

49-48

UNITED NATIONS
**ECONOMIC
and SOCIAL
COUNCIL**

Distr.
GENERAL

E/CN.14/525
E/CN.14/INR/194
OAU/CMI/W/9
18 May 1971
Original: ENGLISH/FRENCH



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ECONOMIC COMMISSION FOR AFRICA

REPORT OF THE ECA/OAU CONFERENCE OF MINISTERS OF INDUSTRY
(Addis Ababa, 3-7 May 1971)

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ORGANIZATION OF THE MEETING

Opening and duration of the meeting

1. The ECA/OAU Conference of Ministers of Industry met in Addis Ababa, Ethiopia, from 3 to 7 May 1971.
2. The conference was opened by His Imperial Majesty Haile Selassie I. The Emperor's address underlined the need for African States to work out a common policy and strategy for industrial development for the Second United Nations Development Decade. The Emperor recognized that the greatest part of the effort to develop industrially would necessarily fall on the developing countries themselves, but thought it essential that the developed countries, on their part, should provide the resources required by the goals and objectives of the Second Development Decade. The Emperor impressed upon the meeting the need to create and nurture industrial growth at both national and multinational levels, and pointed out that the fair accommodation of mutual interests between states could be established on the basis of appropriate policies and the required degree of political will.
3. The vote of thanks to the Emperor, proposed by the representative of Nigeria and seconded by the representative of Togo, was carried by acclamation.
4. Mr. R.K.A. Gardiner, the Executive Secretary of ECA, placed before the meeting the tasks set for African countries in the Africa's Strategy for Development in the 1970s (adopted at the Tenth session of the Commission in Tunis in February 1971), and noted some of the limitations of the current African industrial situation. He referred to the slowness and smallness of the flow of overseas investment capital into Africa, and urged the strengthening of the machinery to identify, elaborate and evaluate viable industrial projects. He called for adjustments, amendments and substantial improvements of policies in many areas including manpower planning and education, the evolution of innovative technologies, the provision of infra-structural facilities, and the strengthening of institutional frameworks. Mr. Gardiner asked African countries to shed unwarranted anxieties about national interest every time proposals for economic co-operation were mooted.
5. In his statement to the inaugural session of the conference, Mr. Diallo Telli, Administrative Secretary-General of OAU said that the meeting gave effect to the principles and approaches laid down by the Heads of State at the September 1970 session of OAU. The co-sponsorship of the conference by the secretariats of ECA and OAU was in accord with the established objective of developing the spirit and dynamism of "African Groups" in major international meetings. The Administrative Secretary-General emphasized the role of an industrial effort which was truly co-operative between countries and which rose above the considerations imposed by micro-rationalism and the needs of micro-markets. Mr. Telli focussed on the need for unity, co-operation and solidarity between the member States of OAU and suggested that the meeting should produce an African Industrialization Charter.

Attendance

6. The conference was attended by delegations from the following countries: Algeria, Botswana, Burundi, Cameroon, Democratic Republic of the Congo, Ethiopia, Gabon, Ghana, Ivory Coast, Kenya, Liberia, Libya, Morocco, Niger, Nigeria, People's Republic of the Congo, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Togo, Tunisia, Uganda, the United Arab Republic, the United Republic of Tanzania and Zambia. Observers from the United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO), African Development Bank (ADB), African Institute for Economic Development and Planning (IDEP), the East African Community (EAC), and the Afro-Malagasy Common Organization (OCAM) were also present. (The full list of participants is given in Annex I.)

Election of officers

7. H.E. Mr. Yilma Deressa, Minister of Commerce, Industry and Tourism of Ethiopia, was unanimously elected Chairman. The conference elected Mr. Ahmed Suliman, Minister of Industry of Sudan, as First Vice-Chairman and M. Itsouhou of the People's Republic of the Congo, as Second Vice-Chairman, respectively. M. Jules Hadzi of Togo was elected Rapporteur for the meeting.

Agenda

8. The agenda (E/CN.14/INR/191/Corr.1/Rev.1), was adopted. It was agreed that, if necessary, supplementary night sessions would be organized to cover fully all items of the agenda, which are stated below:

1. Opening session
2. Election of officers
3. Adoption of agenda
4. Organization of work
5. Industrial growth trends in the 1960s
6. Industrialization policies for the 1970s
 - (a) Domestic
 - (b) Multinational
 - (c) International or consequential policies
7. Financial needs for the 1970s
 - (a) Mobilization of domestic resources
 - (b) Mobilization of external resources
8. Technical assistance needs for the 1970s
9. The Special Conference of UNIDO
10. Adoption of report

ACCOUNT OF THE MEETING

Industrial growth trends during the 1960s

9. A representative of the ECA secretariat introduced the following documents:

- (i) African's industrialization in the 1960s: Major issues
(CMI/INR/SP/1, OAU/CMI/W/1);
- (ii) Industrial growth in developing Africa from 1950 to 1968
and Prospects for 1980 (CMI/INR/WP/1, OAU/CMI/1; and
- (iii) Major industrial projects in developing Africa (1967-1969)
(E/CN.14/INR/189).

10. The analysis of the patterns of growth and the statement of outstanding issues facing African countries at the end of a decade of significant efforts at industrialization provided in the documents evoked a wide-ranging discussion during which the following points were made:

- (a) A certain amount of industrialization, with negligible genuine contribution to value added, had occurred in several countries;
- (b) The generous incentives provided to foreign investors might have been helpful in attracting overseas investment, but their true costs to African economies needed specific evaluation;
- (c) The industrial effort of the 1960s, often concentrated in a few foreign-dominated urban enclaves, had had a very limited impact on the economy as a whole;
- (d) The pace of industrialization had speeded up in several countries during the second half of the 1960s;
- (e) The additional costs of the provision of specific infrastructure facilities required by industrial investors and plants often added to the overall cost of setting up plants in developing Africa;
- (f) There was demonstrable extravagant waste by some senior members of the industrial bureaucracy;
- (g) Heavy dependence on expatriates - caused by lack of relevant industrial skills and hence unavoidable - was a costly, and sometimes ineffective phenomenon;
- (h) Industrial growth in many countries was constrained by shortage of foreign exchange;
- (i) The need for an accelerated industrial effort in the 1970s was accepted but some disappointment was expressed with the smallness of the ECA estimate that the manufacturing sector would account for 18-20 per cent of the GDP in 1980 in developing Africa;

- (j) The constraint placed on industrial growth by the smallness of most single-country markets was frequently referred to. In the absence of adequate economic co-operation, similar, uncomplementary patterns of production sharply limited the possibilities of intra-African trade and produced burdensome excess industrial capacities. The limitation of national markets was accentuated by the political ties inherited from a colonial past and the very limited role (as producers and consumers) played by the population in the subsistence sector of the economies of developing Africa. Some emphasis was placed on the need to turn the whole of Africa into a single integrated market at an early stage;
- (k) Serious unemployment justified attempts to provide more direct employment in manufacturing industry than had been provided in the recent past. A conscious attempt to increase the labour-intensity of some industrial sectors or segments of a particular sector might prove helpful. Research must be made to study the possibility of having labour intensive industry with efficiency equivalent to that of capital-intensive industries, wherever applicable;
- (l) The secretariat was asked to prepare and present a document indicating the position of developing Africa relative to the rest of the world in terms of various industrial criteria. The secretariat promised to do this later;
- (m) The secretariat was asked to devote particular attention to the special problems in the industrialization of small countries in general, and land-locked countries in difficult political areas in particular. The conference took note of the support willingly afforded to the land-locked countries just mentioned by several neighbouring developing countries;
- (n) Worker participation in management had made an immense contribution in one member State in generating enthusiasm among workers, in raising productivity levels and in achieving lower rates of wastage and rejection. It was recognized that worker participation in management was capable of wider adoption and had a worthwhile contribution to make to increasing the efficiency of African industrialization;
- (o) The conference took note of the activities of the African Development Bank and of the importance of co-operation between OAU, ECA, UNIDO and ADB, among others, in the cause of rapid and effective industrial development;
- (p) The ECA documentation for the meeting, it was felt, should have placed emphasis on mining activities, mineral processing, the creation of mineral-based industries and on the setting up of an African institute dealing with mining; and
- (q) The conference appreciated the papers on individual country policies, achievements and problems presented by the UAR and Sudan.

Industrialization policies for the 1970s

11. Introducing the above agenda item, a representative of the secretariat informed delegates that the relevant working papers submitted were:

- (i) Courses of Action for the Promotion and Development of African Enterprises (CMI/INR/WP/2, OAU/CMI/2);
- (ii) Multinational Co-operation for Industrial Development (CMI/INR/WP/3, OAU/CMI/3);
- (iii) Growth Assessment of Industrial Sectors (CMI/INR/WP/4, OAU/CMI/4); and
- (iv) Employment, Technology, Growth and Industrialization in African Economies (CMI/INR/WP/7, OAU/CMI/7).

In addition, the document entitled "Africa's Strategy for Development in the 1970s" adopted by the Tenth session of the ECA was submitted as background information. The representative of the secretariat focussed attention on the issue paper (CMI/INR/SP/2, OAU/CMI/W/2: "Industrial Policies: Critical Areas of Action for Accelerated Industrial Development in the 1970s", which dealt with the key policy issues in the speeding up of industrialization in the 1970s.

12. It was hardly possible to generalize on policy measures, since by definition, they needed a country focus and a specific problem orientation. However, there were common African problems which could be treated within a broader framework.

13. The experience of industrialization in Africa in the 1960s would seem to indicate:

- (a) That industrialization had not reduced the external dependence of African economies in spite of a major thrust at import-substitution; and
- (b) That the benefits derived from the industrialization efforts were limited because industry tended to be an enclave within the traditional sector.

14. Tariff policies, foreigner-oriented incentive measures, shortage in management and technical skills, lack of African entrepreneurial capability and the small size of national markets have been cited as responsible for some of the shortfalls in the declared objectives of industrialization. Coherent policies would need to be formulated and pursued at the national, multinational and international levels to achieve the following objectives during the 1970s:

- (a) Diversification and expansion of the industrial base;
- (b) Promotion of co-operation for implementing multinational industrial projects;
- (c) Maximization of the benefits of industrialization;

- (d) Integration of the national economy; and
- (e) Increase in the net flow of external assistance for industrial development.

15. The representative of the secretariat pointed out that as regards national industrial policies proper the areas of action which deserved special attention were:

- (a) Rural industrialization and more generally the expansion of non-agricultural output and employment;
- (b) The promotion and development of a dynamic African entrepreneurial base organized either in the private or the public sector or some combination of the two;
- (c) The rapid development of technology;
- (d) Careful allocation of investments and more specifically the need to pay special attention to the process of project identification, formulation, evaluation and selection; and
- (e) The promotion and development of African capability in the export of manufactures to take advantage of possibilities in the immediate future as well as to develop competitive advantage in the long-run.

16. With regard to multinational industrial policies, the main problems appeared to be:

- (a) The need to formulate and agree on criteria for evaluating and sharing the benefits and costs of individual multinational industrial projects or of packages of multinational industrial projects;
- (b) The absence of active institutional promoters of multinational industrial projects; and
- (c) The lack of resources required for preinvestment activities.

African intergovernmental organizations in co-operation with ECA and OAU could plan an active role and bilateral and multilateral sources could possibly contribute to overcome the particular resources bottleneck, in this context.

17. National and multinational industrial policies are expressions of the deeply felt needs of African countries. Consequently, technical and financial assistance could serve the best interests of African countries if the response matched those needs. Furthermore, that meant the provision of additional assistance to African countries to meet their special needs and in order to redress existing inequalities and imbalances. Concerted action by African countries could play a decisive role in influencing global aid policies and in assuring that African countries derived equitable benefits from international trade and official capital flows.

18. In the discussion that followed, delegations focussed attention on the policies and actions that would need to be taken by them, singly or collectively, to speed up industrialization in the 1970s. It was recognized, however, that there was no simple formula which could be put forward as a universal solution. In fact, there was danger in attempting to oversimplify the complex process of industrialization. Strategies, approaches and methods should be the result of a careful examination of resources. These should be guided by the over-riding principle of safeguarding the best interests of African countries. The availability of rich mineral resources, it was felt, could constitute a basis for immediate action in the sense of creating domestic processing facilities as well as establishing user industries. Policies should give consideration to the possibility of domestic production of intermediate and capital goods industries so that the external dependence of African countries could be reduced in the shortest possible time.

19. Delegates devoted considerable attention to the means by which the process of integration of African economies could be speeded-up at the national and multi-national levels. As far as national integration was concerned some delegates stressed that a dynamic programme of rural industrialization should constitute an important policy objective. Further, there was need to support it by a programme of infrastructural development that would facilitate rural-urban links and also make possible a less costly dispersion of industry into the rural areas. Small-scale and cottage industries in their various manifestations could be made to play an effective role. It was, however, stressed that such industries should be based on innovative technology so as to ensure that such activities do not lapse into a state of technological inertia and thus eventually restrict the prospects of dynamic rural growth.

20. Several delegations stressed the importance of multinational co-operation as the major policy instrument for speeding up the overall process of industrialization. The possibilities for deriving benefits from multinational co-operation were larger, although it was noted that there were difficult problems yet to be overcome. Some delegates observed that the major problem hindering progress in multinational co-operation was inadequate political will and commitment on the part of African countries. In spite of praiseworthy efforts and public expressions of the required will over the last decade, it had not been possible to make a significant break-through in multinational co-operation. It was also felt that multinational co-operation should not be seen only in terms of co-operation in trade and the mutual lowering of tariff barriers but should extend to the carrying out of multinational industrial projects. There was need for national industrial policies to explicitly incorporate actions for promoting multinational co-operation as a major objective.

21. Delegates further observed that multinational industrial co-operation should be seen within a broader economic framework. Co-operation between African countries should be encouraged in the exchange of information and technological know-how. There was no reason why African countries should always look beyond the continent for expertise even when there was a surplus of certain categories of expertise elsewhere within the continent. With regard to the market constraint on industrialization, several delegates pointed out that a problem quite as important as the smallness of individual national markets was the fact that these were often

captive markets of the advanced countries for historical, political and other reasons. It was stressed that there was need for deliberate policies to protect African interests and to promote industrialization based on policies that in effect reserve African markets for African industries. Delegates were informed that one country was now constituting a purchase policy that gave priority first to the country, second to its partner-states, third to the rest of Africa and fourth to developing countries in other regions only on the exhaustion of which it proceeded to purchases from advanced countries.

22. Several delegates stressed the importance of self-reliance. It was emphasized that the spirit of self-reliance was the means by which African countries could create the genuine basis for development. The time was now opportune to re-examine external ties and to formulate and institute policies that would ensure that external assistance would not distort African priorities. Some delegates pointed out the need for pursuing inward-looking policies and policies aimed at making the public sector the major means for accelerating industrialization and retaining to countries the full benefits of that effort. There was also need to aim for ownership of industries that were of key developmental interest and also industries that otherwise tended to operate as urban enclaves. On the other hand, it was noted that outward-looking policies should also be given emphasis considering that that approach had benefited other countries in the past and was still doing so.

23. It was noted that African countries would need to use protection policies as an instrument for stimulating industrial development and for protecting their industries against dumping practices on the part of advanced countries. It was further pointed out that efficiency criteria alone could not constitute the basis for selecting and implementing industrial projects. Inasmuch as other countries had historically pursued protection policies to develop their industrial base, so did Africa have the need for reliance on ample protection to its infant industries. Other delegations felt it was necessary to have a specific time horizon as far as the period of protection to a specific industry was concerned. Otherwise there was danger that the infant industry might not be stimulated to attain effective operation.

24. In discussing policies for technological development, delegates referred in particular to document No. CMI/INR/WP/7, OAU/CMI/7, prepared by a consultant. Some delegates observed that labour-intensive techniques should be promoted in order to better cope with the unemployment problem. In their view, that constituted a rational policy choice considering the abundance of labour in relation to capital in developing Africa. Basic research should be fostered in order to develop technology that was more appropriate to African conditions, in this view. African countries could also explore possibilities for advancing technological capability first by copying existing technology, rather than attempting to develop an intermediate technology for the production of capital goods.

25. Several delegations challenged the view that the manufacturing sector could make significant contributions to the easing of the unemployment problem. It was felt that the concept of unemployment in the dual economy which characterizes Africa was difficult to interpret and possibly of less relevance than in the advanced countries which did not have a large subsistence sector to fall back upon. Delegates cautioned that it would be wrong to be doctrinaire in the matter of choice of techniques and called for a more balanced and practical approach to the problem. One possible way which has proved productive was to pursue innovation in the area of small-scale and cottage industries. Moreover, it was generally agreed that the wholesale application of intermediate or "appropriate" technology in modern industries such as steel mills and chemicals and fertilizers was not being suggested. In those cases African countries must choose the most modern technology if their industries were to have a chance of being competitive in the long-run. It was also stressed that the most effective way to acquire technology was by developing national supplies of the required skills.

26. The consultant, in reply, pointed out that the need for appropriate technology arose from the fact that machinery supplies were developed and designed in the industrialized countries where the resource configuration was totally different from that of African countries. If the objectives of research could be more specifically localized, then it should be possible to develop low-cost, competitive technology suitable to Africa. It was not possible to rely on rural industrialization to ease the urban unemployment problem; for that was so huge a problem that when everything possible had been done to develop rural areas, there would still be an unsolved urban unemployment problem as a more than relevant item in policy making. The underlying logic behind the last assertion was that the constituents of the labour force fifteen years hence were already born. In the short-run the stress should be directed to public works programmes, although that was not a sufficient solution in itself, in the view of the consultant.

Financial needs for the 1970s (Mobilization of domestic and external resources)

27. The following documents were introduced:

(a) Background papers

- i) Aid to Africa (E/CN.14/WP.1/30; OAU/EPAD/29);
- ii) Note on external resources for development (E/CN.14/INR/185);
- iii) Investment climate in Africa (E/CN.14/INR/184);
- iv) Foreign investor's view of the investment climate in Africa ((E/CN.14/INR/188); and
- v) The multinational corporation in Africa (E/CN.14/INR/186).

b) Working papers

vi) "The role of private foreign investment in African industrial development" (CMI/INR/WP/6, OAU/CMI/6); and

vii) "Mobilization of resources for industrial development" (CMI/INR/WP/5, OAU/CMI/5).

c) Issue papers

viii) "Financial resource needs: issues and approaches" (CMI/INR/SP/3, OAU/CMI/W/3).

28. The representative of the secretariat also used information from other studies prepared and used in preparation of these documents. It is hoped to make these studies available at an early date to member States. These studies are:

- (a) Mobilization of domestic resources (E/CN.14/INR/187), a detailed study based on a sample of 16 Eastern and Central African countries which analyses the problem both in static and dynamic contexts; and
- (b) Some features of development in Africa (E/CN.14/INR/183), an appraisal and analysis of the socio-economic growth and development performance of developing Africa during the past two decades conducted on a highly aggregative level within the plural socio-economic framework.

The representative of the secretariat pointed out that although the overall GDP growth rate did not meet the targets of the First Development Decade (4 instead of 5 per cent per annum) and was lower than in the 1950s (when 4.8 per cent had been achieved), African economies had experienced important structural changes which are reflected in the structure of direct and indirect contribution by the main producing sectors to the total GDP increment, which was as follows during the two past decades.

	Share of each major sector in the increment in GDP during	
	1950-1960	1960-1965
Agriculture	63%	18%
Mining	8%	40%
Manufacturing	29%	42%

29. Agriculture, which in the 1950s, particularly during the early 1950s -- the period of "Korean boom", was regarded as the growth promoting sector has faced serious development constraints in the late 1950s and in the 1960s, on the side of effective demand in both quantitative and qualitative terms, the latter being associated with rapid urbanization and the changing patterns of effective demand, mainly for food but also for industrial inputs.
30. If development in Africa is measured in terms of the declining relative size of the population living in the subsistence sector -- then no significant development has occurred in developing Africa during the two past decades. In 1950, as well as in 1967, 59 per cent of the population was living in the subsistence sector (75 per cent in sub-Saharan countries), although of course all such calculations must be taken as orders of magnitude because of basic data problems.
31. The attained growth rates have proved to be too low to stimulate the transformation of the traditional sector and to achieve true development, as distinguished from mere economic growth. Possibly even the higher rates of growth, proposed during the Second Development Decade (i.e., 6 per cent per annum) will not quite produce and accelerate development, in the larger sense of the term.
32. In view of the constraints faced by agriculture, and the somewhat limited possibilities to accelerate further the development of the mining sector, the manufacturing industries will need to expand at an annual rate of the order of 10 to 12 per cent per annum -- to enable the achievement of 6 per cent per annum of overall growth rate laid down for the Second Development Decade.
33. Such development of manufacturing industries implies an investment in it during the Second Development Decade of the order of US\$23,000 to 32,000 millions (Table 1 in paper CMI/INR/SP/3, OAU/CMI/W/3) -- in terms of net fixed capital formation. This might be compared with the investment of US\$7,000 millions in the 1960s and US\$3,000 millions in the 1950s in the manufacturing industries.
34. Two decades after the United Nations initiated efforts to promote development of the under-developed areas of the world the problems of domestic resources are far from being solved. The tendency to turn to foreign aid as a panacea in this area of resources is very disquieting, for it raises an auxiliary tool to the status of a substitute for the main effort which is in the field of generating domestic resources.
35. Efforts at mobilization of domestic resources have been strenuous but the results have been disappointing. In many countries the saving ratio has actually declined and the balance-of-payments position on current account has deteriorated.
36. It was argued by the representative of the secretariat that structural pluralism, which characterizes most African economies, should be regarded as the major cause of the resource-related difficulties.

37. The notion of pluralism, as used in the secretariat studies, implies two types of co-existent duality; (a) the simultaneous existence of a monetized economy and a large subsistence sector; and (b) the division of the economy into an indigenous (or national) sector and a non-African sector which, in many senses, is equivalent to a "foreign enclave".

38. This pluralism is reflected in a highly skewed (in favour of the foreign enclave particularly) income distribution and gets reflected in a massive concentration of savings in the "foreign enclave". The latter, in a paradox, co-exists with vast transfers abroad by the foreign enclave thus turning the "foreign enclave" into a net client with demands on the nationally-generated indigenous resources. When the inflow of external aid is taken into account simultaneously, the economy as a whole is seen to become far more dependent on all foreign sources for investment than its own initial savings pattern would suggest.

39. In the discussion that followed, delegations focussed attention on the following items:

- (a) In dealing and/or negotiating with governments of advanced countries, international institutions, multinational corporations and other private firms, including suppliers of capital equipment, the difficulties arise mainly out of lack of skilled negotiators on the African side as well as the weakness of the bargaining position of an individual African country, sometimes accentuated by lack of intra-African co-operation in this respect. One suggestion asked for UN expert assistance, especially in cases of litigation with foreign enterprises arising from misbehaviour toward the host country. Scepticism was also expressed by one delegation about the impartiality of international financial institutions in their dealings with developing countries.
- (b) The problems of controlling transfers abroad as well as of conducting the desired monetary policy in the context of membership of a specific currency zone were also voiced.
- (c) Disappointment with the volume of foreign capital flows received was expressed. And concern was voiced at the debt servicing implications of foreign aid already received. It was widely recognized that aid flows were not free from political and economic strings.
- (d) The discussion on the mobilization of domestic savings of the indigenous population was concerned with the general incapacity of the majority of workers to save owing to the paucity of earnings, the inadequacy of the machinery for collection and the problems in channelling savings into desirable investments instead of additional consumption.

Inadequacies in the institutional set-up of financial and related institutions were pointed out both from the viewpoint of their savings collecting capacity as well as funds deployment ability.

- (e) Tax structures inherited from colonial administrations are not designed to serve the purpose of economic growth, development and equity. The efficiency of the fiscal apparatus leaves much to be desired, and tax evasion was seen as a widespread phenomenon.
- (f) It was stated that there are barriers in Africa which prevent the mobility of capital sometimes even within the framework of existing inter-country arrangements.
- (g) The damage suffered by countries because of widespread smuggling of goods, often immediately after the establishment of an industrial facility, was noted.
- (h) The conference appreciated the effort of the ECA secretariat in preparing and presenting the analytical framework supported by statistical evidence. Several additional arguments and hypotheses were also put forth.
- (i) Problems related to the mobilization of resources for development, and particularly for industrialization, must be primarily resolved by the African countries themselves. Capital flows under official auspices and foreign private investment should be regarded only as auxiliary tools to be used to generate the growth of domestic resources.
- (j) Particular and repeated emphasis was laid on the need for a co-ordinated effort in increasing the prices of African mineral exports. This, it was suggested, should be supplemented by active steps to increase the degree of processing in African mineral exports and the setting up of user industries and an Institute of Mining and other organizations for promoting co-operation between the exporters of mineral products in developing Africa and other less developed countries.
- (k) The lowering of tariff restrictions against exports of manufactured goods from developing countries granted recently by the developed countries was useful. However, it was felt that the almost simultaneous increase of shipping freight rates to European ports while rates for traffic to African ports remained unchanged was regarded as a definite hindrance.

- (l) The acute dearth of "bankable" industrial projects was raised by several delegations, both in context of the market size constraint and the need for a co-operative, multinational orientation to the planning of industrialization.
- (m) The importance of increasing the degree of upgrading exports and transformation of African raw materials was stressed. This calls for development of heavy (mainly metallurgical) industries, chemical and petrochemical industries, and export-oriented agro-allied industries, to increase the share of value added in exports.
- (n) The lack of investment opportunities open to the indigenous population was recognized as a serious disincentive for an increased saving effort by this group of population.
- (o) Several delegations urged co-operation among African countries in mobilizing and efficiently deploying financial resources, particularly for industrial development. It was argued that economic and political links with the former colonial rulers discouraged, systematically and otherwise, the efforts at effective marshalling of resources on an intra-African basis.
- (p) The importance of the improvement of the organized capital market and the eventual liquidation of the unorganized market was accepted. It was widely felt that additional financial and related institutions, general and specialized in their functions, were required in almost all countries.
- (q) It was pointed out that the frequently observed overemphasis on foreign private investment in industry has led to a situation in which the most profitable, and most easy projects are often first taken up by foreign investors whereas indigenous investors, if any, and the public sector are left to cope with more difficult and possibly less profitable projects with longer gestation periods.
- (r) In view of the need for re-designing tax structures in African countries to make them growth and development oriented, the ECA secretariat was called upon to embark on studies in this field, with particular emphasis on the impact of proposed systems on resource mobilization, the need to curb undesirable investments and the need to regulate extravagant consumption.
- (s) The importance of development-oriented monetary policies was stressed by several delegations. The ECA secretariat was requested to embark on in-depth studies in this field, with particular emphasis on the problems created by currency over-valuation and the relationship between liberal exchange control practices and economic growth.

(t) In one connected view, the following propositions were made:

- (i) Africa is in need of both quantitative and qualitative changes. The latter tend to be either overlooked or are otherwise neglected. The government machinery inherited from colonial regimes is in need of restructuring to be able to cope with problems of development;
- (ii) The African entrepreneurial class was characterized as weak, lacking in entrepreneurial abilities and dynamism. It does not dispose of substantial resources, and is largely accustomed to serve foreign interests. It is incapable of being an effective agent of change;
- (iii) The liberation of the worker and the peasant, and his direct involvement in developmental activities should be regarded as the problem of mobilizing the people at large for development;
- (iv) It is possible to have economic growth without development. And Africa should vote for development, even if it involves a temporary sacrifice of economic growth; and
- (v) Multinational corporations, politically strong in their home countries, pose economic and political dangers to developing countries.

Technical Assistance requirements in the 1970s

40. A representative of the ECA secretariat introduced the above subject on the basis of document CMI/INR/SP/4, OAU/CMI/W/4, entitled: Technical Assistance Requirements in the 1970s.

41. There was considerable agreement that notwithstanding the high standards of general performance set by technical assistance personnel from UNIDO, ECA and other UN groups, there was a certain amount of unsatisfactory performance arising from inadequacies in qualifications, general or irrelevant experience, lack of facility with language of country of assignment, and undue concern on the part of experts with privileges and perquisites. In some cases, advanced age precluded the physical rigour in a job involving movement to and from the countryside. Some experts did not give first loyalty, it was felt, to the country of assignment.

42. The technical assistance programmes, under UN auspices, it was argued, were sometimes expensive from the recipient country's point of view compared to direct recruitment costs of similarly qualified personnel from neighbouring countries or elsewhere. Again, it was asserted that delays in recruitment by the supplier agency not only frustrated certain projects but compelled the recipient country to accept an expert with lower (or different) qualifications and experience than stipulated for in the first place.

43. The consensus was that the industrial needs, policies and goals arising from the Second Development Decade were of such scale that a considerable enlargement of the technical assistance effort on the part of all UN agencies, including the ECA, will be required in the 1970s. However, a feeling was expressed that expertise derived from direct experience in developing countries both inside and outside Africa had greater relevance to the conditions in developing Africa and should be tapped on a priority basis.

44. The widespread feeling was that technical assistance efforts in the past had overconcentrated on the provision of experts and more or less neglected assistance in the creation of technical and business training institutions and the provision of teaching staff for them.

45. It was suggested that the ECA secretariat should be afforded substantial, additional resources in order to expand its work in the field of industry.

46. Demands were made in favour of a higher proportion of the technical assistance funds in the world at large, and the UN system in particular, flowing to Africa.

47. The following list of areas of emphasis and objectives during the 1970s was endorsed. It was recognized however that conditions will often vary between countries, and no order of precedence necessarily attaches to the sequence of presentation below.

- (i) Assistance will be needed in the strengthening and creation of institutional arrangements, inter alia, in the following categories:

Educational institutions

- (a) Technical, general;
- (b) Technical, specific industrial specialities;
- (c) Business courses, normal commercial services;
- (d) Business courses, under-graduate and post-graduate levels; and
- (e) Fellowships and trainee facilities, particularly reinforcing the proportion available in third countries and in other developing countries in Africa.

Other educational facilities

- (a) Assistance in the organization of in-plant training facilities; apprenticeship programmes within a specific country and among its neighbours; and

Laboratory facilities for commercial and industrial testing.

Government departments and official development corporations, will need to be serviced on specific request. One major area likely to come up for consideration in several countries is the establishment of machinery for assessing, monitoring, and controlling the amounts and nature of tariff and other protection measures.

- (ii) The supply trades directed to industrial requirements for plant operation are almost wholly with foreign private groups. Further, these are often wholly operated from outside Africa. A substantial amendment of the situation in favour of location within Africa will probably call for inter-country co-operation, but should be highly productive of economies in operational costs, in any case.
- (iii) The process of Africanization of the industrial cadres requires specific country-wise assessment of the possibilities of utilizing a multi-firm approach, among others, to achieve a minimal relative level of expatriate participation in day-to-day operation of plants. Further, there is a need for (a) assessing the utilization of expatriates in the construction of factories and the erection and installation of machinery and (b) for evolving policies and programmes which will place the problem in a national, as distinguished from the current individual plant-wise, perspective.
- (iv) Assistance, ideally only on a supplemental basis, is required in the design of approaches relevant to the creation of African, private ownership-cum-entrepreneurship of industrial enterprises on a substantial scale. This, in the African context, is usually a problem quite distinct from the general tools for small-scale industrial promotion programmes of various kinds, which are also required. The latter should, whenever relevant, additionally direct specific attention to sub-contracting facilities.
- (v) The capacity of all types of public technical assistance agencies, bilateral and multilateral, to effect a quick response to a specific skill requirement for a short period has always been limited. The likely industrial growth of the 1970s will make dramatically increased demands on this aspect, and the possible methods of responding adequately and expeditiously need to be worked out at an early stage at the country level.
- (vi) Inasmuch as multinational industrial opportunities will become more vitally relevant in the course of the 1970s - the developments in internal surface transport facilities should be a major additional impetus, among others - assistance should be readily made available, on request, to groups of countries under simplified procedures.

- (vii) The creation of vital, business-oriented, Africa-based consultancy firms will need an initial push forward from non-business sources of technical assistance.
- (viii) Export-oriented manufacturing industries especially in non-traditional lines, will need help in acquiring sharply market-oriented as distinguished from general economic information, and in several areas, ranging from operation of plants to the evolution of effective export procedures. Technical assistance from multilateral agencies in this area will need to have a sharp product focus rather than broad policy prescriptions which get loosely paraphrased among so many developing countries.
- (ix) With the growth of per caput GDP, a major problem will emerge in particular countries of defending their large handicraft sectors producing mass consumption goods such as textiles against the indiscriminate growth of modern industry. Whereas the extent of defence is obviously an issue of overall national policy, solutions will often have fiscal, administrative as well as technical aspects, which need to be foreseen and assessed for relative efficacy within the context of specific national goals.
- (x) The current industrial scene in developing Africa is characterized, varying between countries, industries, individual plants and over time, by high capital costs and high unit costs of production. The reasons are diverse and do not need to be re-stated here. But the increased efficiency of industrialization, under both categories of costs mentioned above, is an obvious source of productive endeavour to be organized partly at the plant level, partly at the industry level, and partly at the country level.
- (xi) The adaptations of techniques of production and management which promote the maximum use of unskilled labour involve questions over a wide range - the relative supply and costs of various categories of personnel, overall wage and salary trends within the economy, and national approaches to rural-urban income differentials, among others. Labour-intensive solutions to the problems need to be tested out in pilot projects and fully evaluated under the varying conditions prevalent in different parts of developing Africa, being allowed the role of general policy prescriptions.
- (iii) Likewise, the programmes of rural industrialization or overall rural development (with a large industrial component) need to be fully tested out on the basis of pilot projects organized in different parts of developing Africa. This primarily pertains to attempts at creating full-fledged modern industry agglomerations in a rural environment.

- (xiii) On the record, African investors in the private and public sectors often have experienced an extremely weak negotiating position with overseas suppliers of plant and machinery. A considerable part of this weakness proceeds from ignorance on the part of the would-be investors. A small, hard-nosed team of experts overseeing African investment in the major lines in which medium and small plants are numerous - textiles, food processing and clothing to quote a few examples - and assisting in negotiations on request, could be expected to make a valuable contribution in indicating some of the ways to a more rational utilization of investment resources in African industrialization.
- (xiv) The volume of technical assistance requirements in the formulation of well-prepared projects needs to be stepped up, and the need seems to be for an urgent response.
- (xv) Given the complexity of industrial management, the wide range of industrial products and by-products, the possibilities of backward and forward linkages, the possibilities of product-substitution and process inter-changeability and the possibility of finding markets around the world, the challenges of and the opportunities for technical assistance will necessarily arise within the framework of anticipatory programming as well as outside of it. The framework of programmed anticipations is indeed essential, but it would perhaps fulfil its purposes best when it can also respond to the unpredicted challenge and to the unpredictable opportunity.

The Special Conference of UNIDO

48. A representative of the OAU secretariat introduced the following documents:

- (i) The role of OAU in African industrialization (CMI/INR/WP/8, OAU/CMI/8)
- (ii) Co-operation between UNIDO and ECA in promoting industrial development in Africa (E/CN.14/L.387)
- (iii) Special measures in favour of the least developed among the developing countries: historical note (E/CN.14/INR/190, E/CN.14/INR/190 Corr.1)
- (iv) Special International Conference of the United Nations Industrial Development Organization (INR/INF 3)
- (v) Work of UNIDO under the Second Development Decade in Africa (INR/INF 4)
- (vi) UNIDO field operations in Africa (INR/INF 5)

49. In his introductory remarks the representative of the OAU secretariat pointed out that the forthcoming Special Conference of UNIDO had the following three substantive items on its agenda:

- Long-range strategy and orientation of UNIDO's activities including the organization's role in the Second Development Decade and the transfer and adaptation of technology for the industrial development of the developing countries;
- The organizational structure of UNIDO; and
- Questions relating to UNIDO's financing.

50. It was suggested that the delegates could attempt to harmonize their views in order to arrive at a unified African stand to be stressed by African delegates attending the Special Conference.

51. In the discussion that followed delegates noted the overriding need for evolving a united programme of UN activities in the industrialization field. It was observed that UNIDO had so far played a small role in Africa; its programmes have tended to concentrate in the more developed parts of the developing world. Measures should be designed for Africa to redress the past imbalance.

52. It was pointed out that many of the recommendations would have the effect of requiring a redistribution of the principles of sharing UNDP funds to direct a larger part to industrialization through UNIDO. While the majority of delegations endorsed this as an appropriate shift of emphasis, some delegations questioned the opportuneness of the suggested shift at this time.

53. Several delegations expressed support of the SIS programme because of its flexibility in meeting the urgent needs of countries for assistance. It was strongly felt that this avenue of assistance should be greatly expanded. Nevertheless, it was noted that steps to expedite recruiting for the SIS programme should be taken.

54. It was urged that UNIDO should be enabled to expand its role in assisting governments, on request, in the whole field of industrialization. Particular emphasis was required in the following areas:

- the design of projects;
- the marketing of projects;
- small-scale and rural industries; and
- assistance in securing foreign industrial finance.

In particular, delegates called for expanded UNIDO activity in the following areas:

- documentation centres;
- technology transfer;
- assistance in locating qualified consulting assistance;
- specific assistance in the establishment of basic industries;
- assistance in the establishment of pilot plants;
- expansion of activities to cover mining;
- training programmes at all levels of manpower;
- relevant aspects of industrial property and licensing requirements; and
- direct financing of industrial plants.

55. Delegates stressed the need for increasing resources to UNIDO so as to enable it to provide greater assistance to developing countries. That would reflect the priority attached to industrialization by African countries. On the other hand it was also pointed out that the recommendation for increasing the share of UNDP resources to UNIDO would need to be examined within the overall requirements of all the agencies of the UN system of organizations. With regard to decentralization, it was cautioned that it might spread thin the activities of UNIDO and consequently reduce its effectiveness. UNIDO should also pay special attention to African inter-governmental organizations and their requirements.

56. Several delegates stressed that UNIDO and other UN agencies should tailor their activities to the priority needs of African countries. That was the means by which resources could be effectively utilized and by which UNIDO could best serve African countries. The financial and technical assistance needs identified in the course of the deliberations of the present conference could provide useful guidelines.

57. The main approaches to the Special Conference of UNIDO specifically, and UNIDO generally, were also stated as the collective position of two groups of countries. The joint statement of the North African group is presented in Annex III and the joint statement made by the UDEAC group of countries is presented in Annex IV.

Concluding Session

58. At its final session, the conference adopted after amendments, the draft report presented by the Rapporteur; the Declaration on Industrialization in the 1970s (for text see chapter III); and the Resolution on the Special Conference of UNIDO (for text see chapter IV).

59. After votes of thanks were proposed to the secretariats of the ECA and OAU and to the Chairman, the conference closed with a speech by the Chairman, H.E. Mr. Yilma Deressa, Minister of Commerce, Industry and Tourism of Ethiopia.

DECLARATION ON INDUSTRIALIZATION IN THE 1970S

60. The ECA/OAU Conference of Ministers of Industry adopted the following Declaration on Industrialization in the 1970s. The text of the Declaration, comprising a Preamble and a Programme of Action, is as follows:

ADDIS ABABA DECLARATION ON INDUSTRIAL DEVELOPMENT IN AFRICA IN THE 1970S

I. PREAMBLE

We, Ministers of Industry, meeting in the city of Addis Ababa, Ethiopia, from 3 to 7 May 1971,

Having assessed, reviewed and critically examined the policies pursued and performance in the 1960s,

Aware that our industrial expansion in the 1960s has primarily been based on imported technology, skills and intermediate inputs,

Conscious of the economic and political disadvantages of small unco-ordinated national markets and weak unrelated national economies in meeting the challenge of industrial growth,

1. Accept the framework specified in the African Strategy for Development in the 1970s and recognize that the attainment of the target set by the International Strategy for the UN Second Development Decade for industrial development will depend critically on the effectiveness of the policies that we formulate and pursue individually and collectively;

2. Assert the complete sovereignty of each state over all forms of natural resources located within its territorial limits;

3. Further recognize that the main responsibility for our industrial development falls on ourselves but that nonetheless external assistance has an important contribution to make;

4. Reaffirm our faith in industrialization as a strategic element in the structural transformation of African economies;

5. Decide to pursue deliberate and coherent national policies and to concert our actions to achieve these objectives through the maximum possible domestic processing of our natural resources; fostering exports of manufactures; expanding non-agricultural activities in the rural areas and strengthening the link between agriculture and industry; promoting the domestic entrepreneurial base in the private and public sectors; and developing technological capabilities;

6. Further decide to concert action that will lead to a fundamental reform-ulation of international economic relationships and to the creation of new forms of international industrial co-operation that will promote equitable sharing of benefits;

7. Request the Administrative Secretary-General of the OAU and the Executive Secretary of the ECA to convene similar conferences every two years during the Decade in order to review progress towards achieving targets set for the Second Development Decade; to evaluate other aspects of performance; and to recommend policies and action for sustaining industrial growth;

8. Declare that the programme of action for the 1970s outlined below represents the collective position of African countries; specifies the means for achieving industrialization; embodies our determination to achieve the economic transformation of Africa to secure a widespread improvement in the standards of living; and provides the criteria and guidelines for the efficient use of national and international resources.

II. PROGRAMME OF ACTION

1. Domestic finance for industrial development

The manufacturing sector in developing Africa absorbed investment of the order of US\$3,000 million in the 1950s and more than US\$7,000 million in the 1960s. Industrial growth targets for the Second Development Decade will call for investment three to four times as large as that for the 1960s, namely US\$23,000 to 32,000 million.

To respond to the challenge of finding these resources, member States would need to take action to remedy the following:

- (a) Low levels of personal savings;
- (b) Ineffective mobilization and use of savings;
- (c) Small and inadequately organized capital markets;
- (d) Excessive capital outflows and other remittances; and
- (e) Inadequate levels and husbanding of export earnings.

In particular countries should urgently endeavour to achieve (i) a fair increase in the prices of their mineral exports in consonance with the prices of finished products based on these materials in the advanced countries of the world; (ii) an increase in the degree of processing associated with their mineral exports; (iii) a substantial export-oriented enlargement of industries in which these mineral exports constitute the basic raw materials; and (iv) set up an African institute of mining devoted to the early attainment of the preceding objectives.

Further, member States should place special emphasis on the development of their heavy (mainly metallurgical) industries, chemical and petrochemical industries, and export-oriented agro-allied industries, to increase the share of value added in exports.

2. Relatively high installation and running costs

On the evidence of the 1960s, the investment required to set up an industrial plant of given size, technology and product structure in developing Africa was from 35 to 300 per cent higher than that needed in Western Europe and some Asian countries. This meant that action had to be taken to:

- (a) Reduce the cost of construction;
- (b) Minimize expatriate involvement in installation;
- (c) Reduce internal transport costs; and
- (d) Liberalize the present system of tied financing.

Running costs in Africa in the 1960s were also relatively high. Reduction of such costs requires:

- (a) A decrease in the relative dependence on imported raw materials;
- (b) Measures to overcome the constraints of small markets and the consequent lack of opportunity to exploit economies of scale;
- (c) Reduction in the high, scarcity-induced, inventories;
- (d) A reduction in internal transport costs;
- (e) A closer relationship between wages and productivity;
- (f) Measures to increase inter-relationships among different industries in order to promote external economies;
- (g) Measures to reduce sizably the current, large-scale reliance on expatriates in the day-to-day operations of industrial plants;
- (h) Training facilities and apprenticeship schemes; and
- (i) Formulation of ways and means to check the overinvoicing of imported machinery and equipment.

3. Foreign private investment

The effective fulfilment of the supplemental role of foreign private investment in the 1970s requires that:

- (a) Foreign investors are guided in the preparation and execution of projects;
- (b) The training of indigenous personnel by part of any contract concerning foreign participation in African industrial development; and
- (c) Appropriate measures are taken to control the distortion of consumption patterns and maldistribution of incomes among individuals and regions within a country; and to develop measures to control environmental pollution.

4. Industrialization and employment

In view of the dramatic rise of the population in the employable age groups, the countries of developing Africa should explore all positive means for increasing employment and adopt regulatory measures to reduce the number of expatriates in replaceable categories. Such increase in employment opportunities, inter alia, should be sought in:

- (a) Promotion of industry not excluding cottage and small-scale industries;
- (b) Non-agricultural activities in the rural areas;
- (c) Mobilization of under-utilized manpower for such infrastructural projects as dams, drainage, roads, water supply and irrigation;
- (d) Improvement of rural amenities; and
- (e) Research for the use of labour-intensive technologies.

It is not anticipated that the activities listed above would wholly absorb the probable increase in labour supply. Member States therefore should seek at the same time all possible means of increasing employment in the urban areas.

5. Self-reliance

In the 1960s, African industrialization tended to rely excessively on expatriate equity shareholding, management and skills. In these circumstances, the weaknesses of African industrialization were in a large measure the consequence of this alien decision taking. To ensure African self-reliance in the 1970s there should be:

- (a) Recognition of the fact that external economic assistance is not free from economic and political strings;
- (b) Training schemes to ensure the indigenous supply of operatives, intermediate personnel, high executive and technical staff;
- (c) Encouragement of African ownership and entrepreneurship in industry within the limits of state policy;
- (d) Provision of supporting facilities such as credit, research, and technical and managerial advice to encourage African-owned enterprises;
- (e) Full utilization of the State initiative and resources to secure a significant national stake in industry and the economy as a whole; and
- (f) Encouragement of indigenous consultancy and contract service firms.

RESOLUTION ON THE SPECIAL INTERNATIONAL CONFERENCE OF UNIDO

61. The conference adopted the following resolution:

The ECA/OAU Conference of Ministers of Industry, meeting in Addis Ababa from 3-7 May 1971,

Having examined financial and technical assistance requirements for African industrialization in the 1970s,

Noting the magnitude of the task facing African countries in mobilizing the required resources,

Further noting the important role that could be played by the UN systems of organizations in marshalling and channelling multilateral and bilateral aid for industrial development,

Appreciative of the creation of UNIDO by General Assembly resolution 2152(XXI) for the purpose of promoting industrialization in the developing countries and co-ordinating the activities of the UN system of organizations,

Cognizant of the actions taken thus far by UNIDO and ECA in developing inter-secretariat co-operation,

1. Urges that efforts be intensified by the two secretariats in evolving and ultimately establishing a unified programme of action of the UN in Africa so that a fuller and effective utilization of resources would be assured;

2. Calls upon bilateral and multilateral aid donors to increase their assistance to industrial development in light of the high priority placed on industrialization by African countries;

3. Further calls upon the UNDP to earmark a greater share of its resources to projects and programmes that would speed-up African industrialization;

4. Urges African countries to be represented at the highest possible policy making level in matters of industrial development at the Special International Conference of UNIDO to be held in Vienna from 1-8 June 1971;

5. Further urges that UNIDO's activities during the Second Development Decade assume a more operational and promotional character and be directed particularly to fields in which the multiplier effect will have a greater impact on other development sectors in African countries; and that UNIDO should intensify its role in the following areas: training of the administrative and executive staff of industrial enterprises; assisting the development of African capacity in export of manufactures; promoting the transfer and adaptation of modern industrial technology and know-how; establishing national industrial research and development centres; fostering exchange of industrial information; providing assistance in locating sources of industrial expertise;

6. Calls upon member States to be guided by the recommendations on financial and technical assistance endorsed by the present Conference in their deliberations at the Special International Conference of UNIDO and in negotiations with other geographical groupings;

7. Requests the Executive Director of UNIDO to co-operate with ECA and OAU in the conferences on industrialization in Africa which they have been called upon to organize periodically through the decade for the purpose of evaluating policies, performance and progress with the object of sustaining industrialization and ensuring the fulfilment of targets set for the manufacturing sector.

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Annex II. LIST OF DOCUMENTS

CMI/INR/SP/1 OAU/CMI/W/1	Africa's Industrialization in the 1960s: Major Issues
CMI/INR/SP/2 OAU/CMI/W/2	Industrial Policies: Critical Areas of Action for Accelerated Industrial Development in the 1970s
CMI/INR/SP/3 OAU/CMI/W/3	Financial Resource Needs: Issues and Approaches
CMI/INR/SP/4 OAU/CMI/W/4	Technical Assistance Requirements for the 1970s
CMI/INR/WP/1 OAU/CMI/1	Industrial Growth in Developing Africa from 1950 to 1968 and Prospects for 1980
CMI/INR/WP/2 OAU/CMI/2	Courses of Action for the Promotion and Development of African Enterprises
CMI/INR/WP/3 OAU/CMI/3	Multinational Co-operation for Industrial Development
CMI/INR/WP/4 OAU/CMI/4	Growth Assessment of Industrial Sectors
CMI/INR/WP/5 OAU/CMI/5	Mobilization of Resources for Industrial Development
CMI/INR/WP/6 OAU/CMI/6	The Role of Private Foreign Invest- ment in African Industrial Development
CMI/INR/WP/7 OAU/CMI/7	Employment, Technology, Growth and Industrialization in African Economies
CMI/INR/WP/8 OAU/CMI/8	The Role of OAU in African Industrial- ization
E/CN.14/493/Rev.3	Africa's Strategy for Development for the 1970s
E/CN.14/INR/134	Investment Climate in Africa
E/CN.14/INR/185	Notes on External Resources for Development
E/CN.14/INR/186	The Multinational Corporation in Africa

E/CN.14/INR/188	The Foreign Investor's View of the Investment Climate in Developing Africa
E/CN.14/INR/189	Major Industrial Projects in Developing Africa (1967-1969)
E/CN.14/INR/190/ Corr.1	Special Measures in Favour of the Least Developed among the Developing Countries: Historical Note
E/CN.14/INR/190	
E/CN.14/INR/191/ Corr.1	Provisional agenda
E/CN.14/INR/191/ Corr.1/Rev.1	Agenda
E/CN.14/INR/192/ Corr.2	List of Documents
E/CN.14/L.387	Co-operation between UNIDO and ECA in Promoting Industrial Development in Africa
E/CN.14/WP.1/30 CAU/TRAD/29	Aid to Africa
INR/INF/3	Special International Conference of the United Nations Industrial Development Organization
INR/INF/4	Work of UNIDO under the Second Development Decade in Africa
INR/INF/5	UNIDO Field Operations in Africa

Annex III JOINT STATEMENT OF SIX NORTH AFRICAN STATES PARTICIPATING
IN THE CONFERENCE OF MINISTERS OF INDUSTRY, ADDIS ABABA,
3 TO 7 MAY 1971

This conference is convened at an early stage of the Second Development Decade, the seventies, to consider major aspects of industrial development in Africa. These aspects revolve around three main axes namely:

- (a) Policies of industrial development;
- (b) Measures of industrial development; and
- (c) Organs of industrial development.

We in this conference have so far considered the aspects related to policies and measures. Today, we believe, our main concern is with the organs of industrial development. These are, or can be, on three main levels: national, multinational and international. Our comment will deal in the main with international organs.

The issue papers for discussion today are:

1. Technical Assistance Requirements for the 1970s,
2. Cooperation between UNIDO and ECA in Promoting Industrial Development in Africa,
3. The Role of the OAU in African Industrialization,
4. UNIDO Field Operations in Africa,
5. Work of UNIDO under the Second Development Decade in Africa,
6. Special International Conference of UNIDO.

It is worth noting that in the second paper entitled Cooperation between UNIDO and ECA, the aim is to evolve, ultimately, a unified programme of action of the United Nations in industry in Africa, and to bring about a fuller utilization of resources available to both organizations for industrial development. Such cooperation between UNIDO and ECA entails:

- (a) Establishment of general procedures and instruments to harmonize work programmes of the two organizations;
- (b) Exchange of information between the two organizations on UNIDO's operational programmes in Africa;
- (c) Continuous discussion of specific projects requiring immediate attention;
- (d) Periodic annual discussion of policies and approaches between the heads of the two organizations.

We believe that the keynote of this conference sponsored by ECA and OAU, and the Special International Conference of UNIDO to be held in Vienna between 1 to 8 June 1971, is to evolve a unified programme of action of the UN in industry in developing countries. As we review the sixties we find that during its mid-years, i.e., in January 1967, UNIDO emerged as a UN specialized organ for industrial development. Though it is a relatively young organization, its establishment has

been necessary to serve developing countries, in particular, in their formidable task of securing social and economic development through industrialization.

We, developing countries, need to make fuller use of the technical and economic resources and services available to all UN organizations for promoting industrial development. It is our duty to support these organizations and help them to become more effective instruments in our service.

The ways in which UNIDO may render effective service and expand its contribution to the national efforts of industrialization can be summarized as follows:

(1) As a centre for industrial documentation and information, since implementation of industrialization plans and programmes in developing countries requires, in our present age of science and technology, up-to-date industrial documentation and information. UNIDO should also assist in establishing national industrial documentation and information services and reinforcing existing national and regional centres of a similar character.

(2) As a medium for transfer and adaptation of modern industrial technology, know-how and industrial progress through high-level contact with appropriate organs in industrialized countries which provide much needed services.

It is realized that in order for UNIDO to fulfil its role effectively, its contacts and relations with the industrially advanced countries must be strengthened to enable it to draw on the experiences and resources of those countries for the benefit of both the developed and developing countries. We are concerned that very little has been done so far by UNIDO in the industrialized countries except in the area of expert recruitment.

Such relations with advanced countries are particularly important in connexion with the transfer of technology which has been specifically mentioned in the agenda of the conference. The capacity of the developing countries in identifying and absorbing outside technology is very limited and their capacity to adapt and develop technology is even more limited. UNIDO should through appropriate methods, endeavor to assist the transfer and adaptation of industrial technology and its utilization in the developing countries.

(3) As an organ for identifying and evaluating the consulting experts and organizations available to serve developing countries, and helping these countries to make correct choices on the basis of accurate first-hand information.

(4) By rendering specific technical, technological and economic services towards the establishment of basic heavy industries like iron and steel plants, aluminium smelters, petro-chemical plants, petroleum refineries.

(5) By assisting in establishing national industrial research and development centres, and pilot plants to enable maximum exploitation of indigenous raw materials and by determining the most appropriate technology and methods of production for local industries with special emphasis on small-scale and medium industries.

(6) By expanding its activities for industrial development in developing countries to cover mining industries to secure the proper exploitation of local **natural** resources in social and economic development plans.

(7) Through advisory missions and workshops, UNIDO has endeavoured to cater to certain training requirements. However, the nature of this training has confined its benefits to the higher echelons of industrial personnel. It is our conviction that such training programmes should give due weight to other levels of management and labour forces. This would certainly be conducive to building up new skills and improving upon existing ones.

(8) By playing a specific role in improving the international ~~system~~ of industrial property. Further there is a growing need in developing countries for acquiring new technologies, technical know-how and assistance in the field of licensing; UNIDO in our view could give a hand in this area, but so far its contribution has been minimal.

Mr. Chairman, the present contribution is made on behalf of the representatives of the countries of the North African sub-region namely:

The Democratic Peoples Republic of Algeria,
The Libyan Arab Republic,
The Kingdom of Morocco,
The Democratic Republic of Sudan,
The Tunisian Republic,
The United Arab Republic

If UNIDO carries out the functions stated above we believe it will be in a better position to make available to the developing countries the necessary information, knowledge and results of studies to help them:

- i. Establish their policies and strategies of industrialization;
- ii. Identify and develop their industrial projects to decide upon measures for the implementation and marketing of industrial products;
- iii. Secure the necessary local and foreign finance for their industrial activities.

If UNIDO is to assume its functions effectively, it should be given the necessary machinery and administrative facilities for keeping in close touch with the developing countries, whether by expanding its staff of advisers in the field, by establishing regional offices or by appointing representatives in certain countries to ensure the implementation of agreed programmes. UNIDO should also be capable of following business-like procedures and practices rather than bureaucratic rules.

UNIDO should give particular attention to the assistance and co-operation with the inter-governmental regional organizations established by the developing countries as political and economic instruments of action.

The competence and functions of UNIDO should be further defined to make the organization fully responsible for all activities of international co-operation in industry.

The share of UNIDO and industry in the activities of UNDP should be increased and the procedures of approving and financing industrial requests from the developing countries should be changed to suit the requirements of industry.

Special voluntary contributions to UNIDO should be increased by both the developing and developed countries so as to meet the additional services required by the organization.

Some of the proposed additional activities would necessarily call for an increase in the regular budget of the organization.

Annex IV. JOINT STATEMENT BY THE MEMBER STATES OF THE CENTRAL
AFRICAN CUSTOMS AND ECONOMIC UNION (UDEAC) WHICH
PARTICIPATED IN THE PROCEEDINGS OF THE CONFERENCE OF
MINISTERS OF INDUSTRY IN ADDIS ABABA 3 - 7 MAY 1971

The lessons of the last ten years of development lead us to take a somewhat pessimistic view of our chances for economic growth and of its results.

We note that there is a very wide gap separating us from the affluent countries in the different sectors which constitute the points of comparison between those countries and our own. Since 1960, not only have our GNP, our per capita income, our savings and the consequent accumulation of capital been the lowest of all the developing countries, but as yet no means or stimulus has been found to enable us to make up the leeway which has accumulated over the past ten years. Still less has any concrete solution been offered to us which might bring our own rate of development up to the level of that of the advanced countries. Our only hope might seem to be that some combination of chance events may destroy the structures of these countries, to our advantage. But, of course, we would never entertain such cynical thoughts.

With all due deference to the honoured and distinguished Delegates who have already addressed this Conference with such brilliance, it is still, nevertheless, true that, for a proper understanding of our condition in the context of the coming Decade, the industries at present based in our countries can be divided into the following four categories:

(1) There are, first of all, the transferred industries which have been set up simply because of the low cost of labour in general, the absurdly low and improvised levels of taxation in our countries, or the conditions of human bondage which certain promoters, who are not fully alive to the fact that we have achieved independence, are endeavouring to perpetuate in the hope that they may some day be able to rebuild their former economic empires.

It requires little imaginative effort by any one of us to visualize the present stage of development of these industries in terms of the situation which we have just outlined.

(2) We now come to the second category, which might be termed the cash-register industries. These are simply blots on the economic landscape, designed to provide their promoters with the maximum of profits in the minimum of time.

(3) This brings us to industries engaged in the exploitation and primary processing of our raw materials, categories with which every one of us is traditionally familiar.

(4) Finally, there are the indigenously promoted industries, which are based on domestic savings in the proper sense of the term, and which, in our humble opinion, constitute the only means of achieving the goals of industrialization desired by this distinguished gathering, since they alone truly reflect:

- (a) The existence of domestic savings being used for industrial development and for domestic needs;
- (b) The awareness of national populations that any development within their countries must be based principally on their own efforts and that foreign aid constitutes only a supplementary source of income;
- (c) The extent to which indigenous populations have acquired technical know-how in its broadest sense: productivity, innovation, professional awareness, need for social development, etc.

It is this category of industrialization which will educate our countries to strive for that independent development in which they now lag far behind.

After gaining independence, each of our countries believed it possible to develop through national self-sufficiency, by banking on its own natural resources and its bilateral alliances with the affluent countries. Unfortunately, experience proved otherwise. Without losing any time, the Central African States: the Central African Republic, the Federal Republic of Cameroon, the People's Republic of the Congo, and the Gabonese Republic formed a customs and economic union in 1966.

The purpose of this union is "to promote an area for free trade, for the provision of production services and production factors within the community, and the harmonization of customs and trade policies towards non-member countries."

The economic policy of the Union involves standardizing import duties, setting up a joint fund and harmonizing industrialization.

The joint fund serves to ensure a more equitable distribution of the customs duties levied by the coastal States.

The harmonization of industrialization is not merely necessary, but vital to the promotion of a venture in intra-regional co-operation, enabling it to extend beyond national boundaries. Three measures must be put into effect:

- (a) The formulation of a plan for industrial co-ordination and development;
- (b) The introduction of a standardized system of taxation;
- (c) The harmonization of investment codes.

We were surprised to note that the majority of the Delegates here today were unaware of the positive and immutable achievements of the Union. UDEAC is, to our knowledge, the only sub-regional economic organization which has succeeded not only in introducing a free market between the partners, but which has to its credit established industries and achieved concerted industrial harmonization on a regional scale.

The only way, Mr. Chairman, the only hope for the harmonized and continuing industrial development of Africa lies in regional development which, step by step, will bring about the integration of all domestic industries, guarantee the expansion of our markets and of our production factors, and consequently ensure a viable economic approach to each of our undertakings. Such regional development will enable us, through a premeditated, deliberate policy directed towards satisfying our industrialization needs, to promote a more rapid accumulation of the capital needed to finance regional units, under the guidance and direct control of our own countries.

It is through regional development that we can achieve the regional and international co-operation which will be beneficial to all our countries.

With respect to the UNIDO programme for the 1970s, a concept which is dear to all of us here today, it is indisputable that it fits perfectly into the picture which we have sketched. We are grateful to you for bearing with us during this brief outline.

In the view of the UDEAC countries, the effectiveness of an organization such as UNIDO hinges on the regard in which it is held by the member States, and on the enthusiasm with which the leaders of these States endorse objectives which are clearly stated. Industrial development cannot be planned using an abstract formula, without reference to the specific situation or the special characteristics of the country concerned.

We note that most of UNIDO's contributions during the five years of its existence have not benefitted our Region either in their quantity or in their quality. Perhaps we are partly responsible for this. Be that as it may, we call upon UNIDO to aim in future at a more just distribution of its assistance, and not to become preoccupied with any one part of Africa.

To return to the statements of yesterday evening, some Delegates claimed that, if UNIDO was to be made more effective, there should be some sort of transfer of funds from UNDP to it. We are not convinced of this, in fact, we are firmly opposed to any such policy.

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In our view, UNIDO should be the technical and executive agency for all the major international financing organizations in the field of industrialization. In saying this, we refer to IBERD, IMF, UNDP, IDA, EDF, etc.

Then we would be better able to see the demarcation between UNIDO and all the other organizations in the great United Nations family. Its actions would become prompt, specific and pragmatic, in short, it would become rapidly, effectively and completely available to meet our industrialization needs.

Mr. Chairman, distinguished Ministers, honoured and distinguished Delegates, these, in brief, are the considered views of the member States of UDEAC, and constitute our modest contribution to the deliberations of this Conference of Ministers of Industry preparatory to the Special International Conference of UNIDO in Vienna.