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Chairman: Mr. Pierre FORTHOMME
(Belgium).

AGENDA ITEM 39

Establishment of a United Nations capital development fund: report of the Committee on a United Nations Capital Development Fund (*continued*) (A/5748, A/5997; A/C.2/L.796/Rev.3)

1. Mr. FRANZI (Italy) drew attention to an apparent discrepancy between the French and English texts of draft resolution (A/C.2/L.796/Rev.3). Operative paragraph 6 of the English text referred to "draft legislation (statute)", which seemed to imply a single document, whereas the French text referred to "projets de textes législatifs (statuts)". The discrepancy related to a matter of substance and he suggested that the word "(statute)" and the corresponding terms in the other languages should be deleted.

2. Mr. CVOROVIC (Yugoslavia) pointed out that the terms used in the working languages had been taken from General Assembly resolutions 1706 (XVI) and 1826 (XVII), and the sponsors had felt that it would not be in order to change them.

3. Mr. TELL (Jordan) said that he had been authorized by the sponsors of the draft resolution to state that the text before the Committee, in spite of its admitted shortcomings, was the final text. He therefore proposed that a vote should be taken immediately.

4. Mrs. WRIGHT (Denmark) asked for a separate vote on operative paragraph 1 and the first part of

operative paragraph 3, excluding the clause "bearing in mind... October 1958". Since that clause also appeared in the third paragraph of the preamble, her proposal was, in effect, equivalent to a request for a separate vote on the paragraph as a whole.

5. The CHAIRMAN recalled that the representative of the USSR had earlier requested a separate vote on operative paragraph 4 of the draft resolution (A/C.2/L.796/Rev.3). Separate votes would therefore be taken on operative paragraphs 1, 3 and 4.

Paragraph 1 was adopted by 79 votes to 8, with 5 abstentions.

Paragraph 3 (first part) was adopted by 80 votes to 7, with 6 abstentions.

Paragraph 4 was adopted by 60 votes to 5, with 26 abstentions.

The draft resolution, as a whole, was adopted by 73 votes to 8, with 12 abstentions.

6. Mr. RENAUD (France) said that his delegation had voted against the draft resolution. His Government was opposed to the establishment of a capital development fund because it believed that the proposed functions were already being carried out by a number of existing institutions. Moreover, the transformation of the Special Fund would inevitably have an adverse effect on its valuable pre-investment activities. That is why France had voted against recommendation A.IV.7 of the United Nations Conference on Trade and Development and had abstained on recommendation A.IV.8, explaining the reasons for its position in the record of the Final Act of the Conference.^{1/} The French Government believed that it would not be normal to impose the heavy burden of additional contributions on all developed countries as long as the target of 1 per cent of the national revenue mentioned in recommendation A.IV.2 of the Conference had not been reached. France's contributions were well in excess of that target and had amounted in 1964 to 1.6 per cent of its gross national product and 2.7 per cent of its national income.

7. Mr. ROOSEVELT (United States of America) said that his delegation had voted against operative paragraph 1 because the wording did not take account of the financial institutions in a specialized agency relationship with the United Nations. It had voted against operative paragraph 3 because of the reference to "ways and means". At the request of his delegation (978th meeting) and with the agreement of the delegation of the Soviet Union (979th meeting), those words

^{1/} See Proceedings of the United Nations Conference on Trade and Development, volume I; Final Act and Report (United Nations publication, Sales No.: 64.II.B.11), p. 74.

had been deleted from the sixth amendment of the USSR (A/C.2/L.800/Rev.1) which had been incorporated in the final version of the draft resolution adopted under agenda item 51 (Consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme). His delegation's reasons for voting against operative paragraph 4 had been explained in his earlier statement on the subject (986th meeting).

8. The pattern of the voting on the draft resolution was indicative of the conflicting views on the control of United Nations development programmes. The adoption of the resolution was no more than an exercise in futility, since the absence of support for it among those countries whose contributions were such a vital necessity made it clear that the proposed fund would not make any progress in the near future. He appealed to all delegations to make a sincere and realistic effort to reconcile their points of view and to adopt a constructive approach towards solving the problems of the impoverished two thirds of the world's population. In the absence of such reconciliation, the adoption of resolutions by a majority vote was meaningless.

9. Mr. MOLLER (Sweden) said that his country's abstention did not reflect a lack of interest in the flow of capital to the developing countries; indeed, it had made extra voluntary contributions to IDA and had joined with the United Kingdom in submitting a proposal on supplementary financing measures which had become part of recommendation A.IV.18 of the United Nations Conference on Trade and Development. It believed, however, that a capital development fund would duplicate IDA, while the forthcoming replenishment of IDA's resources and the supplementary financing measures under recommendation A.IV.18 would absorb a large proportion of available funds. United Nations participation in capital investment should therefore come through the gradual transformation of the Special Fund.

10. Mr. LUBBERS (Netherlands) said that his comments also reflected the point of view of the Western co-sponsors of recommendation A.IV.8 of the Conference. His delegation maintained the position it had taken at the Conference on Trade and Development, where it had supported that recommendation but abstained on recommendation A.IV.7. Since the draft resolution in question was a combination of the two recommendations, his delegation had had no choice but to abstain. The reason why the Danish representative had requested a separate vote on operative paragraph 1 and the first part of operative paragraph 3 was that, the Western co-sponsors of recommendation A.IV.8 wished to show their continued support for it. The request had been limited to the first part of operative paragraph 3 because the remainder of the paragraph already appeared in the third preambular paragraph, and was therefore superfluous. He could have voted for operative paragraph 4 if the text had been amended to include a reference to recommendation A.IV.8. He had already stated his position with regard to operative paragraphs 5, 6 and 7 (985th meeting).

11. Mr. FRANZI (Italy) said that his delegation had abstained on the draft resolution as a whole although

it was sympathetic to its general aims. As it had stated (986th meeting), his delegation was convinced that the United Nations would eventually become a centre for the distribution of capital on favourable terms, but the draft resolution did not correspond to the true interests of the developing countries. At the United Nations Conference on Trade and Development, his delegation had abstained on recommendation A.IV.7; thus it would have preferred the draft resolution to advocate, not a new fund, but an extension of the United Nations Development Programme when resources allowed. It had voted in favour of operative paragraph 1, the first part of operative paragraph 3 and operative paragraph 4 because it considered their objectives wise.

12. Mr. FOSSUM (Norway) agreed that United Nations technical assistance activities should be extended to investment programmes in the developing countries. At the United Nations Conference on Trade and Development, his delegation had been a co-sponsor of recommendation A.IV.8. It believed that there was no purpose in establishing a capital development fund when additional resources for its activities were not available. While it supported the general principle, the decision was valueless if it could not be put into effect. However, progress could be made through the United Nations Development Programme and his delegation had become a co-sponsor of the draft resolution with that end in mind, recommending an increase in the resources of the programme (A/C.2/L.810) which the Committee had adopted under agenda items 49 and 50 (984th meeting). Its views on the draft resolution just adopted corresponded closely to those expressed by the Netherlands representative (985th meeting). Accordingly, it had abstained on the draft resolution as a whole but had voted for operative paragraph 1 and the first part of operative paragraph 3.

13. Mr. D'ASPREMONT-LYNDEN (Belgium) said that his delegation had been unable to support the draft resolution. While economic progress in the developing countries was inadequate, it was plainly impossible at the present time to obtain the necessary resources for a capital development fund. From the institutional point of view, moreover, the fund could do nothing that was not already being done by the World Bank and IDA. He would support any measure to expand the activities of those two bodies and the Special Fund.

14. Mr. O HEIDEAIN (Ireland) said that his delegation felt profound sympathy for the viewpoint of the developing countries. Nevertheless, it continued to believe that unless resources for a capital development fund were available it would be futile to establish it. As the debate had clearly shown that the major contributing countries were still opposed to such a fund, his delegation had abstained.

15. Mr. PIZHKOV (Byelorussian Soviet Socialist Republic) said that his delegation had voted for the draft resolution because it had always advocated the establishment of a capital development fund. The representatives of a number of developing countries had convincingly shown that the existing investment bodies were inadequate. Despite its support, his delegation was not fully satisfied with the draft resolution. The developing countries had had a real

opportunity at the current session to establish a capital development fund through the transformation of the Expanded Programme and the Special Fund but the chance had been missed. The establishment of the Fund was now conditional on the acquisition of additional resources, although ample funds were already available to the Special Fund and the Expanded Programme and a start could have been made immediately, using part of those resources and additional voluntary contributions.

16. Mr. KONE (Upper Volta) said that his delegation had voted in favour of the draft resolution as a whole. The developing countries had been calling for the establishment of an investment fund for twelve years and it was time that their demands were met. Many of them were very poor and had difficulty even in carrying out pre-investment projects; it was still harder for them to find investment capital. The capital development fund was sorely needed and he was convinced that the delegations which had opposed the draft resolution would soon support its establishment.

17. Mr. DINGLI (Malta) said that his delegation had abstained in the vote on the draft resolution. It appreciated the aim of the capital development fund, and would have given its support if the time had been appropriate. It had also borne in mind the fact that investment assistance was already available through other financial institutions and that it was too early in the life of the United Nations Development Programme to consider transforming it into a capital development fund.

18. Mr. MAKEEV (Union of Soviet Socialist Republics) said that his delegation had voted in favour of the draft resolution as a whole although it was not fully satisfied with it. The decisions taken by the Committee on the consolidation of the Special Fund and the Expanded Programme and the establishment of a capital development fund represented a retreat from the General Assembly's decision in draft resolution 1521 (XV) to establish the fund. As a result, the opportunity to start investment activities in the developing countries had been missed. The fault lay with those who opposed the transformation of existing programmes into a capital development fund. His delegation had already expressed its view on operative paragraph 4, and regretted that the sponsors had not seen fit to eliminate the discrepancy between it and operative paragraphs 1 and 6. He could not agree that the operations of the fund should not begin until additional resources had been obtained, since the existing programmes already possessed hundreds of millions of dollars which could be used immediately for investment. His delegation had therefore abstained on that paragraph.

19. He was glad that his delegation's comments had been taken into account to the extent that operative paragraph 3 mentioned General Assembly resolutions 1219 (XII) and 1240 (XIII) and operative paragraph 6 referred specifically to the possibility of starting operations through a gradual transformation of the United Nations Development Programme. Because of those provisions, his delegation had been able to vote for the draft resolution as a whole.

20. Sir Keith UNWIN (United Kingdom) said that his delegation had opposed operative paragraph 1 of the draft resolution because of the way in which it was formulated. His country believed in the extension of economic assistance to the developing countries and would continue to support it; it also acknowledged the need for increased capital assistance. It did not agree with the method proposed. Such assistance should be extended through existing United Nations organs, particularly IDA, which already provided funds on favourable terms. As his delegation had voted against recommendation A.IV.8 of the United Nations Conference on Trade and Development, it had also voted against operative paragraph 3. It opposed the transformation of the United Nations Development Programme because it feared that attempts to change it would interfere with its present very useful operations. Technical assistance activities covered a much wider geographical spread than pre-investment activities but were seldom given credit for what they achieved. The diversion of funds subscribed for technical assistance and pre-investment to other activities for which they were insufficient would prejudice the more modest activities represented by technical assistance. His delegation had abstained on operative paragraph 4 because the sponsors had taken one of its comments into account. He doubted whether the consultations would be productive, but if they showed that additional resources were available they would at least be useful.

21. Mr. PETROV (Bulgaria) said that his delegation had voted for the draft resolution as it had always supported the establishment of a capital development fund. It had been able to do so because the sponsors had incorporated certain amendments proposed during the discussion. He hoped that the necessary steps would be taken under operative paragraph 6 for the transformation of the United Nations Development Programme into a capital development fund. His delegation had abstained on operative paragraph 4 because the establishment of the fund should not depend on the result of consultations. If the amendment suggested by the Polish representative at the previous meeting had been accepted, his delegation could have voted for the paragraph.

22. Mr. DELGADO (Senegal) said that his delegation had always supported the establishment of a capital development fund and believed that the United Nations would soon be able to undertake investment, especially to finance major projects. The existing bodies were insufficient to meet the needs of the developing countries and the application procedure for assistance was unduly complex. The present operations of the Special Fund were valuable and should be continued, but a new institution should be established. Those who opposed it should at least support the principle. He did not agree with the inclusion of the words "and above all in the field of industrial development" in the fifth preambular paragraph of the draft resolution, as it was wrong to stress one particular aspect of economic development and countries must decide their own priorities. Nevertheless, if he had been present he would have voted for the draft resolution.

AGENDA ITEMS 40 AND 41

Activities in the field of industrial development (A/5775 and Add.1; A/5835, 6070/Rev.1, 6092; E/3921 and Add.1-3; E/C.5/62/Add.1; A/C.2/L.794, L.805, L.809):

(a) Reports of the Committee for Industrial Development on its fourth and fifth sessions (E/3869, E/4065);

(b) Report of the Secretary-General (A/5826, A/6091)

The role of the United Nations in training national technical personnel for the accelerated industrialization of the developing countries: report of the Economic and Social Council (A/6093; E/3901 and Add.1 and 2)

23. Mr. FERNANDINI (Peru) introduced draft resolution A/C.2/L.805. It represented a logical sequel to the efforts made by the Latin American and other developing countries to expand United Nations activities in the field of industrialization. Economic development was based on four basic sources of wealth: agriculture, natural resources, trade and industry. As regards agriculture and trade, respectively, the United Nations enjoyed the support of FAO and the United Nations Conference on Trade and Development. The activities of those bodies must now be reinforced by the establishment of another specialized agency for industrial development to help the developing countries attain self-sustaining growth and exploit their natural resources to the fullest possible extent. It was true that the existing specialized agencies were concerned with some aspects of industrial development but only indirectly; in no case did they have industrial development as a specific responsibility.

24. Following the meeting of the Special Committee on Latin American Co-ordination at Alta Gracia (Argentina) and the United Nations Conference on Trade and Development, the Latin American countries were even more convinced that a specialized agency for industrial development within the United Nations should be promptly established. The decision to set up such an agency was set forth in operative paragraph 1 of the draft resolution; it represented the wish of the majority of the Committee, but the sponsors wished to give every delegation a chance to express its views on the terms of reference and structure of the new body.

25. Thus, in operative paragraphs 2, 3 and 4 the sponsors proposed the establishment of a preparatory committee, appointed in accordance with the principle of suitable geographical representation, to define the terms of reference and prepare a draft statute. At its twenty-first session, on the basis of the preparatory committee's report, the General Assembly would reach a final decision. It should be stressed that the sponsors were not seeking the immediate establishment of the specialized agency but wished to respect fully the opinions of those countries which so far had not agreed to the proposal and to give them every opportunity of expressing their views in the preparatory committee and in the General Assembly.

26. The draft resolution should therefore command the support of all delegations. He appealed to the

representatives of the industrialized countries—and in particular to Spain, Portugal, France, Japan, the United Kingdom and the United States—for their support so that a new agency could finally be established.

27. Mr. WHYTE (United Kingdom) introduced draft resolution A/C.2/L.809. Industrialization was vital for the growth of the developing countries and the more advanced countries were just as concerned to promote that growth as the developing countries themselves. There might be differences of opinion as to how that objective might be attained, but everyone would agree that the resources available for assisting the developing countries in the field of industrialization should be increased.

28. With the major expansion proposed for the Centre for Industrial Development, that body could now take a big step forward. During its formative years the Centre had had some teething troubles, due mainly to budgetary restrictions, but on the whole it had played a constructive role. The Committee for Industrial Development was supposed to provide policy guidance to the Centre but, in fact, being composed of diplomats rather than experts, it had tended to digress into ideological disputations and, by laying equal stress on all aspects of industrial development, had made it extremely difficult to draw up a realistic work programme. As a result, the Centre's terms of reference had become somewhat confused. It had begun as a modest part of the Department of Economic and Social Affairs responsible for studies of industrialization and the exchange of information. It was now coming to be regarded as the executing agency for technical assistance activities in the field of industrial development. The time had come to reconsider the Centre's terms of reference, a task which the Economic and Social Council should take up as soon as possible. One of the problems facing the Centre was the fact that few requests were actually received from developing countries for assistance in the field of industrial development although the authorities responsible for the administration of the Special Fund and of the technical assistance programmes had repeatedly stated their willingness to devote more funds to it.

29. The main contribution towards the industrialization of the developing countries must still come from bilateral aid and from private investment. Within the United Nations family the primary role would be played by the World Bank and its affiliates. Nevertheless, there was still room for an expansion of United Nations activities in favour of industrial development in the pre-investment field. With the help of the Centre, more experts could be sent to advise Governments on industrial problems. The regional economic commissions could also play a more effective role. In particular, their preparations for the regional symposia should be concentrated on practical problems and should lead to the submission of more requests for technical assistance in the field of industrialization. Another useful step would be to increase the funds now available under the preparatory assistance authority of the Managing Director of the Special Fund and under the contingency authority of the Executive Director of the Technical Assistance Board, as outlined in operative paragraph 6 of draft resolution A/C.2/L.809.

30. In operative paragraph 1, the draft resolution endorsed the Secretary-General's view (A/6070/Rev.1, paras. 9-12) that there was scope for additional operational activities in the field of industrial development which could not be provided for under existing procedures. Operative paragraphs 2, 3, 4 and 5 proposed measures for financing those "special industrial services". Governments would be invited to make additional voluntary contributions which would in no way distort existing programmes or divert resources from them. In fact, the contributions would be net additions to the United Nations Development Programme. His own Government was ready to make such a contribution. Priorities would be laid down on the basis of projects submitted by Governments rather than by the policy-making bodies themselves. The administration of the "special industrial services" would be in the hands of the Administrator of the United Nations Development Programme who would be assisted by the Commissioner for Industrial Development. The major responsibility for projects would rest with the Centre for Industrial Development but the participation of other agencies such as the ILO and FAO would not be excluded. The projects would not be scrutinized first by the Governing Council but a re-

port on them would be made to that body ex post facto by the Administrator of the Development Programme.

31. The proposals put forward in the operative part of the draft resolution were practical, constructive and non-controversial. They suggested a means of making immediate progress in industrial development in a manner upon which all could agree. On the other hand, there was no agreement on the long-term machinery to be established. His delegation was still not convinced that a new specialized agency was the right solution. At a time when there was a healthy desire to review all the organs within the purview of the Economic and Social Council, it was hardly the right time to propose the addition of a body whose structure might already be obsolescent. He hoped therefore that delegations would not insist on a new specialized agency but would concentrate rather on practical steps of the type outlined in draft resolution A/C.2/L.809.

32. Mr. BRADLEY (Argentina) said that the sponsors of draft resolution A/C.2/L.805 had not had time to consult all the developing countries but would welcome their support.

The meeting rose at 1.10 p.m.