

United Nations  
**GENERAL  
ASSEMBLY**

TWENTY-FIRST SESSION

Official Records



**SECOND COMMITTEE, 1045th  
MEETING**

Wednesday, 26 October 1966,  
at 10.35 a.m.

**NEW YORK**

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**Chairman:** Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development  
(*continued*) (A/6433):

(b) Report of the Ad Hoc Committee on the United  
Nations Organization for Industrial Development  
(*continued*) (A/6229, A/6303, chap. IV, sect. IV;  
A/6368, A/6369, A/6415, A/6468, A/6473, A/6474,  
A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1,  
A/C.2/L.868 and Add.1, A/C.2/L.869)

1. Mr. TEMBOURY (Spain) said he was glad to note that at a time when the hopes of the developing countries were disappointed owing to the unsatisfactory results of the first half of the United Nations Development Decade, the General Assembly was about to rectify a regrettable omission. For twenty years the United Nations bodies had dealt with agricultural, monetary, financial and trade problems but had made only sporadic attempts to promote industrialization. It was, however, only right to pay a tribute to one of the bodies, the Centre for Industrial Development, which, although its resources were limited, had achieved positive results and had succeeded in preparing the way for the creation of the United Nations Organization for Industrial Development (UNOID).

2. The draft resolution of the Ad Hoc Committee on UNOID (A/C.2/L.863 and Corr.1) was a compromise text which could not fully satisfy the wishes of all delegations; but as the discussion had shown, it had a considerable measure of agreement behind it, and it formed a good basis for the setting up of the new Organization. His delegation would support the draft resolution, subject to the amendment proposed by Algeria (A/C.2/L.869), and did not think it necessary to maintain the reservation it had made in the Ad Hoc Committee.

3. It believed that UNOID, while granting priority to countries which particularly needed technical and financial assistance in connexion with industrialization, should be at the disposal of all its members, since there was no country, however advanced, which could not benefit by the experience acquired through joint effort.

4. The industrial development aimed at should, moreover, be accompanied by a systematic and progressive expansion of the markets in order to ensure the profitability of the new undertakings.

5. The generous offers received with regard to a site for the headquarters of UNOID should be examined carefully to ensure that the site chosen was the one best suited to the aims of the Organization. The secretariat should be composed of outstandingly competent and experienced officials recruited on the basis of equitable geographic distribution.

6. While his delegation recognized that the various aspects of industrialization were primarily a matter for UNOID, it nevertheless believed that the co-ordination of the activities of the United Nations bodies in that field should, as provided in the United Nations Charter, be the responsibility of the Economic and Social Council, which was in a position to prevent overlapping and disputes as to competence.

7. If UNOID was to prevent the social tensions of which the industrial revolution of the nineteenth century had left bitter memories, it must, in co-operation with other specialized agencies, endeavour to make full use of all the means available in the present century for implementing the social progress that must accompany economic development.

8. He wished, in conclusion, to assure the Committee of his country's desire to co-operate fully in the work of the new Organization by contributing the fruits of its experience and making every effort to take advantage of the lessons learned in other countries.

9. Mr. AGIUS CESAREO (Malta) recalled the doubts his delegation had expressed at the twentieth session as to whether the establishment of UNOID would further the industrial development of poor countries. The draft resolution of the Ad Hoc Committee on UNOID had not dispelled those doubts.

10. In the first place, would the machinery to be established enable UNOID to function smoothly? Secondly, were the functions proposed for UNOID such as to give an assurance that its activities would be directed towards practical assistance in the establishment of industries in individual countries, and not towards global and unsolicited advice on policies, the establishment of global guidelines, repetitive exchanges of experience and endless research? If the Ad Hoc Committee had sought the opinion of all the Members of the United Nations, a number of them could have made suggestions that might have materially improved the draft resolution. The latter provided, for instance, that UNOID was to be "an autonomous organization within the United Nations", but according to paragraph 32 it appeared that it would be a department

of the United Nations Secretariat. It was not clear either from paragraph 7 (h) of the draft resolution whether the work of UNOID would be co-ordinated by the Economic and Social Council, like the work of the specialized agencies. The financial arrangements did not seem very appropriate for an autonomous organization, and his delegation had strong reservations about the financing from the United Nations budget of the wide research activities which might be undertaken by UNOID under paragraph 2 of the draft resolution. It was also unable to understand the precise meaning of paragraph 22 (c) regarding the utilization of the resources of the United Nations regular programme of technical assistance.

11. It was paragraph 2 of the draft resolution, however, that aroused the greatest fears of his delegation. The majority of the activities listed in paragraph 2 (a) did not come within his delegation's definition of the word "operational"; paragraph 2 (b) spoke of global studies and global research which, though useful in universities, were of limited utility to Governments which had to deal with concrete problems.

12. His Government, which urgently needed practical advice and financial resources to ensure its industrial development, yielded to none in its desire to see the United Nations make a greater contribution to industrial development; but in view of the formulation of the vital paragraph relating to the functions of UNOID, it could not endorse the draft resolution. He would accordingly abstain from voting and expressed the hope that the expert direction of the Industrial Development Board would repair the deficiencies of the draft resolution and that his delegation would be able in 1967 to give a whole-hearted vote of confidence to the new and extremely important Organization.

13. In conclusion, he said that he strongly favoured the Algerian amendment, which materially improved paragraph 2 (a), (ix).

14. Mr. AL-AGROUSH (Saudi Arabia) congratulated the Ad Hoc Committee on UNOID on its draft resolution, which he hoped would be adopted unanimously. His delegation did not doubt that the new Organization would meet the aspirations of the developing countries by helping to narrow the gap between those countries and the developed countries. It appealed to all States to contribute generously to the financing of the new Organization.

15. His delegation would vote in favour both of the draft resolution and of the Algerian amendment.

16. Regarding the headquarters of the new Organization, his delegation would like to see it established in a developing country, preferably Turkey.

*The meeting was suspended at 11 a.m. and resumed at 11.15 a.m.*

17. Mr. PEREZ LOPEZ (Mexico) said he would like first of all to emphasize his delegation's interpretation of operative paragraph 2 (a), (i) and (vi) of the draft resolution. The industrialization process, which always began with import substitution, was very soon confronted with the problem of the smallness of the domestic markets. The solution for that problem was the constitution of free-trade areas and common markets. Latin America had already set up the

Central American Common Market, composed of five countries, and the Latin American Free-Trade Association, composed of ten countries, and it had realized that many difficulties could be overcome by the economic integration of an entire region. Such integration implied rational and co-ordinated planning of industrialization, namely, the selection of industries and the judicious choice of the siting and size of undertakings to ensure that they had a sufficient scale of production to make their prices reasonable. Programming of that kind was extremely delicate, and consequently UNOID must, in his delegation's view, pay special attention to the regional integration of industrial development.

18. Despite its brevity, operative paragraph 2 (b) dealt with a function that was most important for the success of UNOID, since it would have to plan a strategy of industrialization in the developing countries that could help Governments to choose between a number of alternatives. The advisory functions of UNOID must play an essential part, and it would be unfair to measure the success of the Organization by the number of factories it helped to construct, since the implementation of specific projects depended on many different factors, such as financing, a country's monetary and political stability and its fiscal policy, etc., over which UNOID had no control whatever.

19. His delegation therefore believed that the secretariat of UNOID should be composed essentially of a small nucleus of highly competent officials who would be able to launch new ideas and draw up industrialization policies at the local, national, sub-regional, regional and international levels. For the feasibility studies it would be required to undertake, the secretariat should have the services of thoroughly competent experts recruited on either a temporary or a permanent basis.

20. His delegation wished to express its gratitude to the Ad Hoc Committee on UNOID for the draft resolution it had prepared. It would vote in favour of the draft resolution and of the Algerian amendment.

21. Mr. LOBANOV (Union of Soviet Socialist Republics) thought that the statement of administrative and financial implications submitted by the Secretary-General (A/6481) made it possible to tackle effectively the organizational questions raised by the establishment of UNOID. His delegation thought those problems were quite as important as the questions of the new Organization's general policy and resources, for to endow UNOID with an organic framework which was defective would inevitably make it inefficient, whatever the resources placed at its disposal. It would require a collective analysis and research effort to work out a satisfactory structure, and that proposed by the Secretariat was not in keeping with the purposes planned for UNOID. Moreover, the proposed functional outline gave no indication as to the framework of the future secretariat. His delegation thought that the secretariat of UNOID should be as compact and efficient as possible. It should secure the services of highly qualified specialists capable of administering it flexibly and of keeping administrative costs down to the minimum. It should not be encumbered with supernumerary staff, and all its

services should be directly linked with operational activities.

22. The example might be followed of the organization of the Centre for Industrial Development, which had passed the trial period and now needed only to be improved and enlarged. The new Organization would thus have two main operational units concerned with activities in the fields of industrial technology and research respectively, and headed by deputy executive directors. The establishment of a management committee made up of the Executive Director, his two deputies and the chiefs of the main services would obviate the errors which might arise from the absence of a collegiate-type of administration. The Executive Director should, of course, be assisted by a unit with purely administrative functions. His delegation hoped that question would be examined later, at the first session of the Industrial Development Board.

23. With regard to the question of the total strength of the UNOID secretariat, he thought that the figure of 300 professional staff—plus an unspecified number of general service staff, probably over 200—proposed in the annex to document A/6481, was too high and would be more suitable for a kind of world ministry of industrialization. The total number of staff in both categories should not exceed 300, if a dispersion of UNOID's activities was to be avoided. Similarly, the estimate of \$750,000 to cover 1967 costs for additional personnel seemed too high. He hoped that the consideration of that question by the Fifth Committee would make it possible to effect some savings. It was, moreover, to be regretted that the document in question did not mention the possibility of transferring to UNOID the appropriations earmarked for unfilled posts in the Department of Economic and Social Affairs and, more particularly, in the Resources and Transport Division. Such transfers would enable considerable savings to be made. In conclusion, he expressed the hope that the Executive Director of UNOID would take note of his observations and that the Industrial Development Board would give the organizational questions the attention they deserved.

24. Mr. AL-RIFAE (Kuwait) said he felt sure that his country, which needed assistance in drawing up industrial development programmes and specific projects, and for the training of the necessary staff, would obtain the utmost benefit from the activities of UNOID.

25. Kuwait was aware of the need to diversify its economy and lessen its dependence on the proceeds from oil sales, and had already established a planning board and an institute for the training of officials and specialists from Kuwait and the neighbouring Arab countries in social, economic and financial planning. His Government also granted subsidies for the establishment of petrochemical industries to make use of the vast quantities of gas which were at present destroyed in oil extraction.

26. His delegation unreservedly supported the establishment of UNOID and hoped that all the delegations would be able, in a spirit of compromise, to express their support for the draft resolution, so that the Organization could start operating early in the coming year.

27. Among the various offers to provide a site for the Organization, the one should be chosen which gave the best guarantees of economy and ease of access. The staff of the Organization should be recruited from highly competent experts.

28. Mr. VIAUD (France) said it was natural that the representatives of the countries making the largest contributions should express doubts or make reservations with regard to the budget estimates drawn up by the Secretariat. It was to be noted in that respect that, as the Secretary-General had emphasized in his report (A/6481), the estimates were of a provisional or even arbitrary nature. They would undoubtedly have to be re-examined at the first session of the Industrial Development Board. The assessment of UNOID's expenses depended, in fact, on several factors such as the preparation of the new Organization's work programme and the selection of its site. With regard to the latter, the report stated that the estimates were presented on the assumption that the headquarters of UNOID would be in New York. However, no decision had been made on that, and other possibilities were still open. The same was true of the budgetary advance of \$750,000 proposed by the Secretary-General. Those questions should therefore be left open so that the Fifth Committee could study the estimates in greater detail.

29. Mr. MUZIK (Czechoslovakia) said that his delegation would make known its final decision to the Fifth Committee in regard to the Secretary-General's statement of administrative and financial implications. No decision had as yet been taken on the work or on the site of UNOID. The possibility of housing UNOID in New York at all events seemed to be ruled out, since it was difficult enough to accommodate the present Centre for Industrial Development in the Secretariat building. In order to facilitate an early decision, a comparative study of the facilities offered by the different countries and the respective financial implications should be prepared.

30. With regard to the staff of UNOID, the increase proposed in paragraph 14 of document A/6481 seemed unavoidable. The proposed lump sum of \$750,000 to cover the cost of additional personnel services would make it possible to recruit some fifty new staff members. Such a step might be justified, but it should be covered, in part at least, by transferring to UNOID appropriations earmarked for unfilled posts in other departments of the Secretariat; in other words, the increase in the total staff of UNOID should not necessarily involve a corresponding increase in the total staff of the Secretariat. The structure of the UNOID secretariat should be simple and the responsibilities of the various units and their mutual relations should be clearly defined so as to avoid duplication. The functional outline annexed to document A/6481 was not satisfactory in that respect.

31. To apply the above-mentioned principles, the central services and the regional and field services could, as proposed, be headed directly by the Executive Director. However, the implementation of operational projects, which was the primary task of the technical services, should not be included in the functions of the regional and field services. Moreover, the units concerned with engineering and metallurgy, elec-

tricity, transport and other machinery, chemical industries, textiles and other consumer industries should be headed by another deputy executive director. Such a structure would make for a better division of responsibilities and the smoother functioning of the secretariat.

32. Paragraph 11 of document A/6481 stated that the organizational questions would need to be reviewed in the light of decisions to be taken by the Industrial Development Board. Some organizational aspects could, however, be dealt with at once. For example, the proposed functional outline provided for a statistical analysis group for UNOID. However, there was already in the Secretariat itself a Statistical Office which included an industrial statistics section. It would be interesting to have fuller details on the respective roles of those services.

33. Mr. VLADOV (Bulgaria) said that the Committee was not yet in a position to discuss document A/6481, which had been submitted at short notice. Detailed consideration of the document should be left to the Industrial Development Board. He agreed with all delegations which had expressed the hope that the new Organization would be efficient, uncomplicated and capable of exercising direct supervision over the implementation of projects without having to pass through intermediaries. The question of administrative and financial implications should be referred to the Industrial Development Board for consideration at its first session.

34. Mr. LORENZO FERNANDEZ (Brazil) said there appeared to be general agreement that the Committee would not have time for a detailed discussion of document A/6481. The discussion of that document would in any case be premature; the functional outline was incomplete, and the Secretariat would have to fill in all the necessary details. Before expressing an opinion on the administrative and financial implications, he would like to hear the views of the Fifth Committee.

35. Mr. WOULBROUN (Belgium) recalled that his delegation had already urged, at the 1043rd meeting, that the budget for the UNOID secretariat should be drawn up with the greatest possible concern for economy and efficiency. As it was, the Secretary-General in his report (A/6481) had proposed a sum of \$750,000 to cover the costs of additional personnel in 1967. As the French representative had pointed out, the report should be regarded as provisional until the first session of the Industrial Development Board; Belgium reserved the right nevertheless to raise the question in the Fifth Committee. His delegation would also like to know whether a "development of financing institute", which was mentioned in the functional outline in the annex to the Secretary-General's report under the heading "Industrial Financing", was really one of the functions assigned to UNOID in paragraph 2 (a), (xi) of the draft resolution; in other words if it was a question of one institute or, what seemed more likely, of several institutes.

36. Mr. BOIKO (Ukrainian Soviet Socialist Republic), referring to the Brazilian representative's observations, said that the Ukrainian representative in the Fifth Committee had asked him what the Second Committee's views were on the administrative and financial

implications, as the Fifth Committee would be guided by what the Second Committee decided in that matter.

37. The structure of the new Organization would depend on the programme of work for UNOID which the Executive Director would be submitting to the Industrial Development Board at its first session; and that was obviously the reason why document A/6481 was drafted in general terms only. As other representatives had already said, the Organization should at all costs be efficient, and its efficiency would depend largely on the structure of its secretariat and on the extent to which its activities were co-ordinated with those of other United Nations bodies. The report only skimmed the surface of those problems and provided merely a functional outline—not a detailed structure—of the secretariat. Nothing was said, for example, of the relationships between the various departments, which in any case did not seem to be well balanced. The technical services, for instance, were to comprise ten sections and thirty-nine units, which would absorb 70 to 80 per cent of the total staff. Further, in paragraph 14 it was stated that a total sum of \$750,000 had been proposed to cover the cost of additional personnel services in 1967, which represented about fifty posts, but there was a reference elsewhere to 183 staff members for 1967. He would like to know how many of those posts would have to be filled and how many were already filled within existing departments of the Secretariat. All those questions called for detailed discussion, and no decision on them could be taken until UNOID's programme of work had been submitted to the Industrial Development Board.

38. Mr. BELEOKEN (Cameroon) said that the sponsors of the amendment to operative paragraph 2 (a), (x) (A/C.2/L.868 and Add.1) were sorry that there had been some lack of co-ordination in their negotiations with the other groups of countries. They found themselves in rather a difficult situation, for while they attached great importance to their amendment, they were also afraid that they might be accused of having violated the undertaking given by the three groups of countries not to propose any amendment to the draft resolution except to paragraph 2 (a), (ix). As their amendment did not involve any issue of substance, the fourteen delegations concerned hoped that the Committee would adopt it, on the understanding that their departure from the undertaking previously given would not constitute a precedent.

39. The CHAIRMAN invited the Committee to vote on the fourteen-Power amendment to operative paragraph 2 (a), (x) (A/C.2/L.868 and Add.1).

40. Mr. DELGADO (Senegal) said that, unless the Committee was prepared to adopt the amendment without opposition, his delegation would request a roll-call vote.

41. Mr. WALDRON-RAMSEY (United Republic of Tanzania) supported the Senegalese representative's request.

42. Mr. BRADLEY (Argentina) suggested that the amendment should be put to the vote and that delegations should be invited to explain their votes afterwards.

43. Sir Edward WARNER (United Kingdom) supported the Argentine representative's proposal.

44. Mr. VIAUD (France), noting that there was to be a roll-call vote, said that he wished to avoid any misunderstandings. The Western group had not decided—or, at least, he was not aware that it had decided—to oppose any further amendments, and his delegation, for one, would vote for the proposed amendment.

*A vote was taken by roll-call.*

*Greece, having been drawn by lot by the Chairman, was called upon to vote first.*

*In favour:* Greece, Guinea, Hungary, Iceland, Indonesia, Israel, Italy, Ivory Coast, Kenya, Madagascar, Malawi, Mauritania, Mongolia, Netherlands, Niger, Nigeria, Norway, Poland, Romania, Rwanda, Senegal, Sierra Leone, Spain, Togo, Tunisia, Turkey, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Tanzania, Upper Volta, Zambia, Belgium, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Chad, China, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Czechoslovakia, Dahomey, Denmark, Ethiopia, France, Gabon, Gambia, Ghana.

*Against:* Guatemala, Haiti, Jordan, New Zealand, Peru, United Kingdom of Great Britain and Northern Ireland, Argentina, Burma, Colombia.

*Abstaining:* Honduras, India, Iran, Iraq, Ireland, Jamaica, Japan, Kuwait, Laos, Lebanon, Liberia, Libya, Malaysia, Mali, Malta, Mexico, Morocco, Pakistan, Panama, Philippines, Portugal, Saudi Arabia, South Africa, Sudan, Sweden, Syria, Thailand, Trinidad and Tobago, United Arab Republic, United States of America, Venezuela, Yugoslavia, Afghanistan, Algeria, Australia, Austria, Brazil, Ceylon, Ecuador, Finland.

*The amendment was adopted by 52 votes to 9, with 40 abstentions.*

45. The CHAIRMAN put to the vote the Algerian amendment to operative paragraph 2 (a), (ix) (A/C.2/L.869).

*The amendment was adopted unanimously.*

46. The CHAIRMAN read out the following explanatory note which reflected the general consensus of the Committee on the interpretation to be given to the amendment to operative paragraph 2 (a), (ix):

"The purpose of the Organization, as set forth in section II, paragraph 1, of the resolution, is to provide for international co-operation in promoting

industrial development in accordance with the relevant provisions of the United Nations Charter. It is understood that the Organization will perform all its functions, as detailed in paragraph 2 of the draft resolution, bearing in mind the need for international co-operation provided for in section II, paragraph 1."

47. Mr. MUZIK (Czechoslovakia) and Mr. MAKEEV (Union of Soviet Socialist Republics) request a separate vote on a phrase which appeared in paragraphs 3, 13, 16, 22 (a) and 26 of the draft resolution.

48. The CHAIRMAN put to the vote the words "from among States Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency" in paragraph 3 of the draft resolution, the words "Member of the United Nations or member of a specialized agency or of the International Atomic Energy Agency" in paragraphs 13 and 16, and the words "Members of the United Nations, members of the specialized agencies and of the International Atomic Energy Agency" in paragraphs 22 (a) and 26.

*The Committee decided that the words concerned should be retained, by 63 votes to 11, with 18 abstentions.*

49. The CHAIRMAN put to the vote draft resolution A/C.2/L.863 and Corr.1 as a whole, as amended, with the explanatory note.

50. Mr. AGIUS CESAREO (Malta) said that, as he had already stated, his delegation would abstain from voting.

*The draft resolution, as amended, was adopted by 99 votes to none, with 1 abstention.*

51. The CHAIRMAN suggested that in view of the late hour, statements in explanation of vote should be postponed to the next meeting.

*It was so decided.*

52. The CHAIRMAN, after recalling the suggestion made by the Indonesian representative at the last meeting, suggested that the English title of the new Organization should be the United Nations Industrial Development Organization (UNIDO).

*It was so decided.*

*The meeting rose at 1 p.m.*

