



UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Distr.
GENERAL
E/ESCWA/13/4 (Part VI)/Rev.1
14 April 1986
ORIGINAL: ENGLISH

ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA

Thirteenth session
19-24 April 1986
Baghdad

Item 6(a) of the provisional agenda

**REPORT OF THE EXECUTIVE SECRETARY
ON THE ACTIVITIES OF THE COMMISSION**
**PROGRESS MADE IN THE IMPLEMENTATION OF THE
WORK PROGRAMME**

Part VI

Industrial Development

VI. INDUSTRIAL DEVELOPMENT

This programme is implemented by the joint ESCWA/UNIDO Industry Division (JEUID). In addition to activities undertaken under the 1984-1985 work programme, Advisory Services were rendered to member States in matters pertaining to industrial development and to Arab regional organizations in matters related to preparation and evaluation of studies.

The programme consists of three subprogrammes and six programme elements. Three programme elements and one out of two outputs under a fourth element were fully completed. The remaining two programme elements were postponed.

Resource allocation and use during the biennium are summarized in the table below.

Description	Allocated			Utilized			Balance		
	RB	XB	Total	RB	XB	Total	RB	XB	Total
Professional (w/m)	192 ^{a/}	48	240	175 ^{a/}	8	183	17	40	57
Consultancy (w/m)	6	-	6	6	-	6	0	-	0
Consultancy (\$US)	29,800	18,800	48,600	35,400	18,000	53,400	-5,600	0	-5,600
Travel (\$US)	19,700	8,000	27,700	18,650	8,000	26,650	1,050	0	1,050
Meetings (\$US)	23,300	10,000	33,300	10,100	10,000	20,100	13,200	-	13,200

^{a/} Includes 24 work-months for the post of Chief of Division who is responsible for the overall supervision of the work of the Division and is not included in the total of the various programme elements.

A. SUBPROGRAMME 1: NATIONAL PLANNING AND REGIONAL CO-ORDINATION OF THE INDUSTRIAL SECTOR

This subprogramme comprises two programme elements. One was completed while the completion of the other was postponed to 1986.

Programme element 1.1: Structure of industrial production, its growth pattern and future prospects in the ESCWA region

The report on "Industrial Trends, Structure and Potentials in the ESCWA region" was initiated in 1984 and completed in December, 1985. It covers an analysis of the historical trends and structure of industrial development in the ESCWA region, such as the industrialization strategies, policies and objectives adopted by member countries;

B. SUBPROGRAMME 2: TRADE IN MANUFACTURED PRODUCTS AND FINANCING OF INDUSTRIAL DEVELOPMENT

This subprogramme comprised only of one programme element which was postponed.

Programme element 2.1: Trade in manufactured products

At the initiative of the secretariat, this programme element was postponed to the current biennium due to the vacancy situation. Resources originally allocated consisted of 24 work-months of Professional resources under the regular budget.

C. SUBPROGRAMME 3: DEVELOPMENT OF SELECTED INDUSTRIAL BRANCHES AND IDENTIFICATION OF REGIONAL PROJECTS

This subprogramme consists of three programme elements. Two programme elements were completed. One of the two outputs under the third programme element was also completed while the other was postponed.

Programme element 3.1: Identification of regional projects in capital goods and other engineering industries

This programme element was completed by the end of 1985. It consisted of three outputs related to the following: (i) promotional activities; (ii) microelectronics and informatics; and (iii) the automotive industry.

Promotional activities concerning the development of engineering industries in the region, including capital goods industries, and the identification of national and regional projects in these areas covered the following in 1985:

- (i) Preparation of the terms of reference for the establishment of an Arab electrical power equipment manufacturing company;
- (ii) Preparation with the Arab Industrial Development Organization (AIDO), Arab Industrial Investment Corporation (AIIC) and the Arab Fund for Economic and Social Development (AFESD) of a feasibility study on diesel engines which was undertaken by an international consultant;
- (iii) Undertaking the first stage of a feasibility study on pressure vessels, heat exchangers, furnaces and reactors with the Organization of Arab Petroleum Exporting Countries (OAPEC), AIDO, UNIDO and AFESD;
- (iv) Identification of project profiles to be presented at the third Arab Businessmen Meeting which was postponed from 1985 to 1986.

A report to the Commission on promotional activities appears under agenda item 6(a) (see document E/ESCWA/13/4/Add.19).

In the area of microelectronics, a techno-economic prefeasibility study on the establishment of a Regional "silicon foundry" and design centres for the design and manufacture of microelectronic components was completed (E/ESCWA/ID/86/GRP/1). The study was undertaken in co-operation with UNIDO and Direction de l'Industrie Electronique et de l'Informatique (DIELI) of France. An Ad Hoc Expert Group Meeting was

held in January, 1986 to discuss and follow-up on the study. Furthermore, and in order to enhance computer software and hardware technologies and industries in the region, a workshop on "Computer processing of the Arabic language" was organized in co-operation with the Kuwait Institute of Scientific Research and the Arab Fund for Economic and Social Development.

The final output in the form of a report to the Commission appears under agenda item 6(a) (see document E/ESCWA/13/4/Add.18).

In the field of automotive industries, a techno-economic draft study on the integrated development of manufacturing facilities for the automotive industries was completed in 1984. The study provided the background for the second stage of this programme, which is covered by the final study report completed in 1985. The final report includes, inter-alia, analysis of common components in relation to the variables of market, technology and design. It contains profiles for identified projects to be developed on a national, regional and subregional basis. The report also served as a basis for the selection of the high speed diesel engine as a subject of a prefeasibility/feasibility study. Since other regional organizations were intending to conduct similar studies, it was decided to pool efforts and resources.

The final output appears as a Report to the Commission on an integrated development of manufacturing facilities for automotive industries under agenda item 6(a) (see document E/ESCWA/13/4/Add.17).

An ad hoc activity under this element consisted of an agreement among AIDO, AIIC, the Arab Fund and ESCWA on a joint project that included preparation of a detailed feasibility and related studies for the high speed diesel engine with a view to its development at the Arab regional level. A Standing Technical Committee, representing the four organizations, was formed for carrying out this activity. Negotiations led to our agreement with international consultants at the beginning of 1985. The joint project includes promotion activities including meetings with prospective investors and users of diesel engine and components.

The resources for this programme element are shown below.

Description	Allocated			Utilized			Balance		
	RB	XB	Total	RB	XB	Total	RB	XB	Total
Professional (w/m)	40	10	50	51	2	53	-11	8	-3
Consultancy (\$US)	- 18,000	18,000		- 18,000	18,000		-	0	0

Programme element 3.2: Development of selected industrial branches

Two outputs were planned under this element.

(a) Iron and steel

Desk research on the status of the iron and steel industry in the region was completed in 1984 and included information on capacities of various facilities, their performance, investments, outputs and availability of various raw materials needed to develop the iron and steel industry. In close co-operation with UNIDO, joint field missions were undertaken to Egypt, Oman, Qatar and Syria. The mission resulted in a detailed technical field survey on production and managerial aspects of the iron and steel industry. The final report issued in December, 1985 (E/ESCWA/ID/85/17) was entitled "Iron and steel industry". It highlights the following: the economic situation in the ESCWA region; the market for iron and steel industry; the industry's potential; its present status, structure and problems. It deals with aspects of capital investments and with the resource base for industry, co-operation among countries of the ESCWA region in the iron and steel industry; and with trends and recommended actions for development of a harmonious and integrated industry. (See document E/ESCWA/ID/85/17)

(b) Agro-food industries

Although this study was postponed to the 1986-1987 biennium because of a post vacancy, work has been initiated upon filling of a vacancy in the second half of 1986. A preliminary report was prepared covering background information on the present situation of the agro-food industries in the ESCWA region and a detailed study of the work to be completed in the 1986-1987 biennium.

The resources utilized for this programme element are shown below.

Description	Allocated			Utilized			Balance		
	RB	XB	Total	RB	XB	Total	RB	XB	Total
Professional (w/m)	40	10	50	16	6	22	24	4	28
Consultancy (w/m)	2	-	2	2	-	2	0	-	0
Consultancy (\$US)	10,000	-	10,000	10,000	-	10,000	0	-	0

Programme element 3.3: Specialized industrial technologies

This programme element started in 1984, and was a continuation of activities undertaken during the 1982-1983 biennium in the field of petrochemicals and engineering.

Two studies were completed under this programme element. The scope of these studies has greatly expanded as a result of a co-operation agreement between ESCWA and AIDO. The studies now cover all Arab countries. In addition to petrochemicals and fertilizers, the oil refining sector was included. Technological capabilities under study were expanded from process, plant and product design as was originally stipulated to also include selection of technology, negotiations, prefeasibility and feasibility

studies, engineering, research and development, maintenance and manufacture of spare parts, plant and customer services, training, and marketing. Furthermore, a study on technological capabilities in iron and steel was also added and was assigned to AIDO to prepare.

The outputs of this element appear as two reports to the Commission on the following: (i) a master plan on the development of technological capabilities in the oil refining, petrochemical and fertilizer industry (agenda item 6(a) (see document E/ESCWA/13/4/Add.20); and (ii) a master plan for the development of technological capabilities in capital goods industries (agenda item 6(a) (see document E/ESCWA/13/4/Add.21).

The resources utilized for this programme element are shown below.

Description	Allocated			Utilized			Balance		
	RB	XB	Total	RB	XB	Total	RB	XB	Total
Professional (w/m)	40	10	50	51	-	51	-11	10	-1
Consultancy (w/m)	2	-	2	2	-	2	0	-	0
Consultancy (\$US)	10,000	-	10,000	10,000	-	10,000	0	-	0

Ad hoc activities have been reported under relevant programme elements and consisted mainly of co-operation with regional, Arab and international organizations. Such activities will be further covered under agenda item 11 on co-operation among developing countries and regional organizations.

Three studies undertaken in the previous biennium were published. They are entitled: (i) "Studies on Regional Co-operation on the Development of Capital Goods and Heavy Engineering Industries"; (ii) "Symposium Proceedings on Plastic Technologies and Applications"; and (iii) Proceedings of a Workshop on "Technology and Process Design Update, Petrochemicals, Fertilizers and Oil and Gas Processing".

The joint ESCWA/UNIDO Industry Division suffered from post vacancies during the 1984-1985 biennium. During 1985, one ESCWA post and one UNIDO post, both in the Professional category, were filled. Still, at the end of the year the JEUID had three ESCWA vacancies and one UNIDO vacancy in the Professional category and one UNIDO vacancy in the General Services category.

For the biennium 1986-1987 the continuation of UNIDO's contribution seems doubtful. This will affect the performance of the Division.

The technological capabilities studies completed under programme element 3.3 provide the framework for subsequent country studies. A few countries will be chosen for in-depth assessment and recommendations in 1986.

The study on iron and steel (programme element 3.2) has covered all relevant aspects of that industry. It will not be continued in the 1986/1987 biennium as stipulated in the work programme.

The co-operation of JEUID with various regional and national organizations (AIDO, AIIC, OAPEC, Kuwait Institute for Scientific Research (KISR), the Arab Fund etc.) has given positive results for ESCWA and enabled it to reach the decision-makers responsible for development in the region. This trend will be strengthened in the 1986-1987 biennium.