

TUSIAD

UNIDO - TÜSİAD JOINT SEMINAR ON THE ROLE OF

VOLUNTARY INDUSTRIAL ASSOCIATIONS

IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

ISTANBUL - TURKEY, 28 MAY - 2 JUNE 1979, SHERATON HOTEL

Türk sanayicileri ve iş adamları derneği Türk sanayicileri ve iş adamları derneği

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS
IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

ISTANBUL

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UNIDO/TUSIAD JOINT SEMINAR FOCUSES ON ROLE OF VOLUNTARY ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT

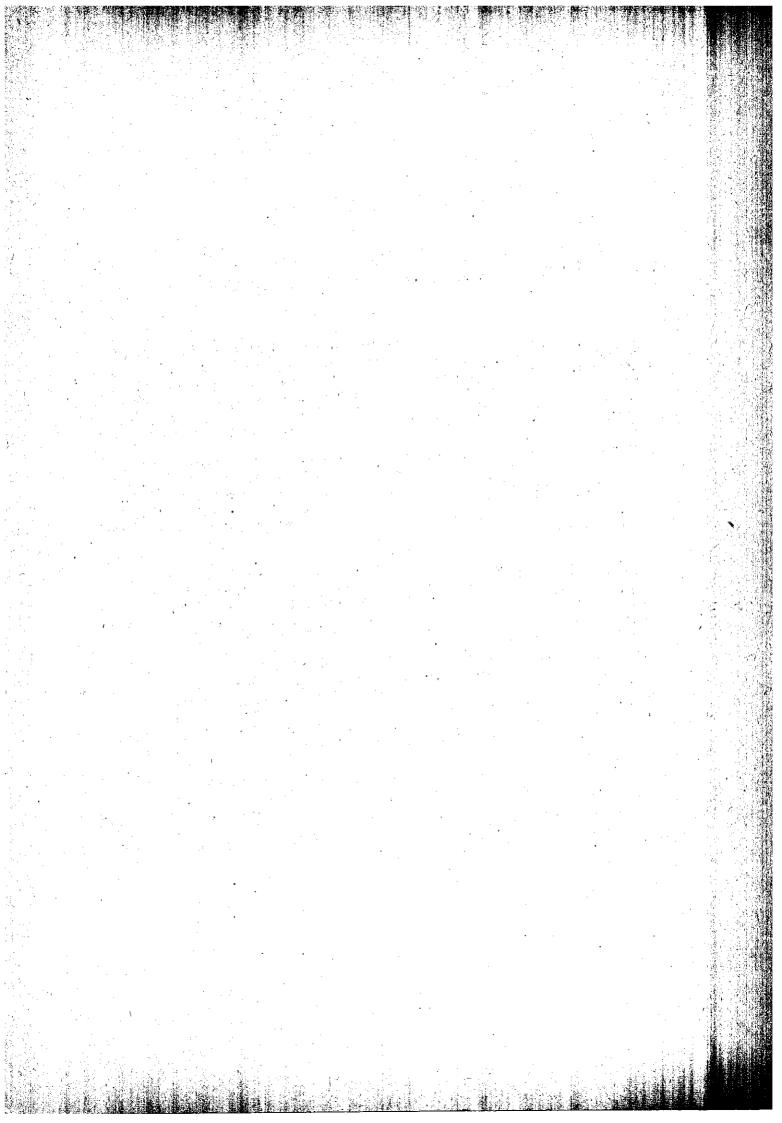
With the aim of establishing and promoting a dialogue between top managers and industrialists of developing and developed countries, the United Nations Industrial Development Organization (UNIDO) and the Turkish Industrialists' and Businessmen's Association (TUSIAD) recently held a seminar on the "Role of Voluntary Industrial Associations in the Industrial Development of the Developing Countries".

Attended by 24 participants from 14 countries, the six-day meeting (28 May - 2 June) in Istanbul was chaired by Feyyaz Berker, President of TUSIAD. Discussions centred on the role of voluntary industrial associations in the industrial development of third world countries and the ways and means of strengthening their operations and services.

The seminar, the first of its type to be organized by UNIDO, was designed to promote an awareness of like organizations existing in other countries and to provide participants with an opportunity to formulate ways and means of establishing co-operation among voluntary industrial associations on a global basis.

Using the TUSIAD experience as a model, the sessions drew comments on policies, and examined ways of influencing national legislation and contributing to long-term development strategies. TUSIAD is a voluntary industrial association established in 1971 with its headquarters in Istanbul. Its membership consists of industrialists from large-scale industry and top businessmen.

Participating in the seminar were high-level managers and industrialists from Argentina, Bangladesh, Denmark, Egypt, France, India, Indonesia, Italy, the Republic of Korea, Mexico, Pakistan, Sweden, Turkey and the United Kingdom; as well as officials of the Nongovernmental Organizations and Business and Industrial Institutions Co-operation Section of UNIDO.



CHAPTER I

SEMINAR

SEMINAR ON THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

Held in Istanbul, Turkey between 28 May to 2 June 1979

PROCEEDINGS

Dr. N.F.Eczacıbası, Chairman of TUSIAD, opened the Seminar and welcomed the 27 participants from 14 countries and UNIDO officials to the Seminar.

The UNIDO representatives replied by thanking TUSIAD for their valued cooperation in organising the Seminar. gave the background of developments leading to the present Seminar. Reference was made to the Second General Conference or UNIDO in Lima (March 1975) and it was recalled that the declaration then made to improve the share of industrial production of developing countries from 7% to 25% by the year 2000 called for strenuous efforts on the part of the developing countries as well as the active cooperation of the developed countries. Consequently, UNIDO has started promoting joint ventures, exchange of technical know-how, training of personnel, management development etc. for developing countries through its various programmes. The meeting was also informed of the work done to date by UNIDO in Turkey. It was felt a good beginning had been made but the process of cooperation should be further consolidated with the help of Voluntary Industrial Associations (VIAs) in the developed and developing world.

Follow-up action on the Second Conference is scheduled to be reviewed at the Third Conference to be held in New Delhi between January 21 and February 8, 1980.

- 1.2 Prof.Dr.D.Demirgil was then called upon to brief the delegates on the Turkish economy. In his illuminating address he reviewed the development of the economy with special reference to industrial development.
- 1.3 In the afternoon session Mr.F.Berker, President of TUSIAD spoke about his organisation and its achievements. During his speech and the discussion that followed it emerged that, as a non-profit making and independent association, TUSIAD has effectively promoted public welfare by research aimed at furnishing early warning systems for businessmen, by a continuing dialogue with the Press, incidentally resulting in a mutual trust with this media, by establishing a rapport with students and teachers at Universities, thus reducing the gap between academic and practical economics, and by giving out freely vital economic information and statistics to the thinking public.
- 1.4 It was reported that TUSIAD is a VIA of individuals and not companies because Turkish law prohibits legal entities forming associations while on the other hand membership of Chambers of Commerce and/or Industry is obligatory for all companies. It follows that TUSIAD has as yet very few representatives of the industrial State Sector as members because of frequent changes in the management of State Sector Industries. In effect, TUSIAD represents industry through appointed individuals.

1.5 At this point an agreed definition of a VIA was introduced to minutes:

A VIA is a legally constituted organisation composed of voluntary members and in exceptional cases of members imposed by legislative neccessity (but not composed by government), whose principal objects are the promotion of industrial expansion and the furthering of economic and social progress. VIA provide a forum through which industrialists can express their views collectively in a determined qualified manner.

2.1 Following this, participants outlined their own organisations and various experiences. Some represented old established institutions, some comparatively young organisations, but it was evident that all associations were pre-occupied with the need to represent the viewpoint and interest of industry to their Governments. A further common factor between the VIAs represented was their constant endeavour to create solidarity between their members. In general this was being achieved by providing services in the form of techno-commercial matters, legal and taxation matters, statistics, and other matters particularly pertinent to industrial problems. It emerged that there was no material difference between the aim of the VIAs to serve their members, albeit some interesting approaches to this aim were indicated as follows:

- a) Approaches to policy makers and government officials collectively and individually to indicate how their current policies were affecting industrial conditions.
- b) Offering advice and cooperation to government representatives in preparation and drafting new laws and regulations.
- c) In the distribution of literature to the public explaining economic factors or the problems of industry; much care is taken to express the points in a simple and easily understandable form so that the layman may feel the impact.
- d) While the preparation of economic surveys and forecasts of market demands, exports, etc. were desirable the expense factor was heavy and not always possible for small associations.
- e) It is a recommended practice to issue guestionnaires to members at regular intervals to collect information on production, employment, shortages, exports etc. and to collate this information in trend form to help industry.
- f) In some cases courses are organised to cover new legislation and regulations for industrial personnel in order to promote the neccessary expertise in the shortest possible time.

- g) There are instances of VIAs by virtue of their standing negotiating favourable terms, for industrialists as an important consumer group of basic services. In addition, special programmes are organised to help industry select the most appropriate banking service, insurance service or transport service to name but a few.
- 2.2 From discussions it emerged that the following main difficulties confront VIAs:
 - a) There is usually a lack of adequate financial resources to improve upon services. These VIAs which are unable to generate sufficient funds to provide satisfactory service for members run the risk of losing members and their subscriptions.
 - b) It follows that due to financial constraints it is also often difficult to maintain well qualified staff, to carry out research, to compile current information etc. which obviously the more efficient and organised the VIAs are in these areas, the greater is their effectiveness and impact on industry.
 - c) There are additional problems for VIAs in countries covering extensive areas where communication difficulties arise. In working at the State, Regional and Local levels simultaneously they require a high degree of expert knowledge and coordination ability.

- d) Care must be taken that splinter industrial groups are not formed as this practice tends to aggravate the financial viability of the parent VIA.
- e) In the interests of good practice and to impede members 'using' a VIA as has occurred in isolated instances, it is considered a wise precaution to stipulate in administrative regulations that only the Secreteriat may authorize representation at government level and that proceedings of meetings etc. should as a general rule be circulated to all members.
- f) Where foreign and/or large international organisations are members of VIAs, much support and guidance may flow from the members international status. In some instances however, governments have criticised VIAs for associating themselves with international companies and this trend must be firmly resisted.
- 2.3 The meeting went on to discuss fund raising problems of VIAs since it appeared they generally suffered from lack of funds, with the exception of the old well established VIAs. It was considered that a "chicken and egg" situation existed since to achieve efficiency one needs funds while to organise funds one must have established efficiency.
- 2.4 Although it was appreciated there was no easy answer to the problem participants found it useful to exchange notes on

their various systems of collecting revenue. Membership subscriptions emerged as the primary source of income supplimented by revenue from sale of publications, seminar proceeds, and other direct and specific project services. "Value addition" on sales turnover or number of labour employed or wages and salaries paid variously form the basis on which subscriptions are calculated and levied. The opinion was expressed that government support funds were essential but the general feeling was that VIAs accepting donations from government are liable to influence and pressure which would destroy the free voluntary character essential to the association.

- 2.5 To meet the need to provide an efficient communication service for members some associations have established technical information centers in collaboration with government on an expense sharing basis. By organising fairs and exhibitions for export promotion associations were getting publicity, earning funds, while at the same time helping members to interact with a larger cross section of business interests. Other activities helping to earn revenue were mentioned such as providing help in pollution control, organising joint ventures and export promotion, and providing educational facilities.
- 2.6 Reverting to the efficiency factor it was suggested that participants might find it useful to exchange examples of their news-letters, information request circulars, and trend information sheets and so establish closer cooperation. It was re-

called that excellent publications on efficiency could be obtained:

- "Principles of Association Management", published by the American Society of Association Executives, 11011 16th Street N.W., Washington D.C. 20036.
- 2. "Report of the Commission of Enquiry into Industrial and Commercial Representation", published by the ABCC/CBI, 21 Tothill St., London SWIH 9LP.
- 3. The "Inter-Reginal Round Table" books on Employers Organisations, all published in ILO's Labour Management Relations series.
- 2.7 Throughout the sessions and between sessions there were active discussions amongst the participants. The delegates were highly appreciative of UNIDO and TUSIAD's decision to accommodate outstation participants at the venue of the seminar as this added greatly to convenience and promoted effective discussions.
- 3.1 Summarising the discussions the participants made the following action recommendations:
 - a) That a coordinating secreterial service be established under UNIDO auspices in order to implement the recommendations of this Seminar.

- b) That a compendium of Voluntary Industrial Associations in developing and developed countries be compiled by the above service listing names, addresses of VIAs, their organisational structure, their activities, and as far as possible their vital statistics. To start this process the participating VIAs agreed to send information pertaining to their countries to UNIDO.
- c) That UNIDO in its role of a catalyst provide a link
 between VIAs of similar interest including those in
 developing and developed countries who did not or could
 not attend the Seminar but who would wish to be part
 of this initiative.
- d) That UNIDO assist in identifying and harnessing international finance for programme assistance to VIAs of developing countries until such time as they have attracted sufficient members to become self sufficient.
- e) That the above Secreterial service compile a service description document based on Seminar discussions and standard reference books to assist VIAs in the developing countries in their appreciation of the norms which they should aim for.
- f) That UNIDO should publish periodically a news letter for free distribution to members on VIA developments taking

place round the world. In turn, the participants and it is to be hoped, other VIAs should keep UNIDO up-to-date on their progress and news.

- g) That VIAs and UNIDO ensure that their efforts and activities initiated herewith are in parallel to the good work of the I.C.C. and I.L.O.
- h) That UNIDO should try to promote better understanding between governments and the private sector when and where neccessary.
- i) That UNIDO, at the request of VIAs in developing countries, will try to help them keep abreast of latest developments in communication technology.
- j) That better rapport be established between the VIAs and particularly between VIAs in developing countries on an international and regional basis.

Closer cooperation and positive benefit should be encouraged by exchange visits, not only of VIA officers but also by exchange visits of members for specific meetings or seminars on subjects of mutual interest and/or joint ventures, to accelerate development towards the 25% UNIDO target. The prime aim should be to make it as practical and easy as possible for entrepreneurial talent to get together through the VIAs and combine

these talents in successful rapid development. Such schemes could and should be financed by:

- 1. Bilateral donor agencies of the industrialised countries such as SIDA, DANIDA, AID, NORAD etc. or,
- 2. UNIDO's, UNIDF's and TCDC's programmes or,
- 3. Active participation of the more affluent VIAs which can afford the cost.
- k) That a regular exchange of notes direct between VIAs should commence from day 1 with a view to intensifying and diversifying activities.
- 1) That UNIDO secreterial should coordinate the dessimination of information on the availability of know-how, the transfer of technology at acceptable costs which will ensure benefits flow both ways between industrialised and developing nations, methods of pollution control, raw material conservation etc.
- m) That the VIAs undertake to help UNIDO with names of experts and consultants for their field projects, when requested to do so.
- n) That the VIAs undertake to carry out studies and surveys for UNIDO, on a cost sharing basis, compatable with their financial potential when requested to do so.

- o) That the VIAs should try to incorporate themselves into their national delegation to UNIDO's consultative meetings so that they become actively involved and can express their point of view. It was emphasized that instead of channeling of all UNIDO assistance to the public sectors in receiving countries, the private sector should in future be assisted through their VIAs.

 To this end, responsible managers of VIAs in developing countries could have regular training facilities under the auspices of UNIDO with support from VIAs in the developed countries.
- p) That the Non-Governmental Organisation Business and Industrial Institutions Cooperation Section of UNIDO which has been making such excellent advances should continue to be the channel of contact for VIAs, representing the private sector, with UNIDO.
- 3.2 The Seminar ended with a very sincere vote of thanks to UNIDO on the one hand for sponsoring the meeting and TUSIAD on the other hand for hosting the meeting. Particular thanks was due to TUSIAD for the excellent administrative arrangements made to conduct the meeting and to accommodate the participants so comfortably, while the very generous hospitability given in entertainment will be long remembered.

- 3.3 It was suggested that future Seminars might profitably leave a little time for participants to see industry at work in the host country.
- 3.4 Lastly the hope was expressed that UNIDO would continue their dialogue with the VIAs now that a new chapter had been opened and that this would be the first of many fruitful meetings.

3.5 List of Participants:

ALI, Sheikh Ishrat - Pakistan BUERE, Nagib - Mexico EL-HADIDY, Roshdy - Egypt ENNARA, Ragaa Elhady - Egypt GATTAMELATA, Massimo - Italy LAWSON, R.G. - United Kingdom LEIJONHUFVUD, Christer - Sweden MANSUR, Mirza Aboo - Bangladesh MUNCH, Ove - Denmark PSIMENOS, Metz Noblat - ICC SARMA, S. - India TJIPTO, R. - Indonesia WHANG, Jung-Hyun - Korea YAKIN, Yıldırım - IOE ZAIN, Amir - Indonesia ZAVALIA, Lagos Patricio - Argentina

UNIDO:

HAMDY, M.H.A. KAYALAR, Aksit LALKAKA, Rustam

TUSIAD:

BERKER, Feyyaz, President ACIMAN, Eli AKER, Orhan FİGEN, Sevki KOÇ, Rahmi M. KOÇMAN, Ali URAS, Güngör YAŞAR, Selman .

UNITED NATIONS



NATIONS UNIES

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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REFERENCE:

Seminar on the Role of Voluntary Industrial Associations in Industrial Development of Developing Countries

To be held in Istanbul, Turkey
28 May to 2 June 1979

AIDE - MEMOIRE

A. Background Information

UNIDO and the Turkish Industrialists' and Businessmen's Association (TUSIAD) are jointly organizing a "Seminar on the Role of Voluntary Industrial Associations in Industrial Development of Developing Countries" to be held in Istanbul, Turkey from 28 May to 2 June 1979. The NGOs and Business and Industrial Institutions Co-operation Section of UNIDO has during several contacts with TUSIAD authorities developed the idea of organizing a joint seminar to discuss the role of voluntary industrial associations, such as TUSIAD, in the industrialization of developing countries.

TUSIAD is a voluntary industrial association established in 1971. Its Headquarters is in Istanbul. The main objective of TUSIAD is to assist its members, public and private sector institutions, in creating an environment where the Turkish mixed-economy system can function smoothly. It carries out surveys and studies in several sectors of the Turkish economy, prepares brief reviews on important economic aspects at national and international levels, publishes periodicals covering fields of common interest for industrialists and businessmen in Turkey, contributes voluntarily to the preparation of economic and social policies for long-term development plans and annual programmes of the Turkish Government, and is a reliable source of information for the Turkish and international press.

The membership of TUSIAD is voluntary, and members are industrialists from large-scale industry and top businessmen.

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UNITED NATIONS UNIES

B. Objectives of the Seminar

The main objective of the Seminar is to bring together the top managers of voluntary industrial associations in developing and developed countries, and industrialists who are members of these associations, to discuss the role of voluntary industrial associations in industrial development of developing countries, and to work out ways and means of strengthening their operations and services. This Seminar will create an important forum for exchange of experience and establishment of co-operative linkage between voluntary industrial associations.

The main topics of discussion during this Seminar will be:

- Organizational set-up of voluntary industrial associations
- Management of voluntary industrial associations
- Ways and means of co-operation among these associations at national and international level
- The role of voluntary industrial associations in the formulation and implementation of industrial policies
- How to attract the interest of industrialists in voluntary industrial associations
- Types of services to be provided by voluntary industrial associations, research activities, studies and surveys which are carried out by these associations
- Co-operation of these associations with governmental institutions and other organizations such as chambers of commerce and industry
- Fund-raising in voluntary industrial associations
- How UNIDO may establish close working relationships with these associations, and how UNIDO can contribute in the establishment and strengthening of these associations in developing countries.

It is hoped that each participant will prepare a short paper in English reflecting the experience of his/her own country in one or more of the fields mentioned above.

C. Programme of the Seminar

The Seminar will be held in Istanbul, Turkey between 28 May and 2 June 1979.

The tentative Programme is:

Sunday, 27 May 1979

Arrival of participants in Istanbul

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UNITED NATIONS UNIES

Monday, 28 May 1979

Istanbul sightseeing tour

Tuesday, 29 May 1979

Morning: a general briefing on the Turkish economy, the role of

TUSIAD in Turkey

Afternoon: Presentation and

discussion of papers

Wednesday, 30 May 1979

Presentation and discussion of

papers

Thursday, 31 May 1979

Discussions on the main topics

of the Seminar

Friday, 1 June 1979

Preparation of and discussions

on the Findings and Recommendations

of the Seminar

Saturday, 2 June 1979

Departure of participants

The Seminar will be held at the Sheraton Hotel in Istanbul. All participants will stay in this hotel.

D. Participation

1. UNIDO will invite 10 top managers of voluntary industrial associations or industrialists who are members of these associations in the following developing countries:

Argentina Brazil Egypt

Iran Malaysia Mexico

Pakistan

Indonesia

India

Republic of Korea

UNIDO will pay for one participant from each country. However countries will be encouraged to send more participants at their own cost.

- 2. Voluntary industrial associations in industrialized countries will be invited to attend the Seminar at their own expense.
- 3. Non-governmental organizations having consultative status with UNIDO such as the International Organization of Employers, Union of Industries of the European Community, European Centre for International Co-operation, International Chamber of Commerce, International Christian Union of Business Executives, will be invited to attend the Seminar at their own expense.

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4. TÜSIAD high-level staff and the Executive Board, and around 10 participants from similar voluntary industrial associations in Turkey and Turkish universities will also participate in this Seminar.

E. Working Language

The working language of the Seminar is English.

F. Documentation of the Meeting

1. It is hoped that each participant will prepare a short paper in English, reflecting the experience of his/her own country in one or more of the topics mentioned under paragraph B. Objectives of the Seminar. One copy of the paper should be submitted not later than 20 April 1979 to:

Mr. M.H.A. Hamdy, Chief,
NGOs and Business and Industrial Institutions,
Co-operation Section,

UNIDO, P.O. Box 707, A-1011 Vienna, Austria

and one copy to TUSIAD:

Mr. Güngör Uras, Secretary-General, TÜSIAD, Cumhuriyet Cad. Dörtler Apt. No: 18/2, Elmadag, Istanbul, Turkey.

- 2. TUSIAD will submit a background paper reflecting Turkish experience.
- 3. The final documentation of the Seminar will be prepared by TUSIAD.

G. Financial and Administrative Arrangements

- 1. UNIDO will provide the round-trip economy-class air transportation between the airport of departure in the home country and Istanbul airport in accordance with the existing arrangements between the United Nations and the country of the participant.
- 2. TUSIAD will cover the subsistence allowance to be paid in Turkish Lira. Participants will receive the equivalent of US \$44 per diem in Turkish Lira. (The current exchange rate: US \$1 25 T.L.)
- 3. TUSIAD will also provide the conference hall, secretarial services and printing of papers in English.

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- 4. The employer of each participant, or he himself, will be required to bear the following costs:
 - All expenses in the home country incidental to travel abroad, including expenditures for passports, the required medical examination, inoculations, and other such miscellaneous items
 - Internal travel to the airport of departure in the home country.
- 5. UNIDO and TUSIAD will not assume responsibility for the following expenditures which may be incurred by the participants while attending the Seminar:
 - Costs incurred due to travel other than by the direct route and authorized mode
 - Costs incurred with respect to insurance, medical bills and hospitalization fees
 - Compensation in the event of death, disability or illness
 - Loss or damage to personal property of participants while attending the Seminar.

PROGRAMME

UNIDO-TUSIAD JOINT SEMINAR

ON

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

Istanbul, Turkey 28 May to 2 June 1979 Sheraton Hotel

Sunday, 27 May 1979

Arrival of participants in Istanbul

Monday, 28 May 1979

10:00

18:00

18:30

Istanbul sightseeing tour (Departure from Sheraton Hotel)

Tuesday, 29 May 1979

9:30	Opening Ceremony (Chairman of the session, Dr.N.F.Eczacıbaşı)
·	- Dr.N.F.Eczacıbaşı (Chairman, TUSIAD) - Mr.F.Berker (President, TUSIAD) - Mr.M.H.A.Hamdy (UNIDO, Vienna) - Mr.A.Kayalar (UNIDO, Vienna) - Mr.R.Lalkaka (UNIDO, Ankara)
10:30	A general briefing on the Turkish Economy Prof.Dr.D.Demirgil (Bosphorous University)
12:00	The role of TUSIAD in Turkey Mr. F.Berker (President, TUSIAD)
12:30	Lunch (Participants are invited to lunch at Tennis Club, across from the Hotel, by Dr.T.G.Uras, Secretary General, TUSIAD)
15:30	(Chairman of the session, Mr.F.Berker) Presentation of Participants: - The role of voluntary industrial associations in industrial development of participants countries. (general briefing)

Closing the session

Cocktail at Sheraton Hotel Roof

(Host: Mr.F.Berker, President, TUSIAD)

Wednesday, 30 May 1979

9:30 (Chairman of the Session, Mr. Sevki Figen)

> Organizational set-up of voluntary industrial associations.

- Prof.Dr.N.Yalçıntaş, Istanbul University (Turkish Experience)
- Presentation of participants

Management of voluntary industrial associations.
- Mr.A. Koçman, TUSIAD (Turkish experience)

- Presentation of participants
- 12:30 Lunch

(Participants are invited to lunch at Hilton Hotel Roof by Mr.O.Aker, Industrialist, Board Member, TUSIAD)

15:30 (Chairman of the session, Mr.R.M.Koc)

Fund-raising in voluntary industrial associations.

- Mr.F.Berker, TUSIAD (Turkish experience)

- Presentation of participants

How to attract the interest of industrialists in voluntary industrial associations?
- Mr.R.M.Koç, TUSIAD (Turkish experience)

- Presentation of participants

18:00 Closing the session

Thursday, 31 May 1979

9:30 (Chairman of the session, Mr.A.Koçman)

> Types of services to be provided by voluntary industrial associations, research activities, studies and surveys which are carried out by these associations.

The role of voluntary industrial associations in formulating and implementation of industrial policies.

- Prof.Dr.D.Demirgil (Turkish experience)
- Presentation of participants
- 12:30 Closing the session

15:30 (Chairman of the session, Mr.Ove Munch)

Cooperation of these associations with governmental institutions and other organisations such as chambers of commerce and industry.

Ways and means of cooperation among these associations at national and international level.

How UNIDO may establish close working relationships with these associations, and how UNIDO can contribute in the establishment and strengthening of these associations in developing countries.

- Mr.F.Berker and Dr.T.G.Uras (Turkish experience

and recommendations)

- Presentations and recommendations of participants

18:30 Closing the session

20:00 Dinner (informal)
(Participants are invited to Abdullah Restaurant,
Emirgan by Mr.A.Koçman)

Friday, 1 June 1979

10:00 (Chairman of the session, Mr.R.Tjipto)

Preparation of and discussions on the findings and recommendations of the Seminar.

12:30 Closing of the seminar

13:00 Farewell lunch
(Participants are invited to Divan Hotel Restaurant by Dr.N.F.Eczacıbası)

UNIDO - TOSTAD JOINT SEMINAR

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

Istanbul - Turkey 28 May to 2 June 1979 Sheraton Hotel

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CHAPTER II

Tüstad

• . .

Turkish Industrialists and Businessmen's Association

TOSTAD, "Türk Sanayicileri ve İş Adamları Derneği" or "Turkish Industrialists and Businessmen's Association" was founded in August 1971 by the leaders of Turkish Industry.

TOSIAD is a non-profit and independent organization. In serving the various groups to which it is accountable, it seeks to improve the quality and effectiveness of free enterprise through development and dissemination of objective information. Also it attempts to create brooder understanding of business and economic activity.

Its fundamental purpose is to promote public welfare through free enterprise by bringing together the experiences and views of those engaged in industry and business. It conducts research in the fields of economic outlook and trends, fiscal and monetary developments, marketing, industrial statistics, international economics, public affairs and other related areas. The Association carries out its research work in a scientific manner and handles confidential information in a discreet manner.

The Association brings together leaders in business, labor, the academic world and government at meetings where economic policy, business prospects and executive experience are discussed.

The news media are an important link in the Association's communication chain. The Association releases a great deal of its work through the media, thus trying to provide the public with objective information upon which to form sound opinion.

The result of the Association research programs are mailed to associates, the academic world, government officials and news media through research reports, a monthly periodical, books and other special publications.

Membership in the Association is voluntary

WHAT THE "BY-LAW" SAYS:

Objectives and Aims of the Association

The objectives and aims of the Association are to contribute to the democratic and planned development of Turkey. It seeks to accomplish this in keeping with the principles of mixed economy, as envisaged by the Constitution, and in conformity with Atatürk's principles.

The Association recognizes the industrialists as the leading power of the development process. It pursues the aim of bringing together, within the Association, the Turkish industrialists of the public and private sectors, professionals, academicians and businessmen, with the purpose of protecting and strengthening the democratic government and free enterprise the Associations objectives include every effort required for the organization and development of free enterprise in the interest of the country.

Functions of the Association

- In order to attain its objectives along the lines of the mixed economy principles, the Association emphasizes the vital importance of free enterprise for the national economy and social structure it urges and encourages free enterprise to discharge its responsibility towards the development of the country, in line with national interests.
- The Association believes that economic, social and cultural development within the economic power of this country can be materialized following the example set forth by the free world and through democratic processes. In addition, saving can be increased and channeled to a capital market open to the public.
- Acknowledging the urgency of our educational problems, the Association endeavours to be of assistance in the field of education and training.

- With the firm belief that Turkey must have a balanced development in a setting of social security, and that capital, labor and enterprise are complementary essential elements, it contributes to the development of employeremployee relations in order to cause the most profitable and beneficial impact on the overall development of the country.
- Engages in activities to channel investments to ward priorities of public interest and toward those productive areas that give impetus to exports and earn foreign exchange, and which contribute to development plans. Cooperates with private and public organization which are concerned with industrial development.
- Provides guidance and counsel in order that the commercial and industrial enterprises of Turkey, an associate of the European Economic Community can build up competitive power both within and outside the Community.
- With a view towards stimulating the Turkish economy, takes the initiative in learning and evaluating the points of view of the businessmen and keeps those points of view available to be used by the relevant government offices; engages in guidance activities in the reorganization of the industrial structure.
- Makes use of such publicity media as radio and T.V., newspapers, periodicals, books and brochures to promulgate its objectives and activities; arranges meetings, courses, seminars, lectures and conventions.
- Cooperates both with existing and future domestic and foreign private and public institutions, chambers of commerce and industry, stock markets, professional associations, foundations or sets up new leagues with them or establishes organizations under its sponsorship, if and when necessary.

WHAT TUSIAD DOES:

Ever since TUSIAD's founding in 1971, it has been a fundamental tenet that the public will share in the knowledge developed by the organization's work. It is to everyone's advantage that the public, as well as management, understand how the business institution works in market economies, and it has been TUSIAD's special mission to further this understanding among all groups. To do this effectively requires that TUSIAD be independent, as it is. It draws its financial support from many diverse sources. It studies economics and business, not a spokesman for, but it advocates in general it is "free enterprise". Its published research presents facts; users of these facts develop their own conclusions as to how to apply them. TUSIAD

conferences provide opportunity for participants to share their experiences with each other and with other elements of society, and for society to feed its reactions and opinions back to "free enterprise". TOSIAD views business, economics and society through a wide-angle lens, focusing its examinations primarily on questions of national and international significance.

This effort is supported by a full-time staff in the Istanbul headquarters. The staff is engaged in producing information through research or communicating information through publications, meetings, news releases, and other channels.

The greatest part of its income is from annual subscriptions by its Associate members and their organizations. And this is a larger sense in which to view the "charitable" nature of TOSIAD's work. Its certificate of incorporation states that TOSIAD's fundamental purpose "is to promote public welfare". It pledges TOSIAD to carry on its work in the open-minded and straightforward spirit which characterizes all efforts to seek, to learn, and to promulgate the truth.

Delivering Information

Publications, meetings and news releases are the primary means by which TOSIAD shares business and economic intelligence with its various audiences.

TOSIAD regularly receives a great variety of statistical series and analyses describing what is happening in significant segments of the economy. They are of special value to Parliament and government members, government officials and private sector executives, economists and other professionals in both the public and private sectors, and the news media.

Publications

TOSIAD delivers published research and information in a variety of forms- from single sheet tables, charts or text to major studies running to several hundred pages. The flow of this material is continuous throughout the year, with TOSIAD distributing roughly 200.000 published items annually to members and Associates and others in the country and around the world.

TOSIAD reports are for lay audiences and considerable effort is devoted to making them clear, concise and objective. Technical jargon is avoided wherever possible, and great care is taken to ensure that research publications present fact and not opinion.

Among TOSIAD economic series and reports are:

- GURUS

A monthly economic review on economic topics.

In the best contemporary magazine journalistic tradition, the professionally edited monthly magazine, GUROS carries articles by researchers from many fields of endeavor. This is a publication of factual presentation. Every month 5.000 copies have been printed and it has country-wide distribution.

-"Conjoncture" Reports
TOSIAD economists carefully study the economic
conjoncture within Turkey as well as the international development, and publish 3 conjoncture
reports. Throughout the years, these reports have had
a large range of distribution.

-Sector studies
TOSIAD also publishes various sector studies
which examine both the bottlenecks and the opportunities
existing in different sectors of the economy.

- Occasional Papers on Current Economic Issues As soon as an economic issue gains popularity in the public opinion, TOSIAD publishes a through study on the subject trying to give the most updated information. Such occasional papers (usually ten or so within a year) are highly welcomed by the economic media in Turkey.
- Annual Economic Country Reports(in English) Every year an English Report is published covering the social and economic aspects of the development in Turkey.
- Monitoring Government Activities
 The Five Year Development Plans, Yearly Economic programs and the State Budget, which have enormous influence on the state of the Turkish economy, are throughly examined by TOSIAD in every stages of their development. Each year, TOSIAD prepares and publishes highly researched studies to present different views for the discussion of these documents and to put forward the unofficial opinion of the business community on these public issues.

Public Information

In keeping with its responsibility to enhance public understanding of the business and economic system, TOSIAD conducts a very active information program for news media in Turkey and throughout the world.

Releases are drafted for most TOSIAD studies, presenting the major findings in language and style which are acceptable to the media and understandable to the general public. They are distributed regularly to editors, writers, columnists and opinion leaders of newspapers, magazines, radio and television news syndicates, and wire services here and abroad. Members of the working press are welcome to anything that TOSIAD publishes and are encouraged to use TOSIAD as an information resource when facts and perspectives are needed. Senior research specialists devote an appreciable amount of time to assisting news people, either with interviews or with background information.

The press both in Turkey and abroad, make constant use of TOSIAD research and conference addresses as the factual basis of news stories, editorial comment, feature articles, and broadcasts on the course of business and the economy. This heavy use of TOSIAD work provides a measure of TOSIAD acceptance as an objective source of information for the public as well as for the public and the private sectors.

Seminars

Seminars are important means of communicating information developed by TOSIAD. They are intensive instructional vehicles designed to broaden participants understanding of specific issues.

Meetings

Each year TOSIAD conducts several meetings in various locations around the country. Each session is attended by many members, chief executives of major public and private corporations, university professors, editors of the news media, and very often, government officials. There is no attempt to reach conclusions or formulate plans of action. Rather, the benefit is in the opportunity that the meetings offer all participants to compare experiences and to share with their peers their opinions on the emerging business-social-political issues of the times.

Speakers are drawn from business, labor, government, academia, foundations, associations and other sources of expertise. Audiences range around several hundred.

As with TOSIAD's research, the open conferences deal with forces affecting business and the economy.

The news media are encouraged to cover open conferences, and on occasion edited transcripts are prepared for distribution to members. In addition to their role as communications vehicles, most of the TOSIAD meetings generate ideas or provide perspective for the research program.

Promoting Better Understanding Between Business and Government

With the growing need for involvement in public policy issues by private-sector leaders, TOSIAD carries programs in order to contribute to professional development and communication in this field.

Sharing With Others

In the broadest sense, information developed by TOSIAD belongs to the country. TOSIAD publications are not copyrighted, and anybody has the rigth to quote from or to reprint their material. This is done in the belief that other responsible parties can help TOSIAD to achieve its mission of creating broader understanding of business and economic activity. Scholars are frequent users of TOSIAD research findings, and the broad range of publications containing passages from TOSIAD reports attests to the confidence which the academic community places in TOSIAD's objectivity and scientific methods.

WHERE TUSIAD STANDS

In Turkey, in the manufacturing industry the value added share of the private sector is 48.4%.

In the large manufacturing industry the share of the private sector in total production and employment is 65% and the rest is State Economic Enterprises.

TOSIAD members, through the associate companies, represent about half of the production and employment of large manufacturing industry.

But also through associate member companies, TOSIAD has in addition been representing a big share of the private sector banking community, insurance companies, the construction sector and other service sectors.

The members of TOSIAD are not more than 200, but the number of associate companies is about 1000.

TOSIAD was founded in August 1971 under the "Voluntary Associations Law" of Turkey. Its membership is voluntary as well, and candidates for membership, are according to TOSIAD's by law carefully examined and eventually accepted by its Board which is composed of leading industrialists and businessmen of Turkey.

Members can only be individuals, therefore companies are represented in TOSIAD through their main shareholders, presidents, chairman or top managers. (According to Voluntary Associations law, only individuals can join the Association as members. Juridical persons have no right of membership in voluntary associations, they can only be members of professional associations, where membership is compulsory such as chambers and unions etc...)
The main professional Organizations in Turkey are the following:

1. Chambers of Commerce Chambers of Industry Chambers of Commodity Exchange

TURKISH UNION OF THE CHAMBERS OF COMMERCE, CHAMBERS OF INDUSTRY AND CHAMBERS OF COMMODITY EXCHANGE

(It is compulsory for any businessmen or company to join their local and adequate chambers.)

2. Merchant's Associations Craftsmen's Associations Merchants's and Craftsmen's Federations

TURKISH CONFEDERATION OF MERCHANTS AND CRAFTSMEN'S

(Every person who has professional, commercial and industrial activities must join the local association.)

3. Chambers of Agriculture

TURKISH UNION OF CHAMBERS OF AGRICULTURE

(This is a country-wide association and it is the top representative of farmers in the country. But all farmers are not members of the local Chambers of Agriculture.)

 Employers Unions Federations of Employers Unions

TURKISH CONFEDERATION OF EMPLOYERS' UNIONS

(For employers membership is not compulsory in such a union. The Confederation however is the most representative body to run collective bargaining and labour relations on behalf of employers.)

5. THE FREE ENTERPRISE COUNCIL

This Council has been formed with the participation of:

TURKISH UNION OF CHAMBERS
TURKISH CONFEDERATION OF EMPLOYERS' UNIONS
TURKISH CONFEDERATION OF MERCHANTS AND CRAFTSMEN
TURKISH UNION OF CHAMBERS OF INDUSTRIES
TUSIAD

(The Council is in the position to represent "Free Enterprise" in the country in broader sense.)

All TUSIAD members, personally or through their companies are members of at least one chamber and most of them are also members in an employers' union.

State economic enterprises must join their local chambers and may join one employers' union within their field of activity.

WHO'S WHO IN TUSIAD

ADVISORY COUNCIL

Honorary Chairman VEHBİ KOÇ

Chairman DR.NEJAT F.ECZACIBAŞI

Chairman of the Board Chairman of the Board KOÇ HOLDING Co., Inc. ECZACIBAŞI HOLDING Co., Inc.

Vice Chairman SAKIP SABANCI

Vice Chairman SINASI ERTAN

Vice Chairman DR.Ş.ŞAHAP KOCATOPÇU

Chairman of the Board SABANCI HOLDING Co., Inc. UNION OF AEGEAN REGION

Chairman CHAMBERS OF INDUSTRY President TURKISH GLASSWORKS INDUSTRY GROUP

BOARD OF DIRECTORS

President FEYYAZ BERKER Chairman of the Board TEKFEN INDUSTRY and TRADING Co., Inc.

Vice President RAHMİ M.KOÇ Vice Chairman-President and Chairman of Executive Committee KOÇ HOLDING Co., Inc.

Vice President ALİ KOÇMAN Chairman of the Board KOÇTUĞ LINES Co., Inc.

Treasurer SELMAN YAŞAR Vice Chairman of the Board YASAR HOLDING Co., Inc.

Member ORHAN AKER Chairman of the Board AKER GROUP OF COMPANIES Member SAKİR ECZACIBAŞI Vice Chairman ECZACIBAŞI HOLDING Co., Inc.

Member BAHRİ ERSÖZ Chairman of the Board RABAK, Copper Wire Industry

Member ASIM KOCABIYIK Chairman of the Board BORUSAN INDUSTRY GROUP OF CO.

Member MELİH ÖZAKAT Chairman of the Board ÖZAKAT GROUP OF COMPANIES

Member ERTUĞRUL SOYSAL TERCÜMAN, Daily Newspaper

Secretary General T.GÜNGÖR URAS TUSIAD

TYPES OF SERVICES TO BE PROVIDED BY TUSIAD

- Research Activities
- Studies
- Surveys

which are carried by these associations

Prof. Demir Demirgil

The subject that I would like to discuss with you is the types of services to be provided by voluntary industrial organizations.

I will confine myself to the services provided by TÜSİAD the Turkish Industrialists and Businessmen's Association founded in August 1971 by leaders of the Turkish Industry.

This will give our group the opportunity to enrich and qualify the Turkish experience by adding to it the experience of countries participating in the Seminar on the Role of Voluntary Industrial Organizations in Industrial Development of Developing Countries.

TUSIAD.

The most immediate group of users are the 200 members of the Turkish Industrialists and Businessmen's Association most of whom are effectively active in the High Consulting Council, composed of 65 members, the Administrative Council composed of eleven members, and the Executive Council composed of four members: the Chairman, the General Sectretary and two more members.

This group receives all the publications of TÜSİAD, participates actively in its Conferences and receives on a first priority base the specialized reports printed in limited numbers.

The next group of users is a much broader one ranking between 3000-4500 which happens to be the general report and periodical publication.list.

This group is a composite one comprising various types of users: In addition to the 200 members of TÜSİAD, a larger group of industrialists, businessmen, bankers, members of the Government, the Parliament, the Universities, the Public Administration, the Press receive the more general publications of the Association.

The third and broadest group is the public at large. Public opinion is informed directly through declarations made by TÜSİAD on major issues and appearing in the press.

On the other hand public opinion is informed indirectly through the press which is using parts of TUSIAD publications, outlines and in some cases the full text.

World public opinion is informed of the publications of TÜSİAD through references made in foreign mass media on the foreign language publications of TÜSİAD.

Services provided by TUSIAD can be classified under five headings:

- 1. Research Activities
- 2. Studies
- 3. Surveys
- 4. Simplified shorter briefing of the above
- 5. Translations

1. Research Activities

TUSIAD examinations of outside forces affecting business take many forms.

Virtually all of TUSIAD's economic research falls into this category, ranging from the development of contining series of data on such subjects as investments, use of capacity, production and sales and interpretations of the business climate and major factors influencing it such as fiscal and monetary developments.

Industrialists and businessmen are devoting increasing amounts of their time and effort to sociopolitical issues.

TÜSİAD's research helps them to identify movements and trends and offers insight into business response to these external factors.

A major part of the business of TÜSİAD isto create factual and usable information. It has been performing this role since 1971, and succeeded in earning a reputation for the objective study of business and economic trends.

One main purpose of TÜSİAD is to improve managerial performance of its members by providing executives with timely analyses of socioeconomic conditions and by encouraging them to share their business Know-how and experience with each other through research and conferences.

Classification of Subjects

TUSIAD conducts extensive research to provide industry in particular the business world and the public in general with sound and objective information on economic issues and trends and on managerial practices.

A . Research on the State of the Economy

- National Accounts
- . Agriculture
- Industry
- . Services
- . Prices and Incomes
- . Foreign trade and payments
- . Economic policies
- . Stabilization programmes
- · Population growth
- . Urbanization
 - . Priorities for development
 - Financing development

At a more itemized level a selected list of topics for research runs as follows:

- . Output and Expenditure
- · Crop production
- . Output of industrial products
- Agricultural support prices
- Average daily wages
- . Imports
- . Exports
- . Foreign trade by area
- . European Economic Community
- . Balance of Payments
- . Foreign Capital
- . Consolidated budget
- . State Economic Enterprises
- . Consolidated budget revenues
- . Central Bank Credits
- . Commercial Bank Credits
- . Exchange rates of the Turkish Lira
- . Distribution of population
- . Product, Employment and Productivity
- . Population and Labor market
- . Tourism
- Economic Indicators

B. Research on Business Economics

- . Business outlook
- . Current trends
- . Production
- . Consumer buying
- . Stocks
- . Investments
- . Fiscal and Monetary Developments
- Industry statistics
- . International Economics

C . Research on Business Administration

- . Public Affairs Administration
 - Industry Government Relations
 - Environmental Conditions
 - Urban Problems
- . Financial Administration
 - Pension funds and severance indemnities
- Budgeting
- . General Administration
 - Organization planning
 - Corporate planning
- . Marketing Administration
 - Sales management
 - Marketing and Advertising
- . Personnel Administration
 - Conpensation
 - Motivation
 - Labor relations and collective bargaining
- . International Operations
 - Foreign Capital
 - Financing
 - Export management
 - Compensation of Foreigners
 - Licensing
 - Investment climate

Research Publications

Publications are one of the ways that TUSIAD distributes the results of its work.

Durin a typical year, Members do receive approximately thirty publications from TUSIAD. These take a variety of forms.

Economic Reports on the state of the Turkish Economy, Results of Research, View on Current Affairs. A montly magazine called Point of View has a broader circulation.

TUSIAD's publications are written for business audiences and considerable effort is devoted to making them clear, concise and objective.

Research work published during 1978.

- Yiews and proposals on the targets end balances of the yearly transitory Programme for 1978, 57 p.
- Views and proposals on the basic problems facing Turkey in 1978 and in the 1980's, January 1978, 147 p.
- Turkish Engineering firms working abroad with special reference to their foreign exchange contributions, April 1978, 39 p.
- Developments in the private industrial sector in 1978 and expectations for 1979, December 1978, 38 p.

Research work centered around the European Economic Community.

- Views and approaches on E.E.C. January 1978, 53 p.
- Evaluation of Turkey E.E.C. relations by the Private Sector, January 1978, 43 p.

What could be done within the Framework of Annexed Protocol, January 1978, 20 p.

- Turkey's Industrial Sector within Foreign Trade. With special reference to E.E.C. relations. April 1978, 49 p.

Studies containing extensive coverage of research.

- The Turkish Economy at the beginning of 1978 (in English) February 1978, 104 p.
- The Turkish Economy Prospects for Growth within Stability. 1978 (in English) July 1978, 246 p.

Mimeographed short research on current events.

The name of this series is called "Perspectives on Current Events".

The following topics have been treated in a dozen of pamphlets during 1978.

- Measures against waste
- Stability measures
- New tax law proposals
- Promotion of Exports
- Structural Change
- Foreign debts of Turkey
- State Economic Enterprises and their participations
- Quotas imposed by E.E.C. on Turkish textile products

How Research is conducted

The following methods are used for the organization and preparation of research.

- The research can be conducted in its entirety by a single member employed in TUSIAD. In such a case a group is formed from within TUSIAD and if necessary by the subject to be researched from the University, Industry and other organizations. The group works on the methodology to be used and the researcher is left to finish his research which is evaluated by members of the group before going to press.
- The research can be conducted by an expert from a University, or from Public or Private Institutions. In this case also a group formed within TÜSİAD determines the scope and methodology of the research. Upon completion the research is read before going to press by a small group composed of number one staff members.
 - Research can be conducted by a working group.

After a group from TUSIAD determines the scope and methodology of the research working groups are formed from prominent and expert members of TUSIAD. The aim generally is to make research and study subjects of main importance for the business community, preparing views and expressing them in reports.

- The Energy Problem
- Measures for the promotion of Exports
- Views on Proposed Taxation Changes are such examples of group work published by TUSIAD

- Research can be conducted by the regular staff of TUSİAD.

In this case Number One Staff and Number Two Staff members meet together to determine the scope, methodology and division of labor. Those who will participate in the research are assigned sub-topics according to their specialization.

The Number One Staff and Number Two Staff meet together to finalize the Report before it goes to press.

Most of the research contained in the large Studies or Surveys has been conducted in this way.

- Research can be conducted in an ad-hoc way by leaving the individual concerned to decide upon it.

This type of research has been attempted in a number of publication by TUSIAD. One of them started through mail, asked a large number of individuals to comment on the most important problem facing Turkey. A large number of people responded by basing their answer on their own research.

The following publications are examples of such work.

- Views on the Economic Bottlenecks facing Turkey, August 1975, 63 p.
 - views on E.E.C. January 1978, 53 p.

2. Studies

A number of studies have been conducted in TUSIAD, in the same way as described above.

Examples of such studies are:

- Industrialization and Regional Balance, December 1975, 42 p.
- Inflation and Policies to Control Wages and Prices, March 1974, 23 p.

Surveys

Surveys have been conducted either by single individuals from within or outside TUSİAD or by a group.

Examples of such publications are:

- Turkey an Economic Survey, May 1976, 151 o.

- Turkey an Economic Survey, April 1977, 229 p.
- Turkey's Industrial Sector in Foreign Trade with Special Reference to E.E.C. Relations, April 1978, 49 p.
 - Prospects for Growth within Stability, July 1978, 246 p.
 - Free Enterprise in its 50th Anniversary, January 1974, 56 p.
 - 4. Simplified shorter presentation of the above and miscellaneous adaptations and adoptions

Görüş "Point of View" is a monthly publication of a pocket size printed 4.500 copies and widely distributed.

It performs three functions:

- It contains simplified versions of the Research, Studies and Surveys published by TÜSİAD.
- It contains adaptations of important studies and research published by Universities Public and Private Institutions. Generally important tables are reorganized or reproduced and relevant interpretations are added.
 - Some of the work at TÜSİAD is specifically prepared for GÖRÜŞ.

5. Translations

Selected works published by organizations similar to TUSIAD or by public and private organizations have been translated into Turkish and published and distributed by TUSIAD.

Some examples give the variety of the translations made:

- OECD Reports on Turkey
- Free Enterprise viewed by herself
- Japan in World Industry
- The Emergence of an Industrial Nation: Brasil
- Growth or Profit
- Business Community and Education
- Worker's Participation in Management
- Business World Government Relations
- Profits
- World Economic Indicators

Other types of Services.

Different types of meetings are another form of giving services to the members and to the Business World in general.

On the other hand TÜSİAD relations with the Press constitutes another type of service given to the Business world and to the public at large.

Meetings

There are a variety of meetings organized by TUSIAD.

Meetings on the State of the Turkish Economy are held to give businessmen and industrialists an opportunity to hear views of business leaders and to discuss among themselves and yet within full hearing of the public questions that are of paramount importance to the development of national prosperity.

These are open to the public and news media are invited to cover these meetings without any restriction.

Speakers are drawn from business but when necessary also from government labor, academic and any other institution that can offer expertise on the subject under discussion.

Meeting of Holding Executives

Meetings are held with executives of main industrial Holdings on the problems faced by Holdings and their possible contributions to the economic development of Turkey.

Meétings with members joining for the first time TÜSİAD

Lunch or dinner meetings have been organized for new members joining TÜSİAD, in order to introduce them to the Executives of TÜSİAD and to each other.

International Contacts

The last three years TÜSİAD members have visited the U.S.A. in order to bring to the attention of the public opinion in the U.S.A. the political and economic problems faced by Turkey at the national and international level.

Informing Public Opinion

Public opinion is informed of the views and proposals of TÜSİAD through mass media. Generally the subjects are related to problems of major importance to the nation.

Such were the declarations related to "Measures to stop Anarchy". The necessity for the parties to come to a common understanding in vital issues.

TÜSİAD and the Press

The various work prepared by or for TÜSİAD create repercussions in mass media.

The impartiality and seriousness of the publications have impressed the press which is using parts of these publications and in some cases the full text.

Publications of TÜSİAD in English have been referred by the foreign press.

Administrative Council Members of TUSIAD have organized programs with members of parliament, members of the government and executives of public enter prises with the aim of expressing their view and proposals on economic and social subjects.

On the other hand Administrative Council Members of TUSIAD participated in meetings organized by the Ministers of Finance, Industry, Commerce and the Prima Minister.

Participation to Meetings organized outside of TÜSİAD

TÜSİAD's senior executives have attended various meetings on the Plan Strategy, on Policy Measures of the Fourth Five Year Development Plan.

High Consulting Council

The Council meets in order to express views on major problems facing business or the Turkish Economy.

The last meetings expressed views on the following major subjects:

- A meeting during which attention of the Parliament has been attracted on the growing threat of anarchy.
- A meeting on the effects on the Turkish Economy and on industrial production of economic policy measures.
 - A meeting on the Problems of the Turkish Economy with special Reference on the Fourth Five Year Development Plan.

Economic Advising Group

The Economic Advising Group determines the subjects of research, gives directions to and evaluates the work of conducted in TÜSİAD or by TÜSİAD.

In performing its services TÜSİAD has followed certain principles which might be useful to discuss. It is not involved in politics. It is not on the side of any political party but has good relations with all. It brings together big industrialists who work honestly, pay their taxes, conduct lawful operations. It publishes correct news. Its news and statistical information is based on serious investigations. It tries to remain outside of polemics. It has wide research personel staff. It has good connections with a large number of economists who are willing to conduct serious research for TÜSİAD. It provides a continuous flow of news, information, research, statistics to the mass media.

ORGANIZATIONAL SET-UP OF TUSIAD

Prof.Dr.Nevzat YALÇINTAŞ

The main pushing idea, on which, TUSIAD founded in 1971, was the responsibility, felt and accepted by Turkish industrialists and businessmen, to contribute to solve the economic and social problems Turkey was facing. This aim was briefly formulated by foundation members as "Social responsibility of industrialists", thus separating it clearly from "economic benefits" of them. In Turkey, like in other free enterprise countries industrialists and traders are organized in rather sectorian organizations to defend their professional economic interests. In that issue TUSIAD had from very beginning a different horizon and this function of it is continuing.

Which were and still are the most important social problems of Turkey waiting aprobriate solutions? We can enumerate main ones as follow:

- 1. High Unemployment
 The problem of unemployment is a continual one in Turkey and
 the rate of it increased as a result of recent economic recession.
 Total manpower surplus which amounted to 2.175 thousand in 1977
 rese to 2.286 thousand in 1978. Manpower surplus has thus
 attained 14 percent in 1978 and this trend is expected to continue
 in 1979. The origin of unemployment in Turkey is a high rate of
 birth prevailing in the country. This rate is around 3.2%
 compared with 0.95% Western Germany, 1.40% France, 1.34%
 Italy, 1.55% Greece and 1.17% of U.K.
- 2. Migration to Big Cities
 As a result of a strong population increase in the country side
 and lack of additional job opportunities there, large number of
 people are coming to big cities to find employment. Urban
 population rose to 17.2 million from its level of 7.3 million
 in 1960.
- 3. Demand for Education
 In Turkey there is an ever increasing demand for all level of
 education. The existing capacities can not cope with this demand.
 More than 300 thousand applicants will not be able to have an
 increption in high studies institutions only this year. Besides
 this fact the structure of the education system has to be changed
 in order to answer the need of the economy.

- 4. Housing Problem
 The gap between the demand and supply of housing is widening every year, and as a result of it the number of "gecekondu" (house built in the night) is increasing. During the last five years, the percentage of newly built "gecekondu" was nearly 45% in new housing construction in the three big cities, (Istanbul, Ankara, and İzmir).
- 5. Disparities of Development Among the Regions
 There is substantial differences between the levels of development among the regions in Turkey. And in spite of the politics adopted to this issue these differences are continuing.

Certainly this is not the complete list of social problems facing Turkey and other important economic problems can be easily added to it such as: foreign exchange bottleneck, the loss in the value of the Turkish Lira and very high rate of inflation.

Turkish Industrialists and businessmen are well aware, in their great majority, of the importance of these problems. Because they are living in them and most of them are coming from the families of village origine. They were themselves subject to the hard-ship of rural migration, "gecekondu" and educational difficulties.

Many of them set up their own firms and factories. The inheritances were small in number and in size. This type of entrepreneurs is more ready to assimilate the socials problems of the society in which he lives.

In fact one can mention as an example the benevolent foundations created by Turkish industrialists. The eminent industrialists like Vehbi Koç, Nejat Eczacıbaşı, Sakıp Sabancı and others are the founders of this kind of foundations. There are also example of foundations set up by small size industry owners. All of them are helping education activities and giving scholarship to thousands of students.

The industrialists and businessmen who founded, in 1971, TUSIAD desired to contribute effectively to the solutions of socioeconomic problems of Turkey, some of which are mentioned above. They tried to establish an organizational set-up compatible with this aim. The work to be carried by the organization was divided among three departments:

- Economic department
- Social studies Department and
- Public Relations Department

There was also a documentation section. These departments and section were headed by a General Secretary to whom a section of Administrative Affaires was also attached. TUSIAD is supported by two consultative bodies, each of them having different functions:

- 1) High Council of Consultation. Composed by experienced industrialist and businessmen.
- 2) Scientific Consultation Board. Composed mainly by professors and experts in socio-economic matters.

TUSIAD is not a closed organization and collaborating fruitfully with other interested institutions and tries not to make doublemployment in its activities. I believe it has prasieworthy success since its creations and served truly to its aim.

THE ROLE OF TUSIAD IN TURKEY

Feyyaz BERKER

Turkish Industrialists and Businessmen's Association was founded in August 1971 by leaders of Turkish Industry.

The Association is a non profit and independent society.

The fundamental purpose of the association is to promote public welfare through free enterprise system by bringing together the experiences an views of those engaged in industry and business.

It conducts research in the fields of economic outlook and trends, in public affairs and other important related issues.

The quality of corporate decision-making depends on the quality of information. The Association research is an early-warning system for businessmen. It tries to furnish the right information to reach the right person at the right time.

The news media is an important link in the associations communication chain. The association releases a great deal of its work through the media, providing the public, the consumer and the administrations with objective information upon which to form sound opinion.

We believe that the public, the consumer is the end of the "production and marketing process" and is thus the ultimate ally of business.

The results of the association research programmes are mailed to associates, academic world, government officials and news media through research reports, a monthly periodical, books and other special publications.

Membership in the association is voluntary. Today we have 184 members 205 nonmember paid subcribers and a mailing list of 4000.

The industries controlled and affiliated by our members represent almost half the production capacity of the Turkish private manufacturing sector.

Today many individual businessmen and corporations understand and accept the responsibilities they carry for public welfare.

Yet as conflict between the OPEC countries and Western world increases and growth rates in many countries slow down rapidly, it is the non-oil developing countries like ours which are deeply hurt and pay the larger portion of the bill. And governments in many countries are finding these conditions as a fault of private sector and as an excuse to intervene and to disrupt the free market system. Therefore the survival of free enterprise system needs the cooperation of all the private sector institutions on the national and international level.

A close cooperation is also necessary between business and governments and between business and labor unions. Governments in democratic countries often make decisions on very short term and mostly based on popular vote getting social issues. Thus budget deficits and state enterprise investments in unproductive sectors are increasing.

They need the advise of business and labor unions which should be oriented towards a longer perspective.

Such advise must be made at the outset and openly rather than after governments have made up their minds and decisions.

The theme in the international chamber of commerce congress at Orlando, USA in Oct. 1978 was "Enterprise, Freedom and the Future".

I shall close my remarks by quoting the opening words in the congress by the president of "ICC" Ian Mac Grecor: "The Entrepreneur and private enterprise are as essential to maintaining a free society as freedom is essential for the survival of private enterprise".

HOW TO ATTRACT THE INTEREST OF INDUSTRIALISTS IN VOLUNTARY INDUSTRIAL ASSOCIATIONS?

RAHMİ M.KOÇ

In any kind of organization, whether it be voluntary or compulsory, there are 3 groups of people:

- A. The believers and the founders of the cause of that organization who not only work hard but also contribute generously and carry the whole burden,
- B. The group of people who do not work, keep quiet and watch but contribute a little,
- C. and the third group who does not work, does not contribute but criticises a great deal whenever the occasion arises.

In democratic countries, there are quite a number of organizations that act to shape up or give quidance to the public opinion whether in particular case or in general. Influencing the public opinion in democracies is most important.

In our developing country where we have democracy, our organization-TüsiAD- is not different from others. We also have these 3 groups of people.

Furthermore, TÜSİAD is a young organization and does

not have a long enough past compared to the other voluntary and non voluntary organizations in this country like The Unions of Chamber of Commerce and Industry, the Employers Confederation, Turkish Management Association, Economic Development Foundation, The Social Studies Conference Board and so on.

We have 180 members who present a quite variety of people in mentality, in contribution, in work, in concept, in sincerety and in criticism. This, I think, is our strenght and we are proud of them but it makes it difficult to find the common denominator unless it has a broad base.

The more number of people are consulted before an action can be taken, the less manoeuvrability does the association have. To keep the majority happy, a minimum amount of consultation must be had. This sometimes causes criticism for TÜSİAD for not acting fast in reacting when conditions change.

TÜSİAD has also been criticised for getting together once a year and making speeches. for issuing monthly small reports, for only publishing figures, and for being more theoretical than practical.

But these efforts are instrumental in influencing the government, in giving data to the opposition, in reducing bureaucracy, in having articles written in dailies and magazines, and even somewhat making Turkish Radio and TV Institution feel the presence of TÜSİAD.

TÜSİAD must have a certain class and standard and some weight. It must be definitevely distinguished from other organizations who do not serve the cause of their founding but go on criticizing Turkey's foreign policy for her role in Cyprus. TÜSİAD must say little but mean more.

Maybe we should have a little more social gatherings and fairs, maybe we should have more international conferences, Maybe we should have closer ties with our individual members.

But belonging to an organization is a 2-way street. It requires a little "give" and it requires a little "take". TÜSİAD can not go on being only the giver.

Here, we come to the question of feed-back. Feed back from what point of view?

It can be from our member as a person, from the founding members of his organization, it can be from his management team, from his proffessional team, it can even come from his institution.

Contribution is usually understood as paying cash but sometimes other forms of contribution and especially when given freely and willingly makes life a great deal easier to TÜSİAD.

TÜSİAD management gets down hearted when it gets advice instead of money, excuses instead of participation and criticism instead of encouragement from a member.

TÜSİAD can only give if she gets the right feed back whether it be a questionnaire or an advice when asked.

TÜSİAD must always try to keep fresh and not behind but ahead of happenings. That means that TÜSİAD must act fast, be flexible and interfere at the right time for the right cause.

It has been generally criticised for being "The Club of the Rich". To some extent, this is true because TÜSTAD's believers and founders are the leading industrialists and businessmen of this country and their number does not exceed 20.

This means that more common ground can be found between these groupb of people. It is far better to have less members with more joint interest than a lot of members with very little in common. Then, the whole cause of TÜSİAD gets diluted and its action loses impact.

Why then have TÜSİAD when we have toher organizations?

Here, the answer is that strenghth does not always from numbers and a crowd. TÜSİAD's founders are the people who are great contributors to the Turkish economy and help to shape it up.

But TÜSİAD must be fair in its work, in its efforts and in its criticism. It will lose its influence if it only sees the one side of the coin and if it only thinks of the rich. It must also regard the other side of the coin and lend an ear to the problems of the not so rich and the poor.

It must be involved in the well being and the progress of the nation because this directly concerns its founders.

It must be the guardian of our denocracy, of our Constitution, of the Private Sector and the private initiative and must stress the fact that making profits is not something to be ashamed of but something to be proud of as long as the business ethics are adhered to.

In this general framework, TÜSİAD must not be afraid of pointing out the shortcomings of the business world as well. It must courageously handle the tax situation and the industrialisation policy of this nation.

It is difficult not to make mistakes if we talk a great deal and say much. Therefore, enough should be said to influence the public opinion on crucial matters, to keep member interests alive and not to be subject to make plunders. It is a delicate balance to keep.

TÜSİAD must also be prepared to keep its international image live and its international contacts fresh.

There rests a great deal of responsibility for TÜSİAD's management whether it be proffessional or otherwise to keep the organization on the road that it was intended and to drive it to its objective.

MANAGEMENT OF VOLUNTARY INDUSTRIAL ASSOCIATIONS

Ali KOÇMAN

Our society, I mean to say the Turkish Industrialists and Businessmen Association consists of about 170 members who to the greatest part are representing the top industrialists and businessmen of Turkey. I think, I should remind you at this very stage of the fact that TUSIAD is not a foundation based on laws and that its statute therefore is totally different from that of the Chambers of Commerce and Industry. TUSIAD has a consulting council comprising 65 persons which is headed by a chairman and 3 assistants. This council is gathering at least 2 or 3 times a year in order to discuss 'items of the agenda and to submit recommendations to the Board of administration. The administration Board consists of 10 members who are elected by the General Assembly for the period of one year. The Secretary general is a natural member of the Administration Board. Same gives power of decision to the chairman and two assistants. The Board of Administration is always entitled to arrange emergency meetings, but regularly there are meetings held once a month. TUSIAD is a careful observer of especially the economic problems in Turkey. Beside that, TUSIAD publishes its views on these matters, thus informing its members and the public opinion. publications which are issued under the administration and the responsibility of the Secretary General have always found an extraordinary echo within the public opinion and informations given are being evaluated as references that derive from a reliable source. Even abroad these publications are carefully being followed up and regarded as a valuable source in concern with news on Turkey.

TUSIAD does not pursue any political purpose or activities, yet I would like to add here that since it is rather difficult to separate economic and political events at present, we are also blamed from time to time to have mixed up with politics. However, these accusations cannot hemper us from talking about the country's very critical economic matters.

With the intention to be of assistance to the Turkish Governments, TUSIAD for many years has volunteerly and successfully been keeping on to defend our matters of importance on international platforms.

Summarizing, I would like to once more state that TUSIAD is not a professional institution, but somewhat a club of economic opinions founded by outstanding businessmen. As discussions are going on, a better understanding of what TUSIAD is and what its founctions are, will be attained.

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CHAPTER III

PARTICIPANTS PAPERS

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DR.M.H.A. HAMDY

Chief
NGO and Business and Industrial
Institutions Cooperation Section
UNIDO

Mr. Chairman.

Ladies and Gentlemen.

On behalf of the Executive Director of UNIDO. I deem it a particular privilege to be able to attend this important Seminar. which will address itself to issues of vital significance to the co-operation of voluntary industrial associations of developed and developing countries.

Mr. Chairman.

I should like to take this opportunity to express my appreciation and gratitude to all those who have contributed to the successful convening of this Seminar. In particular my thanks are directed towards Mr. Feyyaz Berker, Chairman of thebard of TUSIAD and Mr. Gungor Uras, Secretary General for their valuable cooperation and generous hospitality. I would also like to thank my colleague and friend Mr. Aksit Kayalar for his capability and effort which made the Organisation of this Seminar possible. My thanks go also to the United Nations Resident Representative in Turkey, Mr. Nassim Shallon and UNIDO's Senior Industrial Development Field Advisor Mr. Rustam Lalkaka.

At the invitation of theGovernment of Turkey, the Executive Director of UNIDO, Dr.Abd-El Rahman Khane paid an official visit to Turkey between 28 May and 4 June 1978. During his visit, the idea of organising this Seminar was crystallized in a meeting with TUSIAD authorities.

In my capacity as Chief of the Non-governmental Organisations and Business and Industrial Institutions cooperation Section of UNIDO, I would like to inform you that my Section has established excellent cooperation with TUSIAD, which is one ofthe leading voluntary industrial associations of Turkey, and we believe that our fruitful cooperation will expand in the near future.

The main objective of this Seminar is to bring together the top managers of voluntary industrial associations in developing and developed countries, and industrialists who are members of these associations, to discuss the role of voluntary industrial associations in the industrial development of developing countries, and to work out ways and means of strengthening their operations and services. This Seminar, Mr. Chairman, provides an important forum for the exchange of experience and theestablishment of cooperative lingkage between voluntary industrial associations for developing their activities.

In addition, we are expecting your valuable findings and recommendations on how UNIDO may establish close working relationships with voluntary industrial

associations, and how UNIDO can contribute to the establishment and strengthening of these associations in developing countries.

You will recall, Mr.Chairman, that the Lima Declaration and Plan of Action on Industrial Development and Cooperation, adopted at the Second General Conference of UNIDO in Peru, March 1975, drew attention to the fact that developing countries constitute seventy per cent of the world's population and generate less than seven per cent of world industrial production. Consequently, the Lima Declaration calls for this share to be increased to at least twenty-five per cent of total world industrial production by the year 2000. Obviously, an increase of this magnitude implies substantial changes in the global industrial pattern.

In quantitative terms, the UNIDO World Industrial Cooperation Model illustrates thefact that in order to achieve the 25 per cent target of the Lima Declaration by the end of the Century, manufacturing value added growth in the developing countries needs to be roughly 5.5 per cent greater in average terms than that of the developed countries. Thus, if the manufacturing value added in the developed countries grows by 5 per cent (which is less than the 1960 - 1975 average), in the developing countries it will have to grow at a rate of about 10.5 per cent, as compared with an average of 7.4 per cent during 1960 - 1975. Enormous efforts are indeed called for on the part of both the developing and the developed countries if the Lima target is to be achieved. In this context it is important to note that a fundemantal element of the Lima Declaration and Plan of Action is cooperation between developing and developed countries, and I believe, Mr. Chairman, that in this connection the voluntary industrial associations have an important role to play in achieving theobjectives of the Lima Declaration through close and fruitful cooperation with each other.

This cooperation may take the form of twinning agreements or cooperative arrangements between two or more voluntary industrial associations. They may include, among other things, arrangements for joint ventures, transfer of technology, sources of appropriate technology, promotion of exports from developing to developed countries, training of personnel locally and abroad, management development andupgrading, organisation of joint meetings for discussing issues of mutual interest to the associations and their members and exchange ofinformation. This cooperation should have as its main objective the development of the activities of these associations. It should aim at assisting them to become more capable to play an important role in the industrialisation of their countries. While UNIDO encourages the direct cooperation among the voluntary industrial associations and similar organisations in developed and developing countries, at their request UNIDO may be able to contribute to the implementation of these agreements.

Cooperation may also takeplace between the voluntary industrial associations and UNIDO in furthering the work of UNIDO and in achieving its objectives for the benefit of developing countries. In this regard, there are a number of UNIDO fields of activities which are amenable to a fruitful cooperation with the voluntary industrial associations and similar organisations.

In this connection, Mr.Chairman, I would like to bring to the attention of this distinguished forum the System of Consultations of UNIDO which presents a major priority area of UNIDO activities where an effective cooperation can be established. In line with the specific directives of the Lima Declaration and Plan of Action, UNIDO established a system of consultations on industry which functions at the sectoral level. We have already convened two consultation meetings on the iron and steel industries, two on the fertilizer industries, one on the leather and leatherproducts industries, one on the vegetable oils and fats industries, and one on the petrochemicals industries. Preparations are under way for consultations on sectors such as agricultural machinery, pharmeceuticals, capital goods, food-processing industries, and a second leather and leather produsts industry meeting. It is also worth mentioning that the follow-up action to these meetings has been undertaken.

These consultations are designed to allow a global review of the pattern of industrial location and output, and an exchange of views on ways and means by which developing countries can expand their production in these sectors in order to achieve the Lima terget mentioned earlier. The meetings are open to those concerned with these particular industrial sectors, be they from government, private industry or labour. The consultations have the eventual aim of the negotiation of concrete industrial agreements between partners from developed and developing countries, as well as between partners from the developing countries themselves. I believe, Mr.Chairman, that the active participation of the voluntary industrial associations in the delegations representing their countries in the consultation meetings, is essential in order to achieve the objectives of these meetings.

As you know, Mr.Chairman, UNIDO organises every four years a general conference attended by all member countries. This conference discusses the work strategy and policy of UNIDO for the following four years. The Third General Conference of UNIDO will be held between 21 January and 8 February 1980 in New Delhi, India. It is my sincere hope, that the voluntary industrial associations will take part in their national delegations participating in this Conference.

Mr. Chairman,

Permit me to welcome on behalf of the Executive Director of UNIDO, the distinguished delegates and to conclude by assuring you that UNIDO will spare no effort in implementing the recommendations of this Seminar.

Thank you, Mr. Chairman.

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"FEDERATION OF DANISH INDUSTRIES"

OVE MUNCH

Director General
The Federation of Danish Industries

I shall try to comment on a few of the subjects mentioned in the Aide-Mémoire and I shall do so based on my experience as Director General of The Federation of Danish Industries.

By way of introduction I should like to say a few words about the organization which I represent because this might enable the audience to evaluate how specific my experience might be in relation to the problems facing a Turkish organization.

The Federation of Danish Industries is not exactly a new organization, actually it has existed for 141 years these days and this alone, of course, earns us a status in the Danish society which cannot readily be obtained by a young organization. Our sole occupation is management of business. Management of people - that is the whole area of collective bargening - is looked after by the Danish Employer's Confederation which serves all sections of the business community.

As regards the greater part of our field of activity I suppose we do not deviate materially from the other organizations present. Thus, we consider it our task to formulate an industrial policy and to endeavour to have it implemented by informing and instructing politicians, the press and the population, and one of the

ways of doing this is, of course, to establish oneself as a serious and trustworthy source of information which requires a well-qualified staff.

I shall refrain from expatiating further on this because as I said before I do not think that in this field there are material differences between the various industrial organizations.

As my first point I should, however, like to dwell a little on our structure which aims at partly creating and partly providing a backing among our member firms for our views as regards Industrial Policy.

We are the Central Organization for the Industrial Branch Organizations which elect our Council. The Council elects from its midst the Executive Committee which is our highest authority. This Executive Committee may, however, pass on essential policy tasks to special committees, and the chairmen of these committees will often have to play the role as Industrial Spokesmen each within his sphere of authority.

Thus, we have for instance an Environment Committee, a Vocation Training Committee, a Technology Committee, a Consumer Committee, a Processed-Food Committee, an Energy Committee, an Export Committee, and there are still more, the members of which are all appointed by the Executive Committee among especially well-informed persons within Industry. In other words, they are not elected democratically in the same way as the members of the Council and Executive Committee, and they are answerable to the Executive Committee.

We are of the opinion that in this way we manage to establish wide contacts to and a joint-commitment from our members, and at the same time we succeed in exploiting the expert knowledge existing in Industry and thus contribute both to strengthen the Organization internally and to consolidate a trustworthiness which is necessary for our standing over against the Public, the Politicians and Central Authorities.

May I say in this connection that an important objective for these Committees and their Secretaries is to establish a cooperation with Officials of the Central Authorities as regards the elaboration of Bills at the earliest possible stage, that is before a Bill is presented to Parliament. This means that to a great extent we endeavour to make our influence felt by offering serious advice and less through heavy political agitations. But, of course, we will have to resort to political agitation if the preparatory contact mentioned above fails.

My second point has once again something to do with membership cohesion - or rather the breadth of the Industrial Organization - as it benefits neither the industrial development nor the acceptance by the general public that an industrial organization establishes itself solely based on the biggest companies of the country which, as is natural, are those who best can afford to pay fees and at the same time those whose leaders have the widest understanding of the principal problems of Industrial Policy.

If one aims at obtaining a broad industrial coverage there is no denying the need to establish the kind of service for the member firms which will interest the small and medium-sized companies. A service which either is free of charge or available at reduced cost.

This appears the more natural as efforts in the field of Industrial Policy undoubtedly will create expertise which it must be possible to utilize through direct consultative activites.

Our service to member firms is first and foremost directed towards Export Promotion. The Federation of Danish Industries has a staff of 160 and of these 60 are working in our Export Department.

In the same way we provide to a more limited degree and in co-operation with other organizations consultative service in the field of Taxation.

We provide service in the field of Environment and, of course, in general construction of Legislation effecting the Business Community.

Apart from that we arrange courses by ourselves or in co-operation with others, partly Management Courses proper and partly courses and conferences covering specific subjects of industrial interest.

We have stationed Consultants in the Provinces and besides Export Consultants abroad. Without exception this service presupposes membership, and I have no doubts that as far as many small and medium-sized companies are concerned the access to this service is an important reason for being a member whereby these companies are thus drawn into the activities of the Industrial Organization so that the views of the medium sized and small companies are registered and included in the Federation's views on Industrial Policy which is of no small importance.

Thus, it is my opinion that an Industrial Organization will have to base itself on offering its member companies a worth-while service in order to obtain a broad coverage from an organization point of view and thus make sure that all groups within Industry have their say, but apart from that it seems natural that an industrial organization utilizes the experience gained not only to offer guidance to Politicians and the general Public but equally to its own members.

To sum up, in my speach I have pointed to the necessity of a broad commitment in the Industrial Sector in which the Industrial Organization is actively engaged, and in this connection I have pointed to the setting up of an advanced System of Committees and a differential offer of services.

"ITALIAN CASE"

M. GATTAMELATA

Official in Confindustria General Confederation of Italian Industry

The services we offer to our associates are of different kinds, they are in function of different fields in which our organisation operates: economic policy matters, labour relation matters and research activity.

Looking at the first point, the economic policy matters, they are generally concerning industrial activity in the framework of the national economy and of foreign economic and financial relations.

The more important domestic economy policy matters include:

- Financing of industry (bank credit for industrial enterprises, special loans to small and medium-sized enterprises: for both these items we have a continuous speech with members of bankers association and the Ministry of Treasury)
- Industrialisation of particular undeveloped regions of our country (we
 do at this regard any effort to convince the industrialists of the Northern
 Italy to do investments in South of Italy giving them any assistance they
 need: information about credit facilities, loans, leasing, instruction of
 workers, etc)
- State intervention regarding price control of certain products (many prices in Italy are fixed or regulated by the Government like petrol, gas, chemist products, sugar and so on, these prices are fixed by a Governmental Commission in which our official are present.)
- Legislation governing the various industrial sector(at this regard, for example, we generally have the possibility to notice our position on the various matters directly to the special commissions working in the Partiament)
- taxation system

With regard to the foreign economic policy the more important matters include:

- investments of foreign capital in Italy and of Italian capital abroad (we organize meetings and seminars in order to inform the foreigners' companies about the convenience in investing in our country. Last year, e.g. we organised together with government and business international a visit in Italy of about 100 USA industrialists).
- custom regulation: we work not only with our Ministry of Foreign export but also at international level, I want only remember the participation of UNICE (Union of European Industrial Private Associations/ in the GATT agreement.
- export policy in general (we give to our associates informations about insurance and financing of credit, fiscal regulations relating to exports, commercial representation abroad, participation in foreign fairs and exhibitions).

-- On the particular matter of export, we have also recently participated in the creation in Italy of the Trade World Center

"Labour relations" are the second kind of matters in which we give our assistance. On this regard we generally discuss and subscribe agreements with Trade Unions. Actually we are, e.g. discussing about the renew of general contract of mechanical workers, the reduction of working hours, the improvement of productivity, etc. We assist also the single firms when they renew the local salary agreements.

Research activity: this item has nowadays particular importance. We conduct this research in the various fields pertaining to industrial interst, e.g. we have recently done a research in our mechanical associates in order to know how old was their machinery productivity structure. We publish also every two months an analysis of the conjuncture, etc.

Our research department conduct, in sythesis, surveys, analyses and research on economic, sociological and technical matters pertains to the objects of our organisation.

"SWEDISH EXPERIENCE"

BARON CHRISTER LEIJONHUFVUD

Director
Member of the Management Group
Head Administrative Department
Federation of Swedish Industries

Report to the "Seminar on the Role of Voluntary Industrial Associations in Industrial Development of Developing Countries" to be held in Istanbul, Turkey, from 28 May to 2 June 1979. Some general remarks and some notes on Swedish experience.

A personal view, by Christer Leijonhufvud, Director, Federation of Swedish Industries.

"The trade or professional association is organized to promote the best interest of the industry or profession it represents. More than that - and this is why the association is so important - it has the responsibility to help improve society". (1)

When one wishes to discuss an individual company and the sorrounding world, it helps to draw up an "Interested Parties Model". I have outlined such an Interested Parties Model for a Swedish industrial firm (Figure 1). Behind an industrial firm there are always one or more owners. The interest of the owner or owners may be that of a private, cooperative or State proprietor, or any of various mixtures of these ownership interests. The interested owner may himself direct the company, or the directing role may be exercised by a company management. If the company is of a certain magnitude, there will be employees. If the company needs raw materials, subdeliveries or servicing facilities from outsiders, it must make use of suppliers. If the company is to be able to survive at all, it must sell its products to customers - something that may prove quite difficult if the company has capable competitors, or competitors who do not need to observe the same rules of the game as the company itself. To go back a little in the circle, the owner interest can itself be responsible for the capital, but if in this respect too, the company is of any size, then it must make use of other financial backing, financiers, to ensure a continuation of its business. To my initiated audience, I need not do more than hint at all the relationships that a company has with

the State and with local-government authorities. The reactions and attitudes of the public enter today, in quite a different way from formerly, into the considerations that influence a Swedish company-management in its activities. All the international rules and regulations that Swedish exporting companies encounter are something quite often forgotten when there is talk in Sweden about the world around the industrial firms.

As can be seen from this circle of interests, the individual company has a number of different interests to look after and to promote in its relations with employees, suppliers, customers, State authorities, municipalities, the public, and so on. The individual company's interests are seldom unique, but are generally shared with other companies that manufacture or sell similar products, operate in the same part of the country, work on the same markets, or work under similar general conditions that have been formed by State authorities or by international agencies. As a natural consequence of this, the companies try collectively to look after and to promote their interests via associations of different kinds - so-called trade-organisations.

The development of a country's industrial organisations has been directed by historical factors, legislative patterns, the state of society at a given time, changing relationships between private industry and the State, and, last but not least, relationships with opposite numbers within the organisational system.

When different types of organisation are described (Figure 2), we generally use in Europe the term "social" and "economic" (2). Social activities are those with which representational organisations concern themselves in the field of employment; in particular, wages and conditions of work, social insurance, training, safety etc. Economic activities are those in which such organisations engage in relation to production, trade and general economic policy. Following the normal practice, we use the terms employers organisation (EO) and trade association (TA) to describe organisations active in the social and economic field respectively.

There are, of course, many organisations which have both social and economic functions (combined organisation, or EO/TA).

Combining for common purposes, most Swedish firms of all kinds have formed particular employers organisations (EOs), separate from trade associations (TAs) and other bodies which take care of their collective economic interests. Whereas the trade associations are normally able only to state opinions and issue recommendations, the employers' organisations are empowered to bind their members by majority decisions. This situation can be explained, in part at least, by the strength of the trade union movement in Sweden. Some 90 per cent of all "blue-collar" workers are affiliated with one and the same central body, the Swedish Confederation of Trade Unions, LO; while the other confederations, formed by "white-collar" categories, cover almost two thirds of the salaried employees in the country. LO is allied with the Social Democratic Party, which it supports very actively by such means as collective affiliation, financial aid, electioneering assistance, etc.

The most important of the employers' organisations is the Swedish Employers' Confederation, SAF, combining industry, commerce, agriculture, and the greater part of the service trades. State and cooperative undertakings have their own employers' organisations. There are also independent employers' organisations for banks, property and the newspapers. SAF represents employers who give work to about 90 per cent of employees within the organised part of the private sector of the economy. To tell you more about the binding power mentioned earlier, it may be said that the bye-laws of the Swedish Employers' Confederation, SAF, require affiliated associations and firms to obtain the authorization of SAF before they sign a collective agreement or declare a lockout. Most of the agreements are concluded by the associations on behalf of the firms;

the number of firms signing agreements themselves is very small. The Confederation does not conclude any collective agreements, but signs, with the Swedish Confederation of Trade Unions (LO) and the organisations of salaried employees, joint recommendations which serve as standards for subsequent sector and enterprise negotiations. SAF has the power to order collective lockouts and to impose other policies of solidarity on the affiliated firms. Where a strike or lockout occurs within the organisation, every firm involved is entitled to compensation from an enourmous insurance-fund. At the turn of the year 1978 this insurance fund amounted to 1,019,000,000 Swedish kronor, i.e. about 232,000,000 dollars. Wilful transgressions of SAF's bye-laws or decisions are punishable by payment of a statutory fine.

Among organisations active in the economic field, the Federation of Swedish Industries occupies a strong position owing to the prominent place of industry in Sweden's economy. On the ecomomic side, there are other top organisations such as the Federation of Swedish Farmers' Associations, the Swedish Federation of Crafts and Small and Medium-Sized Industries - Family Business Enterprises, the Federation of Swedish Wholesalers and Importers, the Swedish Retail Federation, the National Federation of Swedish Insurance Companies, and the Swedish Bankers Association.

Why was the Federation of Swedish Industries (SI) founded? Industrialists lacked a body able to state the case for industry to the Government. There were many questions within Parliament and the administrative State authorities that were intimately concerned with the interests of industry, but there was no one taking charge of these questions on behalf of industry. The Government had no authoritative institution to which it could apply, and it was impossible for industrialists to collectively put forward their wishes and views. The special or local associations which had to look after industrial interests had either primarily other

functions to fulfil, or could not, in any case, speak on behalf of the whole of industry. In other words, what was required was a body that could reply to a question addressed to industry, and moreover, speak on behalf of industry. There was also the fact that the State was substantially widening its operations and intervening in new areas, SI was therefore founded in 1910. The desired object was that the new organisation should if possible extend to the whole of Swedish industry, both the part that had already united in special associations, and the part that was still unorganised, the exporting industries as well as those working for the domestic market. The programme was laid down in agreement with these wishes, and the Federation was anxious to attend to the collective interests of industry as a whole. The Federation was not to be allowed to serve party politics, for it was clear that industry had to exist, progress and develop, and its organs must - it was said - be able to exercise their proper influence, no matter to what political party the persons belonged who held the responsibility for the supreme management of the nation's affairs, and no matter how party political conditions might develop in the legislative assembly. Furthermore SI was not to concern itself with questions of wages and salaries, or generally with matters concerning the relationships between employers and workers. For that, there were already other organisations (the Swedish Employers' Confederation had been established as far back as 1902). and SI was not to promote the interests of any particular party but to work for the welfare of the whole. Watch would be kept on and support given to the interests of the whole industrial sector, as much for the benefit of workers as for that of the labour management, and the Federation was to work to the greatest possible extent to increase Swedish industrial production.

Particularly during the first ten years of its operations, SI published abundant literature concerning new methods and modern organisation on technical and commercial aspects. Separate consulting-firms were also set up staffed with capable experts. This helped to bring about the practical implementation of modernization within large parts of Swedish industry. Regarding the economic organisation of industrial enterprises, factory plants, and workers' dwelling-houses as well as new production principles and organisation of work, many improvements and ideas originated with SI. The Federation has assisted in the setting-up of several activities which could subsequently be taken over by other organisations or by a growing body of experts or consultants (for example auditing). Once an activity has been established on the market, SI has in most cases, for organisational as well as for economic reasons, handed over the activities to others.

As SI grew, it became clearer and clearer that it would be possible for work to be done more effectively if the special interests of different sectors of industry were taken care of by a board and ombudsman intimately familiar with the sector concerned, or in other words special associations for particular sectors of industry. During the crisis years of the 1910's, the <u>formation of such trade-associations</u> received a particular impetus, and the system of division we practise in Sweden is that the industrial firms are members of trade associations which are themselves members of SI (see Figure 1).

It is stated in the Federation's current bye-laws that SI constitutes a federation of trade associations with the <u>purpose</u> of promoting production useful to the community and of watching over the common interests of industry, except in questions concerning the relations between employers and employees.

The <u>membership</u> of the Federation consists of 26 trade associations, through which the individual firms are affiliated indirectly to the Federation (Figure 3). There is one exemption from this rule, namely that firms owned by the Swedish Cooperative Union and Wholesale

Society are members only of trade associations.

About 3,000 firms are affiliated to the trade associations which, in turn, form the Federation of Swedish Industries. In addition to private firms the membership includes industrial firms owned by the state. From the aspects of employment and value of production, SI can be said to represent 75 per cent of industry proper in Sweden. Three-fifths of the firms that are trade-association members each have less than 50 employees.

SI seeks to present a united industrial front. Its bye-laws require every member association to consult SI before making a decision on any matter that is also of interest to others within the Federation. The purpose of this consultation procedure is primarily to try to solve problems within industry's own circle instead of appearing before the authorities as conflicting parties.

The apportionment of work between the trade associations and SI is essentially such that the trade associations deal with matters concerning particular sectors, while SI deals with matters that concern all or several sectors.

A few words about the central establishment of SI (Figure 4).

The supreme organ of SI is the <u>General Assembly</u>. It meets at least once a year. The members - that is, the trade associations - are represented by delegates who are mostly holders of leading positions in various industrial firms.

The <u>Board of SI</u> has 70 members. One reason for its size is so that as many sectors of industry as possible should be represented. The Board meets every other month, and a 19-member working committee meets in the months when there is no Board meeting.

The structure of the Secretariat is shown in Figure 5.
About 100 people are employed in the SI Secretariat. The activities of the 7 functional departments and 3 staff

departments are described by their names. The picture of the Federation would be incomplete without mentioning that we have a business company, which employs about 50 people. The company administers the so-called "House of Industry", where several organisations are tenants. The company also engages in many activities in the field of office service.

SI has no regional organisation, but this year the mutual cooperation between SI and the Chambers of Commerce has been intensified.

SI's task is to safeguard the wishes and views of industry in various economic, industrial and social matters. In order to accomplish this task, it turns to various <u>target</u> groups (Figure 6).

As regards the target groups, the aims of the activities of the Federation of Swedish Industries are:

- to represent industry and to look after the interests of members <u>vis-à-vis</u> the <u>Government</u>, <u>Parliament</u> and the <u>authorities</u>;
- to inform the public, with a view to creating understanding of the conditions under which industry operates and its significance;
- to give service to the <u>trade associations</u> and their <u>member companies</u>; and
- 4. to represent Swedish industry in various <u>international</u> <u>contexts</u>.

With reference to the <u>decision-making processes</u> in the <u>public sector</u>, in Point 1, it is possible to work, at various stages, for the promotion of industry's interests. Initiatives can be taken in a particular matter, SI may take part in State commissions/committees, views can be expressed on questions officially circulated, etc, and the implementation of decisions can be influenced by participation when regulations for application are drawn up. It is not only the members of SI that are interested in making a joint manifestation via a central organisation.

The Government also frequently needs access to a representative spokesman for industry. This is the case not only via direct negotiations or for active cooperation in the carrying-out of a certain policy, but also for informal contacts for the purpose of sounding the prevailing opinions in certain situations and for obtaining material information. The Federation of Swedish Industries has representatives in various governmental commissions/ committees. A large number of statements on reports received from the authorities for consideration are made by SI every year. Making statements on reports from commissions/ committees formerly meant a great deal - but, of course, inquiry techniques were then of another kind. Various alternatives were considered and different solutions proposed. Inquiry work is now fairly strictly controlled by the inquiry directives issued, and it is therefore all the more important to give prominence to industry's interests as early as possible. The enlarged machinery of State has meant a privileged position for the Federation of Swedish Industries in a series of administrative organs, diverse councils, boards, etc, thus providing a platform for views.

As regards point 2 - <u>information to the public</u> - I shall simply say that SI's participation in policy discussions on industry and trade also aims at providing the public with industry's views on current problems.

As regards point 3, a predominant part of the activity of the Federation of Swedish Industries is aimed at State authorities and the public, but there also exists a richly diversified contact network between SI, the trade associations, and industrial companies. The comprehensive collaboration between SI and the trade associations is showing signs of increasing. The service SI gives companies is mostly of a collective character. Individual service to companies is limited in extent and is given primarily by the trade associations and by service companies owned by SI.

With reference to point 4, the Federation of Swedish Industries also represents Swedish industry in various international contexts, and its foreign contacts include industrial organisations. Together with SAF, SI has set up an office in Brussels which is primarily responsible for contacts and collaboration with UNICE (Union des Industries de la Communauté Européenne) - the joint agency for the industrial confederations of the EEC countries. The increased internationalization of Swedish industry is naturally reflected in the work of or Federation.

For proper representation of members' interests, close contacts between <u>SI and the trade associations</u> and between <u>SI and the industrial companies</u> are of great importance. In this respect there exists an exceptionally well diversified contact network.

The Federation of Swedish Industries collaborates widely with a range of other Swedish organisations - mainly, of course, confederations in trade and industry. This collaboration often takes the form of joint activity in making replies to matters received for consideration, carrying-out inquiries, making pronouncements, etc. The mutual exchange of information is of very great importance.

SI's cooperation with organisations other than the trade associations is performed either direct, or via any of the joint consultative bodies of the business community. The direct cooperation may concern joint projects of an investigatory or informative character, a joint manifestation in matters officially circulated for opinions to be expressed on them, joint statements of opinion, etc, and extends over all areas. The joint consultative bodies of the business community are of various kinds, and they have been formed over the years in order to constitute permanent organs for consultation, discussions, commissions of inquiry, the treatment of officially circulated matters, advisory service.

etc within relatively clearly-demarcated fields of subjects. There are joint consultative bodies for energy questions, consumers of transport and communications services, housing policy and urban-development planning, tax questions, certain international questions, matters concerning secrecy and security, etc.

A special position among the joint consultative bodies is held by the /Swedish/Industrial Institute for Economic and Social Research (IUI), financed by SAF and SI and founded in 1939. Most of IUI's work is devoted to long-term research concerning economic and social conditions of importance for industrial development.

With the strong influence that Governments exercise over the economy both in industrialized and in developing countries, it must be essential for the industry in many countries to have an Industrial Association which can speak on behalf of the whole of industry.

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- (2) From the introduction to the Report of the Commission of Inquiry into Industrial and Commercial Representation (the so-called Devlin Report, after the chairman: the Rt Hon Lord Devlin). Published 1972 by the Association of British Chambers of Commerce (ABCC) and the Confederation of British Industry (CBI) for the Commission at 21 Tothill Street, London, SW1H 9LP.

Figure 1

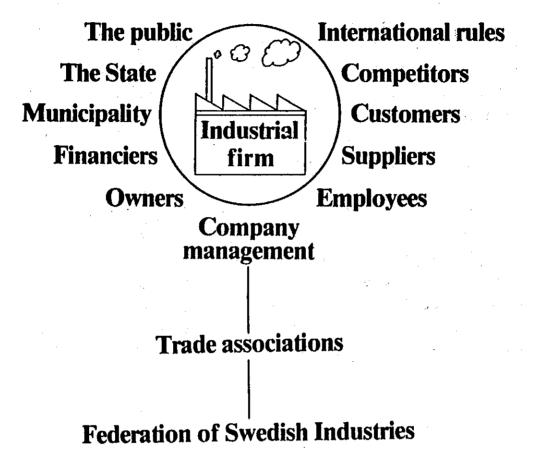


Figure 2

Industrial organisations

- A. Social activities =
 = Employers' organisation (EO)
- B. Economic activities == Trade association (TA)
- C. Social and economic activities combined =
 = Employers' organisation/
 Trade association (EO/TA)

Figure 3

The Federation of Swedish Industries (SI)

- 26 trade associations
- About 3,000 member firms
- SI represents about 75% of Swedish industry proper
- Three-fifths of all member firms each have less than 50 employees

Figure 4

Central establishment of the Federation of Swedish Industries

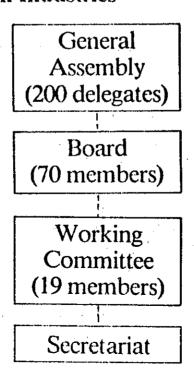


Figure 5

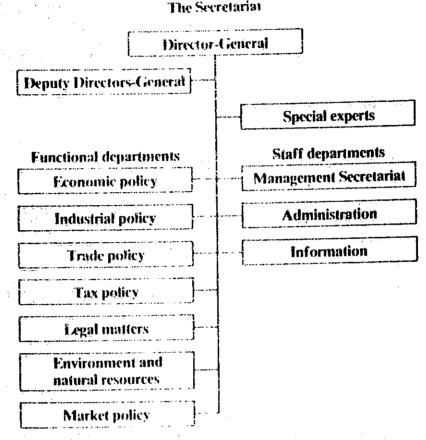


Figure 6

Target Groups

SI's activity has the following aims:

- 1. To represent industry and to look after members' interests vis-a-vis the Government, Parliament and the authorities;
- 2. To inform *the public*, with a view to creating understanding of the conditions under which industry operates and its significance;
- 3. To give service to the *trade associations* and their *member companies*;
- 4. To represent Swedish industry in various *international contexts*.

"C.B.I"

R.G. LAWSON

Honorary Representative Confederation British Industry

Distinguished lady and gentlemen, I must first explain that I am not from the permanent staff of the C.B.I. but have represented the Confederation in an honorary capacity for the past twenty years in Turkey. If in this capacity I cannot provide details that may be required I will be happy to obtain these for you.

Having just returned from the United Kingdom I do however bring complements from London and a message that the C.B.I. will be happy to cooperate with TUSIAD as a sister organization with similar objectives, and indeed with like organizations round this table.

Mr. Hamdy has asked participants to concentrate their remarks on present activities of their Country's organizations rather than giving a detailed account of the organization and I feel this can best be achieved with the desired bravely by quoting excerpts from our President's introductory remarks to the annual meeting last month. I preface these remarks however by explaining that the C.B.I. is a voluntary organization financed by members' subscriptions and over a long history has become recognised as the accepted representative organization of British Industry in all its aspects.

Our President Mr.Greenborough said:
"We have successfully influenced Government decisions on some crucial issues which would have otherwise worked to the detriment of our members. Additionally we have increased our involvement in European affairs."

"When the government introduced a totally unacceptable pay policy into its contracts with industry and commerce employers stood firmly together in their opposition to it and this cohesion can be seen as a most important milestone on the road to improved employer solidarity."

"With the help of some notable work by our newly developed Parliementary liasion unit and selective lobbying organised in the regions we played a substantial part in helping to secure the further cut in income tax rates subsequently forced on the government."

"We have consistantly tried to back up our criticism of the way things were going with reasoned and constructive alternatives. The solutions we offer are well researched and properly costed and this is why we are being increasingly listened to by thinking people."

"We have a first rate nation-wide consultative machine which exposes policy initiatives to the keenest scrutiny from both specialist experts and generalist members alike."

"A determined effort to reform our pay bargaining system in long overdue The C.B.I. has spent much time and effort in elaborating proposals to this end Allied to this reform is the need to review the role and power of the trade Unions.".

"Employers must find ways of working together for greater solidarity This is one of the major themes on which we in the C.B.I. will be working on this coming year."

We shall go on pressing for a big reduction in the excessive burden of taxes and for a shif in the balance of taxation away from direct taxes to restore personal incentives and improve business competitiveness.

We shall continue the fight against arbitrary price and divident controls and in general against State interference with the market system."

"Finally we must help people to realise that no nation in a highly competive world, owes this country a living and that higher employment, high living standarts, and good public services depend on profitable trade and industry The C.B.I. will continue to work assiduously towards the achievement of a high output, high productivity, and high real wage economy with rising employment.".

Much of what the C.B.I. has achieved and continues to work for as spoken by our President will be seen as close to TUSIAD's heart and may give encouragement.

There is no doubt that the Government old and new seek the views of industry through the officies of the C.B.I. as a matter of course and hopefully TUSIAD will achieve a similar position with their government.

The organization which is behind the substantial achievements and efforts outlined is best illustrated by a chart which I suggest the Secretariat duplicate for the meeting of he thinks this would be helpful and in the interests of

Lastly I should add a word on the question raised of relations with Chamber of Commerce. The C.B.I. does not conflict with Chamber of Commerce and in general it is accepted that they handle all matters in the import and UK agency contexts while C.B.I. retain a brief on export and all other matters pertaining to industry. The London Chamber of Commerce and industry loses nothing of its importance because of the work and influence of the C.B.I. In effect they compliment and do not seriously overlap.

I think the chairman I have covered what I felt should be said and hope this will prove sufficient for the purpose.

Thank you.

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

R.TJIPTO

Director Indonesian Chamber of Commerce

Is has been considered that apparently the quickest and surest way to raise the GNP and income per capita of developing countries is through industrialization.

It is also obvious that to achieve this goal, the role of the National Planning and Development Board as well as the quality and feasibility of its programs is very decisive.

The government through its agencies and institutions execute the program and by giving directions, guidance and proper supervision intends to materialize the various projects and achieve its objectives; however it will be the operator on the field, it is the private sector, domestic and foreign as well after all, who will make the execution of the program a success or a faillure.

It is in this respect that I like to highlight the role of voluntary industrial associations in industrial development of developing countries, based upon my experiences in organizing and establishment of such associations in my country, the republic of Indonesia.

As we'all know, in developing countries there is scarcity of capital, manpower with suffecient experience and other vital assets for industrial development and therefor to ensure smooth, healthy and steady growth of the industry, proper planning and effective direction, guidance and utilization of resources is of great importance and sometimes crucial.

Past experiences have also given evidence that it is not always wise to leave the industrial progress and development to the free market forces perse and by so doing tolerate freewheeling all out throat-cutting competition among the coming would be industrialists of the country, because to my opinion this tends to be a waste of precious energy, capital and time; a luxury most developing countries by far cannot afford.

I certainly support free competition and I am convinced that it will induce and accelerate progress, but none the less it should be kept and maintained on a certain healthy level while allowing enough room to breathe and recover for the interesting parties. The "leitmotiv" should be: "live and let live" rather than "live and let die".

This is one field where industrial associations can be of valueable service for the interest of its members in particular and for the sake of the whole private sector as well.

We must admit that the ADMINISTRATION in most developing countries are not too well in advance, lacking sufficient experienced officers and adequate means to perform their respective duties, more over struggling with very limited budgets.

Obviously it is almost impossible to obtain complete, accurate and up to date information about the status of a particular sector of the industry. It is superfluous to point out what harm can be done to that sector in particular and the industrial development in general, if crucial decisions and policies will be made based on inaccurate, incomplete outdated relevant information.

On the other hand, industrial associations will be in a relatively better position to obtain those very important data and information, their respective direct interest in their struggle for survival being a strong motivation.

It is true that they also have to face the same problems and constraints as their governmental counterparts, but being more at home with their day to day business and being private in the first place, give them a greater advantage and allow them more flexibility in solving those matters by pragmatic approach.

Hence the establishment of voluntary industrial associations would be in the long run of substancial benefit for the industrial development in developing countries.

However certain conditions must be met if we expects such associations performs its functions effectively.

First of all: the attitude of the government towards such associations. It is expected that the government will fully recognize, acknowledge and encourage the establishment of industrial associations.

The government should treat the private sector cq industrial associations as their worthy counterpart, as a partner in progress rather than to look upon them as mere profitseeking, tax-evading, blood-sucking, no good members of the society.

Secondly, full support of the industrial sector must be assured and in this connection the attitude of the private sector in general, the individual industrialist in particular towards such voluntary associations is crucial.

The Indonesian chamber of commerce and industry (Kadin Indonesia) has gain official recognition by presidential decree in 1973 and has been considered by the indonesian government as the one and only national organization of business associations representing the private sector in Indonesia.

Consequently since that time, the department of industry in particular encourage and strongly recommends the formation of industrial associations and in conjunction Kadin Indonesia provide assistance to the organizers and sponsors of such associations. So far about 70 industrial associations has been successfully established.

However I have to admit that it was and still is not always easy to start such associations. It is still very hard to persuade industrialist to participate in the formation of voluntary industrial associations or even to join associations already in existence.

Actually we can divide industrialist in developing countries into two categories, namely those who belongs to big, modern corporate-based industrial ventures and therefor are familiar with modern management principles, and those who controls small or mediumsize manufacturing companies, usually owned by one single person, a family or a small group of proprietors. In most developing countries the majority of manufacturers will fall under this group.

Those belonging to the first category considers industrial associations as a logical necessity, an usefull vehicle to foster closer relationship and cooperation among themself as well as with the government in order to create a favourable climate for industrial development.

On the contrary those who belongs to the second category, due to lack of information, narrow minded selfishness and moreover their limited ability to view their problems from a wider scope, are usually ignorant, hesitant and reluctant to join industrial associations. They consider it as an additional burden to their daily troubles and being old-fashioned businessmen often experts instant benefits from such organizations. This is a common dilemma confronting almost every industrial association, especially in their initial stage.

To enable any organization to function properly and effectively it needs sufficient funds, which idealy should be contributed by all its members, but in reality quiet often associations are financed by a few, broadminded sophisticated members, mostly belonging to the first category of industrialist.

It is also a fact, that the best organized and most effective associations are those run by full-time professional administrators, who by no means have any relationship what so ever with or are on the payroll of any of the associations members.

Hence, it is therefor advisable to organize associations on a broader basis, rather than hitherto specific specialized groups e.g. it might be better to establish a textile industrial association, comprising all stages of manufacturing rather than separate associations of spinning mills, weavers, knitters, garments etc.

On a later stage, if and when necessary such specialized subgroupings can always be created within the association .

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES

DR. S. SARMA
Secretary General
Indian Chemical Manufacturers Association

INTRODUCTION :

In the quarter century ending 1975 the average per capita income of the developing world has grown at over 3% a year. Never has so large a sector of the human community achieved so much economic development in so short a time.

1.2. This situation is a manifestation of the rising aspirations for economic development of the developing countries over the last three decades. These countries had accordingly pinned their hopes on industry to achieve an accelerated growth in income, which would lead to a viable surplus and, in turn, would further stimulate economic development. Justifiably they looked forward to a faster growth in industrial output and further diversification of the same through the blessings of technology necessary to engender the structural change conducive to sustained income and economic growth.

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1.3. The associations of industry have played a significant role in this task. However, the contribution of associations appears to have remained confined to the limits of their national boundaries and there has been a minimal coordinated exchange of information and ideas at the international levels. This paper aims to highlight the important features of the associations of industry in India and suggest ways and means of possible co-operation amongst their counterparts in other countries through appropriate aid and assistance of UNIDO.

2. INDUSTRIAL DEVELOPMENT IN INDIA:

- 2.1. Amongst the developing countries poor as well as rich the all embracing common feature is their development aspirations. While some countries may aspire to be merely more prosperous and some may like to develop industrially to achieve prosperity, India shares both the aspirations. It is well known that India is a diverse country principally on account of its large size. The best as well as the worst features of the developing countries characterise it. The country presents, simultaneously, the traditional and the modern, the backward and the advanced, the slums and the cities, the poor and the rich.
- 2.2. At the dawn of freedom, a little over three decades ago, the industrial base of India was narrow and hemmed in. Just a few heavy industries dotted the sub-continent and industrial capacity was confined to essential infrastructure and to too few light goods manufactured for domestic consumption; textiles alone accounting for 50% of the manufacturing output. Skilled labour was limited. Similar was the handicap in the area of entrepreneural skill and managerial talent. The country was dependent on imports for capital and consumer goods.

2.3. Since Independence India has been able to turn the corner and today it ranks as the world's tenth most industrialised country. It also has the third largest number of trained technical personnel on the globe. There is hardly anything from pins to aircrafts, from handtools to nuclear reactors that India does not produce at present.

5. ASSOCIATIONS OF INDUSTRY IN INDIA :

5.1. Organisation :

- 5.1.1. Imbued with the ideal of democracy, India has not been blinded by state enterprises only but also robustly recognises and encourages voluntary associations of industry which promote healthy private initiative. Concomitant with the diversification and expansion of Indian industry such associations have, therefore, grown all the more during the recent years and are quite sophisticated in their functioning. Today, a large number of associations, national and regional, represent the different sectors and sub-sectors of the wide range of industries.
- 5.1.2. The majority of the associations are of recent origin as earlier the concerned sectors of industries were either non-existent or were at an elementary stage. Just a few Indian associations have completed 75 years of their existence and naturally these represent the traditional industries.
- 5.1.3. Over the years, the veteran associations have re-eriented their approach and attitudes in tune with the changing economic conditions. In the pre-Independence days they professed, above all, economic nationalism, subsequently, import substitution and lately, their important concern has been planning and forward

looking policies pertaining to industrial growth, absorption of technology, environment, labour-intensive schemes, etc.

- 5.1.4. To promote research and development some associations have also established important research institutes. These include the associations of research on rubber, plywood, textile, jute, silk, tea etc. Such centres carry out their own advanced research on subjects of general interest and also take up research on topics sponsored by industrial units. Courses are also fostered for professional development of technical personnel employed by the industry. The Government provides generous grants to those institutes. In this way a store house of knowledge has been built up at those centres on which members of the association, the economically weak ones in particular, can profitably draw upon.
- 3.1.5. The associations do not generally deal with details of export matters and confine themselves only to the rejor policy issues. Specialized Export Promotion Councils established through joint collaboration of Government and industry function from the grass root levels to promote products abroad and also to furnish necessary financial assistance. They maintain a close liaison with the markets in different parts of the world.
- 3.1.6. The more affluent associations have organised their own secretarial services while the others including the smaller ones derive secretarial assistance from the Chamber of Commerce to which they are affiliated. Some associations representing sub-sectors of industry are also attached to the associations representing the main sector of that industry.

5.2. Statutes :

- 3.2.1. Associations having more than six members can register themselves under the Indian Companies Act or Indian Societies Act. Remarkably enough, Government stipulations on the registered associations are less complicated and more lenient than for business organisations.
- 3.2.2. Thus, while the associations earn their revenue mainly through membership subscription, professional services, sale of publications, etc. the income accrued from membership subscription is exempt from tax. Similarly, the expenses incurred by the companies in paying subscription to such organisations are also treated as revenue expenditure for their income tax purposes.
- rules and regulations for the functioning of the associations and within those broad parameters the associations prepare their constitution and register them with the concerned authorities. For introducing any changes in the clauses of the Constitution, the proposed modifications are first to be referred to the relevant authorities who permit the changes only if they are in consenance with the laid down objectives of the association as enshrined in the constitution and the Acts of the Government connected with the functioning of the associations. The changes have then to be adopted at a General Body Maeting and filed with the Registrar of Companies.
- 3.2.4. With a view to precluding any monopolistic activities of the associations in sale or purchase of materials, the Government regularly studies the reports and proceedings of

meetings of associations and intervenes by even asking the erring associations to alter particular clauses of their Constitution.

3.3. Functions:

- and based on these Plans, annual plans, fiscal policies and import and export policies are announced every year. These policies seek to deploy scarce resources, including foreign exchange, in directions most fruitful for the country's economy and industrial development. This concept is carried through with the help of industrial policy and licensing procedures and over the years Government has, as a part of its overall planning, used industrial licensing as an allocative mechanism for optimum utilisation of available financial, raw material and other resources.
- 5.3.2. While the Government needs a feedback of the effect of its policies on private enterprise, the industry needs to be acquainted with the changing attitudes at the Governmental level. The associations help in fulfilling both these objectives.
- 3.3.3. For formulating or modifying any policy, the Government often takes into account the views of industry and the views of the particular sectors of the industry are shaped appropriately by their associations in due consideration of the short and long-term requirements and problems of the various sectors of the industry represented by the associations.
- 5.5.4. The associations possessing valuable expertise thus perform the functions of the spokesman of the industry. Representatives of the association are also invited to join many of the

Committees set up by the Government to help formulate such policies.

The associations thus make a significant contribution in the formulation of various policies concerning their industry and thereby play a useful role in catalysing economic development.

- 3.3.5. To encourage the growth of the smaller industrial units, the Government has exempted them from the purview of licensing. The main emphasis of the associations representing such units is on the availability of raw materials for their constituents as the broader policies of the Government are not of much immediate relevance to their day-to-day needs. At times of raw material shortages, the indigenously manufactured bulk raw materials as also import entitlements of bulk quantities are provided to these associations for suitable allocation to their constituents.
- 3.3.6. The associations are also members of the foderal bodies like the Federation of Indian Chambers of Commerce & Industry and the Federation of Associations of Small Scale Industry, besides the local Chambers of Commerce, General interest topics are thrashed out through these bodies. Involvement of the associations in the Committees of these bodies also helps them in having an integrated perspective of the concerned sectors of the industry.

4. OUR ASSOCIATION'S ROLE

4.1. The Indian Chemical Manufacturers Association, to which I belong, was founded forty years back by the late Acharyya P.C. Ray, an eminent academic reputed as the father of modern research in chemistry in India, who had also set up the first indigenous chemical manufacturing unit in the country. During the last four decades,

under the leadership of many stalwarts of the industry, the Association has been an active instrument in planning the future growth, research and development and import substitution in the field of chemical industry and is recognised today as the main forum of the chemical industry at the national level.

- 4.2. The affairs of the Association are managed by an Executive Committee elected annually by the members. Apart from this, appropriate sub-committees of experts are appointed by the Executive Committee to cater to the special interests of the different sectors of the industry. The membership of the Association is open to any person, firm or company engaged in the manufacture of chemical products or having on hand programme for such manufacture. Consultants in the field of chemical industry as well as financial organisations can also become Associate Members.
- 4.5. The Indian Chemical Manufacturers Association is affiliated to the Indian Chamber of Commorce, Calcutta, and draws upon their secretarial services. We also have a Regional Office in Bombay. Membership subscriptions, which are based on annual sales turn over of our constituents, form the main source of our revenue.
- 4.4. Important information on new legislations of relevance to the industry, announcements of Government policies and procedures, latest statistical data, etc., are circulated among the
 constituents regularly and through the Association, the staff and
 financial resources of our members are used to the best economic
 advantages in solving their problems pertaining to professional
 growth, raw material requirements, taxation, labour, etc.

- 4.5. Our membership comprises manufacturers of all sectors of the chemical industry viz. heavy inorganic, heavy organic, plastic and petrochemicals, dyestuffs and intermediates, pharmaceuticals, fertilizers, pesticides etc. Naturally, it often happens that an item which is produced by a member firm is consumed by another. While dealing with the case of any particular member or group of members we have to, therefore, always make sure that our approach does not affect the interest of another member or group of members. In such cases, we finalise our views in consultation with the concerned parties and therefore Government always finds the Association's views more reasonable as compared to the views of the other associations representing sub-sectors of the industry which might often be one sided.
- 4.6. Seminars are organised by the Association for the purpose of evolving concepts or policies in any specified field of activity, identifying problems in industrialisation and projecting the future growth potentials of the chemical industry. The proceedings of those seminars containing valuable data and expert opinion are available as modestly priced publications to cover the printing expenses and to promote wider use and public discussions.
- These include surveys on status of research and development in chemical industry, surveys on chemical industry at the end of decades, as well as many individual sectors of the industry. Suggestions and recommendations emanating from these surveys have been quite often accepted by the Government. For formulating the views of the Association on the policy in respect of individual items, we also regularly conduct surveys on them in consultation with the producers and consumers.

- 4.8. In recent years the Association has prepared perspective plans for the different sectors of the chemical industry. The Sub-Committee Chairmen of the particular sectors are authors of the papers developed on the basis of a common format formulated by us. The papers are first finalised through discussions at the Sub-Committee levels keeping abreast of studies and surveys conducted as well as the industrial othes of the country and are thereafter discussed at seminars at national forums where all concerned with the industry including representatives of non-member firms, consultants and Government officials actively participate. Based on the deliberations, the views and projections in the papers are modified and the proceedings are released for wider public circulation. The Association does not have to finance such schemes out of its own resources as the expenses incurred are made up by charging nominal participation fees. Care is taken by us, at each stage, to see that these publications supply a woulth of vital information and valuable guidance to all concerned. I may add that the procoodings of our sominars are avidly wanted and consulted by renowned industries even in developed countries.
- 4.9. Symposia are held by the Association at regular intervals for high level study and discussions on general policy, management and technological developments. Workshops designed to promote exchange of information and experience among a handy number of participants have also been found useful. Besides, we organise lectures on a variety of subjects of topical academic interest. Annual lectures by experts in the top ochelons of Indian industry are also arranged on topics of current interest to the industry to celebrate

the revered memory of one of the founders of the Association. These loctures do not merely indulge in pious platitudes but are based on precious and up-to-date results of studies pertaining to science; industry and community.

- 1.10. The Association has also established a Technical Information Centre for Chemical Industry in close collaboration with the Council of Scientific & Industrial Research, G vernment of India. The activities of this Centre centers on disseminating of information relating to technological innovations and know-how developed at the National Laboratories as well as on providing information on production, imports, demands, etc. of chemicals. The Centre also facilitates exchange of technical information and stands out as an excellent linkage between the industry and the research laboratories. The services of the Centre are not restricted to members alone but are also available to others.
- 4.11. The Association has been one of the pioneers in instituting national Awards. Thus, in furtherance of its objectives of promoting indigenous chemical research and adoption of modern technological processes, maximising export both of the chemical products and technology and to recognise contributions in the field of process design and process engineering of chemical plants as well as demonstrating a sense of social responsibility, the Association has instituted six annual National Awards. These Awards are being given for the last fifteen years and being one of the eldest awards are highly coveted for the industry and receive wide coverage in the country's news media.

5. CO_OPERATION AT INTERNATIONAL LEVEL:

- 5.1. The associations in different countries may well help in fostering the growth of the industry through exchange of conventional wisdom and up-to-date experience, on various facets of industrial and technological development. A closer study is, therefore, necessary as to the potentials of the associations in the context of the above functions which they could perform to promote rapid industrialisation by supplying business information, data and advice, encouraging wider and better use of technical assistance, and spreading knowledge and understanding of the industrial processes in the local industrial community.
- 5.2. Collection and dissemination of indigenous information at the international level is of paramount importance for everall industrial growth. In highly industrialised countries such information may be readily available, but it cannot be gainsaid that while a large reservoir of accumulated industrial knowledge and experience exists within the developing countries relevant to the needs of the other developing countries, this information is not always available in an organised manner. Some of this information is immediately applicable, while others may need slight modifications to suit local needs, conditions and raw material and may even act as catalysts elsewhere.
- 5.3. Unfortunately in most developing countries, those concerned with industries have little knowledge of what is available and even if they are, they find it difficult to obtain it. Access to such material or even the knowledge of its availability may confer great benefits to industrial managers. The industrial infor-

mation have to be, therefore, analysed, categorised and circulated among the concorned parties in those countries where the information is pertinent and can be profitably utilised.

6. POSSIBLE AREAS OF CO-OPERATION:

- 6.1. Growth of the industry in developing countries could be effectively promoted by pooling of resources and close co-operation among the associations of industry in the following areas:
- 6.1.1. First, helping to co-ordinate fruitfully the natural resources and talented people using advanced technology. Accumulated scientific and technical knowledge is a precious input in this area and fresh research is time and resource consuming. However, often a technological gap yawns against utilising existing technological knowledge from other countries. This may occur due to communication lags and imperfections in transferring existing technologies. The gulf may also have its existence on account of partial or faulty communication of knowledge. Cordial co-operation among associations would help considerably to overcome such hurdles.
- barriers to the adoption of technical know-how from developing countries at a lesser cost. Industrial development of the developing countries can be further accelerated through economic and technical co-operation. The lack of awareness of the considerable amount of technical know-how available within the developing countries bearing immediate relevance and applicability to the development needs has to be minimised. Thus the know-how, which the associations may vouch-safe on behalf of their constituents would be more acceptable to others at the international level.

- 6.1.3. Thirdly, newer technologies to increase opportunities for saving resources, utilise by-products and recycle of waste products have assumed crucial importance. Those are exponsive technologies and often the technologies practised in advanced countries and obtained at prohibitive costs do not suit the local conditions of the poorer nations. Associations could highlight the dotails of such achievements in other countries so that their constituents could work out individual techniques to suit values and actual conditions of each.
- 6.1.4. Fourthly, although in most developing countries environmental problems have not yet become so alarming, clearly these countries want to guard against the cumulative negative offects of development so witnessed in many industrialised societies. They have to, therefore, incorporate environmental considerations in their programmes of further intensive industrialisation. The associations will be undertaking a prophetic task to work out the details of the problems and prophylactics in the various countries which are unsware or partly aware of this coming catastrophs. Example in other countries would also help the different nations modify their ensuing laws and regulations in the area of pollution control which, otherwise, unnecessarily add to costs.
- 6.1.5. Fifthly, there are many aspects of management techniques and avenues of commercial laws in the industrialised societies which would be advantageous for industrialising countries to emulate. Managerial mentality towards men, material, machines, money and miliou; classification of commodities based on applications rather than their properties; norms of standardisation etc.

are the areas where examples of the successful countries would be useful for adoption by others. Answers to specific querries or requests received from the industry on the above would help bring up the developing countries in line with the latest managerial efficiency at international level.

7. A CONFIDERATION FOR CO_ORDINATION :

7.1. To achieve those objectives, it will be helpful if a Confederation of Industrial Associations at the international level is organised with the help of the UNIDO. To start with, the Confederation could have the industrial associations in the different countries on the following fields as members:

Food Products including sugar
Beverages and Tobacco
Juto and Natural Fibres
Synthotic Fibres
Rubber Products
Papor and Papor Products
Basic Chemicals
Petroloum Refining
Glass and Glass Products
Coment and other mineral based industries
Iron and Steel basic industries
Transport equipment

Machinery except electrical machiney
Electrical Machinery

Newer Sectors like large electrical power plants, electrical and electronic equipments, etc.

- 7.2. UNIDO carries out and publishes periodical studies on the developments in these sectors. The Confederation of Associations, if it comes into being, can be very effective in percolating details of these reports to a large number of constituents of its member associations throughout the world.
- functioning officiently as the apex organisation representing all sectors of international economic activity viz. industry, trade, transport, advertising, insurance, finance etc. The ICC functions as a coherent body of heterogeneous interests. Industrial development, however, posits special problems and managers of the associations know what information would solve whose problems which is why a coordinating body of the associations is necessary to serve the direct needs of the industry more intimately. If a Confederation of Industrial Associations could be created, either under the ICC or separately to cater to the needs of homogenous development, it would feed fuel to the momentum of economic co-operation among developing and developed countries at the international horizon.
- 7.4. Secretariats for the different divisions of the industry under the Confederation have to be located at a central place and those services may have to initially subsist with grants from the UNIDO. The working expenses could be derived from members' subscriptions and supplemented by sales of publications, organisation of conferences and seminars. Many special services could also be provided on payment of specified focs.

8. EXCHANGE PROGRAMMES :

UNIDO provides Fellowships to train national staff for industrial service work. It will, therefore, be very helpful if the UNIDO also takes up and extends such Training and Travel Felloships to managers of the associations in the different countries and finances exchange programmes for secretarial personnel of associations of different countries. This would help the associations in the developing countries to take up the problems of their constituents more effectively and would also improve day-to-day efficiency at their desks.

9. CONSULT ANCY NEEDS:

Dearth of competent consultants characterise many developing countries. Often the entrepreneurs in these countries fail to
locate the competent consultant. UNIDO assists developing countries to
meet their needs for industrial consultants in several ways. Symbiosis
of the associations will help in locating consultancy services from
within the industry in another country more profitably. Entrepreneurs
in the developing countries would have more confidence in hiring consultancy advices from a manufacturer in another country who is running
his own plant.

10. CONCLUSION :

10.1. In recent years, the developing countries have made bold attempts to boost the growth of industry for providing economic and social dynamics to increase income, employment and career opportunities. There is no gainsaying that the developing countries are thrown back largely on their own resources, and in their drive for economic development they are handicapped on the different facets of

utilisation of technology viz. availability of proper technology, exhaustion of natural resources, utilisation of wastes and by-products, degradation of environment etc. due to gaps in industrial information, statistical data, advice, consultancy and modern management services. The associations of the industry in the different countries through formation of a Confederation and with appropriate assistance from the UNIDO could help fulfil these gaps by co-ordinating at the international level. Exchange Programme of the managers of the associations adequately supported by the UNIDO will also officaciously further their innovative officiency.

panorama of fresh vistas and visions for close and cordial collaboration among the associations of the different countries to work out a braver and brighter future in the industrial sector of a very wide and vastly handicapped part of our planet. The tasks may be colossal, the challenges may be gigantic and momentous, a host of hurdles may stare us in the face, but given the sincerity and earnestness of all concerned, the last two decades of the contury, may yet envison and ensure a mighty world-wide build up of industrial talents and technical resources paving the way of a brilliant promise for the whole of mankind in the present post-industrial ago.

FEDERATION OF EGYPTIAN INDUSTRIES

RAGAA ELHADY ENNARA

ROSHDY EL-HADIDY

Secretary General Senior Member Federation of Egyptian Industries

To speak about "Voluntary Industrial Associations", we would like to present the long experience of Egypt in this field for more than half century, that is the "Federation of Egyptian Industries".

1) Historical Background:

In 1922, Federation of Egyptian Industries was found under the title "Association of Industries". Since then, the Federation, together with the Chambers of Industry which were established successively as from 1928, have witnessed significant developments summed up as follows:

- In 1937, with the steady increase in number of industrial enterprises, chambers representing specific industries or related ones were set up. A federation comprising such chambers was also established.

Nevertheless representation by these bodies of industry was far from being complete.

- First de jure recognition, by the Government, of the Chambers of Industry took place in 1947 when law on Chambers of Industry was promulgated to cover the establishment of such chambers and confer incorporeal character upon them provided that a Federation there to be established with a view to safeguarding their interests and representing them at the official level.
- In 1953, the law regulating Chambers of Industry was modified in such a manner as to render membership of enterprises capitalized at L.E. 10,000 compulsory. Moreover, such law entitled

- these chambers organizational powers over their members combined with certain general powers to substantiate industry and solve its problems.
- With the advent of the industrial revolution in 1956, (Ministry of Industry was created in July same year), the studies undertaken on the Federation of Industries and Chambers of Industry and on the new bases of industrial policies culminated into the promulgation of law No.21 of 1958 on the Organization and Encouragement of Industry and presidential decree No. 452 of 1958 on the organization of Federation of Industries. The latter decree stipulates that the Federation"Shall safeguard the common interests of Egyptian industrialists, coordinate activities of the Industrial Chambers, regional councils, see to the smooth functioning of Such bodies, assist the Government in outlining and giving effect to national industrial policies, and express its opinion on legislations and regulations pertaining to industry".
- Presidential decree No. 453 of 1958 on Chambers of Industry stipulates also that such Chambers', shall safeguard the common interests of their members, representing tham at public authorities and assisting such authorities with respect to development and strengthening of Egyptian Industry and reduction of production costs.
- These machineries were, in this manner, coverted from mere trade unions safeguarding the interests of manufacturers, representing them at public authorities into public organizations which can, in conjunction with the state, draw out industrial

policies, find out solutions to problems of industry and step upproductivity.

- Twelve chambers are currently affiliated to the Federation.

 The Chambers of Industry comprise membership of all industrial enterprises capitalized at L.E.5,000 or more or employing no less than 25 workers. Enterprises satisfying these conditions number about 4,000 including all public sector enterprises and most of the private sector ones.
- In the meantime representation of the public sector on the board of directors of the Federation and affiliated Chambers is strongly felt. The Federation and Chambers, also assume, in our socialist society, a remarkable role in coordinating activities of publich and private sectors on the one hand and in assisting the private sector play the role assigned to it by the National Charter on the other hand.

2- Activities of the Federation:

Worthnoting is that the Federation participates in solving technical and administrative problems hampering production as well as in all fields, committees and activites with the aim of the systematisation and promotion of industrial production. It also partakes in the activities of international and regional commissions and conferences acting on industrial development in developing countries and labour and labour force.

Furthermore, the Federation renders services and assistance in the fields of imports, exports, customs, finance, domestic marketing and local and international fairs and exhibitions.

It also helps find out solutions to the technological problems

and to those arising from the enforcement of certain financial and social legislation.

Industrial information is a major concernment of the Federation. For this puposes it issues the Year-Book together with a good number of periodical and non-periodical publications.

3) The main publications issued by the Federation:

Year Book:

It includes reports of the Federation and Chambers of Industry, annual statistics on agricultural, production, finance, economy, industrial production and on external trade and the main economic legislative acts promulgated during the year under review.

Industrial Egypt (Quarterly):

A techno-economic bilingual bulletin (English and Arabic).
Technological Bulletin (Quarterly):

In view of the breakthrough in technology the Federation has issued the technological bulletin in Arabic to center on the most recent technological advancements achieved by the key industrially developed countries. The Bulletin covers all industrial sectors in addition to quality control, industrial safety and hygiene, patents and maintenance.

Export Bulletin (Quarterly):

In keeping with the policy aiming at export promotion, particularly as to the private sector, the Federation has issued, in Arabic, the "Export Bulletin". This Bulletin deals with Egyptian commodities which may be competitive in foreign markets,

potential export markets, world economic trends and situation in foreign markets.

Goldern Book:

Published by the Federation on occasion of its fiftieth anniversary (1922-1972).

EGYPTIAN INDUSTRY DIRECTORY:

Published by the Federation in 1974 in Arabic. In includes lists comprising titles and addresses of member industrial enterprises of the Industrial Chambers affiliated to the Federation and their products and exported goods in addition to the geographical distribution of such enterprises.

4) Federation Departments:

- Financial Auditor.
- Industrial Relations Department.
- Legal Affairs Department.
- Financial Affairs Department.
- Foreign Relations Department.
- Investment and Foreign Trade Department.
- Public Relations Department.
- Publications and Translation Department.
- Administrative Affairs Department.
- Technical Studies Department.

5) Chambers of Industry Affiliated to the Federation

- Chamber of Petroleum, Mines and Quarries Industries.
- Chamber of Metallurgical Industries:
- Chamber of Engineering Industries.

- Chamber of Wood Working Industry.
- Chamber of Spining and Weaving Industry.
- Chamber of Chemical Industries.
- Chamber of Printing, Binding and Paper Products.
- Chamber of Leather Industry.
- Chamber of Food Industries.
- Chamber of Cereals Industry.
- Chamber of Building and Construction Industries.
 - Chamber of Cinema Industry.

The Role of Voluntary Industrial Associations Some Development Problems

The role of "Voluntary Industrial Associations" includes participation in solving development problems confronting the industry in developing countries. So, we would like to present some of those problems; namely: brain drain, transfer of technology and joint venture, the export market, and the maintenance.

1) Brain Drain:

The problem of brain drain from developing countries is growing seriousely specially during the last years. This presents a finantial loss equals to what the developing countries had spent for educating and prepairing those staff who left the country. In addition, the brain drain limits the technical capability of the developing countries, which is really more serious. The drain is not limited only for the highly educated people, but it extends also to include the good technicians and workers, and this has a negative effect on the industrial development of the country and the economic growth.

During year 1970, it was estimated that a highly educated person is costing the country about 330 000 U.S \$. If for example a country - such as Egypt - is loosing anually 1000 of such persons, that means a finantial loss of about a third billion U.S. (keeping the estimation of year 1970, which is much more now).

The flow of the brain drain is in the direction from the developing countries to the developed and the petrolium rich countries. That means to take from who has less and to give to who had more. Then the result is the rich grows richer, and the poor becomes poorer!.

It is fair enough that the rich and developed countries to pay the value of brain drain to the developing countries in a form finantial and technical aid (if they insist to call it aid instead of right).

2) Transfer of Technology and Joint Venture:

Generally speaking, developing countries acquire foreign technology. For proper technology transfer, it is important to consider the following:

- The flow of technology must be capable of satisfying the basic requirements of industry and of filling in any gaps at the production level, and must be associated with the industrial programmes.
- Specific guidelines and appropriate standards and specifications should be laid down which take account of the requirements and characteristics of both the home market and the export ones.
- On the other hand, it must be possible to assimilate the foreign technology quickly and efficiently and adapt it to local conditions.
- To achieve this, priorities should be established and guidelines for selection followed, which make it possible to acquire

know-how and goods in a consistent coordinated manner.

It is worthly to point out that highly sophisticated technologies may not be wholly suitable, because they are designed for large-scale production. The choice of machinary and equipment, as well as type of technology best suited to local conditions, is largely dependent on the scale of production.

Some people think that the formula for economic development is quite easy: it consists of finding sufficient resources for the development process.

The problem is that the poorer the society, the more difficult it is to find resources for the development of industry. Hence societies with very limited means of subsistence are virtually condemned to stagnation, precisely because of their poverty.

Some developing countries thought that the solution is to establish joint venture projects. But it happend that some joint ventures had abused the facilities given to them and competed unfairly with the already existing national projects. On the other hand, some joint ventures prefere not to deal with industry but to deal with commerce, because it is an easy way to get considerable quick return.

Generally, we can say that many joint venture projects in developing countries did not play their required roll of industrial development, but they followed only their own interrest.

So, it is logic that the developing countries have to permit only those joint ventures that assist the industrial development of the country.

3) The Export Market:

The rate of development allover the world and the keenness of international trade have clearly shown that the economic development of a country must have measures for ensuring high standards of quality and accuracy for its local products and also the imported ones.

Such measures can help the country to hold its home market and earn a fair share of the export market, in order to bring in much of the foreign exchange needed for its further development.

This varies with the actual stage of development, the extent of economic, scientific, and industrial progress, and also the relations with other countries as regards imports and exports.

Promoting the export of the indigenous products from the developing countries has to be considered in the role of "Voluntary Industrial Associations" (V.I.A.). Those associations have to establish certain forms of relation that encourage the export market among the developing countries.

4) The Maintenance:

To achieve industrial growth, the installed facilities must be used efficiently, that requires systematic maintenance and repair.

Poor maintenance and repair generally cause economic losses through lower efficiency of equipment, lower quality of products and higher cost of production.

In addition, poor maintenance and repair lead to deterioration and the consequently shortened physical life-time of equipment. This clearly is a significant waste of capital, which is the most scarce factor in developing countries.

The objectives of maintenance are: to extend the useful life of equipment, to assure their optimum availability for production, and to ensure instant operational readiness for emergency use.

Maintenance should not be thought of simply in terms of shop-floor activities, such as tightening of a nut, lubrication of a bearing or repairing of a machine part when it breaks. In fact, this limited approach is one of the main reasons for inadequate maintenance performance in developing countries.

Managerial and economic aspects are of crucial importance in this field. It is needed to establish an adaquate maintenance management and to stimulate maintenance mindedness at all levels.

Improving maintenance and repair is one of the most important and effective ways of stimulating industrial development in developing countries.

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS
IN THE FORMULATION AND IMPLEMENTATION OF INDUSTRIAL
POLICIES IN THE REPUBLIC OF KOREA

JUNG HYUN WHANG

Executive Director Korean Employers Association

- to the early 1900's. The Korea Chamber of Commerce and Industry (KCCI) which was founded about 80 years ago is a national federation of businessmen, which now comprises about 40 local chapters across the country. Being a statutory organization established by a special law, however, the KCCI is improper to be classified as a voluntary association. The pioneer in voluntary industrial associations in real sense is the Federation of Korean Industries(FKI) and the Korean Employers' Association(KEA) which were established in 1961 and 1970 respectively by the nation's leading industrialists and businessmen.
- 2. Despite the relatively short history, the FKI and other voluntary industrial associations have played an important role in Korea's economic and social development, especially in overcoming the nation's economic hardships in the early 1960's and during the 1973-74 oil crisis. Eighlights of the role of these voluntary associations are: a) to present recommendations to the Government on important economic and social policies; b) to promote intermational private economic cooperation; c) to facilitate technical innovation by promoting industry-school colaboration; and d) to improve economic and social climates.

- J. There are two types of industrial associations in Korea; comprehensive national federations and sectoral associations by industry. The FKI and the horean Employers' Association (KEA) are two major national federations of industrialists now existing in Korea. There are also 46 sectoral associations by industry, which mainly deal with the business interests of their respective members. Now, the role of these voluntary industrial associations are recognized as indispensable for the national efforts toward promoting economic development.
- 4. Functions and activities of the FaI and REA, the two leading industrial associations in Korea, explain the important roles of these voluntary associations in the national economy.

Lajor activities of the FAI and KEA are as follows:

a. Participation in the for ulation of national economic programs

The FMI and also the KEA have been actively participating in the formulation of national economic development programs. They purpose to see it that the Government's major policy making in the field of economic and social development is not made in isolation but always reflects the views and opinions of private business circles. In fact, The Government has always sought ideas and advices of these private organizations in formulating long-term and short-term development plans, as well as sectoral industrial policies.

b. Research and survey programs

They carry out various research programs in the fields of economic and industrial development, with a view to providing basic data for the Government's policy making in these fields. Major areas of the research programs include: a) analysis and projections of economic trends; b) demand-supply projections of major commodities; c) investment opportunities of selected industries; d) analysis of major industries; competitiveness in the overseas markets; e) formulation of economic development models; f) direction of wage policy; g) human resources development; and h) direction of tax reforms, etc.

c. Promotion of international coopernation

The FKI has been bearing the pivotal role in projecting private based economic cooperation with foreign countries, thus facilitating inducement of capital goods and technologies necessary for the nation's economic development. In fact, the FKI played an important role in inducing foreign capital in the early 1960's when the 1st 5-Year Economic Development Plan was launched.

d. Bi-national private business cooperation

The FKI has organized a number of bi-national business

cooperation committees, with a view to strengthening and expanding cooperation with foreign private business circles in two-way trades and direct and joint investment. The major bi-national private committees which the FKI sponsors include:

- a) Korea-Australia Economic Cooperation Committee
- b) Korea-Relgiam Economic Cooperation Committee
- c) Korea-Brazil Economic Cooperation Committee
- d) Korea-British Business Promotion Committee
- e) Zorea-Canada Economic Cooperation Committee
- f) Morea-Republic of China Economic Cooperation Committee
- g) Korea-Jenuark Economic Cooperation Committee
- h) Koroa-France Economic Cooperation Committee
- i) Korea-Germany Economic Cooperation Committee
- j) Korea-Italy Economic Cooperation Committee
- k) Morea-Japan Economic Committee
- 1) Korea-Netherlands Economic Cooperation Committee
- M) Korea-Switzerland Economic Cooperation Committee
- n) Korea-U.S.A. Economic Cooperation Committee

G. Initiation of investment projects

The FKI has pioneered conceiving and carrying out the following investment projects:

- a) The Ulsan Industrial Complex, which is now the largest heavy-industry complex in Korea.
- b) The Korea Export Industrial Estate Corporation, which is an export industrial processing some located near Secul.
- c) The Korea Development Finance Corporation, which is erganized in conjunction with the International Finance Corporation, to provide foreign capital on favorable terms to private industries in Acrea.
- d) The Masan Free Export Zone, a light industry complex in the south coast.

f. Organizing seminars and training programs

The FKI and KEA organize seminars, symposia, and various training programs, in order to help local businessmen better understand the recent trand of world economy and introduce upto-date managerial methods. Foreign scholars and technical advisers are frequently invited for this purpose.

- 5. In order to facilitate understandings among the government, labor and business circles, the FMI, MEA and other voluntary industrial associations frequently publicize their views and opinions on matters of important interests; spensors official or un-official meetings between business circles and high Government officials including the Frime Minister and other relevant economic ministers; and initiate public relations campaigns through news papers, radio, TV and other mass media. In this sense, the voluntary industrial associations are playing a role of bridge building between the Government and private business circles.
- 6. Voluntary industrial associations are primarily concerned with, and interested in economic problems. But recent trend is that these industrial associations are increasingly interested in social, cultural and political problems, thus expanding their roles in various non-economic fields. Considering the close co-relationship between economic and various non-economic sectors in the socio-economic development, such a trond may be deemed as a desirable development.

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THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN BANGLADESH MİRZA ABOO MANSUR

Senior Member Bangladesh Hardware and Machinery Merchants Association

For the growth of Industrialization particularly in developing countries the voluntary industrial association can play a vital role for the economic development of the country. In Bangladesh, we have many trade, industrial associations and different Chambers of Commerce and Industry which serve the interest of local business and industrial people through their respective associations or chambers. The role of the industrial association is to promote the interest of private sector towards the Government and other bodies in different meetings, sessions and as well as in the international forum. It also conducts the research work in the field of economy, fiscal and monetary development, market research etc. for the growth of industrialization. It also exchanges the delegation with the different countries for promoting export of the country and for investment in joint collaboration, Technical Collaboration with private enterprise. The industrial Association is directly linked with different ministries of the Government.Financial institutes like Banks and other National Trade bodies ie. with Federation of Chambers of Commerce and with some international organization and trade bodies/Association. Their fundamental role is to safeguard the interest of Private sector in industrial development of the country. The associations conduct and allends several meetings with the different Govt. bodies, financial institute etc. to communicate the views private sector in different fields for formulating the industrial policy and also represent in the advisory bodies of the different ministries of the Govt.

Organizational set-up of Voluntary Trade Bodies

In Bangladesh, all the trade bodies ie. Chamber of Commerce and Industry as well as business and industrial associations are non-profitable organisation serving to its members. The representative of all chamber of commerce and business and Industrial association have one Common platform ie. all chamber and association have an Apex body namely

"Federation of Bangladesh Chamber of Commerce and Industry"

The Federation have almost equal members in the executive managing Committee from different Chamber of Commerce and Association. The executive Committee of the Federation are elected annually from all trade bodies. The president and vice president of the Federation are elected annually on rotation basis ie. If the president is elected from Chambers, the vice president will be automatically from association. The next year President will be elected from Association and vice president from chamber. So that the interest of both chamber of commerce and association is safeguarded. The membership in the Federation is limited ie. all chamber of Commerce and associations are the only member of the Federation.

The different chambers and Associations who are member of Federation are directly linked with business community and industrial house. All these chambers and associations are also non-profitable organization serving to its members. The member of the chamber and association subscribed annually as per different class. We have "A" and "B" class chambers in which "A" class chambers have got four catagory of different classes of members such as

- 1) Ordinary members
- 2) Associate members
- 3) Trade group and
- 4) Town Association

Where as "B" class chamber has got membership of three class

- 1) Ordinary
- 2) Associate
- 3) Group

In association, we have got two classes of association. "A" and "B" similar with chamber. "A" class has got three category of members and "B" class has got two category of members.

The representation of "A" and "B" class chamber and "A" and "B" class association varies in the general body and as well as executive / managing committee of the Federation of Bangladesh Chamber of Commerce and Industry.

In chamber as well as association all the comittee members are elected by its general members and the committee elects its president and vice presidents. Here the interest of different categories of members is safe guarded in the election of top office bearer ie. president and vice president. There is no government representative in the executive / managing committee of the Federation / Chambers/association. The membership of the business Community and industrial enterprises are Compulsory to any trade bodies. All the Chambers and association should be the members of the Federation. All the chambers and association subscribe annually to Federation as per class of their membership.

How to Attract the Interest of Industrialist in Voluntary Industrial Association

In order to attain the objective in investment field, the industrial association should have studies, research work in different field both in the country and as well as abroad. They should have complete data in the economic growth of both Developed and Developing Countries which are now growing very fast. The association should provide concrete suggestion, to its government and different bodies so that the Government takes positive steps in framing the policy for industrial investment. More over, they should play vital role to private enterpreneur for guidence to set up new industries. The industrial association should meet with local investors for their problems and organize seminars, courses etc. with different professional personnel at national and international level. They should also collect the information on the different commodities in foreign markets based on local raw materials, also should circulate to its members this information so that the investors can get ready market for their products. Priority should be given to the Export oriented industry based on local raw materials. Exports earning foreign exchange will contribute to a greater extent to the economic development of the country. In order to get export market, the association should convince the Government to give incentive to Exportable products. For the import substitute industries, the association has great role to play for the interest of the industry so that proper protection to that industry is achieved. This will help the country to save foreign exchange.

The association should have planning on the demand of the country and should place it to the government for the interest of the industrial growth.

How UNIDO may establish close working with Association and How UNIDO can contribute in the establishment and Strengthening of these association in developing countries

UNIDO can play a great role for close working of these association, can contribute in establishment and strengthening of these association in developing countries. UNIDO is an international organisation having very good net work and all the information regarding the resources, economy, manpower etc. of the developing countries. UNIDO can give suggestion to the industrial association of developing countries regarding the resources market posibilities of the product, information about technical know-how of the project posibilities of joint collaboration, technical collaboration and other informations. All these information can be circulated to the different association of developing countries. Moreover they can take part in the exchange of delegation through different industrial association of developing countries for the participants who wish to undertake joint collaboration / technical collaboration. Rather they can quide the investors of the developing nation through industrial association.

UNIDO can conduct meeting, seminars and courses etc. particularly in developing countries through industrial associations for growth and industrialization. UNIDO can quide the developing nation for marketing of their products in developed countries through the associations.

They can play great role to fix up quota of the commodities of developing countries to EEC countries, USA and Japan and other developed countries, to boost up the export of developing countries. In all these UNIDO can play great role in close working with these associations.

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATION IN THE FORMULATION AND IMPLEMENTATION OF INDUSTRIAL POLICIES IN INDONESIA

AMIR ZAIN

Secretary General Indonesian Textile Association

Introduction

Industrial association in Indonesia had been established since many years ago. During what we called "guided economy", an industrial association usually is not a voluntary association. It was established based on the order from government and even sometimes personnel of the board was decided by government.

In this period we had very scarse of raw materials and accessories for our industries. Those raw materials mostly must be imported and our ioreign currency was controlled by government. So importation of raw materials completely depend on the government and even the importation it-self usually done by State Owned Trading Company.

Because of scarcity, then distribution to their users/industries must be

very careful in order to reach higher efficiency.

To do this distribution, then government needs an organisation to coordinate manufacturers/users and the organisation responsible for distribution toge—ther with the Trading Company which doing importation and distribution. So we can see that in order to get raw material or accessories, a manufacturer has to join the organisation otherwise she couldn't get it and this means that she can't run her factory or her business.

But since 1966 when we left "guided economy" and starting to enter more liberalization then situation was changed. Controlled on foreign currency is finished and anyone who has "rupiah" money easily can buy foreign currecy for importing her needs including raw materials, accessories etc. In this new situation then the role of previous association gradually decreased even some were finished although on paper still existing.

Voluntary Industrial Association

Since 1967 when government decided to stimulate investment especially under Foreign Investment Law No. 1/1967 and then Domestic Investment Law No. 6/1968, industries developed very much and very fast both quantity, quality and kind of industries. Even a lot of new technology were introduced and established. And most of those industries were producing products which are mostly for domestic market both finished goods and raw materials for downstream domestic industries.

But in 1972 - 1973 when some new factories just starting their commercial operation, oil crisis which was leading to world recession came and the whole industries and business in trouble.

In contrary although we have a big potential of domestic market as we have big population but buying power of people is still weak.

A lot of problem occured due to this situation which has to be faced both industries as "players" and government as policy maker.

To create a favourable condition for industries, government needs cooperation with private sector. And so, from industries they need to talk to government because problems are not only in smallscale but usually national, regional or even international problems which only can be solved by at least un-

derstanding and help from government.

From this point, then private sector was starting to feel their needs on a strong organisation which can represent them in talking with government. This is the starting point of voluntary industrial organisation/association. At the other side government of course supported these organisation which can also help the government; to collect data and information, represent industries in meeting with government where this way is much easier than contacted to each individual company.

And at the same time, regional cooperation become more and more popular, not only among government e.g. ASEAN, EEC etc but also among private sectors in the region. In higher level policies problems sometimes discussed among regional organisation. Again voluntary organisation usually can represent her country in the regional meeting.

In Indonesia, voluntary organisation or association leading to Chamber of Commerce and Industry (KADIN) which represent the private sectors at national level.

Present role of industrial association

In simple sentence the role of industrial association is "to be a bridge". Bridge among their members, between members and government, among national association in the region etc.

In serving government, association has to collect data and opinion about herown field and then discussed this matter and it's problems with government. For government, this is very important to decide a better policy in industry e.g. protection policy, supply & demand policy, investment policy etc. To her members, association represent them in negotiation with government to solve their problem e.g. market problem both domestic and export, tax, investment, protection etc.

National industrial association also represent her country in regional private sector's meeting e.g. in ASEAN, EEC etc.

At present, just in ASEAN Chamber of Commerce and Industry there are two main Working Group i.e. WGPTA (Working Group on Preferential Trading Arrangement) and WGIC (Working Group on Industrial Complementation). Under this two W.G. especially under WGIC there are a lot of ASEAN Industrial Club which are devided based on sectoral field and so there are ASEAN Chemical Industrial Club, ASEAN Federation of Textile Industries (AFTEX) etc.

As mentioned above, association can play an important role in the formulation of government policy.

If government as policy-maker has the right to decide the policy, then the implementation of the policy will be borbe by industries. The policy is successful or not is depend on it's implementation. Good policy but bad implementation will not give a good result. Again association as a bridge can play her important role in the implementation of a policy. This can be done by giving correct information from government to her members/industry.

So briefly, position of association as "bridge" between government and her members/industry possible to play an important role in formulation and implementation of industrial policy. In formulation of policy, association has to help government to give information & data as much as possible about her members/industrial field to enable government to decide best industrial policy. On the other hand, after government decided industrial policy, association has to get information from government as much as possible and explain this information to her members in order to get better understanding for the implementation of the policy.

As there are many conflict of interests, of course it is not easy to decide an industrial policy which can satisfy all. But process of formulation and implementation of industrial policy is not single and one prosess. It is a continous process where improvement must be made from time to time and so we can expect that we will have better and better policy and it's result.

Problems facing by Association in playing her role

It is a general rule that to have a good association, we need good staffs, strong person for it's board especially her Chairman and Secretary, enough funds to back-up the activities etc.

A real strong association needs a lot of funds; for office, staffs salaries and expenses forrutine job. If association participate broader organisation e.g. at ASEAN level, then bigger funds is more needed for expenses to participate many regional or international meeting. To get this funds is usually a big problem in many associations.

Almost in all association, fund is fully borne by members. The lesser but stronger the companies who are members, the easier to organize everything including fund and datas. And so association which has many but small companies as her members usually are very difficult to be organized, including to raise fund.

And because expenses fully borne by members/companies then some people thought that an association has to work fully for the benefit of members although against public or government interest. Simply this seem quite logic. But if we remember position of association as a bridge then opinion should be change. An association is not only a tool of companies but also a tool of government. A good and strong association which can do her function satisfactory is for the interest not only members/companies but also government.

As consequence, in the future government should consider to help association's financial affair, especially associations which has problem in getting fund. Of course this must be done carefully and may be in selective way. But if this is done then at least staffs who are working for association will feel that the association is really belongs not only to members/companies but also to government.

Another problem of many association is staff and board. Many associationshave no full-timer staff. In this case, association handle only by her board usually Chairman or Secretary. And this position usually hold by company's owner or Director who are very busy. And so they can't run the association active and properly.

Conclusions

As conclusions I may say that many voluntary industrial associations in Indonesia have already play her role in formulation & implementation of industrial policy. This role must be maintained and even improved. Government can play another important role by helping the association for improvement both in general way and individually.

Internal, an association should be handle or managed by full-timer staffs under control of Board.

THE ROLE OF VOLUNTARY INDUSTRIAL ASSOCIATIONS IN PAKISTAN

SHEIKH ISHRAT ALI

President
Federation of Pakistan Chambers of Commerce and Industry

At the very outset I enthusiastically support and commend this important step taken by United Nations Industrial Development Organisation (UNIDO) and the Turkish Industrialists and Businessmen's Association (TUSIAD) to jointly organise this Seminar on the "Role of Voluntary Industrial Associations in Industrial Development of Developing countries".

This is undoubtedly a timely step because due to cost explosion in industrialised countries and the existence of inflation side by side depression, the pace of industrial development in developing countries has slowed down. Also. notwithstanding financial crisis most developing countries have either already embarked or are preparing to embark upon plana and programmes of industrialisation in which Private Sector has been assigned an important role to play in achieving targets. Generally speaking, in all those countries where Private Sector has been called upon to fulfil tasks of industrial development there are non-governmental and voluntary organisations representing Privato Sector who not only sort out the issues and problems of industrial development but also advise the investors and industrialists as well as the government authorities in finding out suitable solutions. In my country this vital work is performed by the Federation of Pakistan Chambers of Commerce and Industry, the apex body of all Chambers and Associations of private enterprise in which both (i) businessman and (ii) industrielist join hands and hold consultations on the problems of commerce and industry. In a developing country where commercial capital is to rapidly generate industrial capital for industrial development it is wiser to have single organisations covering both commerce and industry.

I am confident that at the end of our deliberations and consultations in this forum where representatives both of developing and industrialised countries are present to exchange experiences, we will have improved ideas on the role of voluntary industrial associations in industrial development and on the means to strengthen their operations and services.

Now, Mr. Chairman | permit me to state briefly the position prevailing in my country in the light of the nine-point agenda drawn up for discussion in this Seminar.

Organizational set-up of voluntary industrial associations

There are broadly two types of voluntary private enterprise bodies in Pakistan:

- (i) Chamber of Commerce and Industry which is a local and regional organisation representing all commercial and industrial firms and companies within a locality or region;
- (ii) Associations each one of which represents a particular trade and/or industry but on a country-wide basis.

These two forms of bodies join up in the Federation as Those Chambers and Associations are not branches of the Federation but independent entities having their own constitution, Executive Committee and Secretariat. The Chambers look after the common problems of all trades and industries located in the region, and Associations look after the problems of their respective trades and industries. Thus, as is typical with Federal constitution these bodies have residuary functions to perform, whereas the Federation of Pakistan Chambers of Commerce and Industry fulfils only certain defined functions common to all trades and industries and regions put together. Each Chamber is expected to resolve any conflit of interests that may be there between its commercial members on the one hand and its industrial members on the other. Thus the interests of commerce and industry are harmonised. The number of governmentally recognised Chambers and Associations of private enterprises are seventy six out of which forty two are industrial associations. Each Chember has both industry and commerce within its fold. Some of the industrial associations can be mentioned here as All-Pakistan Textile Mills Association, Pakistan Sugar Mills Association, Pakistan Mineowners Association, Pakistan Stoel Re-rolling Mills Association, Pakistan Scafood Association, Pakistan Electronic Manufacturers Association stc. etc. A complete list of the Chambers and Associations in Pakistan is attached with this paper for utilisation by the Secretariat of the Seminar.

Each commercial and industrial association in order to be duly recognised by the Federal Government has to undertake that it would join the Federation of Pakistan Chambers of Commerce and Industry as a member.

In the light of experience in Pakistan this organisational met-up of private sector business bodies has been found to be suitable.

Management of voluntary industrial associations

As already stated each industrial association is basically voluntary. There is no compulsory membership. However, at the stage of administration, for instance at the stage of issue of import licence or registration as an exporting firm, every commercial, industrial firm and company is asked to produce a certificate of membership of one or the other governmentally recognised Chamber or Association. This loose kind of compulsory membership at the administrative stage which gives a wide choice to a business house as to which body it should affiliate, is considered to be indispensable in the conditions of developing countries, because it provides a forum to investors or industrialists in the same line of business or in the same region, (i) to organise themselves properly on a representative basis, (ii) pool their experience and (iii) hold consultations to find solutions of important problems. Each association has President and Vice-Presidents who are elected from among the members of the Executive Committee. Also each association has a Secretariat of its own. Further, each association collects and disburses its own funds, the main source of which is annual fee for membership.

Ways and means of cooperation among these associations at national and international levels

In Pakistan all industrial associations are members of the Federation. This enables them to collect together, and develop a knowledge of each other's position and problems and discuss solutions of their problems at the national economy level. Indeed the Federation of Pakistan Chambers of Commerce and Industry provides the best forum for mutual cooperation among trade bodies. The industrial associations in Pakistan, through their membership of the Federation of Pakistan Chambers of Commerce and Industry, also participate in the activities of International Chamber of Commerce based in Paris. International Chamber of Commerce has en active National Committee in Pakistan. In addition, each industrial association in Pakistan tries to develop relations with its counter-part in other countries, both developed and developing. For instance, textile mills association in Pakistan is of course in correspondence with the textile bodies of other countries in order to collect information and exchange business enquiries.

The role of voluntary industrial associations in the formulation and implementation of industrial policies

The industrial associations of Pakistan are represented directly on the consultative bodies in the Federal and Provincial Governments as well as through the Federation of Pakistan Chambers of Commerce and Industry. Thus they have an effective participation in the formulation and implementation of industrial policies. They are also in direct and constant touch with the Provincial Industries Departments and other concerned organs and agencies of Provincial governments.

How to attract the interest of industrialists in voluntary industrial associations

In Pakistan there are many attractions for an industrialist to join an industrial association. Firstly it is easier for him to build up a credit in the market. He comes to be introduced to foreign suppliers and buyers. He is introduced to the financial institutions in the domestic and foreign markets. Indeed, membership of an association is a sort of certificate for en industrialist that he is a sound and reliable businessmen with whom businessmen and industrialists of other countries can negotiate business. He benefits from the pooling of manufacturing experience through the association. He can discuss his own problems with other businessmen and thus benefit and indeed save himself from pitfalls. Membership of an association entitles him to import licences for buying the requirements of his industrial concern. Through the association of which he is member he receives enquiries from foreign markets and a lot of information about fluctuations in the domestic and international merkets. This guides him in the pursuit of his business. Thus there are many advantages of being a member of an association. The most important advantage is that through his association he is also able to make representations to the governmental authorities and comes to be introduced personally to administrators and bureaucrats in the government.

Types of services to be provided by voluntary industrial associations, research activities, studies and surveys which are carried out by these associations

The important service rendered by Chamber or Association to its members in Pakistan is to ventilate his voice to the government and the public. Associations do vital public relationing work for industrialists. Associations carry out surveys and market research the results of which help investment decision. Associations identify the fields in which industrial expension should take place. They disseminate informations about business opportunities. They also help amicable settlement of business disputes. Some associations undertake to prepare projects for profitable investment. Associations ventilate the problems and the point of view of industrialists through the mass media, hold exhibitions of products and also organise the country's participation in foreign and international fairs and exhibitions. Associations advise on product development and on designs and packing for promoting the sale of goods in foreign markets and in their own countries. Associations also promote social welfore work on behalf of members. Associations black-list such industrialists who indulge in malpractices at the cost of industry as a whole. Such are briefly the types of services rendered by industrial associations in Pakistan.

Cooperation of these associations with governmental institutions and other organisations such as chambers of commerce and industry

In Pakistan chamber and industrial associations have rendered very useful services in times of emergency for instance, emergencies created by natural calamitics such as floods and cyclones. They go shead to collect funds to ameliorate the conditions of the affected population and also help the government in collecting necessary funds for the purpose. As already stated chambur and industrial associations in Pakistan are entitled to nominate representatives on the appropriate consultative bodies in the government Ministries and Departments. For instance, the Prosident of the Fedoration of Pakistan Chambers of Commerce and Industry is an ex-officio member of the Advisory Council of Finance and Advisory Council of the Ministry of Commerce, Advisory Committee for Customs and Ports, Credit Consultative Committee of the State Bank and so and so forth. Indeed, the President of the Federation is an ex-officio member of the highest consultative body in Pakistan namely Federal Export and Production Board, Cabinet Division the meetings of which are presided over by the President of Pakistan himself. The industrial associations and their Federation advise government agencies on all matters of trade and industry e.g. in preparing development plans and investment schedules. They also explain the monetary and credit requirements of the private sector to the central banking authorities in the country. Federation of Pakistan Chambers of Commerce and Industry nominates members of trade delegations going abroad and receives trade delegations from foreign countries to hold business negotiations.

The industrial associations and their Federation also advise the Federal Government on items to be included in trade agreements with foreign countries and on the terms and conditions of such agreements.

Industrial associations combine with Chambers of Commerce and Industry in their Federation to suggest and recommend solutions of national issues and problems of trade and industry.

Fund-raising in voluntary industrial associations

Chambers of Commerce and Industry and industrial associations receive membership fee which is the main source of revenue to finance their activities. Many of them also own properties the revenue of which is spent to finance their activities. Almost all of them are non-profit earning organisations i.e. they themselves do not undertake profitable business but help their members in their business. For special projects, such as holding an international business conferences, or for establishing social welfare institutions, e.g. hospital they raise special funds from their members.

How UNIDO may establish close working relationships with these associations, and how UNIDO can contribute in the establishment and strengthening of those associations in developing countries?

UNIDO should try to develop two-fold relationship with industrial associations and their Federation : direct with Federation of Associations and indirectly through Governments. In the past UNIDO has provided services of technical experts to Pakistan in the field of cotton textile. Recently Federation of Pakistan Chambers of Commerce and Industry has proposed through the Government of Pakistan that UNIDO may provide the services of an expert who would help the Federation in establishing closer cooperation between (i) industry, (ii) research institute, and (iii) university for the development of indigenous and appropriate technologies in Pakistan. UNIDO has been consulting industrial associations on subjects of cooperation between developed and developing countries. If these activities of UNIDO are increased then it will be greatly helpful to the transfer of technology from industrialised countries to developing countries. UNIDO can help transfer of technologies also

by means of bringing into contact investors and financiers of industrialised countries with the project-holders of developing countries. UNIDO should also grant recognition to international organisations and national industrial bodies. The Federation of Pakistan Chambers of Commerce and Industry has played a leading role in establishing the Islamic Chamber of Commerce, Industry and Commodity Exchange recently. UNIDO when approached may kindly consider to grant it recognition as a consultative body.

UNIDO publications should be distributed not only through governments but also on a direct basis to the industrial associations and their Federation. UNIDO may also act as a clearing house for industrial projects on an international basis and provide consultative services in project-making to industrial associations in developing countries.

With these few ideas and suggestions I thank you again Mr. Chairman for giving me this opportunity to put forward my ideas before this international forum of eminent industrialists from industrialised and developing countries.

I would be failing in my duty if I don't offer my grateful thanks for the wonderful hospitality with which I have been treated by the Turkish Industrialists and Businessmen's Association (TUSIAD) since the very moment I stopped on the Turkish soil.

I thank you all again for giving me a patient hearing.

DESCRIPTION OF UNION INDUSTRIAL ARGENTINA

LAGOS PATRICIO ZAVALIA

Senior Member Union Industrial Argentino

The Institution was founded in 1928.

I. The structure of its organization is based on the fact that it groups Chambers or Federations of specific activities, namely metallurgical, textile, rubber, petroleum, chemicals, food, paper, etc. adding up to a total of 164, plus Regional Chambers or Federations of practically all provinces or regions of Argentina. This implies that the specific aspects of each activity, also taking into account the different places where manufacturing plants are located, are herewith covered. This last aspect, considering that Argentina is a country of over 2 million square kilometers with locations separated very far one from the other, is of great importance due to the existence of problems of quite different nature corresponding to each region, and consequently is another justifying fact as concerns this type of organization.

II. Authorities

- 1. The maximum authority is the Assembly, formed by 120 representatives of the specific activities (metallurgical, textile, etc.) and 120 representatives of the different regions. The representation of each one of the sub-groups is made up proportionally to the economic importance of each sector measured in relation to the number of people employed and to the added value incorporated by the industrial units.
- The executive authority is the Junta integrated by 48 members, presided by a Chairman, four Vice-Presidents, one Treasurer and one Secretary.
- 3. The internal administrative organization is mainly formed by:
 - a) a General Manager
 - b) Four responsible advisors for the following Commissions:
 - Economic matters
 - Labour and Social matters
 - Foreign trade
 - Public or Institutional Relations

The Commission for Economic Matters counts with subcommissions, whose tasks are very important, such as:

- Taxes
- Industrial Development
- Financial Policy

In addition, the Commission for Labour and Social Matters is integrated by sub-commissions dealing with:

- Pension Previsions
 - Industrial Relations
 - Health and Social Security
 - c) Technical advisory personnel for the affiliates in legal, economic and tax matters.
 - d) Secretarial administrative personnel
 - e) Social medicine for businessmen
- III. The main functions pertaining the activity of Union Industrial Argentina can be divided in four principal fields:
 - 1) Advisory service and study of problems set forth by the affiliates, especially in matters of competence of the Commissions described under II.-b) (Economy, labour, taxes, trade)
 - 2) Participation in the mixed commissions made up by the National Government for: i) Industrial policy implementation; ii) Technical education study; iii) Labour conflicts.
 - 3) Presentation before government entities, especially covering matters related with labour, taxes, economics, finances, foreign trade and industrial development.
 - 4) Relations with international entities at regional levels (South America) and international levels.

IV. The concern of Industrialists

The interest of the industrialists and the Chambers and Federations through which they are grouped, towards the Union Industrial Argentina, is constant and increasing in direct relation to the services it renders, namely direct advise, actions with government authorities and relations with unions.

Above all, what should be emphasized is the fact that to achieve the objectives, it has been necessary to maintain a high level as regards the qualifications of the advisors integrating the Commissions of Economy, Social Labour and Foreign Trade. These, in addition to placing at the direct disposal of the affiliates advisory services, also — and primarily — undertake the preparing of papers for presentation to the government and give adequate advise for all actions to be taken with the authorities. The fact that the Institution counts with a qualified team of economists and lawyers specialized in business, is one of its main attractions.

Lastly, it should be mentioned that it is the firm belief of the Institution which groups Argentine business (Union Industrial Argentina) that the allmost should be done so that businessmen continue asuming their role in perfectionating their function in contributing towards an ever transforming society, their organizational capacity, their specific knowledge and disposition to take on risks in a process conducing to the construction of a world at men's service. The constant adaptation of businessmen to current demands should be propitiated by means of a process leading to the absolute use of human resources which form part of the enterprise, the creation of renewed working sources, the increase in productivity through the permanent incorporation of the latest technology and the rational utilization of natural resources.

With these objectives in mind, a programme has been put into action, the highlights of which are the following:

- Courses of managerial capacitation directed to achieve a change in attitude in order to obtain active participation in private business.
- 2) Establishing principles of trade ethics and commercial loyalty.
- 3) Encourage a larger participation of Union Industrial Argentina in the laying out of policies, laws and further dispositions referring to industrial activity.

- 4) Favour a deeper dialogue between businessmen and workers, based on mutual respect of the respective obligations and rights.
- 5) Participating in the determination of educational policies and professional formation.
- 6) Encourage the divulgation of plans for radication of industry in locations of less favoured resources aimed to improve standards of life.
- 7) Pursuing to support collective wage agreements as the most apt way to solve remuneration and working conditions problems.
- 8) Continuing favouring closer contacts with international organizations.
- 9) Sustain that government should favour private enterprise as much as possible, intervening in productive activity only in accordance with subsidiary principles.

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