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STATEMENT BY THE COMMISSIONER FOR INDUSTRIAL DEVELOPMENT  
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STANDING COMMITTEE ON INDUSTRY AND NATURAL RESOURCES

## STATEMENT BY THE COMMISSIONER FOR INDUSTRIAL DEVELOPMENT

The vital role of industrialization in creating new employment opportunities and raising the levels of income and standards of consumption in developing countries has received increased recognition in recent years. That this should be so after a relatively sustained period of ever increasing development efforts, both at the national and international levels, is in itself significant and, indeed, indicates that industrialization is now being accorded by almost universal consensus the central stage in the process of development of the economically less advanced countries, in very much the same way as it had occupied it in the course of the development of the highly industrialized countries. But present day conditions differ in one very important respect: the ever increasing speed of technological progress in the advanced countries has tended to create a widening gap between those countries which have already been able to achieve significant accumulations of capital, knowledge and technical know-how and those countries which are still striving hard to free themselves from the basic disabilities characteristic of the initial stages of development.

The danger of a permanent and even increasing disequilibrium between rich and poor countries has been recognized earlier and its broad implications have been clarified to a large extent in the last ten years or so. It has become an accepted fact that the great gap in incomes and general well-being dividing the developed and under-developed countries is broadly paralleled by a similar disparity in the structure of their economies; the advanced countries have diversified and are predominantly industrial economies while in the less developed countries production is largely limited to a few basic commodities in the fields of agriculture or natural resources. It is therefore not surprising that recently a large measure of agreement has emerged, and indeed found expression in the Economic and Social Council and other United Nations bodies, on what the goal for under-developed countries should be, namely, the creation of industrial economies with a similar degree of diversification as those which exist in the advanced countries.

While the broad objectives have come to enjoy wide consensus there is much less agreement on the best way of achieving them, partly because a number of the problems involved have not yet been thoroughly explored and partly because different approaches are sometimes possible and even necessary in line with the particular circumstances of each country and region. When considering action it is, therefore, necessary to keep in mind the dangers of oversimplification in respect of both, the broad policy lines and the specific measures to be adopted. For one thing, the need to compress within a very short period of time the industrial evolution of the last 150 years is a formidable task for any country. For another, industrialization is by far a very complex process requiring the existence of a set of adequate conditions to make possible the necessary structural changes and the sustained efforts that have to be carried on over a number of years. Furthermore, even if it is to play the major role in the process of development, industrialization cannot be considered as an isolated activity but has to be viewed within the framework of a general policy for economic development.

Throughout the years a considerable part of the efforts of the United Nations and the specialized agencies have been devoted to the clarification of the basic problems of economic development. One of the results of these efforts has been to show that industrial development could not be viewed simply in terms of the individual plant nor could it be based on common sense alone or on a purely pragmatic approach. The concept of industrialization evolved more and more as a conscious and organized process to be considered within the wider context of a well articulated policy. As such it has to be based on stricter and more systematic methods capable of providing adequate insights into the nature of this process.

One of the first problems to arise is the choice of industrialization policies on which will depend such fundamental issues as the basic investment criteria, the methods for determining the most favourable combination of factors of production, the size of plants and their location, the relation of industrial programmes to the projected development of other sectors of the economy and their integration in overall development plans. The gradual devising of a set of instruments and techniques for industrial development

programming has greatly benefited from the various studies and research activities carried out and in the increasing experience gained through the provision of expert advice under the United Nations programme of Technical Assistance. As the knowledge in this field is being built up and subjected to systematic analysis, there is increasing certainty in its application to the various problems of industrial programming and related training requirements. The vast experience in industrial programming accumulated by the ECLA advisory groups while assisting various governments in setting up their planning machinery will be reviewed at the Latin American Seminar on Industrial Programming to be held early next year in Sao Paulo, Brazil. In the ECAFE region the second meeting of experts on programming techniques was devoted almost entirely to the problems of industrial programming and their report attempts to combine theoretical and practical elements from the experience in various countries of that area. It is specifically concerned with the inter-relation of analytical techniques, economic structure and the empirical information required for industrial planning.

A second and very important problem is the transfer of technology and the adaptation of modern processes of industrial production to the requirements of the developing areas. This has been in the past mostly a by-product of the direct investment of productive capital from the advanced areas of the world. It has now become more of an autonomous process intimately connected with the country's own industrialization policies and in which the United Nations family technical assistance programmes have been playing an increasingly active role. The range of problems dealt with is no less vast than the variety of technological fields. They vary widely from such projects as the improvement of certain types of steel products in Brazil to a comprehensive programme of materials substitution in India; advise on the establishment of a phosphate fertilizer industry in Chile or the design of a phased programme for the expansion of pulp and paper production in Thailand.

A very important element in the adaptation of technology to local requirements as well as the devising of technical processes for the optimum industrial use of local raw materials, has been the establishment of institutes

of industrial and technological research. Assistance has been given to governments in the establishment of such institutes in a number of areas particularly where the present level of industrialization required ready availability of technological services to deal with the multitude of problems of industrial production and organization that arise at the local level. In fact, technological institutes have been providing useful services not only to existing and new industries but are also serving as an excellent training ground for new technologists to make up the cadres required by the developing countries for their industrialization efforts. At the same time they are the budding centres of pure research in science and technology which has been up to now largely concentrated in the more advanced countries, but will have to play an increasingly important role if the under-developed areas are to bring to full utilization their resources.

Another very important activity lies in the field of pre-investment and feasibility studies. A large part of the work of the Secretariat is in one way or another connected with elucidating the problems and establishing the techniques to diagnose in the shortest possible time the industrial feasibilities existing in a given area. Recently, there has been an increasing demand on the part of governments for the services of industrial survey teams to evaluate the immediate potential for establishing new industries or expanding existing activities. Thus, a team of experts carried out a broad survey of industrial possibilities in Singapore while a second team studied the feasibility of establishing an iron and steel industry. Both teams made specific recommendations which have already been carried out in some cases, or are in the process of being implemented in others. A similar mission has just started an industrial survey of Burma. In other countries the work is being initiated by individual experts whose function it is to evaluate broadly existing resources in the context of specific requirements for setting up medium and small-scale industries in a variety of fields.

In fact, one of the projects that has been included in the 1963 Programme of Technical Assistance provides for experts who would be available to African countries to survey their resources and the availability of other factors required for the establishment of new manufacturing industries.

In the newly developing areas, one of the most important problems is the need for trained personnel at all levels. While there is hardly a project in the technical assistance field where training is not involved one way or the other, either directly by the provision of fellowships for training abroad, or indirectly by capacitating counterpart or other local personnel who work with the experts, the highest priority has always been attached by the United Nations and the specialized agencies concerned to specific training programmes for technical personnel and management. An outstanding aspect is the establishment of training institutions and programmes in the regions and countries themselves, thereby providing a permanent institutional element for the continuous increase of the cadres of technical personnel.

International action is particularly significant where a regional or inter-regional approach is required. In technical seminars and study groups, government officials and industrial specialists are given the opportunity to exchange experience and discuss common problems at the regional level. These gatherings have frequently resulted in practical action taken either by the governments or at the regional level that led to the opening up of new possibilities for further industrial development. This was the case of the recent seminar on the development of basic chemical industries in the ECAFE region which made recommendations on the production and utilization of five basic chemicals that play a key role in many of the region's developing industries. Recommendations were also made on policy matters such as protective tariffs and other governmental measures designed to help newly established industries for the production of these chemicals.

On the regional level some other approaches have also been adopted in those cases which, while of concern to many countries, do not necessarily involve the simultaneous interest of large groupings of countries. Thus, in a survey of the production of industrial equipment in various Latin American countries, ECLA was able to bring together the co-operation of governmental and non-governmental agencies in several of the countries which have already established capacity for the production of basic equipment.

Because of the closeness to the working level on which these projects have been carried out, results of the survey could be immediately translated into practical action and lead to the formulation of re-equipment and reorganization programmes.

If I have gone to some length in quoting several examples of the activities that have been undertaken by the United Nations and the specialized agencies to assist governments in their industrialization efforts, it was not my purpose to overtax your patience. It was, on the one hand, an attempt to illustrate through a few concrete examples, the large diversity involved, although I am quite certain that the attempt fell by far too short from representing fully the whole range of present activities and future possibilities. Furthermore, there is in most cases a close inter-relation between these various activities adding considerably to the complexity of the whole picture which one can attempt to convey only by reference.

On the other hand, incomplete as this picture may have to be, I hope that it may serve to convey a general idea of the ferment of activities under international auspices which not only provide direct support where they are carried out but add very significantly to our knowledge of the complexities of industrial development through the daily accumulation of new experience from the four corners of the earth.

In the face of the variety of tasks in the industrial field which the United Nations family is now being called on to assist member governments, the need to co-ordinate the international activities in this field has come to be increasingly felt in recent years. One of the basic functions of the Centre for Industrial Development, as envisaged by the Committee for Industrial Development, is precisely that of providing a focal point for the exchange of information not only in respect of given data but also concerning programmes and activities as well as new experiences and approaches to problems that have a bearing on the industrialization process. While co-ordinating international action in this field it will also serve as the central point for the collection and analysis of technological data and to make available information on new scientific advances of particular importance to the developing countries.

While the Centre assumes general functions of co-ordination and guidance in respect to the overall effort, larger emphasis is increasingly being placed on the direct role of the regional commissions, who by their nature and functions are more intimately aware of the circumstances prevailing in their own geographical areas, and are thus able to provide a more perceptive approach to specific problems whose setting falls largely within the geographic boundaries of their action. The Centre would undertake those activities which can effectively be discharged only by a central organ but which would help to advance solutions for problems arising in the regions. What is perhaps most significant, however, is the continuing give and take between our regional and Headquarters establishments. The Centre should receive a continuous stimulation from the regions because of their close contact with the realities with which we are concerned. While showing utmost sensitivity towards the developments in the regions, the Centre should at the same time also be able to feed back to them the experience not only of the more advanced countries but also that of the other regions. Thus, the aim is a reciprocal exchange of views and ideas reflecting new developments, whether concerned with the direction of new achievements or the orientation of new searches.

I would like now to refer more specifically to some of the problems of industrial development in Africa. In recent weeks the Officer-in-Charge of the Economic Commission for Africa and I have visited several countries in West and East Africa. We have been in touch with government officials responsible for carrying out the policies for industrial development, with entrepreneurs and factory administrators. These contacts, though short, have enlarged our vision of some of the problems which the countries are facing in trying to develop an industrial society. I expect that in the near future these relations will be systematized in order to bring about a closer relationship with African economies and an understanding of their problems.

It is, in my opinion, necessary to mention some important aspects which we were able to appreciate in the course of our trip. These are, as you will readily understand, general observations which are subject to deeper analysis. But I submit them to you as possible subjects for discussion at the present meeting.

First of all, it is clear that the level of industrialization in Africa is in most cases lower than in other under-developed areas of the world. Of all the countries of this Continent, only one - South Africa - has a per capita income above \$250 and only six - South Africa, Morocco, Algeria, Tunisia and the Federation of Rhodesia and Nyasaland - have a per capita income above \$125. There is a close relationship between the level of per capita income and the proportion of the industrial production in the gross national product. In the highly-industrialized countries these proportions amount to an average of 49 per cent. In the under-developed countries where the per capita income is above \$125, the participation of industry in the gross national production rises from 25 to 28 per cent. In the less-developed areas or countries that have a per capita income of less than \$125, the proportion rises to 19 per cent. Most countries of Africa are in this last category, and thus the promotion and development of industry is one of the many factors in any policy directed at improving the levels of income and the standards of living of the population.

In recent years there has been an important rate of growth of industrial development in many African countries. The estimate of 7.4 per cent of annual growth rate increase, presented in the Survey prepared by the Economic Commission for Africa for this meeting, compares favourably with the growth rate in other areas of the world. But we have to take into account the original basis on which these comparisons are based, which is very low, and that the substantial growth rate in recent years does not imply that a self-sustaining process of industrial growth has yet started in most African countries.

The second aspect to which I would like to refer - and perhaps the most important one in my opinion - is the need for close co-ordination between the different countries in Africa in order to establish sound economic and industrial development. There are many new States where possibilities for industrialization are limited by the size of the population, by the amount of financial and human resources and by many other factors. Even in countries which have an abundance of natural resources and large populations, the

establishment of certain basic industries have to take into consideration markets for exports due to the minimum size of units required for economic production.

It is evident that broad economic units - or at least broad economic co-operation - is required in order to make possible the establishment of industries on a sound economic basis and with benefits that can reach large sectors of the population. It seems to me that one of the greatest contributions of the Economic Commission for Africa, and especially of this Committee, should be the carrying on of analyses and the putting forward of suggestions that could serve as basic references for co-ordinated action in industrial development in several sub-regions of Africa.

I come from Latin America. We have been independent for 150 years and all Spanish America has been divided since the beginning of our liberation into many units that developed their economies in isolation from each other. The fact that we are an under-developed continent is due - in a large measure - to this economic disintegration. Now, when more than a century has passed, the Latin American republics are trying to overcome this fact. The five Republics of Central America are already working for the integration of their economies and have already established a common market and a programme of concerted industrialization. In a more broad area, most countries of Latin America have created the Latin American Free Trade Area in order to be able to develop heavy industries on a more sound basis. I expect that the experience of my continent will be of use to the leaders of Africa who have been successful in liberating their countries.

A third appreciation that we were able to make is the wide field in which the United Nations and the Specialized Agencies can assist the countries of Africa in promoting and implementing industrialization. In the matter of programming and planning, in feasibility surveys, in the evaluation of concrete industrial projects, in assisting the countries to train managers, technicians and skilled workers; in the evaluation of natural resources and in the elaboration of policies intended to stimulate industrial development - in all of these the varied activities of the United Nations could serve the countries

of Africa. I pledge here our support in these fields to those countries who consider this assistance necessary for their development. In these activities the Centre for Industrial Development, the Regional Commission and the Specialized Agencies will together put all their efforts and their available resources at the disposal of the countries of this continent. The Economic Commission for Africa and this Committee are particularly in a privileged position to undertake this responsibility, and I consider that this is the focal point where we must co-ordinate and make an organized effort to ensure the best use being made of the resources which international organizations can mobilize in this field. Thus, I only express a plain fact when I refer to the significance I attach to this opportunity of making contact with you and in participating in your deliberations. Such opportunities for exchanging ideas, of hearing about your problems and your achievements are an indispensable guide for the formulation of our work programme and in the creation of effective instruments for serving the newly independent African States in their efforts towards self-sustained economic growth.

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