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*President* : Mr. M. KLUSAK (Czechoslovakia).

*Present* :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela.

Observers for the following Member States: Australia, Austria, Brazil, Greece, Iraq, Israel, Italy, Japan, Netherlands, Portugal, United Arab Republic.

Observers for the following non-member States: Federal Republic of Germany, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, International Bank for Reconstruction and Development.

## AGENDA ITEM 7

**Report of the Industrial Development Board  
(E/4385 and Corr.1) (*continued*)**

1. Mr. BILLNER (Sweden) said that his delegation had studied the report of the Industrial Development Board (E/4385 and Corr.1) with interest. The report testified to efforts to find ways of making UNIDO into a powerful tool for industrial development. The same concern was also reflected in the programme of work, or, to be more precise, in the guidelines laid down for the organization's future activities in the first resolution adopted by the Board (resolution 1 (I)). It was not, however, possible to make an international organization action-minded merely by indicating the lines that its work should follow; much would also depend on the way the Executive Director of UNIDO and his staff performed their tasks, and on the financial and other resources made available to the organization. Sweden looked forward to receiving the document which the Executive Director was to submit, at the request of the Board, on the programme of work for 1968 and its financial implications, in the light of the guidelines contained in resolution 1 (I). It should be

remembered that the programme of work could relate only to the administrative and research activities at headquarters, since operational activities would have to be financed by UNDP. Close co-operation would, therefore, have to be established between the two organizations, and requests for assistance in industrial development would have to be submitted to and approved by UNDP.

2. Although UNDP had hitherto played only a modest role in industrial development, that was largely due to the lack of requests. It was to be hoped that the developing countries would make increasing use of the types of assistance offered by UNIDO and UNDP, and that additional funds would be made available to the latter. Sweden had constantly pleaded for increased contributions to UNDP; and had tried to set an example. At the fourth session of the Governing Council of UNDP, stress had been laid on the role that UNIDO could play in identifying, establishing and executing industrial projects financed by UNDP; it had also been recognized, however, that UNIDO must be given time to establish itself in its new headquarters before assuming its full responsibilities (E/4398, para. 81).

3. His delegation believed that the staff of UNIDO should not be confined to the headquarters of that organization, but should also work in the area of operational activities. Sweden consequently welcomed the proposal to attach industrial development advisers to UNDP Resident Representatives. That arrangement would, firstly, make it possible to improve the technical assistance offered to the developing countries in formulating their policies and to meet their requests more satisfactorily, and, secondly, would facilitate the co-ordination of the various United Nations activities in the industrial development field.

4. Co-ordination should not be a matter of legislation but of negotiation. It was therefore necessary for the competent bodies to conclude agreements and benefit from each other's experience. The main purpose of co-ordination should be co-operation rather than a formal division of spheres of competence. The agreements between GATT and UNCTAD on trade promotion represented an example of international co-operation. His Government welcomed that joint initiative, since trade promotion was essential if the developing countries were to increase their exports. His Government was also interested in the recently proposed export promotion programme (see E/4301, paras. 6-8), the purpose of which was to group together all United Nations activities concerned with trade promotion. The UNIDO would participate in that programme since, as indicated in resolution 1 (I) of the Industrial Development Board, that organization would

deal with certain aspects of trade promotion. It was therefore necessary to work out a suitable division of labour between UNIDO on the one hand and GATT and UNCTAD on the other, but without drawing any sharp dividing line. When UNIDO was called on to assist developing countries to establish industries and institutions to boost exports, it would need information on the potential export markets, and that information could be furnished by GATT and UNCTAD. Similarly, when those two organizations undertook to promote the trade in products from the developing countries, UNIDO would furnish them with detailed information on the industrial projects in the developing countries and on the policies being pursued to increase exports of manufactured goods.

5. The Swedish delegation hoped the Member States would be regularly informed of the discussions taking place between the various United Nations bodies on problems of co-ordination, and that they would be consulted whenever it was proposed to establish expert groups to examine problems arising in that field.

6. The International Symposium on Industrial Development to be held in December 1967 was of crucial importance and deserved the most thorough preparation. The Swedish Government had established a preparatory group for that purpose. The purpose of the symposium was to assist UNIDO in establishing its future programme of work and in defining its policy, and also to provide an opportunity for a fruitful exchange of technical information. It was therefore important that discussions of principle should not be allowed to dominate the debates. It would also be desirable for both the UNIDO secretariat and Member States to take the necessary practical steps to ensure broad participation by experts and industrialists; such participation might be helpful to the UNIDO secretariat in its recruitment efforts.

7. Mr. MARCHAND STENS (Peru) said that his Government attached great importance to UNIDO. He recalled his country's strong hope that the Latin American regional headquarters of the organization might be established in Lima, where every facility would be provided for its installation and smooth functioning.

8. Mr. VIAUD (France) said that industrial development was a sure means of accelerating the economic and social progress of the developing countries. His delegation therefore welcomed the first report of the Industrial Development Board. Although regrettably the report did not provide a solution to all the problems, the work that had been undertaken was commendable. The report reflected the inevitable difficulties encountered by any young organization. In the first place, UNIDO had to tackle the problem of establishing its own identity. Differences of opinion still persisted about its purposes. Some thought that it should devote itself exclusively to industrial development of the developing countries; others regarded industrial development as the main target within the broader framework of a concerted study of the problems of industrial development by the developed and developing countries. In the second place, UNIDO had not succeeded in establishing a clear-cut definition of its functions because of the theoretical dispute between the

advocates of an action-oriented organization and those who favoured an organization concerned with study and research. In his delegation's view, UNIDO should be both. No action was possible unless it was based on study and research, but those two activities must not be allowed to hamper the possibilities for action. Thirdly, UNIDO was finding some difficulty in establishing its identity *vis à vis* other organizations and in delimiting its organizational machinery, both at headquarters and in the field, particularly in relation to the regional economic commissions. Lastly, the Board had been unable to find a solution to the problem of obtaining the resources required if the organization was to operate satisfactorily. It was indeed difficult to find resources if there was no work programme and it was equally difficult to establish a rational work programme without knowing what resources would be available. It was to be hoped that that obstacle could be overcome, not by an arbitrary decision, but through the experience gained by UNIDO and the willingness of Member States to contribute to industrial development.

9. It would be unjust to conclude from that enumeration of the difficulties that the Board's work was unsatisfactory and incomplete. Everything could not, of course, be settled at the Board's first session. If the problems were solved one after the other, the organization would be able to get off to a good start. It would be useful, however, if agreement was reached on its future activities. The UNIDO was an autonomous, not an independent organization. If it detached itself from the organizations which had some part to play in industrial development, it might well isolate itself and be unable to discharge its function. Autonomy, in its case, therefore, meant autonomy in co-operation. That was the key to the difficulties which UNIDO was encountering at the outset of its existence.

10. With regard to the division of work between UNIDO and the other competent United Nations organizations, UNIDO had a function of its own to perform. It alone could satisfactorily complete the studies on industrial development whose purpose was to bring out the technical and commercial problems posed by the establishment of new industries in countries that were not industrialized. UNIDO should, in addition, be a centre for disseminating the knowledge made available to it by the various countries. It should also be in a position to provide developing countries, at their request, with technical assistance of a special kind which the traditional United Nations agencies were unable to provide. It should also participate in the general United Nations activities relating to industrial development; it should be the executing agency of UNDP in the areas within its sphere of competence. In order to give concrete form to the relationship between UNDP and UNIDO, the Executive Director should regularly follow the work of the ACC and the Inter-Agency Consultative Board of UNDP. Lastly, UNIDO should be a co-ordinating instrument within the United Nations, not by usurping the place of the Council, but by performing a more restricted co-ordinating activity, for instance with the regional economic commissions. It could play an important part by centralizing the findings of the technical studies and conferences organized under the auspices of the regional commissions.

11. With regard to UNIDO's financial resources, he believed that the problem of administrative costs had been solved by including those costs in a separate section of the United Nations budget. It was to be hoped that the resources made available to UNIDO would be used economically and effectively. Where funds for the operational budget were concerned, the fragmentation of part V of the United Nations budget was to be deplored. That problem should be given further consideration, and no hasty or premature decision should be taken. It was possible that better information on the problem would be available in 1968. The resources derived from voluntary contributions should be allocated to UNIDO's own activities. Direct contributions should be made in kind. His Government believed that to make experts, fellowships and technical papers available to UNIDO would facilitate the organization of meetings of technicians, an area in which UNIDO had a very useful part to play. So far as contributions in cash were concerned, it should be stressed that UNIDO was an executing agency for Special Fund projects in the areas within which it was competent.

12. In his delegation's view, international meetings were an appropriate activity for UNIDO. The forthcoming International Symposium on Industrial Development should be very carefully organized. In view of the physical difficulties involved, his delegation would not hesitate to support a recommendation that the date of the Symposium should be put back, if such a decision would ensure its success.

13. Mr. POZHARSKY (Union of Soviet Socialist Republics) said that he too believed that UNIDO had made encouraging progress since its establishment. It was to be hoped that the seminars which had already been held in the USSR and those planned for 1968 would yield useful information for the purpose of organizing UNIDO's future work. The inadequacies now in evidence were mainly due to the lack of a proper appraisal of the problems which industrialization presented for the developing countries. The discussions at the first session of the Industrial Development Board had clearly demonstrated the importance of the public sector and the need for the State to draw up plans for the elimination of the old economic institutions dating from the colonial period. The industrialization of young States required government action to develop exports and other vital sectors, regulate prices, apply a sound foreign exchange policy and control foreign investment. The study of the public sector and State planning should therefore figure prominently in UNIDO's activities. The Soviet delegation could not accept the idea of an organization confining itself to field activities. A reasonable balance should be achieved between operational activities and technical studies, and all States without exception should be enabled to participate, whether or not they were Members of the United Nations. To that end, and in view of the wide variety of functions it would have to perform, UNIDO should consider making extensive use of experts recruited on short-term contracts, as was the practice of UNDP. The permanent staff would be comparatively small and would consist of specialists qualified in more than one field.

14. With regard to the International Symposium on Industrial Development, the Soviet delegation believed that, in view of the terror and police repression currently rampant in Greece, the suppression of democratic freedoms, the arbitrary arrest and imprisonment of prominent individuals and eminent scientists in defiance of the principles of the United Nations Charter and the Universal Declaration of Human Rights, and the political exploitation of the visit to Athens by the Executive Director of UNIDO, it was impossible for the Symposium to meet in Greece. The United Nations could not stand surety for the machinations of a fascist government which had produced a large-scale movement of protest throughout the world, a movement which had been widely reported in the Press.

15. In the circumstances, the Soviet delegation was strongly in favour of holding the Symposium in some other city, as had been suggested in the Industrial Development Board (see E/4385, para. 212). It reserved the right to submit a formal proposal to that effect.

16. Mr. LOPEZ (Philippines) said it would be futile to re-open the controversy on the subject of industrialization and that it was still too early to assess UNIDO's performance. The primary objective was to enable the new organization to operate in the best possible conditions. The Industrial Development Board had already settled the organizational questions and had laid down the guidelines for future action. All he need do at that stage was to re-state three fundamental ideas. Firstly, like UNDP and UNCTAD, UNIDO must concern itself with meeting the urgent needs of the developing countries. Secondly, it must closely co-ordinate the activities of other organizations, and particularly those of UNDP, to ensure that the latter received the directives it now lacked in the matter of industrial development. Finally, whatever doubts the developing countries might have had in the past, they must provide UNIDO with all the necessary support in order to give it the best chance of success. Above all, UNIDO must do its utmost not to disappoint the hopes of the developing countries that the new organization would help to accelerate their economic development through industrialization. All Member States must adopt a generous approach and give UNIDO their full support.

17. Mr. COSAC (Romania) said that the decisions taken by the Industrial Development Board at its first session reflected the desire of all Member States to contribute to the attainment of the goals set at the time of UNIDO's establishment. At its next session, the General Assembly would be able to consider the problems that were still outstanding, and there was every reason to hope that it would find a generally acceptable solution.

18. He wished to re-emphasize that the effectiveness of the new organization would depend on how far it took account of present-day realities and affirmed its universal character. His delegation objected, in particular, to the discrimination now affecting the German Democratic Republic. The new organization should base its activities on respect for the sovereignty and equality of rights of all States. It must strive to be an international centre for

exchanges between countries at different stages of development, in order to correct the present imbalance. It was also essential that in its activities, UNIDO should take account of the relationship to be established between industrialization and national planning. It must further co-operate closely with the regional economic commissions. In that connexion, the establishment of a UNIDO liaison office in Europe, similar to those envisaged for Africa, Latin America and Asia was highly desirable.

19. His delegation would have something to say on the problems relating to the organization of the International Symposium on Industrial Development when the Executive Director reported on that question to the General Assembly at its twenty-second session.

20. Mr. KADLEC (Czechoslovakia) said that UNIDO should be regarded as an essential link in the chain of United Nations organizations. It did not, however, meet all expectations, since in the years preceding its establishment, a trend had developed in favour of an organization that would deal with the question of industrial development in its complexity and entirety, draw up a global industrialization strategy and endeavour to establish a new international division of labour by eliminating all the existing obstacles to the industrialization of the developing countries.

21. His delegation was opposed to the idea of an organization that would be satisfied with administering technical assistance activities. The UNIDO must view its work in a much more positive light. Field activities should provide a leverage for other activities. Field activities should be included in national development plans, and UNIDO should contribute to the establishment of those plans. To restrict its activities to operational activities would run counter to the interests of the developing countries themselves. His delegation thought that the first few years of the new organization's existence would show the need to define its sphere of activity as broadly as possible and to ensure the wide participation of the various countries in its work. Czechoslovakia had contributed, so far as its resources permitted, to the activities of the Centre for Industrial Development and, in general to all the activities of United Nations bodies designed to promote industrial development. It was ready to widen its co-operation with UNIDO substantially and to contribute to its operational activities.

22. Czechoslovak experts were preparing to take part in the International Symposium on Industrial Development to be held at Athens. That presupposed, however, that all the prerequisites for its deliberations would be assured and it had been on that assumption that his Government had voted in favour of holding the Symposium at Athens. Clearly, it was essential that a meeting of that kind should be held in an environment favourable to international co-operation. Unfortunately Athens did not at present seem to be a city where such an atmosphere could be found. The best citizens of Greece, a country of ancient democratic traditions, were either in concentration camps or in prison, while those abroad were deprived of their Greek nationality. Even its scientists, whose presence would have enriched the Symposium's discussions, had

had to suffer. His delegation also shared the concern of the Executive Director who, in his introductory statement (1499th meeting), had expressed the fear that the secretariat would be over-burdened during the coming months, as its move to Vienna was due to take place at almost the same time as the Symposium. The secretariat's work would surely be greatly facilitated if the Symposium were to take place in the same city as its headquarters. His delegation would have no objection to supporting a proposal to postpone the date of the meeting.

23. Mr. CARANICAS (Observer for Greece), speaking in accordance with the provisions of rule 75 of the rules of procedure, said that his country had always strongly advocated industrialization and the establishment of an industrial development organization. Accordingly, he had listened with great interest to the statement by the Executive Director of UNIDO, introducing the first report of the Industrial Development Board. He would not, however, have asked to speak had it not been that the statements of the representatives of the USSR and Czechoslovakia called for some comments on his part.

24. Referring to the technical position, he pointed out that, on 9 December 1966, the General Assembly had adopted resolution 2178 (XXI), endorsing the decision of the Council to convene the International Symposium on Industrial Development at Athens in December 1967. An agreement concerning that Symposium had been signed between the United Nations and the Greek Government in April 1967. When the question of the International Symposium on Industrial Development had been raised in the Industrial Development Board, Greece had been thanked for offering to act as host country. At that time the delegations of the USSR and Czechoslovakia had raised objections and had stated that, in their opinion, it would be preferable not to hold the Symposium in Greece. Nevertheless, Greece had fulfilled all the obligations arising out of the undertakings it had assumed; active preparations were in progress; a United Nations Secretariat group had visited Athens and had found nothing to criticize in the arrangements that had been made, and he was sure that the Symposium would take place in highly satisfactory conditions at Athens.

25. From the practical point of view, delegations might wish to know whether the participants would find conditions in Athens peaceful and undisturbed. Since 21 April 1967, Greece had seen the end of a period of destructive demagoguery and a situation which had been close to anarchy: there had been constant disturbances and demonstrations, and transport and telecommunication services had been interrupted by strikes. An international symposium could not suitably have been held in such unfavourable circumstances.

26. The delegations of the USSR and Czechoslovakia were using political arguments; it was for political reasons that they were objecting to maintaining the choice of Athens. That was regrettable, but the Council would not be surprised to see those representatives once again injecting political considerations into economic questions. Nevertheless, a decision had been taken by the General Assembly; an agreement had been signed; it was being

implemented by all Member States and by the Greek Government, with the help of UNIDO and other international agencies. To question the validity of an agreement, not because the Government of the host country was not fulfilling its obligations, but simply because certain representatives did not find the existing régime in that country to their taste, would, in his opinion, create a dangerous precedent. The USSR representative had spoken of terrorism and concentration camps; as was his wont, he had quoted from Press reports, but only passages from articles which supported his line of argument. The Symposium would find peace and quiet in Athens; he hoped the United Nations would adhere to the agreement that had been concluded, would continue to assist his country in its preparations and would not agree that the Symposium should be held elsewhere than in the city already chosen for the meeting.

27. Mr. POZHARSKY (Union of Soviet Socialist Republics) said that the passages he had quoted from the Press were exclusively those which had dealt with the question of the Symposium. The observer for Greece had tried to divert attention from the real problem, which was whether an international symposium on industrial development could properly be held in Greece. The observer had said that peace and quiet reigned in Athens,

but peace also reigned in cemeteries and quiet behind barbed wire. That type of peace and quiet was not appropriate for any kind of United Nations symposium.

#### CONDITIONS OF WORK IN THE COUNCIL CHAMBER

28. Mr. LOPEZ (Philippines) pointed out that the Mexican representative had already drawn attention to the uncomfortable conditions in the Council Chamber (1488th meeting). The room should be air-conditioned and the earphones should be replaced. He urged the President to draw the attention of the services concerned at Geneva and in New York, if necessary, to the need for an improvement in working conditions.

29. The PRESIDENT said that, if the Council agreed, he was prepared to transmit the remarks of the Mexican and Philippine delegations to the Director-General of the United Nations Office at Geneva and to inform the Council of the results of those representations.

*It was so decided.*

The meeting rose at 5.15 p.m.