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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION:
INDUSTRIALIZATION

Report of the formal meeting on the conversion of the United Nations
Industrial Development Organization into a specialized agency,
convened at Vienna from 16 to 20 May 1983

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the formal meeting on the conversion of the United Nations Industrial Development Organization into a specialized agency (UNIDO/CSA/1983/10), which was convened pursuant to paragraph 1 (b) of Assembly resolution 37/213 of 20 December 1982.

* A/38/150.

ANNEX

Report of the formal meeting on the conversion of the United Nations
Industrial Development Organization into a specialized agency,
convened at Vienna from 16 to 20 May 1983

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I. INTRODUCTION

1. Pursuant to recommendations contained in paragraph 1 (b) of United Nations General Assembly resolution 37/213 of 20 December 1982, representatives of the 86 States listed in annex I of the present report held consultations, during a formal meeting convened at Vienna from 16 to 20 May 1983, on questions related to the entry into force of the Constitution of the United Nations Industrial Development Organization (UNIDO).

2. The present report is herewith transmitted to the one-day closing meeting on the conversion of UNIDO into a specialized agency to be convened in New York in accordance with paragraph 1 (c) of General Assembly resolution 37/213.

II. ORGANIZATION OF THE MEETING

3. The formal meeting on the conversion of the United Nations Industrial Development Organization into a specialized agency was opened by the representative of the Secretary-General, Mr. C. A. Fleischhauer, the Legal Counsel of the United Nations, on 16 May 1983, at Kongresszentrum Hofburg, Vienna. Mr. Fleischhauer made an opening statement.

4. For the conduct of the formal meeting the following officers were elected:

Chairman: G. W. van Barneveld Kooy (Netherlands)

Vice-Chairmen: Christo Popov (Bulgaria)
Carlos Derpsch Bartsch (Chile)
C. E. Zamba Liberty (Liberia)

Rapporteur: A. A. Khan (Pakistan)

After his election, the Chairman made a statement.

5. The agenda was adopted (see annex II).

6. On the proposal of the Chairman, the formal meeting agreed on the following rules of procedure to govern its proceedings:

(a) All conclusions of the formal meeting on any substantive matter would be adopted only by consensus;

(b) The taking of procedural decisions would be governed by chapter VII of the rules of procedure of the Industrial Development Board (ID/B/18/Rev.7 and Corr.1);

(c) The general conduct of business would be governed by chapter VI of the rules of procedure of the Industrial Development Board.

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7. At its 1st plenary meeting, on 16 May, the formal meeting decided to convert itself into a Committee of the Whole for Drafting and Negotiations. The Committee held eight meetings from 18 to 20 May. The Committee of the Whole further established a Technical Working Group for an exchange of views on item 5 of the agenda.

8. The formal meeting adopted its report as a whole at its 2nd plenary meeting on 20 May.

III. GENERAL STATEMENTS

9. During the first plenary meeting the representative of Nigeria, in his capacity as chairman of the series of informal consultations held at Vienna, (cf. para. 1 (b) of General Assembly resolution 37/213), made a statement on the informal consultations leading to the formal meeting (see annex III).

10. Subsequently general statements were made on behalf of geographical groups followed by a number of national statements (see annex IV).

11. At the last plenary meeting, the representative of the Union of Soviet Socialist Republics made a statement on behalf of the interested countries of Group D.

IV. CONCLUSIONS

12. The formal meeting adopted the following conclusions by consensus:

A. Programme of work of the new UNIDO (Agenda item 3 (a))

13. It was agreed that the conversion of UNIDO into a specialized agency should not result in disruption in the ongoing programmes of the organization during and immediately after the transition period.

14. Because of the importance of the role of UNIDO in promoting the industrialization of developing countries, particularly in the present international economic situation, it was reaffirmed that the objectives and functions as defined in articles 1 and 2 of the Constitution of the new UNIDO (A/CONF.90/19) would guide the elaboration of the programme of work of the new UNIDO, taking into account the mandates and programmes as established so far by the General Assembly, the General Conferences of UNIDO and the Industrial Development Board.

15. The need to strengthen some UNIDO activities, especially in the delivery of technical assistance, was recognized.

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B. Financial questions concerning the new UNIDO

(Agenda item 3 (b))

16. The need to ensure the provision of adequate resources to the organization to enable UNIDO to discharge its functions under the Constitution was confirmed. For this purpose, strengthening of some programmes and effective and efficient utilization of resources should be ensured.

17. Recalling paragraph 10 of General Assembly resolution 34/96, and pending decisions on the Industrial Development Fund to be taken in accordance with the Constitution of the new UNIDO, it was confirmed that existing arrangements governing the United Nations Industrial Development Fund would apply to the Industrial Development Fund. Noting with concern that the value of the United Nations Industrial Development Fund had declined in real terms since its establishment by the General Assembly and recalling resolutions 34/81, 36/199 and 37/226, which strongly reiterated the need for a substantial and real increase in the flow of resources for operational activities on an increasingly predictable, continuous and assured basis, industrialized countries in particular, and all other countries, were urged to contribute, or raise their contributions, with maximum flexibility, in order to achieve the agreed desirable annual funding level of \$US 50 million, while recognizing that contributions from developing countries accounted for around one third of the total resources of the United Nations Industrial Development Fund since its inception. The voluntary nature of those contributions was emphasized.

18. The distinction between the regular budget and the operational budget as stipulated in article 13 and in annex II of the Constitution was emphasized. In this connection it was noted that the activities presently financed under the UNIDO regular programme of technical co-operation would not constitute a single programme, as they did heretofore, after the transformation of UNIDO into a specialized agency. Bearing in mind the need to strengthen some UNIDO activities, especially in the delivery of technical assistance, it was agreed by the States participating in the formal meeting to make every effort to avoid any reduction in the activities financed by the UNIDO regular programme of technical co-operation at the time of transition.

19. It was agreed to recommend to the General Assembly to consider, if necessary, the possibility of transferring the appropriate share of its Working Capital Fund to the new UNIDO.

C. Structure and staffing of the secretariat of the new UNIDO

(Agenda item 3 (c))

20. The structure of the new organization would be determined by the guiding principles as established by the Constitution, the resolutions of the General Assembly, the General Conferences and the Industrial Development Board, to enable the organization to accomplish effectively its objectives and programmes.

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21. Staffing should be determined by article 11, paragraph 5, of the Constitution; that is, the paramount consideration should be the necessity of securing the highest standards of efficiency, competence and integrity. Due regard should be paid to the importance of recruiting staff on a wide and equitable geographical basis.

22. The need to comply with all provisions of article 11 of the Constitution was emphasized.

23. Pending the adoption of the necessary decisions by the organs of the new UNIDO, questions related to staff regulations, service conditions, and so on, should continue to be dealt with in accordance with existing rules and practices.

D. Provisional agenda of the first General Conference of the new UNIDO

(Agenda item 4)

24. It was agreed to recommend to the Secretary-General of the United Nations who, in the capacity of depositary for the Constitution, should convene the first General Conference, that he should submit the following provisional agenda for approval of the Conference:

1. Election of officers.
2. Adoption of the agenda.
3. Adoption of the rules of procedure.
4. Election of members of the Industrial Development Board and the Programme and Budget Committee.
5. Reports of the Industrial Development Board.
6. Appointment of the Director-General.
7. Scale of assessments of Member States.
8. Programme of work and financial matters:
 - (a) Programme of work;
 - (b) Regular budget;
 - (c) Operational budget;
 - (d) Financial regulations;
 - (e) Industrial Development Fund;
 - (f) Other financial matters.
9. Headquarters agreement with host country.

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10. Relationship agreements with the United Nations and other specialized agencies.

11. Date and place of the second General Conference.

25. It was agreed that, in order to ensure an effective conduct of business during the first Conference, it would be advisable to divide the Conference into three parts:

(a) Part 1 would cover agenda items 1 to 4. Following the completion of item 4, the Conference would adjourn for a brief period in order to allow the Industrial Development Board to meet and agree on the recommendation of a candidate for the post of Director-General;

(b) Part 2 would cover items 5 and 6. Following the completion of item 6, the Conference would adjourn for a longer period (three to six months) in order to allow the Secretariat, the Programme and Budget Committee and the Industrial Development Board to fulfil their constitutional tasks with regard to items 7 to 10;

(c) Part 3 would cover the remainder of the agenda, that is, items 7 to 11.

E. Transitional arrangements

(Agenda item 5)

26. The legal provisions relating to the transition of the present UNIDO into the new UNIDO as a specialized agency were examined.

27. In order to ensure the smooth transition of UNIDO, it was agreed that:

(a) It should be recommended that the Economic and Social Council set out, at its second regular session of 1983, the terms of reference of its Committee on Negotiations with Intergovernmental Agencies for the drafting of a text of a relationship agreement between the United Nations and UNIDO as a specialized agency;

(b) The arrangements under which UNIDO acted as an executing agency for the United Nations Development Programme (UNDP) should continue to apply provisionally until an executing agency agreement with UNDP was brought into force. In the meantime, the present UNIDO secretariat should prepare the draft of such an agreement;

(c) The present UNIDO secretariat should prepare documentation in order to permit the competent organs of the new UNIDO to decide speedily whether it should participate in:

- (i) The International Civil Service Commission;
- (ii) The United Nations Joint Staff Pension Fund;
- (iii) The Joint Inspection Unit;

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The present UNIDO secretariat should also prepare documentation in order to permit the competent organs of the new UNIDO to decide speedily whether it should submit to the Administrative Tribunal of the United Nations or of the International Labour Organisation and, in consultation with the Secretary-General of the United Nations, prepare corresponding draft agreements;

(d) Pending the adoption of the necessary decisions by the organs of the new UNIDO, questions related to staff and financial regulations, service conditions, and so on, would continue to be dealt with in accordance with existing rules and practices, as provided for in paragraph 2 of article 26 of the Constitution;

(e) The present UNIDO secretariat should prepare a draft annex to the Convention on the Privileges and Immunities of the Specialized Agencies, to enable the new Industrial Development Board at its first session to consider a text to be suggested to the Economic and Social Council;

(f) The present UNIDO secretariat should prepare draft rules of procedure for the Programme and Budget Committee, the Industrial Development Board and the General Conference of the new UNIDO, in order to enable these new organs to consider such drafts at their first sessions.

28. It was recommended that the competent organs of the new UNIDO immediately consider the question of establishing a working capital fund.

F. Effect of UNIDO's assumption of specialized agency status on the existing common services at the Vienna International Centre

(Agenda item 6 (a))

29. It was recognized that any changes in the existing working arrangements between the United Nations and UNIDO and the common services at the Vienna International Centre as a consequence of the transformation of UNIDO into a specialized agency were a matter to be worked out, after UNIDO became a specialized agency, by the appropriate authorities of the organizations concerned, taking into account the need to ensure efficiency and effectiveness in the United Nations system. It was recommended that the Joint Inspection Unit be asked to conduct a study of the matter and to submit its report to the competent authorities of the new UNIDO and the other organizations concerned.

30. If changes in the existing arrangements were deemed necessary they would be undertaken, in any case, taking into account the interests of the organizations concerned, the United Nations, UNIDO and the International Atomic Energy Agency (IAEA), and in conformity with established procedures governing such arrangements.

G. Relations of the new UNIDO with the host country

(Agenda item 6 (b))

31. It was recognized that it would be desirable to have the new headquarters agreement, stipulated in paragraph 2 of article 20 of the Constitution, as well as

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the necessary additional agreements, concluded between the host country and UNIDO as a specialized agency as early as possible after the transformation. The new headquarters agreement should guarantee the same privileges and immunities as provided for in the existing agreement. The additional agreements should take into account the continued presence of UNIDO, the United Nations and IAEA at the Vienna International Centre.

H. Entry into force of the Constitution of UNIDO

(Agenda item 7)

32. It was agreed that the date of entry into force of the Constitution should be fixed only when the financial viability of the new organization had been ensured. The Secretary-General of the United Nations was requested to determine, in consultation with the States that had deposited instruments of ratification, acceptance or approval, when that condition had been fulfilled. The Secretary-General was also requested subsequently to convene the one-day meeting of the consultations foreseen in paragraph 1 (c) of General Assembly resolution 37/213.

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APPENDIX I

List of States participating in the formal meeting

Afghanistan	Mexico
Algeria	Morocco
Argentina	Nepal
Australia	Netherlands
Austria	Nicaragua
Bangladesh	Nigeria
Belgium	Norway
Brazil	Pakistan
Bulgaria	Panama
Byelorussian Soviet Socialist Republic	Peru
Canada	Philippines
Chile	Poland
China	Portugal
Cuba	Qatar
Czechoslovakia	Republic of Korea
Democratic People's Republic of Korea	Romania
Denmark	Rwanda
Ecuador	Somalia
Egypt	Spain
Finland	Sri Lanka
France	Sudan
German Democratic Republic	Swaziland
Germany, Federal Republic of	Sweden
Greece	Switzerland
Guatemala	Thailand
Haiti	Trinidad and Tobago
Holy See	Tunisia
Hungary	Turkey
India	Uganda
Indonesia	Ukrainian Soviet Socialist Republic
Iran (Islamic Republic of)	Union of Soviet Socialist Republics
Ireland	United Arab Emirates
Israel	United Kingdom of Great Britain and Northern Ireland
Italy	United Republic of Tanzania
Ivory Coast	United States of America
Japan	Upper Volta
Lebanon	Uruguay
Lesotho	Venezuela
Liberia	Yemen
Libyan Arab Jamahiriya	Yugoslavia
Luxembourg	Zaire
Malaysia	Zambia
Malta	
Mauritania	

APPENDIX II

Agenda

Opening of the formal meeting.

1. Election of officers.
 2. Adoption of the agenda.
 - 2 bis. Rules of procedure of the formal meeting.
 3. Discussion on the future direction of the new UNIDO as a specialized agency:
 - (a) Programme;
 - (b) Financial questions;
 - (c) Structure and staffing.
 4. Provisional agenda of the first General Conference.
 5. Transitional arrangements.
 6.
 - (a) Effect of UNIDO's assumption of specialized agency status on the existing common services at the Vienna International Centre;
 - (b) Relations of UNIDO with the host country.
 7. Entry into force of the constitution.
 8. Outcome of the consultations and adoption of the conclusions.
- Closure of the formal meeting.

APPENDIX III

Statement by the representative of Nigeria in his capacity as
Chairman of informal consultations on the conversion of UNIDO
into a specialized agency, held at Vienna

1. Mr. Chairman, may I, on behalf of the Group of 77 and myself, congratulate you and other distinguished members of the Bureau on your unanimous election to chair the work of this meeting. In so doing, Mr. Chairman, I am well aware of the onerous responsibility your election entails. Nevertheless, having known you both personally and in your official capacities, I have no doubt that you will steer the work of this august body to a successful conclusion. In this regard, Mr. Chairman, I would like to assure you of the full co-operation of the Group of 77 in the realization of successful conclusions to our deliberations.

2. It might be useful to take stock of what we have achieved so far, in order to assess what remains to be achieved. The future is said to be very much linked with the present, and the present likewise with the past. It is in this light that I would like to give a succinct account of what has been achieved during our informal consultations here at Vienna. By virtue of my privileged role as Chairman of the Group of 77 at Vienna, I was mandated to initiate the inter-group informal consultations in pursuance of General Assembly resolution 37/213 of 20 December 1982.

3. Mr. Chairman, in pursuance of that resolution, which states the various steps for the conversion of UNIDO into a specialized agency, a one-day procedural meeting of States that had either ratified, accepted or approved the Constitution of the United Nations Industrial Development Organization was held in New York on 25 January 1983. At that meeting, a draft provisional agenda prepared by the Group of 77 at Vienna for the one-week formal consultation was presented for the consideration of participants.

4. In accordance with operative paragraph 1 (b) of the same resolution, which provided for a series of informal consultations, these consultations among distinguished representatives of the Group of 77, Groups B and D and the representative of China began on 7 March 1983. Mr. Chairman, I had the unique privilege and honour to chair these consultations. The important achievement made at our consultations was the adoption of the agenda for the one-week formal consultations which began today. This agenda, it must be recalled, was an integration of three draft provisional agendas presented by the Group of 77, Groups B and D respectively. It should also be recalled reaching agreement on the provisional agenda was not only painstaking, but challenging. It was also agreed between the groups that the Bureau of the Industrial Development Board should be the Bureau of this meeting. We should, however, congratulate all the members of the inter-group contact group for adopting the eight-item agenda before us.

5. Nevertheless, discussion of the substantive issues in the agenda was not concluded during the informal consultations. There were and still are outstanding areas where the three groups, namely the Group of 77, Groups B and D could not

reach common position. Perhaps, a brief overview will serve to remind us of an urgent need to close the existing minor gaps between us.

6. Agenda item 4, namely "Provisional agenda of the first General Conference", is an item which would have given us reason for smiles, but for a small problem which is still pending. The three groups have agreed on the provisional agenda for the first General Conference which is largely based on the Group-of-77 draft.

7. The tentative allocation of items to various parts of the General Conference, the timing of which is dictated by the various constitutional requirements for recommendation of proposals to come to the General Conference from the Programme and Budget Committee and the Board, has also been tentatively agreed by the groups.

8. In conclusion, I am pleased to inform distinguished delegates that, although the three groups did not agree on all the issues during the two months of informal consultations, the prevailing spirit was that of understanding for each other's views and of seeking compromises as much as possible. The informal consultations achieved concrete results in many respects although some matters are still pending. It is my fervent hope and earnest prayer, that all the distinguished representatives assembled here will display the necessary goodwill and esprit de corps during this week of deliberations so that we can narrow the existing minor differences between us and arrive at a successful conclusion of this important meeting. I have no doubt in my mind that the end of the long journey is in sight. On behalf of the participants of the informal consultations, Mr. Chairman, I wish all of us success in this endeavour.

APPENDIX IV

General statements delivered on behalf of groups of States
and individual States at the opening of the formal meeting
on the conversion of UNIDO into a specialized agency

The statements made on behalf of geographical groups as well as the national statements mentioned in paragraph 10 above are reproduced below in the order in which they were delivered.

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GROUP OF INTERESTED WESTERN EUROPEAN AND OTHER COUNTRIES

Statement by the representative of Denmark
on behalf of the Group

1. Mr. Chairman, I should like to make the following statement on behalf of the group of interested Western European and other countries participating in this meeting.
2. Mr. Chairman, on behalf of our Group, we would like to congratulate you as well as the Vice-Chairmen and the Rapporteur on the unanimous election to the Bureau of this meeting. We are confident that under the leadership which you have shown already over the last three weeks during the seventeenth session of the Industrial Development Board we shall indeed be successful in our work this week. We would also like to extend a welcome to Dr. Fleischhauer and his collaborators here at Vienna.
3. More than four years have now passed since the Constitution of UNIDO was adopted. In the ensuing years the number of countries that have ratified the new Constitution has steadily risen and last summer it surpassed 80, making the transformation of UNIDO into a specialized agency possible. The process of consultations on the transformation of the organization into a specialized agency was set in motion by the General Assembly through its adoption by consensus of resolution 37/213. Gathering here today it is our task to carry out a vital step in this transformation process.
4. All countries in our group are conscious of the importance of industrialization in the overall development process of developing countries and the positive role which UNIDO can play in this regard. We therefore fully support the transformation of UNIDO into a specialized agency.
5. Much work has already been done, but at the same time much remains to be done. Over the past two months under the inspired leadership of Ambassador Umar of Nigeria, member States have worked hard and constructively to pave the way for the agreements and understandings which we have been asked to reach. It is our hope that the friendly and positive atmosphere which has characterized these preliminary consultations will prevail during this week's formal consultations. We pledge to approach them in that spirit.
6. The transformation of an existing organization from being an organ of the General Assembly of the United Nations to being a specialized agency is a novelty. It is the first time in the history of the United Nations that such a transformation has taken place. This places an important responsibility on those who are charged with executing this transition. The birth of a new organization should be an opportunity for new ideas and for a fresh approach to existing ideas. At the same time, however, though the "old UNIDO" is soon to disappear, the activities of the organization will continue, in the field as well as in headquarters.

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7. It is indispensable that these activities are not disrupted by the transformation process. This applies both to the in-house work, and - perhaps even more important - to the activities of UNIDO in the field, aimed at promoting the industrialization of developing countries. We note that this approach was confirmed already in 1979 when the General Assembly adopted resolution 34/96 concerning the transformation of UNIDO into a specialized agency and decided that the programme budget approved by the Assembly for UNIDO would fund the new organization throughout the calendar year during which the first General Conference was held.

8. The Constitution of the new UNIDO provides the governing organs of the organization greater authority over its work than has hitherto been the case, a change that is perhaps the single most important consequence of the transformation. The seventeenth session of the Industrial Development Board clearly showed the weakness of the separation of powers between the Board and the General Assembly in the question of the programme budget. We are confident that the system laid down in the Constitution will give all member States a better opportunity to guide the future work of the organization.

9. UNIDO, like any other organization within the United Nations system or outside, must be structured in such a way that it can fulfil its tasks with maximum efficiency and a minimum of administrative cost. Although one should never lose sight of the possibility of improving the efficiency of an organization, the countries on whose behalf I have the honour to speak feel that the present structure of the secretariat of UNIDO by and large meets the test.

10. We do not deny that the transformation of UNIDO provides a valid opportunity to take stock of the present structure but, at the same time, I should like to stress that our countries neither collectively nor individually have any intention whatsoever of making our consent to ratification or participation in the notification of entry into force dependent on obtaining special privileges contrary to the Constitution.

11. Within 90 days of the entry into force of the Constitution of UNIDO its first General Conference will be convened by the Secretary-General of the United Nations in his capacity of depositary for the instruments of ratifications. The agenda for the Conference will eventually be decided by the participants themselves but, in order to allow member States to arrive at the Conference with a clear understanding of the issues to be discussed, we consider it important that the Secretary-General be provided with an indication of the issues which the members of the new UNIDO would wish to take up. In this connection we are pleased to note that, in the course of the preconsultations, it has been possible to reach a large measure of understanding on how the first General Conference is to take place. We note that agreement has been reached on the desirability of having the Conference divided into three parts allowing the other governing organs of the new organization to fulfil their constitutional task between sessions.

12. The transformation of UNIDO will require the adjustment and revision of a large number of existing arrangements, for instance, concerning the relationship between UNIDO and other bodies of the United Nations system. We consider it important that such arrangements be adapted to the new status of UNIDO at its

earliest convenient date so as not to cause any disruption in the ongoing work. If necessary, we stand ready to agree to a temporary extension of existing arrangements pending the adoption of revised arrangements by the governing organs of the new UNIDO.

13. The same applies to the many rules and regulations concerning the staff of UNIDO.

14. Since the opening of the Vienna International Centre in 1979 we have seen a number of common and joint services developing in the building. Our countries strongly support the principle of rationalization of the activities in the Centre. We are pleased to note that, in a number of fields, common and joint services have been established, leading to a considerable savings. Though we recognize that the change in the status of UNIDO could necessitate legal or other adjustments in the present arrangements, we are firmly of the opinion that substantive changes should not be implemented merely because of the change of the formal status of UNIDO.

15. If changes are to take place, it must be established that they are necessary consequences of the change in the status of UNIDO and that they should not result in additional costs for the member States. In this connection I should like to stress that money spent on superfluous administrative activities is money lost for the industrial development of developing countries.

16. We recognize that it may be difficult for individual member States to assess the optimal solution with regard to the common and joint services in the Vienna International Centre after the transformation of UNIDO. This is why we propose that this gathering recommend to the Advisory Committee on Administrative and Budgetary Questions that it request the Joint Inspection Unit to conduct an urgent study in this regard.

17. As it was already implied in the exchange of letters of 19 January 1981, the transformation of UNIDO into a specialized agency will require the conclusion of a new headquarters agreement with our host country as well as new agreements with regard to the utilization of the Vienna International Centre. In particular, for the conclusion of the latter it is of importance to know the future allocation of the common and joint services among the various organizations occupying the Centre.

18. I have already had the opportunity to stress the position of the countries of our group that the transformation of UNIDO into a specialized agency should not disrupt the ongoing activities of the organization. Although 96 countries have already deposited their instrument of ratification, thus easily surpassing the required minimum number of 80 necessary for the entry into force of the Constitution, we nevertheless have to recognize the inescapable fact that those 96 countries cover less than 40 per cent of the budgetary base of UNIDO.

19. Much as we would like to see an early transformation of UNIDO into a specialized agency, we nevertheless have to acknowledge that such a budgetary base is insufficient to ensure a smooth transition. The lack of a sufficient budgetary base is due to the fact that the constitutional process necessary for the

ratification of the new Constitution has not yet been completed in a number of member States. It may therefore not be possible in the course of this week to set a definite date for the entry into force of the Constitution.

20. However, we pledge our readiness to let the transformation of UNIDO into a specialized agency take place as soon as the organization is assured a financial basis comparable to the one which exists for UNIDO in its present status.

21. Regrettable as it may be that a definite date for the entry into force cannot be set, this should not deter us from trying to reach agreement on the substantive questions on our agenda. Members of our group stand ready to participate in an active and constructive spirit in the elaboration of universally agreed conclusions on these questions, thus ensuring that, as soon as a sound financial basis has been achieved for the new UNIDO, the entry into force of the Constitution can take place without delay.

GROUP OF 77

Statement by the representative of Nigeria, Chairman of the Group

1. Mr. Chairman, I have already had the opportunity to congratulate you and your colleagues. I would like, however, to seize this opportunity to congratulate the representative of the Secretary-General and to thank him for the inspiring statement he made to us this morning.

2. Today marks an epoch in the history of the United Nations system. Slightly more than seven and a half years ago, to be precise - on 16 September 1975, during its 2349th plenary meeting at its seventh special session, the General Assembly of the United Nations adopted resolution 3362 (X-VI), appropriately entitled "Development and international economic co-operation". This resolution endorsed the recommendations of the Second General Conference of UNIDO, regarding the conversion of UNIDO into a specialized agency within the United Nations system.

3. Mr. Chairman, while I do not intend to bore distinguished delegates here with unnecessary historical details, for I believe we are all acquainted with them, it will suffice to say that the journey to the "promised land" has been long and tortuous. For example, whereas the resolution I earlier referred to was adopted the same year as the Lima Declaration and Plan of Action adopted at the end of the Second General Conference of UNIDO, held at Lima, Peru, in 1975, the Constitution of the new UNIDO was eventually adopted on 8 April 1979, nearly four years after resolution 3362 (S-VI) was passed and in spite of the General Assembly's request in its various resolutions between 1976 and 1978.

4. Negotiations for the Constitution of the new UNIDO were not easy. Between 19 March and 7 April 1979, the Negotiating Committee held 28 meetings to resolve some outstanding issues. Scheduled meetings lasted into the early hours of the next morning, while informal consultations were conducted round the clock - often outside the conference venue. Consequently, the various regional groups made concessions on their original positions before consensus could be reached on the acceptable text of the Constitution before us today.

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5. It is exactly four years, one month and nine days today since the adoption of the Constitution of the new UNIDO. While this length of time may not be too significant, it is equally true that breath-taking events have been known to take place within a shorter space of time, throughout history. We are all aware of the continuously deteriorating economic situation which affects those of us in the developing world most. We also basically agree on the need to redress this situation and save mankind from this shameful state of affairs. If we are to make any meaningful progress in the realization of the grand objective of saving mankind from the scourge of poverty, illiteracy and disease, then we must collectively resolve to display the necessary political will needed for the achievement of such a goal.

6. It is the view of the developing countries that the conversion of UNIDO is part of the effort in this direction. UNIDO has the primary objective of promoting and accelerating industrial development in the developing countries with a view to assisting in the establishment of a new international economic order. It also has the additional task of promoting industrial development and co-operation at global, regional and national levels.

7. A little over 16 years ago, on 1 January 1967, the present UNIDO was established. That epoch-making event gave a ray of hope to the people of developing countries. But right from its birth, it was clear to many that, if the organization was to achieve its lofty objectives, it ought to be given more flexibility for independent action in its prescribed area of competence. Others held a different view at the time. The resulting compromise was an organization entrusted with enormous responsibility but bereft of the much needed legal independence to pursue its mandates. Even then, the achievements of the organization under its various able chief executives and dedicated officials have not only been impressive but acclaimed by all of us.

8. Mr. Chairman, as we assemble here today and in the days ahead to deliberate and eventually put the seal on the processes leading to the emergence of a new UNIDO, we should have at the back of our minds the yearning and aspirations of two thirds of mankind in the developing world. These people are waiting anxiously for the outcome of our deliberations! Mr. Chairman, I wish to assure you that they know that we are here engaged in part of a global effort to unfetter the shackles of a low standard of living which is the result of a less developed economy.

9. Mr. Chairman, you are well aware that, throughout the two months of our informal consultations, the Group of 77 has displayed a much needed team spirit and spirit of compromise, without which we would not have achieved what we have achieved today. In the context of General Assembly resolution 37/213, we initiated informal consultations with distinguished representatives of other groups. One of the outcomes of this series of consultations is the agenda before us, which has just been adopted. Regarding the substantive agenda items, the Group of 77 has always made its position very clear.

10. The Group of 77 is of the opinion that the conversion of UNIDO into a specialized agency should not disrupt the activities of the organization and that the new UNIDO should continue to implement the mandates it has received from the

General Assembly and the previous General Conferences. This would naturally necessitate some expansion of the programmes and activities of the new UNIDO, particularly as the Assembly has reconfirmed, in resolution 37/212, the various priorities for UNIDO for 1984-1985. Happily still, the seventeenth session of the Industrial Development Board, which you very ably chaired, reaffirmed these priorities. In order to enable the new UNIDO to implement its programme mandates, the Group of 77 feels that adequate resources should be made available to UNIDO.

11. Regarding the structure and staffing of the new organization, the Group of 77 views the present composition of the Secretariat at the highest echelon as reasonable. The structure of the new organization should be determined by the need for the highest standard of efficiency, competence and equitable distribution of posts, and should flow from its objectives and programmes. However, any concrete point in the context which other groups may wish to bring up can be discussed.

12. On the transitional arrangements, it is the view of the Group of 77 that the question of the establishment of a working capital fund at a level equivalent to 10 per cent of the organization's regular budget should be considered by member States, if the transition process is to be problem-free.

13. The effect of the transformation of UNIDO into a specialized agency on the existing common services at the Vienna International Centre is a matter that should be worked out by the Director-General of the new organization with the appropriate authorities of other organizations concerned. In so doing, however, article 19 of the Constitution should not be lost sight of and the need to ensure efficiency and effectiveness in the United Nations system should be given utmost consideration. As all these arrangements will take some time, it is our view that, until the new arrangements are in place, the existing ones should continue.

14. While we are very eager to see the Constitution of the new organization enter into force without undue delay, we feel that the date of entry into force of the Constitution should have as its predicate the financial viability of the organization. Like a new-born baby, the new UNIDO should learn to crawl before it attempts to walk. But also like a new-born baby, the period between crawling and walking should not be unnecessarily long lest it becomes permanently crippled. My appeal is directed to those of us here who have not yet ratified the Constitution to please do so in order not to allow young UNIDO to become crippled.

15. Having said all this, it is my firm belief that the task ahead of us, though seemingly daunting, is not insurmountable. The progress made in the series of informal consultations preceding this formal meeting gives us reason for optimism. However, we are at a loss to ascertain whether or not the interested States are prepared and ready to join those of us that have agreed to and ratified the Constitution. With the display of the necessary political will and good faith by all of us here, the Group of 77 is hopeful that at the end of this meeting, we shall all be congratulating ourselves on a job well done. It is in this light that, on behalf of the Group of 77 and my humble self, I wish all of us successful deliberations in the week ahead.

GROUP OF ASIAN COUNTRIES MEMBERS OF THE GROUP OF 77

Statement by the representative of India, Chairman of the Group

1. Mr. Chairman, I make this statement on behalf of the Asian Group countries members of the Group of 77. It has the authority of its members, having been seen and approved by all of them. Our Group recognizes that this is a special and delicate stage of our effort to translate UNIDO into a specialized agency; and we deem it important to pronounce ourselves with precision and certainty.
2. All of us belonging to the Asian Group are pleased to see a distinguished, eminent and experienced colleague, belonging to the industrialized world, chair this series of our consultation meetings. You and your colleagues belonging to the Bureau of the Industrial Development Board have displayed your patience, perseverance and capacity to achieve, just last week when the seventeenth session of the Industrial Development Board came to such a successful and meaningful conclusion. We look forward to collaborating with you in the tasks that confront us all here.
3. We welcome here in our midst the presence of the representative of the Secretary-General of the United Nations, Dr. Fleischhauer, Legal Counsel and Under-Secretary-General of the Organization.
4. It is appropriate to recall how we have arrived at the present stage of our work, that is, this series of consultation meetings. The road we have already traversed has been long and tortuous and bumpy. The very fact, however, that we have come this far should provide us with hope and faith and good cheer. But recently, in the overall context of international co-operation, there have been certain set-backs which make us pause and wonder. In the course of our work for disarmament; law of the sea; Indian Ocean; peaceful uses of nuclear energy; global negotiations for economic co-operation in all its aspects, especially for building up a new international economic order - in all these we have met with either lack of success or the lack of progress. And this makes us wonder whether there is a broader or a larger pattern of negativity which is inhibiting those whose idealism and global authority and influence should normally be a factor for progress, but whose vetoes seem to transcend the areas clearly defined for the operation of the veto. We all hope that this fear of ours proves to be unfounded.
5. We are all aware of the long history of the work relating to the attempt to convert UNIDO into a specialized agency. From a section in the United Nations Headquarters in New York, in the early 1960s, UNIDO has by now grown into the third largest executing agency of the UNDP-funded technical projects in the United Nations system. What UNIDO has achieved and what it has become by now, reflects the common devotion of all the regional groups represented here to the idea of accelerating industrial development in developing countries, and not for a limited purpose, either.

6. Nearly 10 years ago, some visionaries started dreaming of having a specialized agency devoted to the tasks of industrializing the developing world. A consensus emerged at Lima in 1975, not merely among developing countries alone but among the member States from all sides of the United Nations, that UNIDO be converted into a specialized agency. The seventh special session of the General Assembly set the seal of confirmation of the General Assembly on this consensus.

7. We consider it useful to remind ourselves that at that stage there was a clear manifestation of a universal, unanimous and united will to achieve this conversion of UNIDO. At a time of global economic growth, as industries in the industrialized countries attained greater sophistication, it was felt that the orderly evolution of an international division of labour required the establishment and expansion of labour-intensive and other industries to be nurtured and built up in developing countries. These were to meet the needs of the peoples of the world, at a price that was considered economical, and taking advantage of the lower costs of production in the developing countries. Several of these fields of production or specific industries belonged already to areas of functioning that were being vacated by the more sophisticated industrialized economies. This process of moving towards an equitable and economically justifiable global industrial division of labour was envisaged not merely for helping developing countries to grow and prosper but also to ensure an orderly economic growth throughout the world, to structure healthy competition while effectively avoiding unhealthy competition. A concomitant of this was the necessary reorganization of the structure of international trade in manufactures.

8. It was foreseen, in that context, that an independent specialized agency devoted to an equitable system of industrial growth, would be a worthy complementary agency to a new system of more equitable global trade leading to development. Orderly and equitable evolution, we all know, often helps to avoid revolutionary explosions. The world community, at Lima, voted for orderly change in the field of global industrial development, which should - which must - be to everyone's benefit.

9. With the adoption of the Constitution of UNIDO as a specialized agency on 8 April 1979 by the plenipotentiaries at Vienna, our common determination to convert UNIDO was concretized. My own country, India, took justifiable pride in having provided the President of this conference in the persons of two distinguished predecessors of mine, Ambassador A. S. Mehta and Ambassador K. R. P. Singh. We applauded the successful conclusion of this conference with great faith and greater hope.

10. Unfortunately, it appears to many of us now, that April 1979 was a kind of false dawn. As of today, many of us belonging to the Asian Group are worrying about and analysing the doubts and hesitations of some of our colleagues of other groups. We, in the Asian Group, have been pondering over the perceptive statement, reflecting a certain amount of impatience, made the other day by the distinguished representative of Belgium in the Industrial Development Board, indicating his assessment of when the new UNIDO might be expected to come into being.

11. The failure of the Third General Conference of UNIDO was the first sign that many of the statements that we had thought were commitments were merely words. The reality of moving towards an orderly industrialization in developing countries was perhaps not the subject matter of any concrete commitments on the part of these powerful people. As I just said, this looked like part of a broader and larger international malaise. Orderly global expansion of industrialization was not a matter of high priority for the powerful industrialized member States any longer. All kinds of doubts and hesitations of theirs started being expressed in a variety of ways. One of these was the building up of the image of a new international deity called zero growth of budgets. This in turn made developing countries concentrate increasingly on building up the concept of greater co-operation among themselves. They established at Caracas a programme of action which not only expressed the will to develop economic co-operation among developing countries, but also for the first time envisaged concrete measures to this end.

12. There has been a mix of circumstances and situations ever since the Third General Conference of UNIDO that has led to greater complexity and difficulty. The world economic situation; the growth of monetarism; fluctuation in exchange rates; inflation and unemployment in developed countries; a run-away expansion of expenditure on arms and armament; the slowing down of the negotiations on disarmament and arms control; the evaporation of some of the idealism and some of the pragmatism behind détente - all this has confused many who need to be decisive;

13. Little effective international action has been evident. This confusion has also infected the course of the conversion of UNIDO. Many have implied and many have openly argued that somehow the conversion of UNIDO, if and when it is achieved, would meet the purposes and interests of the developing countries alone. It might be wrong, but I have spied a hint of that in the statement of my distinguished friend and colleague from Denmark this afternoon. Signing the ratification of the UNIDO Constitution has been linked with extraneous considerations and issues and matters. It was with a view to clearing this confusion that the Economic and Social Council in resolution 1982/66 last year invited the Secretary-General to begin a process of consultations including not merely those who had signed and ratified the UNIDO Constitution (as would normally have been the case) but also other interested States in a method which Dr. Fleischhauer called sui generis this afternoon. To a certain extent, the conversion of UNIDO has become a chimera that floats out of our reach, whenever we feel it is within our grasp.

14. All our colleagues, belonging to all the different groups, are aware of the various issues faced by us collectively in this meeting. These are: What direction would the new UNIDO take? What would be the content of its programme? How would we all bend our efforts together in order to provide the new organization with the necessary resources for the execution of its programme? What steps must we all take to ensure that the transition from the present UNIDO to the new UNIDO as a specialized agency is smooth? These, broadly speaking, are the issues and questions that concern us, that face us. The views of the larger Group of 77, of which the Asian Group is a part, in all these questions are clear and well known to all concerned.

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15. What is not clear to us in the Asian Group, or for that matter to our friends and comrades in the Group of 77, is whether in the other groups there is the same political will, as we have ourselves displayed, to achieve an early conversion of UNIDO.

16. Mr. Chairman, may I remind you and this assembly of friends and colleagues that the continent of Asia gave birth to Confucius, Buddha, Moses, Jesus, Mahavira and Mohammed. Almost all the prophets revered by all of us in this hall - those that have any faith in ethical values based on religious philosophy - were born Asians. This continent, therefore, has the faith and idealism of the ages. Also the patience to stand and wait. The members of the Asian Group approach these consultations with hope, determination and faith. But if these succeed not, we shall also have the patience to wait. We are determined not to be disappointed. Neither success, nor failure of these consultations will diminish our hope nor force us to make puerile and meaningless concessions. UNIDO, whatever its shape or form, shall have our loyalty and support, so as to foster global international co-operation and serve the cause of world prosperity and pursuit of peace, through an orderly evolution of industrialization.

GROUP OF LATIN AMERICAN COUNTRIES

Statement by the representative of Venezuela, Chairman of the Group

1. Mr. Chairman, in my capacity as Chairman of the Latin American Group I wish first of all to express our identity of view with the statement made by the Chairman of the Group of 77 a few minutes ago.

2. I should now like to put forward some points of view of the region that I represent with regard to the task before us.

3. Latin America attaches particular interest and importance to the meetings that we are going to begin today.

4. Our region considers that these meetings cannot confine themselves merely to giving official sanction to UNIDO's change of status from its present condition as an organ of the General Assembly, functioning as an autonomous organization, to that of a specialized agency. Latin America considers that these meetings should constitute a process leading to the establishment of the conditions necessary to ensure that the new organization can function in the most efficient manner possible from the very moment of the change to its new form. Therefore, we consider that UNIDO's change of status must constitute a genuine metamorphosis that will result in the birth of an entity that is even more complete and perfect than the one that originated the process. In our opinion, the result of this metamorphosis must be an institution that is more efficient, more perfected and more complete than the one that exists at the moment. The consultations on the conversion of UNIDO give us the opportunity to make an effort to convert this organization into the ideal model of what an international organization can and must be. We well know its operation and, despite some shortcomings, we have seen as well its achievements and good qualities. Also we know the problems and defects from which international agencies,

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a category of which our organization is now to become a member, generally suffer. Some of these faults and deficiencies have been corrected in the text of the new Constitution. Others can be eliminated through the agreements that we reach as a result of our meetings. We have in our hands an unprecedented opportunity to try to make UNIDO into the perfect model of a specialized agency with which we can furthermore contribute towards restoring confidence and faith in the system of multilateral co-operation as a whole.

5. I should like in this context to highlight some ideas which, in the opinion of our region, could contribute towards orienting our efforts towards achieving this objective.

6. We must first state that, in the opinion of the Latin American Group, the transition must take place in an orderly, calm and smooth manner, as indicated by General Assembly resolution 34/96, and for that purpose it is necessary that we should agree on some fundamental questions that will inevitably affect the life of the new organization.

7. Among these questions, Latin America attributes priority importance to the need to guarantee that UNIDO can accomplish the tasks that have been assigned to it in the Constitution and can achieve the objectives that the international community has entrusted to it.

8. UNIDO is the institution that was set up to serve as a motive force to promote industrialization, which is the most effective means of accelerating the development of the developing countries. Owing to the nature and importance of the function that it is called upon to fulfil, the new organization cannot be subjected to inflexible criteria as regards the programmes that it must carry out and the resources that it must have at its disposal in order to implement those programmes.

9. In our opinion, UNIDO must be an exception to the policy being advocated by many developed countries, aimed at freezing the volume of the programmes of the international organizations at their present levels as a way of stopping the growth of their budgets. Latin America supports the principle that everything necessary should be done to ensure that the new organization functions in the most efficient manner possible and that appropriate measures are taken to guarantee the most absolute budgetary discipline and the most efficacious use of the resources placed at its disposal. However, functioning efficiently means not only using resources efficaciously but also working effectively, achieving the targets set and carrying out the mandate received. For that purpose, it is necessary to provide UNIDO with resources commensurate with the requirements of its programmes, to the extent that the growing needs of the developing countries demand.

10. Accordingly, we consider it essential that we should build up in these meetings a consensus on the need to ensure that the new organization has every necessary flexibility with regard to programmes and its budgetary resources, so that it can be in a position to fulfil its mandate.

11. At its recently concluded session, the Industrial Development Board incorporated in its report some conclusions which, in our opinion, have paved the

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way for the formulation of consensus agreements on the first two sub-items of item 3 of our agenda. We are confident that, on the basis of the conclusions adopted by the Industrial Development Board last week, it will also be possible to establish a consensus on the ideas on the programme and financial questions affecting the new UNIDO that will have to be incorporated in the document in which the results of our work will be enshrined.

12. With regard to the third sub-item of item 3 of our agenda, Latin America considers that the present administrative structure of UNIDO has proved to be satisfactory, since it meets the need to maintain the highest degree of efficiency, at the same time limiting the proliferation of bureaucratic posts. In the view of the Latin American Group, the structure of the secretariat should be determined by needs dictated by efficiency and should be conceived in the light of the organization's purposes and programmes. The financial impact of any alteration to this structure is a matter of profound concern to us, if it is remembered that the creation of a new post at the senior levels of the secretariat would entail the imperative need to ensure balanced representation of the various geographical regions to which the members of the organization belong. If the creation of additional posts at Deputy Director level were proposed, our region would insist on the principle of equitable geographical distribution in order to ensure appropriate regional representation for each of the subregions making up the Group of 77.

13. In any case, whatever change is made in the composition of the secretariat, it must leave intact the status, authority and functions of the Director-General, as defined in the Constitution.

14. By virtue of the provisions of General Assembly resolution 34/96, it will be necessary to adopt a number of transitional measures linked with the conversion of UNIDO into a specialized agency.

15. The purpose of such measures is to ensure that certain functions or activities of the organization are not affected as a result of the transition and to deal with certain details and procedures connected with the existing relationships between UNIDO and other organizations in the United Nations system.

16. In the context of item 5 of the agenda, the Group of 77 will present some specific proposals regarded by the Latin American Group as being specially important, to which the Group consequently gives all necessary support.

17. Among the questions covered by the agenda of the consultations is the effect of UNIDO's assumption of specialized agency status on the existing common services at the Vienna International Centre.

18. The basic position of the Latin American group in this respect is that the problems of the common services must be solved within the context of article 19 of the Constitution. As soon as the Constitution has entered into force and the new organization has acquired full legal capacity, it will be for the Director-General, with the approval of the Board and subject to the directives determined by the Conference, to conclude agreements governing the relations of UNIDO with other organizations in the United Nations system and with other intergovernmental

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organizations. Only then will the new UNIDO be able to negotiate on a footing of equality with the other organizations concerned, with the purpose of making agreements leading to the establishment, as far as the common services are concerned, of a system of relationships that will ensure the maximum degree of efficiency, the best use of resources, a harmonious system of collaboration and the preservation by the various organizations of control over those services that are indispensable for their normal operation. Until such agreements are concluded, we consider it necessary that the present arrangements covering the administration, operation and use of the existing common services at the Vienna International Centre should be maintained and continued.

19. Regarding relations with the host country, our views are on the same lines. We consider that it will be the responsibility of the competent bodies of the new UNIDO to conclude a new headquarters agreement with the host Government, as provided in article 20 of the Constitution. Meanwhile, it might perhaps be useful and advisable for the United Nations, UNIDO and the Government of Austria to enter into a provisional agreement extending the operation of the existing regulations until the new agreement comes into force.

20. With regard to the date of entry into force of the new UNIDO Constitution, the Latin American Group considers that there is no need to wait until the organization's financial viability is fully guaranteed before fixing this date. As far as we are concerned, financial viability means the assurance that the principal contributing countries have deposited their instruments of ratification and that the largest possible proportion of the resources needed for the normal functioning of the new organization is available.

21. We would therefore like to take this opportunity to appeal to those countries which have not already done so to make every effort to complete their constitutional ratification procedures. This appeal is directed particularly to the countries which by reason of their economic importance will have to assume a higher place in the scale of contributions once it has been established. We must not forget that, while this organization has been conceived principally to promote and accelerate industrial development in the developing countries, its purpose is also to help to stimulate development and industrial co-operation among all the countries of the world, whatever their economic, social or political system.

22. As our Chairman said in the statement he has just made, the Group of 77, during the two months of informal consultations preceding this formal meeting, has displayed a great deal of team spirit and spirit of compromise. In these two months, within the Group of 77, Latin America has co-operated very actively, making its modest contribution to the task of ensuring adequate preparation for these consultations, so that we can bring them to a successful conclusion and adopt substantive, concrete conclusions. In this same order of ideas, the Latin American Group wishes to stress its view that all the items of the agenda must be considered parts of an indivisible whole and that the document resulting from these consultations must cover all the items and contain conclusions on all the substantive questions raised in the agenda.

23. At the same time, the Latin American Group considers that the conclusions we reach must not be limited to mere formal statements, but must contain as much substance as possible in relation to each of the substantive items of the agenda. In the opinion of the Latin American Group, these conclusions must under no circumstances involve interference in matters within the competence of decision-making organs of the new organization, or prejudge the decisions that these organs will take once they start to function. It is our view rather that the conclusions we reach should be designed to serve as guidance for the new organization in order to put it in a position fully to perform the functions assigned to it in the Constitution.

24. Latin America will participate in the consultations in the same spirit of co-operation and compromise, but also bearing in mind the need to avoid any formulation which will mean giving up positions of principle that are considered essential if the goals of the new organization are to be achieved.

25. In conclusion, I should like on behalf of the Latin American Group to express our thanks to Ambassador Umar of Nigeria for his excellent work as chairman of the informal consultations held during the last three months. We wish to pay tribute to his unstinting co-operation and his dedication in the discharge of this task and we are deeply grateful to him.

26. I wish also on behalf of our Group to congratulate you, Mr Chairman, on your election, to wish you complete success and to offer you our fullest co-operation in ensuring that we have a fruitful meeting.

GROUP OF AFRICAN COUNTRIES

Statement by the representative of the Ivory Coast, Chairman of the Group

1. Mr. Chairman, the African Group, through me, applauds your election as Chairman of this important meeting, congratulates you on that election and conveys to you its good wishes for every success in your task. It assures you of its co-operation towards the fruitful outcome of the important task entrusted to you, convinced that your authority, in the service of the common goal, and your talents and qualities as a diplomat of the first rank will ensure the success of the formal meeting on the transformation of UNIDO into a specialized agency.

2. We should like to express our sincere thanks to all those who, in various ways, have made this meeting possible. In particular, we wish to thank the Austrian authorities for having made available this setting, the Hofburg Palace, imbued with the tradition of international gatherings in this beautiful and hospitable capital, Vienna; and the Secretary-General of the United Nations, who has provided the requisite conference services and resources for it.

3. UNIDO was born 18 years ago. In resolution 2152 (XXI) of 17 November 1966, the General Assembly, which established UNIDO, assigned to it the aim of promoting

industrial development and of facilitating, fostering and accelerating the industrialization of the developing countries. It also set forth the tasks to be carried out to that end.

4. UNIDO appears to have accomplished a considerable amount during its 18 years of existence. During the past 10 years, more than 10,000 projects have been undertaken by the organization, of which 1,330, for an estimated \$76 million, were for the year 1980 alone.

5. At the moment when UNIDO is making ready to don its new garb, it gives us pleasure to pay tribute to all those who, in their own way, have helped to make this outcome possible. In particular, we should like to express our deep gratitude to the developed countries which have provided the greater part of the requisite resources to that end.

6. As we enter a decisive phase of the conversion of UNIDO into a specialized agency, we deem it a suitable moment to review briefly the reasons underlying this change, in order to appraise objectively the problems it raises and to seek positively for solutions.

7. Paragraph 1 of General Assembly resolution 2089 (XX) of 20 December 1965 established UNIDO. That paragraph, recalled in section II of resolution 2152 (XXI) by which UNIDO was organized, conferred on it the status of an "autonomous organization" within the United Nations - a compromise solution, designed to satisfy those who wished it to be a specialized agency and those who did not desire a departure from the former United Nations Centre for Industrial Development. Thus UNIDO, although autonomous, was dependent upon United Nations Headquarters in regard to the preparation of its programme budget and to personnel appointments and promotions.

8. The drawbacks of such a status - which, in the words of an African proverb, requires UNIDO to sit on two chairs - were very soon felt. We would mention two of them - not the least among them - one of which concerns the Executive Director's authority, and the other the organization's resources.

9. The Executive Director, lacking the power of personnel appointment and promotion, is unable to exercise in full, directly or indirectly, the requisite authority in this regard. Smooth operation and efficiency were bound to suffer as a result.

10. With regard to resources, the activities of UNIDO have constantly grown in intensity and scope. Among those added to its initial tasks are those concerned with the industrial field, in relation to the establishment of a new international economic order, entrusted to it by the General Assembly in resolution 3202 (S-VI) adopted at its sixth special session. In order to meet its responsibilities in full, therefore, UNIDO required ever-increasing funds. However, since these requirements in the field of industrial development are appraised not in terms of their own priorities but in parallel with those of other spheres of activity with a view to sharing limited resources with them, it has not been possible to allocate sufficient funds to deal with them.

11. These considerations explain the positions adopted by the African Group in regard to the questions arising from the conversion of UNIDO into a specialized agency. To summarize these, we shall say that we are in favour of a conversion which preserves the past with regard to what is good and changes it with regard to what is detrimental. We shall illustrate this approach by our position with regard to questions relative to the structure, programme and resources of the new UNIDO.

12. With regard to structure, the desirable changes have been set forth in article 11 of the Constitution of the new organization. Pursuant to this provision, the Director-General is responsible for personnel appointment, organization and management.

13. The rule concerning personnel recruitment on a broad and equitable geographical basis, envisaged in article 11, should not, in the view of the African Group, be applied in a sense which would tend to weaken the Director-General's authority, paralyse the new organization's operation or create considerable additional expense. We deem it wise to keep the present number of posts which are hierarchically the highest in the secretariat.

14. With regard to programme, we should like to see a continuation of the current programme, an increase in technical assistance activities and a maintenance of the priority attached to the Industrial Development Decade for Africa, assistance to the least developed countries, the System of Consultations and the projects relating to industrial technology, human resources development and energy.

15. Future programmes might well be inspired, it seems to us, by those envisaged by the General Assembly, the General Conferences of UNIDO and the Industrial Development Board, and by the objectives and functions defined respectively in articles 1 and 2 of the Constitution of the new organization.

16. Since more funds are required for the carrying out of UNIDO programmes, it seems infinitely desirable that the annual target of \$50 million established for the financing level of the United Nations Industrial Development Fund - which the Industrial Development Fund envisaged in article 17 of the Constitution of the new organization is to replace - should be speedily attained. In this respect we appeal to all States members of UNIDO, in particular to the developed countries.

17. In order to safeguard the new organization from recurring financial difficulties, it is important to provide it with a working capital, on the lines of other specialized agencies.

18. Having regard to the requisite financial conditions for the entry into force of the Constitution of the new organization and the need to mobilize more funds than in the past with a view to attaining the Lima target of a 25 per cent share by the developing countries in world industrial production by the year 2000, we make an urgent appeal to countries which have not already done so to express, in the near future, their consent to be bound by the Constitution.

19. The preliminary consultations which have just been held on the conversion of UNIDO into a specialized agency revealed disagreement concerning some questions to be considered during this meeting.

20. We hope, however, that the negotiation to be undertaken on this occasion - which we would like to view as a fraternal dialogue - will lead to a better understanding of the various delegations' positions and, finally, to language which will enable the differences to be smoothed - the language of the universal, as a French author, Saint Exupéry, would have said. The clear mutual interests of all peoples call for such language.

21. Although the world economy experienced an exceptional growth during the 25 years after the Second World War, that growth was not equitably shared by the various regions of the world, on account of an international economic system which makes the rich richer by making the poor poorer. The inequalities which arose have been aggravated by the economic crisis now affecting the world.

22. In the developing countries, hunger, malnutrition and illiteracy have now assumed alarming proportions. Those countries' external debt threatens the world with bankruptcy.

23. Today, 90 per cent of the world's industry and the majority of patents are in the hands of the developed countries. Correcting this imbalance will enable the developed countries to increase their exports and will again raise the level of world economic activity.

24. If world industrial production is not restructured, the gap between the developed and the developing countries will widen, and peace will be seriously threatened. The President of the Republic of the Ivory Coast stated recently, on the occasion of the World Food Day, that a food catastrophe on a world-wide scale "would, in its inevitable extension, spare no part of mankind - either those who today claim to have sufficient or those who want". Let us make sure that this never happens.

GROUP OF INTERESTED COUNTRIES OF GROUP D

Statement by the representative of the Union of Soviet Socialist Republics on behalf of the interested countries of Group D

1. Mr. Chairman, permit me to congratulate you and the other officers of these meetings on your election and to express the hope that you will make every effort to ensure their success. I should also like to welcome the representative of the Secretary-General of the United Nations, who has addressed us.

2. In the course of our preparations for these consultations, an understanding was reached to the effect that, at the 1st plenary meeting, each group would set forth its point of view on all the issues which are included in the agenda of the present consultations, so that all the participants in these consultations might understand which issues are in the forefront of the consideration of a particular group and give rise to a particular concern. Proceeding from this understanding, our group would like now to set forth its views on all the issues which concern the conversion of UNIDO into a specialized United Nations agency and which have been included in the agenda of our consultations.

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3. First of all, I should like to emphasize the fact that our delegations attach great importance to the meetings which have now begun on the conversion of UNIDO into a specialized agency and that, for their own part, they will endeavour to contribute to these discussions in a constructive spirit.

4. On the basis of the agreement reached during the preliminary discussions to the effect that each group of countries represented in UNIDO would express its views on the agenda items during the formal meetings, the interested Group D countries would like to make the following statement.

5. The basic position of our Governments is that industry in the development process is the most dynamic and decisive factor in the struggle of the developing countries for political and economic independence and for social progress.

6. At the same time, believing as we do that the role of UNIDO is not merely one of providing assistance to the developing countries in the area of industrialization, we take a broader approach to this organization. It is our deep conviction that, as a universal organization, the new specialized agency should serve the objective of development and co-operation between all countries at the global, regional and national levels, and also at the sectoral level, as envisaged in the Constitution of UNIDO.

7. It is particularly important to emphasize the role of UNIDO as a means of attenuating the ruinous effect on the developing countries of the crisis besetting the world capitalist economic system. The socialist States are full of understanding for the difficulties which the developing countries are experiencing and, within the limits of their capacity, are assisting and supporting these countries in every way, including action through international organizations.

8. In its work, the new UNIDO must ensure that the process of industrial development in the developing countries is not used for the purpose of pursuing neo-colonialist exploitation or gaining one-sided advantages by some developed capitalist countries and their monopolist cartels, as is now often done by certain States that use any opportunity to impose on the developing nations principles which have been rejected by history.

9. As we are all aware, the new Constitution of UNIDO has defined the organization's goals and functions and its place within the United Nations system. At the present time, during these official consultations on the conversion of UNIDO into a specialized agency, it is essential first of all to adhere strictly to these provisions of the Constitution and to the most important decisions of the General Assembly, the Economic and Social Council, the General Conferences of UNIDO and the Industrial Development Board regarding matters of international industrial co-operation and development and the priority areas in the organization's work.

10. In the opinion of the socialist countries, within the context of the overall operations of UNIDO, the main attention should be focused on the technical assistance programmes, the strategy of industrial development and planning, the training of national personnel for the industries of the developing countries and the programmes for the development and transfer of technology, including the latest

technology which, as indicated by the symposium recently held at Tbilisi on the subject of modern technology and development, represents an essential condition for speeding up the process of establishing and strengthening the economic, technical and scientific capacity of the developing countries and for ensuring their ability to develop along independent lines.

11. On the question of the specific steps to be taken by the new organization in implementing these principles of the Constitution of UNIDO, the position of the socialist countries is based on the following considerations.

12. As we see it, the Industrial Development Board and the Programme and Budget Committee should scrupulously observe the provisions of the Constitution regarding the distinction as to the purposes of the regular and operational budgets of UNIDO and should not permit the use of assessed contributions to the regular budget to cover deficits arising out of the organization's operations, nor should it permit the unjustified expenditure of funds on programmes connected with investment co-operation and the System of Consultations.

13. The tasks facing the developing countries in the area of industrial development are enormous in scope and will require colossal capital investment. As we know, UNIDO has extremely limited financial resources. It is, therefore, particularly important that these limited funds should be used to maximum effect, which in turn requires systematic improvement of the organization's operational efficiency and elimination from its procedures of any elements of duplication and overlapping or the squandering of resources on secondary and obsolete areas of activity.

14. We regard the unjustified growth of the organization's budget as unacceptable. At the same time, with respect to the financing of industrial development, we understand that an increased flow of resources to the developing countries would contribute to the process of their industrialization; however, the international situation is such that the arms race unleashed by certain circles is diverting huge amounts of money to unproductive ends. It is therefore by restraining the arms race and through disarmament that it will be possible to allocate the considerable additional resources needed for the purposes of the economic and social development of all countries, including the developing countries.

15. The new UNIDO Constitution envisages the need to establish a scale of assessment for contributions by the organization's members. We believe that the scale of assessment should remain at the level that already exists in the United Nations.

16. With regard to the Industrial Development Fund, which has already been established in the United Nations system on the principle of voluntary contributions and which, following the conversion of UNIDO into a specialized agency, will become an integral part of its structure, we consider it necessary to maintain this voluntary principle in the future as well.

17. Inasmuch as UNIDO is an international organization which was set up in accordance with Chapter IX of the Charter of the United Nations, each of its members and the secretariat undertake to respect the international character of the

organization. Accordingly, they should take steps to prevent the machinery and budgetary resources (including the System of Consultations and the Investment Programme) of UNIDO from being used by transnational corporations and private capital in their efforts to penetrate the economies of the developing countries, with negative consequences on their socio-economic systems which are familiar enough. It is also necessary to note that, according to the Constitution, it is not one of the functions of UNIDO to provide this kind of assistance.

18. The socialist countries are profoundly convinced that UNIDO can become an effective organization if all three groups of countries are equitably represented and actively participate in it. The effectiveness of the organization's work as a whole depends on how effectively all of its members work individually. From that point of view, it seems to us, the present situation with regard to the staff of the UNIDO secretariat does not fully meet this requirement.

19. It is essential that measures should be taken to reduce the existing administrative and support staff, and also the staff of the branches and sections dealing with matters connected with the organization of the consultation meetings and the conduct of investment co-operation programmes. This will help to establish a secretariat structure more fully in accord with the objectives and tasks of the organization. In its procedures, the new organization should take into account the provisions of the Charter of the United Nations and the practice of the United Nations with regard to the distribution of posts, as well as the appropriate provisions of the UNIDO Constitution. On this issue, the socialist countries have come to the following conclusions.

20. The group of socialist countries considers that the top management of UNIDO should consist of the Director-General, two Deputy Directors-General and four heads of the main departments of the secretariat: (a) Administration and External Relations, (b) Industrial Co-operation, (c) Industrial Operations and (d) Industrial Studies and Technology.

21. To enable UNIDO to discharge its functions more effectively, it seems advisable to establish a Council of Directors consisting of heads of department to review the most important issues connected with the activities of the UNIDO secretariat. We are convinced that such a leadership structure would make it possible to secure the most effective implementation of the assignments facing the organization, together with a balanced representation of the main groups of countries, and would not require any substantial reorganization of the existing structure of the secretariat.

22. The conversion of UNIDO into a United Nations specialized agency should not lead to an increase in the staff of the secretariat. In order to arrive at a more democratic way of dealing with matters concerning appointments to senior posts from, say, the level of head of section and upwards, it is essential that such appointments should be subject to review and confirmation by the Industrial Development Board. This will also assist in the equitable distribution of posts among the main groups of countries belonging to UNIDO.

23. The present distribution of posts in the UNIDO secretariat, at the level of head of section and above, including L-5, L-6 and L-7 posts, shows that the socialist countries are underrepresented both in the top management of the organization as a whole and in a number of units which are basic elements in the secretariat, particularly in the Division of Policy Co-ordination, the Division of Administration, including the Financial Services, and the Division for Industrial Studies.

24. In the light of these circumstances and the principles of equitable representation of the main groups of countries belonging to UNIDO, the group of socialist countries ought to have one post of Deputy Director-General, seven to nine posts of director of department or division and other senior positions at the D-1 or D-2 level, and between 20 and 25 posts at the P-5 level.

25. It is essential that, in its new form, the organization should eliminate the system and practice of awarding permanent contracts, on the understanding that any such contracts concluded before the start of these consultations shall remain in force.

26. We stress that our group of countries in no way intends to obtain any kind of advantage at the expense of other groups. At the same time, we would draw attention to the fact that it is inadmissible for other groups to gain advantages at the expense of Group D. Unconcealed discrimination has led to a situation in which the socialist countries are virtually excluded from posts in a number of UNIDO sections, such as the Financial and Personnel Services. This state of affairs is irregular and should be rectified.

27. As regards arrangements for the transitional period, the socialist countries assume that during this period the UNIDO secretariat will function strictly in accordance with General Assembly resolutions, in particular resolution 34/96 on this question, and also in conformity with the agreements reached during the official consultations. We also assume that the structure of the UNIDO secretariat during the period in question will not be changed from its present form in any way.

28. The questions of the effect of UNIDO's assumption of specialized agency status on the existing common services at the Vienna International Centre and relations of UNIDO with the host country can hardly be decided during the current consultations. Such questions can be resolved only with the participation of all Vienna-based organizations of the United Nations system that are concerned by them. In considering these matters, it would be appropriate to take into account how similar questions were resolved, in particular, at the International Atomic Energy Agency and also at the United Nations Office at Geneva.

29. As is well known, before the current formal consultations on the conversion of UNIDO into a United Nations specialized agency, meetings of the contact group were held over a period of two months, and these permitted an exchange of views on a number of key questions connected with the consultations.

30. We wish to express our appreciation to the chairman of the contact group, Mr. Umar of Nigeria, for the positive role he played in the organization and conduct of these meetings.

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31. During the work of the contact group, the socialist countries submitted for the consideration of other participants a number of documents dealing with a broad range of questions relating to the conversion of UNIDO into a specialized agency. We think that these documents could be incorporated into the final document of the formal consultations.

32. We also wish to express the hope that these consultations will have a positive outcome. Our group will do its utmost to ensure that this is the case.

33. Mr. Chairman, we have an important and responsible task before us in the next few days.

34. Since we have so little time to deal with the questions awaiting our consideration, the group of socialist countries thinks it would be advisable to set up a working group to discuss and draft the concluding document of the formal consultations, in accordance with the practice worked out in the informal consultations.

35. The positions taken by countries in considering questions relating to the conversion of UNIDO into a specialized agency of the United Nations and its future activities will depend on the results of the consultations and the extent to which they reflect the interests of all groups of countries.

36. We have put forward the ideas which we think will help to bring about more active participation by all groups of countries in the work of UNIDO and to make the organization as a whole more effective. During these consultations we should like to work in a constructive spirit towards the adoption of mutually acceptable decisions in the interests of all groups of countries.

CHINA

1. Mr. Chairman, the Chinese delegation is very pleased to join all the delegations here in this consultation on the question of the conversion of UNIDO into a specialized agency. It is our hope that, through this consultation, agreements on important matters can be reached which are not only acceptable to all sides, but will help the new UNIDO fulfil its difficult but important mandate. In order to prepare for the present consultation, a series of informal consultations have been held at Vienna from March of this year. In the name of the Chinese delegation, I would like to express our sincere thanks to the chairman of the informal consultations over the past two and a half months, the Chairman of the Group of 77, His Excellency the Ambassador of Nigeria. The Chinese delegation would like briefly to express its views on substantive matters concerning the conversion of UNIDO.

2. Concerning item 7, the date on which the new UNIDO should become effective: Since the Second General Conference of UNIDO, the Chinese Government has consistently given its active support to the conversion of UNIDO into a specialized agency. China was one of the first six countries to ratify the Constitution of UNIDO. At as 9 August 1982, 80 countries had already submitted their ratification,

acceptance or approval (including 67 developing countries and 13 developed countries), which constitutes the minimum number of member countries required for the Constitution of UNIDO to enter into force. As at 16 May 1983, the number of such countries has already reached 96. The Chinese delegation is prepared to wait for a certain amount of time so as to allow for broader international industrial co-operation, including co-operation among the developing countries and co-operation between the developing and developed countries. We appeal to those Governments which have yet to ratify the Constitution of UNIDO, particularly the few major Powers, to do so as soon as possible, so as to enable the new UNIDO to function under better conditions.

3. Concerning item 3, the future direction of the new UNIDO as a specialized agency: The Chinese delegation is of the view that the conversion of UNIDO into a specialized agency, giving the organization autonomy in its programme, budget and appointment of personnel of the secretariat, does not meet the full expectations of the developing countries. The fundamental objective of the conversion of UNIDO goes further than these. One important prerequisite should be that the new UNIDO will have an appropriate level of administrative budget. In particular, the funds for co-operation must be adequate. Working under this premise and operating independently on its programme and administrative budget, the new UNIDO can then play a noticeably greater and more effective role in promoting industrialization of the developing countries as compared to the UNIDO before its conversion. Also, the main executing personnel of the programmes for industrial development co-operation, that is, the personnel of the UNIDO secretariat, especially those of senior-level posts, should be, to a greater extent, filled by persons from the developing countries who are aware of the situation and needs of the third world countries. This will help UNIDO reach its fundamental objective for conversion. The following are some of our concrete views and recommendations concerning the sub-items under agenda item 3:

(a) Concerning the programme for the new UNIDO: In principle, we support the proposals put forward by the Group of 77 during the informal consultations. The first general point is that the ongoing programme before the conversion should be implemented until completion by the new UNIDO. The conversion should not disrupt any programme or project. Second, the mandate of the new UNIDO has been clearly stipulated in article 2 of the Constitution of UNIDO. Those areas of activities and the priority areas of UNIDO defined by the resolutions of the General Assembly, the successive General Conferences of UNIDO and the sessions of the Industrial Development Board should continue to be effective.

(b) Concerning the financing of UNIDO: If the new UNIDO is to implement the 18 functions stipulated in article 2 of the Constitution, it will require sufficient funds. It is true that a number of developed countries are presently going through an economic recession. However, to assure that the assessed UNIDO contributions maintain a suitable level of increase, and that the contributions to the Industrial Development Fund become universal and have a visible annual increase, constitute not only a part of the duty of developed countries in helping the developing countries to promote their industry, but also a way to contribute to the South-North co-operation. From the long-term point of view, this will also benefit the developed countries in return. Furthermore, frankly speaking, the financial burden

that UNIDO and the rest of the United Nations development system incur on the developed countries constitutes only a negligible fraction of their powerful economic capacities and high level of the gross national product.

4. With regard to the question of the financing of UNIDO, the Chinese delegation advocates the principle of "broadening of the sources of income" and "practicing economy". That is to say, we favour a meticulous control of expenditure and a rational and effective utilization of funds, so that the limited resources can be put to a relatively greater use in pushing forward the industrialization of developing countries. The future Programme and Budget Committee, the new Industrial Development Board and the new UNIDO secretariat shall have opportunities to study and review the questions pertaining to these two aspects. Here, we would like to make a suggestion: UNIDO is now suffering from funding difficulties, and we can hardly expect any radical improvement in its financial situation in the near future. We know that in the entire United Nations system, including the UNIDO secretariat, the staff members, especially high-level ones, receive salaries above the norms of personnel in equivalent posts in many developed countries. We propose that salary norms for high-ranking staff in the new UNIDO be suitably lowered. We are certain that the high-ranking functionaries of the UNIDO secretariat who are working for the industrialization of the developing countries will approve of our proposal.

5. Concerning the structure and staffing of the new UNIDO, we have the following proposals and suggestions to make:

(a) First, the structure of the secretariat should be streamlined and made highly efficient, its size should be geared to levels of financial resources and operation activities and should be structured in a three-tiered hierarchy, that is, composed of a Director-General and a Deputy Director-General, directors of divisions, heads of branches or sections and their deputies. The Director-General shall come from a developing country, and it is preferable to have only one Deputy Director-General who comes from a developed country.

(b) Second, the dissemination and exchange of industrial and technological information and the transfer of technology are of great importance and urgency to developing countries. The Secretariat's technology programme should be reinforced accordingly. At present, industrial research and the technology programme actually belong to two separate functional units. We suggest that the technology programme be made an independent division. In addition, the Chinese language services of the secretariat should also be reinforced and staffed with translators and interpreters who are not only competent in their respective professions but also conversant with knowledge in industry, so that they may be brought in line with the English, French, Spanish, Russian and Arabic language services. Other branches of the secretariat could be maintained at their present level.

(c) Third, at present, the proportion of professional staff in UNIDO coming from developing countries is really too small. This inequitable situation ought to be changed henceforth. The hiring of professional staff should follow the principle of a wide and equitable geographical distribution, that is to say, it should be proportional to the number of countries in a given region, more staff

being hired from regions with a larger number of countries and less from those with a smaller number of countries. The Constitution of UNIDO, in distributing seats on the Industrial Development Board and the Programme and Budget Committee, can serve as a guide to the way in which the UNIDO secretariat should follow in formulating its personnel policy. It is obviously unsuitable to advocate a policy of staff distribution by groups of States, when certain groups comprise some 10 countries and others, like the Group of 77, represent more than a hundred countries. Even if Groups D and B were combined together to make up a bloc on the one hand with the Group of 77 on the other, this formula would still be unacceptable to the developing countries. Needless to add that the Group of 77 does not include all the developing countries of the world.

6. Mr. Chairman, we will consult further with the other delegations as we discuss the various agenda items in the working group.

BELGIUM

Mr. Chairman, Belgium has deposited instruments of ratification of the Constitution of the United Nations Industrial Development Organization. We are in favour of the new specialized agency and we hope that it will be set up as soon as possible. Secondly, we shall be prepared to notify the Secretary-General of the United Nations of our agreement concerning its entry into force, in accordance with article 25 of the Constitution, when approximately 98 per cent of the budgetary contributions are guaranteed. In the third place, this meeting is a meeting of consultations among States, pursuant to General Assembly resolution 37/213. In addition, this meeting is a follow-up to the one organized in New York at United Nations Headquarters on 25 January 1983, and will be followed by another meeting, also in New York. In the fourth place, this cannot be a meeting among groups or discussions between one so-called group and another. This is a meeting for consultations among interested States. In the fifth place, no more is this, in our opinion, a meeting of plenipotentiaries called upon to undertake commitments. Can we supplant the Industrial Development Board and the General Conference provided for in the Constitution? Obviously not. We for our part refuse to undertake commitments as long as we do not know the date of entry into force of the Constitution. This position is the opposite of the one taken by the Union of Soviet Socialist Republics and Group D. Yesterday, the Soviet Union - and we all admired the subtlety of the remarks - set forth the conditions for ratification, which included obtaining 35 posts at the Director level in the new agency. I fear that the Soviet Union may thus have tolled the death knell for these consultations, which may now be destined to fail, even if we manage to conceal the fact under some clever wording. My last remark is that for us, the main concern remains to determine the date, the time, of entry into force. We should have preferred that this item be placed at the head of the agenda. Consideration of relevant matters depends on this, and not the other way round, as the Soviet Union would have it. Despite our pessimism, or at the very least our scepticism, we urge the nine major contributing States, in other words, those which will have to pay more than 1 per cent of the budget, to enable us to determine the date of entry into force by explaining here their attitudes and providing the information that we want and need.

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UNITED STATES OF AMERICA

1. Mr. Chairman, let me join first in congratulating you and members of the Bureau on their election, and to state my confidence that you will guide our meeting to a successful conclusion just as you did the Industrial Development Board last week. I for one have simply not given up hope that this meeting can in fact reach a successful conclusion. I would also like to take this occasion to thank Ambassador Umar of Nigeria for his leadership of the contact group over the last two months. The work of that group has, I believe, laid a good foundation for our future deliberations as has our Conference over the past three weeks within the framework of the old UNIDO.

2. In submitting the Constitution of the new UNIDO to the United States Senate, President Reagan favoured it as, and I quote, "an opportunity to increase UNIDO's effectiveness in promoting economic development in the developing countries" and "a strong reaffirmation of the United States' commitment to the industrial development of the less developed countries". That is a commitment of my Government and I can reaffirm that commitment once again today. The Senate Foreign Relations Committee has unanimously approved the Constitution and has sent it to the full Senate where it awaits final action on advice and consent. The Reagan Administration is urging early Senate action in this regard, and let me assure all here that the importance which speakers at this meeting have attached to United States ratification will be conveyed to Washington. The United States of America, Mr. Chairman, is convinced that a successful outcome of our consultations this week will be important in moving UNIDO forward towards the status of a specialized agency within the United Nations system. We are all agreed that UNIDO deserves such a status and that by achieving it UNIDO will be better able to serve the needs of developing countries in the process of industrialization, a process which my Government believes is in the interests of all countries, developed and developing alike.

3. My delegation looks forward to a fruitful discussion of the items on our agenda. In this regard, let me say that my delegation ascribes fully to the statement made by Mr. Lilholt on behalf of the group of interested Western European and other countries. I will not repeat here the points made by him at that time.

4. I do want to take one moment to emphasize the basic position of my delegation with respect to these consultations as a whole. We firmly believe that the Constitution of UNIDO, which was negotiated with great difficulty over many years is the fundamental and guiding document for a new UNIDO. Nothing we do here can or should subtract from the powers of the Director-General and the organs of the new UNIDO to propose and determine the new organization's programmes, priorities, courses of action, structure and personnel as set forth in the Constitution. What we can and should do here is to take those steps which, as the Chairman of the Group of 77 stated yesterday, will avoid disruption of the organization's activities and assure continuity and a smooth transition in the period before the new UNIDO authorities have fully assumed their functions. To this end we have been participating in informal consultations over the last few months. We will participate fully in the consultations in good faith and with the political will which the distinguished representative of India said yesterday was necessary for the success of these more formal consultations. I would echo the statement made yesterday to the effect that our successful achievement of consensus at the

seventeenth session of the Industrial Development Board last week should be of material assistance to our doing so again at this meeting. We ourselves will work hard to that end just as we did last week.

SPAIN

1. Mr. Chairman, in the light of the Chairman's work during the meetings of the Industrial Development Board, on which we should like to congratulate him, we have every reason to hope that the results will be equally good at these meetings.

2. As we have been urged to take up as little time as possible in our interventions, I shall endeavour to be brief. Ideally, the brevity of my comments should add to their incisiveness, their clarity and their cogency, without, I hope, obscuring or disguising the salient points of my thinking. This thinking reflects the instructions of my Government, which, as you all know, ratified the UNIDO Constitution a year and a half ago.

3. Fellow delegates, we are in full agreement with the content of the statement of the group of interested Western European and other countries, particularly with regard to the following points:

(a) There should be a zero-growth budget, except in the case of savings or transfers to other sectors;

(b) The reason for the delay in the conversion of UNIDO to its new form can be found in the failure of the major contributing nations to ratify the Constitution, that is, a lack of the political will to face up to a budget which, in fact, we, the countries, are already paying, since what is involved will be no more than a transfer of funds from the regular budget of the United Nations Secretariat to the regular budget of the new UNIDO;

(c) We also believe that the present structure of the UNIDO secretariat at its higher levels is adequate and that there is no need for any new posts, since the only justification for such new posts would be the assumption of new areas of responsibility. The proposals to increase the number of posts are both uneconomical and unnecessary. The argument of geographical inequities is one that might be invoked by all the regions and all the groups of countries - and, what is more, in direct proportion to their contributions;

(d) There must be no disruptions within UNIDO during the conversion process, but neither should the door be closed to those transformations in the organizational structure which we regard as necessary in the light of the secretariat's present structure;

(e) We should steer clear in these discussions of any subjects which risk turning them into an open forum for declarations of war or peace. We are all in favour of peace, but by dint of repeating it so many times we may give the impression that we do not really mean it;

(f) Development is a technical process, and we must be alert to its specific

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features. Once our countries have reached the political decision at the highest level of commitment to promote the development of the third world countries through the organs and instrumentality of UNIDO itself, that is our position;

(g) For that reason, we approve of a realistic approach for the emerging UNIDO as a specialized agency which, without killing the new-born creature in its cradle, will make it possible to move forward with the present structure while awaiting a more propitious time. What we understand by the constant talk of adequate resources is that the resources now available must and can be reorganized to fit the new budget, which will have to be discussed at the first General Conference of the new UNIDO;

(h) We should like to see these consultations afford all the countries an opportunity to follow, step by step, the drafting of the documents which contain the conclusions that will ultimately have to be adopted. We do not agree with restricting the participation of interested countries to working groups more or less limited in size by considerations of space or for some other reason, since we believe that the discussions of the conclusions must be freely aired.

4. Fellow delegates, these formal consultations on the transformation or conversion of UNIDO into a specialized agency have, in our opinion, been called somewhat too early. In our view, these talks are premature and do not afford the minimum conditions necessary to ensure the results that might be expected and that we should all look for from an international meeting at this level. In multilateral discussions within the framework of the United Nations, it must be the practice among plenipotentiary representatives, and in fact it is, that in expressing the views of their own Governments these representatives want to deal with other representatives who, in stating the position of their countries, can contribute to the discussions in an equally substantive manner. In the present case, Mr. Chairman, I fear that this is not the situation. There are any number of delegations which have been unable to present proof of the willingness of their Governments to approve the conversion of UNIDO into a specialized agency. Accordingly, the participation and voices of these delegations must be accepted, as ordered by the General Assembly, but only as an activity demonstrating their interest in the conversion of UNIDO. However, the fact that the legislative bodies of their countries have not shown signs of approving the establishment of the new specialized agency leaves unsatisfied our interest to learn of the preferences of these delegations regarding essential issues in the consultations. On this point, I was happy to hear the speaker who preceded me report on the specific views of the Foreign Relations Committee of the United States Senate.

5. We have no choice, but to imagine that the possible agreements in principle that may arise for consideration under the agenda items of these consultations are going to remain just that - agreements in principle, semi-frozen, as it were, in the deep freeze of the multilateral will of these meetings, and destined to remain there until such time as the heat of the general ratifications of the UNIDO Constitution thaws these principles, so that the countries can again take up the discussion of their validity and acceptance. It is in this spirit of divining that will that the Spanish delegation intends to contribute to the drafting of the work before us, which, as its name indicates, deals with a conversion and therefore implies a new organization.

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SWITZERLAND

1. Mr. Chairman, my delegation fully endorses the statement by the group of interested Western European and other countries, particularly as regards the need for the new organization to have a financial base enabling it to carry out its mandate. I should none the less like to add the following.
2. As early as 10 February 1981, Switzerland ratified the Constitution of the United Nations Industrial Development Organization. We did so as quickly as our constitutional procedure permitted. We are convinced that the Constitution will provide the international community with a well structured, more efficient and better managed organization, which will make it possible to serve the cause of industrialization in the developing countries. In fact, the recent session of the Industrial Development Board has once more demonstrated that the Board is not in a position, as things now stand, to give as much impetus as could be wished, in time, to the budget and the programme of the organization.
3. Because we attach very great value to the quality of the management of our organization and its efficiency, we deplore the sometimes inexplicable delays which have hitherto permitted a number of countries to defer ratification. In some cases, it is true, the constitutional procedure does take time, but in others, this argument can only be noted. In our opinion, use of ratification of the Constitution as a negotiating - or even a bargaining - counter could hardly be justified since, in accordance with international practice, such bargaining should come to an end with the signature of the Constitution.
4. As far as Switzerland is concerned, the Constitution could have entered into force today or even yesterday.

FEDERAL REPUBLIC OF GERMANY

1. Mr. Chairman, in my very brief intervention I will restrict myself on commenting on three points of major importance to my delegation.
2. Firstly, I would like to fully endorse the statement made yesterday by the chairman of our group. What he said in regard to the various items of the agenda of our consultations is in line with our own thinking.
3. My second remark refers to the character of these consultations. The speakers of the various groups yesterday underlined the determination of their members to convert the existing UNIDO into an effective specialized agency for furthering the process of industrialization in the developing countries as laid down in article 2 of the new Constitution. In the view of my delegation this implies that during these consultations we should by all means refrain from prejudicing deliberations and decisions to be taken by the organs of the new independent UNIDO which otherwise thus would just undermine the new Constitution. It is in this light that my delegation is prepared to contribute actively to a successful outcome of this conference, and that we wish to commend Ambassador Umar for chairing so ably the pre-consultations.

5. Finally, let me turn to my third point. The new UNIDO can only be a happy baby, to repeat the phrase used by Ambassador Singh yesterday, if everybody loves it. Loving means in this case giving adequate political and financial support. In other words, my delegation takes the view the new organization should remain fully intact and work on a universal basis with all indispensable partners on board. In fact, the objective of the transformation of UNIDO into a specialized agency should be to strengthen the organization and its important role in the field of industrialization of developing countries and not to weaken it. For this reason my Government has been holding the view for years now that the financial base of the new UNIDO should be comparable to that of the existing one. This is the main problem we are still facing in my delegation in regard to ratification. We therefore pledge our readiness to participate in the transformation of UNIDO as soon as the organization is assured of such a financial base.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

1. Mr. Chairman, my delegation fully endorses the statement made yesterday by the representative of Denmark on behalf of the group of interested Western European and other countries. For my own part, I am conscious that the main purpose of this week is to consult and not make speeches. I therefore propose to make only a very brief statement.

2. First and foremost, I should like to reaffirm that my Government remains committed to the transformation of UNIDO into a specialized agency. We participated fully, and I hope constructively, in discussions which led to drawing up the new Constitution, and signed it in October 1979 with the full intention of ratifying and joining the new organization in due course. That remains our position. But like others represented here we want to be sure that we are setting up the new organization on a viable financial basis that is comparable to that in the existing organization and this means having all, or very nearly all, member States on board at the outset.

3. We acknowledge the difficulties of holding these consultations at a stage at which States which have already ratified represent less than 40 per cent of the budget of the new UNIDO, but I do not believe that we should exaggerate the difficulty. We remain optimistic that the coming week of consultations can be productive because, in our view, we share two common purposes. The first is to bring the new organization into being on a sound financial basis as soon as possible. No one who participated in last week's exercise at the Industrial Development Board to examine the programme budget can fail to have been convinced of the importance of transferring full responsibility for this to UNIDO as soon as we can. The second common purpose is to effect the transformation as smoothly and easily as possible. This means that we shall need in the course of our consultations this week to look for ways of ensuring continuity in the programme of work of UNIDO until the new Programme and Budget Committee, the Board and the General Conference have been set up and are in a position to take over the work assigned to them under the Constitution. While recognizing the importance of continuity, however, my delegation firmly believes that we should not be trying this week to take decisions which pre-empt the decision-making powers of the new

body; we should, instead, be focusing on the relatively small number of issues on which decisions are essential before a date of entry into force can be fixed. If we do so, we are confident that it should indeed be possible to reach agreement this week, so that we are in a position to move to the third and final stage of conversion as soon as all member States are ready to go ahead.

BANGLADESH

1. Mr. Chairman, I would first like to congratulate you and the other members of the Bureau on your election to the respective offices of this important meeting. We wholeheartedly share the hope of the previous speakers that under your able guidance we shall fully achieve the objectives of General Assembly resolution 37/213 relating to the early conversion of UNIDO into a specialized agency.
2. The Government of Bangladesh attaches high priority to the acceleration of the process of industrialization and expects that the new UNIDO will substantially enlarge its assistance to this country in achieving the target of growth of manufacturing outputs to an overall annual rate of at least 9 per cent as was internationally agreed to in the Substantial New Programme of Action for the 1980s for the Least Developed Countries adopted at the United Nations Conference on the Least Developed Countries in 1981. We firmly believe that UNIDO would be far better placed to fulfil its mandate in attaining the targets set in the Lima Declaration and Plan of Action and in playing a key role in the establishment of the new international economic order if it had the operational independence and organization as provided for in the Constitution of UNIDO adopted in 1979 by the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency. Bangladesh continues to support the early entry into force of this Constitution but it also subscribes to the view that the new UNIDO must have the necessary global support and adequate resource base and for that matter would be prepared to wait for the completion of procedure of formalities of other member States in ratifying the Constitution. We, however, sincerely hope that they will make their best efforts for early ratification of the Constitution to which they have already given total support.
3. The Government of Bangladesh strongly supports the view that the conversion of UNIDO into a specialized agency should not in any way disrupt the ongoing programmes of the organization during and immediately after the transition period. We particularly want to stress that the present and predicted programmes of UNIDO in respect of industrialization of the least developed countries through special measures should not only be protected but enlarged for full, adequate and immediate implementation of paragraphs 47 and 48 of the Substantial New Programme of Action.
4. In respect of the financial matters, Bangladesh is of the view that it is absolutely essential to enlarge the resource base of UNIDO to fulfil its mandate and obligations in terms of articles 1 and 2 of the Constitution. In this connection, we would like to appeal to the international community to appreciate the need for increased contributions to UNIDO to meet the pressing need for acceleration in the process of industrialization of developing countries in general, and of the least developed countries in particular, in bringing about the

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structural transformation of their economies. The whole purpose of conversion of UNIDO into a specialized agency will be defeated if the resource base of this organization is not significantly enlarged.

5. On the issue of structure and staffing of the new organization, Bangladesh is of the view that the structure of the new UNIDO should be determined by the objectives, functions and organs as defined in articles 1, 2 and 7 of the Constitution. The secretariat of the organization should be as set forth in article 11 of the Constitution. The authority and responsibilities of the Director-General and members of the secretariat should also be as set forth in the Constitution itself. Manning of different posts should be based on the actual need of the organization and efficiency and competence of the persons and equitable geographical distribution. In this connection, we have to mention here specially that intimate knowledge of the problems of the developing countries should be an important criteria in the selection of personnel in order to fulfil the mandate given to UNIDO by the Lima Declaration and Plan of Action. As regards the transitional arrangements, Bangladesh strongly supports the view that these should be guided by the Constitution itself and by General Assembly resolutions 34/96 and 37/213. In order that UNIDO can continue to function smoothly, we strongly recommend that a working capital fund be established at an early date.

6. Before concluding, I would like to voice our sincere hope again that we shall soon be able to see UNIDO functioning as a specialized agency on a sound and viable footing.

ITALY

1. Mr. Chairman, I first wish to congratulate you and all the members of the Bureau for your election.

2. The Italian delegation entirely shares the remarks made yesterday by the distinguished delegate of Denmark on behalf of the group of the interested Western European and other countries.

3. As you know, my country has not yet ratified the new Constitution of UNIDO. Two series of reasons stand at the basis of such a situation.

4. The first and basic one is strictly related to the constitutional procedure established by the Italian laws for ratification of international acts. As a matter of fact, the long and complicated procedure foreseen for all acts of ratification was nearing completion when, as you will be aware, the Italian political situation changed, preventing any further development.

5. The whole matter will therefore be reconsidered by the next Parliament, even though, presumably, no substantial change will intervene to modify the Italian attitude which has been traditionally open and advanced towards both the overall UNIDO activity and the question of transformation of the organization into an efficient and properly oriented international agency. What is certain, is that the present moment does not appear to be the most suitable to formulate an hypothesis as to the date of intervention of the Italian ratification.

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6. I wish also to refer, with the occasion, to the necessity to ensure the continuation of the present trend of UNIDO activities. The transformation will indeed offer a unique opportunity to correct faults and deficiencies of the old UNIDO but, at the same time, an important element of the whole process will be the assurance of a substantial continuity in its activities. We trust the present consultations will give concrete indications to this regard, in a spirit of mutual understanding suitable to create the conditions for the birth of an organization able to develop the concrete, effective and well balanced activity that we all expect from it.

FRANCE

1. Mr. Chairman, from the outset of the process of the conversion of UNIDO, France has endorsed what it looks upon as institutional and operational progress in the United Nations system as a whole. Thus, my country took an active part in the negotiations which resulted, on 8 April 1979, in the adoption of the new Constitution of UNIDO.

2. France signed the convention at the same time as its partners in the European Community, at Vienna, on 5 October 1979. Our ratification was notified to the Secretary-General of the United Nations on 30 March 1982.

3. Those are the tangible and effective signs which my country has given regarding the conversion of UNIDO, from which it expects the following:

(a) Greater efficiency;

(b) Better response to the requirements of the developing countries;

(c) Better adaptation of the joint industrial development tool, which we consider UNIDO to be.

4. France has thus shouldered its responsibilities by subscribing to the international commitments required for the conversion of UNIDO. At the present stage, it is prepared to carry on, but its effort, like that of many countries which have ratified the Constitution, can continue only given a sense of solidarity on the part of all the countries belonging to the international community, in line with the spirit which motivated the preliminary consultations presided over with talent by Ambassador Umar in the past few weeks.

5. I would recall that the new specialized agency must, in our view, be based on the principle of the universality of all international agencies, on a membership of the Industrial Development Board which should conform to the Constitution and on a financial basis equivalent to the present body which is subsidiary to the General Assembly.

6. The social change taking place in third world countries, which can be described in a nutshell as a transition from a closed economy to an economy of trade, results in the crowding of populations into increasingly over-populated

cities, and gives rise to social tensions which can be resolved only through the introduction of new activities and the growth in resources which industrialization can bring about.

7. These few words cover a great deal of individual suffering by those who are not integrated into the world industrial economy, as was aptly pointed out by the Chairman of the African Group. When the new specialized agency takes effect, this will be a sign of hope for all those who are suffering, for it will be followed - we are depending on it - by concrete achievements made possible by this new and better organization.

8. In this, the industrialized countries will also be helping to create new conditions of prosperity such that they will promote a joint development which is in the common interests of both the developed and the developing countries, for it is true that it is not acceptable for the wealth of some to be founded on the poverty of others.

9. Therefore, it behooves us to appeal to all the Members of the United Nations to join the group of countries which have ratified the Constitution so as to ensure that the very name of the organization to which we all belong will retain its full meaning, so that we can reach realistic and practical conclusions enabling us to launch the new agency on a concrete, practical and reasonable foundation. This objective, which we should attain during this meeting, should make it possible to win over and to attract towards the new agency those who still appear to have qualms in its regard.

10. It is our hope that the good results of these consultations will lead to an increase in the number of ratifications and thus bring us as quickly as possible to the threshold of political and financial feasibility which will enable us to found the new agency on bases which are acceptable to all the members of the international community.

CANADA

1. Mr. Chairman, my delegation did not plan to speak today as we fully subscribe to the statement made yesterday by Mr. Lilholt on behalf of the group of interested Western European and other countries. Nonetheless, in this context, it is perhaps appropriate that I do so.

2. Firstly, we are grateful, Mr. Chairman, that you have once again consented to lead our deliberations. We have every reason for confidence that under your wise guidance our meeting will be a success. A further reason for confidence is the emphasis which all speakers, both yesterday and today, have placed on the goodwill with which they have entered this meeting. For our part, my delegation is participating in this consultation in good faith in the hope that the conversion of UNIDO into a specialized agency can proceed at an early date. Canada has signed the Constitution of UNIDO which of course is, and should be, recognized as a statement of Canada's intentions with respect to the new UNIDO. We have every expectation that the next step will also be forthcoming at the earliest appropriate

moment, but I am sure that all delegations will understand that we cannot prejudge the decision to be made by the Canadian Cabinet.

3. I believe the goodwill of my country towards both development in general and, more specifically, industrial development should be clear. Through its voluntary and regular budget contributions to the United Nations system as a whole, my Government has been a principal contributor towards the work of UNIDO. Last year, with Canada's voluntary contributions added to its regular budget contributions, it ranked as the sixth largest total contributor. The work of UNIDO through both the regular budget and the UNDP projects executed by UNIDO received its proportionate share of the Canadian contribution.

4. During this week there will be ample opportunity to assess the goodwill which all speakers have proclaimed towards the conversion of UNIDO. The test will be the degree to which they forbear from attempting to place special conditions upon the new organization and its constituent bodies, the responsibilities and obligations of which are set out clearly in the Constitution. I pledge that my delegation will act on this basis.

JAPAN

1. Mr. Chairman, it is my pleasure to have an opportunity to make a statement at this important gathering. I believe that all of us here share the same hope that the conversion of UNIDO into a specialized agency will greatly contribute to the promotion and acceleration of industrial development in developing countries. It is also hoped that maximum efficiency can be achieved in the new organization so as to further strengthen the effectiveness of its technical assistance to developing countries. It was with these considerations that my Government ratified the Constitution of UNIDO.

2. This meeting was called for by article 25 of the Constitution as well as by General Assembly resolution 37/213. Paragraph 1 of article 25 of the Constitution requested us agree on the date of entry into force of the Constitution after consultations among ourselves and to notify the depositary of the agreement reached. Paragraph 1 (b) of resolution 37/213 requested us to meet at Vienna for the second stage of consultations to discuss all relevant substantive questions with a view to determining the date of entry into force of the Constitution. My delegation hopes that the discussions to be held during this consultation meeting will bring us a step forward through a frank exchange of views among States towards the transformation of UNIDO into a specialized agency.

3. With regard to the agenda items of this consultation meeting which were discussed and agreed upon during the series of pre-consultation meetings chaired by Ambassador Umar, I should like to make the following comments. With regard to agenda item 3, programme and financial questions, my delegation shares the views expressed in the statement made by the distinguished representative of Denmark on behalf of like-minded countries. My delegation believes that this consultative meeting should not prejudge or pre-empt the decisions which should be taken by the policy-making organs of the new UNIDO. As for the transitional period, we shall

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fully take into account the biennial programme and budget for 1984-1985 of UNIDO which was discussed in depth at the seventeenth session of the Industrial Development Board. Furthermore, my delegation considers it important for us to bear in mind the prevailing economic situation and financial burden from which all nations are suffering. It is therefore not my delegation's opinion that the new UNIDO should expect an upward change in the level of resources compared to the resources available to the existing organization. Regarding the structure and staffing questions, my delegation fully endorses what has been said by the representative of Denmark. My delegation thinks that it is not proper to start considering the change in the Secretariat at this early stage of the transformation of UNIDO undermining the discussions and decisions, if any, on issues to be taken by the policy-making organs of the new UNIDO.

4. As to the agenda for the first General Conference, my delegation supports the agenda as agreed upon during the pre-consultation meetings including the wording "General policy guidelines of the United Nations Industrial Development Fund". With regard to the common and joint services in the Vienna International Centre, my delegation believes that the principles of cost-effectiveness and self-sufficiency should be observed. My delegation further considers it important to observe the principle of no increase in projects and personnel regardless of the transformation of UNIDO into a specialized agency. To serve these principles without a loss of efficiency, it has been useful to unify some common services under one authority.

5. We are all aware that the countries which have already ratified the Constitution do not compose a significant part of the financial basis of the new UNIDO. We should always keep in mind that the Constitution should enter into force only when a sound financial basis is assured. At the same time, sufficient participation of States should also be necessary to make the new organization viable. My delegation sincerely hopes that these requirements will be fulfilled in the near future and that the new UNIDO will come into existence with effectiveness.

AUSTRIA

1. Mr. Chairman, let me state at the very outset that the Austrian Government attaches considerable importance to this meeting on the conversion of the United Nations Industrial Development Organization into a specialized agency. Fully aware of the hopes and aspirations placed by the developing countries on UNIDO and convinced of its mission and role as an effective instrument of co-operation in the field of industrialization, Austria, as the host country to UNIDO, would like to see this organization acquire the status of one of the major specialized agencies within the United Nations family in the near future, and without further delays.

2. It therefore goes without saying that Austria has ratified the Constitution of the new UNIDO and that the Austrian Government pledges its continued support to this end.

3. In order to ensure a smooth transition and in order not to disrupt the activities of the new UNIDO for lack of financial resources, we share the preoccupations expressed by so many delegations that the entry into force of the

Constitution must be timed in such a way as to guarantee its success. In this connection we associate ourselves with the statement delivered on behalf of the group of interested Western European and other countries. In view of the present economic situation we also subscribe to the necessity of utmost efficiency in the use of available financial resources. But we are likewise convinced - as pointed out by previous speakers from developing countries - that efficiency also requires the allocation of adequate resources for the implementation of the mandate entrusted to UNIDO.

4. It will be easily understood that Austria takes a special interest in questions regarding the Vienna International Centre and its relations to the international organizations and offices established there. I should also like to stress the pride we take in being the host to the International Atomic Energy Agency, the United Nations and UNIDO and that Vienna has become - as the Secretary-General of the United Nations stated only last week in a report to the Economic and Social Council - one of the three headquarters cities of the United Nations. We are happy that UNIDO will become independent and that Vienna will then be the seat of two of the most important specialized agencies as well as one of the headquarters of the United Nations.

5. Mr. Chairman, allow me, therefore, to turn to item 6 of our agenda concerning the effect of UNIDO's assumption of specialized agency status on the existing common services at the Vienna International Centre and on the relations of UNIDO with the host country.

6. As you are aware, UNIDO has its headquarters within the Vienna International Centre which also serves as headquarters of other United Nations offices and of the International Atomic Energy Agency. This situation as well as considerations of a practical and a cost-efficient nature have quite naturally led to the establishment of common services, which in the opinion of my delegation are highly commendable wherever practical and feasible. As a consequence of the transformation of UNIDO into a specialized agency, the various arrangements regarding these common services will have to be adapted to a changed situation. It will of course be up to the organizations concerned to find and propose the best possible solution, bearing in mind the most efficient and effective manner of providing common services. Perhaps, as the outcome of these discussions will have, directly or indirectly, a bearing on the various agreements related to UNIDO and the Vienna International Centre, these questions should be tackled as early as possible.

7. With regard to the relations of UNIDO with the host country and in particular its headquarters agreement, article 20, paragraph 1, of the Constitution of UNIDO states that the seat of UNIDO shall be Vienna. Paragraph 2 of that same article provides for the conclusion by the organization of a headquarters agreement with the host Government. The existing Agreement of 13 April 1967 regarding the headquarters of UNIDO was concluded between the Republic of Austria and the United Nations, UNIDO being a subsidiary organ of the General Assembly. The same procedure was followed with respect to the agreements relating to the Vienna International Centre.

8. New headquarters agreements will thus have to be negotiated between UNIDO and the Austrian Government and between the United Nations and the Austrian Government. This will also entail a revision of the supplemental agreements based on the present Headquarters Agreement. In the view of the Austrian Government, the conversion of UNIDO into a specialized agency shall be without prejudice to the privileges and immunities granted by the present Headquarters Agreements and related supplemental agreements. Consequently, the new headquarters agreement to be concluded between UNIDO and the Austrian Government will guarantee the same privileges and immunities as provided for in the existing agreements.

9. Furthermore, as I have already mentioned, the present Agreements relating to the Vienna International Centre will have to be revised and we are convinced that it will be possible to conclude these new agreements taking into account the requirements of both the United Nations and UNIDO. Finally, it will be necessary to review the trilateral Agreements between the Republic of Austria, the United Nations and the International Atomic Energy Agency in order to include UNIDO as a new partner.

10. In view of the complexity of these questions, it would seem to be of great advantage to prepare drafts for the new headquarters agreement as well as related and other arrangements as soon as possible.

11. Early discussions and negotiations on this subject, including the definition of the headquarters of UNIDO, seem all the more important as the new headquarters agreement and pertaining arrangements will have to be fitted within the framework of the existing Agreements, in particular those to which the Republic of Austria and the United Nations are a party. This means that solutions will have to be found within the context of present realities and that delays in tackling these questions could impair the smooth transition of UNIDO into a specialized agency.

12. Having expressed its fervent expectations that the transformation of UNIDO will take place in the near future, the Austrian Government is ready to enter into the required process of consultations and negotiations, thus preparing the ground for the proper functioning and continued success of the new UNIDO.

GREECE

1. Mr. Chairman, as it is the first time I take the floor, I would like to congratulate you personally for the assumption of the chairmanship of this meeting and to thank you, as well as the distinguished members of the Bureau, for the opportunity now given to me, to address these few words to the international community, gathered in microcosm here, at the Hofburg Palace.

2. I specially devote my words to those members of the international community which are now suffering and which are addressing their justified hopes to the conclusions of this very meeting being held here.

3. I would like to say that Greece fully endorses the statement of the distinguished representative of Denmark, who spoke yesterday on behalf of the group of interested Western European and other countries.

4. Also, Greece, always willing to come to the assistance of the suffering world, announces that it has just yesterday ratified the Constitution of UNIDO and that the ratification papers will be deposited within the next few weeks at United Nations Headquarters in New York.

5. Finally, Greece declares that, by all its limited means, it will contribute to the transformation of UNIDO into a specialized agency of the United Nations.
