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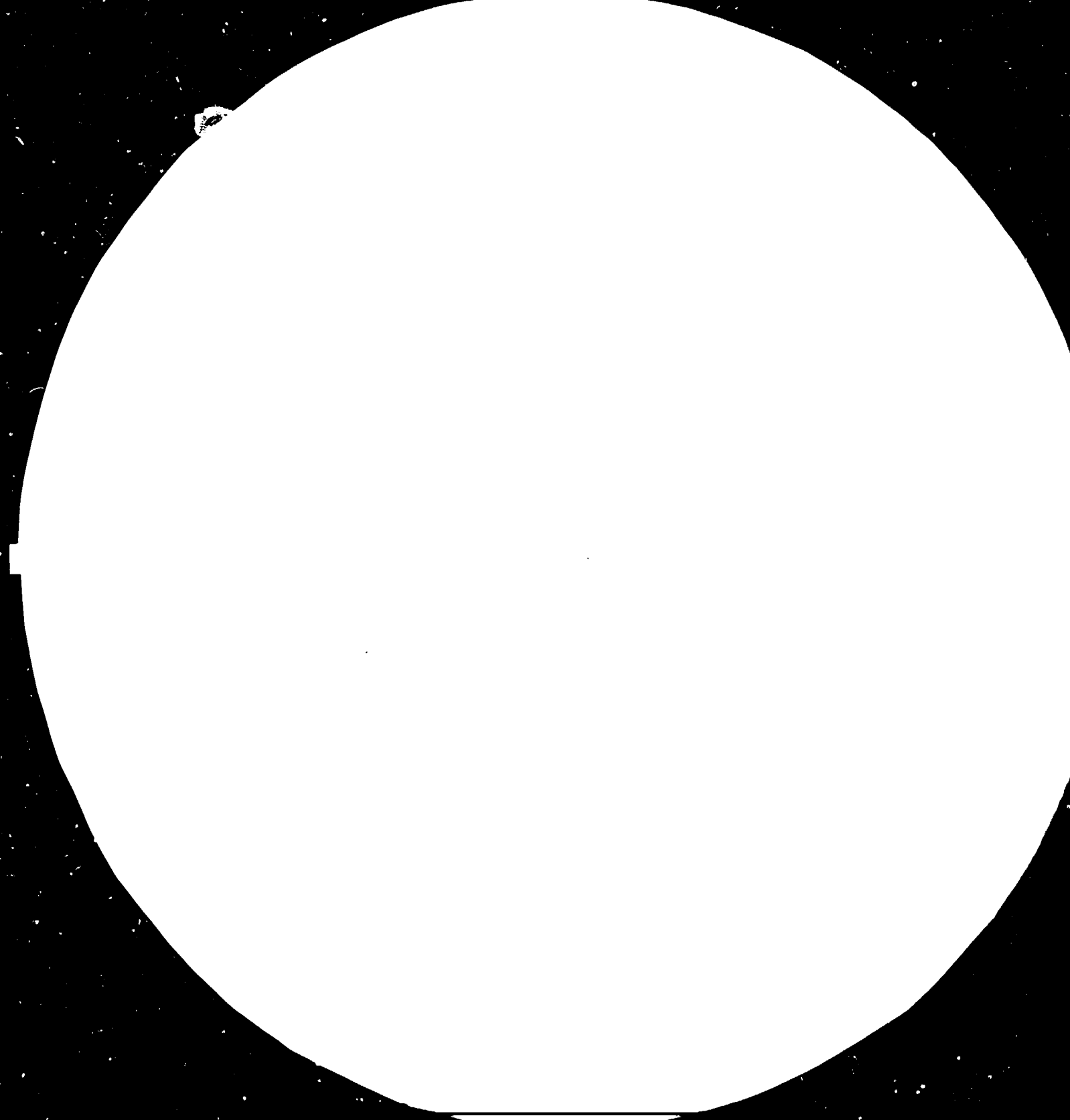
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Subregional Meeting on the Promotion of
Intra-African Industrial Co-operation
within the Framework of the Industrial
Development Decade for Africa*

Tunis, Tunisia, 7 - 10 March 1984

FINAL REPORT **

(Meeting on industrial co-operation,
Northern Africa.)

* Organized jointly by ECA, OAU and UNIDO in co-operation with the Government of Tunisia and the Arab Industrial Development Organization (AIDO).

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INTRODUCTION

1. The meeting on the promotion of intra-African industrial co-operation in the North African subregion within the framework of the Industrial Development Decade for Africa was held at Tunis, Tunisia, 7 - 10 March 1984. The meeting was jointly organized by the Economic Commission for Africa (ECA), the Organization of African Unity (OAU) and the United Nations Industrial Development Organization (UNIDO) in co-operation with the Government of Tunisia. The meeting also enjoyed the support of the Arab Industrial Development Organization (AIDO) and the League of Arab States (LAS).
2. The purpose of the meeting was to bring together experts from the North African subregion to discuss, identify and select priority areas and projects for multinational industrial co-operation. To that end, an initial integrated industrial promotion programme had been drawn up by the secretariats of the ECA, OAU and UNIDO, together with an indication of the modalities for its implementation, both of which were to be considered at the meeting.

I. PARTICIPATION

3. The experts came from the following countries: Algeria (observer), Egypt, Mauritania, Morocco, the Sudan and Tunisia. The representatives of the following organizations also participated: the Arab Industrial Development Organization (AIDO), the Arab Organization for Standardization and Metrology (ASMO), the Arab Federation for Food Industries (AFFI), the Arab Union for Cement and Building Materials, the Arab League Educational, Cultural and Scientific Organization (ALECSO), the African Training and Research Centre in Administration for Development (CAFRAD), and the League of Arab States (LAS). The list of participants is attached as annex 1.

II. OPENING OF THE MEETING

4. The meeting was opened by His Excellency Mr. Rachid Sfar, Minister of National Economy, who extended a warm welcome to the participants on behalf of the President and the Government of Tunisia. He attached particular importance to the preparation of an integrated industrial promotion programme for the subregion and he was especially grateful to Dr. Abd-El Rahman Khane for having selected Tunis as a venue for the meeting.
5. He paid tribute to the efforts made by Dr. Khane on behalf of the developing countries at a time marked by rigidity in North-South relations. The economic co-operation between industrialized and developing countries had fallen short of the expectations expressed in numerous declarations. The gap in development between industrialized and developing countries had not been reduced to any tangible degree: in fact, it could be seen to have increased. The present acute economic crisis was worsening in the light of growing protectionism and the trade barriers set up by the industrialized countries, despite the latter's professed adherence to the principles of free trade.

6. Given the diminishing flow of financial assistance to the developing countries, their ever-increasing foreign debt burden and their growing sense of despondency and frustration arising out of the deteriorating relationship between North and South, it was essential to redistribute the benefits of development. Given the extreme nature of the crisis, the associated complex problems and obstacles called for a radical solution and they could only be surmounted, particularly in Africa, by means of a common approach involving the pooling of resources and co-operation with the industrialized countries.

7. The Minister recalled the tremendous potential offered by Africa and the region's extensive material and human resources that provided a good basis for co-operation. Although the target set for the region of a 1.4 per cent share in world industrial production by 1990 appeared slight, even flimsy, in the light of those resources, its achievement would not be an easy task given the problems he had described. The target could, however, be more easily achieved on the basis of political will and determination to develop trade agreements and overcome the problems at both the national and international level in a co-operative spirit, free of rivalry.

8. Through such co-operation, countries of the subregion in which similar conditions prevailed would be able to improve their competitiveness and thus obtain increased access to the markets of the developed countries, as well as combat the dumping policies practised by those countries in the developing countries. At the same time, the Minister emphasized, it was essential for the countries in the subregion to master new technologies and utilize effectively the resources at their disposal. In that connexion, he pointed to the importance of multinational projects in those cases where sophisticated technology inputs and major financial resources were required in order to serve subregional markets. An integrated subregional programme embracing the mineral-based, chemical, engineering and electrical industries, duly supported by the gradual development of a firm technology base and initiatives in such new areas as pharmaceuticals, informatics, genetics and biotechnology, would ensure the subregion the degree of independence it needed.

9. The Minister drew attention to the joint projects Tunisia had launched in co-operation with Algeria and Morocco and those it anticipated with the Libyan Arab Jamahiriya. He also underscored the importance of studies that had been undertaken in the subregion, such as those by AIDO, and urged the application of their findings.

10. In conclusion, he reiterated his thanks to UNIDO and other specialized agencies for their assistance to the African region which contained the largest number of least developed countries. He expressed the hope that the Fourth General Conference of UNIDO would bring about a consensus and reach agreement on meaningful and imaginative proposals in respect of the industrial development of Africa. He saw the present meeting as a significant contribution to the development of the region and he wished the participants every success in their deliberations and elaboration of concrete and practical proposals and projects.

11. Dr. Abd-El Rahman Khane, Executive Director of UNIDO, expressed his most sincere thanks to the Government of Tunisia for having agreed to host the meeting and having contributed so generously towards its organization. He paid tribute to the leading role that the country had played under the leadership of its

President, His Excellency Mr. Habib Bourgiba, and would continue to play in the political and economic development of Africa. The fact that three subregional intergovernmental organizations were based in Tunisia bore testimony to the crucial role the country played in mobilizing the energies of the region in the spirit of the Industrial Development Decade for Africa. He also expressed his particular appreciation for the extensive co-operation that UNIDO had enjoyed with both ECA and OAU, as well as the support which the Arab Industrial Development Organization (AIDO) and the League of Arab States had given to the meeting. The involvement of those organizations was fundamental to the promotion of intra-African industrial co-operation in the subregion. He also drew attention to the role that industrial co-operation could play in increasing Africa's share in world industrial production as envisaged in the Lagos Plan of Action.

12. He stressed that the integrated industrial promotion programme before the meeting was strictly an initial programme that would be reviewed at regular intervals and adjusted to the prevailing needs and priorities of the subregion. He underlined the need for intensified consultations between countries: multi-national industrial co-operation, though a delicate and difficult task, could lead to greater harmony in subregional development, and in the initial programme particular consideration had been given to market sharing so as to ensure the all-essential economies of scale.

13. Dr. Abd-El Rahman Khane pointed out that the effectiveness of the programme would hinge on the ability to translate the political commitment of the countries into tangible action and on the leadership role to be played by those countries selected to host the various multinational projects. Equally important were the follow-up activities to be undertaken by the countries and co-ordinating agencies. He stressed the need for the legislative authorities, at both the national and subregional level, to endorse the programme. In that connexion, he said, it would be necessary to conduct detailed pre-investment studies, undertake investment promotion activities as well as enter into technical and financial negotiations with potential investors. He underscored the crucial role to be played by the African regional and subregional intergovernmental organizations as well as the financial institutions in the subregion. He pledged that, within the limitations of its resources, UNIDO would continue to assist the countries of the subregion in the elaboration, promotion, implementation and monitoring of the initial integrated programme to be adopted at the meeting. He also invited the financial institutions in the subregion to join the African Development Bank (ADB) in the elaboration, promotion and implementation of the projects adopted at the meeting.

14. He informed the meeting that the Fourth General Conference of UNIDO would be held 2 - 18 August 1984 in Vienna (Austria), at which particular attention would be given to the problems and needs of Africa and to the Industrial Development Decade for Africa. He thus urged African countries to participate fully in the forthcoming Conference of African Ministers of Industry as well as in the General Conference of UNIDO so as to ensure that the interests of Africa were adequately taken into account in the recommendations to be made. Since a strengthened UNIDO would be of particular benefit to Africa, he also urged the African countries to continue their active participation in the efforts being made to finalize the transformation of UNIDO into a specialized agency of the United Nations. That active participation, he hoped, would also extend to the activities of the new agency, once established. In conclusion, Dr. Abd-El Rahman Khane reaffirmed the crucial importance he attached to the meeting and to the need for a special effort during the Industrial Development Decade for Africa so as to ensure that the region could secure its rightful place in the global prosperity of nations.

15. Speaking on behalf of Dr. Peter Onu, Secretary-General a.i. of the OAU, Mr. E. B. Akpan, Head of the General Economic Affairs Division, expressed his gratitude to the Government and people of Tunisia for their agreeing to host the meeting and for their generous hospitality. He spoke of the co-operative spirit that had prevailed at the previous meetings and saw the present meeting as a test of the expression of general commitment by African Governments and their oft-expressed determination to co-operate. It provided an opportunity to choose between economic independence through collective self-reliance and the continuation of past approaches and strategies that had led the countries into an impasse. Past failures, which were more easily remembered than successes, should not deter the countries in the subregion from entering into multinational co-operation, but should serve as examples of the mistakes to be avoided. It was necessary for Governments to fashion co-operation arrangements that would both facilitate implementation of the programme for the Decade and respect the different economic, social and political systems in the subregion.

16. The present meeting was aimed specifically at promoting intra-African co-operation in the development and implementation of multinational core industrial projects. He anticipated that after a critical examination of the areas in which multinational core industrial projects and related support projects could be developed, the meeting - similar to the earlier meetings for the Eastern and Southern, Western and Central African subregions - would come up with an initial integrated industrial promotion programme for the subregion as well as propose ways of implementing it. He entered a strong plea for careful reflection, realism and examination of the objectives that the Governments had set themselves, and cautioned against over-extending the concept of core industries.

17. He also drew the meeting's attention to the actions that would be required at the national level and the responsibilities that the execution of multinational projects imposed upon the participating states, in particular the lead countries. Agreement would also have to be reached on such arrangements as joint promotion, negotiation with sources of external finance and the avoidance of duplication. He pointed to the major role that would be played by regional and subregional economic groupings, in particular the African Development Bank (ADB), in supporting the integrated industrial promotion programme for the subregion which, through sectoral integration, would contribute to the creation of an African economic community in accordance with the Final Act of Lagos.

18. Speaking on behalf of Prof. Adebayo Adedeji, Executive Secretary of ECA, Mr. F. Rutaiwa, Chief of the Industrial Development Section, Joint ECA/UNIDO Industry Division, extended his thanks to the Government and the people of Tunisia for their hospitality and the excellent facilities they had provided which would undoubtedly contribute to the success of the meeting. He went on to summarize the joint endeavours of the ECA, OAU and UNIDO secretariats to contribute to the implementation of the programme for the Industrial Development Decade for Africa and to the establishment of core engineering and resource-based industries. He outlined the objectives of the present meeting and drew attention to the basic principles governing self-sustained industrialization. He stressed that given the limited resources and capabilities available both to the countries in the subregion and to the secretariats of the three agencies, the subjects to be discussed should be restricted to those that the Governments felt would have a maximum impact on the economy and were capable of producing critical inputs in

priority areas related to basic needs. He cautioned against selecting too many projects whose multinational character might be in doubt. The strategic dimensions of the projects had to be assured. In that connexion, he drew attention to the criteria for selecting multinational/subregional core projects that were appended to the main document before the meeting.

19. In conclusion, Mr. F. Rutaiwa pointed out that the successful implementation of those and other projects would hinge upon the commitment of States and he underscored the fundamental importance of intra-African industrial co-operation. If the countries of the subregion were prepared to pool their resources and implement multinational projects, not only could they overcome the current constraints upon their industrial development, but they would also contribute to the realization of self-reliant and self-sustained industrialization.

20. Speaking on behalf of the secretariat of the League of Arab States, Mr. Ibrahim Ben Barka paid tribute to the meeting to which great importance was attached. It was expected to achieve positive results contributing to common development efforts in an area of vital concern to the Afro-Arab world. He saw industrialization as the cornerstone of economic development and as an effective means of overcoming the developmental difficulties confronting Arab and African countries alike. Towards that end, both the Joint Arab Economic Strategy, which had been adopted at the Amman Summit in 1982, and the Lagos Plan of Action had accorded high priority to industrialization as it constituted a fundamental basis for development, liberation and integration. He wished the meeting every success in its endeavours to develop concrete and constructive proposals and projects, thus contributing further to the prosperity of the African and Arab world in keeping with the common objectives of the Amman and Lagos Plans of Action.

21. Speaking on behalf of the Arab Industrial Development Organization (AIDO), Mr. Youssif Al-Khanaty extended a warm welcome to the participants on behalf of the Director-General of AIDO and thanked the Minister for opening the meeting. He also extended his thanks to the Government and people of Tunisia for their contribution to the organization of the meeting which he hoped would be crowned with success. The meeting represented an important step towards the achievement of economic integration in the Arab world, the basic objective of his organization.

22. The participants, he said, should identify appropriate criteria for the selection of industrial projects in the subregion in order to ensure their successful implementation on the basis of joint ventures or bilateral and multinational projects. Furthermore, marketing policies, prices and obstacles to trade in the various subregions should be closely studied as they impinged upon the success of projects. The outcome of the meeting, together with extensive studies currently being undertaken in the subregion, would be considered at the forthcoming Conference of Arab Ministers of Industry whose deliberations would contribute to the industrial development of Africa and to the further promotion of Afro-Arab co-operation.

III. ORGANIZATION OF THE MEETING

Election of officers

23. Mr. Ali Maaref (Tunisia) was elected to the office of Chairman, His Excellency Mr. Mahmoud Sami Darwish El-Yazi (Egypt) to that of Vice-Chairman, and Mr. Youssif Al-Khanaty (AIDO) to that of Rapporteur.

Adoption of the agenda and organization of work

24. The agenda (see annex 2) was adopted. It was agreed to hold all discussions in plenary and to set up working groups only when necessary. It was also agreed to list Mauritania among the countries of the subregion and make cross-references where appropriate, even though that country had been included in the programme for the West African subregion on the basis of OAU/ECA classification and had participated in the earlier subregional meeting held at Abidjan. It was recognized, however, that Mauritania had strong ties with the North African subregion and would therefore be associated with the initial integrated industrial promotion programme for that subregion.

IV. DEVELOPMENT AND IMPLEMENTATION OF A SUBREGIONAL INDUSTRIAL PROMOTION PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

25. In introducing the paper, a representative of the secretariat described the manner in which the project proposals had been selected. Not only had letters been sent to Governments requesting the submission of projects, but a detailed review had also been made of the ongoing technical assistance programmes of ECA and UNIDO, with particular emphasis on pre-feasibility and feasibility studies, as well as of the sectoral development programmes prepared within the framework of the MULPOCs. Two consultants had visited the countries in the subregion and obtained some twenty-five projects which, together with the others, had been duly considered in the light of the criteria contained in Annex 1 that had been endorsed at the three previous subregional meetings. The projects described in the document represented the outcome of that selection process, it being pointed out, however, that additional projects could be submitted in the course of the present meeting.

26. The paper before the meeting had been subdivided into five parts. Chapter I gave a brief description of the overall economic structure and conditions in Africa, highlighting salient points in the Lagos Plan of Action and the programme for the Industrial Development Decade for Africa. Chapter II dealt with the existing industrial structure in the subregion and described co-operation at the subregional level.

27. Chapter III examined the concept of core industries - resource-based and engineering - which offered wide scope for multinational co-operation. Five strategic industrial subsectors - engineering, agro-and agro-based, textile, building materials and chemical industries - were described and summaries given of those areas and services that supported industrial development.

28. Chapter IV contained the initial integrated industrial promotion programme derived from national projects, project ideas and concepts requiring multinational co-operation which had been grouped together in subprogrammes. Twenty strategic core projects and three support projects had been identified, from which it might be necessary to identify priorities based on the projects' implementability within the short/medium (0-10 years) or long term (more than 10 years). Chapter V proposed a strategy and modalities for the implementation of the programme at

the national and subregional level, outlining the role of Governments and intergovernmental organizations as well as that of the co-ordinating and other agencies.

29. Attention was drawn to the importance of support projects in such fields as human resource development and to the need to co-ordinate their implementation at the national and subregional level. The attention of the meeting was drawn to the importance of developing a harmonized protection system at the subregional level and appropriate reference should be made in paragraph 29 of the initial integrated industrial promotion programme for the North African subregion. It was also emphasized that the multinational co-operation projects, which ensured the effective exploitation of local resources, the introduction of larger markets, the reduction of production costs and the promotion of intra-African co-operation and trade, would have to be selected with particular care so as to avoid drawing up a programme that was too bulky.

30. In describing the concept of core industries, a representative of the Secretariat drew the meeting's attention to the definition contained in the document entitled "Guidelines for priority actions during the preparatory phase" (ID/310) and outlined the features of resource-based and engineering core industries. Attention was also drawn to the need for the countries to take certain steps so as to ensure formal approval of the projects adopted at the meeting as well as their effective implementation. It was also necessary to realign national development plans so as to provide for complementary integrated development, while steps should be taken to ensure the availability of manpower, financial and raw material inputs.

Chapters I - III

31. Rather than enter into a paragraph-by-paragraph review of the three chapters of the document, it was felt more useful for the participants to describe the current industrial situation and planning activities in each country in the subregion and examine the significance of each core and support sector described in the document.

32. The expert from Tunisia reported that his country worked on the basis of five-year plans. Even though Tunisia was an agricultural country, its food industry was not very highly developed. In the current five-year plan, full priority had thus been given to the development of the agricultural sector and the food industry which, in turn, called for the development of the agricultural machinery and equipment industry, including means of transport. Tunisia had developed a series of joint projects with neighbouring countries, and negotiations were being held with Algeria and the Libyan Arab Jamahiriya in respect of the establishment of an integrated agricultural machinery manufacturing programme.

33. In respect of the metallurgical industry, the expert drew attention to the limited mineral resources (with the exception of phosphates) in Tunisia, and indicated the willingness of his country to co-operate with neighbouring countries which disposed of mineral resources. Within the industrial sector, engineering industries currently enjoyed first priority. Since 1980, Tunisia had held intensive consultations with Morocco on wood and metalworking equipment, with Algeria on diesel engines, and with the Libyan Arab Jamahiriya on compressors for refrigerators. In the chemical subsector, Tunisia had established some eight national projects and was currently developing new projects with the Sudan for

the production of phosphate fertilizers. Furthermore, Tunisia was an exporter of new technologies related to the chemical sector. In respect of building materials, joint ventures were being launched with Algeria related to the production of white cement and lithopone.

34. In answer to a question on the mechanisms developed by Tunisia for the realization of joint ventures, it was explained that trust in one's partner was the essential prerequisite. In Tunisia, treaties, conventions and co-operation agreements had been signed with Algeria and Morocco pertaining to the unrestricted movement of people, capital and goods. Joint sectoral committees had also been established with Algeria, the Libyan Arab Jamahiriya and Morocco in order to study project ideas and programmes as well as to identify the executing agencies for such projects, while a joint high commission decided on their financing. Site selection was determined on the basis of feasibility studies, except for the engineering industries where decisions were reached after joint consultations had been held based on reciprocity and equity.

35. The expert from the Sudan reported that in his country, which was basically an agricultural country, main emphasis had been placed on the agricultural sector. Integrated projects were being implemented jointly with Egypt, particularly in the manufacture of tractors and agricultural equipment. Current industrial activities included the production of sugar, vegetable oil, textiles, leather and cement. He also underscored the necessity of developing local capabilities so as to overcome difficulties arising from shortages of power and qualified labour.

36. Within the context of the agreement reached at the meeting whereby the participants from the various countries were invited to describe in summary form the processes of industrialization and co-operation in their respective countries, the observer from Algeria emphasized that the first years of independence had been devoted to gaining control over the factors that determined the national economy viz. the establishment of national structures, the launching of a nationalization programme and the introduction of a national currency. A preliminary plan had been launched in the period 1967 - 1970. By means of that plan, the concept of "industrializing industries" had been developed. The upgrading of national resources, mostly minerals and oil, had always been and continued to be a main preoccupation of national planners. By way of example, mention could be made of the petrochemical sector in his country which had an annual processing capacity of more than 20 million tons of oil and some 100,000 million cubic metres of gas. Since its inception, the engineering sector had been concerned with the optimal integration of its activities. Thus, Algeria met its essential need in terms of transport (lorries, buses and freight cars) as well as in terms of manufacturing related to public works and agricultural equipment.

37. The observer from Algeria pointed out that several co-operation projects had been or were being implemented together with other Maghreb countries: Mauritania, Tunisia and the Libyan Arab Jamahiriya. In that respect, a bank had been set up to cater for problems related to the promotion of co-operation: The Maghreb Co-operation Bank. The bank which had been established on a parity basis by Algeria and Tunisia was open to the other Maghreb countries. The problems of specialization and complementarity were currently being investigated by both Algeria and Tunisia.

38. The expert from Morocco emphasized the fact that in his country industrial planning related more to sectoral planning than to integrated planning. He pointed out that the industrial sector was basically oriented towards the production of consumer goods for the national market with a low degree of intersectoral linkage. However, basic industries had been established which offered satisfactory results, particularly in the following sectors: the production of fertilizers thereby upgrading traditional Moroccan exports;

the petrochemical industries; foundries; and the sugar industry that met 60 per cent of domestic needs and was aimed at achieving complete self-sufficiency. The production of building materials was significant and for the past two years Morocco had been a net exporter of cement; in the pharmaceutical sector, Morocco currently met 80 per cent of its requirements.

39. The expert from Mauritania pointed to his country's rich iron-ore endowment with a significantly high ferrous content. Whereas his country had previously exported all its ore in unprocessed form, it was currently establishing joint ventures with neighbouring countries, in particular Algeria, related to the manufacture of metal products. He drew attention to the joint sugar refinery established in co-operation with Algeria, the establishment of a cement plant in co-operation with China, and the fishing industry development programme undertaken, inter alia, with Algeria and Tunisia.

40. The expert from Egypt described the industrial development of his country starting from the turn of the century. Industrialization had initially been directed towards the textile and weaving industries using locally available cotton-industrial activities that still played an important role and had since been expanded to include man-made fibres. In the metallurgical sector, Egypt produced 850,000 tons of steel annually and planned to expand production in co-operation with the British Steel Corporation. It was also planned to enter into the production of pig iron (3 million tons per year) using pollution-free Japanese technology. In the engineering sector, Egypt currently manufactured motor vehicles in co-operation with Italy and other plants existed for the manufacture of buses, lorries and tractors. Egypt also produced radio and television sets as well as electrical appliances. In the chemical sector, Egypt was self-sufficient in the manufacture of phosphate and nitrogenous fertilizers which it exported to Europe. Egypt was also a major manufacturer of high-quality insecticides and pharmaceuticals, and UNIDO had provided assistance in the establishment of a pesticides plant in the country. Another important programme was the manufacture of plastic components for irrigation purposes, an area that contributed significantly to the improvement of agricultural efficiency.

41. After describing programmes related to the production of cement and peat-derived building materials, the expert from Egypt pointed out that within the current five-year plan (1982-1986) investment in industry in the first year amounted to 9,500 million Egyptian pounds rising to some 15,000 million pounds in 1986. The expert emphasized that industrial development in Egypt had been greatly enhanced by the establishment, in co-operation with UNDP and UNIDO, of research and development centres and training facilities in such critical areas as electronics, plastics, engineering, standardization, occupational safety and infrastructure. He invited all countries in the subregion to avail themselves of those facilities. He also drew attention to the importance of developing both bilateral and multilateral co-operation projects and cited such examples as: the joint manufacture of tractors, steel, marble tiling, leather, wood and glass products with the Sudan; the fabrication of copper with Zambia; and the production of wooden furniture with Tanzania.

42. Following the country presentations, the meeting discussed certain elements of common interest in the priority core industrial subsectors described in the document. The overriding importance of the agro-industrial subsector was recognized. That held particularly true for the achievement of self-sufficiency in the production of food, which was a priority objective in the Lagos Plan of Action. By way of illustration, the expert from Egypt pointed out that in the sixties his country had placed particular emphasis on the development of industry to the detriment of the agricultural sector. As a result, Egypt currently had to

import a large proportion of its food requirements: a fact which served to underscore the importance of supporting agriculture through the development of the agro-industrial sector. It was also agreed that in paragraph 27, reference should be made to the fishing industry in view of the rich halieutic resources in the subregion, in particular in Mauritania.

43. The significant role played by the textile industry in the subregion was recognized. In view of the current protectionist policies adopted by the EEC countries which had previously been major importers of garments from the subregion, it was essential to develop new subregional markets so as to compensate for the decline in exports to those countries. Furthermore, the subregion was seen to offer major potential for the production of synthetic fibres in view of its extensive gas and petroleum resources; however, the major investments needed to establish synthetic fibre production plants could only be realized on a subregional scale. The meeting's attention was also drawn to a joint Tunisian-Moroccan project for the production of poplin and three other textile projects involving Tunisia and the Libyan Arab Jamahiriya. It was thus decided to include in the document a paragraph on the textile industry subsector.

44. The engineering subsector was seen to be an important developmental factor in the subregion which was already at an advanced stage of industrialization. It was observed that the subregion together with Nigeria accounted for 60 per cent of the total industrial production in Africa. Attention was drawn to the pivotal role played by the electrical engineering industry, and it was decided to include an appropriate reference to the automotive industry in paragraph 29.

45. The meeting also discussed the importance of identifying and analysing the potentialities offered by each sector in the individual countries before entering into the selection and promotion of subregional projects: such an approach would ensure the efficiency and complementarity of the projects developed in the subregion. In that connexion, it was suggested that it might be useful to include in the paragraphs describing the core subsectors data on resources available in the individual countries.

46. It was recognized that support areas such as technology, training, energy, standardization, trade, institutional infrastructure, as well as transport and communications were a fundamental key to effective industrial development. Particular attention was drawn to the need to harmonize standards within the subregion and reference was made to a document published by ASMO on that subject. The attention of the meeting was drawn to the large number of research and development institutes and training facilities in the subregion that could contribute appreciably to the development of manpower for industrialization. It was considered essential to utilize them more effectively, particularly with respect to implementing the integrated industrial promotion programme for the subregion. It was recognized that information on such institutes and facilities was lacking, and UNIDO, ECA, OAU, in co-operation with AIDO, should prepare an evaluation and inventory of those facilities. In that connexion, it was pointed out that such a review could be carried out within the context of the support projects described in profiles S1 and S2 (see para. 69 below). Attention was also drawn to the annual directory of African training facilities and roster of African experts published by the Pan African Documentation and Information System (PADIS).

Initial integrated industrial promotion programme

47. Before entering into a discussion of the industrial projects, the meeting considered and endorsed the criteria contained in Annex 1, it being pointed out, however, that particular attention should also be paid to profitability. Consideration should also be given to such factors as the training offers made by suppliers of equipment, the appropriateness of the technologies supplied, their environmental impact and rationalization in the use of energy.

Engineering industry

Agricultural machinery and equipment subprogramme

Project profile No. 1: Establishment of tractor assembly plants, Egypt and the Sudan

48. The expert from Egypt introduced the project, pointing out that it contributed directly to enhancing food production. The markets would be Egypt and the Sudan with surplus production going to other countries in the subregion. He confirmed that energy would be available, while both countries would provide capital, share production and supply manpower. Furthermore, the participation of other countries in the subregion was welcomed.

49. In the ensuing discussion, it was suggested that the assembly of more powerful tractors (up to 115 HP) should be considered as that would contribute to their sales potential within the subregion where some countries required heavy-duty tractors. Attention was also drawn to the possibility of subcontracting the manufacture of certain components and spare parts to other countries in the subregion or reformulating the project so as to link it with that described in profile No. 4, the establishment of a diesel engine manufacturing plant.

50. In the final analysis, it was agreed that the project was subregional in nature, and it was recommended that it be retained in the programme for implementation in the short/medium term.

Project profile No. 2: Manufacture of pumps for irrigation purposes

51. The expert from Tunisia reported that the National Centre for Industrial Studies had recently completed a study of the domestic market, current demand and production, the findings of which should be reconciled with those of a similar study undertaken in Morocco. He also pointed to a marked increase in the importation of pumps over the past five years and to the essentiality of developing local pump manufacturing capabilities. It was agreed that the project be retained in the programme for implementation in the short/medium term.

Road and rail transport subprogramme

Project profile No. 3: Manufacture of diesel engines for tractors, trucks, lorries, and buses

52. The expert from Morocco introduced the project on which no precise data were available. It was confirmed that the project was at the conceptual stage, and it was suggested that the possibility of co-operation with Egypt be investigated. It was thus recommended that the project be retained in the programme and implemented in the long term.

Project profile No. 4: Establishment of a diesel engine manufacturing plant, Tunisia

53. The observer from Algeria provided additional information on the project, in particular that related to market shares. The broad range of engines manufactured would be used mainly in the agricultural sector. The output figure cited for the plant was based on a feasibility study conducted by the Tunisian National Centre for Industrial Studies. In the light of the information given, it was recommended that the project be retained in the programme and implemented in the short/medium term.

Machine tools and allied machinery subprogramme

Project profile No. 5: Manufacture of lathes and milling machines, Morocco

54. The expert from Morocco reported that the plant, which was already in operation, was facing fierce competition from manufacturers practising dumping policies. It was pointed out that the project could also serve the markets of Egypt and the Sudan. The expert from Tunisia reported that the two countries promoting the project had agreed on lifting tariff barriers. Furthermore, the project was at an early stage, comprising the assembly of machine tools which permitted the acquisition of the requisite technological skills. The investment figure cited was that estimated two years previous, and it was expected that on a two-shift basis planned capacity would exceed the figure given in the profile.

55. In the course of the discussion, it was suggested that the local manufacture of components should be increased as envisaged in the project study and markets expanded. It was recommended that the project, which was basically concerned with extending the plant, be retained in the programme and implemented in the short/medium term.

Project profile No. 6: Manufacture of wood-working machinery, Tunisia

56. Following introductions by the experts from Morocco and Tunisia, the project was considered in the same context as the previous project since

production was due to start within a month. It was felt that its establishment at the subregional level with extended markets would greatly increase its viability. It was thus recommended that, similar to the previous project, it be retained in the programme and implemented in the short/medium term.

Electrical equipment subprogramme

Project profile No. 7: Manufacture of refrigerator compressors

Project profile No. 8: Establishment of a compressor plant

57. It was decided that the two projects should be merged, since viability could only be assured if annual output was at least 1 million units. Attention was drawn to the studies being conducted by AIDO, and it was suggested that consideration be given to co-operation with the Arab Company for Industrial Investment. However, in view of the fact that the essential studies had not yet been completed, it was recommended that the amalgamated project be retained in the programme and implemented in the long term.

Agro and agro-based industries

Food-processing subprogramme

58. The representative from AFFI emphasized the importance of satisfying basic needs, particularly food, through industrialization. It was erroneous to believe that the industrialized countries would provide such essential inputs as raw materials and technology: hence, it was all the more essential that Africa control and develop such inputs.

59. Prior to launching any project, its basic objectives should be clearly defined, and subregional projects would have to take the complementarity of countries into consideration. Certain areas called for particular development: processing and packaging of vegetable-oils and dates; production of animal feed and sugar; and the processing of dairy products. It was regretted that the projects in the initial programme only covered the production of sugar, even though food processing was a strategic subsector. It was pointed out by a member of the secretariat that no other food-processing projects had been submitted. In the ensuing discussion, the importance of developing projects at the subregional level in that sector was fully recognized, and it was recommended that a study of food-processing and preservation activities in the subregion be undertaken as a support project (see para. 71 below). The study would include the identification of project ideas and investment potential in that key subsector.

Project profile No. 9: Establishment of sugar mills, the Sudan

60. The expert from the Sudan pointed to the vast agricultural potential offered by his country, particularly in the sugar sector. He reported that

four units were being rehabilitated, the feasibility studies for the two units described in the project profile were being updated and financing was being sought, whereafter the project could be launched. The expert from Egypt confirmed that the Sudan and Egypt were still net importers of sugar, thus underscoring the need for the two sugar mills. The expert from Tunisia supported the project as his country, which currently met only 20 per cent of its domestic requirements, was able to process imported unrefined sugar. It was thus recommended that the project be retained in the programme and implemented in the short/medium term.

Pulp and paper subprogramme

Project profile No. 10: Establishment of a paper factory, the Sudan

61. The expert from the Sudan introduced the project, confirming that his country had the raw materials while Egypt would provide the know-how. Furthermore, the project would utilize bagasse, a by-product of the project described in profile No. 9, as one of the raw material inputs. Given the importance of the project to the Sudan and neighbouring countries, it was recommended that it be retained in the subprogramme and implemented in the short/medium term.

Leather industry subprogramme

Textile industry subprogramme

Project profile No. 11: Establishment of a footwear production plant

Project profile No. 12: Establishment of a spinning mill

Project profile No. 14: Establishment of a knitwear factory

Project profile No. 15: Establishment of a garment factory

62. In the absence of the expert from the Libyan Arab Jamahiriya, the expert from Tunisia was not in a position to provide more specific data on the four joint Libyan-Tunisian projects, other than that they had been formulated and approved by the Joint Libyan-Tunisian High Commission. The projects were currently being studied by the relevant national centres and the findings would be considered by the Joint High Commission in 1984. It was thus recommended that the projects be retained in the programme and implemented in the long term.

Project profile No. 13: Expansion of a kenaf sack production plant, the Sudan

63. The expert from the Sudan pointed out that the increased production of sugar gave rise to a corresponding increase in demand for sacks which were currently imported. It had been considered practical to utilize kenaf,

which was abundantly available in the country, for the manufacture of those sacks. He invited other countries in the subregion to participate in financing the project. The expert from Egypt indicated that kenaf and jute were being used to an increasing degree in the garment industry. It was agreed to retain the project in the programme for implementation in the short/medium term.

Building materials industry

Cement subprogramme

Tiles subprogramme

Project profile No. 16: Establishment of the Port Sudan cement factory, the Sudan

64. The expert from the Sudan reported that two units were already in operation in his country producing some 500,000 tons of Portland cement each year, whereas annual domestic requirements exceeded 1 million tons. It was foreseen that Egypt would provide both know-how and manpower. In the course of a prolonged discussion, it was confirmed that, although the subregion disposed of a large number of cement plants, the growing subregional demand for cement was still not fully met, despite increased production in neighbouring Arab countries. It was also pointed out that smaller production units with annual capacities of no more than 250,000 tons were better suited to the repair and maintenance capabilities of the subregion: such units also had the advantage of requiring less sophisticated technology. That notwithstanding, it was agreed to retain the project in the initial programme for implementation in the short/medium term.

Project profile No. 17: Establishment of a plant to produce white cement, Tunisia

65. The expert from Tunisia explained that the plant would enter into operation late 1985 or early 1986. The original capacity figure had been based on an anticipated annual demand in 1985/86 of 60,000 tons in Tunisia and 120,000 tons in Algeria. It was recommended that the project be retained in the programme for implementation in the short/medium term.

Project profile No. 18: Manufacture of marble tiling, the Sudan

66. The expert from Egypt introduced the project, pointing out that the feasibility study would soon be completed. In view of the fact that Egypt and the Sudan currently imported large amounts of marble, it was recommended that the project be retained in the programme and implemented in the short/medium term.

Chemical industry

Basic chemicals subprogramme

Project profile No. 19: Establishment of a lithopone production plant, Tunisia

67. The project was introduced by the expert from Tunisia who reported that the bilateral project, which was related to the production of lithopone, would enter into operation in 1986. It was thus recommended that the project be retained in the programme for implementation in the short/medium term.

Non-metallic mineral products subprogramme

Project profile No. 20: Establishment of a sheet glass production unit, the Sudan

68. The expert from Egypt underscored the significance of sheet glass production to the building and construction industry. Despite the existence of two flat glass production plants in Egypt, imports were still appreciable. It was suggested that advantage be taken of studies conducted by the Institute for Arab Studies, Qatar. It was thus agreed to retain the project in the initial programme for implementation in the long term.

Multinational support projects

Industrial manpower development subprogramme

Project profile S1: Assistance in the development of an industrial training programme

Project profile S2: Improvement of industrial consultancy and management capabilities

69. The importance of drawing up an inventory of industrial training facilities and expertise in the subregion was reaffirmed (see also para.46). The project described in profile S1 was based on a recommendation made at the UNIDO Consultation on the Training of Industrial Manpower held at Stuttgart (Federal Republic of Germany) in November 1982. It was agreed to retain the projects in the programme, and the three secretariats (OAU, ECA and UNIDO) were called upon to manage the implementation of both projects in the short term, in co-operation with AIDO, and in close liaison with Governments and regional bodies, as well as with local UNDP offices.

Project profile S3: Development of local entrepreneurship (Directory of small-scale industrial project profiles)

70. The importance of the small-scale industrial sector was recognized, particularly in terms of establishing a well-integrated industrial network since it provided essential backward and forward linkages with larger manufacturing units. A representative of the secretariat described the directory of small-scale industrial project profiles issued by ECA which was designed to assist small-scale entrepreneurs in Africa in the identification of openings in the small-scale industrial sector. Complementary initiatives had been undertaken by UNIDO. It was thus agreed to retain the support project in the programme for implementation in the short/medium term.

Other support projects

71. It was agreed to include five additional support projects:

Promotion of the food-processing industry in North Africa

Upgrading of the Tunisian National Centre for Leather and Footwear into a subregional centre

African regional centres for genetic engineering and biotechnology

Manufacture of rolling stock for passengers and freight

Subregional forge for the production of wheels and axles

In the light of the recommendation to establish two major genetic engineering and biotechnology centres and five component centres, it was recommended that two of the component centres be established in Africa: the experts from Tunisia and Egypt advanced their candidature for the hosting of those two centres.

Implementation of the integrated industrial promotion programme

72. In considering the plan for the implementation of the integrated industrial promotion programme, the participants drew attention to the need to improve upon the proposals in three areas.

73. Since projects and proposals could be put forward at subsequent stages for inclusion in the programme, it was felt appropriate to amend subparagraph 76(a) by adding a final phrase reading: "provided that the projects endorsed were in compliance with feasibility or pre-investment studies being undertaken by those organizations".

74. In view of the paramount importance of developing standards, norms and specifications so as to ensure the quality of production and facilitate the manufacture and exchange of spare parts, it was considered appropriate to add under subparagraph 76(c) an item (vii) reading: "Standardization and quality control".

75. In the discussion of the role of the co-ordinating and other agencies, it was deemed essential to include reference to Arab subregional organizations such as AIDO, ASMO, as well as the Arab industrial federations in such subsectors as iron and steel, building materials, fisheries, engineering and food processing.

V. ADOPTION OF THE REPORT

76. At its final session, the Rapporteur presented the report and described its structure. The meeting adopted the report and authorized the secretariat to finalize it in the light of the amendments.

VI. CLOSURE OF THE MEETING

77. At the closing session, the expert from Tunisia thanked the secretariats on behalf of his country for having selected Tunis as the venue of the meeting. He hoped that the participants had had a pleasant stay in the country and wished them a good journey home. Speaking on behalf of the participants, the Vice-Chairman extended his particular gratitude to the Government and President of Tunisia, His Excellency Mr. Habib Bourgiba, for having contributed so generously to the organization of the meeting, whose recommendations, he hoped, would find ready application and not be destined to oblivion. He presented a copy of the draft final report to the Chairman for formal transmittal to the Tunisian Minister of National Economy.

78. Speaking on behalf of the three co-ordinating agencies, Mr. S. Ndam thanked the Tunisian Government for its support which bore testimony to the importance that the country attached to the industrial development of the subregion and to the Industrial Development Decade for Africa. He requested the Chairman to convey to the Minister of National Economy the profound gratitude of the secretariats for having so kindly agreed to host the meeting in Tunis. He also thanked the experts for the effective manner in which they had discussed the problems of industrialization in the subregion. He also extended his thanks to the many people who had contributed to the success of the meeting, in particular the UNDP Resident Representative.

79. He reminded the participants of the significance of the decisions they had reached. They called not only for a clear commitment at the political level, but even more so on a human and financial plane. He appealed to the experts to make their Governments aware of the need for action in all sectors of the economy in order to support industrial development, and he assured them of the assistance of UNIDO at all times.

80. In closing the meeting, the Chairman expressed his sincere gratitude to all who had contributed to the success of the meeting where the level of debate had done justice to the importance of the subject under discussion. He sincerely hoped that the results of the meeting would contribute to the attainment of the objectives of the Decade and would help the region further along the path towards dignity and prosperity.

ANNEX/ANNEXE I

LIST OF PARTICIPANTS/LISTE DES PARTICIPANTS

A. COUNTRY OF EXPERTS/EXPERTS DES PAYS

EGYPT/EGYPTE Mr. Mahmoud Darwish EL-YAZI, Undersecretary of State for the Ministry of Industry and Mineral Wealth

MAURITANIA/
MAURITANIE Mr. Bebaha Brahim KHLIL, Conseiller Economique, Ministère des Affaires Etrangères, Ambassade de Mauritanie à Tunis

MOROCCO/MAROC Mr. Najib CHERKAoui, Chef Service Planification, Ministère de l'Industrie et Commerce

SUDAN/SOUDAN Mr. Shazli Mohamed ABDEL-MEGUID, Director, Ministry of Industry

TUNISIA/TUNISIE Mr. A. MAAREF, Directeur Général, Ministère de l'Economie Nationale

 Mr. Habib IAROSSI, Directeur, Ministère de l'Economie Nationale

 Mr. Raouf CHATTY, Secrétaire, Ministère des Affaires Etrangères

 Mr. Naceur BEN FRIJA, Ministère des Affaires Etrangères

 Mr. Rachid BOUCHAALA, Directeur Général Adjoint, Centre National d'Etudes Industrielles

B. EXPERTS FROM INTERGOVERNMENTAL ORGANIZATIONS/EXPERTS DES ORGANIZATIONS INTERGOUVERNEMENTALES

AFFI (Arab Federation for Food Industries) Mr. Falah JABR, Secretary-General

AIDO (Arab Industrial Development Organization) Mr. Youssif EL-KHANATY, Expert

AIECSO (Arab League Educational, Cultural and Scientific Organization) Mr. Lassaad MESSAADI, Fonctionnaire du Département des Sciences

ASMO (Arab Organization for Standardization and Metrology)

Mr. Adnan AWNI, Deputy Director-General

Arab Union for Cement and Building Materials

Mr. Abdel-Wahed TAHER, Member of the Board of Directors of the Union and Director-General of the Tunisian Artificial Cement Co.

CAFRAD (African Training and Research Centre in Administration for Development)

Ms. Lizette MICHAEL, Project Officer

IAS (League of Arab States)

Mr. Ben Barka BRAHIM, Directeur des Secteurs productifs, Direction des Affaires économiques

OAU (Organization of African Unity)

Mr. E. AKPAN, Head of General Economic Affairs Division

Mr. A. DIONG, Chef de Section de l'Industrie

C. OBSERVERS /OBSERVATEURS

ALGERIA /ALGERIE

Mr. Abderrahmane GADJI, Conseiller, Ambassade d'Algérie à Tunis

EGYPT /EGYPTE

Mr. Seoudy ABDEL-MONEIM, Conseiller de l'Ambassade d'Egypte à Tunis

TUNISIA /TUNISIE

Mr. H. RAHMOUNI, Ministère de l'Economie Nationale

Mr. M. BEN ABDALLAH, Président, Agence de Promotion des Investissements (API)

Mr. Nafti SADEK, Directeur, Ministère du Plan

Mr. M. H. GUETARI, Directeur Général Adjoint, CTMCCV

Mr. Zouhair SFAXI, Ministère de l'Economie Nationale

Mr. Sefi YAHIAOUI, Ministère de l'Economie Nationale

Mr. Ahmed GDOUZA, UTICA

Mr. Abdellatif AROUA, UTICA

Mr. Ali DALLAGI, UTICA

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Mr. M. CHAHED, Agence de Promotion des Investissements

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Mr. Daly EDDALY, Expert, CPCM

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Mr. M. A. KHAMASSI, Centre National du Cuir et
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Mr. Mehri BOUBAKER, Banque Tuniso-Qatari
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Mr. Mohamed HICHERI, CEPEX

Mr. Ali Ben GAIED, INNORPI

Mr. Bahloul HEDI, Société Kandyl

Mr. MANAMANI, Banque de Coopération du Maghreb
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Mr. Taieb GHANI, Banque Tuniso-Koweitienne de
Développement

UNDP /PNUD

Mr. TABBARAH, Resident Representative

D. SECRETARIAT

ECA /CEA

Mr. Francis RUTAIWA, Chief, Industrial Development
Section, Joint ECA/UNIDO Industry Division

Ms. Remie TOURE, Economic Affairs Officer, Joint
ECA/UNIDO Industry Division

UNIDO /ONUDI

Dr. Abd-El Rahman KHANE, Executive Director

Mr. Shadrack N. NDAM, Chief, Co-ordination Unit
for the Industrial Development Decade for Africa

Mr. F. RICHARD, Industrial Development Officer

Mr. P. LILLIE, Industrial Development Officer

Ms. F. BENNANI-BAITI, Country Programme Officer

Mr. N. Van de WALLE, Junior Professional Officer

ANNEX 2

AGENDA

- (1) Opening of the meeting
- (2) Organization of the meeting:
 - Election of officers
 - Adoption of the agenda and programme
 - Organization of work
- (3) Development and implementation of a subregional industrial promotion programme for the Industrial Development Decade for Africa:
 - General considerations
 - Areas in which multinational core and other industrial projects can be developed
 - Initial integrated industrial promotion programme
 - Plan for the implementation of the programme
- (4) Adoption of the report
- (5) Closure of the meeting

