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**PROGRESS MADE IN THE IMPLEMENTATION
OF THE WORK PROGRAMME**

PROMOTION ACTIVITIES OF THE JOINT ESCWA/UNIDO INDUSTRY DIVISION

Note by the Secretariat

A. Introduction

ESCWA's programme on capital goods and heavy engineering industries was initiated in 1978. This programme aims at the development of capital goods and engineering industries in the region, especially at the regional level. The activities under this programme include identification of specific candidate projects. Towards that end a number of pre-feasibility and pre investment studies have been prepared. A second important activity is the promotion and development of these projects.

All the studies undertaken under this programme have been circulated to member States and concerned national and regional institutions. They include the following:

1. A study on the viability of establishing a regional electric power equipment industry in the ESCWA region. The study examines and projects the demand for electricity and examines the supply aspects of the industry, as well as its implications on the establishment of a regional electric power equipment industry in the ESCWA region. It also includes pre-feasibility studies on the manufacture of turbines and generators, transformers, power boilers, switch gear equipment and cables.
2. A study on the viability of establishing a regional telecommunication equipment-industry in the ESCWA region. The study examines and projects the demand for telecommunication services and analyzes the industry at the international level and identifies the implications on the establishment of a regional telecommunications industry in the ESCWA region. The study also includes pre-feasibility studies on telephone exchanges, telephone instruments and cables.
3. A study on the viability of establishing manufacturing capabilities for fabricated equipment for chemical industries.

Aside from the above, ESCWA initiated the development of certain capital goods at the sub-sectoral level. This includes the ongoing programmes on the development of the automotive industries that combines the development of technologically interrelated industries, namely, the car industry particularly commercial vehicles, construction equipment, agricultural tractors and combines.

B. Promotion activities

ESCWA's promotion activities involves three types of activities. The first includes the dissemination of results of the studies, including pre-feasibility and preinvestment studies to concerned national and regional organizations and institutions. The second relates to advisory services for promoting the identified projects with prospective investors. The third involves co-operation with development, financial and investment institutions by taking the identified projects a step further towards implementation.

The promotion of capital goods projects started with the Expert Group Meeting held in Vienna in 1981 and was followed by an Expert Group Meeting on the Manufacture of Generators and Turbines which was held in Baghdad in 1983 in which some major world manufacturers participated.

The major promotion activities undertaken during the 1984-1985 biennium include the following:

1. The Joint ESCWA/UNIDO Industry Division (JEUID) participated in preparing the terms of reference of an Arab Electrical Manufacturing Company which was proposed and conceived to study, plan and implement all regional projects pertaining to manufacturing electric power generation and distribution equipment. This was based on a recommendation made during a meeting on Electrical Industrialization in Arab Countries which was held in Tunis from 17 to 18 November 1983 in which JEUID participated.

JEUID also participated in the deliberations of the Second Meeting for the Producers and Distributors of Electric Power in the Arab East which was held in Amman, Jordan, from 18 to 20 December 1984. This meeting was attended by representatives of Bahrain, Iraq, Jordan, Kuwait, Saudi Arabia, Syria, Tunis and the Yemen Arab Republic in addition to the Arab Industrial Development Organization (AIDO), the Arab Fund for Economic and Social Development (AFESD), the Arab Industrial Investment Company (AIIC), the Gulf Organization for Industrial Consulting (GOIC), ESCWA and the Arab organization for Standardization and Metrology. The meeting recommended the establishment of a company with a capital of US \$1 million after consultations with AIIC.

The company would perform feasibility studies on selected electric power equipment. This final recommendation represented a significant departure from the original joint recommendation of ESCWA, AIDO, AFESD and GOIC which had recommended that the company should plan and implement electric power projects and should have a capital of US \$300 million. One of the reasons for this change was the opposition of AIIC to the establishment of the proposed company on the grounds that AIIC was the company that should be involved in this activity according to its terms of reference.

2. The JEUID in co-operation with AIDO, AIIC and AFESD joint efforts and resources for conducting a feasibility study on the manufacture of diesel engines and components in the Arab world. A standing technical committee representing all those organizations was formed for following up and monitoring this project. Terms of reference were prepared and sent to several international consulting firms. The offers received were analyzed in detail. Negotiations were carried out with representatives of the consulting firms. A final report incorporating selection of a consulting firm to carry out the work was submitted. The contract with the selected consulting firm was finalized by the Standing Committee prior to having it signed by the officials concerned.

3. The pre-investment study prepared by JEUID on the fabrication of pressure vessels, heat exchangers, furnaces and reactors has been well received by regional organizations. It has been decided that necessary feasibility studies be prepared. Accordingly, JEUID, AIDO, the Organization for Arab

Petroleum Exporting Countries (OAPEC), the United Nations Industrial Development Organization (UNIDO) and the Arab Fund have joined resources to undertake the first stage of the feasibility study of this project, namely, market assessment.

A joint committee has been established for this purpose. Questionnaires have been prepared and distributed among the Arab countries.

4. The pre-feasibility study on the manufacture of telephone exchanges, which was prepared by JEUID, was used by AIIC as a basis for the preparation of a feasibility study covering all Arab countries. ESCWA assisted AIIC in preparing the terms of reference of the consultants and in the analysis of bids received from them in the selection of a consulting firm.

Furthermore, JEUID assisted AIIC in preparing the terms of reference for the consultants for preparing feasibility studies on switchgears and fork lifts. Assistance was also rendered in the analysis of bids which were received from the consultants.

5. Preparatory work was carried out by JEUID in collaboration with AIDO and the General Federation of Arab Chambers of Industry, Trade and Agriculture for holding a meeting to promote selected capital goods and engineering projects.

The meeting was scheduled to be convened in Kuwait during November 1985 as part of the Third Arab Businessmen meeting sponsored by the Federation, as well as the Arab League and the Inter Arab Investment Guarantee Corporation. The meeting has been postponed until 28-30 April 1986.

JEUID and AIDO each identified a number of projects to be promoted at this meeting and will prepare the respective project profiles for that purpose.