

United Nations

Nations Unies UNRESTRICTED

**ECONOMIC
AND
SOCIAL COUNCIL**

**CONSEIL
ECONOMIQUE
ET SOCIAL** E/CN.11/239
(E/CN.11/I&T/26)
7 May 1950
ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

COMMITTEE ON INDUSTRY AND TRADE

REPORT OF THE SECOND SESSION

Held at Bangkok, 9 May to 17 May 1950

The Committee on Industry and Trade held its second session at Bangkok from 9 May 1950 to 17 May 1950. Delegations were sent by all member and associate member countries except Ceylon, Korea and Nepal. The list of the delegations is given in document E/CN.11/I&T/INF/2 of 12 May 1950.

The delegation from the U.S.S.R. withdrew before the election of the Chairman when its motion - that the representative of the Chinese Nationalist Government present at the meeting should be unseated and the representative of the Central People's Government of the Chinese People's Republic admitted - was voted out of order by a majority of the Committee, the ruling given by the Executive Secretary, in his capacity of temporary Chairman that the motion was in order having been challenged.

The Committee elected as Chairman M. Henri C. Maux (France), and as Vice-Chairman the Honourable Mr. Bhagwat Dayal (India).

The Provisional Agenda (E/CN.11/I&T/13 Rev. 1) was adopted with a slight change of order and an amendment of the title of item 11 "Findings of the International Monetary Fund concerning the desirability of a regional multilateral clearing system" to read "International Monetary Fund study of trade and balance of payments". It was decided not to refer any items to sub-committees but to appoint small drafting committees or sub-committees to deal with particular points if necessary. A Sub-Committee was later formed

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to discuss priorities for the programme of work to be undertaken by the Secretariat on subjects discussed by the Committee.

Report by the Executive Secretary

The Executive Secretary presented a report on items of work not included in the agenda, document E/CN.11/I&T/14 and Add.1 , 2. and 3 , which was noted.

Report of the second meeting of the Sub-Committee on Iron and Steel

The Committee considered the report of the second session of the Sub-committee on Iron and Steel contained in document E/CN.11/I&T/18, endorsed the views expressed by the Sub-committee that the progress attained by it and by the Secretariat had been appreciable, and approved of its recommendations subject to the following observations:

(i) Economic Aspects of Expanding the Iron and Steel Industry

Whilst it was generally agreed that there was need for study of the economic aspects of the development plans, some delegations expressed the view that the best results would be achieved if such plans were appraised by high level consultants. It was agreed that the Secretariat should render assistance when highly developed technical studies were not involved, but should not undertake a general study of economic aspects as a separate project.

The Committee considered that the second sentence* in the report of the Sub-committee under this heading was phrased too definitely. The Committee recognized that it was for each country to decide on the establishment or otherwise of steel plants and that considerations of cost and price were not the only considerations to be taken into account by governments when deciding on the establishment or expansion of iron and steel plants. There might well be economic considerations of a wider character

* The Sub-committee further felt that, instead of establishing iron and steel plants where these would appear to be of an uneconomic character, countries might still consider economic methods of obtaining assured supplies of necessary products at assured prices, including such methods as long-term import agreements and stockpiling.

related to the economy of the country as a whole, as well as non-economic motives, such as strategic and social objectives.

(ii) Trade

The Committee endorsed the recommendation of the Sub-committee that the Secretariat should undertake a study of the present and potential intra-regional and inter-regional trade in raw materials, semi-finished, and finished products of the iron and steel industry, but as regards its scope some delegations, whilst indicating their desire to avoid sharp variations in basic prices, expressed apprehensions about the possibilities of concluding long term contractual arrangements, particularly at pre-determined prices, though it was recognized that it might be useful in certain circumstances.

(iii) Electric Power

As the problem of power is not merely related to the iron and steel industry but to industrial development as a whole, the Committee supported the proposal for a study of the power question by the Secretariat provided that it could be carried out by adjustment of the existing staff and within the existing budget allotment. The Committee considered that the Secretariat should make a purely factual study of electric power resources and needs in the region with the following limitations:

The study should be confined to a survey

- (a) of power resources, their distribution in relation to industry, their actual and potential capacity, and the various methods of generation
 - (i) in existing installations, and
 - (ii) in sanctioned power projects whether already in progress or likely to be brought into operation within the next seven years;
- (b) of the needs of power expressed in kilowatt capacity of
 - (i) existing established industries, and

/(ii) sanctioned

- (ii) sanctioned new industrial projects whether already in progress or likely to be brought into operation within the next seven years.

The Committee considered that until this study was completed, the question of setting up a sub-committee or a committee of the Commission on Fuel and Power should be deferred.

(iv) Interchange of Research and Technical Facilities

The Committee noted with satisfaction that substantial co-operation among the countries of the region had been achieved in regard to the interchange of research and technical facilities and expressed appreciation of the offer of facilities for study courses in universities, laboratory tests and research made by India and research and laboratory facilities offered by Australia.

(v) Uniform Statistical Reporting Methods

Endorsing the need for methods ensuring internationally comparable statistics, the Committee emphasized that the Secretariat studies in this respect should be given high priority.

The Committee approved the proposed programme of work for the Secretariat as modified during the remainder of 1950 and 1951.

Status of Surveys of Coal and Iron Ore Deposits

The Committee congratulated the Secretariat on its excellent report on Coal and Iron Ore surveys (E/CN.II/I&T/16).

The Committee noted with satisfaction that the recommendations made in the report for action by individual countries had already been accepted and were being implemented by several countries. As the report covered only eight countries, it was agreed that similar studies be completed for the other countries of the region as soon as possible.

It was generally considered that the main bottleneck for carrying out intensive and extensive geological surveys was the shortage of geologists. The offer made by the representative of India that his Government, if

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approached, would be willing to take students from ECAFE countries both in its Universities and field camps for training in geology was warmly welcomed. The Committee recommended that the Secretariat should give top priority to the examination of

- (a) the existing possible sources for obtaining such geologists;
- (b) the existing facilities for training young men from the countries of the region as geologists, whether within or outside the region;
- (c) the means whereby these facilities might be extended;
- (d) the machinery both for securing the services of geologists and for training candidates in geological survey including the facilities afforded by the Technical Assistance programme, the possibility of opening new or enlarging existing courses in geology in educational institutions, and other ways.

The work should be undertaken where necessary in consultation with UNESCO and the Economic and Social Council and through the United Nations Technical Assistance Programme.

The Committee approved generally the recommendations contained in Section II B of Part IV of the report, excepting item 8.

Industrial Development and Planning

The Committee considered the report of the Executive Secretary on Industrial Development and Planning: Programmes and Priorities (E/CN.11/I&T/15 and Annexes A - L), and commended the work of the Secretariat in submitting an interesting report which fulfilled to a considerable extent the purpose of the resolution on the establishment of the Committee on Industry and Trade. It endorsed the conclusions and recommendations contained in Part IV of the Report subject to the following observations:

(i) Industrial Development and Planning: Programmes and Priorities

The Committee supported the proposal that the Secretariat should

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continue to follow and report upon the regional developments in industrial planning, bearing in mind the possibilities of industrial decentralisation in each country and the interdependence between the plans of the different countries. The Secretariat should also include in its studies such factors in industrial development as technical and management skills, domestic financial requirements and encouragement of domestic savings and investment, as well as the more limited review of physical facilities contemplated. It was further felt that the Secretariat should act as a clearing house of information so that some co-ordination in development plans might be achieved by the countries themselves.

In regard to the proposal for preparing and circulating statements to member governments on the criteria and techniques of sound planning, the Committee considered that, as the problems involved were common to all under-developed countries, the ECAFE Secretariat should consult with United Nations Headquarters on the preparation and issue of statements of this kind. Some delegations strongly expressed the view that technical assistance was urgently needed by the countries in preparing projects in a detailed manner for implementation and to this end, and for the purpose of appraising the adequacy of the plans of each country so as to achieve effective and balanced utilization of the resources of each country, high level consultants should be obtained through the Technical Assistance Programme for liaison with ECAFE and advice to the countries concerned.

(ii) Multi-purpose Hydro-Electric Projects

The Committee recognized the importance of the problem of power development as a whole in relation to industrial development. The Committee therefore supported the proposal for a factual study by the Secretariat, provided that such a study could be carried out by adjustment of existing staff and within the existing budget allotment, subject to the limitations

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accepted by the Committee whilst discussing the proposals of the Sub-committee on Iron and Steel.

(iii) Textile Industry

Whilst a few delegations were in favour of the proposed study of the textile industry, the general feeling was that the field should be restricted to textile industries organised on small scale or cottage basis.

(iv) Technical Assistance

The Committee recognized the need for technical assistance to the countries of the region both in planning and in carrying out the industrial development plans. One aspect of this had already been dealt with above. Whilst recognizing the benefits accruing from the current Technical Assistance Programme of the United Nations and the Specialized Agencies and the fact that such assistance was normally to be sought by individual approach of the member governments concerned, the Committee considered that for lack of preparation of projects for technical assistance the region as a whole might not obtain full benefit from the Programme without more active assistance by the Secretariat. It was therefore suggested that the Secretariat should (i) continue to assist the governments at their request in the preparation of technical assistance projects, and (ii) investigate the possibility of meeting the expressed desire of the countries of the region that specialists be made available under the Technical Assistance Programme to maintain liaison with ECAFE, advise countries of the region on the formulation of proposals for technical assistance and otherwise assist them.

(v) Cottage and Small-Scale Industries

The Committee endorsed the proposal to undertake a study of cottage and small scale industries.

(vi) Hand Tools

The Committee endorsed the proposal for a study of hand-tools, preferably by a Working Party.

Loan Requirements of the International Bank

The Committee considered the material presented in document E/CN.11/I&T/19 on Loan Requirements of the International Bank for Reconstruction and Development. The Committee took note of the information contained therein and endorsed the desire, expressed by certain representatives to see an expanded volume of loans by the International Bank for productive purposes in this region.

It was suggested that the Bank should consider ways and means of speeding up its operations and of cultivating closer relations with its members with the view to benefiting from criticism and suggestions for such new techniques or modifications of policy as would enhance the ability of the Bank to do the job for which it was established.

It was pointed out that if more governments were aware of their own responsibilities for advance planning, and took advantage of the assistance the Bank could offer in regard to such planning, they might be able to secure more loans. It was agreed that member governments of the ECAFE region should take full advantage of the technical assistance facilities of the Bank. In this connection, attention was drawn to the training institute sponsored jointly by the Government of Pakistan, the United Nations (including the ECAFE Secretariat), the FAO, and the International Bank, and arranged for October-December 1950 at Lahore, Pakistan.

/Foreign

Foreign Investment Laws and Regulations

The Committee expressed its appreciation of the report prepared by the Secretariat (E/CN.11/I&T/25). It recommended that the Secretariat complete the information contained in the document and published in a suitable form for wide circulation, and for this purpose member governments should make available all recent information

The countries were requested to keep the Secretariat fully informed on changes in policies and administrative procedures, so that it could keep member governments fully informed of such developments.

The Committee urged that the Secretariat of the United Nations Headquarters be asked to intensify and publish its studies of laws and regulations of countries interested in the export of capital.

The Committee expressed the wish that the governments continuously review their laws and regulations in a spirit of reciprocal liberality.

/Dollar

Dollar Shortage

The Committee noted with interest and appreciation the valuable paper prepared by the Secretariat on "Dollar Shortage" (E/CN.11/I&T/24) and it endorsed generally the recommendations addressed to member and associate member governments. Considering that dollar shortage is a problem of world importance, that all countries are fully aware of the importance of the problem and have constantly under review such measures as may contribute to its solution, and that the International Monetary Fund and other specialized agencies are studying the problem, taking note of the general and specific measures undertaken by the U.S. to contribute toward the alleviation of the problem, it agreed that further limited work, bearing upon the region, should be conducted in consultation with the International Monetary Fund and should be assigned a lower priority than in document E/CN.11/240 Rev.1.

/ International

International Monetary Fund Study of Trade and Balance of Payments

The Committee considered the note of the Executive Secretary (E/CN.11/I&T/23) and the explanations given by the representative of the International Monetary Fund.

The Committee noted the good working relations established between the International Monetary Fund and the ECAFE Secretariat and recommended that such co-operation be continued. It noted the statement of the Fund that relevant statistical data were inadequate and urged the Secretariat to continue to assist the Fund in its work in the collection of balance of payments statistics and the improvement of such statistics in the ECAFE region. It was agreed that the time is not propitious for the establishment of a regional multilateral clearing system for the ECAFE region.

/Trade and

Trade and Payments Agreements

The Committee expressed its appreciation of the difficulties in making the studies contained in document E/CN.11/I&T/22, and commended the Secretariat for its efforts. While taking note of several reservations and criticisms stated by the representatives of various countries, it requested the Secretariat to maintain up-to-date information on agreements entered into, and urged governments to keep the Secretariat informed. It further requested the Secretariat to obtain information from the countries concerned on the working of trade agreements entered into and the extent to which they have proved beneficial.

/ Trade Promotion

Trade Promotion Activities

The Committee expressed its warm appreciation of the Trade Promotion activities recorded in document E/CN.11/I&T/20 and Add. 1 and 2; and commended the Secretariat for the publication of Trade Promotion Facilities, Trade Promotion News, the Monthly Calendar of Regional Conferences and Trade Fairs and other trade promotion documents. It also commended in general the work of the Secretariat in the field of trade promotion.

Noting comments and discussion on the report by various delegations, the Committee recommended

(a) that the value to traders of uniformity of weights and measures be stressed in the report on the Glossary of Commercial Terms;

(b) that a provisional draft report on the Glossary of Commercial Terms be sent to governments for comment at an early date;

(c) that a section on Market Prices be included in the monthly Trade Promotion News.

The Committee approved in general the trade promotion work programme as stated in document E/CN.11/240 Rev.1, Section A — 1950, paragraphs 1 to 4 inclusive. It urged, however, that the Handicrafts Marketing Survey be given a very high priority and be initiated in the immediate future; and expressed the opinion that this project requires and warrants the engagement of specialized personnel.

Regarding assistance to national commercial services, the Committee considered that successful trade promotion must depend upon the existence of well trained personnel in individual countries, supplemented by the maintenance abroad of commercial representatives in principal markets. It recommended rapid dissemination of trade promotion material by governmental

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agencies to boards of trade, chambers of commerce, trade associations and traders generally.

The Committee was further of the opinion that the proposed Regional Conference of Commercial Attaches and Businessmen would yield excellent results, and recommended that the Secretariat be instructed to convene such a conference early in 1951. The Committee noted with thanks the very kind offer of the representative of Singapore that his Government would be glad to accord facilities for such a conference.

Travel Facilities

The Committee urged more zeal on the part of governments in responding to the Secretariat's requests regarding steps taken towards implementation of the Commission's resolution E/CN.11/218 on Travel.

The Committee agreed that the proposal to request the IUOTO to convene a Tourist Travel Conference in the region in 1951 should be postponed for consideration until the seventh session of the Commission.

/ Development of

Development of Trade between ECAFE countries and Japan

The Committee noted with appreciation the work done by the Secretariat in its study of the possibilities of developing trade between the ECAFE countries and Japan (E/CN.11/I&T/21).

It observed that while two of the four key questions of the study proposed had been examined, the study did not yet afford sufficient materials to enable sound conclusions to be drawn. It therefore requested the Secretariat to continue its work by further study of the problems of absorptive capacity in the region, of present economic policies of the region in the light of the stated aims for rapid economic development, and of financial and other means by which the desired development in trade between Japan and the ECAFE region could be effected, without adversely affecting the economy and trade of the countries of the region.

Further the Committee desired that in examining the question, the Secretariat should pursue its enquiries in close consultation with the International Monetary Fund and other Specialized Agencies that may be concerned, the member governments and SCAP.

/Sub-Committee

Sub-Committee on Priorities

A Sub-Committee was appointed to review the work programme of the Secretariat and consider the question of priorities. The Sub-Committee held three meetings and suggested that the work programme should be arranged in the following order of priority:

(i) Industrial Development: Iron and Steel

A. 1950

1. Country programmes: survey of and advisory services when asked for concerning existing and planned expansion of iron and steel industry in ECAFE countries including both manufacturing and re-rolling, with particular reference to obstacles concerning the industry, and recommendations for overcoming them. (E/CN.11/AC.11/4, 8 April 1949). Continuing project. In carrying out this project, the Secretariat will take into account recommendations advanced to countries by other consultants. Target completion date for next report: December 1950.
2. Statistics: study of internationally comparable statistical reporting methods, and exploration of the possibility of their introduction and use in ECAFE countries. Target date for completion of study and recommendations: December 1950.
3. Intra-regional and inter-regional trade development: study by the ECAFE Secretariat of present intra-regional and inter-regional trade and obstacles to trade development; availabilities throughout the region and elsewhere of raw materials and semi-finished and finished products of particular importance to the ECAFE region, including, in particular, melting scrap, re-rolling scrap, billets, refractories, and equipment, information about availabilities in Europe to be obtained from the ECE Secretariat. Continuing project

/ Target

Target completion date for first report: December 1950.

4. Techniques of scrap collection. Continuing project. Target date for completion of next report: December 1950.
5. Interchange of research and laboratory facilities (E/CN.11/216, 23 October 1949), and promotion of their use. Continuing project, in co-operation with UNESCO. Work begun September 1949. Target completion date for issue, in co-operation with UNESCO, of printed directory: December 1950.
6. Technical information: Dissemination to ECAFE countries of technical information concerning, inter alia, re-rolling processes; refractories; lignite, charcoal and anthracite utilization (x); coalite (x); washing and blending of coal (xx); blast furnace practice, including reduction of coke consumption in blast furnaces, (x); sponge iron and reduction processes (s); and the Weberg process (x); and special studies to be prepared by ECE.
7. Technical assistance seminar: exploration of possibility of joint request by several countries for a technical assistance seminar in a field of maximum interest to them

/ (ii). Industrial

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- (x) The Sub-Committee requests that assistance under the United Nations Technical Assistance Programme be jointly extended to member governments concerned in the form of the preparation or reproduction of technical studies and dissemination of literature to supplement Secretariat investigations.
- (xx) The Sub-Committee recommends that the project be carried forward if feasible by the ECAFE Secretariat in co-operation with the Secretariat of the Economic Commission for Europe.

(ii) Industrial Development: Mineral Resources

1. Status of surveys of coal and iron ore deposits and related matters (E/CN.11/AC.11/3, and E/CN.11/216).
2. Examination of possible sources for obtaining geologists and facilities for training. Possibility of intra-regional co-operation in making full use of limited technical personnel and of university and laboratory facilities available in the area. Methods of obtaining technicians and equipment through the United Nations Technical Assistance Programme, and other international assistance.
3. Other means of carrying out preliminary geological survey e.g. aerial survey.
4. Possibility of joint research on treating low grade coal and iron ores, including lignites and laterites.
5. Adoption of a standard classification of coal for regional use.
6. Possibilities of increasing production of coal and iron ores (E/CN.11/AC.3 and E/CN.11/216)

(iii) Industrial Development: General

A. 1950

1. Industrial development planning: survey and analysis of progress of country programmes with particular reference to obstacles to implementation and recommendations for overcoming them; statements on planning criteria and techniques also to be circulated from time to time.
2. Textile industry organized on small scale or cottage basis. The Secretariat should specify the sub-headings.
3. Other cottage and small scale industries. The Secretariat should specify the sub-headings.
4. Hand tools. (a) Analysis of design and efficiency of hand tools now in use in ECAFE countries; (b) rough quantitative survey of present utilization; (c) rough estimate of effects of increasing distribution and utilization in such fields as road construction and maintenance, agricultural production, housing, and industrial and transport maintenance and repair, and (d) recommendations for increasing availabilities through regional production including production by cottage industry, intra-regional trade and production arrangements, and imports from outside the region (E/CN.11/I&T/15 31 March 1950). Continuing project. Work to begin June 1950. Target completion date for first report: December 1950.
5. Utilization and production of fertilizer. (E/CN.11/AC.11/AC.11/3, 5 April 1949; E/CN.11/216, 28 October 1949).

6. Power Alcohol (E/CN.11/AC.11/3, 5 April 1949; E/CN.11/216, 28 October 1949).
7. Factual study of power resources and needs in the region. The study should be confined to a survey:
 - (a) of power resources, their distribution in relation to industry, their actual and potential capacity, and the various methods of generation
 - (i) in existing installations, and
 - (ii) in sanctioned power projects whether already in progress or likely to be brought into operation within the next seven years;
 - (b) of the needs of power expressed in kilowatt capacity of
 - (i) existing established industries, and
 - (ii) sanctioned new industrial projects whether already in progress or likely to be brought into operation within the next seven years.
8. Study of the industrial development plans of ECAFE countries in the light of known mineral resources currently available as raw materials for these industries so that concrete recommendations may be made concerning their further development.

(iv) Trade Promotion

Item C.2, Handicrafts Marketing, should be included in the programme for 1950 as Item A.4, and the present Item A.4 should become Item A.5 in the document and be given the lowest priority for 1950, as the value to the countries of the region of a study of handicrafts marketing was greater than that of a Glossary of Commercial Terms.

The Sub-Committee considered that items A.2, 4 and 10 included in the original draft programme under 'Industrial Planning: Iron and Steel' should be deleted. The deletion of item 2 (Economic Aspects of Expanding the Iron and Steel Industry) was on the understanding that a study of this nature would be covered by Item 1 in the programme as amended.

The Sub-Committee considered that investigations into the possibility of co-operation from private companies in releasing geological data suggested in the original draft programme would not lead to any results.

The Committee finally wished to stress the great importance of transport development in any plans and programmes for industrial trade and economic development, without which little progress would be achieved.