

United Nations
**GENERAL
ASSEMBLY**

THIRTY-FOURTH SESSION
*Official Records**



UN/SA COLLECTION

SECOND COMMITTEE
26th meeting
held on
Wednesday, 31 October 1979
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 26th MEETING

Chairman: Mr. XIFRA (Spain)

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Distr. GENERAL
A/C.2/34/SR.26
13 November 1979
ENGLISH
ORIGINAL: SPANISH

The meeting was called to order at 10.40 a.m.

AGENDA ITEM 59: OPERATIONAL ACTIVITIES FOR DEVELOPMENT

1. Mr. SALAS (Executive Director, United Nations Fund for Population Activities) observed that 1979 marked the tenth anniversary of the operations of UNFPA. When the Fund had started its operations, population had been a new field of multilateral assistance for most Member States. The first few years of the Fund's work had therefore been devoted to creating an awareness of the importance of population factors in development, promoting understanding of the dimensions of the population problem and finding suitable means of delivering assistance. In the decade that had elapsed, the Fund had attained a great many of its aims. That success had been due largely to three basic approaches which were utilized in its operations: neutrality with respect to each country's formulation of its own population policy; flexibility in the conceptualization and implementation of programmes; and a spirit of managerial innovation. Among the innovations introduced had been the direct execution of population projects by recipient countries, the execution of projects by non-governmental organizations, a four-year "rolling plan" for the budgeting of resources, budget support for local costs, where required, and the employment of national experts, where appropriate.

2. It was expected that, by the end of the year, the Fund would have approved a total of 2,500 projects, 1,000 of which would have been completed. Management and supervision had been carried out by a small staff at headquarters and in the field, which explained the low administrative costs (approximately 7 per cent) throughout the Fund's existence. The cumulative resources of the Fund, which had begun its operations with \$2.5 million in 1969, currently exceeded \$600 million. Its implementation ratio had averaged 81 per cent annually from 1974 through 1978. In 1979 the Governing Council had authorized UNFPA to allocate \$136 million to its assistance programmes, and it was expected that that figure would grow in the years ahead as demand increased.

3. The Fund's most important contribution lay in its success in overcoming political sensitivities with regard to population assistance, which had once been considered a controversial field. Almost all developing countries currently included population policies and programmes in their development plans. In ten years, the Fund's work had become universal, as it had assisted population projects in 121 States Members of the United Nations and 14 other countries and territories. During that period, it had succeeded in making population problems a central concern of Governments and had heightened the international community's perception of the exceptional importance of population factors in global development. That had undoubtedly contributed to the most significant demographic trend of the decade: the decline in fertility rates, especially in the developing countries. It would, however, be a grave error to conclude that the "population problem" had been solved. Even assuming that fertility rates would continue to decline in the years ahead, the world population would have increased by approximately 2 billion by the year 2000. The international community had to cope in a humane and orderly manner with the implications of such a 50 per cent increase in numbers,

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(Mr. Salas)

and UNFPA had to adapt its policies and operations to the changing needs of countries.

4. One of the objectives for the 1980s must be to transform into a reality the basic human right of couples and individuals to decide freely and responsibly the number and spacing of their children and to have the necessary means of doing so, as called for in the World Population Plan of Action (sect. B, para. 14 (f)). Research should be intensified to promote the adaptation of contraceptive technology to the needs of the developing countries. New measures should be developed for reducing infant, childhood and maternal mortality by improving nutrition and primary health care. Assistance should be provided to those countries which wished to achieve a balanced population distribution. It was also essential to have reliable population data which were necessary for planning and policy-making. It was vital to perceive various population factors as important variables which both acted and were acted on by other factors related to socio-economic and political conditions. Population growth and development patterns generated environmental changes which had repercussions on the future carrying-capacity of the earth. It was also important to recognize that population was a sector that could be incorporated into national and global development strategies, including the new international development strategy. Efforts to improve equity, social justice and the quality of life must continue to take into account the essential relationships between population and development.

5. In 1979 the Fund had sponsored or had participated actively in various conferences, including the United Nations symposium on the interrelationships between population, resources, environment and development, held in Stockholm in August, the Latin American Conference on Development Planning and Population, which had been financed by UNFPA and held in collaboration with ECLA in Cartagena (Colombia) in May, and the United Nations Conference on Science and Technology for Development.

6. The high point of such activities had been the meeting of parliamentarians in Sri Lanka, to consider the theme of population and development, which had been sponsored jointly by the Fund and the Inter-Parliamentary Union. The Colombo Declaration on Population and Development, which had been adopted by the 58 countries represented at the meeting, had been unanimously endorsed by the Inter-Parliamentary Council at its meeting in Caracas shortly thereafter. The Fund intended in 1980 to convene a conference of mayors and community leaders of some 40 rapidly growing cities which would have populations of 5 million or more by the year 2000. The parliamentarians who had attended the Colombo Conference had agreed that international population assistance through all channels - multilateral, bilateral, governmental and private - should reach a total of \$1 billion over the next five years. As far as the Fund's own needs were concerned, it was estimated that in the next five years an annual increase of between 15 and 20 per cent would be necessary. It was to be hoped that the countries participating in the forthcoming Pledging Conference would take the necessary decisions to support the work of UNFPA.

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(Mr. Salas)

7. As UNFPA entered its second decade, it was necessary to delineate more sharply the Fund's policies and mandates in response to changing and expanding demands from countries, and to establish a clear and distinct profile for the Fund within the operational activities of the United Nations system. It was to be hoped that the General Assembly would take into account the needs of UNFPA in the years ahead in its consideration of operational activities for development.

AGENDA ITEM 57: UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (continued)

8. Miss ZANABRIA (Peru), speaking on behalf of Bolivia, Colombia, Ecuador, Peru and Venezuela, said that those countries, which belonged to the Andean Group, wished to express the joint views on industrial development that they had developed as a result of the experience gained from their integration, which, having begun in the field of industrial planning, had spread to the cultural and political spheres as a demonstration of a desire for concerted action.

9. Industrial development took on particular importance at a time when international inflation and recession were affecting the countries of the third world and the international community as a whole. The Lima Declaration and Plan of Action were the starting point for an understanding between the industrialized and the developing countries: the General Assembly had thus ratified them during its seventh special session, since it regarded them as elements essential to the realization of the new international economic order. In adopting the Lima Declaration and Plan of Action, the international community had recognized the need for an effective will to act. However, the failures in negotiating forums revealed a lack of the necessary political will and of a desire to implement the arrangements that had been adopted. It was essential that significant changes should take place in international behaviour, which should reflect the political pronouncements made by Governments. The forthcoming UNIDO Conference must adopt the necessary measures to honour the commitment given at Lima and ratified at the seventh special session of the General Assembly, and particularly the goal that the developing countries' share in world industrial production should reach 25 per cent by the year 2000. Industrial development must be the corner-stone of economic development, as stated during the regional meeting of Latin American countries held at Cali (Colombia) from 10 to 14 September of the current year.

10. The annual target of \$50 million for the United Nations Industrial Development Fund, set during the Conference on International Economic Co-operation held in Paris, had not been attained either. Fulfilment of that commitment would be useful in intensifying activities in the field of development and transfer of technology, in executing industrial development projects appropriate to each developing country and in strengthening international co-operation and industrial training in developing countries.

11. Moreover, industrial redeployment called for a real transfer of industries of importance to developing countries and must not amount to a perpetuation of industries that were merely extractive or to a transfer of obsolete, uneconomic and non-competitive industries, in addition to those affecting the equilibrium of the environment. Redeployment must be an integral part of the restructuring of

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(Miss Zanabria, Peru)

international relations and help to eliminate the dependence of developing countries as regards production of raw materials. The countries of the Andean Group had formulated policies of expansion, specialization and diversification of industrial production on the basis of joint programming. The aim was industrial redeployment reflecting national, regional and subregional development policies and plans, taking full advantage of the human and material resources that permitted transfer of technology, which would serve as a catalyst for integral development.

12. In conclusion, her delegation expressed the wish that the constitution of UNIDO as a United Nations specialized agency should be signed and ratified promptly.

13. Mr. KHAN (Pakistan) stressed the bearing that industrialization had on all factors of development, as well as its critical impact on the pace and pattern of development of other sectors of the economy. The industrial sector was the engine of growth in most developed societies, and developing countries therefore considered expansion in that sector an essential prerequisite for the development of their economies. If it was to be beneficial to the economies of the developing countries, industrialization must be endogenous and self-reliant and must help reduce the external dependence of the developing economies.

14. The new international economic order was aimed at eliminating those forms of dependence and control by building production and growth structures that had an endogenous and self-reliant character. In that context, in the Lima Declaration and Plan of Action a set of objectives and measures for promoting industrialization of the developing countries had been formulated, namely: a 25 per cent target for the developing countries' share in world industrial production; restructuring and redeployment of industrial capacities from developed to developing countries and, for that purpose, the setting up of a system of consultations; establishment of the United Nations Industrial Development Fund and the Industrial and Technological Information Bank; conversion of UNIDO into a specialized agency; and greater access to export markets for the developing countries' manufactured products, together with the adoption of assistance policies by developed countries. The realization of those objectives had been regrettably slow. The developing countries' share in world industrial production had remained stagnant, and their share in world trade had declined. The developed countries had intensified their protectionist trade policies, and no significant progress had been made towards the adoption of effective assistance policies.

15. The Lima Conference had established that the redeployment of industrial capacities from developed to developing countries and the consequential restructuring of the industrial sector of advanced countries were essential to the realization of the 25 per cent target. The policies of protection and support for existing industrial sectors pursued by the developed countries were self-defeating, and their social costs far exceeded their limited benefits. Yet the developed countries did not seem inclined to take effective and concerted action, at both the national and the international level, to reorient their current attitudes and policies. The contradictions in North-South relations could be resolved only by means of a clear perception of the interdependence of the interests of developed and developing countries in the important sector of industrialization and trade.

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(Mr. Khan, Pakistan)

16. His delegation welcomed the successful conclusion of the negotiations on a draft constitution for UNIDO as a specialized agency and hoped that all countries, particularly the developed countries, would extend their full political and material support to the new agency. For its part, his Government had been among the first to sign the new draft constitution and it had already deposited the instrument of ratification.

17. His delegation also took note with satisfaction of the efforts made by UNIDO in organizing consultations in a number of key industries, and of its programme for initiating consultations in such areas. The effectiveness of the system of consultations and its value for developing countries would be greatly enhanced if the developed countries participated in that system with a clear willingness to reach specific agreements for promoting redeployment of industrial capacities to developing countries. It was to be hoped that during the Third General Conference of UNIDO, to be held in New Delhi, agreement could be reached on establishing an effective and permanent system of consultations.

18. It was regrettable that during the past two years the annual target of \$50 million for the United Nations Industrial Development Fund had not been realized. Contributions had only reached a total of \$10 million, and there had moreover been a tendency to tie contributions to specific purposes, thus preventing the Fund from achieving the objectives set at Lima. His country had doubled its contribution to the Fund, reaching \$30,000 during the current year.

19. His delegation had noted with appreciation the setting up by UNIDO of the Industrial and Technological Information Bank as a pilot project and supported the recommendation of the Industrial Development Board that it should become an ongoing activity of UNIDO. It hoped that the necessary resources would be provided by the General Assembly for that purpose.

20. His delegation had noted with satisfaction that UNIDO had been able to increase its programme delivery by 52 per cent during the previous four years and that there had been a substantial increase in technical assistance to developing countries. It was a matter of concern, however, that there had been a decline of 28.7 per cent in the implementation of field projects during 1978 and that there had been a slackening in the programme of activities in the Asia-Pacific region during the same period. It was to be hoped that that regional imbalance would be redressed in the near future.

21. His delegation fully endorsed the priorities established by the Industrial Development Board and the programme of activities for the following biennium. It was, however, concerned to find that the allocations for UNIDO activities in the proposed programme budget for the biennium 1980-1981 had been frozen at the level of the revised figures for 1979; that could only lead to a decline in the delivery of technical assistance to the developing countries. It was ironic that such a constraint should be imposed on UNIDO just when it was being converted into a specialized agency. He hoped that the General Assembly would provide UNIDO with resources commensurate with effectively carrying out its programme of activities.

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(Mr. Khan, Pakistan)

22. In conclusion, his delegation had noted with satisfaction the statement of the Executive Director on the status of preparations for the Third General Conference of UNIDO and it hoped that the Conference would be able to reach concrete agreements for accelerating the implementation of the Lima Declaration and Plan of Action. The Conference could thus provide an indispensable input to the preparation of the international development strategy for the forthcoming decade.
23. Mr. LOHANI (Nepal) said that rapid industrialization was essential to sustained self-reliant growth of the economies of the developing countries. The process of rapid industrialization was however being hindered by such constraints as lack of skilled manpower, of capital material inputs and of technical and social infrastructure. Nothing short of restructuring world industrial production could redress the imbalance between the developed and developing countries, and it was a pity that no substantial progress had been made towards increasing the share of developing countries in world industrial production to the target of 25 per cent by the year 2000. It was to be hoped that the forthcoming UNIDO Conference would devise concrete measures for the implementation of the Lima Plan of Action.
24. His delegation was pleased to note that UNIDO had continued to play its central co-ordinating role in the promotion of international industrial co-operation, in the provision of technical assistance to developing countries and as a forum for discussions relating to questions of industrial development. It looked forward to the conversion of UNIDO into a specialized agency, and in the meantime favoured measures investing UNIDO with greater autonomy in administrative matters.
25. It was encouraging that UNIDO had increased its technical assistance delivery by over 50 per cent and that the allocation for the establishment and strengthening of training facilities in developing countries had been substantially raised for 1980. UNIDO's programme for the development and transfer of technology and its adaptation to the needs of the developing countries was commendable. In that context, the activities of the secretariat in assisting developing countries to identify appropriate policies should be strengthened. It had already been recommended that the Industrial and Technological Information Bank should be a continuing operation of UNIDO. His delegation considered that the continuation of the Technological Information Exchange System, which was an important component of INTIB, would help to bridge the information gap between developed and developing countries and facilitate the effective transfer of technology. Co-ordination between INTIB and the system of consultations launched by UNIDO was essential in order to avoid duplication of effort.
26. The system of consultations had been useful in identifying problems connected with the industrialization of the developing countries, in suggesting measures to accelerate their industrialization and in furthering industrial co-operation among States. His delegation considered that the proposed consultations on the training of industrial manpower and on industrial financing should be organized without delay. It further welcomed the recommendation of the Board that the regular budget of UNIDO should finance the participation of 50 representatives from the least developed countries in consultation meetings to be held in 1980-1981, and hoped that due consideration would be given to the idea of extending the consultations to the regional, interregional and global levels.

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(Mr. Lohani, Nepal)

27. His delegation had noted with satisfaction that the Board had endorsed the strengthening of the Senior Industrial Development Field Advisers programme. It hoped that the figure of 50 advisers would be attained within the biennium 1979-1980, welcomed the proposal to increase their number to at least 60, supported the view that field advisers should be recruited in increasing numbers from developing countries and believed that the Junior Professional Officers programme should be continued.

28. While one could take pride in the activities of UNIDO, he subscribed to the Board's conclusion that the organization's activities could not be effectively sustained and expanded without sufficient resources. He was therefore disappointed that pledges to the United Nations Industrial Development Fund (UNIDF) fell far short of the desirable funding level of \$50 million annually; he appealed to the developed countries to increase their contributions to UNIDF and to transfer funds on concessional terms to developing countries. In its resolution 32/163 on the strengthening of operational activities in the field of industrial development in the least developed countries, the General Assembly had requested UNIDO to intensify its activities in favour of those countries and to devote the maximum resources possible to meeting their needs and had urged the Industrial Development Board to allocate a sizable sum from the Industrial Development Fund to those needs.

29. The Declaration and Programme of Action on the Establishment of a New International Economic Order and the Lima Declaration and Plan of Action, while recognizing that industrialization was an indispensable instrument for the rapid economic and social development of the developing countries, particularly the least developed countries, had clearly underlined the need for accelerated industrialization, without which the least developed countries would lag far behind other developing countries. Statistics showed that the real per capita Gross National Product of the least developed countries had registered a sharp decline during the current decade, and experts had concluded in their studies that the creation, development and diversification of industrial production facilities in order to expand both internal and external markets was the only way of ensuring equitable participation by the least developed countries in world production and in the exchange of goods and services.

30. Within their limited resources, the least developed countries were making strenuous efforts to reduce the enormous development gap which separated them from other developing countries, but without international co-operation, those efforts would not suffice to establish and improve their industrial capacities. In that connexion, he noted with appreciation UNIDO's emphasis on activities designed to assist the least developed countries in establishing or strengthening appropriate institutional infrastructure for their industrial development: in proportion to the requirements, however, the resources available were woefully meagre. His delegation hoped that the Third General Conference of UNIDO would focus on increasing substantially the financial resources earmarked for the least developed countries so that practical measures in their favour could be speedily implemented.

31. Mr. DOMOKOS (Hungary) said that the level of industrial development was a major criterion for distinguishing between developed and developing countries and

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(Mr. Domokos, Hungary)

was a basic factor in the attainment and maintenance of a country's economic independence. His delegation therefore attached special importance to international co-operation for the promotion of industrial development in general, especially in developing countries.

32. The Third General Conference of UNIDO should discuss thoroughly the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation and consider measures designed to accelerate industrial development, particularly in the developing countries. While a number of developing countries had made significant progress in industrialization during the previous four years, as a result of which that group of countries accounted for 12 per cent of current world industrial output, that share was still far below the target of 25 per cent by the end of the century envisaged in the Lima Declaration. His delegation expected the Third General Conference of UNIDO to analyse and identify the causes of that lack of progress and to adopt concrete measures to remove the obstacles, promote economic planning and strengthen the role of the public sector in developing countries. Such measures would be vehicles for concentrating resources on the most important tasks and diversifying the pattern of industrial production. In that connexion, his delegation endorsed the decision of the Industrial Development Board to request the Executive Director of UNIDO to prepare a detailed presentation of the role of the public sector for submission to the Third General Conference.

33. The developing countries attached great importance to the conversion of UNIDO into a specialized agency. The new Constitution of the organization was the result of compromise and, while Hungary was a party to that compromise, it continued to maintain that the technical assistance offered by UNIDO should be financed from voluntary contributions.

34. His delegation believed that the system of consultations within the framework of UNIDO was useful and contributed to the preparation of viable industrial development plans in developing countries. His delegation nevertheless endorsed the position that UNIDO should concentrate its efforts on the most important fields and the most timely problems with a view to achieving maximum effectiveness, in view of budgetary constraints. The consultations should focus on problems that fell within the typical profile of UNIDO, such as those related to trends and strategies in industrial and technological development. Moreover, both the UNIDO secretariat and participating Governments should make thorough preparations in order to ensure the success of the consultations. To that end, they should avoid including too many subjects in the programme of work and overlapping of the consultations with the activities of other organs. He hoped that at its fourteenth session the Industrial Development Board would review the preparations for the meetings to be held in 1980 and 1981, taking into account the comments made by his delegation, and that the Third General Conference of UNIDO would give further guidance for the system of consultations.

35. His delegation underlined the need to maintain the high professional competence of the Senior Industrial Development Field Advisers. That requirement was not contrary to the principle of equitable geographical distribution, which was also an important policy issue; in fact, the recruitment of more advisers from the

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(Mr. Domokos, Hungary)

socialist and developing countries would be a valuable addition to the pool of experience made available to developing countries. Furthermore, his delegation believed that the advisers should continue to be financed from voluntary contributions.

36. With regard to the redeployment of industries, his delegation emphasized that, while it was in favour of a broader interpretation of the concept, steps should be taken to prevent it from becoming a vehicle for the revival of neo-colonialist practices. His delegation accordingly shared the view of the Executive Director of UNIDO that redeployment should not contribute to the exhaustion of natural resources, environmental pollution, increased dependence or the transfer of outmoded technology, and that it should not rely solely on foreign initiatives, but be systematically conceived in conformity with the development plans and industrial policies of the developing countries.

37. His country's co-operation with developing countries was based on the principles of sovereign equality of States, mutual benefits and non-intervention in internal affairs. Through industrial co-operation agreements, trade exchanges and the services of qualified specialists within the framework of technical co-operation, Hungary was contributing to the development of industrial capacities and the necessary infrastructure in developing countries. It also received fellows and organized training courses for them. Moreover, his country had established a pattern of intensive co-operation with UNIDO which it intended to maintain and develop.

38. Mr. SCHMID (Austria) said that during 1979 the permanent headquarters of UNIDO had been formally inaugurated in Vienna. By providing facilities commensurate with the latest international standards, his Government had fulfilled its earlier commitments to the Organization, but its commitment to UNIDO did not end there, because industrialization was a key factor in the process of over-all development to which all countries had to contribute.

39. More than four years earlier, the adoption of the Lima Declaration and Plan of Action had given added momentum and a new direction to the industrialization of developing countries as an essential component of an integrated development process aimed at the establishment of a new international economic order. Within that framework the Third General Conference would provide an opportunity to examine the role of UNIDO and its contribution to the gradual attainment of the Lima objectives. In the light of that evaluation, Member States would be called upon to agree on specific measures of international co-operation to accelerate the implementation of the Lima target and to formulate new guidelines to enable UNIDO to play its key role in the process of industrialization.

40. His delegation was particularly encouraged by the conversion of UNIDO into a specialized agency and by the fact that almost 50 States, including Austria, had signed the new Constitution, a testimony to the political will of all parties involved to find solutions to the major problems of industrialization.

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(Mr. Schmid, Austria)

41. That optimistic note did not mean that he had forgotten the enormous problems which remained to be solved, including those of the fundamental and far-reaching differences which existed between developing and developed countries, issues which had arisen at the final session of the Committee of the Whole. While it had not been possible to reach agreement there on a common text on industrial development, those deliberations had been useful in clarifying the respective standpoints, preparing the ground for the Third General Conference of UNIDO and facilitating the necessary efforts to reach meaningful consensus on more just and equitable forms of co-operation.

42. The need for new forms of co-operation in the field of industrialization would also require UNIDO to adapt its organizational patterns accordingly and to assume increasing responsibilities. In that context, he was satisfied that UNIDO had demonstrated its potential for the dynamic, pragmatic development of new structures, such as the system of consultations. That system had demonstrated its usefulness as a framework for the identification of problems and the establishment of closer co-operation in various key sectors. Consequently, the system of consultations should be strengthened and established as an ongoing activity of the organization, with the participation of government officials and representatives of industry, labour, consumer groups and others. His delegation was pleased to note that the system would cover such vital additional subject areas as the food processing, pharmaceutical and capital goods industries. The consultations recently held on agricultural machinery and the preparatory work for consultations on the training of industrial manpower and industrial financing also deserved particular attention. His delegation hoped that at its forthcoming special session, the Board would be able to draw up draft rules of procedure for the system of consultations.

43. UNIDO's role would be increasingly important with regard to the transfer of technology, in view of the outcome of the recent United Nations Conference on Science and Technology for Development. He accordingly welcomed the decision adopted at the thirteenth session of the Industrial Development Board to continue the work of the Industrial and Technological Information Bank (INTIB) as an ongoing activity of UNIDO and to include in its activities the sectors and topics covered by the system of consultations and the sectors chosen at the International Forum on Appropriate Industrial Technology. INTIB had a very significant role to play in the transfer of technology to developing countries, and he was therefore particularly gratified by the increasing co-operation between INTIB and the Austrian Patent Office. He stressed the importance in that context, of the energy sector, particularly non-conventional sources of energy, and of the small and medium-scale industries which could in many cases provide mutually beneficial assistance to developing countries.

44. Although it was encouraging that UNIDO's technical assistance activities had increased significantly in recent years, contributions to the United Nations Industrial Development Fund still fell far short of the goal of \$50 million a year. Furthermore, if the impact of UNIDO's projects was to be maximized, proper attention should be given to the importance of the Senior Industrial Field Advisers (SIDFA) Programme. It had made a significant contribution to the

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(Mr. Schmid, Austria)

achievement of concrete results in the field of technical co-operation, and his delegation therefore welcomed the fact that the Industrial Development Board had recognized at its most recent session that the scope of the SIDFA Programme must be strengthened and enlarged.

45. His delegation hoped that the Third General Conference of UNIDO would make significant progress towards an equitable international division of labour in a manner consistent with the social and economic objectives of all the parties involved.

46. Mr. NARAYANAN (India) said that his country endorsed the conclusions of the thirteenth session of the Industrial Development Board, as well as its recommendations on the most appropriate areas of co-operation in the field of industrial development.

47. UNIDO must play a central co-ordinating role in the implementation of the Lima Declaration and Plan of Action. The central issue at its Third General Conference, to be held in January 1980, would therefore be how to overcome the obstacles to the attainment of the Lima targets. His country, which would host the Conference and participate actively in its preparation, hoped that the Conference would contribute to the evolution of the International Development Strategy and would be of key significance for the industrial advancement of developing countries.

48. One of the most important objectives of industrialization articulated in the Lima Declaration and Plan of Action had been the target of increasing the share of developing countries in industrial production to 25 per cent by the year 2000. In 1977, however, that share had been only 9 per cent, and, at the present rate of growth, it could be projected that it would reach only 14 per cent in two decades. The prospect was even less encouraging if one took into account the energy crisis, inflation and the reduction in demand on the markets of the developed world. It was also estimated that, in order to achieve the Lima target, the annual volume of investments in developing countries would have to increase from its current level of \$30 or \$40 billion to \$450 or \$500 billion. Those figures made clear the inescapable need to restructure world industry if the new international economic order was to be established.

49. The industrial redeployment advocated in resolutions of the General Assembly and UNCTAD could constitute an appropriate method of restructuring if all Member States participated and co-operated therein. Redeployment should not be a new method for the extraction of surplus value from developing countries through the exploitation of their natural resources or cheap labour, nor a device by which developed countries could escape environmental controls at home and export pollution to developing countries, nor the transfer of outmoded technologies which condemned the developing countries to a permanent position of inferiority. Instead, it should be an instrument integrated into national development plans which enabled developing countries to reduce their dependence, use their domestic resources to best advantage and create new employment. That could be brought about only through dialogue and co-operation and through anticipatory adjustment

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(Mr. Narayanan, India)

measures in the developed countries. Fears that redeployment could cause disruption and imbalance were unfounded: on the contrary, it could become a powerful instrument of development if it was based on long-term perspectives rather than ad hoc measures. His country had taken various steps to attract foreign investment and to promote the creation of production capacities in other developing countries through bilateral channels and multilateral technological co-operation.

50. His delegation fully supported the establishment of the system of consultations as a permanent part of UNIDO's activities which needed to be further developed and strengthened. Such a system could be extremely useful in delineating procedures for redeployment. India also supported the Programme of Technical Assistance, the Senior Industrial Development Field Advisers Programme and the Industrial and Technological Information Bank. It would be extremely unfortunate if those programmes failed to be implemented for lack of financial resources. It was discouraging that for the year 1977-1978 only \$11 million had been pledged to the United Nations Industrial Development Fund, as against the agreed funding level of \$50 million. All countries, in particular the industrialized donor countries, must strive to augment UNIDO's resources, whether through the regular budget, through contributions to the Industrial Development Fund or through the proposed new mechanisms and institutions. Only thus could the agreed measures be implemented and the industrialization of the developing countries be promoted to levels compatible with the establishment of the new international economic order.

51. Mr. LANGLO (Norway), speaking also on behalf of Denmark, Finland, Iceland and Sweden, said that the acceleration of industrialization in developing countries would be a major challenge to the world community in the years ahead and should be seen within the framework of the new international economic order, the Lima Plan of Action, the decisions of the seventh special session of the General Assembly and the new International Development Strategy, as well as in relation to the interdependence of States and the objective of strengthening the self-reliance of developing countries. Industrialization was closely linked to progress in other sectors, such as agriculture, environmental protection, energy, trade and finance, and its benefits must be distributed equitably both within and among countries. Special consideration must be given in that connexion to the least developed countries. The Nordic countries supported efforts to implement the elements of the new international economic order in the field of industrialization and recognized the role of UNIDO as a catalyst, a role which would no doubt be strengthened further when UNIDO became a specialized agency in accordance with its new constitution, which Denmark, Finland and Norway had already signed.

52. As had been made clear at the September session of the Committee of the Whole, there were still considerable differences of opinion with regard to the modalities for increasing the rate of industrialization in developing countries, although those differences were not always openly recognized. None the less, that session had made progress in the formulation of the text on industrialization and, in particular, on the definition of industrial redeployment. He hoped that in the preparations for the Third General Conference of UNIDO delegations would not retreat from the informal consensus reached on that point.

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(Mr. Langlo, Norway)

53. The Third General Conference would provide a major opportunity for important inputs into the new International Development Strategy. The Nordic delegations noted with satisfaction that the documentation so far issued for the Conference aimed at a strategy based on the concepts of global interdependence and self-reliance.

54. The Nordic countries believed that, as one of its most interesting activities, UNIDO's system of consultations must be developed further. At the same time, care should be taken not to initiate consultations in too many areas too soon, for otherwise excessive diversification with limited funds might impair their impact. The consultations would gain increased importance in coming decades as a means of contributing to the formulation of more realistic policies for making the necessary structural adjustments.

55. Although some progress had been made in the transfer of industrial technology, in particular through the Programme of Action on Appropriate Industrial Technology, UNIDO could play a more important role in that area. Activities relating to the transfer of technology should also be co-ordinated, in so far as possible, within the United Nations system.

56. Mr. MUNTASSER (Libyan Arab Jamahiriya) drew attention to the fact that, as indicated in the report of the Industrial Development Board (A/34/16), the share of the developing countries in world income had fallen and their share in world industrial production was only 12 per cent, as against the 25 per cent fixed as a target for the end of the century.

57. The agreement reached on converting UNIDO into a specialized agency was of key importance, but it would have no practical impact without the co-operation of the developed countries, some of which had adopted a negative attitude in the Committee of the Whole during the negotiations on the new international economic order. It was essential that all parties should show the necessary political will if industrial development was to be promoted within the framework of that new order.

58. His country was in favour of industrial redeployment as an instrument of development but believed that it must be directed towards those industries to which the developing countries gave greatest priority, must be subject to national plans and strategies and must be in the interest of the developing countries rather than the transnational corporations, whose sole motivation was quick profit. His country placed great hopes in the establishment of the Industrial and Technological Information Bank, which could help to break the monopoly still enjoyed by the transnational corporations in the areas of information and technical expertise. The Information Bank must help to ensure that the most appropriate technologies were applied in each developing country and devote special attention to the higher-priority industries.

59. His country hoped that the Third General Conference of UNIDO, to be held at New Delhi, would help to overcome many of the present difficulties and would be a landmark in the industrialization of the developing countries.

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60. Mr. WAPENYI (Uganda) said that industrialization played a key role in developing countries and deplored the fact that the reluctance of developed countries to invest in industrial sectors in developing countries had prevented the implementation of the Lima Declaration and Plan of Action, which had been intended to spearhead the new international economic order. Difficulties had also been encountered in the application of the concept of redeployment of industries. It was to be hoped that the work of UNIDO in that field would be continued and intensified. The redeployment of industries would be beneficial mainly to small and medium-scale industries, which could turn to the Industrial and Technological Information Bank for details of investment opportunities or incentives in the developing countries, thus breaking the monopoly so far enjoyed by the transnational corporations in that kind of information. Developing countries could also make use of the Information Bank to avoid receiving obsolete technology.

61. His delegation fully approved of the effective role played by the Senior Industrial Field Advisers in assisting developing countries in their efforts to industrialize. Uganda had always supported the system of consultations as well, but it had been disturbed to note that they had concentrated on industrial sectors which affected the more advanced developing countries. The time had come for also holding consultations on industries which affected the least developed countries.

62. The new Government of Uganda was committed to co-operating fully with UNIDO in its programme of technical assistance and in its efforts to improve Uganda's industries, which had been badly affected by mismanagement. Uganda supported the call by UNIDO's Executive Director to the General Assembly to provide adequate budgetary resources that would enable UNIDO to increase its assistance to the more needy developing countries, and it joined in the appeal to the industrialized countries and to developing countries which were in a position to do so to contribute generously to the United Nations Industrial Development Fund.

63. Uganda had been one of the first countries to sign the new constitution of UNIDO as a specialized agency of the United Nations and urged those countries which had not yet signed it to do so without delay. It was to be hoped that the Third General Conference, to be held at New Delhi, would make progress towards meeting the targets established in the Lima Declaration and Plan of Action.

64. Mr. OLZVOY (Mongolia) said it was a well-known fact that industrial development was one of the keys to overcoming the backwardness inherited from centuries of colonial domination. Mongolia therefore supported the efforts of the developing countries to industrialize and, in particular, endorsed the objectives of the Lima Declaration and Plan of Action. The efforts of those countries to achieve their goal were hampered by difficulties arising principally from the activities of the multinational corporations, which were striving to keep them in a position of dependency, confined within the framework of capitalist relations. To that end, they were trying to transfer to the new countries certain specific industrial sectors which were highly labour-intensive and energy-consuming and, in many cases, more destructive of the environment, while the capitalist countries kept for themselves the sectors with advanced technology

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and high profit. UNIDO had the responsibility of helping the developing countries to establish an independent industrial structure in a context of mutually advantageous economic relations with all the nations of the world, irrespective of their economic or social systems. The developing countries were looking to the Third General Conference of UNIDO to adopt practical measures to promote industrialization, foster co-operation among countries with different economic and social systems and implement the Lima Declaration and Plan of Action, the Declaration and the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

65. The experience of Mongolia showed that in order to achieve far-reaching economic and social change, a country must retain full sovereignty over its economic and social resources. Such a policy necessitated the exclusion of foreign capital and the establishment and development of the public sector. By following that course, Mongolia had succeeded in progressing from feudalism to socialism without going through an intermediate capitalist stage. Before the revolution, there had been no established industry in the People's Republic of Mongolia. Today, 13 minutes' production in a single branch of the modern sector was equal to the country's entire output in 1924, and 11 days' production was equal to the total for 1940. Mutually advantageous co-operation with the socialist countries had played a crucial role in the development of Mongolia's industry. He also emphasized the importance of the public sector, which, by functioning on a national scale, made it possible to direct the country's energies and scientific and technical innovations towards the priority areas of the economy.

66. His delegation was glad to note UNIDO's growing interest in the role of the public sector in the industrial development of the developing countries, a degree of interest which was also made clear in the Lima Declaration and Plan of Action. The Economic Declaration of the Sixth Conference of Heads of State or Government of Non-Aligned Countries stated that "the public sector and planning are important tools for the implementation of industrial policies within the national framework of industrialization programmes of developing countries". The same point was repeated in the report of the Executive Director of UNIDO to the Industrial Development Board, contained in document ID/B/222. His delegation therefore hoped that both the Industrial Development Board at its fourteenth session and the Third General Conference of UNIDO would focus their attention on the important role of the public sector. Increased practical assistance should also be given to the developing countries in determining national strategies to reinforce the role of the public sector in the process of economic development.

67. It was to be hoped that the UNIDO secretariat would make an important contribution to the implementation of General Assembly resolution 33/135, relating to the role of qualified national personnel in the social and economic development of developing countries. The Third General Conference of UNIDO must give a new impetus to the definition of national strategies for the training of qualified personnel in the industrial field, and it would be appropriate to deal with the matter as a separate item.

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(Mr. Olzvov, Mongolia)

68. His delegation was also glad to note that UNIDO had increased its participation in UNDP programmes and was now third among UNDP executing agencies. However, it should be borne in mind that the value of technical assistance in the field of industrial development depended on the degree to which it contributed to the full realization of the sovereignty of countries over their own resources and to their achievement of complete economic independence. In that context, he emphasized the need to prevent the encroachment of foreign monopoly capital and of the transnational corporations, which had nothing at all to offer in meeting the real needs of countries, tending instead to perpetuate the old structures of colonial domination.

69. He expressed his delegation's gratitude to UNIDO for its contribution to his country's industrial development, currently consisting of about 20 major projects, all of which were concerned with the establishment of local undertakings to process locally obtained raw materials.

70. Mongolia welcomed the conversion of UNIDO to a specialized agency and was gratified that its new constitution had received many signatures in a short space of time. In that connexion, it should be said that the effectiveness of UNIDO depended not so much on its size or administrative structure as on the fact that it was oriented towards the interests of its members, and in particular, of the countries which had recently gained independence. What those countries needed was to establish modern industries to take advantage of their own resources. His delegation attached the greatest importance to the Third General Conference of UNIDO, including the question of the most appropriate strategy for accelerating the industrialization of the developing countries during the 1980s.

71. His delegation shared the view expressed in the report of the Industrial Development Board on the work of its thirteenth session (A/34/16) with regard to the importance of maintaining international peace and security and promoting international détente. One cause of current world economic problems was to be found in the vast amounts of money spent on the production of weapons. Disarmament could release considerable financial resources which could be used for the industrial development of the developing countries. The arms race threatened the very survival of mankind and hampered the search for a solution to the serious problems of economic and social development from which mankind was suffering. International peace and détente would make it possible to achieve co-operation among all countries, including co-operation between countries with different economic and social structures. UNIDO should help to create favourable conditions for achieving such co-operation in a fruitful form and in a climate of détente.

The meeting rose at 1.10 p.m.