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REGIONAL ARAB PROGRAMME FOR THE DEVELOPMENT OF SUB-CONTRACTING

DP/RAB/86/001

Technical report: 1st exploratory missions to Saudi Arabia,  
United Arab Emirates, Kuwait as well as to the  
countries participating in the programme\*

Prepared for the Governments of Saudi Arabia,  
the United Arab Emirates, Kuwait as well as for the  
Governments of the countries participating in the programme  
by the United Nations Industrial Development Organization,  
acting as executing agency for the United Nations Development Programme

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Vienna

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\* The views expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat of the United Nations Industrial Development Organization (UNIDO). This document has not been edited.

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Ist MISSION REPORT

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## COOPERATION WITH GULF COUNTRIES

Industry is characterized by a certain giantism up to and including the industrial zones themselves, especially in Saudi Arabia. The petrochemical industry prevails and would itself require a computerized centre for subcontracting.

For the Emirates, the problem is even more complex due to the multiplicity of the same industries in each Emirate:

- 6 cement factories
- 8 factories of pharmaceutical products

In Kuwait there are sometimes brand-new units, ready to be changed of place. For example: melanine.

Everywhere non-utilized capacities can be enormous. The costs of factors, already high, become worse due to the non-utilization or under-utilization of these capacities, of the evident weakness of a real maintenance.

For most of the persons responsible this is a real headache and a frustration and a feeling of powerlessness.

Several data banks exist. Journals, directories and documentation, sometimes very luxurious, are available. High-value manuals for technical tuition and professional training have been published in Arabic by Saudi Arabia with the co-operation of a German company, the "GIZ". A copy will be sent to UNIDO. They will certainly be usefully utilized in several Arab and African countries. Saudi Arabia would be ready to assure the translation in French and English. Most of the industrial or assembling units settled in the Gulf countries are identical. Mechanical industries, in the modern sense of the word, are nearly unexistent. The scattering of industrial units out of industrial zones is a handicap. Maintenance linked to spare parts is the Achille's heel of these desperate industries not linked to each other and capacities of which are far beyond the needs of the market.

After the period of real estate and the corresponding boom; after the period of flash and crisis of the stock exchanges; after the setting up of big industrial units, the capacities of which are far beyond the needs of the market, we can now notice a beginning of awareness. Responsible persons think about concepting new investments using the existing infrastructure (roads, factories and others), investments which would be of interest for SMIs and the employment of young people and which would improve the profitability of big units and start the process of a certain industrialization through SMIs.

The concept of Subcontracting Exchanges, as it is felt in industrialized countries which have a various and old industrial tissue and in which the different links sustain each other, is not systematically well understood in these countries. The authorities do not spontaneously see its necessity. The industrial culture is still at an embryonal state.

It would be a mistake to talk to responsible persons of industry at the political, banking, and Chambers of Commerce level of subcontracting as it is conceived in the United States, in Japan and in Europe and this would not help to settle the problem which is indeed actual.

"Computerized centres of industrial co-operation" using the subcontracting techniques would be better perceived. Indeed, most of the Gulf countries visited and particularly Saudi Arabia and the Emirates would like to co-operate with UNIDO, which will help them to solve new difficulties created by an accelerated economic development, which was not always planned.

1. At first, young people start not to come on the classical work-market but on a particular type of market which would be the SME's one. If the parents have been able to set up, in one decade, an impressive infrastructure; buildings, industries; the size of which is disproportionate to the market's needs; commercial companies growing very fast, it is not the same for young people, for whom opportunities are reducing every day and the possibilities of installing a large company become scarce or even disappear.
2. Young people who generally come from a well-to-do family, especially financially and who acquired a certain culture and sometimes a diploma, feel reluctant to make a manual work which is nowadays accomplished by emigrants. However, to propose to young people the creation of SMEs, thus to be boss with the perspective to take a larger dimension, could be attractive. The industrial responsible persons, in most of the visited countries, find this idea interesting and declare themselves ready to co-operate with UNIDO to study it thoroughly and to put it in practice.
3. Maintenance obsesses all spirits. Its cost is prohibitive. It creates a feeling of powerlessness among all responsible persons concerned.
4. The existence of data banks, sometimes with very high capacities, is a considerable asset for launching "Centres of datas and enterprise-to-enterprise co-operation" with a view to identifying new projects and SMEs. These existing data banks can, through scientific methods used by Subcontracting Exchanges, allow responsible persons to better know their industrial tissue, its weak points, its strong points, the links existing between the different industries and the different regions and the possibilities of co-operation.
5. The concept of an inter-Arab co-operation, mainly at the level of Gulf countries, is a considerable asset for a real re-launching of the collaboration with high-level experts from UNIDO.
6. The industrial banks in each of these countries have welcome with much interest the idea of the creation of Subcontracting Exchanges or of industrial co-operation centres.

Indeed, they have several industries suffering from overcapabilities and lack of maintenance. They have powerful computers and dispose of various data on the economy of their country, but they would appreciate more to use the methods of Subcontracting Exchanges to identify SMEs which would provide large enterprises with maintenance and spare parts. The co-operation between Gulf countries is a realization which must be taken into account at each co-operation level with UNIDO.

For the visited countries a basic work has to be started. Although the work effected by UNDP and UNIDO experts has evident impacts, it does not always show a certain harmony and it is not perceived as a whole as a real re-launching and renewal scheme, as a scheme able to bring a certain answer to the anger of authorities faced vis-à-vis the arrival of young people on the market.

These countries are donors and the relations they might have with UNIDO must not only be conceived differently but also presented differently. The sensitization actions will be undertaken in the frame of a general scheme through which the authorities will easily feel the interest and benefit they can get, economic as well as political.

As far as the subcontracting exchange is concerned, we can present a programme, which is very likely to be adopted after planned sensitization meetings with several responsible persons in the various and complementary fields. UNIDO experts will set up a general scheme, which, as previously determined, aims at identifying opportunities for the creation of SMEs which employ young graduates and give birth to a new class of young bosses. For this purpose we have to:

- better know, through scientific methods which proved efficient, the industrial tissue of each country; the existing equipment, the installed enterprises and the possible interlinks (industrial data banks;
- needs in maintenance and spare parts, the manufacturing of which is possible in SMEs thanks to the ACT method;
- present a training programme for junior entrepreneurs based on local industrial data;
- launch some seeds beds of enterprises which would assist in the training and success of these junior entrepreneurs;
- propose the organization of a subcontracting and spare-parts fair for all the Gulf countries, as well as the holding of a partnership.

This scheme will be sent to all responsible persons contacted during this mission and to other persons interested in the industrial development of their country.

High-level executives from UNIDO will undertake a sensitization tour in favour of this scheme, which is really needed and which has been welcome by the high majority of responsible persons met.

A visit of UNIDO's Director-General desired everywhere would crown these efforts and confirm the will of the organization to be actively and dynamically present with general schemes of the economic development of the country and which contribute to solve politico-economic problems these countries are facing. The high quality of UNIDO experts is a condition sine qua non for the launching and the success of a co-operation scheme with Gulf countries.

SAUDI ARABIA

Saturday 22 - Sunday 23 - Monday 24 October 1988

Persons met

**Messrs:**

1. Abdelaziz AL ZAMIL: Minister of Industry and Electricity
2. Ibrahim BEN SALAMA: Vice-President and Director-General of Saudi-Basic Industrial Company
3. Gusama FEGUIH: Vice-Minister of Finance and of National Economy, in charge of International Co-operation
4. Mohamed ALSUGAIR: Vice-President and Director-General of the Saudi Development Fund
5. Abdallah T. DABBACH: Secretary General of the Union of Saudi Chambers of Commerce and Industry
6. Ismail AL CHOURAA: Director-General of Political Affairs and the Arab World. Ministry of Foreign Affairs
7. Visit of the industrial zone: AL MEDINA

The persons met are aware of the importance of subcontracting exchange even though the concept is not always easily understood. It would thus be advisable to propose another definition of the subcontracting exchange which could be named "Centre of industrial enterprise-to-enterprise data and co-operation".

The concerns of the authorities are mainly the following:

- Different solutions which could be proposed to them to solve the problem of employment of graduates;
- Maintenance of large industrial units and consequence creation of SMEs;
- Spare parts and their partial manufacturing by SMEs connected to large units and complexes as well as to industrial zones;
- The interest in training of young people and their integration in the society;
- Meetings between UNIDO, UNDP, Chambers of Commerce and industrialists to set up the types of co-operation in the form of a work programme and a general scheme for an economic revival.



### Information and Data

Multiplicity of information sources which are all computerized. The main problem is their collection, their accuracy and, finally, the methods of communication to third persons.

### Interest for SMEs

The need to create SMEs starts to be felt. Several studies have been undertaken. The Ministry of Finance has published 12 huge volumes with the collaboration of the German "GIZ" to teach young people in a practical way the manufacturing techniques of mechanical, electrical, etc. spare parts, all translated into Arabic.

The Minister declared himself ready to communicate them to UNIDO to use them in Arab countries and other developing countries.

The government has established a technical teaching at three levels: primary, secondary and university and gives large facilities to help young people to set up their enterprise.

Data banks multiply and diversify in Chambers of Commerce and Industry, banks, large companies and industrial zones.

Some of these banks can rapidly become subcontracting exchanges.

Everyone feels the need to communicate, mainly as industrialists do not know each other and are not aware of their needs and the utilization of their capacity.

The Union of Chambers of Commerce and Industry (which counts eight) has collected information on more than 2000 enterprises. It is ready to co-operate with UNIDO to adopt a scientific method allowing it to have at its disposal acute information of 600 enterprises, for instance, in order to initiate the communication, subcontracting and enterprise-to-enterprise co-operation process.

The Saudi Development Fund would agree to set up triangular co-operation programmes: UNIDO - country receiving assistance and Saudi Fund in order to launch SMEs in certain developing countries whereas, up to now, its assistance was exclusively bilateral.

The Minister of Industry confirms the interest of his country to pursue and develop its co-operation with UNIDO. Saudi Arabia participates in the bi- and multilateral programme and is ready to study its broadening to assist young Saudis and young people from friend countries to install their enterprise.

In Doha, there is an excessively important information centre for the Gulf countries. The Minister would like that contacts be established with this centre and the organizations common to all Gulf countries.

The launching of one or several data and industrial enterprise-to-enterprise and subcontracting co-operation centres is highly desired. These centres can be sectoral, linked to each other through Chambers of Commerce and Industry.

The collaboration with Saudi Arabia should be developed. The seriousness and quality of the co-operation offered by UNIDO, constitutes its major asset.

The exchange of visits is absolutely necessary. Invitations can be rapidly sent to high-level persons in Saudi Arabia to visit the organization and to get in touch with its leaders and experts.

Explaining letters of the different possible types of technical co-operation will be sent to Saudi who are interested in the creation of SMEs for junior graduates.

A new and important step in the construction of this country is starting. A work plan and a general scheme of co-operation with UNIDO would be proposed to Saudi authorities.

- To assist young people in their integration in the society and their class;
- To create SMEs which would support large units and improve their management, their maintenance and use of unitilized capacities;
- To hold specialized fairs and data and enterprise-to-enterprise co-operation centres.
- To set up seed-beds of enterprises in order to assist young executives graduated in creating SMEs to become young entrepreneurs.

These actions constitute undoubtadly for Saudi Arabia the most attractive and useful means of co-operation with UNIDO on the basis of a programme and a general scheme.

A real need is felt to create an industrial tissue as homogenous as possible.

KUWAIT

Monday 24 - Tuesday 25 - Wednesday 25 and Thursday 27 October 1988

Persons met

Messrs:

1. SAGHIR: President of the Chamber of Commerce and Industry
2. Abdellatif EL HAMED: President of the Arab Fund for Economic and Social Development
3. Mrs. Mariam ABDELKARIM  
AL AOUADI: Deputy Secretary-General, Ministry of Planning
4. Zahar EL ROUZOUCHI: Director of International Organizations at the Ministry of Foreign Affairs
5. Akil Ahmed EL JASSIM: Vice-President of the Chamber of Commerce and Industry
6. Bank of Industry:
  - Rachid ABDOUL AL  
MASSEN CHARANE Director of Projects
  - Mohamed AL TOUFFRI: Director of Projects
  - Mohamed  
ABDELWAHAB JAMAL: Deputy Director of Projects
  - Osman MARDAM BEY: Manager of the Department of Projects
7. Ministry of Industry and Commerce:
  - Hamoud Fahd AL  
MOUDHIF: Deputy Director General of the General  
Organization for Technical Teaching and fellowships
  - Najib AL FOURAIIH: Director at the Ministry of Commerce and Industry
  - Abdel AL AOUTRI: Deputy-Director
  - Abderrahman Mohamed  
ABDERRAHMAN: Expert
  - Real needs to find a solution to unutilized capacities as well as to raw materials and other unconsumed products.
  - To create a link between large enterprises on one side and tuition and SME on the other side.

The Kuwaitian Industrial Bank is aware of the importance of the subcontracting exchange which is based on a real Industrial Data Bank, which is an indispensable means for a better knowledge of the industrial tissue as well as an efficient means allowing its customers to improve the profit of investments realized.

The Ministry of Industry welcomes the concept of the exchange. It would be ready to initiate its creation and to domiciliate it then in the Chamber of Commerce and Industry. It will assist in the creation of maintenance and spare parts manufacturing units. There are not only unutilized capacities in enterprises but also complete enterprises which do not operate and which would need to be transferred to other Arab countries. Example: Melanine unit in perfect condition of operation.

The Ministry agrees to study the project of creation of a Subcontracting Exchange and to present it to a ministerial council for its adoption.

For the Direction of Technical Teaching, this project comes right on time to identify SMEs and allow pupils and students to be able to create their own enterprise. Its co-operation with UNIDO and its experts is acquired. The different types of assistance to be provided by the government in order to give birth to SMEs have now to be determined.

For the Arab Fund for Economic and Social Development, if the concept is attractive and Arab countries can present it individually and collectively to the financing of the Fund, UNDP and UNIDO still have to prove more realistic in the choice of projects and mainly in the quality of experts.

A real awareness exists among high-level authorities as far as the pressure which students - now about 1,000, who will increase rapidly - will make on the government is concerned, this one has to study rapidly the ways and means enabling their integration in a balanced society. The government is looking into the definition of a policy for employment of young people. It refuses to "spoil" them, but is aware of the necessity of finding the ways to train them and to involve them in the development of their country.

At the Ministry of Planning, the awareness is real and authorities would appreciate receiving a working document, rather detailed, which would explain the different steps and aims to be achieved.

The Ministry of Foreign Affairs, in the frame of a co-operation programme with UNIDO and UNDP, would appreciate activating this new programme which is really important for contributing to the creation of the industrial tissue and of a certain intellectual attitude vis-à-vis industrial development.

The Ministry of Foreign Affairs would agree to study, with UNIDO and UNDP responsible persons, a programme and general scheme allowing young graduates to be trained in order to create SMEs, necessary links for the birth of a certain industrial tissue.

EMIRATES

Friday 28 - Saturday 29 - Sunday 30 - Monday 31 October 1988

Persons met

Messrs:

1. Naser NUWIS: Vice-Minister of Finance and Industry,  
Director-General of the Kuwaitian Fund for Social  
and Economic Development
2. Jâefer FERDANE: Deputy Secretary General of the Minister, in charge  
of Industry
3. Aïssa ATIK: Director General of "General Corporation for  
Industry of Abu Dhabi"
4. Mohamed ABDELBAKI: Bank of Industry of the Emirates
5. Scheikh Sâad AL  
OTEIBA: Chairman of the Chamber of Commerce and Industry of  
Abu Dhabi
6. Mohamed BOUCHIHAAB: Chairman of the Union of Chambers of Commerce and  
Industry of the Emirates
7. Abdallah Rached  
AL KHIGIRI: Vice-Chairman of the OCI Emirates
8. Abdallah MAZRUI: Vice-Chairman of the insurance company of Abu Dhabi
9. Mohamed SOULEIMAN: Deputy Resident Representative of UNDP

The Emirates have a weak population and a scattered heterogeneous industrial tissue, the existing units having practically no link with each other.

To add to this fact the repetition of the same industrial units in most of the Emirates:

- six cement factories
- eight pharmaceutical products factories, etc.

The origin countries of these units are as different as the managements.

No large unit is profitable and has a chance to be: overcost, lack of maintenance, over-capacity and extreme market weakness. How to co-operate when factories, their owners, the managers, the states in which they are settled, are different.

A programme to be established by UNIDO could eventually constitute a catalysor.

The pressure of young people is still not apparent but authorities are aware of the problems which they will bring in the next future.

The bank of industry of the Emirates, as well as the responsible persons of industry are really aware of the importance, not of a real Subcontracting Exchange, but essentially of a centre of industrial information or rather of a data bank, the conception and the search of information of which are operated following the technique of a Subcontracting Exchange.

This unit will be, for responsible persons, an efficient way enabling them to have at their disposal a picture as faithful as possible of the technical state of each enterprise, of capital goods, of their capacities, etc.

They will thus better understand and identify the unutilized capacities, the maintenance problems as well as the spare parts which can be manufactured.

Most responsible persons would appreciate knowing in detail the co-operation programme proposed by UNIDO and are in a position to study it favourably and, evidently, to finance it.

Starting the process of creation of SME-SMIs is, for most of the responsible persons, a very attractive task after the setting-up of large industrial units, generally non-profitable.

They would like to start a new type of co-operation with UNDP and UNIDO to better face the pressure which the authorities will certainly soon encounter.

An integrated programme, data bank, ACT, subcontracting exchange, junior entrepreneurs, seed-beds could be adopted by the authorities.

Young people who now refuse to use their hands to earn their living would, on the contrary, consider positively the creation of SMEs which they will head. "Small boss will become big".

Maintenance is also a serious problem. People start to be aware of it and the need for it is felt. The creation of SME for maintenance will be welcome.

They all want to receive as soon as possible concrete proposals for a co-operation programme with UNIDO and UNDP and to welcome the responsible persons and experts of these organizations.

The Bank of Industry of Abu Dhabi possesses nearly the total state enterprises, except petroleum ones. The United Nations programme could assist them in better identifying their problems and eventually in finding certain solutions to improve the profitability of investments already realized.

The Chairman of the Chamber of the Emirates would like that popularization conferences be given in order, on one hand, to sensitize industrialists and banks which financed this project and which try to finance other ones, and, on the other hand, the responsible persons in certain ministries directly or indirectly interested in industrial development.

The organization of a partnership has been welcome.

EGYPT

1st - 2nd and 3rd November 1988

The purpose of the Cairo mission was mainly to meet Dr. Yousef MAZHAR, Vice-Minister of Industry and Vice-Chairman of the Arab Subcontracting Exchange in order to:

- confront our views on the evolution of the Arab Subcontracting Exchange in the different Arab countries, in which a visit was planned for both of us;
- meet one or two Egyptian officials in the field of industry and mainly officials knowing subcontracting.

The meetings were fruitful and very useful with the Chairman of the industrial complex of automotive industry and his numerous colleagues as well as with the Secretary General of the Chamber of Commerce.

With regard to the first point, the discussion concerned essentially Jordan, the only country visited by Dr. Mazhar, and, accessorially on Egypt. Mr. Mazhar thinks that the prospects for the setting up of a Subcontracting Exchange in Jordan are good and all officials met were encouraging it. Mr. Mazhar will write a report on this at the right moment.

Egypt is the ideal country for industrial subcontracting. Its industrial tissue, complex, various, its large units, the prototype of which is the automotive centre, the numerous SMEs - SMIs, the importance of the Egyptian market and of the surrounding economic field make this country an ideal place for industrial subcontracting. However, industrial subcontracting must be organized, codified and have a continuous follow-up. The Exchanges of the three Maghreb countries and of Egypt will be brought to co-operate together and this, in the interest of all. They will rapidly constitute an example and a magnet for the Exchanges of the other Gulf countries, whose industrial tissue is still too fragile, rather loose.

It is necessary that the second phase be rapidly started. It will enable the different exchanges, not only to be created but also to operate, because they are a must for:

- the maximum use of installed capacities;
- the identification of new SME/SMI projects;
- the creation of the young entrepreneurs generation, which will themselves create jobs;
- the birth of an industrial culture;
- a better organized co-operation, thus sounder with industrialized countries which provide equipment and factories;
- the beginning of an industrial co-operation between a certain number of Arab countries, final aim searched by UNDP, UNIDO and the officials of each of these countries.



ALGERIA

From 16 to 19 September 1988

OFFICIALS MET

Messrs :

- Zekri BOUALEM : Director General at the Ministry of Heavy Industry.
- Mohamed AMROUSSI : Deputy-Director, same Ministry, in charge of SME and Subcontraction Exchange.
- Méjid CHARFAOUI : Technical Deputy-Director, same Ministry.
- Hadj SAID : Director-General of SMIs, Ministry of Light Industry.
- Mohamed BELKACEM : Deputy-Director of Regional Industrialization.
- Secretary General of the Ministry of Heavy Industry.
- Galtieri FULCHHERI : Resident Representative of UNDP assisted by Mr.Tounsi, his deputy.
- Visit of the industrial complex of ROUIBA and discussion with the S.N.V.I.'s officials and their chairman and managing director.
- Visit of factories.

ALGERIA

Industry in Algeria is characterized by the existence of large industrial complexes and important equipment.

The capacities are far from being fully utilized.

A real awareness exists at all levels for :

- the creation of SMEs and SMIs linked with the employment of young people and mainly graduates,
- ensuring a better maintenance of existing equipment.

Algeria is an ideal field for one or several Subcontracting Exchanges.

Many organizations could host this exchange and each of them can pretend to the instalment and management of a subcontracting exchange.

a) Ministry of Heavy Industry :

At the present time, an exchange embryo is already installed, but real difficulties exist to link it, on one hand with the Ministry of Light Industries and on the other hand, with private SMEs.

b) Ministry of Light Industries :

The officials are very favourable to the instalment of a subcontracting exchange in their Ministry which is also tutor of several organizations whose profile is alright for this function.

An inventory programme of enterprises has been carried out. Over 4 900 small and medium enterprises have been recorded and the Ministry has complete information on over 2000 units.

This Ministry is tutor of more than one organization such as :

- EDIL : responsible for the development of light industries.
- ENAX : In charge of stainless steel hardware, of automotive equipment, etc.
- ENEDIM : Co-ordinates among their things equipment for textile industries.
- ENDMC : Building materials factories. Other organizations in charge of sheet metal working, carpentry, etc.

They are responsible, each in its own field, for the mounting and the creation of SMEs at the local and regional level.

This new policy of decentralization and of regional responsibilities leads to new problems concerning the multiplication of enterprises having the same activities, but without real co-ordination at the national level, This involves new unutilized capacities and thus urgently requires a Subcontracting Exchange.

c) The group of enterprises :

This organization, which has no formal legal existence has, however, been operational since January this year. Three engineers work there, but do not have modern means at their disposal. They have undertaken the inventory of enterprises and would be able to constitute a centre housing the exchange.

The Ministry of Heavy Industry is planning to introduce a request among the relevant authorities, in order to give a legal existence to this group.

d) National Enterprise for the edition of journals and specialized magazines (ENERMS) :

This very active enterprise is in charge of the publication of several journals directed to SMEs. It could, constitute in connection with the group, an excellent support to manage the exchange through the media it has at its disposal for spreading and popularizing information on the exchange, its role, its operation and the interest it represents for industrialists.

e) S. N. V. I. :

This enormous complex of industrial vehicles has already mounted a mini Subcontracting Exchange. It aims at attaining a high integration rate through subcontracting realized by SMIs. The Company has issued, to this effect, a brochure and proves very active.

It would like to co-operate with UNIDO to develop in a concrete way the mechanical and electrical subcontracting at the national level. It would appreciate the help and technical assistance which UNIDO technicians could bring and this, in order to have the most recent techniques for the operation of a Subcontracting Exchange.

In conclusion, all officials met are aware of the advantages they can draw from one or several Subcontracting Exchanges. They have agreed with the UNDP representative in Algiers to ask officially for the starting of the second phase of the programme for the creation of the exchange.

It is essential to provide Algerians with mounting and operating techniques of this exchange. The Algerian Government has to decide on the location of one or several exchanges. The need really exists, the urgency and interest are felt at all levels.

The organization of a Maghrebian subcontracting fair would largely contribute to the promotion of the project.

MOROCCO

From 19 to 22 September 1988

Officials met

Messrs :

- AZAMANI : Minister of Industry
- Med BELKHAYAT : Chairman and Managing Director of O.D.I.
- Henri EL FESI : Chairman and Managing Director Industrial coachbuilding of Morocco.
- BELHASSEN : Secretary General of O.D.I.
- BERRADA : Secretary General of the Chamber of Commerce and Industry - Casablanca.  
Director of Breytoir Company.
- Omar AMRAOUI : Director General of Berliet - Morocco.
- Mounier ABDHAK : Director General of Maghreb Elastoplast.
- Adbelfatrah CMRAIBI : Chief of the Electro-mechanical Department.
- Aboussalama OURIAGHLO : SCIF : Vice-Chairman of the Industrial Electro-mechanical Federation.

MOROCCO

The concept of a Subcontracting Exchange is very advanced in Morocco, Each official has become aware of the importance of this new institution, mainly as it completes the different liberalization measures of the economy. This exchange enables to remedy at least partly certain weaknesses linked to the creation of large industrial units, turn key projects with the known consequences of under-utilization of the capacities of certain equipment goods, of lack of spare parts and of the weakness of maintenance.

However, despite of the awareness of most of the Moroccan officials to quickly operate for the setting-up of this exchange, divergences exist concerning its location, on one hand and at the origin of the support and financial assistance which it should receive to set it up, to let know which services it can render and to initiate the first operations, on the other hand.

A certain consensus exists to locate this exchange at the Chamber of Commerce and Industry of Casablanca.

The Minister of Industry was recently Chairman of this Chamber, which plays an important part in the economy of the country and has a certain prestige.

However, the officials of the Chamber and of O.D.I. unanimously think that, in the frame of the policy carried out by Morocco to liberalize its economy, it is not question of free-of-charge services from the Exchange to Industrialists.

The problem is still who will finance the installation and the first operations ?

His Excellency Minister Azmani is very satisfied with his discussions with the Director-General of UNIDO Mr Siazon and his colleagues are convinced, after a long and fruitful discussion which I had with him, that it is absolutely necessary to plan in the state's budget a subsidy for the setting up and starting up of this exchange.

He is ready to assist the Chamber of Commerce of Casablanca and the Federation of Mechanical Industries and to find for them the financial means. to create and let know the exchange which should rapidly attain its normal speed and its financial autonomy.

However, in case difficulties would appear at the time of the setting up of the budget of the state and when the funds cannot be identified to be given to the exchange, it seems that the General Confederation for Mechanics is ready to favourably consider the instalment in its facilities of this exchange. It would have, to this effect, a budget and human means.

Its chairman, an important industrialist, was very favourable to the concept of exchange and has been strongly impressed by his meeting with UNIDO's Director-General .

He wishes that the exchange be a real vacuum to establish and codify, industrial co-operation among Moroccan executives and their colleagues in the North-African countries.

He is aware of the limits which are now imposed to this co-operation and of the prospects which could be open.

The confederation has now at its disposal a large stock of information on Moroccan industry, it is ready to co-operate with UNIDO so that it becomes a real subcontracting exchange.

The essential is the choice which will be made by the Moroccan authorities, aware of the importance of this subcontracting exchange for the economy of their country, in the identification of new projects by young people, the localization of existing overcapacities and of their utilization without new investments.

The Minister of Industry, as well as the Chairman of O.D.I. and all Moroccan officials met, wish that the second phase of the programme starts as soon as possible. It will contribute to assist Moroccan authorities in choosing the location and the subsidy as soon as all instruments for the creation and start-up of the exchange will have been determined by UNIDO experts.