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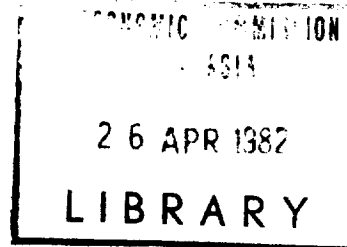
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FOLLOW-UP ACTION AT THE REGIONAL LEVEL ON UNITED NATIONS
WORLD CONFERENCES AND ECWA REGIONAL MEETINGS

Expert Group Meeting on Identification of Projects for
Regional Co-operation in Capital Goods and Heavy Engineering Industries

(Vienna, 15-19 June 1981)

Note by the Executive Secretary

1. The Commission's industrial development programme aims, inter alia, at the promotion of the development of an integrated long-term regional pre-investment programme for the development of capital goods and heavy engineering industries having strong linkages with related national industrial facilities. Such a programme should have sufficient critical mass to provide the nucleus required for the development of industrial capabilities and technological and managerial capabilities in the field of engineering industries and to bring the countries in the Region to the take-off stage and provide the dynamic and flexible instrument for changes in this important field. The programme further aims at attaining a balance in the number and type of projects for achieving an equitable distribution of benefits for participating member States.

2. In pursuance of the above-outlined programme objectives and in the context of the 1980-1981 work programme, the secretariat, jointly with the United Nations Industrial Development Organization (UNIDO), convened an expert meeting at the International Centre - Vienna, Austria, from 15 to 19 June 1981. The meeting was attended by international experts and representatives of regional and international organizations. The background documentation prepared by the ECWA secretariat included a series of pre-feasibility studies on (i) telephone cables, (ii) power cables, (iii) digital telephone exchanges, (iv) telephone instruments, (v) fabricated chemical equipment, (vi) electrical turbines and generators, and (vii) power transformers. In addition position papers on issues relating to financing of projects, marketing, technology development and standardization were also prepared.

Recommendations of the meeting

3. The expert meeting considering the various pre-feasibility studies of regional industrial projects recommended a series of primary and secondary criteria for the selection of regional projects to be established.

4. The application of the primary criteria would include the following industries in an integrated programme for capital goods and heavy engineering industries:

- (a) Industries for which the local demand for their products in most countries of the ECWA region is not sufficient in the foreseeable time-horizon (15-20 years) as to allow for the establishment of economically viable manufacturing facilities;
- (b) industries with strong forward and backward linkages where a high local content can be attained through regional co-operation as against establishing individual assembly plants within the boundaries of individual countries; and
- (c) technology intensive industries requiring the development and building-up of domestic high technological capabilities: this being the long-term objective aiming at the development of the highest technological capabilities. In the short term, however, priority be given to the development of industries with a relatively stable technologies and technological skills needed for attaining the long-term objective.

5. The application of the secondary criteria would include the following:

- (a) Industries with high economies of scale and/or industries where economic viabilities are generally obtained by producing a product mix that are technologically related;
- (b) industries that lend themselves to production split whereby certain products can be produced in one location for use as inputs in one or a number of plants in other locations, i.e. assembly operations, production of parts and components, intermediate inputs;
- (c) industries of which the location can be determined with flexibility.

6. On the basis of the primary and secondary criteria, the expert meeting recommended the following manufacturing industries to be established as regional Arab transnational projects:

- (a) Digital telephone exchange industries (4 regional projects);
- (b) Transformer industries (2 projects);
- (c) Telephone cable industries (2 projects).

7. In addition to the above, the expert group recommended also the establishment of manufacturing industries of static chemical equipment and electric power turbines and generators, but considered that due to the long gestation period of these projects and their complexities in terms of their requisites in standardization, engineering capabilities, and skills, further elaboration of some dimensions of the projects was required.

8. The expert meeting recommended further that the manufacturing of telephone instruments and electric power cables primary be pursued at the country level, but that close co-ordination at the regional level would still be required and that inter-country co-operation could take the form of specialization in component manufacturing.

Follow-up action by the secretariat

9. In follow-up to the expert meeting, the secretariat has taken initial steps regarding the promotion of the selected regional industrial projects. In this connexion contacts were made with regional and national financial institutions and investment companies. A number of the selected projects are now under consideration for possible execution by the Arab Petroleum Investment Corporation (APICORP), the Arab Industrial Investment Company (AIIC) and by the Jordan Pension Fund.

Continued efforts are being made to secure additional support from other regional interested private and public investment companies. The secretariat further intends to convene consultation meetings on specific projects. Interested parties in such projects will be invited to participate in such meetings which will be expected to work out detailed follow-up action required. Two meetings are expected to be held in first quarter of 1982 on the manufacturing of static chemical equipment and telephone cables.