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at 3 p.m.  
New York

SUMMARY RECORD OF THE 27th MEETING

Chairman: Mr. MURGESCU (Romania)

later: Mr. AHSAN (Bangladesh)

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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 57: UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (continued)  
(A/34/16, 237, 288, 389; E/1979/82)

1. Mr. GORITZA (Romania) said that the successful conclusion of the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency had reaffirmed UNIDO's central co-ordinating role in the industrial sector and its vocation of promoting international industrial co-operation, providing technical assistance and acting as a forum for discussions among all parties concerned with questions of industrial development. Romania had participated actively in the Conference and signed the new Constitution as soon as it had been opened for signature. It urged other Governments to follow its example so that the organization would start work on the new basis as soon as possible.

2. The forthcoming Third General Conference of UNIDO would play an important role in orienting UNIDO's future activities. In the view of his delegation, the Conference should work towards the adoption of practical measures and programmes, with specific targets by branch and sector of industry up to the year 2000. A specific time-table should be worked out so that the implementation of the programmes could contribute effectively to the achievement of the aims and objectives of the Lima Declaration and Plan of Action, the primary objective being to increase the share of the developing countries in world industrial production to 25 per cent by the end of the century. Since at present they accounted for only 12 per cent of world production and since international action to assist them in developing their industrial structures was still far from what it should be to reach such a target, a great effort would be needed. Accordingly, the Conference, by mobilizing the political will of all States, must mark a change of direction towards substantially strengthening UNIDO's role in and contribution to the implementation of the Lima documents. In that way, industrial co-operation could be part of the concerted effort to bring about a new international economic order.

3. His delegation believed that the agenda for the Conference, with the amendments proposed by the Industrial Development Board, offered a real possibility of broaching the theme of industrial development from such a viewpoint. Among the topics to be considered, priority attention should be given to the reorientation of industrialization policies in the light of recent developments in the world economy, especially in the field of energy and raw materials. Romania had therefore proposed that the agenda should include an item on international co-operation in the field of the transfer and development of industrial techniques with a view to enhancing the industrial capacity of the developing countries. It hoped that the discussion of that and other items would facilitate the adoption by the Conference of concrete measures to help the developing countries to select, adopt or create industrial technologies that were appropriate to their own development objectives and special potentialities and needs. UNIDO could make an important contribution in that respect, and the new

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(Mr. Goritza, Romania)

structure of the agency might well include a special division for the promotion and development of industrial technology.

4. The Conference should also help to improve the mechanisms and forms of industrial co-operation by calling for a substantial increase in the contribution of the industrialized countries to the creation and consolidation of industrial capacity in the developing countries, greater financial resources for industrial development, increased technical assistance by UNIDO, wider co-operation among the developing countries themselves and increased attention to and assistance in the training of national cadres for industry.

5. All those concerns should be reflected at the Conference in specific measures and programmes that would constitute a real long-term industrial development strategy. The implementation of that strategy should help to lessen the gap between developed and developing countries in the field of industry and to speed the industrialization of the developing countries, which was a prerequisite for their economic and social progress.

6. In conclusion, he reiterated his delegation's satisfaction at the co-operative relationship between Romania and UNIDO, as reflected in the fruitful activity of the joint Centre at Bucharest, the work of which was directed towards concrete support for the developing countries in areas of importance to the promotion and diversification of industry in those countries. Romania looked forward to developing that co-operation still further.

7. Mr. RAMBISOON (Trinidad and Tobago) said that, at its thirteenth session, the Industrial Development Board had been closely concerned with preparations for the Third General Conference of UNIDO. The optimism with which his delegation looked forward to that Conference was tempered by events in the area of industrial co-operation since the Second General Conference in 1975. The Lima Declaration and Plan of Action contained many targets by which developing countries could measure their progress along the path of industrialization, but unfortunately many of them remained unfulfilled. It was obvious that, to achieve the goals of the new international economic order and the targets set at Lima, there must be a fundamental restructuring of economic co-operation between the industrialized and the developing countries and more equitable forms of international division of labour must be established, but those changes had not taken place.

8. The funds provided by international institutions for the industrialization process and for industrial research and development in the developing countries still represented only 5 per cent of the total development assistance provided to those countries. The target set at Lima of 25 per cent of world industrial production to be located in developing countries by the year 2000 was still far away, and at the current rate of progress it was doubtful that it could be reached by that time.

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(Mr. Rambissoon, Trinidad and Tobago)

9. One of the Lima targets, the conversion of UNIDO into a specialized agency, had been attained. His delegation hoped that the speedy ratification of its new Constitution would be matched by political commitment to the spirit and primary objective of the new agency, namely, greater and more rapid industrial development of developing countries with a view to the establishment of the new international economic order. His delegation envisaged an independent UNIDO working closely with other United Nations agencies, and particularly UNCTAD. One area in which UNIDO and UNCTAD should work closely together was transfer of technology. Another was the provision of markets for the products of industrialization, because access to international markets was vital and recent times had seen an increasing trend towards protectionism. Trinidad and Tobago was a small developing country, and much of its development thrust would depend to a large extent on its ability to gain access to international markets for its steel and aluminium products. While UNCTAD had the primary responsibility for commodities and trade and UNIDO had special responsibilities in the area of industrial co-operation, the two could not be divorced from each other.

10. The United Nations Industrial Development Fund had been envisaged as one means of fostering the industrialization process in developing countries. Unfortunately, as the Executive Director of UNIDO had pointed out, voluntary contributions from Governments had not reached the target of \$50 million a year. It was to be hoped that the Fund would become a meaningful source of supplementary resources for industrial co-operation activities.

11. The Third General Conference of UNIDO would be the last major international conference on economic matters before the special session of the General Assembly in 1980. His delegation hoped that, with greater evidence of political will and understanding on the part of the developed countries and with UNIDO's new status, the Conference could give fresh impetus to the struggle to formulate new guidelines for the agency so as to ensure that the objectives laid down at Lima and at the sixth and seventh special sessions of the General Assembly were achieved.

12. Mr. Ahsam (Bangladesh) took the Chair.

13. Mr. ARAPI (Albania) said that industrialization was an important factor for the development and socio-economic progress of every nation. The history of many developing countries showed that, in the absence of national industry, no country could do away with the backwardness inherited from colonial domination and foreign exploitation and increase the cultural and material well-being of its people. For years, therefore, many democratic and progressive countries had been engaged in a struggle to establish national industry and reduce dependence on the industrialized countries.

14. Although the just concern and legitimate demands of countries aspiring to industrialization had often been reflected in the deliberations in international forums and in the decisions adopted, no important practical result had been achieved because of the obstructionism of the super-Powers and imperialist Powers. The imperialist Powers talked as if they wanted to aid the developing countries in fostering their economic progress, but in fact they were trying by

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(Mr. Arapi, Albania)

all means to hamper their progress. To preserve the old colonial exploitative relations, they endeavoured to impose their policy on other countries. By manipulating the price mechanism, they bought raw materials from the developing countries very cheap and sold them industrial goods very dear. Through protectionist measures, the industrialized countries sought to perpetuate capitalist exploitation and to turn the developing countries into appendages of their capitalist economies as a source of raw materials and a market for manufactured products.

15. In the circumstances, the resolute struggle of the peoples of Asia, Africa and Latin American against the two super-Powers, the United States of America and the Soviet Union, was the main factor for strengthening their political and economic independence, for their socio-economic progress, including the development of their industry. Recent measures by some developing countries, such as the nationalization of foreign enterprises and restrictions on the activity of foreign capitalist monopolies, had been a heavy blow to the imperialist Powers. The successes achieved so far by the developing countries refuted neo-colonialist concepts regarding the incapacity of the developing countries to utilize their own national resources.

16. In the last 35 years, the Albanian people, successfully overcoming many obstacles and difficulties, had turned Albania from a backward country into one with an advanced industry and mechanized agriculture. Priority had always been given to the development of industry, especially heavy industry. In 1978, total industrial output had increased 6 per cent over 1977. Also in 1978, new and important sources of oil and gas had been discovered, opening up new vistas for the development of petrochemical industries. In the 1970s, a number of powerful heavy industry plants had been set up and put into operation. All those developments bore testimony to the country's ever-increasing economic potential and to its implementation of the policy of building socialism on the basis of its own forces. National income had increased on the average by 7 per cent to 10 per cent annually, as compared to a population growth of 2.5 per cent to 3 per cent. In addition to a heavy industry branch capable of producing the industrial equipment needed for the further development of the country's productive forces, light industries and the food-processing industry met more than 85 per cent of the needs for consumer goods, thus releasing the economy from the heavy burden of importing them.

17. Those successes had been achieved through continuous struggle against the imperialist and revisionist economic blockade, against anti-Albanian hostile activities of the United States imperialists and Soviet social-imperialists, who had been joined in 1978 by the Chinese social-imperialists, violating in a brutal and arbitrary way official agreements, including those in the field of economic and trade relations, with the aim of hampering and sabotaging socialist construction in Albania.

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(Mr. Arapi, Albania)

18. The People's Socialist Republic of Albania had always supported the just struggle of the peoples of Asia, Africa and Latin America for the strengthening of their national independence and for free socio-economic and political progress. It was confident that, by relying mainly on their own material, financial and human resources, by promoting solidarity and mutual aid among themselves and through just international collaboration, the developing countries would fulfil their national industrialization targets in conformity with their interest in strengthening their political and economic independence.

19. Mr. HORIUCHI (Japan) said that the conversion of UNIDO into a specialized agency represented not only a recognition of its past achievements but also great expectations regarding its future work. He wished in that connexion to call attention to the diversification of the world economic situation. According to the World Economic Survey, the growth rate of manufacturing in developing countries had been 6.9 per cent in 1971-1978, which far exceeded the 3.2 per cent achieved by the developed countries during the same period. None the less, the industrialization prospects of the developing countries should not be viewed with undue optimism. The high growth rate had been mainly attributed to a small number of highly successful developing countries. The large majority had not yet established a sound foundation for industrialization, and many developing countries were still struggling in low gear.

20. Industrial structural changes were taking place in the North-North, the North-South and even the South-South contexts. For instance, Japan, once a large exporter of clothing, was now a large net importer; even television and radio sets were being imported. However, opportunities opened up by various trade schemes and by industrial structural changes in the North still benefited only a small number of developing countries which had the technical, managerial and financial capacity to take advantage of them. Rising unemployment, inflation, energy supply and tight fiscal situations were all growth constraints that could not easily be overcome. In other words, conditions for industrialization in the 1980s could be more difficult for many developing countries than they had been in the 1960s or the 1970s. Furthermore, industrialization involved millions of different processes and technologies; yet UNIDO, with its limited resources, was expected to handle all aspects of it. Priority in UNIDO's activities for the 1980s should therefore be placed on programmes aimed at producing concrete and reasonable results in a selected number of industrial activities. Japan had not forgotten its difficult experience at each step of its comparatively recent industrialization, and he believed that it had much to share with the developing countries, particularly in the important area of small- or medium-scale manufacturing.

21. His Government, and the Japanese industries which had participated in the system of consultations, felt that its success had partly been due to the fact that it had provided forums for the exchange of opinions and the discussion of problems. His Government had serious doubts about the usefulness of making the consultations permanent or intergovernmental. The conclusions and recommendations of the consultations could not be enforced in Japan, because in the market-economy countries the redeployment of industries was essentially decided by the private sector. His delegation would like to see the system of consultations remain

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(Mr. Horiuchi, Japan)

unchanged for a few more years, after which, if the evaluation of the results warranted it, the procedures of the system should be re-examined.

22. With regard to the redeployment of industries from developed to developing countries, his delegation was dissatisfied with the conclusions and recommendations contained in document ID/B/222, chapter IV. The chapter listed various measures which the developed countries should adopt regarding redeployment, but did not touch upon measures which the developing countries could take, such as improvements in the investment climate, the training of workers or the establishment of a coherent set of industrial policies. The task of redeployment could not be entirely one-sided. His delegation hoped that the UNIDO secretariat would prepare a report on the subject for the Third General Conference, bearing those comments in mind.

23. Japan believed that the activities of the industrial development field advisers belonged strictly to the category of technical assistance and should therefore be financed by UNDP and voluntary contributions. His country intended to continue its support of a field adviser by voluntary contribution. It should also be pointed out that the proposal to finance the field advisers from the regular budget would require the revision of the UNIDO Constitution, which had only recently been adopted.

24. The Industrial and Technological Information Bank was one of the valuable activities of UNIDO, but his delegation was still unsure of its mandate. It felt strongly that the Information Bank should not be involved in decision-making or in the contracting of technology, which was carried out on a commercial basis. Japan could not support the suggestion that the Bank should provide information on equipment, specifications, costs, and so on, because such activities would not only duplicate information available elsewhere but would involve enormous resources which could be utilized for other UNIDO activities. His delegation hoped that the report to the Industrial Development Board at its fourteenth session would include the mandate of the Information Bank.

25. Ms. STEPHENSON-VERNON (Jamaica) said that the past few years had been masked by the emergence of a number of problems, including endemic inflation, rising protectionism, exchange rate fluctuations and the need to conserve energy, in particular petroleum. All those factors had served to hamper economic and industrial progress in both developed and developing countries. Effective and equitable long-term solutions to those problems would undoubtedly require the concerted efforts of all Member States.

26. It was in that framework that the Second General Conference of UNIDO had adopted the Lima Declaration and Programme of Action, whose principles comprised a broad strategy of industrial development aimed at strengthening the industrial capacity of developing countries. Four years later, very little had been achieved in that regard. The Third General Conference would therefore have a vital role to play. It would be the last major United Nations conference before the special session of the General Assembly to assess the progress made in the establishment of the new international economic order. Her delegation shared the view that the

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(Ms. Stephenson-Vernon, Jamaica)

Conference should give fresh impetus to world industrial development by elaborating concrete measures for the accelerated and effective implementation of the Lima Plan of Action.

27. It was regrettable that no decision had been reached on industrialization at the last session of the Committee of the Whole Established under General Assembly resolution 32/174. There were still divergences of views on a number of key concepts, such as redeployment and restructuring, which would have to be resolved at New Delhi if genuine progress was to be made. Her delegation hoped that the spirit of co-operation which had made possible the conversion of UNIDO into a specialized agency would prevail at the forthcoming Conference.

28. Although the system of consultations had created a new framework for international co-operation in the field of industrial development, it needed to be developed and strengthened in order to contribute more effectively to the objectives and targets of the Lima Declaration. The system should be action-oriented and established on a permanent basis. The Industrial and Technological Information Bank should also be made an ongoing UNIDO activity, and her delegation supported the Industrial Development Board's recommendation that it should include the sectors and topics covered by the system of consultations as well as the sectors chosen at the International Forum on Appropriate Industrial Technology.

29. The preparatory meeting on the role of women in industrialization in the developing countries, organized by UNIDO in November 1978, had been a step in the right direction, and her delegation deeply regretted that no progress had been made in following up the resolution on the integration of women in the industrialization process. The contribution of women to development was significant and could not be ignored. Women constituted more than one third of the world's economically active population, and approximately 46 per cent of women of working age were currently in the labour force. Her delegation therefore supported the Board's request that the follow-up to the preparatory meeting should be organized as soon as possible.

30. Her delegation was disappointed that pledges to the United Nations Industrial Development Fund were still far short of the desirable level of \$50 million. It was imperative that the necessary financial resources should be made available to UNIDO if its activities were to be sustained and expanded effectively.

31. Her delegation welcomed the outcome of the United Nations Conference on the Establishment of UNIDO as a Specialized Agency, and urged all countries to sign and ratify the new Constitution as soon as possible.

32. Mr. TRUCCO (Chile) said that the conversion of UNIDO into a specialized agency and the forthcoming Third General Conference bore witness to the decisive importance of co-operation between the developed and the developing countries with a view to the latter's industrialization. His Government was proud to have been one of the first signatories of the new agency's Constitution and expected to ratify it very shortly.

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(Mr. Trucco, Chile)

33. The fact that to date the developing countries accounted for only 12 per cent of world industrial production showed that little progress had been made towards their industrialization as a basic factor in the establishment of the new international economic order. Accordingly, his delegation attached special importance to the Third General Conference, which would, it hoped, enable UNIDO to become a truly effective instrument for accelerating the industrialization of the developing countries.

34. The system of consultations established at the Second General Conference had given the industrialized countries a better understanding of the developing countries' needs. Unfortunately, the resources allocated to it had been too small to allow it to operate to full advantage. It offered a practical mechanism for the detailed examination of problems arising in specific sectors of industrial relations, with adequate participation by representatives of both developed and developing countries. The time had come to institutionalize the system, making provision for the necessary evaluation procedures while at the same time maintaining its pragmatic and flexible approach. His delegation believed that in 1980 priority should be given to consultations on agro-industry, which, by embracing all phases of production, processing and marketing, would be of benefit to a greater number of developing countries. Given the opportunities that agro-industry offered in the way of more employment for the rural population and the gradual transfer of industry from the cities to the rural areas, it was important that the ties between the agricultural and the industrial sectors should be strengthened.

35. One of the most promising of UNIDO's activities was the work on industrial redeployment, and essential element in promoting an improved international division of labour. It would demand, however, the acceptance of structural changes, the sole responsibility for which lay with individual Governments, in both developed and developing countries. The developed countries must take specific action to eliminate protection for goods that they could no longer produce profitably and which were thus not internationally competitive. They must also set up funds for the relocation of production in developing countries and provide incentives for investment in other sectors of national production.

36. The developing countries would have to take complementary measures. His Government had done so when, in 1974, it had put into effect a policy of free trade directed basically at reducing excessive protection for domestic industries, thus contributing to the rationalization and improvement of the national manufacturing sector. The result had been to eliminate some inefficient undertakings which had previously been protected under the traditional import-substitution scheme. The undoubted sacrifice which those steps had required of the country at the time had nevertheless made it possible for most of the industrial sector to increase its competitiveness through the acquisition of capital goods and specialized equipment. Chile's industrial product had grown by 10.9 per cent in 1978, the third consecutive year in which the growth rate of industrial production had been between 9 and 12 per cent. The industrialized countries should take similar steps to facilitate the industrial redeployment and healthy specialization that would benefit both themselves and the developing countries.

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(Mr. Trucco, Chile)

37. It was for the governments of the developing countries to defend their sovereignty over their own natural resources and to be selective so as to avoid establishing inefficient industries. They should offer general conditions favouring redeployment, including the establishment of safeguards and incentives for foreign investment. In 1974 his Government had set up a special committee for foreign investment whose functions were to develop specific standards for the performance of foreign enterprises in Chile and to attract foreign investment to those sectors in which there was a current or anticipated shortage of capital. As a result more than \$4,000 million had been invested in the country since 1974, in 346 investment projects.

38. In general, few developing countries offered domestic markets of any size. It was necessary, therefore, to emphasize outward-looking industrialization models in 1978. Forty-one per cent of his country's industry had been export-oriented, and exports had risen by 6.5 per cent during that year and had continued to grow during the early months of 1979. It was hoped that the rate of growth would rise still further, as exporters acquired better knowledge of external markets and adjusted their products to world demand and specifications. There again, it was essential that there should be international co-operation to eliminate the protectionist barriers set up by the industrialized countries against exports from developing countries. For that reason, industrial redeployment provided scope for fruitful co-operation between UNIDO, GATT and UNCTAD.

39. His delegation was well aware that the circumstances and characteristics of development varied enormously from one country to another. Some Governments, for example, believed that only the public sector could provide the necessary stimulus for industrialization. The UNIDO secretariat must not forget, however, that a large number of developing countries, Chile among them, preferred different models of development, and ensure that its studies were properly balanced.

40. Mr. LIPTAU (Federal Republic of Germany) said that the successful conclusion of the negotiations on the conversion of UNIDO into a specialized agency was encouraging and demonstrated that constructive co-operation and compromise could bring about solutions which would facilitate the achievement of a more just balance of economic and industrial interests in the world. His Government had signed the Constitution of UNIDO on 5 October 1979.

41. His Government fully supported the efforts of the countries of Africa, Asia and Latin America to accelerate their industrialization. UNIDO had been given an important role in the many forms of co-operation that could bring about industrialization. In his Government's view, much would depend on the extent to which the private sector could be further encouraged to invest in developing countries and on a favourable investment climate. In that connexion, he commended UNIDO's network of investment promotion services, which were directed primarily at medium- and small-scale enterprises that had no international business connexions and information systems of their own but wished nevertheless to participate in industrial co-operation with the developing countries.

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(Mr. Liptau, Federal  
Republic of Germany)

42. The system of consultations on industrial co-operation was an excellent instrument for promoting understanding and the exchange of information on investment conditions. He supported the statement of the Executive Director that all parties concerned with specific industrial sectors should be included in the dialogue; the consultations should not take on the character of intergovernmental negotiations. Moreover, the private sector's willingness to engage in consultations had to be maintained if co-operation between the partners was to be successful.

43. His delegation shared the Executive Director's view that structural change was one of those areas in which meaningful discussions were urgently needed. Structural change was a prerequisite for over-all economic growth. In his country, structural adjustment measures were decided upon by the private entrepreneur himself in the face of increasing pressures caused by growing imports from the developing countries. His Government would continue to facilitate structural changes in the economy and would not take measures to protect uncompetitive industries.

44. His delegation hoped that the Third General Conference of UNIDO would mark a further advance towards a more just balance of interests between developed and developing countries. The goal of using the Conference to promote industrial co-operation and the industrialization of the developing countries could not be achieved unless all sides were prepared to maintain constructive dialogue.

45. His Government was willing to increase its support of the least-developed countries and their industrialization within the framework of its development co-operation. It had developed a comprehensive promotion scheme in support of private economic co-operation with third-world industries, and was one of the staunchest proponents of free world trade. That policy had proved successful, as was shown by the upward trend in trade relations with the third world, and his Government was determined to continue it. It was only through the mutual respect of States for each other's economic and co-operation policies that the international division of labour could be further improved. Measures undertaken by UNIDO for the benefit of land-locked developing countries deserved special support, particularly with regard to small- and medium-sized industries and training. Finally, his Government supported endeavours to adapt the relations between industrialized and developing countries to the changing economic situation in a manner acceptable to both sides.

46. His Government had always been a major contributor to the United Nations Industrial Development Fund, and would continue to support it. It hoped that an increasing number of carefully selected pilot projects would attract new donors and so bring the Fund's resources up to the desirable funding level.

47. Mrs. MARTINHO (Portugal) said that the recently adopted Constitution would decisively contribute to the efficacy of UNIDO's multifarious activities, thereby stimulating international efforts to promote industrial development co-operation. In September 1979, Portugal had signed the Constitution of the new agency.

48. The system of consultations instituted by the Industrial Development Board was an important step towards the implementation of the Lima Declaration and Plan of Action and should be strengthened. The results so far had been encouraging.

49. During the visit of the Executive Director of UNIDO to Portugal, many contacts had been established at the government level and with representative official and private organizations. The great interest shown by Portugal in increasing its co-operation with UNIDO and the importance for Portugal's industrialization efforts of the existing programme of technical assistance had been stressed in those discussions. The visit had culminated in the signing of two programmes of technical assistance and a pilot integrated training programme, which was expected to be of interest to other developing countries later on.

50. The Third General Conference of UNIDO would have to make a final evaluation of the implementation of the Lima Declaration and Plan of Action and to adopt concerted strategy for the further industrialization of the developing countries. The strategy should include recommendations for policies to increase the technological capabilities of the developing countries and should address itself thoroughly and comprehensively to the important questions of the redeployment of industry and the system of consultations.

51. Her delegation believed that sound and balanced industrial relations between the North and the South were a crucial component in the establishment of the new international economic order. It therefore fully supported the strengthening of UNIDO's activities with a view to bringing about the necessary structural changes in the world industrial panorama.

52. Mr. SHERMAN (Liberia) said that the successful conclusion of the negotiations on the conversion of UNIDO into a specialized agency reflected the growing spirit of understanding and co-operation prevailing in international relations. The decision should be seen as marking the end of an era when industrialization was condemned as an inappropriate approach to development and the beginning of a period of acceptance of industrialization as the centrepiece of the development process. In the years to come UNIDO would have to mount an even stronger defence of international industrial development assistance and the redeployment of industrial capacity, even among the developing countries themselves. That task would not be easy, because development problems had increased in complexity and volume, but UNIDO's performance in meeting earlier challenges inspired confidence. With expanded powers and resources, it would be able to meet its growing responsibilities in the decades ahead even more effectively. His delegation pledged its continuing support to UNIDO.

(Mr. Sherman, Liberia)

53. The system of consultations should include issues that had an impact on the development prospects of the developing countries, such as manpower training and industrial financing. Consultations on those subjects should be arranged as soon as possible. Moreover, the scope of participation in the consultations should be widened in order to enable as many least developed countries as possible to participate. His delegation therefore supported the proposal that the participation of 50 representatives of the least developed countries should be financed from UNIDO's regular budget.

54. His delegation was pleased that UNIDO had devoted so much attention and resources to the question of redeployment. It should be urged to intensify its activities in that field, stressing not only redeployment from developed to developing countries, but also among the developing countries themselves.

55. Industrialization called for the expansion of human as well as physical capital. The UNIDO programme of technical assistance should, therefore, be reinforced, particularly with regard to the training of skilled workers, education at all levels, selection and training of managerial staff, and support for research in developing countries. His delegation was pleased to note the substantial increase in the allocation of technical assistance for the establishment and strengthening of training facilities in developing countries. In that effort particular attention should be paid to the least developed countries.

56. The Third General Conference of UNIDO would have to consider strategies for further industrialization to review industrial co-operation among developing countries, to evaluate the redeployment of industries from developed to developing countries and to assess the system of consultations and industrial structures in the developing countries. The attitude of co-operation and the political will which had facilitated agreement on the conversion of UNIDO into a specialized agency would be more necessary than ever if the challenge of industrialization in the 1980s and beyond was to be met.

57. The Lima target of an increase in the developing countries' share of world industrial production to 25 per cent was seen by those countries as the principal means of solving the problems of mass poverty, unemployment and general backwardness and of enabling all peoples to produce resources for their own modernization. Only if industrialization facilitated substantial increases in production in such sectors as agriculture, construction, housing services and infrastructure would it have fulfilled its key role of helping the peoples of the world to live better. It therefore lay at the heart of the search for a new international economic order whose primary objective was justice, equality and a better life for all.

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58. Mr. MWAMBA (Zaire) said that the results achieved in implementing the Lima Declaration and Plan of Action were far from encouraging; that situation was due to lack of understanding and of political will on the part of the developing countries' negotiating partners in the northern hemisphere. The existing world economic system harmed the developed as much as the developing countries: it had brought them inflation, unemployment and many other social and economic ills. The industrialized countries should therefore realize that all nations stood to gain from a restructuring of the existing economic order.

59. That restructuring would never come about unless resolutions 3201 (S-VI) and 3202 (S-VI) and the Lima Declaration and Plan of Action were implemented and full account was taken of the Charter of Economic Rights and Duties of States. If UNIDO became an academic forum with no practical achievements to its credit, the targets of the Lima Declaration would not be attained. Unless the entire international community made a special contribution to industrialization, that Declaration would remain a dead letter.

60. The importance of industrialization in accelerating the development process was unanimously recognized. His Government accordingly devoted special attention to UNIDO's activities and consistently strove to strengthen its industry with a view to rational utilization of its immense economic potential. It had made arrangements to sign the Constitution of UNIDO during the current session of the Assembly and to ratify it before the Third General Conference. It would participate actively in the work of that Conference and supported the provisional agenda, which made provision for the discussion of all the fundamental problems concerning industrialization.

61. His country's economic co-operation policy made provision for help from a variety of sources. Its investment code safeguarded the interests of foreign investors. His Government intended, within the framework of the existing co-operation between it and UNIDO, to organize a joint study on how best to ensure the implementation of its national industrial policy, with the aim of overcoming its current economic difficulties, utilizing its national resources more profitably and increasing the added value of its industrial production.

62. The system of consultations gave rise to new hopes, and his delegation urged UNIDO to continue its work on the system. It supported the suggestion on creating an official fund for the purchase of shares in developed countries. It agreed that the Industrial and Technological Information Bank should be a continuing activity of UNIDO and endorsed the extension of its activities to subjects covered by the system of consultations and by the International Forum on Appropriate Industrial Technology, with a view to preventing duplication and the wasting of financial resources.

63. Mr. KAABACHI (Tunisia) said that the Third General Conference of UNIDO would demonstrate the importance attached by the international community, and especially the developing countries, to industrialization. Four years after their adoption, none of the objectives of the Lima Conference with regard to the industrialization of developing countries had been achieved. Although the Plan of Action stated that the developing countries should produce at least 25 per cent of total world industrial output by the year 2000, they were still producing only 12 per cent. One of the main tasks of the Third General Conference would be to work out specific measures to accelerate the implementation of the Plan of Action.

64. In his delegation's view, the restructuring of world industrial production should be undertaken as a matter of urgency. To that end, industries in developed countries should be redeployed to the developing countries, in accordance with their development priorities and objectives; redeployment should also promote the transfer of technology to developing countries. It should not, however, be used by transnational corporations as a means of acquiring cheap and abundant labour, of transferring obsolete technology or polluting industries or of exploiting the natural resources of developing countries. Redeployment should respect the labour policies of the developing countries and fully comply with their health and environmental regulations. It should enable them to take full advantage of their raw materials, reduce imports and develop exports. The developed countries should encourage the redeployment of industries that were no longer domestically competitive. UNIDO had an important role in redeployment by virtue of its work on investment promotion and the system of consultations and of its technical assistance.

65. A further requirement for the restructuring of world industrial production was that developed countries and groups of countries should abandon protectionism and eliminate tariff and other barriers and restrictive trade practices.

66. For industrial growth, the developing countries needed an increased flow of capital, both bilateral and multilateral, on favourable terms. Measures to encourage direct investment in developing countries should also be taken. Since 1972 his country had had an investment code which provided guarantees to foreign investors within the framework of mutually profitable co-operation, because it was aware of the importance of direct foreign investment for expanding the industrialization process.

67. The Third General Conference of UNIDO would be required to evaluate progress made towards the establishment of the new international economic order, to provide the necessary political impetus for progress towards that goal and to formulate guidelines for UNIDO on implementing the objectives of the Lima Conference. His delegation hoped that the same political will that had characterized the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency would again prevail and would lead to the adoption of measures to accelerate the industrialization of developing countries.

68. Mr. RAMADAN (Egypt) said that although there was general consensus among developed and developing countries on the importance of the industrialization of the third world, the target set by the Lima Declaration and Plan of Action of

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(Mr. Ramadan, Egypt)

increasing the industrial production of developing countries to 25 per cent of world industrial production by 2000 was a long way from being achieved. The developing countries' share had been 8.6 per cent in 1975 and 9 per cent in 1977, and at current growth rates, that share would not rise to more than 13 per cent by the end of the century. The developed countries should therefore take measures to implement the Lima Plan of Action and ensure that the 25 per cent target was attained.

69. A first step should be the redeployment of industry from developed to developing countries. Agreement had been reached between the EEC and other industrialized countries and the developing countries on principles for the transfer of capital and advanced technology from an industrial corporation to a developing country. The basic goal of redeployment was the optimum use of the human and natural resources of the developing countries so that they could apply their productive capacity to solving their economic problems.

70. The transfer to the developing countries of technology adapted to their particular requirements was a prerequisite. Redeployment should be effected under international supervision and not through the expansion of transnational corporations in the developing countries, whose independence had to be preserved. As was stated in paragraph 90 of the report of the Industrial Development Board (A/34/16), redeployment should not be a pretext for obtaining access to abundant and cheap manpower, for transferring obsolete technologies and polluting industries, or for exploiting the natural resources of the developing countries.

71. The redeployment process could not be carried out within the framework of the free market. He did not accept the contention of some representatives of developed countries that their Governments could not take decisions on behalf of corporations. Those Governments could in fact use their labour, foreign exchange and trade policies to influence corporate decisions, if only indirectly. Moreover, the developed countries should eliminate all protectionist measures covering non-competitive products.

72. The role of UNIDO in redeployment should include defining the technical conditions embodied in the contracts through which redeployment would be effected. Negotiations to that end should be conducted in such a manner as to ensure continuity in the negotiating system. Accordingly, it was important to speed up the preparation of the draft rules of procedure mentioned in paragraph 84 (a) of the report, while maintaining flexibility.

73. He endorsed the recommendation of the Expert Group on the importance of continuing the Industrial and Technological Information Bank as an ongoing activity. The Bank would provide support for UNIDO's work on transferring technology to the developing countries and bridging the information gap between developed and developing countries. Its activities should extend to all sectors covered by the system of consultations and special attention should be given to co-ordination in order to prevent duplication.

74. His delegation recognized the importance of women in the development process and stressed the need to act on the recommendations of the preparatory meeting

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(Mr. Ramadan, Egypt)

referred to in paragraph 134 of the report. Strengthening the role of women in development was particularly important as a means of improving the status of rural areas.

75. One of the priorities of the technical assistance programme for 1980-1981 was to prepare special training programmes for developing countries. Such programmes were particularly important for the people of Palestine, Namibia and Zimbabwe.

76. He agreed fully with the statement of the Executive Secretary that the work of UNIDO could not expand without adequate financial resources; it was therefore most important that the \$50 million target of the United Nations Fund for Industrial Development should be achieved. He welcomed the statement in paragraph 51 of the report concerning special attention to be given to measures in favour of the least developed countries; similar attention should be given to the most seriously affected countries.

77. As the Executive Secretary of UNIDO had stated at the recent session of the Committee of the Whole, the total investment required to achieve the Lima targets was estimated for the year 2000 at \$450-\$500 billion a year, whereas current investment was only \$40-\$50 billion. Greater efforts should be made to encourage investment and increase the inflow of capital from the developed to the developing countries.

78. The failure of the Committee of the Whole at its recent session to reach agreement on certain industrial development issues placed an even greater responsibility on the Third General Conference of UNIDO. He hoped that the results of that Conference would meet the aspirations of the developing countries and would constitute an important element of the international development strategy for the third development decade.

79. The Conference, in considering the industrial development of the developing countries, should stress the principle of individual and collective self-reliance, though that did not mean that the developed countries were absolved of responsibility for fulfilling their commitment to strengthening the developing countries so as to realize one of the main purposes of the new international economic order.

80. Mr. FREYRE (Argentina) said that industrialization was one of the basic methods of bringing about the changes in economic relations that would lead to the establishment of a new international economic order. His delegation therefore attached great importance to the speedy and effective implementation of the Lima Plan of Action and of the agreements reached at the seventh special session of the General Assembly.

81. The progress made towards the establishment of UNIDO as a specialized agency was gratifying. UNIDO's status as a specialized agency would give added impetus to the efforts of the international community to achieve the industrialization of the developing world. He therefore urged all States promptly to sign and ratify, accept or approve the Constitution of UNIDO so that it could enter into force without delay.

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(Mr. Freyre, Argentina)

82. His Government had always firmly supported the system of consultations which it regarded as an effective means of increasing the share of developing countries in world industrial production. The evaluation of sectoral consultations made by the Industrial Development Board at the thirteenth session showed that matters were moving in the right direction. The system was also a means of stimulating industrial co-operation between developing countries themselves by providing them with a means of matching requirements to existing capacity. For that reason every effort must be made to ensure that the system of consultations was maintained and extended to all significant sectors of industrial activity. He accordingly supported the decisions of the Industrial Development Board on the subject, as listed in paragraph 84 of its report (A/34/16). The General Assembly must include in its proposed programme budget for 1980-1981 the necessary financial provision for the system of consultations.

83. His delegation also attached special importance to the Board's recommendations concerning the United Nations Industrial and Technological Information Bank. The success of that Bank in the few years of its existence was proof positive of the importance which developing countries attached to technological development and the acquisition of know-how. He therefore supported the proposal that the Bank should become an ongoing activity of UNIDO. The General Assembly must take the administrative and budgetary measures necessary to provide the Bank with staff and finance.

84. His delegation had considered attentively the report of the Executive Director on industrial redeployment in favour of developing countries (A/34/288) and fully endorsed the decision in paragraph 105 of the Board's report that the research programme should be continued in view of its complexity. It should be borne in mind that many aspects of deployment probably required precise political definitions. However, industrial redeployment would bring positive benefits to the international community as a whole and not merely to the developing countries, and would help to bring about a distribution of industrial capacity more consistent with the aspirations of the developing countries. As the Executive Director had stated in paragraph 57 of his report, the secretariat had not been able to include in the report a set of final recommendations, and work should continue with a view to producing definitive proposals at an early date.

85. The fundamental aim of the Third General Conference should be to make tangible advances towards a new international division of labour in the field of industrialization, for which there were three prerequisites: new impetus for industrial production in developing countries, with maximum utilization of their human and material resources; an increasing flow of capital and technology from developed to developing countries in order to stimulate their national productive capacity and co-operation among them; and gradual transfer of a segment of the international market for manufactured goods to developing countries, stimulated by the adoption of the required fiscal, credit and trade policy measures by developed countries. The Conference would lay the foundations for lasting agreements ensuring that those three requirements were met. His delegation supported the measures and preparatory arrangements so far decided upon and concurred in the recommendation in paragraph 117 of the Board's report that documentation for the Conference should be distributed sufficiently in advance to enable it to be properly considered; the "six weeks" rule should be strictly observed.

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86. Mr. AZIZI (Afghanistan) said that the establishment of the United Nations Industrial Development Organization as a specialized agency was a source of satisfaction. An independent UNIDO would be better placed to fulfil its co-ordinating role in the industrial sector and to provide developing countries with international industrial co-operation and technical assistance, in addition to providing a forum for discussion among all parties.

87. The restructuring of world industrial production called for the redeployment of industry from developed to developing countries. Redeployment should not be viewed merely as the physical transfer of existing capacity from developed to developing countries, but rather as a relocation of resources whereby production capacity was established in developing countries. Redeployment should be carried out in accordance with the over-all national objectives and priorities of developing countries and with respect for international health and environment standards. The role of UNIDO in the process of redeployment was of great importance; it was equally important that redeployment should not become a pretext for obtaining access to abundant cheap manpower or exploiting the natural resources of the developing countries. Those countries attached great importance to full sovereignty over their natural resources, and the improper activities of some transnational corporations, which used their influence to exploit those resources, infringed the national independence of the developing countries, so that any strategy directed towards securing that independence would have to eliminate the invidious effects of transnational corporations.

88. He commended UNIDO's efforts to help the least developed countries by convening meetings, one of which had been held in Kabul, to consider the organization of consortia to develop project proposals which might be funded or executed by advanced developing States, in pursuance of the principle of collective self-reliance. UNIDO and the Economic and Social Commission for Asia and the Pacific (ESCAP) should monitor the results of such meetings. Adequate financial resources should be provided for the further development of such programmes. Financial support should also be given to UNIDO to promote and co-ordinate industrialization activities within the United Nations system. The developed countries should contribute or increase their contributions to the Industrial Development Fund with a view to achieving the annual target of \$50 million.

89. Progress towards achieving the aims of the Lima Declaration and Plan of Action had been slight, particularly with regard to the target figure of 25 per cent of world industrial output by the developing countries. Ways should be sought to ensure that during the third development decade the developing countries secured an adequate share of world industrial output. The promotion of the agro-industries of developing countries with a view to using their natural resources and creating jobs was one of the operational activities which should receive priority. His delegation supported UNIDO's programme for the development and transfer of technology and its adaptation to the needs of the developing countries, and considered that the programme should be strengthened in accordance with General Assembly resolution 33/78.

90. He favoured the proposal for the establishment of a special unit to deal with the subject of women in industrialization, and for reserving certain trained posts

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(Mr. Azizi, Afghanistan)

in the United Nations Secretariat for young female professionals from developing countries.

91. The greater part of the resources of UNIDO's regular programme of technical assistance should be used for aid to the least developed countries. His country's five-year development programme emphasized the industrial sector, and fulfilment of the plan required assistance not only from the United Nations and its specialized agencies, but from friendly countries as well. His delegation thanked those agencies and countries which had already helped.

92. The forthcoming Third General Conference of UNIDO would review progress in implementing the Lima Declaration and Plan of Action and develop a strategy for further industrialization, as an essential element of the development process in the 1980's and beyond. He hoped that the Conference would decide on specific measures for the accelerated and effective implementation of the Lima Plan of Action within a specified time. It was appropriate that the Industrial Development Board, in its capacity as a preparatory committee for the Conference, should hold another meeting in November to consider the final arrangements.

93. In conclusion, he said that it was important that the lack of political will and understanding on the part of some countries which had caused the failure of the third session of the Committee of the Whole should not be allowed to dominate the atmosphere of the forthcoming New Delhi Conference.

94. Mr. BRUNI (Italy) said that Italy's support of UNIDO activities was shown by the fact that it was one of the major contributors to that organization and to the Industrial Development Fund. He noted with satisfaction that agreement had been reached on the establishment of UNIDO as a specialized agency. His Government had signed the new Constitution on 5 October, together with other member States of the European Community.

95. He hoped that the Committee's further consideration of matters pertaining to UNIDO, together with the work to be carried out in November by the Industrial Development Board in its capacity as an intergovernmental preparatory committee, would contribute to a successful outcome of the forthcoming Third General Conference of UNIDO.

96. The problems of structural adjustments of international economic relations, and particularly the problem of industrial redeployment, were of crucial importance. They had been considered in detail by Governments and broadly discussed at the fifth session of UNCTAD and the September meeting of the Committee of the Whole. The third UNIDO Conference should play a significant part in bridging the gap between the positions of delegations, which had so far been somewhat divergent. All parties should endeavour to achieve more advanced forms of co-operation between developed and developing countries. To that end, it would be necessary for all concerned to avoid extreme positions and above all, to try to bear in mind the problems faced by the other party. His delegation was firmly committed to the search for means of fostering balanced and streamlined industrial development in the developing countries. It was also prepared to consider the most appropriate solutions for structural adjustments. However, co-operation could

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(Mr. Bruni, Italy)

not be achieved by trying to impose decisions and solutions which were liable to endanger the already fragile state of certain economies. On the contrary, progress could be achieved only through a joint search for broadly acceptable solutions. He therefore believed that an international mechanism for consultations would play an essential part by offering Governments proposed guidelines and methods of work, without interfering with the choices and decisions of sovereign States.

97. In that connexion, his Government attached great importance to the system of consultations which was being developed within UNIDO. The system provided facilities for fruitful talks among representatives of Governments, industry and labour organizations, thus contributing to closer industrial co-operation among countries and the identification of relevant issues in the industrialization of developing countries. He looked forward to the Executive Director's report on the system of consultations to the Third General Conference of UNIDO.

98. The senior industrial development field advisers programme must be made more effective, and UNDP should co-operate, within the limits of its financial resources, in the implementation of that programme.

99. The Third General Conference of UNIDO would play a major role in development co-operation, because it was to take place at the beginning of the new United Nations development decade and because of the crucial significance of the issues it would be considering. Italy was prepared to participate in the most constructive way possible in the work of the Conference.

100. Mr. LOQUET (Belgium) said that his Government, believing as it did that industrial development was an essential component of the economic progress of developing countries, had always constructively supported the work of UNIDO. However, any increase in the industrial capacity of developing countries must be adapted to the requirements and means of each country. Inappropriate technology could hamper development and have unfortunate social effects. One of UNIDO's principal tasks was to assist developing countries in those difficult processes.

101. The establishment of UNIDO as a specialized agency would help it to perform its tasks more effectively. His delegation was particularly pleased with the result of the negotiations which had led to the relevant agreement; as the spokesman of Group B, Belgium had made a considerable contribution to bringing the positions of the parties together. He emphasized that it was largely owing to the political will of the industrialized market-economy countries that success had been possible. Belgium had signed the Constitution of the new specialized agency on 5 October.

102. The system of consultations was one of UNIDO's main achievements. The consultation meetings held so far had made manifest the interdependence of developing and industrialized countries and had provided a forum for the exchange of information between representatives of Governments, industry and trade unions. However, the programme should be expanded at a realistic pace. Each meeting brought to light a number of fields in which additional work was necessary and for which UNIDO resources were required, and the relevant departments of UNIDO should not be allowed to become overloaded so that the quality of the work was affected.

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(Mr. Loquet, Belgium)

Moreover, the consultation meetings should be directed towards specific problems and avoid taking up questions not directly related to the subject under discussion. A first consultation on capital goods, financed by part of Belgium's voluntary contribution to the United Nations Industrial Development Fund, was scheduled for 1981.

103. His delegation agreed with the conclusion in Sir Robert Jackson's study (ID/B/228) that experienced and highly qualified industrial field advisers should be recruited. He noted with interest the suggestion that the number of senior industrial development field advisers should be increased to 50; in his view, quality was more important than quantity, and any increase should be financed by voluntary contributions.

104. The concept of redeployment of industry had gradually gained wide support as a clearer over-all view of the needs of the world economy had emerged. A national committee which had, some years previously, reported on prospects for industrial redeployment in Belgium had been asked by his Government to broaden the scope of its study and bring it up to date. The new study would undoubtedly contain useful indications for both the public authorities and private enterprise. His Government's aim was to avoid any great economic and social upheavals while still taking a favourable attitude towards industrial redeployment.

105. With regard to the preparations for the Third General Conference of UNIDO, he had great expectations of the impending special session of the Industrial Development Board. In view of the importance of the UNIDO Conference it was essential that it be thoroughly prepared at both the national and group level.

106. The UNIDO office in Brussels had achieved valuable results during the three years of its existence. It had been involved directly or indirectly in the conclusion of 50 investment projects to a value of more than \$1 billion. Despite the difficult economic situation, 14 projects had already been handled during the first half of 1979, as against 19 projects during the whole of 1978. In the market-economy countries the UNIDO offices were a very effective device for liaison between the private sector and the developing countries, and were thus able to make a significant contribution to the transfer of financial and technological resources to the countries of the third world.

107. Mr. MUSZYNSKI (Poland) said that the industrialization of the developing countries was the principal factor in the implementation of the new international economic order during the third United Nations development decade, and a fundamental prerequisite for the economic independence of those countries. The current economic situation of the socialist countries showed the importance of industrialization.

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(Mr. Muszynski, Poland)

108. Expansion of the public sector was necessary to strengthen the position of the developing countries in the international arena and to speed up their internal development. The private sector alone could not fulfil the objectives of industrial development. The organizational structure of public sector enterprises and the relationship between them and government strongly influenced the building of the economic infrastructure of the developing countries. UNIDO should expand its research and advisory activities in that field.

109. The most effective way for a country to achieve industrialization was through the full mobilization of domestic resources. External assistance played an important but auxiliary role and was most useful when it took the form of international co-operation. International industrial co-operation was a statutory objective of UNIDO and had to be viewed as a dynamic process rather than as a fixed set of relationships between the co-operating countries. It could be viewed as a cyclical two-stage process the first stage being recognition of the area, scope and forms of co-operation, and the second being concerned with implementation of the results of the first stage. In order to achieve the objectives of the first stage, the existing UNIDO system of industrial consultations would be backed up by a centre for consultation and research on industrial co-operation organized by the developed countries on a voluntary basis.

110. The success of industrialization depended to a large extent on establishing a suitable industrial structure, well-defined relations between foreign investment and the targets of national industrial development programmes, the scope and scale of industrial redeployment, and a programme of industrial training and education. The developing countries in the process of industrialization could solve such problems through close co-operation with other countries.

111. His delegation was convinced that the concept of a centre for consultation and research deserved the attention of the Third General Conference of UNIDO as an instrument for the practical implementation of international industrial co-operation during the third development decade. It also believed that the concept could play a key role in mobilizing increased energies and resources in support of action-oriented policies to promote industrial development. It also believed that the Third General Conference of UNIDO would be of great importance for the future activities of the United Nations in the field of industrialization. His country had always been and continued to be a strong supporter of UNIDO, and it was taking part in many developing countries in educational programmes and investment projects for industrialization tailored to their national plans and priorities. He hoped that UNIDO would continue to act in conformity with the progressive provisions of the Charter of Economic Rights and Duties of States and the decisions of the sixth and seventh special sessions of the General Assembly.

112. Mr. Murgescu (Romania) resumed the Chair.

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113. Mr. BALASUBRAMANIAM (Sri Lanka) said that all developing nations considered industrialization to be one of the principal instruments for achieving a restructuring of the existing world economic system. They recognized UNIDO as a prime catalyst for accelerating the process of their industrialization with a view to attaining the target of at least 25 per cent of world industrial output before the year 2000 as envisaged in the Lima Declaration and Plan of Action. Since 1960 the share of the developing countries in world industry had increased by only 2 per cent and in 1977 it had stood at 9 per cent. If that trend continued, the developing countries would achieve no more than 14 per cent of world industrial output by the end of the century. The developing countries looked to UNIDO to provide the framework and machinery to assist them in reaching the Lima target. The forthcoming Third General Conference of UNIDO was therefore of great significance in plotting a strategy for the rapid industrialization of the developing countries. Its agenda would include the question of the restructuring of world industry through the redeployment of industries from developed to developing countries. His delegation hoped that the Conference would decide on specific measures which would accelerate the process of redeployment of industry to the third world in order to bring about a more equitable international division of labour and to strengthen the national economies of the developing countries.

114. The protectionist measures adopted by some of the developed countries were hampering industrialization in the developing countries, and his delegation hoped that the UNIDO Conference would take effective measures to minimize the impact of protectionism on the export of manufactured and semi-manufactured products from the third world.

115. In his statement to the Committee, the Executive Director of UNIDO had referred to the positive results of the pilot project for the Industrial and Technical Information Bank (INTIB). His delegation supported the recommendation that the INTIB should be continued as a UNIDO programme and that its activities should include the sectors and topics covered by the system of consultations and the International Forum on Appropriate Industrial Technology. One specific problem facing some developing countries was the exorbitant fees they had to pay for the transfer of technology. The INTIB could play a useful role in helping the developing countries to choose technology appropriate to their needs and to determine an equitable price for it.

116. He agreed with the Executive Director that UNIDO could not maintain or widen its programme of work without adequate financial resources. Additional resources should be made available to UNIDO to expand programmes which provided practical assistance for industrial development to third-world countries. His delegation was grateful to UNIDO for the assistance it had given in opening an Investment Promotion Office in New York. That office, in whose activities his country was participating, had helped to generate valuable investment in the industrial field in his country.



117. Mr. LUNG Yung-tu (China) said that during the past year the volume of UNIDO's assistance to developing countries had significantly increased and new progress had been achieved in such fields as the system of consultations, the transfer of technology and the promotion of investment. Such activities were not only conducive to the industrial development of the developing countries but also served to strengthen co-operation between the developing and developed countries on the basis of equality and mutual benefit. He hoped that UNIDO would pay particular attention to the views of the developing countries and would further extend its activities, providing the peoples of those countries with a still more practical and effective service.

118. UNIDO was at an important juncture in its history. The organization's new status as a specialized agency was attributable to the initiative of the developing countries. Some developed countries had also taken a co-operative attitude and had made a contribution to the final adoption of the Constitution. Since UNIDO was the first specialized agency established since the sixth special session of the General Assembly and its Constitution was the first to be formulated since that session, the objectives of the new organization and the main contents of its Constitution should embody the principles relating to the establishment of the new international economic order. He was therefore pleased to note that appropriate formulations had been clearly set forth in both the preamble and the objectives of the UNIDO Constitution. They were truly representative of the views of numerous third world countries, and reflected the new situation in the international economic struggle. The new Constitution clearly provided for an increase in the number of seats for developing countries on the Industrial Development Board, in conformity both with the Lima Declaration and with the fact that the developing countries were playing an increasingly important role in international affairs. His Government had already signed and ratified the Constitution, and he hoped that all countries would do likewise as soon as possible.

119. The developing countries held very high expectations with regard to the forthcoming Third General Conference of UNIDO. Progress in the implementation of the Lima Declaration and Plan of Action had been slow in the period since the Second General Conference, to the great dissatisfaction of the developing countries, which therefore hoped that the Third General Conference would formulate the necessary concrete measures to achieve rapid and effective implementation of the objectives drawn up at Lima. The developing countries had made great efforts to ensure the success of the Conference. At the third session of the Committee of the Whole, the Group of 77 had submitted a working document on industrial development and reasonable proposals on a number of issues, such as strengthening the industrial capacity of developing countries, reforming the structure of world industrial production, the transfer of technology to developing countries, and the elimination of restrictive business practices and protectionism. The Group had also demanded that the third International Development Strategy should reflect the targets and principles contained in the Lima Declaration. However, because of obstruction by a few economically powerful countries, particularly the super-Powers, the session had been unable to reach a consensus on the working document submitted by the Group of 77. Some delegations had even used the session as the occasion for arbitrary criticisms of the 25 per cent target established in the Lima Declaration and for spreading feelings of scepticism in an attempt to shake the determination of the developing countries to achieve industrialization.

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(Mr. Lung Yung-tu, China)

Arduous efforts were therefore still required to make the Third General Conference of UNIDO a success. However, his delegation was deeply convinced that, provided the correct direction of the Lima Declaration was maintained, unity among developing countries was greatly strengthened and co-operation between developed and developing countries on the basis of respect for sovereignty and equality was encouraged, the Third General Conference would be able to make an active contribution to promoting the industrialization of the developing countries. It hoped that the special session of the Industrial Development Board to discuss the preparatory work for the Conference would achieve concrete and positive results.

120. In the course of the past year, co-operation between China and UNIDO had further developed. Such co-operation not only benefited China's socialist modernization, but also served to strengthen its co-operation with other developing and friendly countries. His country would continue to participate actively in the many useful activities of UNIDO and to make its contribution to the realization of the principles and objectives of the Lima Declaration.

121. Mr. BAKALOV (Bulgaria) said the People's Republic of Bulgaria had repeatedly stated that the process of industrialization was decisive for the development of national economic systems and was a guarantee of the political and economic independence of any country. It was a fundamental prerequisite for overcoming social and economic under-development and economic dependence and for introducing progressive reforms in the socio-economic structure of individual countries.

122. Starting from a state of agricultural and industrial under-development, Bulgaria had, in the comparatively short period of 35 years, built up a modern industry with sophisticated engineering, metallurgy, shipbuilding and electronics industries and a heavily mechanized agriculture. Such achievements would not have been feasible without the total mobilization of the nation's resources, the steadfast assistance of the Soviet Union and fruitful co-operation with the socialist countries within the framework of the Council for Mutual Economic Assistance.

123. His Government pursued a policy of providing full support and assistance to the developing countries in their striving for political and economic independence. It was also willing to develop mutually beneficial co-operation with industrially developed countries and with all other countries.

124. The decision taken at the Second General Conference of UNIDO to convert the organization into a specialized agency did not mean that the aspirations of the developing countries for intensive industrial development would be easily fulfilled. The restructuring of international economic relations would continue to stand in the forefront of UNIDO's activities, together with its other basic task of encouraging the economic independence of the developing countries. His delegation regarded UNIDO as playing the role of co-ordinator and catalyst in the field of industrial development within the framework of the United Nations system.

125. The Third General Conference of UNIDO, taking as its basis the Lima Declaration and Plan of Action, should provide a further impetus for successfully solving the problems of the industrial development of developing countries and for restructuring international economic relations.

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(Mr. Bakalov, Bulgaria)

126. Within the scope of its possibilities, his country had consistently endeavoured to expand its relations with UNIDO as a tangible expression of its desire to make a contribution to the reconstruction of international economic relations on a just and democratic basis. One of the basic directions of Bulgaria's economic policies was the deepening of industrial co-operation with the developing countries. On the basis of bilateral agreements, it rendered technical assistance to a number of developing countries. With his country's help, more than 80 enterprises had been established in the developing countries, and more than 7,500 Bulgarian experts were at work in those countries. Hundreds of nationals of developing countries were studying Bulgarian establishments of higher education.

127. In a speech to the National Assembly in April 1979, the President of the State Council of Bulgaria had said that, in its relations with the developing countries, the People's Republic of Bulgaria upheld the principles of equality and mutually beneficial co-operation, that it welcomed and supported the natural striving of the developing countries to establish full control over their natural resources and to develop productive capacities, and that it supported their demands for the reconstruction of international economic relations on a just and democratic basis. Those objectives could not be achieved without world peace and security, without a calm political atmosphere in international relations. For that reason, his country was much concerned with the development of universal international co-operation based on the principles of peaceful coexistence, that being another field where UNIDO could play an important role.

128. Mr. LIPATOV (Ukrainian Soviet Socialist Republic) said that the industrialization of the developing countries was a pre-condition for success in the struggle to reconstruct international economic relations on a new and democratic basis, and was one of the most effective means for ensuring that those countries achieved economic independence and a higher standard of living.

129. As could be seen from the report of the Industrial Development Board (A/34/16), UNIDO was making a significant contribution to the further development of international co-operation in the field of industrialization. Its activities in connexion with the training of personnel and in preparing training courses for specialists from developing countries were of particular importance. The Ukrainian SSR had organized a number of such courses, which had been praised both by the participants and by the UNIDO secretariat. UNIDO's efforts to provide assistance to the least developed countries was also worthy of note. Assistance to those countries must concentrate on the training of national personnel and the transfer of industrial technology. His delegation supported the decision of the Industrial Development Board at its thirteenth session on providing assistance to the peoples of Palestine and Namibia.

130. It should also be seen as a positive step forward that the UNIDO secretariat was beginning to devote considerable attention to the question of developing the State sector in industry in the developing countries. Such a trend was in conformity with the progressive provisions of the Lima Declaration and Plan of Action and the resolutions of the thirty-third session of the General Assembly and the twelfth session of the Industrial Development Board, which had stressed the importance of the State sector in the industrial development of developing

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(Mr. Lipatov, Ukrainian Soviet SSR)

countries. He believed that UNIDO should further increase its technical assistance to industrial enterprises in the State sector. Particular attention should be given to organizing seminars for exchanges of experience in the management and planning of industrial enterprises in the State sector.

131. While the importance of UNIDO's role in recent years could scarcely be exaggerated, it must be acknowledged that the organization, which had been called upon by the Lima Declaration to promote economic decolonization in the developing countries and to eliminate foreign exploitation of human and natural resources in those countries, was still not exerting sufficient influence in those areas. It should therefore increase its assistance to developing countries in opposing monopoly capital and transnational corporations and in bringing about socio-economic change. In particular, the establishment in developed capitalist countries of UNIDO offices to encourage investment tended to expose the organization to the influence of foreign monopolies seeking to exploit the resources of the developing countries. Similarly, the so-called "transfer" of industrial production from developed to developing countries could open the way to the expansion of foreign private capital. Such a process could only be beneficial if it conformed to the national industrialization plans of the developing countries themselves and did not lead to a diminution of their national sovereignty and independence.

132. UNIDO should particularly bear in mind that, in a number of developing countries, industrialization unaccompanied by socio-economic change was leading to a reinforcement of exploitation and a deterioration in the status of the poorest strata of the population. The principal task in the preparations for the Third General Conference of UNIDO must be to give active encouragement to the further development of the anti-imperialist and anti-colonialist provisions of the Lima Declaration and Plan of Action, the progressive decisions of the General Assembly, particularly at its sixth special session, and the provisions of the Charter of Economic Rights and Duties of States. Compliance with those provisions would ensure a substantial contribution to the reconstruction of international economic relations on a democratic and just basis. It was especially important to adopt practical disarmament measures, and in particular the proposals put forward by the Soviet Union and the socialist countries at the thirty-third session and the current sessions of the General Assembly.

133. His delegation's position with regard to the financing of operational activities in the field of industrial development was well known. It had always maintained that such activities should be financed from the voluntary contributions by Governments to the United Nations Industrial Development Fund and UNDP. Financing by voluntary contributions furthered the strengthening of the sovereign right of States to determine for themselves the scale of their assistance, and also increase the effectiveness of UNIDO's operational programmes. His delegation could not support the increasing tendency to transfer funds from the regular budget of the United Nations to various UNIDO activities; it believed that UNIDO could and must find the necessary resources from the funds already available to it, principally by reducing its administrative costs.

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134. Mr. ÇELIKKOL (Turkey) said his delegation would like to believe that the failure of the Committee of the Whole to reach agreement on the question of international co-operation for industrial development had been due to the reluctance of the parties to commit themselves in advance. The Third General Conference of UNIDO would unequivocally reaffirm the Lima target of 25 per cent for the share of developing countries in world industrial output by the year 2000. That target was not only realistic but was essential to the long-term healthy growth of both developed and developing countries. In order to attain it, world industry should undergo important restructuring. The Conference should therefore accord the necessary priority to that subject within the framework of the interrelatedness of the restructuring with the adjustment process in developed countries, the fight against protectionism and the redeployment of industries. His delegation could not agree to a narrow definition to redeployment which could imply that it should be achieved through direct investments by transnational corporations in developing countries. Industries became the subject of redeployment either because of shifting international comparative advantages or because they transgressed the environmental limits of absorption in industrialized countries. In both cases, redeployment was not a matter of choice but one of necessity. Accordingly, the phasing out of declining industrial lines of production could not be made conditional on the acceptance by developing countries of direct foreign investment.

135. His delegation attached great importance to the system of consultations taking place under the aegis of UNIDO. The Third General Conference should see to it that the consultation mechanism was streamlined and the participation of government representatives secured. In that way, the system of consultations could be converted into an effective global instrument of the restructuring process.

136. The Istanbul Round-Table Ministerial Meeting on the Promotion of Industrial Co-operation among Developing Countries had met from 1 to 5 October 1979, and the participants from 15 developing countries had adopted a Declaration stating their views prior to the Third General Conference of UNIDO. The text of the Declaration had been made available to members of the Second Committee by his delegation, and he was sure that it would serve as a useful background paper at the Conference.

137. Mr. EHRMAN (United Kingdom) said that, as a nation whose survival depended on trade, the United Kingdom understood and shared the aspirations of the developing countries to expand and modernize their industrial base. Thus, over the years the United Kingdom had rendered support to them through both multilateral and bilateral channels.

138. United Kingdom industry had a long history of adjustment to changing patterns in world trade. That process was not a phenomenon arising from the industrialization of the developing countries, but was the natural and healthy response of economies to the forces of competition and the changing pattern of competitive advantage. Adjustment took place in response to both internal and external competition and as a result of innovation and technological advances. His delegation agreed that developed countries should pursue domestic industrial policies which encouraged their less competitive industries to move into more viable lines of production. While the United Kingdom Government continued to encourage redeployment of industries, it did not have powers to compel private

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(Mr. Ehrman, United Kingdom)

industry to cease or restrict operations; such powers would be incompatible with a mixed economy and maintenance of the free world trading system. The most important prerequisite for quickening the pace of adjustment were a sustained rise in aggregate demand and a prospect of sturdy economic growth.

139. Although the United Kingdom devoted a significant proportion of its official aid to the industrial sector, it had never matched and never would match the scale of commercial investment by the private sector. His delegation had listened with great interest to the statement of the Singaporean delegation during the general debate; the success of Singapore's industrialization through the creation of the right climate was clear for all to see. He appreciated the feeling of many developing countries that their legislative and administrative framework were not adequate to ensure that foreign investment, particularly by the larger companies which might control greater resources and expertise than they did themselves, accorded with national priorities. The United Kingdom supported efforts by them aimed at the middle path of attracting and retaining foreign investment while ensuring that it was in line with national objectives and, to that end, his Government had taken a number of practical steps. For example, the United Kingdom had just abolished all its remaining foreign exchange control regulations, apart from those still needed in relation to Rhodesia. That would encourage investment overseas and should help particularly in the case of smaller companies. It would also allow unrestricted access to the United Kingdom capital market. Although international investment, and with it the activities of multinational companies, had mushroomed over the past two decades, there was as yet no international framework comparable with those for international trade and finance. International arrangements must be devised to ensure that the benefits of international investment were fully realized and the possible adverse side-effects minimized.

140. The United Kingdom remained committed to the liberalization of world trade. While it was undoubtedly true that protectionist pressures, due to the economic recession, were increasing, they had for the most part been successfully resisted. A GATT survey in 1977 had established that only 3 to 5 per cent of total world trade was covered by protectionist measures. It was worth emphasizing that under EEC's generalized scheme of preferences, inputs into Community countries had increased from 1.8 billion units of account in 1975 to 4,180 million units of account in 1978. Even stronger proof of EEC's willingness to take into account the special needs of developing countries was the fact that the new EEC/ACP Agreement provided duty-free and unlimited access to the Community market for over 99 per cent of ACP exports, including 100 per cent of their exports of manufactured goods.

141. His delegation welcomed the successful conclusion of the negotiations on UNIDO's conversion into an independent agency. The spirit of co-operation displayed in that process was proof of the political will that had existed on all sides, and his delegation had been happy to sign the new Constitution. It was also pleased to note the considerable progress made on preparations for the Third General Conference and the secretariat's concern that the relevant documents should be work-oriented, concise, balanced and analytical.

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(Mr. Ehrman, United Kingdom)

142. The United Kingdom saw value in the UNIDO consultation meetings as forums for the frank exchange of views on the practical problems facing those concerned with industrial development in developing countries. To date, the meetings had brought about a greater awareness of the interdependence of the developing and developed countries. The informal status of the consultations, under which participants from Governments, industry, labour and consumer groups might express their own views and contribute to recommendations adopted by consensus, should be maintained. It was also important that the consultation meetings should stick to practical problems and avoid issues that were the concern of other forums.

143. Budgetary matters were for the Fifth Committee but, in view of the fact that the Executive Director of UNIDO had referred to them in his introductory statement, his delegation felt obliged to reaffirm that UNIDO's requests must be seen in the context of competing claims from other sectors of the United Nations.

144. His delegation was pleased to be able to support in principle the recommendations of the Jackson report on the Industrial Development Field Advisers programme, although the targets set out there might take longer to be achieved than suggested in the report. It welcomed the agreement in the Governing Council of UNDP that a review of the numbers of and finance for the advisers would be carried out by UNIDO and UNDP, and it hoped that the review would also examine alternative means of providing advice with a view to obtaining maximum effectiveness at minimum cost.

145. Mr. BUNC (Yugoslavia) said that his delegation fully supported UNIDO's activities and welcomed its new status as an independent agency.

146. His delegation believed that industrial redeployment was of the utmost importance for the future division of labour and over-all development of the world. It could lead to long-term co-operation between developed and developing countries and to the extension of world trade in manufactured goods. However, the concept of industrial redeployment was still open to a wide range of interpretations. There was therefore a need for developed and developing countries to pursue a systematic development of adjustment policy measures. Indeed, a large number of such measures had already been or were being conceived in individual developed and developing countries. His delegation, could not, however, agree with the statement in paragraph 25 of the Executive Director's report on the subject (A/34/288) that the advantages of redeploying industry from developed to developing countries included lower energy and anti-pollution costs and it would like to have some additional information about that paragraph.

147. Yugoslavia welcomed the fact that UNIDO conceived its industrial redeployment programme as a long-term activity which could serve as a catalyst in the redeployment process. It believed that the objectives and aims of the programme should be the development of norms, instruments and ways of industrial co-operation enabling the developing countries to improve their use of domestic resources, to reduce dependence and to increase industrial integration and domestic industrial capacity and consciousness. Suitable mechanisms should be found to protect the interests of different parties in the redeployment process so that it could lead to the creation of a constructive basis for accelerated redeployment, founded on mutual benefit and fair partnership.

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(Mr. Bunc, Yugoslavia)

148. His Government, which was actively involved in the preparations for the Third General Conference of UNIDO, believed that the importance of the Conference was obvious in view of the wide divergence of opinion that had emerged during the recent session of the Committee of the Whole. That divergence demonstrated that the fundamental issues of global industrialization were still open and that there was a need for meaningful discussions before the opening of the Conference.

149. Yugoslavia supported the system of consultations, because such a mechanism provided the opportunity for fruitful dialogue among Governments, entrepreneurs and labour representatives on the basic problems of industrialization.

150. In its various fields of activity, UNIDO now had a reasonably good basis for future growth. However, that could not be achieved without sufficient financial resources, and his delegation believed that the United Nations Industrial Development Fund should become the major financial source in offering multilateral practical assistance for industrial development in developing countries.

151. Mr. BIRIDO (Sudan) said that his delegation attached great importance to UNIDO and its central co-ordinating role in international industrial co-operation and development. The attainment of the objectives of the Lima Declaration and Plan of Action was an essential element in the establishment of a just new international economic order.

152. The report of the Industrial Development Board (A/34/16) reflected encouraging developments towards acceleration of the industrial process in developing countries, with a view to their achieving the target figure of at least 25 per cent of total world industrial production by the end of the century. The adoption of the UNIDO Constitution reflected a considerable degree of political will on the part of all States to achieve the targets set by the Lima Declaration. His delegation was particularly pleased to note that 52 States had already signed the new Constitution and hoped that it would be possible for the States which had not yet signed it to do so before the end of the current session of the General Assembly.

153. The outcome of the various regional meetings would constitute valuable inputs in the preparations for the Third General Conference of UNIDO. The political will and momentum which had been achieved in the adoption of the new Constitution needed to be reflected in the deliberations and conclusions of the Conference so that specific agreements on redeployment, restructuring and massive transfer of real resources for the industrialization of developing countries should be achieved.

154. The Sudan strongly supported the system of consultations. The experience gained during the past three years confirmed that the system provided a useful forum for exchange of information on investment conditions and the supply of and demand for industrial production. The system should be established on a permanent basis and should cover all the sectors adopted by the Industrial Development Board, in addition to the global consultations on industrial financing and industrial training. His delegation was confident that the Committee would support the allocation of the necessary funds to the UNIDO regular programme to enable the least developed countries to participate in the forthcoming consultation meetings.

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(Mr. Birido, Sudan)

155. The comprehensive and impartial appraisal of the Industrial Development Field Advisers programme by Sir Robert Jackson contained a number of valuable recommendations, and his delegation was pleased to note that UNIDO and UNDP were already engaged in a joint study on the need for services of the advisers.

156. Paragraph 31 of the Board's report noted that UNIDO had achieved third place among the executing agencies of UNDP and had increased its technical assistance delivery in real terms by over 50 per cent. However, it was a matter of concern to his delegation that that performance could not be maintained and expanded in the developing countries unless additional resources were made available to UNIDO. It therefore called on Member States to increase their contributions to UNIDF so that it could reach the level of \$50 million which had been set by the Industrial Development Board and endorsed by the General Assembly.

157. Finally, his delegation supported the pilot activities of the Industrial and Technological Information Bank and its leading role in the transfer of technology to developing countries. INTIB should continue as an ongoing activity of UNIDO, and its activities should include the sectors and topics covered by the system of consultations as well as the sectors chosen at the International Forum on Appropriate Industrial Technology.

158. Mr. SEFIANI (Morocco) said that since the beginning of the year there had been two developments, one positive and the other negative. While it was gratifying that agreement had been reached on the conversion of UNIDO into a specialized agency, it was most regrettable that no progress had been made in the Committee of the Whole on industrialization issues. Among the many factors which accounted for the positive action on the first point were the unquestionable success of UNIDO since its establishment in 1961, despite the meagre resources available to it; in addition, the countries which in the past had opposed the conversion had perhaps deemed it useful to make a gesture on the eve of the Third General Conference of UNIDO. In any event, the change of status to that of a specialized agency was not an end in itself; it should rather be the beginning of a genuine commitment by the developed countries to contribute to the restructuring of the world economy, in the industrial sector as in other fields. The trend in recent years had been far from satisfactory, since the share of the developing countries in total world industrial production, instead of increasing to 25 per cent as recommended at the Second General Conference, had decreased and was now no more than about 12 per cent.

159. While the increase in UNIDO's technical assistance delivery in real terms, referred to in paragraph 31 of the Board's report (A/34/16), was sizable, such assistance still amounted to only \$54.9 million for all the countries of the third world. The assistance was, of course, most valuable and was appreciated by many countries, including Morocco, but the fact remained that it was very small. The fault lay not with UNIDO, whose means were limited, but with the industrialized States, which must face up to their responsibilities and make larger contributions.

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(Mr. Sefiani, Morocco)

160. The same was true of the Industrial Development Field Advisers programme; while it was most desirable to have one adviser per country, and 60 should be the minimum number, the target set for the biennium 1979-1980 was 50, owing to lack of resources. His delegation believed that the programme should be strengthened.

161. The redeployment of industries from developed to developing countries was, of course, an important element in the restructuring of the world economy; accordingly, the very concept of redeployment was also important. Redeployment should not be left as a strategy for transnational corporations alone; Governments also had a responsibility in that regard, since developing countries did not want to inherit industries, technologies and capacities that had been rejected by developed countries. Nor should redeployment be used as a pretext for obtaining access to abundant and cheap manpower, for transferring polluting industries or for exploiting the natural resources of developing countries. Genuine redeployment should be carried out only if it fitted into the development plans and priorities of the host countries, whose sovereignty should be respected. Furthermore, it should serve to promote the transfer of technology to developing countries.

162. His delegation also attached particular importance to the Industrial and Technological Information Bank. It had repeatedly been pointed out that one of the obstacles to industrialization of the the third world was the difficulty of access to proprietary technologies which were the monopoly of the industrialized countries. Any effort, therefore, to enhance awareness of technology alternatives would help to strengthen the negotiating capacities of developing countries, and his delegation was bound to support the recommendation that INTIB should be an ongoing activity of UNIDO.

The meeting rose at 7 p.m.