quetzals, were channelled into the foodstuffs, textiles, metalworking and engineering, chemical products and non-metallic mineral branches. This is also where the bulk of foreign investment is concentrated, so that foreign enterprises make the most use of financing with domestic resources. Within this financing, there are lines of credit which the Bank of Guatemala (the central bank) has agreed on with foreign banks and placed at the disposal of the national banking system.

For the industrial sector, funds of foreign origin channelled through the public sector of the country have been obtained mainly from the Inter-American Development Bank (IDB) and the Central American Bank for Economic Integration (BCIE). Some resources from the International Development Association (IDA) have been channelled through a local bank, the National Agricultural Development Bank (BANDESA).

In 1974 finance for manufacturing enterprises out of funds from foreign banks accounted for a total of 49.8 million quetzals. The

1/ The reply from Greece was received after publication of document ID/238.

Guatemala (Cont'd)

chemical industry made the greatest use of such resources, with 21 million quetzals, followed by foodstuffs with 11 million quetzals and non-metallic minerals with 8.3 million quetzals. These three branches were also the one making the greatest use of resources from domestic banks.

Another source of finance for the industrial sector is supplier credit for the purchase of machinery, equipment, raw materials and intermediate products. In 1974, this type of finance accounted for 52.6 per cent of total resources obtained by the country's manufacturing industry, and amounted to 269.2 million quetzals, of which 185.6 million quetzals came from domestic suppliers and 83.6 million quetzals from foreign suppliers. Domestic suppliers are generally backed by foreign firms, and this indicates that a large proportion of this type of finance is of foreign origin.

Another way of channelling resources into industry is through investment using funds from the enterprises themselves, taking the form of profits, depreciation reserves and increases in capital. In 1974, depreciation reserves for all the enterprises in manufacturing industry amounted to 66.5 million quetzals concentrated, as in the other cases, in the foodstuffs, chemical products, textiles and metalworking and engineering branches. It can thus be seen that the industrial sector has obtained 52.6 per cent of its funds from suppliers, 24.7 per cent from local banking, 13 per cent from resources of the enterprises themselves and 9.7 per cent from foreign banking.

With special reference to direct foreign investment over the period from 1960 to 1976, there have been changes. Until the 1950s, foreign investment was concentrated in certain enterprises located in Guatemala, but backed by foreign capital and serving its own interests, e.g. the United Fruit Company, Tropical Radio, Ferrocarriles Internacionales de Centroamérica (IRCA) and Empresa Eléctrica de Guatemala S.A. (IGSA), and to a limited degree in the industrial sector.

In 1965, direct foreign investment in industry amounted to 30 per cent. This figure increased to 36.3 per cent in 1973, and declined to 24 per cent in 1976. In that same year, the greatest amount of investment was concentrated in the mining and quarrying and hydrocarbons sector, where the increase was from 1.4 per cent in 1965 to 29.6 per cent in 1976.

More than 80 per cent of the direct foreign investment used by all economic activities came from the United States of America. In 1965, the share accounted for by the United States amounted to 84.5 per cent, but by 1976, this share had declined to 80 per cent owing to the participation of other countries. Direct foreign investment in industry has in some cases been partial and in others total; in the United States enterprises operating in the industrial sector in the country, 49 per cent (28 enterprises) were based on mixed capital. In 1974, direct foreign investment in manufacturing industry amounted to 70.7 million, excluding 135 million in respect of a nickel-processing plant (EXMIBAL). The branches most favoured were, once again, chemical products, non-metallic minerals, metalworking and engineering, foodstuffs and paper.

Both the development plan for 1975-1979 and the plan being prepared for 1979-1982 are sustained by the country's own resources, and every effort is made to use resources of foreign origin as little as possible. It is possible that industrial development may at some point require direct foreign investment. The public sector has now decided to issue bonds up to an amount of 36 million through the Bank of

Guatemala (Cont'd)

Guatemala (the central bank), which will be made available to the National Finance Corporation (CORFINA) for the financing of a number of the projects under the National Industrial Development Plan.

GUYANA

Guyana's development efforts require more funds than can be generated locally and as a result the country depends greatly on the inflow of funds from abroad to finance its development/industrial programmes. Funds received from abroad are usually tied to specific projects and the national financial policy is aimed at curtailing the outflow of funds. In terms of the national D-Plan, total expenditure is projected at G\$752.9 mn. for the period 1978-1981 of which foreign finance is G\$375.6 mn. or 49.8 per cent and local finance is G\$377.3 mn. or 50.1 per cent. In terms of the industrial sector programme, foreign finance will be about 58.2 per cent of total expenditure in that sector.

HONDURAS

The country has not yet undertaken the necessary technological research effort in the area of industry. All new technologies and processes have been imported from more industrialized countries and adapted to local conditions. Not enough use has been made of the Central American Institute for Research and Technology (ICAITI) to provide support for the country's industrial development. No contact has been established with industrialized countries concerning the redeployment of specific industries.

External resources and their absorption: The Lima Declaration and Plan of Action (paras. 48, 58(n and o) and 60(b and k)) call for an increased, steady flow of resources from the developed to the developing countries to enable the latter to supplement their own efforts to industrialize. For their part, the developing countries should ensure that these external resources are directed towards meeting primary industrial development objectives through the strengthening of relevant institutions, the formulation of appropriate policies and the accurate definition of investment priorities. The developing countries should also ensure that chosen technologies and the terms of their acquisition are appropriate to national objectives and priorities.

Action taken and achievements: Honduras is a member of a number of international producers' associations (UPEB, GEPLACEA, ICO, etc.). The country was also a member of the Central American Common Market, which was dissolved because of the armed conflict between Honduras and El Salvador. A new opportunity now exists in the form of the Treaty of the Central American Economic and Social Community, not yet ratified by the parties involved, whose objective is to form a bloc of States capable of participating in the international market under more favourable conditions.

Commercial relations with the rest of Central America are based on bilateral agreements. Honduras is endeavouring to diversify its exports of primary, traditional and manufactures products to the rest of the world.

Working through specially created development machinery and institutions, the Government has acquired a certain degree of flexibility and capacity in the area of training and in the co-ordi-

Honduras (Cont'd)

nation and direction of economic and social development. These institutions include the National Investment Corporation (CONADI), the Honduran Forestry Development Corporation (COHDEFOR), the National Agrarian Institute (INA), the sectoral planning offices and the promotion offices, the Directorate General of Industries and the Department of Industrial Research of the Central Bank of Honduras, and also such decentralized enterprises as the National Port Authority, the National Electric Power Enterprise, the National Public Water and Sewer Service, the National Railways, etc.

The public sector has developed a certain degree of efficiency in the following activities:

- formulation of development policies;
- pre-investment in manpower training;
- pre-investment in natural-resource studies;
- infrastructure investment;
- investment in direct production activities.

The necessary preconditions exist for the establishment of a climate of confidence conducive to both national and foreign investment as a means of promoting the development of the industrial sector in accordance with the Central American Agreement on Fiscal Incentives to Industrial Development, and Decree-Law No. 49 of 21 June 1973 and its regulatory provisions (decision No. 287 of 12 September 1973).

Decisions 125 and 126 of 1 April 1975: The tax benefits accorded concern the following areas:

- imports of machinery and equipment;
- raw materials, semi-finished products and packaging;
- fuels strictly required for the industrial process, with the exception of petrol;
- exemption from income tax in cases of reinvestment of profits, etc.

In accordance with the law, real investment by industrial branch (for the enterprises classified) amounted to 705 million lempiras in 1975 and 855 million lempiras in 1976.

The greatest growth was observed in the following branches:

	<u>Millions of lempiras</u>	
	<u>1975</u>	<u>1976</u>
<u>Industrial branch</u>		
Food products	242.0	286.0
Wood and wood products	126.0	300.0
Textiles, clothing and leather	152.0	231.0

Growth in the other branches of industry has been slower.

Regarding the employment generated by industrial activity, the figures show:

- 1975: 93,743 persons or 11 per cent of the economically active population,
- 1976: 99,180 persons or 12 per cent of the economically active population.



### Honduras (Cont'd)

With respect to the acquisition of adequate technology in 1976, the Central Bank, the Higher Council for Economic Planning and the Directorate-General of Industries have begun a study of the transfer of technology, which for the first time will make it possible to develop machinery to ensure that adequate, new and low-cost technology is obtained.

### INDIA

The Government of India has not undertaken any quantitative study as to the extent to which foreign financial resource inflow would be necessary in the form of direct foreign investment. The approach in regard to foreign investment is to consider each proposal on merits. A note of India's foreign collaboration policy is reproduced below. No special programme for investment promotion has been undertaken. However, adequate publicity has been given for the investment opportunities available in the country and also regarding the policies adopted by the Government of India. The Indian Investment Centre has its head office in India and also offices in London, New York, Dusseldorf and Japan. The Centre's activity includes promotion of foreign collaboration and foreign investment in India.

As for information on the manufacturing sector in which production capacity could be expanded, it may be added that the Ministry of Industry is publishing every year 'Guidelines for Industries' and this contains information regarding capacity to be created in various sectors during the years. While fieldslike Fertilizers, Iron and Steel and Leather and Leather Products are priority areas for one reason or another and, therefore, the need for foreign tie up would be considered, no analysis seems to have been made of the possibility for mutually beneficial international co-operation. In regard to fertilizers, the Government permits import of know-how for the establishment of fertilizer units in the country. This would apply to the sector iron and steel. As for leather and leather products, the collaboration is mainly with a view to export finished leather or leather products in a high value-added fashion. Currently, substantial quantities of leather are being exported in raw form. The aim is that as far as possible, raw leather should not be exported.

In many industries except a few like cement, fertilizer and paper there is already adequate capacity and the Plan would depend heavily on better utilization of the capacity already created. The Plan envisages the adoption of a conscious strategy for drawing down foreign exchange reserves of the country by planning imports in a number of capital-intensive industries such as steel, non-ferrous metals and fertilizers and in such areas as coal and petroleum where it will help the conservation goals. The main thrust of the new import policy is to meet the requirements of raw materials, components and spares required by priority industries as well as export-oriented industries. The import needs of on-going projects and projects where capacity utilization has not been adequate or need of essential inputs would be met. Special emphasis has been placed on import of items which contribute to raising the productivity of domestic industries through better utilization of existing capacities, replace-

India (Cont'd)

ment, modernization and technological improvements. It may also be necessary to import critical items of mass consumption in short supply in the interest of price stability.

In order that this strategy does not create a long term balance of payments problem, the drive for increasing exports will have to be stepped up in sectors where the country already has surplus capacity and know-how, such as textiles or in sectors where there is low capital intensity and high employment potential like leather and leather goods, engineering products (especially in the electronics area), handicrafts and a variety of agricultural and marine products.

In regard to expansion of domestic industry as part of restructuring of world industry in the future, it may be mentioned that the process has already been under way in the form of joint ventures, turn-key projects, technical collaboration as well as participation in common production programmes with other countries. A note on India's steel industry is also reproduced as part of this report.

Foreign collaboration - policy and guidelines

The Government's policy for obtaining foreign technical know-how and foreign collaboration is selective and is in conformity with national priorities. The Government does not encourage inflow of foreign technology into areas of low priority and where adequate domestic capacity exists. At the same time, the Government welcomes foreign collaboration in areas of high priority, particularly industries requiring sophisticated technology and/or offering significant export potential. Proposals for foreign collaboration, including foreign equity participation, are examined carefully on merits and approved if they are in the national interest. The Statement on Industrial Policy presented to Parliament on December 23, 1977, spells out the Government's policy in the matter and the relevant Sections are reproduced below:

- (a) In order to promote technological self-reliance, the Government recognizes the necessity for continued inflow of technology in sophisticated and high priority areas where Indian skills and technology are not adequately developed. In such areas, the Government's preference would be for outright purchase of the best available technology and then adapting such technology to the country's needs. Indian firms which are permitted to import foreign technology would be required in appropriate cases to set up adequate Research and Development facilities so that imported technology is properly adapted and assimilated. The Government will also set up a national registry of foreign collaboration in the Secretariat of the Foreign Investment Board so that there is continuous monitoring of these efforts.
- (b) The Government would also like to clarify its policy regarding participation of foreign investment and foreign companies in India's industrial development. So far as existing foreign companies are concerned, the provisions of the Foreign Exchange Regulation Act would be strictly enforced. After the process of dilution under this Act

India (Cont'd)

has been completed, companies with direct non-resident investment not exceeding 40 per cent will be treated on par with Indian companies, except in cases specifically notified, and their future expansion will be guided by the same principles as those applicable to Indian companies.

- (c) Foreign investment and acquisition of technology necessary for India's industrial development would be allowed only on such terms as are determined by the Government of India to be in the national interest. In areas where foreign technological know-how is not needed existing collaborations will not be renewed and foreign companies operating in such fields will have to modify their character and activities in conformity with national priorities within the framework of the Foreign Exchange Regulation Act. To guide entrepreneurs, the Government will issue a revised illustrative list of industries where no foreign collaboration, financial or technical, is considered necessary since indigenous technology has fully developed in this field.
- (d) For all approved foreign investment, there will be complete freedom for remittance of profits, royalties, dividends as well as repatriation of capital subject, of course, to rules and regulations common to all. As a rule, majority interest in ownership and effective control should be in Indian hands though the Government may make exceptions in highly export-oriented and/or sophisticated technology areas. In hundred per cent export-oriented cases, the Government may consider even a fully owned foreign company.

The Government has recently issued an illustrative list of industries (reproduced below) where no foreign collaboration, financial or technical, is considered necessary. A broad technology base has already been established in the country. But, with constant technological advancements taking place in the developed countries, the need to update production technology would arise in almost all industries over a period of time. The import of technology may be considered by the Government even in these fields if:

Indigenous technology for items in the list developed/exported is too closely held and is not available for use by the entrepreneurs on competitive terms;

Technology is required for updating of existing technology in India to meet efficiently domestic requirements or to become competitive in the export market;

Such import is required for manufacture of items with substantial exports backed by buy-back guarantees.

The following are some of the important guidelines for approval of proposals for foreign collaboration (financial and/or technical):

Equity participation: The Government's policy towards permitting foreign equity participation is selective. Such participation has to be justified, having regard to factors such as the priority of the

India (Cont'd)

industry, the nature of the technology involved, whether it will enable or promote exports, which may not otherwise take place, and the alternative terms available for securing the same or similar technological transfer. The ceiling for foreign equity participation is 40 per cent although exceptions can be considered on merits.

The foreign share capital should be by way of cash without being linked to tied imports of machinery and equipment or to payments for know-how, trademarks, brand names etc.

Technical collaboration: Technical collaborations are considered on basis of annual royalty payments, which are linked with the value of actual production. The percentage of royalty will depend on the nature of technology but should not ordinarily exceed 5 per cent. The period of payment of royalty should not exceed 10 years after the signing of the foreign collaboration agreement and the period of going into commercial production is included within this period of 10 years. Royalty is calculated on the basis of ex-factory selling price of the product net of excise duties minus the cost of standard bought out components and landed cost of imported components. Royalty payments are subject to Indian taxes. Wherever appropriate, payment of a fixed amount of royalty per unit of production will be preferred.

Lumpsum payments may also be considered in appropriate cases for the import of drawings, documentation and other forms of know-how. In deciding on the reasonableness of such payments, account will be taken of the value of production so that the lumpsum and the recurring royalty, if any, is an acceptable proportion of the value of production. Such payments will be subject to applicable Indian taxes. The lumpsum payments should be phased out as follows:

- 1/3rd to be paid on signing of the agreement,
- 1/3rd to be paid on the transfer of documentation etc; and
- 1/3rd to be paid at the commencement of production or after completion of 48 months of the signing of the foreign collaboration agreement whichever is earlier.

The following are the Guidelines which the entrepreneurs are required to take note of in negotiating proposals for foreign collaboration so as to ensure that such proposals conform to the policies of the Government:

- i) The should, to the fullest extent possible, explore alternative sources of technology, evaluate them from a techno-economic point of view and furnish the reasons for preferring the particular technology and the source of import;
- ii) The Indian party should be free to sublicense the technical know-how/product design/engineering design under the agreement to another Indian party on terms to be mutually agreed to by all the parties concerned including the foreign collaborator and subject to the approval of the Government;
- iii) There should be no requirement for the payment of a minimum guaranteed royalty regardless of the quantum and value of production;

India (Cont'd)

- iv) Arrangements or clauses which in any manner bind the Indian party with regard to the procurement of capital goods, components, spares, raw materials, pricing policy, selling arrangements etc. should be avoided;
- v) To the fullest extent possible, there should be no restrictions on free export to all countries;
- vi) The use of foreign brand names will not be permitted for internal sales;
- vii) Suitable provisions should be made for the training of Indians in the fields of production and management. There should also be adequate arrangements for Research and Development, engineering design, training of technological personnel and other measures of the absorption, adaptation and development of the imported technology. Such measures can be undertaken through in-house facilities of the entrepreneur or in collaboration with recognized engineering design, consultancy, R and D organizations in the public or private sectors and recognized scientific and educational institutions, where the necessary facilities exist,
- viii) Consultancy services required to execute the project should be obtained from Indian consultancy firms. If foreign consultancy is also considered necessary, an Indian consultancy firm should be the prime consultant;
- ix) If the proposed item of manufacture is covered by a patent in India, it should be ensured that the payment of royalty for the duration of the agreement would also constitute compensation for the use of patent rights till the expiry of the life of the patent and that the Indian party would have the freedom to produce the item, even after the expiry of the collaboration agreement, without any additional payments;
- x) Collaboration agreements will be subject to Indian Laws; and
- xi) The Government do not favour requests for extension to the duration of collaboration agreement. All efforts should, therefore, be made by Indian party to assimilate the technology within the initial duration of the agreement.

The Government has introduced a simplified procedure for the import of designs and drawings by undertakings engaged in the manufacturing activities. According to this procedure, import of drawings and designs not exceeding Rs.10 lakhs in value are permitted once in a year to industrial undertakings. Applications for this purpose have to be submitted in the prescribed form with 5 spare copies to the Secretariat for Industrial Approvals.

India (Cont'd)

Illustrative list of Industries where  
no foreign collaboration, financial  
or technical, is considered necessary

METALLURGICAL INDUSTRIES:

FERROUS: Ordinary Castings, Bright Bars, Structural, Welded CI Steel  
Pipes and Tubes.

NON-

FERROUS: Antimony, Sodium Metal, Electrical Resistance Heating  
(nickel free alloy), Aluminium litho plates.

ELECTRICAL EQUIPMENT:

Electric fans, Common domestic appliances, Common types of winding  
wires and strips, Iron clad switches, AC motors, Cables and  
Distribution transformers.

ELECTRONIC COMPONENTS AND EQUIPMENTS:

General purpose transistors and Diodes, Paper, Mica and Variable  
Capacitors, T.V. Receivers, Tape Recorders, Teleprinters, P.A.  
Systems, Record Players/Changers.

SCIENTIFIC AND INDUSTRIAL INSTRUMENTS:

Non-specialized types of valves, meters, weighing machinery, and  
mathematical, surveying and drawing instruments.

TRANSPORTATION:

Railway wagons, Bicycles.

INDUSTRIAL MACHINERY:

Building and constructional machinery, Oil mill Machinery, Conventional  
rice mill machinery, Sugar Machinery, Tea processing machinery,  
General purpose Machinery.

MACHINE TOOLS:

Forged hand tools, General purpose machine tools.

AGRICULTURAL MACHINERY:

Tractor drawn implements, Power tillers, Foodgrain dryers, Agricultural  
implements.

MISCELLANEOUS MECHANICAL ENGINEERING INDUSTRIES:

COMMERCIAL, OFFICE AND HOUSEHOLD EQUIPMENTS OF COMMON USE.

MEDICAL AND SURGICAL APPLIANCES.

FERTILIZERS:

Single super phosphate, Granulated fertilizers.

India (Cont'd)

CHEMICALS (Other than Fertilizers):

Acetic acid, Acetanilide, Ethyl Chloride, Viscose Filament Yarn/  
Staple fibre, Mclathion technical, Sulphate of alumina, Potassium  
Chlorate, Fatty Acid and Glycerin, Butyl Titanate, Warfarin, Silica  
gel, Lindane, Endosulfan, Phanthoate, Nitrofen, Ethylother,  
Plastipeel.

DYESTUFFS:

Benzidine, O-Tolodine, Carbozole Dioxazine violet pigment, Cadmium  
sulphide orange.

DRUGS AND PHARMACEUTICALS:

Caffeine (natural), Phenyl Butazone, Tol Butamide, Para Acetamel,  
Phanacetin, Senna extract, Diasogenin, Clofibrate, 4-Hydroxy Cumarin,  
Xanthopotoxin, Calcium Gluconate, Choline Chloride, Glyceryl  
Gualacolate, Phenylethyl biguanide Hydro-chloride, Scopolamine hydro-  
bromide, Niacinamide, Ortholelyl biguanide, Colchicine, Diazepam,  
Sorbitol from dextrose monohydrate, Berberine hydrochloride, Balladonna,  
Acriflavin, Calcium hypophosphite, Chlordiazepoxide.

PAPER AND PULP INCLUDING PAPER PRODUCTS.

CONSUMER GOODS.

VEGETABLE OILS AND VANASPATI.

RUBBER INDUSTRIES:

Viscose tyre yarn, Metal bonded rubber, Latex foam, Rubberised  
fabrics, Bicycle Tyres and Tubes.

LEATHER, LEATHER GOODS AND PICKERS:

Balting-Leather, Cotton and hair finished leather, Pickers, Picking  
bands, Vegetable tanning extracts, Fat liquors other than synthetic.

GLASS AND CERAMICS.

CEMENT AND GYPSUM PRODUCTS.

NOTE: List is illustrative and not exhaustive. Clarification of  
details within the broad headings is the responsibility of  
Administrative Ministries.

Steel industry in India: The steel industry in India can be broadly  
divided into two parts - the integrated steel plants and other units.  
There are at present the following 6 integrated steel plants:

India (Cont'd)

(In million tonnes)

	<u>Rated capacity</u>	
	<u>Ingot steel</u>	<u>saleable steel</u>
Bhilai Steel Plant	2.500	1.965
Rourkela Steel Plant	1.800	1.225
Durgapur Steel Plant	1.600	1.239
Bokaro Steel Plant	1.700	1.355
Indian Iron and Steel Works, Burnpur	1.000	0.800
Tata Iron and Steel Works, Jamshedpur	2.000	1.500
Total:	<u>10.600</u>	<u>8.084</u>

The other units comprise:

- a) Alloy Steels Plant and Durgapur with a capacity of 100,000 tonnes of ingots and 60,000 tonnes of saleable steel.
- b) Visvesvaraya Iron and Steel Limited (VISL) at Bhadravati with a capacity of 72,000 tonnes of alloy and special steels and 48,000 tonnes of mild steel ingots. A forge plant has been recently set up for the manufacture of forged products.
- c) Electric and furnace and re-rolling industry units (or mini steel sector). These units produce mild steel or alloy and special steel ingots/billets, rods, wire rods, light sections, pipe iron, cold rolled strips and box strappings, etc. The total capacity of electric furnace units for the production of mild steel ingots/billets is around 3.0 million tonnes.

The integrated steel plants at Bhilai, Rourkela, Durgapur, Bokaro, Burnpur and the Alloy Steels Plant at Durgapur are in the public sector. The plant at Jamshedpur is in the private sector.

The Visvesvaraya Iron and Steel Works are jointly owned by the Central Government and the State Government of Karnataka.

The electric furnace and re-rolling units are mostly in the private sector.

The capacity of Bhilai and Bokaro Steel Plants is being expanded to 4.0 million ingot tonnes each. The expansion of Bhilai Steel Plant is likely to be completed by December, 1981 with the exception of 7th blast furnace complex which is expected to be commissioned by the middle of 1983.

The 4.0 million tonnes stage of Bokaro Steel Plant, excluding the cold rolling mill complex expansion is expected to be commissioned by March 1980. The expansion of cold rolling mill complex is likely to be completed by December, 1982. In order to take advantage of the inbuilt capacity at 4.0 million tonnes stage, it has been decided to expand the plant further to capacity of 4.75 million tonnes at marginal additional investment.

Proposals are also under consideration to increase the capacity



India (Cont'd)

of Bokaro and Bhilai Steel Plants beyond 4.75 million tonnes and 4.0 million tonnes respectively by introduction of technological improvements, modernization, provision of balancing and other facilities etc. with minimum capital outlay.

The development plans of the steel industry also include the following important schemes which have either been sanctioned or are under execution:

- i) Installation of a plant at Rourkela to produce 37,500 tonnes of CRGO and 36,000 tonnes of CRNO sheets per annum to meet the requirements of electrical industry.
- ii) First phase of Salem Steel Project to produce 32,000 tonnes of cold rolled stainless steel sheets/strips.
- iii) Provision of additional melting facilities to increase the existing capacity of Alloy Steels Plant, Durgapur, from 100,000 to 160,000 ingot tonnes. A proposal to increase the capacity further to 260,000 tonnes is presently under consideration.
- iv) Installation of a Refractory Plant at Bhilai to produce 137,500 tonnes of quality refractory bricks.
- v) Considerable attention is being paid to the development of processes for the production of sponge iron through the use of solid reductants. A total capacity of 0.74 million tonnes has been licensed to various State Industrial Development Corporations. One of these units, with an initial capacity of 30,000 tonnes per annum, is being implemented with financial participation by the Government of India and with UNDP assistance.

As part of the development plans for the country, certain exercises have been undertaken by the Government to make an assessment of the demand for steel by 1988-89, to determine levels of capacity and production taking into account the need for self-sufficiency and the gestation period of projects, to assess the quantum of investment required and to suggest the most advantageous way of achieving the objectives by way of expansion of existing units or through establishment of new units. These exercises also include the preparation of estimates of the physical inputs as well as investments in the complementary sectors like mining, power, transport, refractories, etc. The completion of these exercises may take some time but it is obvious that the existing steel capacity in the country will have to be increased substantially. This is particularly necessary so as to make up the leeway in expanding industrialization and providing gainful employment to millions of Indians. Steel production, of course, cannot expand in isolation. For obvious reasons, it is necessary that the plans for steel expansion should be suitably dovetailed into the overall plan of development for the country.

It is clear that large funds for investment would be needed by the Indian Steel Industry for future growth. While the bulk of the

India (Cont'd)

resources would have to be found internally, both by means of generation of internal resources by the plants and by larger budgetary assistance from the Government, foreign assistance for this purpose can be considered and could be made available by developed countries either through long-term soft loans or on credit-cum-buy back/compensation basis. This may require project to project negotiations with the countries concerned. There will also be the need to absorb and adopt latest technology and innovations from such countries as would be willing to share the same.

Simultaneously with programmes for expansion of steel production capacity, steps have also been taken for the creation of requisite facilities for the designing and manufacture of various steel plant equipments and machinery indigenously and to arrange for the acquisition of necessary technical know-how and expertise for this purpose. Attention has also been paid to the needs of standardization of equipment so that, while retaining economies of size, batch production is made possible.

Positive steps have also been taken to provide consultancy and engineering services for the development of ferrous and non-ferrous metallurgical enterprises. Besides a number of consultants in the private sector, an organization in the public sector, Metallurgical and Engineering Consultants (India) Limited, has been developed over the years for this purpose as also for the designing of metallurgical enterprises.

Hindustan Steelworks Construction Limited, a public sector company, had been established quite a few years back with a view to undertaking construction of steel plants as also to develop a nucleus for specialized jobs of technological erection, etc.

Increasing emphasis is being laid on providing to the Iron and Steel Industry a strong backing of research and development which should help to ensure higher productivity, reduce production costs and enhance value of products by process improvement and/or introduction of new technologies. This is an area in which fruitful co-operation can take place with advanced countries.

INDONESIA

- Foreign financial resources: For petrochemical project for the period of 5 - 10 years to come the requirement would be about 2 billion US\$ both for Olefine and Aromatic centres. For cement plants the total requirements amount to about 1,2 billion US\$. For the next Repelita III a total amount of approximately 4 per cent of the GDP or around US\$ 4 million is required from foreign sources for the development of all sectors.

- A specific program has not been taken but investment promotion has been done through bilateral or regional co-operation and by exchange of international missions. On the regional level (ASEAN) beside a regular meeting among the member countries, the so called "Industrial Clubs" has been set up to promote investments. Economic co-operation within ASEAN include joint activities to study and develop industries such as fertilizers, iron steel, soda ash, pulp,

### Indonesia (Cont'd)

paper, heavy duty tyres and other complementing industries both on a national and regional basis.

- Expansion of production capacity restructuring of industry: Indonesia had undertaken its program in increasing the production capacities of specific industries like cement and urea fertilizer. Since this year Indonesia is an exporting country for cement and urea fertilizer. In this regard indeed the availability of raw material and human skills are dominant factors. In the next coming years this program will continue.

- Mutually beneficial co-operation: This co-operation has always been undertaken in all industrial sectors. Co-operation is suggested among others in the field of steel, aluminium, wood industry, food processing, petrochemical, fertilizer, pulp and paper, cement, rubber and tires with other countries. Specifically in the fertilizer sector once again the set up of industrial projects through ASEAN co-operation is the most significant one. The ASEAN fertilizer plant now being set up will be enjoyed by all member countries. This co-operation can be extended to other forms of multilateral co-operation. Other definite suggestions have not been made but in thinking especially for fertilizer the following can be considered: Indonesia is building a phosphate fertilizer plant with the raw material has still to be imported and at the same time exporting urea fertilizer. Looking at this scene mutually beneficial co-operation can be arranged.

### IRAQ

Bilateral government to government agreements have been concluded for the financing of certain specific industries as loans to cover the import of machineries and know-how from those countries, however the sum of such funds is negligible compared with investment allocations of the government plan.

### IVORY COAST

The amount of investment required in the industrial sector during the 1976-1980 Plan is estimated at 685 billion CFA francs (480 billion for private industry and 205 billion for the public sector); this should increase to 530 billion CFA francs for the period 1981-1985, i.e. a total investment of 1,215 billion CFA francs for the period 1976-1985. The amount of foreign financing required in the decade 1976-1985 is estimated at approximately 40 per cent (over 60 per cent during the period 1976-1980 and approximately 25 per cent for the period 1981-1985). It should be noted that the projected foreign financial resource inflow during the 1976-1980 plan will represent less than 50 per cent of industrial investment in the private sector but more than 75 per cent in the public sector (energy programmes, major agricultural and food projects, etc.).

With a view to promoting foreign investment, the Private Investment Code provides various fiscal and customs incentives to companies assisting the implementation of Development Plans and making investments that are of particular importance to the development of the

Ivory Coast (Cont'd)

country. The Code is currently being updated in order to bring it more into line with the new industrial priorities laid down in the 1976-1980 Plan.

The development of the Ivory Coast's industrial capacity will, in the coming years, be based on the initiation and bringing up to full capacity of major industrial projects in sectors such as iron ore, paper pulp, rubber tyres, sugar, cacao, wood-processing, refining of fats, textiles, and the integrated production of leather and leather products

The profitability of these projects, which are mainly export-oriented, will undoubtedly be dependent on the possibilities offered by a restructuring of world industry and a reorganization of international trade.

JORDAN

Out of the planned total investment in mining and industrial development projects over the current Plan period 1976-1980, namely JD 229,120,000 as indicated under II above, contributions from the prospective financial sources, both internal and external, are estimated to be as follows:

Investment in Mining and Industry over 1976-1980, by Sources of Capital, in JD'000.

<u>Sources of Capital</u>	<u>Total Contributions</u>	
	<u>JD.'000</u>	<u>%</u>
<u>Local Capital Requirements</u>		
- Government General Budget	3,390	1.48
- Private Capital and Companies Own Resources	114,300	49.89
<u>Sub-total =</u>	<u>117,690</u>	<u>51.37</u>
<u>Foreign Capital Requirements</u>		
- Foreign Assistance	3,380	1.47
- Foreign Participations and Loans	108,050	47.16
<u>Sub-total =</u>	<u>111,430</u>	<u>48.63</u>
<u>GRAND TOTAL</u>	<u>= 229,120</u>	<u>100</u>

Foreign capital requirements, therefore, would be nearly half of the total investment costs, of which the major part is expected to be in form of foreign participations and loans. Further details of resource requirements are provided in Annex I.

A law entitled "Encouragement of Investment Law No. 53", providing incentives to investment in industry, mining, tourism, land development and sea transport, was promulgated in 1972. Under this law all Arab investors, either national or from abroad, are treated equally for the purpose of tax holidays and other investment incentives. In addition to this law, further promotion programmes are planned to be developed in the near future, within the framework of common

Jordan (Cont'd)

facilities and services available at industrial estates sponsored by the Government, or on its behalf, by the Industrial Development Bank.

Jordan is co-operating with Morocco in marketing of phosphate. Jordan is also a member of the Arab Federation for Fertilizer Producers, Kuwait. While in the field of iron and steel there is no action, the country is benefiting from the Jordan - E.E.C. Agreement signed early in 1977, according to which exports of Jordan leather and leather products enjoy tariff reductions. A joint venture was established between the Jordan Tanning Company and a U.S.A. firm for the production of leather shoes for both local and export markets. Production started early in 1978.

Annex I

Five-Year Plan 1976-1980 - Planned Investments in Mining and Industrial Development, by Project and Source of Capital, in JD.'000.

Project	Sources of Capital				Total
	Foreign		Local		
	Assis- tance	Partic- ipations/ Loans	Govern- ment Budget	Pri- vate and Com. own re- sources	
1. Oil Exploration	500	2,750	1,380	-	4,630
2. General Prospecting	250	-	275	-	525
3. Underground Thermal Energy	75	-	225	-	300
4. National Resources Authority Workshops	110	-	355	-	465
5. Expansion of Phosphate Production	-	9,600 <sup>1/</sup>	-	14,400	24,000
6. Expansion of Petroleum Refinery	-	15,600 <sup>1/</sup>	-	23,400	39,000
7. Expansion of Cement Factory at Fuheis	-	4,000	-	4,000	8,000
8. Chemical Fertilizer Project	-	41,000	-	20,000	61,000
9. Potash Extraction	2,300	12,400	1,000	9,300	25,000
10. Cement Factory in Southern Jordan	-	10,600 <sup>1/</sup>	-	10,700	21,300
11. Fextile Factory at Zerqa	-	1,200 <sup>1/</sup>	-	1,800	3,000
12. Copper Production	-	2,000 <sup>1/</sup>	-	3,000	5,000
13. Industrial Estates	-	-	-	1,600	1,600
14. Standard Specifications	145	-	155	-	300

Jordan (Cont'd)

Annex I (continued)

Project	Sources of Capital				Total
	Foreign		Local		
	Assis- tance	Partic- ipations/ Loans	Govern- ment Budget	Pri- vate and Com.own re- sources	
<b>15. Private Sector</b>					
Investments					
a) Expansion of medium-sized establishments	-	3,500 <sup>2/</sup>	-	10,500	14,000
b) New medium-sized establishments	-	3,600 <sup>3/</sup>	-	8,400	12,000
c) Small-scale industries and handicraft	-	1,800 <sup>4/</sup>	-	7,200	9,000
<hr/>					
Grand Total	3,380	108,050	3,390	114,300	229,120
<hr/>					
Total Foreign Capital -	111,430		-		
Total Local Capital -	-		117,680		

Notes: 1/ Foreign capital requirements, not indicated in Five-Year Plan, are hereby assumed to amount to 40 per cent of total capital requirements.

2/, 3/ and 4/ Foreign capital requirements, not indicated in Five-Year Plan, are hereby assumed to amount to:

- 20 per cent for small-scale industries and handicraft;
- 25 per cent for expansion of medium-sized establishments; and
- 30 per cent for new medium-sized establishments.

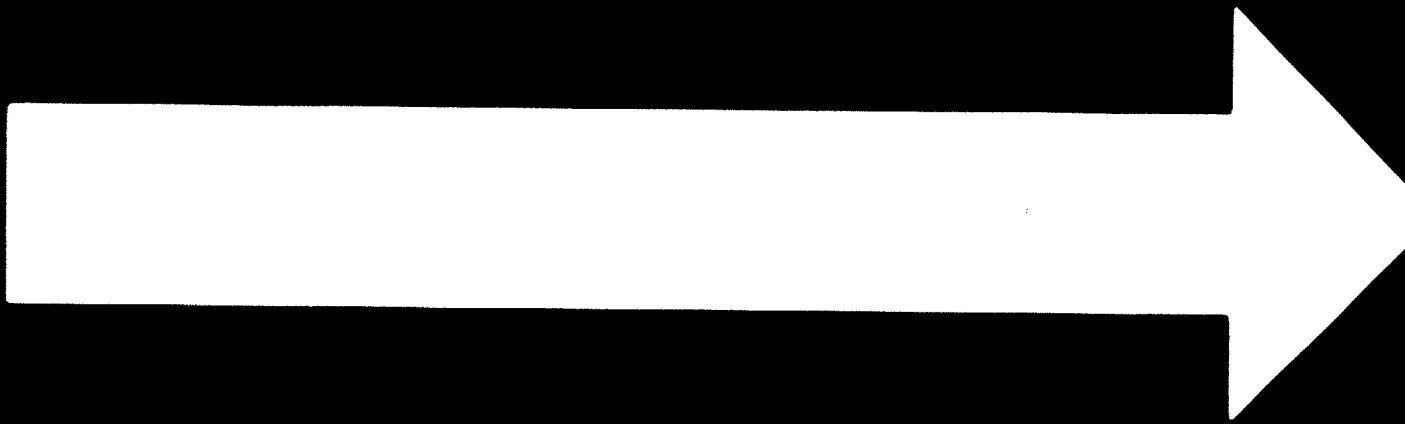
Source: Jordan Five-Year Plan 1976-1980 - Mining and Industry.

KENYA

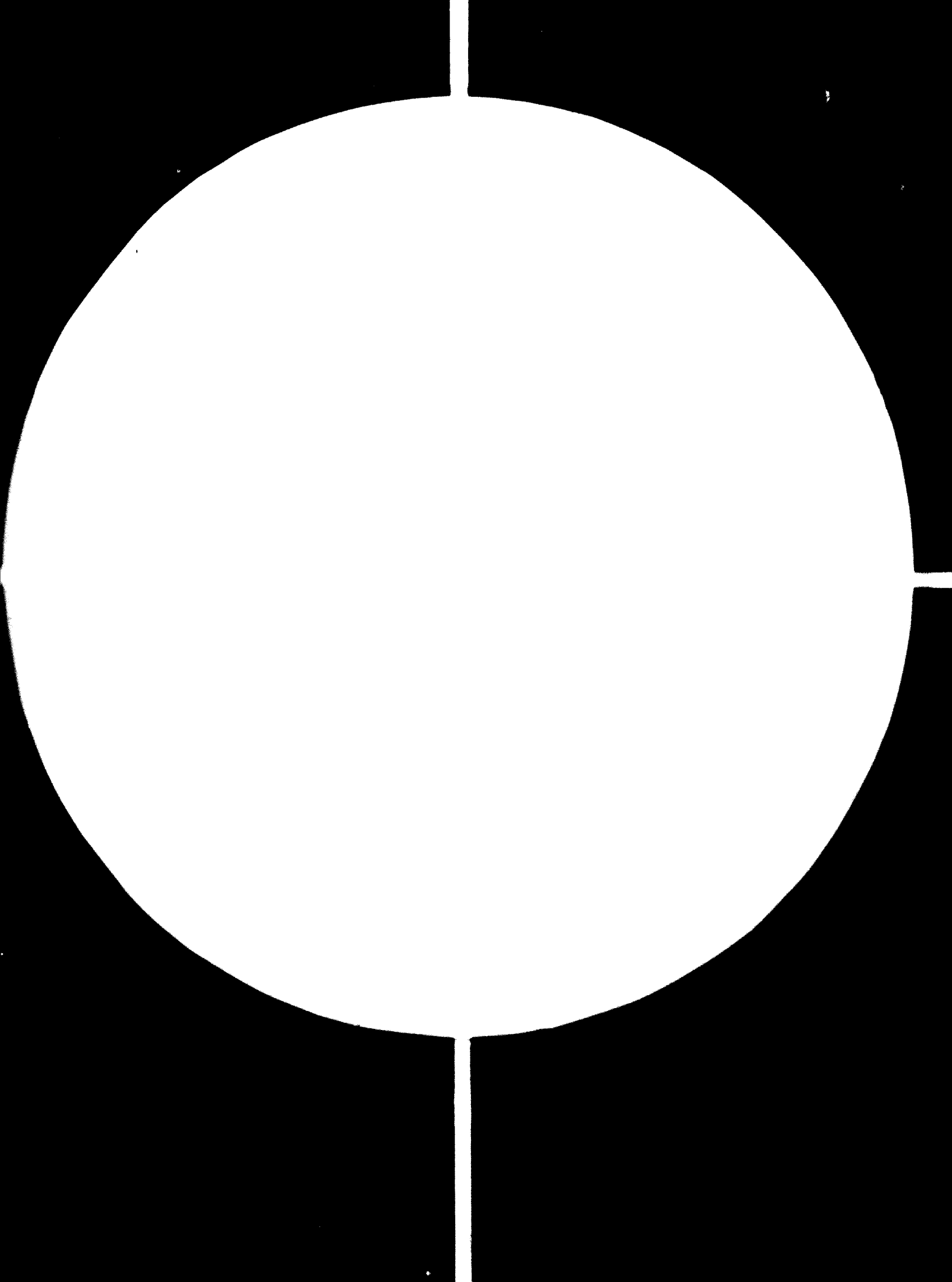
The total industrial investment in Kenya is estimated to be KSh 317 million. Out of this, 60 per cent is anticipated to be foreign investment, of which between 20 and 25 per cent is expected to be financed locally. The balance is expected to be financed through international financial institutions, such as World Bank, IDBI, OPEC, Long Term Credit by Equipment Suppliers, and bilateral aid from friendly countries. The Government already participates actively in joint ventures with foreign investors. This is done through parastatal bodies like ICDC, IDB, etc.

The Government has set up Industrial Survey and Promotion Centre (I.S.P.C.), within the Ministry of Commerce and Industry, in collaboration with UNIDO, for the purpose of identifying foreign

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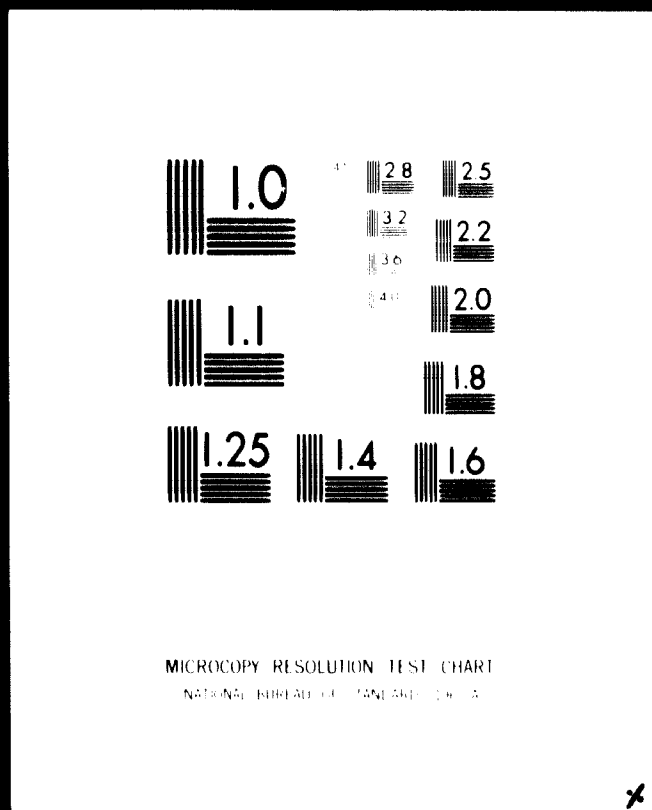
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### Kenya (Cont'd)

investors/collaborators, and for promoting priority industrial projects. Foreign investors have an added incentive in the Foreign Investments Protection Act (FIPA), which guarantees repatriation of capital and profits in case of emergency.

A steel project with a capacity of 300 thousand tons is being planned at Mombasa with the help of EEC. A feasibility report for the project is being prepared through EEC. Also, a fertilizer plant is being set up at Mombasa with foreign aid. In addition, a tannery and shoe-making plant is being planned in collaboration with India and Italy.

### KUWAIT

Kuwait is an exporter of foreign capital due to surpluses provided by the petroleum sector, and therefore, it does not need foreign capital to industrialize. Foreign resources required are in the form of International Technical Assistance only.

### LESOTHO

The national development plan makes an assessment of the necessary financial resource inflow, and this is largely donor supported including new projects urgently needed. The revised plan of 1977 was estimated at R407 million at current prices of which R387 million are to be donor financed and R20 million Lesotho Government input.

Investment promotion to bring in direct foreign investment has been a function of Lesotho National Development Corporation, and this function is currently being re-organized and strengthened.

When considering the restructuring of World industry, Lesotho has few advantages over other developing countries but the level of education is high in comparison with other African countries. In these circumstances textiles, garments and light industries of high value products suggest themselves.

Lesotho is not yet in a position to suggest fields of International Co-operation in specific industrial fields, but has interest in developing leather and leather products.

### LIBYAN ARAB JAMAHIRIYA

Jamahiriya in the past and currently (with the exception of the oil mining) relies entirely on its own resources concerning the investment. With the increased volume of industry, its diversification while entering the phase of very highly capital consuming metallurgical industry the situation may change and within the framework of a long-term plan on assessment of desirable foreign financial involvement should be made.

Joint venture programmes have been initiated already (and are in the negotiation phase) concerning aluminium smelter, car, trucks and tractors assembly plants and magnesium and potassium processing.

Libyan Arab Jamahiriya (Cont'd)

Expected future restructuring of the world industry may open a possibility for further development of the Jamahiriya's oil refining industry, building materials industry (cement), chemical industry and iron ore mining.

Analysis of the mutually beneficial international co-operation on the iron and steel and fertilizer would be a part of the industrial long-term development strategy and plan.

MADAGASCAR

The Charter of the Malagasy Socialist Revolution stipulates that the Malagasy people should rely in the first place only on their own efforts. In other words, development should be based on independence and self-sufficiency. In this case, foreign assistance should be of a supplementary rather than a complementary nature (assistance which helps to do without assistance).

However, the realization of some objectives of the Plan that are regarded as essential, to which priority has been assigned (iron and steel, metallurgical, mechanical engineering and heavy industries, etc.), would greatly overstrain the country's resources, both financial and technical. It is therefore necessary to make use of bilateral or multilateral co-operation, as the case may be. In this connexion, Madagascar expects to make a total industrial investment (including investment in energy and mining) of around 133 billion Malagasy francs in the period 1978-1980.

For this purpose, it is planned to prepare a form for a "Participation Contract" to be signed with foreigners, in which the rights and obligations of the partners are clearly laid down. The contributions from the foreign side will consist mainly of technology, know-how and possibly finance, while the Malagasy side will contribute primarily raw materials and labour.

MALAWI

No assessment has been made on the amount of foreign financial resource inflow that would be required, foreign investment is welcome in Malawi.

No specific investment promotional programme has been undertaken in Malawi but as already mentioned above, the project feasibility studies that are due to be carried out will also include investment promotional programmes.

Where the Government identifies a possible field of investment either by expansion of existing manufacturing activities or an entirely new field, this is brought to the notice of the industrialists or local industrial development institutions. Malawi has a statutory body responsible for participating or investing in the field of industries and this is known as the Malawi Development Corporation. Other institutions involved in industrial investment are: The Investment Devel-

Malawi (Cont'd)

Development Bank (INDEBANK) a Development Finance Bank, Press (Holdings) Limited, and the Agricultural Development and Marketing Corporation (ADMARC).

No analysis has been made on the possibilities of mutually beneficial international co-operation in the sectors mentioned. However, the possibilities of establishing manufacturing plants for fertilizer, and leather and leather products are being studied.

MALAYSIA

Foreign investment has played an important role in the development of the Malaysian economy, particularly the industrial sector. Malaysia requires external assistance in various forms, such as financial resources, technical know-how, skilled labour, market outlet, etc.

In terms of financial resources, foreign participation in the industrial sector is significant. This is borne out by the fact that in 1970, foreigners held about 63 per cent of the total capital in the corporate sector. The Government has formulated a policy that by 1990 the wealth of the country should be owned in the ratio of 60:40 between Malaysians and foreigners. This objective will be achieved in the context of expanding economy.

The Third Malaysia Plan (1976-1980) has projected that in the five-year plan period, Malaysia requires at least US\$ 1,250 million (based on US\$1=M\$2.4) foreign capital in the form of direct foreign investment, loans and credits, in order to achieve the industrial growth target of 12.0 per cent per annum.

The Malaysian Government has drawn up an investment promotion programme to attract foreign investment in the industrial sector. This programme consists of (a) sending investment promotion missions to capital exporting countries, (b) establishing overseas investment offices in major cities in capital exporting countries, (c) undertaking advertising campaigns in international media, and (d) disseminating information on investment climate and investment opportunities in Malaysia to industrialists, financiers, industry associations, etc. throughout the world.

MALI

The Five-Year Plan for 1974-1978 estimates that 91 per cent of the industrial investment of 33.5 billion Malian francs (US\$76 million) must be sought abroad. The Investment Code is applicable to foreign industrialists who qualify and to nationals. Foreign sponsors are sought through direct contacts and through the intermediary of international forums (Dakar, Davos, Novi Sad, etc.) and specialized organizations (UNIDO Investment Co-operative Programme Office, ACP/EEC Industrial Development Centre, private consultancy offices).

The processing sectors relating to cotton, meat, hides and skins and fats and to the canning of fruits, vegetables, and fish will be able in the next ten years to play a greater part in the restructuring of world industry. Regional consultations have taken place in this connexion.

## MALTA

Political and economic initiatives undertaken at international level for closer co-operation between Malta and other nations have resulted in the successful renegotiations of the Association Agreement with the European Economic Community and in bilateral agreements on economic and technical co-operation with a wide range of countries. These agreements should help to stimulate stronger economic links with these countries including the possibility of setting up joint venture schemes with private and/or public investment organizations. These new relations can play a very useful part in Malta's industrialization process since they serve to establish contacts and to identify the range of products that could be of mutual interest both for production and marketing purposes.

Through the "joint venture" model advanced industrial technology, coming mainly from developed Western countries, could be linked in Malta with Arab financial resources. By bringing these two inputs together for the setting up of industrial processes in Malta, productive employment opportunities for Maltese labour are generated. These joint ventures also help to establish Malta's industrial sector on a sound basis that will make a lasting contribution to Malta's economic development. The fact that Malta is attracting to its shore Arab investments funds in productive enterprises on a joint venture basis with local and other foreign capital is an indication of the wide confidence which exists in the growth potential of the Maltese economy.

The revised Association Agreement with the EEC includes a Financial Protocol whereby the Community has committed a total of 26 million units of account to participate in the financing of projects designed to contribute to the economic and social development of Malta. This amount is made up of 16 million units of account in the form of loans from the European Investment Bank on normal terms; 5 million units of account in the form of loans on special terms; and 5 million units of account in the form of grants. These funds are earmarked for the financing or part financing of projects such as capital projects in the fields of production and economic and social infrastructure and for programmes of technical co-operation.

## MAURITANIA

As there has been no increase in the amount of external subsidies, the State must rely on foreign loans. Regarding external resource requirements - which would necessarily be in the form of investments - it should be stressed that this inflow represents only part of external aid. External aid in the form of investment is in the form of contributions from public sources only.

The following table illustrates the movement of investments financed through external funds (grants and loans).

Mauritania (Cont'd)

Sources	1976	1977	1978	1979	1980
<u>Subsidies, including</u>	0.790	0.990	1.140	1.140	1.240
European Development Fund	0.300	0.400	0.500	0.500	0.600
Fonds d'assistance et de coopération française	0.100	0.100	0.100	0.100	0.100
United States Agency for International Development	0.040	0.040	0.040	0.040	0.040
Others	0.350	0.450	0.500	0.500	0.500
<u>Loans, including:</u>	1.08	1.330	1.380	1.480	1.580
International Development Association	0.200	0.200	0.250	0.250	0.250
Various Arab funds	0.350	0.350	0.350	0.350	0.350
People's Republic of China	0.100	0.150	0.150	0.150	0.150
Federal Republic of Germany	0.150	0.350	0.350	0.350	0.350
African Development Bank/FAD	0.130	0.130	0.130	0.130	0.130
BC/others	0.150	0.150	0.150	0.250	0.350
Total	1.870	2.320	2.520	2.620	2.820

The estimates in the table are in billion of monetary units. They cover the whole period of the Third Plan.

With the introduction of the new Investment Code now being prepared, there may be more vigorous promotion of foreign investment.

Taking into account the country's resources and raw materials, the manufacturing sectors which will grow through the future restructuring of world industry are the following: agro-industries (textiles and sugar), livestock processing industry, fishery products processing industry, iron and steel industry.

MAURITIUS

No assessment has been made of the extent to which foreign financial resources are needed in industrial development. In fact, the bulk of the total capital employed up to now has been provided from local sources.

Foreign investment promotion has been continually undertaken since 1971. The current programme includes i.a. : (i) employment of investment consultants in France, Federal Republic of Germany and U.K. with Mauritian officials attached as liason officers; (ii) co-operation with Centre for Industrial Development, Brussels, to which a Mauritian official will be attached for a period of two years as a project co-ordinator for Europe; (iii) investment promotion tours in Europe by mixed private and public sector delegations; (iv) expert assistance in identifying and formulating proposals for projects based on the products, by-products and wastes of the sugar milling industry;

Mauritius (Cont'd)

(v) consultancy study to examine prospects of providing Mauritius as a base for "regional import substitution in relation to selected ACP countries in the African and Indian Ocean region and to selected commodity groups; (vi) production of updated and improved promotional and informative documentation; (vii) UNIDO project in Industrial Investment Promotion providing the services of one senior adviser, equipment and short-term consultancies.

MEXICO

No assessment has yet been made, under the industrial development programme, of the amount of foreign capital that will be required for the financing of industrial investments. Projections have been prepared, but they are subject to change. Within the economic policy programme, the basic objectives are the creation of jobs, the production of food and the generation of foreign exchange.

The financial policy to achieve these objectives should be based solely on the proliferation of public and private investment. However, owing to the lack of domestic savings, it has been necessary to turn to external assistance in the form of loans and direct foreign investment. Projections of net external indebtedness suggest that this figure will reach \$US 3,000 million in 1978. By the end of 1978, direct foreign investment is expected to reach \$US 300 million, remaining at approximately 3 per cent of total investment.

The programme under consideration runs parallel to the National Industrialization Plan, whose basic premise is the harnessing of Mexico's natural and human resources in the pursuit of a single objective - development.

In the face of a decline in the real income of the population, lower levels of investment in production sectors, decreasing production and increasing unemployment, it is necessary to expand production facilities through increased investment, the multiplier effects of which will be reflected in an overall resurgence of the economy and in the alleviation of deficiencies.

Foreign investment has been a source of financing for the Mexican economy and has contributed to the growth of the country's industrial sector. At the moment, the National Commission on Foreign Investment (CNIE) considers that it will be necessary to channel foreign investment to such sectors as iron and steel, capital equipment, agro-industry and export goods. However, this investment must be adjusted to meet the provisions of the Law on Foreign Investment.

Foreign investment also acts as an incentive to Mexican industry to introduce advanced technology into the industrial system, contributing towards improving its competitive position through the involvement of national engineering firms in the execution of its industrial projects and through the training of local manpower - factors that are ultimately reflected in higher levels of productivity. Under the sectoral and regional development plan, incentives are offered to enterprises which set up business in coastal regions. These incentives take the form of discounts of as much as 30 per cent in the cost of fuel.

Mexico (Cont'd)

In addition, the Law on Foreign Investment is flexible enough to accept (in certain cases) majority participation by direct foreign investors in sectors utilizing advanced technology.

An indispensable precondition for the industrialization of the country is the development of such basic sectors as capital equipment, fuel, petrochemicals, food and agro-industry. It has been realized that merely listing these sectors says nothing about the outlook.

The following list is derived from a study prepared by the Ministry of Finance and Public Credit and entitled "Fiscal Treatment of Technical Assistance Payments".

Areas of activity considered to be of  
general interest

- I. Exploitation of natural resources
- II. Basic iron and steel industries
- III. Basic non-ferrous metal industries
- IV. Production of basic industrial chemicals
- V. Basic petrochemical industry
- VI. Production of fertilizers
- VII. Production of insecticides exclusively for the agricultural sector
- VIII. Production of industrial gases
- IX. Production of pulp, paper and paperboard
- X. Production of cement
- XI. Production of materials for the construction industry
- XII. Manufacture of machinery and equipment of direct use in production processes.
- XIII. Production of electronic computation equipment
- XIV. Manufacture of equipment for the control of environmental pollution
- XV. Manufacture and assembly of transport equipment, except automobiles, motorcycles, bicycles and pleasure boats
- XVI. Production of basic food products for mass consumption and balanced livestock feeds. For the purpose of this section, "basic food products for mass consumption" are considered as being those food products referred to in section IV, article 18, of the Federal Tax Law on Commercial Revenue
- XVII. Production and supply of fuel
- XVIII. Construction of public works, low-cost housing and industrial plants.
- XIX. Provision of sea, air and rail transport services and telephone communication
- XX. Research and development of technologies appropriate to the prevailing conditions of the country

It is pointed out in the Working Document of the Action Programme Commission of the Institutional Revolutionary Party (PRI) that the country intends to press for fair prices for raw materials and natural products, access to world markets on competitive terms, and investments to assist the process of economic development in the weaker countries. With regard to developing countries which possess fuel resources, the Party's position is that financial machinery should be set up to enable these countries to develop their resources



Mexico (Cont'd)

in a rational way so as to make them available to all mankind, for the benefit of their own and other countries. In this spirit, agreements have been concluded through such organizations as the Organization of Latin American States for Mutual Assistance in the Area of Petroleum (ARPEL), in which Petróleos Mexicanos has been a participant, and the Latin American Energy Organization (OLADE).

At the same time, the Party most energetically condemns the limitation of food production and calls on the rich countries to provide soft loans and scientific and technical assistance in order to strengthen the agricultural activities of the developing countries.

MONGOLIA

An important role in the construction and operation of industrial plants in Mongolia is played by external sources of finance in the form of intergovernmental credits made available mainly by member States of CMEA on a planned, long-term basis.

Thanks to the intensive measures undertaken in recent years, and taking into account the country's rich mineral deposits, the mining and manufacturing industries are being developed rapidly so as to increase the country's export resources and achieve a higher degree of industrial processing of domestic raw materials.

In implementing the programme for the further development of industrial units, great importance is attached to international co-operation, in particular to the use of foreign credit funds on the basis of mutual benefit.

MOROCCO

The total amount of financial resources which will be devoted to industrial investments have not yet been decided on. Therefore, the external financial resources required to implement the programme of industrial action cannot yet be evaluated. In addition, as the private sector accounts for nearly 40 per cent of all industrial investments, it can mobilize certain specific resources (purchaser credits, supplier credits, etc.) which enable it to finance a considerable share of the investments made.

Furthermore, the investment promotion policy stresses the role which should be played by direct foreign investment in certain sectors. For example, the industrial investment promotion code devotes special attention to foreign investors, allowing them, for example, to transfer dividends and the capital invested in the event of cessation of activities.

NIGER

In the three-year programme for 1976-1978, the foreign financial contribution in respect of the industrial development programme has been estimated at 1,387,900,000 CFA francs.

Niger (Cont'd)

Law No. 74-18 is a tool for the promotion of foreign investments in the industrial sector. No programme has been specifically undertaken in this connexion.

NIGERIA

The First National Development Plan (1962-1968) provided for external borrowing to the tune of N654.2 million or 48.3 per cent of total investment. By the end of the first plan period total foreign loans amounted to 25 per cent of realized capital investment. The Second National Development Plan (1968-1974) put external financing at N302.0 million or 19.4 per cent of planned total investment, but at the end of the second plan period total foreign loans amounted to N142.5 million or 6.4 per cent of realized capital investment. No provision was made for external financing at the beginning of the Third National Development Plan (1975-1980) because it was thought that the financial resources of the nation would be adequate to meet the investment requirements of the plan. However, with the recession in oil production and consequent loss in revenue, the nation was forced after 2 years of the plan to seek for external aid to help finance very important projects of the plan. As at 19 September 1978, it was reported that Nigeria had succeeded in raising \$750 million (N481 million) or 1.1 per cent of revised public sector investment from external sources. This also represents 0.9 per cent of both the public and private sector planned investments put together.

The only form of foreign investment promotion being undertaken is that which provides the usual incentives to foreign investors. Such incentives include income tax relief measures, approved user scheme, customs tariff protection measures, and foreign exchange regulations which allow for repatriation of capital and dividends where applicable.

The manufacturing sectors in which production capacity may be expanded include cement industries, pulp and paper, iron and steel, petrochemicals, fertilizers, pharmaceuticals, sugar, dairy products, petroleum refineries, plastic products, etc.

International co-operation is being sought for such projects as nitrogenous fertilizer, petrochemicals and Liquefied Natural Gas (LNG).

OMAN

Of the total required resources of 2797 million R.O. envisaged in the Five-Year Development Plan, credit has been taken of likely foreign loans and grants of the order of 404 million R.O. Projects which have been specifically mentioned for obtaining loan finance are Gas Pipe-line, Oil refinery and copper projects. Kuwait is participating to the extent of 40 per cent in the equity of the Oman cement company which is implementing the 1 million tonne cement plant in Oman.

The Foreign Business and Investment law 1973 as amended by Royal Decree No. 2/77 is conducive to foreign investment in the Sultanate of

Oman (Cont'd)

Oman. The problem does not appear to be so much of finding sources of foreign investment in Oman, as of identifying technically feasible and economically viable industrial projects. A very small and limited domestic market, a very limited range of locally available raw- and basic materials, scarcity of technically trained local professional and skilled personnel and high costs of expatriate personnel are major constraints to the establishment of economically viable industrial projects.

No analysis has been made of the possibilities for mutually beneficial international co-operation in the sector of fertilizers, iron and steel, leather and leather products, vegetable oils and fats. So far as the sector of iron and steel, leather and leather products, vegetable oils and fats are concerned, there are no proven resources of raw-materials in Oman. As for fertilizers, though natural gas is available, the domestic demand is very limited and it may be difficult to find export markets for nitrogenous fertilizers, if produced in Oman.

PAKISTAN

External resources including foreign aid and foreign private/public investment play an important role in the economic development of Pakistan. Foreign aid obtained in the form of loans, grants and commodity aid reached its high level during the period 1972-1977 - External borrowing, at the beginning of FY 1973 was \$ 3.6 billion. New debt taken on in the five following years was \$ 3.4 billion. Actual repayments amounted to something less than \$ 700 million during the period 1972-1977 so the debt outstanding at the end of FY 1977 has risen to \$ 6.3 billion.

The increase in Pakistan's payments deficit, mainly, the result of world inflation, could have been bridged had the base level of assistance been maintained in real terms. But the inflow of assistance from traditional sources lagged behind inflationary impacts on Pakistan's balance of payments. Resources to IMF including the facilities newly created to provide deficit countries with some foreign exchange funds was a partial solution. Even though Pakistan was successful in tapping other sources of soft finance and bridging its deficit, it had to resort to some borrowing on near commercial terms also.

The requirements for external capital inflow during the Fifth Plan period average around \$ 1.5 billion a year. The following table presents the external assistance requirements:

	(Million dollars)
1977-78	1114
1982-83	1395
Total Fifth Plan	7544
Annual Average	1509

The requirements for external assistance reflect a decline in food aid consequent upon the gradual elimination of wheat imports. Food aid will only be needed for import of edible oils, and though

Pakistan (Cont'd)

the requirements would be higher, the availability of such aid is limited.

Project aid is anticipated to increase from \$ 663 million in 1977-78 to \$ 1 billion by the end of the Plan period. A 51 per cent increase over the base period represents on one hand an accommodation of the increasing preference of aid donors for project aid; on the other, the country's efforts to strengthen its project preparation and implementation capacity to absorb project assistance.

The Government attaches great importance to the role foreign private investment can play in accelerating the pace of industrial development in Pakistan. The policy towards foreign private investment is based essentially on liberal repatriation facilities, no restriction on remittances of current profits, and repatriation of foreign capital to the extent of the original investment inclusive of any capital appropriation for investment. There is no rigidity about the percentage of foreign investment in the equity. Foreign nationals employed are allowed liberal facilities. A foreign Investment Law has also been promulgated. In the rules and regulations applicable to industry, there is no discrimination against foreign capital. The existing incentives would provide sufficient attraction for private foreign investment during the Fifth Plan period. Foreign investment will continue to be encouraged in industrial projects involving advanced technical know-how and high capital investment. Constitutional guarantees against nationalization has also been provided to industries in the private sector.

The Government has recently taken a decision to set up an Export Processing Zone at Karachi with the aim to enlarge the quantum of manufactured exports.

PANAMA

Within the programme for the promotion and development of new investment programmes, COFINA expects that these programmes may be financed either by that institution itself or on a mixed basis, i.e. using COFINA's own resources and resources from abroad. Regarding the level of investment needed to carry out these projects, it is likewise expected that, because of the large sums of money required and the credit risk involved, many of the project will in fact be dependent not only on the contributions of local investors, but on the participation of foreign investors as well.

According to COFINA studies, the expected foreign investment will total 19,505.7 million balboas, of which 13,655.0 million are to go for machinery and equipment and 5,850.7 million for building components, working capital and other items, such as supervisory costs, etc. A programme for investment promotion has been undertaken through the Centre for Investment and Export Research and Promotion of the Ministry of Commerce and Industries. Investment programmes are identified by sectors. One programme currently under consideration for which foreign assistance will be required is concerned with the development of frozen products, both vegetables and meat and fish. All these programmes are already in the early study phase. Two Argentine companies which intend to set up business in Panama are expected to

Panama (Cont'd)

invest capital for the processing of leather for a range of products extending from furniture to miscellaneous leather goods, and also for a plant to produce instant coffee. Another Argentine firm is interested in building a factory to manufacture polypropylene bags. In all these cases the intention is to export the goods produced. Panama's favourable geographical location will be a positive factor contributing to the success of these three projects. Under yet another project it is intended to produce frozen tropical fruits and juice concentrates.

Efforts are being made to increase the technical sophistication of the footwear industry. In addition, studies are being carried out to obtain the views of clothing manufacturers on how to increase production capacity with a view to greater exports.

Panama is working together with a number of international organizations in the area of fertilizers and oils. It is a member of ILAFERRA (Latin American Institution of Fertilizers) and also, through the Latin American Economic System (SELA), of the Fertilizer Action Commission.

PAPUA NEW GUINEA

No assessment of future foreign financial resource inflows has been made. Due to a variety of factors almost all investment in secondary industry has been by expatriate or overseas investors. It is hoped that future industry planning work will enable suitable industries to be identified for investment by nationals or national institutions and assessments to be made of the form and quantity of overseas investment requirements.

The National Investment and Development Authority is the main government agency for the promotion of overseas investment. There has not been, to date, any programme for investment promotion as the exact forms and areas of investment needs have not been determined, except for certain individual industries. Rather, the Government has allowed the project identification to be primarily undertaken by potential investors and has reacted to their proposals. However, it is hoped to take a more positive attitude, especially in the field of secondary industries and produce profiles of industries in which investment is desired. Even so, it is not anticipated that there are many large manufacturing potentials in Papua New Guinea unless export markets are found.

Areas of possible future external investment for import replacement in the manufacturing sectors which have been tentatively identified are, among others: the assembly of low volume basic transport vehicles; the assembly of electrical 'white' goods (refrigerators, etc.); electric wires and cables; particle board; bolts, nuts, screws and rivets; injection moulded plastic goods; dry cell batteries; solar heaters; confectionary and biscuits; agricultural and hand tools; food processing.

### Papua New Guinea (Cont'd)

Possible future investments for export markets in the manufacturing sectors are, among others: activated carbon manufacture from coconut shells; essential oil processing; instant coffee; furniture (high quality 'knocked down' and parts).

Although further work needs to be done on the industrial sectors concerning which consultation meetings were held during 1977, it seems that there is little further developmental scope in these areas for Papua New Guinea in the near future. Primarily because PNG is a horticultural society, the use of fertilizers is extremely low and it will be many years before a local industry would be viable. A small rolling mill is seen to open in PNG; this is about the ultimate that the country can go along the stages of iron and steel processing. The potential for leather and leather products has been investigated recently. At the moment the through-put of hides is too small, but it is hoped to gradually increase the head of cattle in the country over the coming years, which may increase the chances of a commercial tannery. PNG has extensive plantings of coconuts and oil palm. Although there is one coconut oil mill it is unlikely if another could be established due to the wide dispersal of planting. Oil palm is a relatively new industry which is proving successful. The scope for international co-operation with respect to Papua New Guinea seems to be limited for these products. However, the rolling mill may benefit from supplying markets in the South Pacific.

### PARAGUAY

External resource requirements can be seen in more general terms in the table below, where the subject is considered from the point of view of sources of finance. The data given in the annex are to be understood as follows:

- 30 per cent of the funds used by the banking system will be obtained from external sources;
- 50 per cent of the funds used by development banks (COMESA) will be obtained from external sources;
- 80 per cent of the funds used by the National Development Bank will be obtained from external sources;
- In the case of suppliers' credits, as the name implies, 100 per cent of the funds will be obtained from external sources.

In other words, the table indicates, by source, the total resources to be allocated for the financing of investments. Each source has a national and a foreign component, and - as indicated above - part of the total allocation will be made up by drawing on the foreign component (the estimates are based on past experience).

Under the present economic system no distinction is made in the treatment of national and foreign capital. Accordingly, except for public sector projects, the country's priority projects are open to both national and foreign investors.

Paraguay (Cont'd)

As recommended by the Technical Planning Department, the following are the principal areas to be developed, although others may be added to this list: cement; pulp, cellulose and paper industry; glass containers; fertilizers and chemical products for agricultural use; vegetable oils and fats; commercial growing of fruit and vegetables; textile industry; kaolin and porcelain.

The recommendations made by the consultation meetings in 1977 are currently under study by the ministries responsible for the branches concerned, in consultation with other appropriate support organizations.

SOURCES OF FUNDS FOR THE PERIOD 1977-1981

	Structure (%)	Investment requirements for 1977-1981 (in millions of guaranis <sup>a/</sup> in 1972 prices)
Internal resources of enterprises	27	9,219.3
Capital market	<u>26</u>	<u>8,877.8</u>
Subtotal	<u>53</u>	<u>18,098.0</u>
Banking system of the National Development Bank	24	8,194.9
COMESA	4	1,365.8
Commercial banks	<u>12</u>	<u>4,097.5</u>
Subtotal	<u>40</u>	<u>13,658.2</u>
Suppliers' credits	<u>7</u>	<u>2,390.2</u>
<b>TOTAL</b>	<u><b>100</b></u>	<u><b>34,145.5</b></u>

a/ US\$1 = 126 guaranis

PERU

The worsening of the economic and financial crisis in recent years has compelled the Peruvian Government to take austerity measures and institute a policy of priorities in the programming of operational and capital expenses for the years 1977, 1978 and 1979. In this context, the industries sector has assigned priority in its development plans to the allocation of domestic and foreign financial resources to cover capital expenditure, on the basis of the following criteria:

- Completion of projects with committed investment;
- Implementation of investment projects with a short period of maturation which generate and/or save foreign exchange.

Peru (Cont'd)

These provisions are binding on the public sector and indicative for the non-public sector. In addition, it has been decided that, when the non-public sector requires finance from the State (i.e. from the Development Finance Corporation - COFIDE), the competent ministry should indicate its sectoral priority, taking into account the objectives for its development.

Regarding the need for finance in the form of foreign loans and credits, as can be seen from the attached table the public industrial sector will require approximately \$119 million (20,645 million soles, at a projected exchange rate of 250 soles per dollar) for the period from 1980 to 1982. These resources will be directed primarily into the development of the iron and steel, chemical and petrochemical, motor vehicle and metalworking and engineering industries, agro-industry and the cement industry.

As regards the promotion of projects with a view to obtaining an inflow of direct foreign investment, the Government has arranged for and provided the required guarantees in respect of, the entry of this type of investment. In this connexion, industrial promotion programmes aimed at foreign investors are being undertaken through the Banca Asociada (State and private sector). For this purpose, special missions arranged by the Banca Asociada travel abroad from time to time, taking along the portfolio of projects requiring foreign finance to make them feasible. In this context, the industries sector is promoting projects for which the feasibility studies have already been completed, e.g. those relating to grey and nodular iron castings, sodium tripolyphosphate, sodium carbonate, pharmaceuticals, etc.



PERU  
INDUSTRY SECTOR: PROJECTS REQUIRING FOREIGN FINANCE (millions of soles)

	1980		1981		1982		Total		
	DF	EF*	DF	EF*	DF	EF*	DF	EF	EF**
Open coal deposits	127.0	32.7	360.0	400.0	550.0	550.0	1,037.0	982.7	1,490.0
Expansion of the Chimbote iron and steel plant	-	-	-	-	220.0	390.0	220.0	390.0	590.0
New Siderperu projects	160.0	40.0	160.0	40.0	160.0	40.0	480.0	120.0	182.5
Expansion of the Cochimayo plant (fertilizers)	93.8	375.2	39.4	157.8	-	-	133.2	533.0	807.5
Integrated petrochemical complex at Bayovar	89.0	146.0	67.1	35.8	256.0	580.9	412.1	762.7	1,155.0
Expansion of the Quimica del Pacifico plant (caustic soda and related products)	85.0	110.0	80.0	110.0	80.0	110.0	245.0	330.0	500.0
Amazonia project (wood pulp)	443.6	1,466.9	471.3	1,016.2	205.0	248.0	1,119.9	2,731.1	4,137.5
Machine tools	157.5	477.0	-	-	-	-	157.5	477.0	722.5
Diesel engines	536.0	555.7	536.0	1,012.1	-	-	1,072.0	1,567.8	2,375.0
Farm tractors	52.5	97.5	-	-	-	-	52.5	97.5	147.5
Expansion of the Paramonga plant (PVC)	522.0	148.9	801.5	263.3	3.3	684.6	1,326.8	1,096.8	1,662.5
Expansion of the Cemento Andino plant	20.0	75.0	6.0	75.0	-	85.8	26.0	235.8	357.5
Expansion of the Cemento Lime plant	100.0	165.0	-	196.8	932.1	3,577.1	1,032.1	3,936.9	5,967.5
Sodium carbonate	682.6	2,947.4	147.5	743.5	-	-	830.1	3,690.9	5,592.5
Metallurgical powders	19.0	78.0	20.0	35.0	-	-	39.0	113.0	170.0
Grey and nodular castings	235.5	379.5	418.0	677.0	123.8	313.5	777.3	1,370.0	2,075.0
Motor vehicle forging	68.0	62.2	245.9	232.0	344.9	337.4	658.8	637.6	957.5
New projects, INDIUPERU	106.9	277.9	161.4	161.7	61.0	59.0	329.3	496.6	755.0
<b>TOTAL</b>	<b>3,498.4</b>	<b>7,434.9</b>	<b>3,514.1</b>	<b>5,156.2</b>	<b>2,936.1</b>	<b>6,976.3</b>	<b>9,948.6</b>	<b>19,567.4</b>	<b>29,645.0</b>

Source: Industry Sector Investment Programme, 1978-1982. Prepared by: DPDR - Sectoral Planning Office - MICRI.

DF: Domestic financing; EF: External financing.  
\* Exchange rate: US\$1 = 165 soles. \*\* Exchange rate: US\$1 = 250 soles (projected).

6 April 1979

### REP. OF KOREA

The information provided by the Government of the Republic of Korea in respect of "External Resource Requirements" is to be read in conjunction with the chapter on "Development Planning and Policies".

### ROMANIA

Romania looks upon its own efforts as the primary foundation for realization of its economic and social development objectives. At the same time, however, experience has shown that a country's participation in the international division of labour and international trade is an objective necessity, which strongly influences the development of the national economy. In this context Romania is also promoting the realization of common economic objectives in the country in which foreign partners can participate by providing both financial resources and technological means of production.

The achievement of these objectives is one of the aims of the measures designed, *inter alia*, to ensure the accelerated modernization of the means of production, broadly based access to the advances of modern science and technology and the increase of investment funds through the injection of foreign capital. For this purpose, an appropriate legal framework has been established by the adoption of regulations governing the creation and operation of joint ventures for production and marketing in Romania. At present, there are already eight joint ventures, including five in the field of mechanical engineering, two in the chemical industry and one in transport.

### RWANDA

Investments allocated to the industrial sector under the Second Five-Year Economic, Social and Cultural Development Plan are estimated at approximately 7.7 billion Rwandese francs, or 14.3 per cent of the total. External resources are estimated at 70 per cent of total allocations for this sector.

An investment promotion programme has been initiated. A round-table meeting of foreign aid programmes was held at Kigali in February 1977 and one of non-governmental bodies took place in November of that year. The major purpose of these meetings, which will be held periodically, was to present the aims and objectives of the Second Plan to financial backers in order to induce them to contribute to its execution.

Particular emphasis is placed on the establishment of industries for the processing of agricultural products, since the rural sector employs approximately 95 per cent of the population.

Certain types of industries planned in line with the Lima recommendations are currently being studied in detail. They include: the manufacture of nitrogenous fertilizers using methane gas from Lake Kivu, which is under study; an existing tannery will be extended to produce various leather and footwear items; a ground-nut oil mill has been established in Rwanda; ways of ensuring its operation on a profitable basis are now under study and discussions are taking place on the establishment of a soya oil mill.

Economic co-operation exists already at the regional level, particularly under the aegis of the Economic Community of the Great Lakes Countries (CEPGL).

## SAUDI ARABIA

In its efforts to industrialize, the country has been seeking mutual co-operation with all other countries to have a steady flow of resources. Although the country does not need any foreign financial resources it takes advantage of and channels other forms of external resource inflow.

Foreign investment promotion has been undertaken in the shape of importing technological and management know-how from the developed countries. Foreign investment in Saudi Arabia is, therefore, mainly encouraged in the form of joint ventures whereby foreign technology and Saudi financial resources are being combined to produce significant mutual benefits. Promotion programme for foreign investments includes: no restriction on repatriation of capital and profit; tax exemption for five years provided the Saudi partner shares minimum 25 per cent of the total investment; no tariffs on the import of plant, machinery, raw materials and other productive resources; interest-free loans are provided up to 50 per cent of the total project cost; industrial plots of land are given with the infrastructural facilities at a very nominal rent; foreign and national investors get the same treatment as far as industrial loans and other incentives are concerned.

In order to expand production capacity as a part of reconstructing the world industry Saudi Arabia is trying to diversify the economic base of the country by establishing an extensive petrochemical industry, an activity in which the country enjoys an obvious comparative advantage. The new realities of energy economics make it imperative for energy-intensive industries to reside near the source of supplies of energy. The same way they are trying to help and reconstruct other manufacturing sectors of the world industry by having fertilizer/steel plants and aluminum smelter in the future.

As regards the recommendations made by the consultation meetings in industrial sector held during 1977, no analysis has so far been made.

## SIERRA LEONE

A steady flow of resources from developed to developing countries is a dream yet to be realized. Whereas international prices of materials produced by developing countries are subject to continuing fluctuation, the price of intermediate and capital equipment required by the developing countries are moving upwards. Sierra Leone produces raw materials such as bauxite, iron ore, rutile, coffee, cocoa, and palm kernel oil. The forecasts of foreign currency earnings during the current plan period as well as of foreign currency requirements for industrial development, all have proved unrealistic. As a consequence this has not been possible to implement the industrial projects listed in the plan excepting the clay brick factory. Studies carried out have further proved that because of continuing inflationary pressures, the investment costs of these projects will be several times more than assessed.

Sierra Leone (Cont'd)

The Plan provided an assessment of external resources available and required for the execution of the industrial development programme. The requirements then assessed were as follows:

Investment to be made during			
	<u>Current</u>	<u>Next Plan</u>	<u>Total</u>
	<u>Plan period</u>	<u>Period</u>	
(in thousands of US\$)			
Sugar cane mill	9,906	—	9,906
Fruit canning	9,807	2,000	11,807
Textile mill	6,570	5,530	12,100
National workshop	1,000	—	1,000
Clay bricks	388	—	388
Perfumes, cosmetics and pharmaceuticals	295	—	295
Fish canning	500	12,500	13,000
Cassava pellets	500	2,500	3,000
Algae fermenting plant	500	2,500	3,000
Veneer plant and sawmill	2,712	2,785	5,497
Non-specific projects	<u>3,000</u>	<u>—</u>	<u>3,000</u>
	35,178	27,815	62,993

Of the projects mentioned above the clay brick factory has completed and its total cost has come to US \$9 million as against US \$0.388 million allocated in the Plan. Subsequent studies carried out in respect of other projects have also shown that eventual cost of each project mentioned will be several times higher than the planned cost. Foreign loans and credits are flowing at the rate equivalent to that operative prior to 1973, when the price explosion took place on account of abnormal and sudden rise in the price of crude petroleum. The developing countries which do not produce petroleum are therefore hit not only by abnormal rise in the prices of petroleum but also of industrial inputs in general.

As already stated, a Development of Industries Act is in the making and this is likely to offer a package of incentives to foreign investors in particular and to local investors in general.

Sierra Leone has formed a custom union with its neighbouring country Liberia. This is taking shape of a regional co-operation for development. Certain industries are being considered for union status and these include: steel mill, alumina plant, textile mill, fertilizer blending and packing plant, insecticide formulation plant, detergents.

### SINGAPORE

Singapore's investment promotion programme is carried out by the Economic Development Board. Working in co-ordination with an international network of overseas centres, the Board provides a wide range of services and detailed information and backup support to investment teams investigating Singapore as a possible investment location. It also assists companies in their project implementation. Apart from this day-to-day activity, its longer range functions include identifying new investment opportunities, and developing international promotion strategies.

### SOMALIA

Somalia entered into the era of planned economy in 1965. Thus Somalia has gained adequate experience of preparing periodical national plans the costs of which are estimated in both local and foreign currencies. Similarly each plan presents a statement of industrial policy to provide a base for the selection of projects included in that plan.

Somalia has been looking towards UN agencies for technical assistance and to friendly countries and multinational/international agencies for equity investment/loans/credits to finance the costs of its projects.

The plan now under preparation (1979-1981) is likely to include a programme of industrial development composed of institutions required to boost industrial development and industrial projects, both new and modernization of existing ones. Institutions and projects selected are of high priority to fulfil the national objectives already determined in the field of industrial development.

The Ministry of Industry has determined the foreign currency costs of industrial projects proposed for inclusion in the next plan (1979-1981). These are summed up below:

	(millions of US\$)
On-going industrial projects (4 projects)	118.14
Balancing and modernization of existing industrial projects (8 projects)	8.15
High priority new industrial projects (10 projects)	52.00
Small-scale industry (private sector)	1.60
Renovation of existing industrial plants	<u>3.80</u>
Subtotal	<u>183.69</u>
7 additional projects under consideration	<u>49.71</u>
Institutional infrastructure	
Industrial studies + development centre	7.60
Industrial information centre	-
Multi - disciplinary laboratory	-
TOTAL	<u><u>241.00</u></u>

### Somalia (Cont'd)

Somalia has a Foreign Investment law which guarantees repatriation of capital and profits per annum at a rate not exceeding 30 per cent of the total investment. Somalia also offers exemption from custom duty on industrial equipment imported. Direct or income tax in Somalia is low (Maximum is 29 per cent of the profit). The discouraging factor has been nationalization of foreign investments in the preceding years. Somali Government plans now to counter the impact of this factor.

Manufacturing sectors in which production capacity could be expanded are: sugar, meat, leather, shoes, fish, fish meal and fish oil, edible oil, textiles and cement.

Prospects of mutually beneficial international co-operation exist in the fields of leather and leather goods, meat and fish, fertilizers and iron and steel production based on scrap melting.

### SRI LANKA

New foreign technologies and the terms of their acquisition should be appropriate to national development objectives and priorities. External aid is geared towards meeting primary industrial development objectives. A Central plank by which Sri Lanka intends to stimulate exports was the establishment of the Greater Colombo Economic Commission. This Commission is in charge of an area of approximately 180 sq. miles in the Northern outskirts of Colombo city.

It is the policy of the Government to attract major export oriented industries to both local and foreign into the demarcated zones within this area.

Contacts have been established with industrialized countries concerning the redeployment of specific industries.

### SUDAN

The availability of foreign finance is crucial to the success of the current six-year plan (1977-1983). On external resources the plan predicts: "External finance will be a crucial element for the success of the plan. The gross inflow of external capital is expected to be around Ls. 1785 million, out of which around Ls. 400 million is estimated to be used for debt servicing, leaving a net inflow of Ls. 1385 million for financing development. Out of this Ls. 835 million would be required to finance the public sector and Ls. 550 million the private sector investment. The private sector includes the semi-private sector financed jointly by the Arab Authority, Sudanese private Sector, and the Government of Sudan.

Projections of external resources availability for the public sector are based on informed judgement which takes into consideration past experience, current situation and future possibilities. The estimates for public sector are divided into four categories:

- a) Loans and grants already contracted to be available in the six-year plan.
- b) Agreements in the pipeline.
- c) Agreements virtually certain.

Sudan (Cont'd)

- d) Agreements with the Arab Authority for Investment and Agricultural Development.

The basic feature of the six-year plan is the prime importance it places on the development of the agro-industrial sector.

Foreign, as well as national investment in the industrial sector is regulated by the "1974 Development and Encouragement of Industrial Investment Act". The Act provides a wide range of concessions to manufacturing industry that include tax holidays, import duty exemptions, as well as protection from foreign competing goods.

The Act stipulates that no distinction shall be made on granting licenses, concessions and facilities under this Act, between national and foreign establishments. The Act also states that foreign capital invested in Sudan: shall not be placed under sequestration or confiscated except by a decision of a competent court in accordance with the existing laws, and it shall not be nationalized except when the high interest of the country so requires and in which case a just compensation is to be put into effect.

Foreign private investment is most welcomed, in agro-industries, basic industries and mineral extraction.

As outlined above the plan for the industrial sector lays emphasis on the development of agro-based industries. Sudan's vast agricultural potential is realized and an effort is being made to direct this sector towards satisfying the needs (especially in food products) of neighbouring Arab countries. The Arab Authority for Agricultural Investment and Development in Sudan is currently engaged in an ambitious programme for developing a wide range of agro-based industries.

SWAZILAND

Foreign sources provide the bulk of capital formation in the public sector. The United States, Sweden, Denmark, West Germany are important bilateral aid donors in addition to the United Kingdom, which indicates a considerable and welcome diversification since Independence. In addition, multilateral organizations such as the African Development Bank and the World Bank are likely to provide large sums for capital formation in the next few years. Finally, the UNDP, UNICEF, UN/FPA and World Food Programme make smaller sums available for financial or commodity assistance. However, one must state that the Third National Development Plan has not been issued and therefore it is difficult to give figures.

The programme for investment promotion has been undertaken or considered but it is in its initial phase. Great strides are being taken on the timber industry followed by agro-industrial products. At the moment Swaziland has a fertilizer factory which is about to expand to manufacture mining explosives. Coming on the iron and steel issue, one must make it clear that the country is working hand in hand with Kenya to manufacture it using Swaziland third grade iron ore. Swaziland is also currently planning to tan leather in

Swaziland (Cont'd)

Hlatikulu in the south of Swaziland. Likewise on the vegetable oil and fat the country is on the verge of establishing their processing.

TOGO

Requirements in the industrial sector for external financing in the form of direct foreign investment and foreign loans and credits for the period 1976-1980 are shown in the table below; requirements are represented by the sum of external loans and supplier credits.

(in millions of CFA francs)

	Total investment	Capital (domestic)	Loans (external)	Supplier credit (external)
Mining and quarrying	45,800	11,320	25,680	8,800
Food industries	8,875	1,799	6,026	1,050
Beverage industries	750	130	520	100
Textiles, clothing, leather	550	140	285	125
Chemical industry	3,968	610	2,293	1,065
Non-metallic mineral industry	2,600	505	1,895	200
Manufacture of fabricated metal products	2,547	689	1,665	193
Micellaneous industries	1,421	305	1,086	30

The instrument for promoting direct foreign investment is the Investment Code, which grants substantial benefits in the form of exemption from customs duties and charges on machinery, plant and raw materials, as well as exemption, for a certain period, from taxation of industrial and trading profits. Other specific benefits are likewise envisaged for that purpose.

In addition, as part of foreign investment promotion in Togo the Ministry of Planning prepares technical documentation on the various projects envisaged in the development plans. These documents are widely distributed abroad. Togo also participates in the various "investment forums"

The sector which will benefit from increased production in the future is doubtless the textile industry, in view of the current large-scale cotton-growing programme, the shifting of these industries to the developing countries and the considerable place set aside for textile exports from the ACP (African, Caribbean and Pacific) States in the European markets.

With regard to international co-operation in specific industrial sectors, Togo has drawn up a project for a fertilizer complex on a subregional basis. Contacts have already been made with other African countries with a view to a joint project. The procedure which might



Togo (Cont'd)

be adopted is the one now being tried in the multinational project for clinker manufacture (CIMA0).

THAILAND

In the Fourth Plan, the main emphasis during the first two years of the Plan has to be devoted to the acceleration of industrial investment including the expansion of existing capacity and the establishment of new industries by Thai and foreign investors. Strategies and policy measures essential for short term improvement of the investment climate include the following:

The Government will give reassurance to foreign investors on its policy to support and facilitate further expansion in foreign investment in a fair and equitable manner and to refrain from nationalizing private undertakings. At the same time, clarification will be given to eradicate undertainties over the Government's attitude towards private investment which arose from the dispute between two airline companies Air Siam and Thai International from the replacement of Thailand Exploration and Mining Company (TEMCO) by the Off-Shore Mining Organization after the cancellation of its mining concession.

The Government will identify specific undertakings which will be reserved entirely for investment by Thai nationals. The areas in which foreign investment will be welcomed in particular will also be designated. These areas include investment in capital-intensive technological advanced and export-oriented industries such as mining, mineral processing and the production of chemicals, petroleum products, petrochemicals as well as paper and pulp. In addition, the Government will express its willingness to undertake joint ventures with foreign investors in some projects which have special importance for the national economy. The Government will spell out clearly its policy to sell stocks to domestic investors when these joint enterprises achieve operational efficiency.

The Government will speed up the project cycle so that some of the more important industrial projects which have already received promotional privileges but await final approval from implementing agencies can get started. These projects include the production of pulp and paper which awaits a concession on forest land, mineral smelting and many other large-scale industries. The implementation of these projects is considered to be essential in view of the need to improve the overall investment climate and restore the confidence of private investors.

Foreign investment promotion will be consistent with Fourth Plan objectives on employment expansion, income distribution and the development of indigenous natural resources. Thai people will be encouraged to invest in joint ventures and to absorb new technology and management techniques to a greater degree.

Existing infrastructural facilities such as those available at Bangchan industrial estate should provide additional incentives for the investment projects that have already received promotional privileges as well as projects which are applying for promotional privileges. In addition, various government agencies concerned with the

Thailand (Cont'd)

provision of basic services to facilitate foreign investors will be encouraged to expand their services more effectively particularly with respect to the construction of factory buildings, the installation of electricity, water supply and telephone lines as well as more rapid customs clearance of imported machineries.

Economic policies relating to or conflicting with investment promotion and the viability of domestic industries will be reviewed. The measures that will be reviewed in particular include the protection of industries by increasing custom duties on imported products which can be produced domestically, improving price controls as well as export facilitation measures. Policies relating to the granting of concessions and the management of natural resources, particularly minerals and forests, will be made more consistent with the promotion of industrial investment objective.

The Government will encourage more long-term financing of industrial projects by the Bank of Thailand, Industrial Finance Corporation of Thailand (IFCT), Small-scale Industries Financing Office (SIFO) and other financial institutions. To stimulate further investment expansion, financial institutions will be encouraged to revise their lending policies so that the economic, financial, technical and administrative soundness of projects is given more importance in loan decisions rather than the quality of collateral that can be provided by potential borrowers. To this end, an Industrial Development Credit Fund will be established to co-operate with IFCT and SIFO in financing feasible projects, submitted by potential investors who do not have sufficient collateral for obtaining loans. In some cases, the Government may have to provide a guarantee on loans for the financing of necessary industrial projects which have a high rate of economic return. In order to accelerate further investment expansion, investment promotion policy should be adjusted so that promotion privileges provided in Thailand offer potential investors advantages comparable to or more favourable than privileges offered in neighbouring countries.

More information in various forms will be disseminated to help foreign investors understand the current economic situation in Thailand as well as investment opportunities that exist in this country.

Investment targets: To encourage faster economic recovery, total investment must expand at an average rate of 7.2 per cent per annum in real terms of 12 per cent per annum in current prices. In other words the total value of fixed capital formation during the Plan period must increase to B 564 billion in order to achieve the overall growth at 7 per cent per annum.

Of the total amount of fixed capital formation, about 72 per cent will be derived from private capital formation and 28 per cent will be derived from public capital formation. Or looking at this from another angle, 69 per cent of total fixed capital formation will be accounted for by domestic capital formation and 31 per cent from foreign capital formation. Of the total foreign capital formation, about 82 per cent is expected to be contributed by private direct investments in the form of loans and long-term credit, another 18 per cent will be forthcoming from the government and public enterprises in the form of loans to finance various development projects.

So that the total investment targeted can be reached particularly

Thailand (Cont'd)

with respect to domestic and foreign private investments, the Government has to improve the overall investment climate to restore the confidence of private investors. At the same time existing laws and regulations concerning investment have to be reviewed along with the expansion of industrial infrastructure and improvement of labour relations.

Investment Targets (At current prices)  
(Unit Million baht)

	1977	1978	1979	1980	1981	Total	Average Annual Growth
<u>Gross Fixed Capital formation</u>							
(At Market Prices)	88,117	99,205	111,299	124,980	140,271	563,872	12.8
- Private	63,345	70,643	79,829	90,138	130,898	407,853	12.3
- Public	24,772	28,562	31,470	34,842	36,373	156,079	14.6
<u>Foreign Capital Inflow</u>	28,632	31,545	34,853	37,968	40,117	173,115	8.8
- Private Inflow	24,450	26,138	28,074	30,218	32,621	141,511	7.2
- Direct Investment	4,250	4,950	5,800	6,750	7,900	29,650	16.4
- Loans and Long-Term Credits	7,100	7,750	8,500	9,350	10,250	42,950	9.5
- Others	13,110	13,438	13,774	14,118	14,471	68,911	2.5
<u>Public Inflow of Capital</u>	4,172	5,407	6,779	7,750	7,496	31,604	18.6

TUNISIA

The external capital inflow envisaged under the Plan for the five years from 1977 to 1981 amounts to 1,680 million dinars gross, or 1,310 million dinars net after allowance for debt servicing.

External capital inflow for the years 1977-1979 has been broken down as follows (amounts expressed in millions of dinars):

	1977	1978	1979 (forecasts)
Gross inflow	293.7	326	355
Repayments	82.9	60	70
Variation in reserves	- 29.1	-	-
<u>Current debt</u>	<u>233.9</u>	<u>266</u>	<u>285</u>

The breakdown of this capital according to its source is as follows:

Capital of private origin	122	165	180
Capital of public origin	97.7	100	100

This capital consists of cash investments as well as of medium-term and long-term supplier credits as supplementary financing.

### Tunisia (Cont'd)

A national agency, the Investment Promotion Agency, was set up in 1973 to give greater dynamism to the industrial sector; its purpose is to promote both domestic and foreign investment in industries producing for the domestic market as well as in export industries. This latter activity involves the establishment of overseas agencies (France, Federal Republic of Germany, the Benelux countries, North America) and the organization of information missions abroad. The Agency has also the task of collating and examining requests for government approval and facilitating approaches to the competent bodies.

During 1977, foreign investment, alone or in association with Tunisian investment, covered 68 projects representing a total investment of 28,778,000 dinars, which was to permit the creation of over 5,000 jobs. This investment was chiefly in labour-intensive industries, particularly textiles and clothing. At present the Agency is striving through the promotion of joint ventures, towards a greater diversification of investment and the integration of a larger proportion of technology. Production capacity could be significantly increased in the mechanical and electrical engineering industries, in which a considerable part of the work could involve subcontracting. In the leather and leather goods sector, action is being taken with a view to improvements in quantity and quality, including the adoption of standards.

### TURKEY

The Plan suggests that an external source of some 15.2 billion dollars will be required in order to meet the envisaged targets for industrialization. Of this amount 1.4 billion is expected as foreign investment; 5.5 billion as project loans and 0.3 billion as acceptance credits. This would leave 8 billion dollars to be financed as programme loans.

Conditions for an easier access of foreign investment will be created on condition that such investments use advanced technology, have the competition power in foreign markets and are export-oriented. Measures will be taken to channel such investments to machine-manufacturing, electro-mechanic and chemical industries. In addition to these the participation of foreign investment in large-scale touristic projects will be encouraged.

### UNITED ARAB EMIRATES

A big petrochemical complex is being projected for the coming five years and located in Ruwais area, in addition to the construction of an oil refinery industry in the said area.

### UNITED REPUBLIC OF CAMEROON

Of the 680,000 million (1974-'75) CFA francs allocated for all investment activity under the Fourth Five-Year Plan for the period 1976-1981, 240,700 million CFA francs, or more than 35 per cent of the

United Republic of Cameroon (Cont'd)

total, have been earmarked for the industry, crafts, mining and energy sector of the economy. The external resources required to carry out the programme for this sector may be estimated at about 50 per cent of the total sectoral investment, and correspond to approximately 17.7 per cent of the total financing.

The importance of this source of financing explains the Cameroonian policy of promoting direct foreign investment. This policy takes concrete form, inter alia, in the organization of economic and commercial events and trade fairs in the developed countries, on which occasions Cameroonian officials and businessmen seek to give business representative in these countries information on the priority projects of the Development Plan and on the Cameroonian economy in general.

The second aspect of investment promotion relates to the setting up of Cameroonian economic missions in the developed countries (United Kingdom, Federal Republic of Germany, United States and France). The objective of these missions is to encourage direct foreign investment.

In a number of specific industrial sectors (fertilizers, leather and skins, vegetable oils and fats), co-operative efforts have already begun in the country.

UNITED REPUBLIC OF TANZANIA

Tanzania's industrial sector is still to a large extent dependent on imported machinery and equipment. On the other hand, the country's capacity to generate adequate foreign exchange earnings for importing the required machinery and equipment is very limited. The gap has thus to be closed by external financial resources. Unfortunately, at the time being no exercise has been undertaken to estimate the external financial resource requirements in respect of the industrial sector. However, given the dependency nature of this sector, such requirements should be significant.

Investment in the industrial sector falls into three categories:

- a) Purely public-controlled industries.
- b) Partnerships between government parastatal organizations, co-operatives, local and foreign investors.
- c) Privately-owned industries by both local and foreign investors.

In order to promote foreign investment in this sector, some specific measures have to be taken to that effect. First foreign investment is protected by law (investment Act 1963). The Government also provides guarantee against nationalization without full and fair compensation.

Also under the Foreign Exchange Control Act, 1965, foreign investors whose investment has been acknowledged by the Bank of Tanzania, may, on application, repatriate profits, interest and dividends provided that it is done in accordance with the current financial regulations under the law. Other measures include fiscal incentives which consist of generators allowance or deduction allowances from taxable income and relief on import duties on certain raw materials used by

United Republic of Tanzania (Cont'd)

certain firms. It may also be important to note here that a new guide to foreign investors is in the process of being worked out and will be out soon. The new guide is expected to be an improvement over the present one.

URUGUAY

The guidelines of the Government's economic policy include the objective of increasing the efficiency of Uruguayan enterprises through the gradual reduction of protection. Thus, with the prevailing economic freedom, Uruguayan enterprises will have to adjust their development to this policy so as to be able to compete with foreign producers.

In this context consideration has been given to the adjustments which Uruguayan industry will have to make if it is to adapt itself, and the Government has undertaken to provide the credit backing required to finance the adjustments. In support of this policy, use is currently being made of a global loan from the World Bank for export enterprises and an IDB line of credit for agro-industries.

Arrangements are being made to renew and extend the financial co-operation facilities provided by the Federal Republic of Germany through Kreditanstalt, which will be used to develop small- and medium-scale industry. Negotiations are also under way to obtain, from the Inter-American Development Bank and the World Bank, a global line of credit for industrial adjustment, to which medium- and small-scale enterprises producing both for export and for the home market will have access. These loans, and those available on the internal capital market, will, it is thought, provide the finance which the private sector will need as a result of the elimination of tariff protection.

Foreign investors have traditionally been able to invest in the country, on equal terms with local investors. Foreign investment is attracted by publicizing abroad both the comparative advantages offered by the country in its different sectors and the national economic policy, which encourages the efficient investor who shows initiative. For this purpose, Uruguay has participated in inter-enterprise fairs organized by UNIDO, and through UNIDO profiles of specific projects which require partners willing to contribute capital, technology, technical co-operation, etc., are circulated abroad.

Since 1974 there has also been the Foreign Investment Law (Law No. 14,179 of 28 March 1974), of which the foreign investor may avail himself if he wishes, (the arrangements are optional). If he so desires, the foreign investor, by signing a contract with the Government, obtains a guarantee that he can repatriate his profits and capital, even when exchange restrictions are imposed.

Since this has hardly ever happened in the past, and in view of the Government's economic policy, it can be concluded that in these circumstances Law No. 14,179 serves more as an additional option available to the foreign investor than as a real incentive for the attraction of direct foreign investment.

VENEZUELA

Foreign financial resource inflow and direct foreign investment are being dealt with by the Superintendency of Foreign Investments.

It should be indicated that priority has been assigned to those sectors of manufacturing industry in respect of which the country has sources of raw materials, e.g. the iron and steel, petrochemical and metalworking and engineering sectors. Some of the raw materials essential to the development of these sectors produced in 1977 are: iron: 13,690,000 tonnes; coal: 114,770 tonnes; aluminium: 43,000 tonnes; crude petroleum: 2,238,000 barrels a day; natural gas: 37,512,000,000 m<sup>3</sup>; liquefied gas: 2,335,000 tonnes; steel: 808,739 tonnes.

The industrial sectors in which it would be possible to expand production capacity are those with respect to which there is a plan for the incorporation of domestically produced parts and raw materials, and also those which are included in the Sectoral Industrial Development Programmes in the framework of integration policies under the Cartagena Agreement.

Among the programmes for the incorporation of domestically produced parts, the motor vehicle and metalworking and engineering branches may be mentioned, and within these branches mention should be made of airconditioning equipment, brass and bronze valves, washing machines, hydraulic pumps, cocks and taps, lifts and locks. Programmes for the incorporation of parts for agricultural equipment, television sets, liquefiers and boilers are now under consideration.

As regards the plan for the integration of domestic raw materials, the fertilizer and general chemical industries are under study.

With regard to international co-operation agreements, it is important to mention the results achieved through the process of integration within the Andean Group. Under this scheme, the petrochemical programme was approved by Decision 91 of 29 August 1975, and the motor vehicle programme was approved by Decision 120 of 13 September 1977. These decisions assign product lines either exclusively to one country or to two or more countries on a shared basis.

The metalworking and engineering sector is studying proposal No. 100 of 3 October 1978, which lists the products to be assigned to each of the signatory countries of the Andean Group.

YEMEN ARAB REPUBLIC

The external financing is projected as under:

<u>Total external Financing:</u>	6606 Million Y.R.					
	<u>Govt.</u>	<u>Public</u>	<u>Co-operation</u>	<u>Projected</u>	<u>Priv.</u>	<u>Total</u>
Confirmed loans	700	900	-	16	-	1616
Loans under decision	1100	300	-	123	-	1523
Confirmed aid	790	10	-	3	-	803
Aid under decision	360	40	-	-	-	400
Capital participation	-	6	-	400	223	639
						<u>6606</u>

Law 18 of 1975 is an incentive for foreign and local investors.

The country is progressing on fertilizer, steel re-rolling, leather and vegetable and fruit-juice canning.

## YUGOSLAVIA

As a developing country, Yugoslavia conceives its policy and development programmes also on adequate acquisition of foreign loans and credits and investments of foreign persons into Yugoslav organizations of associated labour.

According to the Social Plan targets the major portion of foreign loans will be utilized for developing industrial branches of particular importance for the country's overall development: production and transmission of electricity, mining and processing of coal, production, processing and transportation of oil and natural gas, iron and steel production, non-ferrous metallurgy, production of non-metallic minerals and chemical raw materials, engineering industry, shipbuilding and, in one part, the food processing industry.

No estimates have been made with regard to the volume of foreign investments for the current five-year plan in view of considerable degree of uncertainty as regards foreign loans and credits. However, these resources are mainly utilized for industrial development requirements and raising of technological level in a number of industrial branches (chemical industry, metalworking industry, electric industry, etc.).

The policy of utilization of external resources is regulated by the Law on Foreign Exchange and Credit Relations with Foreign Countries, according to which the utilization of external resources depends upon the balance-of-payments situation of the country and its foreign exchange possibilities.

The pattern of utilization of external resources in particular regions or branches is defined by agreements between the Federation, republics and provinces. The final beneficiaries agree on the rights and obligations on the delegate basis in the assemblies of the self-management communities of interest for economic relations with foreign countries in their respective republics or provinces. The starting point represents the agreed policy on aggregate development and social plans of the republics and autonomous provinces and the Social Plan of Yugoslavia, elaborated in a series of agreements on the bases of development of specified industrial branches of particular interest. These agreements also provide for the adequate allocation of resources for the investment priorities agreed upon.

As concerning the textile industry, as well as the leather and footwear industry, some estimates have been made on the possibilities of co-operation with the developing countries. In the field of textile industry the co-operation could cover processing of cotton, while in leather and footwear industry it could encompass processing of raw skins. For the remaining sectors studies have not been completed as yet and no specific information can, therefore, be furnished.

## ZAIRE

The analysis of the possibilities for mutually beneficial international co-operation in the sectors concerned will be carried out after the study on the development of these sectors. The re-launching of domestic iron and steel making, the re-launching and development of palm cultivation and the studies on the manufacture of fertilizers and the production of maize, ground-nut and cottonseed oil are under way.



## VII. INTERNATIONAL TRADE

The Lima Declaration and Plan of Action draws attention to growing international inflation and its economic consequences for the developing countries. Attention is also focused on the need to establish an equitable relationship between the prices of raw materials and goods that the developing countries export and the prices of those that they import. The developing countries' terms of trade should be improved and their export prices stabilized. To achieve these objectives, the developing countries are invited to strengthen their bargaining position vis-à-vis the developed countries and to negotiate for better terms. (Paras. 19,47,48, 58(p) and 60(f).)

Governments were invited to supply information on the issues mentioned above, including such topics as:

The significance of exports of raw materials in the country's economy and the magnitude of such exports;

Measures designed to exert appropriate control over the marketing of exported products;

Is the country a member of any association or group of producers of raw materials?

### AFGHANISTAN

Afghanistan exports primarily such raw materials as cotton, animal products (like wool and leather) and fruit (both fresh and dry), apart from gas. Ginned cotton is expected to emerge as a primary export item of the country in course of time. Therefore Afghanistan is very much interested in maintaining stable prices for cotton in the world market.

Raw materials constitute about one-third of the country's exports. The value of exports, other than gas, is shown below for important raw materials:

	Million Dollars	
	<u>1976-77</u>	<u>1977-78</u>
Karakul Leather	20.8	18.4
Raw Cotton	55.0	60.7
Oil Seeds	11.4	3.6
Casings	1.8	2.3
Hides and Skins	13.0	11.9
Wool	7.2	6.3
Herbs and Medicinal Plants	8.6	17.8

Marketing is one of the problems facing the exports of Afghanistan. The Government has entered the trade in order to protect the interests of the country and exporters, especially for such important products as cotton and leather. In respect of cotton, the exporters are paid in local currency at stable prices which involve a subsidy on account of exchange rate fluctuations.

### BANGLADESH

The balance of payments of Bangladesh has been constantly under pressure. The current account deficit during 1977-78 stood at \$333 million compared to \$635 million in 1976-77. Though the important earnings registered 18% increase during this period, merchandize imports increased by 48%. A significant part of export incomes come through the export of raw materials. During the Two-Year Plan period (1978-80) export of raw jute and leather will account for more than 30% of the projected export of Pk.1330 crores. During this period Pk.752 crore will be earned by exporting jute goods. Thus export of raw jute and jute goods will account for about 70% of the total export earnings. Due emphasis is being given to augment export of non-traditional items and finished goods.

Bilateral co-operation with India on export of raw jute and jute goods has not materialized though it is highly desirable. Bangladesh is a member of the Association of Tea Producers.

### BOLIVIA

By directing investments to the goods-producing sectors and, especially, to the exportable-goods sectors, it is possible to plan a high growth rate for export activity. From a figure of 0.3 per cent during the period 1968-1975, this growth rate is expected to rise to 13 per cent during the current five-year period.

Exports of hydrocarbons and agro-industry products will increase, with mineral exports growing at a slower rate, around 10.8 per cent. With an investment policy of this kind, the proportion of hydrocarbons in the total volume of exports will rise from 31 per cent in 1975 to 35 per cent in 1980. During the same period, the share of agro-industry products in overall export activity will increase from 11 to 12.5 per cent.

### BOTSWANA

About 60% of total exports consists of diamonds and copper-nickel matte. The second important export commodities are meat and meat products which represent about 30% of total export. This indicates that Botswana's present economy relies heavily on the export of raw materials.

The mining industry of which Government is a shareholder and the Botswana Meat Commission (BMC), a parastatal, both market their own products. These two form the major exporters in the country. There are regulations regarding the export of other commodities and such control lies with the Department of Customs and Excise and the Bank of Botswana.

### BRAZIL

While it is considerably increasing the share accounted for by manufactured goods in its exports, Brazil still counts on raw materials to maintain and expand the levels of its trade balance.

Brazil (cont'd)

..... Table I indicates the importance of these products, which in the past five years have accounted for an average of around 60 per cent of exports by value. This is the reason for the efforts of the authorities and the private sector to offset the effects of the frosts in the coffee plantations in the north of Paraná, the rains which have caused brown rot in the cocoa plantation in Bahia and the fact that sugar prices are currently at levels of around 50.07 per pound, which is well below the minimum price stipulated in the International Sugar Agreement.

Of the average 60 per cent of Brazilian exports accounted for by raw materials between 1973 and 1977, an average 79 per cent relate to only five products, namely, unroasted coffee beans, soya (meal, cake and beans), iron ore, cocoa beans less than sugar.

These five products together accounted for the following proportions of total Brazilian exports:

in 1973,	49.5%
in 1974,	44.2%
in 1975,	45.2%
in 1976,	50.5%
in 1977,	47.3%

In the first half of 1973, this trend changed slightly, and the above-mentioned products accounted for 39.5 per cent of total Brazilian exports.

It should be pointed out, however, that sales of Brazilian raw materials, measured in tonnes, have been declining since 1976, when there was a decrease of 6.2 per cent, followed by a further drop of 9.7 per cent in 1977.

..... The steadily increasing proceeds from the sale of these products is obviously explained by the increase in average prices, as shown in table III. Of the six major raw materials in respect of which exports remained constant only demerara sugar showed a decline in average price in 1976 and 1977.

..... Exports of raw materials are of fundamental importance to the country's economy. Although the share accounted for by raw materials in total Brazilian exports has for several years been declining owing to the growth in manufactured and semi-manufactured goods, they none the less accounted in 1977 for 57.5 per cent of total exports (including coffee beans and excluding refined and granulated sugar), with coffee beans alone accounting for 19.1 per cent, soya beans for 5.7 per cent, raw sugar for 2.3 per cent, cocoa beans for 3.6 per cent and iron ore for 7.5 per cent of total exports.

Exporting activities in Brazil are based on institutional machinery intended to provide the local entrepreneur with the means required for effectively placing his product in the international market. Marketing activities, in the widest sense of the term, are carried out primarily by the trade promotion

Brazil (cont'd)

sections of Brazilian diplomatic missions, and take the form of market surveys, contacts with local entrepreneurs, the appointment of representatives and other related measures.

In addition, Brazilian exporters now enjoy the support of an extensive network of branch offices of the Unco do Brasil abroad, whose activities deserve to be mentioned. The offices of commercial exporting enterprises, whether in the State sector (COBAC and INTERRIS) or in the private sector (ABITRIDA, ANTRIDA, etc.) also play a part.

In the whole picture presented above, there is no element of control. Brazil is a member of the International Coffee Organization, the International Cocoa Organization and the International Sugar Agreement, which bring together producers and consumers.

TABLE I  
BRAZILIAN EXPORTS OF RAW MATERIALS

	Thousands of US\$, FOB	Tonnes	Variation			
			US\$	%	Tonnes	%
1973	4,096,501	56,298,060				
1974	4,576,699	72,752,694	480,193	11.7	16,454,634	29.2
1975	5,027,371	37,184,634	450,572	9.9	14,431,940	19.8
1976	6,129,205	31,303,005	1,101,334	21.9	-5,331,629	-6.2
1977	6,979,355	73,866,246	805,650	13.9	-7,936,759	-9.7
1978	2,857,521*					

\*January-June

TABLE II

MINERAL PRODUCTS EXPORTED  
(Thousands of US dollars, FOBs)

Product	1972	1974	1975	1976	1977	1978 1/
Unroasted coffee beans	1,244,272	864,313	894,513	2,172,637	2,319,551	934,533
Soy meal and conc.	422,635	303,044	462,774	795,004	1,150,152	530,326
Iron ore	362,611	571,159	920,391	993,972	907,523	503,550
Soya beans	494,153	536,271	634,901	733,333	779,506	143,127
Cocoa beans	33,322	210,002	220,369	213,757	435,454	102,457
Raw cane sugar	454,863	970,300	769,902	122,473	275,930	94,823
Tobacco leaves	53,459	93,939	141,950	151,137	136,290	119,197 2/
Alumina	3,145	133,991	150,367	104,075	135,663	1,323 2/
Alumina	59,445	114,130	30,024	35,567	45,864	16,933 2/
Raw cotton	213,063	90,934	97,194	6,921	40,957	7,877 2/
Fresh, refrigerated or frozen beef	143,247	29,932	3,230	16,022	39,261	210 2/
Crystallized sugar	97,848	283,330	204,342	52,420	55,937	16,064 2/
Total for the first eight products for the period	3,443,197	3,766,210	4,209,167	5,447,306	6,120,835	2,428,133 3/
Other mineral products	653,304	310,489	813,204	631,899	893,970	429,335

1/ January-June.

2/ January-June.

3/ 1978 for the first seven months.

TABLE III

AVERAGE PRICES FOR THE MAIN RAW MATERIALS  
(US dollars per tonne)

Product	1973	1974	Variation (%)	1975	Variation (%)	1976	Variation (%)	1977	Variation (%)
	Unroasted coffee beans	1,151.4	1,164.0	8.8	1,092.7	-13.6	2,697.8	146.9	4,523.3
Soya meal and cake	267.2	149.2	-44.2	148.6	-0.4	131.8	22.3	214.8	18.2
Iron ore	8.1	9.6	18.5	12.7	32.3	14.8	16.5	15.5	4.7
Soya beans	275.7	214.7	-22.4	205.5	-4.3	216.7	5.5	274.3	26.8
Cocoa beans	1,069.4	1,617.1	51.2	1,247.6	-22.9	1,697.9	36.1	4,046.1	138.3
Dehydrated sugar	193.3	553.5	186.3	623.3	12.6	253.0	-59.4	180.0	-28.9

BURUNDI

At present, the country's earnings come mainly from coffee exports (+ 85 per cent). This product is of prime importance to the country's economy. The Government is responsible for the export and marketing of coffee and other exportable products such as tea. Burundi is a member of the coffee producers' group.

CENTRAL AFRICAN EMPIRE

Exports to countries outside CEEAC  
(in millions of CFA francs)

	1972	1973	1974	1975	1976	1977
Cotton	1,873	1,643	1,865	1,306	2,337	1,921
Coffee	2,400	1,095	3,400	2,420	4,799	8,338
Wood	2,047	2,464	3,474	2,976	3,397	3,492
Diamonds	2,977	2,565	2,257	1,979	2,394	4,637
Tobacco	291	248	202	201	390	294
Rubber	41	49	135	85	59	20
Other	301	258	289	743	806	1,331
<b>Total</b>	<b>9,930</b>	<b>8,328</b>	<b>11,622</b>	<b>10,112</b>	<b>13,997</b>	<b>20,033</b>

measures designed to exert appropriate control over the export:

- (a) Abolition of the diamond monopoly and establishment of a number of purchasing offices;
- (b) Authorization of approved coffee-buyers;
- (c) Export licensing (period of validity nine months, plus three months' extension);
- (d) Monopoly for the purchase of cotton - Union cotonnière centrafricaine (UCCO);
- (e) Monopoly for the export of ivory (LACOURONNE).

The Central African Empire is a member of the following associations of raw material producing countries: the African Wood Organization; the Inter-African Coffee Organization; the World Coffee Organization.

CHILE

The Government of Chile has implemented a policy of opening up the country to foreign trade. This has been done primarily by gradually reducing the duties on various products down to a level of approximately 10 per cent by July 1979, and applying a realistic exchange-rate policy, as well as removing the former restraints on the export and import of goods. This has made possible an improvement in the welfare of consumers, who now have access to a wider range of products at lower prices and in a wider variety of qualities.

As regards the production sector, resources have been reassigned and channelled toward the sectors in which the country has the greatest comparative advantages. This has meant a very high level of diversification in non-traditional products. As a result, Chile has made a transition from a single-product exporter (copper) to a multi-product exporter. The economy has thus ceased to depend on the fluctuations in the prices of a single commodity and greater stability has been ensured in the management of the balance of payments. The reassignment of resources to the sectors in which the country is most efficient has made possible better utilization of the factors which are most abundant, e.g. labour and natural resources.

Chile is an active member of the Intergovernmental Council of Copper Exporting Countries (CIPPEC), and does not belong to any other association of exporters.



COLOMBIA

The following table reflects the volume of exports of the raw materials which are among the country's principal export products:

Principal Export Products: 1976-1977

Products	1976			1977		
	Net tonnes	Thousands of dollars	Percentage	Net tonnes	Thousands of dollars	Percentage
TOTAL	3,109,025	1,694,271	100.0	3,150,423	2,432,757	100.0
Principal products	2,494,070	1,343,640	79.6	2,471,178	1,972,227	81.1
Green coffee	371,055	963,060	57.1	306,530	1,497,724	61.6
Fuel oil	677,060	40,662	2.4	1,027,095	77,899	3.2
Short-fibre cotton, not carded or combed	45,421	48,063	2.8	46,294	75,332	3.1
Fresh bananas	452,405	40,457	2.4	453,548	45,740	1.9
Long-fibre cotton, not carded or combed	7,557	9,361	0.5	24,061	37,241	1.5
Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	10,917	19,890	1.2	16,387	32,329	1.3
Coarse cotton yarn, not put up for retail sale	11,865	28,733	1.7	8,722	25,190	1.0
Meat of bovines, fresh, chilled or frozen	16,376	21,206	1.3	14,107	24,505	1.0
Black tobacco, unmanufactured	19,340	25,288	1.5	13,248	19,112	0.8
Corrugated cardboard boxes	-	-	-	36,235	15,482	0.6
Outer garments, men's and boys' n.e.s., of man-made fibres	715	6,879	0.4	803	14,710	0.6
Portland (grey) cement	673,994	23,042	1.4	420,393	14,699	0.6

Colombia (cont'd)

Principal Export Products: 1976-1977

Travel goods, shopping bags, handbags, wallets, satchels, portfolios, purses, cases, toilet cases, boxes and similar containers of leather or composition leather	837	8,886	0.5	791	14,352	0.6
Coarse cotton fabric, n.e.s.	7,705	20,619	1.2	4,042	13,721	0.6
Frozen prams	2,000	14,591	0.9	1,662	12,557	0.5
Cattle, n.e.s.	13,814	11,979	0.7	18,377	11,412	0.5
Beans, dried and shelled, whether or not skinned or split, other than for seed	-	-	-	19,293	9,749	0.4
Cattle, n.e.s., for consumption	20,177	16,142	1.0	9,447	9,682	0.4
Whitened rice, including polished or glazed	73,573	20,724	1.2	34,713	9,396	0.4
Fungicides based on ethylenbisdithiocarbamates, not processed or retail sale	-	-	-	1,730	9,164	0.4
Best and cane sugar, raw, with 35 to 97.5% sucrose content	83,854	24,053	1.4	12,600	2,231	0.1
Other products	614,955	345,631	20.4	679,245	460,530	18.9

Source: DANE - Avances

Colombia has undertaken a review of the current situation and outlook in respect of the international commodity agreements provided for within the framework of the United Nations Conference on Trade and Development (UNCTAD) for the purpose of defining the Colombian Government's position with regard to the market conditions and problems for each of the commodities and the special needs of the developing countries.

Colombia (cont'd)

Through its participation in international agreements Colombia is seeking to improve the terms of trade with the developed countries, bring about stable conditions in foreign markets and, in particular, avert excessive price fluctuations, diversify production by increasing the proportion of finished products, and contribute to greater stability of supply.

Colombia is a member of the following commodity associations: International Cotton Advisory Committee; Group of Latin American and Caribbean Sugar-Exporting Countries (GELACEL); International Sugar Organization; International Cocoa Organization; International Coffee Organization; Union of Banana-Exporting Countries.

CUBA

	1976		1977	
	Thousands of pesos	%	Thousands of pesos <sup>1/</sup>	%
Total exports	2,692,273	100	2,912,193	100
Raw materials	185,628	6.9	216,835	7.4
Sugar and sugar derivatives	2,372,448	88.1	2,438,069	83.7

<sup>1/</sup> Subject to revision

As the table above indicates, raw materials are not a major export category for Cuba, although they are important as a source of freely convertible currency. It is worth noting that, of the primary products exported, minerals accounted for 6.1 per cent and 6.5 per cent, although their selling prices have been affected by the negative impact of the economic blockade mounted against the country, an extra-economic factor that has resulted in a diminution of its external resources.

The table indicates export figures for sugar and sugar derivatives, which, although not classified as raw materials, constitute the backbone of the Cuban economy, although most of the output is sold in the socialist countries, at prices which have enabled the country to reach its planned growth targets. As for the capitalist market, the price situation has worsened considerably in recent years, this being largely responsible for restrictions in specific economic activities or, more generally, limitations in the potential for imports to that market.

The organization and control of the marketing of exported products is a function of the foreign trade monopoly established by the Cuban Government, the administration of which is the responsibility of the Ministry of Foreign Trade.

Cuba (cont'd)

This Ministry is authorized to implement whatever measures it considers necessary and desirable for the marketing of exportable products.

Among its additional functions, the Ministry of Foreign Trade provides organizations and enterprises all or some of whose products are intended for export with information on such matters as quality standards, labelling, packaging, etc., as well as on the form of transportation most suitable for the product in question and generally used on international markets.

Cuba is a member of one raw-material exporters' association, the Group of Latin American and Caribbean Sugar-Exporting Countries (SEPLACEL), which covers the world's most important cane-sugar producing and exporting area. In 1975 the SEPLACEL member countries - including the Philippines, which enjoys observer status with the Group - exported to the free market some 12.2 million tonnes of sugar, which represented 54.4 per cent of total sugar exports. During that same year these countries produced 27.4 million tonnes or 31.7 per cent of world production; consumption amounted to 13.6 million tonnes or 16.65 per cent of the world total.

At this time, SEPLACEL has 21 members and one observer.<sup>1/</sup>

The association was established on the basis of the principles of equality and mutual respect between member countries, in the belief that closer co-ordination and concerted action by the members would contribute towards organizing the sugar market in the interests of protecting the income that the member countries receive through their sugar exports, and also that co-operation of this kind would promote the harmonious development of their sugar industries.

SEPLACEL's objectives were conceived as part of the programme of action for the establishment of a new international economic order and are tied in with the objectives of the Latin American Economic System.

One of this association's positive aspects is that it promotes an exchange of experience and the adoption of agreements between developing countries at different levels of development and with different economic and social systems, through the identification of subjects of common interest and the search for solutions.

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<sup>1/</sup> The Group's statutes lay down the following requirements for observer countries: The country must (a) be independent, (b) be a traditional exporter of sugar, (c) be a member of the Group of 77, and (d) have expressly indicated its desire to participate in the work of the Group. Applicant countries may be accepted by a unanimous vote of the Assembly.

Cuba (cont'd)

Cuba is an active participant in the Group's plenary sessions, which are held biannually, and is represented in each of its working committees. It contributes about one-third of the organization's budget, which is distributed proportionately among the member countries according to the volume of sugar exported by each, calculated as the average of the three years prior to the budget period plus a minimum contribution which is the same for all.

GEPLAGE brings benefits to Latin American and Caribbean sugar-exporting countries in a number of different areas which are dealt with by the working committees during plenary sessions: In the area of technology, information and experience is exchanged regarding the agricultural aspects of cane growing and the sugar industry; plant health measures are adopted pertaining to the protection of sowing areas and the exchange of varieties; training for senior staff and specialization courses are promoted under the system of fellowships financed by the United Nations and the Special Fund of the Observer Countries of the Group. In the area of marketing and statistics, production and marketing estimates and analysis are prepared which, apart from their practical value to the member countries, help to provide a basis for agreement, when the Group meets, regarding alternative actions to deal with sugar marketing problems. The plenary sessions of the Group provide an opportunity to discuss the most important aspects relating to the implementation of the International Sugar Agreement, and solutions are sought to the problems which the Agreement poses for the member countries. If a consensus can be reached, these decisions are submitted to the International Sugar Organization, the body with responsibility for settling problems pertaining to the Agreement. To summarize, then, GEPLAGE plays an important role in the sugar economy of the Latin American and Caribbean countries in terms of strengthening their negotiating position vis-à-vis the developed countries and securing better terms of trade.

CYPRUS

Exports of unprocessed agricultural products are growing at a much slower rate compared to total exports and will reach C\$33 m. or 29.9% of the total in 1978 (compared to 34.7% in 1976). The value of mineral exports will be C\$9.3 m. and their importance will also be reduced from 8.8% of total exports in 1976 to 8.3% in 1978.

Cyprus fully supports measures to strengthen the developing countries bargaining position vis-à-vis the developed countries so that better export prices can be achieved. Except for some co-operation with other countries which are agricultural suppliers of the U.K. market, no other action has been taken by the Cyprus Government so far.

## ECUADOR

The central objective of foreign trade policy is to achieve a favourable balance of payments through a substantial increase in exports and the rationalization of imports.

The following strategies have been applied in pursuit of this objective:

- Increase and diversification of exports, especially industrial goods;
- Geographical diversification of foreign trade so as to remedy the high degree of concentration and dependence on only a few countries which absorb 60 per cent of Ecuador's exports and supply 80 per cent of its import requirements;
- Reciprocity and compensatory arrangements aimed at reducing the country's chronically unfavourable trade balances by restricting purchases from countries with which trade relations have been conducted on an inequitable basis and, conversely, by promoting the importation of goods from countries which are willing to buy Ecuadorian products;
- Stabilization and improvement of export prices, not only in order to obtain more revenue, but also to reduce the negative effects of selling primary products;
- Rationalization of imports for the purpose of making optimum use of foreign exchange in accordance with economic development plans through the discouragement of non-essential imports and intervention in the purchase of primary necessities so as to maintain reasonable prices within the reach of most of the population.

During the last eight years Ecuadorian foreign trade has achieved substantial growth, increasing from 540 million in 1971 to 22,902 million in 1978 - about six times as much. Provisional figures indicate that by the end of 1978 foreign trade will have reached the level of 23,100 million, a 14.8 per cent increase over the value for 1977, which was one of the best years for foreign trade in the country's history. One result of this dynamic growth has been a trade balance surplus estimated at \$133 million, a circumstance that has resulted in a strengthening of the currency and the country's international economic position.

In 1978 exports increased by 2313 million over the 1977 level and reached a total of 21,510 million, thanks to significant increases in the sales of primary products and manufactures. Particularly noteworthy is the banana sector, where sales have increased by 100,000 tonnes; it is estimated that by the end of 1978, exports of this product will rise to 1,359,930 tonnes, one of the highest figures in the history of the country.

This striking increase is the result of two export-boosting policies: on the one hand, compensation arrangements in trade through which it has been possible to step up shipments to Italy, Korea, the socialist countries, the United Kingdom and France, and on the other hand, wider access to markets on the basis of trade and other bilateral agreements.

Ecuador (cont'd)

There has also been a large increase in green coffee exports: Revenue from sales of this product will be \$150 million higher than the figure for 1977. This rise is attributable to the fact that 1.7 million 60 kg sacks were exported during 1978, which not only represents an increase of 623,000 sacks over the previous year and an export record for this commodity but also testifies to the flexibility and effectiveness of the export policy through which it was possible to dispose of the surplus left over from the previous harvest. In addition, 1978 also saw increased sales of manila hemp, food, fishery products and some twenty other less important primary products.

Exports by value of industrially processed products increased by more than \$100 million in comparison with 1977; chief among such exports were cocoa and fish products, electrical household appliances, metal manufactures, etc., which together accounted for 26 per cent of total exports.

Although petroleum exports rose in 1978, their share of total exports dropped from the 1977 figure of 40.6 per cent to 33.9 per cent in 1978, which emphasizes the reduced dependence on this one product as a source of revenue and the simultaneous increases in exports of other primary and processed products.

Tangible results of the 1978 trade policy, which continued to build on the initiative taken in 1976 to develop and enlarge foreign markets for national products, are the signing of a trade agreement with Yugoslavia and an agreement on economic co-operation with Italy and the conclusion of bilateral trade-expansion arrangements with Korea, Poland, Czechoslovakia, the German Democratic Republic and Mexico.

The success achieved in promoting the export of non-traditional products has been due to the constant concern of the Ministry of Industry, Commerce and Integration to provide effectively for the requirements of the private sector through technical support activities, and to the establishment by the Ministry of a Commercial Information Service, whose purpose it is to bring developments in world trade to the notice of those engaged in production sectors involved in exports. Ecuadorian firms have also taken advantage of international trade fairs and exhibitions at Tokyo, Leipzig, Mitaktashu, Barcelona, Paris, Bogota, Munich and Chicago and in El Salvador as a means of directly promoting their export products.

In response to the urgent need of the country's private and public sectors for training in the techniques of marketing and sales promotion abroad, successful efforts were made to have Ecuador selected as the site of the Subregional Project for Training in Export Promotion, through which some 1,000 of the country's managers received training during 1978.

Finally, for the purpose of bringing the policy of incentives for non-traditional products into line with changing conditions in the world market, a new Tax Allowance Law has been prepared, to provide a flexible and dynamic instrument for the promotion of export products.

Ecuador (cont'd)

During 1978 the Export Promotion Fund granted credits to a value of 1,047,272,400 sucres, representing an increase of 64 per cent over 1977. Of this total, 26 per cent was accounted for by the Andean Group, 7 per cent by the remaining countries of the Latin American Free Trade Association (LAFTA), 31 per cent by the United States of America and 36 per cent by the rest of the world. In addition, the Central Bank of Ecuador provided financing, under the heading of special operations, for non-traditional exports to a value of 5,871,554,186 sucres during 1978.

An area of constant concern has been the rationalization of imports as pursued through the optimum use of foreign exchange resources, giving preference to capital equipment that will permit an increase in the country's production capacity and employment level, to intermediate products for further processing, and raw materials not produced locally.

Particular mention should be made of the Ministry's role in purchases by the Government of 252,000 tonnes of imported wheat in 1978 with the aim of meeting the country's food requirements and maintaining stable consumer prices for flour and flour products.

Imports of powdered milk, totalling 2,745 tonnes, were absolutely necessary to make up the shortfall in domestic production and ensure the supply of this product to the consumer.

To Ecuador, agricultural activity is the most important source for generating foreign exchange, through exports, as well as jobs. The agricultural sector has traditionally been the main foundation for the development of the Ecuadorian economy, as it provides employment for 55 per cent of the economically active population and in 1977 accounted for 20 per cent of the gross domestic product.

During the three-year period 1975-1977, Ecuador exported considerable quantities of ten products to the international market, including bananas, petroleum, coffee beans, cocoa beans, balsa wood, Manila hemp fibre, leaf tobacco and castor oil seeds.

Exports of raw materials during the three-year period in question reached a total of \$2,977 million, with an average share of 84 per cent annually. The considerable increase in the exports of raw materials in recent years was due especially to sales of petroleum, which were approximately \$1 million in 1971 and amounted to \$658 million in 1977. The share of petroleum among exports of raw materials during that period was 55 per cent, while bananas, coffee, cocoa, balsa wood, Manila hemp fibre, leaf tobacco, castor oil seeds, cotton and achiote accounted for 29 per cent.

The importance to the Ecuadorian economy of exports of raw materials and products made from them can also be seen from the table below in the case of sales of sugar, cocoa derivatives, extracts of pyrethrum, xanthophyll and fish meal, which during the same period together accounted for receipts equivalent to \$348 million, or 9 per cent of the foreign exchange received during the three-year period.



Ecuador (cont'd)

This background gives proof of the country's dynamic economic and social development; as the result of this development, the Ecuadorian Government granted special assistance during 1977 and 1978 through such incentives as the readjustment of domestic prices, increased loans, customs exemptions for the purchase of farm machinery, tools, fertilizers, etc. and by providing technical assistance.

The country has administrative and control machinery of various types to ensure proper marketing and at the same time to guarantee greater exports of raw materials, processed agricultural products, manufactures and semi-manufactures.

Individuals and corporations which wish to engage in the export of bananas, coffee and cocoa and their derivatives have to obtain export licences from the Ministry of Foreign Trade, in order to ensure that the dealers meet the necessary financial, technical and solvency requirements to meet their obligations and can supply high-quality and well-prepared products which are up to prevailing consumer standards. Minimum export prices are also established, in accordance with external variations and seasonal conditions. The relevant plant health certificates are granted through the Ministry of Agriculture, and the Ecuadorian Standardization Institute (INEN) requires export products meet the necessary international technical standards. Alongside the official bodies mentioned above, the exporters' associations and the Federación Ecuatoriana de Industriales Exportadores (Ecuadorian Federation of Exporting Industrialists) (FEDEXPORT) deal with other products for the purpose of guiding and promoting the proper marketing of agricultural products, both processed and semi-processed.

Ecuador is a member of the Organization of Petroleum Exporting Countries (OPEC) and also of the Cocoa Producers' Alliance (COPAC), which includes the principal producer countries.

During the three-year period 1975-1977, Ecuador exported a wide variety of manufactured goods, such as woven rugs and carpets, articles of jewellery, leather baggage, costume jewellery, footwear and handicraft articles, though the quantities and values involved were small. Exports of planed and sawn balsa wood, plywood, floor tiles, straw hats and canotoms, metal manufactures, etc. were the most important items in this sector.

During the above-mentioned period, the latter products generated revenue for the country to a value of 262 million, which represented an average of 1.7 per cent of the total value of exports. The above-mentioned manufactures were mainly sold to Peru, Bolivia, Chile, Venezuela, Mexico, Argentina, Panama, the Dominican Republic and El Salvador.

In 1977, the manufacturing industry (factory type, small-scale industry and handicrafts) showed a growth rate of 14 per cent, since the Ecuadorian Government is making an effort to achieve higher levels of growth by means of long-term financing measures, the development of an adequate infrastructure, manpower training, and seminars for entrepreneurs in small-scale industry, which should enable them to take advantage of the commercial opportunities offered by the Andean Group in particular.

## ECUADOR: Exports of principal products for the period 1975-1977

value in thousands of dollars

PRODUCTS	1975		1976		1977	
	Tonnes	Value	Tonnes	Value	Tonnes	Value
GRAND TOTAL:	<u>8,373,127</u>	<u>973,882</u>	<u>10,227,824</u>	<u>1,253,082</u>	<u>8,313,432</u>	<u>1,355,264</u>
RAW MATERIALS:	<u>7,624,804</u>	<u>849,399</u>	<u>10,043,944</u>	<u>1,089,999</u>	<u>8,532,517</u>	<u>1,037,710</u>
Bananas	1,386,485	139,651	1,230,588	137,332	1,213,418	138,333
Coffee beans	61,047	63,472	91,140	205,371	48,956	156,572
Castor oil seeds	16,847	3,462	12,778	3,101	871	286
Chiliote	537	403	477	353	188	154
Cocoa beans	37,057	41,768	22,235	32,520	18,206	58,697
Leaf tobacco	116	367	227	625	125	533
Petroleum	6,103,841	587,029	8,662,750	691,372	7,233,000	667,794
Balsa wood	10,581	3,475	9,786	8,644	7,960	8,642
Cotton	364	421	3,319	3,506	138	217
Manila hemp fibre	7,879	5,351	10,644	7,175	9,655	6,466
SEMI-PROCESSED MATERIALS:	<u>82,981</u>	<u>59,264</u>	<u>75,141</u>	<u>75,106</u>	<u>141,423</u>	<u>213,372</u>
Xanthophyll concentrate	-	-	-	-	53	1,302
Extract of pyrethrum	24	681	33	802	40	1,113
Sugar	44,859	23,637	17,098	4,889	49,330	9,334
Cocoa liquor or paste	11,853	20,885	24,658	52,149	37,525	167,065
Cocoa butter	2,484	7,363	2,519	9,134	3,054	15,190
Unsweetened cocoa powder	1,434	1,313	564	553	513	2,564
Fish	22,227	5,385	30,269	7,579	50,908	16,804
MANUFACTURES	<u>5,402</u>	<u>19,208</u>	<u>6,301</u>	<u>18,930</u>	<u>12,980</u>	<u>23,426</u>
Sawn and planed wood	2,354	9,092	2,365	9,471	2,905	9,327
Ply wood	1,290	735	3,130	1,336	8,998	4,730
Floor tiles	916	322	389	145	42	72
Cord, rope, braided and unbraided cordage	337	397	101	94	708	640
Hats, straw and palmleaf hat-forms	505	6,872	316	6,247	327	6,426
Metal manufactures	-	1,790	-	1,637	-	2,231
OTHER PRODUCTS	<u>660,040</u>	<u>46,011</u>	<u>102,438</u>	<u>55,771</u>	<u>126,512</u>	<u>80,752</u>

Ecuador (cont'd)

SOURCE: 1975: Foreign Trade Yearbook (Anuario de Comercio Exterior)

1975-1977: Tables from the Central Bank of Ecuador

EL SALVADOR

According to the 1973-1982 National Plan, the traditional products (coffee, cotton, sugar and shrimps) which in 1977 accounted for 60.4 per cent of total exports (in 1975 prices), will account for 53 per cent by 1982. El Salvador is not a member of any association of raw material producers.

ETHIOPIA

For many years, a single commodity (coffee) has accounted for over sixty per cent of Ethiopia's export earnings. The addition of two other primary products raise the percentage to a much higher level. The importance of securing fair prices for these commodities is, therefore, crucial in determining the level of revenues available for development. State trading organizations have been established to increase the volume of exports and to ensure that export proceeds are not retained outside the country.

Ethiopia is an active member of the International Coffee Organization. It also participates in other fora (UNCTAD, North South Dialogue, Lomé Convention) which aim at providing a fair deal to the trading possibilities of the developing countries.

FIJI

Sugar, gold, and coconut oil account for over 90% of all exports. Value added in these sectors was approximately 23% of GDP in 1977. Total exports of sugar were worth over \$93.5 million in that year while coconut oil exports were worth about \$8.9 million and gold exports were worth over \$4.9 million. Fiji is a member of the ICP group of sugar producers under the terms of the Lomé Convention of the EEC.

GAMBIA

The exportation of groundnut products represents more than 90% of the total exports of the country. In 1977 they reached D93.5 million (D1.0 = 0.5 US\$) distributed as follows:

	<u>D</u>
- Decorticated groundnuts	42.5 million
- Oil	32.7 "
- Cake	14.2 "
- Hand Picked Selected	4.1 "

The Gambia Produce Marketing Board, a parastatal, exercises monopoly control over all groundnut trade and processing. The Gambia is a member of the African Groundnut Council.

GHANA

Cocoa is Ghana's main export crop. The Government has set up one national institution to market cocoa. Ghana is a member of the Cocoa Producers Alliance which is currently negotiating with consumers on a new price.

GREECE <sup>1/</sup>

The value of exported raw materials (under SITC code number 2) amounted to 9,050 million drachmes in 1977 and 10,395 million drachmes in 1978 and represented 8.9 per cent and 8.4 per cent of total exports respectively.

GUATEMALA

Despite the development of Guatemala's manufacturing industry, that industry accounted in 1976, for example, for 15.5 per cent of the gross geographical product, with the highest percentage being shown by agriculture (27.3 per cent) and wholesale and retail trade (27.8 per cent).

A list of the main export products and their percentage breakdown shows the significance for the domestic economy of exports of raw materials, and their magnitude:

<u>Product</u>	<u>Value, Millions</u>	<u>Percentage</u>
Green coffee	242.5	30.5
Cotton lint	83.7	10.5
Bananas	41.0	5.2
Meat	20.8	2.6
Sugar	111.0	14.0
Cardamom	17.0	2.2
Essential oils	1.3	0.2
Chicle and "chiquibul"	1.2	0.1
Fish, crustaceans and shellfish	4.7	0.6
Soluble coffee	0.8	0.1
Wood	1.3	0.2
Honey	2.4	0.3
Others	56.6	7.1
<b>TOTAL</b>	<b>584.3</b>	<b>73.6</b>

Of these products exported to the rest of the world (excluding Central America), the most important are the following:

<u>Product</u>	<u>Value, Millions</u>	<u>Percentage</u>
Green coffee	242.5	30.5
Sugar	111.0	14.0
Cotton lint	83.7	10.5
Bananas	41.0	5.2
Meat	20.8	2.6
Cardamom	17.0	2.2
<b>TOTAL</b>	<b>516.0</b>	<b>65.0</b>

<sup>1/</sup> The reply from Greece was received after publication of document ID/23<sup>A</sup>.

Guatemala is a party to the International Coffee Agreement. In addition, another organization has been established by countries producing mild coffee with a view to obtaining preferential treatment with respect to prices on the basis of the quality of the product. In the case of sugar, cotton and meat, control is based on quotas which are approved annually. With respect to bananas, a banana agreement, to which Guatemala has acceded, was recently concluded in Latin America. Guatemala does not belong to any association or group of producers of other raw materials.

GUYANA

The export of raw materials is a major source of foreign exchange for Guyana. In fact, the earnings from 3 exports virtually carry the economy. In 1977, for example, total exports comprised 62.9% of the GNP, of which sugar, rice and bauxite accounted for 55.4%.

Guyana is a member of the International Bauxite Association and of the LOME Convention of the E.E.C.-A.C.P. group of countries.

HONDURAS

Honduras is at present a member of the following producers' association:

- Union of Banana-Exporting Countries (UNEB);
- Group of Latin American and Caribbean Sugar-Exporting Countries (GEPLACER);
- International Coffee Organization (ICO);
- Central American Cotton-Producers' Front.

Honduras has benefited greatly through its membership of the associations mentioned above, as this has enabled it to play a more effective part in protecting the quantity, quality and price of products on the international market. Through its participation in these associations it has already achieved better quotas, higher prices and greater price stability.

The increase in the general price level amounted to 8 per cent in 1975 and 5 per cent in 1976. This slowing down in the rate of inflation was due basically to the adequate supply of food products, the moderate increase in import prices, the stability of costs in the building sector and the Government's satisfactory handling of its price-control policy. The following table illustrates how the terms of trade have evolved in the 1970s thus far:

Year	Price index 1966=100		Index of ratio tt tt = $\frac{EXP}{IMP}$
	EXP	IMP	
1970	99.5	104.3	94.9
1971	96.3	104.6	92.1
1972	108.5	114.2	95.0
1973	125.2	127.4	98.3
1974	158.5	173.9	91.1
1975	176.2	180.0	97.9
1976	208.3	204.4	101.9

Honduras (cont'd)

The national economy was affected by the world-wide inflation that began in 1973 through the terms of trade, with the price of imports rising more rapidly than that of exports. Thus, real net income declined in the 1974-1975 biennium at an average annual rate of 1.5 per cent. Thanks to the improvement in export prices that occurred in 1976, real net income increased at a rate of 7.5 per cent above the 1975 level, with a gain of about 30 million lempiras recorded as a result of the improvement in the terms of trade.

Industrial activity is expanding. Honduran industry includes enterprises in such sectors as foods, footwear, cement and cement derivatives, textiles, chemicals and furniture, craft activities, agro-industrial enterprises, etc.; many of these concerns export a sizable portion of their production.

The greatest contribution to the gross domestic product comes from agriculture.

The following are the country's principal export products (figures in thousands of lempiras):

	<u>1975</u>	<u>1976</u>
Bananas	122,932.0	231,366.0
Coffee	113,345.0	200,631.0
Frozen meat	36,472.0	51,103.0
Tobacco	11,138.0	11,794.0
Cotton	9,007.0	3,730.0
Wood	77,606.0	76,053.0

- The contribution of the stock-raising sector to the national economy may be seen in the expansion of the meat industry. The meat-packing plants producing for domestic consumption and export provide a firm basis for further progress in the improvement of the livestock sector. In the interests of protecting the country's economy, on 13 February 1975 the Government enacted, through the Ministry of Economic Affairs, Decree No. 57 regulating the export of meat and livestock on the hoof.
- There are a number of highly profitable mining operations producing gold, silver, zinc and cadmium, which are exported by both national and foreign companies.

Exports (in thousands of lempiras)

	<u>1975</u>	<u>1976</u>
Silver	22,053.0	27,090.0
Lead	3,000.0	12,719.0
Zinc	32,160.0	23,336.0

Honduras (cont'd)

One of the measures that has been taken in this sector concerns plans to process the country's iron ore with the implementation of the iron and steel project " Los Hornos de Centroamérica, S.A. de C.A.", which will produce more than 100,000 tonnes of steel a year to satisfy Central American demand.

Greater co-ordination of the tourism sector has become possible with the setting up of the Directorate-General for Tourism within the Ministry of Culture, Tourism and Information.

Project	Raw materials	Production capacity	Market
Paper and pulp	Working of coniferous forests	200,000 tonnes of Kraft liner board	Import substitution and export, mainly to the Caribbean and South America
Iron and steel plant	Iron ore	Stage 1: 120,000 tonnes of iron; Stage 2: 200,000 tonnes	Import substitution meeting regional needs
Flat glass	Working of regional silica sand deposits	30,000 tonnes/year in sheets	Import substitution and export, mainly to the United States and the Caribbean
Cement	Working of rich regional clay and limestone deposits	2.6 million tonnes/year	Regional market by 1980, demand is estimated at 3.9 million tonnes/year
Petrochemical industry	Naphtha or crude petroleum	Polyethylene, 64,000 tonnes/year; polypropylene, 30,000 tonnes/year; polyvinyl chloride, 35,000 tonnes/year	Substitution of synthetic fibres and plastic resins
Basic chemicals	Naphtha or petroleum	Ammonium nitrate, 200,000 tonnes/year; urea, 400,000 tonnes/year; ammonium phosphate, 300,000 tonnes/year	Regional requirements for nutrients and fertilizers
Chemicals	Sugar-cane	54.3 million gallons	Substitution of imported hydrocarbons and stimulation of cane production

Honduras (cont'd)

Additional export projects are: foodworking complexes; Central American Cashew-Nut Programme; African palm; Castor oil, etc.

Commercial relations between Honduras and the other Central American countries are based on bilateral agreements; relations with the rest of the world are based on commercial treaties. There are already new draft treaties for the Central American Economic and Social Community aimed at the reintroduction of economic integration and the harmonization and co-ordination of the development policies of the member countries.

More than 100,000 tourists visited the country in the period 1975-1976. There are a number of locations of great natural beauty, and the Government is engaged in several projects for the promotion of tourism, like TORTUGAL Tourism Project, Department of Atlantida; COPAN Tourism Project, Department of Copán; ROATAN Tourism Project, Department of Islas de la Bahía.

INDIA

Primary commodities account for a substantial share of the export earnings of India and thus have significant bearing on the economic development of the country. The international market structures have, however, been the weakest in the commodity sector and have worked to the disadvantage of developing countries. In regard to India, even though the export base has been considerably diversified, the primary commodities accounted for about 52% of exports in 1975/76 and 43% in 1976/77. A significant share of the production of a number of items like jute goods, tea, coffee and iron-ore are exported.

Enduring solutions to commodity problems can be found through the collective endeavour of the producers on the one hand and through joint endeavours of both producers and consumer countries on the other hand. In areas such as improvement of market access, vacation of manufacturing sectors on the basis of comparative advantage, in favour of developing countries, harmonization of production of synthetics and substitutes with the supply of natural products exported by developing countries, implementation of necessary measures essentially depend upon the developed countries which are the importers of commodities.

The developing countries have been endeavouring to seek solution to the varied problem confronting them in the international trade of commodities collectively on their own and in co-operation with the developed countries in the UNCTAD forum. India has been taking a leading role in these deliberations.

A number of producers associations has been established at the initiative of developing producing countries with a view to improve the market structures of respective commodities. India is a member of the following producers' associations: Association of Iron Ore Exporting Countries (AIPEC); Association of Natural Rubber Producing Countries (ANRPC); The International Committee for Tea; Asian and Pacific Coconut Community, and Pepper Community.



India (cont'd)

For the mobilization of support for the measures taken by developing countries to recover control of their resources, and of production and market structure and for the promotion of effective methods of co-operation in this regard, the developing countries adopted in April 1973 a statute of the "Council of Association of Developing Countries Producers - Exporters of Raw Materials". The statute shall come into force 180 days after five associations of developing countries producers-exporters of raw materials have notified their decision to join the Council. It is hoped that the Council, when it comes into being, would be able to play an effective role in correcting the inequitable market structure in the Commodity sector.

The Integrated Programme for Commodities adopted at the Fourth Session of UNCTAD in May 1976, envisages the conclusion of International Commodity Agreements to deal with the varied problems of commodity exports of developing countries, ranging from fluctuation in export earnings to increased processing. The programme covers 18 commodities including, inter-alia, coffee, coir products, iron ore, jute products, manganese, sugar and tin in which India has export interest. Despite the two years protracted negotiations it has not been possible to make headway in the commodity negotiations under the Integrated Programme as the traditional attitudes of some Governments had not changed. Out of the Commodities of export interest to India, it is only in respect of sugar that a new International Sugar Agreement has been concluded. The Agreement which came into effect from 1st January 1973 has yet to succeed in improving the market and the current international market price of sugar continues to be far below the cost of production.

Besides negotiations towards International Commodity arrangements in respect of 18 commodities listed in the IPC, the Integrated Programme called the negotiations on a Common Fund. The two rounds of Negotiating Conference on a Common Fund have made little progress and efforts are continuing for negotiating a meaningful negotiation of Common Fund which could play a catalytic role in finding solutions to the Commodity problems. It has been India's endeavour to gain support for the financing role of the Common Fund in regard to measures other than buffer stocking also and for the direct Government contribution towards the paid-up capital of the Common Fund to enable it to play the desired role. The efforts made by the developing countries have succeeded in as much as a large number of developed countries have shown some flexibility in this regard. The establishment of a Common Fund along these lines, if it comes through, will go a long way in developing the structural shortcomings in the Commodity Sector.

INDONESIA

World economic events in recent years have led an increasing focus on the problems of primary commodities and the need for developing countries to obtain favourable and more stable prices for such commodities.

The developing countries in general and the OICW countries in particular are important sources and in a number of cases the world's major supplier, of various important export commodities including

Indonesia (cont'd)

natural rubber, tin, timber, palm oil, canned pineapple, coconut oil, copra and pepper. A high proportion of export earnings, revenue and employment of many developing countries, especially ASEAN countries, are dependent upon the market developments for these commodities.

Further, the payments problem faced by developing countries, including ASEAN countries, limits the ability of these countries to increase or even maintain their level of imports of manufactured goods from the industrialised countries.

The developing countries including member countries of ASEAN consider that there is a need for the stabilisation of commodity prices at levels which in real terms are remunerative and fair to producers and reasonable to consumers and the reduction of excessive fluctuations in commodity prices and supplies.

Beside that developing countries consider that the establishment of international buffer stocks should be the primary technique of the stabilisation arrangements for a number of commodities produced by the developing countries.

Therefore in order to overcome these commodity problems the developing countries including ASEAN countries support strongly the establishments of: the UNCTAD Integrated Programme for Commodities; the International Buffer Stocking arrangements through the establishment of a Common Fund, as was proposed by UNCTAD; the Generalized System of Preferences (GSP).

The ASEAN countries have proposed that the duration of the GSP should be extended beyond ten (10) years (1971 - 1981) and the system should be improved (product coverage, deeper tariff-cut etc.). Indonesia is excluded from the USA's GSP, which means that Indonesia cannot benefit from the USA's GSP because Indonesia is a member of OPEC (Organization of Petroleum Exporting Countries). Although Indonesia is a member of the OPEC, it is a developing country and also a member of ASEAN. Therefore Indonesia would like to propose that the USA Government will reconsider this matter in favour of Indonesia.

Within the framework of economic co-operation between ASEAN and the EEC in the implementation of the above mentioned measures, in addition ASEAN has requested the EEC to agree in principle to the extension of the STARR arrangement (Lome Convention).

Another necessary measure is that international financial monetary institutions such as the IMF and the World Bank should improve their buffer stock financing facilities in particular to allow them to lend directly to individual commodity arrangements. In the implementation of these measures ASEAN looks forward to co-operation with Japan.

Indonesia (cont'd)

Indonesia is a member of the following associations:

- Rubber : a. Association of Natural Rubber Producing Countries (ANRPC).  
b. International Rubber Study Group (IRSG)  
c. International Rubber Association (IRA)  
d. International Rubber Research Development Board (IRRDDB)  
e. International Rubber Quality and Packing Conference (IRQPC)
- Coconut : Asia and the Pacific Coconut Community (APCC)
- Pepper : Pepper Community
- Sugar : International Sugar Organization (ISO)
- Coffee : International Coffee Organization (ICO)
- Tea : International Tea Council; Tea Promotion Association (TPA)
- Timber : International Timber Bureau (being established)
- Maize/Tapioca : Joint Co-ordinating Board of Marketing on Maize and Tapioca Products Indonesia - Thailand
- Petroleum : Organization of Petroleum Exporting Countries (OPEC)
- Copper : Copper International Producing Exporting Countries (CIPEC)
- Tin : International Tin Council (ITC) - ITA
- Bauxite : International Bauxite Association (IBA)

**Export of Mineral (excl Oil) from Indonesia  
(1975 - 1977)**

Commodity/Items	1975		1976		1977	
	Ton	US \$	Ton	US \$	Ton	US \$
Bauxite	1,031,153.00	5,969,712.41	939,865.00	6,390,611.32	1,226,910.00	9,572,420.11
Langkan Copper *)	7,933.68	418,964.06	3,112.00	422,439.55	2,351.85	105,455.59
Copper	193,439.00	77,871,027.00	216,829.00	85,017,000.00	200,532.00	73,120,000.00
Tin	22,185.90	142,388,980.67	24,111.97	169,054,361.56	25,221.00	254,135,155.95
Iron concentrate	304,605.00	1,922,220.76	234,010.00	2,018,644.95	257,602.00	2,119,599.42
Nickel Ore	849,648.00	20,896,277.08	877,025.00	23,448,590.97	331,964.00	19,717,889.90
Ferronickel	-	-	15,638.60	13,852,673.95	21,944.72	22,486,179.71
Silver	-	315,764.80	-	-	-	-
Zinc	92,711.00	302,947.51	311,520.00	1,510,733.15	136,09.00	555,115.16
Others	-	-	-	54,750.00	-	115,533.43
<b>T o t a l</b>	<b>2,501,685.58</b>	<b>250,685,894.29</b>	<b>2,577,111.57</b>	<b>301,769,355.45</b>	<b>2,752,666.57</b>	<b>381,977,349.27</b>

SOURCE: - Annual Book of Mining Ministry 1976

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Remark\*) : Content of : 31.16% Copper (1975)  
30.93% Copper (1976)  
30.20% Copper (1977)

Export of Crude and Refined Oil from Indonesia  
(1975 - 1977)

Items	1975	1976	1977
Crude oil	363,069,249.00	4,564,931,534.12	484,236,781.00
Refined oil	36,652,821.00	424,267,735.43	51,360,601.00
Condensate		36,254,621.00*)	1,050,356.00
L.D.C.**)		449,470,769.00	197,690.00
L.N.G.***)		433,895,111.39	28,134,920.00
Carbon black ****)	6,066,816.00	546,013.44	2,148,200.00
<b>T o t a l</b>	<b>4,989,745,293.04</b>	<b>6,127,673,016.98</b>	<b>7,309,810,647.72</b>

Source: Directorate General of IICAS

Remark: \* ) Incl. L.P.G.  
 \*\* ) In metric ton  
 \*\*\* ) In billion BTU  
 \*\*\*\* ) In Lbs

Volume and Value of Export of Agricultural Commodity from Indonesia  
1975 - 1977

Commodity	1975		1976		1977	
	Net weight ton	Value 000 US \$	Net weight ton	Value 000 US \$	Net weight ton	Value 000 US \$
	50	0.3			0.2	0
Cane sugar	700	350.5	169,034	8,334.2	613	8.1
Molasses	176,908	9,032.0	6	6.7	67,135	2,196.7
Tea	51,273	113,480.8	47,492	56,574.2	51,272	113,480.8
Cut Tobacco	75	46.3	293	1,003.4	75	46.3
Palm nuts and kernels	42,106	14,489.3	( 52,390	6,262.3)	25,125	5,530.1
Palm oil	405,833	183,075.3			1,200	270.9
Rubber	700,275	588,363.3	315,934	331,780.4	300,236	538,363.3
Quinine	59	7,251.2			59	7,251.2
Coffee	128,400	99,835.4	136,272	237,516.3	160,363	599,278.7
Cinnamon	3,021	2,772.1			5,192	4,404.7
Cloves	47,337	3,166.0	13	64.7	36	117.4
Pepper	15,244	22,866.3	25	120.2	33,175	66,196.7
Copra	33,035	3,291.5			225	20.3
Rice	1,209	1,333.1			933	1,967.9
Nutmeg	5,431	3,600			5,347	54,929.9

RCB: SPS

IRAQ

Export of raw materials constitutes 70% of GNP. Foreign trade is controlled by the Government. Measures to safeguard the interest of the country in the field of export of crude oil are taken within the organization of oil exporting countries and its sister organization (OPEC). Export of other commodities is mainly organized within the framework of bilateral trade agreement. Iraq is a member of both OPEC and UNCTAD.

IVORY COAST

The Ivory Coast's prosperity and growth are based to a large extent on the export of a limited number of non-processed raw materials, mainly agricultural (coffee, cocoa, timber), the prices of which are subject to fluctuations in the world market. In an effort to reduce its dependence, the Ivory Coast is endeavouring to diversify the structure of its exports as much as possible, to process its raw materials locally and to strengthen its industrial potential.

Projected structure of exports for major sectors is as follows:

	1975		1980		1985	
	Value	%	Value	%	Value	%
Raw materials	179	56	210	44	247	32
Processed products	109	34	211	44	441	57
Services	33	10	56	12	87	11
<b>TOTAL</b>	<b>321</b>	<b>100</b>	<b>477</b>	<b>100</b>	<b>775</b>	<b>100</b>

(Values are expressed in billions of CFA francs)

Parallel to its efforts to diversify and upgrade its exports, the Ivory Coast has initiated action in two directions aimed at reducing its dependence on its international environment:

- Control of the foreign marketing of its raw materials. The international marketing of the most important primary products derived from the agricultural and forestry sectors (coffee, cocoa, timber) is carried out through approved exporters: the Agricultural Products Stabilization and Support Fund (COSP) guarantees coffee and cocoa producers a fixed price. Other agricultural products are exported through specialized bodies: COMAGRI (fruits), SIOPEMI (vegetables), CIDE (cotton), etc.
- Control of the international environment: the Ivory Coast enjoys privileged status with the European Economic Community within the framework of the Lomé agreements. It is also party to a number of other agreements: bilateral agreements on bananas and pineapples; multilateral agreements on coffee, cocoa, wood, and the establishment of producer associations.

Ivory Coast (cont'd)

(The Ivory Coast is a member of the International Coffee Organization and the African and Malagasy Coffee Organization, the Cocoa Producers' Association and the African Timber Organization).

JORDAN

The following Table shows the relative importance of exports of raw materials to total exports for the years 1974, 1975 and 1976 respectively:

Exports from Jordan, 1974 - 1976, Value in JD million

<u>Exports</u>	1974		1975		1976	
	<u>Value</u>	%	<u>Value</u>	%	<u>Value</u>	%
1. Consumer Goods	13.9	35	16.0	40	25.4	51
2. Raw Materials	20.8	53	21.5	54	22.1	45
3. Manufactured Goods	4.8	12	2.5	6	2.1	4
	39.5	100	40.0	100	49.6	100

During the four years 1977, 1978, 1979 and 1980 respectively exports of raw materials and other exports have been projected to be as follows:

Export Projections, 1977 - 1979, Value in JD million

<u>Exports</u>	1977		1978		1979		1980	
	<u>Value</u>	%	<u>Value</u>	%	<u>Value</u>	%	<u>Value</u>	%
1. Raw materials	61	72	73	74	81	62	96	60
2. Agricultural products	7	12	3	3	9	7	9	6
3. Manufactured goods	15	18	13	13	41	31	54	34
	83	100	89	100	131	100	159	100

Of the figures of export of raw-materials for the period 1974-1976, the value of phosphate represented 97.7%, 91.2% and 86.9% respectively. Jordan exported 1.78 million tons of phosphate during 1977 as compared with 1.6 million tons exported during 1976. The share of phosphate in total exports of Jordanian raw-materials is expected to still be predominant over the foreseeable future.

Government control over raw materials export policies and prices, especially with respect to phosphate, has been exerted through the producer, namely Jordan Phosphate Company (JPC), of which the Government is a major shareholder. Efforts are being made to reinforce Government control over export prices of phosphate through marketing arrangements with the major international exporters, in particular Morocco.



Jordan (cont'd)

In the future, with the development of new major export commodities, in particular phosphatic and complex fertilizers and potash, plans are under active consideration to integrate the off-shore marketing facilities of Jordan, to save costs and strengthen their efficiency and effectiveness, and to improve eventually the bargaining position of Jordan on the world markets. This is in addition to the policy of straightening Jordanian marketing capability by its membership of the "Phosphate Producers Club" in Morocco and the "Arab Federation of Fertilizers Producers" in Kuwait.

KENYA

While the export of crude raw materials has fallen from 12% of total export in 1976 to 6.59% in 1977, the exports of tea and coffee (unprocessed) has shot up from 46.57% in 1976 to 57.5% in 1977.

The Government is fully aware of the need for export promotion and boosting so as to narrow down the gap in its trade balances. Since Kenya has to import machinery and equipment and intermediate products to implement its new industrial development program, it is necessary to increase its exports many folds. For this purpose, the Government has established Kenya External Trade Authority (KETRA) which is responsible for determining and achieving necessary export targets.

KETRA organizes mutual exchanges of team visits and dialogues between foreign buyers and local exporters, publishes information bulletins on export potential of locally manufactured items, and identifies non-traditional items having export potential. Kenya is not a member of any association or group of producers or raw materials.

KUWAIT

Foreign trade has a major contribution to the country's economy because it includes petroleum exports. The percentage of petroleum exports rose to about 37% of total exports in 1974/75 while the average was 35% during the period 1973/74 - 1976/77. Estimates for 1977 are 91% of total exports. The balance of trade for Kuwait showed a surplus of about 1716 million KD. in 1977. Without the inclusion of petroleum exports in the total exports, the balance of trade moves from a surplus to a permanent increasing deficit which amounted to 371 million KD. in 1977 at an annual rate of increase of 15% against 45% in 1976. Kuwait is a member of OPEC and GNLPC.

### LESOTHO

The recorded total export figures for 1976 were 14.6 million Rand as against imports of 179.6 million Rands. Industrial Products exported during 1976 were:-

	<u>Total</u>	<u>South African Market</u>	<u>Other Export Markets</u>
Handicrafts	1.1	.5	.6
Manufactures	3.3	2.4	.9
Agricultural Products	1.3	1.8	-
Diamonds	.5	.5	-
	<u>6.7</u>	<u>5.2</u>	<u>1.5</u>

The gross imbalance of exports over imports cannot be bridged by exports of agricultural produce and the best hope is for a substantial increase in the export of industrial products.

### LIBYAN ARAB JAMAHIRIYA

Export of crude oil (including liquefied natural gas) is the cornerstone of the Jamahiriya's economy, standing for 59- 56% of the country's G.D.P. Export of goods is estimated on Lb 3273 million (equivalent to US \$ 11 billion) in 1978.

Measures designed for control over the marketing of exported products (that concerns almost exclusively oil and gas and its products) are multi-fold beginning from the institutional arrangement through trade agreements to the active policy of pricing. Jamahiriya is a member of OPEC.

### MADAGASCAR

Exports of Madagascar's wealth of unprocessed agricultural raw materials (coffee, cloves, vanilla, etc.) and minerals that have undergone a minimum of processing (chromite, graphite, mica, etc.) constitute one of the country's main sources of foreign exchange and therefore play an important role in the national economy. In 1977, the value of mineral products exported amounted to more than 4 billion Malagasy francs, and that of agricultural products exported amounted to 50 billion Malagasy francs.

Apart from a few measures taken concerning the export of "cultural goods", there is no appropriate control of the marketing of products exported. There is above all control over quotas and the activities of "approved exporters" of the above-mentioned products for purely statistical reasons and control over the repatriation of the relevant foreign exchange.

Madagascar is a member of groups of producers/exporters of certain raw materials such as sugar (International Sugar Organization), coffee (ICO), food (FO) and cloves (TRICO).

MALAWI

The exportation of raw materials i.e. agricultural produce in Malawi constitutes over 90% of the total export trade. This stands at over K38 Million. This represents about 25% of the Nation's GDP in monetary terms. The exportation of goods is controlled through the export licensing legislation which is administered by the Ministry of Trade, Industry and Tourism. The aim behind setting the legislation is to enable the Government to control the quality standards of export products.

Malawi has associated itself with many raw material producers in order to benefit from the gains of markets and pricing in belonging to such commodity associations. For example, Malawi is a member of the International Coffee Agreement, the International Sugar Agreement, and the International Tea Producers Association.

MALAYSIA

Malaysia's economy is heavily dependent on exports as reflected by the fact that the contribution of the export sector to the GNP in 1977 was 45%. In turn, about 75% of the country's exports are made up of primary raw materials. Rubber, tin and timber are the traditional commodities which form the mainstay of Malaysia's exports with palm oil and more recently petroleum gaining increasing importance. The following table gives the magnitude of primary commodities exports from Malaysia for 1975, 1976 and 1977 in terms of volume and value:

	1975		1976		1977	
	Vol. (tonnes)	Value (Million)	Vol.	Val.	Vol.	Val.
Rubber	1,465,332	2,025.6	1,620,000	3,116.7	1,654,100	3,379.4
Tin	78,249	1,206.1	81,524	1,526.5	66,513	1,703.5
Palm Oil	1,274,714	1,428.2	1,334,500	1,317.6	1,553,000	1,901.1
(Sawn Timber	1.7	391.3	2.93	853.2	2.83	789.5
(Saw Log	8.46	669.3	12.15	1,470.7	12.65	1,519.0
Pepper	32,433	106.2	39,729	136.7	29,355	143.3
Canned Pine- apple and Juice	44,468	53.8	51,557	64.9	50,550	68.1
Cocoa	11,729	35.3	14,751	63.5	13,584	115.1

(Sources (1) Rubber, palm oil, saw logs and timber, tin and pepper- Preliminary Figure of External Trade (Malaysia).

(2) Pineapple and pineapple juice - Malayan Pineapple Industries Board.

(3) Cocoa - Bank Negara Report.)

Malaysia (cont'd)

As a major producer and exporter of primary commodities, Malaysia has participated in almost all regional and global efforts to improve the international commodity trading system. One such effort is the Integrated Programme on Commodities (IPC) which was put forward by UNCTAD as a comprehensive solution to the problems faced by commodity exporting countries. Malaysia has taken active part in negotiations on UNCTAD IPC. Malaysia has also supported the efforts of the developing countries to establish a "non-aligned special (Dakar) Fund" for the financing of buffer stocks for commodities exported by developing countries to achieve the same objectives.

Malaysia is currently a member of the Association of Natural Rubber Producing Countries (ANRPC), the Pepper Community (PC), and the Asia and Pacific Coconut Community (APCC), all of which are Producers' Associations.

MALDIVES

The major export is fish. The other items of export are mainly marine products such as shark fins, tortoise shells, and cowries. No measures had been set to exert approximate control over the marketing of exported products.

MALI

Public sector exports of raw materials account for at least 75 per cent of the exports, which amount to 30.3 billion Malian francs (US \$70 million). The marketing of the main products exported is controlled by specialized State offices or companies.

MALTA

Malta does not export any raw materials. No control is exercised over the marketing of exported products. Malta is not a member of any association or group of producers of raw materials.

MAURITANIA

Mauritania's principal export product is iron ore, approximately 8.5 million tonnes of which will be exported in 1978. In addition to iron ore, the country also exports fish, gum arabic and cattle. The export of meat, which began four years ago, has run into certain difficulties.

The fishing industry represents one of the most important activities within the economic policy pursued by the Military Committee of National Recovery. This is because fish is an effective means of capital drain and also an important and permanent resource of the coastal region.

### Mauritania (cont'd)

Export products are marketed for the most part by national companies. Regarding the country's membership of associations of raw material producers, it should be noted that Mauritania is a member of the Organization of Iron Exporting Countries.

### MAURITIUS

The only material exported is sugar, the marketing of which is traditionally undertaken by the sugar syndicate, appropriately controlled by the Government.

### MONGOLIA

A feature of the foreign trade of Mongolia, as of other socialist countries, is the principle of the foreign trade monopoly, established in 1930. The foreign trade monopoly is in the hands of a State organ, the Mongolian Ministry of Foreign Trade, is a necessary condition for greater efficiency in the country's export and import activities, allowing control over foreign trade and the fixing of stable export prices.

Foreign trade is important for the planned development of up-to-date industry, energy resources, transport and agriculture in Mongolia.

In the period 1970-1975 Mongolia's foreign trade turnover grew by a factor of 1.6, exports increasing by a factor of 1.7 and imports by a factor of 1.5. In the period 1976-1980 the volume of foreign trade turnover will increase by 40-45 per cent compared with the preceding five-year period.

A steadily increasing share in foreign trade is occupied by industrial equipment: machine tools, electrical and mining equipment and machinery for such key sectors of the economy as the mining, energy and manufacturing industries and the construction sector. At the same time, imports of means of transport and of agricultural machines and equipment have increased. Mongolia's main foreign trade partners are the member States of COMECON, of which Mongolia has been a member since 1962.

### MOROCCO

In 1977, the share of the total export accounted for by raw materials exceeded 40 per cent. If semi-finished goods (phosphoric acid, leather and hides, fertilizers, etc.) are included, the figure exceeds 50 per cent.

Most of these exports are carried out by public institutions and private individuals. These exports are subjected to control procedures under the regulations on foreign trade and quality control. Morocco does not belong to any organizations of producers of raw materials.

NIGER

The significance of export of raw materials in the country's economy can be seen from Table below (as a percentage of the total export):

<u>Product</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u> ( <u>estimates</u> )
Live animals	16.6	18.3	15.0	3.6
Vegetables	0.1	-	0.3	0.1
Onions	1.0	2.2	0.7	1.8
"Niébé"	0.1	0.7	3.0	9.0
Groundnut oil	9.1	5.1	2.9	0.5
Groundnut oil cake	1.5	0.9	1.2	0.55
Groundnuts	-	2.0	2.2	1.6
Cotton	0.1	0.1	1.2	0.9
Uranium	48.2	53.5	64.0	73.5
Hides and skins	4.3	0.9	1.5	1.2
Gum arabic	0.1	-	0.1	0.1
Others	13.4	10.3	2.6	6.8
	100,0	100,0	100,0	100,0
Total exports	12,621	19,956	31,978	39,910

In general, the Niger is an exporter of raw materials. Finished products have at the moment only a limited entry into export markets - this does not, of course, include the primary processing of agricultural products (cotton ginning, shelling, tanning, drying etc.)

It should also be pointed out that exports of groundnuts and groundnut derivatives have declined, while the share accounted for by exports of uranium has been constantly increasing, and amounted to 73.5 per cent of the total exports in 1977.

Measures designed to exert appropriate control over the marketing of exported products:

- In the domestic context, the efforts to regulate marketing through the approval of prices for producers and the establishment of marketing centres should be mentioned.
- In the context of marketing in foreign markets, provisions vary depending on the economic area to which the exports go (European Economic Community, West African Economic Community, Maghreb countries, liberated or non-liberated countries), and as a rule all exports are subject to the issue of export papers (licence, certificate).

The Niger belongs to the following association of producers of raw materials: the African Groundnut Council; the Cattle and Meat Economic Community

### NIGERIA

Nigeria's total export of primary products stood at N 6.6 billion in 1976. Of this amount crude petroleum accounted for about 93.5%. Cocoa beans came next in importance with about 3.3%. Other primary products are palm kernel, rubber and tin.

The marketing of each of the above major commodities is very closely supervised by the Government. The Nigerian National Petroleum Corporation, a Federal Government organization, is responsible for the marketing of crude petroleum, while the commodity boards which are also Federal Government owned are responsible for export of the other primary products. The above commodities are usually exported at prices that prevail in the world market at the material time.

Nigeria is a member of OPEC as well as member of the organizations of the world producers of cocoa and rubber

### OMAN

Exports comprise almost entirely of oil. In 1976, of the total value of exports of 545.2 million R.O. oil export accounted for a value of 543.8 million R.O.. In 1977, of the total value exports of 547.3 million R.O. oil-export is estimated to account for a value of 545.8 million R.O. Though Oman is not a member of OPEC, it follows as a guideline price structure of oil adopted by OPEC from time to time.

### PAKISTAN

International inflation and recession during the last few years has led to a large and persistent trade gap. Over the past few years, this gap has remained around \$100 million.

Pakistan's economy like other agro-based developing economies of the world is predominantly agrarian with a substantial share of primary commodities in exports. Pakistan's export-trade is made up of agricultural raw materials, semi-manufactured and manufactured goods. The following table shows the trends of export by categories during the past 7 years:

Pakistan (cont'd)

(Value in million Rs.)

<u>Year</u> (July-June)	<u>Primary Commodities</u>		<u>Semi-manufacture</u>		<u>Manufactured goods</u>		<u>Total</u>	
	<u>Value</u>	<u>% Share</u>	<u>Value</u>	<u>% Share</u>	<u>Value</u>	<u>% Share</u>	<u>Value</u>	<u>% Share</u>
1972-73	3365.6	39.4	2983.3	30.2	2692.2	30.4	8551.2	100.0
1973-74	4007.3	39.4	2293.3	22.6	3860.1	33.0	10161.2	100.0
1974-75	4931.5	43.0	1308.2	12.7	4046.6	39.3	10286.3	100.0
1975-76	4902.2	43.6	2067.5	13.4	4283.2	33.0	11252.9	100.0
1976-77	4622.4	40.9	1838.1	15.7	4733.4	42.4	11293.9	100.0
1977-78	5731.0	43.7	1836.0	14.0	5541.0	42.3	13108.0	100.0

A growth of 20 per cent in exports is visualised in the first years of the Fifth Plan after which the growth rate will average 9 per cent. The large increase envisaged in the first year mainly reflects a rise in the availability of cotton, improvement in cotton yarn exports which were depressed in the first half of 1977-78 and the recovery in the export price of rice that has taken place recently; furthermore, a growth rate of about 11 per cent in the case of miscellaneous exports has been projected on the basis of trends in the recent years. The key to the export performance lies in achieving production targets of 5 million bales of raw cotton and 3.9 million tons of rice in the years 1982-83, and continued growth in other manufactured exports.

In order to ensure that export earnings do not suffer a setback for the reason of quality or incompetitiveness of prices etc. the Government has been taking various measures since in the past a brief description of which is as follows:

Under the Quality Control Order, 1973 export of goods which do not conform to the standards or grade designation or samples of such goods, is prohibited. Recently, it has been decided that no person engaged in export trade shall willfully fail to fulfil export orders or to supply goods within the agreed period; supply goods less in quantity than the goods agreed to be supplied; fail to make payment of, or to remit, the agreed commission or the amount due for services rendered; or fail to pack goods as to protect them from damage due to faulty packing.

The Pakistan Standard Institute have prescribed standards under the Pakistan Standard Institution (Certification Marks) Ordinance, 1961 (XIVIII of 1961) in respect of as many as 50 items. In addition, the following principle export items are also subject to the minimum quality standards as prescribed by the Pakistan Standard Institute: cotton yarn, cotton cloth, towels, readymade garments, tarpaulin, tents, surgical instruments and, sports goods.

The following agricultural products are also subject to compulsory grading in terms of Rules made under the Agricultural Produce (Grading and Marketing) Act, 1973 (I of 1973): oil cakes, dry fish and sheel fish, casings, lamb skins, grade - I-V, citrus fruits, lime and lemon, fish meal, chillies, eggs, potatoes, wool, animal hair



Pakistan (cont'd)

To ensure that the exporters do not indulge in cut-throat competition by lowering their export prices and thereby exporting sub-standard goods, the Government have fixed minimum export prices in respect of certain surgical/sports items. These items cannot be exported at prices lower than the fixed prices.

Apart from the above, the Government has since introduced various incentives and measures to promote exports.

Pakistan is not a member of any association or group of producers of raw material.

PANAMA

The importance of raw material exports to the Panamanian national economy can be variously quantified depending on the classification criteria adopted to determine what is or is not a raw material in the country. From among the principal export products the following may be classified as raw materials: petroleum derivatives, unrefined cane sugar, bananas, cocoa, coffee, shrimps, and fish meal. This classification rests on the fact that all these products require some degree of further processing before reaching the final consumer or user.

Panamanian Exports of Important Products

1975-1977

(in balboas)

Product and year	Value in balboas	
<b>1977</b>	<b>Total*/</b>	<b>243,051,084</b>
Petroleum derivatives		68,256,536
Unrefined cane sugar		21,374,115
Bananas		66,453,549
Cocoa		2,115,874
Coffee		5,489,273
Shrimps		29,983,212
Fish-meal		10,462,182
Other products		33,416,293
<b>1976</b>	<b>Total*/</b>	<b>230,551,287</b>
Petroleum derivatives		66,329,523
Unrefined cane sugar		26,311,198
Bananas		61,497,704
Cocoa		1,133,604
Coffee		3,374,062
Shrimps		33,516,621
Fish-meal		4,467,612
Other products		33,915,963

\*/ Preliminary

Panama (cont'd)

Panamanian Exports of Important Products (cont'd)

Product and year	Value in balboas	
1975	Total*	230,222,155
Petroleum derivatives		128,263,421
Unrefined cane sugar		49,360,522
Bananas		50,513,030
Cocoa		347,959
Coffee		2,252,743
Shrimps		19,009,934
Fish-meal		1,585,514
Other products		19,238,322

Source: Department of Statistics and Census, General Accounting Office of the Republic.

The classification of these products under the heading of raw materials is based on the fact that they are all products which undergo further processing or, in some cases, are used for animal or human consumption, as indicated more fully below:

Petroleum derivatives: Used in different forms (converted) after leaving the refinery (the transformed product, not the original crude).

Unrefined cane sugar: Subsequently refined for various uses, such as human consumption, industrial applications and the preparation of medicines.

Bananas: Subsequently used in the preparation of foods and, in recent times, in the production of banana-meal.

Cocoa: Subsequently processed and used for human consumption.

Coffee: Exported in the form of green coffee and subsequently processed for human consumption.

Shrimps: May be regarded as a marine raw material, although, of course, it is directly marketed for human consumption without undergoing any kind of prior processing.

Fish-meal: Subsequently processed and mixed with other ingredients, especially in the production of animal feeds.

It might be well to repeat that the characterization of these products as raw materials is a matter of classification, being based on whether or not they undergo further processing. However, regardless of whether or not this classification is accepted, it will be observed that in the preceding table the products which, in 1977, accounted for the greatest percentage share are: petroleum derivatives (28%), unrefined sugar (9%), bananas (27%), cocoa (1%), coffee (2%), shrimps (12%) and fish-meal (4%). The balance is represented by another series of products that were not considered as raw materials for the purpose of these statistics.

Panama (cont'd)

The Panamanian Government is in a position to exercise suitable control over these products by means of effective quotas governing their production and export to specific markets. In view of its role as an export country for these products, Panama is at this time a member of the following commodity organizations: Group of Latin American and Caribbean Sugar-Exporting Countries (maintains an export quota for the United States market and recently quotas have been assigned in other countries); Union of Banana-Exporting Countries; International Coffee Organization (currently maintains a quota); International Cocoa Organization (maintains no quota; however, the marketing of this commodity is governed by the basic agreements of this organization).

PAPUA NEW GUINEA

Almost all exports were of raw materials. Only 2.6 per cent of 1975/76 f.o.b. exports of domestic products were manufactured goods (SITC 5-8). 48 per cent of these manufactured items were woodchips and a further 36 per cent were plywood and veneer. The remainders principally consisted of paints, chopsticks, metal manufactures and artifacts. For the year 1977 these exports of the principal raw materials were as follows:-

<u>Commodity</u>	<u>kina thousands</u>	<u>Quantity</u>
Barramundi	77	26 tonnes
Tuna	14449	23760 tonnes
Katsubushi	1043	319 tonnes
Crayfish and Prawns	4632	871 tonnes
Coffee beans	143441	36965 tonnes
Cocoa beans	597	830 tonnes
Tea	9755	6192 tonnes
Cardamon capsules and seeds	38	4 tonnes
Chillies, dried	114	76 tonnes
Copra cake and pellets	1207	14750 tonnes
Crocodile skins	814	
Copra	22960	87733 tonnes
Palm oil nuts and kernels	383	2214 tonnes
Rubber	2896	4152 tonnes
Timber, logs	10953	410200 cu. m.
Timber, lumber	5897	53391 cu. m.
Copper ore and concentrates	201050	595860 tonnes
Shells	132	252 tonnes
Sandalwood	62	89 tonnes
Pyrethrum extract	145	9 tonnes
Palm oil	8582	24532 tonnes
Copra oil	12578	29743 tonnes

Papua New Guinea (cont'd)

Total exports of domestic products in 1977 amounted to Kina 539.836 million, consequently the above raw material accounted for 97.8 per cent of the total. In 1977 the exports of veneer, plywood and woodchips amounted to 214, 2141, and 4639 thousand Kina, respectively.

The Government recognizes the importance of exerting appropriate control over the marketing of exported products and in the areas of fishing and forestry where negotiations are currently being undertaken with potential overseas investors it is reserving the right to market certain proportions of the products. Furthermore, for such commodities as tuna, woodchips and logs the Government licences exporters and sets minimum guideline prices.

Papua New Guinea is a member of the following associations of producers of raw materials:- Asia and Pacific Coconut Community; Association of National Rubber Producing Countries; South East Asian Lumber Producers Association; South Pacific Fisheries Forum; International Silk Association; and party to:- International Coffee Agreement; International Cocoa Agreement; International Copper Agreement.

PARAGUAY

Quantitative data on the export of raw materials and manufactured articles are given in Table below:-

EXPORTS OF RAW MATERIALS AND INDUSTRIAL PRODUCTS  
(in thousands of United States dollars)

Year	Primary products		Manufactured products		Total for the year	
	Total	%	Total	%	Total	%
1963	13,572	28.7	33,700	71.3	47,272	100
1969	14,074	27.7	36,643	72.3	50,722	100
1970	15,758	24.6	48,335	75.4	64,143	100
1971	14,046	21.5	51,167	73.5	65,213	100
1972	16,631	19.3	69,554	80.7	86,135	100
1973	24,023	18.9	102,906	81.1	126,929	100
1974	40,054	23.6	129,751	76.4	169,805	100
1975	47,464	26.9	128,737	73.1	176,201	100
1976	61,241	33.8	120,013	66.2	181,254	100
1977	85,748	30.7	193,116	69.3	278,864	100

Paraguay (cont'd)

It should be pointed out that the category "manufactured articles" is a theoretical one including all products that have undergone any degree of processing, while "primary products" are those which have passed through no processing or manufacturing stage. This is a very important distinction, as semi-finished products (which from the point of view of the user might be considered raw materials) are regarded as industrial products. Accordingly, the Government's intention is to incorporate in nationally produced goods the highest possible degree of further processing or value added, as indicated in a previous section, in the context of the different duties levied on exports.

Paraguay is a member of international associations concerned with marketing the following commodities: coffee, sugar and rice.

As far as measures to exert appropriate control over the marketing of exported products are concerned, these measures are of a fiscal nature, in line with the prevailing "free enterprise" economic system.

PERU

The market deficit trend that has been evident in Peru's trade balance in recent years has gradually lessened since 1976. In 1977, although the deficit continued, it amounted to only \$390 million, and in 1978 there was a surplus of \$200 million. In the next few years, it is expected that the positive trend in the trade balance will continue.

Export earnings are of the greatest importance to Peru. In 1978, exports generated 15 per cent of the gross domestic product, and 80 per cent of total exports were accounted for by traditional products (mainly raw materials). In the past, products consisting entirely of raw materials accounted for the bulk of foreign exchange earnings.

From 1970, exports of so-called non-traditional products started to play a growing role. These products include all those which do not constitute the basis of Peruvian exports - for example, manufactured products or raw materials which have undergone some degree of processing. This category has come to play a regular and substantial part in the country's overall exports.

In 1978, non-traditional exports increased by more than 50 per cent by comparison with the preceding year owing to the efforts of exporters and promotion activities. The value of these exports - \$383 million - accounted for 20 per cent of total foreign exchange earnings from exports in 1978, and they have been increasing their share in total exports since 1975. None the less, it should be pointed out that some raw materials having undergone a minimum of processing are included under non-traditional products. There are other non-traditional products which arise exclusively in the administrative sphere of the industrial sector. In 1978, the latter accounted for 11 per cent of the country's total exports.

Peru (cont'd)

There are several State enterprises which market the most important traditional export products, e.g. Inero Perú Commercial (INPECO), which accounts for an important share of exports of ores and refined metals. In addition, there is the Peruvian enterprise for the marketing of fish meal and oil (PEMOP), which is responsible for exporting not only fish meal and oil, but also cotton.

There exists legislation aimed at promoting the export of non-traditional products through the system for basic compensatory tax reimbursement on the products included in the qualifying list of non-traditional export products. At the end of 1978, the Law on the Promotion of Non-traditional Exports was promulgated.

Under government policy, the structure of exports and imports must be such as to guarantee a supply of mass consumer goods and to generate maximum profits for the financing of national development. In this context, foreign trade policy is oriented towards the maximum utilization of export potential in respect of traditional and non-traditional products; promotion of the establishment and stimulation of the activities of agencies to defend the prices of basic commodities; encouragement of the development of a system of infrastructure (physical and services for marketing abroad; strengthening of the country's negotiating capacity through the action of all national sectors and agencies, with the joint participation of all producing countries or through block negotiations, as in the Incan Group.

The first steps have already been taken towards furthering these goals through promulgation of the above-mentioned Law on the Promotion of Non-traditional Exports, eliminating uncertainty regarding investment in export-oriented production activities.

It must be pointed out that the system for the promotion of non-traditional exports is by no means looked upon as the sole solution to the country's difficulties, but rather as a useful contribution to economic recovery.

Peru is a member of the Inter-governmental Council for Copper Exporting Countries (CIPPEC). At the Latin American level, it is a member of the Group of Latin American and Caribbean Sugar Exporting Countries (GULACCA). It also participates in the International Coffee Organization (ICO). Furthermore, Peru is seeking better negotiating machinery for raw material exports through its action in various relevant international forums.

Peru (cont'd)

SHARE OF GDP ACCOUNTED FOR BY EXPORTS  
(millions of soles, 1970)

	Real GDP (a)	Value of exports (b)	Percentage b/a
1970	240,666	48,374	20.1
1975	314,029	37,171	11.8
1976	323,554	37,374	11.6
1977	319,729	42,340	13.2
1978	313,368	47,369	15.1

Source: ECR - INP

Preparations: Sectoral Planning Office - IND

PERUVIAN EXPORTS  
(millions of US dollars)

	Value of exports, f.o.b. (a)	Non- traditional products (b)	Industrial sector products (c)	Percentage	
				b/a	c/a
1970	1,049.7	34.2		3.3	-
1975	1,270.7	107.5	65.7	8.5	5.2
1976	1,359.3	136.7	91.4	10.1	6.7
1977	1,725.6	237.9	165.6	13.8	9.6
1978	1,879.9	332.8	207.3	20.2	10.9

Source: ECR and Secretariat for Commerce

Preparations: Sectoral Planning Office - IND

REPUBLIC OF KOREA

Because of the scarcity of natural resources and smallness of the domestic market, industrialization in Korea has been pursued through an outward-looking policy with emphasis placed on the export of manufactured products. As a result, the country's exports recorded a remarkable annual increase rate of 42 per cent in value and 36 per cent in volume during the period between 1962 and 1977, well above that of 27 per cent in import value and 21 per cent in import volume for the same period. In 1961 export value has been only about U.S. \$41 million but it reached U.S. \$1.1 billion in 1971, and so rated to U.S. \$10 billion by 1977, 245 times the exports for 1961. As a consequence, Korea's share in total world exports rose from a meager 0.03 per cent in 1961 to 0.87 per cent in 1977. The share of manufactured goods rose to 87 per cent of total exports by 1977 from a low of 30 per cent in 1961. Light industry manufactured goods products, which accounted for the lion's share of exports in the early 1960s, dropped while the share of heavy and chemical industry products increased rapidly in the 1970s until it reached around 33 per cent of exports in 1977. Export markets have also been expanded to embrace 133 countries in 1977 from 33 countries in 1961, and shares of exports to the EEC and Middle East countries have gradually risen while those to the United States and Japan have been decreasing, a testimonial to the diversification of export markets throughout the world.

Growth Rates of Foreign Trade

(in per cent)

	1962-66	1967-71	1972-76	1962-77	1977
Exports, value <sup>1/</sup>	43.9	33.8	50.9	42.1	30.2
volume	42.4	35.3	34.1	36.2	19.9
Imports, value <sup>1/</sup>	21.5	23.0	32.4	27.0	23.2
volume	22.6	27.0	13.6	21.2	23.3

Notes: 1/ On customs clearance basis



Republic of Korea (cont'd)

Composition of Exports and Imports by Commodity Group<sup>1/</sup>

	In per cent				
	1961 (1)	1965	1971	1977 (2)	%
Exports (in U.S. \$ million)	41	250	1,053	10,047	245.0
Manufactured goods	29.3	61.3	37.0	37.2	-
Others	70.2	38.2	13.0	12.3	-
Imports (in U.S. \$ million)	316	716	2,394	10,311	34.2
Capital goods	22.4	31.3	33.7	32.3	-
Raw materials	55.2	54.6	42.9	55.2	-
Consumer goods	22.4	14.0	23.4	12.5	-

Notes: <sup>1/</sup> on customs clearance basis

Along with the growth in exports, imports also increased tremendously from U.S. \$316 million in 1961 to U.S. \$10.3 billion in 1977. Korean imports consist mainly of machinery, raw material; chemicals, fuels and foodgrains while manufactured consumer goods account for only a very small portion of total imports. Imports of capital goods including machinery registered the biggest increase during the period while imports of raw materials, including fuels, also increased greatly.

The balance of payments improved notably during the earlier years of the 1960s but during the latter part the trade balance deficit widened in tandem with the expansion of trade volume. In the early 1970s, however, the trade balance showed a remarkable improvement thanks to a dramatic spurt in exports. In particular, during 1973 the current account deficit was reduced to a mere 309 million dollars, with every indication that both the trade and current balances would reverse to surplus thereafter.

The energy crisis in late 1973 and concomitant worldwide inflation, however, changed the situation suddenly. A 56 per cent hike in import prices caused the trade balance deficit in 1974 to soar to U.S. \$1.9 billion despite the impressive 33 per cent gain in export value. The huge deficit continued in 1975 though it declined somewhat to U.S. \$1.7 billion thanks to stagnant imports and a dip in their prices. In accordance with the gradual recovery of the world economy from the latter half of 1975, however, the trade balance began to show a marked improvement and recorded a deficit of only U.S. \$0.6 billion in 1976 and U.S. \$0.4 billion in 1977, respectively.

The invisible trade balance continued to show a surplus every year until 1973 although the amount of the surplus was on the decrease from 1970, and helped in part to offset the trade balance deficit, particularly between 1966 and 1969. From 1974, however, the invisible trade balance recorded a considerable deficit owing

Republic of Korea (cont'd)

to ever-increasing interest payments on induced foreign capital, though the situation has recently reversed thanks to receipts from overseas construction services. In 1977 the invisible trade balance recorded a U.S. \$231 million surplus, thus contributing to the recovery of external equilibrium.

From the early 1970s, and especially in 1974 and 1975, Korea's terms of trade deteriorated due largely to price hikes for imported raw materials and the inflexible import structure. This in turn resulted in a widening balance of payments deficit and a lessening export competitiveness accompanied by declining exporters' gains. Since 1976, however, import price stability has gradually improved the situation.

ROMANIA

In view of the important role played by international trade as a factor in accelerating economic development, Romania favours and is pressing for the elimination of artificial barriers in order to ensure equitable conditions for trade that can benefit all States and can ensure special, and more favourable, treatment for developing countries.

Romania attaches special importance to the regulation of international trade in raw materials and advocates the elimination of price fluctuations, with a view to ensuring the stability of markets and supplies. Romania has therefore supported, and continues to support, the establishment of the Integrated Programme for Commodities and the Common Fund for Commodities under the Programme, adopted at UNCTAD IV, as an instrument for the establishment on a new foundation of trade in such commodities, in the interests of both exporters and importers.

With regard to Romanian exports of raw materials Romania is concerned to achieve the maximum processing of its own resources, including its raw materials. The value of exports of these materials is small and is steadily declining. Romania is above all an importer of raw materials.

RWANDA

Despite its efforts to diversify access routes, Rwanda still suffers severely from being a land-locked country. The statistics for the Plan show that during 1977 the trade deficit increased to around 2,039.9 million Rwandese francs. The bulk of exports, the value of which totalled 3,529.8 million Rwandese francs during the year in question, consisted of products of vegetable origin (90 per cent).

Rwanda (cont'd)

The Government has taken significant steps to control Rwandese exports: agricultural exports are controlled by the Industrial Crop Board of Rwanda (OCIR), while mining products are exported by a mixed economy company called SOMIRWA (Rwandese Mining Company).

Rwanda is a member of IOO (International Coffee Organization) and is continuing discussions with a view to the ratification of the agreement for the establishment of an international organization for the promotion of tea. Rwanda also participates in the meetings of UNCTAD's Committees on Tungsten and Tin.

SAUDI ARABIA

The Government is fully aware of the menace of international inflation. So its international trade policy depicts equitable relationship between exports and imports. The raw materials for exports consist of oil being produced in the country. The magnitude and significance of oil in Saudi Arabian economy can be judged from annual oil income of thirty billion dollars. Thus exports of oil not only play a vital role in the economy but also provide a lever to adjust suitably international price mechanism.

In view of the growing international inflation and its economic consequences for the world economy, Saudi Arabia has designed a balanced policy of dual control over the overseas marketing of oil. The dual control is exerted by means of production ceiling and price freeze, which are in the best interest of both the developed and developing countries. In other words, such a policy not only improves the terms of trade but also keeps the export prices stabilized. This, in turn, helps to curb/check the international inflationary trends.

Saudi Arabia is a member country of oil producers association called OPEC, which is responsible to strengthen the collective bargaining position and to negotiate strongly for better terms to all.

SIERRA LEONE

The following data related to the year 1975 presents the picture of Sierra Leone's export performance.

	Millions of <u>Le</u>	In % of <u>total export</u>
Total export earnings	125.26	100
Diamonds	76.69	60
Iron ore	13.19	11
Bauxite	4.32	3
Agricultural Products	28.71	24
Other miscellaneous items	2.35	2

Sierra Leone (cont'd)

Since 1975 the export of iron ore has dropped and as a consequence to that the contributions made by agricultural produce in the total earnings has gone up. But diamonds continue to occupy the top position in the list of items exported. The following table reflects the composition of agricultural produce exported in 1975.

	In millions <u>Le</u>	<u>In % of total</u>
Total export earnings from agricultural produce	28.71	100
Cocoa Beans	8.81	30
Coffee	7.71	25
Palm Kernel	4.66	16
Palm Kernel Oil	3.29	12
Palm Kernel Cake	0.79	
Piassava Fisher	0.78	
Kola Nuts	0.31	9
Ginger	0.24	
Bees Wax	0.53	
Other Items	2.19	8

Sierra Leone has a statutory autonomous agency called Agriculture Produce Marketing Board for promoting and undertaking the export of agricultural produce. In the case of diamonds, Diminco and six other enterprises are licenced to export diamonds. Bauxite is exported by the Swiss enterprise which holds concession for the exploitation of bauxite deposits in Sierra Leone. The Government has taken certain definite measures including reduction of export concession to control the smuggling of diamonds. Sierra Leone is a member of the African Coffee Growers Association.

SINGAPORE

The significance of exports of raw materials on the Singapore economy stems largely from their important role in entrepôt trade, since the country produces a negligible amount of these commodities. In 1977, re-exports of raw materials totalled S\$2,450 billion or 31.7% of total re-exports. Domestic exports of this item (S\$170 million) accounted for only 5.8% of total domestic exports. No measures are designed to exert appropriate control over the marketing of exported products. - Singapore is a member of the Association of Natural Rubber Producing Countries.

SOMALIA

Somalia is an exporter of livestock on hoof and banana. The former forms 66% and the latter 18% of its total foreign exchange earnings. These two items therefore play a most crucial role in the economy of the country. The only other items of significance are hides and skins. Somalia has established specialised agencies in the public sector (Live Stock Development Agency, Banana Board, and Hides and Skins Agency) to organise and boost the export of these items.

### SUDAN

Exports are composed almost entirely of agricultural products. Cotton, oil seeds, gum-arabic, hides and skins are the main items exported. The development of the agricultural sector and agro-based industries is the corner-stone of the current six-year plan. Hence, it is strongly believed that a significant share of exports will be in the form of processed agricultural goods, following a successful implementation of the plans projects.

The Government actively regulates the marketing of export goods through specific institutions and practices. Cotton is exported through the cotton marketing board, which has developed strong links with buyers and gained valuable experience in the cotton international market. Gum-arabic and oil seeds, the two other major export items, are exported by public concession companies. Other commodities are exported through export merchants, who have to satisfy the Ministry of Trade in terms of prices and conditions of payment.

Sudan is a member of the African Ground-nuts Council and is currently negotiating with other countries an agreement for establishing an African Council for oil seeds producers.

### SWAZILAND

Swaziland is dependent on the export of raw materials and semi-raw materials e.g. asbestos to the U.S., Uganda, Nigeria, Saudi Arabia, Republic of Singapore, Kenya, etc; iron ore to Japan; wool pulp to Far Eastern and to Latin American countries. Semi-raw material like sugar goes to Canada, U.S.A. and U.K. The other raw material, cotton and her seeds all goes to South Africa.

There are no measures at the moment designed to exert appropriate control over the marketing of exported products. Swaziland is not a member of any association or group of producers of raw materials.

### THAILAND

There are many leading raw materials to be exported from Thailand annually, like rice, maize, tapioca, rubber, tin, sugar, seafood, pineapple (fresh and canned), livestock, fresh fruits and etc.

The first four items of exported materials make the highest income to the country. At present Thailand ranks number one in exporting rice, maize and tapioca in this region.

During the course of the year 1977 the export volume of rice, rubber, maize tapioca were 2,366,639 metric ton, 399,104 metric ton, 1,541,940 metric ton and 3,966,125 metric ton respectively. These products make this country's income amounting 13,395 million baht, 6,126 million baht, 3,346 million baht and 7,700 million baht respectively which are increased from the preceding year.

Thailand (cont'd)

However, this inclination may be set back in 1973 due to heavy flood in many agricultural areas. More than 150,000 acres of farmland had been affected from the inundation resulting large damages to such major crops as rice, maize, kenaf and etc.

The Government of Thailand has spent a lot of emergency fund to aid those flood victim farmers in order to help starting a new plantation season or cropping the substitutes.

The measurement to exert appropriate control over the marketing of exported products is the responsibility of the Ministry of Commerce, the Ministry of Industry and Board of Trade of Thailand.

The Thai Industrial Standards Institute under the Ministry of Industry is responsible for inspecting and issuing the certificate to such industrial products that qualify the international standardization. Thus exported products must comply with rules and regulations provided by this office.

Meanwhile the Ministry of Commerce and the Board of Trade will negotiate with foreign countries to obtain more quota in exporting such products from this country.

Thailand is a member of the following associations: Association of Natural Rubber Producing countries (ANRPC); International Sugar Agreement (ISA); International Tin Council (ITC).

TOGO

International trade (1977)

Principal raw material exports	Quantity in tonnes	Value in millions of C.F. francs
Cocoa	44,806	4,148
Coffee	9,703	3,985
Palm kernels	6,468	212
Cotton fibre	2,903	726
Cotton-seed	3,084	64
Phosphates	1,832,279	13,043

Raw material export earnings account for practically all the country's export income. The national marketing agencies set up for the principal export products - namely, the Togolese Phosphates Board (OTP) and the Togolese Agricultural Produce Board (OPAT) -

Togo (cont'd)

have the task of controlling the export marketing of raw materials. Togo is a member of the World Phosphate Rock Institute and of the Association of Coffee and Cocoa Producers.

TUNISIA

The breakdown of exports of raw materials and semi-finished goods for 1977 is as follows:

	Volume (1970 = 100)	Value (in millions of dinars)
Food	114.7	57.3
Energy	121.4	166.7
Products of animal or vegetable origin	67.3	10.8
Products of mineral origin	77.1	24.3
Other semi-finished products	126.0	51.3
	<hr/>	<hr/>
	Total	310.4

These also represent 73.6 per cent of the total value of commodity exports, and 42.1 per cent of exports of goods and services.

Quality control is carried out by a public body under the supervision of the Ministry of Commerce - the Tunisian Trade Board (Office du commerce de la Tunisie). This control applies essentially to agro-food products and craft articles. It is carried out by means of sampling with the object of ensuring the application of standards.

The establishment of technical committees for standardization will improve the definition and expand the application of standards. The Central Bank controls prices of certain products of animal or vegetable origin.

Tunisia is a member of the following producers' associations: International Olive Oil Council; International Vine and Wine Office.

TURKEY

Turkey will follow policies that supports measures for the readjustment of international trade, monetary arrangements and lending facilities in favour of the developing countries. Turkey believes that the activities of multinationals should be controlled in line with national interests. Transfer of technology to developing countries will take an important place in Turkey's policies.

UNITED ARAB EMIRATES

The only exported product is Crude Oil, which constitutes around 98% of the total exports. The United Arab Emirates is a member of OPEC and Arab League organizations.

UNITED REPUBLIC OF CAMEROON

In 1977, exports of raw materials represented about 33.3 per cent in volume and about 77 per cent in value of Cameroon's total exports, or, in absolute figures, more than 850,000 tonnes of a total of 966,500 tonnes exported and more than 133.5 billion CFA francs of a total of 172,350 million CFA francs of export receipts.

In order to exercise appropriate control over the marketing of certain primary commodities (cocoa, coffee, cotton, etc.) the Cameroonian Government has established a Commodities Marketing Bureau. In time, this Bureau is to have a monopoly of the marketing of these products.

Cameroon is a full member of: the International Coffee Organization; the International Sugar Organization; the Cocoa Producers' Alliance; the Organization of Timber-Exporting Countries; the International Cotton Advisory Committee. It is a member, with observer status, of ECOC's intergovernmental group for the negotiation of an intergovernmental agreement on bananas and textile fibres (jute).

UNITED REPUBLIC OF TANZANIA

Tanzania's international trade is dominated by agricultural exports. For example, in 1976, contribution by agricultural sector to total export earnings was 74.6% (as per 1976 export figures calculations). Some of the major agricultural exports for 1977 included (in order of importance):-

<u>Crop</u>	<u>Export earnings in shillings (mill.)</u>
Coffee	1,356.0
Cotton	579.5
Sisal	351.0
Cashewnuts	273
Tobacco	252.7
Tea	177.8

Under the long term industrial development plan, the above trend is expected to change because the establishment of resource based industries as envisaged in the plan would mean the use of most of the above agricultural commodities domestically. For example, at the end of the current development plan, 60% of raw cotton is expected to be utilized domestically. Besides this, there are plans to process all the available raw materials as far as possible before



United Republic of Tanzania (cont'd)

they find their way into foreign markets. These measures are for the purpose of stabilizing export earnings through increased manufactured goods and processed raw materials.

Measures designed to exert appropriate control over the marketing of exports are generally being undertaken in collaboration with other Third World countries at international level, e.g. the Group of 77. Poor Third World countries have found new strength by collectively bargaining for their fair share in international trade which is at the moment being controlled by the developed industrial countries. Tanzania participates fully at such international gatherings. Meantime she is an active member of sisal and coffee international organizations. Also there exists some co-ordination between Mozambique and Tanzania on the marketing of cashewnuts.

URUGUAY

The circumstances which have surrounded international trade since the oil crisis of 1973-1974 have greatly affected the pattern of Uruguay's export trade. In addition to the rise in the price of oil, the country had to cope with the closing of the EEC market to its main export product - beef. The decline in world demand caused by that decision led to a fall in the prices of meat products and made it necessary to increase exports of other products, mainly non-traditional manufactures.

Five years later, in 1978, it is apparent that the effort to increase exports of non-traditional manufactures has not only offset the fall in value, and in some cases in volume, of the country's traditional exports, namely meat and, to a lesser extent, wool; it has also resulted in total export sales figures substantially higher than in the years prior to 1973.

Uruguayan exports  
In millions of current dollars

<u>Year</u>	<u>Total</u>	<u>Traditional</u>	<u>Non-traditional</u>
1970	233	174	58
1971	206	147	58
1972	214	163	51
1973	322	236	86
1974	332	238	144
1975	384	194	190
1976	546	251	296
1977	607	262	346
1978	660		

As far as raw materials are concerned, the country is a traditional exporter of wool. Even though exports of this product have been maintained in absolute terms, the relative share of wool in total exports has been declining.

Uruguay (cont'd)

The price index of export products fell sharply from 1974 to 1976; there was, however, a recovery in 1977, and in 1978 the index reached its highest point for the period covered.

Price Index  
Export Products

1970	100.0
1971	96.7
1972	131.9
1973	205.3
1974	177.6
1975	179.9
1976	164.0
1977	205.4

VENEZUELA

As a developing country whose progress has largely depended on the export of raw materials, Venezuela has given primary importance to this area. There are several reasons for the importance of raw material exports for the country, among the most compelling being the need for a source of foreign exchange to meet the internal requirements and promote the social and cultural development of the country. The Venezuelan economy is highly dependent on the export of a single product - petroleum - which accounts for approximately 95 per cent of its export revenue. The remaining 5 per cent is obtained from exports of minerals such as iron, and agricultural products including coffee, cocoa, etc.

At the international level, Venezuela supports the Integrated Commodity Programme, which is designed, *inter alia*, "to improve marketing, distribution and transport systems for commodity exports of developing countries, including an increase in their participation in these activities and their earnings from them" (UNCTAD resolution 93 (IV)). In addition, Venezuela supports the set of interrelated and mutually supporting measures for expansion and diversification of exports of manufactures and semi-manufactures of developing countries (resolution 96 (IV)).

It is worth noting that at the national level no set of specific measures exists at the present time to govern the marketing of the non-traditional products exported by the country. The relative value of these products in terms of the total volume of exports during 1977 as well as the unfavourable shifts that have occurred in their composition have clearly revealed the urgent need to diversify the structure of Venezuelan exports.

Meanwhile, five different types of control over international trade in the products exported remain in effect. The correlation between these and the marketing of the products involved has not yet been quantified.

The control system in question are the following:

- (a) Non-traditional exports promoted through foreign trade legislation and regulations and controlled on the basis of the export manifests issued by the Ministry of Finance.
- (b) The system of prior export licences in line with the policy of protecting the domestic market. This system, administered by the International Trade Division of the Ministry of Development, has been primarily an administrative instrument. It should be noted, however, that in a 1976 directive the Ministry of Development exempted exports to the Netherlands Antilles from the system since this market, in accordance with a presidential decision, was regarded as an extension of the Venezuelan market.
- (c) Venezuelan exports under the Generalized System of Preferences, through the issue of certificates of origin for these products by the Sectoral Office for Trade of the Ministry of Development.
- (d) Monitoring by the Ministry of Development and the Ministry of Agriculture and Stock-Raising of the special programme for the export of tomatoes, onions and peppers to Europe (this programme applies exclusively to special sowings aimed at producing these products for export to the European continent).
- (e) Certificates of origin from the Chamber of Commerce and the Venezuelan Association of Exporters for products to be exported to the LAFET countries.

The marketing of craft products is attaining significant levels; this has become a steadily growing sector under the general heading of non-traditional exports in the Andean countries. Under the provisions of the Cartagena Agreement, the majority of craft products benefit from the internal tariff elimination process under the Liberalization Programme.

Together, coffee and cocoa represented Venezuela's principal export items until oil took over first place. One of the major difficulties faced by coffee-growers is the unstable price situation on the international market. There has been some improvement in this situation as a result of the creation of such price stabilization instruments as the International Coffee Agreement.

Venezuela (cont'd)

Moreover, in 1977 the National Coffee Fund, working through the producers' associations, intervened in the sale of the 1976/77 harvest, which was damaged by bad weather during the last half of 1976 and was the lowest in recent years, production being down 40 per cent (from 63,325 tonnes for the 1975/76 harvest to 30,096 tonnes for 1976/77). A similar situation was observed in the other coffee-producing countries of America, Africa and Asia, causing a drop in the world-wide harvest which resulted in limited international supplies and considerably higher prices in foreign markets.

This situation created serious problems in the Venezuelan domestic market when coffee-growers pressed for their limited harvest to be sold on the international market in order to take advantage of the higher prices. Faced with this situation, the Government, in order to cover at least a portion of domestic demand and also to meet foreign commitments in part, decided that 70 per cent of production should go to the internal market and the remaining 30 per cent to the export market.

As regards the financing of production and the marketing of the harvest, banking pool funds were doubled to 280 million bolivars to meet the credit needs of the growers for annual deliveries. During the 1976/77 coffee-growing year, such loans were granted to a value of 31.3 million bolivars through producers' undertakings, while loans worth 159.6 million bolivars were granted for the marketing of the harvest.

During the year under review cocoa prices on the international market reached the highest levels in the history of this product, with lots bringing more than \$250 for 50 kg and the average price reaching \$190 (850 bolivars) for 50 kg, so that the producer was receiving an average of 700 bolivars per fanaga (approximately 55 litres).

It should also be noted that, under Decree No. 2203 of 21 June 1977, minimum prices for cacao to be paid to producers were adjusted according to the quality of the product. The same decree also provides that the marketing of cacao beans on the international and domestic market will be under the control of the National Cocoa Fund.

The International Relations Unit of the Ministry of Agriculture and Stock-Raising has been given responsibility for ensuring compliance with the commitments undertaken by Venezuela under Decision 93 of the Commission of the Cartagena Agreement, which is concerned with marketing in this area.

Regarding the international marketing of petroleum, the country's principal export product, it should be noted that since January 1976 one of the main objectives of Petróleos de Venezuela has been the vigorous promotion of foreign oil sales in pursuit of the targets set by the Government for export volume and the attraction of new customers for Venezuelan petroleum during 1976/77.

Venezuela (cont'd)

In general, Petróleos de Venezuela's sales policy has been directed towards retaining a stable and remunerative market and preserving Venezuela's excellent image and international reputation as a reliable and dependable oil-supplying country. This has been possible because of efficient management by the affiliated companies assigned responsibility for international marketing by the parent organization in Venezuela.

In 1977, petroleum exports, consisting of two-thirds crude and one-third derivatives, were marketed in more than 90 per cent of the western hemisphere. The United States continues to be the principal market, followed by the Caribbean area and Central and South America. The Venezuelan petroleum industry has also placed particular emphasis on direct sales to new end-consumer customers, whereby the use of middlemen is minimized as far as possible within desirable limits. Similarly, continued attention has been given to the modality of negotiations between States, and a number of agreements of this nature have been concluded. Sales to new customers, State or private, accounted for 20 per cent of the exports of Petróleos de Venezuela. Of the total export volume in 1977 (2,019,023 barrels a day, including crude, liquid gas products and refined products), some 507,000 barrels a day were sold to more than 50 non-traditional customers, including 103,000 barrels a day purchased by State petroleum enterprises.

In addition, 11 new sales contracts were signed in 1977 for heavy and extra-heavy crude for a total of 60,000 barrels a day. As a result, crude of this type accounted for 34 per cent of total crude exports as opposed to 28 per cent in 1976, thus satisfying one of the marketing policy guidelines laid down by the Ministry of Energy and Mines. Discussions took place with the United Kingdom on the feasibility of a petroleum exchange arrangement whereby Venezuela would deliver heavy oil in exchange for light oil from the British North Sea deposits. It will be recalled that light oil is the type required by the petrochemical industry (Report and Statement of Accounts, Ministry of Energy and Mines, 1977).

In the pricing sector, crude export prices rose with effect from 1 January 1977 in line with the decision adopted by the Organization of Petroleum Exporting Countries at its December 1976 conference at Doha, Qatar. Subsequently, following the OPEC conference held at Stockholm in the middle of the year, the ten per cent increase for crude was maintained for all of 1977, in line with the agreement reached among the majority of the organization's members. In December 1977, at Caraballeda, OPEC decided to maintain the existing price level unchanged. The year 1977 saw a continuation of the practice of setting minimum export sales prices for crude and refined products on a three-month basis. Minimum prices for residual fuels have been set on a monthly basis since October 1976 in order to make it possible to react quickly to developments in the fuel market, since fuels constitute Venezuela's principal refined export product. Despite the

Venezuela (cont'd)

reduction in export volume, thanks to the optimization of prices brought about by Petróleos de Venezuela there was a six per cent increase in income from export sales in 1977 over the previous year, producing a total of more than 39 million bolivars.

Until quite recently, iron ore exports did not reflect any kind of clear-cut policy. This can be seen in the significant fluctuations in the export of this product, caused mainly by market and price factors (the declines of 9 and 13 per cent recorded in 1971 and 1972 were in response to unstable production levels and the contraction of the external market due to the decline in steel output). On the basis of the Venezuelan Government's decision to nationalize the steel industry, it is logical that the ore quantities going to export and the quantities going to the domestic iron and steel industry should be the subject of a careful analysis in which the determining criteria are the national interest and medium- and long-term international market requirements.

The Co-ordinating Commission for Iron Conservation and Trading is the body with responsibility for studying the iron ore trade regulations and devising a conservation policy geared to the national interest. The Commission is charged with advising the Ministry of Energy and Mines particularly with regard to: (a) overall five-year plans and the annual programmes which the iron ore extraction enterprises have to submit to this Ministry in accordance with the provisions of resolution No. 1587 of 15 July 1976; (b) the fixing of export values. In 1977 the Commission prepared an analysis of the world and national market situation for iron ore and steel and reviewed the first five-year plan for the iron industry.

It should be mentioned that in 1978 proposals were considered from a number of international firms for joint ventures with the Government for the extraction, industrial processing and marketing of complex ores from Bailadores in the State of Mérida.

Venezuela is a member of a number of associations of raw material producers, namely: Organization of Petroleum Exporting Countries (OPEC), Group of Latin American and Caribbean Sugar-Exporting Countries (GEPLACSA); Association of Iron-Ore Exporting Countries (AIEC). Also participates as observer in the International Bauxite Association (IBA) and the Cocoa Producers' Alliance. In addition, the country is playing an active role in the establishment of the Council of Associations of Raw-Material Exporting Countries.

As a logical consequence of its foreign policy, Venezuela has encouraged the adoption of steps designed to protect the prices of raw materials and has worked to consolidate and strengthen existing machinery. It has also given its support to the establishment of new associations.

YUGOSLAVIA

At the moment the country exports a fraction of the imports i.e. 30 per cent. There is no commodity worthy of mention except salt, hides and skins, etc.

YUGOSLAVIA

Yugoslavia processes most of its raw materials in its own base or processing capacities and exports only about 30 per cent of raw materials and semi-finished products.

In million dinars

	<u>1975</u> amount of structures in %		<u>1976</u> amount of structures in %		<u>1977</u> amount of structures in %	
Total exports	73,317	100.0	89,025	100.0	95,890	100.0
Process material and intermediate products 1/	39,360	53.0	47,243	53.1	48,639	50.7
Raw materials and semi- finished products	25,515	34.4	29,479	33.1	28,045	29.2
Means of work	12,676	17.0	15,077	16.9	19,714	20.6
Consumer goods	22,281	30.0	26,705	30.0	27,535	28.7

The export of commodities is free and is carried out through foreign trade organizations or major production organizations. Yugoslavia is a member of the Intergovernmental Council of Copper Exporting Countries, the International Sauxite Association, the International Tin Council, the International Lead and Zinc Study Group, the International Sugar Organization and the International Olive Oil Council.

1/ Process material and intermediate products includes: raw materials and semi-finished products, fuel and finished products for reproduction.

ZAIRE

The significance of exports of raw materials can be seen from the tables below:

COPPER

YEAR	QUANTITY (tonnes)	VALUE (thousands of Belgian francs)	VALUE (thousands of zaires)
1974	461,815	37,121,279	460,768
1975	432,201	19,357,974	267,789
1976	319,800	17,031,535	388,036
1977	457,301	21,791,805	521,063

COBALT

YEAR	QUANTITY (tonnes)	VALUE (thousands of Belgian francs)	VALUE (thousands of zaires)
1974	16,283	5,066,736	62,891
1975	8,243	2,985,333	41,298
1976	13,410	5,570,774	127,036
1977	14,228	6,496,705	155,343

ZINC

YEAR	QUANTITY (k)	VALUE (thousands of Belgian francs)	VALUE (thousands of zaires)
1974	49,324,164	1,559,586	19,358
1975	27,999,725	372,265	12,066
1976	41,096,766	1,200,927	27,386
1977	63,908,701	1,748,215	41,802

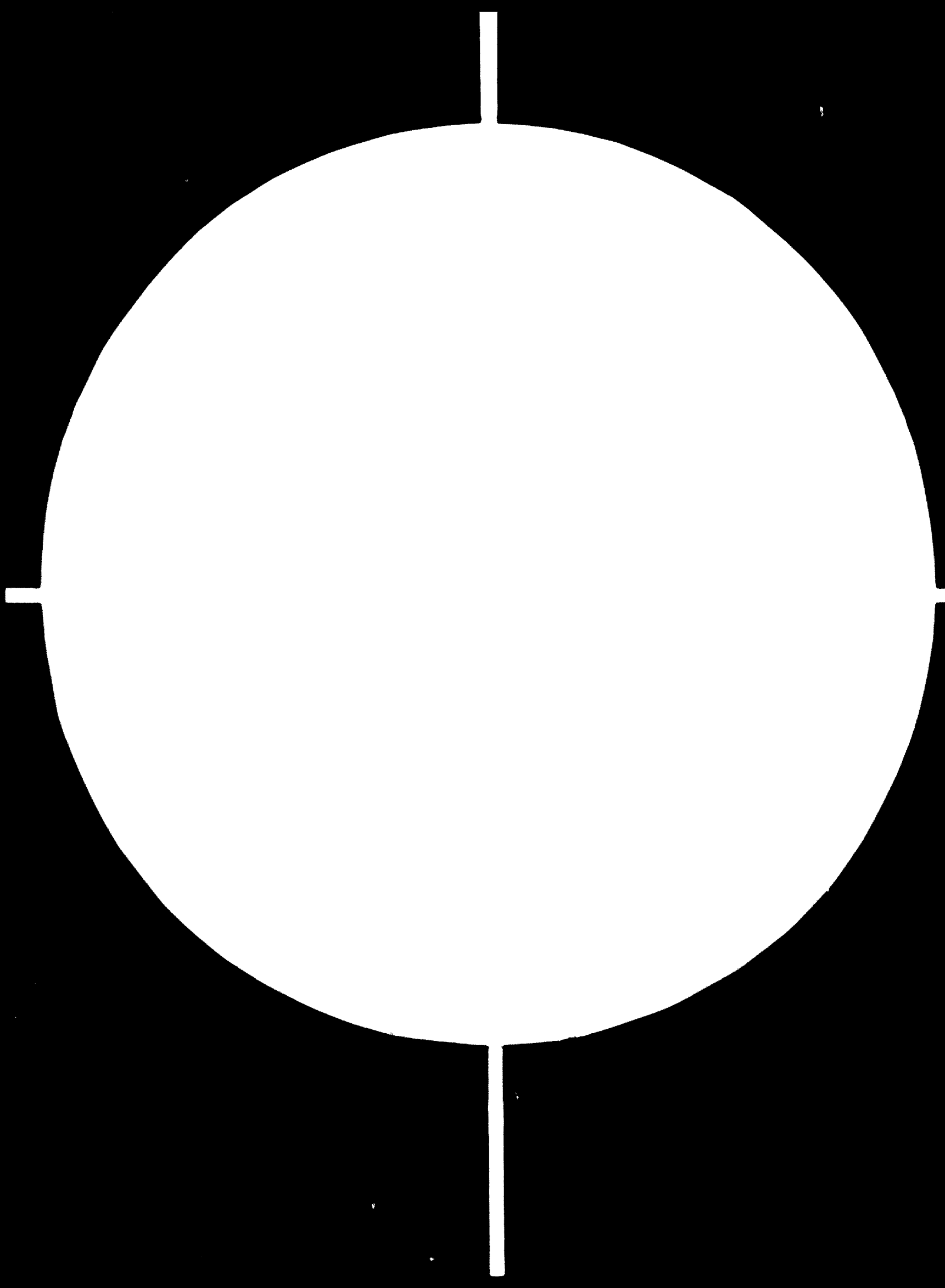
Note: 100 Belgian francs = 1.24125 zaires (1974)  
 = 1.38335 zaires (1975)  
 = 2.2804 zaires (1976)  
 = 2.3911 zaires (1977)



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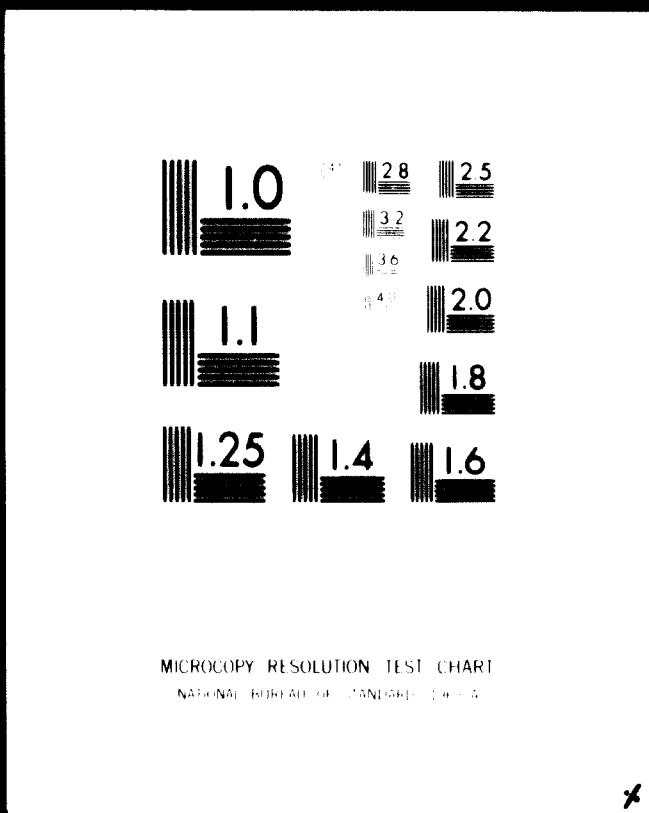


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Zaire (cont'd)

OTHER MINERAL PRODUCTS

(FOB values, in thousands of zaires)

PRODUCTS	1974	1975	1976	1977 <sup>1/</sup>
Tin	1,693	5,947	2,936	3,400
Diamonds	31,257	30,635	47,429	53,300
Silver	3,797	3,117	5,911	6,000
Gold	7,946	6,634	7,747	5,300
Cassiterite	10,855	7,819	16,701	20,000
Manganese	2,820	1,041	20,981	17,000

<sup>1/</sup> Estimate based on earnings in the first nine months of the year

UNROASTED COFFEE

YEAR	QUANTITY (tonnes)	VALUE (thousands of dollars)	VALUE (thousands of zaires)
1975	51,915	47,901	23,951
1976	85,096	10,184	61,076
1977	80,674	190,570	164,574
1978 <sup>1/</sup>	71,247	184,040	158,931

<sup>1/</sup> The coffee-growing season begins on 1 October of one year and ends on 30 September of the following year.

The following bodies control exports: the Customs Directorate; OZAC - Zairian Control Office; SOZICOM - Zairian Company for the Marketing of Mineral Products; ONC - National Coffee Office; and BZ - Bank of Zaire (the national bank, which controls and repatriates currency).

Associations or groups of producers of raw materials of which Zaire is a member are the following: ACP/EAC - Association of African, Pacific and Caribbean countries and the European Economic Community (Brussels); CIPEC - Intergovernmental Council of Copper-Exporting Countries, with headquarters in Paris; IACO - Inter-African Coffee Organization, with headquarters at Abidjan (Ivory Coast); ICO - International Coffee Organization, with headquarters in London; and AWO - African Wood Organization, with headquarters at Libreville (Gabon).

### VIII. ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

In the Lima Declaration and Plan of Action importance is attached to technical economic co-operation among developing countries as being conducive to collective self-reliance. These countries are called upon to share their experience in industrial development, specialization and integration, to establish common bargaining policies and, in particular, to support the least developed among them. (Paras. 4) and 50)

Governments are invited to supply information on the issues mentioned above, including such topics as:

Arrangements for technical and economic co-operation with other developing countries, including regional and sub-regional integration schemes;

The extent of trade in manufactures with other developing countries at present and projected for the future;

Joint ventures and industrial projects involving the financial or technical participation of other developing countries.

#### AFGHANISTAN

The Government of the Democratic Republic of Afghanistan is fully committed to the concept of economic and technical co-operation among developing countries. This country took active part in the deliberations of the ECDC Conference held at Buenos Aires; and is pursuing the decisions taken in that Conference through regional meetings such as ESCAP.

Afghanistan is one among the least developed countries. The country's trade in manufactures is insignificant; yet efforts are being made to increase the share of other developing countries in this trade and to support joint ventures and industrial projects in co-operation with other developing countries in this trade. One of the problems faced in this connexion is that the country is land-locked and therefore most of its trade is with developed countries of Europe. This situation can be eased and it may be possible to expand the country's trade with other neighbouring developing countries of South Asia, after the land route through East is opened.

#### BANGLADESH

Bangladesh has been putting constant effort for working out arrangements for economic and technical co-operation with other developing countries. However, no significant progress has so far been possible excepting some small and medium scale joint venture in the private sector and some technical assistance in the form of training. Trade in manufacture with developing countries is also significant.

BOLIVIA

Bolivia is a member of such economic integration associations as the Latin American Free Trade Association (LAFTA) and the Cartagena Agreement. The purpose of the first of these groupings is to promote the harmonious and balanced development of the member countries through a number of mechanisms, such as joint industrial programming, the liberalization of tariffs and restrictions to intrazonal commerce, the establishment of common external tariffs, the adoption of a common technology policy and the development of the agricultural sector. The objectives of the Andean Group have to do with the carrying out of sectoral industrial development programmes in the metalworking and engineering, petrochemical and automotive sectors. In addition, Bolivia participates in a number of joint agricultural development programmes, which provide the basis for a sub-regional technology policy.

BOTSWANA

There are negotiations going on to establish a Preferential Free Trade Area within Eastern and Southern Africa. Botswana is a member of the Southern African Custom Union, together with Lesotho, Swaziland and South Africa. About 10 per cent of total external trade is with other developing countries.

BRAZIL

Because of the level of development already achieved by Brazil in some sectors, there has been a decline in the amount of foreign co-operation which it receives from developed countries and international agencies. On the other hand, the intensification of Brazil's diplomatic activities, especially in Latin America and Africa, has resulted in a growth in the interest shown by a number of countries in these continents in receiving Brazilian technical co-operation.

To respond to this interest, SUBIN initiated a foreign technical co-operation programme in 1973, in co-operation with Itamaraty, with a view to financing the preparation and/or implementation of projects or activities relating to Brazilian technical co-operation with other developing countries, particularly in Latin America and Africa. Over the past six years, SUBIN has signed around 90 agreements granting resources amounting to approximately 63 million cruzeiros (around US 5 million) for foreign technical co-operation projects. These resources have made it possible, inter alia, to bring approximately 800 foreign nationals to Brazil for training in national institutions in various sectors. This training has taken the form of courses, seminars, short training courses and short study tours aimed primarily at promoting Brazil's image, establishing new ties of friendship and intensifying exchanges of experience with the beneficiary countries. In 1979, the Programme will be considerably expanded in order to make possible financing, in addition to the activities mentioned above, of projects under

Brazil (cont'd)

the Tripartite Brazil/OAS Technical Co-operation Programme and the UNDP Programme of Technical Co-operation among Developing Countries.

BURUNDI

Within the framework of regional integration, Burundi is a member of the Economic Community of the Great Lakes Countries (CEPGL). It is also a member of ECA. Furthermore, there are technical co-operation and trade agreements between Burundi, Rwanda and the United Republic of Tanzania.

As regards regional projects involving financial participation by developing countries, there are several, including: Electrification of the Great Lakes countries; improvement of the road infrastructure between the three countries; the establishment of industrial plants (a bottle factory and glass works, a bottle top plant, a plastic articles factory).

COLOMBIA

Colombia is a member of the Andean Subregional Group and the Latin American Free Trade Association (LAFTA). In addition, Colombia has concluded bilateral technical co-operation agreements with the following developing countries: Argentina, Bolivia, Brazil, Chile, Dominican Republic, Ecuador, El Salvador, India, Kenya, Mexico, Panama, Peru, Uruguay, Venezuela.

Bilateral agreements on economic co-operation have been signed with the following developing countries: Argentina, Bolivia, Brazil, Chile, Dominican Republic, Ecuador, Guatemala.

CUBA

Drawing its inspiration from the principles of international solidarity in the struggle against imperialism, colonialism, neocolonialism and racism in all its forms, and identifying itself with the liberation struggles of all peoples whom the developed capitalist countries have subjected to ruthless exploitation, the Government of the Republic of Cuba has chosen, as one way of contributing to the development of these countries, the path of scientific and technical co-operation in accordance with the principles of equality, mutual advantage and non-interference in the internal affairs of the countries with which it co-operates.

Experience has shown that co-operation among developing countries and the formulation of regional plans can make a major contribution to the attainment of collective self-sufficiency. This is why Cuba is establishing ever closer relations with those countries, particularly in Africa and Asia, which have suffered and are continuing to suffer the adverse effects of colonialism, neocolonialism and inequitable trade, the principal forms of domination and exploitation.

Cuba (cont'd)

No one can doubt that there is an increasing tendency today to establish new forms of co-operation and development, but at the same time one must continuously keep in mind the role that the socialist camp has played and is playing in shaping these relationships. It is because of this that a country like Cuba, without resources, is able, in a spirit of solidarity, to assist those countries which, of their own free will, have requested help, help that is constantly growing in volume.

Cuba's experience in the area of bilateral co-operation with developing countries for scientific, technical and economic development is rich and extensive and, depending on the interests of the co-operating parties, ranges from the exchange of information and experience between international economic organizations to the organization and holding of intergovernmental co-operation meetings at which the policies to be followed by the parties are formulated and agreed on.

Developing its relations along these lines, Cuba has signed a number of special agreements and accords covering joint actions and mutual obligations. The co-operation agreements and special accords are legal and official documents which guarantee the pursuit of the objectives and interests of the developing countries in line with their potential and conditions. Accordingly, the Government of Cuba, in a spirit of solidarity, provides disinterested assistance free of charge to countries whose economic situation does not allow them to make any sort of payment for the aid they receive.

In general, co-operation agreements with other countries cover technical assistance; training and fellowships; exchange of missions; exchange of information.

Technical assistance involves the dispatch of trained personnel specializing in different areas of the economy to requesting countries and represents, in the majority of cases, the most important element in co-operation agreements. Under these programmes, professionals, technicians and workers with special skills in the fields of public health, construction, industry, agriculture and education lend their services in these sectors, which are characteristically the most adversely affected by under-development.

Extensive opportunities for training and instruction are available to students of other developing countries at Cuban schools and industrial enterprises; these have already yielded important results, allowing the rapid training of highly skilled personnel.

The exchange of missions among developing countries promotes the establishment of closer relations and a sharing of experience.

Information exchanges provide the participating countries with extensive insight into developments and experiences in the various economic sectors, ensuring a freer flow of information which can sometimes be a key factor in the decision-making process.



Cuba (c nt'd)

Co-operation with third countries is another way of expanding relations of co-operation and mutual assistance among developing countries. This approach opens up substantial possibilities for participating in projects in third countries through the dispatch of technical assistance, equipment, technology, etc., as required. At the present time, Cuba is working on a number of projects based on arrangements of this type.

The establishment of joint ventures among developing countries makes possible the tackling of major projects by countries which for one reason or another (lack of resources, limited potential, etc.) would be unable to do this on their own. Cuba's participation in these activities has been gradually developing, particularly in such areas as construction, fisheries and maritime transport. Cuban construction enterprises are at work in a number of countries where they are helping to build dwellings, bridges, roads, public facilities, etc. Cuban fishing vessels may be found operating in different seas and oceans around the world under special agreements designed to ensure a reliable supply of this important food product. Finally, Cuban shipping enterprises are helping to transport the goods exported and imported by the developing countries, minimizing freight and demurrage costs.

CYPRUS

The Cyprus Government has entered into various agreements with a number of developing countries concerning co-operation in economic, scientific, and technical matters. Trade agreements have also been signed in the past with the socialist countries of Eastern Europe, and some of these agreements include co-operation in fields like those of industry, science and technology, tourism and culture. Meanwhile the country is following closely the action being taken by UNDP in regard to the promotion of technical co-operation among developing countries.

ECUADOR

Integration

Ecuador is actively involved in the integration programmes sponsored by the Latin American Free Trade Association (LAFTA) and the Andean Group; the latter economic grouping is the more advantageous of the two because of the development opportunities it offers. The system of economic co-operation promoted under the Cartagena Agreement represents an additional facet of the country's efforts to solve the problem of achieving more rapid economic growth in the light of present needs.

To countries like Ecuador, with small domestic markets, integration offers a larger economic area and the attendant possibility of expanding its industries and service sector. Through co-operation in the form of market agreements it becomes possible to establish new and adequately protected industries aimed at supplying international

Ecuador (cont'd)

markets that would not otherwise be accessible. In addition, co-operation through market arrangements creates the conditions for the establishment of industries of major economic impact, such as the automotive, iron and steel, petrochemical and other industries, which would not be viable outside an integrated framework.

Ecuador participated in the subregional integration scheme through the joint industrial programming machinery under the Cartagena Agreement, which calls for sectoral programmes for industries producing capital equipment and inputs and rationalization programmes for industries already established in the area.

For the Andean integration movement 1978 was the year which saw the first firm and gathering strength of concrete steps towards, and the consolidation of, such important achievements as the start-up of a number of the industrial projects assigned to Ecuador under the Cartagena Agreement, resulting in greater sales of Ecuadorian goods in the markets of the Member States.

Seventeen new enterprises have so far been established to work in the industrial areas assigned to Ecuador. This has involved a total investment of 1,110 million sucres and the creation of some 1,320 new jobs. At the moment, 53 national enterprises are exporting their products to the countries in the Andean Group, taking advantage of the tariff exemption provisions of the Cartagena Agreement and the special treatment granted to Ecuador. The items exported include manufactures and semi-manufactures and the range of non-traditional exports has been expanded and diversified.

Sales to the Andean market have shown considerable growth. Whereas in 1972 exports to the Andean subregion by value amounted to \$24.5 million, they had risen to \$61.3 million by 1977 and are expected to reach \$68.4 million by the end of 1978 (this summary does not include petroleum sales). During this same period the number of export items has doubled, 73 types of manufactured products having been sold in the Andean market in 1977.

There is no doubt that the arrangements that have been reached within the framework of the Cartagena Agreement have had a favourable effect on the balance of trade with member countries (as indicated in the table below), even though it must be remembered that the liberalization of our market has not yet begun, except for products assigned under the sectoral programming arrangements. Quite apart from the importance of this development to our economy, it is clearly proved that the subregion constitutes the ideal supporting market from which to plan the export of Ecuadorian goods to larger international markets.

Imports (excluding those originating from the tariff concessions granted by Ecuador within LAFTA) rose from \$13.1 million in 1972 to \$45.0 million in 1978, in which connexion it is significant that the bulk of these imports consisted of raw materials and capital equipment required for industrial activity.

Ecuador (cont'd)

Being aware of the importance of the Andean Group's system of industrial programming, the Ecuadorian Government has lent its full support to obtaining the investments and technology required for the development of the production complexes assigned to Ecuador. The most significant step in this direction during the current year was the signing of a Basic Investment Contract between the Ecuadorian Government and Volkswagen AG (VWAG) (headquarters at Wolfsburg, Federal Republic of Germany) under which the Volkswagen H "Golf" (engine capacity 1,450 cc) will be manufactured in Ecuador; this is the first concrete step towards the establishment of an Ecuadorian automotive industry. In addition, it is expected that in early 1979 negotiations will be conducted with General Motors for the domestic production of trucks of from 3 to 16 tons gross vehicle weight.

In 1978, following a careful examination of the country's position with respect to the future of LAFTA - an association that aims at integration and is based on the principles of free trade, in which Ecuador has participated since 1961 - it was concluded that this system had failed to contribute to the strengthening of the Ecuadorian economy. According to the provisions of the Montevideo Treaty and the Caracas Protocol, the transitional period of LAFTA will expire in 1980, after which Ecuador will no longer be bound by the burdensome commitments assumed as a consequence of the improper and generous concessions granted to the other parties to the agreement. There is no doubt that the obligations resulting from Ecuador's membership have seriously impaired the country's ability to take advantage of the opportunities existing within the Andean Group.

Ecuador has given its full support to the establishment of the Andean Court of Justice in the belief that the existence of this body will afford the best possible protection of its interests, as a country with a relatively lower level of economic development. The first steps towards the constitution of the Court were taken in 1978, and it is expected that this body will be fully functional in 1979.

Agreements with other developing countries concerning technical and economic co-operation, including plans for regional and subregional integration are as follows:

- Latin American Free Trade Association (LAFTA). The Association was formed in Montevideo on 12 February 1960. Ecuador became a member in November 1961. Its basic objective is to eliminate obstacles and restrictions affecting regional foreign trade, with a view to encouraging a greater trade among the countries of the area.

- Cartagena Agreement (Andean Group). This was signed on 26 May 1969, on which date Ecuador became a participant. The objective is to promote the balanced and harmonious development of the Member States, to establish favourable conditions for converting LAFTA into a common market and to bring about an improvement in the level of living of the inhabitants of the subregion.

- Andean Development Corporation. This was established in Bogotá on 7 February 1969, with the participation of all the signatories

Ecuador (cont'd)

of the Cartagena Agreement; it was created for the purpose of stimulating and financing the process of subregional integration.

- Andean Reserve Fund. This fund was established by the Cartagena Agreement to support the balance of payments of Member States. Ecuador ratified it by Decree 985 of 14 December 1976.

- Permanent Ecuadorian-Peruvian Economic Commission. The CEPEP constituent convention was signed on 5 July 1971; its purpose is to examine economic and trade relations between the two countries, with a view to planning the process of frontier integration, within which programme steps will be taken to identify and study development projects.

- Convention for Ecuadorian-Colombian Frontier Integration. This convention has been in force since 14 July 1866; its purposes are to achieve an adequate level of co-operation in industrial development, bilateral and frontier trade, in the movement of persons and vehicles and in relation to integration fairs.

- Joint commissions of Ecuador with Argentina, Bolivia, Uruguay, Mexico and Chile. An analysis is made of such aspects as bilateral trade, industrial complementarity, financial matters and special bilateral relations with each of the countries, in accordance with their development and the economic situation.

- Amazonian Pact. The Ministry of Foreign Affairs acts directly concerning this matter.

- Latin American Economic System (SELA). Ecuador became a signatory to SELA at Panama City in 1975, together with 24 other Latin American countries. It is a permanent governing body for consultation, co-ordination and joint economic and social promotion.

- Action Committee for Socially Important Housing and Building (CAVEIS). This Action Committee operates within SELA and has its headquarters in the city of Quito. Ecuador is therefore taking an active part in its work.

EL SALVADOR

The 1978-1982 National Plan includes strategic programme PE-49, International Technical Co-operation, which is designed to secure maximum use of international technical co-operation and strengthen the development of the industrial sectors by obtaining specialized services from abroad. As part of this programme, technical co-operation agreements have been concluded with other developing countries for the purpose of exchanging know-how and experience applicable under similar conditions.

### ETHIOPIA

Ethiopia is an active promoter of plans to establish a preferential trading arrangement in Eastern and Central Africa. Ethiopia seeks and encourages technical co-operation among developing countries though concrete steps in this area have yet to materialize. The magnitude for co-operation in joint projects with neighbouring countries is very high and some modest beginnings have been initiated.

### FIJI

Fiji is participating in the activity of the South Pacific Bureau for Economic Co-operation, the South Pacific Commission, the Commonwealth Secretariat, the University of the South Pacific and United Nations Economic and Social Commission for Asia and the Pacific.

Approximately 20 per cent of Fiji's imports come from other developing countries, mainly Asian nations. Most of these imports are manufactured goods. Approximately 20 per cent of Fiji's exports go to developing countries of which about half is manufactured goods and processed food and about half is refined sugar. No specific projections have been made, but the Government actively encourages trade with other developing nations. Trade with these countries has been increasing over time as a proportion of total trade. This trend is expected to continue.

Only small joint ventures, nothing of a significant size, exist with the participation of other developing countries.

### GAMBIA

Bilateral agreements on technical and economic co-operation have been concluded with other African countries (Mali, Senegal, Nigeria, Cape Verde). The Gambia is a full member of the Economic Community of West African States and the UN Economic Commission for Africa. There is also the Senegambia Secretariat and the Organization for the Development of the Gambia River Basin (OMVG) of which Senegal is a principal member.

No joint ventures and industrial projects involving the financial or technical participation of other developing countries have been set up except for some technical assistance from Senegal in the preparation of a small-scale salt works project in the Gambia.

### GHANA

Ghana is a member of the Economic Community of West African States (ECOWAS). It is the objective of the Community to increase intra West African trade. It is also the policy of the Government

Ghana (cont'd)

to raise the level of trade with developing countries as against developed nations. Ghana has established jointly with the Ivory Coast and Togo a cement project (CIMA) near Lome, Togo.

GUATEMALA

Guatemala has been a member of the General Treaty of the Central American Common Market for 13 years and, as such, signed a number of agreements such as the Central American Agreement on Fiscal Incentives to Industrial Development and a Central American Common Tariff; the Regime for Central American Integration Industries and the Special System for the Promotion of Production Activities.

The period from 1961 to 1966 was a first stage, during which the basic commitments entered into by the five States adhering to the General Treaty, mainly with regard to the process of industrialization, were fulfilled. The common external tariff was introduced to the extent of 95 per cent. Free trade was finalized and the specific instruments for industrial promotion began to be applied. The measures adopted encouraged investment for the expansion and modernization of existing plants and projects, mainly to cover the Central American Common Market. Investments by industry in Guatemala grew at a cumulative annual rate of 6.1 per cent, and exports of manufactures, including products from the metalworking and engineering, footwear, garments, paper and non-metallic mineral branches, grew at the rapid rate of 48.5 per cent.

Between 1966 and 1969, the Central American Common Market encountered some operational problems and some aspects of institutional development declined in intensity. None the less, investment in Guatemala continued growing at a rate of 7 per cent. Similarly, exports continued growing at an average annual rate of 23.2 per cent. With reference to the 1960s in general, Guatemala's exports to the market, which consisted mainly of consumer goods, grew at a cumulative average annual rate of 36.7 per cent. In the 1970s, the Central American Common Market was confronted by a more serious and severe crisis, arising after 1969 out of the armed confrontation between Honduras and El Salvador. Although these problems hampered the integration process, Guatemala's share in interregional trade was not negatively affected, and it achieved increasingly large positive trade balances. In 1975, exports to Central America amounted to 169 million Central American dollars, and in 1976 to 210 million Central American dollars, i.e. an increase of 24.3 per cent.

Through CORFIMA, studies are being prepared for the establishment of joint ventures involving Guatemala and a European country for the exploitation, industrial processing and marketing of domestic raw materials.

## GUYANA

Guyana is a member in Organization Latino Americana de Energia (OLADE); Caribbean Development and Co-operation Committee; Caribbean Community Common Market. It participates in exchange of Letters for Technical and Economic Co-operation between the Government of Guyana and India, in Guyana - Cuba Mixed Commission on Technical and Economic Co-operation, in Economic, Scientific and Technological Agreement, (Guyana-Venezuela), in Economic and Technical Agreement with - Nigeria, and in Economic and Technical Agreement with - Democratic Peoples' Republic of Korea.

The extent of Guyana's trade in manufacture with other developing countries in 1977 is given below:

Imports	Negligible
Exports	88.8 per cent of total exports of manufactures.

Joint ventures with other developing countries are as follows:

Overwagt Drainage and Irrigation Project	- Guyana/Democratic Peoples' Republic of Korea.
Oil Palm Project	- Government of Guyana/ Government of Nigeria.

## HONDURAS

In order to derive greater benefit from the available human and natural resources and strengthen technical and economic co-operation among the Central American countries, a number of projects of regional significance have been promoted.

## INDIA

A Round Table Ministerial Meeting on Industrial and Technological Co-operation among Developing Countries was held in New Delhi in January, 1977. It was organized by UNIDO in co-operation with the Government of India. The main objective of the meeting was to explore in a concrete way avenues of co-operation among developing countries aimed at achieving the goals set forth in the field of industry by the Lima Declaration and Plan of Action. The Round Table Ministerial Meeting identified the following specific areas of co-operation in all industrial sectors - large, medium and small - which should be pursued by all the developing countries:

- Co-operation in the field of industrial technology with a view to improving the identification and use of technologies already available in the developing countries, including technical know-how and skills, machinery and equipment, design, consulting and construction capabilities;

India (cont'd)

- Technology Bank, to include considerations relating to joint purchase of technology and examination of contracts and agreements already concluded to provide guidance to others so as to avoid the mistakes concerning the experience of particular technologies by other countries;
- Industrial training to augment the skills which are considered basic to industrial development programmes;
- Establishment and strengthening of the institutional framework at the national and regional level to sustain industrial and technological development;
- The creation of programmes of co-operation concerning applied research and development activities in specific sectors, drawing upon machinery and capabilities already available in the developing countries concentrating specifically in the fields of engineering industries, electronics, fertilisers and agro-chemicals, pharmaceuticals, chemical industries and energy;
- The development of concrete plans for the use of engineering and consultancy capabilities available within the developing countries; and
- To promote collective action for negotiating and bargaining for more equitable economic relationships and for technology acquisition.

In order to translate the concept of co-operation to reality, it was considered that a mechanism of co-operation is of prime importance. Without an adequate mechanism, it will be difficult to sustain, develop and enlarge programmes of co-operation amongst developing countries. It was emphasised that co-operation among developing countries should reflect the spirit of partnership and mutual benefit and not merely related to commercial relationships. This co-operation is not to be conducted in the manner in which it has taken place between developed and developing countries in the past decade, but should be truly based on the consideration for meeting the specific requirements of developing countries, particularly of the least developed amongst them. Co-operation arrangements should not be construed as directed against other groups but as an effective instrument to their own betterment. It was noted that the Lima Declaration and Plan of Action has assigned a major role to the co-operation among developing countries as an effective mechanism for the achievement of the target. In this connexion, recognition was expressed to the fact that in an increasingly complex and inter-dependent economic society, no group of countries can afford to cut themselves off from the main stream of technological progress. However, developing countries cannot continue to be the recipients of production techniques that are unsuitable, frequently supplied at inflated prices and under restrictive conditions.



India (cont'd)

India is keen to share her knowledge and experience with other developing countries within the framework of Lima Declaration and Plan of Action. India has acquired a considerable amount of experience and expertise and can share its capacities and capabilities in several industries with other developing countries including those in the ESCAP region. In the engineering field, particularly, the capabilities include manufacture, supply and installation of turn-key projects, establishment of joint ventures, sharing of know-how, technology and technical services. Besides supplying various engineering projects as mentioned above, the country is in a position to supply complete plants, and equipment for industries like cotton and woollen textiles, cement and sugar mills, structural fabrication, power transmission lines (including sub-station), blast furnaces, thermal power plants, fertilizer plants, general purpose machine tools and various kind of other plants, equipment and consumer durables. India has already undertaken several turn-key projects in a number of countries in industries like cement, industrial machinery, transmission lines and sub-stations, structurals, pipelines and various other consumer goods. During the past few years, the country has also participated in programmes of industrial development in various developing countries through the establishment of joint ventures. Indian entrepreneurs have contributed to these ventures in the form of technical know-how, engineering services, plant and equipment and financial participation.

India has also been sharing its experience in the field of Consultancy Services with sister developing countries for the past few years. The country is now in a position to provide the whole range of services covering Feasibility Studies and Detailed Project Reports, Selection and Evaluation of Technology Processes and Basic Engineering, Plant Design and Detailed Engineering, Product Design and Value Engineering, Construction and Start-up Services and Post Operational Management Consultancy Services.

The country has only recently traversed the path of industrialization which many developing countries have still to tread and in that context, India's experience is a little more relevant at their problems. Secondly, in the process of industrialization, India may be in a better position to advise her friends in the matters relating to the size of a plant, the choice of raw materials, the choice between how capital or labour-intensive should manufacturing facilities be, the choice of appropriate technology, developing manufacture of spares and after-sales services, on the development of ancillary and small industries and their role in the overall industrialization of a country and so on.

In India, a chain of National Research Laboratories were set up and India has now launched a fairly sizeable programme of her own research, design and development capabilities under the Science + Technology Plan. India is also attempting to arrange for horizontal transfer of technology as also, in some cases, combining with it the concept of moth plant spawning a number of manufacturing-cum-assembly units. Although limited, the experience that India has gained in the transfer of technology within the country could be of some interest to some of the developing countries.

India (cont'd)

A note indicating guidelines governing Indian Joint Ventures abroad is as follows:

- (a) Participation by Indian parties will have to be in accordance with the Rules and Regulations of the Country where the project is to be located. Association of local parties, local development banks and financial institutions should be encouraged to the maximum extent feasible.
- (b) Indian participation should normally be in the form of export of indigenous plant and machinery equipment required for the joint ventures. However, on merits of each case, participation in one or more of the following forms may also be considered by the Government.
  - Export of know-how;
  - Capitalization of service fees, royalties and other payments;
  - Raising of foreign exchange loans abroad;
  - Grant of loans by Indian participating companies to the joint venture units;
- (c) Normally cash remittances will not be allowed for meeting equity contribution but the hard and deserving cases will be considered on merits and on consideration of the fields of collaboration. For example, cash remittance may be considered in cases of consultancy and other service ventures. While considering such cases, it should be seen that substantial exports of capital goods and services are envisaged over a long period of time.
- (d) Necessary powers have been delegated to the Reserve Bank of India to consider requests for release of foreign exchange for meeting preliminary expenses in connexion with setting up the joint ventures company, visits of technical and managerial personnel etc. Foreign exchange release for follow-up visits by technical and managerial personnel after the formation of joint venture company will also be decided by the Reserve Bank of India within its own powers.
- (e) Requests for contribution to right issues/additional equity in the joint venture project will be considered on merits in the light of past performance of the project and other financial details. Such contributions shall be normally through exports of machinery/equipment but in exceptional cases exports of components and raw materials may also be allowed on merits of each case.
- (f) Machinery etc. exported should be of Indian make. No second hand or re-conditioned machinery would be allowed for export against Indian investment.

India (cont'd)

- (g) Normal import replenishment, as available to exporters under the import policy in force from time to time for registered exporters will be allowed on exports against capital.
- (h) Cash assistance, if otherwise admissible, will also be allowed on exports of machinery and equipment against Indian equity subject, however, to a ceiling of 10 per cent of F.O.B. value.
- (i) The schemes for industrial and manufacturing joint ventures should be technically and financially viable and should be supported by a detailed project report along with cash-flow statements and profitability projections. Schemes for commercial/trading/service ventures should similarly be supported by feasibility studies and projections.
- (j) Indian participation should ordinarily be through a corporate entity in India. It should have at its command necessary manufacturing experience and technical competence.
- (k) Requests for associating with the local sponsors/ organizations in the foreign country for tendering and bidding of construction projects shall be considered on the basis of the details of tenders submitted, the requirements of financial and other guarantees and estimated pattern of inflow.
- (l) Indian applicant desiring to set up a joint venture unit abroad shall submit the application to the Ministry of Commerce for approval under Section 27 of FEZA, 1973. The application shall be in the form prescribed for the purpose. In order to enable clearance under Section 372 (a) of Companies Act, a simultaneous application may be forwarded as an enclosure to the main joint venture application.

INDONESIA

To maintain good relationship among developing countries co-operations in technical and economical fields, research and investment promotion are necessary. In the ASEAN region such co-operation had been developed in the form of: AICID (Asean Chemical Industries Club); ASEAN Fertilizer Project; AFPM (ASEAN Federation of Cement Manufacturers); AFGM (ASEAN Federation of Glass Manufacturers); RIASEAN (Rubber Industries Association of South East Asian Nations); PPIC (Pulp and Paper Industries Club). For other sectors such as newspaper, soda ash and heavy duty tires studies are still to be conducted before such co-operations are found.

In the ESCAP region Indonesia has economic and technical co-operation such as:

- Regional Network on Agricultural Machinery (RAS/76/013), Los Banos, Philippines;
- Regional Centre for Technology Transfer (RCTT), Bangalore, India;

Indonesia (cont'd)

- South East Asia Iron and Steel Institute, Singapore;
- Indonesia -Pakistan Economic and Cultural Co-operation (IPECC);
- Indonesia - Papua New Guinea Co-operation in various fields;
- Indonesia - Sri Lanka Technical Co-operation in the field of building materials;
- Indonesia - Malaysia Technical Co-operation in the field of building materials.

In the field of Agriculture, co-operation among ASEAN countries have been conducted in:

- Study of Supply and Demand for Food and other Strategic Agricultural Commodities;
- ASEAN Plant Protection Programme;
- Fisheries Resource Management;
- Forestry Resources Conservation Management and Utilization;
- Supply and demand for animal food;
- Food security reserve;
- Agricultural planning;
- Agriculture and shrimp culture;
- Animal Husbandry and Livestock Production;
- Vegetable Oils and Fats;
- Fruit and Vegetable Development;
- Food Handling;
- Orchids;
- ASEAN Centre for Appropriate Technology (ACAT);
- Agriculture Education, Training and Extension.

Technical co-operation has been developed in the field of training in fertilizer industries between Indonesia and Bangladesh.

This co-operation has been signed by PT. PUSRI from Indonesia and Bangladesh

### IRAQ

Large measures are taken to realize industrial co-operation with other developing countries, and special measures are taken to achieve economic and industrial integration with countries within the Arab regions. For the latter objective there exists an Arab Common Market between a number of Arab countries as well as other institutions, working to achieve economic unity between Arab countries. The Iraqi government contributes annually a large sum of capital in the form of technological and financial assistance to the less developed countries in Africa and Asia. Such aids constitute nearly 7 per cent of the GNP. Priorities are given whenever possible to the imports of manufactured goods from the developing countries. Many joint ventures were established with financial and technical participation of other developing, particularly Arab countries in the Arab region.

### IVORY COAST

The Ivory Coast is currently a member of two economic communities, WAEC and the Economic Community of West African States (ECOWAS), whose aims are as follows:

- The development of regional co-operation;
- The establishment of organized trade zones (WAEC, regional co-operation tax mechanism) and a common market (ECOWAS: unrestricted internal trade and a single external tariff);
- Promoting the implementation of joint projects.

The Ivory Coast has also signed bilateral co-operation agreements with Senegal, and more recently with Ghana.

### JAMAICA

There is a technical agreement with Cuba, and the Scientific Research Council has been appointed the Caribbean Centre for the generation and use of information dealing with Biogas.

Jamaica supports the concept of a Caribbean Science Council.

Jamaica has been approached to offer technical assistance to the Dominican Republic on mineral matters and to assist the smaller territories in standards, as well as other areas of technical need.

### JORDAN

Fields of co-operation between Jordan and other developing countries include technical training and supply of know-how in industrial project planning and implementation. Jordan has been the supplier of highly skilled technicians, largely to neighbouring Arab

Jordan (cont'd)

countries, totalling at present 350,000 persons. This has contributed much to the development of the host countries, at the expense of labour shortages and hindrance of development of Jordan economy itself.

The following table shows the geographical distribution of the foreign trade of Jordan for the years 1974 through 1976.

Foreign Trade of Jordan, 1974-1976, by Countries of Origin or Destination,  
(value in J.D. Million)

<u>Exports</u>	1974		1975		1976	
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
1. Arab Countries	17.5	44	16.0	42	23.9	48
2. Advanced Countries	5.7	14	9.8	25	11.8	24
3. India	6.6	17	1.9	5	1.7	3
4. Other Countries	9.7	25	11.4	28	12.2	25
	39.5	100	40.0	100	49.6	100

<u>Imports</u>	1974		1975		1976	
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
1. Arab Countries	26.4	17	46.3	20	60.8	18
2. Advanced Countries	84.5	54	141.5	60	202.7	60
3. India	3.0	2	4.3	2	13.2	4
4. Other Countries	42.7	27	41.9	18	61.8	18
	156.6	100	234.0	100	338.5	100

The foregoing table shows that Jordanian exports to developing countries (Arab countries and India) represented 62 per cent, 47 per cent and 51 per cent of total exports, whereas imports from developing countries represented 19 per cent, 22 per cent and 22 per cent of total imports, for the years 1974, 1975, and 1976 respectively.

Joint ventures and industrial projects between Jordan and other developing countries include: the Jordan Fertilizer Company, the Arab Potash Company, the Jordanian-Syrian Industrial Free Zone, the Arab Mining Company, the Jordanian-Syrian Industrial Company and the Aqaba Timber Complex. (The latter, in co-operation with Malaysia). Other joint ventures are in various stages of formulation and negotiations.

## KENYA

Kenya has always been conscious of the advantages of co-operation among developing countries as being conducive to collective self-reliance. The need to share the experience of these countries is being discussed and actively pursued. The Government is making efforts to organize visits by Government officials and private investors to other developing countries. At the same time, potential investors from these countries are being encouraged to visit Kenya.

The overall share of trade with Africa, Far East and the Middle Eastern Countries has fallen from 40.57 per cent in 1976 to 29.37 in 1977, due to drastic increase in price and quantity of export of tea and coffee to developed countries. There is, however, a definite trend for increase in trade of manufactured goods with developing countries.

In the interest of regional co-operation, a number of projects are being set up for mutual benefit, such as the railway link with Sudan, Trans Africa Highway, training facilities offered to neighbouring countries in many specialized fields, etc. At E.C.A. consultative meetings, resolutions are passed to work toward harmonization of industrial policies so as to ensure greater industrial complementarity between different countries. However, achievements in these fields are likely to be of a long-term nature requiring hard work.

A number of joint ventures have already been promoted for the manufacture of textiles, paper, machine tools, pharmaceuticals, sugar etc., in collaboration with developing countries.

## KUWAIT

Kuwait believes firmly in international and technical co-operation. This is mainly because its economy depends basically on the external world to guarantee the requirements of the society. Consequently, international co-operation takes a special position in Kuwait's development programmes, and it is considered a cornerstone in Kuwait's policy for the present as well as the future.

Kuwait, therefore, has joined in all efforts and activities that created and strengthened international economic and technical co-operation especially among the developing countries. Examples of achievements in this respect are the Kuwait Declaration on Technical Co-operation Among Developing Countries and the Regional Conference of Plenipotentiaries on the Protection and Development of the Marine Environment and the Coastal Areas (resulting in the adoption of an Action Plan for the Protection and Development of the Marine Environment and the Coastal Areas of Gulf States and adoption of regional convention for co-operation in combatting pollution by oil and other harmful substances in cases of emergency).

Kuwait (cont'd)

Kuwait is a member and a partner in many organizations, agencies and joint ventures at the regional, Arab and international levels. 1975 statistics show that Kuwait participated as full member in 94 international organizations and agencies. This does not include its obligation to provide financial support to some of the newly created agencies which help the least developing countries to meet the deficit in their balance of payments.

LESOTHO

Lesotho is a member of the Southern Africa Customs Union which provides for almost free trade in the area. It is also a member of the Rand Monetary Area which prevents an independent policy for exchange rates. In 1975 Lesotho became associated with the E.E.C. under the Lome Convention which provides duty free access to EEC Markets for all exports except those covered by the E.E.C.'s Common Agricultural Policy. Exports of manufactured goods to other developing countries is as yet undeveloped.

LIBYAN ARAB JAMAHIRIYA

A number of arrangements for technical and economic co-operation have been concluded (e.g. Turkey, India, Poland, Pakistan, Korea, Bulgaria, Yugoslavia, Italy and the Arab Countries as well as some African Countries). With the exception of oil and its products there is in fact currently no trade of the Jamahiriya's industrial products to other developing countries. In the same time, some relatively small amount of raw materials and semi-products are imported from other countries. Most of the import is lead with the investment goods (equipment, machinery) as well as some consumer goods and foodstuff. There is a strong recognition of the necessity to develop Jamahiriya's industrial export in the future to cope with the oil revenue substitution strategy and the diversification of the country's economy. In the future the number of joint venture industrial projects is expected to increase significantly.

MADAGASCAR

The economic and technical co-operation agreements concluded with other developing countries (China, Algeria, etc.) are only in the early stages of application, relate to specific projects and are in every case bilateral in nature. However, as regards prospects for the future, Madagascar is participating in the preparation of draft agreements regarding regional or sub-regional integration in the context of the Economic Commission for Africa. These relate to technical co-operation among developing countries, the African Regional Centre for the Transfer, Adaptation and Development of Technology, the preferential trade area for eastern and southern African States, etc. There are also industrial projects involving financial or technical participation by other developing countries, e.g. projects involving Arab financial participation, projects in the context of co-operation between Madagascar and China or India, etc.



### MALAWI

Malawi enjoys privileges of economic co-operation through its membership in the A.C.P. - E.C. Lome Convention, the British Commonwealth and the United Nations. Malawi has signed trade agreements with other developing countries such as Zambia. So far there has been no joint ventures on industrial projects which involved technical participation of other developing countries. This is because the sizes of the industrial ventures have not been conducive to the joint venture activities for industrialization as these have largely been import-substitution industries.

### MALAYSIA

Malaysia participates actively in the promotion of regional economic co-operation with the neighbouring countries through the Association of South-east Asian Nations (ASEAN), whose other members are Singapore, Indonesia, the Philippines and Thailand. Co-operation covers a wide area of economic activities such as preferential trading arrangement, industrial complementation, transport and tourism, etc.

Malaysia's trade with the other members of ASEAN is substantial. Malaysia's manufactured exports to these countries account for about 24 per cent of the total manufactured exports, although imports from the member countries is less than 10 per cent of the total imports. Intra-ASEAN trade is expected to increase further when the preferential trading arrangement, which covers more than 700 manufactured items, is fully implemented. Industrial co-operation in the form of joint-ventures among ASEAN countries are also taking place, although at a modest scale. A number of joint-ventures between Malaysians and nationals from other ASEAN countries have been established in Malaysia, covering a wide range of manufacturing activities.

### MALDIVES

No arrangements at present exist for technical co-operation between Maldives and the developing countries.

### MALI

Periodical ministerial consultations are held at the sub-regional level (Joint Mali/Senegal Commission, Organization for the Development of the Senegal River, West African Economic Community, Economic Community of West African States, and the Liptako-Gourma Region Integrated Development Authority). Technical and economic co-operation agreements have been concluded with Algeria, Libya and certain OPEC countries.

Mali (cont'd)

Trade with other African countries accounts for 29 per cent of exports and 17.5 per cent of imports. Some OPEC countries are taking part or will take part in the financing of infrastructure and industrial projects. In the 1980s there will be increased industrial co-operation between Mali, Mauritania and Senegal in the context of development of the Senegal River.

MALTA

Malta has been able to attract Arab investment funds on a joint venture basis with local and foreign capital. Efforts to attract and promote further involvement of Arab capital in the Maltese economy and to increase the range and extent of Arab participation in the local manufacturing sector will be actively pursued in the coming years. It is with this aim in view that in October 1975 the Maltese and Libyan Government reached agreement on the setting up of the Libyan Arab Maltese Holding Company Limited to develop and execute industrial, commercial, financial and fishing projects and related activities and in this way promote the process of industrialization in the two countries in a complementary manner. The activities of the Libyan Arab Maltese Holding Company Limited have been encouraging and the results achieved show there is scope for increased industrial contacts and joint investment projects between the two countries.

In August 1976 the Libyan Arab Maltese Holding Company Limited made its first major decision when it acquired a fifty per cent shareholding in the Malta Shipbuilding Company Limited which is responsible for the construction and running of the new shipbuilding yard at Marsa. In March 1977 the holding company, in collaboration with the Brazilian consortium Madebras, set up the Marlibras International Trading Company Limited. On the basis of the agreement reached with Madebras, Malta will be used as a centre to import, warehouse, kiln dry and distribute Brazilian timber to European, Middle East and African markets (for the time being with the exclusion of Algeria, Spain and Iraq). Marlibras International Trading Company Limited will not, however, concern itself exclusively with importing, processing and re-exporting timber. The agreement also stipulated the setting up of various subsidiary companies to manufacture wood products, including panellings, mouldings, doors and windows, handles for hand tools and domestic and industrial furniture.

MAURITANIA

Mauritania is a member of the following organizations: The West African Economic Community; Organization for the Development of the Senegal River; All the economic and technical organizations of the Arab League; Permanent Consultative Committee of the Maghreb.

A number of mixed companies have been established with other developing countries in the iron and steel sector, with Kuwait; in the fisheries sector, with the Libyan Arab Jamahiriya and Iraq, and within the framework of the West African Economic Community.

### MAURITIUS

No bilateral agreements exist for technical and economic co-operation with other developing countries. The country is member of OCAM. There is little trade at present in manufactures with other developing countries.

Current policy is to promote Mauritius as a base for "regional import substitution" industries in some selected fields (e.g. light and precision engineering, medical supplies and equipment, pharmaceuticals). Implementation programmes have been designed and started. Participation in ECA/UNIDO project examining prospects of co-ordinating industrial policies in Africa, including elaboration of Position Paper.

### MOROCCO

Morocco has instituted a policy of wide-ranging co-operation with developing countries. For example it has entered into co-operation agreements with many African, South American and Asian countries. This co-operation covers the economic, cultural and commercial fields. However, despite the existence of these agreements, the scope of trade with developing countries, especially in manufactured goods, remains very limited.

Investment operations with the participation of developing countries have above all involved the oil-producing countries. Participation by the latter in investment operations relates to the building materials sector, hotel and real estate promotion, the petro-chemicals sector, etc.

### NIGER

The Niger belongs to a number of regional and subregional organizations, including the West African Economic Community (Upper Volta, Mali, Senegal, Mauritania, Ivory Coast, Niger), the Liptako-Gourma Authority (Mali, Upper Volta, Niger) and the Economic Community of West African States, recently set up, whose integration plans provide for technical and economic co-operation agreements. Bilateral commissions are also being set up in this connexion. The Niger imports manufactured products from the countries with which it has trade agreements, in particular those of the European Economic Community, mainly France.

In the field of railway transport, the Niger has set up, in association with Benin, the Joint-Benin-Niger Organization (OCBN), and financial co-operation has been established with the Libyan Arab Jamahiriya, taking the form of the opening of a Foreign Trade and Development Bank at Niamey on 11 October 1978. Mention should also be made of the Lake Chad Basin Commission (CLBT), to which Nigeria, Chad, Cameroon and the Niger belong, and one of the aims of which is the development of agriculture and fisheries on Lake Chad.

## NIGERIA

Nigeria is a member of several economic groups involving other developing countries. She is a member of the Economic Commission for Africa (ECA) and Economic Community of West African States (ECOWAS). The international trade in manufactures between Nigeria and other developing countries especially African countries is not substantial. However, efforts are being intensified to increase trade between these countries especially between the ECOWAS countries.

Nigeria is currently executing joint iron ore mining project with the Republic of Guinea; cement and sugar projects, with the People's Republic of Benin; and sugar project with Swaziland. She has also signed technical co-operation agreement with some of her neighbours.

## OMAN

Oil is exported by Oman to the developed countries. Non-oil exports are very nominal and do not comprise of any manufactures, except small quantities of dates and wheat - flour. Non-oil exports are made only to the developing countries.

As regards imports, 32.1 per cent of the total value of imports in the year 1977 were from the developing countries of the Middle East, Asia, and Africa. The one million tonne per annum cement plant in Oman is being implemented with the financial participation of Kuwait (Cement Company of Kuwait).

## PAKISTAN

The scope of joint action by developing countries in the field of economic co-operation and production has been substantially widened during recent years as some developing countries have substantially increased their financial resources, some other have made rapid progress in building up their industrial structure, entrepreneurial and technological capabilities, and others became aware of the importance of the relatively scarce raw material they possess. New projects and proposals for multi-national enterprises among developing countries cover a variety of activities. They extend beyond the field of production into the development of infrastructure and common services.

Pakistan has substantially increased its technological capabilities. Though Pakistan is receiving a great deal of technical assistance from industrialised countries yet the consultancy firms and companies of Pakistan are rendering services to industries in other developing countries particularly in Asia and Africa. Regional Co-operation for Development (RCD) among three developing countries, Iran, Pakistan, and Turkey, is an example of co-operation under an institutionalized framework.

Pakistan (cont'd)

Under the ECU, joint purpose enterprises can be undertaken in various forms, such as joint equity ownership either in the public and/or private sectors, off-take guarantees for the products of a joint enterprise located in a member country by one or both the other partners.

So far, 3 major projects with equity participation of member countries have already gone into production although in the Memoranda of Understanding have not yet been fully met. As many as forty projects have been approved in principle and are under negotiation.

The concept of joint purpose enterprises under ECU is highlighted in the following considerations:

- (i) To satisfy the requirements of three countries on a complementary basis;
- (ii) To draw upon a common pool of raw-materials, technical know-how and, if possible, capital;
- (iii) To attain optimum benefits from common regional markets for national projects in order to ensure marketing of goods of sufficient demand was not forthcoming from within one country;
- (iv) To establish production facilities in one country for which raw material is produced by any other partner;
- (v) To adopt common standards for production of goods;
- (vi) To revise rules and regulations governing foreign investments with a view to evolving a procedure for intra-regional investment;
- (vii) To prevent double taxation on the income of joint purpose enterprises.

General criteria and guidelines governing the establishment of joint enterprise projects are as follows:

- (i) Products of JPEs located in a particular country should be sold to other member countries at internationally competitive C + F prices;
- (ii) JPEs should take all measures in order to ensure acceptable quality and standards for its products;
- (iii) In determining the projects for regional development, priority should normally be given to the establishment of such industries which require a market larger than one member country can provide to ensure profitable production;

Pakistan (cont'd)

- (iv) As far as possible, technical know-how and personnel required for developing and running JPEs should be secured from within the region;
- (v) As far as possible, to incorporate approved JPEs in the national development plans of member countries;
- (vi) Adoption of ways and means to ensure equitable flow of products of JPEs amongst member countries;
- (vii) To select industries capable of contributing to the improvement in the balance of payments;
- (viii) To enter into long-term agreements giving off-take guarantees and ensuring long-term supplies of import and raw materials, etc.;
- (ix) To bring about closer association with the private sectors;
- (x) As far as possible, fiscal privileges and protection be accorded by the member Governments to JPEs products, enabling preferential treatment for their export in countries other than where a project is located.

Industrial projects on the basis of tripartite co-operation can also be promoted in Pakistan. Developed countries of the world could supply technical know-how and relatively rich developing countries contributing necessary capital resources.

Pakistan has extended technical assistance to other developing countries in Middle East and Africa including Saudi Arabia, U.A.E, Libya, Uganda, Somalia, Tanzania, Ghana, Indonesia, Jordan, Sudan, etc. in the fields of textiles industry, engineering, foods, sugar industry, paper and packages industries, construction industry, etc. Besides technical assistance and consultancy services Pakistan has exported its locally manufactured machinery and raw material in some cases.

Almost all universities in Pakistan have enrolled science and technical students from many Asian and African countries. Technical institutes like Pakistan Industrial Technical Assistance Centre (PITAC) and Leather Institute have been imparting training to the foreign nationals from other developing countries.

PANAMA

At the present time the Republic of Panama is not a member of any existing regional economic grouping or any grouping which has sprung up as part of the movement towards Latin American economic integration.

There are a number of reasons why the various Panamanian administrations have thus far not taken the political decision to join any grouping of this kind. It is well known that one of the most important factors in this connexion is the question of Panama's

Panama (cont'd)

relations with the United States of America, particularly with regard to the treaties that exist between the two countries.

Panama has been invited to take part, with full rights and duties, in the Central American Common Market. The most serious studies that have been made on the subject of such participation were carried out in 1965 - one by Mr. Ramón Tamamen Gómez, a Spanish economist contracted by the Panamanian Government for that purpose, and the other by a group of Central American experts on the basis of agreements reached between the Panamanian and Central American authorities.

Both studies recommended that Panama should participate more closely in the Central American Common Market and, still more, in the economic integration process under way in Central America. Until now the policy pursued by the various Panamanian Governments has been to conclude bilateral commercial agreements with the countries of Central America as an initial step through which Panama might inform itself regarding the issues involved and also gain a certain amount of practical experience before taking the political decision to associate itself with this regional economic grouping.

Recently there has been a move towards a wider use of trade agreements, and exploratory talks have been held with Mexico and a number of South American countries. The possibility of entering into such agreements with certain socialist countries has also been raised.

PAPUA NEW GUINEA

Papua New Guinea is a confirmed believer in the benefits of Technical Co-operation among Developing Countries (TCDC). It has made use of offers by other developing countries for the training of nationals in technical and managerial skills. Furthermore, PNG's educational institutions regularly receive students from other South Pacific Island Countries especially for courses at the University of PNG, the University of Technology, the Administration College, the College of Allied Health and the College of Civil Aviation.

Through the Commonwealth Fund for Technical Co-operation PNG has received several experts from other developing countries. In fact, out of the 25 experts currently in the country over half are from developing Commonwealth countries. Furthermore, PNG receives volunteers from developing countries through the auspices of the United Nations.

With reference to regional and subregional integration schemes PNG is a member of the South Pacific Forum and the South Pacific Bureau for Economic Co-operation.

Exports of manufactures account for a small proportion of total exports, in 1975/76 the proportion was 2.6 per cent. However, the proportion of manufactured exports destined for developing

Papua New Guinea (cont'd)

countries is also small, being only 3.4 per cent in 1975/76. 56 per cent of imports are manufactured goods and of these 10 per cent originate from developing countries.

Two manufacturing projects are currently being established in Papua New Guinea by a Philippine company: a cigarette manufacturing plant and a steel rolling and galvanizing mill. Their presence should stimulate trade between PNG and the Philippines and also these companies should look to the other South Pacific countries for their markets. Negotiations are being undertaken with a Korean company with a view to the establishment of a cement plant with an initial capacity of 200,000 mt. Much of the production of this plant will be exported. Furthermore, until now the shipping communications between Korea and PNG has been very poor. The establishment of this company should result in its improvement. Furthermore, discussions have recently taken place with a Sri Lankan company concerning the manufacture of activated carbon from coconut shells and a Singaporean company concerning shipbuilding and repair. In Papua New Guinea there is several companies established with parent companies registered in Hong Kong and Singapore.

PARAGUAY

The country is a member of the Latin American Free Trade Association (the signatory countries), URUPABOL (Uruguay, Paraguay and Bolivia), and has agreements with Argentina, Brazil and Chile.

Data on trade between developing countries are given in the table below.

ACEPAR S.A. (Aceros del Paraguay), a state-owned Paraguayan iron and steel enterprise operated as a joint venture with Brazilian enterprises.

Table. Exports in thousands of US, FOB

	1972	1973	1974	1975	1976	1977
<b>LAFTA</b>						
Mexico	1,136	1,086	1,135	2,157	2,244	733
Colombia	328	249	110	158	103	188
Ecuador	341	315	774	113	34	19
Venezuela	11	67	535	809	347	342
Brazil	729	2,859	6,053	6,173	10,965	16,266
Uruguay	621	1,149	1,887	9,281	8,747	12,889
Argentina	15,679	16,206	38,545	49,676	17,950	35,822
Bolivia	123	-	63	35	23	27
Peru	149	110	298	414	450	122
Chile	1,493	2,024	3,122	1,017	7,421	8,655
<b>MIDDLE EAST</b>						
(Israel, Lebanon, Syria, Egypt)	62	133	16	39	8	8



Paraguay (cont'd)

Table (cont.)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
AFRICA EXCLUDING THE MIDDLE EAST						
(French-speaking countries of West Africa, Algeria, Congo, Republic of South Africa, Morocco, Tunisia)	720	1,437	2,334	534	537	3,194
OCEANIA	2	39	13	430	-	9

PERU

The agreements reached with other developing countries regarding technical and economic co-operation are for the main part limited, as far as Peru is concerned, to the countries in the Latin American region and the Andean Sub-region. In this connexion, Peru is defending the economic integration of the developing countries with great enthusiasm, taking a special interest in the Latin American countries and the signatory countries of the Cartagena Agreement.

In the context of this integration activity, Peru has opened its doors to technical and economic rapprochement with other developing countries. At the government level, it has promoted the signing of a number of agreements which, in turn, have given rise to the establishment of specialized commissions responsible for bringing about the mutual and equitable exchange of technical and economic co-operation. In this connexion, agreements have been signed with Argentina, Bolivia, Brazil, Chile, Cuba, Mexico, Venezuela, etc. and under them a number of committees have been set up, mainly to intensify economic co-operation. Some of these are:

- The Special Peruvian/Argentinian Co-ordination Committee (CEPAC);
- The Peruvian/Mexican Committee for Scientific, Technical and Economic Co-operation;
- The Joint Peruvian/Brazilian Committee;
- The Joint Brazilian Sub-Committee for the Amazon Region;
- The Peruvian/Bolivian Joint Standing Committee on Co-ordination (COMICOOD)

Peru (cont'd)

- the Peruvian/Chilean Joint Standing Committee on Co-operation (COMICOOP);
- The Peruvian/Ecuadorian Economic Standing Committee (CEPPE).

Some of the committees listed in the preceding paragraph are promoting the establishment of binational joint enterprises using capital from the signatory countries with a view to accelerating each country's industrial development, balancing the use of technology and/or of existing natural resources.

Trade in manufactured goods between Peru and other developing countries has been developing primarily with the Latin American countries and, among them, over the past 10 years, above all with the countries of the Andean Group as a consequence of the signing of the Cartagena Agreement in May 1969.

In the context of trade in manufactured goods with the Latin American countries, Peru's transactions with ABRAMEX (Argentina, Brazil and Mexico) have always been unfavourable for it because the three countries concerned are the most highly industrialized countries of the region. At the same time, the country has positive balances in its trade in manufactured goods with Ecuador and Bolivia, which are countries with a lower level of industrial development within the Andean Subregion.

It is important to mention that the volumes and values of trade in manufactures with countries in the region are not on the whole very high, and Peru is dependent on imports from developed countries. Peru's over-all trade balance with ABRAMEX is entirely unfavourable. The situation appears even more negative if the term "manufactured products" is strictly construed, because Peru exports under this heading mainly goods which are internationally classified as semi-finished products.

As an illustration, a statistical table is attached which indicates Peru's exports, imports and total trade balance with the countries in the Latin American Free Trade Association (LAFTA), including member countries of the Andean Group. The table covers products in respect of which negotiated agreements have been reached in LAFTA and also those in respect of which this is not the case, in the three categories: basic commodities, semi-manufactures and manufactures.

OVER-ALL TRADE BALANCE, PERU-LAFTA  
(millions of United States dollars)

COUNTRY	1970	1971	1972	1973	1974	1975	1976	1977
ABRAMEX (Argentina, Brazil, Mexico)	X 35.8 M 57.3 B (21.5)	48.4 43.9 4.5	41.5 46.7 (5.2)	40.9 80.5 (39.6)	85.4 97.0 (11.6)	84.9 149.7 (64.8)	93.2 152.4 (59.6)	108.3 142.3 (34.0)
Bolivia	X 2.0 M 0.7 B 1.3	2.0 5.3 (3.3)	2.8 10.5 (7.7)	3.4 10.5 (7.1)	7.4 5.6 1.8	5.8 6.4 (0.6)	6.4 3.1 3.3	12.2 7.0 5.2
Colombia	X 9.5 M 26.7 B (17.2)	9.4 29.3 (19.9)	8.5 38.6 (30.3)	12.0 39.0 (27.0)	21.1 29.9 (8.8)	16.8 35.8 (19.0)	12.0 32.4 (20.4)	18.4 34.8 (16.4)
Ecuador	X 2.9 M 5.5 B (2.9)	4.2 7.4 (3.2)	4.3 7.4 (3.5)	6.6 14.9 (8.3)	12.0 70.8 (58.8)	10.7 137.4 (126.7)	17.2 172.7 (155.5)	21.6 186.9 (165.3)
Venezuela	X 5.3 M 4.4 B 0.5	5.4 9.4 (4.0)	3.4 15.1 (11.7)	9.4 20.1 (10.7)	8.0 34.0 (26.0)	9.7 123.7 (114.0)	14.7 90.5 (75.8)	19.5 103.5 (164.0)
Remainder of LAFTA	X 8.0 M 13.6 B (5.6)	6.3 12.8 (6.5)	13.3 9.4 3.9	15.4 4.1 7.3	23.4 16.9 6.5	29.0 30.7 58.3	20.4 36.1 (15.7)	38.5 20.5 18.0
TOTAL	X 63.5 M 108.9 B (45.4)	75.7 108.1 (32.4)	73.8 128.3 (54.5)	87.7 173.1 (85.4)	157.3 254.2 (96.9)	216.9 483.7 (266.8)	163.9 487.6 (323.7)	218.5 575.0 (356.5)

Source: Foreign Trade Statistics  
Preparation: General Directorate for Matters concerning LAFTA, the Economic System and Integration,  
and the Sectoral Planning Office - IND - MOTT

Peru (cont. 2.)  
X = Exports  
M = Imports  
B = Balance

REPUBLIC OF KOREA

Trade Preferential Arrangements. The purpose of the Agreement on Trade Negotiations among Developing Member Countries of the Economic and Social Commission for Asia and the Pacific (Bangkok Agreement) is to promote the economic development and to enhance the living standards of the people through the liberalization and expansion of trade among developing member countries within ESCAP region.

The council of cabinet of ECAFE for economic cooperation adopted the Kabul Declaration for the expansion of trade among developing member countries of ECAFE region ('70.12.16-19, kabul). The secretariat of ESCAP organized the TNG (trade negotiation group) among developing member countries of ESCAP. The TNG held conferences as much as five times for trade negotiations. Seven countries signed the agreement, namely Republic of Korea, India, Thailand, Philippines, Sri Lanka, Bangladesh and Laos. The Bangkok Agreement was in effect from July, 17, 1976. It has five member countries, namely Republic of Korea, India, Sri Lanka, Bangladesh and Laos, as up to November 1978. Philippines and Thailand which had signed at the 5th TNG session did not deposit their ratifications and failed to become member countries.

A Standing Committee, consisting of the representatives of the member countries of the Bangkok Agreement, was established. The Committee meets at least twice a year and is responsible for reviewing the application of this Agreement, carrying out consultations, making recommendations and taking decisions as required, and in general undertaking whatever measures may be required to ensure the adequate implementation of the objectives and provisions of this Agreement.

Negotiations under GATT auspice to increase trade among developing countries, whether or not members of GATT, by means of an exchange of mutually advantageous tariff and tariff concessions resulted in an agreement that effect in February 1973. As of November 1978, Seventeen Countries ratified the Protocol. The purpose of the protocol is to expand the mutual trade among the developing countries,

Participating countries have exchanged concessions covering 740 tariff positions or subpositions in the CCC Nomenclature. The total trade with other participating countries in products included in the schedules of concessions is as follows: 1973: US \$26.7 million; 1974: US \$55.5 million; 1975: US \$69.2 million; 1976: US \$86.5 million; 1977: US \$102.2 million.

The Committee of the Participating Countries was established for the purpose of giving effect to the provisions of the Protocol. Republic of Korea ratified the Protocol in 1973 and conceded 6 tariff positions at the time.

Persuant to the provisions of the Kabul Declaration, the Asian Clearing Union (ACU) was set up with the objective of assisting member-country central banks in settling accounts for their goods and services on a multilateral basis. Korean government is interested in the operation of ACU, while considering the membership of the union.

As for the Asian Reinsurance Corporation (ARC), it is expected to reduce the drain on foreign exchange for the ESCAP region member

Republic of Korea (cont'd)

countries. Korea has paid its contribution and on October 27, 1978, the National Assembly passed the ratification bill for participating in ARC.

ROMANIA

Romania, which is a socialist developing country, is linked to other developing countries by common aspirations for progress and prosperity and the determination to take action to establish new relationships between nations based on true equality and mutual benefits, with a view to the establishment of the New International Economic Order.

The expansion and diversification of Romania's co-operation with other developing countries is one of the basic objectives of the policy of the Romanian Government and State. In the context of this co-operation, special emphasis is laid on the development of relationships and economic, technical and scientific co-operation, especially since there is an awareness that developing countries can, through mutual co-operation, meet many of each other's requirements in various sectors of the economy such as raw materials, energy resources, industrial development, financial resources and the training of cadres.

Romania's economic co-operation with other developing countries is evolving on at both the bilateral and multilateral level. In the context of this co-operation, industrial co-operation plays an especially important role. The growing role of co-operation with developing countries in Romania's international economic relations as a whole is made very clear by the evolution of a number of indicators.

For example, about 100 trade and co-operation agreements concluded by Romania with other developing countries are being implemented. More than 130 economic projects are being jointly executed. There are now more than 50 joint ventures with Romanian participation in developing countries, including CAROMBOIS and LOROMBOIS for the wood industry in the Central African Empire, SOMINA for the mining industry in Morocco, NIKOWI and SEROMWOOD for the wood industry in Nigeria, MAQUINAS HERRAMIENTAS ANDINAS for the engineering industry in Peru and MOKAMBO for the mining industry in Zambia.

Industrial projects have been executed in a number of developing countries on the basis of Romanian supplies or participation. These include petroleum refineries (Syria, Jordan, India, Pakistan, etc.), tractor factories (Egypt and Iran) and geological prospecting (Algeria, Morocco, Kenya, Colombia, Gabon, etc.).

It should also be pointed out that the share of the developing countries in Romania's total trade is continuing to increase, and is expected to amount to 25 per cent by 1980 (compared to 4 per cent in 1960, 18.5 per cent in 1970 and about 21.5 per cent in 1977).

It should also be mentioned that more than 12,000 young persons from developing countries are now studying in Romanian institutions of higher education.

At the same time, a large number of Romanian experts (17,000 in 1977) are providing technical assistance in a variety of fields in more than 60 developing countries.

Romania (cont'd)

In developing its bilateral relations, Romania is also concerned to expand industrial co-operation with other developing countries on a multilateral basis, within the framework of UNIDO. It is in this sense that the activity of the Joint UNIDO/Romania Centre was extended by a further agreement concluded in 1977, its sphere of action being enlarged to include the wood and building materials industries. In 1978, a new project, relating to the utilization of medicinal plants in two Asian countries (Afghanistan and Nepal) was implemented in the Centre. This project opened up genuine possibilities for the establishment of similar industries in the above mentioned countries.

As a member country of the Group of 77 and a country invited to join the Movement of Non-Aligned Countries, Romania will continue to expand its relations of economic, technical and scientific co-operation with all the developing countries, in the belief that this constitutes a substantial contribution to the achievement of the objectives of progress and well-being for the developing countries, the elimination of under-development and the establishment of the New International Economic and Political Order.

RWANDA

Rwanda's economic co-operation with developing countries has increased considerably in recent years. Efforts have been intensified particularly at the regional level, on both a bilateral and multilateral basis. Bilaterally, attention may be drawn to the industrial integration agreements concluded with Burundi. Multilaterally, Rwanda, Burundi and Zaire have grouped together to form a community called the Economic Community of the Great Lakes Countries (CEPGL) with its permanent headquarters in Rwanda (Gisenyi). Certain co-operation agreements have been concluded within the framework of this Community; agreements on transport, electrification, tourism, industrialization, etc.

Rwanda, Burundi and the United Republic of Tanzania have signed co-operation agreements for the developing of the Akagera Basin and have established the headquarters of this programme in Rwanda (Kigali).

For some time, exports of manufactured goods from Rwanda have been increasing steadily in value and quantity as can be seen from the following:

	1975	1976	" 1977
Quantity (tonnes)	4,107.0	5,188.0	5,626.0
Value (millions of Rwandese francs)	423.0	640.0	1,061.0

According to the statistics in the Plan, Rwandese exports during 1977 amounted to 31,085.8 tonnes, representing a value of 8,539.8 million Rwandese francs, with a deficit in the range of 2,039.9 million Rwandese francs compared with imports. Exports of products of vegetable origin consist primarily of coffee which, during the year under review, represented 96 per cent of the value of exports and 92 per cent of the volume. Other vegetable products

Rwanda (cont'd)

exported include cinchona bark and ornamental plants. The second group consists of mining products, the total value of these during 1977 being 715.6 million Rwandese francs and the quantity around 3,217.4 tonnes, or 8.4 per cent and 10.5 per cent respectively of all exports.

Apart from the industrial projects financed with Chinese technical and financial assistance and by private entrepreneurs from the developing countries, there are at present in Rwanda no joint ventures or industrial projects involving the participation of developing countries.

SAUDI ARABIA

For mutual and collective benefits, Saudi Arabia tries to have utmost technical and economic co-operation with other developing countries in various positions and at different levels - regional or otherwise, which are given below:

- a) Gulf States - Subregional Basis
- b) Arab countries - Regional "
- c) Muslim countries - Non-regional "
- d) "Group of 77" ) - International "  
of United Nations)

Trade in manufactures with other developing countries is satisfactory and increasing slowly but gradually. It is expected that in future more progress would be made with faster speed. The country tries to establish common bargaining policies as far as possible.

There are a good number of joint ventures with other developing countries. In the industrial sector alone, participation of developing countries in total number of joint-projects has been as much as 45 per cent upto the end of 1977. This shows the extent of economic co-operation in the field of various specializations with other developing countries for maximum collective self reliance. As regards the question of supporting the least developed countries, the Kingdom of Saudi Arabia has been forthcoming with real aid and support to them. To the best of the country's knowledge no other country spends more than 15 per cent of its annual budget, a privilege enjoyed by Saudi Arabia, for that support purpose.

SIERRA LEONE

Sierra Leone has entered into an agreement with its neighbouring country Liberia for regional development. As a consequence, Monrovia Union Secretariat has been established at Freetown. There has been further agreed that certain industries be assigned a union status and developed jointly. The union has carried out a number of studies and based on these studies further action towards the achievement of the objectives of the union is in progress. Sierra Leone is also a member of the Coffee Growers Association of Africa.

### Sierra Leone (cont'd)

As explained above Mano River Union has been established. A common tariff schedule has already become operative, and union status industries are in the process of being selected.

No record of the border trade is at present maintained. But it is believed that products manufactured in Sierra Leone are exported to adjoining countries of West Africa by land routes.

### SINGAPORE

As a member of ASEAN, Singapore has numerous arrangements for technical and economic co-operation with other member nations. Examples are the ASEAN Training Awards and the Preferential Trading Agreements. Singapore is also a member of the Colombo Plan.

In 1977, Singapore's total trade in manufactures amounted to S\$22,091 million. Of this, trade with other developing countries constituted 22.3 per cent or S\$4,930 million. No projections for the future exist.

Singapore and the other ASEAN members have agreed to establish large scale industrial projects (urea, soda ash, phosphatic fertilizers etc.) to accelerate industrial co-operation.

### SOMALIA

Somalia has concluded bilateral agreements of technical and economic co-operation with several developing countries. These include Yugoslavia, Egypt, China, North Korea, India and Pakistan. There is no scheme under consideration for any regional or sub-regional industrial project. Trade in manufactures with other developing countries (except China from where a number of consumer goods are imported) is negligible. China has assisted Somalia in the establishment of the Cigarette and Match Factory. Continuing assistance is being provided in the cultivation and curing of tobacco.

North Korea has assisted Somalia in the establishment of a cement plant at Berbera. This country is further providing assistance in the construction of a minor barrage on Schabelli river to boost cotton production for the Textile Mill (Somaltex at Balaad). An agreement has been signed with a private enterprise in India for setting up an aluminium utensils factory in Somalia. India has also supplied a plant followed by technical assistance for producing containers for canning fruit and vegetable products. Pakistan, India, Egypt, North Korea, and China have provided facilities for the training of Somalis in varying industrial skills.

### SRI LANKA

Under the auspices of the ESCAP Sri Lanka has shown interest in the co-ordination of economic policies for industrialization. ECDC is being pursued under multilateral and bilateral arrangements.



## SUDAN

Sudan and Egypt are at present engaging in an ambitious scheme for integrating their economies. A number of preparatory meetings were held at top levels, resulting in numerous resolutions which call for the establishment of jointly owned companies to invest in agriculture, industry and infrastructural projects. On the other hand, trade between the Southern part of the country and neighbouring Kenya has developed considerably in the past few years.

Trade in manufactures with other developing countries is restricted to border trade on barter basis. Agricultural commodities which could be sold for ~~hard~~ currencies are excluded from the barter list of commodities, while trade in manufactured products is especially welcomed.

Finally, a number of major industrial projects (mainly agro-industrial projects) is to be financed by Arab oil producing countries, for the production of goods designed to meet the demand for such goods in those countries. Also joint venture projects and direct private foreign investment in agriculture and industry is beginning to add a new dimension to economic activity in the country.

## SWAZILAND

Swaziland is a member of the ACP with the EEC; she is also a member of the ECA/MULPOC and the Customs Union with South Africa, Botswana and Lesotho.

Swaziland has trade link with developing countries. She exports about 2 1/2 per cent of her products to these countries but imports very little from them.

There are two industrial joint ventures which involve financial and technical participation with developing countries: Kenya and Swaziland agreed on a joint venture on iron ore, while Mozambique and Swaziland agreed on a joint venture on cement industry.

## SYRIAN ARAB REPUBLIC

The Syrian Arab Republic attaches great importance to establishing close co-operation with Arab countries and in particular with Jordan and Iraq and also to increasing co-operation with the Kingdom of Saudi Arabia, Kuwait and the United Arab Emirates.

Syria's relations with these countries have taken the following forms:

Participation in multilateral economic institutions in the form of Arab companies or economic agreements, e.g. the agreement on the Inter-Arab Investment Guarantee Corporation, and the Arab Investment Company with headquarters in Baghdad and the banking institution with Arab and French capital located in Paris.

Bilateral agreements with Jordan and Iraq on economic co-ordination and integration, e.g. these relating to the Syrian-Saudi

Syrian Arab Republic (cont'd)

Arabian Industrial Investment Company, the Syrian-Jordanian Industrial Company and the Syrian-Jordanian Free Zone Company

The Syrian Arab Republic derives many advantages from such co-operation, namely

- Larger markets for its products;
- Avoidance of projects which compete with those of other Arab States, since such projects are not economically advantageous;
- Possibility of attracting large Arab investments on projects which Syria is unable to set up single-handed;
- Securing loans to finance industrial development projects.

In the area of transfer of technology, Syria continues to rely on developed countries.

THAILAND

Although realizing that co-operation between the developed and developing countries is vital to the development of industries in the developing world, the developing countries including Thailand, also recognize that co-operation between the developing countries themselves must be carried out simultaneously, in order to share their experience in industrial development, specialization and integration, to establish common bargaining policies and, in particular, to support the least developed among them.

Thailand has been participating actively in the well-known Technical Cooperation among Developing Countries programme (TCDC) as early as the programme has started. At the regional level, it also participate in many economic and technical co-operation programmes of the regional body of the United Nations (ESCAP), for example, the co-operation programme in transferring of technology, of the Regional Centre of Technology Transfer. Furthermore, Thailand is carrying out many economic and technical co-operational programme with other developing countries bilaterally.

The ASEAN countries which consist of the Republic of the Philippines, Malaysia, Indonesia, Singapore, and Thailand have been engaged in trading relations for some time and the volume of intergroup trade is rather high, but serious economic co-operation has not yet been achieved. Recently, there has been an upsurge in the interest in intergroup co-operation on two fronts: a) co-operation in trade and b) industrial co-operation.

The total population of ASEAN member countries is about 220 million or about 5.7 per cent of the world population. The ASEAN nations with the exception of Singapore have similar economic structures. They are basically agricultural economies. In addition, all ASEAN nations belong to the free enterprise economic system and they maintain open economies in the sense that foreign trade plays a major role in their economic development. They have the same major trading partners in addition to their common positions of being raw material producers striving to increase the value-added of their primary prod-

Thailand (cont'd)

acts by attempting to process as much as possible before exporting (with the exception of Singapore) Based on these similarities, there is room for economic co-operation among the ASEAN nations and this is strengthened by the discovery of different economic resources. Recently, a trend emerges toward closer co-operation due to the increasing specialization of ASEAN nations. The oil discoveries in Indonesia, minerals for producing fertilizers in the Philippines and Malaysia and rocksalt for producing soda ash in Thailand in addition to the industrial strength of Singapore have all contributed to this trend towards close co-operation among ASEAN member countries, especially in trade and industry. Industrial co-operation should generate benefits in several areas, such as:

- Member countries have the opportunity to increase the value added in their industrial products:
- Member countries will benefit from the economies of scale due to a large regional market.
- Benefits resulting from cost savings in transportation and infrastructural facilities.
- Benefits generated by the adaptation and transfer of technology.
- Benefits to be gained through increased bargaining power with other countries in relation to supplies of goods from outside the region.

To fulfill the targets of economic co-operation especially with respect to industrial co-operation, the Government will set up the following policies and strategies:

- a) Promotion of ASEAN economic co-operation through joint investment for industrialization concurrently with selective trade preferential treatment.
- b) A permanent agency will be set up to study the feasibility of inter-ASEAN co-operation in various areas covering those already agreed upon and those that will be agreed upon in the future with special emphasis on trade and industrial co-operation.

TOGO

Togo has signed a number of technical and economic co-operation agreements with developing countries - namely, China, North Korea, Tunisia and Brazil. Agreements relating to regional and subregional integration schemes are less common, however; at present there is the agreement for energy co-operation which links Benin, Togo and Ghana for purposes of the supply of electricity within the Benin Electricity Community (CEB). Another co-operation agreement brings together Benin and Togo in the joint operation of the planned hydroelectric project on the Mono river.

In regard to financial and economic co-operation there are regional development banks such as BOAD (West African Development Bank), ADB (African Development Bank), ADF (African Development Fund)

Togo (cont'd)

and BALTEX (Arab, Lybian and Togolese Development Bank). The Council of the Entente assists a number of countries in development projects, by means of its Mutual Aid and Loan Guaranty Fund. In order to promote the harmonious and integrated development of the West African subregion, the Economic Community of West African States (ECOWAS), comprising the subregion's 15 States, was established.

There is very little export of manufactured products from Togo to other developing countries, and the trade is sporadic. The exports consist mainly of printed fabrics going to Zaire and Gabon, and marble and enamelled ceramic tiles to Nigeria and Zaire.

With regard to Togolese imports of developing countries' products, mention may be made of grey cloth (1,500 to 2,000 tonnes/year) from China and motor fuel from Venezuela, Saudi Arabia and Kuwait.

No programme exists at present for intensifying trade with other developing countries; however, as a result of the implementation of the CIMAO project, nearly 900,000 tonnes per year of clinker will be delivered to the Ivory Coast and Ghana. CIMAO (Ciments de l'Afrique de l'Ouest) is the first large-scale industrial project of a regional character to be implemented in West Africa. It links Ghana, the Ivory Coast and Togo in the development of the Tabligbo limestone deposits, situated in Togo. This clinker production unit is an instrument of economic integration within the subregion and will enable the regional prices for this product to be regulated.

The project under consideration for the establishment of a phosphate fertilizer complex could be implemented in association with certain countries such as Nigeria and Ghana.

TUNISIA

Co-operation agreements exist only in respect of agricultural extension work, the desertification campaign and road, rail and harbour infrastructures.

Exports of manufactures have grown as follows (amounts expressed in thousands of dinars):

	<u>1976</u>	<u>1977</u>
Capital goods	4,115	4,704
Consumer goods	44,640	79,879

In other words, growth rates of 14.3 per cent and 78.6 per cent respectively.

These data relate to exports as a whole; it was not possible to single out exports of manufactures to developing countries only.

With regard to joint industrial projects, studies have been carried out, under the auspices of the Permanent Consultative Committee of the Maghreb, with a view to determining possible areas of co-operation and specialization so as to harmonize industrial development planning.

### TURKEY

Being member of the RCD, Turkey will do its part for the realization of an effective co-operation between the members of the organization in economic, technical and cultural fields. In the field of trade a reciprocal elimination of tariffs and non-tariff barriers is aimed at and in the long term establishment of free trade zones is planned. In order to realize joint ventures, project co-operation in the field of industry will be encouraged. Steps will be taken by the Turkish side for the realization of a TCD Investment Bank.

Increases are expected in the trade of Turkey with other developing countries especially in the field of manufactured goods. The already existing flow of services from Turkey to the neighbouring countries especially in the field of construction and engineering will be increased. Such activities will serve as a transfer of know-how for the receiving countries and as a source of foreign exchange for Turkey.

Turkey today has reached a level of development where she could play an active role in TCDC activities. During the Plan period a marked increase is expected in the Turkish participation in such ventures.

### UNITED ARAB EMIRATES

Economic co-operation is mostly made with other Gulf States (Kuwait, Qatar and Bahrain) and specially in the field of petrochemicals. Other technical and economic co-operation was carried out with Japan and Pakistan.

### UNITED REPUBLIC OF CAMEROON

Cameroon is linked by agreements in the area of economic, technical or commercial co-operation with nearly forty countries, including the developing countries listed below:

Brazil	Trade agreement and economic and technical co-operation agreement
Pakistan	Trade agreement
Algeria	Various agreements on commercial, technical and economic co-operation
Iraq	Trade agreement
Tunisia	Various agreements on commercial, technical and economic co-operation
Morocco	Economic co-operation agreement
Mali	Trade agreement
Nigeria	Various co-operation agreements and treaties
China	Agreements on commercial, economic and technical co-operation

United Republic of Cameroon (cont'd)

Yugoslavia	Agreements on commercial, economic and technical co-operation
Lebanon	Trade agreement
Egypt	Agreements on commercial, economic and technical co-operation
Equatorial Guinea	Various agreements and treaties
Sao Tome and Principe	Various co-operation agreements and treaties
Senegal	Various co-operation agreements and treaties
Chad	Various co-operation agreements and treaties
Zaire	Trade agreement
Ivory Coast	Economic co-operation agreement

Cameroon is also a member of:

The Central African Customs and Economic Union, which also includes Gabon, the Congo and the Central African Empire;

The Lake Chad Basin Commission;

The River Niger Commission.

In 1977, exports of manufactured products from Cameroon to other developing countries accounted for approximately 33.6 per cent of the export receipts recorded in this sector and some 9.6 per cent of all exports (primary and manufactured products). It is unlikely that these proportions will change very much during the Fourth Five-Year Plan now in progress; however, it is estimated that by 1985/86 this figure may climb to 15 per cent of total exports.

UNITED REPUBLIC OF TANZANIA

Following the break-up of the East African Community, no new designs of regional co-operation between Tanzania and her former partners appear to be in the making. The East African Community had grouped together Kenya, Uganda and Tanzania. It was perhaps the finest form of Economic Integration of which the partners had agreed (among others): (a) to establish a common market; (b) to own and administer collectively the railway transport system and all the East African Ports and (c) to maintain a single international airline (the later (b) and (c) above were actually supportive services to the smooth running of the common market). Through these arrangements the three partner states had agreed to work for co-ordinated and harmonious economic development of their region. The community collapsed on 30 June 1977. Since then, co-operation among the three partner states has dropped to insignificant proportions.

However, efforts are being made to co-operate in economic and technical matters with other friendly neighbours, such as Burundi, Rwanda, Zambia and Mozambique. Tanzania, Burundi and Rwanda have formed a commission for management and development of the Kager River Basin. Also in existence are various Joint Commissions between

### Tanzania (cont'd)

Tanzania and Rwanda. Similar joint commissions exist between Tanzania and Burundi. Under these commissions the participating countries have agreed to undertake certain projects jointly; e.g. Tanzania and Burundi have plans to construct a road to link land-locked Burundi with Tanzania. Similarly Tanzania and Rwanda are studying the possibility of constructing a railway line through Musoma to link the two countries. There also exists a joint commission between Tanzania and Mozambique on technical and economic co-operation. Co-operation with Zambia includes trade and the strengthening of transport network between the two countries. Besides these countries Tanzania maintains technical co-operation with other third world countries notably India, China, Pakistan and Mexico.

### URUGUAY

Economic co-operation with other developing countries is one of the ways in which, in Uruguay's opinion, the welfare of the parties can be increased. At both bilateral and multilateral levels, an increase in Uruguay's trade with other developing countries can lead to consumer goods, investment and services being made available to the extent required to meet the increasing demand generated by the growth process.

In the field of technical co-operation among developing countries Uruguay has not only subscribed to the principles formulated by the United Nations Conference held at Buenos Aires in 1978; it has also signed a number of agreements on technical, scientific and cultural co-operation and related matters with other developing countries. Under these agreements various Uruguayan entities or agencies have made arrangements for exchanges with their counterparts in other countries (experts, courses, seminars, etc.). At the moment consideration is being given to the possibility of signing a technical co-operation agreement between Uruguay and an African country, with the support and co-operation of UNIDO. If such an agreement materializes, it will be one of the first concrete examples, at the international level, of horizontal co-operation between developing countries in two different continents.

These and other measures taken by the Government in this connexion constitute evidence of its concern for international solidarity and integration.

### VENEZUELA

Agreements concluded between Venezuela and the Caribbean countries:

Dominican Republic: An agreement was signed in 1974 on the exchange of Venezuelan rice for Dominican black beans. On 30 November 1976 a financial agreement was concluded between the same two countries under which the Venezuelan Investment Fund is making available to the Central Bank of the Dominican Republic the sum of \$60 million for the payment of oil purchases for Dominican consumption. On the same date another agreement was signed between the two

Venezuela (cont'd)

countries under which Venezuela undertook to purchase from the Dominican Republic its entire requirements for imported sugar during 1977, 1978 and 1979.

Guyana: A line of credit worth 5 million bolivars has been opened.

Antigua: On 26 May 1975 Venezuela and Antigua reached agreement on a comprehensive plan of co-operation. Co-operation on a sewer system for the city of Saint John's is envisaged.

Trinidad and Tobago: A fishing agreement entered into force on 7 June 1978.

Montserrat: Feasibility study on a project regarding the Montserrat Sports Marina (Antigua). This project is being administered through the Caribbean Co-operation Programme. Working through this same Programme, the Venezuelan Government has finished work on the following studies for the island of St. Kitts: project for a sewage treatment plant; feasibility study for a salt refinery.

In this context it is worth noting that Venezuela is a member of two very important integration associations in Latin America: the Andean Subregional Pact, through the Cartagena Agreement, and the Latin American Free Trade Association (LAFTA), through the Treaty of Montevideo.

Regarding the Cartagena Agreement, the following information may be of interest:

The objective of the Agreement is to promote the balanced and harmonious development of the member countries, to speed their growth through economic integration, to facilitate their participation in the integration process called for in the Treaty of Montevideo, and to create favourable conditions for the conversion of LAFTA into a common market, all with the aim of bringing about a steady improvement in the standard of living of the inhabitants of the subregion.

Balanced and harmonious growth must lead to an equitable distribution of the benefits of integration among the member countries so as to reduce the existing differences between them. The results of these processes must be periodically evaluated, taking into account, among other factors, their effects on the expansion of each country's total exports, the evolution of its balance of trade with the subregion and its gross national product, the generation of new employment and the formation of capital.

To achieve the objectives of this Agreement, the following mechanisms and measures, among others, will be used:

- (a) The harmonization of economic and social policies and the convergence of national legislation wherever deemed appropriate;
- (b) Joint programming, intensification of the process of sub-regional industrialization and the execution of sectoral programmes of industrial development;
- (c) A faster trade liberalization programme than that generally pursued within the framework of LAFTA;
- (d) A common external tariff, the initial stage of which will



Venezuela (cont'd)

be the adoption of a Common Minimum External Tariff;

- (e) Programmes designed to speed the development of the agricultural sector;
- (f) The channelling of resources within and outside the sub-region to provide for the financing of investment.

Three sectoral programmes of industrial development have become operational, namely:

- A petrochemical programme, in which Venezuela is participating;
- An automotive programme, in which Venezuela is also participating;
- A metalworking and engineering programme; Venezuela is negotiating the terms of its accession

The Montevideo Treaty was signed on 16 February 1960 by the Governments of Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Colombia, Ecuador, Venezuela (August 1966) and Bolivia acceded to the Treaty at a later date.

The basic objectives of the Treaty is to accelerate the process of economic development in the Latin American countries and to ensure a higher standard of living for their people. This is to be accomplished by enlarging national markets through the elimination of barriers to trade within the area and through greater co-ordination of national development planning in various sectors of production within a framework of norms taking duly into account the different interests of the member countries. The pursuit of these objectives will involve stimulating the expansion of trade and the substitution of products currently imported from outside the region, introducing some degree of competition to encourage productivity, increase efficiency, reduce costs and make possible increasing complementarity and integration of regional production. Another aim is to contribute to expanded transport and communication systems and the general strengthening of the commercial and financial organization of the area.

In order to attain these goals, the signatories of the Treaty undertook to establish a free trade area and, to that end, established the Latin American Free Trade Association (LAFTA). They also declared their intention to establish, on a gradual and progressive basis, a Latin American Common Market, pledging on behalf of that objective their maximum efforts to adjust their policies so as to bring about favourable conditions for the setting up of such a market. Accordingly, once the necessary progress within the area has been achieved, the member countries will begin negotiations to adapt the Treaty to a new stage in the process of economic integration.

On the practical level, almost since the Treaty first came into effect the member countries have adopted decisions and undertaken new commitments aimed at the formation of the Latin American Common Market.

The basic instruments and principles which characterize the Latin American Free Trade Area are the following:

- A programme for the liberalization and expansion of trade within the area on the basis of reciprocity;

Venezuela (cont'd)

- Most favoured-nation treatment;
- General safeguard clauses;
- Special provisions regarding agriculture;
- Special measures for the countries regarded as relatively less economically developed within the zone;

Other major features of the Treaty are the following:

- (a) Freedom of transit for goods within the area, coupled, however, with a ban on their re-export;
- (b) Exports may not be supported through subsidies or other measures that may interfere with normal conditions of competition;
- (c) The provisions of the Treaty do not prevent the signatories from adopting and carrying out measures designed to: protect public morality; apply safety laws and regulations; regulate imports or exports of basic materials; protect the life and health of persons, animals and plants; import and export gold and silver metal; safeguard their artistical, historical and archaeological heritage.

Under the Treaty of Montevideo, the contracting parties established a free trade area and instituted the Latin American Free Trade Association. A free trade area is understood to mean a group of two or more customs territories between which customs duties and other restrictions on the essential part of trade in products originating within the territories comprising the area are eliminated.

YEMEN ARAB REPUBLIC

The Yemen Arab Republic is always participating in such arrangements of technical and economic co-operation with other developing countries. The country imports from other developing countries the manufactured items if they are of competitive rates. Certain joint ventures involving financial and technical participation are in progress.

YUGOSLAVIA

The volume of foreign trade between Yugoslavia and developing countries is increasing, as can be seen from table below:

		in million dinars	
		1 \$ = 18.25 dinars	
<u>EXPORTS</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Total	74,318	89,025	85,890
To developing countries	12,419	13,755	17,952
Base index /1975=100/	100.0	110.8	144.6
<u>IMPORTS</u>			
Total	140,465	134,443	175,819
From developing countries	19,733	19,239	24,238
Base index /1975=100/	100.0	97.5	122.8

Yugoslavia (cont'd)

	<u>1975</u>	<u>1976</u>	<u>1977</u>
Total Trade exchange with developing countries	32,152	32,994	42,190
Index	100.0	102.6	131.2

In the forthcoming period Yugoslavia will continue to pursue an intensive foreign trade exchange with developing countries, in accordance with the adopted development policy until 1980, in which particular emphasis has been placed on the production and financial co-operation with developing countries, based on development programmes in accordance with mutual interests and the securing of markets for such Yugoslav products as fit into the long-term programmes of these countries.

Economic, scientific and technical co-operation between Yugoslavia and developing countries, both bilateral and within international organizations, has become traditional. The organized forms of this co-operation have been developed with 80 countries, with 70 of which the co-operation has been regulated by long-term inter-governmental agreements. On this basis, with a certain number of developing countries Yugoslavia has established co-operation programmes and joint ventures relating to joint research work, the exchange of researchers, training of personnel, execution of investment projects, joint enterprises etc.

In the sphere of production, about 20 joint enterprises have been established in developing countries (industry, mining, building, agriculture), particularly in the area of large investment projects in the field of infrastructure, industry and agriculture, in whose construction participate Yugoslav organizations and experts. The personnel training programmes are implemented by combining lectures and practical training. Up to now a number of specialized courses for personnel from developing countries has been organized. More than 6,500 citizens from developing countries have studied or specialized in Yugoslavia, while about 8,000 Yugoslav experts from various fields have worked in developing countries, both as individuals or in teams.

ZAIRE

Arrangements for technical, economic and cultural co-operation are:

- With Burundi and Rwanda - plan for subregional integration linking the three partners in a community known as the Economic Community of the Great Lakes Countries (CEPGL);
- With Morocco - technical, economic, commercial and cultural co-operation agreements;
- With Libya - financial co-operation agreements (finance for expansion of CECAMINES);
- With the Saudi Arabian Development Fund - financial co-operation agreements (financing of transport and education projects);

Zaire (cont'd)

- With Angola - technical, economic, commercial and cultural co-operation agreements;
- With the Congo - commercial co-operation agreements (being prepared);
- With Ghana - technical and scientific, economic, commercial and cultural co-operation agreements (signed in early December 1978).

The extent of export in manufactures with other developing countries is illustrated in table below:

Extent (exports). Some relatively important products

Products and countries	1976		1977 (first half)	
	Quantity	Value (zares)	Quantity	Value (zares)
<b>1. Crude palm oil (kg)</b>				
Niger	894,998	129,499	-	-
Ghana	6,708,277	1,471,735	-	-
Nigeria	-	-	1,376,988	435,256
Central African Empire	19,850	10,256	3,300	1,074
Rwanda	16,000	4,541	-	-
<b>2. Crude palm kernel oil (kg)</b>				
Morocco	776,835	145,212	112,348	66,303
Ghana	465,929	115,343	-	-
<b>3. Palm kernel oilcake (kg)</b>				
Congo	30,000	2,147	20,544	2,147
<b>4. Portland cement (kg)</b>				
Central African Empire	7,257,500	383,459	1,730,000	83,180
Congo	10,055,910	646,845	4,335,270	246,703
Gabon	2,502,300	14,713	-	-
Rwanda	30,812	5,775	-	-
Burundi	5,070,000	117,618	400,000	20,854
People's Republic of China	5,000,000	265,640	-	-
<b>5. Tea (kg)</b>				
Central African Empire	400	4,382	-	-
Kenya	110,064	59,878	-	-
Liberia	32,000	28,617	-	-
Chad	1,973	703	-	-
Uganda	2,100	1,484	-	-
<b>6. Cigarettes (pcs)</b>				
Rwanda	1,000,000	2,136	-	-
<b>7. Matches (kg)</b>				
Uganda	60	170	-	-
<b>8. Cotton cloth (m<sup>2</sup>)</b>				
Central African Empire	1,100	2,290	-	-
<b>9. Shoes (pairs)</b>				
Congo	7,543	13,634	-	-
Uganda	20	116	-	-
<b>10. Moulded products (kg)</b>				
Central African Empire	60,000	2,416	-	-
Congo	30,000	1,318	-	-

Zaire (cont'd)

A projection of Zairian exports to other developing countries cannot be properly made in the current economic situation. This will be possible only after the economic relaunching, by the end of 1981.

Joint ventures and industrial projects involving the financial or technical participation of other developing countries are the following:

- Among Burundi, Rwanda and Zaire: project for a hydroelectric dam on the Ruzizi River and development of the Ruzizi valley;
- Between Rwanda and Zaire: project for exploitation of the methane gas in Lake Kivu.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT TO  
ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

ECONOMIC COMMISSION FOR AFRICA

Consequent upon the successive decisions of the Conference of African Ministers of Industry and the Lima Plan of Action programmes have been developed in building materials industries, forest based and agro-allied industries, chemical, metal and engineering industries. These sectoral development programmes are also expected to yield an increasing number of activities and projects appropriate for multi-national industrial co-operation among African countries. Greater efforts will be directed to the identification of the widest possible range of innovative modalities for co-operation and facilitation of extensive consultations among governments in order to break-out of the traditional limitation of approach in terms of equity shares in a single industrial plant located in one place which has been one of the major drawbacks in industrial co-operation.

The objectives of the project are: to explore, with the active participation of existing State enterprises, the possibilities for the establishment of African multinational industrial corporations (AMICs) within the context of existing national corporations or otherwise with a view to promoting an intra-African flow of investible funds and hence trade; to increase, overtime, technical capability for greater sovereignty over natural resources through more upstream processing; to organize and spearhead production in the more basic and dynamic industries within the context of the African perspective; to strengthen national corporations through affiliation, technical advice, subcontracting and sublicensing; to serve as complementary aim of the African region in the promotion, transfer and adaptation of technology; to facilitate re-investment of profits in the African region, and to contribute substantially to the development of technical and managerial skills for large-scale industrial enterprises now so much lacking in the region. Such corporation in each of the major industrial sectors will increase the overall bargaining power of each of the member countries with foreign transnationals in every industrial branch.

An investigating mission was fielded to Nigeria, Ivory Coast, Senegal, Tanzania and Kenya in August-September 1978 in respect of the project and its findings are being embodied in the form of a

ECA (cont'd)

report to ECA and OAU conferences of ministers for consideration.

At the subregional level, ECA's main activities have been aimed at promoting close economic co-operation among member States, notably in the field of trade and finance. The related activities have been taking place mainly within the framework of Multinational Programming and Operational Centres (MULPOCs). It is worth pointing out in particular that since 1977 the meetings of senior officials and Ministers of the Lusaka MULPOC have been initiating action aimed at setting-up a Preferential Trade Area for the Eastern and Southern African States, on the basis of extensive field research studies undertaken by the Secretariat. To date, the following steps have been taken. First of all the ministers of trade, finance and development planning of these countries met at Lusaka on 30 and 31 March 1978 to adopt a Declaration of intent and commitment for the establishment of the Preferential Trade Area. At the same time, terms of reference were drawn up for the setting-up of an Inter-government Negotiating Team on the negotiation of a treaty for the establishment of the Preferential Trade Area among Eastern and Southern African States. The time-table for these negotiations was also adopted.

The intergovernmental Negotiating Team met for the first time in Addis Ababa in June 1978. It adopted the principles that are intended to guide member States in the drafting and the negotiation of the treaty on the basis of proposals put forward by the Secretariat. The same team is now due to hold its second meeting in Mbalane, Swaziland to consider and hopefully adopt:

- (a) A draft protocol on rules of origin for products to be exchanged within the Preferential Trade Area;
- (b) A draft protocol on transport and communications.

In addition, the Intergovernmental Negotiating Team will have before it:

- (a) Lists of commodities which could be traded within the PTA;
- (b) A memorandum on the draft protocol relating to rules of origin;
- (c) A memorandum on the draft protocol on transport and communications.

In so far as the West African subregion is concerned, the secretariat's action in the field of trade has been mainly carried out through the assistance which it has been extending to ECOWAS. It will be recalled here that ECA was appointed as co-ordinator for the ECOWAS Trade, Customs and Monetary Affairs Project. Within this framework, a number of studies were undertaken directly by ECA or under its supervision. These include in particular studies on recorded and unrecorded trade flows between ECOWAS member States, all of which are expected to provide the necessary information and analysis for the conduct of the detailed trade negotiations that are expected to follow very soon.

With respect to the North African subregion, a detailed draft programme of studies and field missions on trade expansion between the interested countries is now being presented to a meeting of inter-

ECA (cont'd)

governmental experts from the North African subregion which is taking place in Tangiers.

In as far as intra-African financial relations are concerned, ECA has been carrying out a number of activities aimed at strengthening the West African Clearing House and conducting studies on ways and means of setting-up such arrangements in other sub-regions, including the Eastern and Southern African States (alongside the Preferential Trade Area) and the Central African sub-region. Also, meetings have been held to help member States to harmonize their stands on major international issues to be discussed subsequently in global fora, such as the IMF and the World Bank.

At the regional level, it is worth pointing out, inter alia, that studies have been carried out on ways and means of strengthening existing Producer Associations and creating new ones, as a means of raising the bargaining power of African countries vis-à-vis the developed countries. A joint ECA/UNAPEC meeting of African Producers Associations was held to examine the findings of these studies and make appropriate recommendations.

At the inter-regional level, the thrust of the activities of the Secretariat in this field has been to assist member States in implementing the Mexico Programme of Action on economic co-operation among developing countries, in co-operation with other regional commissions and UNCTAD. Draft studies have been completed in particular on trade expansion between African and Latin America, and on Afro-Arab trade as well as on payment arrangements between developing countries. And the Secretariat has serviced meetings of the African Group held in conjunction with those of UNCTAD's Committee on Economic Co-operation.

Co-operation among developing countries has also been taking place by means of an Inter-regional Project on Primary Commodity Exports involving ECA, ESCAP and ECLA. The main objective of this project is to improve developing countries' negotiating capabilities vis-à-vis transnational corporations operating in the three regions, and in particular to ensure that a more advantageous pattern of gains distribution is obtained in favour of developing countries. A joint ECA/CINC Unit on transnational corporations has been established within ECA's International Trade and Finance Division to conduct these and other studies, and provide various types of services to member States, including advisory services with respect to matters relating to transnational corporations.

Technical and economic co-operation with other developing countries, including regional and subregional integration schemes

In recognition of the urgency of multinational co-operation and the need to implement the New International Economic Order, the Fourth ECA Conference of Ministers and the Thirteenth session of the Commission directed that ECA Multinational Programming and Operational Centres (MULPOCs) should be established at subregional levels. Five MULPOCs have since been established in Lusaka, Yaounde, Niamey, Gisenyi and Tangiers. The MULPOCs are primarily responsible for the promotion of multinational and multisectorial projects, and subregional co-operation and integration as a step towards regional economic integration.



ECA (cont'd)

Regional, subregional integration schemes

The approach which has been adopted is to achieve subregional co-operation then work towards regional co-operation. To this end, ECA through its MULPOCs have undertaken studies or are in the process of undertaking studies with a view to enhance economic co-operation. In Eastern and Southern Africa subregion, consisting of 17 countries, preparations and negotiations are underway to establish a Preferential Trade Area (PTA) as a first step towards the creation of a Subregional Common Market. It is proposed that the preparation of the draft treaty establishing the PTA would be completed during 1979. Preliminary studies to establish other appropriate institutional machineries for other subregions, taking into account the existing of intergovernmental organizations, are underway.

TCDC in Africa

The ECA Secretariat, through the Office of Economic Co-operation complets a study on technical co-operation among the African countries that the Secretariat had started in 1976. The study will provide a solid basis for future as well as current inter-country TCDC projects in Africa. The TCDC projects are now being carried out within the framework of MULPOCs.

TCDC

The ECA participated fully in the preparations leading to the UN TCDC Conference held in Buenos Aires during 1978. In preparation for the Conference a joint OAU/ECA meeting of African experts was held at ECA headquarters in August 1976. The meeting reviewed TCDC activities in Africa. ECA participated in the meetings of the inter-Agency Task Force of TCDC during 1977 and 1978.

Inter-regional co-operation

In compliance with resolutions 301(XIII), 302(XIII) and 303(XIII) on co-operation with the other Economic Commissions, ECA has undertaken the following measures:

ECA/ECWA: the priority fields in which inter-regional co-operation would be promoted include agriculture, development planning, exchange of officials and technical personal for in-plant training, social development and the establishment of industrial ventures. However, in the first instance, the three priority projects in which co-operation would be promoted are: statistical abstract for the Arab World, a regional documentation centre, and the brain-drain.

ECA/ECLA: ECA has worked out with ECLA a joint draft programme of economic and technical co-operation between Africa and Latin America for consideration by the governments of their respective regions. The proposed action programme is designed to bring about effective economic and technical co-operation between individual governments, groups of governments, and/or intergovernmental organizations. The priority areas during 1979-80 include trade promotion, manpower development and the adaptation, transfer and development of relevant technology. During 1977, a mission led by the ECA Secretariat visited ECLA and various economic integration groupings in Latin America with a view to held preliminary discussions on areas of possible co-operation as well as the study of the various integration movements

ECA (cont'd)

within that region.

ECA/ESCAP: ECA co-operated with ESCAP in setting up a co-ordinating committee on multilateral payments arrangements and monetary co-operation among developing countries. The first meeting took place at Bangkok in July 1978. In addition the two secretariats are undertaking a joint study on co-operation among the State corporations and organizations in their regions and trade promotion.

The ACP countries: the ACP countries have already adopted a common strategy for negotiations with the EEC countries, especially during Lome II. On the whole, African countries in collaboration with other developing countries will also adopt a common strategy in negotiating with developed industrialized countries during UNCTAD V.

ECONOMIC COMMISSION FOR LATIN AMERICA

Several meetings have been held in the field of ECDC and all have stressed the need to promote specific forms of co-operation between two or more countries (or regions) in such aspects as industrial and agricultural programmes and projects, trade agreements and joint infrastructure projects.

In this connexion, for example, a special meeting was held in Geneva in 1977 between the Executive Secretaries of ECLA and ECA. The meeting gave rise to an interregional project proposal which was informally submitted to UNDP for comments.

At the end of 1977 a meeting of government officials responsible for technical co-operation in Latin America was held in Panama with the purpose of evaluating jointly the progress achieved in this field.

ECLA was also invited to participate in a working party on trade expansion and regional economic co-operation among developing countries held at Geneva in April 1978.

ECONOMIC COMMISSION FOR WEST ASIA

ECWA's activities in the area of regional coordination of policies in the industrial field have the objective to assist in developing concrete proposals for the coordination of industrialization efforts in the ECWA region on the basis of a regional approach to investment and production. The following two studies are envisaged:

- (a) "Co-ordination of Industrialization Plans and Programmes"  
The study aims at determining possible areas of multi-national co-operation in specific enterprises. It will also serve in elaborating a framework for a regional strategy of industrial development.
- (b) "Appraisal of Joint Ventures"  
The study proposes to formulate guidelines for promoting regional industrial co-operation through a survey and an assessment of existing joint-industrial co-operation projects in the Arab Region.

## ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

The programme for regional co-operation and technical co-operation among developing countries has received great emphasis. The question of financing has been taken up as being of crucial relevance. An inter-governmental meeting of national planning bureaux with the participation of development banks was held in 1978 and its recommendations for joint industrial venture are being closely investigated. A meeting of Ministers of Industry has set up a Club for consideration of technical co-operation among developing countries. Specific areas of co-operative possibilities were identified with reference to Afghanistan and Papua New Guinea.

With regard to activities in support of the least developed countries, the programme for "prime mover" industry is under implementation. The ground work for project development has been completed in Nepal and similar work will be undertaken with respect to Afghanistan. These are some of the highlights of implementation which have special relevance to Lima Declaration in regard to industrial development and regional co-operation.

### GATT

19 countries are signatories of the protocol Relating to Trade Negotiations Among Developing Countries, negotiated under GATT auspices. These countries, which account for over half of all developing-country exports of manufactures, have exchanged preferential tariff concessions on more than 500 tariff headings or sub-headings. The participants are now reviewing prospects for a new round of negotiations aimed at enlarging the depth and type of concessions contained in the Protocol, extending the product coverage of the concessions, and encouraging the accession of other developing countries.

### WORLD BANK

The World Bank attaches great importance to the increase of economic and technical co-operation among developing countries (Chapter II of Plan of Action).

The creation and strengthening of local capacity to plan, prepare and implement investment projects - which is the ultimate objective of Bank assistance - is a most effective way to create the premises for expanded economic co-operation among the borrowing member countries themselves.

An important aspect of the development of local capabilities is the encouragement of the participation of local contractors and manufacturers in the supply of equipment and construction of civil works for projects financed by the Bank. To this effect, the Bank has included in the international competitive bidding related to its projects an allowance for domestic and regional preferences in bid evaluation. These preferences offset tariffs paid on imported components by local regional manufacturers. Under the Bank's

World Bank (cont'd)

Procurement Guidelines a margin of up to 15 per cent (or the actual tariff, whichever is lower) may be allowed, at the request of the borrowing country, on bids submitted by: (a) manufacturers in the borrowing country, and (b) manufacturers in other member countries of the Bank which have joined with the borrowing country in a regional preferential tariff arrangement among developing countries designed to foster their economic integration. The Bank does not normally accept a margin of preference for domestic civil works contractors. However, for a period now covering loans approved between January 1974 and January 1979, a 7-1/2 per cent margin of preference for qualified bona fide domestic contractors in countries with a per capita income below \$265 (in 1975 prices) may be granted at the request of the borrowing country. In the last five years, over one-third of the value of all contracts awarded for Bank projects have gone to the developing world.

Another aspect of the development of local resources refers to local consulting capabilities. It is explicit Bank policy to assist in this development. The borrower has the ultimate responsibility for locating and selecting consultants for projects financed out of the proceeds of Bank loans or credits and where there are qualified local consultants capable of doing all or part of the work, it is usually in the borrower's interest to engage them. The Bank fully supports this interest; and wherever local firms can meet the Bank's standard for project design and implementation, their use is actively encouraged. The amount awarded for consultants' services from developing countries has been increasing for several years and has reached about 25 per cent of all consultants' contracts under Bank projects in 1977.

A direct means of fostering co-operation among developing countries is through the extension of support to regional institutions and projects which involve several developing countries at the same time. The Bank has lent assistance to a number of such institutions (particularly regional development banks) and financed several regional investment projects in the industrial sector as well as in other sectors.

More generally, the linking of countries through highways, railways, and power and telecommunication transmission systems, is an effective way to promote industrial growth by creating larger markets for industrial products and by providing for more economic flows of manpower, energy and raw materials. A large number of Bank and IDA projects promote in this way economic and industrial integration among borrowing member countries.

The financing of development projects by the World Bank in association with other lenders/donors has become an important technique for increasing capital flows to developing countries and for promoting the more effective use of available assistance. Co-financing assists new financing agencies to get programs under way and helps them establish their credentials in the world's financial markets. Although most sources of co-financing are in the industrialized countries, funds from middle-income developing countries are becoming increasingly available, particularly through industrial export credits.

Bank supported training programs and research have also been

World Bank (cont'd)

responsive to the need to promote co-operation among developing countries. Industrial study tours, exchanges of staff and scholarship programs arranged by the Bank often involve several developing countries. In addition to EDI regional training courses, already mentioned, the Bank has organized regional workshops on technical questions and participates systematically in regional industrial conferences and seminars on industrial problems, including training, sponsored by other organizations. Recent Bank research, particularly relevant to industrial integration among developing countries, ranged from a review of labor migration among neighbouring countries, to studies of regional manufacturing export capacity and to socio-economic analysis to establish comparability of production levels and capital formation in various economic zones.

I. THE INTERNATIONAL DEVELOPMENT STRATEGY AND THE ESTABLISHMENT  
OF A NEW INTERNATIONAL ECONOMIC ORDER

The Lima Declaration (para. 40) calls upon the developed countries to discharge fully their obligations as set forth in the United Nations International Development Strategy and the Declaration and Programme of Action on the Establishment of a New International Economic Order, and to consider withdrawing any reservations that they may have expressed at the time of the adoption thereof. It also asks the developed countries to consider entering into new commitments in the context of the Strategy and to formulate measures and instruments in the establishment of a new international economic order.

In the questionnaire sent to the developed countries following questions were specifically put:

If your country expressed reservations regarding the International Development Strategy and the Declaration and Programme of Action on the Establishment of a New International Economic Order, has it reconsidered its position or withdrawn any of its reservations? Does your country have any particular views on the matter?

INFORMATION RECEIVED FROM DEVELOPED COUNTRIES IN RESPECT OF THE  
DEVELOPMENT STRATEGY AND THE ESTABLISHMENT OF A NIEO:

AUSTRIA:

In connexion with the adoption by the General Assembly of resolutions 3201 (S-VI) and 3202 (S-VI) concerning the Declaration and Programme of Action on the Establishment of a New International Economic Order Austria regards these resolutions of the General Assembly as an expression of the political will of the international community to work together towards the establishment of a more balanced and just world economic order. After a number of specific comments on some of the provisions of the resolutions, Austria stressed her willingness to join in the common effort launched by the General Assembly. The fact that Austria was able in 1977 to reach, for the first time, the 1 per cent target testifies to this determination.

BELGIUM:

At the time of the vote on the Lima Declaration and Plan of

Belgium (cont'd)

Action, Belgium was among a group of seven countries which abstained. That abstention, the reasons for which were explained in detail at the time, was based mainly on the fact that Belgium was unable to accept a rather large number of paragraphs having a bearing on fundamental aspects of the Declaration. These include:

The link between the prices of goods imported and exported by the developing countries,

The right to nationalization without reference to international law;

Compensation for the depletion of natural resources;

The renunciation of investment in the synthetic substances sector;

The action of producers' associations.

Reservations in this regard had already been expressed by Belgium at the time of the adoption, by the sixth special session of the General Assembly, of the Declaration on the Establishment of a New International Economic Order.

On the other hand, Belgium accepted and continues to accept, through paragraph 61 (c) of the Lima Plan of Action, the "industrial" aspects of the NIEO and the quantified targets of the International Development Strategy for the Second United Nations Development Decade.

Its position on the matter remains unchanged.

BULGARIA:

The process of détente, which is becoming irreversible, has turned to be an active factor in the development of economic relations and co-operation among states with different social and economic systems in the world. It is quite natural that under those conditions the movement of developing countries should spread for a basic reconstruction of the capitalist international division of labour, inherited from the colonial past and supported by contemporary neo-colonialism, for establishing a new international economic order.

Under the conditions of stable peace, and non-use of force as a mean of foreign policy, developing countries get greater opportunities and security for the protection of their sovereignty for a wider and more consecutive carrying out of economic and social reforms, for the implementation of wide programmes for reconstruction of the whole mechanism of foreign trade relations.

Bulgaria (cont'd)

The increasing importance of the world socialist system and its union with all progressive and peace-loving forces sets a firm basis for the solution of the major problems of today, for the consolidation of peace and the expansion of economic co-operation among nations.

The People's Republic of Bulgaria carries out a consistent policy of eliminating from the practice of international economic relations all acts of inequality, dictation and discrimination. It supports the legitimate aspirations of developing countries for sovereignty over their resources and economic activities for the development of national economy; for the abolishment of neo-colonial exploitation, and for the control over the activity of foreign capital and especially of transnational corporations. It is from this standpoint that the People's Republic of Bulgaria expresses its positive attitude to the Lima Declaration and Plan of Action and its readiness to support all their principles which have an anti-imperialist character and reflect the legitimate aspirations of developing countries to change the unequal economic relations, existing in the framework of the world capitalist economy and establish a NIEO.

BYELORUSSIAN SSR:

As a matter of principle, the Byelorussian SSR lends its support to the broad based programme of measures aimed at solving the urgent and long-term problems of international co-operation in the area of industrialization. This support has found expression at the time of the adoption by the United Nations of such important documents as the Charter of Economic Rights and Duties of States, the Declaration and Programme of Action on the Establishment of a New International Economic Order, and the Lima Declaration and Plan of Action on Industrial Development and Co-operation. The Byelorussian SSR reaffirms its position to these extremely important documents.

The Byelorussian SSR fully shares the conviction expressed in paragraph 8 of the Lima Declaration that "... peace and justice encompass an economic dimension helping the solution of world economic problems, the liquidation of under-development, offering a lasting and definitive solution to the industrialization problem for all peoples and guaranteeing to all countries the right to implement freely and effectively their development programmes." To this end, it is necessary to eliminate the threat and use of force, promote peaceful co-operation between States and apply the principles of non interference in each other's internal affairs, full equality of rights, respect for national independence and sovereignty, and the strengthening of an international détente.



Byelorussian SSR (cont'd)

The Byelorussian SSR expresses its full support for those propositions of the Lima Declaration that are directed against the vestiges of alien and colonial domination, racial discrimination, and the practice of apartheid and neo-colonialism in all its forms - factors which continue to be among the greatest obstacles to the full emancipation and progress of the developing countries. Imperialist States which practice such policies are responsible to the countries, territories and peoples affected for restitution and full compensation for the exploitation and depletion of, and damage to, their natural and other resources. Taking into account paragraph 10 of the Lima Declaration, which specifically refers to the unacceptable practices of transnational corporations, which aggravate the situation in the developing countries, the Byelorussian SSR is in favour of measures to expand effective control over these corporations. The just demands of the developing countries that they should receive an increased flow of real resources to enable them to overcome their under-development must be met primarily out of the profits of the capitalist monopolies. It is of great importance in this connexion that the developing countries should establish full sovereignty over their own natural resources. In regard to this question, the Byelorussian SSR declares that there is and can be no basis for raising against the socialist States the same claims that the developing countries raise against the developed capitalist States, since the socialist States are not and never have been engaged in the economic exploitation of any country.

Paragraph 58 of the Plan of Action adopted at Lima states that industrialization policies in the developing countries should lay emphasis specifically on the formulation of long-term and clearly defined industrialization plans and strategies which rest, in the first place, on national efforts, and also on the development of the government sector and national planning. In the light of these principles it is perfectly clear that the creation of a government sector in the economy is one of the fundamental and most effective conditions for the industrialization of the developing countries.

The Plan also states (paragraph 76) that countries must comply in full with the precepts contained in the Charter of Economic Rights and Duties of States, so that it will become an effective instrument for establishing a new system of international economic relations. Accordingly, it is necessary that the new international development strategy should be based on this Charter and on the Declaration and Programme of Action on the Establishment of a New International Economic Order.

The new development strategy must call on States to reduce their military budgets and use the funds thus released for the acceleration of economic development, including that of the developing countries.

Byelorussian SSR (cont'd)

The development strategy for the next decade must provide a fresh impulse for more active international economic co-operation on a democratic, just and mutually advantageous basis, and must contribute to the strengthening of relations between States according to the principles of peaceful co-existence. Well designed to meet these objectives are the measures described in the joint statement by socialist countries at the fourth session of UNCTAD, one of the co-authors of which was the Byelorussian SSR. That statement contains, in particular, the following passage:

"Implementation of the national economic plans of the socialist countries and further realization of the Comprehensive Programme of Socialist Economic Integration will contribute to increases in the COMECON countries' volume of trade with the developing States, to improvements in the structure of that trade, to the introduction of various forms of industrial co-operation, and to a growth in scientific and technical links. The formation of complementary economic structures in the socialist and developing countries on the basis of mutual advantage will be accelerated. The development of such processes is in the interest of the peoples of both groups of countries and in the interests of peace and of the entire international community."

CANADA:

Canada's position with respect to the International Development Strategy and to the Declaration and Programme of Action on the Establishment of a New International Economic Order remains unchanged.

CHINA:

The Chinese delegation gave affirmative votes to the Declaration and Programme of Action on the Establishment of a New International Economic Order adopted at the Sixth Special Session of the General Assembly, and to the Lima Declaration and Plan of Action adopted at the Second General Conference of UNIDO.

The establishment of a New International Economic Order constitutes an urgent desire of the developing countries and has become a great historical trend. At the same time, it must be noted that arduous and complex struggles have to be waged before this goal can be attained. China believes that, so long as the third world countries keep to the correct principles and

China (cont'd)

orientation of the Sixth Special Session of the U.N. General Assembly, persist on solidarity and unite with all forces that can be united and wage a long and unremitting struggle, they will surmount all difficulties and win successive victories. The Chinese Government resolutely supports this just struggle as well as the reasonable proposals of the developing countries, such as an integrated programme for commodities and its common fund, the reduction or cancellation of debts, increase of funds for development, and better conditions for the transfer of technology so as to promote production and scientific and technological development of the developing countries. It is also the hope that other countries, especially the second world countries, will all adopt a correct attitude to strengthen their co-operation with developing countries on an equal footing and contribute to the establishment of a New International Economic Order.

CZECHOSLOVAKIA:

The Czechoslovak Socialist Republic has evolved, in close co-operation with other member states of the Council of Mutual Economic Assistance, active efforts for the progressive co-operation with developing countries in the spirit embodied in the principles of peaceful co-existence and in a new international economic order.

incl.

In its activities in international organizations <sup>incl.</sup> specialised UN agencies, and in its bilateral contacts the Czechoslovak Socialist Republic has proceeded and will also in the future continue to proceed from the fundamental principles of its socialist foreign policy. It strives for the adoption of such measures the implementation of which would result in strengthening and promoting international economic co-operation among countries with different social systems, while preserving the principles of mutual advantage, equality, non-discrimination and respect for national sovereignty. The Czechoslovak Socialist Republic has welcomed the proclamation of Second United Nations Development Decade. However, the implementation of the principles contained in Resolution 2626 (XXV) is meeting with many obstacles. The Declaration and Plan of Action relating to the introduction of a new international economic order have not yet become subject to efforts by all countries aimed at their implementation. Czechoslovakia, together with the other socialist countries, strives in keeping with the principles and objectives of the United Nations Charter, for the development of international economic co-operation to the benefit of all countries. It attaches special importance to the activities of international economic organizations in promoting just interests and mutually advantageous conditions in international economic relations.

Czechoslovakia (cont'd)

As a member of the Council of Mutual Economic Assistance the Czechoslovak Socialist Republic is taking advantage of the planned development of its national economy and utilizing all the advantages of socialist economic integration, in order to speed up and to enhance relations with the developing countries by expanding trade, economic, scientific and technical co-operation.

DENMARK:

Denmark supports the objectives laid down in the International Development Strategy. At the adoption in 1970 Denmark expressed reservations concerning the date for the achievement of the targets on transfer of resources (para. 42 and 43). Denmark, however, fully supports the decision of the seventh special session of the General Assembly on these targets (re. 3362 (S-VII), para. II.2) and according to these Denmark has reached the 0.7% target of ODA in 1978.

At the adoption of the Declaration and Programme of Action on the Establishment of a New International Economic Order Denmark and the Federal Republic of Germany on behalf of the European Economic Community expressed reservations regarding certain formulations, which were felt to be unbalanced wordings of important principles. Denmark shares the objective of the establishment of a new, more just and efficient international economic order, an important element of which is a new and improved international division of labour. From a Danish point of view that objective can, however, only become a reality through an evolving process in which the impetus is provided by decisions by consensus between all the major partners involved.

FINLAND:

The recent years have witnessed the need to bring about fundamental changes in the basis of the world economy in order to advance more just and equitable economic relations between industrialized and developing countries. This strong emphasis on the economic aspects of development has prompted Finland to stress even more than before, the need to ensure that the social aspects of development, the quality of life of the individual, and the improvement of the living conditions of the poorest segments of the population are not forgotten in the dialogue concerning global development.

The World Employment Conference recommended that the fulfilment of the basic needs of the disadvantaged groups of people should become the core for development efforts. This aspect

Finland (cont'd)

should be taken into consideration in all projects and programmes, also in the fields of industrial development, where training and employment questions should be given more significance.

It is on the basis of these general principles that Finland continues to pursue the implementation of the International Development Strategy and the complementing declarations adopted on the establishment of a New International Economic Order.

FRANCE:

At the time of adoption of the International Development Strategy for the Second United Nations Development Decade (resolution 2626 (XXV) adopted by the General Assembly in October 1970), France extended its full support to the Strategy. It also made some remarks concerning specific paragraphs of the text adopted. For example, with regard to paragraph 43 of the resolution, it considered the figure of 0.7 per cent fixed as a target for official development assistance to be premature and too high. Nonetheless, from 1973, when resolution 3176 (XXVIII) was adopted, France decided to withdraw this reservation and fully espouse the target. Similarly, on this occasion, the French delegation indicated that it could withdraw the reservation it had entered regarding paragraph 52 of the Strategy, which established a link between the allocation of new reserve assets and the provision of additional development finance. It goes without saying that France still considers that paragraph 35 of the Strategy, which it accepted, does not run counter to the free exercise of escape clauses (contained in international agreements in force).

In 1974, France stated that it endorsed the conclusion of the sixth session of the General Assembly as "a basic constructive contribution to the new spirit of co-operation and solidarity" which should reign among the countries of the world. It therefore associated itself with the consensus on resolutions 3201 (S-VI) (Declaration on the Establishment of a New International Economic Order) and 3202 (S-VI) (Programme of Action for the Establishment of a New International Economic Order). On this occasion, the French delegation made a number of comments on specific paragraphs of these texts. A number of these comments arose out of concern to ensure that the results of studies on work then under way, in some cases in other organizations, should not be prejudiced. Some of these comments should be looked upon as having been automatically withdrawn as a result of subsequent developments. The other statements made on this occasion, including any made on behalf of the Community, retain their full validity.

GERMAN DEMOCRATIC REPUBLIC:

In conformity with the principles of its socialist foreign policy, the German Democratic Republic has always provided active support to the States of Asia, Africa and Latin America in their efforts to consolidate their independence, to build modern economic structures and accelerate their industrialization, and to undertake progressive socio-economic transformations. The GDR consistently stands up for the elimination of all forms of discrimination and exploitation in international economic relations and for the latter's restructuring on a democratic and equitable basis. In doing so it bears in mind that the maintenance of peace, the deepening of detente and the achievement of effective measures of disarmament have proved to be essential preconditions for a real transformation of international economic relations. Of particular urgency is the ending of the arms race spurred on by imperialist forces, because it poses the main threat to the survival of mankind, hampers the co-operation of States and seriously obstructs the solution of urgent problems in the economic and social development of the peoples.

The GDR has played an active part in the achievement of fundamental decisions concerning international economic co-operation, such as the Declaration and Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and the Lima Declaration and Plan of Action on Industrial Development and Co-operation. It is convinced that only consistent adherence to the progressive principles embodied in these instruments will enable the developing countries to engage in a radical and substantive change of their present position in the capitalist system of international division of labour, and it deems it necessary that the last vestiges of colonialism and the policy of neo-colonialism as the principal causes for economic backwardness be liquidated and national and racial discrimination be uprooted within the shortest possible time.

An important step towards the restructuring of international economic relations along democratic lines is the drafting of a Code of Conduct directed against the neo-colonialist practices of transnational corporations. Unambiguous regulations on the transfer of technology are indispensable in order to oppose the attempts of influential imperialist circles for which modern technologies are a tool to reproduce the dependency of many developing countries at a new level. It is of crucial importance that the developing countries exercise full sovereignty over their natural resources and ensure their effective utilization in the interest of their national economic development. Stabilization of raw material markets and elimination of protectionist trends in capitalist countries will also help consolidate the

German Democratic Republic (cont'd)

economic independence of developing countries and enhance economic co-operation among all States.

Like the other States of the socialist community, the German Democratic Republic has, both in its bilateral relations and within the United Nations and its organs, actively supported the struggle of the developing countries to safeguard their sovereignty, to eliminate colonialism in the economic field and to speed up their economic and social progress. In submitting the National Economic Plan bill for 1979 to the GDR's parliament, the People's Chamber, Mr. Willi Stoph, Chairman of the Council of Ministers, stated that:

"Our economic, scientific and technological relations with developing countries ... will be considerably expanded in the plan year. We are anxious to contribute towards the promotion of the economic independence and the industrialization of those countries and to widen the possibilities of importing from them raw materials and manufactures."

In developing its international relations, the German Democratic Republic will also in future be guided by the principles of equality, mutual respect for sovereignty and territorial integrity, non-interference in internal affairs, and co-operation for the mutual advantage.

GERMANY, FEDERAL REPUBLIC OF:

Although at the time when the International Development Strategy was adopted, the Federal Republic of Germany was not yet a member of the United Nations, the Government of the Federal Republic of Germany, in its Declaration of 12 February 1971, has approved the strategy document as general framework for the joint development efforts of the industrialized countries and the developing countries during the 2nd Decade; it also explained its position regarding the individual points in some detail. It stated that during the second development decade, it would let its development policy be governed by the principles laid down in the UN Strategy Document. In the course of the Second Decade which is now expiring the Government of the FRG has adhered to this Declaration. It is willing to co-operate constructively also in the preparation of the new development strategy for the next development decade so that, on the basis of the experience gained and in the light of more recent insights, a realistic programme can be adopted. The Government of the FRG supports in principle the targets which have been set internationally for the Second Development Decade. It seeks an efficient system of multilateral co-operation and more intensive forms of bilateral-multilateral co-operation.

Germany, Federal Republic of (cont'd)

It is the object of the Government of the Federal Republic of Germany to contribute towards a further development of the international economic order on the basis of the principles of a market economy with due attention to the principles of international solidarity and of showing consideration for the weaker partner. Therefore, the Government of the FRG has joined, at the sixth special session of the General Assembly, on Resolutions 3201 (S-VI) and 3202 (S-VI) dealing with a new international economic order. However, like a number of other countries, it has, in an explanation of vote, put on record certain reservations. In this respect, it has stated its position regarding the Declaration and the Programme of Action on the Establishment of a New International Economic Order on various occasions and in detail.

Together with its EC partners, the Government of the Federal Republic of Germany co-operates in a gradual realization of a more balanced and more stable international economic order. This order must lead to an expansion and improvement of international trade relations and guarantee, to the developing countries in particular, full and equal partnership in the world-wide exchange of goods. In this way, it can best further the economic and social development of these countries. In its experience, an approach oriented by the principles of a market economy is most likely to ensure that available resources are used to best effect. Therefore, it holds the view that the principles of a market economy should remain valid also in world trade.

Also in the future negotiations in the North-South area, the Government of the FRG will co-operate in a constructive way and also make an appropriate material contribution. It takes the view that in an open international economic system, co-operation in the spirit of partnership between all concerned offers the best chance of coping with the difficult problem. The comprehensive strategy for the encouragement of economic activity in the world adopted on 16 and 18 August 1978 at the Economic Summit in Bonn was meant to be a step forward on this road.

IRELAND <sup>1/</sup>

The position of the Irish Government on the International Development Strategy and on the Programme of Action on the Establishment of a New International Economic Order has been fully outlined at recent sessions of the United Nations General Assembly, particularly at the Sixth and Seventh Special Sessions. In matters of development co-operation in general, Ireland has consistently adopted a positive and constructive approach and within the limits of available resources, appropriate measures have been taken especially in the area of official development assistance.

<sup>1/</sup> The reply from Ireland was received after publication of document ID/238.



Ireland (cont'd)

Any consideration of Ireland's role in international development co-operation must take account of the fact that she herself is at an intermediate stage of industrial development and that the size of her economy and population is small. Many paragraphs of the Lima Declaration and Plan of Action call for measures exceeding the scope of such an economy, and for the same reason financial contributions and direct investment of a high order of magnitude are not to be expected from Ireland. At the same time the success so far achieved by Ireland in the development of her economy makes it possible to offer the developing countries the benefit of Irish experience in national industrial development, the provision of employment and the expansion of exports. The circumstances and problems of the Irish economy have given the Irish Development Co-operation Programme a shape and orientation which adapts with efficiency to the problems of developing countries. Ireland recognizes that the present international economic system has not benefited all nations equally and that there is need for changed international economic relationships. It is in this spirit that Ireland will approach the debate on the International Development Strategy for the 1980's and the question of establishing a new and more just international economic order.

ITALY:

A new law, which recently entered into force, will make possible the reorganization, improvement and expansion of co-operation between Italy, on the one hand, and the developing countries and international organizations concerned with development, on the other. Under the terms of this law, co-operation with the developing countries is looked upon as an integral part of Italy's international economic relations, in the context of the interdependence, as regards development, of all the countries of the world. Despite these extraordinary efforts, the Italian

Italy (cont'd)

Government is compelled, owing to the persistence of serious problems of a structural nature, in particular in regard to public finance, and despite some improvement in the general economic situation in Italy, to maintain a certain reserve, in connexion with the International Development Strategy, regarding the achievement within a given period of time of a transfer of 0.7 per cent of the gross domestic product to public development assistance.

JAPAN:

Japan's position remains unchanged on the International Development Strategy and Declaration and Programme of Action on the Establishment of a New International Economic Order since their adoption. The Government of Japan will continue to make every effort to implement relevant provisions of these resolutions with which Japan has associated itself.

NETHERLANDS:

The Netherlands Government has expressed reservations both with regard to the International Development Strategy for the Second Development Decade and the Declaration and Programme of Action on the Establishment of a New International Economic Order. It has reconsidered its position in the period since these documents were adopted. This reconsideration has led to withdrawing of the reservation the Netherlands Government expressed in 1970 with regard to the link between the allocation of special drawing rights and the position of development finance for the benefit of developing countries. With regard to the consideration of entering into new commitments the Netherlands Government has joined in nearly all actions that were taken since the Lima Conference e.g. a financial pledge for the Common Fund, the special action of CIEC, the financing of IFAD and the debt measures as agreed during the ninth special session of the Trade and Development Board in March 1978.

As for the general position with regard to the consideration of entering into new commitments, the Netherlands Government is of the opinion that the new International Development Strategy for the 80's and beyond must contain firm commitments expressed both as quantitative and qualitative targets within a time bound framework.

The Netherlands Government contributes \$2 million to the research programme of the UN-Secretariat which has been formulated to provide a substantial input for the preparatory process of the new International Development Strategy. This programme is being

Netherlands (cont 'd)

implemented in co-operation with other UN organizations to ensure the consistency of the new strategy and to ensure that all sectors will be included in the strategy. It is the opinion of the Netherlands Government that industrialization should be an important element of the new strategy and the Netherlands would call for UNIDO's active participation in its preparatory activities. This is even more relevant in the light of the Third General Conference of UNIDO during which the development in the 1980's and beyond will be discussed too. The Netherlands Government finds the timing of the Conference most appropriate as it can now provide a useful input for the preparation of the new strategy.

NEW ZEALAND:

In United Nations fora New Zealand has consistently worked for progress towards a NIEO, has supported implementation of the International Development Strategy and has backed work in United Nations agencies towards the promotion of development of developing countries. As a country which sits increasingly on the borderline between developed and developing countries New Zealand is particularly aware of the value and need of acknowledging in the Strategy the reality that various groups of countries have different structures and levels of development. With the beginning of a new United Nations Development Decade only 13 months away New Zealand welcomes the progress within the United Nations towards the preparation of a more comprehensive and flexible strategy to overcome the problems encountered in the last decade. In the first survey undertaken by UNIDO pursuant to the Lima Declaration and Plan of Action on Industrial Development and Co-operation, New Zealand advised that three reservations had been entered on behalf of New Zealand when the International Development Strategy was adopted. The first was intended to preserve recognition of New Zealand's position among the developed countries having an economy based substantially on agricultural exports; the second was intended to give New Zealand the flexibility it needs to expand and develop its own industrial sector; the third noted that whereas New Zealand could accept the target levels of 0.7 and 1 per cent for resource transfers, it could not accept the target dates by which this level of resource transfers was to be effective.

New Zealand has not been able to withdraw these reservations because her own economic situation has not markedly improved. New Zealand is under-industrialized like the great majority of developing countries and the national economy and ability to help other nations is largely dependent on export earnings for primary products.

New Zealand (cont'd)

In the first monitoring survey New Zealand also advised that although New Zealand had no difficulty with any individual items in the Declaration and Programme of Action on the Establishment of a New International Economic Order New Zealand entered a general reservation to the effect that New Zealand regarded the document as hortatory only and therefore not strictly binding on United Nations members. Again, because the circumstances justifying this reservation have not changed, New Zealand has not seen fit to withdraw this reservation.

NORWAY:

Norway had no reservations, neither concerning the International Strategy for the Second Development Decade, nor concerning the Declaration on the establishment of a New International Economic Order. At the sixth special session of the General Assembly, Norway supported the main objectives for the Programme of Action, but reserved its position as to some of the detailed proposals in the Programme. As regards res. 3362 (S-VII) adopted at the seventh special session of the General Assembly, Norway had no reservations.

SPAIN:

Spain voted in favour of the Lima Declaration and Plan of Action as a whole. In the paragraph-by-paragraph voting, Spain voted in favour of the condemnation of economic aggression and the implementation of the Programme of Action on the Establishment of a New International Economic Order. Spain abstained on the paragraphs regarding indexing, raw material prices, the Charter of Economic Rights and Duties of States, producer's associations and synthetic products.

SWEDEN:

There has been no reconsideration of withdrawals since 1976, at the time when the Swedish Government submitted its first answer to the questionnaire concerning the Lima Declaration. The only reservation expressed by Sweden to the text of the Development Strategy (para. 52) was withdrawn in 1973.

SWITZERLAND:

As Switzerland is not a member of the United Nations, the Federal Council published the following unilateral declaration on 24 October 1970:

Switzerland (cont'd)

"The Swiss Government fully endorses the aims and principles of the Charter of the United Nations in which the members declare themselves 'determined to promote social progress and better standards of life in larger freedom'. It participated in the work of the economic and social institutions and organs of the United Nations which drew up the strategy and now wishes to place on record that it subscribes to the general lines of action set out therein and that it will be guided by the spirit and recommendations of that strategy in determining Swiss development co-operation policy."

In this context, Switzerland sees the establishment of a New International Economic Order as being a complex of measures intended to improve the economic situation of the developing countries and the conditions of existence of their populations, simultaneously be specific measures related directly to them and by general measures intended to orientate the world economy in such a manner as to enable the developing countries to derive the maximum benefit from their participation in international economic relations. From this point of view, the measures advocated in the NIEO cannot all be put on the same level, whether it be the level of concepts or the possibility of implementing them. Switzerland considers that they lie within the framework of the continuous process of negotiations at international level intended to promote the harmonious development of the world economy, taking into account the particular needs and situation of the developing countries.

UKRAINIAN SSR:

The Ukrainian SSR attaches great importance to the activities of UNIDO, which is called upon to make a significant contribution to the cause of reorganizing international economic relations on a just and democratic basis. The necessity of such reorganization has become particularly clear recently, in conditions in which the system of dependence and exploitation of developing countries in the world capitalist economic sector shifts the whole burden of the negative phenomena inherent in the so-called free market economy on to those countries in the first instance. In this connexion, the relative lag of the developing countries is showing a tendency to increase, and the production relationships established in the world capitalist economy, in their commonest form, represent a product of the system of dependence and exploitation of developing countries.

The fundamental position of the Ukrainian SSR has found expression in the United Nations in consistent support for the

Ukrainian SSR (cont'd)

just demands of developing countries formulated in the Charter of Economic Rights and Duties of States, the Declaration and Programme of Action on the Establishment of a New International Economic Order and the Lima Declaration and Plan of Action. Those important documents rightly state that industrialization is one of the main prerequisites if developing countries are to overcome their economic under-development and the severe economic and social consequences of colonialism and neo-colonialism, and that it is an important factor in the strengthening of political and economic independence. At the same time, the process of industrial development can clearly succeed only on condition that the exploitative activities of foreign capital are limited and subsequently terminated, that a rational and optimal economic structure is formed, and that national planning is intensified and the State sector strengthened.

Industrialization is a complex and difficult process necessitating the mobilization of all resources, especially domestic resources, the overcoming of many objective obstacles and, in a number of cases, certain privations in the interests of successful economic development and social progress. Among internal measures such a process is necessarily connected with the implementation of radical socio-economic changes in developing countries and depends upon eliminating archaic relationships inherited by the developing countries as a result of their colonial past. As far as external factors are concerned, an obstacle on the road towards the genuine industrialization of developed countries is constituted by the policies of those countries that refuse effectively to implement the Lima Declaration and Plan of Action on Industrial Development and Co-operation, which contain such important and progressive principles as the eradication of colonialism and the liquidation of neo-colonial exploitation, apartheid, racial discrimination and other forms of foreign domination, and concrete measures towards industrial development with a view to creating an industrial base as a foundation for the solution of major economic problems and for the strengthening of economic and political independence.

Practical experience shows that industrialization requires considerable financial means. A current trend in efforts to promote peace, the socio-economic progress of mankind and the freeing of vast material resources, necessary, inter alia for industrialization, is towards the limitation of the arms race and the reorientation of the course of events towards disarmament. That is why the Ukrainian SSR gives its full support to the statement in the Lima Declaration that "peace and justice encompass an economic dimension helping the solution of the world economic problems, the liquidation of under-development, offering a lasting and definitive solution to the industrialization problem for all peoples and guaranteeing to all countries the right to implement freely and effectively their development programmes".

Ukrainian SSR (cont'd)

At the special session of the United Nations General Assembly convened in 1978, the Soviet Union put forward a complete programme for limiting the arms race and for disarmament. As one of the principal measures to be taken it was proposed that military budgets, particularly those of the permanent members of the Security Council, should be reduced by a certain percentage. In development of this proposal the idea was put forward of reaching an agreement for reducing the military budgets of States with a large economic and military potential not in terms of percentage points but in absolute figures, by amounts in the same order of magnitude. Such reduction was to cover a three-year period beginning in 1979. It was proposed that 10 per cent of the means made available by the reduction should be utilized for increased aid to developing countries. The Ukrainian SSR fully supports that proposal and considers that its practical implementation could effectively contribute to the socio-economic progress of developing countries and, in particular to their efforts to industrialize their economies.

UNITED KINGDOM:

The United Kingdom's position concerning the International Development Strategy of 1970, the Declaration and Plan of Action on the NIEO and its attitude to the New International Economic Order as set out in various United Nations resolutions is well known. The UK shall continue to contribute positively to the establishment of a just and more equitable international economic order and will remain ready to examine various proposals to this end. It has been active together with its Community partners in preparation for a new International Development Strategy for the 1980's.

The United Kingdom recognizes that for most countries industrial development is a vital component of their overall and economic development and must be pursued if people are to achieve acceptable living standards. The UK aid strategy is fully compatible with that aim and, therefore, a positive and constructive attitude towards assisting the rapid industrialization of developing countries is intended to be maintained.

As regards specific reservations the United Kingdom accepted in principle in 1974 the UN target of 0.7 per cent of GNP for official development assistance (ODA) but without commitment as to when it might be achieved. That is still the position, but the planned increases in the aid programme should enable the UK to make real progress towards the target. In addition it should be noted that the UK has been one of the leading countries in pressing for an expansion of the role of SDR's and has publicly

United Kingdom (cont'd)

declared its support in principle for the SDR/Aid link but without commitment as to amounts, methods or timing.

UNITED STATES:

The United States maintains its reservations with respect to the International Development Strategy and the Declaration and Programme of Action on the Establishment of a New International Economic Order. However, the U.S. shares many of the aspirations of the Lima Declaration and is prepared to take a constructive part in implementing activities and programmes to reach mutually agreeable objectives in the industrialisation of the developing countries.



INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO THE DEVELOPMENT STRATEGY AND THE ESTABLISHMENT OF A NIEO:

ECONOMIC COMMISSION FOR EUROPE (ECE):

Pursuant to Commission decision G (XXXII), the Senior Economic Advisers to ECE Governments will consider recurrently the long-term economic prospects of the ECE region. Overall long-term economic prospects will be elaborated possibly every five years. The preparation of the next perspectives will be based on deeper analyses of output, particularly industrial structures, and on contributions from other ECE Principal Subsidiary Bodies, in particular from the Committee on Development of Trade, through the preparation of long-term prospects in their specific sectors or areas. The impact of changes in industrial pattern on future economic development will be considered on the basis of a study prepared by the secretariat and of contributions made by the Governments concerning their orientations for future growth pattern. To identify the inter-relationship between economic growth and trade, a special meeting will be convened in close association with the Committee on the Development of Trade. Long-term projects carried out by other Principal Subsidiary Bodies will also be considered successively, either on the basis of notes prepared by the secretariat or through organization of joint meetings or seminars. The elaboration of tools, methods, including models for long-term projections will also be continued. The Senior Economic Advisers will continue to study long-term energy demand and supply trends, including macro-economic linkages involving energy prices, trade, investment and changes in demand and supply patterns. Long-term issues on the supply of and demand for basic materials will also be studied. In addition, they will further explore the relationship between economic growth, structural change, and the demand and supply for energy and basic products.

UNITED NATIONS CENTRE FOR NATURAL RESOURCES, ENERGY AND TRANSPORT (UN-CNRET):

Paragraph 34 of the Lima Declaration emphasizes "effective control over natural resources and the harmonization of policies for their exploitation, conservation, transformation and marketing". In this regard, CNRET has assumed responsibility within the UN Secretariat for monitoring issues relating to permanent sovereignty over natural resources and reports thereon regularly to the Committee on Natural Resources. It makes available to developing countries reports, studies and advice on questions of permanent sovereignty, including the negotiation of agreements for development of mineral and energy resources. Countries to which missions

UN-CRIT (cont'd)

were undertaken in the past two years to advise governments on appropriate legislation or on the negotiation of exploration and development agreements, include Afghanistan, Burundi, Greece, Liberia, Gabon, Jamaica, Nigeria, Ecuador and Spain.

## II. FINANCIAL AND TECHNICAL ASSISTANCE

In the Lima Plan of Action the developed countries are urged to increase their technical assistance programmes and their financial contribution and investments in the developing countries, within the framework of the development plans and programmes of the latter countries, to enable them to accelerate their industrialization and to attain the target of a 25 per cent share in world industrial production by the year 2000. (Para. 59 (e, f, g, and h).) The developed countries are called upon to give special attention in their assistance programmes to the least developed countries. (Paras. 35 and 62 (a and i).)

Governments of developed countries were invited to supply information on the issues mentioned above, including such topics\*) as:

The nature and size of technical assistance programmes, with particular reference to the goals and priorities set in the Lima Declaration and Plan of Action;

The financial contributions to international organizations and to government or credit institutions (national and regional) in the developing countries;

Measures taken in favour of the least developed countries.

### INFORMATION RECEIVED FROM DEVELOPED COUNTRIES IN RESPECT OF FINANCIAL AND TECHNICAL ASSISTANCE:

#### AUSTRIA:

In 1977, Austrian official and private assistance to developing countries totalled US \$502,97 million corresponding to 1,04 per cent of the GNP. A major part of the resources earmarked for technical assistance was spent for training programmes. During the same year, a total of 3.875 students from developing countries were enrolled at Austrian Universities. Several courses, organized in Austria, provided specialized training related to industry such as the two-years-training course for masters for in-plant training and trade school teachers in mechanical and electrical engineering at the Teachers Training College for Technical Professions in Mödling near Vienna.

Examples of training facilities created with Austrian assistance in developing countries are a technical-industrial training institute in Upper Volta, a mining-school in Bolivia and a training workshop for skilled workers in the fields of diesel-electrics in Peru.

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\*) See also under Chapter III below.

Austria (cont'd)

The following in-plant group training programmes, which were organized jointly with UNIDO over the last years, were again conducted successfully in 1978: 9th Seminar on Plastics Technology, 5th Seminar on Synthetic Fibres, 4th Seminar on mould Making. Equally in 1978, the first UNIDO-Workshop for Fertilizer Plant Maintenance and Repair was held in Linz, Austria. In 1977 and 1978, the first two Austria-UIPO training courses on the use of patent documentation as a source of technological information were held at the Vienna Diplomatic Academy and the Austria Patent Office. These programmes will be repeated in 1979. In addition, the second Seminar for Industrial Training Managers, the first In-Plant Group Training Programme for Steel Production as well as a Workshop on Fermentation Alcohol for Use as Fuel and Chemical Feedstock in developing countries will be held.

Financial contributions to international organizations and to international finance institutions amounted to US \$31,29 million in 1977. For the same year, official bilateral financial assistance to developing countries reached a total of US \$ 61,40 million.

Financial and technical assistance programmes and policies are adjusted to the economic conditions of recipient countries. Accordingly, countries with low GNP per capita are granted softer terms than those with higher per capita income. In 1977, 57.7 per cent of Austria's ODA was channelled to LDCs and MSAs.

BELGIUM:

In respect of the nature and size of technical assistance programmes, Belgium, along with other member countries of DAC (Development Assistance Committee of the Organization for Economic Co-operation and Development), is committed to endeavouring to achieve by the end of the decade the specific objective of public development assistance representing 0.7 per cent of the gross national product (GNP) set by the United Nations General Assembly in 1970. The figures for public development assistance were:

Year	Millions of Belgian francs	Millions of US dollars	Percentage of GNP
1974	10,559.3	271.1	0.51
1975	13,870.5	377.1	0.59
1976	13,128.7	340.1	0.51
1977	13,296.1	371.0	0.46

Belgium (cont'd)

The figures for technical assistance were:

Year	Millions of Belgian francs	Millions of US dollars	Percentage of GNP
1974	4,627.9	113.8	0.22
1975	5,342.0	145.2	0.15
1976	5,210.4	135.0	0.20
1977	5,213.7	145.5	0.23

Belgium's financial contributions to international organizations were:

Year	Millions of BF	Millions of \$ US
1974	2,081.5 + 15,530.1 (1) = 17,611.6	53.44 + 398.72 (1) = 452.16
1975	4,623.6 + 21,890.7 (1) = 26,514.3	125.71 + 595.18 (1) = 720.89
1976	4,285.7 + 23,504.1 (1) = 27,789.8	111.04 + 608.85 (1) = 719.85
1977	5,909.2 + 35,858.5 (1) = 39,767.9	109.07 + 1,000.48 (1) = 1,109.55

(1) Mandatory contributions to the budgets of international organizations which Belgium pays on the basis of scales of assessment.

Belgium which is a member of the following international financial institutions, made the following contributions to each in 1976 and 1977:

The World Bank: 1976 and 1977: nil  
 Third window of the World Bank: 1976: nil, 1977: BF 63.1 million  
 International Development Association: 1976: BF 944.8 million  
 1977: nil  
 International Finance Corporation: 1976 and 1977: nil  
 Asian Development Bank: 1976 and 1977: nil  
 Asian Development Fund: 1976: nil, 1977: BF 168.7 million  
 African Development Bank: 1976: nil, 1977: BF 179.3 million  
 Inter-American Development Bank: 1976: BF 27.7 million,  
 1977: 27.7 million  
 Fund for Special Operations of the Inter American Development Bank: 1976: BF 168 million, 1977: BF 168 million.

Belgium gives special attention to assistance to the least developed countries. The proportion of public bilateral development assistance which goes to these countries is as follows:

Year	Millions of BF	Millions of \$ US	Percentage of public bilateral development assistance
1974	1,535.8	39.43	19
1975	1,916.2	52.10	21
1976	2,084.0	53.99	24
1977	2,110.0	58.91	23

Belgium (cont'd)

In 1976, Belgium granted State-to-State loans to the following among the least developed countries:

Tanzania:	BF 50 million (\$ US 1.4 million)
Rwanda:	BF 25 million (\$ US 0.7 million)
Bangladesh:	BF 150 million (\$ US 4.3 million)

In 1977:

Bangladesh:	BF 150 million (\$ US 4.19 million)
Tanzania:	BF 75 million (\$ US 2.09 million)

BULGARIA:

The People's Republic of Bulgaria treats with understanding the problem of the serious currency and finance difficulties faced by the majority of developing countries and shares their concern over the developments in the world capitalist economy, which undermine the efforts of developing countries aimed at overcoming their century-long backwardness and consolidating their economic independence. Bulgaria, as the other socialist countries, has never been a colonial state and has never plundered oppressed colonial peoples.

The current critical situation in the sphere of financial debts and the deterioration of the balances of payment of developing countries is due to factors connected with the deep crisis in the whole system of world capitalist economy, the after-effects of colonialism and the neo-colonial policy of contemporary imperialism. Socialist countries don't share the responsibility for such phenomena in the development of world capitalist economy as increased inflation, devaluation of currencies, instability of the rates of exchange which contribute greatly to the increased difficulties, faced by developing countries in the sphere of currency and finance.

In this connexion Bulgaria considers unjustified the calls, addressed to it, to share the responsibility and material costs for the liquidation of the vestiges of colonialism, neo-colonialism, as well as the crisis in the trade, economic and currency spheres of capitalist economy.

Bulgaria, on bilateral basis, with a view to the concrete situation, co-operates with the interested developing countries in seeking mutually acceptable solutions of currency and finance problems, having in mind the new conditions, which appeared after the crisis in the world capitalist system. Meanwhile, it considers that the acceleration of economic development of developing countries depends primarily on the mobilization of internal, finance, human and natural resources, while the external financial means are just an additional source.

The currency and finance relations between socialist and developing countries and the granting of credits have the following characteristics:

Bulgaria (cont'd)

- credits are granted for the implementation of concrete and economically-based projects, envisaged in the economic development programmes of developing countries with a view to the real opportunities of the partners;
- they concentrate in the production sphere which results in the increased economic potential of the developing countries and the expansion of their export possibilities;
- credits, whenever possible, are granted to the development of the state sector of developing countries, hence, to the consolidation of their sovereignty, the wider planning of their economic development and a more efficient mobilization of their internal sources of accumulation;
- the conditions, under which the credits are granted, ensure their pay off under favourable conditions chiefly at the expense of deliveries, mostly at the expense of goods, produced in the projects, for which the credits have been granted.

The PR of Bulgaria, while rendering technical and economic assistance to the developing countries, has in mind the real possibilities of both sides, especially in the field of material production, because credits in Bulgaria are not a surplus of the financial means which it tries to invest abroad. There are not such surpluses of financial means in the conditions of socialist economy. That is why while regulating the currency and finance relations between the PR of Bulgaria and the developing countries Bulgaria cannot apply methods, characteristic for such relations between developed capitalist and developing countries.

The PR of Bulgaria tries to render finance and technical assistance in the framework of its possibilities, depending on the established relations and the concrete needs of developing countries. In certain periods the assistance is considerable and can be far over the 1 per cent of the GNP. With its active participation in the international organizations such as UNDP, UNIDO etc., the PR of Bulgaria contributed to the economic development of developing countries.

Bulgarian technical assistance for developing countries is aimed at the development of productive forces mainly in the industry as a basis for modernization of the whole economy of developing countries; stress is laid on the state sector as well as the development of agriculture, the solution of the production problems and the nutrition of the population of a given country. The investment programme for finance and technical assistance for developing countries is drawn up at the basis of Government decisions and is canalized through the state sector of these countries. The encouragement of investments is done in cases when they have been indicated for the development of important branches of economy in the developing countries, the achieving of economic independence and for resisting the imperialist aims

Bulgaria (cont'd)

of neocolonizing the countries. Because of the state ownership of all means of production in this country, the PR of Bulgaria directs its assistance chiefly to the state enterprises and organizations in developing countries.

While rendering finance and technical assistance the government of the PR of Bulgaria pays special attention to the least developed countries. A considerable part of the assistance is directed to those countries so that they should develop a more harmonious and diversified economy and reach the level of the other more advanced developing countries.

The PR of Bulgaria considers the internal resources as basic for the economic development and the international economic co-operation, based on the principles of equality, respect of the independence and national sovereignty, non-interference in the internal affairs and mutual benefit - as an important factor for the economic progress and especially for the development of industry in developing countries. To render assistance for the acceleration of the economic and social progress in developing countries is inherent in the nature of the social and state order in Bulgaria, the principles of internationalism, of which it is led in its foreign policy.

Industrial co-operation between Bulgaria and the developing countries is characterized with the following tendencies:

- the industrial co-operation is directed mostly to the development of the productive forces and the national industry on modern basis. The priority role played by industry in co-operation is determined by the strategic aims of development - the efforts of developing countries to solve cardinally the problem of overcoming their backwardness, of improving their part in the international labour division and world trade;
- the industrial co-operation of the PR of Bulgaria with the developing countries is carried out chiefly along the line of the state sector, i.e. its consolidation and expansion is one of the most efficient ways of solving the main economic problems of developing countries. The support of the state sector of economy answers to the interest of developing countries for an accelerated economic development;
- in its policy of industrial co-operation the PR of Bulgaria has in mind the concrete needs of each country as well as Bulgaria's own possibilities;
- the industrial co-operation is carried out on planned basis and it is connected with the internal programmes for long-term development of the Third World countries, which answers to their basic interests for a prospective development. The export of capital is something excluded from the relations with developing countries.



Bulgaria (cont'd)

The People's Republic of Bulgaria shares the deep conviction that industrialization is vitally important for the progressive alteration of the socio-economic structure and that it guarantees the economic and political independence of every country. Proceeding from its consistent policy of constant expansion and deepening of the friendly contacts and co-operation with the developing countries, Bulgaria renders its unreserved support to the UNIDO, called to promote their industrialization. The People's Republic of Bulgaria is maintaining active co-operation with UNIDO since the days of its foundation. In February 1971, by virtue of a decision of the Council of Ministers a National Commission of the PR of Bulgaria for UNIDO was set up, functioning as a consultative body of the Government on all matters concerning the activity of the organization. The National Commission and the UNIDO Secretariat have established close contacts, contributing very much to activating the collaboration with the organization.

In the period of 12 years elapsed since the foundation of UNIDO, the PR of Bulgaria has been actively participating in its work. Bulgarian delegations were involved in the activities of all UNIDO governing bodies - from the policy and strategy formation and programme elaboration to their practical implementation. At the sessions of these fora the Bulgarian delegations drew special attention to the problems regarding mobilization of internal resources of the developing countries; the importance of promoting the state and co-operative sectors in industry; the necessity of a planned and diversified development of industry; the full recognition of the sovereign right of nations to the disposal and utilization of their own national natural resources - all these being problems of vital importance to the establishment of political and economic independence of the developing countries.

In co-operation with UNIDO in the recent years a number of international undertakings were arranged in Bulgaria: a seminar on metal-cutting machines - 1971, a seminar on the methods of industrial development planning - 1975, a seminar on the effectiveness of capital investments - 1975, an international meeting of selected national committees for UNIDO - 1977, a course on metal-cutting machines - 1978.

In October 1975 a "round-table meeting" was held in Sofia on the problems of industrialization. The organization of this highly competent and prestigious forum was initiated by the Bulgarian Government in close co-operation with UNIDO as a reaction to the UNIDO Conference in Lima. In May 1976 a new "round-table meeting" was held with the participation of ministers from the developing countries on the problems of industrialization of agriculture. Within five days over 100 representatives of 25 Third World countries, headed by their ministers of agriculture and industry, in an atmosphere of mutual understanding, confidence, respect and friendliness, exchanged thoughts and experience on a problem of vital importance to the socio-economic development of every country the industrialization of agriculture. With these two successful arrangements the People's Republic of Bulgaria set

Bulgaria (cont'd)

the first example of an original practical approach to the materialization of the provisions, laid down in the Declaration and the Plan for Action, adopted at the Second General Conference of UNIDO in Lima.

Direct co-operation has been established between the UNIDO Information Service and the Bulgarian Central Institute for Scientific and Technical Information, which ensures an exchange of information. This will enable the countries concerned, the developing countries in particular, to make use, through UNIDO, of all technical and technological achievements of Bulgaria in the industrial field, and, at the same time, provides opportunities for Bulgaria to avail itself of the experience of other countries.

One of the main activities of UNIDO, in way of granting technical aid, is to execute many industrial projects in the developing countries, to dispatch experts, who are to offer technical and technological assistance with regard to specific problems of their industrialization. The Organization recruits these experts from the member countries. Bulgaria has supplied over 50 candidates.

The People's Republic of Bulgaria, with a view to participating in the UNIDO projects in the developing countries, has registered its organizations and institutes - sub-performers in various fields of industry, beginning with technical and economic studies, designing, construction and assembly operations, supply of machines and equipment - and ending with putting projects into operation.

Bulgaria does not only render technical assistance, but also makes use of the scientific and technical achievements of other countries through the services of UNIDO. Industrial projects are under way in Bulgaria at the moment, financed partly by the UNDP and executed by UNIDO. So far two stages of the Instrument-making Institute have been completed as has the assistance to the Institute of Packaging. Due to the competent technical assistance, rendered by UNIDO, the Institute of Instrument-making is already in a position to perform responsible tasks, realizing a great economic effect, in the automation of industry, while the Institute of Packaging works out projects and prototypes of up-to-date packings for Bulgarian industrial and food products and promotes their introduction and application.

The People's Republic of Bulgaria shares its experience and achievements with the interested developing countries. In these institutes proper conditions have been created, with the participation of UNDP and UNIDO, for arranging courses, seminars and individual training of specialists from the developing countries. There are already highly qualified experts in them, whose services are to be offered for similar projects in the developing countries.

With the purpose of promoting a more direct co-operation, a Joint Centre for co-operation between the People's Republic of Bulgaria and UNIDO was set up in 1976, which is the first one of

Bulgaria (cont'd)

this kind in the experience of UNIDO. It holds annual sessions, on a reciprocal basis, where the co-operation results are reported and new undertakings for the next years are mapped out.

The following initiatives are planned to be realized in 1979 in Bulgaria in co-operation with UNIDO:

- an international meeting of the national co-operative union devoted to the "Role of the industrial co-operations in the industrial development of the developing countries" - May, Sofia
- a training course for co-operatives' cadres - September, October, Sofia
- a seminar on the "Importance of the instrument-making for the developing countries", 3rd or 4th quarter, Sofia.

Expanded co-operation with UNIDO is planned for the future, particularly in the field of industrial co-operation and industrial studies. A broad programme of co-operation with UNIDO in the sphere of industrial co-operation has been outlined in the protocol of the Joint Centre (second session). It provides for:

- arranging various international meetings, seminars, symposia;
- training co-operatives' cadres in Bulgaria and on the spot in the developing countries;
- offering experts to give technical aid;
- offering experts to organize industrial co-operatives in the developing countries;
- delivering equipment and complete projects for co-operative industrial enterprises in the developing countries etc.

A programme of co-operation between the International Centre for Industrial Studies and the Bulgarian research institutes and the Bulgarian Academy of Sciences has also been incorporated in the protocol. This programme envisages:

- organization of scientific seminars and meetings in the People's Republic of Bulgaria dealing with industrial topics;
- participation of Bulgarian research institutes in the studies of the Centre with independent or joint elaborations;
- participation of Bulgarian research workers with reports in various international scientific meetings and conferences.

Bulgaria (cont'd)

These are the tasks which the People's Republic of Bulgaria has set itself to realize in close co-operation with UNIDO in the deep conviction that their successful materialization will be a humble contribution to the solution of the numerous complicated problems with regard to the industrialization of the developing countries, as well as the grandiose objectives, traced out by the Lima Conference, for the common good of nations throughout the world.

CANADA:

Subsequent to the adoption of the Lima Declaration and Plan of Action, Canada's position was re-affirmed at the Commonwealth Heads of Government meeting in Jamaica in May 1975, where Prime Minister Trudeau declared the Canadian Government's intention to encourage and facilitate the industrialization of developing countries. This intention was given concrete form in the Canadian "Strategy for International Development Co-operation 1975-1980" which was approved in July 1975. The Strategy recognizes the role which the Canadian business and industry community continues to play in international development and indicates that the Government will continue to seek ways whereby Canadian business and industry can contribute to strengthening managerial capacity in developing countries. In particular, with respect to these developing countries enjoying significantly increased export earnings, the Strategy states that Canada will develop forms of co-operation that will facilitate the transfer of technology appropriate to their level of development, improve industrial capacity and support domestic financial institutions, to strengthen saving and investment capabilities.

Bilateral programme disbursements since 1975, net of food aid, have been in the order of \$400 - \$500 million annually, this assistance going to a limited number of developing countries (approximately 80) with a concentration on the poorest. Current assistance to low income developing countries account for approximately 78 per cent of bilateral disbursements. Some 1,000 co-operants are employed at any time in implementing projects abroad. Given definitional difficulties, it is not possible to accurately determine the share of technical and economic assistance which directly and indirectly helps to accelerate developing country industrialization. It may be said, however, that this share is likely to be substantial, given CIDA's extensive involvement in infrastructure, industrial training, resource processing activities, etc.

Over one-third of Canada's official development assistance is channelled through international organizations which, with Canada's encouragement and co-operation, direct substantial human and financial resources toward aiding industrialization in developing countries. Agencies supported by Canada, such as the United Nations Development Programme, the Commonwealth Fund for Technical Cooperation, the World Bank and its affiliates, and the Regional Development Banks, play leading roles in the efforts of

Canada (cont'd)

the international community to accelerate world industrial development.

CHINA:

China is a developing socialist country belonging to the Third World. The Chinese Government attaches a great importance to economic and technical co-operation among developing countries.

China's provision of economic and technical assistance is one form of its economic and technical co-operation with the friendly third world countries.

The projects built in some friendly countries under China's assistance cover a wide spectrum of activities such as agriculture, forestry, irrigation, power generation, light industry, food industry, textile industry, machinery manufacture, metallurgical industry, chemical industry, construction materials industry, transportation, culture, education, health, post and telecommunication, broadcast, geological prospecting, public and civil works.

In the light of the urgent desire of some developing countries to meet their people's need for food, clothing and other daily necessities and taking into account its own possibilities, China has mainly undertaken small and medium-sized agricultural and light industrial projects in its economic and technical co-operation with other countries. But it has also helped construct a small number of large heavy industrial and transportation projects when there are both the need and the possibility.

The experts, technical and medical personnel dispatched by China to work in some friendly countries have enthusiastically served the people there and forged profound friendship with them by conscientiously imparting technical know-how, working together with them, sharing their weal and woe, and learning from them.

China has also conducted scientific and technical co-operation and exchanges with many countries, including developing and developed countries. Based on the principles of equality, mutual benefit and each making up what the other lacks, such scientific and technical exchanges and mutual learning have promoted the scientific research of all the partners and the development of their technology and production.

The bilateral scientific and technical co-operation between China and other countries consists mainly of exchanging scientific and technical experience gained in the different sectors of the national economy. This co-operation takes such forms as the exchange of scientific and technical study teams, the acceptance of trainees, the dispatch of experts for imparting technical know-how and the exchange of technical data, seeds, saplings, strains and samples.

China (cont'd)

China has accepted an accumulated total of more than 50,000 trainees from over 20 countries. They have acquired different professional skills through their hard study. Many of them have become important technical forces in the enterprises of their home countries.

China's technical co-operation with other countries is mainly bilateral. After the restoration of its legitimate right in the United Nations, China began to make contributions to U.N. multilateral aid agencies in 1973 and has gradually participated in some of its multilateral technical co-operation activities.

In accordance with the agreements concluded between China and UNDP, UNIDO, OTC (now called TCD) and some specialized agencies and developing countries, China has within the framework of multilateral co-operation, helped build small-sized complete projects, organized technical training courses, provided some individual equipment and hosted study teams for personnel from developing countries to study China's rural development, small and medium-sized industries, water conservancy projects, medical and health services.

China has also sent technical personnel to the seminars and training courses sponsored by some U.N. agencies, through which they have exchanged scientific and technical knowledge and learned useful things.

At present, China is still a country with a fairly weak material foundation. Therefore in its economic and technical co-operation with other countries, it has often been unable to do as much as it wishes. But, following the development of its socialist construction and foreign relations, China will further develop and expand its economic and technical co-operation with other countries, and will carry out co-operation in the field of production with some friendly countries, as well as in some scientific research and design, industrial production and the exchange of complete plant. Meanwhile, China is willing to accept some foreign loans or other forms of assistance and co-operation so long as they do not harm its sovereignty. Now, China is stepping up its economic construction for the modernization of its agriculture, industry, national defence and science and technology. It welcomes the United Nations and other international organizations to provide necessary assistance in its modernization efforts. With the economic development of their country, the Chinese people will endeavour to make greater contributions to the cause of safeguarding world peace and the progress of mankind.

CZECHOSLOVAKIA:

A decisive part of Czechoslovakia's co-operation with the developing countries is carried out along bilateral lines on the basis of concluded agreements and concentrates primarily on the construction of industrial projects having a direct impact on

Czechoslovakia (cont'd)

the overall development, the growth of the standard of living, and increased possibilities of exports. Countries with which agreements have been concluded in the recent years are Syria (1975), Turkey (1975), Iran (1976), Ethiopia (1976), Somalia (1978), Angola (1978), Afghanistan (1977) and Burma (1978). Within the framework of these agreements long-term governmental credits were granted at advantageous conditions in volume from 20 to 200 million US \$ each. Apart from long-term governmental credits, also bank and company credits are being granted under advantageous conditions.

Apart from financial assistance, transfer of technology and apart from deliveries of investment units and equipment, Czechoslovakia makes use also of other possibilities of granting both bilateral and multilateral assistance to developing countries:

- (i) It sends Czechoslovak experts to developing countries - 400 - 500 Czechoslovak experts work every year in countries of Asia, Africa and Latin America. In the technical fields priority is given to metallurgy, engineering and building industries.
- (ii) It grants training stays on an individual or group basis - some 250 trainees from developing countries participate annually in such training courses in Czechoslovakia. The fields of the highest priority are: heavy industry, engineering industry, chemistry and consumer goods industry.
- (iii) It provides education to students from developing countries in Czechoslovak secondary and higher schools, approximately 2,500 students from developing countries annually attend Czechoslovak secondary and higher schools. Among the fields of specialization technical fields predominate having a decisive impact on the development of their economy, science and technology.
- (iv) It organizes specialized courses and seminars; in the course of 1975-1978, 18 courses and seminars for participants from developing countries were held in the Czechoslovak Socialist Republic in co-operation with UNIDO, WHO, UNDP, UNCTAD and UNESCO. The course on diesel engines, held in co-operation with UNIDO, was last year organized in Czechoslovakia already for the ninth time. In all the runs of this course 164 experts from developing countries of Africa, Asia and Latin America received training. A seminar for promotion of international industrial co-operation with developing countries in machine-tools and metal-forming machines was held in 1978 in the frame of the International Mechanical Fair in Brno.

DEMARK:

In the fiscal year 1977/78 Danish not official development assistance (ODA) amounted to 1.619 million Danish Kroner (D. Kr.)

Denmark (cont'd)

or approximately 275 million US \$. In 1978 Denmark reached an ODA percentage of GNP of 0.7 per cent, thus achieving the objective for the Second Development Decade established by the General Assembly of the United Nations. In accordance with the policy of the Danish Government concerning the structure of its development assistance programme, the multilateral aid accounts for slightly less than 30 per cent of ODA, the remaining part being divided almost equally between bilateral grants and loans on soft terms. It is an important principle for the Danish development assistance programme that about half the ODA should be channelled through multilateral aid agencies, the main objective being

- to meet the wish of the developing countries to see aid channelled through such agencies where they through membership of Governing Bodies can influence policies and implementation, and
- to strengthen the United Nations Development System in general.

Denmark is the largest donor to UNDP per capita and contributes about 10 per cent of the total resources of the programme. It should be noted that the bulk of the financial resources for UNIDO's operational activities have been channelled through UNDP (76.8 per cent in 1979)

It is another related basic principle that the development assistance to the extent possible should be structured in accordance with the development planning of the recipient countries themselves. Elements of special significance in this context are the social aspect of aid co-operation and the consideration of basic needs which implicitly or explicitly have played an important role in Danish aid policy.

As examples of the nature of Danish bilateral aid in the field of industrialization, the following measures can be mentioned:

(i) Individual experts in the field of industrial development:

Fiscal year:	1975/76	1976/77	1977/78
Number of experts	13	13	13
of which to LDCs	11	7	9

(ii) Associate experts: A total of nine associate experts have been recruited during the fiscal years 1975/76, 1976/77 and 1977/78 to an approximate expense of \$ 450,000. None of these experts who have been employed for between one to three years, have been stationed in LDCs.

(iii) Concrete projects:

Supply of equipment and exports for four vocational schools in Mozambique (5 mill. D. Kr.).



Denmark (cont'd)

Supply of equipment, spare parts, and experts to Angola's fishing industry (12 mill. D. Kr.).

Industrial training centre in Kisumu, Kenya; the Centre has a capacity of 120 students and provides courses in woodworking, auto- and building. A boiler-section has also been established (17 mill. D. Kr.).

A similar centre has been built in Mombasa, Kenya. The Centre will accommodate 150 pupils (17 mill. D. Kr.).

The establishment of three industrial centres in the districts of Nyeri, Machakos and Kakamega, Kenya. The purpose of the Centres was to promote small-scale industrial development (14 mill. D. Kr.).

(iv) Loans:

Denmark grants financial assistance to developing countries in the form of bilateral development loans for implementation of development projects including projects in the industrial sector. The loans, which carry no interests, are tied to procurement of Danish goods and services and are extended on the following terms with respect to maturity and grace period:

LDC countries: Maturity of 50 years including a grace period of 10 years.

Non-LDC countries with a per capita income of less than 250 US Dollars: Maturity of 35 years including a grace period of 10 years.

Countries with a per capita income between 250 US Dollars and 550 US Dollars: Maturity of 25 years including a grace period of seven years.

In the fiscal year 1977/78 ten development loans totalling 410 million D. Kr. have been extended.

FINLAND:

Three quarters of Finnish bilateral official development assistance (ODA) is directed to a limited number of major recipient countries within the framework of country programming. The major recipients are three at present: Tanzania, which belongs to the category of the least developed countries, Zambia and Vietnam. Other least developed countries recipients of Finnish aid are Bangladesh and Ethiopia. Of 1977 bilateral disbursements, 42 per cent was directed to the group of least developed countries. In Finnish bilateral development co-operation, the economic position of Vietnam is considered to be the same as that of the least developed countries and it is accorded the same policy treatment.

Bilateral technical assistance from Finland to all developing countries was \$ 10.9 million in 1976 and \$ 10.2 million in 1977. Technical assistance is provided in the form of consultancy services, personnel assistance (experts), courses and seminars and fellowships. An important part of this assistance is for projects and programmes in infrastructure and industry. Of new technical assistance commitments in 1976 and 1977, half was for

Finland (cont'd)

the development of public utilities and industry. The share in the total of industry alone was approximately one fourth. Training and the strengthening of management skills are important features of these activities and the development of adapted technology is an essential element of many of the projects.

In 1976 \$ 4.2 million and in 1977 \$ 7.9 million was provided within the Finnish aid programme for bilateral grants to developing countries other than technical assistance. In addition, bilateral development lending was \$ 13.4 million in 1976 and \$ 8.8 million in 1977. Also these forms of aid are used to support industrial development in the recipient countries.

Official development assistance contributions by Finland to international organizations amounted to \$ 22.2 million in 1976 and \$ 21.9 million in 1977. Contributions to the United Nations Development Programme were \$ 5.6 million in 1976 and \$ 5.3 million in 1977. Capital subscription and similar payment to multilateral financial institutions amounted to \$ 8.1 million in 1976 and \$ 9.5 million in 1977.

The central government budget for 1978 contains an increase in aid appropriations of close to thirty per cent over 1977, the additional funds being allocated to all major categories of aid, bilateral as well as multilateral. A further expansion of the aid programme is planned in line with the intermediate volume target for Finnish aid set in 1977, which foresees a doubling of the share of official development assistance in GNP over the medium term. The main emphasis in the Finnish bilateral aid programme is on co-operation on very soft terms with the least developed countries and countries in a similar economic position. Special measures in favour of these countries include the shift from a mix of grants and loans to a grant basis entirely in the assistance programmes set up for them. At first this decision was applied to new commitments from the beginning of 1977. In May 1978, it was decided to convert into grants also outstanding ODA credits and credit commitments earlier extended by Finland to this category of countries.

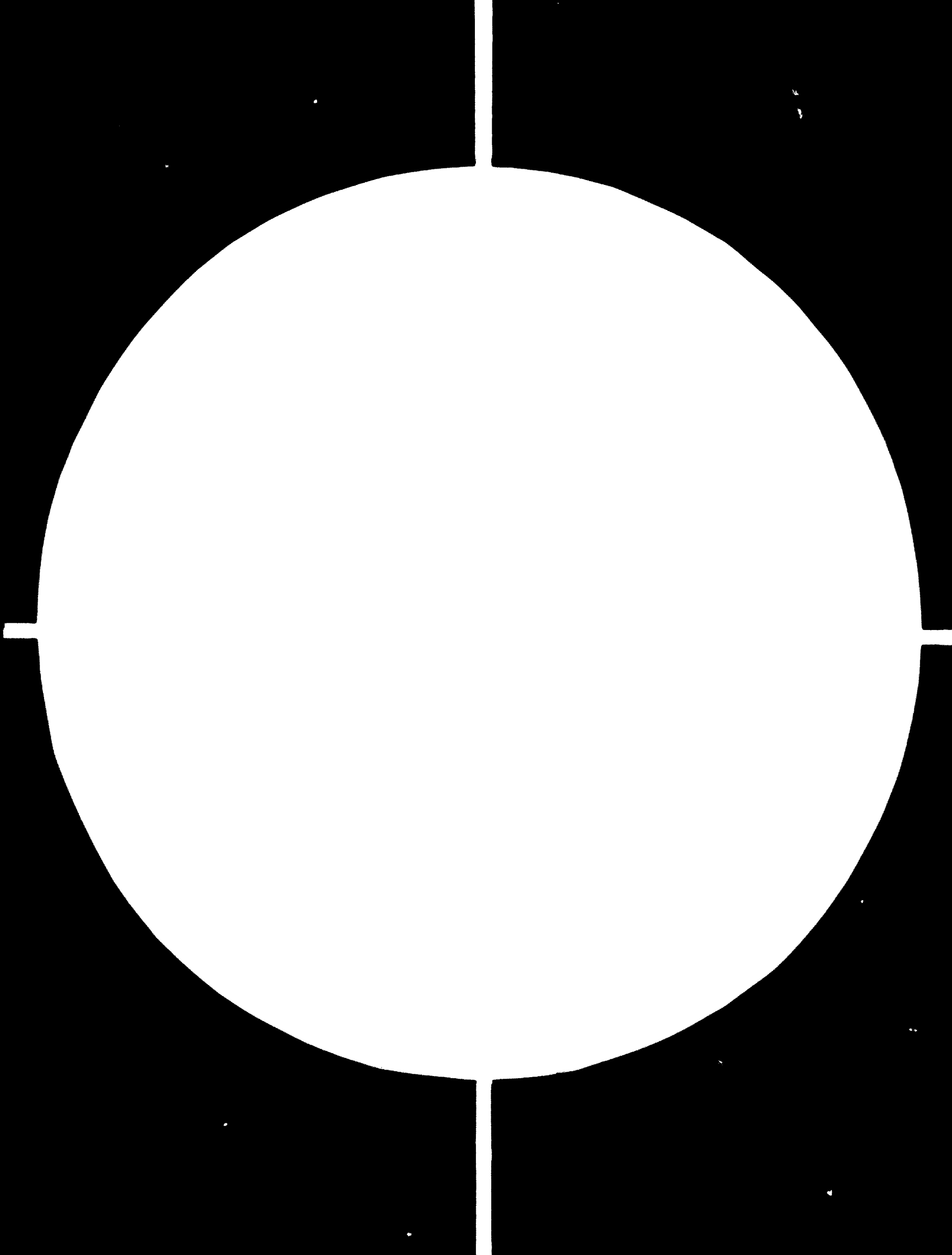
FRANCE:

The French official assistance effort, in terms of GNP, amounted to 0.6 per cent in 1977. This figure reflects a very slight decline by comparison with 1976. However, this decline should be considered in the light of the decline in total official assistance by the OECD countries. Furthermore, this decline in relative terms should not be interpreted as a sign of a fundamental downward trend in French assistance. France continues to endorse achievement of the goal of 0.7 per cent of GNP for official assistance, and will endeavour to attain it as quickly as possible. The over-all net amount of assistance provided by France to the developing countries in 1977 is estimated at 25,607 million francs. Official assistance amounted to 11,138 million francs.

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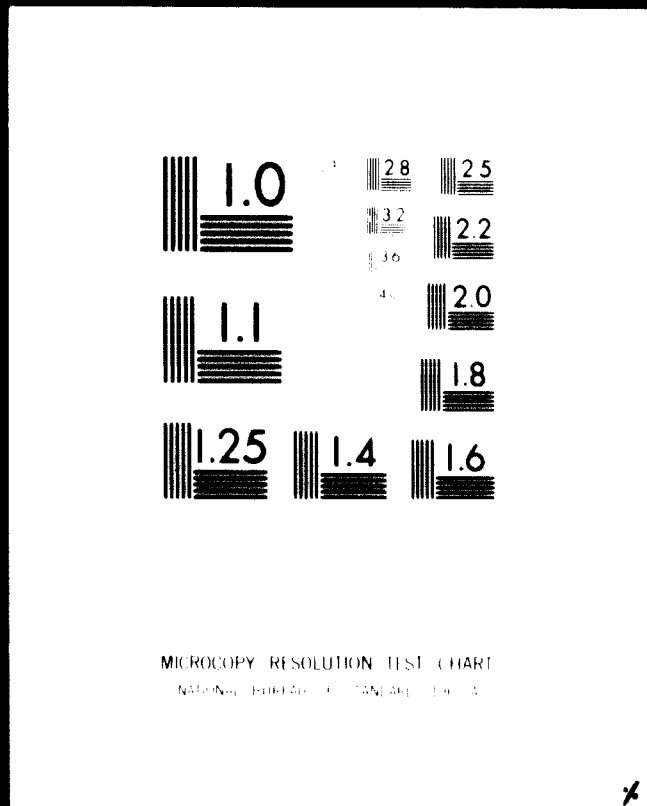


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France (cont'd)

The growth in official assistance by comparison with 1976 results mainly from the substantial increase in grants in the framework of both bilateral and multilateral assistance. Furthermore, a breakdown of official assistance into bilateral and multilateral assistance indicates that the share accounted for by the latter in total official assistance increased from 14 per cent in 1976 to 15.5 per cent in 1977. In terms of GNP, French multilateral official assistance also increased from 0.086 per cent to 0.092 per cent. As regards the financial character of the assistance, grants accounted for 91 per cent of total official assistance in 1977, as compared with 88 per cent in 1975. The over-all grant component in French assistance amounts to approximately 94 per cent.

The progression in French contributions to various international organizations rendering assistance in 1975 (15 per cent) and 1976 (9.8 per cent) continued at a steady rate in 1977 (20 per cent). The result, as indicated above, has been an increase in the relative share accounted for by multilateral assistance in total official assistance, and also in the ratio between multilateral assistance and the French GNP. In absolute terms, French multilateral official assistance amounted to 1,719 million francs in 1977, which represented an increase of 286 million francs by comparison with 1976. This increase is accounted for mainly by new contributions by France to the third window of the International Bank for Reconstruction and Development (IBRD), to the capital and Fund for Special Operations of the Inter-American Development Bank (IDB) and to the African Development Fund. The French contribution to EEC food aid substantially increased in 1977 by comparison with 1976 owing mainly to the rise in prices of food products other than cereals. The amounts of French contributions to agencies and funds of the United Nations family (including UNDP) and to the International Development Association (IDA) and the European Development Fund (EDF) did not change appreciably in 1976 by comparison with the preceding year.

France (cont'd)

France: Official contributions to the international agencies

	1975		1976		1977	
	Fr	\$	Fr	\$	Fr	\$
	million	million	million	million	million	million
<b>I. European assistance</b>						
EDF	389,9	91	654	136,8	647,5	131,8
EIB (Turkey)	12,3	2,0	90	18,8	70,3	14,3
Food aid	218,7	51	39	29,2	205,5	41,8
Others	204,8	47,7	43	8,4	32,1	6,6
<b>TOTAL I</b>	<b>825,7</b>	<b>192,6</b>	<b>926</b>	<b>193,2</b>	<b>955,4</b>	<b>194,4</b>
<b>II. World Bank group</b>						
IDA	356,8	83,2	357	74,7	357	72,7
Others (IBRD - IMF)	-	-	14	2,9	114,0	23,2
<b>TOTAL II</b>	<b>356,8</b>	<b>83,2</b>	<b>371</b>	<b>77,6</b>	<b>487,9</b>	<b>99,3</b>
<b>III. Regional banks</b>						
Inter-American Development Bank	-	-	-	-	119,2	23,9
African Development Bank	-	-	-	-	-	-
Asian Development Bank	20,8	4,9	21	4,4	-	-
Others	10	2,3	10	2,1	67	13,7
<b>TOTAL III</b>	<b>30,8</b>	<b>7,2</b>	<b>31</b>	<b>6,5</b>	<b>169,4</b>	<b>34,5</b>
<b>IV. Agencies of the United Nations family:</b>						
UNDP	49	11,4	46	9,6	49	10
Others	42,9	10,0	59	13	57,3	11,6
<b>TOTAL IV</b>	<b>91,9</b>	<b>21,4</b>	<b>105</b>	<b>22,6</b>	<b>106,3</b>	<b>21,6</b>
<b>GRAND TOTAL</b>	<b>1 305,2</b>	<b>304,4</b>	<b>1 433</b>	<b>299,9</b>	<b>1 719,0</b>	<b>349,3</b>

France (cont'd)

Measures taken in favour of the least developed countries have the following characteristics:

(i) Volume of French bilateral contributions to the least developed countries

In 1977, France contributed around 1,340 million francs of real resources to the least developed countries. Official development assistance (1,042 million francs, or \$212 million) accounted for 77.8 per cent of this total. Official assistance to the least developed countries is continuing at a high level. As in 1976, it amounts to 0.06 per cent of the French GNP. In terms of France's total bilateral assistance, it accounts for more than 11 per cent. A little more than half of this assistance has gone to the four countries of the Sahel (Mali, Niger, Chad and Upper Volta) which fall into the category of least developed countries.

(ii) Breakdown of contributions to the least developed countries

As we pointed out above, most of France's bilateral contributions to the least developed countries take the form of official assistance (77.8 per cent). If account were also taken of French multilateral assistance, which, especially as regards contributions to development banks and their special funds, above all benefits the least developed countries, this proportion would be still larger.

Most of this official assistance is accounted for by grants (92 per cent). However, loans increased substantially between 1976 and 1977, from 60 million francs in 1976 to 97 million francs in 1977. This development has largely resulted from the very considerable increase in loans to the four Sahel countries mentioned above, which, altogether, receive three-quarters of the total amount in this category of contributions. On the other hand, there has been a fairly substantial decrease in "other contributions by the public sector", with most of the amount under this heading constituted by net payments of "second window" loans (31 million francs) from the Central Fund for Economic Co-operation, which show a clear increase in comparison with the corresponding figure for 1976 (25 million francs).

The private flow of capital to these countries has substantially increased by comparison with 1976 owing to the considerable increase in guaranteed private credits, which have arisen from 45 million francs to 319 million francs.

(iii) Financial character of French capital flow to the least developed countries

The following table makes it possible to compare the financial character of France's contributions to the



France (cont 'd)

least developed countries with that of its contributions to the developing countries as a whole.

France: Comparative breakdown in terms of financial character of contributions to the 29 least developed countries (LDCs) and to the developing countries as a whole

	1975		1976		1977	
	Developing countries as a whole	LDCs	Developing countries as a whole	LDCs	Developing countries as a whole	LDCs
Share of total bilateral contributions accounted for by official development assistance	49.1	83.8	36.9	85.6	44.3	77.8
Share of grants in official assistance	86.2	95.0	89.0	94.1	89.3	91.6
Over-all grant component in official assistance	89.3	98.0	92.0	97.0	(94.0)	(97.2)

There are three features which emerge from the table. Firstly, the share of over-all contributions to the least developed countries accounted for by official development assistance to the developing countries as a whole accounted for by the public development assistance. Owing to the magnitude acquired by guaranteed private credits in 1977, however, this relative share has somewhat declined by comparison with 1976 (77.8 per cent, as compared with 85.6 per cent in 1976). Secondly, the share of assistance accounted for by grants remains very substantial (91.6 per cent). The slight decline by comparison with 1976 is attributable to the decline in the monetary cost of food aid, which dropped from 27 million francs in 1976 to 14 million francs in 1977. Thirdly, the high rate of the grant component, which in 1977, as in 1975 and 1976, amounted to more than 97 per cent, should be stressed.

(iv) Sectoral breakdown of official bilateral assistance to the least developed countries

The following table shows, as regards the sectoral breakdown of assistance, that, as in 1976, the share accounted for by expenditure in respect of investment assistance is relatively more substantial for the least developed countries than for the developing countries as a whole. It should also be pointed out that, as in 1976, nearly all the credits in respect of "economic

France (cont'd)

and financial support" in fact went to the least developed countries. These two facts indicate the effort that France is making, on the one hand, to contribute to the economic development of the least developed countries by enabling them to acquire the necessary infrastructure and, on the other hand, to remedy the chronic budgetary difficulties encountered by some of these countries.

France: Comparative economic breakdown of bilateral official assistance to the developing countries as a whole and to the least developed countries

	Developing countries as a whole			29 least developed countries		
	1975	1976	1977	1975	1976	1977
Technical and cultural co-operation	55.2	57.0	57.0	45.6	48.8	52.4
Investment assistance (grants and loans)	29.6	24.4	23.5	31.7	31.5	31.3
Economic and financial support (grants and credits for debt consolidation).	15.2	18.6	19.5	22.7	19.7	16.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

GERMAN DEMOCRATIC REPUBLIC

The progressive aims formulated in the Lima Declaration and Plan of Action on Industrial Development and Co-operation, have the full support of the German Democratic Republic. It sees its contribution in the implementation of the Lima Declaration and Plan of Action in an extension and intensification of economic, scientific and technological co-operation with developing countries on the basis of equal rights and mutual benefit, more specifically, in the development of stable division-of-labour relations on a long-term basis, assistance in the establishment of industrial enterprises and in the training of the necessary personnel, as well as the assignment of specialists according to the needs of the developing countries.

Conducive to this goal are the agreements concluded with a significant number of such countries. At present, the GDR has economic relations with 45 developing countries on the basis of inter-governmental agreements, of which 46 are trade agreements,

German Democratic Republic (cont'd)

20 agreements on scientific and technological co-operation, and 23 agreements on economic, technological, scientific and industrial co-operation. Out of these categories of agreements, 12, 9 and 11, respectively, were concluded with least developed countries. To cope with the increasing complexity and scope of economic relations with the developing countries which have freed themselves from colonialism, and to conduct these relations on a long-term and stable basis, joint economic committees and mixed commissions were set up. Such bodies exist at present with 12 developing countries, among them six of the least developed.

The GDR's growing economic capacities and the impulses which the continuing intensification and development of socialist economic integration among the CMEA countries lend to a rapid and secure growth of its national economy, permit substantial increases in the supply of complete industrial plants, equipment, machinery and instruments, electric and electronic manufactures, and other products which are needed for the economic development of the developing countries. Complete plant and equipment are delivered on internationally customary terms of payment. The GDR is ready to have its credits repaid in full or in part by deliveries of goods where this is in the mutual interest.

The GDR's co-operation with developing countries in their industrialization leads to a broader and different structure of mutual economic relations in general, with scientific and technological co-operation assuming a steadily growing importance which is reflected in the types of plant, equipment and scientific instruments delivered. Scientific and technological co-operation involves the transfer of knowledge and experience, the training and advanced training of personnel, and the sending of GDR experts to developing countries.

Both in connexion with the delivery of plant and equipment and under inter-governmental agreements on scientific and technological co-operation, about one thousand specialists from the GDR worked in developing countries also in 1977, one third of them in least developed countries. These figures are equivalent to the average of the past few years. About the same number of nationals from developing countries received basic or advanced practical training in production facilities in the GDR, with more than 200 coming from least developed countries. In 1977, GDR specialists provided training or advanced training to some 2,500 workers in developing countries. The same number is enrolled at higher educational establishments or technical schools in the GDR, with one fourth coming from least developed countries.

Besides the assistance rendered to developing countries on a bilateral basis, the GDR has been actively involved in activities of UNIDO and other international organizations. Each year it has pledged voluntary financial contributions to fund technical assistance projects or other measures benefiting developing countries. Such contributions amounted to three million marks in 1978.

German Democratic Republic (cont'd)

In addition to the supply of equipment for industrialization projects the GDR and the Secretariat of UNIDO co-sponsored eight training courses between 1976 and 1978 on industrialization planning, herbicide and insecticide production, and printing. These courses were attended by 170 participants from African, Asian and Latin American countries, among them over 50 from least developed countries. They have proved to be a very effective and efficient form of sharing knowledge and experience with the assistance of UNIDO. Participants are familiarized with latest achievements of GDR science and technology in the areas mentioned above and, benefiting from the experience of the sponsor and all those involved, they take home useful suggestions for tackling problems of industrial development in their countries. The courses will be continued, and about 70 participants are expected to attend in 1979.

GERMANY, FEDERAL REPUBLIC OF:

The Federal Government reports regularly - in the form of a memorandum - on size and scope of technical assistance like other OECD countries and presents it annually to the DAC.<sup>1/</sup>

HUNGARY:

Hungary has concluded technical and scientific co-operation agreements with 50 countries, of which the following ones were signed in recent years:

in 1976: Bissau-Guinea, Panama, Venezuela, Cape Verde

in 1977: Angola, Afghanistan, Mexico, Guyana,  
Mozambique Laos

in 1978: Burundi, Jamaica.

The number of Hungarian experts working in developing countries within the framework of technical and scientific co-operation rose between 1970 and 1977 from 270 to some 600. Some 4 to 6 per cent of the total number of the experts are sent totally without reimbursement to some of the developing countries most in need. The number of developing country nationals receiving training on different levels in Hungary rose in the same period from 1750 to about 2500. Almost 60 per cent of them participate in higher-level education and enjoy the financial assistance of the Hungarian People's Republic. 640 of them are students of high-level institutions of engineering, natural sciences and economic sciences and will thus, after their return home, be employed in the field of industrial development. It must be emphasized that despite a shortage of labour and specialists in Hungary these trainees are not subjected to brain-drain. The above numbers do not include the figures relating to co-operation with CMEA member

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<sup>1/</sup> Copies of the memoranda to the DAC of 1976 and 1977 were attached to the FRG contribution.

Hungary (cont'd)

countries (Mongolia, Vietnam, Cuba) and with the People's Democratic Republic of Korea.

The Hungarian People's Republic is not a member of the international financial organizations. It has participated in the establishment of the Special Fund of the CMEA countries' International Investment Bank, the purpose of which is the financing of the joint activity possible in the developing countries. It offers contributions to the UN organizations' various programmes of assistance functioning on a voluntary basis. Though the Hungarian People's Republic is of the view that the financing of technical assistance programmes should be carried out chiefly within the framework of UNDP, it nevertheless contributed 1,5 million forints to the UNIDO Industrial Development Fund for the year 1978. Besides, as a single special contribution, it will supply to a least developed country the equipment of a food testing laboratory in a value of 5 million forints. To the benefit of UNIDO it has made contributions from the inception of the pledging conferences.

The Hungarian Government has renounced the use of M\$ 4 from the M\$ 7.5 allotted to it within the framework of the 1977-81 UNDP country programme cycle. For 1978 it pays 5.3 M forints to the benefit of UNDP, and it has also undertaken voluntarily to pay the 8 per cent calculated after the projects in Hungary even after the Governing Council has taken the decision that its payment is no longer obligatory. For facilitating the utilization, 10 per cent of the UNDP and UNIDO contributions can be used also for covering transport and other expenses occurring in convertible currencies. For the World Food Program the Hungarian People's Republic has offered for the years 1979-80 assistance in kind in the value of 360.000 dollars. Its other current annual contributions are: 100.000 forints for UNITER, 100.000 forints for UNEPA, 300.000 forints for UNICEF, and 500.000 forints for UNEP. Technical assistance activities are - contrary to the Hungarian general standpoint - also covered through a part of the Hungarian contribution to the budgets of several UN organizations.

ICELAND:

The total of Iceland's financial contribution in 1978 as regards aid to developing countries amounted to nearly 300 million Icelandic krónur (or the equivalence of about 940 000 U.S. dollars). This mainly includes contributions to the UNDP, IDA, the World Bank, joint Nordic development projects in Kenya, Tanzania and Mozambique and a bilateral aid-project pertaining to deep-sea fisheries in Kenya. This last mentioned project is based on a bilateral agreement with Kenya in accordance with which an Icelandic fishing expert has been assigned to Kenya. A similar agreement with Cape Verde is being prepared and an appropriation in 1979 has recently been decided upon by the Icelandic parliament.

IRELAND 1/

In 1974, the Irish Government undertook a five-year programme of planned increases in official development assistance (ODA) which aimed at the achievement of an annual average increase of 0.05% of GNP. Total expenditure on ODA in 1978 was Irl £8.271 million, which amounted to 0.13% of GNP. In 1979 the amount allocated for Ireland's development assistance programme has been increased to Irl £14.5 million (approximately 0.2% of GNP). It is hoped to maintain the pattern of annual increases in ODA allocation for future years, with a view to attaining the UN target of 0.7% of GNP at the earliest date possible.

The bilateral component of the programme, which in 1979 amounts to Irl £4 million, has a heavy concentration on technical assistance. Irish agencies such as the Industrial Development Authority, the Institute for Industrial Research and Standards, Shannon Free Airport Development Company, and the Irish Export Board have assisted developing countries in the establishment of manufacturing plants and in the selection of high quality products suitable for export. In addition the Irish Electricity Supply Board, and Aer Lingus - Irish Airlines have participated in projects in developing countries in their respective areas of interest. Ireland's bilateral aid programme which is of relatively recent origin, is at present concentrated on four priority countries in Africa (viz. Lesotho, Sudan, Tanzania and Zambia). As Ireland has undergone its own developmental process in the recent past the country is perhaps in a position to understand and appreciate to a greater extent than other developed countries the difficulties being experienced by the developing countries. In addition much of the skills which brought about the transformation of economic and social life in Ireland are still available and it is felt that they have a particular relevance to the developmental process in other countries.

In 1979, Ireland's contribution to selected United Nations Development Agencies (i.e. UNDP, UNICEF, etc.) will amount to Irl £1.2 million while the contribution to the World Bank Agencies (i.e. IBRD and IDA) will amount to Irl £1.625 million. The corresponding figures for 1978 were: UN Agencies, Irl £0.7 million and IBRD/IDA, Irl £1.630 million.

Because of the nature of the Irish economy, the export of capital is not encouraged, by, for example, fiscal measures.

Ireland recognises in particular the problems of the least developed countries and has sought to concentrate its bilateral aid programme on them. In 1978, up to 70% of the bilateral programme was devoted to these countries.

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1/ The reply from Ireland was received after publication of document ID/238

ISRAEL<sup>1/</sup>

Sharing experience in industrial development is part of Israel's Programme of International Cooperation. Under its auspices, courses and seminars are conducted on various aspects of Transfer of Technology, Industrial Research and Development, and Cooperation in Industry.

Israel participated in the preparations for the 1977 Conference on Technical Cooperation among Developing Countries and attended the preparatory meeting for Asia and Latin America.

A high level Israel expert participated actively in the second session of the ESCAP Committee on Industry, Housing and Technology. In cooperation with ESCAP and Asian Development Institute a number of programmes are now under active consideration including one on agriculture-based industries and one on physical planning.

Israel is also involved in several countries in Latin America in export-oriented agriculture-based industrial projects (production and processing), some of them in trilateral co-operation with the Organization of American States.

ITALY

The amount of technical assistance provided by Italy to the developing countries was \$32.69 million in 1976 and \$38.12 million in 1977. All action in this connexion took place at the request of the countries concerned. An effort was made to encourage the use of intermediate technologies and to discourage undue dispersion of effort. In particular, vocational training, including that at university level, and development in the fields of agriculture, food and health were promoted. Efforts were made to promote action in the energy sector and in the exploitation of raw materials.

The Italian Government has, in international forums, repeatedly affirmed its preference for multilateral, as compared to bilateral, assistance. In 1976 and 1977, Italy's financial contributions to international organizations and agencies were distributed as follows (in millions of dollars):

	<u>1976</u>	<u>1977</u>
Organizations of the United Nations system	9.35	21.36
European Investment Bank	11.98	5.33
European Economic Community	84.11	84.40
Including the European Development Fund	64.75	61.02
International Bank for Reconstruction and Development	9.29	---
Asian Development Bank	2.47	4.58
Inter-American Development Bank	---	11.91
Special funds	30.83	23.63
Including the African Development Fund and the Asian Bank (special fund)	0.53 30.30	16.29 7.34
TOTAL	148.03	151.21

<sup>1/</sup> The reply from Israel was received after publication of document ID/238

Italy (cont'd)

As regards the future, the new law(mentioned in section I) provides that Italian bilateral and multilateral development assistance shall increase, as regards economic and technical co-operation alone, from \$37 million in 1979 to nearly \$100 million in 1983, amounting to a total during the period from 1979 to 1983 of \$350 million.

The amount, which cannot be determined in advance, reserved for financial co-operation in respect of contributions to interest on credits granted directly to the developing countries and the amount of Italy's contributions to international agencies involved with development co-operation must also be added to this.

JAPAN:

The size of Japan's technical co-operation programme was in 1976 \$108.1 million (corresponding to 0.019 per cent of GNP) and in 1977 \$147.8 million (corresponding to 0.022 per cent of GNP). The financial contributions were as follows:

(disbursements, \$ million)

	1976	1977
1. Contributions to multilateral institutions	352.0	525.2
2. Bilateral financial assistance		
(1) Grants (excluding technical assistance and food aid)	72.2	73.8
(2) Development lending and capital, net	568.1	662.6

NETHERLANDS:

The Netherlands' technical assistance activities can be split into two parts, viz. a) the official governmental activities and b) the semi-official activities, that is the activities of the Netherlands' Foundation for the Technical Development of Developing Countries (TOOL).

Netherlands' contributions to current bilateral technical aid projects were as per 1 September 1977:



Netherlands (cont'd)

<u>Nature of Projects</u>	<u>Number of Projects</u>	<u>Size (in million Dfl.)</u>
Planning and public administration, pre-investment studies	26	23,1
Development of public utilities, communication, transport	47	86,4
Agriculture, fisheries, forestry	93	179,8
Industry, mining, construction	26	26,1
Trade, banking, tourism, other services	6	2,7
Education and training	89	95,0
Health	16	48,5
Social infrastructure and welfare	39	49,3
Multi-sector, unspecified	6	22,3
<b>TOTAL</b>	<b>348</b>	<b>533,3</b>

The Netherlands Foundation for the Technological Development of Developing Countries, TOOL, is a non-profit making organization. Its aim is to improve the position of economically disadvantaged groups in developing countries by assisting in the transfer of expertise and technology in a form appropriate to the local situation, so that this expertise and technology can be applied by the target groups themselves as much as possible. In 1977 TOOL produced 387 registered technical advisory reports for field projects in 63 developing countries.

Among those organizations which co-operate within TOOL are a number of Netherlands' universities. TOOL's activities encompass i.e.:

- indirect transfer of technology through micro-projects, technical advices, publications and newsletters. In 1977 ten completely new or thoroughly revised publications were issued. In 1977 much progress has been made in setting up the SATIS-project (Socially Appropriate Technology Information System).
- direct transfer of technology, i.e. through co-operative projects in which TOOL has a supporting or executive role in co-operation with counterpart organizations in developing countries.

Netherlands (cont'd)

Netherlands net-ODA 1975-1977

- US \$ mill. -

	disbursements		
	1975	1976	1977
<u>BILATERAL AID</u>	<u>365.2</u>	<u>496.2</u>	<u>643.6</u>
- Financial aid	206.2	236.0	364.4
of which: FMO (Neth. Finance Company for Developing Countries)	3.1	5.6	5.2
i.e. loans, equities and in- come notes to:			
- regional development banks	3.1	1.7	1.6
- private enterprises	-	3.9	3.6
- Technical assistance	113.2	178.9	198.2
- Other	45.8	81.3	81.0
<u>MULTILATERAL AID</u>			
of which contribution to:			
- UN agencies	98.8	114.4	119.5
- EEC (incl. EIB)	67.0	63.3	71.2
- Other agencies	28.6	0.2	15.8
- Capital subscription payments	44.4	45.8	49.5
of which:			
- IDA	35.4	41.1	23.0
- IBRD	-	-	20.1
<u>TOTAL:</u>	<u>604.0</u>	<u>719.9</u>	<u>899.6</u>

The Netherlands Government strongly favours an adequate growth in real terms of the multilateral financing institutions, such as the World Bank Group and Regional Development Banks, keeping in view the administrative capability and the lending policies of the individual institutions. This position reflects itself in the relative allocations of the Netherlands to these institutions. Furthermore, a considerable part of the Netherlands' contributions to UNDP and to the UNCDF will be used by the recipient countries for the implementation of the Lima Plan of Action. These contributions amount to (in Dfl. million):

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
UNDP	140	140	138	148
UNCDF	20	15	16.5	17.5

Contributions by the Netherlands to the National Development Banks come through three channels:

- (i) in the form of projects, financed by the multilateral financing institutions to National Development Banks. On the whole the Netherlands supports the present sectoral policies of these multilateral financing institutions

Netherlands (cont'd)

(ii) in the form of bilateral contributions to financial aid projects as per 1 September 1977. These were as follows:

Nature of projects	Number of projects	Size (in million Dfl.)
Planning and public administration, pre-investment studies	1	10,8
Development of public utilities, communication, transport . . . . .	103	857,7
Agriculture, fisheries, forestry	69	468,4
Industry, mining, construction	45	406,9
Trade, banking, tourism, other services . . . . .	3	12,5
Education		
training . . . . .	19	82,0
Health . . . . .	26	138,7
Social infrastructure + welfare	17	143,4
Multi-sector, unspecified . . . . .	14	138,2
<b>TOTAL . . . . .</b>	<b>297</b>	<b>2,258,6</b>

(iii) in the form of allocations by the FMO (Netherlands Finance Company for Developing Countries). FMO's activities have to be in accordance with the Netherlands' Government's policy in regard to development co-operation. In 1977 there was again keen interest in the facilities offered by FMO. The approaches made related to 36 developing countries, the largest number of approaches coming from Tanzania, Ghana, Indonesia, Tunisia, Turkey, Upper Volta, Kenya and Surinam. About 50 per cent of the total number of these approaches related to the sectors of agriculture, livestock raising, fisheries and agro-industry. For 36 projects in 17 developing countries finance agreements have been completed totalling about Dfl. 83 million. FMO is now putting the final touch to finance agreements for a further 12 projects, which will be carried out in Egypt, Ghana, India, Indonesia, Lesotho, Upper Volta, Sierra Leone, Tanzania and Tunisia. FMO is operating in 21 developing countries, eight of which are counted among the "target" countries (a group of 13 selected recipient countries to which the major part of the technical assistance programme of the Netherlands is being allocated). At the end of 1977 about 35 per cent of the funding provided went to projects in the agriculture, livestock and forestry sectors. FMO attaches great importance to the implementation of the above mentioned projects because of their development value to the recipient country. Not only are these projects

Netherlands (cont'd)

relatively labour-intensive, they also utilize a production factor which is in general available in abundance, namely land. Furthermore they provide jobs for people in rural areas whose income as a rule is exceptionally low. The realization of projects of this type means that some of them are raised above the minimum subsistence level. FMO believes in this way to be able to contribute, if only modestly, towards improving the lot of the extremely poor.

The following measures in favour of the least developed countries were gradually taken:

- (i) 1974/76. The aid terms were made softer than in the case of other target countries viz. an average grant element of 90 per cent, while the aid volume was progressively increased;
- (ii) 1977/1978: All aid was offered on a grant basis, which implies a 100 per cent grant element;
- (iii) 1978: All outstanding loans have been converted into outright grants, which implies a waiver.

As a general rule LDCs receive more technical assistance and training, while it is also the policy of the Netherlands Government to give special attention to the reinforcement of the administration, the training of counterparts and the improvement of physical infrastructure like rural and agricultural development, water supply, irrigation etc. Industrial projects also qualify for aid, however, with a special emphasis on agro-based industries. Finally, in respect of LDC's the Netherlands Government has been very lenient with regard to local cost financing.

In respect of the financial assistance extended to the so-called "target" countries it should be noted that loans are partially untied, that is to say that procurements can be effected in the Netherlands or developing countries, while grants are tied to procurements in the Netherlands. However, in many instances local cost financing especially in the case of basic needs projects are allowed, which implies that recipient governments receive convertible guilders. In other instances moneys are untied on an ad hoc basis for procurements in donor countries, if need arises. The amounts involved for these specific financial requirements are considerable. Since 1977 all LDC-"target" countries only receive grants.

In the past eight years the Netherlands' Government has increasingly extended debt relief. Since 1978 the debt relief policy has been modified in the following manner:

- (i) a debt relief for "target" countries will only be contemplated on a case-by-case basis. In accordance with this principle "target" countries facing an acute balance of payments crisis were offered debt relief in 1978 like Pakistan, Turkey, Peru and Jamaica;

Netherlands (cont'd)

- (ii) loans outstanding on LDC's were converted into an outright grant, which implies a waiver of old loans.

This policy adopted is in line with the UNCTAD-resolution 165 (S-IX) of 9 March 1978 agreed upon in Geneva.

NEW ZEALAND:

Over recent years substantial official development assistance (ODA) has been provided by New Zealand to developing countries. New Zealand's capacity to increase its development is inevitably governed by its own economic strength. The aid allocation for the current financial year has been increased from \$51 to \$55 million, representing an estimated 30 per cent of forecast GDP. The additional funds available will be devoted in the main to meeting New Zealand's multilateral aid commitments, notably pledges for the Fourth and Fifth IDA replenishments, the International Fund for Agricultural Development, and Asian Development Bank commitments. The Government has stated that New Zealand remains committed to 0.7 per cent ODA target, although its attainments by any particular date must be dependent on our economic circumstances.

In allocating the aid resources available for 1978/79 the Government has attached priority to its bilateral aid programmes to New Zealand's near neighbours in the South Pacific. (Just over 65 per cent of total New Zealand bilateral aid is being directed to the South Pacific this year) and South East Asia, including in particular the ASEAN group of countries. Among these countries are several recognized by the United Nations as 'Most Seriously Affected' (MSA) or 'Least Developed' (LDC). In all 78 per cent of New Zealand's total bilateral ODA in 1977 was disbursed in countries with per capita GDP of under \$520, including Tonga, the Solomon Islands, Tuvalu, India, Bangladesh, Nepal and Tanzania. Some 17 per cent was allocated in the LDC/MSA grouping.

In the interests of the effective operation of the bilateral aid programme it has been necessary for New Zealand to place limits on the geographic allocation of ODA. The main burden of the supervision of New Zealand inputs to development projects falls upon New Zealand's diplomatic missions, and special difficulties of aid delivery have been encountered in running project aid programmes in countries where New Zealand has no resident diplomatic presence (such as Nepal and Bangladesh). Within these limitations, and given the clear policy of the New Zealand Government concerning the concentration of ODA resources in the South Pacific and Asian regions, the special needs of the poorer developing countries are given a high priority.

The multilateral/bilateral mix of New Zealand aid is roughly 20:80 representing an increase over the 1977/78 multi/bilateral breakdown of 15:85. The major 1978/79 contributions are to the UNDP (\$1.25 million), UNICEF (\$0.7 million), the World Food Programme (\$0.7 million), the Asian Development Fund (.1 million)

New Zealand (cont'd)

and IFAD (\$0.98 million). New Zealand is participating in the Fifth Replenishment of IDA, and will contribute a total of \$8 million over seven years. New Zealand is also making a payment this year of \$380,000 to the IIF Oil Facility Interest Subsidy Account.

On the bilateral side, Commonwealth countries receive New Zealand training awards and some \$25 million in the form of capital and expert assistance from New Zealand. On the multilateral side, New Zealand is contributing \$600,000 to the Commonwealth Fund for Technical Cooperation and \$70,000 to the Commonwealth Youth Programme in 1978/79. In addition, New Zealand is providing \$30,000 to the Commonwealth Agricultural Bureau. In total, around 47 per cent of the total 1978/79 aid programme is being channelled direct to Commonwealth countries and regional programmes. Commonwealth countries also benefit from the activities of a number of international agencies (such as the UNDP, the World Bank and the ADB) towards which New Zealand contributes under the aid programme.

NORWAY:

Norwegian aid appropriations in 1978 totalled N.kr. 2 085 million corresponding to one per cent of GNP. In 1977 Norway's bilateral aid disbursement amounted to N.kr. 879 million (US \$165 million) of which N.kr. 151 million (US \$28 million) or 17 per cent technical assistance. The main part of Norway's technical assistance is rendered in conjunction with financial assistance to specific projects and programmes. In 1977 six per cent of Norway's bilateral assistance was channelled to the industry sector, and aid to the economic infrastructure of developing countries constituted 30 per cent of the bilateral programmes.

Multilateral contributions amounted in 1977 to N.kr. 690 million (US \$130 million) which equals 44 per cent of the total aid programme. This comprises significant contributions to IBRD/IDA, AsDB, AfDB/AfDF and UNDP. An additional 10 per cent of the total aid programme is rendered in cofinancing with IBRD/IDA and the said regional development banks and to projects administered by institutions in the UN family (multi-bilateral co-operation). In addition the bilateral aid programmes comprise contributions to national financial institutions.

Norway is devoting special attention to the needs of LDCs both in bilateral programmes and in contributions for multi-lateral assistance. For instance, parts of the Norwegian contribution to UNDP are ear-marked for projects in LDCs. In 1977 37 per cent of Norway's bilateral assistance was rendered to LDCs.

SPAIN

In 1977 Spain was engaged in technical assistance programmes in the following countries: Algeria, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Mauritania, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela. In addition to the substantial funds, not included under this heading, contributed by a number of autonomous State agencies, direct payments out of the Spanish national budget for services under these technical assistance programmes, for the five-year period 1977-1981, are estimated at \$US 9 million and the value of the resources transferred to the recipient countries at \$US 30 million.

Spain held 3,371 shares in 1973 in the International Bank for Reconstruction and Development (IBRD) and subscribed, during that same year, for 1,100 new shares at a cost of \$US 100,000 (in 1944 dollars), equivalent to \$US 142.3 million in current dollars. Spain also participates in the International Finance Corporation, in whose capital it has a share of 1.3 per cent, and participates as well in the capital of the other IBRD agency, the International Development Association (IDA).

Spain became a member of the Inter-American Development Bank on 9 July 1976 with a subscription of 5,106 shares, representing 0.7 per cent of the Bank's total capital and 13.6 per cent of the total capital contributed by extra-regional countries.

\$US 2 million has been contributed to the special assistance programme of the Conference on International Economic Co-operation.

Following loans, not fully drawn, have been granted by Spain to third countries:

- (i) Government-to-government loans  
One billion pesetas to Senegal
- (ii) Development Aid Fund

Paraguay	473	million	pesetas
Argentina	50	"	dollars
Peru	10	"	dollars
Chile	10	"	dollars

The following represents a summary of the activities in the field of technical co-operation undertaken by the Ministry of Foreign Affairs, the Ministry of Education and Science and the Ministry of Labour

A) Ministry of Foreign Affairs

Within the Government's legal and administrative framework, the Directorate-General for International Technical Co-operation, established in 1970 under the Ministry of Foreign Affairs, is charged, among its other responsibilities, with the programming, promotion and co-ordination of the international technical co-operation

Spain (cont'd)

activities provided for in governmental agreements and those arising out of Spain's participation in international organizations for economic and social development and for scientific, technical and industrial co-operation, and in the specialized agencies. In carrying out this work, it has received assistance and co-operation from various ministries and public organs such as the Ministries of Education and Science, Labour, Agriculture, Public Works and Town Planning, Industry and Energy, Commerce and Tourism, Transport and Communications, the Office of the Prime Minister for Planning, Regional Development, etc.

In 1972 the Ministry of Foreign Affairs initiated an International Technical Co-operation Plan designed to finance, in whole or in part, projects of development interest in various countries. Specifically, the objectives of these international co-operation plans are the training of skilled personnel, the dispatch of experts, the exchange of information, the use of facilities, and the formulation of development projects and studies as well as joint research programmes.

In 1972, for the first time, the Government made an allocation of 25 million pesetas under its general budget to the Ministry of Foreign Affairs. The original plan called for the provision of technical assistance in the amount of 18.6 million pesetas to 14 Latin American countries and two multilateral organizations (the Organization of American States (OAS) and the Andean Pact), and assistance worth 6.4 million pesetas to three African countries. This first project was subsequently modified and enlarged to include 18 Latin American countries, five African countries and the two Latin American organizations already mentioned. The allocation for technical assistance from the Government's general budget was doubled in 1973 to 50 million pesetas. This budget increase made it possible to furnish aid to 31 countries, 17 of them in Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Peru, Uruguay and Venezuela), eight in Africa (Algeria, Guinea, Mali, Mauritania, Rwanda, Senegal, Tunisia and Zaire), two in Europe (Malta and Turkey), two in the Middle East (Saudi Arabia and Syria) and two in the Far East (Korea and the Philippines), and also two international organizations of world-wide scope (ILO and UNIDO) and three regional organizations for the Americas (OAS, ECLA and the Andean Pact). In 1974 the budgetary allocation to the Ministry of Foreign Affairs for technical assistance programmes rose to 75 million pesetas, and it increased still further during the years that followed. As a result, during the period 1972-1977 this Ministry spent 582 million pesetas on technical assistance.



Spain (cont'd)

Until this year, the Ministry of Foreign Affairs also worked through the Institute of Hispanic Culture, an autonomous agency of the State which has been active in a number of fields strengthening contacts between centres and universities in Spain and in Latin America. The Institute has pursued its objectives in a number of different ways:

- By granting fellowships to Latin American post-graduate students for study in Spain and to Spanish students for study in Latin America;
- By arranging visits by Latin American teachers to Spain and by Spanish teachers to Latin America;
- By assisting in and sponsoring advanced courses in Spain for Latin American post-graduate students;
- By promoting an understanding of Latin American cultural values in Spain through the organization of exhibitions of various kinds.

In late 1977, as part of its programme of co-operation with the developing countries and in line with its desire to develop closer contacts with Latin America, the Spanish Government decided to restructure and modernize the Institute of Hispanic Culture. As a result, the Institute was renamed the Ibero-American Co-operation Centre and given responsibility for the following specific objectives:

- To conduct studies of the Ibero-American scene in all of its diverse manifestations in order to contribute to the emergence of a community consciousness;
- To encourage the study, defence and spread of the Spanish language and of the common Ibero-American culture;
- To intensify co-ordinated cultural and scientific activities among all the Ibero-American nations;
- To devise a policy of technological and industrial co-operation and to institute co-operation in studies and research in the areas of economics, trade and finance among all the Ibero-American countries;
- To support and promote public and private initiatives in pursuit of the above-mentioned objectives;
- To advise the Ministry of Foreign Affairs and, through it, the other ministerial departments, as required, regarding matters within its area of competence.

Basic agreements on technical co-operation have been concluded, first, with Colombia in 1964 and, later between 1969 and 1974, with Argentina, Bolivia, Brazil, Chile, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Nicaragua, Paraguay, Peru, Uruguay and Venezuela.

Spain (cont'd)

Other countries receiving Spanish assistance include the following: Algeria, Egypt, Libya, Morocco, Tunisia, Gabon, Guinea, Mali, Mauritania, Zaire, Ethiopia, Sudan, Saudi Arabia, Iran, Iraq, Jordan, Syria, Korea, Philippines, Malta and Turkey.

In recent years Spain has provided effective technical assistance on a bilateral basis to a number of developing countries, especially in Latin America. These activities may be summarized as follows:

- (a) The dispatch to various Latin American countries of qualified experts to advise on or assist in the implementation of a number of projects in many different fields.
- (b) The training in Spain of technicians and fellows at official centres and institutes, such as the Higher Council for Scientific Research (CSIC), the Nuclear Energy Board (JEN), the Institute of Agrarian Reform and Development (IRYDA), the National Institute of Agricultural Research (INIA) and the Nature Conservation Institute (ICONA). Other areas in which training has been provided include public health, post and telegraph, tourism, schools under the National Programme for Workers' Vocational Upgrading (PPO), air quality standards, and the armed services. On occasion, trainees are also accepted at enterprises with State participation or even at private firms.
- (c) The organization in Spain of seminars and advanced training courses of a combined theoretical and practical nature, such as the PEC courses, those organized at the National School of Public Administration (ENAP) at Alcalá de Henares, and others.
- (d) The preparation of consultancy and feasibility on a variety of subjects.
- (e) The provision of technical equipment and special instructional material for hospitals and medical and surgical centres, as well as for institutes providing vocational training in a variety of areas.
- (f) The dispatch of breeder animals and vegetable specimens (seeds, samples, etc.).
- (g) The dispatch of scientific and technical documentation, especially information generated by the Centre for Information and Documentation (CID) of the Higher Council for Scientific Research.

Multilateral technical co-operation activities are carried out under the aegis of OAS in: (a) integrated assistance to Bolivia, Nicaragua and Venezuela, (b) the granting of fellowships to Latin American post-graduate students for training and advanced studies at

Spain (cont'd)

centres and institutions in Spain; (c) the organization of "special training programme" (PEC) courses (currently numbering 20) in such areas as soil science and vegetable biology, forestry, water management, agricultural co-operatives, etc; (d) seminars (on political science and transfer of technology); (e) contributions to the OAS Technical Assistance Fund.

In addition, technical assistance has been made available to the following organizations.

- The Board of the Cartagena Agreement (Andean Pact);
- The Economic Commission for Latin America (ECLA);
- The World Intellectual Property Organization (WIPO);
- The Universal Postal Union (UPU);
- The Andean Development Corporation (CAF).

B) Ministry of Education and Science

In 1975, the Ministry of Education and Science established a fund for the financing of international co-operation with Latin America through cultural, scientific and vocational training projects. This programme, along with the new opportunities for training it has made possible, has been very well received and has been instrumental in promoting closer scientific ties between Spain and a number of Latin American countries. Assistance has been channelled primarily through fellowships for specific research projects at Spanish universities or research institutes, or through courses directed by Spanish research workers in Latin American countries.

In the three years the fund has been in operation, financing provided through it has totalled more than 100 million pesetas.

The Ministry of Education and Science is also contributing in other ways to the task of personnel training in developing countries. Spanish classical and polytechnical universities have admitted to under-graduate studies thousands of students from countries where, because of admission limitations or other difficulties, they would not have had access to higher education, or where institutes or specialized courses regarded as essential for the country do not exist. One example that helps to illustrate this point is the following: in 1960 there were only 9,800 agricultural science students in all the countries of Latin America, a very small number to meet the needs of the continent.

- (a) University training: Spain's contribution can be appreciated on the basis of the data given in the following table on university enrolment of students from developing countries in Spain during the period 1971-1976 (polytechnical universities are included):

Spain (cont'd)

Academic year	Origin of students		
	Asia	Africa	Latin America
1971/72	3,215	661	4,211
1972/73	2,931	802	2,893
1973/74	2,610	645	3,924
1974/75	2,036	452	4,687
1975/76 1/	1,651	221	2,587

1/ For this course year it was not possible to classify by nationality 2,479 students representing 30 per cent of the total number of foreign students.

As far as Latin America is concerned, the distribution of students among the different faculties and higher technical schools is shown in the following table:

Students from Latin America						
Years	Total	Faculties			Higher technical schools	
		Total	Sciences	Medicine and Pharmacy		Others
1971/72	4,211	4,041	366	3,564	111	170
1972/73	2,893	4,185	180	3,264	95	354
1973/74	3,924	3,564	236	3,209	119	360
1974/75	4,687	4,355	303	3,074	978	332
1975/76	2,587	2,280	164	1,298	818	307

(b) Post-graduate training: For the training of expert personnel in a particular area of science or technology considerably more is required than the general instruction and knowledge imparted through specialization courses, nevertheless, the initial training may facilitate the advanced training.

For 15 years Spain has organized annual specialist post-graduate courses for Latin American students in the agricultural sciences. The courses are sponsored by CSIC, the Institute of Hispanic Culture and UNESCO. As examples of these courses one might mention those which have been jointly organized by the Institute of Soil Science and Applied Biology of El Cuarto (Seville) and the Zaidin Experimental Station (Granada) - both are CSIC establishments - employing exclusively Spanish teaching staffs. The fact that these two courses are under the supervision of a co-ordinating research official gives them a very coherent scientific content.

Spain (cont'd)

Their great success and the excellent reputation they have gained is evidenced by the large number of enrolment applications received. A total of 146 post-graduate students from Latin America have taken part in the courses.

Concurrently, for the last six years a course has been offered at the Institute of Soil Science and Vegetable Biology on soil fertility and vegetable nutrition. Sponsored by CSIC and the Universidad Complutense of Madrid, this course is also primarily intended for post-graduate students from the Latin American countries. For each of these courses the Council has normally made available assistance in the amount of one million pesetas. Additional post-graduate courses, which every year attract large numbers of foreign students, especially from Latin America, are held at other CSIC research centres. One of these is the Plastics and Rubber Institute, which offers courses on the production of plastics and plastics processing.

C) Ministry of Labour

An important element of Spain's technical co-operation effort in the countries of Latin America is represented by the work performed by the Ministry of Labour, in close co-ordination with the Ministry of Foreign Affairs, in the area of social and labour matters. This co-operation, initially oriented towards vocational training, has since been extended to many other areas.

Since 1969, 282 Spanish experts have been sent to different Latin American countries on long-term assignments (12 months or longer) and 97 experts on short-term assignments (one to six months). During this same period of time, 654 Latin American fellowship-holders have visited Spain to attend skill-improvement and specialization courses, and 73 persons holding managerial positions at institutions in their own countries have been to Spain to study at first hand the operations of Spanish institutions and the possibilities of adaptation to their own countries.

The Ministry of Labour's co-operation programme in Latin America, which in economic terms has involved sums totalling more than one billion pesetas, may be broken down into the following major groups:

Participation in the establishment of national vocational training institutions: The following institutions have been established with Spanish assistance: The National Vocational Training Service of Paraguay, the National Manpower Training Service (FOMO) and the Army Vocational Advancement Programme (PPE) of Bolivia, the Technical Institute for Training and Productivity (INTECAP) of Guatemala, the National Institute of Technology (INTECNA) and the National Adult Vocational

Spain (cont'd)

Training Plan (Ministry of Labour) of Nicaragua, the Centre for Handicraft Research, Design and Training of the Centre for Economic Reorganization (CREA) at Cuenca, Ecuador, the Research and Training Centre for Technical Instructors (CIPET) of Costa Rica, and the Terija School Farm (under FORO) of Bolivia.

Co-operation with Latin American national institutions and agencies engaged in vocational and technical training:

Programmes of co-operation are in progress with the following institutions. The National Institutes of Apprenticeship (INA) of Costa Rica and Nicaragua, the Ecuadorian Vocational Training Service (SECAP) of Ecuador, the National Institute of Educational Co-operation (INCE) of Venezuela, the National Vocational Training Institute (INACAP) of Chile, the Vocational Training Board of the Dominican Republic, the National Industrial Apprenticeship Service (SENAI) of Brazil, the National Board for Social Action of Bolivia, the Ministry of Public Education of Costa Rica, the Department of Human Resources of the Ministry of Labour and Social Welfare of Panama, the Directorate-General for Craft Activities of the Ministry of Industry and Crafts of Peru, the Ministry of Energy and Mines (Boyóvar Project) of Peru, the Ministry of Fisheries (Maritime and Fisheries Vocational Training Programme) of Peru, the Office of the Under-Secretary for Fisheries of the Ministry of Natural and Energy Resources of Ecuador, and the National Council for Human Resources of Venezuela. Programmes have also been arranged with all the agencies mentioned above.

Co-operation with Latin American universities: University of Labour, Porto Alegre, Brazil; Universidad Técnica Federico Santamaría, Chile; Universidad Mayor San Andrés, Bolivia.

Co-operation in social affairs: In the social area, programmes for the improvement and extension of the social security system have been organized with various agencies in ten Latin American countries.

D) Office of the Prime Minister. Advisory Committee on Scientific and Technical Research

Towards the end of 1976, the Advisory Committee on Scientific and Technical Research, under the Office of the Prime Minister, established as a subordinate body a Committee on International Relations. The Committee's task is to collect whatever information it requires for its operations and - since it is the sole body with interministerial membership - to co-ordinate the full range of assistance activities for the purpose of establishing one over-all philosophy and single set of criteria for all Spanish programmes, especially those on behalf of the Latin American countries. The Committee is made up of representatives of the ministerial depart-

Spain (cont'd)

ments concerned, specifically the Ministry of Foreign Affairs, the Ministry of Education and Science, and the Ministry of Industry through its Directorate-General for Industrial Promotion and Technology.

Among the Committee's more significant activities, the following deserve particular mention:

- (a) A country paper prepared by Spain for presentation to the United Nations Conference on Science and Technology for Development to be held in Vienna from 20 to 31 August 1979.
- (b) A seminar on "The Role of Engineering Offices in the Transfer of Technology" in co-operation with the Ibero-American Co-operation Centre, the Industrial Organization College, the Association of Engineering and Consultancy Enterprises (ASEYNCO), and Tecniberia.
- (c) Participation in the symposium on the social implications of the application of science and technology to development held at La Rábida (Huelva) in March 1978, and organized by ILO's International Institute for Labour Studies and Spain's Institute of Public Health and Social Security.
- (d) Participation in the preparation for the "First Ibero-American Meeting on Science and Technology", organized by the Ibero-American Co-operation Centre and held in Madrid from 29 to 31 January 1979.
- (e) Participation in the seminar on scientific and technological co-operation with the developing countries organized by the OECD's Committee for Scientific and Technological Policy (Paris, April 1978).
- (f) Participation in the second Latin American meeting on research and human needs organized by UNESCO (Montevideo, June 1978).
- (g) Conference on Human Needs in the Light of a Development and Integration Alternative for Latin America (Montevideo, June 1978).
- (h) Preparation of the programme of co-operative research activities between the Mexican National Council for Science and Technology and the Spanish Advisory Commission on Scientific and Technical Research. The two bodies are to co-operate through projects in the following areas: marine sciences; agriculture and stock-raising; ecology; food; technological development; information and documentation; physics; biomedical sciences; industry; astronomy; soil science.
- (i) Participation in the United Nations Conference on Technical Co-operation among Developing Countries (Buenos Aires, August-September 1978).

Spain (cont'd)

- (i) Ibero-American Conference on Scientific and Technological Information and Documentation (Madrid, 11-15 September 1978).

Finally, it should be noted that the Spanish Government hosted in December 1977 the First UNIDO Consultation Meeting on Vegetable Fats and Oils.

SWEDEN:

The target for total development set by the Swedish Parliament - i.e. that budget appropriations should correspond to 1 per cent of GNP - was reached in 1975. This target is maintained in the fiscal year 1978/79. The total development assistance during the current fiscal year amounts to Skr 3,870 m, which amount corresponds to 1,014 per cent of the calculated GNP for 1978.

Sweden's contributions to international organizations in 1978/79 amount to Skr 1,295 m of which the following organizations receive the largest parts:

IDA	Skr 413 m
UNDP (including UNODF and UNFPA)	Skr 358 m
UNICEF	Skr 100 m

Over 35 per cent of the Swedish bilateral assistance to the developing countries is channelled to the poorest countries. Among the 20 recipients of Swedish development assistance 14 belong to the categories of least developed and hardest hit countries.

SWITZERLAND:

The following data is supplementary to the information given in the reply of Switzerland to the first monitoring questionnaire [ref. ID/B/182/Add.1 paras 527 and 541]. The most recent figures regarding Switzerland's financial and technical assistance are given below:

	1976 \$ million <sup>1/</sup>	Percent- age of GDP	1977 \$ million <sup>2/</sup>	Percent- age of GDP
Public development aid, bilateral,	67.2	0.12	69.2	0.11
there of technical assistance (as defined by Switzerland) payments	40.7	0.07	49.2	0.08
Public development aid, multi-lateral	45.4	0.08	49.8	0.08
there of contributions to the capital of the regional banks and grants to regional funds	7.9	0.01	16.3	0.03

1/ In 1976, \$1 = 2.4998

2/ In 1977, \$1 = 2.4035

(GNP 1976 = \$58.4 billion)  
(GNP 1977 = \$63.2 billion)



Switzerland (cont'd)

The voluntary contributions of Switzerland to UNIDO specifically (paid since the beginning of UNIDO's activity) have been used for seminars, training courses, evaluation missions, pre-investment studies, etc. Since the establishment of the United Nations Industrial Development Fund, Switzerland has pledged contributions to this fund (\$300,000 for 1978 and approximately \$600,000 per year in 1979 and 1980). These contributions are being, or are to be, used for the implementation of concrete industrialization projects, some of which are carried out in the least developed countries. One of the contributions to UNIDO made it possible to finance the opening in July 1978 in Zurich of a UNIDO office for the promotion of industrial co-operation with the developing countries and the promotion of investments in these countries.

At bilateral level, Switzerland contributes, mainly indirectly, to the industrialization of the developing countries, for example, by financing training projects in such fields as the training of specialists in electronics, cereals processing, mechanical engineering, etc.

The Swiss Parliament approved the grant of a credit of 200 million Swiss Francs to the Government, for 2½ years as from 1 January 1979, permitting the financing of commercial and economic policy measures in the context of international co-operation for development. A sum of approximately 5 million Swiss Francs should be devoted to measures to encourage the harnessing of resources from the private sector, such as investments, calculated to promote development.

With regard to measures taken for the benefit of the least advanced countries we would mention the orientation of the federal law on international humanitarian aid and development co-operation of 16 March 1976. In 1976, Switzerland devoted 14.1 per cent of its official development aid to the least advanced countries (the 1977 figure was 22 per cent).

UKRAINIAN SSR:

The Ukrainian SSR, within the framework of the Soviet Union's bilateral relations, assists developing countries in many ways in their industrialization process. In accordance with the Lima Declaration and Plan of Action it is directed towards developing the bases for an independent economy in the developing countries: metallurgical, engineering and petrochemical industries, fertilizer production and agro-industrial complexes. Co-operation is centred mainly on the development of the production sector of the economy, fully in accordance with the task of creating an industrial base in the developing countries.

Assistance is given to developing countries in design, prospecting and research work important to the industrialization process; sophisticated equipment and essential materials for

Ukrainian SSR (cont'd)

industrial plants are provided, highly qualified specialists are assigned to the various countries, and so on. Thousands of citizens from scores of developing countries are trained at university and secondary level in specialized educational institutions in the Ukrainian SSR, the vast majority of these students specializing in the technical and economic fields essential to work in industry.

Training of specialists for developing countries is carried out in the Ukrainian SSR in co-operation with UNIDO. Since 1965 courses have been held in Zaporozhye to enhance the qualifications of metallurgical engineers from developing countries, and these have been completed by hundreds of specialists to date. Under an agreement with UNIDO similar courses for electric welding engineers have been held in Kiev since 1972, also successfully completed by specialists from developing countries.

Developing countries have the possibility of availing themselves, according to their needs, of the rich and useful experience gained in industrialization in the socialist countries, where many fundamental problems of economic and social progress have been solved in a very short time. This applies especially to the use of methods permitting the planned management of the economy on the basis of a unified complex approach allowing for the accumulation of the necessary financial resources and for a maximum of rationality in their utilization, in the interests of accelerated industrialization and the improvement of the material situation of the broad masses of the working population.

At the fourth session of UNCTAD the Ukrainian SSR, together with other socialist countries, put forward a concrete plan of action in which those countries underlined their unchanging policy of broadening economic and technical co-operation and developing trade with developing countries, and set forth concrete elements of that plan. The Ukrainian SSR continues to consider that this plan of action is in full accordance with the socialist countries' strategy in economic co-operation with developing countries: to assist those countries in their efforts to solve the problems of economic development and to strengthen their economic independence. There are not, therefore, and cannot be any grounds for addressing to the socialist countries the claim which developing countries make on the developed capitalist countries, including the demand that assistance to developing countries should be compulsory and that fixed indices should be assigned to it.

UNIDO and its staff should concentrate their main attention and their energies and resources above all on the solution of vital problems of priority importance in the industrialization process of developing countries.

Such problems should include, first and foremost, the following:

Ukrainian SSR (cont'd)

Assistance in the implementation of the developing countries' right to permanent sovereignty over their own natural resources so that they can be fully utilized with a view to increasing the share of these countries in world industrial production;

The strengthening of the State sector and of national planning in developing countries;

Effective aid to developing countries in the acquisition and adaptation of up-to-date technology, and in broadening the exchange of information relevant to industry with a view to developing the leading branches of industry;

The development and implementation of an industrial policy and an industrial development strategy, as well as national plans;

Assistance in the practical application of methods permitting a unified approach to the study and planning of industrial development on the principle of comprehensive national planning;

Consultations on questions of co-operation in industrial development and the exchange and utilization of the experience of countries with different socio-economic systems;

Improved co-operation among developing countries themselves in the field of industrial development;

Giving UNIDO its central co-ordinating role within the activities of the whole United Nations system in the field of industrial development,

Effective assistance to developing countries in the field of training of personnel for industrial development and in implementing measures to limit and prevent the "brain drain" to developed capitalist States.

UNITED KINGDOM:

In 1977, net disbursements of United Kingdom official development assistance (ODA) amounted to £524 million, or 0.37 per cent of UK Gross National Product. In common with other developed countries it has recognized the need to strengthen industrial co-operation and to build up the technical competence of developing countries. Consequently of its bilateral aid programme in 1977 £111m, (£194m) or 29 per cent, was devoted to assistance in the industrial sector (to the extent that payments can be sectorized). The United Kingdom also gives financial and other support to assist industrial development multi-laterally through the development banks, the UN System - particularly through UNDP and UNIDO - and through other more specific channels such as the Commonwealth Fund for Technical Co-operation and the European Development Fund. The UK in addition pledged £600,000 in 1978 to the UN Industrial Development Fund, and the same amount for 1979, becoming a major contributor to the Fund. The number of technical co-operation

United Kingdom (cont'd)

officers (TCO's) wholly financed by the British Government continues to increase, from 1,108 in 1976 to 1,139 in 1977. The bulk of TCO's are still recruited for the renewable natural resources (RNR) field, but in the same two years (1976-77) the number of TCO's working in areas directly relevant to industrialization (commerce, industry, mining and economic infrastructure) has increased from 20 per cent to 24 per cent. However, it should be borne in mind that significant numbers of TCO's recruited in the RNR and public administration fields are indirectly of value to the industrialization process as well. Also in 1977, the British Government part-financed almost 5,000 experts employed by local governments, of whom 24 per cent were in fields directly relevant to industrialization. The British aid programme also pays for a large number of students and trainees from developing countries who take courses in Britain, as well as a growing number of trainees who study in developing countries. In 1976 the number of newly-arrived Aid Programme-financed students and trainees in Britain was 6,573; in 1977 this rose to 7,279. 31 per cent of the 1977 figure were taking courses directly relevant to industrialization.

The following table shows the financial distributions from the British Aid Programme to international and other organizations in 1976 and 1977:

(£ Million)	<u>1976</u>	<u>1977</u>
UN Agencies	52	75
World Bank Group	125	155
Regional Development Banks	22	23
EEC Funds	47	96
Other	<u>8</u>	<u>10</u>
Totals	255	359

Expenditure through multi-lateral channels was 27 per cent of gross UK ODA in 1976 and 35 per cent in 1977. (This increased proportion was caused by a number of factors, including the rate of multi-lateral aid disbursements, and does not represent a change of policy).

With regard to measures taken in favour of the least developed countries, it is noted that in 1977 net disbursements of UK bi-lateral official development assistance to the poorest developing countries (per capita income of \$280 or less) amounted to £168 million, or 53 per cent of the total net bilateral aid programme of £318 million. In addition, special terms apply to much of the aid to these poorest countries. Earlier this year the UK removed the burden of loan repayments owed by 17 of the poorest developing countries, effectively transforming previous loans into grants, and decided that all further aid to these countries would be in grant form. The extra benefit to these countries will amount to some £900 million up to the end of the century. The poorest group of countries can also benefit from the UK's untying policy, in that as from October 1975 all new aid commitments have been offered on the basis that, instead of limiting procurement to sources in

United Kingdom (cont'd)

the UK, the UK is prepared for competition for procurement to be open additionally to suppliers in the poorest developing countries.

UNITED STATES:

According to the International Development and Food Assistance Act of 1973 (P.L. 95-424), "Bilateral assistance and United States participation in multilateral institutions shall emphasize programmes in support of countries which pursue development strategies designed to meet basic human needs and achieve self-sustaining growth with equity. . . . the principal purpose of United States bilateral development assistance is to help the poor majority of people in developing countries to participate in a process of equitable growth through productive work and to influence decisions that shape their lives, with the goal of increasing their incomes and their access to public services which will enable them to satisfy their basic needs and lead lives of decency, dignity and hope."

In order to carry out the purposes of the Act, Congress has appropriated the following amounts for development assistance in these categories for Fiscal Year 1979:

	(in \$ millions)
- Agriculture, Rural Development and Nutrition	605
- Population Planning	185
- Health	130
- Education and Human Resources Development	97
- Technical Assistance, Energy, Research and Selected Development Programmes	115
- International Organizations and Programmes (Of which UNDP)	260 (126)
- International Disaster Assistance	20
- Assistance to African Refugees	15
- Sahel Development Programme	75
- Economic Support Fund	1,382
TOTAL	3,384

In addition to the above, the following amounts were appropriated for international financial institutions:

- Asian Development Bank	265
- Inter-American Development Bank	763.7
- International Bank for Reconstruction and Development	163
- International Finance Corporation	40
- International Development Association	458
TOTAL	1,689.7

It is the policy of the U.S. Government to give special attention to the Least Developed Countries. The United States extends bilateral development and food assistance to 23 out of the 28 Least Developed Countries. Beginning in 1975, the U.S. Agency for International Development eased host country support requirements for U.S.-funded projects in the Least Developed Countries.

United States (cont'd)

The U.S. also supported the DAC recommendation for a minimum 90 per cent grant element in assistance to the Least Developed Countries, and at UNCTAD IV the U.S. delegation urged that assistance to these countries be placed largely on a grant basis. Measures to accomplish this are currently being implemented by the U.S. Agency for International Development.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO FINANCIAL AND TECHNICAL ASSISTANCE:

ECONOMIC COMMISSION FOR AFRICA (ECA):

The establishment of an African Industrial Development Fund (AIDF) was conceived and developed by the Joint ECA/UNIDO Industry Division as one of the priority intercountry projects to assist in the implementation of the Lima Declaration and Plan of Action. This project was approved at various sessions of the Conference of African Ministers of Industry. The scale of industrialization envisaged in the Lima targets which entails increasing Africa's share in world industrial output from the current 0.6 per cent to 2 per cent by the year 2000 implies a substantial flow of bankable projects from within the industrial branches especially in the sectors given priority by the third and fourth Conferences of African Ministers of Industry namely: agro-industries, chemical industry, building materials, engineering industries, metal industry and forest-based industries. Such flow of bankable projects requires substantial organization of the technical skills for the formulation, design, development and execution of the necessary prefeasibility studies on the one hand and the mobilization of resources for financing these studies on the other. The objectives of the AIDF are: (i) to ensure that resources are available for pre-feasibility activities and (ii) to strengthen regional financial capability in conducting pre-investment feasibility studies for high priority multinational projects which do not meet the conventional criteria of financial institutions. ECA in collaboration with OAU, ADB and UNIDO are working together in an effort to determine the ways and means of establishing the Fund and to submit a progress report to the Follow-up Committee at its fifth meeting in 1978. Towards this end an inter-organization meeting attended by OAU, ADB and UNIDO was called by ECA from 15 to 16 February 1978 to consider the modalities for the implementation of the project. The meeting decided to consult African governments and recommended that the field consultations should cover the following countries: Ethiopia, Cameroon, Ivory Coast, Rwanda, the Sudan, Togo, Tunisia and Uganda. UNIDO provided US\$ 80,000 to finance preparatory activities and the design and implementation of this project. In October 1978 a team of experts including a staff member of African Development Bank went on a six week field mission to the above-mentioned countries.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO):

FAO has a long record of assistance to the least developed countries. In this connection it should be noted that in 1976 FAO established a Technical Co-operation Programme (TCP) funded from the Organization's own regular budget to provide emergency assistance when needed, but also to provide consultant services to expand the resources available for investment work, to finance training activities at the practical level and to provide small-scale assistance in unforeseen circumstances. TCP activities

FAO (cont'd)

are frequently directed towards the least developed countries. The holding of the World Conference on Agrarian Reform and Rural Development is further evidence of FAO's interest in improving the economic and social structure in least favoured countries. FAO's long-standing work in agrarian reform aims at improving the lot of the least favoured groups of the rural population. FAO's assistance in fisheries and particularly in the context of the new extended economic zones may often be directed towards island developing countries which may be able to derive new advantages from exploitation of the fish resources which now come within their jurisdiction.

FAO is active in promoting agro-based and related industries in the agricultural, forestry and fishery sectors. In agriculture, FAO has provided direct assistance in various ways. It has, for example, continued to carry out pre-investment projects and to help prepare direct investment projects for the conservation and processing of food and non-food products. Assistance is being given to Member Countries to develop and improve their livestock industries, particularly meat and milk. Under two Regular Programme Schemes of FAO, namely, the International Meat Development Scheme (IMDS) and the International Scheme for the Co-ordination of Dairy Development (ISCDD), countries are assisted in formulating their development policies in this sector, in identifying investment projects and improving technologies, both on the on-farm side of production and in processing and marketing. A new Action Programme for the Prevention of Post-Harvest Food Losses started in 1978 has been instrumental in assisting developing countries in establishing processing and storage facilities. FAO is also assisting in assessing agro-industry development projects from an economic point of view, emphasizing the need for the availability of raw materials and for economic viability before launching projects.

FAO has continued to assist with food quality control. At the national level, assistance has been given to help governments and industry to meet minimum acceptable levels of quality and safety and to protect consumers against unsafe or fraudulent food. For the control of food contaminants, assistance has been given through training courses, field projects and meetings to inform governments and industry about contaminant problems and to suggest solutions. At the international level, the FAO/WHO Food Standards Programme has, through the Codex Alimentarius Commission, proceeded with the harmonization of standards for food and the preparation of recommended codes of practice.

In forestry, FAO has promoted the development of industry in the developing countries in sectors such as sawmilling, kiln drying, wood preservation, charcoal burning, veneer and plywood, particle-board and fibreboard plants and pulp and paperboard with wood as the raw material. FAO has given special attention to the prospect for the development of pulp and paper industries and has in this co-operated with UNIDO. A Pulp and Paper Industries Development Programme



FAO (cont'd)

was set up in late 1974 in co-operation with UNDP to identify pulp and paper investment opportunities in developing countries and assist governments in setting up the industry.

In fisheries, FAO has promoted the development of industrial activities which have become of primary importance in many coastal developing countries as a result of the new ocean regime which is emerging from the negotiations at the third United Nations Conference on the Law of the Sea and the establishment of 200-mile exclusive economic zones. This gives coastal states new rights but also new responsibilities for the management and use of the fishery resources in the extended zones of national jurisdiction. FAO is now undertaking a programme of special assistance to help developing coastal states adjust to the situation and take advantage of the opportunities created by the new regime. This programme includes the sending of multidisciplinary missions to assess the implication of the new regime, the execution of studies for formulating fishery industry development plans and the provision of help in negotiating bilateral agreements or joint venture arrangements with foreign countries or companies and in mobilizing financial and technical assistance to develop fishery industries with special attention to small and medium-scale fishery industries.

FAO's work in agro-related industries is being increasingly coordinated with that of UNIDO. In 1976, the Executive Heads of UNIDO and FAO, in confirming the FAO/UNIDO Agreement of 1969 on agro-based industries, decided to establish joint working groups to co-ordinate work on specific industries. The purpose of these working groups is for the two organizations to co-operate in identifying and formulating projects and thereby avoid duplication and strengthen technical co-operation in field work. As a first step, a Joint Working Group on Food and Agricultural Conservation and Processing Industries has been set up to assess the state of agro-industry development in selected countries and trade.<sup>1/</sup>

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT):

Among the considerations guiding the Multilateral Trade Negotiations is that expressed in paragraph 6 of the Tokyo Declaration:

"The Ministers recognize that the particular situation and problems of the least developed among the developing countries shall be given special attention, and stress the need to ensure that these countries receive special treatment in the context of any general or specific measures taken in favour of the developing countries during the negotiations."

<sup>1/</sup> For further information regarding FAO's activities see Addendum 1 to this report.

INTERNATIONAL MONETARY FUND (IMF):

In May 1976 the Executive Director of IMF established a Trust Fund to be administered by the International Monetary Fund for the purpose of providing additional concessional balance of payments assistance to developing member countries to carry out programs of balance of payments adjustment. This assistance is in the form of loans to be provided to eligible members with respect to two periods each of two years' duration; the first period ended on 30 June 1978 and the second period will cover two years, 1 July 1978 to 30 June 1980. Eligibility for the Trust Fund loans is determined on the basis of low per capita income. An eligible member could qualify for loans from the Trust Fund if (a) it has a need for balance of payments assistance, and (b) it is making a reasonable effort to strengthen its balance of payments position. The need of a member is assessed on the basis of the member's projected balance of payments position, its reserve position, and developments in its reserves: An eligible member may be deemed to be making a reasonable effort to correct the balance of payments position if it has already submitted a stabilization programme to the IMF in support of the use of its resources or if it presents a programme for 12 months satisfying the same criteria used in requesting a purchase from the Fund in the first credit tranche. Trust Fund loans bear interest at a rate of one half of 1 per cent per annum and are to be repaid in ten semiannual instalments, beginning not later than the end of the first six months of the sixth year and to be completed by the end of the tenth year, after the date of disbursement. With these provisions, the loans have a grant content of about 50 per cent.

For the first two-year period ended 30 June 1978, 43 member countries qualified for the Trust Fund assistance. All funds for the first period were disbursed in proportion to qualified members' quotas through four interim disbursements completed in July 27, 1978. The provision of these concessional loans contributed significantly towards meeting the balance of payments need of most of the qualified members. The Trust Fund loans amounted to 91 per cent of the use of the IMF resources by these countries during the same period of the equivalent of 34 per cent of the total IMF loans to all members in 1977/78. For 26 of the 43 qualified countries, the Trust Fund assistance financed more than half of the balance of payments deficits originally projected for the 12 months programme period including 13 members for which assistance was more than 80 per cent of the projected deficit. The importance of this assistance can also be demonstrated by the fact that for 19 of these countries loans amounted to more than 25 per cent of their gross official reserves at end-1977.

UNITED NATIONS CENTRE FOR NATURAL RESOURCES, ENERGY AND  
TRANSPORT (UN-CNRET):

The activities of CNRET have been directed to assisting the developing countries in their efforts to investigate, develop and use the natural resources within their national jurisdiction as a means of promoting their industrialization in line with the goals stated in paragraph 29 of the Lima Declaration. Up to 1979 when CNRET divested itself of its responsibilities in the field of transport in favour of the regional economic commissions, pursuant to the decision of the General Assembly, assistance to governments was also provided in this area. CNRET's efforts are aimed at broadening the resource base as a means of creating industries specifically in the mineral, energy and water resources sectors and related infrastructure development in the field of cartography.

It is possible to say that all CNRET technical co-operation activities in the minerals, energy and water resources development sectors, to a greater or lesser degree, aim at assisting developing countries to achieve "self-reliance in their development effort for the realization of their full potential in terms of both human and natural resources", as called for in paragraph 49. In addition to specific exploration and development and institutional support field projects undertaken at the request of governments, CNRET has prepared studies on the copper, nickel and chromium industries for consideration by the Committee on Natural Resources at its above-mentioned sixth session and prepared studies on the financing of mineral and energy exploration and development in the developing countries. In addition, it publishes the Natural Resources Forum quarterly and the Natural Resources and Energy Newsletter bi-monthly, all of which provide basic information which can be used by policy-makers in the developing countries concerned with minerals, energy and water resources sector issues.

In relation to paragraph 58(e) of the Plan of Action, which deals, among others, with increased processing of minerals in countries where the mine is located, CNRET, in association with UNIDO, is assisting the Government of Cuba to establish a pilot plant for the treatment of nickel laterite ores. At present, roughly half of Cuban output is exported (to the USSR) in a partially processed form, requiring further treatment before it is marketable. It is the aim of the Government of Cuba to process all ores to a marketable state within the country, and the CNRET involvement in the pilot plant project is assisting in achieving this objective. In addition to the Cuban project, the CNRET projects in Turkey and Ghana, and the regional project of assistance to the South-east Asian Tin Research and Development Centre also involve some emphasis on processing questions. The subject of local processing in developing countries is considered in the paper on the Economic, Social and Environmental Impact of Mining Projects to be presented to the Committee on Natural Resources at its sixth session. The projects in Turkey and Ghana also deal with problems of efficient operation of state mining enterprises, corresponding to the emphasis in paragraph 58(e)

UN-CNRET (cont'd)

of the Plan of Action on "full and intensive utilization ... of raw materials" in the developing countries.

The major thrust of CNRET activities in the minerals sector, however, relates to paragraph 62(a) of the Plan of Action, which calls for "concerted action and special measures of assistance in the least developed, land-locked, and island developing countries". CNRET projects for mineral exploration are operating in Benin, Burundi (where a significant nickel deposit has been discovered and evaluated), Chad, Guinea-Bissau, Haiti, Lesotho, Rwanda, Uganda, the United Republic of Tanzania, and Upper Volta, among the least developed countries. In addition, exploration projects are underway in the landlocked country of Bolivia. Technical co-operation projects aimed at strengthening national institutions in the mineral field are being carried out in Chad, Ethiopia, Guinea and Uganda among the least developed countries, as well as in Zambia among the landlocked countries.

In the energy sector, in respect of the least developed, landlocked and island developing countries, an overall energy survey and planning project is being carried out in Bolivia to evaluate indigenous energy resources and their development possibilities to meet increasing energy demand. Chad has received assistance in the training of personnel with the aim of establishing a petroleum division in the Ministry of Mines, and Bangladesh electricity training. A survey of geothermal energy potential has been underway in Ethiopia.

CNRET is supporting projects aimed at the establishment of water resources data inventories in several developing countries, an example of which in a least developed country is that in Bangladesh where it is co-operating with the Government to gather and process surface and groundwater data, and to establish an electronic data processing, storing and retrieval system. As part of its activities in the implementation of the recommendations of the United Nations Water Conference, and in the spirit of technical co-operation among developing countries, CNRET is investigating the potential of the applications of computer technology in several Latin American countries. It is also developing a project aimed at the better utilization and management of groundwater in island countries, particularly those of the Caribbean and Pacific regions.

With reference to paragraph 62(g), CNRET is co-operating with a number of countries in strengthening their capability to plan, programme and co-ordinate water resources development activities, and to help ensure co-ordination of all activities which may influence the quality, quantity and distribution of water. In this way, it is helping to strengthen infrastructures permitting the more efficient utilization of water resources. Among the least developed countries receiving such assistance is Ethiopia.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD):

Efforts are being made to increase and improve the flow of financial resources, in particular official development assistance (ODA), to developing countries. UNCTAD is involved in the continuous review, negotiation and implementation of international action to increase ODA in conformity with the 0.7 per cent target, in improving the terms and conditions of the flows, and in widening the access of developing countries to private capital markets. Much difficulty has been encountered in the effort to achieve an assured and continuous increase in ODA flows, which are vital especially to the least developed countries. Financial flows through multilateral institutions are also covered by these discussions. Private flows to developing countries have increased substantially recently, but not to all of them and not always at adequate terms.

UNCTAD is closely involved in a number of issues related to international financial and monetary matters:

(i) The debt problems of many developing countries have reached proportions which make it difficult for them to sustain a strong development momentum. While some progress has been made in the area of official debt of some lower income developing countries, the bulk of the debt problem still remains to be tackled. Efforts in UNCTAD at the moment are concentrated on gaining further alleviation of these problems and in elaborating agreed guidelines for dealing with debt problems, including their institutional aspects, in such a way that development prospects are not threatened.

(ii) The balance of payments facilities available to developing countries require improving and enlarging. They are important, given the vagaries of the world economy that developing countries have to contend with. Discussions in UNCTAD have focused especially on IMF facilities, including the compensatory financing facilities. The terms, conditions and volume of available resources present particular problems at this juncture when large deficits undermine the development, including industrialization efforts, to developing countries.

(iii) Issues related to the "reform of the international monetary system" include the stability of exchange rates, the sharing of the burden of adjustment, the creation of liquidity, especially for development purposes, and more equitable decision-making in the system. So far, only piecemeal measures have been undertaken, which do not amount to a reformed system conducive to the healthy growth of the world economy and to providing a strong underpinning to development efforts.

UNCTAD (cont'd)

UNCTAD has played a pioneering role in efforts to provide special measures on behalf of the least developed land-locked and island developing countries and has acted as a focal point for these activities in the United Nations system since the third session of UNCTAD. The fourth session of UNCTAD at Nairobi made major strides in strengthening the special measures on behalf of least developed countries. Resolution 98 (IV) called not only for better policy measures on the part of the international community but also for intensified research and analysis by the UNCTAD secretariat on the policies and problems of these countries and for a considerably broadened scope of support for technical assistance, including the creation of advisory services to assist these countries. In view of the expanded effort called for to meet the critical problems of these countries, (as well as the problems of geographically disadvantaged countries), a new separate organizational unit was established in September 1977 which acts as the focal point within the UNCTAD secretariat - the Special Programme on Least Developed, Land-locked and Island Developing Countries. The Special Programme was established within the UNCTAD secretariat to deal with the problems of the least developed, land-locked and island developing countries within the areas of UNCTAD's competence. Its mandate comes from the various resolutions adopted by the Conference and the Trade and Development Board. Since UNCTAD IV the problems of least developed countries have been the subject of three important meetings within UNCTAD, namely the meeting of representatives of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries, which met in Geneva in October/November 1977; the second session of UNCTAD Intergovernmental Group on Least Developed Countries, which inter alia agreed to give full consideration to launching a substantial new programme of action for the 1980s for the least developed countries and the Group of Experts' meeting on the external trade of the least developed countries, which met in December 1978.

Several United Nations resolutions, particularly UNCTAD resolutions (III) and 98 (IV), have urged the international community to assist these countries through appropriate programmes of financial and technical assistance aimed at mitigating their geographical handicaps. The problems of land-locked developing countries have been the object of investigations by two UNCTAD expert groups, one in 1969-1970 and the other in 1973. The report of this second group of experts, entitled "A transport strategy for land-locked developing countries," has paved the way for the present UNCTAD policy emphasis on an "integrated planning approach" to the transit-transport problems of the land-locked developing countries, whose main element is the need for full co-operation between land-locked countries and their transit neighbours. In order to help implement this integrated planning approach, UNCTAD is seeking to provide interregional advisory services on transit transport problems and to establish a series of regional and subregional projects to carry out specific planning and costing studies and to address the specific problems of particular transit corridors.

UNCTAD (cont'd)

Work on studying the particular problems of developing island countries was launched by UNCTAD at its third session. In its resolution 65 (III) of 19 May 1972, the Conference requested the convening of a small panel of experts to identify and study these problems. The report of this panel identified certain issues as being of particular concern to developing island countries. At its fourth session, UNCTAD adopted resolution 98 (IV). Section III of this resolution contains a detailed programme, addressed to Governments and international organizations, on specific action related to the particular needs and problems of developing island countries. Pursuant to resolution 98 (IV) a meeting of the Group of Experts on Feeder and Inter-Island Services by Air or Sea for Developing Island Countries was convened by the Secretary-General of UNCTAD in Geneva in October 1977. The meeting recommended inter alia an expanded programme of financial and technical assistance by the international community for these countries.

At its fifth session UNCTAD decided in its resolution 122(V) as one of its major priorities to launch a comprehensive and substantially expanded programme with both immediate and long-term phases to be known as Comprehensive New Programme of Action for the least developed countries. Phase one is to be the Immediate Action Programme 1979-1981 of greatly expanded assistance programme, aimed at (1) providing an immediate boost to their economies and immediate support for projects for the provision of the most pressing social needs, and (2) paving the way for much larger longer-term development efforts; and the Second Phase is to be the Substantial New Programme of Action for the 1980s for the least developed countries with the objective of transforming their economies toward self-sustained development and enabling them to provide at least internationally accepted minimum standards of nutrition, health, transport and communications, housing and education as well as job opportunities to all their citizen, and particularly to the rural and urban poor.

At its fifth session UNCTAD in its resolution 123 (V) endorsed the on-going programmes and called for further studies on the specific problems of land-locked developing countries. In its resolution 111 (V) it endorsed the on-going programmes and called for further specific studies of the problems of island developing countries.

WORLD BANK:

Activities of the World Bank and its affiliates, International Development Association (IDA), and International Finance Corporation (IFC) help to achieve the objectives of the Lima Declaration and the Plan of Action in several ways, primarily through investment in industry and the provision of technical assistance in developing countries. Since 1975, when the Lima Declaration and Plan of Action were adopted, the Bank <sup>1/</sup> has provided finance for industrial

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<sup>1/</sup> Reference to the Bank includes IDA

World Bank (cont'd)

and mining projects for a total of well over \$1 billion a year, a major increase over the \$377 million in 1973 and the \$764 million in 1974. During this period, important qualitative changes in the Bank's industrial lending were introduced in order to respond to changing needs. On one hand, it became clear that a steady supply of non-fuel minerals and of energy sources was critical to the growth of both developed and developing countries. Therefore the Bank decided to enter the field of petroleum and gas production and to increase its commitments in the mining sector, acting as investment catalyst, whenever appropriate, in addition to performing its more traditional financial role. At the same time employment-oriented development strategies gained increasing acceptance in the developing countries. This led to an effort to apply labor-intensive techniques to all suitable Bank-financed investment projects, including those in the industrial sector. Also in response to employment and income distribution needs, the Bank formulated, and began to implement in FY77, a programme of assistance for small-scale enterprise development. These enterprises span all aspects of industry from modern manufacturing to non-manufacturing (construction, services, etc.) and to the artisanal/"informal" sectors.

In FY78, as a result of the stepped-out effort and changes in the sectoral composition, 36 loans were approved for a total of \$1.457 billion: \$910 million for 25 industrial development and finance projects (including small-scale industries), \$392 million for eight major industrial and mining projects, and \$155 million for three programme loans.

Mention should be made of the World Bank-UNIDO Co-operative Programme. This Programme, initiated in 1974, is carried out by a permanent staff unit, located at UNIDO; the cost of the unit's work programme, agreed by the Bank and UNIDO, is shared 75% by the Bank and 25% by UNIDO. The main purpose of the Programme is two-fold: to assist member governments in formulating industrial policies and plans and in undertaking project feasibility studies, and to identify, prepare and appraise projects suitable for Bank financing. Last year (1977), the Programme undertook five project identification or preparation missions, in as many countries, and provided support for eight industrial sector missions. Nine main country industrial reports were prepared by the Bank during FY 78, with assistance of UNIDO and of other U.N. agencies. In addition to the technical assistance components incorporated in loans and credits, the Bank acts as Executing Agency for UNDP projects. Among all such projects the Bank was administering at the end of FY 78, 20 were direct related to industry while 31 concerned macro-economic planning involving industrial policies and investment.



World Bank (cont'd)

IFC was established to encourage the growth of productive private enterprises in developing countries. It invests in such enterprises by providing loan funds or risk capital; it helps to develop capital markets, and provides technical assistance. IFC commitments reached \$338.4 million in FY78. IFC contributed 18% of the total cost of the projects it helped to finance; the balance was mobilized from the developing countries (65%) and from capital exporting countries (17%). The sectors of particular emphasis were manufacturing, development of earth resources and food/agribusiness. IFC also provided technical assistance on specific investment problems (such as selection of sites and of technology, design of marketing arrangements, and choice of products) as well as advice on more general subjects related to industrialization (such as reviewing industrial sector surveys and industrial investment policies, development of national capital markets and formulation of national investment codes).

INFORMATION RECEIVED FROM THE EUROPEAN ECONOMIC COMMUNITY (EEC) 1/ IN RESPECT OF FINANCIAL AND TECHNICAL ASSISTANCE

The Europe of the Nine is the main source of financial flows of all types of the developing countries, with its share accounting for 47 per cent of the total contributions of the member countries of the OECD Development Assistance Committee (DAC) and 35 per cent of total contributions from all sources. In 1977, its contribution amounted to \$22.3 billion (representing an increase of 10.5 per cent a year since 1975).

Of these total financial transfers, 28 per cent - or around \$6.3 billion - consisted of development assistance in the strict sense in 1977.

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1/ The reply from EEC was received after publication of document ID/238

EEC (cont'd)

Community assistance accounts for a substantial share of the public multilateral development assistance of the member States. The funds of member States which are channelled through the Community comprise:

- assistance granted in the framework of ACP-EEC Convention (Lomé), channelled through the European Development Fund and the European Investment Bank (EIB);
- Mediterranean co-operation agreements, channelled through the budget of the Communities and EIB;
- Food aid <sup>1/</sup>, financial and technical assistance to non-associated developing countries and a number of other non-contractual activities, through the budget only.

Activities of Community Institutions (in millions of dollars)

<u>Source</u>	<u>Payments (net)</u>			<u>Commitments</u>		
	1975	1976	1977	1975	1976	1977
General budget of the European communities including	421.1	169.8	244.3	326.9	303.2	282.0
-Financial and technical assistance	-	-	7.0	-	22.7	50.4

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<sup>1/</sup> Also applies to the ACP countries and the southern Mediterranean.

EEC (cont'd)

----- Activities of Community Institutions (cont'd)

(in millions of dollars)

<u>Source</u>	<u>Payments</u> (net)			<u>Commitments</u>		
	1975	1976	1977	1975	1976	1977
- Subsidies to non-governmental organizations	-	0.9	2.2	-	2.8	4.6
- Food aid	214.8	132.2	209.3	205.5	247.1	198.6
European Development Fund	276.9	261.5	232.7	121.8	437.1	729.1
TOTAL (excluding EIB)	698.0	431.3	477.0	448.7	740.3	1011.1
EIB <sup>1/</sup>	37.1	128.0	120.9	99.9	209.4	227.0
	735.1	559.3	597.9	548.6	949.7	1233.1

<sup>1/</sup> The figures for 1975 relate only to the internal resources of FIB; those for 1976 and 1977 also cover funds managed by FIB on behalf of the Community.

The commitments of the Community institutions have increased considerably in the past three years (see table above), and amounted to \$1,233 million in 1977. The major share of this growth is accounted for by the European Development Fund, which, with the succession of ACP-EEC Conventions, has managed and will continue for the time being to manage growing volumes of finance. The process of implementation of projects, which is normally spread over a period of several years, necessarily involves some time lag between the growth in payments and the growth in commitments. The fluctuations in payments under STABEX contribute to the irregularity in the growth of payments.

During the period 1974-1977, the share of total assistance given to the developing countries by member States channelled through multilateral agencies amounted to between 27 and 28 per cent (with a slight decline in 1976). The share of total assistance to the developing countries channelled through the Community institutions remained around 11 per cent throughout this period.

EEC (cont'd)

Recipients of assistance from member States of the Community  
(Gross payments)

	<u>ACP</u> Millions of dollars	<u>Southern Mediterranean</u> Millions of dollars	<u>Other develop- ing countries</u> Millions of dollars	<u>Total</u> Millions of dollars				
		% of	%		%			
<u>Member States' bilateral assistance to developing countries</u>								
Average for								
1973-1975	1,137 29	487	13	2,274	58	3,898	100	
1976	1,357 30	657	15	2,508	55	4,522	100	
<u>Community assistance to developing countries</u>								
Average for								
1973-1975	299 61	31	6	161	33	491	100	
1976	301 64	16	3	157	33	474	100	
<u>Assistance to developing countries channelled through the International Development Association (IDA)</u>								
Average for								
1973-1975	58 18	18	5	257	77	334	100	
1976	108 22	27	6	342	72	477	100	

The geographical distribution of the over-all Community assistance effort has also remained fairly constant in recent years. The above table shows that almost exactly two thirds of the share of total assistance to developing countries channelled through Community institutions go to the ACP countries and the countries of the southern Mediterranean, and one third to other developing countries. This reflects the special nature of the Community's specific contractual relationships. Most of the remainder of the multilateral assistance of member States (reflected in the above table by the reference to IDA, which is the most important factor in this assistance, the geographical distribution of which can easily be identified) benefits

EEC (cont'd)

developing countries other than the ACP and southern Mediterranean countries. The former (as indicated) thus receive more than half the total bilateral transfers from member States.

At the same time as seeking to promote close co-operation between the Community assistance institutions and the institutions of member States, the Community is actively looking for opportunities for co-operation with sources of finance outside the Community. The purpose is both to foster exchanges of information and mutual understanding of different approaches and to establish joint or complementary activities.

Contacts and co-operation of long standing with the World Bank, US-AID, the Canadian International Development Agency (CIDA) and the African Development Bank have been continued and intensified.

The mutual desire for co-operation emerging between the Community and the various Arab funds is of particular interest. Contacts have also been established with SEAN financial agencies and with the Asian Development Bank. Initial meetings have taken place with the Norwegian and Swedish development finance agencies.

In the field of joint financing proper, 1977 continued to produce concrete results in a number of sectors covering a variety of projects, including the Kpong dam in Ghana, agricultural development in southern Chad and textile manufacturing at Morogoro in Tanzania. Out of 25 major projects implemented with joint financing, amounting to a total of some 2,000 million European units of account, Community funds accounted for 21 per cent, bilateral assistance from member States for 17 per cent, Arab funds for 19 per cent and the World Bank for 20 per cent.

### III. ESTABLISHING INDUSTRIAL CAPACITIES IN DEVELOPING COUNTRIES

The developed countries are urged to support the developing countries in establishing industries and to grant access to their markets for the products of such industries, and to assist them further by facilitating the progressive transfer of productive capacities of industries which in the long term would be less competitive in the developed countries, and which could promote a higher degree of local utilization of natural and human resources in the developing countries. Special mention is made of industries that would further the processing of raw materials and semi-manufactured goods in the latter countries. (Lima Plan of Action, paras. 59 (c, d and i) and 61 (d, n and o).)

Governments of developed countries were invited to supply information on the issues mentioned above, including such topics as:

Policies relating to structural adjustments in industry;  
Policies with respect to processed and semi-processed forms of raw materials;  
Measures relating to the production of synthetics in direct competition with natural products of the developing countries;  
Measures to encourage mutually advantageous subcontracting arrangements;  
Following the recommendations made by the respective consultation meetings in industrial sectors held during 1977 (on fertilizers, iron and steel, leather and leather products and vegetable oils and fats), has an analysis been made of the possibilities for mutually beneficial international co-operation with developing countries in these sectors? If so, can any specific areas for co-operation be suggested?

Furthermore, under chapter II of the questionnaire (Financial and Technical Assistance) Governments were invited to supply information on:

Measures taken to encourage investments in developing countries, and to guide or monitor the activities of enterprises originating in developed countries related to such investments.

INFORMATION RECEIVED FROM DEVELOPED COUNTRIES CONCERNING  
ESTABLISHING INDUSTRIAL CAPACITIES IN DEVELOPING COUNTRIES

AUSTRIA:

For Austrian enterprises wishing to invest in developing countries, a special scheme has been introduced, providing for soft loans to facilitate the start of production units. In the framework of this scheme the co-ordination of projects with the development plans and programmes of the developing countries plays an important part. Such investments have in no case the scale and character of a transnational enterprise. Facilitated by Austria's open and liberal commercial policy as well as through additional policy measures, changing international comparative advantages have allowed manufactures of developing countries to obtain important shares in the Austrian market. As a consequence, considerable segments of Austrian industry have moved into other lines of production and/or transferred all or part of their capacities to developing countries. This process continues. Natural products of the developing countries as an alternative to synthetics are being sold and advertized by private organizations like the "Third World Shops". A growing awareness of environment aspects increase the chances of natural products on the Austrian market.

Contacts and arrangements existing between Austrian enterprises and their partners in developing countries include the transfer of certain industrial productions and/or the establishment of subcontracting schemes. Further to promote such arrangements, close cooperation has been established with UNIDO's Investment Co-operative Programme Office.

The recommendations formulated by the various consultation meetings in industrial sectors held so far have had a profound impact on the policy formulation of the respective industries. More than ever before these industries are now becoming aware of the necessity to act in a world-wide context.

Based on the concept of marginal productivity of labour, a long term study on structural changes has been undertaken by a Viennese institute for international analyses on the competitiveness of selected branches of Austrian industry in the context of an international devision of labour. A similar study approaching the subject from the vantage point of developing countries is being undertaken by the Austrian Institute for Economic Research.

BELGIUM

Following measures have been taken to encourage investments in developing countries:

- (i) Establishment of the Belgian Investment Corporation (SBI)

In December 1971, a Belgian international investment

Belgium (cont'd)

corporation was established with a capital of 400 million Belgian francs of which 51 per cent is provided by the public sector, the remainder coming from the private sector represented by banks, industrial enterprises and industrial engineering firms. The corporation's activities may apply to both industrialized and developing foreign countries. SBI ensures that the investments in which it participates on a minority basis in the developing countries help to increase productivity, raise the level of quality of employment or contribute to regionally balanced growth in accordance with the plans and programmes of the public authorities of the countries in question. As at 30 September 1977, SBI had made investments from its own capital amounting to 101.4 million francs, including 49.9 million in the developing countries. At that date it had also made firm participation and subscription commitments amounting to 74.9 million francs, including 48.8 million in the developing countries.

(ii) Guaranteeing Belgian foreign investments

The law of 30 December 1970 and the royal decree of 8 February 1971 established a system for guaranteeing direct Belgian foreign investments abroad against political risks. The system, which is applicable worldwide, is of particular relevance to investments in developing countries. The system is administered by the National Del Credere Office (OND) which also guarantees private export credits. The Board of Directors of OND includes, in particular, representatives of the various ministries concerned. Two criteria for eligibility for guarantee are taken into consideration by OND; the contribution of the project to the economic and social development of the recipient country and its contribution to Belgium's foreign economic relations. In addition, the investments contained in a code adopted by the country or in an agreement concluded between Belgium and the country. The guarantee covers the three major categories of political risk and may, in exceptional cases, apply to acts of God.

(iii) Fiscal measures

In accordance with its domestic legislation, Belgium reduces to a quarter or a half of its normal amount (depending on whether a company or an individual is concerned) its tax on professional income earned abroad (for example, through an establishment or branch office) and taxed there, as well as income on real estate located abroad.

Under agreements to prevent double taxation, such income is even taxed only in the foreign country. Such agreements exist between Belgium and the following countries: Brazil, India, Indonesia, Malaysia, Malta, Morocco, Singapore and Tunisia; other agreements are scheduled to enter into force shortly with Argentina, the Republic of Korea, the Ivory Coast, Pakistan, the Philippines and Thailand. In addition, and on



Belgium (cont'd)

a unilateral basis, Belgium exempts from practically all taxes dividends on permanent holdings - regardless of size - in the capital of foreign companies (dividends from foreign branches, for example).

Lastly, Belgium reduces its taxes on other personal income from foreign investments under general law, to take into account foreign tax, by a fixed rate equal to 15% of the income net of the said foreign tax. In its agreements with the developing countries, Belgium also applies the so-called "tax-sparing credit" or fictitious credit principle, whereby in certain cases it charges against its own taxes amounts higher than the taxes actually levied in the developing countries.

The Belgian Government does not at present place any restriction on foreign investments whether through exchange control or any other means. In respect of guiding and monitoring of Belgian foreign investments, the Belgian government has a very liberal attitude towards such private investments. It takes no steps to direct investments to one country rather than another. It should, however, be mentioned that Belgium has concluded investment protection agreements with a number of developing countries which provide the basis for a favourable environment for Belgian investment. Such protection agreements have been concluded, and have entered into force, with the following countries: Tunisia, Morocco, Indonesia, Korea and Zaire. Agreements have also been concluded with Egypt and Romania and steps have been taken for their entry into force. Finally an agreement with Singapore has recently been signed. These agreements provide, inter alia, for recourse to an international arbitration body (for example, the ICSID clause), the free repatriation of net real profits, dividends, interest and income, etc.

Concerning the developed countries' support of the developing countries in establishing industries there and to grant access to their markets for the products of such industries, it is noted that Belgium's industrial development policy is extremely liberal. In other words, it is not possible for direct measures to be adopted for the transfer of industrial capacities to developing countries. On the other hand, it should be borne in mind that the transfer of industrial capacities to these countries takes place automatically through the participation of numerous experts, consultant bureaux, manufacturers and entrepreneurs from Belgium in development projects carried out in the developing countries on a multilateral or bilateral basis.

The Government has no intention of obstructing the decisions of private companies which might consider such transfer justified. The same is true for the participation of enterprises from developing countries in subcontracting under industrial collaboration agreements, the natural trend in this direction having been strengthened by the Lomé Convention concluded in 1975 between the EEC countries and a large number of developing countries.

Belgium (cont'd)

With regard to access to the Belgian market for industrial products originating in developing countries, this is in principle ensured by Belgium's participation in the LEC Generalized System of Tariff Preferences.

BULGARIA:

The Peoples Republic of Bulgaria carries out a policy of establishing and developing industrial capacities in developing countries mostly for the meeting of their own needs, as well as for export in Bulgaria and in third countries. In the majority of cases the pay off of the contributions is done through the production the projects built.

For a short historic period the PR of Bulgaria built its industry and an advanced agriculture on the basis of the all-national (state) and co-operative ownership over the means of production, aiming the maximum meeting of its internal needs and raising the standard of living of the population. A large system of complex specialization and co-operation was established with a number of developing countries. The PR of Bulgaria is ready to expand its co-operation with developing countries whenever it proves expedient and mutually beneficial. The experience of Bulgaria in setting up large-scale, modern and highly productive agrarian industrial farms - the so called agro-industrial complexes - on the basis of state-owned (state and co-operative) means of production and land, is well known and attracts the increased interest of developing countries. The PR of Bulgaria is ready to assist and already assists the building of such complexes in developing countries.

CANADA:

Being part of the Canadian aid programme, the Industrial Co-operation Programme at its inception in 1970, consisted of the provision of financial support of feasibility and pre-feasibility study activities for the purpose of encouraging Canadian firms to establish or expand operations in developing countries either through joint ventures or other forms of business co-operation. Some 250 applications under the programme were approved in the first seven years of operation. In September 1978, in recognition of the importance attached to industrial development in the Third World and of the Canadian private sector potential to assist, an enlarged programme was approved. This programme authorized assistance in project identification, definition and support, in improving Canadian private sector understanding of and ability to relate to industrial co-operation opportunities and in improving the industrial development environment of selected developing countries. While the programme is new and its impact therefore difficult to assess, the rate of project application and level of funding approved has markedly increased in the last six months. Some 107 LDCs are eligible for consideration under this programme although most activity

Canada (cont'd)

has centred around the middle-income developing countries. In addition, since one of the major objectives of the industrialization process is the earning of foreign exchange, and to enable more viable trade links to be built between developing and developed countries, the programme also has responsibility for the policy direction and funding of Canada's Trade Facilitation Office which was approved in May 1979.

In order to facilitate the transition to the less protective trading environment which will be in place in the 1980's, several policies are in place in Canada to assist in the structural adjustment of industry. Government assistance is available for consulting studies and loan insurance to support the modernization and re-organization of existing production facilities including the take-over of less efficient firms thereby reducing dependence on protection from the products of other countries having a comparative advantage. Government reinsurance is also available for loans to junior industrial companies which will encourage these companies to enter new and risky industries. Adaptation to freer trade has created problems of labour adjustment. Counselling, training, re-location and job search assistance programmes are greatly aggravated when entire communities are highly dependent upon one or a very few industries. A programme of temporary assistance to communities experiencing severe economic dislocation is being considered.

Regarding measures relating to the production of synthetics in direct competition with natural products of the developing countries, Canada's general approach has been that it would be inappropriate to enter into undertakings to harmonize the production of synthetic obvious reasons for this approach, including: (i) synthetics have frequently been developed because of uncertainties of supply availabilities of the natural product in necessary quantities at reasonable prices; (ii) synthetic substitutes frequently have superior characteristics; (iii) a synthetic substitute may be the residue of the production of another product or its production may be a preliminary part of a wider production process, (iv) there may be strategic reasons for maintaining domestic production; (v) the production of synthetic products is generally in private hands, a generator of employment and a contributor to industrial development.

CHINA:

China's socialist construction has entered into a new developing period. The Chinese Government has decided to build China into a modern powerful socialist country within the century. In March 1978, the First Session of the Fifth National People's Congress worked out the ten-year plan (1976 - 1985) for developing the national economy. According to the ten-year plan, in the field of industry, by 1985, a number of iron and steel complexes, non-ferrous metal complexes, coal mines, gas and oil fields, big power plants, railway lines and key harbours are to be built. It is a magnificent plan. The completion of this plan will bring remarkable improvement of its people's material and cultural life.

CZECHOSLOVAKIA:

Within the framework of the long-term credits, deliveries are implemented of investment units and important technology. Czechoslovakia participated in the construction of some 60 industrial plants in India employing 100,00 workers /a metallurgical plant, production of heavy machine tools, production of power generating equipment, production of steam generators, production of chemical equipment, a foundry, etc./; to the Arab Republic of Egypt it supplied power generating equipment, petrochemical and sugar-mill equipment; in Iraq it constructed the Basra oil refinery, a tannery, a tractor-assembly, a textile factor, water treating plant, etc.; in Iran integrated engineering-metallurgical works, a thermal power plant, a textile factory, sugar mills, etc.; in Syria an oil refinery, a sugar mill, a textile factory, a nitrate plant, etc.; in Pakistan equipment for sugar mills and power plants; in Afghanistan equipment for cement works, for coal-mines, for a meat packing plant, trolley-bus net, canning factory and equipment for hospitals; in the Sudan a radio transmitter, a water treating plant, a pumping station, a shoe factory, a weaving mill, etc.; in Ethiopia a tyre plant, rubber and rubber-textile shoe factory, a tannery; in both Yemen Republics textile factories; in Turkey power plants, motorcycle-assembly, incinerator; in Burma tractor-assembly etc.; in Bangladesh power plants and textile factory; in Algiers water-pumps production and radio-transmitter; in Morocco power plant and phosphate-transporting equipment; in Ghana tiles production plant and tannery; on Malta hydraulic-parts production and measuring instruments production; in Mexico machine-tools assembly, bijoutery production; in Bolivia tiles production, antimon-smelting works; in Argentina coal-mines equipment, power-plants, shoe-factory; in Costa Rica liquor-distillery, car assembly; in Uruguai motorcycle assembly, in Colombia tanning factory; in Brazil significant deliveries of power-generating equipment, cement plants, equipment for production of tyre, etc.; in Peru equipment for thermal power plants, country electrification.

When introducing new productions, the advanced Czechoslovak technology is being transferred simultaneously, eventually with continuous deliveries of components to the developing countries for some period /index of main technology transfers enclosed/ and in many cases Czechoslovakia is importing back part of the production from the newly-built factories in the developing countries. Czechoslovakia has stopped the traditional jute manufacturing and jute products are now imported from Bangladesh and India; from India alarm-clocks produced according Czechoslovak technology etc.

In multilateral projects, through international organizations, the Czechoslovak Socialist Republic participates in some dozens projects of assistance to developing countries.

DENMARK:

A total amount of 150 million D.kr. in the period since 1967 is canalized through the Danish Industrialization Fund for Developing Countries (IFU), primarily as loans in connections with joint ventures between the Danish industry and industries in the developing countries.

Denmark recognizes the need for the strengthening of the industrial capacity of the developing countries as a vital element in their development as well as in a more efficient international division of labour. One of the most important measures in this respect is improved market access for products of the developing countries. During the last 25 years Denmark has constantly reduced the level of protection through tariff reductions, elimination of non-tariff barriers and implementation of the Generalized System of Preferences without counteracting the resulting adjustment process by subsidizing non-competitive industries at the national level. Denmark intends to carry on this policy of positive adjustment, i.e. to facilitate the structural adjustment process by implementing policies and measures of a general and non-discriminatory nature, in accordance with the orientations adopted by the OECD-Council at the ministerial level in June 1978.

FINLAND:

Because of i.a. the relatively high unemployment problems in Finland, the Finnish Central Bank has taken a restrictive line in clearing applications for investments abroad, which would involve transfer away from Finland of productive capacity.

At present, a survey is being undertaken in Finland concerning the adaptation of Finnish industry to changes in the international economic set-up, including, of course, the role of the developing countries. At present, no co-ordinated policies related to structural adjustment have been applied at the national level. Regarding processed and semi-processed forms of raw materials and production of synthetics, the Finnish measures benefiting the developing countries are basically located in the sphere of trade policy.

Finland and UNIDO are co-operating in the investment promotion project, "Co-operation between Finnish Industry, Financial Institutions and Similar Organizations in Selected Developing Countries on the Establishment of Joint Industrial Prospects with Particular Reference to the Metal-working and Wood-processing Industries", which is expected i.a. to provide opportunities for mutually advantageous contracting and subcontracting arrangements.

So far, no systematic evaluation or analysis has been made of the UNIDO consultation meetings, as the decision whether to establish them on a permanent basis has yet to be taken.

FRANCE:

The establishment of a new international economic order involves a shift in the distribution of certain production capacities at the world level. This adaptation should be carried out in such a way as to ensure the establishment of international divisions of labour which are advantageous to all the parties concerned. However, the general context in which the evolution is to take place must be recalled. Under a liberal economic system, the economic agents themselves, rather than the public authorities, are mainly responsible for the establishment and conversion of enterprises, the determination of their activities and fields of specialization and their adaptation to the situation on the domestic and international markets. The public authorities do, of course, have some means of action, which are brought into play in the framework of national industrial policy. However, this industrial policy involves a number of objectives, among which the concern to promote development of production capacities in the third world occupies an important, but not an exclusive, place. Adjustment to technological progress and concern regarding jobs, the development of the national territory, the balance of payments, reliability of supply and national independence in certain fields also deserve consideration. In view of the complexity of these parameters, such domestic economic policies cannot be the subject of international negotiations.

The French Government also wishes to point out that industrial redeployment must not be interpreted as meaning abandonment of whole industrial sectors in the French economy. A more refined approach is essential, since within these sectors there are undoubtedly always possibilities for specialization which remain profitable for the developed countries. Similarly, the results of an analysis claiming to be based exclusively on a general rule in respect of comparative advantages should be examined with great caution. It would also be appropriate to encourage discussions of a technical nature, an excellent example of which is constituted by UNIDO's consultations, with a view to promoting a harmonious distribution of world production.

GERMAN DEMOCRATIC REPUBLIC:

Over 70 per cent of the GDR's exports to developing countries are products of the metal-working industry, which is a favourable structure for building national industries in the recipient countries. Priority exports in recent years have been products of heavy engineering, machine tools, textile machines, printing and book-binding machines, food processing machines, electric and electronic manufactures, transport equipment and railway waggons.

Since 1955, 570 factories, complete industrial plants or other installations were delivered to developing countries. In 1978, another 80 projects were under construction, among them 10 in least developed countries. They include plant and equipment

German Democratic Republic (cont'd)

for infrastructure, electrification projects, the building-material industry, the textile and machine-building industries, and for the treatment and processing of agricultural commodities.

In this way the GDR has been helping to implement national plans of developing countries which aim at the development of important economic sectors, such as basic and processing industries, machine-building, the power industry and transportation services. The following examples will illustrate this.

In Algeria the GDR is setting up an industrial complex for the production of fittings and castings destined for the petro-chemical industry and water resources management. Its first stage has already been commissioned and when running at full capacity the complex will provide jobs for 2 000 workers. It will allow Algeria to become almost self-sufficient in respect of fitting, e.g. for the oil industry, and will even enable her to export such manufactures.

Among the important projects set up by the GDR in developing countries are more than 30 textile works, such as cotton mills and other spinning mills, weaving mills and clothing factories. In 1974, for instance, a large textile factory delivered by the GDR to Sri Lanka started working at full capacity. The plant is equipped with 113 000 spindles, 560 automatic power looms and a refining unit enabling Sri Lanka to meet all her domestic needs in cotton fabrics. The GDR supplied Egypt with cotton mills equipped with a total of one million spindles for the public sector in the country's textile industry, accounting for 40 per cent of the total capacity.

In return, the GDR imports under long-term contracts cotton yarns, fabrics and ready-made textiles made by the enterprises that were set up with its assistance. In recent years, the GDR has participated in efforts to expand Syria's textile industry, inter alia, by supplying 3 cotton mills with an aggregate 138 000 spindles. In all cases mentioned, the extension of production capacities in the textile industry was combined with the training or further training of national personnel of the countries concerned. In this way, the GDR heeded the desire of developing countries with regard to the qualification of domestic labour at the technical and managerial levels.

Also in agriculture and agro-related industries there exist traditional economic, scientific and technological relations between the GDR and many developing countries. The assignment of specialists has been of great value, in addition to the supply of agricultural machinery and implements and of storage and cold-storage facilities in those countries.

The development and strengthening of economic relations between the GDR and developing countries is being promoted by the GDR's ever closer co-operation with the USSR and the other socialist countries grouped in the Council for Mutual Economic Assistance.

German Democratic Republic (cont'd)

As a result of growing socialist economic integration, co-operative projects undertaken by CMEA member countries in setting up large industrial complexes in developing countries have been increasing. The GDR is the main contractor for 4 complete cement factories built in Syria in close co-operation with the USSR, Czechoslovakia, Hungary and Bulgaria. Production has already started in some units, and when those factories, the second biggest investment project in Syria's current Five-Year Plan, are completed, the country's cement production is expected to triple. To extend the fittings complex set up by the GDR and Czechoslovakia will jointly build a pump factory.

Co-operative arrangements with capitalist countries are also growing in importance. Moreover, the GDR is also ready to enter into such arrangements with developing countries that have reached an adequate level of industrialization.

GERMANY, FEDERAL REPUBLIC OF:

The Federal Government acknowledges the great importance of private capital transfer to the developing countries. It is up to them to guide and encourage foreign investment according to their own objectives and priorities. As recognized by developing and and developed countries at the Conference on International Economic Co-operation (CIEC) in 1977, the key to achieving and maintaining an adequate international flow of capital lies in the maintenance of an appropriate mutually created investment climate. For its part, the Federal Government especially favours direct private investments made in a spirit of partnership and with special reference to the economic and social requirements of the developing countries, for example through transfer of technology, utilization and development of local resources, supplementation of local production structures, diversification of exports and creation of employment opportunities.

The outflow of private investment from the Federal Republic of Germany to developing countries by the end of 1977 was about 30 per cent of the total German direct investment of 52 142,4 million DM. The regional distribution was as follows:

Africa	2445.8 million DM = 15 per cent
Latin America	7354.8 million DM = 47 per cent
Asia	1943.1 million DM = 12 per cent
Australia	4.2 million DM = -
Europe	3977.3 million DM = 26 per cent

The Government of the Federal Republic of Germany has repeatedly drawn attention to the importance of the assistance activities of the private sector, for the economic and social progress of the developing countries, and has stressed the need for legal guarantees and a healthy investment climate in the developing countries.



Germany, Federal Republic of (cont'd)

The following instruments in particular are used by the Government of the Federal Republic of Germany to promote investment in the developing countries:

- ERP (Export Risk Protection) credits for the setting up, expansion and acquisition of enterprises or holdings in developing countries provided the projects merit promotion in terms of development policy and foreign trade. Those countries which appear in the Developing Countries Tax Law are considered as developing countries in this connexion.

Allowances by end 1977 = 238 million DM

Regional distribution:

Africa	= 70 million DM
Latin America	= 65 million DM
Asia	= 50 million DM
Australia	= -
Europe	= 53 million DM

- Federal guarantees for capital placements in developing countries.

A system of guarantees against political risk for private direct investments abroad was established in 1960. In the following years the system was permanently improved.

As of 31st December 1977, 2602 applications totalling about DM 5 475 million (covering capital and revenue risk) had been submitted. Out of these, 1601 applications amounting to DM 3 285 million had been approved and 517 applications amounting to DM 1 170 million had been withdrawn. 398 applications amounting to DM 688 million were still under review. Only 49 applications amounting to DM 275 million had been rejected.

The geographic breakdown of outstanding guarantees as of 31st December 1977 was as follows:

Africa	27.4 per cent
Latin America	32.9 per cent
Asia	29.3 per cent
Europe	10.4 per cent

- Tax-free reserves for capital investment in developing countries (with more favourable conditions for investors in least developed countries) under the terms of the Developing Countries Tax Law.
- Participations of the German Development Company (DEG) in the equity capital of direct investments in a developing country or loans resembling participations.

Germany, Federal Republic of (cont'd)

Allowances by end 1977 = 459 million DM

Regional distribution:

Africa	= 230 million DM
Latin America	= 78 million DM
Asia	= 108 million DM
Europe	= 43 million DM

- Investment protection and promotion agreements: by end 1977 the Government of the Federal Republic of Germany had concluded bilateral agreements with more than 40 developing countries for the protection and promotion of German direct investment.

As recognized by developing and developed countries at the Conference on International Economic Co-operation (CIEC) in 1977, foreign private capital flows and investments play an important complementary role in the economic development process, particularly through the transfers of resources, managerial and administrative expertise and technology to the developing countries, the expansion of productive capacity and employment, and the establishment of export markets.

Concerning policies relating to structural adjustments in industry, the Federal Republic of Germany recognizes structural change as a prerequisite of allround economic growth and greater participation of the developing countries in the international division of labour. The regulative policy of the Government of the Federal Republic of Germany regards measures of structural adjustment which will be both internal and external and thus also stem from the growth in imports from the developing countries. It is the intention of the Government of the Federal Republic of Germany to facilitate structural change with its policy and to avoid the social hardship which occurs during the adjustment process. Measures to protect non-competitive branches will be avoided.

The measures of the Government of the Federal Republic of Germany are designed to provide better information on general economic data for private entrepreneur in order to assist them in deciding what adjustment measures they themselves should take. A contribution towards this end is made by the regular structural reports which are intended to make available the necessary data and trends on a sector-by-sector basis. However, these structural reports are not intended to give forecasts for individual economic sectors since the Government of the Federal Republic of Germany believes that forecasts of this nature are not sufficiently reliable.

In addition to the structural reports, the Government of the Federal Republic of Germany supports structural change by re-training, training and further training measures, by information advice and financial assistance, in particular for the medium and small-scale concerns and by promotion of the research and innovatory process particularly for investment in industrial research and development. The support of the Government of the Federal Republic of Germany for private investment of German industry in developing

Germany, Federal Republic of (cont'd)

countries and for the transfer of production to the developing countries represents an instrument of structure policy especially related to developing countries. Private investment in developing countries is promoted in particular with tax relief, concessional loans, information and advisory services, realized by the developing countries' tax law, the law on financial assistance for developing countries from the ERP Special Fund and through the German Society for Development. Such promotion represents an important contribution towards drawing the developing countries into the international division of labour.

The Government of the Federal Republic of Germany believes that opening the markets to industrial products from other countries, in particular from the developing countries, is an essential element for the promotion of structural change. Opening up markets not only promotes the process of industrialization in the developing countries, supports the creation of jobs and provides the countries with a source of the foreign exchange they require for their development, but also generates permanent structural adjustment by the import pressure thus created.

In setting up industrial capacity in developing countries, the German clothing industry has been endeavouring for some time to hold its ground in international competition by

- having wage-intensive parts of the production process carried out in developing countries, and
- by supplementing its range of products offered in the lower price and quality bracket by importing goods manufactured in developing countries in their own factories.

As a result the importation of clothing more than tripled in the period from 1970 (DM 1 804 billion) to 1977 (DM 6 020 billion), i.e. plus 234%. The share of the market accounted for by imports (compared with domestic supply) has risen from 10.5% in 1970 to 27.5% in 1977. This development shows the extent to which the Federal Republic of Germany has contributed to the industrialization of the developing countries in the textile and clothing sector by its liberal foreign trade policy.

The European Community has concluded arrangements, in the framework of the World Textile Agreement, with the principal textile supply countries among the developing countries; in this context, the Federal Republic of Germany has always been in favour of as few restrictions as possible on free trade. This has also made it clear to the developing countries to what extent the industrial countries are ready to purchase textile products from developing countries - quantitative increases should also be possible if requirements increase. With this the developing countries have received information instruments which can be useful in planning their industrial development while the danger of making unwise investment is reduced.

Germany, Federal Republic of (cont'd)

The addition of the measures listed (facilitation of the establishment of industrial capacity in developing countries in the textile and clothing sector by a liberal foreign trade policy and partial transfer of German production abroad; the availability of information on textile marketing opportunities of the developing countries vis-à-vis the industrial states by arrangements in the framework of the World Textile Agreement) have meant that the textile and clothing industry in certain developing countries has become a serious competitor for this branch in the Federal Republic of Germany and will remain so in the future.

The Government of the Federal Republic of Germany intends to meet the legitimate interests of the developing countries and their demand for greater economic growth by further developing market economy principles with the object of enabling the developing countries to obtain their proper share in the international division of labour. Most important here is progress in the liberalization of trade and the transfer of technology.

In co-operation with the developing countries it is of prime importance to make interested partners a comprehensive co-operation offer which includes forms of co-operation in the private sector as well as the application of official funds.

The Government of the Federal Republic of Germany regards private direct investment, made in a spirit of partnership, as the key to triggering off positive production and growth effects in developing countries on account of their complementarity to available resources and their technology transfer effect. As a result of their effect on employment, income and capacity, their technological benefits, exploitation and development of local resources, their supplementary role for local production structures, and export diversification, private direct investment can make a special contribution to the economic and social requirements of the developing countries. It is therefore of prime importance for the further development of the economic relations with the developing countries to improve the prerequisites of co-operation.

Progress in the industrialization of the developing countries assumes on the one hand that the industrial countries for their part are ready to open up further their markets to products from developing countries and to accept the resulting structural changes. The structural policy of the Government of the Federal Republic of Germany aims to keep the local market open for structural changes and to abolish constraints for structural transition. The process of adjustment of individual branches is being supported by accompanying measures where these are necessary and compatible with the economic situation as a whole. In addition, independent decisions on the part of the entrepreneur to shift production capacity to developing countries, are not only respected but also supported by financial, tax and advisory assistance and by assuming guarantees. On the other hand, anticipatory structural adjustment measures are rejected by the Government of the Federal Republic of Germany. In our economy which is part of the world economy, structural changes are difficult, sometimes impossible to forecast in their individual

Germany, Federal Republic of (cont'd)

trends, in particular in their effects on a given sector. The Government of the Federal Republic of Germany therefore refuses to determine, for the benefit of the entrepreneur, what the "correct" structures are.

On the other hand, the level of foreign direct investment is heavily dependent on how the potential investors estimate the political risk in any given developing country. The claim of the developing countries, laid down in the "Charter of Economic Rights and Duties", which states that foreign capital is controlled under national law, has brought a distinct worsening in the prerequisites of co-operation and suppressed the willingness of private investors to invest abroad.

Therefore it is, first and foremost, a task for the economic policy of the developing countries to create an investment climate likely to encourage the flow of private capital. Apart from the stabilization of economic policy and the recognition of norms, customary under international law, for the handling of foreign capital, the involvement of international organizations, investment protection agreements, investment guarantees and the formation of joint ventures could help to strengthen confidence and encourage international mobility of capital. This is also the proper place for measures designed to orientate industrialization towards comparative advantages and to ensure that the factor-price relationship, for example, does correspond to actual scarcity ratios, that allowance is made in the export drive for the requirements of foreign markets and that trade restraints towards other developing countries are abolished. If the developing countries take greater steps in this direction, it will be possible to make progress in the process of industrialization and thereby achieve an improvement in the prosperity of all.

HUNGARY

Hungary as a socialist country is not interested to make foreign investments and does not even support the idea of encouraging such. It thinks that in general and particularly with a view to the unrestricted activity of private capital these do not serve the interests of the host country but of the companies making the investments. In case the development concepts and practice of the developing country and the mutual interest of partners do require such investments to facilitate the transfer of technology and the business relations, Hungarian companies may subscribe to a share, generally for a time span agreed in advance.

With regard to policies relating to structural adjustments to industry, the Central Committee of the Hungarian Socialist Workers' Party adopted in 1977 a resolution on the guiding principles of the "Long-term External Economic Policy and the Development of the Production Structure". This resolution determines the economic tasks necessary for the development of an advanced socialist society. It is in line among others with the endeavours to promote an increasing participation of the developing countries in the world's

Hungary (cont'd)

industrial production. The resolution declares that the Hungarian participation in the international division of labour must be increased. Hungary realizes its economic development goals in close co-operation with the G.M.M. countries. At the same time it endeavours to expand economic relations with the non-socialist countries, too. Decisions on the development of the production structure should be based on the domestic possibilities and possibilities taking into account the international trends in world economy. In industrial development a greater selection is, above all, needed. In setting up the basis of technical development, production and marketing the possibilities of international co-operation must be taken into account more extensively than hitherto.

The increasing role of external economic relations calls for a co-ordinated development of the production structure and of the activities of international economic co-operation and of foreign trade. In the formulation of development goals external economic aspects are becoming determining. A massive increase of profitable exports require a selective industrial policy to develop in the first place the competitive producing branches and to increase considerably the proportion of highly processed products.

The import requirements of the Hungarian national economy continues to grow. In Hungary's imports an ever-larger share must be represented by modern technologies, equipment and intellectual products, of productivity components, and of certain materials serving an improvement of efficiency. Within the structure of industry the proportion of extraneous basic materials production and processing must be identified by a due consideration of the economic efficiency, competitiveness and development possibilities of the specific manufacturing branches.

In the energy sector efforts must be made to develop in the long term an energy structure which is most economic and which, at the same time, can be established realistically. In investments, preference must be given to the less energy-intensive domains and to energy-saving solutions, and more drastic measures must be taken to rationalize energy consumption. An important task is to continue the exploration, development and a better utilization of the country's coal and hydrocarbon reserves.

Aluminium industry must be developed in compliance with the current central programmes. A basic task is to satisfy, by an efficient utilization of the domestic bauxite reserves, the national economy's requirement for aluminium. On this basis a lasting and profitable exportation must be realized, technical and scientific capacities further developed, and attention must be paid to the export of intellectual products, too. In the development of metallurgy the main task is to bring about a structural change with a view to improving quality and to increase the proportion of metallurgical products of higher value.

Machine industry has a decisive role in economic development, in the long-term foundation of external economic balance. Preference must be given and priority development must be ensured to

Hungary (cont'd)

the manufacturing branches which produce even today profitable and competitive products for exports and of which the production and the scientific and technical development background corresponds or comes close to the international standard. The key question of the development of machine industry is an increase of the domestic production and sales abroad of widely applicable semi-manufactures, components and subassemblies.

In the chemical industry it is necessary to ensure a suitable proportion between the development of the branches producing basic chemicals and those producing highly efficient intermediary and finished chemical products. The chemical industry must be developed selectively, based on the socialist international division of labour within the CMEA.

The reconstruction of the light industry must be carried on in subordination to the increased structural and quality requirements. In the textile and clothing industry the proportion of the up-to-date, high-quality products must be increased further which are able to be sold easily. In the field of mass goods and textile industry semi-manufactures a greater reliance must be achieved on import possibilities.

Technical development is a central issue of economic progress, of increasing competitiveness on the world market. Scientific research and technical development activities must be better brought in harmony with the development goals of the production structure and research capacities must be put to use in a concentrated manner. Beside a faster utilization of domestic research results, the application and - where possible - the further development of foreign research results is also a task to be attended to. Within the expenses allotted to research and development activities, the proportion of amounts assigned to the purchase of licenses and manufacturing processes must be increased.

The Central Committee has stated that in a great number of areas international economic relations play a determining role in the development of the national economy. In the future development of Hungary's external economic relations, a planned, longer-term expansion of the co-operation with CMEA countries is of fundamental importance. Hungary participates actively in the implementation of the comprehensive programme of socialist economic integration, in the realization of the target programmes. The significance of Hungary's co-operation with the Soviet Union is increasing further. The Soviet Union's role played in the raw materials supply to the Hungarian national economy will be a determining condition, in the future too, for further economic growth. Also in the broadening of Hungary's economic relations with other CMEA countries, increased efforts must be made to exploit the favourable co-operation and specialization possibilities following from the economic potentialities and the geographic proximity.

Taking into account the increasing role of developing countries in the world economy, Hungary endeavours to deepen its economic relations with them. In Hungary's foreign trade the share of the

Hungary (cont'd)

developing countries must be increased considerably. In the interest of this, Hungary should make more active efforts to participate in their development programmes, to exploit the different possibilities of production co-operation and joint ventures, to establish long-term agreements.

Hungary endeavours to expand relations with the developed capitalist countries, too. It lays emphasis on making longer-term production and co-operation-type collaboration arrangements which play an ever greater role in the broadening of mutual turnovers. The development of these relations, on the basis of equal rights and reciprocal advantages, is in the interest of Hungary's national economy, too; it may contribute to increasing the efficiency of production, to the utilization of the advantages lying in the international division of labour; at the same time it is an integral part of Hungary's policy aiming at a peaceful coexistence of the two social systems.

The long-term tendencies drawn up by the decision summarized above, are to a certain extent reflected already in the present practical steps. The activity being carried on in the interest of increasing the industrial capacity of the developing countries may be outlined by the following description:

Taking into account the developing countries' industrialization endeavours and local endowments /natural and human resources/, Hungary has in recent years participated in setting up industrial establishments in some 15 developing countries. Part of these have been made up of supplies of heavy industry equipment.

Hungary has participated in the transformation of the industrial structure of these countries by the construction of, among others, the following industrial establishments:

<u>Establishments</u>	<u>Countries</u>
Transformer stations	Bangladesh, Iraq, Kuwait Pakistan, Egypt, Peru
Lamp manufacturing equipment	India, Indonesia, Iraq, Iran, Syria, Algeria, Vietnam
Sulfuric acid factory equipment	Indonesia, People's Democratic Republic of Yemen
Lime-works equipment	Iraq, Sri Lanka, Algeria
Canning factories, fruit processing plants	Algeria, Syria, Iraq, Iran

Besides the above, Hungary has in recent years delivered power plant equipment, bauxite extraction equipment to India, oil drilling equipment to Iraq, refrigerating industry equipment to Algeria, furthermore complete flour mills to Nigeria, a biochemical complex plant and a meat plant to Mongolia. It



Hungary (cont'd)

can be mentioned as an example that to India Hungary has delivered not only the lamp-manufacturing equipment but also handed over the know-how, drawings etc. necessary for beginning the local production of the manufacturing equipment.

In the interest of the dynamic development of the economic relations with the developing countries Hungary wishes on the basis of mutual interests to get involved in the development programmes of their national economy to an increasing extent. In the framework of this, Hungary may expand the deliveries of complete industrial technological services (agriculture, management of water resources, health, education etc.). It endeavours to hand over certain producing capacities, manufacturing phases to the developing countries, to transfer the relevant intellectual potential. In the machine industry it searches mainly the development of co-operation in component and subassembly manufacture. Hungary considers it expedient to find ways and means to hand over the manufacture, combined with a licence sale, of certain conventional machines. In addition to this, the traditional machine tool manufacture, electric motor manufacture, cable and wire making may also be involved in this process of transfer, either by the establishment of joint ventures or by the delivery of complete factories.

Light industry offers considerable opportunities for co-operation. Hungary wants to ensure its supply with products incorporating a relatively high share of imported raw materials to an increasing extent from the developing countries. Hungary has already elaborated a suitable concept for the "relocation of production" combined with a transfer of scientific and technical results. Within the framework of this, Hungary has participated until now in the establishment of clothing factories, among others, in Egypt and Mongolia; it has contracts in India and Pakistan for the manufacture of boots, shoes, vamps and cotton fabrics; it has established a shirt factory in Pakistan. In Vietnam, Hungary has participated in the establishment of a spinners, in the start up of knitted cotton underwear and shirt manufacture designed to meet Hungarian demands.

It is also to be mentioned that in addition to promoting relations between co-operatives the Hungarian industrial co-operatives participate in the industrialization of the developing countries in other ways, too. Thus, for example, as a result of their relations with the Tanzanian Co-operative Organization the Hungarian co-operatives will deliver small-scale plants in the near future. They also ensure training for Mongolian building and service industry specialists in Hungarian co-operatives. The co-operatives are ready to establish co-operation for importing finished or unfinished furniture components manufactured from tropical timber.

The specialists of the Hungarian government institutions and of enterprises have participated actively in all sectoral consultations UNIDO has so far organized. They have studied the materials and the discussions with great attention. In the wake of the first consultation on the fertilizer industry, for example, they have offered to organize the training of some specialists in Hungary.

Hungary (cont'd)

Hungary does not manufacture the production equipment of the industries so far dealt with or manufactures only certain parts of them. Besides, the consultations have yet offered relatively little clue as to the development programme and plans of the individual developing countries in the relevant sectors. Therefore, no concrete proposals have yet been formulated for the areas of possible co-operation. Nevertheless the Hungarian activity in the field of the light industry referred to in the previous paragraph is in harmony to a considerable extent with the conclusions made at the leather industry consultations. On the one hand they emphasize the necessity that Hungary establishes long-term agreements with the developing countries, and on the other hand they urge Hungary to make greater efforts for covering its needs of hides and skins from domestic sources based on the expanding stock-raising in Hungarian agriculture.

IRELAND <sup>1/</sup>

Ireland's most significant contribution towards establishing industrial capacities in developing countries lies in placing the results of its own very recent developmental experience at the disposal of the developing countries.

With regard to structural adjustment, Ireland believes that policies of positive adjustment are desirable for the benefit of both developed and developing countries. Individual countries must obviously take into account their economic, social and security concerns in pursuing such policies.

ITALY:

Italy has not undertaken any specific programming measures to encourage investments in the developing countries. However, the data for the years 1976 and 1977 can be summarized as follows:

- Balance of Italy's direct foreign investment in 1976: \$151 million; in 1977: \$115 million;
- Direct Italian investment limited to the developing countries in 1976: \$119 million; in 1977: \$85 million.

In view of the trends over these past years, it must be noted that the decline in investment has not altered the position of the developing countries, which continue to be the main recipients of Italy's direct foreign investment. It should also be pointed out that the share accounted for by the above-mentioned countries in the distribution of Italian investment is even more substantial when account is taken of investments made through holding companies and other types of finance companies which are of Italian origin although they have their headquarters in other countries.

<sup>1/</sup> The reply from Ireland was received after publication of document ID/238.

Italy (cont'd)

Furthermore, the activity of Italian enterprises abroad is not concentrated on investment alone. On the contrary, there are very important types of indirect assistance to companies associated with Italian enterprises established abroad; this is also confirmed by the scope of the guarantees afforded by Italian enterprises to the financial and commercial transactions of their associates, which in 1976 amounted to \$745 million, and in 1977 to \$1,520 million. The investments in question were concentrated mainly in the engineering, construction and energy sectors. As regards geographical distribution, in 1977 investments in the Latin American countries declined and those in the countries associated with the European Economic Community increased.

Concerning structural adjustments, the Italian Parliament recently approved a law on the restructuring and reconversion of industry using public finance. In the application of this law account is taken of the conditions affecting domestic industry, industry in the developing countries and also industry in the more advanced countries, with a view inter alia, to achieving re-deployment of Italian industry which would be favourable to the developing countries, as provided for by the Lima Declaration.

JAPAN

Measures taken to encourage investments in developing countries include:

- (a) Various taxation measures. For instance, the Japanese Government provides investments overseas with preferential measures, such as the foreign tax deduction formula for income accrued abroad, in parallel with its effort to conclude bilateral or multilateral agreements to avoid double taxation, and the system of reserve for losses in overseas investment.
- (b) Finance measures such as the Japanese Government supplement of the overseas financing activity conducted by ordinary financial institutions through the overseas investment financing and overseas business financing systems of the Export-Import Bank of Japan, the Overseas Economic Co-operation Fund (OECF) and provision of necessary funds through the Overseas Trade Development Association to projects on the development of primary products in developing countries. Furthermore, the Overseas Trade Development Association has decided to finance necessary interest-free funds for joint ventures between Japanese small and medium enterprises and developing countries, if so requested by those countries, from fiscal 1973 in order to carry out smoothly these joint ventures.

Japan (cont'd)

(c) An overseas investment insurance system is being established in order to promote a healthy development of the overseas economic activity in Japan through insuring the risks accompanying overseas economic activity.

(d) From April 1978, only a notification to the Bank of Japan is required for direct investments abroad with some exceptions. Thus, these investments have been nearly perfectly liberalized and now left to the autonomous judgements and responsibilities of private investors.

(e) Japanese private enterprises have made their voluntary efforts to contribute to the economic development of the host country, through their private investment activities to be carried out smoothly and in harmony with local community and economy of the host country, in accordance with "Guidelines for Investment Activities in Developing Countries" formulated by five Japanese private economic association in June 1973. The Government of Japan has positively supported such efforts of Japanese private enterprises in developing countries.

As to the structural adjustments in industry, it should be promoted gradually through voluntary efforts made by the private enterprises themselves. In this connexion, the Japanese Government has taken the action which these enterprises are able to carry out smoothly, for example taking the unemployed relief measures or giving the incentives to promote to change the type of industry. The Japanese Government expects these measures contribute to establish the friendly relationship between developing and developed countries.

NETHERLANDS:

In order to encourage investments in developing countries, the Netherlands Government has:

- a. recently strengthened considerably the financial base of the Netherlands' Finance Company for Developing Countries - FMO;
- b. instituted a national re-insurance scheme for investments against political risks;
- c. entered into economic co-operation agreements with 19 developing countries;
- d. contributed to the IFC (International Finance Corporation).

With regard to policies relating to structural adjustments in industry it is noted that, having a market economy system, not only nationally but also internationally, the market is the main incentive for the orientation of investment and other activities of enterprises. In the years after the second world war trade liberalization in the framework of Benelux, EEG and GATT have brought about adjustments in the economic structure. In 1977 some 40% of the value added was generated in industry, 7% in agriculture and 53% in services. However, over the last five years an increased necessity for further adjustments has resulted from a number of factors that now influence the economic climate in the Netherlands; the rising cost of energy and raw materials being one, the increased competition on international markets being another. In this context the Netherlands Government adopted a memorandum on Selective Growth in which four facets of economic development emerge as being of socio-political interests to the countries' economic development. These are: energy saving, environmental quality, employment, international distribution of labour. The relative importance of these factors changes, of course, according to circumstances and the policy instruments that are being created on the basis of the policy have changed over the last couple of years.

As far as the aspect of the international distribution of labour is concerned, a budget line has been created, which provides for financial assistance to industrial enterprises whose activities are no longer viable in the Netherlands, but which have a comparative advantage in developing countries. This will facilitate the switch over to new industrial activities, thereby creating new opportunities for developing countries. Up till now enterprises in the following sectors have made use of it: the plywood, the telecommunication and the cocoa-industry (resp. Dfl. 7.7, 1.6 and 0.1 million). In most cases it concerned industries which abandoned

Netherlands (cont'd)

the simple processing of raw materials and directed their efforts to processing higher in the production chain, for which purpose specialized machinery and skill is required.

In general, it should be emphasized that in the view of the Netherlands Government adjustment of the industry structure to changing circumstances, is in the first place the responsibility of the industry itself, even though the Government has responsibilities of its own, especially to creating the best possible conditions and removing bottlenecks. In this context increased emphasis has been laid recently on general measures that generate adjustment activities on a broad basis. For this process of adjustment it seems vital that the level of investments is being brought to an acceptable level again since this level has decreased considerably since 1974. For that purpose, apart from the demand management measures, a fiscal investment facility has been created. Investments that meet a number of criteria, among them the international division of labour, are eligible for fiscal reduction of profits.

Concerning policies with respect to processed and semi-processed forms of raw materials, one of the facets of the Selective Growth policy is energy saving including raw materials. A number of energy saving measures have been taken, but in the field of raw materials no specific measures have been developed until now. The Netherlands do not have special measures in relation to the production of synthetics.

Concerning measures to encourage mutually advantageous subcontracting arrangements, the Netherlands Centre for the Promotion of Imports from Developing Countries (CBI) provides since four years an opportunity for industrialists from developing countries to participate in the subcontracting fair "VAT", bi-annually organized by the Royal Netherlands Fair in Utrecht with marketing-technical and financial assistance by CBI's product promotion management. In these four years 49 manufacturers from 11 countries have used this opportunity and for the year 1980 applications for participation have already been received.

The industrial consultations organized by UNIDO so far seem to have been worth-while in gaining an insight into the existing distribution of production and the forces having influence thereupon. It enables all parties concerned to get acquainted with the changes which will occur in the production structures. It should be realized that the process of decision-taking should remain decentralized. As a consequence, the presence of industry at the consultations is essential.

NEW ZEALAND

As a predominantly agricultural country, New Zealand has tended to concentrate on the provision of agricultural rather than industrial or technological transfer of resources and assistance to developing countries. New Zealand's own industry and

New Zealand (cont'd)

technological development in some senses is still in a developing stage. However, a number of projects of an industrial nature have been undertaken within the New Zealand aid programme. These include the development of geothermal resources in Indonesia and the Philippines and reconnaissance work in other countries; research into the utilization of coconut timber in Tonga; and provision of equipment, training and organization for soap factories in food-processing industries in a number of countries including Thailand, Western Samoa, the Republic of Korea and Laos.

An important channel for the transfer of industrial technology is the Pacific Islands Industrial Development Scheme (PIIDS), introduced at the end of 1976 to assist in the establishment of industrial ventures in South Pacific countries with the object of fostering economic development opportunities in these countries and the growth of employment opportunities. An essential feature of the PIIDS is the provision of incentives which comprise interest-free suspensory loans up to 30 per cent of capital costs, and grants of up to 50 per cent of costs incurred in feasibility studies, training of local employees and the transfer of plant and key personnel to the island location. In addition to these direct incentives, commercial loan finance may also be made available from the Development Finance Corporation and financial assistance may be provided where insufficient Island capital exists to fund local equity in a venture.

There have been three significant changes to the PIIDS since the last questionnaire. Provision has been made for ventures processing agriculture-based products to be assisted under the scheme. For small operations assistance is now available by way of small venture grants rather than suspensory loans. These grants are based on qualifying expenditure on plant and equipment up to \$20,000, with a maximum grant of \$10,000. Loans or grants are now made directly to the Island entity. Each of these extensions has been designed to make the PIIDS more effective in view of the Island needs and conditions, and the nature and size of the operations being assisted.

We expect that most of these ventures will be oriented towards local Island markets or third country markets. Some, however, may require access to the New Zealand market for a proportion of their production, or in some cases for all their output. The New Zealand Government recognizes an obligation to PIIDS ventures to provide reasonable and continuing access to the New Zealand market provided licensing criteria are met. Over 210 firms have shown an interest in the scheme, and more than 34 firm applications for assistance have been received. PIIDS assistance has been offered in one form or another to 15 ventures. Of these ventures, nine are already in operation. The range of products includes processed ginger, peanuts, and other food stuffs, concrete water tanks, roofing iron, hand-sewn soccer balls, and chain link fencing. Most of the operations are joint ventures, either with a New Zealand company and Development Banks or individuals of the countries concerned as equity partners.

NORWAY:

A basic criterion for Norway's investment promotion is that the industry in question is desired by the host country and will contribute to its economic and social development. The host country should also participate to such an extent that it will have effective influence. At the same time it is Norway's policy to encourage the financial participation of Norwegian industry in projects in developing countries provided that these projects serve the interest of the host countries as development projects meeting certain basic criteria.

A bilateral agreement for the protection of private investments was signed with Indonesia and came into force in 1970. A trade and ratification agreement with the Malagasy Republic also contains clauses for the protection of private investments. A new bilateral agreement is concluded with the government of Brazil. Agreements with other countries are under consideration. Finally, Norway has signed and ratified the International Convention for the Settlement of Investment Disputes (ICSID).

The special guarantee scheme for private investments abroad was originally approved by Parliament in June 1963 and came into force in February 1964. The Guarantee Institute, which is a public body responsible for Norway's general export credit guarantee programmes, also administers the investment guarantee scheme. The potential investor must obtain the prior approval of NORAD, the Government Aid Agency. The role of NORAD is to advise the Guarantee Institute whether insurance should be granted or not in the light of the potential economic benefit of the investment project to the developing country in question. The scheme applies to new direct investments only (i.e. to new projects and expansion programmes) and to both equity and loan investments; straight loans without equity participation are not covered. It covers the three main categories of political risks (expropriation, war and transfer). There is a global ceiling on the amount of outstanding liabilities of the Guarantee Institute, which is presently set at 4 000 million kroner (approximately US \$800 million) (This figure applies to both export to developing countries on special favourable terms and investments). The guarantee covers the invested amount and also earnings (dividends and interest) up to a certain percentage (eight per cent p.a.) for a maximum period of three years. Future earnings which are going to be reinvested are not included, but may on application be covered if used in connexion with an expansion programme. The maximum cover is 90 per cent of the investor's loss and the maximum guarantee policy which provides for a yearly automatic reduction of the guaranteed amount. The annual fee is 0.7 per cent of the guaranteed amount, to be paid by the investor.

Norwegian tax legislation provides no special incentives in favour of investments in developing countries, which are treated in exactly the same way as any other category of foreign investment. In order to avoid double taxation, however, Norway had, as of 31 December 1974, made agreements with the following developing countries: Argentina, Brazil, Sri Lanka, India, Iran, Israel, Malaysia, Singapore,



Norway (cont'd)

Spain, Tanzania, Thailand, Trinidad and Tobago, Uganda, the Arab Republic of Egypt, Kenya, Netherlands Antilles and Zambia.

In addition to the Investment Guarantee Scheme, other incentives administered by the Norway Agency for International Development (NORAD) in order to stimulate private investment include:

- (a) participation in the financing of pre-investment and feasibility studies undertaken to private firms which have know-how and capacity to develop industrial projects in co-operation with private and official partners in developing countries.
- (b) channelling of project information on a continuous basis to those sectors of the Norwegian industry which possess special competence, know-how and capacity to engage successfully in developing countries.

Norwegian industry on its side has demonstrated its interest in participating in development work through the creation of private development companies representing leading Norwegian technology and experience.

Regarding policies relating to structural adjustments in industry, in an industrial country like Norway, there will always be an ongoing process of restructuring. At the present time the restructuring of the industry seems to take place at a very high speed. This is due to many factors among which trade liberalization and changes in relative costs for input factors are the most important. The authorities have for some time worked at a restructuring programme of the same kind as the Dutch programme but given the speed and extent of industrial restructuring in Norway, today, the situation has rather called for more comprehensive measures than a specific programme for adjustment to imports from developing countries.

Norwegian authorities fully understand the developing countries' desire to restrict the expansion of production of synthetics in developed countries in cases when these products represent substitutes for products from the developing countries. Norway has a relatively limited production in this area. The development of Norwegian industry will, however, have to take place within areas where Norwegian natural resources form the basis for industrial expansion. Although it is the manufacturing industry itself that decides on the concrete direction of expansion and the Norwegian authorities have limited possibilities of influencing these plans, the authorities will seek to take into account in the formulation of an overall industrial policy the concerns of the developing countries as regards production of synthetics in direct competition with the natural products.

Norway has participated actively in the first round of consultation meetings in industrial sectors held during 1977 and intends to participate also in the second round of these consultations. As agreed upon in the Industrial Development Board, these consultation meetings are informal and of an experimental nature. After the

Norway (cont'd)

completion of the second round of consultation meetings, the results should be reviewed by the Industrial Development Board which may decide to recommend the necessary action by Governments.

SWEDEN:

In order to promote the establishment of companies in the developing countries in collaboration with Swedish firms, the Swedish Government has set up the Fund for Industrial Co-operation with Developing Countries. The Fund started its operation in December 1978. The basic capital of the Fund will amount to Skr 100 million. However, it is expected that the Fund's capital will be raised to several times its basic capital through borrowing. For the fiscal year 1978/79 Skr 35 million will be contributed as a first installment to the Fund's basic capital.

With respect to policies relating to structural adjustments in industry, government intervention in the restructuring process of Swedish industry has traditionally been confined to manpower policy combined with a comprehensive welfare programme. In the mid-sixties, growing concern with regional disparities and the adjustment problems, partly created by the trade liberalization led to increased sectoral measures. Motives for a more active industrial policy were thus the need for adjustment of the industrial structure in socially acceptable forms and the ambition to maintain a high level of employment throughout the country.

During the past several years of depressed world-wide economic development the Swedish Government has taken temporary measures to assist in the restructuring of some industrial sectors, mainly the shipbuilding, steel and textiles/clothing industries. A distinctive feature of these measures is that they aim at reducing the production capacity of the industrial sectors concerned down to a level and structure where they can be profitable. Employment in these industries is thus being reduced.

The restructuring process has been very swift; to keep the process in socially acceptable forms it has been necessary to give temporary assistance to regions where other employment opportunities are limited or non-existent. Swedish regional policy promotes development in areas where the employment situation is depressed. Funds are available for investments in plants and machinery.

The restructuring and regional policy measures taken have been designed to comply with an open trading system and relevant international obligations. The Swedish Government favours an open trading system and its readiness to meet an increased international competition with an active restructuring policy will - at least indirectly - have facilitated exports from developing countries. This can be seen i.a. from the example of the textile sector. Imports constitute approximately 75 per cent of total supply of textiles and clothing (1977/78): which means that Sweden has the highest import penetration in the world. The number of employees in the textile and clothing industries fell heavily from 67,000

Sweden (cont'd)

in 1970 to 44,000 in 1977. Employment declined by an average of six per cent a year, with a slower decline in the textile industry than in the clothing industry. This development is partly due to the imports of textiles and clothing from low-price countries.

It should also be noted that for reasons of economic defence, which is an integral part of Swedish security policy, it is necessary for Sweden to maintain a certain production capacity regarding textiles, clothes and shoes. The aim of the industrial-policy measures regarding the textiles and clothing industries is to strengthen the long-term competitiveness of textile and clothing firms. The measures are temporary and they apply to those parts of the textile and clothing industries which have good prospects of being competitive after a transitional period of re-adjustment.

SWITZERLAND:

In respect of measures taken to encourage investment in developing countries the Swiss authorities provide an investment guarantee against non-commercial risks. Between 1970 (when the system came into effect) and December 1977, the Confederation provided a 70-per-cent guarantee on a sum of 112.6 million Swiss Francs. The sum guaranteed at the end of 1977 is therefore 78.8 million Swiss Francs. Under Swiss law, the integration of Swiss investment projects in the development plan of the host country is one of the conditions for granting the investment guarantee. The Swiss Government has concluded bilateral agreements with 33 developing countries aimed at the protection and promotion of direct Swiss investments. Since January 1977, we have added five countries to the list of those appearing in the reply of Switzerland dated 12 January 1977; by chronological order of signature of the agreement, these countries are Mauritania, Syria, Malaysia, Singapore and Mali.

Generally speaking regarding policies relating to structural adjustments in industry, the structural adaptation of Swiss industry has been accelerated by the currency movements that have occurred in recent years, particularly the sharp appreciation of the Swiss Franc. As an example, the structural adjustment in the sector of textiles and garments has operated for 35 years without Government aid. This sector has converted its labour-intensive production to capital-intensive production. It has had to adapt itself continually to the development of the international competitive situation. At present, the range of expensive, high-quality products manufactured in Switzerland is relatively well-structured and does not enter into direct competition with products from the developing countries. The number of jobs in the sector is on the decline, having fallen from 74,900 in 1965 to 42,000 in 1978.

UNITED KINGDOM

The United Kingdom has taken a number of practical measures to facilitate investment by British companies in developing countries. These include the negotiation of bilateral Investment Protection Agreements designed to help increase the flow of resources to developing countries and provide a suitable legal framework for investment; the negotiation of Double Taxation Agreements; an investment insurance scheme to encourage British firms to invest in developing countries; and a pre-investment study scheme to support the investigation of opportunities to which the host Government in a developing country attaches priority and which might not otherwise have been considered by UK companies for equity/loan or management participation. The aid programme can be used for the development of the infrastructure and support essential to many private investment projects and to assist developing countries to strengthen their capacity to negotiate effectively with foreign investors.

It is a condition of the measures described above that investment linked to them should take account of the views of host countries. The United Kingdom considers that it would constitute interference in the affairs of other countries if it were to guide or monitor the operations of British private companies in these countries. British companies are, however, expected to conform with the laws and regulations of host countries, and the United Kingdom welcomes agreements between host countries and investing interests specifying the responsibilities of both sides. In respect of the activities of transnational corporations, the United Kingdom is of the opinion that voluntary code setting out model obligations for both corporation and host country would help to provide a favourable climate for co-operation in the field of private investment.

The United Kingdom has played a positive role in international discussions on the industrialization of developing countries. It recognizes that it is one area of the North/South dialogue that has the potential to offer gains through the operation of comparative advantage to both developed and developing countries and it is the policy of the UK Government where appropriate to encourage UK companies to establish new processing plants in locations where capital and running costs are lowest.

The United Kingdom has participated fully in the UNIDO industrial consultation meetings introduced in 1977 and has apprised industry of the recommendations and ideas emanated from the discussions. In particular at the first session of the UNIDO Leather and Leather Products Panel held on 5 - 7 June 1978 the Panel made a request for a list containing investment information for possible joint ventures or other co-operating agreements. The UK is awaiting this list to enable it to put concrete proposals to our industry. The UK considers consultation in the iron and steel sector a useful forum for contact between developed and developing countries. At the First Consultation Meeting three main areas were recommended as deserving priority attention i.e. raw materials and fuel, technology and finance. Although the UK has not produced a formal analysis of possible areas of co-operation as such, specific topics are being examined by work

United Kingdom (cont'd)

groups attended by experts. The British Steel Corporation is playing an active part in some of these groups, e.g. those on iron ore and training. The UK participated in the UNIDO Second Consultation Meeting on the fertilizer industry in November 1978 which covered model contracts, infrastructure and regional co-operation. The UK team was from various sectors of industry (fertiliser manufacturers, trade association, insurance companies, etc.) and played an active part in the discussions, especially on model contracts.

UK industry has a long history of adjustment to changing patterns in the world's trade and industrial development. The UK Government has developed a comprehensive set of policies to facilitate the structural adjustment of industry to changes in world competitive conditions. These policies recognize the need for adjustment to competition from other developed countries as well as from the developing countries. They have been framed against a domestic economic background which is in many ways far less favourable than that which exists in other developed countries. At the centre of present policy is the industrial strategy which was launched in November 1975 following a meeting of the National Economic Development Council, bringing together Government and industrial management and trade unions.

The industrial strategy recognizes that in general the performance of British industry since the war has been deteriorating in comparison with that of its competitors and that the country needs to tackle some very serious and deep-seated industrial problems at their roots. The strategy is intended to engage the co-operation and drive of both management and labour through regular discussion with representatives of both sides of industry, both at sector and company level. The overriding objective is the growth of the UK's productive potential and increasing the ability of the industry to respond to the development of competition in world markets. The industrial strategy provides the framework within which the Government had developed its economic and industrial policies at both the macro and micro-economic levels. At the macro level the Government has aimed to provide an environment favourable to industrial development, particularly maintaining stability in the pattern of corporate taxation and incentives and by ensuring that resources for industrial investment are not pre-empted by consumption. At the micro level a number of measures have been taken to improve industrial performance more directly. A variety of schemes have been introduced under which financial assistance is available to companies primarily for investment, modernization and product development. A major objective of the Government's industrial policies is to encourage the development of new industries and activities which will provide new employment opportunities over the longer term as parts of traditional industries become less competitive in the face of competition from developing countries overseas. This is reflected, for example, in a major programme of support which the Government is developing for the microelectronics industry and for the application of micro-electronic techniques across manufacturing industry generally.

There are no United Kingdom Government schemes of assistance aimed at encouraging manufacturers to produce synthetics in direct

United Kingdom (cont'd)

competition with natural products from the developing countries. The UK has encouraged an orderly growth of processed raw materials imports, recognizing their importance to developing countries and the need to allow our industry time to adjust to rapidly expanding competition. The EEC Jute Agreements with India and Bangladesh effective from 1976 to 31 December 1979 provided for initial increases in quotas of 20 per cent followed by annual growth rates ranging from 10 per cent to 12.5 per cent for India and 13 per cent to 14 per cent for Bangladesh. In addition a new separate category was created for wider speciality fabrics (Category 7). One important sector of UK industry which has undergone very considerable adjustment as the result of developing countries' import competition is the textile and clothing industry where almost half a million jobs have been lost since 1959. In spite of this the Multi-fibre Agreement has recently provided increased quotas for low-cost suppliers of cotton, wool and synthetic textiles.

UNITED STATES:

The U.S. encourages the free international flow of private investment. The U.S. views its governmental role in the process of enterprise investment in developing countries as primarily facilitative. In its opinion, the same role is also appropriate to host governments. Developed nations can and do provide information on foreign investment opportunities to potentially interested enterprises, provide insurance against political risks for these investments, and refrain from placing restrictions on the flow of capital and other resources. Developing nation governments can and should clearly indicate the terms and conditions under which foreign investment is welcome, not discriminate between foreign and domestic firms, fairly compensate for nationalized investment, and generally provide a positive investment climate.

89 The U.S. Government perceives its overseas role vis-a-vis the U.S. private sector as primarily advisory. The U.S. Government attempts to assure that U.S. firms possess the information necessary to function as good citizens in their host country. In certain circumstances the Government is able to serve as an "honest broker" in investment disputes involving U.S. firms. The primary responsibility, however, for regulating and monitoring the operations of firms operating in their jurisdiction necessarily lies with the authorities of the host nation. The U.S. is unwilling to consider the regulation or supervision of its private enterprises in other countries without the clear assumption by those countries of their international obligations with respect to these enterprises and recognition of the legitimate interests of the U.S. in them.

With regard to policies relating to structural adjustments in industry, the U.S. Government has undertaken a commitment to carry out adjustment assistance. This assistance is provided on an ad hoc basis and there is pending legislation in the U.S. Congress to expand it. The U.S. Government must, however, rely primarily on open-market forces to accomplish the structural adjustments in industry. There are several governmental programmes that offer

United States (cont'd)

assistance to U.S. workers, firms and communities that need help in adjusting to the changing patterns of international trade. In addition to these general programmes, the Trade Act of 1974 includes provision for special assistance to those sectors of the economy that are adversely affected by increased import competition. The fundamental legal relationship between the government and private enterprise in the U.S. prevents the Government from carrying out redeployment of industries (both away from uncompetitive sectors and to developing countries). The U.S. cannot commit private business to participate in activities that would affect their internal operation.

The U.S. and other OECD countries adopted guidelines at the June 1978 OECD ministerial meeting and following Bonn head of governments summit affirming their willingness to adjust to changing trade patterns. Although the developed countries recognize that a shift from defensive trade policies is necessary, the guidelines state that overall demand must rise fast enough to provide alternative employment elsewhere to ease the shift from one sector to another.

Regarding policies with respect to processed and semi-processed forms of raw materials, the U.S. Government agrees that there is a need to promote local processing of material resources in order to assist the developing countries in diversifying both their economies and exports of manufactured goods. We realize that the developing countries have difficulty in overcoming initial disadvantages in the markets of the developed countries. The Generalized System of Preferences (GSP) was designed to help alleviate this problem. Further, there has been a great increase in developing-country-manufactured goods entering the U.S. during the past ten years. Imports from developing countries now constitute 22 per cent of all U.S. imports of manufactures. It is the U.S. view, however, that a free and open trading system provides the best mechanism to accomplish adjustment of trade. The developing countries on their part, must dismantle trade barriers that now protect inefficient industries.

Regarding measures relating to the production of synthetics in direct competition with natural products in the developing countries, the United States are willing to consult with concerned developing countries in the areas of product research and development, and trade promotion. However, the U.S. cannot control the investment and production decisions of our private sector, including the manufacture of synthetics. Restraints on these industries would not necessarily encourage improvements in the competitiveness of natural products.

Concerning measures to encourage mutually advantageous subcontracting arrangements, beginning in 1969, U.S. Government regulations on procurement of goods and commodity-related services for AID-funded activities were liberalized to allow increased procurement from developing countries. The process started with a presidential announcement in October 1969, authorizing the use of development assistance funds in Latin American countries for procurement

United States (cont'd)

from Latin America as a whole. A year later, this provision was broadened to include all AID development loans and most developing countries of the world. In a further move to liberalize the regulations, all U.S. grant assistance to the least developed countries was opened up to procurement from developing countries in 1977.

The U.S. Government did not support the consultation paragraphs of the Lima Declaration since they were originally construed to mean consultations between governments. During the 10th Session of the UNIDO Industrial Development Board, however, it was agreed that "the consultations should be convened among member countries, the participants from interested countries to include representatives of any or all of the following: government, industry, labour, consumer groups, etc. -- as deemed appropriate". The U.S. has found the broader base participation in the consultations to be much more helpful and it introduces a necessary element of realism into the process. Most of the private sector participants have found consultations worth-while and many have been working actively with UNIDO in follow-up activities.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT TO ESTABLISHING INDUSTRIAL CAPACITIES IN DEVELOPING COUNTRIES:

CENTRE OF TRANSNATIONAL CORPORATIONS (CTC):

The Centre on Transnational Corporations, established in 1974, serves as a focal point in the United Nations system for all matters related to transnational corporations. The objectives of its work programme are to further the understanding of the nature of transnational corporations and of their political, legal, economic and social effects on home and host countries; to secure effective international arrangements aimed at enhancing the contribution of transnational corporations to national development goals and world economic growth while controlling and eliminating their negative effects; and to strengthen the negotiating capacity of host countries, in particular developing countries in their dealings with transnational corporations. To this end, the Centre's activities include the work on the formulation of a code of conduct and other international arrangements and agreements concerning transnational corporations, research on the political, economic and social effects of the operations and practices of transnational corporations, establishment of a comprehensive information system, and organization and co-ordination, at the request of Governments, of technical co-operation programmes concerning transnational corporations. A number of these activities are directly related to the implementation of the Lima Declaration and Plan of Action.

An Intergovernmental Working Group on a Code of Conduct concerning transnational corporations was established in March 1976. It has been deliberating on the major principles and/or issues related to the activities of transnational corporations and principles and/or issues related to the treatment of transnational corporations.<sup>1/</sup> These principles and issues cover the respect of transnational corporations for national sovereignty and observance of domestic laws;

<sup>1/</sup> Ref. E/C 10/45, Report of the Intergovernmental Working Group on a Code of Conduct on its fifth, sixth and seventh sessions.



CTC (cont'd)

adherence to economic goals and development objectives; adherence to socio-cultural objectives and values: respect for human rights and fundamental freedoms; non-interference in internal political affairs; non-interference in intergovernmental relations; and abstention from corrupt practices. Further, they cover economic, financial and social issues including ownership and control; balance of payments and financing; transfer pricing; taxation; competition and restrictive business practices; transfer of technology; employment and labour; consumer protection; and environmental protection. Finally, they also include principles relating to the treatment of transnational corporations under which appear the issues of general treatment of transnational corporations by home and host government, nationalization and compensation and jurisdiction, and the principle of intergovernmental co-operation.

Directly relevant to the implementation of the Lima Declaration (paras. 42 and 59 (h)), are annotations on the adherence of transnational corporations to economic goals and development objectives, policies and priorities of host countries as well as to their socio-cultural objectives and values. Tentative formulation relative to the former annotation provides, inter alia, that "transnational corporations should respect the economic goals and development objectives of the countries in which they operate" and that "transnational corporations, with due regard to sound commercial practices, should take all necessary steps to ensure that their activities are consistent with the established objectives and priorities of the countries in which they operate". Tentative formulation relative to the latter annotation provides, inter alia, that "transnational corporations should respect the social and cultural objectives and values of the countries in which they operate".

In spite of the substantial progress achieved with respect to the content of a code of conduct, a number of substantial issues such as legal nature and implementation of a code of conduct, definitions, nationalization and compensation, settlement of disputes and jurisdictional issues still remain to be resolved. It is envisaged that the Working Group will be able to present a comprehensive draft code of conduct at the sixth session of the Commission to be held in spring 1980.

Although not directed exclusively to transnational corporations and their activities, work on the drafting of an international agreement to prevent and eliminate illicit payments in connexion with international commercial transactions is an important part of efforts on an international level to regulate operations of transnational corporations. An Ad Hoc Intergovernmental Working Group on the Problem of Corrupt Practices, established in 1976, presented in July 1978 the ECOSOC with a "draft international agreement to prevent and eliminate illicit payments in international commercial transactions", consisting of 14 articles and other proposals and options, and suggested to the ECOSOC to convene a Conference of Plenipotentiaries in 1980, open to all interested states to conclude an international agreement. In respect of implementation of para.42 of the Lima Declaration, the draft international agreement (Article 1) provides that:

GTC (cont'd)

"Each contracting State undertakes to make the following acts punishable by appropriate criminal penalties under its national law:

(a) The offering, promising or giving of any payment, gift or other benefit by any person, on his own behalf or on behalf of any other natural or juridical person, to a public official, either directly or indirectly with the intention of inducing such official to perform or refrain from the performance of his duties in connexion with an international commercial transaction.

(b) The soliciting, demanding, accepting or receiving, directly or indirectly, by a public official of any payment, gift or other benefit, as consideration for performing or refraining from the performance of his duties in connexion with an international commercial transaction."

ECOSOC decided at its second regular session in 1978 to establish a committee open to all interested states, to meet for two sessions of two weeks each in 1979 for the purpose of advancing as far as possible the work on an international agreement on illicit payments, particularly in respect of articles not yet discussed. In principle ECOSOC also decided that a Conference of Plenipotentiaries be convened in 1980, for the purpose of adopting an international agreement regarding illicit payments.

The objective of the Centre's broad and far-reaching research programme 1/, addressed to a study of the political, legal, economic and social effects of the operations and practices of transnational corporations, is to enhance the understanding of the nature of these corporations and their impact on national economies and international relations, to support the work on a code of conduct and on other international agreements and to assist governments in the formulation of policies relating to transnational corporations. The Centre has been requested by the Commission on Transnational Corporations to conduct and promote in-depth studies on the role of transnational corporations in specific industries, on their impact on particular aspects of the economy, on their relationships with host - particularly developing countries, and their activities in specific regions.

The Lima Declaration and Plan of Action (paragraph 58(f)) has also underlined the need for more local processing if developing countries are to meet their economic and social objectives. The Centre has prepared a report on "Transnational Corporations and the Processing of Raw Materials: Impact on Developing Countries", in collaboration with UNIDO, dealing with the role and practices of transnational corporations in mineral production and processing, developing countries' policies aimed at increasing local mineral processing and possible modifications in the role of the transnational corporations in the sector. Surveys related to the minerals industries are currently being prepared, drawing upon, in particular, the work of the United Nations Centre for Natural Resources, Energy and Transport.

1/ See further E/C.10/56 "Topics for future research"

CTC (c nt'd)

The Commission on Transnational Corporations, at its first session in 1975, requested the Centre to carry on a comparative survey of national and regional laws and regulations enacted with the purpose of regulating the activities and operations of transnational corporations.

The requested survey was presented at the second session of the Commission, in 1976, consisting of a review of relevant laws of a sample of 47 different developing, Eastern European and developed market economy countries. At the same session, the Centre was requested to carry out, on a regular basis, surveys of national, regional and international laws and regulations relating to transnational corporations.

The objectives of this project are, through a systematic analysis of the material collected, to establish a comprehensive inventory of laws and regulations on foreign investment and to study the effectiveness of the implementation of these laws and regulations in order to identify trends and areas of particular concern to governments and give substantive support to technical co-operation activities concerned with the regulation of transnational corporations.

The Lima Declaration (paragraph 60 (k)) provides that developing countries, at the subregional, regional and interregional levels, should adopt a number of measures including:

"The sharing of experience in industrialization and technology by those who have already required this know-how... The experience shared should include experience in dealing with foreign investment and transnational corporations, with a view to harmonizing and co-ordinating policies in this respect."

Following the report of the Group of Eminent Persons<sup>1/</sup>, the Commission on Transnational Corporations has requested the Centre to, inter alia, give urgent consideration to the collection of data on contracts and agreements between TNCs and host country government agencies and local enterprises, with the objective of identifying trends in relationships between transnational corporations and governments, and providing inputs for technical co-operation.

As a part of the comprehensive information system on transnational corporations which is currently being developed, the Centre is collecting information on contracts and agreements between transnational corporations and host country entities, which will be made available to developing countries. At present, the Centre has collected several hundred contracts and agreements, a number of which have already been used for technical co-operation activities.

In collecting contracts and agreements concluded between transnational corporations and governments, the Centre has so far relied on publicly available sources and on researchers and research institutions.

<sup>1/</sup> The Impact of Multinational Corporations on Development and on International Relations, E/5500/ Rev.1 (1974)

CTC (cont'd)

Another activity of the Centre related to the "sharing of experience" is its organization of round tables, within the framework of its technical assistance programme. These meetings provide an opportunity for Government officials and others with specialized expertise to review particular issues and problems in the light of actual experience and, where possible, to reach conclusions as to the way in which such issues or problems may be approached, or to indicate the manner in which further examination of the subject matter might be undertaken. So far, the Centre organized round tables on transfer pricing, negotiations with transnational corporations, and co-operated with UNIDO, UNCTAD, and WIPO in a round table on government regulating functions in the transfer of technology.

ECONOMIC COMMISSION FOR EUROPE (ECE):

Much of the work of the ECE on industrial problems (iron and steel, chemicals, engineering and automation), although centred on problems of co-operation among the developed countries of the ECE region, is also of interest to the developing countries. This is true in particular about the problems which are the subject of an in-depth examination in the seminars and symposia organized under the auspices of the ECE. Pursuant to article XI of the Commission's Terms of Reference experts from non-ECE countries can take part in ECE meetings dealing with subjects of interest to them. In more recent years experts from countries outside the ECE region participated in the following ECE Seminars dealing with industrial problems:

Steel

Seminar on the Utilization of Pre-reduced Materials in Iron and Steel-making (Bucharest, May 1976);

Symposium on the Interrelation between the Iron and Steel Industry and the Steel Consuming Sectors (Geneva, December 1977);

Seminar on the Economic and Technical Aspects of the Application of Computer Techniques in Iron and Steel-making Processes (Ostrava, Czechoslovakia, June/July 1978);

Chemicals

Seminar on Air Pollution Problems of the Inorganic Chemical Industry (Geneva, November 1976);

Symposium on International Economic and Technical Co-operation in the Chemical Industry (Budapest, May 1977);

Seminar on Recycling of High Polymer Wastes (Dresden, German Democratic Republic, September 1978);

Engineering

Seminar on Engineering Equipment for Foundries and Advanced Methods for Producing such Equipment (Geneva, November/December 1977);

ECE (cont d)

Seminar on Techno-economic Trends in Airborne Equipment for Agriculture and other Selected Areas of the National Economy (Warsaw, September 1978).

It would appear useful to encourage participation of developing countries in future ECE Seminars and Symposia dealing with problems of interest to them. UNIDO may wish to consider the best ways in which an increased participation by developing countries could be achieved, in particular by a wider dissemination of information on future ECE Seminars.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT):

Structural adjustment is a question to which GATT has given considerable attention, especially in view of the increasingly clear link between protectionism and failure to adjust. It is highly relevant to the important negotiations in the Tokyo Round on safeguards, which are aimed at reaching agreement on a multi-lateral code to govern the application of temporary import restrictions where these are required in order to permit adjustment in particular sectors. The question of adjustment is also one on which the trade policy discussions by high-level officials in GATT's Consultative Group of Eighteen regularly focus.

INFORMATION RECEIVED FROM THE EUROPEAN ECONOMIC COMMUNITY (EEC) CONCERNING ESTABLISHING INDUSTRIAL CAPACITIES IN DEVELOPING COUNTRIES: 1/

Establishment of industrial capacities in developing countries

The Community's financial and technical assistance to the industrialization of the developing countries takes place primarily in the framework of regional co-operation agreements with various groups of developing countries (Loans Convention, Mediterranean agreements).

One of the primary objectives of these agreements is a strengthening of industrial co-operation between the Community and its partners, with a view, inter alia, to:

- Promoting the development and diversification of industry in these developing countries and helping to achieve a better distribution of industry within the countries and among them;
- Promoting new relationships in the industrial field between the Community, the member States and the developing countries concerned, in particular the establishment of new

1/ The reply from EEC was received after the publication of Document ID/238

EEC (cont'd)

- industrial and commercial links between the industries of the member States of the Community and those of the developing countries concerned;
- Multiplying links between industry and other sectors of the economy, in particular agriculture;
- Facilitating the transfer of technology to these developing countries and promoting its adaptation to their specific conditions and needs, in particular by developing these countries' capacities in respect of research, adaptation of technology and industrial training at all levels;
- Promoting the marketing of the industrial products of these countries in foreign markets with a view to increasing their share in international trade in the products concerned;
- Promoting the participation of persons from these developing countries, and in particular the participation of small- and medium-sized industrial enterprises, in the industrial development of their countries;
- Promoting the participation of firms in the Community in the industrial development of these countries where the latter desire such participation, taking into account their economic and social objectives.

In the context of the Lomé Convention, in particular, a specialized agency, the Industrial Development Centre (IDC), has been set up under article 36 to promote and facilitate this industrial co-operation.

IDC, which is managed jointly by the ACP countries and the Community, is concerned mainly with interesting firms in the Community in industrial co-operation with the ACP countries. Its task is to engage in all types of activities promoting industrial development. Its functions consist in particular in disseminating industrial information, establishing contacts, carrying out technical studies and facilitating contacts and meetings between industrialists and the ACP countries.

IDC, which became fully operational towards the end of 1977, was actively engaged, as of 31 December 1978, in 283 projects, as compared with 141 in the preceding year. Of these, 12 had reached the stage of establishment, in other words the investment decisions had been taken and starting up was under way. There were 19 other projects in the final negotiation stage and a further 40 under study.

EEC (cont'd)

The means used by IDC to assist and facilitate this co-operation are as follows: the provision of information on industrial co-operation possibilities; the search for partners and technologies; assistance in the preparation of project studies; information on sources of finance; the provision of advice on training possibilities; and assistance in the negotiation of contractual arrangements (joint venture agreements, licensing and other know-how contracts, purchase of equipment, etc.).

IDC intervenes and extends assistance at any stage in a project. However, it does so only at the request and with the agreement of the project sponsors. It does not impose its project ideas or its own views, and always ensures that the activities are in keeping with the development policies and priorities of the ACP State concerned.

If the origin of requests and proposals concerning projects with which the Centre has concerned itself is analysed, we find the following trends: around 80 per cent of the 283 interventions come from ACP countries, with most resulting from IDC missions in the ACP countries and the temporary assignment to IDC of experts belonging to ACP industrial development agencies. The remaining 20 per cent reflecting EEC proposals and action taken by IDC itself to inform the ACP States on industrial possibilities.

The following table gives an account of all interventions by IDC up to 31 December 1978, by industrial sector, indicating the stage which they have reached.

Concerning structural adjustments the Community in keeping with the principle enunciated at the Lima Conference and at the seventh special session of the General Assembly, is endeavouring to make the best use of the means available to public authorities in the member States, with a view to encouraging its internationally least competitive enterprises to adapt to viable types of production, taking into account its internal economic and social constraints.

In a market economy, types of production are determined primarily by the decisions taken by enterprises in the light of the development of their markets. According to the Community, the most effective means of ensuring structural adaptation is therefore gradual liberalization of world trade. In this connexion, the Community has opened its own market very widely to imports, in particular those from developing countries. The Community intends to continue this open-door policy (see its reply under, "International trade"). The Community and its member States will strengthen domestic measures to ensure that the social and economic consequences of this policy are not detrimental to their peoples. They are also considering means of improving co-ordination of measures with a view to a convergence towards a more effective Community policy.

This adjustment policy will be able to achieve its objectives only in a climate of trust and international economic co-operation. The various partners on the world economic scene should, with the Community, make their contribution to the establishment and maintenance of conditions propitious to investment decisions taking into account long-term factors and thus promoting the growth of the world economy.

STATE AND RESULTS OF INTERVENTIONS BY IDC, BY INDUSTRIAL SECTOR, AS AT THE END OF 1978

Industrial sector	Project being established	Final negotiations under way, study completed, project probably set up	Study at advanced stage	State of the project known or open	Project being projected (search for partners, technology, etc.)	Projects no longer being followed up by IDC			Total
						Abandoned by the sponsor or not feasible	Being followed up by a sponsor without IDC's	Being followed up by a sponsor without IDC's	
1. Agriculture and horticulture			3	1	2	1	1	7	
2. Mineral extraction and processing industries			7	2	17	5	2	37	
3. Foodstuffs and beverages, agro-industries	2	4	9	13	32	11	5	76	
4. Textiles	2	1	2	5	9	2	2	23	
5. Chemical and pharmaceutical products		3	4	5	14	6	1	33	
6. Rubber, plastics and leather	2	1	3	2	8	2		18	
7. Wood	1	2	3	5	15	3	1	30	
8. Metalworking industry	1	2	4	1	7	4	3	18	
9. Vehicle production		1	1	2	2	4	1	8	
10. Mechanical and electrical equipment	2	3	2	2	4	3		16	
11. Tourist and real estate			1	1	2	1	1	5	
12. Services and research			1	1	2	1	1	5	
13. Transport							2	4	
14. Others				1	1		1	3	
<b>Totals, end of 1978</b>	<b>12</b>	<b>19</b>	<b>40</b>	<b>37</b>	<b>114</b>	<b>41</b>	<b>20</b>	<b>283</b>	

1/ In most cases, the projects are continuing.



#### IV. INDUSTRIAL TECHNOLOGY

In the Lima Declaration and Plan of Action, considerable attention is given to the development and transfer of technologies required in the industrialization process of the developing countries. To this end, the developed countries are called upon to conduct and support scientific research and to transmit the pertinent data and technology to the developing countries. In these activities, special emphasis should be given to the development and use of appropriate technologies, i.e. technologies geared to the particular needs of developing countries in the early stages of industrialization and suffering from a scarcity of capital and an overabundance of labour (Paras. 40 (c), 56, 59 (f(ii)) and 61 (k, m and p).)

Governments of developed countries were invited to supply information on the issues mentioned above, including such topics as:

The formulation of an international Code of Conduct for the transfer of technology;

Research programmes oriented towards developing appropriate technologies of direct benefit to the developing countries,

The establishment of an industrial and technological information bank,

Facilities to provide a flow of pertinent technological information to the developing countries.

#### INFORMATION RECEIVED FROM DEVELOPED COUNTRIES CONCERNING

##### INDUSTRIAL TECHNOLOGY:

##### AUSTRIA:

In accordance with General Assembly resolution 3362 (S-VII) and UNCTAD resolution 89 (IV) Austria supports every effort to come to an agreement between all regional groups on a universally acceptable international Code of Conduct for the transfer of technology. Austria therefore welcomes the consensus already reached on a follow-up machinery - which would include UNIDO - on the implementation of the Code.

Intensive efforts are being undertaken by research institutes as well as by individual firms to develop technologies geared to the specific needs of developing countries. Examples are the construction of small scale hydro-electric power stations or a

Austria (cont'd)

process for the production of fermentation alcohol for use as fuel and chemical feedstock in developing countries.

Austria is among those countries which have supported, from the beginning, the concept of an industrial and technological information bank, and supports all efforts to transform this pilot programme component into a permanent and central one, enabling it to advise ministries of planning and industry, centres for the transfer of technology and development, and similar institutions in developing countries, in the choice of technologies appropriate to their needs and conditions.

Numerous Austrian development assistance projects deal with the application in developing countries of internationally protected technological processes developed in Austria. Projects relating to training and advanced education of scientific and technical personnel from developing countries also fall into this category.

For developing countries lacking, at present, a comprehensive patent documentation, Austria has introduced a search service which is being operated in the framework of the Permanent Legal - Technical Programme of the World Intellectual Property Organization (WIPO) for the acquisition of technology by developing countries. The service, which is operated by the Austrian Patent Office, gives developing countries access to one of the most comprehensive sets of documentation in the field of patent literature in the world, with over 20 million patent specifications. The search service is available to these countries free of charge.

Under an agreement between Austria and WIPO, the International Patent Documentation Centre (INPADOC) has been set up in Vienna. With this statistical information centre, the developing countries have now at their disposal an institution capable of providing a comprehensive Patent Classification Service, a Patent Family Service and a Patent Document Copy Service.

BELGIUM:

The matter of formulation of a code of conduct for the transfer of technology was the subject of a resolution at the fourth session of UNCTAD at Nairobi (resolution 89 (IV) of 30 May 1976), adopted without dissent. Belgium welcomed the adoption of this resolution, it has taken part in all the sessions of the Intergovernmental Group of Experts set up under the resolution, which has drafted a composite text, submitted to a plenipotentiary conference. This conference is still meeting, and Belgium is also taking part in it. Because of the complexity of the subject, it was found impossible to complete the work in a single session.

Belgium (cont'd)

Because of the many aspects of this new subject, Belgium remains convinced that at the present stage the code should be a set of general principles of voluntary application, and that time will show whether they are justified. Belgium consequently considers that review machinery should be provided for the code. It also believes that the basic object of the Code is to facilitate the transfer of technology, particularly to the developing countries. The regulations of the code should therefore be directed towards this aim, in particular they should ensure that the obligations laid down do not inhibit the transfer of technology and make it less continuous or more expensive. The Belgian Government considers this point all the more relevant since in Belgium technology largely falls within the province of private enterprise. This code dealing with the transfer of technology on a payment basis must therefore recognize the need to respect industrial property and freedom of contract, and the application of the general principles of law and the general rules of international law in so far as they are relevant. This consideration applies inter alia to the settlement of disputes on transactions concerning the transfer of technology.

For the promotion of investment and the transfer of industrial technologies, a UNIDO office has been set up at Brussels. This specialist service has been operating since 1 July 1976. It is mainly concerned with obtaining the co-operation of industrialists in implementing specific investment projects, for other proposals for co-operation agreements at enterprise level, emanating from the developing countries.

BULGARIA:

In granting industrial technologies the People's Republic of Bulgaria is guided by the fact that they serve the economic advance of the developing countries. The scientific and technological co-operation with the developing countries is carried out on the basis of offering information in the field of technical, public and social sciences as well as of technical experience and know-how with a view to strengthen the scientific and technological potential, and to further intensify industrial and agricultural production.

The scientific and technological co-operation of the People's Republic of Bulgaria with the developing countries in the field of granting industrial technologies is aimed at:

- establishment and expansion of scientific and technological potential of developing countries;

Bulgaria (cont'd)

- promotion of equitable and mutually advantageous relations on a planned long-term basis, alien to any dependence, exploitation or dictate.
- building up a direct link of science with production
- effective training of staff.

The essential forms of scientific and technological co-operation and of granting industrial technologies characterize the new type of international relations, based on equality and mutual advantage of partners, and come down to:

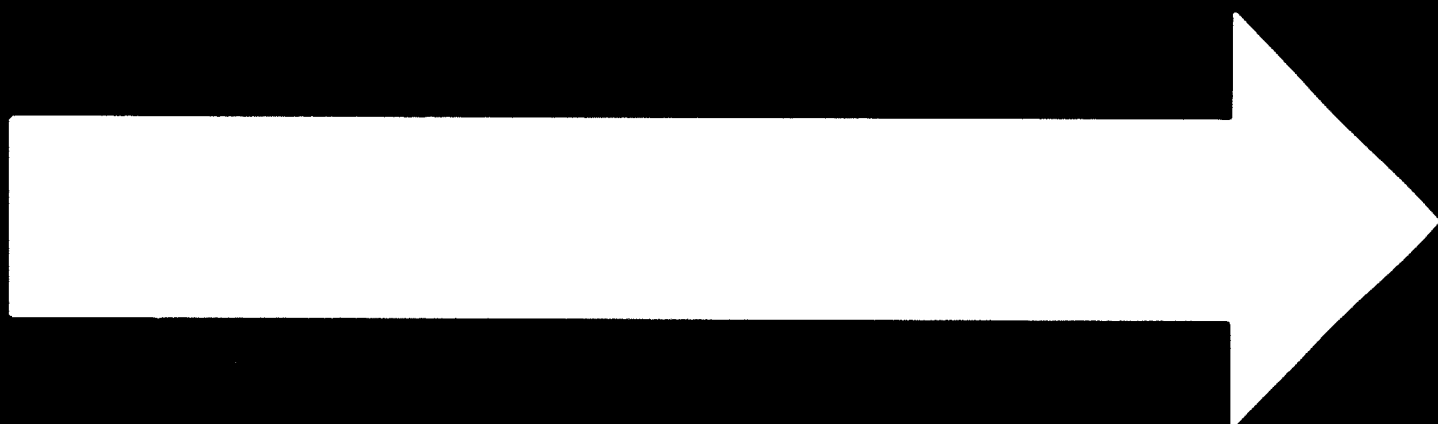
- sending experts to offer experience and technical know-how in various fields of material production.
- scientific and technological co-operation for the construction of industrial enterprises and installment of equipment;
- exchange of technologies, licences, design material as well as rendering assistance in their selection, application and modification.
- offering experience for the development of the state sector and national economy.
- advisory, research, survey and design services rendered by Bulgarian research institutes, institutes for scientific and technical information and institutes for survey and design.

The People's Republic of Bulgaria is of the opinion that the granting of technologies has to serve the interests and objectives of developing countries' economic advance and should not lead to technological dependence. The questions pertaining to the granting of technologies represent an integral part of the restructuring of international economic and scientific and technical relations and are to be viewed in their interrelation.

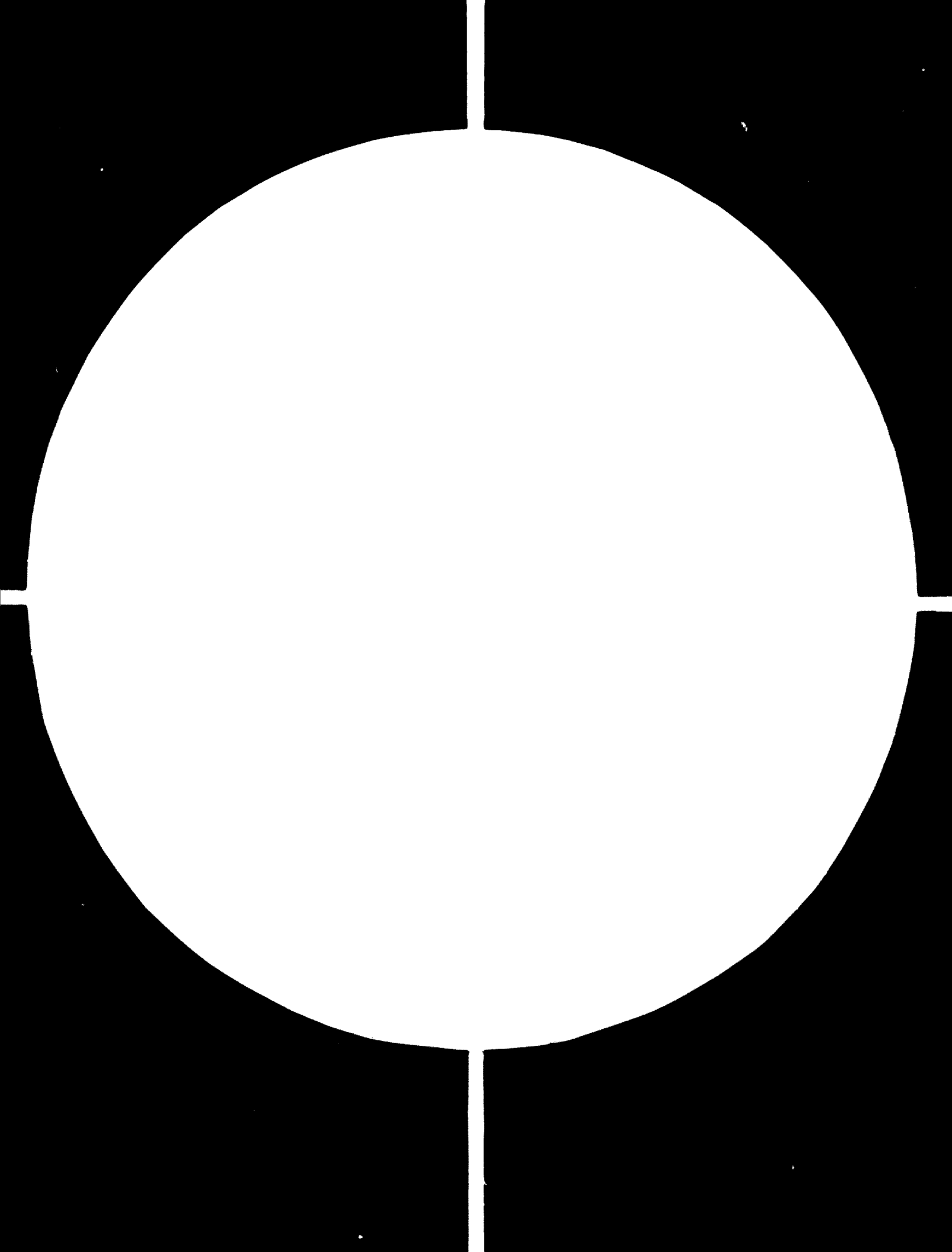
The People's Republic of Bulgaria believes that the code on the granting of technologies is to regulate a transfer among all countries with no division into groups; it should be based on democratic principles and should not contain discriminatory provisions to individual countries or groups of countries. It is also believed purposeful for UNIDO, OMPI and other organizations in the framework of the United Nations to take part in the drafting of the code on technologies' transfer.

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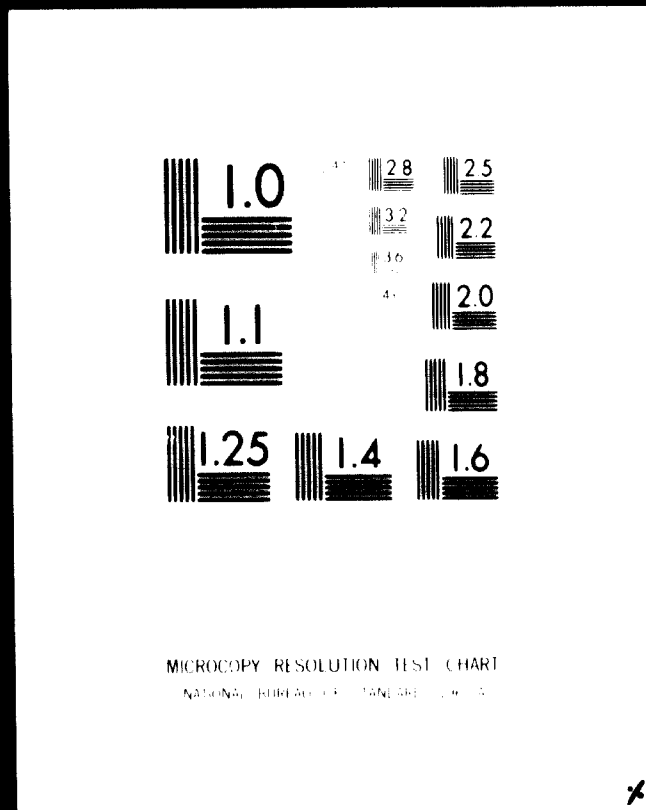


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CANADA:

Concerning the code of conduct on the transfer of technology Canada's view is that an increased international flow of technology would be to the benefit of all and that a code which would establish acceptable, universal standards of conduct may serve the useful purpose of creating a more predictable, and thus in an important sense more favourable, international environment for the transfer of technology. On the legal nature of the code, the Canadian position is that the code should consist of a set of purely voluntary guidelines and that the institutional machinery put in place for the implementation of the code should be universal in membership and should not act as a tribunal or draw conclusions on the conduct of individual states or enterprises.

Regarding research programmes oriented towards developing appropriate technologies of direct benefit to developing countries Canada recognizes from its own domestic experience that science and technology are key components in economic and social development. It is also recognized that special measures are needed to ensure that Canada maintains an adequate level of science and technology in its international development programmes. The primary, long-term aim of such an input must be to assist developing countries to strengthen their indigenous science and technology (S and T) capacities.

It was the recognition of the key role of science and technology in development which led to the creation of the International Development Research Centre (IDRC). The IDRC was established in 1970 to promote scientific and technological research relevant to the Third World. The agency is unique among Canadian public agencies in having its policy set by an international and autonomous Board of Governors whose members include representatives of developing countries. IDRC responds to the need which was first formally articulated by the 1963 U.N. Conference on the Application of Science and Technology. It, therefore, concentrates on projects that develop the research capabilities of the recipient countries. As well, the Centre provides funds for research in the world-wide network of international research institutions and fosters co-operation between Canadian scientists and their counterparts abroad.

The Canadian International Development Agency (CIDA) is the official government channel which is responsible for the administration of Canada's development assistance programmes. Almost all of CIDA's programmes contain an element of technology transfer but the Agency's programmes which are specifically designated as being scientific or technological now amount to some \$30 million a year. Moreover, CIDA's multilateral programmes contain, as an



Canada (cont'd)

important element, support for a variety of international research centres which focus their work on the provision of scientific resources in and for the Third World. In carrying out these projects CIDA uses appropriate elements of Canada's domestic S and T capability and in particular the universities.

In addition to IDRC and CIDA a number of Federal government departments have become involved in international development activities in the S and T sector. Both the Departments of Energy, Mines and Resources and Agriculture Canada have provided aid and expertise from their own sources for projects abroad.

Concerning facilities to provide a flow of pertinent technological information to the developing countries the programme of the Information Sciences Division of the International Development Research Centre (IDRC) should be mentioned. It currently involves an expenditure of about \$4 million a year as grants to support information programmes in the developing countries. The main thrusts are:

- (a) To support developing country participation in existing world-wide information systems, particularly the International Information System for Agricultural Science and Technology (AGRIS) and the International Education Reporting Service (IERS), and to prepare them for participation in proposed systems, particularly the Development Science Information System (DEVSIIS) and the Population Information System (POPINS).
- (b) To support the development of regional systems within world-wide systems (e.g., Sistema Interamericana de Informacion para las Ciencias Agricolas (AGRIINTER) and Agricultural Information Bank for Asia (AIBA) within the International Information System for Agricultural Science and Technology (AGRIS)), or the development of regional systems in the absence of world-wide systems (e.g., Latin American Population Documentation Service (DOCPAL)).
- (c) To encourage the establishment of specialized centres on topics of high priority for the developing countries.
  - Cassava at Cali, Colombia
  - Tropical Grain Legumes at Ibadan, Nigeria
  - Irrigation Technology at Bet Dagan, Israel
  - Sorghum and Millets at Hyderabad, India

Canada (c nt'd)

- Rural Youth Programmes at San Jose, Costa Rica
  - Industrial Packaging at Hong Kong
  - Geotechnical Engineering (as applied to tropical soils) at Bangkok, Thailand.
- (d) To support developing countries in the establishment of industrial extension services, particularly tuned to the needs of small and medium-size industries. Particular mention might be made of TECHNOMINT-Asia which involved 11 institutions in 9 countries and a budget of about \$2,855,000 over six years.
- (e) The development of a low-cost minicomputer system appropriate to the needs of developing countries, particularly for bibliographic data processing, but also for other purposes.
- (f) Small-scale efforts related to the creation of on-going national bibliographies in national libraries.
- (g) Miscellaneous efforts particularly related to research into mass communications and non-formal education.

CHINA:

China agrees to the formulation of the international Code of Conduct for the transfer of technology and has participated in the meetings of the United Nations for the negotiation of the Code.

At present, developing countries are suffering from the feebleness of technical basis, and the scarcity of technical personnel. The existing scientific technology of many developing countries is still very backward and far from meeting the need of the development for national economy. In the course of technology transfer, many developing countries have paid very high prices, but they did not get the agreed technology. Considering these circumstances, China holds that the international Code of Conduct for the transfer of technology should consider the special needs of developing countries and enable them to get real benefits from the transfer of technology. It is necessary for the technology receiver to pay the host countries reasonably according to relevant agreement or transaction agreement, but it is not allowed to weaken developing countries' special needs and interests under the pretext of "considering all countries' interests".

China (cont'd)

In transferring technology to developing countries, no matter in what way, developed countries, should strictly respect recipient countries' sovereignty, should not ask for any privileges, nor attach any political or military conditions. The technology transferred must be practical, efficacious, economical and convenient. Technology transfer is aimed at raising the technical capacity of the developing countries and facilitating their independent and self-reliant economic development. Technology transfer should not be used as a means to control, exploit or plunder developing countries. Only with these principles, can harmonious co-operation in international technology transfer be maintained.

CZECHOSLOVAKIA:

Following examples are given of Czechoslovakian technology transfers to developing countries:

<u>Production technology of:</u>	<u>Transferred to:</u>
personal cars	Costa Rica
motorcycles	Egypt, Peru, India, Uruguay, Turkey
tractors	Burma, India, Iraq
injection-pumps	India, Burma
steam-power-turbines	India, Peru
steam-boilers	India
machine-tools	Iran, India, Mexico
plastic-injection-presses	India
cement factories	India, Brazil
chemical equipment	India
water-pumps	Algeria
rtg-accessories	Argentina
measuring devices	Malta
alarm-clocks	India
bijouterie	Mexico
hides processing	Argentina, Ethiopia, Iran, Ghana, Columbia
fur processing	Uruguay
petrochemicals	Syria, Iraq
textile factories	Iran, Syria, Democratic Yemen, Yemen AR, Sudan, Bangladesh
incinerators	Turkey
distilleries	Costa Rica
coal-mines equipment	Afghanistan, Argentina
tire production	Ethiopia, Brazil
shoe manufacturing	Ethiopia, Argentina

DENMARK:

Concerning research programmes oriented towards developing appropriate technologies of direct benefit to the developing countries the Ministry of Foreign Affairs administers a total governmental appropriation of D.Kr. 200 mill. per year, which is allocated to public as well as private scientific institutions dealing with research programmes in the above mentioned fields.

Furthermore Denmark, through the Industrialization Fund for Developing Countries (IFU), has financed the preparation of a report on the possible use of Danish technology in the developing countries. In dealing with these problems IFU has in 1978 been engaged in a formalized co-operation with the Center for Industrial Development in Brussels with the intention of expansion of the transfer of Danish technology to the ACP-countries. As a practical result of this co-operation IFU has issued a guide to sources of industrial financing in the European Economic Community.

Concerning the efforts to establish an industrial and technological information bank, Denmark has, primarily through IFU, paid considerable interest to the various efforts of UNIDO in this respect.

With particular respect to the national level, IFU has collected material from about 150 Danish enterprises being interested in a partnership in joint ventures with the developing countries.

FINLAND:

Finland has actively participated in the intergovernmental negotiations on the Code of Conduct on international transfer of technology. In the view of the Finnish Government, the negotiations should aim at increased, appropriate regulation of the transfer of technology, enhanced international collaboration in the field, and at the identification and definition of minimum standards to be applied in the transfer of technology transactions.

The Finnish authorities believe that in the long run some degree of international unanimity or common understanding as regards the legal framework for international transfers of technology will most probably be conducive to an increased and smoother flow of technology in particular between developed and developing countries. Another aspect of interest which the Code of Conduct presents to all countries who are net technology importers, such as Finland, is the idea of safeguarding a minimum protection for

Finland (cont'd)

the buyer of technology. This consumer protection oriented approach is well known in many developed and developing countries and has gained recognition internationally already on a regional basis.

Finland considers that the promotion of transfer of technology to developing countries should be seen as a dynamic process. The Code of Conduct will constitute a first step on the road of regulatory action and in due course, on the basis of gained experience, appropriate follow up measures should be taken.

FRANCE:

The seventh French Plan (1976-1980) stresses orientation of national scientific and technical research towards objectives directly linked with the country's socio-economic development. For the first time, however, it also includes a priority action programme specifically relating to scientific and technical co-operation with the developing countries. The effort provided for under the Plan in respect of this programme was reflected in 1977 by a budget allocation under the section for national research of 478 million francs, or 4.4 per cent of the funds provided for under the section. Part of these credits cover the employment of a scientific and technical staff of 1,300. There are other credits in addition to those provided for under the research section, for example those relating to partial finance of the 3,400 French university teachers made available to universities in developing countries and the several thousand engineers serving in these countries as part of co-operation activities in technical posts relating to the production of goods and services.

In addition to this direct effort by the public authorities, there is the work done by enterprises in connexion with scientific, technical and technological co-operation with the developing countries. One of the first problems which France must cope with in this field relates to increasing the mutual enhancement of efforts of the State and of private enterprise, with a view to making French scientific, technical and technological achievements serve the cause of development more effectively.

The bodies participating in the French effort are extremely diverse. This is true first of all as regards their purposes, since some are specialized in research, while others, primarily the universities, engage in both teaching and research. Owing to their degree of specialization, we can distinguish, apart from two agencies devoted exclusively to co-operation activities

France (cont'd)

with the developing countries (ORSTOM, Overseas Office for Scientific and Technical Research, and GERDAT, Study and Research Group for the Development of Tropical Agronomy), institutions regularly committing only part of their resources to activities oriented towards the developing countries, CNRS,<sup>1/</sup> and universities, INRA,<sup>2/</sup> BRGM,<sup>3/</sup> IGM,<sup>4/</sup> etc., and institutions which only occasionally participate in this type of activity

The sources of finance are also very different depending on the particular functions assumed by all these institutions (pure research, production of goods or services related to research, dissemination of information, etc.), and also according to whether they belong to the public sector or to the private sector, which accounts for many professional associations, technical centres or institutes specializing in individual products.

In view of this diversity, it has been found necessary to establish a co-ordination structure. For this purpose, the Consultative Committee for the Co-ordination of Research carried out in Co-operation with Developing Countries was set up in 1977, with responsibility for proposing to the Government the main lines for a policy of scientific and technical co-operation with the developing countries which would be both flexible, progressive and participatory.

The role of the scientists and technicians involved with this co-operation policy is of course very important in both its elaboration and its implementation. The validity of any co-operation policy lies in the quality of those who apply it. This remains true, and perhaps even more so, in the case of the sometimes very complex co-operation systems encountered in the scientific and technical fields.

In this connexion, the experience gained by specialized research agencies in co-operation activities would appear to be very instructive. These institutions long ago discovered that scientific and technical competence must go hand in hand with a real ability to understand the basic aspects of the economic and social development of the partner country. French research workers permanently seconded in under programmes implemented jointly with the national authorities of the countries concerned

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- 1/ CNRS: National Scientific Research Centre.
  - 2/ INRA: National Agronomy Research Institute.
  - 3/ BRGM: Office of Geological and Mining Research.
  - 4/ IGM: National Geographical Institute.

France (cont'd)

attach great importance to this approach. They consider it indispensable, not only for proper orientation of the research worker's activities, but also to ensure the effective transmission to extension and production workers of the results achieved in laboratories, research stations or experimental plots. This is also a factor enabling the negotiations preceding any co-operation activity in the field of science and technology to be placed on the soundest possible foundation.

GERMAN DEMOCRATIC REPUBLIC

The German Democratic Republic believes that industrialization is closely linked with the development and application of appropriate technologies. It supports the efforts of developing countries to create their own scientific and technical potentials and to use them for industrialization and the solution of economic and social developmental problems. It reaffirms its position of principle that the transfer of technology must not be misused for the maintenance or creation of technological dependencies. Therefore, it considers it urgently necessary that measures be taken to control the activities of transnational corporations in the field of technology and to prevent the brain drain from developing countries.

The GDR actively participates in the formulation of an international universally applicable Code of Conduct for the transfer of technology which could be an effective instrument in precluding discriminatory practices. It believes that trade in technology should be in harmony with the interests and wishes of the parties involved and help promote their mutual economic relations as well as a rapid development of those sectors of the developing countries' national economies that create the material basis for domestic economic development. The transfer of technology should also contribute to the creation of national scientific and technical potentials of the developing countries and improve their technical and social infrastructures.

The GDR's trade in technology and its scientific and technological co-operation with developing countries encompasses, as their principal forms, the transfer of technology in connexion with exports and the erection and putting into operation of industrial and other plant, equipment, compound machinery and machines. This includes the transfer of know-how in the form of technical documentations, as were given, for example, to India for the manufacture of antifriction bearings and films, to Syria for cement production, and to Algeria for foundry technology and pump production.

German Democratic Republic (cont'd)

Other forms are the specialized training of the required personnel at various levels of qualification, where necessary in the GDR and where possible in the developing countries themselves. To the extent required, the transfer of practical experience and knowledge of production techniques is combined with theoretical instruction. Recruitment of local labour at all levels is sought to train national personnel that will operate and manage the new industrial facilities. Domestic resources such as raw materials, sub-supplies of equipment and local building capacities are used to the greatest possible extent.

Finally, the GDR also provides guidance to the recipient of technology to ensure that local personnel can assume responsibility for all operations as soon and as much as possible when new industrial facilities start running and producing. Assistance also covers quality checks and the establishment of sales and service systems.

The GDR does not claim shares in the ownership of new enterprises. They become the absolute property of the developing country concerned. Hence, there is no question of profit-sharing nor of any transfer of profits. The GDR performs temporary managerial functions or similar services in developing countries only as much as contracts provide for technical assistance in the context of technology transfer, or as warranty clauses require the presence of GDR personnel.

Most of the transfer of technology from the GDR to developing countries is done in complexes like complete plant or integrate machine systems for new production facilities or frequently for new lines of production. The appropriate technologies are chosen to correspond to the possibilities and wishes of the partner countries and, in a broader context, to serve the overall development objectives of the developing countries. This goes also for the proportion between modern integrated production units and small industries. The GDR offers suitable technologies within its wide range of export items, taking into account any technical experience that may be available in the recipient countries. Here, direct co-operation with engineering personnel of developing countries is important.

The Central Office for international trade in licences is the competent organ of the GDR to promote, advise on and co-ordinate activities relating to the transfer of technology. The agency does not act as a contracting party itself. The GDR Centre for information and documentation on external economic relations (ZIDA) handles the GDR's co-operation within the framework of the pilot operations undertaken by the Industrial and Technological Information Bank of UNIDO.



GERMANY, FEDERAL REPUBLIC OF:

The Government of the Federal Republic of Germany voted in favour of the UNCTAD Resolution 39 (IV) setting up a group of government experts to work out a Code of Conduct for the transfer of technology. It took an active part in the six meetings of the government experts to work out a Code of Conduct and is taking part in the UN Conference which has been called with the purpose of adopting the Code of Conduct. The Government of the Federal Republic of Germany hopes that the final UN Conference will reach an outcome satisfactory to all sides.

With respect to the development and application of appropriate technologies, one should mention the arrangement made in 1976 between the Federal Ministry for Economic Co-operation and the Federal Ministry for Research and Technology on co-operation in the field of technology development and for the transfer of technology to developing countries. Its objective is to orientate the state's research and development potential in collaboration with the economic and the scientific sectors more towards meeting the requirements of the poorest sectors of the population in particular, to the development of natural production potential and to strengthening the scientific and technological infrastructure in the developing countries. Co-operation extends over the implementation of projects to develop new technologies and adapt existing technologies to the requirements of the developing countries. On the basis of the arrangement, 20 projects were, for example, started in 1976/77, particularly in the field of decentralized energy supplies (solar and wind energy) and the development of small production units (e.g. cement). In addition, one should mention the important contribution made by large and small firms in the private sector in this area. Before transfer to developing countries, technologies developed to suit production conditions prevailing in the Federal Republic of Germany are frequently adapted by the firms to the conditions prevailing there. The transfer of appropriate technology to developing countries through the private sector takes place by setting up plants or subsidiaries, to an increasing extent by participation in joint ventures and by the conclusion of contracts for the transfer or licensing of commercial protection rights and know-how. The transfer of appropriate technology in the private sector is particularly dependent on a favourable investment climate in the recipient countries.

Previous activities towards setting up a UNIDO Industrial and Technological Information Bank have been supported by the Government of the Federal Republic of Germany which is awaiting with interest the results of the pilot phase.

Germany, Federal Republic of (cont'd)

In the Federal Republic of Germany technologically relevant data are easy to obtain whether through the publication of the annual reports of private companies, in specialist magazines or in documents of the German Patents Office in Munich. Nevertheless, the FRG is interested in promoting the flow of information in the field of science and technology and reducing the information shortfall in the developing countries. It therefore supports the developing countries in the framework of technical co-operation in setting up libraries and information and documentation facilities and in training the necessary specialists. In addition, the information systems promoted by the information and documentation programme of the Government of the Federal Republic of Germany contribute towards promoting the mutual relations between industrial countries and developing countries by making available scientific and technological information. For this purpose a special information service is being set up in the FRG.

HUNGARY:

The Hungarian Government is highly appreciating that in the Lima Declaration great attention is paid to a more efficient utilization of the modern scientific and technical development, with special regard to the needs and economic growth objectives of the developing countries. Especially two interconnected factors give reasons for this:

- the utilization of the results of the scientific and technical revolution creates more and more possibilities for the developing countries of Asia, Africa and Latin America for solving the development problems they are faced with;
- it is obvious, on the other hand, that these possibilities can be utilized by the developing countries to only a very small extent. The reason of this is that the monopolies of the developed capitalist countries have drawn under their control the major part of the scientific and technical results, of the achievements of technological progress of the non-socialist world, and according to international experiences they exploit them in accordance with their own interests and goals, basically without regard to the needs of the developing countries.

It can be stated that the transfer of technology to the developing countries on the basis of the free play of capitalist market forces conserves much more than reduces the developing countries' technological dependence on the industrialized countries. This disadvantageous position is exploited unilaterally by the

Hungary (cont'd)

capitalist monopolies in the determination of prices and of the conditions of the transfer of technology.

The economic development of the developing countries is hindered - and hence its connexion with the Code of Conduct for the transfer of technology - by the brain-drain in favour of the developed capitalist countries.

Hungary participates in the elaboration of the Code of Conduct for the transfer of technology. It is of the view that it can be decided only on the basis of the content of the definitely elaborated Code whether it should have a legal force or not.

With respect to the specific research in Hungary of appropriate technologies partly disadvantageous and partly favourable factors must be taken into account. Such work is rendered difficult by the differing climatic and other geographic conditions, furthermore by the well-known fact that since Hungary had no colonies in the past and that relations with them had been expropriated for themselves by the metropolitan countries, less knowledge was accumulated in Hungary about the special conditions of the developing countries. It must also be taken into account that the multinational companies making considerable profits in the developing countries allot part of that profit - in the interest of acquiring or increasing that profit - to researches serving the purposes of their own affiliated firms. It is not sure at all, however, that the technology considered as appropriate by the affiliated firm is identical with the technology that will be in concert with the country's development goals.

On the other hand - and this is the more important factor - Hungary's industrialization unfolded only in recent decades, simultaneously with socialist transformation. This means that the technology applied, the knowledge acquired in the course of industrialization, are much closer to the problems whose solution is on the agenda in the developing countries than the ones that had developed in other historical and economic conditions. In connexion with this, without the need to carry out special research meeting exclusively the requirements of the developing countries, the Hungarian methods very often require just a minimal adaptation. However, besides the general applicability, some special areas should be mentioned in which the Hungarian research is carried out either with an outspoken view of the needs in developing countries or, where the utilization of the Hungarian experiences can be of high importance to their industrial development. Such are:

Hungary (cont'd)

- fibre imitation leather manufacture
- processing of bauxite, alumina
- perlite processing
- manufacture of concrete sleepers, concrete pylons for the lower grid and other concrete elements for the building industry
- utilization of Pakistani gypsum and quartz sand and of Indian lateritic soils for building industry
- processing of leaf protein/Vepex process/
- cassava processing, date processing
- energy management
- manufacture of health supply means/vaccines, medicines, medical apparatuses/

Hungarian specialists have co-operated in the formulation of the concept of the UNIDO Industrial and Technological Information Bank. Hungarian institutions have participated in the supply of data for the Bank, and they are ready to examine the possibilities of broadening further this co-operation.

The supply of industrial equipment to the developing countries is always connected with a simultaneous supply of a considerable amount of information and knowledge. The flow of information is designed to be promoted by, among others, two agreements between the Hungarian Government and UNIDO, which envisage joint programmes in the fields of the instrument, electronics and telecommunication industries, and the aluminium industry, respectively. Assistance is rendered for the acquisition of information about technology in other branches, too. Thus for example, the Institute for the Science and Buildings has compiled a directory of the Hungarian building and building materials technologies as well as a brochure describing cheap housing technologies used in the developing countries. Both booklets will be available for the developing countries through UNIDO. The manual will come out in the near future.

IRELAND 1/

Concerning the formulation of the International Code of Conduct for the Transfer of Technology, the important issue from Ireland's point of view is that the volume and quality of technology being transferred to developing countries should be constantly increased and improved. It is recognized that in the best interests of all, Restrictive Practices should be outlawed and mechanisms should exist whereby abuses might be corrected, disputes resolved and damages avoided. As a technology importing country Ireland shares many of the problems and interests of the developing countries in building up their technological capabilities.

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1/ The reply from Ireland was received after publication of document ID/238.

Ireland (cont'd)

Concerning research programmes for appropriate technologies of direct benefit to developing countries, Ireland, through her membership of the European Community is involved in the elaboration of a programme, of specific R and D activities for/in developing countries on a Community-wide basis. Through a new mechanism for formulating science and technology policy and activities the National Board for Science and Technology (NBST), Ireland, has participated actively in the Developing Country Sub-Committee of CREST, which is the major committee concerned with the introduction of new R and D programmes at Community level. Emphasis has been given to co-operation in the fields of energy, health, agriculture and post-harvest technology and natural resources. At national level a special committee of the NBST has been involved in the elaboration of programmes of science and technology activities on behalf of developing countries in preparation for the UN Conference on Science and Technology.

Regarding technological information/transfer mechanisms Ireland has been involved in the context of the Euro-Arab Dialogue, in discussions on the setting up of a Euro-Arab Centre for the Transfer of Technology. It is felt that such a mechanism would favour the stimulation of technological co-operation activities by European States with developing countries. The emphasis on technical assistance in Ireland's bilateral aid programme is such as to facilitate the transfer of technological information available in Ireland to the recipient developing countries.

ISRAEL <sup>1/</sup>

Manpower is all-important, not only as the basic production factor, but also as the necessary complementary factor which enables any economy to absorb and to develop new technologies and to engage on the path of progress in general.<sup>2/</sup> In Israel some experience has been gained in harnessing science and using technology to build up competitive industry which hardly depend on common natural resources, which are almost non-existent in the country. Having watched other countries less endowed than Israel is with technological resources, manpower and infrastructure struggle to compete with the industrial products of the developed countries, Israel feels that they have somehow in their deliberations neglected certain important considerations.

<sup>1/</sup> The reply from Israel was received after publication of document ID/238.

<sup>2/</sup> The Development Plan 1981-85 foresees an annual GDP growth of 7 per cent, gross output growth of 8.1 per cent and employment growth of 3.2 per cent. The gross investment target over the five-year period is H90 billion (1978 prices). A copy of the 1976-85 Plan was transmitted in conjunction with the reply on the questionnaires.

Israel (cont'd)

Concurrent with the rapid pace of technological changes and the adoption of new methods, materials and products, the need for greater labour force flexibility and for workers with a wider educational basis, which will enable them to change occupation and methods with sufficient speed and after short periods of specific retraining becomes more and more obvious.

In Israel, a wide network of vocational schools was established first by the Histadruth Federation of Labour Unions, and supplemented and enlarged by the Government. Furthermore industry established industrial schools, which correspond to regular vocational schools in their curricula, but are attached to specific industrial enterprises, combining learning with direct applicable practical experience.

Raising the level of the industrial worker is interconnected with raising the technological level of equipment acquired by Israeli industry, particularly in new capital-intensive enterprises. However, this equipment, in which substantial public resources have been invested, must be operated at full capacity to justify its economic profitability. Industrial output per worker has grown in recent years at an annual rate of approximately 6 per cent, which is greater than the rate in many developed countries. However, it is still possible to achieve substantial improvement in the level of utilization of existing equipment and to achieve an increment of production with the existing capital without further investments. This means work in shifts, proper organization of the production set-up, division of labour and specialization.

Full utilization of equipment, intensification of research and development, opening high-level employment opportunities, improving the ability to make use of new technologies, sophisticated production and dynamic marketing, all point to the necessity of developing large-scale enterprises. The typical industrial establishment is still too small for the tasks it is called upon to fulfill. The formation of larger units, whether new or created through mergers or branch co-ordination of existing enterprises, will be an important contribution to the strengthening of industry for its confrontation with those challenges which require large-scale production and substantial financial and marketing capability.

The question of investment is not only financial in nature but also a qualitative one entailing the quality of equipment, level of technology, and extent of research and development. While it is possible to obtain money from financial institutions, serious industrial projects which are worthwhile for investment, are scarce. It is difficult to find industrial projects with a high technological and know-how component. Israel must find ways to increase industry's use of the tools that the country has placed at its disposal through

Israel (cont'd)

research grants, research institutes and the establishment of parks for science-based industries.

ITALY:

The Italian Government considers that formulation of an international Code of Conduct for the transfer of technology should be delayed no longer. In order to be genuinely effective, this Code should consist of a set of voluntary guidelines. The Italian Government also endorses the establishment of a procedure for supervising application of the Code and the consequences arising out of it, and also for considering and submitting reports on the subject and, if necessary, proposing amendments to the Code.

The Italian Government has not as yet promoted programmes oriented towards developing technologies of direct benefit to the developing countries. However, Italy has intermediate technologies appropriate for the developing countries, especially as regards the management of dry soils and, more generally, the agro-industrial sector. In addition, thousands of young people from developing countries are trained in Italian vocational training centres.

The Italian Government favours the establishment of an industrial and technological information bank, subject to the necessary co-ordination between such an institution and action taken by Governments at the national level - since the possibility for individual countries to provide information of this type is dependent on the establishment, which will not be a short-term undertaking in Italy, of a system for collecting industrial and technological information at the national level. Italy is prepared to provide a flow of pertinent technological information to the developing countries. This flow cannot be constant because the information will be supplied only at the request of the parties concerned, and under certain conditions.

JAPAN:

The Government of Japan recognizes the important role played by transfer of technology in the development and hopes that a Code of Conduct for an international transfer of technology as well as other appropriate measures for facilitating an orderly transfer of technology will be effective means for strengthening technological capabilities, particularly of developing countries.

Japan has been co-operating constructively, in conformity with UNCTAD resolution 89(IV), in formulating a Code of Conduct as a voluntary guideline which should set reasonable and universal standards in the international transfer of technology, believing that such a Code could be achieved as the result of sincere and continuous efforts of all countries.

Japan is carrying out various research co-operation programmes within the framework of technical co-operation.

Major examples of research co-operation in the field of industry on the governmental basis are the following:

Japan (cont'd)

Research theme	Country	Period
Research on the corrosion and its prevention of metallic materials in natural environment of Southeast Asia	India	1975-
Research on the electro-ceramics materials	Korea	1977-
Research on the characteristics of ceramic raw materials and their refining methods	Korea, Indonesia	1973- 1980
Research on the Regional Tectonics in Southeast Asia	Philippines	1977- 1980
Research on the Mineral Dressing of Unexploited Low-Grade Porphyry Copper Ores	Philippines	1973- 1977
Research on the Utilization of Oil and Fat Resources in Southoast Asia	Thailand	1974- 1977
Research on the Improvement of Timber by Plasticization and on the Manufacture of Wood Plastic Composite Materials	Philippines	1974- 1978
Research on Fabrillization and Processing of Tropical Vegetable Fibers	Philippines	1974- 1978
Research on the Performance of Building Elements and Factor	Indonesia	1977- 1979
Research on Building Material Development by Use of Local Mineral Resources	Indonesia	1977- 1979
Research on Establishment of Physical Distribution System	Korea	1977- 1979
Research on the Establishment of Metrological Standards	Malaysia, Philippines	1974- 1978
Research on the Transfer System of Industrial Measurements and Standards	Thailand	1974- 1978



Japan (cont'd)

Research theme	Country	Period
Research on the Recovery of Niobium and Tantalum Bearing Minerals from the Tailings of Tin Ore Dressing	Thailand	1975-1979
Research on the Production of High-Quality Absorbents from Tropical Plants	Philippines	1976-1980
Research on the Molding Technique in Foundry Engineering	Philippines	1976-1978
Research on the Establishment of Machining Standards for N/C Machine	Korea	1977-1980
Research for Pollution Control in Pulp Industry	Thailand	1978-

The Japan Chamber of Commerce and Industry, the Japan Patent Information Center (JAPATIC) and Japan External Trade Organization (JETRO) provide a technological information to the developing countries as a part of their functions.

NETHERLANDS:

With regard to the formulation of an international Code of Conduct for the transfer of technology, the Netherlands Government, taking into account the circumstance that technology in most cases is being developed by private enterprises, believes that a code consisting of voluntary guidelines is the most suitable instrument for the promotion of transfer of technology. In order to provide for the effective implementation of the Code an intergovernmental machinery should be set up possibly building upon the existing function at the UNCTAD Committee on the Transfer of Technology. After a number of years the functioning of the Code of Conduct could be reviewed and if appropriate recommendations could be made for its improvement and further development.

In order to stimulate co-operation in the field of development-related research between the Netherlands and developing countries an Advisory Council for Scientific Research on Development Problems (RAWOO) was set up in 1977. Attention will be focussed particularly on the situation of underprivileged

Netherlands (cont'd)

groups in developing countries and on the promotion of self-reliance.

It is the policy of the Minister for Development Co-operation to initiate development-related research for which special funds already exist. Depending on the programme, domestic or foreign institutes are asked to assist in the preparation and execution. An important criterion for supporting research projects is: (i) their suitability for building up local research capacity in developing countries and, specifically (ii) stimulation of technological innovation. Mention should also be made of the Netherlands Organization for the Advancement of Pure Research (ZWO) which, apart from its normal activities in the field of science and technology, is also responsible for the disbursement of grants for fundamental research. Furthermore a number of semi-governmental institutes are involved in research: the Organization for Applied Scientific Research (TNO), the Netherlands Energy Research Centre (ECN), the Hydraulics Laboratory, the Netherlands Ship Model Basin and the National Aerospace Laboratory (NLR). Development-related research is more particularly carried out by the Royal Tropical Institute of Amsterdam (KIT), the Foundation for the Advancement of Tropical Research (WOTRO), the International Institute for Aerial Survey and Earth Science (ITC), the Netherlands Economic Institute (NEI), the International Institute for Land Reclamation and Improvement (ILRI), the International Agricultural Centre (IAC), the Institute for Social Studies (ISS), the Centre for the Study of Education in Changing Societies (CESO) and the Research Institute for Management Science (RVS).

An increasing number of research activities promoting appropriate technology are being financed from research funds, and in the bilateral co-operation programmes the number of projects with the development of appropriate technology as one of their objectives is gradually rising. For the identification of areas for research on the basis of existing problems the Netherlands Foundation for Technological Development for Developing Countries, "TOOL", acts as an intermediary between developing countries and the technical universities in the Netherlands. TOOL also disseminates knowledge to institutions in developing countries.

At the end of 1977 these research projects, concerning subjects such as various types of energy development (sun, wind, bio-gas, agricultural waste), mechanical development (rice harvester), feed production etc. amounted to about four million guilders. In the bilateral-co-operation field, projects aimed at developing technology for the direct or indirect benefit to the poor are gradually being introduced.

Netherlands (cont'd)

Mention should also be made of the efforts, which are being supported by the Netherlands, to bring about an international "mechanism" to promote the development and use of appropriate technology. A feasibility study, which was carried out by independent experts and financed by the Netherlands, has been sent to interested countries, UN agencies and non-governmental agencies for development co-operation. If they show sufficient interest, the Netherlands is prepared to give financial support to this scheme.

To assess the quality and quantity of development related research is sometimes rather difficult as this is primarily done by academic institutions or is included in the operating costs of private enterprises. Insights in this area have recently become somewhat clearer from the results of an enquiry (the Netherlands Register for Development Related Research) organized in 1977 by the Netherlands Universities Foundations for International Co-operation (NUFFIC). The first NUFFIC survey was carried out in the framework of a programme of the OECD Development Centre that is aimed at setting up a computerized databank of research projects.

In establishing an industrial and technological information bank, UNIDO is being strengthened as a central co-ordinating body in the field of industrial technology. The Netherlands supports this enlarged capacity of UNIDO, as it can be beneficial to developing countries. Since the costs of a fully computerized technological information system are rather high, certain limitations should be set to this activity of UNIDO. In the view of the Netherlands UNIDO should develop a decentralized approach whereby UNIDO would collect the sources of specific information. This would imply close co-operation with regional and national centres on the transfer of technology. An advantage of this approach is that UNIDO will receive concrete enquiries based on the existing needs in developing countries. The Netherlands supported a decision of the Industrial Development Board, giving UNIDO the mandate to set up pilot projects in this field. The Netherlands is looking forward to the progress report of the Secretariat to be presented to the next session of the Industrial Development Board.

With regard to facilities to provide a flow of pertinent technological information to the developing countries the following is noted:

a) At the academic level

Since the beginning of the 1950's a special type of education has been provided in the Netherlands under the name International Education. Under this

Netherlands (cont'd)

programme, special courses are organized for participants from abroad. They are run primarily at post-graduate and post-secondary levels and focus directly on the problems and needs of developing countries. The courses which are given in English or occasionally in French or Spanish, are organized both in the Netherlands and, to an increasing extent, in the developing countries themselves. The courses are co-ordinated by NUFFIC (Netherlands Universities Foundation for International Co-operation). The activities in the Netherlands of the Institutes for International Education, amounting to over Dfl. 100 million a year are financed by the Dutch Government. Since international courses in the Netherlands are specifically geared to problems of development and have in general a relatively short duration, it can be safely said that the direct risk of a brain drain to the Netherlands is minimal.

The Dutch universities have co-operated with universities in developing countries for a long time. In 1969 a special programme, the Programme for University Development Co-operation, financed by the Dutch Government (PUO) was set up. The objective of this programme is to assist in the building up and strengthening of universities and scientific institutes in developing countries.

b) On the project and production level

In the framework of bilateral development assistance, finance and technological support is made available for infrastructural projects, construction etc. On November 1, 1977, Netherlands bilateral aid was involved in 745 projects.

In various ways substantial amounts of technology have been transferred by industry engaged in international activities as part of their direct investment in developing countries, by the sale of equipment or through licensing agreements. Many of their employees have completed extensive training in the use, maintenance, adaptation and further development of the imported technology, either in their country of origin (e.g. by expatriate staff or visiting experts) or abroad. Such intra-firm training can result in sizeable spin-offs in terms of general improvement of managerial and technical skills.

Netherlands (cont'd)

c) Practical training at the grass roots level

The activities of non-governmental organizations are most typical of this kind of assistance (e.g. church organizations of various denominations such as the Inter-church Co-ordination Committee for Development Projects (ICCD), the Central Agency for Joint Financing of Developing Programmes (CEBENO), the Netherlands Organization for International Development Co-operation (NOVEM) and the Humanistic Institute for Co-operation with Developing Countries (HIVOC). This training and transfer of simple and middle level technology and technical and managerial skills is aimed at the less organized, neglected groups of the rural and squatter town societies. In this field the non-governmental organizations have an advantage, as they can reach where more formal institutions cannot be effective. The trade unions in the Netherlands are also active in organizing and mobilizing these groups. They support training projects to improve organizational and practical skills.

d) Supply and exchange of publicly available information

The Netherlands enjoys a certain reputation for publishing a wide variety of scientific and professional periodicals, most of which appear in English. An institution that specializes in documentation of translations of technical studies from various less accessible languages is the European Translation Centre at the Delft University of Technology.

A total of over 5,000 publications, covering 130 titles, and a quarterly publication with 2,100 subscribers, are distributed annually by the Netherlands Foundation for Technological Development of Developing Countries "TOOL". Of particular note is, that TOOL has initiated the Socially Appropriate Technology Information System (SATIS), which is the agreed basis for an information (exchange) network. The role of such centres in translating technological information for direct field implementation cannot be overestimated.

e) Transfer of technology by private enterprises

The technology that is potentially available from private enterprise in developed countries has a number of characteristic features: its generation is usually very expensive and is often integrated in the overall activities of the enterprises con-

Netherlands (cont'd)

cerned, this technology is, moreover, frequently protected by industrial property rights or access to it may be restricted by conditions imposed in licensing contracts.

The Netherlands Government has been taking an active part in the negotiations within UPMTEB on the Code of Conduct for the transfer of technology and on the revision of the Paris Convention for the protection of industrial property, which is mainly discussed within WIPO.

An increasing number of Dutch enterprises are taking active measures to adapt technology transferred to developing countries to local conditions and demands.

The Minister for Development Co-operation has already undertaken initiatives to encourage such adaptation by private enterprise in the area of developing small scale solar energy devices.

f) Role of TNO (The Netherlands Organization for Applied Scientific Research) and related international institutions to foster economic growth in developing countries

One of the main components of Netherlands non-private applied R and D capacity, in addition to research centres in universities and in agricultural sectors, is the Netherlands Organization for Applied Scientific Research TNO. Since bilateral programmes for technical assistance came on stream, TNO has become involved in the execution of projects for, or in co-operation with, counterparts in developing countries. Thus, in the period 1972-1977 some 160 projects have been handled. TNO is a network of research centres, embracing more than 40 institutes rather deeply rooted in a broad spectrum of public and private sectors. Most of its present units have covered a way from small-scale to large-scale operations, from simple to sophisticated, from problems needing mono- to multi-disciplinary approach.

Recently an arrangement has been concluded between WAITRO (World Association of Industrial and Technological Research Organizations) and TNO, under which TNO will act as the seat and will operate the Secretariat. In the seven years of existence, WAITRO has been able to encourage and support industrial research through preparing linkages between members from DC's and LDC's, and in arranging individual

Netherlands (cont'd)

training programmes for scientific staff of members. No doubt WAITRO's position will become more favourable because of an arrangement with UNIDO. One of the first activities WAITRO has carried out, within the content of its co-operation with UNIDO, has been a seminar focussing on "Self reliance in R and D", which has been held in the Netherlands in October 1978.

NEW ZEALAND.

With respect to the formulation of an international Code of Conduct for the transfer of technology New Zealand notes that the incomplete draft Code formulated by the Intergovernmental Group of 77, Group B and Group D, was presented for the consideration of the United Nations Conference held in Geneva from 16 October to 10 November 1978 on an International Code of Conduct for the Transfer of Technology. New Zealand participated in the work of this Conference during which progress was made on the preamble to the Code and on the chapter concerning guarantees/responsibilities/obligations; and, the chapter relating to the special treatment of developing countries was completed.

Those countries to whom New Zealand extends technical assistance have low levels of industrial technology, little available capital and usually insufficient labour supply. The industrial technology which is transferred is adapted to suit this situation and assistance is mostly provided in agricultural fields where improved handling, drying or packaging are the main requirements. In several countries, however, the development of geothermal energy is accompanied by training of local counterpart staff who gradually take over the operations. In association with UNDP a training programme has been established at Auckland University for post-graduate training in geothermal technology.

New Zealand has a small input to Technonet, the computer-based industrial service centred in Singapore and available to nine surrounding countries. Training in industrial technology is provided by government departments for developing countries and is usually financed through the Ministry of Foreign Affairs or the Commonwealth Fund for Technical Co-operation.

NORWAY.

A Code of Conduct which really influences the flow of technology to developing countries and the terms on which technology is transferred, could be an essential element in a new inter-

Norway (cont'd)

national economic order. Norway has taken a positive attitude towards the demands of developing countries as regards a Code of Conduct for transfer of technology. Norway supports among others most of the national regulations on transfers proposed by the developing countries, since Norwegian laws warrant the introduction of several similar regulations as regards technology transfers to Norway.

At present there are no research programmes specifically oriented towards developing appropriate technologies, but research considered to be of relevance to developing countries is carried out under different bilateral agreements.

SPAIN:

Spain has enacted legislation regulating the transfer of technology, and has established a register in which technology contracts are entered after examination to determine that they contain no restrictive or abusive clauses.

Spain is a participant in the discussions that are periodically held within the framework of UNCTAD in Geneva for the purpose of devising an international Code of Conduct in line with the Lima Declaration and Plan of Action. The following are a number of key points in Spain's attitude to the drafting of this Code:

- (a) The obligatory nature of the Code. The Code should be obligatory as it will constitute the only means of correcting certain abuses. However, even if it were not mandatory, the mere fact of the existence of a set of duly accepted standards would also be of great value.
- (b) Scope of application. The Code should apply to all transactions, and under no circumstances should such transactions as are conducted between transnational corporations and their affiliates or subsidiaries be placed outside its jurisdiction.
- (c) National legislation. National legislation on this subject should conform to the principles and standards enshrined in the code adopted.
- (d) Restrictive practices. The code should provide a general description of abusive or restrictive contractual clauses, offering examples of such clauses, but the over-all context should prevail in the application of the Code.



Spain (cont'd)

- (c) Legislation to govern the settlement of disputes. The claimant should have the right, at his discretion, to choose between the legislation in force at the defendant's domicile and that in force at the place of discharge of the obligation.

On the occasion of the meetings between Spain and the Latin American countries on science and technology sponsored by the Ibero-American Co-operation Centre, the legal, financial, administrative and industrial-property aspects of a system of co-operative research have been examined. The plan is under consideration by the participating countries, which at the proper time will decide on the advisability of putting it into effect.

As a means of promoting the transfer of appropriate technology, the first steps have been taken to prepare a number of catalogues describing available technologies. The first of these, devoted to capital goods, has just been published. It contains 720 technology references pertaining to 350 Spanish firms operating in the capital goods sector. This catalogue will be followed by catalogues relating to other industrial sectors. The intention in publishing these catalogues is to provide the developing countries with a source of direct information on the technologies that Spanish enterprises in particular sectors can supply.

With regard to dissemination of information on technology contracts the Register of Technology Transfer Contracts is being fully equipped with automatic systems so as to enable it to keep abreast of enterprises supplying and receiving technology and of the terms of the transfers that have been concluded. At recent UNIDO meetings Spain has promised to make the information automatically processed in the registry office available to other countries in the hope that in it, in addition to general data, they may be able to find references to technology supply alternatives.

SWEDEN:

Sweden supports the establishing of an International Code of Conduct for the transfer of technology and takes an active part in the negotiations which are carried for the purpose of finding solutions to the problems in this field. According to Swedish views the Code should be of a legally non-binding character and universal in scope, covering all forms of international transfer of technology. It should include rights and obligations of both governments and enterprises in technology exporting and importing countries. The Code must take account of the fact that the majority of technology transactions take place between enterprises. Sweden, furthermore, is of the

Sweden (cont'd)

opinion that a follow-up machinery should be set up to implement the Code and that the Code should be reviewed in 5-6 years time after its adoption.

Research in Sweden is financed partly through the regular university structure, partly through governmental research councils and various governmental and private foundations. Support to research is also given by many governmental boards and institutions - technical, social, agricultural etc. To these types of research and development activities should be added the support given within the governmental programme for development assistance administered by the Swedish International Development Authority, SIDA, and from 1 July 1975 by the Swedish Agency for Research Cooperation with Developing Countries, SAREC, both under the Ministry of Foreign Affairs. Some of these financing institutions give limited support to research programmes oriented towards developing appropriate technologies for the developing countries, although that aim may not always be explicitly stated.

A general survey of development research in Sweden is included in the SAREC Report "Development Research in Sweden 1978". Further information about development research in Sweden can be found in the Swedish National Report prepared for the United Nations Conference on Science and Technology for Development.

Although quite a number of the above mentioned institutions participate in existing and in the planning of future international information systems, no system exists at present to provide a flow of pertinent technological information to the developing countries. The above mentioned Swedish agency for research co-operation with developing countries, SAREC, has been established to assist, among others, in providing a better flow between Sweden and the developing countries of information not only in research on technologies but also research in general.

SWITZERLAND:

Switzerland participates actively in the negotiations being conducted on the elaboration of an international Code of Conduct for the transfer of technology in the context of UNCTAD.

In the field of adapted technology, an association aiming to promote the development of adapted technologies and their application in development co-operation and humanitarian aid projects has recently been set up. It will be operational as from spring of 1979. The organization in question is an information office on adapted technology SKAT (Schweizerische Kontaktstelle für angepasste Technologie - Swiss Contact Office for Adapted Technology). This association consists of a certain number of

Switzerland (cont'd)

Swiss mutual aid associations working in the fields of technical co-operation and humanitarian aid. The Confederation finances almost 80 per cent of its annual budget. SKAT organizes an information network comprising all the Swiss institutions that have special knowledge in the various fields of simple and adapted technologies. Among them there are university institutes, mutual aid associations, enterprises or even individuals with experience in this field. "Adapted technology" is taken to include all methods useful as a contribution towards solving the problems facing the destitute masses of the developing countries, taking into account the social, economic and ecological problems of these countries.

UNITED KINGDOM:

With regard to the formulation of an international Code of Conduct for the transfer of technology the United Kingdom continues to believe that an international Code of Conduct, consisting of voluntary guidelines, could have a useful role in facilitating the international transfer of technology - particularly to developing countries.

In this spirit, the UK played a full role in the preparatory expert group and the recent session of the negotiating conference on the Code in Geneva. While it regrets that agreement could not be reached on all issues, it nevertheless welcomes the fact that significant progress was achieved on several matters, notably the chapter in the Code on special treatment for developing countries. Progress was also made on the preamble, the objectives and principles, restrictive business practices, guarantees and national regulation.

The UK is optimistic that a further session or sessions of the Conference will enable the outstanding difficulties to be settled. It remains of the opinion, however, that any final document should not be legally binding but of a voluntary character as it believes that a legally binding instrument could have a detrimental effect on the overall level of technology flows against the interests of both developing and developed countries.

Concerning research programmes oriented towards developing appropriate technologies of direct benefit to the developing countries, while the United Kingdom accepts the developing countries' need for advanced technology, it welcomes the fact that many countries have recognized that there is also a need for technologies which can directly contribute to the reduction of poverty by creating employment. In 1976/77 £4 million was provided under ODM's Research and Development subhead to support

United Kingdom (cont'd)

research projects in a wide range of disciplines carried out on a contract basis by individual researchers or teams. A further £6.2 million was spent on research and development of use to developing countries, in payments to British and international centres and as part of Britain's aid to particular countries. Although it is difficult to estimate what proportion of this money was spent on research and development for appropriate technologies it seems clear that the proportion is increasing. As well as this, between £1.5 million and £2 million is spent on appropriate technology each year as part of various other programmes. In addition, following the recommendations of an ODM Working Party on Appropriate Technology in 1977, more than £500,000 a year for three years beginning 1977/78 is being set aside from the aid programme to finance a new initiative which will encourage new ideas in appropriate technology; provide ways of translating them into marketable products through testing, monitoring and evaluation of prototypes, and strengthen the dissemination of information. In particular, it is hoped that part of these extra funds will be used to encourage the establishment of organizations in developing countries which specialize in such technologies. ODM also supports a number of governmental and non-governmental institutions involved in appropriate technology. The Intermediate Technology Development Group (ITDG) is specifically involved in this field and is expanding its activities following increased government support. For example, a new section within ITDG called Intermediate Technology Industrial Services (ITIS) has recently been started as an expression of ITDG's growing involvement in the industrial sector. Also, the Tropical Products Institute (TPI) and the Overseas Units of the Building Research Establishment (BRE), the Transport and Road Research Laboratory (TRL) and the Hydraulics Research Station (HRS) are all engaged, as part of their programme of assistance to developing countries, in developing low cost technologies.

The United Kingdom believes it important that the developing countries should be in receipt of as much relevant information as possible when they come to decide their industrial and technological requirements. With this in mind, the United Kingdom has supported work towards the establishment of an industrial and technological information bank by UNIDO. The UK will be examining with interest the results of the pilot scheme, which terminated in December 1978, which covers four sectors, i.e. iron and steel, fertilizers, agro-industries and agricultural machinery. Provided that any extension of the pilot scheme does not overlap with other information agencies within the UN system, and provided that the bank is shown to be of real value to developing countries, the UK will continue to support any sensible proposals for further work in this area.

United Kingdom (cont'd)

With regard to facilities to provide a flow of pertinent technological information to the developing countries, the United Kingdom recognizes that good information systems are essential if appropriate technologies are to be widely implemented. The government bodies already mentioned above - Intermediate Technology Development Group, Tropical Products Institute, Building Research Establishment etc. - are all actively involved in encouraging the flow of information about technology, and part of the extra money allotted for appropriate technology is to be used to strengthen information gathering and dissemination.

UNITED STATES:

Concerning the formulation of an international Code of Conduct for the transfer of technology, the United States supports adoption of voluntary guidelines (similar in nature to the 1976 OECD guidelines on multinational corporations) which are balanced in substance and addressed to all parties equally. The U.S. objectives are to enhance mutual confidence of all parties to technology transactions and to improve the overall transfer climate itself. Thus, in an area of privately-owned technology, the U.S. favours a generally open international trading system, believing that technology flows are best left to market forces. Specifically, the U.S. seeks to promote (a) neutral dispute settlement procedures; (b) realistic concepts of market competition; (c) due regard for the parties' freedom to negotiate details of their contract, as well as stability of their contractual arrangements. The U.S. does not favour institutional mechanisms which would complicate transfers.

With regard to research programmes oriented towards developing appropriate technologies of direct benefit to the developing countries, the U.S. Agency for International Development (AID) seeks to broaden the range of technologies in use by increasing the flow of information and local research on appropriate technologies; by promoting local development, adaptation and utilization of technologies appropriate to developing countries; and by providing assistance which encourages rational choice of technological options.

Appropriate Technology International (ATI) was launched with a one million dollar grant in June 1977 to organize, staff and create programmes. It is now fully operational. An additional grant for \$5 million was signed in August 1978. ATI will use the funds to provide small grants, primarily to developing countries' entities in the private sector for the purpose of assisting in the testing and dissemination of appropriate technologies. Examples of projects being considered or approved include:

United Kingdom (cont'd)

(1) testing of a small volume cement plant; (2) development of simple devices to produce heat emphasizing the use of local materials; (3) construction and use of stoves made from local materials to save fuel and reduce smoke inhalation; (4) development of co-operative small loan systems; (5) adaptation and dissemination of techniques for making and using simple water pumps and wells, crop rotation, simple farm tools, and waste disposal.

In addition to the NTI, other AID projects designed specifically to promote adaptation and dissemination of small-scale, low-cost technologies continue to be developed and implemented. For example, an interregional project to manufacture and field test a proto-type of new hand pump has been successfully implemented in Nicaragua and Costa Rica, and will be extended to the Dominican Republic and Indonesia. A project in Peru will establish an institutional mechanism for selecting, adapting and testing appropriate rural technologies and disseminating prototypes to small farmers. In Central America, Phase II of a transfer of

technology programme to provide new information on production technologies for small and medium scale industries will initiate a light capital technology project. In Indonesia, progress has been made on a project to convert agricultural wastes and wood residues into energy sources and another project to use labour intensive and low-cost ferro-cement for boat and barge hull construction. In Africa, a regional improved rural technology project will provide an exchange of technological information and funding for small scale experimental projects and a study of the firewood situation in six countries.

The National Technical Information Service (NTIS) of the U.S. Department of Commerce is the central source for public sale of U.S. Government-sponsored research, development, engineering and analysis. It is also the central point for processing information on government-owned technology. A technical information network among developing nations has been established by NTIS for the U.S. Agency for International Development. Technology transfer projects in the participating countries are based on local co-operating agencies trained in technical information handling by NTIS. NTIS provides the co-operating agencies with easy access to U.S. and other research through the NTIS Bibliographic Data File on magnetic tape and its derivative products and services. NTIS training emphasizes the strengthening and growth of the co-operating agency's own institutional and user capabilities to further future industrial development. Co-operating agencies currently are located in Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Korea, Nigeria, Pakistan, Philippines, Thailand and Venezuela.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT  
TO INDUSTRIAL TECHNOLOGY:

ECONOMIC COMMISSION FOR AFRICA:

Several programmes, involving the establishment of regional centres, aiming at building up the technological capabilities of African countries are actively pursued by the ECA/UNIDO Industry Division.

The Third Conference of African Ministers of Industry, held in Nairobi in December 1975 endorsed a proposal for the establishment of a Centre for the Design, Adaptation and Transfer of Industrial Technology in conformity with the Lima Declaration and Plan of Action. When the Fourth Conference of African Ministers of Industry was held in Kaduna, Nigeria, in November 1977 several steps had already been taken towards the establishment of that Centre (The African Regional Centre for the Transfer, Adaptation and Development of Technology). To-date 26 ECA member States have acceded to the constitution of the Centre thus being twice the minimum number of signatories to the constitution necessary to give the Centre its legal entity. The main functions of the Centre include: (i) providing assistance to African countries in institution building for transfer of technology, (ii) training skilled manpower in the analytical and technical aspects of transfer of technology, (iii) establishment of information systems for more efficient and rapid access to technology; and (iv) providing specialized advisory assistance in such areas as negotiations and the legal aspects of transfer of technology. However, detailed functions of the Centre are spelt out in the "Draft Agreement on the Establishment of the African Centre for Technology". The steps taken for the establishment of the Centre are briefly stated below:

- (i) Organization of an interagency mission which visited 17 African countries between April and June 1977 to seek government views about the centre and to identify the problems and issues pertaining to transfer of technology in the region;
- (ii) Preparation of the report of the interagency mission and submitting it to governments and concerned United Nations agencies;
- (iii) Organization of interagency meeting in Addis Ababa from 5 to 10 September 1977 to review the interagency mission's report;

ECA (cont'd)

- (iv) Convening an intergovernmental meeting of African experts in Arusha, Tanzania, from 3 to 8 October 1977 to review the interagency mission's report and prepare final recommendations on the Centre.
- (v) Recommendations of the intergovernmental meeting of African experts were considered by a meeting of African Plenipotentiaries held in Kaduna, Nigeria, from 10 to 14 November 1977 and decisions on all aspects relating to the establishment of the Centre, except its location, were taken.
- (vi) An ECA mission was sent out early in February 1978 to eight countries which were candidates for hosting the Centre, to carry out an evaluation exercise of facilities and services offered for the Centre.
- (vii) The first session of the Council and the first meeting of the Executive Board of the African Centre for Technology were held in Arusha, Tanzania, from 8 to 11 May 1978 where they adopted the provisional work programme.
- (viii) The interim secretariat is making preparations, for convening in November 1978 the second session of the Council and the second meeting of the Executive Board of the Centre to appoint, on the basis of the recommendation of the Executive Board, the Executive Directors of Divisions of the Centre and also to select the host country.
- (ix) The decisions concerning the location of the headquarters of the Centre and the appointment of personnel to fill senior positions in the secretariat would set the stage for the commencement of the operational activities of the Centre in 1979.

Following the decision made by the Fourth Conference of African Ministers of Industry held in Kaduna (Nigeria) during November 1977 concerning the creation of another regional centre, the African Regional Centre for Industrial Design and Manufacturing, a "preparatory mission" was fielded by the Joint ECA/UNIDO Industry Division in 1978 to a number of properly selected African countries (Madagascar, Swaziland, Zaire, Uganda, Nigeria, Ghana, Upper Volta, Mali, Burundi and Togo). The purpose of the mission was: (i) to collect relevant information and make assessments on existing conditions regarding facilities for engineering design and design studies, foundries, forges and machine-shops; and (ii) to contact national concerned authorities with a view to



ECA (cont'd)

preparing proposals for setting up the Centre. In its report the mission spelled out the concepts of engineering design of machinery and components, manufacture of machine parts and components, engineering development of machinery and equipment, studied engineering design and manufacturing in African countries, determined the role of the regional centre, and made proposals on its organization, structure, draft constitution and programme of action for the first five years. The mission's report was comprehensively discussed with UNIDO in September 1978. It was also presented to the "Ad hoc Meeting of Inter-governmental Experts on African Regional Centre for Industrial Design and Manufacturing" which was held in Addis Ababa from 30 October to 20 November 1978.

The objective of setting up the African Institute for Higher Technical Training and Research is to foster intra-African co-operation and the pooling of resources for the training of technical personnel of the highest level as required to meet Africa's technological development and industrial growth. The Institute will also, in the process of pursuing this main objective, assist African countries in strengthening their national capabilities to provide their own technical personnel in accordance with their economic, social and technological development needs. In this, the Institute will be a pace-setter in the training of high-level technicians, technologists and engineers in technological research and development, in curriculum development in technical training methodology research, and in the provisions of consultancy services to ECA member States on matters pertaining to technician education as well as technological development. Action taken towards the establishment of the Institute includes a feasibility study mission to thirteen African and two European countries to assess needs and interest, appraise the availability of local facilities for technician and engineering education and training and to identify the institutions most suitable to host the Institute and its subregional programmes. A regional inter-governmental expert-group meeting will consider the findings and recommendations of the mission in November 1978 with a view to providing ECA with clear guidelines and a mandate to proceed with the establishment of the Institute.

In conformity with the Lima Declaration and Plan of Action ECA has initiated a Five-year Manpower Development Programme. The aim is to expand ECA present programme for the training of Africans in areas of critical manpower requirements; strengthening ECA machinery for the administration and development training activities; fostering intra-African co-operation in the utilization and development of training facilities in the region and providing the resources that will enable African States to take advantage of in-plant and other training opportunities in other third world countries. The training programme will concentrate

ECA (cont'd)

on critical manpower areas that will enable member States to achieve an internalized self-sustaining growth in agriculture, industry, natural resources, commerce, technology and education. The training will be done abroad as well as in Africa.

Under the project Manpower for Industrial Development Programme (1977-79) ECA aims at making assessments of manpower requirements of five basic industries (metals, engineering, chemical, building materials and food processing industries) and to develop manpower profiles and related training programmes. This will be followed up by the organisation of regional, sub-regional and national workshops and seminars on manpower planning for industrial development.

A feasibility study mission visited 14 African countries during January through April 1978 with a view to evaluating and assessing local institutions with potentials to host proposed subregional graduate schools. Following the mission report, two subregional meetings were held at the University of Nairobi and the University of Ghana and by the decisions of the meetings the two universities have already been chosen to establish the subregional Graduate Schools for East and West Africa respectively. Three other subregional Graduate Schools are planned for North, Central and Southern Africa. These subregional Graduate Schools which are to be based on existing viable national institutions will in the long run provide multinational training and research programmes in the field of business management and finance at professional and post-graduate levels as well as develop suitable programmes for practising managers. Its research programme will be developed in relation to the practical problems of industries and business. These subregional graduate level programmes are planned to become operational during 1978-1981.

A regional symposium on non-formal education for industrial development is planned for the latter part of 1979. The objective is to get together non-formal education practitioners and researchers to reflect on the issues and problems confronting the development and effective utilization of non-formal education as an inexpensive and rapid means of manpower preparation for industrial development. It is hoped that recommendations resulting from the symposium deliberations will better guide ECA as it develops programmes of assistance to member States and national institutions in developing local non-formal education and training programmes, in training personnel involved in non-formal education and in developing instructional aids and materials for training through non-formal education system. The recently concluded regional symposium on non-formal education for rural development recommended NFE training programmes for the development of rural

ECA (cont'd)

technological and occupational skills and subsequent phases of ECA's project development will give considerable attention to training for rural technological development through non-formal methods.

ECA is promoting the establishment of national and subregional indigenous consultancy and contracting associations. The association of West African Consulting Organization (AWACO) was inaugurated last year. A field study in East and South Africa has recently been undertaken and the report will form a basis for a meeting in the subregion to explore the feasibility of for an association. Other studies are planned for North and Central Africa during 1979. The aim of the project is to form associations of indigenous consultancy organizations at national and subregional levels with a view to developing greater capability for rendering more effective and efficient consultancy service to governments, international organizations and to parastatal and private enterprises. This will promote African self-reliance in consultancy services and minimize the current heavy drain on foreign exchange used in hiring foreign consulting firms.

ECONOMIC COMMISSION FOR LATIN AMERICA:

The preparatory activities for the United Nations Conference on Science and Technology for Development were being carried out as a joint venture with the Secretariat of that Conference. In that respect, the report Science and Technology in Latin America: regional diagnosis and action programme, including recommendations for a regional action programme on that subject was submitted to the Second Latin American Regional Meeting (Montevideo, December 1978) with a view to adopt a regional position as regards UNCTAD.

Activities on the transfer of technology and technological development are co-ordinated with the Interamerican Development Bank.

A series of monographies on case studies related to specific industrial branches have been prepared and were submitted to a seminar on technology and development that took place in Buenos Aires in November 1978.

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC:

The programme with respect to development and transfer of technology consist of four components. The major emphasis of the Lima Declaration pertain to development of technological capabilities among the countries and the improvement and facilitation of technology transfer. A great deal of work has been undertaken

ESCAP (cont'd)

by the Regional Centre for transfer of technology which has undertaken a series of inter-governmental consultations for the preparations of sub-network programmes. The immediate issue concerns the provision of assistance to countries in the development of technology plans and policies and establishment of national centres. The Centre, in consultation with local points, has identified five priority areas of sub-network activities. These relate to development of cement-like material from agro-wastes, mini-hydro plants, machine tools, medical plants as well as small-scale sponge iron plants. Comprehensive training programmes are also being drawn up and the Centre has organized a system for dissemination of information.

The main activities in the field of technology undertaken by ESCAP at present pertains to preparation and publication of country studies. This is related to the United Nations Conference on Science and Technology for Development (UNOSTD). However, it has enabled national science and technology planners to take a comprehensive look at the situation in their own countries vis-a-vis development possibilities in terms of global trends. With regard to development of indigenous activities assistance has been rendered to a number of governments on the establishment of pilot projects on rice bran stabilization, and fabrication and development of post-harvest technologies. Steps are also being taken to initiate work on standardization.

It is relevant to refer to activities undertaken by the Regional Network for Agricultural Machinery. The Technical Advisory Committee of RNAM has decided that 14 rice planter prototypes should be procured and distributed to member countries. In 1979 workshops will be held on paddy transplanters, harvesting machines, weeders and manufacturing technology. Participating national institutes are to prepare lists of improved machines and tools developed within the countries for RNAM. Among other activities the RNAM will also commence on a programme for training.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS:

FAO is involved in research and development programmes in all its sectors of activity. In agriculture, for example, efforts are being made to develop plant material and crop husbandry practices so as to facilitate the mechanization of crop production and harvesting, reduce the idle period of processing factories by extending the crop harvesting season, produce a more homogeneous and better quality product and, where possible, use the entirety of each plant. The aim is to achieve higher crop productivity and hence lower production costs, thereby increasing the competitiveness of the crops and their chances of profitable industrial use.

FAO (cont'd)

FAO has conducted a programme for institution-building to create a favourable climate for agro-industrial development by establishing Regional Networks of National Institutions to develop research, technology, transfer and training. A Technical Consultation was held in Mysore, India, for the Asian Region in August 1978. The establishment of the Asian Network for Technology Transfer in Agro-Industries (ANTTAI) is being implemented. Similar meetings for other regions are in preparation.

Research and development activities are also carried on by FAO within the framework of intergovernmental groups on specific commodities. The groups have taken the initiative for establishing new research and development institutes. The groups deal with both raw and processed materials and, therefore, consider problems and policy issues arising from the processing of commodities. They are responsible for much of the preparatory work for international commodity agreements, the formal negotiation of which is carried out by UNCTAD.

Much of the research work in forestry has been concerned with increasing the use of lesser-known wood species from natural mixed tropical forests. FAO has also turned its attention to improving the production and uses made of fuels based on wood, particularly charcoal. In the pulp and paper industry, FAO has sought to expand the fibrous raw material base for pulp and paper industries.

UNITED NATIONS CENTRE FOR NATURAL RESOURCES, ENERGY AND TRANSPORT:

Paragraph 38 of the Lima Declaration calls on the developing countries possessing non-renewable resources to "formulate a policy of economic diversification with a view to acquiring other means of financing which are not based on intensive exploitation of these resources". In this connexion, CNERET has been seized with promotion of the rational use of resources, conservation and improved use of existing resources. With particular reference to energy in the light of the world situation, the General Assembly, aware of the importance of increasing the industrial capacity of the developing countries, decided at its thirty-third session to convene a conference on new and renewable sources of energy in 1981 under the auspices of the United Nations to elaborate measures for concerted action designed to promote the development and utilization of new and renewable sources of energy, with a view to contributing to meeting overall energy requirements, especially those of the developing countries. Its scope is confined to such sources of energy as solar, geothermal and wind power, tidal power, wave power and thermal gradient of the sea, biomass conversion, fuelwood, charcoal, peat, energy from draught animals, oil shale, tar sands and hydropower. The

UN-CNRET (cont'd)

conference is to concentrate, *inter alia*, on analysis, development and transfer of technology and questions of financing the activities necessary for promoting the identification, development, exploitation and utilization of new and renewable sources of energy. Substantive support for the conference preparations is to be based around the existing capabilities of CNRET.

Overall energy and planning surveys to identify and evaluate indigenous sources and their development possibilities have been carried out in a number of countries, including Peru, Jamaica and Kenya, and on a regional basis, in Central America. A project aimed at devising policies for energy conservation and increased efficiency is underway in Cyprus. CNRET also participated in the International Workshop on Energy Conservation and Economy in Industry, held in November 1978, organized by the German Foundation for International Development with the technical co-operation of the Centre. A report to the Committee on Natural Resources at its sixth session in June 1979 was prepared in which salient features of recycling of metals and substitution are highlighted, the possible impact on mineral supply and demand are identified and the special related issues, including resource and energy conservation and environmental protection are discussed. Another report, prepared for the Committee to reassess natural gas prospects, includes an analysis of possible approaches to an expansion of associated gas utilization, much of which is presently wasted. The United Nations Symposium on World Coal Prospects, to be held in Poland in October 1979, will consider rational measures of expanding the use of coal resources and more efficient utilization, including coal liquefaction and gasification technologies, and the possibilities of international co-operation.

UNITED NATIONS CONFERENCE ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT:

The Secretary-General of the Conference on Science and Technology for Development, held in August 1979, has co-operated with member states during the preparatory period in the "national and regional analysis of relevant socio-economic problems which may be solved with the help of science and technology", as specified in Economic and Social Council resolution E/RES/2028 (LXI). To this effect, and in accordance with Economic and Social Council resolution 2035 (LXI), numerous national, subregional, regional and interregional meetings were organized with the participation of regional commissions and other United Nations agencies. A detailed list of these meetings is presented in document A/CONF.81/INF.3. The Conference secretariat has also provided technical advisers to co-operate with governments in national analysis and the preparation of national papers. By the end of 1978, some 62 such advisers had been in the field and 108 national papers and summaries had been received, representing a total of more

UNCSTD (cont'd)

than five thousand pages of text. In addition, regional papers had been received from ECU, ECA, ESCAP, ECIA and ECLA. The action-oriented recommendations put forward in some 86 national papers, and those adopted at the above-mentioned regional meetings, have been consolidated into a draft outline of the Programme of Action, document A/33/303 and Addendum 1. It shows that a large proportion of the issues raised in the Lima Declaration and Plan of Action on Industrial Development and Co-operation have been raised by a great number of countries at the national and the regional levels.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT:

The Intergovernmental Group on Transfer of Technology, at its third session, held in July 1974, requested the Secretary-General of UNCTAD to convene: (a) a group of experts to prepare a draft outline to serve as a basis for the preparation of a universally applicable Code of Conduct corresponding to the needs and conditions prevalent in developing countries, as well as to the special conditions found in the various flows of trade in technology; (b) a group of experts to study all relevant aspects of the international patent system which have a bearing on the development process of developing countries. The Group of Experts on the Code of Conduct met from 5 to 16 May 1975 and from 24 November to 3 December 1975, and agreed on the main headings for the chapters of a Code of Conduct on transfer of technology.

The United Nations Conference on Trade and Development, at its fourth session in Nairobi, May 1976, in resolution 89 (IV) decided to establish within UNCTAD an Intergovernmental Group of Experts - open to the participation of all member countries - to prepare a draft of an international Code of Conduct for the transfer of technology. Further, resolution 89 (IV) decided that a United Nations Conference was to be convened to negotiate on the draft prepared by the Intergovernmental Group of Experts, as well as take all decisions necessary for the adoption of the final document embodying the Code of Conduct, including the decision on its legal character. The Intergovernmental Group of Experts met for the first time from 8 to 19 November 1976. Three further sessions of the Intergovernmental Group of Experts were held in 1977: the fifth session was held in February 1978. The sixth and final session of the Intergovernmental Group of Experts, which took place in June/July 1978, completed the drafting of an international Code of Conduct. The draft international Code of Conduct consists of the following chapters: Preamble, Definitions and Scope of Application; Objectives and Principles; National Regulation of Transfer of Technology; Guarantees, Responsibilities or Obligations of Parties; Special

UNCTAD (cont'd)

Treatment for Developing Countries, Applicable Law and Settlement of Disputes, and other provisions. The negotiations on the preparation of the Code of Conduct were based on proposals made, respectively, by developing countries, developed market economy countries and socialist countries of Eastern Europe.

The United Nations Conference on the Code of Conduct on Transfer of Technology was held, in accordance with resolution 32/188 of the General Assembly, in Geneva under the auspices of UNCTAD from 16 October to 11 November 1978, to negotiate and to take all decisions necessary for the adoption of an international Code of Conduct. The Conference set up two main Committees and four working groups: Working Group I dealing with the preamble, definitions and scope of application of the Code, principles and objectives, special treatment for developing countries, and international collaboration; Working Group II responsible for the subjects of national regulation of transfer of technology, applicable law and settlement of disputes and other provisions of the Code of Conduct; Working Group III entrusted with the work on restrictive practices; and Working Group IV with the subject of guarantees, responsibilities or obligations of parties. At its final plenary, the Conference took note of the progress achieved towards the negotiating and the taking of all decisions necessary for the adoption of an international Code of Conduct on the transfer of technology, requested the Secretary-General of UNCTAD to convene a resumed session of the Conference in the first quarter of 1979. The resumed session which met from 26 February to 9 March 1979, dealt mainly with the following chapters of the draft Code of Conduct: definitions and scope of application, national regulation of transfer of technology transactions, restrictive practices, responsibilities and obligations of parties, international institutional machinery, and applicable law and settlement of disputes. The results of the session are reflected in document TD/237/Add.1, of May 1979.

The Group of Experts on the Role of the Patent Systems in the Transfer of Technology met in September 1975. It recommended that the secretariat of UNCTAD undertake studies on the improvement of the national scientific and technological infrastructure of developing countries, on trademarks, indication of source, appellation of origin, and on the impact which new policies and legislation in the field of industrial property and related matters have on the development of developing countries. The Committee on Transfer of Technology, at its first session, held in November/December 1975 recommended that the process of revision of the Paris Convention, as well as of the Model Law for Developing Countries on Inventions, should take full account of the responsibilities and competence of the World Intellectual Property Organization (WIPO) and UNCTAD. The Committee also



UNCTAD (contd)

recommended that UNCTAD should continue its work on the function of the international patent system in the transfer of technology with particular reference to economic, commercial and development aspects.

Upon the request of the Committee on Transfer of Technology, a second Group of Governmental Experts convened by the Secretary-General of UNCTAD on the Role of the Industrial Property System in the Transfer of Technology met in October 1977 in Geneva. Two basic documents were prepared by UNCTAD secretariat for that meeting: "The impact of trademarks on the development process of developing countries" and "The International Patent System: the revision of the Paris Convention for the protection of industrial property". The Group adopted some conclusions and recommendations on the impact of trademarks on the development process of developing countries. The Group also recommended that the Committee on Transfer of Technology request the Secretary-General of UNCTAD to undertake studies in the field of industrial property on matters of special concern to developing countries, such as the role of trademark protection in vital sectors of the economy, in consumer protection and in promotion of exports. The Group further recommended that the Committee on Transfer of Technology consider appropriate means of continuing the examination of the topics dealt with at the meeting, including the convening of a future meeting or meetings of experts.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION:

In spite of the fact that UNESCO is not mentioned among the international organizations to which specific reference is made in the Lima Declaration, the close inter-dependence of industrial development and scientific and technological research and training is well presented in the Lima Declaration and Plan of Action on Industrial Development and Co-operation. This inter-dependence and necessity for closer co-operation and collaboration between UNESCO and UNIDO in the implementation of their programmes towards the socio-economic development of the developing countries is formulated in a very broad and comprehensive manner in the draft document "UNESCO/UNIDO co-operative agreement - Guidelines and understandings for co-ordination on policies and activities in the field of industrial development". It should be stressed that practically all aspects of science, technology and training activities carried out by UNESCO have direct or functional influence on the process of industrial development in the developing countries.

With regard to UNESCO activities carried out in relation to the Lima Declaration and Plan of Action, following paragraphs are of direct relevance:

UNESCO (cont'd)

Para 38 (The need to conserve non-renewable resources); para 53, Educational system and industrialization; para 55 (Organization of research institutions and establishment of training); para 56 (Transfer of technology); para 58 (1) (Intensification of manpower development programmes); para 58 (m) (The elaboration of national plans concerning science and technology in accordance with the order of priorities of each country); para 59 (f) (Expanded technical assistance programmes for the benefit of the developing countries); para 61 (j) (The transfer of technology from developed to developing countries); and para 61 (k) (The establishment of an industrial and technological information bank).

A review of UNESCO's activities in the field of science and technology policy is given in a document entitled "UNESCO's programme of international co-operation in science and technology policy for economic and social development 1979" (UNESCO/NS/ROU/415, dated 11 November 1977).

UNESCO has since the beginning of the 1970's been actively involved in the search for a solution to present scientific energy problems. In the course of the implementation of its programme in the field of technological research, UNESCO has been paying special attention to the following two main trends:

- International co-operation in solar energy utilization;
- Development of activities in the field of fundamental energy problems, including the search for new energy sources and, in particular, heat and mass transfer.

Another area to which special attention of UNESCO is being given is that of housing science and appropriate technology, in which a major activity has been developed as a contribution to the implementation of the recommendations of the UN Conference on Human Settlements in Vancouver 1976 aiming inter alia to the improvement of local materials and traditional technologies in support of the informal building sector.

With regard to paras 58 (1) and 61 (k) of the Lima Plan of Action and in accordance with the mandate of UNESCO to assist its Member States in the development of national information services and systems, of which one component is the scientific and technological information system, much of its efforts in this direction could be considered as relevant to the needs expressed and the actions proposed in the Lima Declaration and Plan of Action. The UNISIST programme of UNESCO is considered as providing the conceptual framework for a world information network which would make possible the transfer of information of any kind, between countries. In order to achieve this objective, UNESCO has called upon Member States to establish Focal Points and

UNESCO (cont'd)

National UNISIST Committees to facilitate contact and co-ordination. About 60 Member States have already responded positively and these national units are being strengthened with UNESCO's assistance. The establishment of national information policies is being promoted through guidelines and advisory missions, and regional co-operation at the policy making level has been initiated through the setting up with UNESCO's assistance of regional committees on information policy and development as in East Africa, South Asia, South East Asia etc. It must be emphasized that all these official bodies consider technological information (including data, patent information etc.) as part of the total information resources of the respective countries and the region.

UNESCO has participated in the meetings of the Inter-Agency Task Force on Information Systems (IATFIS) set up by the Secretary General to study the feasibility of a world technological information network. UNESCO has also been responsible for drawing up the three-phase programme of action established by IATFIS to study problems of technological information transfer meant to provide additional information for the continuing discussions of this subject by the General Assembly. A study on the available technological information resources of the developed countries prepared under a contract from the United Nations Office of Science and Technology compiled under the direction of UNESCO has been completed and transmitted to the United Nations in New York. Further participation of UNESCO in this area of activity is expected.

WORLD INTELLECTUAL PROPERTY ORGANIZATION:

The revision of the Paris Convention for the Protection of Industrial Property which is currently in process, was decided in September 1974 by the competent bodies of the World Intellectual Property Organization which are entrusted with the administration of the Convention. The terms of reference for the revision underline the possible inclusion in the Convention of "provisions of special benefit to developing countries" and this mandate has been the guiding principle of the revision. The revision process was first entrusted to a group of governmental experts which met twice in 1975 and for the third time in June 1976. The second session of the Committee of Governmental Experts (December 1975) adopted, on the initiative of the Group of Developing Countries, a Declaration on the Objectives of the Revision of the Paris Convention, which, inter alia, stated that the said revision "should aim to contribute to the establishment of a new economic order ..."; that industrial property "should constitute an element in the process of transfer of technology..." and should "serve the goals of a new economic order, in particular through the industrialization of developing countries. At

WIPO (cont'd)

the last meeting (June 1976) of the Group of Governmental Experts, in view of the progress achieved, the Group recommended to the Director General to convene a preparatory intergovernmental committee for the revision of the Paris Convention, consisting of official representatives of governments, to complete the preparatory work prior to the Diplomatic Conference. Subsequently the competent bodies of WIPO decided that this Preparatory Intergovernmental Committee be convened and that all member countries of the Paris Union, all Member States of WIPO and all Members of the United Nations or the specialized agencies should be invited to participate. The Preparatory Intergovernmental Committee has met five times (November 1976, June 1977, November 1977, June 1978 and November 1978). The Committee dealt at its second session (June 1977) with one of the most important single issues of the revision, and perhaps the most important from the point of view of developing countries, which is the working of patented inventions and all aspects relating to it, such as importation, sanctions for non-working, special measures protecting the public interest, etc. At the close of its second session, the Committee adopted a proposal for a new Article 5A for the Convention dealing with all those matters.

At its fourth session (June 1978) the Committee agreed that certain items, like preferential treatment without reciprocity and Article 5 quarter of the Paris Convention (which refers to process patents) which had been discussed in several sessions of a Working Group entrusted with question of special interest to Developing Countries, should be placed on the Agenda of the Diplomatic Conference and should no longer be discussed in any further preparatory meetings. The Committee held its fifth and last session in November/December 1978 thus virtually completing the substantive preparatory work for the revision of the Paris Convention. [Among the matters to be examined by this session of the Committee are the conflict between an appellation of origin and a trade mark, inventor's certificates, the protection of the olympic symbol and the final clauses of the Convention.] On the organizational side, the Provisional Steering Committee met in March 1979, and adopted the provisional agenda for the Diplomatic Conference, the list of preparatory documents which will be submitted to the Diplomatic Conference and the provisional Rules of Procedure for the Diplomatic Conference, which is scheduled to be held at Geneva from 4 February to 4 March 1980.

WIPO is carrying out within the framework of the WIPO Permanent Programme for Development Co-operation Related to Industrial Property, established in November 1973, activities related to the acquisition by developing countries of technology, summarized as follows:

WIPO (cont'd)

A Working Group on Technological Innovation was established in 1978. It has formulated a number of recommendations addressed to Governments and WIPO concerning the promotion, development and protection of inventions and innovations. It has recommended that Governments should adopt integrated policies and programmes for stimulating technological innovation, particularly as concerns small inventions and innovations, adopt legislative measures for protecting inventions and innovations, establish institutions which would provide technical, financial and legal assistance to inventors and innovators, encourage inventors and innovators to form professional associations, develop factors contributing to a positive national innovate climate and develop means for finding and promoting latent innovative talent. It has also recommended that WIPO examine the possibility of (i) expanding the WIPO Training Programme to provide training for officials of government institutions active in the field of the promotion of technological innovation, (ii) issuing, on a self-supporting basis, a publication containing information on selected innovations and new ideas, in particular those emanating from developing countries, (iii) collecting information and establishing a clearing house for information on legal and institutional arrangements for promoting technological innovation, and (iv) convening a meeting of representatives of various institutions dealing with the promotion of technological innovation with the objectives of determining the elements which constitute a favourable national innovate climate in developing countries and preparing guidelines for the creation and administration of institutions in developing countries dealing with the promotion of technological innovation. In addition, the Working Group has recommended that WIPO should continue its efforts to facilitate and improve access by developing countries to the technological information contained in patent documents and related non-patent literature and to search reports on the state-of-the-art in technology prepared by industrial property offices in developed countries for the purpose of the examination of patent applications.

An expert Working Group on Information from Patent Documents, has considered, inter alia, the availability, comparative cost and usefulness of various primary and secondary sources of patent information, ways and means to obtain information on the legal status and working of patents, the planning and organization of a patent information and documentation centre in a developing country. The Working Group has also considered a draft feasibility study on the establishment of a patent information network.

WIPO (cont'd)

At its March 1977 session, the Working Group asked the International Bureau to study the question whether Patent Offices now supplying copies of their patent documents on a free-of-charge basis under exchange agreements might be willing to supply such documents also to Patent Offices or institutions which, because they do not publish patent documents themselves, could not conclude such exchange agreements. Pursuant to that request, the International Bureau in December 1977 asked the Patent Offices of 12 countries for information on the principles followed by them in the exchange of patent documents, or whether they regularly transmit newly published patent documents to developing countries and on the conditions under which they might be willing to supply currently issued patent documents, either in paper or in microform, to developing countries on a free-of-charge basis. The International Bureau received information from the Patent Offices of Austria, Australia, Belgium, France, the German Democratic Republic, Germany (Federal Republic of), Japan, the Soviet Union, Spain, Switzerland, the United Kingdom and the United States of America, in response to its request. Several offices offered to deliver free of charge patent gazettes or other official publications as well as patent documents to developing countries. Following upon the transmittal by the International Bureau, on an ad hoc basis, of requests from Algeria, Brazil and Indonesia to receive, and offers from the Patent Offices of the Federal Republic of Germany, the Netherlands, Norway and Sweden and the State Committee for Inventions and Discoveries of the Soviet Union as well as Shell International Research Maatschappij B.V. of the Netherlands to provide, certain collections of patent documents, in paper or in microform, arrangements were made during 1977 and 1978, for the delivery of the said collection.

A second Agreement between the Government of Austria and WIPO was signed in December 1976, providing for continuation of the state-of-the-art search programme, free of charge to developing countries. An evaluation exercise has been carried out in relation to the 100 search reports provided by the Austrian authorities under the first Agreement, and it was concluded that, with few exceptions, the search reports had met the purposes for which they had been requested, had confirmed the value of patent documents as one of the important sources of technological information and had provided useful training material. Arrangements were made in May 1978 between the Government of Austria and WIPO for the processing of an additional 100 search reports during 1978. The International Bureau has invited institutions and organizations from developing countries concerned with applied research and technological decision-making to submit search requests. Furthermore, in April 1978, the Patent Office of the Federal Republic of Germany offered to perform, free of charge, in 1978 and 1979, for the benefit of developing countries, searches in those fields of technology where the Patent Office had developed mechanized search systems.

WIPO (cont'd)

Work is proceeding on model laws to serve as a basis for the submission of legislation in developing countries. A draft Model Law for Developing Countries on Inventions and Know-How has been communicated to all member States. In view of the progress made, the WIPO Governing Bodies, have authorized the Director General to publish Part I (Patents) of the Model Law. Its publication will take place in 1979. The publication of the remaining parts of the Model Law is expected to take place later, probably early in 1980.

With the view towards the preparation of a new model law for developing countries which would replace, at least in part, the Model Law for Developing Countries on Marks, Trade Names, and Acts of Unfair Competition, published by BIRPI in 1967, a Working Group of the Model Law for developing countries on Marks and Trade Names is working since November 1977. The Permanent Committee of WIPO has followed the progress of the Working Group and recommended at its March 1978 session that the Model Law be limited to marks and trade names, on the understanding that the possibility of its expansion into other fields could be reconsidered at a later date.

The Licensing Guide for Developing Countries, prepared by the International Bureau in the light of the exchange of experience in a Licencing Seminar and with the guidance of the Working Group on Guidelines for Industrial Property Licensing, which met in June 1976, has been published in English, French, Spanish and Arabic. Arrangements are being made for the preparation of a Portuguese version. The guide deals with the legal aspects of the negotiation and preparation of industrial property licences and technology transfer agreements.

Progress has been made concerning joint action to establish links between the UNIDO Industrial and Technological Information Bank and the patent information activities of WIPO, so that programmes will become effective components of the network for technological information exchange called for by General Assembly Resolution 3507 (XXX). In accordance with the Lima Declaration and Plan of Action, four key sectors have been selected as the priority sectors for the pilot operation of the bank and the preparation by WIPO of users' guides to the International Patent Classification (IPC) by which normally the technological disclosures contained in patent documents are arranged for search purposes. These Guides will enable users of technological information to identify easily those groups of the International Patent Classification which might contain documents describing solutions to certain technical problems in the selected sectors.

Assistance has been rendered to various regional institutions including the following:

WIPO (cont'd)

With international co-operation through WIPO and with UNDP assistance, African Intellectual Property Organization (OAPI) is now enlarging its functions and services to include the creation of a patent documentation and information service within OAPI which will be a source of technical information for governments and industries in various fields of technology. In the UNDP preparatory assistance and in the establishment of the project for the creation of a patent documentation and information centre in OAPI, emphasis is being given to working links and personal contacts with the African Regional Centre for Technology.

At the Lusaka Diplomatic Conference in December 1976, convened by the ECA and WIPO, an agreement was concluded on the creation of an Industrial Property Organization for English-speaking Africa (ESARIPO). The Council of ESARIPO at its first session in May 1978 invited ECA and WIPO to continue to act as interim secretariat and to prepare the project for the establishment of a patent documentation and information centre (ESAPADIC) in the framework of the regional office, with working links and personal contacts with the African Regional Center for Technology.

At the Conference on Industrial Property and Transfer of Technology for Arab States held in Baghdad in March 1977, it was recommended, inter alia, that, in co-operation with WIPO and UNIDO, the Industrial Development Centre for Arab States (IDCAS) should undertake a complete survey of the situation of industrial property and transfer of technology in the Arab countries and also prepare a detailed study with a view to establishing a regional and central industrial property office. In September 1978, WIPO published in English, French and Arabic a survey under the title "Situation of Industrial Property in the Arab States".

INFORMATION RECEIVED FROM THE EUROPEAN ECONOMIC COMMUNITY (EEC) 1/  
CONCERNING INDUSTRIAL TECHNOLOGY

Concerning the International Code of Conduct on Transfer of Technology the Community and its member States have actively participated in the preparation and negotiation of the draft of this Code, both in UNCTAD and at the two sessions of the United Nations Conference on the Code. They favour a code embodying approaches which it is practical to expect to be followed up on a voluntary basis and designed to strengthen transfers to the developing countries of industrial technologies required for their development. Progress in the preparation of this draft has been slow, mainly because of the technical complexity of the subject and the particularly marked

1/ The reply from EEC was received after publication of document ID/238.



EEC (cont'd)

divergencies between the developed countries and the Group of 77 with regard to essential elements of the Code, in particular its legal nature. The Community hopes that it will be possible to evolve a consensus on the main problems still in dispute at the third meeting of the Conference on the Code in the autumn of 1979, the convening of which was agreed on at the fifth session of UNCTAD.

Concerning the establishment of an Industrial and Technological Information Bank, the Community on the basis of a resolution of the Council of Ministers of the Community of 24 June 1971, and also of two plans of action covering the period from 1975 to 1980, is in the process of providing itself with a large-scale scientific, technical, social and economic information system, christened Euronet-Diane (Direct Information Access Network for Europe). This system, which is now being tried out and implemented, will soon make it possible, through a public system managed by the post and telecommunications services of the nine member States of the European Community, for subscribers to have instant access to a very large number of varied and reliable sources of automated bibliographical data, on a non-discriminatory basis, in all the fields of human knowledge and, in particular, in the scientific, industrial and social spheres. The data come primarily from European sources, although the system includes a number of North American sources. This system should become operational during 1979. In substance, Euronet-Diane comprises three main parts:

- The users (organizations and individuals wishing to have easy access to technical, scientific, social and economic information);
- A new telecommunications network, with a view to the transmission of data, linking the host computers to the users through the Community (Euronet);
- A group of the largest suppliers (hosts) of on-line service in the Community (Liane).

The latter offer a wide range of data bases, comprising references to and excerpts from articles, books, conference documents and other sources containing all the specific data, facts and figures and formulae. The information on what is made available by the suppliers of the Diane service is especially interesting for organizations operating in the following fields: agriculture and veterinary science; civil engineering, electrical engineering, mechanical engineering and chemical engineering; data processing and electronics; social sciences; medicine; metallurgy; patents; petroleum; and pharmaceutical products. Operating with the most advanced package-switching techniques, the network has been specifically designed for use on a time-sharing basis for the transmission of data and it offers the greatest technical advantages from

EEC (cont'd)

the points of view of speed, reliability and ability to operate over long distances between the present terminals of users and host computers. All users, both in the Community and outside it, will be able to gain access to the international Eur net-Diane network by calling the access points in the system located at Amsterdam, Brussels, Copenhagen, Dublin, Frankfurt, London, Luxembourg, Paris and Rome. The charge for information supplied is based primarily on the volume of data transmitted and the duration of the connexion.

Concerning facilities to provide a flow of pertinent technological information to the developing countries apart from the Eur net-Diane information system described above, the Lomé Convention affords developing countries which are signatories of it the possibility to gain access to specific industrial and technical information through the services of the Industrial Development Centre (IDC). In addition, with a view to strengthening the scientific and technological structures of the ACP States, the Lomé Convention comprises a large-scale training programme, especially for young technicians and scientists in all disciplines.

Around 40 training programmes lasting several years have been approved for the period from 1976 to 1980, and around 10 others are being prepared, to make up a total value of some 100 million. These programmes provide for actions focusing in particular on training linked both with the investments of the European Development Fund, with a view to ensuring optimum utilization of these investments, and also with the priority needs of the country and further training of civil service cadres. The programmes involve mainly fellowships and training courses. Some also provide for training instructors to be sent out to take charge of teaching or technical assistance duties comprising, inter alia, training for citizens of the countries concerned with a view to ensuring as quickly as appropriate complete mastery of duties formerly assumed by foreign technical assistance. The organization of seminars and short training sessions relating to the training of cadres - a field particularly stressed by the ACP-EEC Council held in Fiji 1977 - is also provided for.

Around 3,800 senior staff from ACP States are already the beneficiaries of fellowship and training course programmes financed by the European Development Fund. Some 50 training experts are at work in various ACP States, carrying out technical assistance activities supplemented by on-the-spot training, and various types of teaching, maintenance or training. Particular attention is paid to training in the countries themselves or in an ACP member State, with training in Europe reserved for specialization in specific fields. Consequently, two thirds of the European Development Fund fellows and trainees are in the ACP States, and barely one third are in the nine countries of the European Community. The fields of training comprise mainly the technological sciences (29 per cent), agriculture (26 per cent), education (12 per cent), health (8 per cent) and a variety of other fields (7 per cent).

## V. INTERNATIONAL TRADE

The need to facilitate the expansion and diversification of exports from the developing countries is stressed in the Lima Plan of Action as a precondition for the latter's accelerated industrialization and for their increased participation in international marketing. Developed countries are urged to eliminate progressively or to reduce tariff and non-tariff barriers, as well as other trade obstacles with a view to improving the international framework for the conduct of world trade. The Lima Plan of Action lists among the measures for increasing manufactured exports from the developing countries the application, expansion and improvement of the schemes under the Generalized System of Preferences and the pursuance of multilateral trade negotiations. Preferential treatment for manufactured imports from the least developed countries is also called for. (Paras. 59 (a and b), 61 (a, b and c) and 62 (h and j).)

Governments of developed countries were invited to supply information on the issues mentioned above, including such topics as:

Measures to expand and diversify manufactured and semi-manufactured imports from developing countries and in particular from the least developed countries;

The reduction of tariff barriers for products of interest to developing countries;

The granting of preferential access to export of developing countries.

### INFORMATION RECEIVED FROM DEVELOPED COUNTRIES CONCERNING INTERNATIONAL TRADE:

#### AUSTRIA:

In formulating its foreign trade policy the Austrian Government has given positive consideration to the need for developing countries, in particular for the least-developed among them to expand and diversify their exports. It has therefore introduced several significant measures to improve the developing countries' share in the Austrian market.

On 1 July 1977, the third stage of the Austrian scheme of the GSP has come into effect. It provides for a further improvement of the scheme in the industrial sector. New preferences or enlarged preference margins have been granted for about 60 products. No quotas, ceilings or other quantitative restrictions apply. The Austrian margin of preference in the industrial sector is now generally 50%, in the textile sector 35%, calculated on the basis of the inter rates of duty. It might be mentioned that the textile sector in some cases

Austria (cont'd)

is subject to measures in the framework of the multifibre agreement, which are applied outside of the scope of the GSP.

The presentation of the Austrian scheme was one of the objectives of several missions of Austrian experts on rules of origin and customs procedures in the framework of the UNCTAD/UNEP GSP-project for technical assistance.

Furthermore, special legislation has been enacted in Austria providing for the import of hand-made goods from developing countries at reduced rates of duty or entirely duty-free. The list of goods covered by these provisions was compiled in accordance with the wishes of developing countries taking into account, in particular, the export interests of the least-developed countries. As of now, agreements under this legislation have been concluded with 30 countries.

BELGIUM:

Belgium, as a member of the European Communities, does not have its own import policy; nonetheless, and within the framework of the EEC policy, Belgium advocates, as it always has in the past, a maximum expansion of import opportunities for manufactured and semi-manufactured goods from the developing countries - goods for which it is all the more difficult to grant further preferences because the current economic situation is depressed. Nonetheless, for the longer-term future, the Belgian Government is considering the possibility of adapting its production structures.

BULGARIA:

The main objective of the PR of Bulgaria's strategy of economic co-operation with the developing countries is to assist these countries in their endeavour to settle the problems of economic development and to consolidate their economic independence. Proceeding from this fact the P.R. of Bulgaria intend to keep strictly to expanding mutually advantageous trade with the developing countries. To this end the Bulgarian side is ready to:

- expand the practice of concluding long-term trade agreements and agreements for economic and technological co-operation, including agreements covering two or three 5-year periods when possible and appropriate;
- concentrate further, within the state sector, the efforts in rendering technological and economic assistance to the developing countries for the promotion of productive forces and industry in the first place;
- promote the export of manufactured items of national industry on the basis of tariff preferences;

Bulgaria (cont'd)

- envisage in agreements and contracts credits' paying off at the expense of the production manufactured in the enterprises set up by the PR of Bulgaria or the remaining socialist countries.

The People's Republic of Bulgaria is of the opinion that the strategy for expansion and diversification of the export of manufactured and semi-manufactured articles from the developing countries merits serious support. In the development plans adopted by the P.R. of Bulgaria and the other socialist countries guidelines are given for the further expansion and consolidation of scientific and technological contacts with the developing countries on a long-term basis, for the consistent promotion of trade co-operation with the developing countries, creating thus conditions for the extension of the import of manufactured and semi-manufactured goods from these countries.

The impetuous process of disintegration of the world colonial system on the one hand, and the accelerated economic growth of Bulgaria, the speeded establishment of heavy industry and the formation of modern export industrial branches, as well as the building up of advanced scientific and technological potential on the other, allowed for the establishment in the period after 1955 of the first economic contacts on a broader basis (mainly along the foreign trade line) with a constantly growing number of developing countries.

Favourable conditions have been created for partners to come to know better each other, for the building up of mutual confidence and accumulation of experience. This made it possible for Bulgaria to establish, particularly from the beginning of the 1970s onwards, with a group of developing countries, not too large as yet, a regular perspective and much more varied economic partnership that is constantly going beyond the frames of the basic form of international division of labour - foreign trade. With a view of initiating stable, lasting and long-term economic co-operation of Bulgaria with some developing countries (those of the Middle East and North Africa in particular) as well as for the promotion of some fundamental forms of industrial co-operation, Bulgaria's constantly expanding activities in the field of construction and export of set industrial plants and projects, and its intensified finance and credit operations have proved to be particularly instrumental. The establishment of joint ventures and the parallel development of key and basic forms of scientific and technological co-operation - particularly from the mid 60-ies onwards - have also been of major importance.

Over the past twenty years Bulgaria has reached an important stage in its economic co-operation with the developing countries: pre-requisites have been created for long-term mutually advantageous multilateral economic, scientific and technological co-operation

Bulgaria (cont'd)

with a number of partners (mainly the Middle East and North African countries) that account for about 50% of Bulgaria's economic co-operation and for about 70% of its industrial co-operation with the developing countries.

The foreign trade of Bulgaria with the developing countries has indicated an average annual growth of 21% for the period 1960-1976 and its share in the total turnover of the country has grown from 2,9% in 1960 to 7% in 1976.

Volume of trade with Indices/1970 = 100  
developing countries (in '000 leva)

<u>Year</u>	<u>Export</u>	<u>Import</u>	<u>Export</u>	<u>Import</u>
1970	152000	100900	100,0	100,0
1971	172355	140321	113,4	139,1
1974	458360	308924	301,6	306,2
1975	637074	273481	419,1	271,0

The export of set economic projects from Bulgaria to the developing countries has also marked a considerable increase, covering some 80 projects of food industry, for the production of construction materials, refrigerating technologies, air-conditions, cre-dressing plants, chemical and pharmaceutic, wood-processing and machine-building plants totalling more than 500 mil.dollars. This activity now account for 8 to 10% of the annual machine-building export from Bulgaria to the developing countries and is closely linked to a number of other services, such as construction and assembly, offering scientific and technological documentation, training of local personnel, crediting, etc.

The Government of the People's Republic of Bulgaria pursues a consistent policy of promotion and further extension of trade and economic relations with all developing countries regardless of their socio-economic system and level of development. Guided by this policy Bulgaria has always treated with understanding the current problems of the developing countries and has supported them within its possibilities.

The Government of the People's Republic of Bulgaria has decided to apply from 1 April 1972 preferential treatment for imports from developing countries (Decree No.98 of March 16, 1972 of the Bureau of the Council of Ministers). The extended preferences cover imports of all manufactures and processed agricultural products, produced and exported to Bulgaria from countries of the Third World, with the exception of 10 BPH items. The preferential tariff reduction was

Bulgaria (cont'd)

set at 30 per cent of the most favoured nation tariff rate. Under paragraphs 4 and 5 of this Decree the Bulgarian authorities reserve the right not to extend preferences to countries with a higher national income per capita or to countries applying discriminatory commercial policy towards Bulgaria and to introduce under certain circumstances protection measures including withdrawal of already extended preferences. The validity of the Bulgarian Preferential System was set provisionally for ten years.

In 1976 the Government took some steps aiming at the improvement of the existing preference system and further trade expansion. On May 5, 1976 the Council of Ministers of the P.R. of Bulgaria adopted decision No.88 for an extension of the coverage of the Bulgarian preference system to all BTN headings and from 30 to 50 per cent reduction of the tariff rates. Furthermore, in accordance with the UNCTAD and other UN fora recommendations, the list of the beneficiaries was divided into two parts: part A for the least developed among the developing countries: Guinea-Bissau, Mauritania, Mauritius, Cape Verde, Sao Tome and Principe, Papua New Guinea and Comoros, and part B for the remaining developing countries, enjoying preferences from Bulgaria (Decision No. 124 of June 30, 1977 of the Council of Ministers). Under this decision, the countries listed in part A, reserve duty free treatment, while the preferential rate for those in part B remains 50 per cent.

An analysis of the trade turnover of Bulgaria with the developing countries for the period after the application of the preferential system shows a trend towards commodity diversification and growth. Thus for 1972-1977 the overall Bulgarian trade has grown 2.2 times, whereas the trade with the developing countries has increased 2.7 times. Alongside, the trade with the least developed among the developing countries has expanded fourfold.

CANADA:

Canada favours the efforts by developing countries to improve their marketing and distribution systems and to promote their products in foreign markets. In this context, the Canadian Government has recently established and funded a Trade Facilitation Office, the broad objective of which is to assist developing countries to export to the Canadian market. Particular attention will be given to export opportunities for the poorer tranche of developing countries having inadequate trade representation in Canada.

Special "negotiations" were held early in the MTN to liberalize access to developing country markets for tropical products. The "negotiations" resulted in the implementation by most developed countries in 1977 of unilateral non-reciprocal tariff reductions, on an MFN or GPT basis. In Canada's case these involved MFN concessions covering 92 million of 1977 imports for which developing countries were principal suppliers. Additionally, Canada implemented

Canada (cont'd)

on a GSP basis tariff reductions on a further 56.6 million worth of 1977 imports where developing countries were not principal suppliers. Taking these tropical product concessions into account the vast majority of agricultural imports from the developing countries entered Canada duty free. In 1977 83.5% - over 650 million worth - of such imports entered duty free on either an MFN or GSP basis. Of the remaining dutiable agricultural imports from developing countries over 67% either will benefit from reduced MFN rates following the MTN or already enjoy preferential access under the GPT.

In addition, as a result of further negotiations, Canadian MFN tariffs are being reduced and bound in the GATT, thus improving secure access to the Canadian market for all suppliers. Despite domestic sensitivities, Canada was able to make some, albeit modest, cuts in tariffs on textiles, clothing and footwear which are of particular interest to a number of developing countries.

CHINA:

China's trade with the Third World countries over the past few years has developed fairly rapidly. Simultaneously, the composition of the commodities in its trade with them is constantly changing. In the past, China mainly exported light industrial, agricultural and side-line products, native produce and handicrafts. With the development of its industry the proportion of manufactured goods has increased significantly. There has been a marked increase in machinery, instruments, motors, tools, steel, chemicals, cement and agricultural machinery, etc. In addition, China has supplied some countries with complete sets of factory equipment, such as textile mills, cigarette plants, paper mills and cement plants. In the past, the goods China imported from the Third World countries were mainly primary products, a large part of which was food and necessary raw materials such as cotton, jute, rubber and timber. Additionally, China also imported other commodities according to need and possibility. In recent years, with the advances in industrialization of many developing countries, China has also introduced from them certain advanced techniques and technology, as well as industrial products, particularly the light industrial products.

Due to the common desire of both China and the Third World countries to further increase trade on the basis of equality and mutual benefit, to the fact that development of trade fully conforms to the need for mutual support politically and economically and to the fact that all the Third World countries in recent years have developed their national economies in varying degrees, the possibility of exporting industrial manufactures, in addition to the traditional primary products is constantly increasing, and some Third World countries can also supply relatively advanced industrial products and technology. Take China for example, with the progress of its socialist modernization, what it can supply to the Third World countries and other countries will also increase gradually,



China (cont'd)

and the conditions of transportation will be improved. The future of China's trade with the Third World countries and other countries is bright and promising.

CZECHOSLOVAKIA:

The Czechoslovak Socialist Republic supports the just demands by the developing countries and, within the framework of the implementation of its policy of peace, it strives for a broad, equal co-operation among all countries regardless of their social systems and for a just restructuring of the international economic relations.

The Czechoslovak Socialist Republic has trade agreements practically with all developing countries, and many governmental credit agreements, agreements on economic, industrial, scientific and technical co-operation.

The Czechoslovak Socialist Republic supports by all means imports from developing countries and therefore duty on import from developing countries has recently been reduced by 50% and duty on imports from least developed countries practically abolished.

DENMARK:

Measures for reducing tariff and non-tariff barriers for products of interest to developing countries as well as for granting of preferential access to exports of these countries fall within the competence of the European Economic Community.

The European Community takes through the Multilateral Trade Negotiations (MTN) part in the endeavours to secure additional benefits for the international trade of developing countries. As a consequence of this attitude, the Community has treated the developing countries' requests concerning tropical products as a high priority matter and has implemented its offer on the 1st of January 1977. Furthermore the Community is determined to contribute fully to the formulation of differential and more favourable treatment of developing countries, in particular the least developed among them in all areas of the Multilateral Trade Negotiations where this is feasible and appropriate.

The existing measures and agreements concluded between the Community and developing countries within the framework of the common commercial policy are the following:

- (a) The Lomé Convention between the EEC and the 55 ACP-countries;
- (b) The co-operation agreements between the EEC and the following seven Mediterranean countries: Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, and Syria;
- (c) The association agreements between the EEC and Malta, Cyprus, and Turkey;

Denmark (cont'd)

- (d) The EEC's general scheme of preference for developing countries.

FINLAND:

In the area of international trade Finland has as from 1977 as a result of the Finnish concessions on tropical products in the Multilateral Trade Negotiations, enlarged the product coverage in her Scheme of Generalized Preferences, mainly in chapters 1-24 of the CCCN. Finland has made these offers without any expectations as to reciprocal concessions from the developing countries. It should also be noted in this context that the Finnish GSP - scheme is based completely on zero-duties, it does not have any tariff-quotas or similar limitations, and it covers nearly the whole field of industrial products and a considerable part of agricultural products. As a further measure of liberalization the rules of origin in the Finnish GSP-scheme have been changed in order to open the possibility of cumulative LDC-origin in cases to be defined. This modification has been made simultaneously by all preference-giving EFTA-countries in response to several requests from developing countries. Cumulative treatment under the Generalized System of Preferences, in the system applied by the preference giving EFTA-countries (Austria, Finland, Norway, Sweden and Switzerland), means that a preference receiving country exporting to one of these EFTA-countries, is allowed, for the purpose of the origin rules, to regard materials used in production, which has originated in an other preference receiving country with which exporting country co-operates in a regional economic grouping, as if these materials had originated in the exporting country.

In the field of non-tariff measures Finland has found it important to try to find a way to comply with such requests of the developing countries that can be taken care of in this context. Consequently Finland has eliminated the import equalization tax on agricultural products covered by the Finnish GSP-scheme. This concession means in practice a certain preference to imports from developing countries even in comparison with domestic Finnish production.

In the context of the Multilateral Trade Negotiations a number of additional requests by developing countries have been met in Finland's offers in the other fields of the negotiations but these are still pending the final outcome of the Tokyo round.

A further concrete factor, which has encouraged the consumption of developing countries imports, has continuously been suspension of the customs duty on coffee. Finland's imports from developing countries have increased steadily and at the same time her trade deficit vis-a-vis the developing countries has reached a record level.

Finland (cont'd)

The favourable access conditions in Finland relate in particular to the least developed among the developing countries. Thus 94% of the imports from these countries into Finland are accorded duty-free treatment.

FRANCE:

The questions covered in this chapter will be replied to by the European Economic Community.

GERMAN DEMOCRATIC REPUBLIC:

The trade policy of the German Democratic Republic is based on the consideration that inter-governmental agreements and arrangements which take account of the economic capabilities and needs of both the GDR and the partner countries, are optimum prerequisites for assuring a long-term and stable development of trade exchanges in the mutual interest.

As a result of this persistent policy the GDR has seen a steady growth of its trade relations with developing countries over the past 20 years. Its trade turnover with developing countries was worth about 300 million foreign-exchange marks in 1955 and exceeded 1 billion in 1965. From 1.6 billion marks in 1970 it has reached 4.5 billion in 1977. This growth is above the average increase recorded for the GDR's total foreign trade volume in the last few years. The steady increase in the volume of trade between the GDR and developing countries shows that it is beneficial to both sides.

The GDR does not levy customs duties on imports from developing countries and has not established any non-tariff barriers against developing countries. Like the other socialist countries, the GDR endorses the principle of granting preferential terms in trading with developing countries, taking into account statements by countries of group D in United Nations bodies. It is willing to conclude with all interested developing countries long-term trade and economic agreements based on equity and mutual advantage which will guarantee extensive and lasting ties without reciprocity in respect of preferences and without discrimination.

Joint commissions and economic committees existing between the GDR and developing countries also stimulate co-operation concerning mutual information on export and import possibilities and requirements and, if necessary, concerning the adaptation of export items from developing countries to consumer needs in the GDR, which facilitates the introduction of such goods on the market in the GDR. The GDR has made continuous efforts to identify and develop opportunities for imports from developing countries, for example by means of market research and analyses, the sending of buying missions and the promotion of contacts between foreign trade organizations.

German Democratic Republic (cont'd)

There is no doubt that these measures promote the industrialization and export capability of developing countries. Further progress would require that developing countries, too, make efforts for more trade with the GDR by granting terms no less favourable than those which are customarily granted to capitalist countries, and by promoting imports like plant, machinery and equipment from the GDR. With its policy of furthering the economic, scientific and technological relations with developing countries which the GDR Government has reaffirmed on various occasions, the GDR makes its contribution to the industrialization and thus to the further consolidation of the economic independence of these countries. The targets set in the 1976-1980 Five-Year Plan of the GDR serve this goal.

GERMANY, FEDERAL REPUBLIC OF:

According to the treaty on the establishment of the European Economic Community the common commercial policy is based on uniform principles and is decided upon and implemented by the responsible institutions of the Community. As a member of the European Economic Community the Government of the Federal Republic of Germany contributes actively to the topics under consideration within the framework of this common commercial policy.

The Government of the Federal Republic of Germany believes that the intensification and further expansion of trade relations with the developing countries offer the best chance of increasing the resources for development finance. The export earnings are by far the most important source of foreign exchange for the developing countries. They far exceed funds of official development assistance and have shown a much more dynamic rise:

- Development assistance, calculated on the basis of OECD figures, more than doubled between 1963 and 1975 (rise from US \$ 6.0 billion to US \$ 13.6 billion), while the export earnings of the developing countries rose almost sevenfold (increase from US \$ 22.5 billion to US \$ 152.5 billion).
- In 1973, development assistance still accounted for about 1/5 of the foreign finance sources of the developing countries but in 1975 only 1/15.

The Government of the Federal Republic of Germany attaches high priority to the continuation of this trend. It considers the best approach

- the creation of special arrangements for the benefit of the developing countries in the present round of multilateral trade negotiations in GATT,
- the improvement and further extension of the Generalized System of Preferences which the EC introduced in 1971, leading the other industrial donor countries.

Germany, Federal Republic of (cont'd)

It will continue to support these aims actively within the European Community. The Government of the Federal Republic of Germany attaches special importance to the qualitative improvements in the system of preferences in favour of the least developed countries which were realized in the system of preferences of the Community in 1977 following a German initiative, namely, abolishing of the ceiling, i.e. the maximum limit of duty-free importation for the least developed countries for quasi and non-sensitive products outside the textile field.

The Federal Republic of Germany represents the world's second largest market, after the USA, for manufactured and semi-manufactured goods from the developing countries. In terms of the value of imports per capita of the population, it even moves into first place among the developed countries. The non-oil producing developing countries achieved an import surplus of DM 2.9 billion with the Federal Republic of Germany in 1977. This positive trend in trade began back in 1976 when imports from non-oil producing developing countries were for the first time higher than German exports to this group of countries by DM 0.2 billion. In previous years the volume of German exports to these countries has always been greater than that of imports from these countries, e.g. 1974 by DM 5.3 billion and in 1975 by DM 3.1 billion. The change from a considerable trade deficit to a significant surplus is in the first instance the result of a steep increase in German imports from developing countries which do not form part of the group of oil producing countries. In 1976 German imports from these countries increased by 27% and by 22% in the first nine months of 1977. These rates of increase were substantially higher than those for German imports as a whole which went up by 21% in 1976 and by 7% from January to September 1977.

Of the factors behind this development imports of manufactured and semi-manufactured goods play an essential role for it is here that competition is particularly keen and demand is influenced less by internal economic factors than by the extent to which markets are open. In the last 18 months German imports of manufactured and semi-manufactured goods from developing countries have consistently risen more steeply than imports of these goods as a whole. In 1976 there was a 35% rise in imports from developing countries and in the first half of 1977 11% whereas imports of manufactured and semi-manufactured as a whole rose by 22% in 1976 and by 7% from January to June 1977. Even in the face of very keen international competition, therefore, the developing countries were able to gain ground on the German market. This result convincingly refutes the theory that developing countries are automatically at a disadvantage in world trade, at least as far as recent German imports are concerned.

A comparison of German imports of semi-manufactured and manufactured goods from developing countries and of these imports to the European Community gives the following picture (in DM billion):

Germany, Federal Republic of (cont'd)

	<u>1973</u>	<u>1976</u>
European Community	19.4	29.2
Federal Republic of Germany	5.2	9.4
Great Britain	5.8	7.1
France	2.3	4.0
Italy	2.1	2.8

During the three-year period between 1973 and 1976 the Federal Republic of Germany accounted for 32% of EC imports of semi-manufactured and manufactured goods from developing countries compared with 27% in 1973. If one assumes that the importation of processed products from developing countries has a substantially higher development policy value than the importation of mineral oil, raw materials and foodstuffs, the comparison of the importation percentages of semi-manufactured and manufactured goods is an indication of the extent of economic sales opportunities which exist for the Third World in the individual EC states.

A survey of the development of imports and exports from the least developed countries to the Federal Republic of Germany gives the following picture:

Development of imports and exports from the LLDCs (in DM million<sup>1/</sup>)

Imports from LLDCs		Rate of increase	Exports to LLDCs		Rate of increase
1976	1977		1976	1977	
0.713	0.786	10.3%	1.058	1.344	27%
LLDC share of total imports of the Federal Republic of Germany			LLDC share of total exports of the Federal Republic of Germany		
1976	1977		1976	1977	
222,173	235,178		256,642	273,614	
0.3%	0.3%		0.4%	0.5%	25%
(0.32092%)	(0.33421%)		(0.41224%)	(0.4912%)	(-19.2%)

<sup>1/</sup>No statistics are yet available for semi-manufactured and manufactured goods for 1977.

HUNGARY:

Trade turnover between Hungary and the developing countries has expanded in recent years at a faster rate than the whole of Hungarian foreign trade. In 1977 the foreign trade handled with the developing countries (excluding Cuba and the planned economies of Asia) amounted to 8% of all foreign trade.

As a result of the preferential tariff system put into force and the complete abolition of certain tariffs manufactured goods import from the developing countries is growing fast. The share of manufactured consumer articles within all imports from the developing countries amounts at present to 12-15% 30% of all garment, 14-15% of all textile and 11-13% of all shoe imports come from the developing countries. Hungary expects more semi-finished and finished manufactures of developing countries on the Hungarian market in the years to come, mainly from countries which have already established a relatively close co-operation with Hungarian enterprises.

The measures that will be carried out for changing the Hungarian industrial structure shall promote a further diversification of imports. The effects of these measures will, however, manifest themselves in only a longer term. The pace of their implementation, however, does not exclusively depend on internal conditions. The expansion of the international division of labour with the countries outside the CMEA is in close connection with the strengthening of the process of international détente. The protectionist tendencies unfolding in the advanced capitalist countries, which act as a hampering factor are also to be considered as important external factors. While Hungary introduces facilities for the developing countries, several measures are taken to impede the importation of Hungarian products to its traditional markets.

The success of diversification depends, in addition to the Hungarian efforts, also on whether the producers of the developing countries can assure the deliveries of products in suitable quality, at competitive prices, according to a predetermined schedule, possibly on the basis of long-term contracts. It also depends on what measures the exporters take on the Hungarian market for making their possibilities better acquainted. For this latter activity the Hungarian trade organs render all assistance, and in certain cases they take initiatives themselves, e.g., within the Fair Promotion activity organised jointly with UNIDO on the occasion of the Budapest International Fair, or by publishing in Hungarian catalogues describing the equipment that specific developing countries are able to deliver.

Hungary has introduced preferential tariffs for about 600 products and product groups of the developing countries, of which more than 100 items enjoy full duty concession. Products of least

Hungary (cont'd)

developed countries are totally duty-free. With the participation of the importers and the internal trade companies import-related market research delegations are regularly sent to the developing countries.

IRELAND<sup>1/</sup>

In regard to questions relating to foreign trade, reference is made to the reply of European Community.

As a member State of the European Community, Ireland has participated in the Community's significant offer to the developing countries on tropical products made in the Multilateral Trade Negotiations and will continue its endeavours together with the other Community member States, to secure additional benefits in the field of trade for the developing countries.

JAPAN

Japan, as a trading nation, keeps close trade relation with developing countries. For example, the share of imports from developing countries in Japan's total imports in 1977 was 56.4%. Japan intends to continue to seek through trade the ways and means of promoting mutual prosperity with developing countries and to contribute to the expansion of trade of developing countries by facilitating the import of manufactures and semi-manufactures from developing countries through MTN and the GSP. Following are some of the measures taken by the Japanese Government to facilitate the import from developing countries:

- Tariff reductions in advance of conclusion of the Tokyo Round negotiations
- Removal of quota controls on certain agricultural products and other items
- Liberalization and simplification of exchange control system
- Establishment of the Manufactured Imports Promotion Organization (MIPRO)

With regard to reduction of tariffs and non-tariff barriers, the Government of Japan has been participating in the MTN in a most positive and constructive manner. Notably, Japan implemented, prior to conclusion of the Tokyo Round, the tariff reductions on 124 items in March 1977, including items of export interest to

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<sup>1/</sup> The reply from Ireland was received after publication of document ID/238



Japan (cont'd)

developing countries such as shrimps, prawns and lobster, coffee, and black tea. Japan has endeavoured vigorously to remove imports restrictions. With the addition of the liberalization of two items in 1975, the number of residual import restrictions has come down to 27 items. Furthermore, in April 1978, Japan liberalized imports of 12 sub-items including Monge Ika cuttle fish, and nuts in pulp form.

As to the general scheme of preferences, the Government of Japan took such measures as to expand the list of beneficiaries and product coverage, to enlarge the ceiling quotas and to improve administration of the ceiling quotas.

NETHERLANDS:

In general all questions under this chapter can be referred to the information to be given by the EEC. In addition mention can be made of the activities of CBI, the Centre for the Promotion of Imports from Developing Countries. This is an agency of the Netherlands Ministry of Foreign Affairs. Its activities come under the responsibility of the Minister for Development Co-operation. Since 1971 CBI has assisted individual exporters from developing countries around the world in making their first contact with the European Common Market, especially the Netherlands. This is being done free of charge. CBI also co-operates with organizations in developing countries, which promote exports. CBI's services encompass:

Information, such as market surveys, statistic; requirements of the trade, government, and consumers; organization of seminars.

Intermediary, i.e. by establishing contacts between exporters and importers; publication of a monthly "News Bulletin", which is sent to importers containing business offers from exporters from developing countries relating to their (sampled) offers in CBI's Merchandise Test Centre.

Trade promotion, e.g. assistance in connection with participation in Dutch trade fairs. This may under certain conditions include financial assistance by CBI.

Liaison. In liaison e.g. with the International Trade Centre (ITC) of UNCTAD/GATT in Geneva, CBI provides programmes for participants in ITC courses, seminars etc. when these participants visit the Netherlands, CBI gives advice to the ITC and provides substantial funds for that organization.

NEW ZEALAND:

In 1972 New Zealand responded to an UNCTAD initiative and introduced a scheme under the Generalized System of Preferences (GSP) in favour of developing countries. In February 1976, the Government confirmed a decision to expand the New Zealand GSP on a "negative list" basis, thereby significantly increasing product coverage. Under

New Zealand (cont'd)

the new scheme, which came into effect on 1 July 1976, preferences (except where items were already duty free) are accorded to developing countries on most tariff items. The list of exclusions comprises approximately 350 out of a tariff of some 4,700 items. Some 1,150 items in the tariff are duty free from all sources. The revised scheme permits a measure of flexibility to make changes if the need should arise in the future to provide for additional rates of duty for protective or other purposes. The revised GSP is based on an intention to maintain, in terms of GSP criteria, specified margins of preference of up to 20% for developing countries. The developing countries' Handicraft Scheme, established in January 1975, provides for the issue of import licences, within a limited annual budget allocation for handicrafts, from all developing countries except the Pacific Islands, which have access to the New Zealand market under a separate scheme.

In 1973 New Zealand, in recognition of its obligation to its Pacific Island neighbours, introduced the Pacific Islands Handicrafts Scheme which accorded duty free entry for specified handicraft products from Fiji, Tonga, Papua New Guinea, Nauru and Western Samoa. These provisions were later extended to the Gilbert Islands, Tuvalu, the Solomon Islands, the New Hebrides, and Pitcairn Island. In December 1976 after the scheme's waiver from the General Agreement on Tariffs and Trade expired the duty free provisions of the scheme were globalized to cover all developing countries.

Special trade licences are issued to importers trading with developing or state trading countries to enable the products of those countries to be introduced to the New Zealand market. The allocations are spread over a range of items and number of importers. It is intended that once a product has been introduced to the New Zealand market, established licence holders will use their existing licences to import from the country concerned. Although these licensed imports represent less than two percent of total licensed imports, the scheme is a useful introductory measure for the promotion of the products of these countries on the New Zealand markets, thus enabling them to compete more effectively with products sourced from traditional sources.

The Developing Countries Liaison Unit assists developing countries with the organization of trade missions to New Zealand, with market surveys and product research generally. Trade missions from Papua New Guinea and Fiji, financed under New Zealand's Aid Programme, were received in 1977. Missions from the Philippines, Thailand and Malaysia have also received New Zealand support and assistance.

NORWAY:

The Norwegian economy is to a large extent influenced by the country's external relations. Exports make up for 40-50 per cent of GDP. The share of imports is even larger, due to a liberal trade policy. As far as developing countries are concerned, GSP represents

Norway (cont'd)

a further liberalization in favour of these countries. The 29 least developed countries are given duty free access to the Norwegian market for all their industrial products, while a list of exceptions is applied as far as imports from the other developing countries are concerned.

Norway is participating actively in the NTN in GATT, which have as one of their main objectives to secure additional benefits for developing countries. As a result of the NTN within GATT concerning tropical products, Norway included a further 14 tariff items in this sector in its GSP scheme as from 1 January 1977.

The possibility of cumulative treatment for countries co-operating in a regional economic grouping was introduced under the Norwegian GSP Scheme as from 1 July 1978. Norway has suspended tariff duties for all products imported from LDC-countries under the GSP.

The Norwegian Government established in February 1977 an office under the Ministry of Commerce and Shipping with the objective of promoting imports from developing countries including imports of manufactures and semi-manufactures. NORIMPOD (The Norwegian Import Promotion Office for Products from Developing Countries) will act as an intermediary in establishing business contacts between exporters/producers in the developing countries and the Norwegian market with the purpose of creating permanent business relations.

SWEDEN:

Since the Ministerial Meeting in Tokyo in 1973 Sweden has actively promoted the objectives of the Tokyo Declaration as they relate to developing countries. Sweden takes an active part in the Multilateral Trade Negotiations which are now approaching their conclusion. In all areas of the negotiations Sweden together with the other Nordic countries have made every effort to secure additional benefits for the trade of developing countries and to substantially improve conditions of access for products of interest for these countries. There is, in the view of the Nordic countries, no shortcut to a balanced and equitable result of the NTN which can only be successfully achieved if the objectives of the Tokyo Declaration are adequately met also as regards the specific trade problems of developing countries.

The situation in Sweden as regards access to markets in terms of tariff protection is characterized by a very high degree of duty free entry to its market taking into account the Generalized System of Preferences. The favourable access conditions relate in particular to the least development among the developing countries. Thus over 99% of the imports into Sweden from these countries are accorded duty-free treatment.

As a result of the consultations in the Tropical Products Group of the Multilateral Trade Negotiations, the Swedish Government has offered duty-free treatment for a number of products. MFN-rates on a number of products within CCN-chapters 1-24 as well as within

Sweden (cont'd)

chapters 25-99 have been reduced to zero. All these duties will be bound in the GATT. Furthermore, certain products have been added to the Swedish CSP-scheme. All offers are in the form of duty-free treatment.

In the tariff negotiations for industrial products in the MTN, the three Nordic countries have offered to reduce their tariffs on a most favoured nation basis by applying a general tariff cutting formula. Given the overall low tariff level and very high degree of bindings in our countries we consider our offer to be substantial.

In this context the developing countries have been invited to put forward specific requests for special and more favourable treatment. Sweden and the other Nordic countries have indicated ways in which such special treatment could be considered, such as deeper tariff cuts than according to the general formula, advance implementation of the tariff cuts and tariff reclassification for products of export interest to developing countries, etc.

Sweden does not expect the developing countries to apply a general tariff cutting formula. At the same time it expects those countries to make also in the field of tariffs, a contribution not inconsistent with their individual development, financial and trade needs. That contribution could take the form of a greater degree of their customs tariffs and selective tariff reductions.

Sweden wishes to promote a better integration of and a fuller participation by developing countries in the world trading system. To further this objective, Sweden is prepared to accept adaptations in the present GATT rules and procedures which are designed to meet particular requirements of developing countries while maintaining the fundamental GATT principle of non-discrimination. One such adaptation, which appears both feasible and desirable, and which Sweden actively promotes is the inclusion in the General Agreement on Tariffs and Trade of a so-called enabling clause, designed to provide a legal basis in the GATT for special and differential treatment in favour of developing countries. A possible formulation of such a clause has been suggested by the Nordic countries and circulated in GATT document MTN/INF/31. The essential purpose of an enabling clause would be to "legalize" under the General Agreement, in accordance with certain specified criteria, existing or future measures and arrangements providing differential and more favourable treatment in the tariff and non-tariff fields.

The Swedish Government is convinced that measures in the field of trade promotion for products from developing countries are a necessary supplement to reduced trade barriers. Swedish export promotion assistance has been channelled primarily through UNCTAD/GATT's International Trade Centre, ITC. Sweden has for some years been the largest contributor to the ITC. The support is granted in two forms: as a general contribution to ITC activities (around dollar

Sweden (cont'd)

1.7 million in 1978) and as country allocated funds for export promotion activities in seven programme countries (dollar 4.4 million in 1978). Efforts are made to build national institutions for export promotion, including training of personnel. In India, Sweden supports a bilateral project aiming at increased exports from India into Sweden of selected products.

Assistance for access to the Swedish market is provided by the new Import Promotion Office for Products from Developing Countries (IMPOD). It was conceived in response to a request from the developing countries at UNCTAD III - according to which the industrialized countries should organize national agencies with the objective of facilitating imports from developing countries - and was established in the beginning of 1975. IMPOD acts as an intermediary in establishing business contacts between exporters in developing countries and the Swedish market. The office gives market information, advice and arranges visits for groups, firms and representatives of trade ministries, etc. Special efforts are made to facilitate imports of products contributing to the industrialization of the exporting country. Special attention is also given to the least developed countries.

On January, 1, 1972, the Swedish scheme of preferences for developing countries was put into effect. As a result, a substantial part of the Swedish imports from the developing countries has been accorded duty-free entry. At the end of 1977, 75 developing countries and territories have complied with the Swedish rules of origin requirements and were accorded preferences. Total imports in 1977 from these 75 countries and territories amounted to 10.6 billion Swedish Crowns (approx. 2.4 billion dollar), of which 8 billion Swedish Crown (1.8 billion dollar) fell under items with zero MFN duty, and 1.5 billion Swedish Crown (0.3 billion dollar) were products exempted from preferential treatment. Imports of products covered by the scheme of preferences amounted to 983 million Swedish Crowns (220 million dollar). Of these imports 751 million Swedish Crowns (169 million dollar), or 76 per cent, effectively enjoyed preferential treatment in 1977.

SWITZERLAND:

The preferential tariffs granted by Switzerland and the other industrial countries represent by themselves a measure intended to stimulate the diversification of the production and exports of the developing countries - particularly in the industrial sector. As is known, Switzerland has in this context completely eliminated customs duties on all industrial products, without restrictions of any kind, but with a limited tariff reduction for certain sensitive products such as textiles. In July 1978, in the framework of concerted action by those countries members of EFTA that grant preferences, Switzerland introduced the cumulative principle in the system of origin used for the grant of preferential tariffs in

Switzerland (cont'd)

favour of the developing countries. This additional flexibility is applied to products originating from recognized regional economic groupings of the developing countries. Switzerland has also accepted the principle of the extension of the generalized system of preferences beyond 1980.

In the context of the programme credit available to the Swiss authorities it is envisaged that part of the funds will be devoted to promoting imports from the developing countries to the Swiss market.

In the context of multilateral trade negotiations in GATT, Switzerland had made a thorough study of the requests submitted to it by the developing countries concerning tariff reduction or non-tariff measures. Following this examination, it presented a list of offers in February 1978 providing for tariff reductions on a number of products of interest to a number of developing countries.

Switzerland has taken an active role in the negotiation of codes and rules that are intended to permit an improvement of the framework governing world trade. In that request it had always been animated by the concern that the new rules (codes) should take into account as widely as possible the specific interests of the developing countries.

UNITED KINGDOM:

Trade is an area where competency rests with the Community rather than with individual member states.

The EEC's general policy is to seek to maintain an open world trading system to the benefit of all countries and in particular to provide increasing access to the Community for the products of the developing countries in both the agricultural and industrial fields. The EEC and its member states thus play a significant part in the various international fora in which trade is discussed and attention is drawn in particular to the operation of the Community's Generalized Scheme of Preferences (GSP) and to the current multilateral trade negotiations (MTNs).

The EEC's GSP is designed to help developing countries' industry and improve their export earnings by providing duty free access for industrial products (subject to limits for the more sensitive products) and either duty free entry or entry at a reduced duty rate without limit for a wide range of agricultural products. The EEC is committed to continuing improvement of the GSP and to its confirmation after its initial 10 year period in 1981. The UK which became a member of the EEC's GSP in 1974 supports these commitments and has played a constructive role in helping to improve the scheme especially in the agricultural sector. The UK will continue to support measures to further improve the GSP, although any improvements will also have

United Kingdom (cont'd)

to take account of the industrial situation in the Community. The scheme is becoming increasingly orientated to favour the poorer less competitive countries. In the 1978 scheme, special measures were introduced to help the least developed group of countries and in the 1979 scheme, it is hoped to introduce more improvements in their favour.

Following aspects concerning the GATT multilateral trade negotiations (MTN) are noted:

General

These negotiations are designed to reach agreement on a co-ordinated programme of measures to be implemented during the 1980's which will provide for the liberalization of tariff and non-tariff barriers. The United Kingdom firmly believes that a substantial relaxation of trade barriers will make an effective contribution towards an expansion of world trade to the benefit of developed and developing countries alike. For this reason, the United Kingdom will continue to play a constructive role within the European Community to ensure that a successful conclusion is reached. The European Commission is responsible for negotiating on behalf of all Community countries.

The United Kingdom fully supports the Tokyo Declaration commitment to provide measures for special and differential treatment on behalf of the developing countries and to give particular attention to the needs of the least developed among them. The framework of understanding, which was signed in July by all of the main developed country participants, confirmed that one of the distinguishing features of the Tokyo Round is likely to be "additional benefits for the developing countries as well as special and differential treatment for them, inter alia in the tariff field and in several MTN codes". The United Kingdom will do its best to ensure that the Community's contribution to the MTN package contains a significant element of special and differential treatment to help the developing countries to increase their export earnings.

(a) Tariffs

In the tariff field, the Community intends, inter alia, to offer a range of cuts deeper than those resulting from the application of the general tariff cutting formula on industrial products of particular export interest to the developing countries. The United Kingdom played a constructive role within the Community to ensure as great a product coverage as possible. In parallel a limited number of withdrawals from the Community's original tariff offer will be made to maintain GSP or other preferential margins. The Community also intends to make some improvements in the GSP scheme for 1979 as a contribution to the global results of the MTN's.

United Kingdom (cont'd)

Consideration is also being given to the requests made by the developing countries for further concessions on tropical products beyond those already agreed and implemented (largely through the GSP) in 1977.

(b) Non-Tariff Barriers

In addition to specific requests and offers for the relaxation or removal of individual non-tariff barriers, multilateral codes to provide for new disciplines in the customs valuation, government procurement, standards, import licensing and subsidies fields are also under consideration. These codes will contain elements of special and differential treatment for the developing countries and specific proposals are under consideration.

Reciprocity

The Community will not be seeking any concessions from the developing countries which are, to quote the Tokyo Declaration, inconsistent with their individual development, financial and trade needs. But the United Kingdom has always maintained that this commitment should not obviate the more advanced developing countries from making a meaningful contribution to the success of these negotiations.

None of the developing countries are being asked to apply the tariff cutting formula in full to their industrial tariffs but the more advanced and competing of them are expected to offer some industrial and agricultural tariff concession on products of interest to Community exporters. Similarly, in return for the full benefits of any newly agreed codes in the non-tariff barriers field, it is hoped that the more advanced developing countries will agree to offer some relaxation in their import regimes and to apply to the fullest possible extent the new disciplines embodied in these new codes.

The Framework for the Conduct of International Trade

In the context of the MTNs, the developing countries are seeking changes in the structure of the GATT, the effect of which would be to incorporate the principle of special and differential treatment in the main body of its text. The Community has shown its willingness to consider constructively as many as possible of the developing countries requests, for example for an enabling clause which would permit the developed countries to apply preferential access schemes like the GSP without the need for GATT waiver.



UNITED STATES:

The United States, through its policies with regard to international trade and investment, has worked to create an environment in which developing countries could expand and diversify their exports to increase their export earnings. The best evidence of the success of these efforts has been the progressive expansion of developing country exports of manufactures to the U.S. market over the past two decades. According to GATT data, in 1977, U.S. imports of manufactures from developing countries amounted to \$17 billion (compared to \$1.1 billion in 1965) which represents about 22% of total U.S. imports of manufactures, and over 1/3 of total manufacturing exports from the developing countries.

The United States system of generalized tariff preferences for imports from beneficiary developing countries has been in effect since January 1, 1976.

In the area of international trade, the United States played a major role in the Tokyo Round of Multilateral Trade Negotiations. These negotiations have aimed at the expansion and ever-greater liberalization of world trade and at securing additional benefits for the international trade of developing countries so as to achieve a substantial increase in their export earnings, the diversification of their exports and the acceleration of the rate of growth of their trade.

The United States has been an active participant in work on these areas in the GATT, the UNCTAD and the UNIDO, and is a major contributor to the GATT and UN budgets.

Concerning the reduction of tariff and non-tariff barriers for products of interest to the developing countries, the U.S. believes that the most effective means of expanding and diversifying commitments undertaken in the Tokyo Declaration to secure additional benefits to the developing countries, the U.S. has made a number of proposals to address the developing countries' special trade problems. As of this writing, the MTN has not concluded. However, in the Tariffs Groups, the U.S. has made a tariff offer that will significantly benefit the developing countries and should result in substantial new trading opportunities for them. It has also proposed immediate staging of its entire tariff offer for the least developed countries. Apart from the benefits resulting from specific product concessions, developing countries will gain from the improved rules of the world trading system through the non-tariff codes and the reform of the institutional framework of the GATT.

In specific trade-oriented decisions of importance to developing countries during the reporting period, the International Trade Commission considered 10 escape clause actions. These cases were filed by private U.S. interests seeking relief against rapidly rising imports.

United States (cont'd)

Four cases (zinc, stainless steel flatware, copper, bicycle tires) resulted in either a finding of no injury or in a decision by the President to grant no relief. Four cases are currently pending and in only two cases was a decision to grant relief reached.

A number of products of interest to developing countries continue to benefit from duty suspension. These include feathers and downs, graphite, metal waste and scrap (except lead and tungsten) and synthetic rutile. Processedistle and certain dyes and tanning materials now have permanently duty-free status. Duty suspension has now expired on zinc ores and certain other zinc materials. Duty suspension has come into effect on the following products, mashed hot red peppers, raw wool, certain benzenoid organic chemical products, photographic colour couplers, boric acid and levulose.

The United States Generalized System of Preferences (GSP) entered into force on January 1, 1976. Total United States imports of products eligible for GSP treatment in 1977 amounted to 31.1 billion dollars, of which 7.7 billion dollars or about 22% originated in beneficiary developing countries. Actual GSP duty-free imports utilized by beneficiary developing countries was 13.9 billion in 1977. Trade in GSP items has continued to rise in 1978. Figures for the first six months show an almost 25% rise over the first six months of 1977. Total first six months imports of GSP eligible items into the United States amounted to 19.7 billion dollars, of which 4.5 billion dollars originated in the beneficiary developing countries. Of that 4.5 billion dollars in trade, 2.4 billion dollars received duty-free treatment. About 140 developing countries and dependent territories have been designated as eligible for benefits under the system. The U.S. system contains a number of features (e.g. competitive need formula, duty-free preferential treatment) which reflect the experience to date of other countries regarding preferences, and which, in our view, constitute improvements over preference systems introduced thus far.

The competitive need formula acts to distribute the benefits of the system to all beneficiary countries. Thus, developing countries which prove themselves already competitive in the U.S. market in a particular article are excluded from duty-free preferences. Access to the U.S. market for these products on an MFN basis, however, remains unrestricted. In addition, beneficiary countries continue to receive preferential treatment for other products not exceeding the competitive need limits. The competitive needs limitation are set by U.S. law as either 50% of total U.S. imports of a given product or 23 million (adjusted annually for nominal growth in the U.S. GSP). In 1977, the dollar limitation was \$33.4 million. In 1978, the limit is expected to increase to around \$36 million. By excluding from GSP treatment those country-product combinations which are or become fully competitive in the U.S. market, the competitive-need formula ensures that these countries and products which most need the preferential margin provided by the GSP receive the full benefits of the system.

United States (cont'd)

A number of changes were made in the U.S. system during 1977 which on balance represented an expansion of both product and beneficiary coverage. On March 1, 1978, 13 items were added to the list of GSP eligible products. Total trade in these items during 1977 was \$48 million dollars, of which \$30 million dollars or 75% originated in the beneficiary developing countries. During 1978, the United States sponsored seminars on GSP in the Philippines, Malaysia and Singapore and participated in a series of UNCTAD sponsored seminars in Africa, Latin America, and Asia. The United States also prepared and distributed a total of 24,000 new informational pamphlets dealing with the U.S. GSP programme. The major beneficiaries of GSP duty free imports in 1977 were Taiwan 912 million dollars, Korea 532 million dollars, Hong Kong 486 million dollars, Mexico 386 million dollars, Brazil 344 million dollars, Israel 146 million dollars, Yugoslavia 116 million dollars, Singapore 107 million dollars, Argentina 77 million dollars, and India 76 million dollars.

INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS RELEVANT TO INTERNATIONAL TRADE

CENTRE ON TRANSNATIONAL CORPORATIONS (CTC):

Relevant to paragraphs 47 and 48 of the Lima Declaration is CTC's ongoing study project on the measures to strengthen the negotiating capacity of host countries. Serious evaluation of negotiating positions requires understanding of both Government policies and corporate strategies. To this objective, the Centre's study reviews institutional arrangements of both national and international character affecting provision of incentives, or monitoring and control capabilities of Governments and examines changing competitive structures and corporate strategies.

ECONOMIC COMMISSION FOR AFRICA (ECA):

One of the aims of the activities of ECA has been to assist member States in optimizing their trade and financial relation with the developed world. To this end, special care has been taken to provide advisory services, and conduct studies, related to various international negotiations that have been taking place. In the case of the multilateral trade negotiations (MTN), the UNDP-financed African Regional Project on MTN has been used as the focal point for a series of activities designed to help member States, not only to gain a better understanding of the major issues involved and their implications for them, but also to identify and safeguard their special interests in the negotiations and to keep them regularly informed of major developments through the publication of a Newsletter. Attention has been focused on the need, in particular, to provide special and more favourable treatment for the least developed among them.

ECA (cont'd)

In so far as the re-negotiations of the Lomé Convention are concerned, studies have been carried out with a view to taking stock of the implementation thereof and making recommendations aimed at improving significantly the benefits to be drawn from a successor arrangement. It has been noted, in particular, that very meagre results have been achieved in the field of industrial co-operation notably because no real efforts have been made so far to assist the ACP countries in the processing of their raw materials for export or for local use.

Similarly, the Secretariat has been monitoring and assessing progress or the lack of progress made in the various negotiations taking place within the framework of UNCTAD including those on the establishment of a Common Fund and on the problems of the external indebtedness of developing countries. More generally, ECA has been seriously concerned at the failure of the developed countries to implement many resolutions adopted at the fourth session of UNCTAD, including that on the Integrated Programme on Commodities, and has put forward a number of recommendations concerning preparations to be made for UNCTAD V in studies recently submitted to ECA's Executive Committee.

In so far as trade with socialist countries of Eastern Europe is concerned, it is worth pointing out that a UNDP-financed inter-regional project on trade expansion between these countries and developing countries involving UNCTAD, ITC and the regional commissions including ECA, and covering a three-year period, is due to start operations in 1979. The intention is to assist developing countries in general, and African countries in particular, in their efforts to diversify their trade relations to the greatest extent possible and thus lessen their dependence on traditional outlets and sources of supply.

ECONOMIC COMMISSION FOR LATIN AMERICA (ECLA):

Studies concerning export promotion policies for non-traditional exports in Argentina, Brazil, Colombia and Mexico were completed.

Activities also cover problems regarding the balance of payments current account of the Latin American countries, capital movements and external indebtedness.

Furthermore a preliminary report on Latin America's trade with the countries at the CMEA (Council for Mutual Economic Assistance) was prepared.

The Secretariat of ECLA was co-sponsor, in conjunction with the Japan External Trade Organization, at a seminar on the Japanese experience in export promotion.

ECLA (cont'd)

The following documents of relevance may be mentioned:-

- "Export promotion policies in developing countries" (ST/CEPAL/Conf.59/L.2)
- "Colombian export promotion policy (ST/CEPAL/Conf.59/L.3)
- "Las exportaciones manufactureras en América Latina: experiencias y problemas" (ST/CEPAL/Conf.59/L.5)
- "Brazil: Development policy for exports of manufactures" (ST/CEPAL/Conf.59/L.7)
- "Export growth in the world environment: the case of Latin America" (ST/CEPAL/Conf.59/L.8)
- The main contribution on international trade is included in the document "The economic and social development and external relations of Latin America" (E/CEPAL/1024).

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT):

The Multilateral Trade Negotiations in which 93 countries, including over 70 developing countries, are participating, were launched in Tokyo in September 1973 by a Ministerial Declaration, which defines the scope and objectives of the negotiations and is fully consistent with the Lima Declaration and Plan of Action. Paragraph 61(b) of the Lima Declaration and Plan of Action quotes **certain** key passages of the Tokyo Declaration. The Tokyo Declaration remains fully valid, and is accepted by all governments participating in the Multilateral Trade Negotiations as expressing the agreed aims and procedures for these negotiations, the considerations expressed in paragraph 61(b) being among the most important guiding the negotiations.

The Multilateral Trade Negotiations constitute the current major forum for negotiations on elimination or reduction of tariff and non-tariff barriers and other obstacles to trade (referred to in paragraph 59(a) of the Lima Declaration and Plan of Action). Specific negotiating groups are in the final stages of negotiation in the areas of both tariffs and non-tariff measures. In addition, a further Framework group is negotiating on a number of possible improvements in some of the broader provisions of the General Agreement on Tariffs and Trade, particularly as they govern the position of developing countries. With regard to the principle of the standstill referred to in paragraph 59(a) of the Lima Declaration and Plan of Action, the most clearly-stated and binding statement of this principle is provided by Article XXVII:1(b) and (c), in Part IV of the General Agreement on Tariffs and Trade. The Trade and Development Committee of GATT conducts regular reviews of the application of Part IV. In addition, the Contracting Parties to the GATT have stressed at their annual sessions the importance, especially in present economic circumstances, of not introducing new barriers to trade, particularly as regards barriers that might affect the trade of developing countries.

GATT (cont'd)

In the Tokyo Declaration (paragraph 5), the Ministers also recognize the importance of maintaining and improving the Generalized System of Preferences. This consideration is being taken actively into account in the Multilateral Trade Negotiations. It is among the principal concerns, in particular, of two negotiating groups: that dealing with tariffs, and that on tropical products. In the latter case, concessions already put into effect since the beginning of 1977 by developed to developing countries have included a number of improvements in existing schemes under the Generalized System of Preferences. The Trade and Development Committee of GATT includes in its regular reviews of the application of Part IV of the General Agreement (dealing with trade and development) actions taken by governments to improve their schemes of generalized preferences.

At the time of writing this report (June 1979), the near-completion of the Tokyo Round of multilateral trade negotiations had taken place and eleven major multilateral agreements had been reached. Certain among them will make important changes in some of the ground-rules of international trade, making them clearer and more predictable, and giving explicit and permanent recognition to the special needs of developing countries. Others should open substantial new opportunities for the growth of world trade by reducing or regulating various non-tariff measures which distort or block trade. Tariff negotiations, almost completed, will result in cuts in the import duties of the main industrialized countries comparable with those achieved in the Kennedy Round, the most successful previous tariff negotiation. One major issue, that of safeguards, remains to be settled. The following specific information is relevant to particular points in the Lima Declaration and Plan of Action:

A substantial improvement in market access for developing countries is expected to result from the agreements reached bilaterally and multilaterally on the removal or reduction of tariff and non-tariff measures affecting their exports. Details are given in a GATT press release <sup>1/</sup>. As regards the question of structural adjustment, it may be noted that the negotiations on safeguards are continuing. With respect to paragraph 61 (c) of the Lima Declaration and Plan of Action it should be noted that negotiations on a multilateral code to govern the application of subsidies and countervailing duties have been successfully completed. The code recognizes that subsidies are an integral part of developing countries' economic programmes. Developing countries which sign it would agree not to subsidize their industrial products in a manner which would harm the trade or production of another signatory. They would also enter into commitments to reduce or eliminate export subsidies when the use of these is inconsistent with their competitive and development needs. Developing country signatories would therefore not be subject to the flat prohibition of export subsidies on non-primary products, and the code says there shall be no presumption that export subsidies granted by

<sup>1/</sup> GATT/1234 of April 1979.

GATT (cont'd)

developing country signatories result in serious prejudice to the trade or production of developed countries. The existence of serious prejudice must be demonstrated by positive evidence, through an economic examination of the impact on trade or production of the affected country. Countermeasures against developing country signatories having entered into a commitment to reduce or eliminate export subsidies will be authorized under the complaints procedure. With respect to paragraph 11(e), analysis of the tariff concessions to be put into force by the major developed countries as a result of the Tokyo Round negotiations shows that a large number of products of export interest to developing countries will benefit from more favourable treatment under the GSP scheme.<sup>2/</sup> As far as concerns paragraph 62, specific provisions of many of the multilateral agreements reached in the multilateral trade negotiations call for special treatment to be extended to the least-developed countries. As noted above, the legal basis now established for special and differential treatment for developing countries provides specifically for special treatment for the least developed among them.

A major result of the Tokyo Round is the provision of a legal basis for the Generalized System of Preferences, for preferential trade relations among developing countries and for other forms of special and differential treatment for these countries, including special treatment for the least-developed countries among them. Overall, the result achieved in this area is a positive step in terms of international trade relations and a response to a number of pre-occupations of developing countries.

However, progress in certain areas of the Tokyo Round falls below the expectations of developing countries. For example, the need has been stressed for further efforts in the field of item-related non-tariff measures, such as quantitative restrictions. Some specific concerns of developing countries in such areas as customs valuation and anti-dumping are identified in the alternative texts of certain provisions put forward by these countries. In the context of the uncertain financial and economic conditions in which the Tokyo Round took place, the results achieved represent a significant improvement of trading conditions for developing countries, including the tariff treatment of their exports.

The multilateral Agreements that have been negotiated will produce greater transparency in trade, reduce the scope for arbitrary use of non-tariff measures in a number of areas and provide mechanisms for consultation, aimed at greater international co-operation and more effective monitoring of trade practices. The effective working of agreed rules and procedures will become of growing importance to developing countries in the protection of their trade interests as they participate increasingly in world trade.

<sup>2/</sup> Details are given on pages 122-127 of the report by the Director-General of GATT entitled "The Tokyo Round of Multilateral Trade Negotiations" (GATT/1979-3 of April 1979).

UNCTAD:

Among the measures for expansion and diversification of exports of developing countries, the Lima Declaration called for the application, expansion and improvement of the schemes of generalized preferences. Through the Special Committee on Preferences, UNCTAD carries out periodic reviews of the operation and effects of the GSP on exports from developing countries. All productive preference-giving countries have now implemented their respective schemes of generalized preferences. The EEC was first to implement its scheme in July 1971, followed by other preference-giving countries shortly afterwards and by most of them in 1972, while Canada and the United States were last to introduce their schemes, in July 1974 and January 1976 respectively. Preference-giving countries continue to improve their respective schemes through enlargement of the lists of beneficiary countries, expansion of the product coverage, deeper tariff cuts, increase in the levels of tariff quotas and ceilings by those countries applying a priori limitations, and simplification and harmonization of origin rules. On the whole, products currently covered by the GSP account for about one-third of preference-giving countries' MFN dutiable imports from beneficiaries of their respective schemes, although this proportion varies widely from the preference-giving country to another. Consequently there is a large scope for the improvement of the GSP product and trade coverage. Moreover, only about 40% of the preference-giving countries' imports of the products covered by the GSP received preferential treatment. Limitations on preferential imports applied under some major schemes and the stringency and diversity of the rules of origin are mainly responsible for this rather low rate of utilization. It should be noted as a result of Technical Assistance extended by the UNCTAD/UNDP project and by individual preference-giving countries, and also of the efforts of the preference-receiving countries themselves, the rate of utilization of the GSP has been continuously increasing. However, a number of developing countries, owing to their inadequate commercial and administrative structures have so far benefited only to a small extent from the GSP. At its 18th session held in August-September 1978, the Trade and Development Board adopted a decision on improving the consultation procedures within the Special Committee on Preferences with a view to the continued improvement of the various aspects of the generalized system of preferences. Also, at its 7th session held in October 1978, the Working Group on Rules of Origin agreed that every effort should be undertaken in order to complete the harmonization and simplification of the rules of origin by the end of the present decade. It was unanimously agreed at UNCTAD IV that the GSP should continue beyond the initial period of 10 years originally envisaged bearing in mind in particular the need for long-term export planning in the developing countries. During the short time it has been in operation, the GSP has asserted itself as a viable trade policy instrument for the establishment of more equitable trade and economic relations between developed and developing countries.



UNCTAD (cont'd)

It would be necessary therefore to extend formally the duration of the GSP for at least another period of 10 years because of the vital role it can play during the international development strategy for the 1980's.

Beyond the stated aim of the Tokyo Declaration to "achieve the expansion and even greater liberalization of world trade and improvement in the standard of living and welfare of the people of the world", the Multilateral Trade Negotiations set out to secure additional benefits for the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, an improvement in the possibilities for these countries to participate in the expansion of world trade and a better balance as between developed and developing countries in the sharing of the advantages resulting from this expansion, through, in the largest possible measure, a substantial improvement in the conditions of access for the products of interest to the developing countries and wherever appropriate, measures designed to attain stable, equitable and remunerative prices for primary products". In pursuance of the above objectives, the Tokyo Declaration provides that "co-ordinated efforts shall be made to solve in an equitable way the trade problems of all participating countries taking into account the specific trade problems of the developing countries". The goals of the negotiations are also reflected in the report presented to the Industrial Development Board at its twelfth session on their monitoring the action taken towards implementing the Lima Declaration and Plan of Action (IL/3/192/1...3) which urged the expansion and diversification of exports from the developing countries and recognized the importance of the MTN in this connexion. UNCTAD, by virtue of its particular responsibilities concerning trade and development, especially of the developing countries, has been following developments in the multilateral trade negotiations from their very beginning. Many of the issues under consideration in the negotiations have been outstanding in UNCTAD since its establishment and will continue to be dealt with in the UNCTAD framework after the conclusion of the MTNs. The particular responsibilities and role of UNCTAD, including the Committee on Manufactures, concerning the multilateral trade negotiations are stated, in particular, in Conference resolutions 76(III), 82(III) and 91(IV), as well as in various General Assembly resolutions, especially 3310(XIX). Under these resolutions the Trade and Development Board and its subsidiary bodies concerned, including the Committee on Manufactures, have the responsibility of following closely developments and issues in the MTNs of particular concern to the developing countries. UNCTAD has further the responsibility of assisting the developing countries in participating effectively in the various stages of the MTNs. The UNCTAD secretariat has prepared studies on issues of interest to the developing countries coming within the scope of the MTNs. In previous years these studies, and a number

UNCTAD (cont'd)

of suggestions contained therein, have been used by the developing countries in formulating their own suggestions and proposals in the MTN. Some of these studies have also been made available to appropriate bodies of GATT, by decisions of the Committee on Manufactures and the Trade and Development Board.

In the area of technical assistance, the UNCTAD MTN Project has continued to assist developing countries, in response to specific requests, to participate effectively in, and to derive as much benefit as possible from, the MTN. The activities of the Project cover broadly the following four areas: (i) collection and processing of the trade statistics and information on tariff and non-tariff barriers; (ii) provision of information and analysis of questions of negotiating interest to individual, and groups of developing countries, and preparation of technical notes on principal issues of negotiating concern to developing countries; (iii) advisory services, including consultations and meetings with representatives and experts of developing countries; and, (iv) co-operation with the MTN projects administered by the regional commissions. These services, which have been welcomed by developing countries, are to be continued until the termination of the MTN. The full and effective participation of the developing countries in the trade negotiations has been restricted due to the bilateralization of the negotiations and the informal way in which these have been carried out outside the established framework. The developing countries, for these and various other reasons, have not been able to participate in elaboration of the tariff-cutting formula nor in the working out of provisions for the codes on non-tariff barriers and have in general played only a peripheral role. The requests or proposals put forth by the developing countries in the MTN negotiating areas remain outstanding even at this very late stage of negotiations. An evaluation of the final results of the MTN would need to ascertain the extent to which the over-all and specific aims and objectives of the trade negotiations for developing countries have been achieved and their contribution to the attainment of a new international economic order. Any evaluation at this stage is still of a preliminary nature. The December 15, 1976 deadline for the conclusion of the negotiations has been passed without the presentation of an overall trade package, although several bilateral accords have been concluded since, namely, between the United States and Japan and a number of other industrialized countries. Bilateral agreements between the EEC and the US and the EEC and Japan are still to be worked out, as are the contents of the final overall accord itself. The biggest remaining obstacle would appear to be agreement on tariff cuts, although expectation is that the final result in this area will be an average reduction of around 30% in industrial tariffs, which could substantially erode the developing countries' GSP margins for their exports. Although the contents of the clauses contained in the bilateral accords on areas of agreement in the proposed codes on non-tariff barriers are not publicly known, the developing countries fear that their requests for special and differential

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treatment in government procurement practices, technical barriers to trade, the application of countervailing duties and safeguard measures and in determination of customs valuation and import licensing will not be met. Especially of concern to developing countries at this point is the insistence by some major participating countries of the use of a selective approach against low-priced imports in the code on safeguards which detracts from the MFN treatment which has governed such actions up until now.

Besides the lack of implementation of the principle of differential and more favourable treatment for developing countries in tariff and non-tariff matters, the principle of non-reciprocity on the part of developing countries, recognized in the Tokyo Declaration, has been eroded during the negotiations as a result of requests by many developed participating countries for reciprocal concessions and by the latter's push for acceptance of the graduation principle. A number of basic legal questions pertaining to the participation of developing countries in the final trade package also remain outstanding, e.g. the status of the proposed codes with respect to the GATT legal instrument and the application of the codes to non-signatories and to non-GATT participating developing countries. On the whole, the final results which may be achieved for the developing countries by the negotiations in the area of tariff and non-tariff concessions would appear to be meagre, especially in light of the aims of the Tokyo Declaration and the Lima Declaration and Plan of Action, and many fundamental issues of importance to these countries regarding the international trading system will remain unsolved.

INFORMATION RECEIVED FROM THE EUROPEAN ECONOMIC COMMUNITY (EEC)<sup>1/</sup>  
CONCERNING INTERNATIONAL TRADE:

Upon completion of the Tokyo Round, the Community considers that it will have made a major contribution to the success of the Round in both the tariff and non-tariff fields. In addition to the results of the Tokyo Round, as regards the developing countries, there is the Community scheme of generalized preferences, which has been steadily liberalized and expanded since its inception and will remain in effect after 1980, in other words at the end of the initial ten-year period, and also, on the commercial side, the multilateral and bilateral co-operation agreements concluded by the Community. The Community's effort to give the developing countries, and more particularly certain of them, easier access to its markets is very important, and probably without example in the world.

To the extent that this effort by the Community may have created comparative advantages, the beneficiaries themselves may sometimes feel adversely affected when these advantages are eroded as a result of the general movement towards liberalization of trade.

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<sup>1/</sup> The reply of EEC was received after publication of document ID.238.

EEC (cont'd)

The Community wishes to stress in this connexion that, while maintaining and strengthening its effort, it cannot permit resulting advantages to constitute an obstacle or hindrance to the general movement towards liberalization of trade.

The improvement in terms offered by the Community for development of trade with the developing countries will be considered here from various points of view:

- (a) Most-favoured-nation treatment;
- (b) Special and differential treatment;
- (c) Sensitive sectors;
- (d) Community scheme of generalized preferences;
- (e) Co-operation agreements.

(a) Most-favoured-nation treatment

The Community's offer of tariff reductions has taken the interests of the developing countries substantially into account, ~~whether~~ in the case of consolidated reductions on products whose export is of particular interest to the developing countries, or even, in some cases, withdrawals in relation to the application of the reduction formula, intended to protect their preference margin. For these concessions, the Community has provided either for possibilities of accelerated implementation or for possibilities of differentiated staging by comparison with other tariff concessions.

With regard to tropical products, negotiations were completed in 1976. The Community offer, which covered \$4 billion of developing country trade during its first year of application, entered into force on 1 January 1977, with no quid pro quo from the developing countries.

The substantial consolidated most-favoured-nation reductions in industrial and agricultural tariffs have considerably improved the access of the developing countries to the markets of the industrialized countries. As regards the Community, out of imports amounting to around \$8 billion from the developing countries, 42 per cent enjoy freedom of access, while more than 80 per cent of the remaining 58 per cent will enjoy an average tariff reduction equal to 22.5 per cent. According to the partner developing countries, the immediate importance of these tariff reductions will vary depending on the countries' interests with regard to exports, and in particular on their relative stages of development.

As regards the non-tariff aspect, and apart from the agricultural arrangements mentioned above, the following codes have been negotiated:

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- Government procurement;
- Licensing;
- Standards;
- Subsidies and countervailing duties;
- Custom valuation.

The Community, like - it is to be hoped - other important industrialized countries, should be able to sign most of the final package of the multilateral trade negotiations (MTN).

All trading nations, and in particular the developing countries, will gain important benefits from the application of codes such as that on subsidies and countervailing duties (the prejudice criterion) or the universal method for the valuation of goods for customs purposes.

(b) Special and differential treatment

The concept of special and differential treatment, which was recognized in the Tokyo Declaration and is a recurrent theme in the claims put forward by the developing countries in all areas of the negotiations, has played a particularly important role in the deliberations on the framework for the conduct of trade, in which the industrialized countries have responded to the demands of the developing countries for legalization under GATT of provisions relating to special and differential treatment and, consequently, waiving of the most-favoured-nation clause. The proposal has been linked to recognition of the fact that the developing countries would undertake "progressively" to fulfil obligations in relation to their development ("gradual return" to GATT obligations).

The concept of special and differential treatment is, in practical terms, incorporated into all the codes that have been negotiated; it is not only mentioned among the general objectives but is also the subject of provisions in a special chapter and/or provisions concerning: (a) relaxation or the most favourable interpretation of rules, or exceptions to rules, concerning products whose export is of interest to the developing countries; (b) technical assistance; (c) the least developed among the developing countries, even those not party to a given code; (d) revision and improvement of the special and differential treatment.

During the negotiations, the Community systematically advocated the development of forms of special and differential treatment as advantageous as possible to the developing countries.

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(c) Sensitive sectors

The need to discipline flows of trade in some spheres made necessary the negotiation of special arrangements.

Special mention must be made textiles. The Multi-Fibre Arrangement negotiated in GATT and the agreements arising from it concluded by the Community have made it possible to regulate the expansion of trade and textile products and guaranteed the developing countries and, in particular, those which are most vulnerable, more security. Without such agreements, in view of the economic evolution of the sector, there would have been a great danger of safeguard measures being taken in a disorganized way, on a product-by-product basis, before becoming generalized.

It must therefore be considered that the system of bilateral agreements contributes, to the benefit of the developing countries, to an ordered development of trade with the Community and thus to security of markets in the Community. As regards hand-loom products, special treatment is extended to developing countries exporting these products under bilateral agreements. In accordance with the provisions of the Multi-Fibre Arrangement, this system is more favourable than that for other manufactured textile products and does not involve any quantitative limit.

We would also recall that two agricultural arrangements on dairy products and bovine meat have been negotiated and will be a part of the final MTN package.

(d) Community scheme of generalized preferences

The Community is implementing a very broad scheme of generalized preferences for the benefit of the developing countries.

The value of the Community offer increased from 5,600 million units of account in 1976 to 6,720 million in 1977, 6.8 billion in 1978 and 7.9 billion in 1979 (with an increase of 24 per cent between 1974 and 1979), representing an increase in value between 1976 of approximately 40 per cent. The use by the beneficiary countries of the possibilities of preferential advantages afforded by the system amounted in 1975 to 50 per cent, in 1976 to 57 per cent and in 1977 to 63 per cent.

As regards processed agricultural products, the scheme took up in 1977 the offer for tropical products made by the Community in the context of the Tokyo Round, particularly affecting certain products exported by the least developed countries, e.g. tobacco, spices and vegetable oils. In 1978, a reserve share was introduced for quota products (e.g. Virginia tobacco). The number of products covered by

EEC (cont'd)

the scheme of generalized preferences, which was 241 in 1976, increased to 320 in 1979, with an exchange value of 1.3 billion units of account. A reduction in the level of the preferential tariffs was provided for with respect of 14 products (notably soluble coffee and cocoa butter), and the reserve share was increased in respect of pineapple in chunks, in order to ensure a fuller utilization of quotas.

There has not been the same increase with respect to industrial products, given the precarious economic situation of certain important sectors in the Community (footwear, steel). In 1976, the Community offer was increased by 15 per cent with regard to most of the various tariff quotas and ceilings. As regards the classification of products and improvement of the balance of advantages among beneficiaries, the provisions in force in 1975 have been extended, with a few adjustments. In 1977, the base year for the calculation of ceilings was changed, bringing about an over-all increase in preferential import possibilities of around 43 per cent, but varying depending on the categories of goods produced. In addition, the introduction of buffer stocks for semi-sensitive and non-sensitive products was planned for the least developed among the developing countries.

The 1978 offer introduced an increase in quotas and ceilings, sometimes amounting to as much as 50 per cent. In 1979, the use of 1976 trade statistics for calculating the supplementary amount resulted in an offer 12.6 per cent higher than that in 1978. To sum up, the Community offer increased from 3,589 million units of account in 1976 to 6,600 million units of account in 1979, i.e. by 54.5 per cent.

With regard to textile products, preferential advantages have risen from 79,131 tonnes in 1976 to 85,725 tonnes in 1979. Here the 1977 scheme formed a link between the Multi-Fibre Arrangement and the scheme of generalized preferences, introducing a more restrictive regime for over-competitive beneficiaries while becoming more flexible for the least developed countries. For jute and coconut products, the amount of tariff suspension was raised to 100 per cent for India and Bangladesh (jute). In 1979, pending the elaboration of a new preference scheme more consistent with the system of quantitative control of imports introduced at the time when the Multi-Fibre Arrangement was renewed, the Community proposed the 1978 scheme for six months, raising the quantities offered by 5 per cent. The volume of preferential imports of textile products (other than jute and coconut) was thus raised to 89,00 tonnes on an annual basis.

EEC (cont'd)

To complement these improvements of a general nature, the Community made a special effort on behalf of the least developed countries by progressively liberalizing the application of the scheme of generalized preferences for the 29 least developed countries as defined by General Assembly resolution 3487 (XXX) of 12 December 1975. Practically all the agricultural products covered by the scheme of generalized preferences (except for six products subject to quantitative restrictions) enter EEC free of duty and with no quantitative restrictions; in addition, in the industrial sector, any re-introduction of duties within the framework of buffer stocks, ceilings and quotas, as regards either sensitive or non-sensitive products, is no longer applied to these countries; this means that for the 29 developing countries concerned the importation of industrial products covered by the scheme of generalized preferences is totally liberalized.

A special effort has been made with regard to rules of origin in order to help member countries of regional economic groupings. The extension of these rules is aimed at encouraging regional integration, and the Community has adapted a cumulative system for exports to EEC from such areas as the Central American Common Market, the Andean Group and ASEM.

The Community has also pursued its efforts to permit economic operators in beneficiary countries, particularly the least developed countries and those belonging to regional groupings, to make better use and acquire fuller knowledge of preferential advantages. Thus it has organized, each year, a number of seminars on preferences in various beneficiary countries and has participated in seminars organized within the framework of the UNCTAD-UNDP programmes.

(e) Co-operation agreements

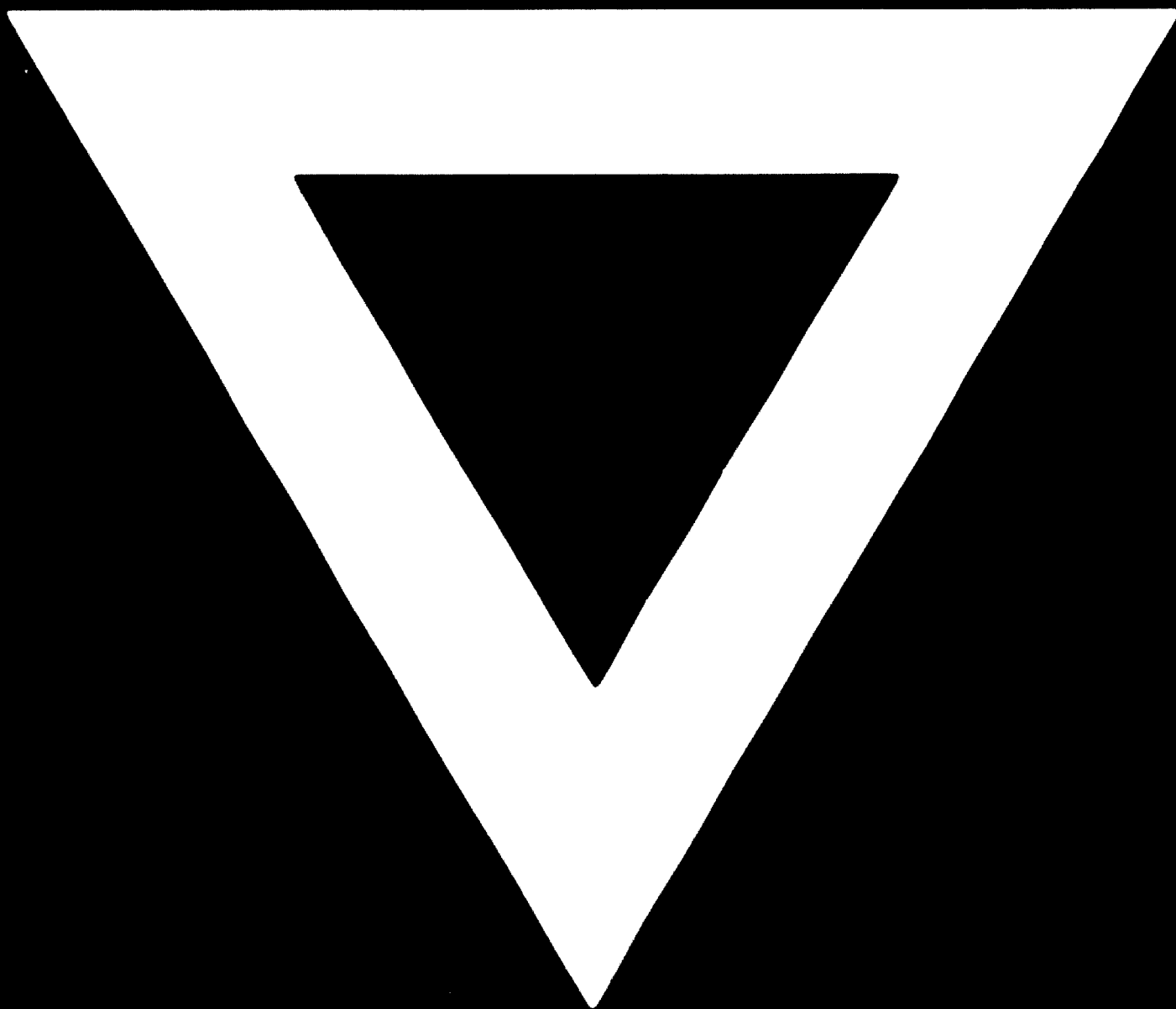
The Community has inherited special links from certain of its member States with most of the countries of Africa and certain Caribbean and Pacific countries (ACP countries), together with certain countries of the Near East bordering on the Mediterranean. The essence of these links can be found today in the ACP-CEE Convention and the bilateral agreements with the Southern Mediterranean countries. In terms of trade, that Convention and these agreements result in practice in almost complete freedom of access to the Community market for manufactures from these countries. The very few exceptions remaining involve, in particular, certain processed agricultural products liable to a levy under the common agricultural policy, and certain textile products theoretically subject to autonomous community ceilings, which in practice have scarcely ever been applied so far.



EEC (cont'd)

Imports of manufactured products from the ACP and Southern Mediterranean countries have increased more rapidly than global community imports of manufactures. It must be noted, however, that these imports of manufactures from the ACP countries and from the Southern Mediterranean have not risen more rapidly than such imports from developing countries in general. In fact, in the case of the ACP countries, their growth has been slightly less fast. Thus for these countries the opening up of the Community market constitutes above all an assurance of future outlets. Their exports of manufactured products were indeed almost negligible for a long time. Imports from the ACP and Southern Mediterranean countries still account for only about 1 per cent and 2 per cent respectively of the Community's global imports of manufactured products, or 5 per cent respectively of the Community's imports from developing countries. Thus it can in any case be stated that the comparative advantages enjoyed by the ACP and Southern Mediterranean countries have no prejudicial effect on the growth of Community imports of manufactured products from developing countries in general, but constitute a necessary element to compensate for these countries' handicaps compared with many other developing countries where industrialization is concerned, and to give concrete expression to the solidarity between these countries and the Community.

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