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BRIEF SURVEY OF THE METALWORKING INDUSTRIES SECTOR
IN THE REPUBLIC OF THE UPPER VOLTA ^{1/} (1977).

by

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^{1/} The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been translated from an unedited original.

METALWORKING INDUSTRIES

While aware of the priority which should be accorded to agro-related industries, the Upper Volta is not neglecting other industrial sectors, particularly the metalworking industries. For is it not true that the path to development is through the synchronization of all sectors of economic activity?

The metalworking industries sector has a total turnover of 2,200 million CFA francs (1975 results), or 10 per cent of the industry and energy sector, which itself accounts for 14 per cent of the gross domestic product, mainly due to agro-related industries (oil, sugar, flour and textiles).

1. Present situation in the metalworking industries

There are a number of small and medium-sized companies operating in the metalworking industries sector.

The SAFI plant, which employs 53 people, is equipped for general engineering and machine welding with a complete stock of machine tools. The company's output, which consists basically of metal framing and boiler-making products (1,200 tonnes), agricultural equipment (960 tonnes), semi-trailers and beds (4,300 tonnes), accounts for a total value of 506 million CFA francs. SAFI intends to extend its production in the near future to the manufacture of railway waggons, lorry trailers and chassis, while the agricultural machinery industry is planning to manufacture animal-drawn and tractor-drawn ploughs.

PROFINETAUX, which started up in 1975, specializes in the production of slats for Venetian blinds and various sections. Its activities during the last year consisted of making 200 tonnes of bobbins from imported TC sheet metal. The total value of production is 134 million CFA francs. This company, which shows an added value of 33 million^{1/} The goods manufactured are intended mainly for the local market.

The Compagnie voltaïque pour la transformation des métaux (Upper Volta Metal-Processing Company - CVTM) manufactures corrugated sheet metal, aluminium household goods, and nails. Production capacity is 5,000 tonnes. In 1975, the company had a turnover of more than 500 million CFA francs and employed 43 people. For CVTM, 1975 was a year marked by irregular deliveries which resulted in work stoppages, stock shortages and the stagnation of business.

1/ Translator's note: The remainder of the sentence is unclear in the original.

There are development prospects for the manufacture of corrugated sheet metal and household articles.

IVOLCY specializes in the production of bicycles and mopeds. It has an annual production capacity of 40,000 bicycles and 15,000 mopeds. The turnover for the past year was 1,320 million CFA francs, compared with 1169 million CFA francs in 1975. The number of persons on the staff in 1976 totalled 130. The cost of imported raw materials is around 1,000 million CFA francs. Demand for IVOLCY's goods is rising steadily, as a result of which it is planned to extend the plant in the near future.

SOVICA (Société d'intervention et de coopération avec l'agriculture - Company for action and Co-operation with Agriculture) mainly produces carts, fittings and agricultural equipment.

Output in 1976 fell slightly below the 1975 level, as a result of decreased food production and the reduced purchasing power of the peasants as regards agricultural equipment.

Production of carts:	1972	3,223	carts
	1973	2,606	"
	1974	3,200	"
	1975	4,391	"
	1976	3,710	"

This decrease in output in 1976 of around 24 per cent can be compared with the decrease in turnover to 143 million CFA francs, 20 per cent lower than in 1975.

The ARCOMA workshops

Two ARCOMA workshops (Regional Workshops for the Manufacture of Agricultural Machinery) have just been established with ILO assistance, one at Ouagadougou and the other at Bobo-Dioulasso. The workshops specialize in the production of simple implements to be drawn by animals; all-purpose tractors equipped with a plough, a ridging plough and a hoe; three-blade and five-blade hoes; and ploughs and carts for animal traction.

Production: ARCOMA Ouagadougou: 1,200 all-purpose tractors; 500 carts;
ARCOMA Bobo-Dioulasso: 1,500 all-purpose tractors; 500 carts.

Investment by ARCOMA: 12 million CFA francs. The machines produced by the ARCOMA workshops are marketed by the regional development agencies (ORD).

2. Problems related to the development of the metalworking industries

The Upper Volta still has to import all the raw materials required by the metalworking industries. Since the closure of the Poura gold mine in 1966, no mining has been done in the country; however, because of fairly extensive potential resources, large-scale development of this sector is planned. Up to now, the following large deposits have been discovered: manganese (Tambao); vanadium pentoxide (Oursi); bauxites (Kongoussi); copper (Dienemera)... It has been decided to exploit the manganese deposit (+ 500,000 tonnes/year), and the Tambao Mining Office and the Tambao Mining Company (SONITAM) have been established for this purpose. However, the actual execution of this project depends on the construction of the Tambao-Ouagadougou railway, for which very large capital inputs are required; it should in this connexion be noted that the Government is making every effort to solve the problem of investment capital for the Tambao project. It is hoped that work can be started in 1978.

The most severe obstacles to industrial development:

Inflation, which makes the purchase of basic industrial equipment prohibitive;

The long transport distances and slowness of transportation, which increase the investment required for the establishment of industries; this means that large stocks of spare parts have to be maintained, or spare parts the absence of which prevents the machines from functioning have to be brought in by air;

The shortage of cheap energy and water and the poor transport infrastructure have a considerable effect on industrial development.

3. Economic policy

Efforts are being made to increase the participation of the State sector in industrial development; so far as metalworking is concerned, the Government is concentrating its efforts on the manufacture of agricultural equipment and the development of mineral resources.

Looking forward, it can be noted that a number of projects will be executed in the near future:

Under the auspices of the Office for the Promotion of Upper Volta Enterprises (OPEV), a project for the construction of a grey cast iron foundry with an initial output of 200 tonnes/year, to be increased to 500 tonnes/year, which will use imported pig and heavy scrap as raw materials;

Voltaire du Métal, for the manufacture of household articles; production capacity; 700 tonnes/year of metal household articles; investment, 27 million CFA francs. It is anticipated that at least 21 persons will be employed. Start-up is scheduled for 1977;

VOLTEMA, for the manufacture of enamel and stainless steel household ware. Processing capacity: 340-123 tonnes. Added value = 23 per cent of turnover.

It should be recalled at this juncture that industrial development is one of the priority objectives of the Upper Volta Government. To this end, investment incentives are provided (order 70-074 of 31 December 1970). This investment code provides for an ordinary law régime and two preferential régimes: the approval (agrément) régime and the special agreement (convention) régime for enterprises considered to be of priority importance for the development of the country (industries involving the preparation and processing of products of vegetable or animal origin and for the manufacture or assembly of mass consumer goods).

The ordinary law régime provides for exemption from tax on industrial and commercial profits during the first five years of operation, and the payment of the minimum lump-sum tax on industrial and commercial occupations from the second year of operation. There are no direct or indirect nationalization measures;

The approval régime which consists of three different types of tax-related arrangements of varying duration, provides for total or partial exemption for basic equipment, raw materials and finished products used in manufacture;

The special establishment agreement régime for enterprises with a capital investment of more than 500 million CFA francs, employing more than 50 Upper Volta nationals and re-investing at least 20 per cent of their profits in the Upper Volta; this provides for reduced tax over a twenty-year period, the details to be agreed on with the Government.

Certain services have been set up to provide direct assistance to enterprises. These include:

The Department of Industrial and Artisanal Development (Ministry of Commerce, Industry and Mines), which is responsible for all studies related to industrial promotion, technical supervision of industrial development, promotion of artisan-type activities, etc.;

The Office for the Promotion of Upper Volta Enterprises (OPEV) which provides assistance to existing enterprises and encourages the establishment of new enterprises, inter alia through feasibility and pre-investment studies, the search for additional capital, the establishment of industrial estates and the training of staff;

The National Employment Promotion Board, responsible among other things for facilitating the recruitment and basic and further training of staff.

Time and scale of technical assistance required from UNIDO

The technical assistance given by UNIDO in the industrial sector is considerable.

UNIDO is providing technical assistance (project UPV/72/004, for a total cost of CUS 473,000 over a three-year period) in support of the activities of the Office for the Promotion of Upper Volta Enterprises (OPEV) and for the construction of the Ouagadougou industrial estate.

With regard to the metalworking industry, a number of activities are being carried out within the framework of the above-mentioned project:

VOLTEMA DU METAL: assistance in starting up production.

Complexe Métalo-mécanique (Metalworking and Engineering Complex): preliminary documents completed - voluntary contribution by UNIDO envisaged.

In addition, under project UPV/75/022, UNIDO sent a three-man mission in April-July to carry out studies to identify industries for long-term development. It is to be hoped that, when this mission has submitted its final report, it will be possible for UNIDO to send other missions to undertake feasibility studies for any industries which may be identified.

5. Recommendation for the development of the metalworking industries

Because of the nature of its economy, the Upper Volta does not offer a broad range of opportunities to the metalworking industries. Nonetheless, it is wrong to say that all equipment must be imported.

In addition to bicycles, tanks, metal framing and carts, which are already assembled or manufactured in the Upper Volta, other equipment, particularly handling equipment, belt conveyors and travelling cranes, could be manufactured entirely or in part and the partial manufacture of machinery, starting with the simplest, could gradually be introduced.

To this end, particular attention should be given to incentives for investment in the metalworking industries sector. National industries should be involved as much as possible and should have as their targets:

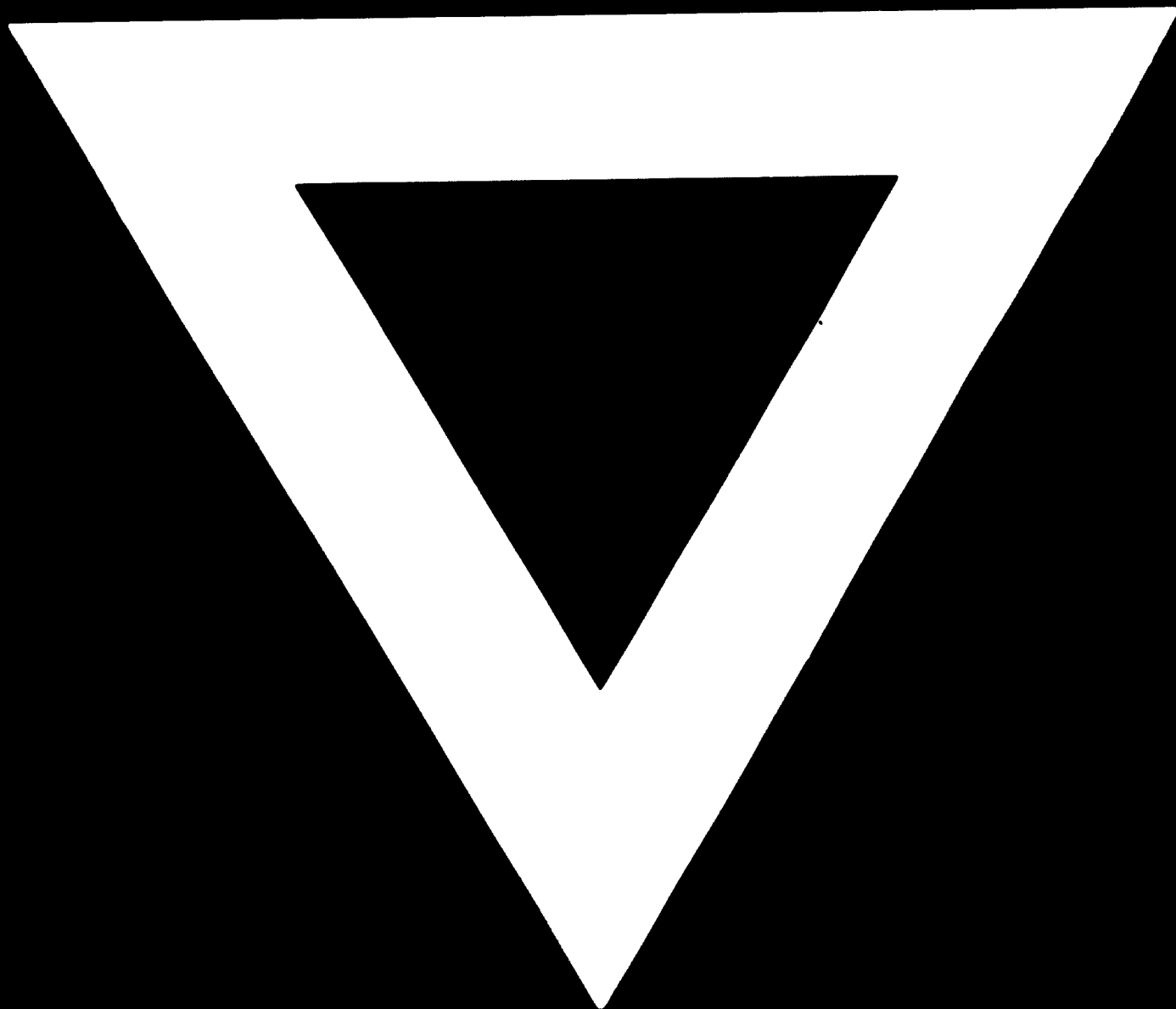
To ensure the provision of technology adapted to the economic situation of the country;

To ensure that raw materials and certain spare parts are supplied on a regular basis.

As a conclusion, it is felt that from this Workshop lessons should emerge which will be of value to the individual participants in their professional activities.



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