

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
LIMITED

E/CN.14/WA/ECOP/L.1
30 September 1966

Original : ENGLISH

ECONOMIC COMMISSION FOR AFRICA
Sub-regional Meeting on Economic
Co-operation in West Africa
Niamey, 10 - 22 October 1966

STATEMENT BY MR. R.K.A. GARDINER,
EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION
FOR AFRICA

This meeting is the fourth in the series of formal meetings convened by the Secretariat in implementation of resolution 142 (VII) adopted at the Commission's Nairobi Session calling for the setting up of an institutional framework for economic co-operation towards accelerating progress. The previous three meetings were respectively held in Lusaka in November 1965 for the East African sub-region, in Brazzaville in May 1966 for the Central African sub-region and in Tangiers in June 1966 for the North African sub-region.

The need for economic co-operation on multi-national sub-regional and regional bases in order to accelerate the economic and social development of the African countries is hardly a new idea; it has been recognized in various associations and institutions already established on the continent; instances are the East African Common Market, the Interstate Committee for the Development of the River Basins of the Niger and Senegal and of Lake Chad, the Customs Union for the countries of Equatorial Africa, the Maghreb Economic Council, the Institute for Economic Development and Planning in Dakar, the African Development Bank in Abidjan, etc.

The efforts of the Secretariat have therefore been devoted to building on these already existing groupings and enlarging their framework to cover more of the countries in the geographical region so that institutional machinery could be set up for viewing the national development plans of the countries of the sub-region in the context of the fuller and more efficient use of the known natural and human resources for the economic and social development of the sub-regions as a whole. In this sense, the earlier sub-regional meetings held in Lusaka, Brazzaville and Tangiers have agreed on Articles and Terms of Association for the respective regions. As part of the basic documentation for this meeting, there is before you draft Articles and Terms of Association for West African Economic Co-operation (E/CN.14/WA/ECOP/2). Other documentation presented for your consideration deals with the possibilities of co-operation on a sub-regional basis in the fields of industry, energy, transport.

Industrial development in West Africa as in East and Central Africa, has been limited largely to the traditional areas of meeting the basic needs of the peoples: namely, food, clothing, shelter and household goods. Approximately two-thirds of the workers engaged in the manufacturing industries have been employed in this area. As a rule, the firms in this area are small in size -- they employ less than 10 persons each -- and though a number of countries in the region have taken measures to encourage new designs for products from these small industries, and promote co-operative buying and selling of materials and products respectively, the firms themselves are too small for adaptation to modern methods of production. Indeed, in some of them, e.g., the craft industries, there is little scope for the machine to replace the skilled worker. A significant expansion in this area can hardly be foreseen.

A second area of industry which could be regarded as the small-scale industry sector consists of firms which employ a small capital in relation to large-scale and a relatively large number of persons in relation to capital outlay. The average so employed is 30 in each enterprise. It accounts for 80 per cent of all enterprises and about 30 per cent of all workers in organized industry. It is managed and financed largely by Africans, and if governments of the sub-region take energetic action, it can expand manyfold in the next decade and a half, create opportunities for employment for some hundred thousand Africans and open up avenues for the investment of hundreds of millions of African savings. This development would, of course, require the recruitment and training of workers and small entrepreneurs and the mobilization of savings on a very large scale.

The third area comprises medium-and large-scale firms. It covers the basic industries. Within it, the bulk of the output is provided by firms employing 100 or more persons. It is estimated that by 1980 this sector could employ some 500,000 persons, have a capital invested of some \$3,000 million and contribute about 75 per cent to the total "value added" of organized industry. Because of the scale and complexity of operation, the industries in this sector will require for quite some

time, to be managed by foreigners and financed mainly by foreign investment. However, it is not too early even now to start thinking in terms of training Africans in management and encouraging African investors to participate actively in expanding industries in this sector. The Secretariat has attempted to disseminate information on the possibilities and the techniques of developing small-scale industries through technical assistance missions organized under its auspices. The means and the measures for developing them are almost all within the purview of national governments themselves. There are two documents before this meeting, one E/CN.14/INR/121 which reviews the scope for development of small-scale industries in the region, and a second E/CN.14/WA/ECOP/4 outlining a plan for the establishment of an Advisory Centre.

As regards the medium-and large-scale industries some 30 pre-feasibility studies have already been carried out by the Secretariat. Based on these studies, a compendium of investment opportunities is being compiled for the use of Governments and as background material for the International Symposium on Industrial Development scheduled for 1967. Furthermore, as a step towards the next stage of feasibility studies and actual implementation of projects, the Secretariat has made plans to convene in Addis Ababa, in November 1966, a meeting of Industrialists and Financiers from the developed countries so as to encourage them to establish direct contacts with the countries of the African region.

For some of the medium-and large-scale industries, the national markets might be wide enough for economic operation. Others will require multi-national markets, as for example, the Iron and Steel Industry. Multi-national markets will, moreover, widen the scope for specialization and inter-African trade. Industrial units situated in one country of the sub-region will be able to obtain raw materials and intermediate goods at less cost from neighbouring countries within the region than from overseas countries, provided adequate transportation facilities already exist or can be developed. Again industries and

factories in different countries of the sub-region can specialize in the manufacture of particular goods or even in particular processes. This will enhance their own efficiency and also redound to the advantage of other countries of the sub-region. A variety of other, though indirect, benefits are also likely to flow from their co-ordinated development.

In the field of energy development, the sub-region is rich in water-power; the co-ordinated development of the river basins in the sub-region is essential to the realization of the potentialities in respect of power. Furthermore, the known carbon deposits of the sub-region amount to 200 million tons of crude oil in Nigeria, 350 billion cubic metres of natural gas in Nigeria and Senegal, and 350 million tons of coal and 75 million tons of lignite, while its hydro-electric potential is equivalent to 155 billion Kwh a year. These are more than two to three hundred times the actual consumption of power in the sub-region today.

Some countries, acting by themselves, have been able to complete, or bring up to an advanced stage of completion, several important projects, viz., the Akosombo Dam and Power Station (capacity 512000 Kwh), the installations at Ayame (capacity 50,000 Kwh) and those in Liberia and at the Kanji dam in Nigeria (capacities 102,000 Kwh and 880,000 Kwh respectively). Oil refineries have been established at M'Bao in Senegal, Vridi in the Ivory Coast, Tema in Ghana and Alesa-Eleme in Nigeria. There are other, if less spectacular, achievements in the sub-region. It is essential that all these projects should form parts of the multi-national plan of development.

In the field of transport, two important studies of the requirements of the sub-region to the year 1980 have been carried out by teams of experts generously provided by the German Federal Republic and the French Governments. The report of the German team covers Nigeria, Dahomey, Togo, Ghana, Upper Volta, and the Niger, while the French team have dealt with Ivory Coast, Mali, Liberia, Guinea, Sierra Leone, Gambia, Senegal and Mauritania. Between them the two reports cover

the whole sub-region and contain recommendations and cost estimates for the development of the transport system for the sub-region including sea ports, airports, inland waterways roads and railways. The recommendations are framed not only to meet the developmental needs of the countries concerned but also to strengthen or create links between them. It is now necessary to establish machinery for the governments of the sub-region (perhaps a group of expert representatives from the governments) to work out a realistic transport development plan and to concert measures for seeking finance for its implementation. The country's plans have to be co-ordinated much more than has been done up to now, and joint efforts made to improve and construct through routes across national boundaries.

The report of a shipping consultant engaged by the ECA in pursuance of resolution 101(VI) of the Sixth Session of the Commission which has been already circulated to the governments of the sub-region contains, inter alia, recommendations for enhancing the efficiency of West African ports and reducing their working costs. A seminar on ports, harbours and shipping is planned for 1967 for the purpose of formulating practical recommendations for the development of African ports, harbours and national shipping services.

I have, up to now, dealt with major areas for co-ordinated action among the countries of this sub-region with a view to creating multi-national markets for large-scale industries.

The realization of the full potentialities depends mainly on the willingness of Member Governments to think and concert plans for development beyond national boundaries, on a multi-national, sub-regional and even on a continental basis. For instance the success of some of the medium-and large-scale industries such as heavy chemicals, iron and steel, electronic and electrical equipments requires markets wider than the national and sub-regional. If the demand for semi-skilled and skilled labour and of managerial personnel such industries will inevitably generate is to be met, African countries must take steps even now to assess the manpower needs and readjust the curricula of educational

and vocational institutions to meet the needs. National legislation needs to be devised to promote not only increased participation by African entrepreneurs in the enlargement of existing industries, and in the establishment of new industries, but also to attract the investment of foreign capital. Measures to improve existing communications facilities and install new feeder roads between the interior and the centres of industry have to be taken. The Secretariat stands ready to assist and advise Member Governments in each of these fields of endeavour within the resources available to it; as the economic development of the individual countries and of the sub-region proceeds, and the network of communications facilities is improved and expanded, the continent would become the appropriate market for the products of African industry.

The work of ECA is, in fact, a kind of facilitative or indicative planning in an effort to bring alternative programme and options to the notice of Member States. There is no obligation whatsoever for any Member State to accept or follow the suggestions of the Secretariat. Those who see some advantage in participating in the implementation of the decisions of the Commission and its subsidiary bodies are absolutely free to do so. This is why it has been suggested in the articles of association that even majority decisions should not be regarded as obligatory. The Secretariat hopes, however, that the countries of each sub-region will decide freely and voluntarily to undertake concerted development projects to improve the conditions of living of their national.

- - - - -