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Global Preparatory Meeting for the  
Third Consultation on the Capital Goods Industry  
with Emphasis on Rural Transport Equipment

Vienna, Austria, 29 May-1 June 1989

REPORT\*

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\* This document has not been edited.

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## PREFACE

The System of Consultations is an instrument through which UNIDO serves as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries. Consultations permit negotiations among interested parties at their request, at the same time as or after the meetings. Participants of each member country include representatives of governments, industry, labour, consumer groups and others, as deemed appropriate by each government.

Benefits emerging from this activity include the identification of obstacles to industrial development in developing countries, monitoring trends in world industry in order to identify action-oriented measures for increasing the share of developing countries in world production; determination of new forms of international industrial co-operation in North-South and South-South relations.

### Third Consultation on the Capital Goods Industry with Emphasis on Rural Transport Equipment

In accordance with the decision of the Industrial Development Board in October 1986 and the programme of work adopted, the Third Consultation on the Capital Goods Industry with Emphasis on Rural Transport Equipment will be convened in Vienna, Austria, from 4 to 8 December 1989.

### Preparatory activities carried out by UNIDO

In preparation for the Consultation, initial work began by a review of UNIDO activities (in the form of technical assistance projects) related to the development and promotion of specific types of transport equipment to support rural and agricultural development. In addition, UNIDO carried out studies analyzing the problems and constraints in the rural transport equipment sub-sector, and organized a Global Preparatory Meeting which took place in Vienna, Austria, from 29 May to 1 June 1989.

## I. AGREED CONCLUSIONS AND RECOMMENDATIONS

### 1. The meeting recognized the following:

1.1. Due to the importance of transport in rural development and agricultural production, it is essential for developing countries to accord high priority to rural transport and consequently to manufacturing of rural transport equipment in their national development objectives. Rural transport equipment should be placed in the context of rural development planning, transport planning and the latter in the context of national planning. The selection of transport modes and their linkages need to be clearly defined and made generally known in order to sensitize and mobilize action at all levels including rural communities, small and medium enterprises, research institutions, etc.

1.2. The diversity of situations necessitates a variety of rural transport modes and means and underlines the importance of adopting technologies, spare parts, and maintenance systems that are geared mainly to local conditions. In that connexion it was underlined that technical centres can play a leading role.

1.3. The development of rural transport equipment in developing countries can play a key role in strengthening the articulation between agriculture and industry, urban and rural areas as well as modern and traditional sectors; it is a key subsector for achieving social and economic objectives.

1.4. The prerequisites for the development of a dynamic rural transport equipment sub-sector are:

- a) an institutional framework and policies conducive to integrated development of rural transport equipment;
- b) promotion of associative forms of production and commercialization that could enhance the development of rural transport equipment within the framework of integrated development rural programmes;
- c) development and restructuring of the capital goods industry;

- d) provision of rural feeder roads;
- e) development of appropriate modes of transport equipment relevant to local conditions;
- f) development of entrepreneurship, managerial and technical capabilities;
- g) provision and production of inputs, spare parts and maintenance services;
- h) safety measures and regulations to prevent accidents and to protect the environment.

1.5. Design and technological requirements for developing cost-effective, safe transport and ancillary equipment were underlined to include:

- a) design capabilities;
- b) search for technological alternatives including flexible units;
- c) pilot plants;
- d) technical centres;
- e) linkages with ancillary facilities (storage equipment, cooling equipment, etc.).

1.6. The Meeting underlined the important role that the international community could play in the provision of financial and technical assistance, recognizing that this raises the standards of living of rural populations. Projects in this sector have a potential for securing benefits for the poorest people. Also underlined were the necessity of production complementarities, exchange of experience and information, training programmes, etc.

## RECOMMENDATIONS

2. The meeting adopted the following recommendations:

2.1. Governments, as well as the actors involved in developing countries, should give high priority to the promotion of rural transport and manufacture of rural transport equipment in national development plans and programmes.

2.2. In developing strategies, policies and promotional measures, due consideration should be given to the heterogeneity of situations with respect to geographical and infrastructural conditions, local resources, national objectives, different forms of organization of production and commercialization.

2.3. In promoting the rural transport equipment subsector, emphasis should be given to the identification and selection of the agricultural and other rural products to be transported, as well as to the need to enhance the articulation of the various modes of transportation, such as off-roads, roads, waterways, and railways.

2.4. In the development of rural transport equipment, special consideration should be given to the manufacturing of equipment to ensure integration of the different stages of production and marketing of the main chains of production in developing countries.

2.5. Due to the diversity and structure of the needs of transport in rural areas and level of national technological capabilities, each country should define its own technological routes, giving special emphasis to flexible production units.

2.6. In promoting flexible production units, developing countries should strive to achieve cost-effectiveness by extensive use of local resources. For this purpose, special consideration should be given to the development of skills for product design and management.

2.7. Regional and international co-operation should be promoted in order to enhance production complementarities that will lead to a better use of resources at national and regional levels, training programmes for mastering manufacturing technologies, dissemination of information, research and development, maintenance and transfer of technology. Also international co-operation should aim at mobilizing financial and technical assistance resources for rural development programmes.

2.8. Donor countries, in their aid programmes should accord high priority to the development of the rural transport sector in developing countries.



2.9. UNIDO should examine the possibility of establishing an industrial advisory group to advise on concrete follow-up action to the recommendations of this meeting as well as the Consultation itself.

2.10. The Meeting recommended that the Third Consultation on the Capital Goods Industry with emphasis on Rural Transport Equipment should consider the following issues:

- a) Strategies for integrated development of rural transport equipment in developing countries;
- b) Promotion of local manufacture of rural transport equipment and international co-operation.

2.11. The Meeting further recommended that, with respect to the first issue, the following aspects, inter alia, should be taken into consideration:

- Problems for the planning of rural transport equipment;
- Consideration of rural transport equipment in the national plans of development;
- The role of rural transport equipment in the articulation of urban and rural areas, agriculture and industry and the modern and traditional sectors;
- Definition of priorities for the different types of rural transport equipment to be developed;
- Transport equipment required to ensure integration among the different stages of manufacture and marketing of the main chains of agricultural production;
- Infrastructure and institutional requirements;
- Supportive policy measures.

2.12. With regard to Issue 2, the Meeting recommended that the following aspects be taken into consideration:

- Identification of the main problems facing the local production of transport equipment;
- Forms of production (flexible production units, specialized enterprises);

- Factors to consider to achieve cost effectiveness (design, managerial capabilities, training, technology, raw materials, spare parts, maintenance);
- Regional and international co-operation (production complementarities, product design and development, transfer of technology, pilot plants, technical centres, maintenance and production of spare parts, training, exchange of experiences and information, mobilization of financial and technical assistance resources for rural development programmes).

## II. ORGANIZATION OF THE MEETING

3. The meeting was attended by 18 participants from 11 developing countries and 3 industrialized countries<sup>1/</sup>.
4. The opening ceremony was addressed by the Deputy Director-General of the Department of Industrial Promotion, Consultations and Technology.
5. After the opening ceremony, the meeting elected the following officers of the Bureau:

Chairman: K.R. Lakhanpal (India)  
Vice-Chairman: Celsio L. Casale (Brazil)  
Rapporteur: Zachary N. Mwaura (Kenya).

6. The following agenda was adopted:
  1. Opening statement by the Deputy Director General of UNIDO's Department of Industrial Promotion, Consultations and Technology.
  2. Election of officers (Chairman, Vice-Chairman and Rapporteur) and adoption of the agenda.
  3. Presentation of the discussion paper by the Secretariat: Present status, problems and prospects for rural transport requirements for agricultural and industrial development.
  4. Prerequisites for an integrated development of the rural transport equipment sub-sector in developing countries:
    - Transport modes and typologies for rural areas
    - Transport strategies and policies
    - Institutional and infrastructural development
    - Promotional measures and entrepreneurial development.

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<sup>1/</sup> Annex 1: List of Participants

5. Technological alternatives:

- Development of national capabilities for design, manufacturing, spare parts production and repair and maintenance in small and medium flexible units;
- Provision of common facilities and extension services in rural centres.

6. International co-operation.

7. Selection of the issues for the Consultation.

8. Adoption of the report and closure of the meeting.

9. Informal bilateral contacts on technical assistance, investment promotion and technology.

### III. SUMMARY OF DISCUSSIONS

7. A number of participants underlined the importance of transport in rural and agricultural development in developing countries. They stressed the need to grant priority to equipment in this sector in the national development objectives. Indeed, this area was neglected by decision-makers and planners. As a complicated subject, it represented a challenge for the Consultation.
8. Several participants pointed out the diversity of situations in developing countries. In this respect, there was a need to appraise the different transport modes and their linkages and to define the types of equipment suited to local conditions to be developed .
9. One participant pointed out that existing roads should be maintained and feeder roads expanded in order to facilitate the transportation of agricultural inputs and products.
10. Another participant stated that, because of the nature of the agricultural products to be transported, it was necessary to make a distinction between on-farm and off-farm transportation. Thus, a great variety of rural transport equipment would be required to cope with the various transportation needs in rural areas.
11. Many participants recognized that, in developing countries, a comprehensive and far-sighted re-appraisal of the transport situation and the means of increasing the sector's contribution to socio-economic objectives was urgently required. In this connection, the objective would be to pursue an integrated approach to medium- and long-term planning of the sector through both multimodal and sectoral planning within the context of national development planning and co-ordination of transport activities.
12. A number of participants referred to the industrialization potential of the local manufacture of rural transport and other capital equipment. In this regard, some participants emphasized that to foster dynamic industrialization in developing countries it was important to incorporate traditional and new technologies mainly in accordance with local needs and on a low-cost basis.

13. Several participants considered that in order to achieve integrated development, it was necessary to define the key instruments and mechanisms for a balanced and mutually supportive development of agriculture and industry, urban and rural areas as well as modern and traditional sectors of the economy. That required the close interaction of planners, policy makers, technologists, entrepreneurs and rural community leaders.

14. For the promotion of national technological capabilities in the sub-sector, it is necessary to adopt approaches for the development of skills and institutional co-operation based on a careful analysis of the technological constraints faced by the sub-sector and thence determine training requirements for the mastering of technologies; suitable systems of maintenance and repair; and production of spare parts; and R+D requirements to select alternative technologies.

15. The participants agreed that there was no universal model for entry into the sub-sector. Each country had to draw up its own strategy in accordance with its specific needs and potentials. Parameters, such as size of markets, design capabilities, technical centres dealing with agricultural mechanization, promotional measures as well as safety measures and regulations had to be taken into consideration. In that connexion, it was observed that there was need for review of the status of the capital goods industry with a view to its restructuring and orientation to the needs of the rural sector.

16. Some participants considered that there were several ways of participating in the international market: establishment of a national industry for the domestic market, co-operation in developing local export enterprises, as well as co-operation in creating a climate favourable to attract foreign investment.

17. Having considered the three issues proposed by the Secretariat, participants suggested maintaining Issue 1 and combining Issues 2 and 3 (promotion of local manufacture of rural transport equipment and international co-operation). These two items would be submitted for consideration at the Third Consultation on the Capital Goods Industry with emphasis on Rural Transport Equipment to be held in Vienna, Austria, from 4 to 8 December 1989.

18. With regard to Issue 1, participants proposed that aspects such as integration of the rural transport equipment in the national development plans, infrastructural and institutional requirements, and the role of rural transport equipment in the articulation of agriculture and industry should be taken into account.

19. In connexion with Issue 2, participants expressed the hope that emphasis would be given, inter alia, to aspects such as flexible small- and medium units, technical centres, pilot plants, production complementarities (raw material, spare parts, etc.) promotional policies and international co-operation.

20. The detailed outlines of the issues are described in paragraph 10.

#### IV. CLOSURE OF THE MEETING

21. The Chairman thanked the participants for their active participation and important contribution to the discussions. The Director of the System of Consultations Division in his concluding remarks expressed his gratitude to the Chairman for his dexterity in conducting the Meeting. He also expressed his appreciation to the participants for their valuable contribution to the Meeting as well as for their interest in the activities of the System of Consultations.



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Annex II

LIST OF DOCUMENTS

<u>Title</u>	<u>Number</u>	
Study on the Rural Transport Equipment Industry in Latin America	ID/WG.482/1(SPEC)	E/F/S
Rural Transport Equipment for Agricultural Freight in Asia	ID/WG.482/2(SPEC)	E/F/S
Inland Transport Equipment and its Role in Industrial and Agricultural Development Importance of road transport, the perceived requirements for transport especially for rural development	ID/WG.482/3(SPEC)	E/F/S
Discussion paper: Transport Equipment for Agricultural and Rural Development in Developing Countries	ID/WG.482/4(SPEC)	E/F/S



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REPORT

Corrigendum

Page 11, paragraph 20

For paragraph 10 read paragraphs 2.11 and 2.12