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ECONOMIC COMMISSION FOR AFRICA

REPORT OF THE THIRD CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

Sponsored by

THE ECONOMIC COMMISSION FOR AFRICA

THE ORGANIZATION OF AFRICAN UNITY

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Held in Nairobi, The Republic of Kenya
from 17 to 22 December 1975

REPORT

PART I - ACCOUNT OF PROCEEDINGS

A. ATTENDANCE AND ORGANIZATION OF WORK

1. The Third Conference of African Ministers of Industry sponsored by the Economic Commission for Africa (ECA), the Organization of African Unity (OAU) and the United Nations Industrial Development Organization (UNIDO), was held in Nairobi, Kenya, from 17 to 22 December 1975.

2. The Conference was attended by representatives of the following countries: Algeria, Benin, Botswana, Burundi, Central African Republic, Egypt, Ethiopia, the Gambia, Ghana, Kenya, Lesotho, Liberia, Libyan Arab Republic, Madagascar, Malawi, Mali, Mauritania, Morocco, Nigeria, Rwanda, Senegal, Sudan, Swaziland, Togo, Tunisia, Uganda, United Republic of Tanzania, Zaire and Zambia. An observer from Namibia was also present.

3. The United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP) were represented, as were the following specialized agencies: International Labour Organisation (ILO), Food and Agriculture Organization of the United Nations (FAO) and United Nations Educational, Scientific and Cultural Organization (UNESCO).

4. The following intergovernmental organizations were represented by observers: African Development Bank (ADB), Central African Customs and Economic Union (UDEAC), East African Development Bank, East African Posts and Telecommunications Corporation, Industrial Development Centre for Arab States (IDCAS) and the Permanent Consultative Committee of the Maghreb (CPCM). An observer was also present from the Central Bank of Kenya.

5. At its opening session on 17 December 1975, the Conference heard statements from Mr. Daniel Arap Moi, Vice-President of Kenya, Mr. Louis Alexandrenne, Minister of Industrial Development of Senegal and First Vice-Chairman of the Second Conference, Mr. William Eteki Mboumoua, Administrative Secretary-General of the Organization of African Unity, Mr. Abd-El Rahman Khane, Executive Director of the United Nations Industrial Development Organization and Mr. Adebayo Adedeji, Executive Secretary of the United Nations Economic Commission for Africa. A cable was read out from Mr. Eissa Shahin, Chairman of the Follow-up Committee on Industrialization in Africa, who was unable to attend.

Election of officers

6. The Conference elected Mr. J.G. Kiano, Minister of Commerce and Industry of Kenya, as Chairman; Colonel M.I. Wushishi, Federal Commissioner for Industry of Nigeria, as First Vice-Chairman; Mr. J.M.V. Nyalihamu, Secretary General in the Ministry of Planning of Rwanda as Second Vice-Chairman; and Mr. Slim Tahar Debagha, Minister Plenipotentiary in the Ministry of Foreign Affairs of Algeria, as Rapporteur.

7. The Conference decided that a drafting committee of the whole should begin work on 19 December 1975 under the chairmanship of the First Vice-Chairman of

the Conference to prepare draft resolutions and conclusions for consideration and adoption by the Conference.

B. AGENDA

8. At its second meeting on 17 December 1975, the Conference adopted the following agenda:

1. Opening session
2. Election of officers
3. Adoption of the agenda and organization of work
4. Report of the Chairman of the Follow-up Committee on Industrialization in Africa (CMI.3/INR/TP/2, 5, 6, 7, 7/Corr.1 and 8, E/CN.14/638)
5. Mid-term review of industrial performance in Africa (CMI.3/INR/TP/1 and Corr.1)
6. Implementation of the Lima Declaration on Industrial Co-operation and Development
 - (a) Prospects for industrial growth during the period 1975-2000 (CMI.3/INR/TP/3)
 - (b) International industrial co-operation (CMI.3/INR/TP/4)
7. Consideration of draft resolutions
8. Date and place of the Fourth Conference of African Ministers of Industry
9. Adoption of the report of the Conference

C. ACCOUNT OF PROCEEDINGS

9. The Conference was called to order by Mr. Louis Alexandrenne, Minister of Industrial Development of Senegal, in his capacity as the First Vice-Chairman of the Second Conference of African Ministers of Industry.

10. Mr. Daniel Arap Moi, Vice-President of Kenya and Minister for Home Affairs, welcomed the participants to Nairobi. He noted that in the period since the Second Conference in 1973, the Follow-up Committee on Industrialization in Africa had held two meetings. The Committee had carried out valuable work, and he was sure that the report of the Committee would mark a point of departure for the Conference's deliberations.

11. Africa faced a variety of economic problems. The mid-term review and appraisal of manufacturing performance in Africa had shown that external events in the past few years had had a devastating effect on Africa's industrialization, and were largely responsible for Africa's failure to attain the targets fixed. Those developments would need to be carefully examined by the Conference so as to promote Africa's self-reliance in industrialization. Rural industrialization, adaptation of technology and the development and selection of appropriate technology could help in reaching that goal, account being taken of the interrelationship between industry and other sectors, but Africa should not be inward-looking because of the small size of African markets.

12. Industrial co-operation between African countries was vital. The very significant proposals for increased African co-operation that would be submitted for consideration by the Conference should be seen as part of the implementation in Africa of the Lima Declaration and Plan of Action. He expressed the hope that the Conference would reach definite and precise conclusions.
13. In a vote of thanks on behalf of the Conference, Mr. Alexandrenne recommended that the Conference should pay close attention to the important ideas expressed by the Kenyan Vice-President. Africa's share in world industrial production must be raised, as recommended in previous declarations, and industrialization must form a part of comprehensive economic and social development. The Dakar Conference on Raw Materials, the Second General Conference of UNIDO, the seventh special session of the General Assembly, the Fourth Conference of African Trade Ministers in Algiers and the North-South Conference in Paris had reaffirmed previous commitments. The present Conference must build on the foundation laid by previous resolutions and strengthen Africa's solidarity. He stressed the importance of a harmonious balance between industry and agriculture and other sectors. Efforts were needed to promote industries connected with food production, especially grains. Energy problems deserved a great deal of attention so that suitable solutions could be found. In conclusion, he expressed on behalf of all the participants appreciation for the welcome accorded to the Conference in Nairobi.
14. Mr. William Eteki Mboumoua, Administrative Secretary-General of the Organization of African Unity, noted that the Fourth Conference of African Ministers of Trade, held in Algiers, had reaffirmed the need for co-operation within the third world to consolidate the advantages achieved at other meetings, and had discussed the possibility of establishing an African trade organization. It had also dealt with the transfer of technology and the use of indigenous raw materials. Africa should seek self-reliance for mobilizing its own capital, developing its own resources, promoting processing of raw materials, and fostering a shift of production to Africa.
15. The Conference was taking place in favourable conditions as a result of universal recognition of interdependence. Given that Africa's share in world industrial production was planned to be raised from barely 0.6 per cent to 2 per cent by the year 2000, the Conference must take concrete action to help achieve that target, such as the establishment of an African Mineral Development Council, measures for developing technology appropriate to Africa's needs, the efficient use of indigenous resources, and the promotion of multinational industrialization.
16. The Conference must be aware that technological development called for a considerable outlay. However, it was imperative for industrialization, and only by co-operation would self-reliance in Africa be promoted and achieved.
17. Political will was of paramount importance for the achievement of effective co-ordination of action in the cultural, economic and ecological aspects of development. The shortage of financial and other resources could be overcome only through co-operation. Such concrete steps toward meaningful co-operation as the African Development Bank and the Arab Bank for Economic Development in Africa had already produced tangible results. Closer co-operation between OAU, ECA and ADB was of great importance to implementing Africa's industrialization policies.

18. At the same time, he emphasized the importance of political liberation to efforts for economic independence. In that connexion, he condemned South African meddling in Angola.

19. Mr. Abd-El Rahman Khane, Executive Director of UNIDO, commended the Follow-up Committee on its work to promote industrialization in Africa. The Cairo Conference in 1973 and similar regional conferences in Asia and Latin America, culminating in the Algiers meeting of the Group of 77, had had a significant impact on the Lima Conference that had followed them. The Follow-up Committee had in 1974 called for the restructuring of world industry, under which the target for Africa was 2 per cent of world production by the year 2000. The Lima Declaration had elaborated on such objectives with particular reference to industrialization.

20. He drew attention to document CMI.3/INR/TP/3, in which UNIDO had made certain specific proposals for achieving the quantitative targets. The measures framed at Lima were aimed at establishing a consultation system between the developing and developed countries, which would help reach the targets set. Through joint efforts the system of consultation and co-operation should prove effective. Otherwise, the fulfilment of any targets would remain remote.

21. There was a need for co-operation at the regional level aimed at contributing to the restructuring of world industrial production. The Follow-up Committee would need to be enlarged to enable it to handle its added responsibilities. UNIDO would continue to intensify its efforts through the Joint ECA/UNIDO Industry Division to implement practical projects and programmes at the regional level.

22. An interdisciplinary approach and co-operation between institutions were required to foster the transfer of technology and financial resources and enable the developing countries to speed up the process of industrialization. He reiterated the importance of promoting multinational industrialization under the African multinational enterprise approach recommended by the Second Conference, and stressed the need to promote intra-African trade in manufactures and semi-manufactures.

23. Mr. Adebayo Adedeji, Executive Secretary of ECA, said that the Conference was being held at a critical juncture in international economic relations which marked a transition from debates on the concepts and principles of development policy to deliberate and practical action. The wide-ranging public discussion of the world economic system had led to the adoption of the Declaration on the Establishment of a New International Economic Order at the sixth special session of the General Assembly. Subsequently, efforts had been made not to modify the basic precepts of the Declaration, but to define more precisely the approaches recommended and to create the necessary national and regional structures so as to derive maximum and equitable benefit from new forms of international trade and investment.

24. The biennial Conferences of African Ministers of Industry had contributed greatly to the clarification of issues and the definition of goals and policies at the regional level, and had also provided the groundwork for the Declaration on the Establishment of a New International Economic Order and, more specifically, the Lima Declaration and Plan of Action.

25. The objectives of the Conference were two-fold: to evaluate industrial performance in Africa, and to draw up a coherent and concrete programme of action for speeding up the implementation of the Lima Declaration and Plan of Action. He urged African Governments to undertake a thorough appraisal of the effectiveness of the industrial policies which had been pursued so far. As a result of their policies, African countries were littered with heterogeneous collections of high-cost industries often of quite trivial significance. However, there was growing recognition that industry had an inner structural logic, that linkages within the industrial sector were as important for its viability as linkages between industry and other sectors. There was also growing recognition that the importance of a sector depended less on its size than on its growth-promoting impact on other sectors.
26. Each country and each region would have to reassess its resources and needs in order to chart the best course of action so as to benefit fully from new forms and instruments of international co-operation. Multinational industrial co-operation should be the main policy objective of African countries in the light of perceived and pressing needs and in the light of the new challenges ahead. He stressed the importance of renewed commitment to concrete programmes of multinational industrialization.
27. With a few possible exceptions, the average African country had such a small population base and such extremely limited effective demand that it could not induce any significant industrial development without co-operating with other countries. The new opportunities for expanding the extent of the market within the framework of the new international economic order should be vigorously pursued.
28. In the process of pursuing a basic industrialization strategy, there was an urgent need to avoid excessive dependence on the transnational corporations for know-how and technology. Domestic capabilities in industrial management and technology must be developed in the shortest possible time if the fruits of industrialization were to be maximized. The Executive Secretary placed particular emphasis on the establishment of a coherent and self-reinforcing programme of manpower development and institution building. He called on the Conference to address itself to the specific instruments and mechanics of co-operation that could seriously help promote African self-reliance.
29. The Chairman then drew the attention of the Conference to a cable sent by Mr. Eissa Shahin, Minister of Industry and Mining of Egypt and Chairman of the Follow-up Committee on Industrialization in Africa. In his cable Mr. Shahin expressed regret that he was unable to attend the Conference in person because of unforeseen commitments. Noting the importance of actively promoting the measures and specific proposals recommended for strengthening collective action, he stated that the Conference represented an expression of African solidarity and determination to face collectively the challenges of social and economic development which, he believed, depended on industrialization. He wished the Conference success.
30. Following his election, the Chairman noted that after the recent conferences held to prepare for a new international economic order, the task ahead was to find ways and means of rapidly spreading industrialization throughout Africa and thus play a part in reducing the great gap between the rich and poor nations of

the world. It was essential to be vigilant against foreign domination and exploitation of Africa's natural resources. The present system of international economic relations was unjust and endangered world peace.

31. It was true that industrial production for export to markets outside Africa constituted the main aim and hope. At the same time, the continent of Africa must be viewed as the major market for future industries, and for that purpose an African common market should be set up. African countries should resolve to promote actively the establishment of African multinational industries for selected manufactures. The continent stood to learn and benefit from experience in other regions, such as in EEC and the Council for Mutual Economic Assistance.

32. Mr. Maurice F. Strong, Executive Director of the United Nations Environment Programme, noted that the experience of industrialized countries had made it clear that wrong or inadequate approaches to industrialization could produce high social, environmental and economic costs which might undermine and frustrate the goals of development. UNEP's position was that the pursuit of environmental objectives reinforced justice and equity in requiring that industrial growth should take place in developing countries.

33. UNEP's Industry Programme was designed to help promote a better dialogue and understanding between Governments and certain key industries through the organization of industry workshops and seminars such as those organized so far on the pulp and paper and aluminium industries. He invited Governments to participate in seminars planned for the future, which would cover the automobile, petroleum, chemical and agro-based industries.

34. UNEP believed that the best kind of development was that which derived from the happy marriage of ecology and economics ("ecodevelopment"), and UNEP was providing technical assistance and training support for pilot projects in which the principles of ecodevelopment could be applied.

35. Mr. Strong stressed that industrialization was the main engine of development and must be directed to meeting the needs of the majority of the people. Industrialization in Africa so far seemed to be following the same lop-sided patterns experienced by older developing countries, but that should be avoided. The achievement of environmentally sound industrialization would call for collective self-reliance which went well beyond economic co-operation and consisted of a whole series of arrangements and commitments to ensure truly equitable development of all the countries and all the peoples involved.

Agenda item 4: Report of the Chairman of the Follow-up Committee on
Industrialization in Africa

36. Mr. Louis Alexandrenne, Vice-Chairman of the Follow-up Committee on Industrialization in Africa, introducing the report of the Committee (CMI.3/INR/TP/2), recalled that the primary objective of the biennial Conferences of African Ministers of Industry was the promotion and development of African self-reliance to establish a sound base for accelerating industrialization. Africa, more so than other regions, was dependent on commodity exports for securing foreign exchange earnings. It was imperative to promote equitable prices for commodities and to achieve greater domestic processing of raw materials. Priority should be given to basic industries.

37. Multinational co-operation constituted an important instrument for the development of basic industries in Africa. There was a need to initiate and intensify multilateral consultations based on the commitment of participating countries to create African multinational enterprises in accordance with the recommendation of the Second Conference of African Ministers of Industry.
38. The Vice-Chairman drew attention to the recommendations of the Committee aimed at implementing the Lima Declaration and Plan of Action. Specific proposals had been made for developing collective self-reliance through the establishment of selective regional operational instruments such as an African Centre for Consulting Engineering and Management Services and a regional Centre for the Design, Adaptation and Transfer of Technology.
39. An important element in the implementation of the Lima Declaration was the system of sectoral, regional and global consultations proposed. Proposals had been elaborated for strengthening the Follow-up Committee to act as the principal African instrument in these consultations. Additional resources would also need to be mobilized, especially through the proposed International Industrial Development Fund approved at the seventh special session of the General Assembly and through the African Industrial Development Fund.
40. In the discussion that followed, the participants congratulated the Follow-up Committee on the commendable work that it had accomplished and sought further clarification on some of the specific recommendations made in the report.
41. Support was expressed for the proposal that the Follow-up Committee should be enlarged to enable it to undertake the task of participating on behalf of Africa in the scheme of consultations envisaged in the Lima Declaration. One delegation specifically announced a wish to be a member of the enlarged Follow-up Committee. Some representatives stressed the need to harmonize the efforts of the United Nations system in the field of transfer of technology. The recommendations of the Conference could help harmonize the African position at the fourth session of UNCTAD. A great deal of work had already been accomplished under the auspices of UNCTAD, and special attention would need to be paid to the work done in promoting an International Code of Conduct. There was agreement that the basic requirement was the development of domestic capabilities in the design and adaptation of industrial technology.
42. Concerning the proposed African Industrial Development Fund, a number of participants wondered whether the Fund would not duplicate the work of existing institutions, notably the African Development Bank. Caution was advised in new approaches of that kind, as a proliferation of institutions could lead to an unnecessary waste of resources. It was suggested that the proposal should be related to the activities of the Arab Bank for African Development, and that use should be made of OAU in initiating and developing contacts.
43. Concerning multinational industrialization it was pointed out that the list of proposals made did not fully take into account the vast potential of Africa for joint production and marketing. Stress was placed on the question of developing intra-African trade. Tariff and non-tariff barriers to trade in manufactures and semi-manufactures were important issues, and it was suggested that they should be thoroughly considered by the Conference. Caution was also urged with regard to

imports of foreign capital, which should take explicit account of the policies of individual countries so as to maximize benefits.

44. Some participants wondered whether the establishment of an African Mineral Development Council would not lead to a proliferation of producers' associations. A number of such organizations already existed, especially in respect of copper and iron ore. Nor was it clear why the iron and steel industry had been singled out. One representative felt that the proposal for the establishment of an African Mineral Development Council should be discussed thoroughly to avoid unnecessary duplication of effort.

45. Responding to the comments made, the Vice-Chairman of the Committee explained that in framing its specific recommendations the Committee had taken existing institutions into account. In respect of producers' associations, what was being suggested was supplementary machinery to go beyond the consideration of price policy to the domestic processing of commodities. With regard to industrial project identification, the African Centre for Consulting Engineering and Management Services was to be the focal point for developing the skills required and co-ordinating industrial development programmes. Through the exchange of information and experience African countries would be able to rely on themselves and not be dependent on the transfer of technology from developed countries. The centre would thus facilitate the establishment of African multinational enterprises. The Committee had not indicated where the new institutions could be located, but the Conference was well placed to deal with that aspect of the problem.

46. There was no doubt that there would be a link between the proposed African Industrial Development Fund and ADB and its affiliate, the African Development Fund. However, there was a need to channel resources to the least developed countries and to mobilize petro-dollars for African industrialization on a concessional basis. There must be a relation of resources to projects, while at the same time links must be developed with ADB and the international Industrial Development Fund.

47. With regard to industrial technology, the Vice-Chairman noted that considerable work had been done in that field in UNIDO and UNCTAD. The latter's most recent reports could be taken into account when the Committee's recommendations were discussed. It was, however, important to stress that there were considerable possibilities for benefiting from the experience of African countries too.

48. The Executive Director of UNIDO informed the Conference that the Industrial Development Fund recommended by the Second General Conference of UNIDO was in the process of establishment. At its thirtieth session, the General Assembly had taken note of the steps that were being undertaken and had adopted a resolution stressing the need to develop the Fund along the right lines. The statutes of the Fund were at present being drafted for submission to the Industrial Development Board in April 1976 and thence through the normal channels to the General Assembly at its thirty-first session for consideration and approval. The aim of the Fund was the consolidation of the various trust funds already existing in UNIDO so that the Organization could undertake thorough prefeasibility studies.

49. With regard to the question of transfer of technology, the Executive Director noted that the subject already came under the competence of several United Nations organizations: UNCTAD, for example, dealt with the trade aspects of technology. As far as UNIDO was concerned, a new section was being established in the restructured UNIDO to deal specifically with the transfer of technology. He added that to date UNIDO had done considerable work in building up national institutions for developing and adopting industrial technologies, including two projects in Brazil and Mexico.

50. The Executive Secretary of ECA recalled that the proposal to create an African Mineral Development Council originated in a decision taken by the Second Conference of African Ministers of Industry. The stage had now been reached to translate that decision into practical action. Mineral development was a major area for action by Governments, as little was known of the resources available. The little that was being exploited came under foreign ownership. A body such as the African Mineral Development Council could help Africa to indigenize the exploitation of benefits from its mineral resources.

51. The view that there was danger in proliferating institutions was valid. However, Africa was seriously lagging in some of the key institutions required for promoting collective self-reliance. Industrialization would be meaningless if dependence on external sources for knowhow and technology continued. There was little exchange of information and data among African countries, and that encouraged the unjustified use of resources in an effort always to start from scratch. Too often there was a tendency to view the transfer of technology as a flow of resources from the developed to developing countries only; but it was important to recognize that significant developments in technological innovation and adaptation and transfer of technology would facilitate the exchange of information among African countries and enable them to benefit from one another's experience. The lack of information in industrial project studies was also apparent. The list of multinational industrial projects drawn up by ECA did not pretend to be comprehensive, but information on new opportunities for multinational co-operation could be provided to serve as a basis for further negotiations.

52. Concluding the discussion of the item, the Chairman noted that important observations had been made and issues raised which needed further consideration. The responses of the Vice-Chairman of the Follow-up Committee, the Executive Director of UNIDO and the Executive Secretary of ECA had thrown light on the issues involved. He proposed that the Drafting Committee of the Whole should give further consideration to the item with a view to reaching consensus on the proposals made.

Agenda item 5: Mid-term review of industrial performance in Africa

53. Introducing the report on the item (CMI.3/INR/TP/1), a representative of the secretariat noted that the rate of growth of manufacturing in Africa was only 7.5 per cent, which was lower than the 8 per cent target set in the International Development Strategy and also lower than the target rates set out in national development plans. African manufacturing was characterized by a high degree of concentration and by low per capita output. There were a number of obstacles to African industrialization which needed to be overcome in order to achieve the objectives set out in the Lima Declaration. African performance in trade in

manufactures was unsatisfactory, and there was a need to pursue measures aimed at expanding intra-African trade and exports of manufactures and semi-manufactures.

54. The secretariat was complimented on the comprehensive statistical and analytical work undertaken in reviewing and appraising industrial performance in Africa midway through the Second Development Decade. Some participants drew attention to the fact that statistics relating to their countries were either incorrect or not up to date. ECA was invited to contact Governments directly in order to up-date data and information. In some cases disparities had arisen from differences in concepts or in the methods of calculation used. As to coverage in the appraisal exercise, it was suggested that the interrelationship between industry and other sectors, particularly agriculture, the construction industry and energy, should be included. Reference could also be made to ownership of industry. Some participants offered to provide the secretariat with up-to-date statistics in order to facilitate review of the document.

55. The participants exchanged experience in and information on industrialization, describing national industrial policies being pursued, difficulties being encountered and progress being made. Stress was placed on the need to strengthen the link between industry and agriculture. Investment in infrastructure and rural development was being pursued to enable countries to bring idle resources into use and to lay a sound basis for the initiation of a sustained process of economic development. Some countries were also launching agrarian reform so as to exploit their full agricultural potential and thereby promote industrial development.

56. Some representatives noted that their countries' industrialization policies aimed at the expansion of import-substituting industries combined with the development of export industries based on their natural resources. Others stressed the policy of creating "industrializing" industries such as the iron and steel, petro-chemicals, fertilizers, construction and engineering industries. A number of concrete examples of achievements in that area were given. The importance of increasing the degree of local processing of African raw materials was emphasized.

57. "Difficulties encountered in promoting industrialization were also reviewed in the country statements. Among the specific concerns of a number of African countries was the rising cost of industrialization: during the period under review prices of industrial imports had risen sharply, as had the cost of acquiring technology and management know-how. Considerable resources were also being spent on feasibility studies. An equitable relationship should be instituted between the prices of imported goods and services and the prices of African exports of primary commodities."

58. Efforts should also be intensified to overcome the widespread lack of trained technical and managerial personnel. Progress made in the area of personnel training in a number of countries was reviewed. The lack of physical infrastructure was one of the main obstacles to industrialization, particularly in promoting the objectives of multinational co-operation and intra-African trade. The development of transport and telecommunications links should be given high priority in investment programmes, and efforts should also be made to provide transit facilities for land-locked countries.

59. Some participants stressed the importance of devoting thorough and continuing attention to reasons for unsatisfactory performance. In failing to attain defined targets Africa was not alone; other continents had also fallen short of target, the difference being that Africa as the least developed region could not afford not to tackle the urgent problems involved, such as the rising cost of energy, the inflationary cost of imported equipment and machinery from developed countries and the fall in prices of African raw materials. African countries would need to concert their actions and resolve common problems through African solidarity. Another problem was the high cost of acquiring technology and the unfavourable conditions attaching to the transfer of technology. Domestic technology would need to be developed. One participant outlined the system of contracts his country was applying in effecting technology transfer, under which the transfer of technology should cover techniques of management and technological innovation.

60. A number of participants stressed that a major obstacle to industrialization was the small size of national markets in Africa. Multinational co-operation was consequently a basic requirement for achieving industrialization in Africa. A number of countries cited examples of progress being made in multinational industrialization. They included a multinational cement industry to serve the markets of Ghana, Togo and the Ivory Coast; cement, sugar and steel between Nigeria and its neighbours; joint cement projects between Algeria and Tunisia; joint projects between Algeria, Guinea and Nigeria, the iron ore; and between the Congo, the United Republic of Cameroon, Gabon and Algeria for the development of iron ore and forestry resources; joint wood industries between Tunisia and the Ivory Coast; fish processing industries between Tunisia and the Libyan Arab Republic; joint development of copper processing between Egypt and Zambia; co-operation between Morocco and other African countries in the development of the phosphatic fertilizer industry; and economic co-operation in the East African Community between Kenya, Uganda and the United Republic of Tanzania.

61. A number of representatives stressed their readiness to enter into market-sharing and joint production arrangements with other African countries, following explicit policy objectives of their national industrial development programmes. The Conference reaffirmed its commitment to the goals and principles of the Cairo and Lima Declarations and its resolve to promote collective self-reliance. A number of participants welcomed the regional institutional machinery and system of consultations recommended by the Follow-up Committee. They stressed that the implementation of those recommendations would promote the implementation of the Lima Declaration and assist African countries to raise Africa's share of world industrial production to 2 per cent by the year 2000.

62. The representative of ILO informed the Conference of the aims of the tripartite World Conference on Employment, Income Distribution and Social Progress which was to be held in June 1976. The Conference was intended to promote better understanding of the nature and magnitude of the employment problem and, it was hoped, would formulate an international strategy to cope effectively with it and identify and adopt concrete proposals for follow-up action.

63. During the discussion, a number of participants stressed the importance of using at least one African language in African conferences. Arabic was an official language of the United Nations and OAU, and efforts should be made to provide interpretation facilities in that language.

Agenda item 6: Implementation of the Lima Declaration

- (a) Prospects for industrial growth during the period 1975-2000
- (b) International industrial co-operation

64. In view of the close interrelationship between sub-items 6 (a) and 6 (b) it was agreed, at the Chairman's suggestion, that the two sub-items should be examined together. The two sub-items were introduced by representatives of the UNIDO secretariat, who drew attention to the background documents (CMI.3/INR/TP/3, 4, 6, and 8).
65. It was pointed out that the 2 per cent target had originally been suggested by the Follow-up Committee at its first meeting in September 1974. The economic implications of the 25 per cent target finally adopted by the Lima Conference, particularly in terms of Africa's growth requirements and prospects for key industries, did not relate only to industry, but would also involve the participation of other sectors of the economy. Certain important steps had to be taken in order to realize the long-term target which had been set.
66. It was also pointed out that whereas the share of the developing countries as a whole in world industrial production was only 7 per cent, they contained over 70 per cent of total world population; while the developed countries, with a population share of approximately 30 per cent, produced 93 per cent of world output. Even more striking, of the 7 per cent shared among the developing countries as a whole, Africa's present share was only 0.6 per cent. Compared with the target figures for the year 2000 of 13.5 per cent for Latin America and 10 per cent for Asia, Africa's 2 per cent target seemed rather small. But if Africa's target could be realized, it would represent a share three and a half times as large as the present share.
67. In terms of the annual rate of growth of the manufacturing sector, that would imply a rate of the order of 10 to 13 per cent, which would call for considerable effort on the part of African countries. It was pointed out that the setting of long-term targets was of value only if accompanied by concrete and concerted efforts to take immediate steps to put them into effect. New forms of industrial co-operation should be instituted, particularly among African countries themselves, and also with other developing and developed countries. All such matters had important political implications, and it was therefore important for the Conference through the Follow-up Committee to give clear indications and guidelines as to how the secretariat should go about implementing the target, particularly as regards the system of consultations and negotiations to be set up by UNIDO.
68. Paragraph 61(d) of the Lima Declaration and Plan of Action called for the urgent setting up of such a system of consultations and negotiations, and the redeployment of industries or new industrial production capacities should be an important element for the implementation of the 2 per cent target. It was also pointed out that the Joint ECA/UNIDO Industry Division could provide the necessary support for the activities of the Follow-up Committee with regard to the implementation of the Lima Declaration.

69. The participants expressed appreciation of the documents submitted to the Conference. A number of representatives urged countries to provide both ECA and UNIDO with more statistical data. The discussion which followed focused on the implications of raising Africa's share in world industrial production, the system of consultations and negotiations, industrial development financing, the proposed new regional institutions and regional and international co-operation.

70. In the discussion of the implications of raising Africa's share, one representative proposed that population projections for Africa should be based on the assumption of an annual rate of growth of 3 per cent instead of 2.5 per cent. He also drew attention to the potential importance of food and fertilizer industries and the improvement of storage facilities at the regional level, and requested UNIDO to place emphasis on examining the growth prospects of those key industries in relation to population projections based on higher growth rates. Another representative requested UNIDO to examine the implications of raising Africa's share in world industrial production in respect of livestock-based industries, which were considered key industries in several African countries.

71. Many delegations pointed to the urgent need to set up the necessary system of consultations and negotiations for restructuring world industry in conformity with the Lima Declaration. Apart from the technical and economic considerations on which the redistribution of world industry should be based, political will was needed on the part of the international community to ensure that all countries accepted the role the developing countries should have at the end of the century as envisaged in the Lima Declaration. One representative expressed concern at the unfavourable effects of an international division of labour based mainly on the relocation from developed countries of industries regarded as undesirable because of their polluting effects, high energy consumption and so on. Such issues should be tackled in the consultations and negotiations.

72. As far as Africa was concerned, many representatives felt that the consultations for the restructuring of world industry should be undertaken under the auspices of the Follow-up Committee. In that connexion it was proposed that the Committee should be enlarged to include 12 members so as to make room for those African countries which had previously been involved in the preparation of the Lima Declaration and had participated in the preparatory meetings. The enlarged Committee should provide for equitable subregional representation. However, one delegation proposed that the Committee's meetings should be open to any non-member which wished to participate. UNIDO should play a major role in the consultations and should act as a co-ordinating centre. It was also noted that the Joint ECA/UNIDO Industry Division should take an active part in servicing the Follow-up Committee. It was felt that the Joint Division should be strengthened to permit it to carry out that task.

73. On the subject of industrial development financing, there was general consensus on the urgent need to set up an African Industrial Development Fund. It was felt that the fund should have uncomplicated procedures so that it could respond with maximum flexibility to the needs of African countries. It was also proposed that ADB should be requested to study the possibility of establishing the Fund as an integral part of its recently established African Development Fund. It was noted that the African Industrial Development Fund could be financed by voluntary contributions from African countries as well as from other sources.

Moreover, many delegations stressed the importance of mobilizing extra-African financing such as Government and commercial credits from developed countries and multilateral financial institutions such as IBRD, as well as Arab funds. It was also pointed out that the UNIDO Industrial Development Fund to be established in pursuance of the Lima Declaration should give priority to Africa as the least industrialized of the developing regions.

74. The Conference expressed agreement in principle concerning the establishment of new regional institutions, as referred to in document CMI.3/INR/TP/8, for promoting industrial development in Africa within the context of the implementation of the Lima Declaration. However, several representatives drew attention to the need to strengthen existing institutions before setting up new ones. Others advocated the establishment of the proposed institutions in stages. One representative, referring in particular to the proposed African Regional Centre for the Design, Adaptation and Transfer of Industrial Technology, indicated that his Government was prepared to give serious consideration to the possibility of hosting the Centre.

75. One representative expressed strong support for the establishment of an African Centre for Industrial Consulting Engineering and Management Services as soon as was practicable. Others noted that a subregional approach to the establishment of various institutions would seem appropriate, and would probably be more effective and lead to more concrete results. It was suggested that the Joint ECA/UNIDO Industry Division should examine the practicability and timing of setting up the various proposed institutions.

76. On the subject of regional and international co-operation, the view was expressed that intra-African co-operation should be developed in several directions and by means of certain policy instruments. Special mention was made of the need for co-operative efforts in the field of transport and communications. Reference was also made to the need for the harmonization of tariff policies and the gradual removal of non-tariff barriers, the need for agreement on a common system of payments and the need to set up producers' associations on a commodity-by-commodity basis. At the international level, co-operation was needed to ensure the improvement of the Generalized System of Preferences and the participation of African developing countries in the decision-making process concerning the international monetary system. A beginning had been made by the African, Caribbean and Pacific States in the GSP negotiations with the European Economic Community. The role of national currencies should be diminished in international payments, and greater reliance should instead be placed on SDRs.

77. A legal framework was needed to lay down in fair terms the rights and obligations of the parties in industrial projects involving international co-operation. In that connexion, mention was made of the need of a system of guaranteeing contracts in order to safeguard in an appropriate manner the interests of the parties involved.

78. Several delegations outlined their countries' experience in African multinational enterprises. It was suggested that the Follow-up Committee, assisted by the Joint ECA/UNIDO Industry Division, should formulate a workable system for the mobilization of both the capital and the management skills required for potential multinational industries in fields such as iron and steel, copper and

fertilizers. Furthermore, the Committee should closely monitor the industrial activities of various regional and subregional economic groupings, and help them in securing the assistance which would be required.

79. It was also noted that at its thirtieth session the General Assembly had adopted a resolution on the transfer of technology requesting UNIDO to initiate appropriate action, in co-operation with UNCTAD, for the establishment of an international industrial and technological information bank for the transfer of technology. African States should take full advantage of the information bank's services when it became operational.

80. The Assistant Administrator and Director of the African Bureau of UNDP stressed the importance of setting up appropriate inter-State machinery for both regional and subregional co-operation and integration. He specifically mentioned the co-ordinated efforts being undertaken for the development of science and technology in Africa, and indicated that UNDP's involvement in the implementation of inter-country projects in that field would be pursued, taking into account the financial resources available. He also expressed concern at the possibility that too many new institutions might be established, as indicated in the documents submitted to the Conference. He felt that continent-wide problems of African industrial development might not necessarily be best solved through regional institutions.

81. The representative of UNDP indicated that possibilities for UNDP financial support for new regional institutions were limited, and suggested that efforts should be concentrated on the strengthening of existing institutions at the regional, subregional or national level. One delegation expressed concern at that position, and called for direct efforts by African Governments themselves to establish the new regional institutions which were given highest priority.

82. In his statement, the FAO Regional Representative for Africa referred to inter-agency co-operation in the field of industry. Two advisory groups were located in Addis Ababa and attached to the Joint ECA/UNIDO Industry Division: The Forest Industries Advisory Group and the Advisory Group on Food and Agricultural Processing Industries Development, which were sponsored by both FAO and ECA and supported financially by UNDP and bilateral assistance.

83. He noted that, as a follow-up to the Second Conference in Cairo in 1973, and particularly in the light of the Lima Declaration and the Declaration on the Establishment of a New International Economic Order, FAO had reoriented its strategies and policies for developing food and agriculture-based industries to provide a solution to the inadequacy of food supply and the problem of unemployment, especially in rural communities. Those agro-based industries could best be developed on the basis of an integrated approach which dealt with all stages from raw material production to marketing and distribution. He also mentioned the strengthening of the FAO unit responsible for food and agricultural processing in order to provide maximum possible assistance to the African region in the utilization of modern, labour-intensive and socially appropriate food and agriculture technologies.

84. The representative of the Industrial Development Centre for Arab States (IDCAS), which was part of the General Secretariat of the Arab League, informed the Conference that IDCAS had established a new department for Afro-Arab co-operation.

Special mention was also made of the close relationships between that newly established department within IDCAS and the Arab Bank for Economic Development in Africa, based in Khartoum.

85. After thanking the country and agency representatives for their positive contributions to the discussion, the secretariat representatives responded to the points raised. On the question of international industrial co-operation, they noted that measures to strengthen intra-African co-operation included the setting up of multinational industries, development of intra-African trade and improvement of transport and communications systems. In addition, the setting up of a system for the mobilization of national and international financial resources should be considered as an important prerequisite for the realization of new forms of international co-operation. The restructuring of the international monetary system was one of the essential steps to be taken to enable African countries to have access to the right kind of financing for identified projects which would contribute to international co-operation, particularly in the field of industry.

86. The secretariat representatives underlined the importance of the subject of transfer of technology, and reported on past and planned activities designed to assist the developing countries through a special unit created in the UNIDO secretariat.

87. Note was taken of the fact that, in future, quantitative indicators for industrial production would be expressed in physical terms in view of present world-wide inflation and the instability of exchange rates, which rendered other forms of quantification less appropriate.

88. The Conference was also informed of steps being taken to implement the Lima Declaration, notably the setting up of an international Industrial Development Fund. The fund's terms of reference were to be examined by the Industrial Development Board and subsequently submitted to the General Assembly for approval. The relationship envisaged by some delegations between the proposed African Industrial Development Fund and the international Fund under the auspices of UNIDO should be carefully examined, particularly as regards the status, objectives, procedures and operations of each fund.

Agenda items 7, 8 and 9: Consideration of draft resolutions, date and place of the Fourth Conference of African Ministers of Industry and adoption of the report of the Conference

89. After considering the report of the Drafting Committee of the Whole, the Conference adopted the Agreed Conclusions prepared by the Committee. The Conclusions appear in Part II of the report.

90. The Conference decided on the composition of the enlarged Follow-up Committee on Industrialization in Africa. The decision appears in Part II of the report.

91. The Conference then considered and adopted a resolution concerning the date and place of the Fourth Conference of African Ministers of Industry, and a

resolution expressing appreciation to the host country [resolutions 1(III) and 2(III)]_7.

92. After considering the draft report prepared by the Rapporteur, the Conference adopted the present report.

93. The Chairman thanked the participants for the business-like manner in which the work of the Conference had been conducted. He paid tribute to President Kenyatta for his inspiring role in pan-Africanism, and noted that the Conference could claim justified satisfaction from the African brotherhood and solidarity it had promoted. He congratulated the new members of the Follow-up Committee on their election, and urged them to do their utmost to promote the realization of the far-reaching decisions of the Conference.

94. The Chairman then declared the Third Conference of African Ministers of Industry closed.

PART II

A. AGREED CONCLUSIONS

1. The Third Conference of African Ministers of Industry, convened from 17 to 22 December 1975 in Nairobi, was held in the spirit of the Declaration and Programme of Action on the Establishment of a New International Economic Order, 1/ the resolution on Development and International Economic Co-operation 2/ and, in particular, the Lima Declaration and Plan of Action on Industrial Development and Co-operation 3/.

2. The first steps to draw up an African position for the Lima Conference were taken at the Second Conference of African Ministers of Industry, held in Cairo in December 1973. This and other regional conferences had a decisive influence on the preparations for the Lima meeting which led to the adoption of the Lima Declaration and Plan of Action. Special note was given to the role of the Follow-up Committee on Industrialization in Africa which, at its September 1974 meeting, was the first to appeal for a restructuring of world industry in the form of a target figure which was fixed at an African share of 2 per cent of world industrial production for the end of the century.

Framework for action

3. The Third Conference of African Ministers of Industry assumed the task of laying down guidelines for the implementation of these important decisions within Africa and bringing out the main implications of the 2 per cent target. The Follow-up Committee at its second meeting had prepared the ground, as it had identified priority areas for immediate action and indicated regional instruments for such action.

4. In order to fulfil these tasks the Conference reviewed the progress made and setbacks encountered in promoting industrialization in African countries mid-way through the Second United Nations Development Decade; reassessed the factors that critically affect the process of industrialization at the national, regional and international levels; and examined strategic options and instruments required for the promotion and development of African self-reliance through collective action.

1/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

2/ General Assembly resolution 3362 (S-VII).

3/ Adopted by the Second General Conference of UNIDO.

5. African countries will need to keep national industrial policies and programmes under constant and critical scrutiny to ensure the effective establishment of a new international economic order and, specifically, the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation. To that end, countries should consider establishing or strengthening planning and evaluation machinery in their ministries of industry.
6. In order to raise Africa's share of world industrial production to at least 2 per cent by the year 2000 from its present level of 0.6 per cent, Governments will need to redouble their efforts to mobilize domestic and external resources, develop local manpower and technological capabilities, locate new natural resources and efficiently exploit existing ones.
7. Industrialization can play a strategic role in economic development only provided it is responsive to domestic requirements. The basic task of national industrial development policy should therefore be to foster links between industry and other sectors through optimal investment in agriculture, rural services and infrastructural development.
8. A low level of industrialization implies over-dependence on external industrial inputs. Governments should, through collective action, give high priority to the formulation and implementation of policies, programmes, projects and schemes that will lead to a rapid expansion of the African industrial base, a strengthening of Africa's negotiating position and the development of intra-African co-operation in trade, finance, know-how and technology.
9. The Conference underlined the fact that each country's own efforts, and the definition of suitable strategies and policies for industrialization, are of primary importance in conformity with the principle of self-reliance.
10. The Conference endorses the reports and recommendations of the Follow-up Committee on Industrialization in Africa, and urges Governments to adopt, pursue and implement the following measures with the object of expediting the achievement of the goals and principles of the Lima Declaration:
 - (i) The stimulation of industrial co-operation between African countries, especially in new forms (intergovernmental agreements on specialization, the setting up of African multinational firms in the field of goods and services and supply of raw materials; pooling of technical and scientific resources, and so on);
 - (ii) The definition of complementary industrial policies to permit better adjustment of industrialization programmes in various countries;
 - (iii) The promotion of the exchange of industrial and technological information and know-how among African countries; and
 - (iv) The promotion and liberalization of intra-African trade in manufactures and semi-manufactures.

Collective self-reliance

11. The Conference directs the Follow-up Committee further to intensify its efforts to prepare recommendations for regional programmes, projects and schemes that foster African self-reliance through collective action.
12. The Conference urges UNDP to give high priority to the implementation of projects that foster collective self-reliance.

Industrial project implementation

13. Domestic capabilities must be developed to generate on a sustained basis new investment opportunities to meet national, regional and international demand. African countries should assign high priority to the training of African technologists, managers and financiers. Intra-African technical and financial co-operation must be fostered.
14. The Conference endorses the proposal for the creation of an African Centre for Consulting Engineering and Management Services as a means of providing advisory services in response to the immediate and urgent needs of African countries and as an instrument for promoting collective self-reliance in industrial project development and implementation.

Intra-African multinational industrialization

15. The prevailing industrial structure is geared principally to the production of consumer goods and easy import substitutes. Africa's aggregate demand for industrial products even today would justify the creation of viable intermediate and capital goods industries if only national markets could be integrated. Projections of demand to the year 2000 for a less than comprehensive list of industries indicate vast opportunities for investment and employment generation, based solely on the African market. The Conference reasserts that this potential can be realized only through multinational co-operation.
16. Progress in intra-African co-operation in the fields of transport, communications and highways should be intensified; the intergovernmental organizations created to promote economic co-operation should be strengthened; other arrangements such as customs unions should be developed; and industrial free trade areas should be expanded to foster specialization and complementarity.
17. The Conference reaffirms its commitment to the Lima Declaration and Plan of Action and to the recommendation of the Second Conference of African Ministers of Industry regarding the principle of industrialization, and urges Governments individually and collectively to promote and implement consultations on intra-African industries. It endorses the programme of Multinational Industrial Co-operation proposed and urges that high priority should be assigned to it in the mobilization of national resources and multilateral aid.
18. The Conference invites the sponsoring organizations to initiate consultations with Governments and draw up a time-table of consultations on the basis of identified industrial projects.

19. It further recommends that Governments should take fully into account opportunities offered by regional co-operation in planning and programming the industrial sector in national economic plans.

Manufacturing for export

20. The application of the principles set out in the Lima Declaration will provide vast new opportunities for creating basic industrial facilities to serve the export market. African countries will need to safeguard their vital interests in redeployment programmes and in the development of processing facilities, not only for the internal market but also for export. Of special importance to African countries are iron and steel, basic non-ferrous metals, chemicals and petrochemicals, pulp and paper, timber products, fertilizers and agro-industrial complexes, etc.

21. Other industries that could be developed in the framework of redeployment policies include electronics, textiles and leather, engineering products, pesticides and pharmaceuticals.

22. While an increasing degree of domestic industrial processing of African raw materials is a basic policy objective in the establishment of a new international economic order, equally important is the strengthening of Africa's bargaining position to enable it to secure equitable prices for commodity exports. The achievement of these objectives should be pursued purposefully in order to obtain increasing resources of foreign exchange to finance industrial expansion.

23. The Conference endorses the recommendation of the Follow-up Committee and the decisions of the Dakar Conference regarding the creation of producers' associations on a commodity-by-commodity basis, and further approves in principle the setting up of an African Mineral Development Council as the focal organ for the co-ordination of research, marketing and exploitation programmes in this area.

24. The Conference approves in principle the proposals for the creation of an African Centre for the Iron and Steel Industry; a Centre for the Development of the Petrochemical Industry in West and Central African Countries, and for the initiation of a Regional Pesticide Development Programme, as instruments for promoting the technological and manpower basis for efficiently utilizing well-known African natural resources.

Intra-African trade in manufactures

25. A general feature of the African industrial scene is under-utilization of installed capacity in certain sectors. Technical and financial assistance should, therefore, be provided to existing industries especially in matters relating to industrial research, standardization and quality control so as to enable African countries effectively to exploit export opportunities.

26. Governments should pay special attention to the possibilities of creating joint venture industries, and for that purpose should pursue initiatives aimed at the joint financing of such industries.

27. Measures should be pursued aimed at progressively lowering tariff and other barriers between neighbouring countries so that mutual benefits can be derived from new opportunities for production and exchange through specialization and complementarity.

28. African payments and clearance arrangements should be promoted and developed as a matter of urgency for the effective expansion of intra-African trade.

Industrial technology

29. Technology is at the core of the industrialization process, and indeed of economic development and growth. While there exists a wide range of choice of imported technology, it is the degree of domestic capability for selection, adaptation and innovation that will critically influence the pace and pattern of industrialization. In their dealings with firms from developed countries, African States should demand that contracts for the delivery of plants should oblige the constructor to guarantee that the final products meet the requirements of the recipient countries. Foreign constructors should also undertake to ensure training of personnel.

30. Governments will need to accord high priority to technological policies and staff training. In particular, the creation of national centres for technological development would create the basis for developing technological capabilities. Such centres would serve to facilitate the appropriate choice, adaptation and transfer of industrial technology.

31. African countries can effectively benefit from one another's experience, and intra-African technological co-operation will be of significant importance to the promotion of national objectives. In particular, collective action is a basic condition for regulating the costs and terms of the transfer of industrial technology. The Conference recommends to African Governments the creation of national, subregional and regional prizes with a view to encouraging African research workers in the field of applied industrial technology.

32. The Conference endorses the proposal for the establishment of a Centre for the Design, Adaptation and Transfer of Industrial Technology as a regional instrument for strengthening procedures for policy formulation, manpower development and the collection and dissemination of relevant information.

33. The Conference further endorses the proposal for the creation of a Regional Industrial Plant Design and Construction Centre, and approves in principle the establishment of a Solar Energy Testing and Development Centre, as instruments for facilitating the transfer of industrial technology.

34. The Conference calls upon the sponsoring organizations to take all necessary measures to ensure the early realization of these regional instruments for collective action and to pursue consultations with UNDP, as appropriate, to ensure their inclusion in the UNDP inter-country programme for the period 1977-1981 in respect of assistance required for early implementation.

35. The Conference calls upon the sponsoring organizations, in liaison with UNDP, to define the tasks of the various centres whose establishment has been approved, and to study the practical operational arrangements for them (location, financing, work programmes, and so on). Upon completion of the study, and after the specific proposals arising from it have been communicated to the Governments of member States, the sponsors will convene a meeting of Government representatives, before the end of 1976, to take final decisions on the proposals.

Industrial financing

36. The achievement of the quantitative target set in the Lima Declaration will require the mobilization of considerable financial resources. Resort will have to be made to national and external sources, including international financial institutions, Government and commercial credits as well as transnational corporations. Foreign participation in African industrial investment opportunities takes various forms: management know-how, licensing of industrial technology or participation in equity capital.

37. African countries will need to define areas of foreign participation, as well as the terms and conditions under which such participation would be welcome, in conformity with rules and regulations in force in African countries. To derive equitable benefit from the operations of transnational corporations, African countries will need to harmonize their incentive policies and industrial legislation.

38. Whether it be for negotiating the transfer of technology or for joint venture arrangements, African countries will need to strengthen and develop their institutional and manpower capabilities to deal with the complex problems of contractual laws and economic options.

Special measures for the least developed countries in Africa

39. With regard to the least developed countries in Africa, special measures are required to promote rapid industrialization. Among measures which have been singled out are the establishment of pilot plants to utilize research and development results for the exploitation of available resources, the development of integrated productive units with particular regard to agricultural and appropriate engineering industries, integrated rural development schemes, the establishment of free zones and the financing of complete industrial estates. The special institutional machinery established within the UNIDO secretariat to deal with the specific problems of the least developed land-locked and island countries should stress technical assistance for operational projects, promotional activities and action-oriented studies for these countries.

System of industrial consultations at the African regional level

40. The work of the First and Second Conferences of African Ministers of Industry, along with that of the Follow-up Committee, has provided a framework for considering the consultation system in the African context.

41. The goal of African self-reliance, along with key issues such as those listed above, carry with them certain implications for the consultation system at its various levels. First, there will be a recurrent need to develop and define a common African position in the course of consultations and negotiations with the developed countries and other developing countries. Second, there will be a need to pursue a co-ordinated approach with regard to issues of a regional nature such as matters of policy harmonization, the transnationals, etc. A forum for recurrent regional consultations could provide a mechanism for meeting these two needs.

42. In order to meet these tasks, the terms of reference for the biennial Conferences of African Ministers of Industry are expanded as follows:

- (a) To keep under constant review progress in industrialization through the exchange of experience and the examination of specific issues, and to recommend suitable measures and programmes to speed up and maintain the process of industrialization in Africa in conformity with the Lima Declaration targets;
- (b) To promote harmonization of policies and programmes and to foster collective action in developing export and multinational industries, in effectively utilizing Africa's manpower, financial and physical resources and in mobilizing external resources on an equitable and mutually beneficial basis;
- (c) To define common African positions on international industrialization issues and to ensure that these are fully reflected or incorporated in global policies, programmes and institutional arrangements;
- (d) To examine the reports of the Follow-up Committee on Industrialization in Africa and to give the Committee the mandate and authority to pursue follow-up action aimed at the implementation of the Lima Declaration;
- (e) To give directives to the sponsoring organizations which will form the principal bases for action on priority programmes and projects to be incorporated in their programmes of work in the field of industry;
- (f) To report to the OAU Council of Ministers so as to secure the support and endorsement of the Assembly of Heads of State and Government of the OAU for the priorities for action recommended by the Conferences.

43. The Conference assigns the Follow-up Committee a focal role in the regional consultations. Its functions will be the following:

- (a) To monitor the achievement of the quantitative target for African industrialization (2 per cent of world industrial production);

- (b) To formulate industrial policy guidelines for consideration by the Conference and advise on the design of the system of regional consultations and negotiations;
- (c) To prepare guidelines for the establishment of common African positions for use in consultations and negotiations at the world level, with the other developing regions and with other developing countries in the spirit of solidarity that unites member countries of the Group of 77;
- (d) To encourage new forms of African industrial co-operation such as specialization arrangements between Governments relating to the creation of African multinational enterprises, joint investment agreements and other forms of reciprocal financing;
- (e) To promote industrial co-operation between African countries and countries of other regions.

44. To enable the Follow-up Committee to discharge its added responsibilities effectively, the Conference decides that:

- (a) Its membership shall be increased to 12 representatives of countries selected on the criterion of subregional balance;
- (b) The Committee should meet at least once a year; to enable it to do so, the sponsoring organizations should make available the financial resources required for servicing the meetings;
- (c) The sponsoring organizations should keep the Chairman fully informed of new initiatives taken and difficulties encountered;
- (d) Financial provision should also be made to permit the convening of ad hoc meetings of the Committee and the organization of missions to individual countries on policy and programme formulation and implementation at the request of the Chairman.

45. The secretariats of the sponsoring organizations will service the Conference and the Follow-up Committee as well as the other bodies set up for the implementation of the Conference's work programme.

International industrial consultations

46. The African position, developed in the process of the regional consultations, could then be expressed in the wider geographical terms involving other developing countries (interregional consultations) and developed countries (global consultations). Broad issues covering matters such as the transfer of technology and the role of the transnational corporation in the production of various natural resources and their processed intermediates could be subject to discussion at one or both of these consultation levels. Also, at the industry sector level, several aspects of African industrialization are pertinent. The development of processing industries based on Africa's natural resources is one example.

47. For the global planning and development of concerted efforts required for the fulfilment of the targets of the Lima Declaration, a system of industrial consultations on the redeployment of productive factors is being developed. At its seventh special session the General Assembly singled out four levels of industrial consultations: global, interregional, regional and sectoral. UNIDO, acting in co-operation with other appropriate international organizations, would serve as the co-ordinating body for these consultations in accordance with the Lima Declaration and General Assembly resolution 3362 (S-VII).

African Industrial Development Fund

48. The scale of industrialization envisaged for the next 25 years implies substantial technical assistance inputs, especially for the carrying out of - pre-investment activities, the establishment of regional operational instruments for promoting collective action and the development of industrial technological and manpower capabilities.

49. The Conference endorses the call of the Follow-up Committee that resources for the above should be mobilized from African Governments, from intergovernmental organizations in Africa such as ADB, from the Arab Fund for Technical Co-operation for Arab and African States and from the Arab Bank for Economic Development in Africa, as well as from other appropriate multilateral and bilateral sources of funds in the industrialized countries. It further endorses intra-African financial co-operation aimed at providing Africa's contribution to the proposed African Industrial Development Fund. The Conference recommends that the African Industrial Development Fund should be managed by ADB in co-operation with the sponsoring organizations. The Conference further requests the sponsoring organizations, in co-operation with ADB, to study ways and means of implementing these recommendations and to define the links between the African Industrial Development Fund and the proposed UNIDO Industrial Development Fund.

50. The Conference calls upon Governments to manifest in a practical way their support for the concrete programmes and projects approved above by pledging financial contributions for the establishment and operation of the proposed regional instruments of action to supplement whatever resources the sponsoring organizations may be able to mobilize.

Common African position on the statutes of UNIDO

51. At its seventh special session the General Assembly decided to convene an intergovernmental group including the States which were represented at the Lima Conference to draw up a constitution for UNIDO as a specialized agency. The Group will begin consideration of a draft constitution at its first meeting, to be held in Vienna from 7 to 19 January 1976.

52. The Conference expresses the hope that African countries will be represented in the intergovernmental group. A meeting of the African group should be held in Vienna, serviced jointly by OAU and ECA, to prepare an African position before the first meeting of the intergovernmental group.

B. RESOLUTIONS

1(III) Date and venue of the Fourth Conference of African Ministers of Industry

The Third Conference of African Ministers of Industry,

Having considered and welcomed the invitation of the Government of Nigeria to hold the Fourth Conference of African Ministers of Industry in Lagos,

1. Decides that the Fourth Conference of African Ministers of Industry shall be held in Lagos in 1977,
2. Requests the sponsoring organizations, namely ECA, OAU and UNIDO, to fix the exact dates of the Fourth Conference in consultation with the Government of the Federal Republic of Nigeria.

2(III) Vote of thanks to the Government and people of the Republic of Kenya

The Third Conference of African Ministers of Industry,

Appreciative of the welcome and warm hospitality extended by the Government and people of the Republic of Kenya to the Ministers and representatives participating in the Conference,

Expresses its thanks and gratitude to the Government and people of the Republic of Kenya for their praiseworthy efforts which enabled the Conference to hold its third session in the most excellent conditions.

C. DECISION

Enlargement of the Follow-up Committee on Industrialization in Africa

The Third Conference of African Ministers of Industry,

Recalling paragraph 44 (a) of the Agreed Conclusions adopted by the Conference, concerning the enlargement of the Follow-up Committee from four to twelve members,

Decides to elect the following countries as members of the Follow-up Committee:

- | | |
|------------------------------------|---|
| For the Central African subregion: | Central African Republic, Rwanda and Zaire; |
| For the Eastern African subregion: | Kenya, Lesotho and Zambia; |
| For the North African subregion: | Algeria, the Sudan and Tunisia; and |
| For the West African subregion: | Benin, Ghana and Nigeria. |