

should make time projections for the rational industrialization of regional or subregional economic units based on cost-and-benefit-sharing through the co-ordination of industrialization policies and national development plans, on the basis of priorities determined by the developing countries themselves according to their needs.

91. He supported draft resolution A/C.2/L.1352, and in particular paragraph 4, which stressed industrial co-opera-

tion between developing and developed countries and between the developing countries themselves.

92. The CHAIRMAN announced that Afghanistan, Bolivia, Burundi, Chile, Ethiopia, Madagascar, Mali, Pakistan, Thailand, Togo and Turkey had become sponsors of draft resolution A/C.2/L.1352.

The meeting rose at 6.05 p.m.

1617th meeting

Monday, 28 October 1974, at 10.40 a.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1617

AGENDA ITEM 43

United Nations Industrial Development Organization (*continued*) (A/9603, chap. III, sect. L; ID/B/142 and Corr.1, ID/B/145):

- (a) Report of the Industrial Development Board (A/9616, A/C.2/L.1362);
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director (A/9663, A/C.2/L.1352);
- (c) Establishment of a United Nations industrial development fund: report of the Secretary-General (A/9792, A/C.2/L.1361)

1. Mr. AL-KHUDHAIRY (Iraq) thanked the representative of the Executive Director for his informative introduction at the 1614th meeting to the report of the Industrial Development Board on the work of its eighth session (A/9616). He reiterated the importance which his Government attached to industrialization in the economic and social development process of Iraq. The Government of Iraq had embarked on programmes of industrialization in all sectors and, although financially it was in a position to implement those programmes itself, it lacked the necessary expertise and technical know-how. In that respect, it relied on two sources of help: bilateral and multilateral, the latter through UNIDO.

2. The increasing UNIDO operational activities of direct assistance to Member States were evidence of the importance which developing countries attached to industrialization in general and to the role UNIDO could play in that field. For that reason, his delegation welcomed the efforts being made by UNIDO, in the face of administrative, financial and technical difficulties, to increase its UNDP-financed programmes, and it was happy to note that in 1974 the increase would be 17 per cent over the previous year. However, UNIDO would be able to expand its activities further only if the budgetary resources available to it were increased.

3. His delegation noted with satisfaction that, at its eighth session, the Industrial Development Board had paid special

attention to the problems raised by the Declaration and the Programme of Action on the Establishment of a New International Economic Order adopted by the General Assembly at its sixth special session (resolutions 3201 (S-VI) and 3202 (S-VI)). It was imperative that UNIDO should conform its activities and programmes to those decisions. In that connexion, the Second General Conference of UNIDO, to be held at Lima in March 1975, must be thoroughly prepared, in the light of the decisions adopted at the sixth special session of the General Assembly; the Conference would have to decide on the new instruments of action needed to implement those decisions. His delegation was awaiting the finalization by the inter-governmental Preparatory Committee for the Second General Conference of the "comprehensive plan of action" recommended in General Assembly resolution 3087 B (XXVIII), and would work energetically for adoption of the plan with a view to promoting a new form of industrial co-operation in the context of a new international division of labour. It was for those reasons that it had become a sponsor of draft resolution A/C.2/L.1352.

4. His delegation continued to attach great importance to the role played by the industrial development field advisers, and hoped that their numbers would be increased so that there would be at least one field adviser for each developing country. The selection and appointment of those advisers should be made on the basis of equitable geographical distribution. In addition, UNDP resident representatives should co-operate more closely with them. In keeping with the importance it attached to the field activities of UNIDO, his delegation called for the establishment at Beirut of a joint division of UNIDO and the Economic Commission for Western Asia, so as to facilitate co-operation and co-ordination with the countries of the region, which had embarked on new and extensive programmes of industrialization.

5. His delegation believed that, in view of the new trends in industrial activities and changes in the economic order, UNIDO should play an even greater role in the process of industrialization and should therefore be strengthened. It agreed therefore with the position of the Group of 77 on the report of the *Ad Hoc* Committee on a Long-Range

Strategy for UNIDO, which was annexed to that report (ID/B/142 and Corr.1). It hoped that that question would form an essential part of the deliberations at the Second General Conference of UNIDO, and it took the opportunity to state that it agreed in general with the conclusions of the report of the *Ad Hoc* Committee.

6. He wished to make it clear that the problems of industrialization faced by the developing countries were inseparable from the sovereign right of States to exploit, process and develop their own natural resources without coercion or domination by outside interests, whether private or governmental, direct or indirect. It was only by processing their own natural resources and selling them in the form of finished or semi-finished products that the developing countries could hope to advance their economic position. That was also essential if the developing countries were to end their dependence on developed countries, from which they imported manufactured goods and other products. The irony of the situation was that 90 per cent of those goods were manufactured in the developed countries from raw materials which the developing countries had to sell to them precisely because they lacked the necessary industrial infrastructure to process them themselves.

7. In the field of UNIDO co-operation with other specialized agencies and institutions of the United Nations system, his delegation welcomed the increasing contacts between UNIDO and the regional economic commissions, and the establishment of the joint UNIDO/IBRD Programme Unit. It called on the other organizations in the United Nations system to follow that example.

8. Lastly, he emphasized the continued opposition of his Government to any form of aid, either bilateral or multilateral, to Israel, which continued to occupy illegally the homeland of the Palestinian people, depriving them of their inalienable right of self-determination, in defiance of world opinion and United Nations resolutions.

9. Mr. MATIN (Pakistan) said that he joined the other members of the Committee in expressing condolences on the death of the Minister for Foreign Affairs of Iraq.

10. All were aware of the pressing need to accelerate industrial development in the developing countries so that they could raise labour productivity, create employment opportunities and utilize their natural resources to the full, thus ensuring the material welfare of their peoples. However, those countries encountered many bottle-necks in both supply and demand. The shortage of capital and foreign exchange, the inadequacy of technical know-how and the high cost of technology were some examples. The installation of new units of production and the expansion, diversification and effective utilization of existing ones were obstructed by international trade barriers and difficulty of access to the markets of the developed countries, which so far had given no encouragement to the export of manufactured and semi-manufactured goods produced by the developing countries.

11. It was unfortunate that in recent years some of those difficulties had assumed serious proportions. For instance, the flow of capital from the developed to the developing countries for industrial investment had decreased in real

terms. There had actually been a net transfer of resources from the latter to the former in certain cases. In their efforts to combat inflation and restore balance-of-payments equilibrium, many developed countries had imposed import restrictions adversely affecting the exports of the developing countries.

12. The elimination of the obstacles to industrialization was clearly the responsibility of the United Nations system and related multilateral organizations. UNIDO was doing worth-while work within its jurisdiction, and that was valued by the Government of Pakistan. UNIDO contributions in the form of advisory services, pre-investment surveys, feasibility studies, strengthening of national industrial institutions, upgrading of skills, transfer of know-how and preparation of programmes and policies were instrumental in mitigating some of the difficulties encountered by planners and *entrepreneurs*.

13. His delegation was glad to learn that UNIDO estimated delivery for the year 1974 represented an increase of 17 per cent over the previous year. The expected rate of rise in the outlay was certainly higher than the tempo of price increases and was, therefore, indicative of real improvement in the operational activities. His delegation was concerned, however, about future budgetary constraints and recommended a steady increase in contributions to UNIDO, which had already proved its worth, to enable it to meet growing claims for assistance.

14. His delegation was happy to note that, in the formulation of the medium-term plan and the programme and budget, particular attention had been paid to the implementation of the recommendations of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO and to the fulfilment of the objectives set forth in the Declaration and the Programme of Action adopted by the General Assembly at its sixth special session. He hoped that, in the light of the need for a new and equitable relationship between developed and developing countries, the functions, objectives and programmes of UNIDO would be redefined to make it a more dynamic and forward-looking organization.

15. His delegation looked forward to the deliberations of the Second General Conference of UNIDO, to be held at Lima in March 1975, to outline the basic principles for an international declaration on industrial development and co-operation and to spell out a comprehensive plan of action for promoting the industrialization of the developing countries. It believed that the problems of industrialization were inseparable from the sovereign right of States to utilize, process and develop their own natural resources and to legislate and, where necessary, to nationalize their natural resources and means of production. It therefore endorsed the decision of the Industrial Development Board to refer the question of natural resources to the Lima Conference (see A/9616, para. 184).

16. Finally, his delegation welcomed the report of the Secretary-General on the establishment of a United Nations industrial development fund (A/9792), which it believed should complement traditional sources of finance made available to UNIDO and enable it to provide more effective assistance to developing countries in accordance with the

measures set out in General Assembly resolution 3202 (S-VI). The organization would then be in a better position to fulfil its mandate and function as an innovative agency in boosting industrial progress, transmitting technology and stimulating co-operation between industrial and industrializing societies.

17. Mr. WILLIAMS (Sierra Leone) said he believed that the choice facing the international community in the matter of industrial development was very clear; it could either cling to conventional wisdom or apply creative imagination to the search for solutions. The future programme of industrial co-operation must take into account the current problems of industrialization in developing countries, the experience gained over a number of years and the plans and programmes for development established at national and regional levels.

18. All developing countries without exception had given high priority to the industrial sector in their development plans and programmes. However, the achievements during the past 15 years had by no means fulfilled their expectations, and great effort would be needed to reach the targets for industrial development established for the Second United Nations Development Decade. In the case of Sierra Leone, a number of measures had been taken to accelerate expansion of the industrial sector, such as a tax holiday and other fiscal concessions, and a number of import-substituting industries had been established. Despite those measures, the industrial sector had grown at a slower pace than expected and had made only a very limited contribution to economic development and the balance of payments. Import substitutes had depended heavily on imports of raw materials, intermediate goods and a wide range of services, as well as the importation of foreign capital. In many cases, licences for the use of foreign patents had been made available at very high cost. Similarly, export processing had often had to rely on foreign technical personnel, and in some cases the technological problems and the difficulty of marketing the products abroad had seriously limited the profitability of such industries.

19. In his delegation's view, UNIDO was one of the bodies competent enough to correct the mistakes which had been made in the past by the developing countries in connexion with industrialization. In Sierra Leone, a comprehensive national development plan for 1974/75-1978/79 had just been launched with assistance from UNDP. The new plan envisaged the establishment of agro-industries, labour-intensive industries and industries which aided expansion of exports and development of the traditional agricultural sector. In order to implement the plan, however, industrial promotion would have to be reorganized and increased technical assistance and financial aid would be needed from multilateral and bilateral sources.

20. Although UNIDO assistance to Sierra Leone had been very little, his delegation whole-heartedly supported the recommendations of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO concerning greater autonomy for the organization and the formulation of a medium-term plan and programme in the light of changing world conditions. It welcomed measures aimed at a further increase in field advisers, expansion of the Special Industrial

Services programme and the establishment of a joint ECA/UNIDO division at Addis Ababa as a means of strengthening the industrialization efforts of African countries.

21. He welcomed the convening of the Second General Conference of UNIDO at Lima in March 1975 to establish the basic principles for an international declaration on industrial development and co-operation. In the belief that co-operation was the key to industrial development, his Government was exploring prospects of economic co-operation with neighbouring countries. Discussions with Liberia, which had begun in 1971, had led to the signing in 1973 of the Mans River Union Declaration. A joint secretariat for economic and social co-operation between the two countries had started functioning in January 1974, and the formation of a customs union was envisaged for 1977. In the field of industry, a United Nations interagency mission had identified a number of projects through which the markets of the two countries could be supplied. Pre-feasibility and feasibility studies of the projects were to be conducted in the first two years of the national development plan. Sierra Leone was also participating in the discussions currently in progress for the formation of a West African Economic Community, which could have a profound effect on industrial development in the countries constituting it.

22. Against the background of past experience and current problems in the field of industrialization, UNIDO should aim at improving the general environment for industrial development in developing countries and creating conditions for a wider dispersal of industry within as well as between countries; increasing the linkage between industry and other sectors of the national economy, particularly the agricultural sector; accelerating the transfer of technology to developing countries and promoting the adaptation of technology to their specific conditions and needs; co-operating with UNCTAD to promote the marketing of industrial products through various measures—such as international subcontracting, licensing agreements and joint ventures—that would establish direct linkage between enterprises in developing countries and industrial and marketing concerns; and, finally, expanding domestic facilities for industrial research, for training in industrial skills at all levels and for the adaptation of foreign technology to local needs and conditions.

23. All countries now shared a comprehension of the problems of industrial development. What remained was the political will. Sierra Leone was evolving new social structures aimed at creating more equitable systems of distribution among its people and at self-reliance. Despite all the problems with which it had to grapple, Sierra Leone had the will to proceed with its industrial development programme.

24. Mr. OLZVOI (Mongolia) expressed his profound condolences to the Government and people of Iraq on the death of the Minister for Foreign Affairs.

25. He had listened with great interest to the statement of the representative of the Executive Director of UNIDO; his Government attached great importance to the work of the organization responsible for co-ordinating the activities of the United Nations system in the field of industrialization.

26. Industrialization was a high priority for the developing countries. It was the *sine qua non* for ensuring economic independence and overcoming the backwardness caused by colonialism. However, the developing countries faced many difficulties. To begin with, they were confronted with the activities of transnational corporations, which, motivated solely by a desire for profit, exploited the national resources of the developing countries and engaged in neo-colonialist activities. Those monopolies posed the greatest obstacle to the industrialization of the developing countries. The industrialization process was also hampered by the unjust situation which characterized the capitalist international division of labour, and by inflation, economic crises and the imbalance between the prices of primary commodities and those of manufactured goods. Moreover, as the Executive Director had stated before the Economic Committee (711th meeting) at the fifty-seventh session of the Economic and Social Council, the developing countries' share of world industrial production had not increased significantly during the past two or three decades. The United Nations must therefore play a greater role than ever in the field of industrial development.

27. It should be noted that the improvement in the international political climate promoted co-operation in all fields, and particularly in the field of industrialization. The decisions adopted by the General Assembly at its sixth special session should stimulate the activities of UNIDO, and the Second General Conference of UNIDO would have to determine how the decisions relating to industrial co-operation should be implemented. The Mongolian Government attached considerable importance to the Second Conference and was following the preparatory work with great interest. He hoped that the Conference would herald a new era and would facilitate broader international co-operation between countries with different economic and social systems and between developing countries. The Conference should be held in the spirit which had prevailed at the sixth special session and should take into consideration the new economic and political circumstances. He hoped that the declaration to be prepared by the Conference would add substance to the Declaration on the Establishment of a New International Economic Order (General Assembly resolution 3201 (S-VI)). The long-range strategy of UNIDO naturally should be based on that document. His delegation endorsed the conclusions of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO contained in its report (ID/B/142 and Corr.1) and believed that the basic task of UNIDO must be to implement a strategy for industrialization based on the Committee's conclusions.

28. His delegation considered that the end of the arms race, together with disarmament, would contribute substantially to the industrialization of the developing countries. In that connexion, it again stressed the importance of General Assembly resolution 3093 (XXVIII), which should make it possible to release additional resources to finance the industrialization of the developing countries, in particular the least developed among them.

29. He wished to emphasize certain specific points which were of major importance to the future activities of UNIDO. First, an exchange of experience among the member countries of UNIDO was essential. As his delegation had already emphasized at the twenty-eighth session of

the General Assembly, UNIDO must take into account the experience of the socialist countries, which had had definite results; the authority of the United Nations would thereby be enhanced, since the exchange of experience in the industrial field could not but be useful to all countries, irrespective of their economic and social systems. However, industrialization could not yield results unless it was accompanied by radical structural reforms in other areas. National independence and the right to full sovereignty over national resources were essential for industrialization. In that regard, his delegation welcomed the decision of the Industrial Development Board to refer the matter to the Second General Conference of UNIDO, for it believed that the activities of UNIDO must be designed to protect and consolidate the right of the developing countries freely to dispose of their natural resources.

30. The question of strengthening the activities of UNIDO had grown in importance with the needs of young, newly-independent States. New means to enhance the effectiveness of UNIDO had been proposed, including the granting of administrative and financial autonomy and the establishment of a United Nations industrial development fund. In that connexion, his delegation was not convinced that the strengthening of UNIDO depended solely on a number of structural reforms. Although it naturally did not object to the organization's being strengthened and being given financial autonomy, it believed that the proliferation of funds and the expansion of staff could have the opposite effect to what was desired. In any event, the question deserved thorough consideration.

31. In conclusion, his delegation hoped that the activities of UNIDO would be more effective and would more adequately meet the real needs of the developing countries in the field of industrialization. His delegation was prepared to develop its co-operation with UNIDO.

32. Mr. BA-ISA (Democratic Yemen) thanked Mr. Quijano-Caballero for introducing the report of UNIDO on behalf of the Executive Director.

33. Industrialization was essential for the developing countries in order to permit genuine economic and social development and to raise the standard of living of millions of underprivileged persons. No longer was industrialization viewed in any country as a luxury or as a means of satisfying national pride.

34. In recent years, the situation of the developing countries, which had been considered sources of cheap raw materials and had been relegated to a state of dependency, had only deteriorated. The sixth special session of the General Assembly had represented an attempt to establish a new international economic order, and guidelines had been formulated at that session to promote the attainment of the lofty ambitions of the international community. To that end, UNIDO, which was the most important organization in the field of industrialization, was sorely in need of resources; that was the real obstacle which was hampering the effectiveness of the organization. Indeed, in the light of the outflow of trained personnel and the failure of the International Development Strategy, it could be seen that the major cause was that the developed countries had reduced the amount of aid which they provided. They did

not agree that UNIDO should be strengthened financially, which would permit it to live up to the hopes placed in it. Thus understood, international co-operation appeared to be much more of a slogan than a genuine strategy.

35. However, industrialization was essential to the developing countries; it must be based on the use of domestic natural resources, and thereby make it possible to reduce imports. Foreign aid must be complementary, although the results in that area had not been very encouraging, for even the economic concessions which had been granted to foreign investments had proved insufficient. The developing countries which had been most severely affected by the economic crisis and those whose economies were dependent on a single commodity had no other option but to diversify their economies and use their own resources for industrialization; foreign aid should play a complementary role and should be subject to the economic and social priorities of States.

36. His delegation paid a tribute to the Government and people of Peru who would be serving as hosts to the Second General Conference of UNIDO and hoped that specific decisions would be taken at the Conference with a view to promoting industrialization and establishing greater justice throughout the world. The Conference would constitute the first step towards the establishment of a new international economic order. His delegation also hoped that the Conference would take steps to enhance the effectiveness of UNIDO.

37. He drew attention to certain resolutions which were consistent with the interests of the developing countries, including General Assembly resolution 3087 (XXVIII) and Economic and Social Council resolution 1909 (LVII). Those resolutions must not remain dead letters. Furthermore, he announced that his delegation had become a sponsor of draft resolution A/C.2/L.1352 and was among the sponsors of draft resolution A/C.2/L.1361 concerning the establishment of a United Nations industrial development fund, a measure which should promote the industrialization of the developing countries.

38. He protested against the giving of any aid to Israel, which was usurping the rights of the Palestine people and occupying Arab lands in violation of United Nations resolutions. In conclusion, he expressed his condolences to the Government and people of Iraq on the occasion of the death of the Minister of Foreign Affairs.

39. Mr. KACIMAIWAI (Fiji) congratulated Mr. Quijano-Caballero on his statement and said that he had read with interest the report of the *Ad Hoc* Committee which was before the Committee. He hoped that the Preparatory Committee for the Second General Conference of UNIDO would complete its work soon enough for Member States to be able to study the documents thoroughly and prepare their comments.

40. The importance of industrialization for the progress of developing countries and for all countries could not be over-emphasized. That fact was confirmed by the tremendous upsurge in the economies of the developed countries during the last century. The disparity between those countries and the rest of the world in many fields was

traceable to their industrialization. Developing countries therefore wished to share in industrialization, because they realized that it would help them achieve greater social and economic well-being and a better standard of living.

41. However, many developing countries came up against obstacles when they tried to industrialize. Many small developing countries were hindered by the fact that they had not the right type or the requisite amount of natural resources, while the absence of reliable sources of energy and technology, the lack of capital and of capital goods, and the difficulty of finding local or international markets for processed and semi-processed products were additional difficulties. Moreover, trade in semi-processed raw materials for industrialization in the developing countries was often poorly developed. For those reasons industrialization was an expensive undertaking for the developing countries.

42. The co-operation of the industrialized countries was obviously essential to the development of viable industries in the poor nations of the world. Substantial transfer of financial resources, in aid or trade, or of capital goods and know-how was imperative if the developing countries were to achieve their industrialization goals. Moreover, their products must be given access to international markets if their industries were to be built to a viable scale. UNIDO should consider giving priority to the creation in many developing countries of small-scale industries which would enable the countries to make the best use of their limited natural resources and the labour available in the rural sector. It would then be possible to increase the income and well-being of the rural populations of developing countries. He hoped that the long-term strategy of UNIDO would take that aspect of industrialization into account. The experience of the industrialized countries regarding the impact of industrialization on the environment was very instructive and useful and should also be taken into account in the strategy.

43. Finally, the Second General Conference of UNIDO should take up the problem of the technical brain drain which was an obstacle to the industrialization of developing countries.

44. Mr. BHATTARAI (Nepal), after first having expressed sympathy to the Chairman and the delegation of Iraq on the occasion of the death of the Minister of Foreign Affairs of Iraq, said that his delegation attached great importance to the work of UNIDO which was the only organization capable of making any effective contribution to the rapid industrialization of developing countries.

45. His delegation approved resolution 40 (VIII) of the Industrial Development Board (see A/9616, annex I) regarding the Special Industrial Services programme, which placed special emphasis on the needs of the least developed countries. Industrial Board resolution 41 (VIII) (*ibid.*) concerning the programme of action for the benefit of the least developed among the developing countries was also of great significance to countries such as Nepal. He hoped that a detailed programme of action to assist the least developed countries would be prepared in response to the Board's decision.

46. It was well known that industry was the foremost instrument of economic and social growth; it was therefore essential that special attention should be given to the rapid industrialization of the developing countries, particularly the least developed, which were far behind even as compared to other developing countries. The efforts and assistance of UNIDO would be of tremendous importance in that connexion.

47. UNIDO should continue its operational activities to assist the industrialization of developing countries; it could also play a more active and effective role in advising and assisting the least developed countries to prepare industrialization policies and strategies within the context of their over-all development plans with due consideration to their specific needs and circumstances.

48. Nepal, a basically agricultural country, was one of the least developed among the developing countries and was still at an initial stage of industrial development. However, it was making every effort to promote industrialization and had recently put into operation a new industrial policy aiming at balanced regional development with emphasis on mobilization of local resources. The policy also aimed at self-sufficiency in the production of essential goods and was designed to attract local and foreign investment in industries falling within the national development plan. He thanked all the friendly countries and multilateral organizations which had helped his country's endeavours for industrialization. He particularly appreciated the useful role played by UNIDO in providing technical assistance.

49. In view of the challenging nature of current economic conditions and the need for readjustment of the economic relationships between States, it was important to strengthen the role of UNIDO so that it could deal more effectively with the problems of industrialization in the light of the changing world situation. He was looking forward with interest to the opening of the Second General Conference of UNIDO to be held at Lima in 1975; it was being held after the sixth special session of the General Assembly—which had adopted the Declaration and the Programme of Action on the Establishment of a New International Economic Order—but before the seventh special session, to be devoted to development and international economic co-operation. The timing of the Conference was therefore most appropriate. He hoped that it would find ways and means of increasing co-operation in the field of industrial development between the developed and developing countries on the one hand and among the developing countries themselves on the other. He also hoped that it would be able to establish basic principles for an international declaration on industrial development and co-operation and at the same time define a comprehensive plan of action for accelerating the industrialization of developing countries, thereby responding in particular to the hopes of the least developed countries and conforming to resolution 3087 B (XXVIII) of the General Assembly.

50. His delegation would like to join the other delegations which had sponsored draft resolution A/C.2/L.1352.

51. Mr. CORREA (Chile) said that UNIDO was an essential instrument for the rapid industrialization of developing countries. It was well known that great Powers

tended to encourage only a primary economy in developing countries which were producers of raw materials, as was shown by the international division of labour imposed by the USSR on members of CMEA. Similarly, the trade policies or credit terms which were offered to developing countries were often a hindrance to development.

52. In its industrialization policy Chile would use all its domestic resources and would use foreign investment only as a supplement, since such investment must be in accordance with national legislation and international agreements.

53. The private sector would therefore be mainly responsible for the industrialization process, although some fields would be reserved for State investment and others for mixed investment. It would therefore be possible to devote the resources of the public sector to a large-scale social programme for the benefit of the less privileged classes. It was a fact, proved by previous experience of Soviet methods, that human and material resources were much better utilized when it was the worker himself and not the State who benefited from his efforts. It sufficed to recall that in Chile the gross national product had fallen by at least 5.6 per cent during the previous year, and before being returned to the private sector the concerns which had been nationalized had made losses corresponding to the total national budget. Thus, the return to a free economy had released vast sums for the public sector. Those resources would be used for public works, a large-scale public housing construction project and an advanced social project. Those programmes were in course of execution and 50,000 new houses had been built in 1974.

54. The economic disruption experienced by Chile had brought about an estimated annual rate of inflation of 1,000 per cent. Understandably, therefore, time would be needed for the country to revert to economic normality. The Chilean Government was confident that, with the combined efforts of the public and private sector, it could conquer that unprecedented inflation. It was already possible to predict an increase of about 8 per cent in the gross national product for 1974.

55. One of the immediate goals of the Chilean Government was to use industrialization to diversify the balance of payments, some 80 per cent of which had until recently been financed by the sale of copper.

56. The representatives of the Soviet economic system had missed no opportunity of denigrating every economic system other than their own by emphasizing its shortcomings. Chile, which had seen Soviet economic theories fail, held that the weaknesses pointed out by the representatives of the USSR would not exist if countries took care to protect their economies against the tactics, methods and measures employed by the Soviet neo-colonialists, who used the concept of détente to develop their trade with the industrialized countries and thus to exert pressure on their Governments to support policies favourable to the USSR. When looking for the real causes of the current international economic crisis and the shortcomings of the capitalist countries, those factors should not be overlooked. Furthermore, Governments should ensure that their economic action was broadly consistent with their political

action. UNIDO, too, had a role to play in that respect, but if it was to be effective in the countries in which it operated, the economic policies of those countries needed to be sufficiently realistic and conducive to gradual industrialization.

57. The work of international bodies and funds which provided assistance to the developing countries would be futile unless those who had a moral obligation to finance them made greater efforts. The contributions recently pledged to UNIDO, at the 1974 Pledging Conference,¹ clearly demonstrated that some countries had yet to acknowledge fully their obligations in that respect. There were grounds for wondering whether any resolutions and strategies adopted during the Second General Conference of UNIDO would ever be translated into practical action.

58. The Latin American countries, which expected great things of the Conference, would hold a preparatory meeting at Mexico City at the end of November at which they would adopt a common position on the problems with which the Conference would deal.

59. The report of the *Ad Hoc* Committee on a Long-Term Strategy for UNIDO (ID/B/142 and Corr.1) was particularly interesting, and his delegation fully endorsed the Committee's conclusions. It whole-heartedly supported the establishment of a special fund for industrial development which would provide direct and effective assistance to countries requesting it. It was imperative, if UNIDO was to fulfil its responsibilities satisfactorily, that it should have budgetary autonomy, making it an entirely independent body. At the same time, before UNIDO could truly work on behalf of the countries for which it had been created, the representation of developing countries on the Industrial Development Board would have to be increased.

60. Mr. SEYDOU (Niger) thanked the representative of the Executive Director of UNIDO for his comprehensive report. He welcomed the Industrial Development Board's report on its eighth session and its conclusions, and took note of the report of the Preparatory Committee for the Second General Conference of UNIDO (ID/B/145).

61. The Second General Conference of UNIDO, to be held at Lima in 1975, was given greater meaning by the difficulties besetting a growing number of developing countries in their efforts to secure the economic and social development of their peoples, difficulties which were exacerbated by the current crisis. The purpose and duty of the Conference was not only to lay down principles, but also to state how they were to be applied in international co-operation and the industrial development of the developing countries. The work of the sixth special session of the General Assembly, in particular the principles governing the establishment of a new international economic order, was expected to be an invaluable source of inspiration to the Lima Conference. The international community, and particularly those countries which had the means to do so, should be prepared to adopt measures to promote the industrialization of developing countries with a view to increasing their share in world industrial produc-

tion, in conformity with the principles of the International Development Strategy and the recommendations of the Programme of Action on the Establishment of a New International Economic Order.

62. As a member of OAU, the Niger took great interest in UNIDO activities concerned with the industrialization of the developing countries. The Declaration on Co-operation, Development and Economic Independence adopted at the tenth ordinary session of the Assembly of African Heads of State and Government, held at Addis Ababa from 27 to 29 May 1973, had a bearing on that subject. His delegation welcomed the establishment of a joint ECA/UNIDO division for industry, which fulfilled the wishes expressed in the declaration on industrialization adopted by the Second Conference of African Ministers of Industry, which was held at Cairo in December 1973.

63. While his delegation supported the work of UNIDO, it hoped that the representation of the developing countries on the Industrial Development Board would be increased; it was only reasonable that the beneficiaries of UNIDO activities should participate fully in determining the organization's basic policy.

64. The economic crisis which had struck the international community, producing monetary instability, inflation and shortages of food and energy, had had profound repercussions on the world economy in general and on the economy of the developing countries in particular, especially the least developed among them. Those countries were having to pay increasingly higher prices for the commodities needed to ensure the survival of their populations. Those costs were a severe burden on their meagre export earnings, already seriously affected by the deterioration in the terms of trade.

65. The effects of the prevailing disorder in the world economy were particularly evident in a country like the Niger, which was land-locked and basically agricultural. The Niger relied heavily on ground-nuts, a product which had always been affected by fluctuations of the international market and competition from other oilseeds. Because of its land-locked situation, the Niger was subject to enormous constraints—such as high freight charges, storage costs and handling costs—which were compounded by the effects of a prolonged drought which had ravaged the entire country, particularly the region in which the nomads carried out their traditional activity of livestock raising. With crops and livestock almost completely destroyed, the Niger's exports had fallen to a paltry level, and the earnings produced by those exports were insufficient for any kind of national development activity. Furthermore, the migration of nomads from the north to the regions of sedentary culture had caused stubborn and costly problems for his Government, which had had to feed and shelter the displaced population and take necessary precautions against an epidemic. The example of the Niger was ample proof that certain developing countries, by virtue of their modest resources and their particular geographic circumstances, were in need of more radical solutions to their development problems. The solution did not lie solely in the transfer of resources from the developed to the developing countries—those resources were, at any rate, quickly taken back by the donor country in the form of fees for the transfer of

¹ See A/CONF.66/SR.1.

technology and the maintenance of foreign equipment—or in bilateral or multilateral aid which, although necessary and appreciated, fell far short of the expectations of the needy countries. The solution lay in genuine co-operation among nations, which was not to be confused with assistance in the form of aid. If co-operation between developed and under-developed countries was to produce satisfactory results, the affluent nations and the international organizations and agencies of the United Nations had to understand the true nature of under-development.

66. He expressed his Government's gratitude to the Secretary-General, to Governments, international organizations, governmental and non-governmental organizations, and to all agencies of the United Nations system, particularly UNDP, UNICEF and WFP, for their assistance to the Government and the people of the Niger in their fight against the effects of the drought.

67. His delegation felt that UNIDO should not limit itself to executing UNDP-financed projects but should extend its activities to other sectors, such as training and employment, while remaining available to provide UNDP with technical advice when the need arose.

68. His delegation supported the idea of increasing the number of industrial development field advisers, and the secretariat's goal of making a field adviser available to each developing country. In the opinion of his delegation, such measures would help to strengthen the co-operation between the developing countries and UNIDO, and might compensate for the lack of trained personnel in recipient countries. The Governing Council of UNDP should, therefore, give priority to the dispatch of field advisers to the developing countries.

69. His delegation considered that UNIDO and other United Nations organs should give top priority to assistance in the context of the special measures in favour of the least developed among the developing countries, and it welcomed the Industrial Development Board's approval of the proposed programme of action for the promotion of technical co-operation among developing countries and its acceptance of the recommendation of the Permanent Committee that the Executive Director should continue to give high priority to the application of resolution 36 (VII) of the Board (see A/9616, para. 135).

70. Finally, his delegation also welcomed the fact that the Board had accepted the Permanent Committee's recommendation that UNIDO should continue to give high priority to the co-operative efforts of the international community to meet the immediate and the long-term needs of the Sudano-Sahelian region (*ibid.*, para. 142). The area had considerable potential, and close co-operation between the organizations and agencies of the United Nations system, including UNIDO and FAO, with a view to identifying investment opportunities, could lead to its radical transformation.

71. In conclusion, he expressed his condolences to the Chairman on the death of the Minister for Foreign Affairs of Iraq.

72. Mr. GONCHARENKO (Byelorussian Soviet Socialist Republic) said that a stable peace created favourable conditions for the elimination of the glaring inequalities between developed and developing countries. The current political climate was helpful to the activities of UNIDO, which his delegation generally endorsed, as it did the programme budget for the biennium 1974-1975 and the medium-term plan for 1976-1979 (*ibid.*, paras. 147-155).

73. The role of UNIDO as the co-ordinating agency for multilateral assistance in the field of industrialization should be strengthened; UNIDO, together with UNDP, should play a dominant role in the formulation of all United Nations industrial development programmes.

74. Industrialization was a basic necessity for the developing countries. Some countries had succeeded in setting that process in motion, but the majority of new States had no opportunity to benefit from the advantages of industrial progress. The current economic crisis, with the additional difficulties it imposed on the developing countries, was impeding their industrialization. Rising prices and worsening inflation merely increased their dependence on others and kept them in a position of inferiority. As stated in the report of the Industrial Development Board (A/9616, para. 34), his delegation felt that the discrepancy between prices of raw materials exported by the developing countries and the industrialized goods they had to import were the aftermath of colonialism, neo-colonialism, the growing instability of the world capitalist system and the activities of the monopolistic and multinational corporations. Unfortunately, the imperialist forces were unwilling to abandon their positions. The monopolies were growing richer by 20 or more thousand million dollars each year at the expense of the developing countries and were robbing them of the financial resources they so sorely needed to develop their economies.

75. The use of modern technology would significantly accelerate industrialization, but even in respect of the transfer of technology, the new States came up against what had been called technological imperialism, which denied them access to all but the subsidiary technologies, while the most useful remained in the possession of the United States of America, the Western European countries and Japan. UNIDO should, therefore, play a more active and effective part in aiding the developing countries to secure genuine transfer of technology and in making it impossible for transnational corporations to harm their economic interests.

76. Substantial investment was indispensable for the establishment of an industrial sector, but it was also essential that the developing countries should mobilize their domestic resources, which could not be replaced by any form of external assistance. As was pointed out in paragraph 179 of the report (A/9616), several delegations had emphasized the fact that problems of industrialization were inseparable from the sovereign right of States to exploit, process and develop their own natural resources without coercion or domination by outside interests. It was the duty of UNIDO to help the developing countries in that area so that they could, in particular, subordinate the activities of foreign monopolies to their national priorities.

77. Considerable additional assistance could be made available to the developing countries through the implementation of the decision adopted at the twenty-eighth session of the General Assembly, on the initiative of the Soviet Union, to reduce the military budgets of States permanent members of the Security Council by 10 per cent and to utilize part of the funds thus saved to provide assistance to developing countries (resolution 3093 (XXVIII)). Such a step would benefit both the countries making the reduction and those receiving the aid. None the less, there were still some in the United Nations, including the representative of the fascist régime in Chile, who opposed disarmament, and some who tried to obstruct the rapid elimination of the vestiges of colonial occupation.

78. One of the basic obstacles to development was the shortage of trained personnel. The remedy for that situation lay in the application, with the maximum possible participation by UNIDO, of the resolutions of the sixth special session of the General Assembly. The socialist countries were giving considerable assistance to the developing countries in the form of training courses, seminars, study visits and fellowships. Thanks to that assistance, the developing countries were better able to develop and modernize their processing industries for agricultural products. In addition, by strengthening the industrial sector of the national economy, the socialist countries gave considerable impetus to development, for experience had shown that that sector was a catalyst in the general economic progress of developing States. The Byelorussian SSR itself provided the developing countries with assistance on acceptable terms, and the representative of the fascist Chilean régime, despite all his efforts, would not succeed in blackening its record.

79. None of the development programmes drawn up by the United Nations agencies could lead to real progress unless they were executed in conjunction with radical social and economic reforms, particularly the strengthening of the State sector and the planning of the private sector and its subordination to national interests.

80. The Second General Conference of UNIDO, to be held in March 1975, was a very important event. During the final phase of the preparations, it would be wise to draw on the experience of all countries, particularly the socialist countries, which were well aware that, with planning, a country could achieve industrialization in a relatively short time. The Byelorussian SSR was a good example.

81. At its eighth session, the Industrial Development Board had adopted several useful decisions. His delegation endorsed, in particular, the decisions based on the texts adopted at the sixth special session of the General Assembly, especially the strengthening of the Special Industrial Services programme and the increase in the number of industrial development field advisers, provided that they were paid by UNDP. He felt that the questions of increased autonomy for UNIDO and the establishment of a United Nations industrial development fund deserved more detailed consideration.

82. Given the expansion of its activities and the increase in the volume of its work, it was essential to improve the organization of UNIDO and its methods of work. To that

end, certain structural defects should be remedied, for example, the administrative staff should be reduced and the operational staff increased. Furthermore, it would be a good idea to call on industrialization specialists from the socialist countries, particularly the Byelorussian SSR.

83. Mr. CHRISTOPHI (Cyprus) said that the introductory statement by the representative of the Executive Director of UNIDO had been marked by the realism which, coupled with modesty, seemed to be characteristic of high-ranking officials of UNIDO, and served to strengthen confidence in that organization. It was clear from his statement that UNIDO was among those executing agencies that were late in delivering UNDP-financed programmes. It was time to seek ways to eliminate the bottle-necks which hindered the smooth implementation of projects, because it should not be forgotten that it was the developing countries that suffered and that they urgently needed to accelerate their industrial development to achieve a fairer share of world industrial activity. As was well known, industrialization and the transfer of technology had been given high priority in the Programme of Action on the Establishment of a New International Order. That was an acknowledgement of the important role of industrialization in raising the standard of living of the people of developing countries. His delegation firmly believed that UNIDO was in the best position to play a leading role in that respect and should therefore be given every support in doing so. There was no doubt that the development of a long-range strategy for UNIDO would be a landmark in the history of that organization. He therefore hoped that the strategy could be formulated during the Second General Conference of UNIDO and, of course, that it would take due account of the Programme of Action adopted at the sixth special session of the General Assembly.

84. Admittedly, the developing countries could only absorb a relatively limited amount of technical know-how and, consequently, they could not be expected to achieve miracles in the field of industrialization. That was a process which had taken about a century, at a time when markets were continually expanding. The current situation was entirely different in that the potential for industrial consumption was constantly declining. Furthermore, the developing countries, more often than not, lacked the necessary technological knowledge and his delegation felt that they should associate themselves with the countries that possessed such knowledge in order to remedy that situation. Some said that such an association was incompatible with national independence, but in answer to that argument he would say that countries should no longer be classified as recipients and donors, but that developing and developed countries should be considered as equal partners with mutual interests. A change of mentality was needed to deal with the current economic situation and UNIDO could play a leading role in that regard through its industrial development field advisers. His delegation also attached great importance to the Special Industrial Services programme and felt that it should retain its separate identity as a programme designed to meet short-term urgent and unforeseen needs.

85. By their very nature, UNIDO activities were complex and highly technical; it would therefore be in the interests of all if UNIDO were accorded some kind of financial and

administrative autonomy or were given the authority to handle urgent and complicated issues.

86. Cyprus had always enjoyed very fruitful co-operation with UNIDO, co-operation that had contributed to the progress made in its industrial sector, which was destined to be the corner-stone of its development effort. With that idea in mind, Cyprus had requested UNIDO assistance through UNDP and had established a large-scale industrial development services project intended to cover the following items: industrial extension services; establishment of a national standards body; establishment of a free industrial zone and export promotion. Export promotion had been accorded high priority following a report by a UNIDO industrial survey mission, which had recommended that the industrial sector in Cyprus should become export-oriented. By mid-1974, manufacturing industry had been employing 36,000 persons producing 12 per cent of the national product. Heavy investment had been made in all sectors, but unfortunately that was when the Turkish invasion had occurred. Since then, industrial activity had fallen by 50 per cent, leaving 32 per cent of the labour force unemployed.

87. In conclusion, he announced that his delegation had joined the sponsors of draft resolution A/C.2/L.1352, and hoped that it would be adopted without a vote.

88. Mr. SADEGHI (Iran) expressed his condolences to the Chairman on the occasion of the death of the Minister for Foreign Affairs of Iraq.

89. The developing countries had always attached considerable importance to industrialization as a major factor in their economic development. It was therefore discouraging to note that the share of the developing countries in world industrial production remained far from satisfactory. Obviously, the situation could not improve unless a constructive effort was made at the world level by both developed and developing countries. The sixth special session of the General Assembly had underlined the importance of that issue and his delegation was pleased to note, in that connexion, that UNIDO had taken preliminary steps to implement the decisions adopted on that occasion.

90. The Second General Conference of UNIDO and the seventh special session of the General Assembly would certainly contribute to the establishment of the new international economic order. UNIDO should therefore draw up its programmes within the framework laid down by the Programme of Action adopted at the sixth special session of the Assembly.

91. In order to respond effectively to the needs of developing countries in the field of industrialization, UNIDO must be dynamic and adapt itself to the world situation. In that connexion, he welcomed the completion of the work of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO, and expressed his conviction that its recommendations would provide a basis for the deliberations of the Conference.

92. Despite its limited resources, UNIDO had continued during the past year to render valuable services to developing countries. He particularly welcomed the

adoption of the programme of action for the benefit of the least developed among the developing countries and of arrangements for the benefit of the Sudano-Sahelian region. The mid-term plan and programme budget of UNIDO focused on the implementation of the recommendations of the *Ad Hoc* Committee on a Long-Range Strategy for UNIDO and the objectives set out in the Declaration and Programme of Action adopted by the General Assembly at its sixth special session.

93. In view of the importance of the programme of Special Industrial Services, every effort should be made to strengthen it and rectify the reduction in the rate of implementation of the programme's activities. He therefore fully supported resolution 40 (VIII), adopted by the Industrial Development Board on that question. Resolution 39 (VIII), concerning industrial development field advisers, once again stressed the importance of that activity. He supported that resolution and hoped that the number of field advisers would be increased.

94. In conclusion, he said that if UNIDO was to comply fully with its mandate its resources must be increased. The establishment of a United Nations industrial development fund would, to a considerable extent, help to attain that objective.

95. His delegation supported draft resolution A/C.2/L.1352 and hoped it would be adopted unanimously.

96. Mr. ANSAY (Turkey) conveyed to the Chairman his delegation's sincere condolences on the occasion of the untimely death of the Minister for Foreign Affairs of Iraq.

97. Representing a developing country where the major importance of industrialization in the economic development process was fully recognized, his delegation believed that the Second General Conference would provide a good opportunity to review UNIDO activities in the light of the new economic relationship being established between developed and developing countries. International organizations which maintained contact with UNIDO, such as CMEA, EEC, OECD, FAO and the ILO, should spare no effort to promote the success of UNIDO activities. Thus, the organization would be able to attain the objectives set out in the Declaration on the Establishment of a New International Economic Order and in the Programme of Action adopted by the General Assembly at its sixth special session.

98. His Government was aware of the need to maintain a balance between the industrial and agricultural sectors of the national economy. UNIDO could increase its assistance to developing countries with a view to promoting export-oriented industries. Foreign private investment could also help to develop export-oriented industries and to accelerate industrialization in developing countries, but such investment must be in keeping with the plans and programmes of the countries concerned and must be approved by them.

99. Paragraph 47 of the report of the intergovernmental Preparatory Committee for the Second General Conference of UNIDO (ID/B/145) stated that:

"The solution to industrial development problems no longer could be left to the market mechanism, to

transnational corporations or to unilateral (often conflicting) action by individual countries or groups of countries. It should progressively emerge from a process of continuous consultations among, and concerted action by, the Governments of both developed and developing countries. . . . Industry was a field to which a co-operative, integrated approach, taking into account problems related to markets, technology, supplies of natural, intermediate and human resources and financing, could readily be applied.”

Although his delegation had not yet obtained the views of technicians on that report, it felt, after preliminary examination, that the approach taken by the Secretariat was satisfactory.

100. In conclusion, he said his delegation felt that UNIDO must be accorded the autonomy required by the nature of its functions. It was in that spirit that it had joined the sponsors of draft resolution A/C.2/L.1352.

Organization of work

101. The CHAIRMAN, referring to the programme of work for the week, expressed the hope that the general discussion on UNIDO could be completed at the afternoon meeting. The following morning the Committee would have before it draft resolutions concerning UNITAR (agenda item 44) and operational activities for development (item 45). It was essential that the item on operational activities should be completed by Tuesday, 29 October, so as not to

disrupt the programme of work of the Fifth Committee and the General Assembly. The Committee would then take up the draft resolutions submitted under the item on UNCTAD (item 42).

102. On Wednesday, 30 October, the Committee would take up the question of assistance in cases of natural disaster (item 60); he hoped that consideration of that item could be completed by the next day. On Friday, 1 November, the Committee would take up the item relating to UNEP (item 46).

103. Because of delays, consideration of items 50 and 51, which the Committee had intended to take up during the current week, would have to be postponed. He hoped that the Committee would be able to take up those items on the basis of specific proposals submitted by delegations; he therefore urged delegations which wished to make proposals on those items to do so as soon as possible. In principle, the Committee would take up item 50 during the week beginning 11 November.

104. He announced that the deadline for submission of draft resolutions on item 12 was Friday, 1 November at 6 p.m.

105. He announced that Chad, Dahomey, Gabon, the United Republic of Tanzania and Uruguay had become sponsors of draft resolution A/C.2/L.1352.

The meeting rose at 1.05 p.m.

1618th meeting

Monday, 28 October 1974, at 3.10 p.m.

Chairman: Mr. Jihad KARAM (Iraq).

A/C.2/SR.1618

AGENDA ITEM 43

United Nations Industrial Development Organization (*continued*) (A/9603, chap. III, Sect. L; ID/B/142 and Corr.1, ID/B/145):

- (a) Report of the Industrial Development Board (A/9616, A/C.2/L.1362);
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director (A/9663, A/C.2/L.1352);
- (c) Establishment of a United Nations industrial development fund: report of the Secretary-General (A/9792, A/C.2/L.1361)

1. Mr. DEWULF (Belgium) said that the forthcoming Second General Conference of UNIDO, to be held in March 1975 at Lima, would undertake a detailed examination of co-operation between developed and developing countries in order to define the principles of a comprehensive plan of action to assist developing countries in accelerating their industrialization in accordance with General Assembly reso-

lution 3087 B (XXVIII). The industrial development of developing countries was one of the chief ways of narrowing the gaps between groups of countries within the groups.

2. Although industrialization was essential for economic growth, it must not be achieved at the expense of the agricultural sector, which was of major importance in the current dire world agricultural situation. On the other hand, the social aspects of industrial development—full employment of human resources and equitable distribution of income—should not be ignored. Lastly, industrialization should be planned so as to enable developing countries to increase their exports substantially; that in turn would require those countries to devise an effective trade strategy, and to acquire and use modern production and management techniques.

3. Belgium attached particular importance to the activities of UNIDO, and especially to its future role in promoting the industrialization of developing countries, as indicated in the deliberations of the *Ad Hoc* Committee on a Long-