



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/10112  
13 June 1975

ORIGINAL: ENGLISH

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Thirtieth session  
Item 58 of the preliminary list\*

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Report of the Second General Conference of the United  
Nations Industrial Development Organization

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Second General Conference of the United Nations Industrial Development Organization, held at Lima from 12 to 26 March 1975.

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\* A/10000.



Distr.  
GENERAL

ID/CONF.3/31  
9 May 1975

ORIGINAL: ENGLISH

**United Nations Industrial Development Organization**

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# **SECOND GENERAL CONFERENCE OF UNIDO**

**Lima, Peru, 12-26 March 1975**

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REPORT OF THE SECOND GENERAL CONFERENCE OF THE UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

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### Background to the Conference

1. In 1971, the Special International Conference of the United Nations Industrial Development Organization, in its consensus resolution ID/SCU/RES.1, subparagraph 7 (a), recommended to the General Assembly that another general conference of UNIDO be convened in 1974 or 1975 "to consider the results of the Special International Conference and the arrangements and schedule for review and appraisal of progress" during the Second United Nations Development Decade. The General Assembly endorsed that recommendation in its resolution 2823 (XXVI), of 16 December 1971, and requested the Industrial Development Board to propose the necessary measures for the convening of such a conference and to make recommendations for a provisional agenda.
2. In response to a recommendation of the Industrial Development Board, contained in its resolution 33 (VI) of 2 June 1972, the General Assembly decided, in its resolution 2952 (XXVII) of 11 December 1972, to convene, in the early part of 1975, for a duration of two weeks, a Second General Conference of UNIDO. The General Assembly also requested the Industrial Development Board and its Permanent Committee to carry out the functions of an Intergovernmental Preparatory Committee for the Conference.
3. At its seventh session, the Industrial Development Board (in its capacity as Preparatory Committee) decided to recommend the acceptance of the invitation of the Government of Peru to hold the Second General Conference at Lima, Peru, and the General Assembly, in its resolution 3087 (XXVIII) of 6 December 1973, concurred with that recommendation.
4. The Intergovernmental Preparatory Committee of the Conference held five sessions, and submitted a report to the Conference on its work (ID/CONF.3/18).
5. A new orientation was given to the preparatory work for the Conference, and, indeed, to the Conference itself following the adoption by the General Assembly at its sixth special session in April/May 1974 of a Declaration and Programme of Action on the Establishment of a New International Economic Order. The importance of the Declaration and Programme of Action was further stressed by the General Assembly in its resolution 3306 (XXIX) of 14 December 1974, in which, inter alia, guidelines for the Conference were set out. In that resolution, the General Assembly declared that one of the fundamental objectives of the Conference was to contribute to the establishment of a new international economic order through the adoption of an international declaration and the definition of a plan of action leading to the promotion of the industrial development of the developing countries. In the same resolution, the Conference was also urged, on the basis of the plan of action, to decide on measures necessary to strengthen UNIDO, within the United Nations system, to enable it to develop into an effective institutional framework in order to expand its activities in a manner consistent with the requirements of the developing countries and the role of their industrialization within a new international economic order. In General Assembly resolution 3307 (XXIX) of 14 December 1974, the Conference was also requested to consider the establishment of a United Nations industrial development fund.

### Introduction

6. The Second General Conference of UNIDO was held at Lima, Peru, from 12 to 26 March 1975. The Conference held 18 plenary meetings and adopted the present report at its 18th plenary meeting on 26 March 1975.

7. The present report is herewith submitted, through the Economic and Social Council, to the General Assembly for consideration at its seventh special session, to be convened in September 1975, and at its thirtieth regular session.

#### Inaugural Ceremony

8. The Inaugural Ceremony was presided over by Rear Admiral Alberto Jiménez de Lucio, Minister for Industry and Tourism, in his capacity as President of the Peruvian National Commission for the Preparation of the Second General Conference of UNIDO.

#### Summary of the statement by His Excellency General of Division Juan Velasco Alvarado, President of the Republic of Peru

9. The inaugural address to the Second General Conference of UNIDO was delivered by the Prime Minister and Minister of Defence of Peru, General of Division Francisco Morales Bermúdez, on behalf of His Excellency General of Division Juan Velasco Alvarado, President of Peru.<sup>1/</sup>

10. The President said that the Conference was of universal significance. The countries of the third world would speak their minds on one of the major problems not only of their own future but of the future of all nations of the world. Only a view that was essentially contrary to history, backward-looking and absurd could lead to the profound mistake of believing that the Conference was of no importance to the developed countries. The great powers and the more industrially developed countries would do well to realize that they could no longer manipulate the affairs of the world according to their whim, nor could they be indifferent to what was happening beyond their own frontiers.

11. The poor peoples of the world were already moving along the broad road of history, and their weight was becoming increasingly felt in the true forge of the destiny of all nations. It was the responsibility and task of all nations to decide what the world of tomorrow was to be. The people of Peru saluted the distinguished representatives of those nations and welcomed them with a profound feeling of brotherhood, for the people of Peru shared the vital problems of peoples who, like them, were at a critical point in the achievement of their freedom.

12. A project for far-reaching social and economic transformations was fully under way in Peru. The President explained the ideological basis of the Peruvian Revolution, enumerated its achievements, and indicated Peru's proposed solutions to the problems of the industrial development of the third world.

13. He laid particular emphasis on the fact that Peru would be a direct democracy, differing substantially from other political models that existed in the world today. He also stressed the participatory nature of the Peruvian Revolution, and the decisive and profound economic and social transformations it had brought about.

14. Peru's economic system differed fundamentally from those based solely on private or on public ownership. Power would be decentralized and shared, by transferring it to the self-governing workers' organization.

15. Peru denied the necessity for an industrial development mortgaged to foreign interests. Industrial development under foreign control was simply a means of draining off resources to promote the expansion of dominant economies. What was wanted, therefore, was fully independent industrial development, without losing sight of the need to maintain economic relations with the rest of the world under legitimate and just conditions of equality and respect for all.

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<sup>1/</sup> Pursuant to a decision of the Conference, the address was circulated as an official document of the Conference (ID/CONF.3/L.4) and is annexed to the present report.

16. The developing countries did not want a dehumanized society based on an economy of dehumanization. Peru also wanted a society governed first and foremost by the consideration that man was the most important element of society.
17. It was necessary to chart qualitatively different courses for industrial development. Industrialization, yes. But not industrialization leading to the creation of a society of human servitude. That meant an industrialization having an essence and goals differing from those of the industrialization of today's developed nations.
18. The cumulative nature of the economic and technological growth of the major industrial powers rendered illusory the possibility of bridging the gap between them and the developing countries. In such terms, the real contest was already lost for the countries of the third world. Consequently, it was essential to redefine the nature of the developing countries' relationship and competition with the powerful countries of the world.
19. The developing countries must understand that they were waging a hard and unequal struggle for their complete liberation. Merely to protest, to request an agreement based on reason and justice, could yield at best only meagre results. Progress towards liberation was therefore possible only if the developing countries mounted a united effort to defend themselves using their own economic resources, their own political potential and their own power of decision.
20. The cause of the third world countries was entirely just. They should accordingly, without delay, engage in concrete, united efforts to tackle the arduous and difficult task of their true, complete and final liberation.
21. Representatives of the countries of the third world and of the industrially developed nations were meeting together at Lima. If they all acted as they had on other occasions, very little progress would be made at the Conference, but if all approached the problem differently and tackled with determination the basic issues that were widening the gulf daily, then ways could be found of solving the problems. If this were to be achieved, however, the highly developed nations would have to alter radically the position with which they had hitherto confronted the rest of the world. Now was the time to test the sincerity of their calls for solidarity; perhaps there would not be many more opportunities in the future. Any such salutary change of position would have to be matched on the part of the developing countries by an attitude of maturity and realism.
22. Peru once again extended a welcome to the delegates; and the Revolutionary Government of its Armed Forces, in inaugurating the Conference, expressed the hope that the delegations that were honouring Peru with their eminent presence would have complete success in the deliberations which they were undertaking, and which countless people in all corners of the earth would be following with profound expectations, hopeful and convinced that they would not be disappointed.

Summary of the statement by the Secretary-General of the United Nations

23. The Secretary-General thanked the Government of Peru for its invitation to hold the Conference, and asked that his best wishes be conveyed to the President of Peru and to the President of the Conference. He welcomed the new Executive Director and extended his warmest wishes for his term of office. He noted that the Conference was a world discussion on industrialization, and fell to be considered within the context of the important series of

major international conferences recently organized by the United Nations. In 1974, the sixth special session of the General Assembly had been devoted to world problems of raw materials and development and to the evolution of a new international economic order. That session was of importance in itself and also for the United Nations as an institution. This year, apart from the International Women's Conference, the seventh special session of the General Assembly would be held, devoted to development and international economic co-operation; it would be of even greater importance to the future economic well-being and political stability of the world. In 1976, the Fourth Session of the United Nations Conference on Trade and Development (UNCTAD IV) and the United Nations Conference on Human Settlements (HABITAT) were to be held. This whole series of meetings formed part of a new global strategy to deal with truly global issues.

24. Industry was clearly a vitally important part of the complex system of international economic relations, and could not be separated from the other elements.

25. Industrial output in some developing countries had increased rapidly in the last 25 years, but the developing countries' total share of world industrial output had for the last two decades remained at the ominously low level of 7 per cent. Their participation in world trade in manufactured goods, although increasing, was still exceedingly small. This situation was understandably viewed with the greatest concern by the developing countries.

26. The primary responsibility for further rapid industrialization lay with the developing countries themselves. In each country, the responsible policy-makers would have to make decisions dictated by its particular circumstances, including its stage of development, size, geographical position and its capabilities and resources - human as well as material. To be fully effective, industrialization in the developing countries must in the future make much greater use of the many opportunities that existed for closer economic co-operation between them. An encouraging start had been made in this process, but much remained to be done.

27. The importance of accelerating the industrialization of the developing countries, and the changes in the pattern of world industry that this required, needed to be understood and accepted by the developed industrialized countries. This should not be a subject of confrontation and conflict, but should be discussed and negotiated in an atmosphere of shared concern and common purpose.

28. All the activities of the United Nations system, including those of the Conference, must be so directed as to enable the General Assembly, at its seventh special session, to make a truly effective contribution to the process of negotiation, leading to the establishment of a new and more equitable world economic order. In the field of industry, UNIDO must play a central role, in close and effective co-operation with other elements of the international system, both inside and outside the United Nations. UNIDO would have to examine, on a regular and continuing basis, the long-term issues and problems of establishing a new pattern of world industry, and review the progress made in implementing the conclusions of the Conference. UNIDO should not hesitate to suggest new initiatives for national and international action that could enhance its effectiveness as the principal agent in the United Nations family for promoting the advancement of industry within the developing countries.

29. If UNIDO were to perform an expanded role effectively, it would need to be given the necessary mandate and resources. In its early years, UNIDO had, in its activities, emphasized the development of technical assistance programmes to meet the growing needs of developing

countries; it had also provided valuable services to developing countries in co-operation with the United Nations Development Programme. Other functions, such as research and studies, promotional activities and industrial information services had been started, but had not yet been sufficiently developed.

30. The first General Conference of UNIDO had seen the need for a long-term strategy that would give more focus to UNIDO's broad range of activities and, as a result, a Group of High-Level Experts had been convened to consider the matter. Since the consideration of the report of the Group by the Industrial Development Board, other important developments had taken place that were likely to affect the future activities of UNIDO. In particular, the General Assembly had in 1974, in its resolution 3306 (XXIX), urged the Conference to decide on the measures necessary to strengthen UNIDO within the United Nations, so as to enable it to expand its activities effectively to meet the industrialization requirements of the developing countries within the framework of a new international economic order. The report of the Secretary-General on the role of the United Nations system in establishing a new international economic order in the field of industrialization,<sup>2/</sup> called for in the same resolution, was before the Conference. The General Assembly had also referred to the Conference his reports on the establishment of a United Nations industrial development fund<sup>3/</sup> and on the question of the separate preparation of the programme and budget of UNIDO and of administrative autonomy for the Organization.<sup>4/</sup>

31. What was called for was the adoption of carefully considered policies for industrial co-operation and the establishment of institutional arrangements that would ensure the effective implementation of those policies. So long as the world community failed to make convincing progress in bridging the gap between the rich and the poor, stable political conditions could not be expected. He was confident that the Second General Conference of UNIDO would, in its deliberations, fully recognize that fundamental truth.

Summary of the statement by the Minister of Industry and Environment of Senegal

32. Speaking as a representative of the country which had held the Presidency of the Special International Conference of UNIDO in 1971, on behalf of the delegations attending the present Conference, Mr. Luis Alexandrenne, Minister of Industry and Environment of Senegal, expressed gratitude for the hospitality extended by Peru and the inspiring address given on behalf of the President of Peru by the Prime Minister.

33. He paid tribute to the Secretary-General, and also to the first Executive Director of UNIDO, Mr. Ibrahim Helmi Abdel-Rahman, who had guided the Organization's work from its inception; he also welcomed the new Executive Director, Mr. Abd-El Rahman Khane, and wished him all success in his new responsibilities.

34. Speaking of the objectives of the United Nations Second Development Decade, he pointed out that the commitment on the part of the industrialized countries to devote 1 per cent of their GNP to development of the poor countries had not been respected. He referred to the

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<sup>2/</sup> ID/CONF.3/21.

<sup>3/</sup> A/9792.

<sup>4/</sup> A/C.5/1616 and Corr.1.



break-down of the international monetary system, with its corollaries of inflation and the price increases of basic products and raw materials. The deterioration in the terms of trade, which the developing countries had long but unavailingly denounced, was becoming more and more unbearable when, at the end of 1973, the oil-producing countries had decided to increase substantially the price of their crude. It was the first time in the history of international relations that some developing countries had unilaterally fixed the price of their raw materials. Such a situation had created considerable dislocation in the economies of numerous countries. It thus demonstrated the interdependence of nations. That was why it was high time to understand the necessity to construct more equitable international relations between developing and developed countries.

35. Mr. Alexandrenne stressed that industrialization could not be achieved autarkically; the intolerable situation whereby countries representing 70 per cent of the world's population, owning nearly all its raw materials, accounted for less than 7 per cent of world industrial production had to be corrected by co-operation with the developed countries. It was in that spirit that the developing countries had come to Lima, to engage in a frank and sincere dialogue with the industrialized countries. Such a dialogue should make possible a redistribution of future industrial activity on the basis of jointly defined modalities. Industrialization was not a panacea, but an activity indispensable for satisfying the social needs of the peoples. To achieve those objectives, the Conference should arrive at consensus decisions, but such decisions would be of practical value only to the extent that the parties concerned felt themselves mutually committed and jointly responsible vis-à-vis the peoples they represented. The establishment of a new world economic order, more in conformity with the aspirations of the developing countries, and taking account, to the very greatest extent possible, of the interests of the industrialized countries, was going well. It could contribute effectively to the establishment of a better world, better because more balanced. Peace between nations was at stake.

#### Messages to the Conference

36. In a message to the President of the Conference, His Holiness Pope Paul VI expressed his interest in the work of the Conference which was a testimony to the aspirations of all peoples for a more equitable international order, to their impatience at the delays in its realization, and to their faith in the possibility of building a better world. He exhorted the participants in the Conference to pursue their dialogue in a spirit of reconciliation and renewal, so that co-operation might prevail over confrontation, through the rediscovery of the essential values of human solidarity. The present Conference would demand great lucidity, for industrialization ran the risk of promising more than it could perform unless it were essentially directed towards authentic human development.

37. The message to the President of the Conference from His Excellency Mr. Nicolae Ceausescu, President of the Socialist Republic of Romania, stressed that economic under-development was the result of colonialist and imperialist policies, policies of domination and oppression and the plundering of the national wealth of the developing countries, and the consequence of inequitable relations which had led to the division of the world into oppressors and oppressed. The liquidation of that situation implied the resolute abandonment of those old relationships and the establishment of a new international economic and political order and of new relationships between States based on complete equality and respect for national sovereignty and

independence. The normal development of international life also required that all countries should be given broad access, without discrimination or artificial barriers, to sources of raw materials and energy, and to the latest achievements of modern science and technology. The great problems of the contemporary world could no longer be debated and resolved in a narrow limited framework, but demanded a permanent dialogue and active co-operation among all States, regardless of their size, level of development, geographic location or socio-economic systems, and consideration of the interests of each country.

38. UNIDO could and must play an important role in drawing up and implementing a programme to eliminate economic and technological gaps and speed up the progress of the less advanced States. Accelerated industrialization and economic and social growth depended largely on the efforts of each country to obtain the maximum value from its natural resources, to develop all branches of the economy and to build up reserves of skill.

39. The adoption of an international system capable of ensuring greater price stability, at least for some years, should be considered, with modifications of prices only with consensus of the interested parties.

40. Finally, Mr. Ceausescu voiced the conviction that the Conference would represent a new contribution by UNIDO to accelerating the industrialization of developing countries, and would further the progress of all mankind towards co-operation, détente and world peace.

41. At a later stage in its proceedings, the Conference heard a message from His Excellency President Urho Kekkonen of the Republic of Finland. In his message, the President said Finland recognized the central role of UNIDO in the efforts to promote industrialization in the developing countries, and felt particular solidarity with those countries which were striving to develop industrialization for the benefit of their peoples, and with a view to raising their standard of living.

42. UNIDO provided, for those countries to which more had been given, the possibility of giving more to the less well endowed. Justice between countries implied justice between all human beings; that meant the right of every individual to a life in human dignity. A prerequisite for the achievement of such dignity was the right to economic security.

43. He hoped that the work of UNIDO would proceed on the basis of a common understanding among all the countries concerned.

I. ATTENDANCE AND ORGANIZATION OF WORK

44. The Second General Conference of the United Nations Industrial Development Organization took place at Lima, Peru, from 12 to 26 March 1975.

Attendance

45. Representatives of the following 114 States, States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency took part in the Conference.

Afghanistan	Holy See	Qatar
Albania	Honduras	Republic of Korea
Algeria	Hungary	Republic of Viet-Nam
Argentina	India	Romania
Australia	Indonesia	Rwanda
Austria	Iran	Saudi Arabia
Bangladesh	Iraq	Senegal
Barbados	Ireland	Somalia
Belgium	Israel	Spain
Bolivia	Italy	Sri Lanka
Brazil	Ivory Coast	Sudan
Bulgaria	Jamaica	Swaziland
Burundi	Japan	Sweden
Byelorussian Soviet Socialist Republic	Jordan	Switzerland
Canada	Kenya	Thailand
Central African Republic	Kuwait	Togo
Chile	Lebanon	Trinidad and Tobago
China	Lesotho	Tunisia
Colombia	Liberia	Turkey
Congo	Libyan Arab Republic	Uganda
Costa Rica	Madagascar	Ukrainian Soviet Socialist Republic
Cuba	Malaysia	Union of Soviet Socialist Republics
Cyprus	Mali	United Arab Emirates
Czechoslovakia	Mauritania	United Kingdom of Great Britain and Northern Ireland
Denmark	Mexico	United Republic of Cameroon
Dominican Republic	Mongolia	United Republic of Tanzania
Ecuador	Morocco	United States of America
Egypt	Nepal	Upper Volta
El Salvador	Netherlands	Uruguay
Finland	New Zealand	Venezuela
France	Nicaragua	Yugoslavia
Gabon	Niger	Zaire
German Democratic Republic	Nigeria	
Germany, Federal Republic of	Norway	
Ghana	Oman	
Greece	Pakistan	
Guatemala	Panama	
Guinea	Paraguay	
Guinea-Bissau	Peru	
Guyana	Philippines	
	Poland	
	Portugal	

46. The Secretary-General of the United Nations attended some sessions of the Conference. The United Nations Secretariat was represented as follows:

Department of Economic and Social Affairs (Office for Science and Technology)  
Office for Inter-Agency Affairs and Co-ordination  
Economic and Social Council (ECOSOC)  
United Nations Economic Commission for Africa (ECA)  
Economic and Social Commission for Asia and the Pacific (ESCAP)  
Economic Commission for Latin America (ECLA)  
United Nations Conference on Trade and Development (UNCTAD)  
International Trade Centre UNCTAD/GATT

47. The following United Nations bodies were represented at the Conference:

United Nations Conference on Human Settlements (HABITAT)  
United Nations Development Programme (UNDP)  
United Nations Environment Programme (UNEP)  
United Nations Institute for Training and Research (UNITAR)

48. The following specialized agencies were represented:

International Labour Organisation (ILO)  
Food and Agriculture Organization of the United Nations (FAO)  
United Nations Educational, Scientific and Cultural Organization (UNESCO)  
World Health Organization (WHO)  
World Intellectual Property Organization (WIPO)  
International Bank for Reconstruction and Development (World Bank)  
International Monetary Fund (IMF)

49. The Conference was also attended by a representative of the General Agreement on Tariffs and Trade (GATT).

50. Observers from the following intergovernmental organizations participated in the Conference:

Common Organization of African and Malagasy States (OCAM)  
Council for Mutual Economic Assistance (CMEA)  
East African Community (EAC)  
European Economic Community (EEC)  
European Investment Bank (EIB)  
Industrial Development Centre for Arab States (IDCAS)  
Intergovernmental Council of Copper Exporting Countries (CIPEC)  
Organization for Economic Co-operation and Development (OECD)  
Organization of African Unity (OAU)  
Organization of American States (OAS)  
Permanent Secretariat for the General Treaty on Central American Economic Integration (SIECA)  
Standing Consultative Committee of the Maghreb

51. The Conference at its second plenary meeting, on 14 March 1975, decided to admit additionally, the following intergovernmental organizations as observers to the Conference:

African Development Bank  
Andean Group  
Caribbean Development Bank  
Central African Customs and Economic Union  
Inter-American Development Bank

52. Observers from the following international non-governmental organizations also participated in the Conference:

European Centre for Overseas Industrial Development (CEDIMOM)  
International Chamber of Commerce (ICC)  
International Christian Union of Business Executives (UNIAPAC)  
International Confederation of Free Trade Unions (ICFTU)  
International Organization for Standardization (ISO)  
Latin American Association of Finance Development Institutions (ALIDE)  
Union of Industries of the European Community (UNICE)  
World Association of Industrial and Technological Research Organizations (WAITRO)  
World Confederation of Labour (WCL)  
World Federation of Engineering Organizations (WFEO)  
World Federation of Trade Unions (WFTU)

Opening of the first plenary meeting and election of the President

53. The first plenary meeting was declared opened by the Acting President, Mr. Louis Alexandrenne (Senegal),<sup>5/</sup> at 7.30 p.m. on 12 March 1975.

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<sup>5/</sup> At the Special International Conference of UNIDO in 1971, the President of the Conference had come from Senegal.

54. At that plenary meeting, the Conference elected by acclamation Rear Admiral Alberto Jiménez de Lucio, Ministry of Industry and Tourism (Peru), as President of the Conference. Upon taking the Chair, the President thanked the delegations for the honour they had extended to him, and through him to the third world, in electing him to the office of President.

55. At the request of the President, the Conference observed a minute of meditation.

56. At the 17th plenary meeting of the Conference, on 24 March 1975, the President announced with regret the death of King Faisal of Saudi Arabia. Speaking on behalf of the Conference, he extended his sympathies and condolences to the Saudi-Arabian delegation for the tragic loss of a great leader.

57. Following statements of condolence and sympathy by the representative of Egypt, the spokesman of the Group of 77, the spokesman of Group D and the spokesman of Group B, the Conference, upon the proposal of the President, observed a minute of silence in tribute to the memory of King Faisal of Saudi Arabia.

#### Adoption of the agenda

58. During the consideration at the first plenary meeting of the provisional agenda (ID/CONF.3/1), it was decided to add to agenda item 6 a new sub-item (c) entitled: "Implementation in the field of industrialization of the Declaration and Programme of Action on the Establishment of a New International Economic Order". The Conference accordingly proceeded to adopt the following agenda:

1. Opening of the Conference
2. Election of Officers (President, Vice-Presidents and Rapporteur)
3. Adoption of the agenda
4. Organization of the Conference including necessary committees
5. General debate
6. Industrialization of the developing countries:
  - (a) Review of the basic issues, progress achieved and problems encountered in the field of industrialization during the Second United Nations Development Decade
  - (b) Review of the implementation of special measures to assist the least developed among the developing countries and of the main problems to be solved
  - (c) Implementation in the field of industrialization of the Declaration and Programme of Action on the Establishment of a New International Economic Order
  - (d) Policies and actions required to promote and accelerate industrialization in order to attain the industrial development goals of the Decade
  - (e) International co-operation for the promotion of industrialization of the developing countries
7. Policies and activities of UNIDO in promoting the industrialization of the developing countries:
  - (a) Follow-up of the recommendations of the Special International Conference of UNIDO, June 1971
  - (b) Long-range strategy for the activities of UNIDO: review of the recommendations of the Industrial Development Board
8. Institutional arrangements of UNIDO (General Assembly resolution 2152 (XXI) paragraph 37)
9. Conclusions and recommendations
10. Adoption of the report of the Conference

Adoption of the rules of procedure of the Conference

59. Following the recommendation of the Industrial Development Board in resolution 33 (VI), paragraph 4, endorsed by the General Assembly in resolution 2952 (XXVII) of 11 December 1972, the Conference, at its first plenary meeting, decided that it would adopt, as its rules of procedure, the rules of procedure of the Industrial Development Board, with the exception of rule 17, paragraph 2 (Credentials Committee) (see para. 60 below). For other procedural questions that were not regulated by the rules of procedure of the Industrial Development Board, the Conference decided that the rules of procedure of the General Assembly should apply to the proceedings of its plenary meetings and of its committees, unless those organs decided otherwise.

60. With regard to the Credentials Committee, the Conference decided at its first plenary meeting to follow the recommendation of the Intergovernmental Preparatory Committee (ID/CONF.3/18, para. 17(3)) to the effect that the Credentials Committee of the Conference should have the same composition as that of the Credentials Committee of the General Assembly at its twenty-ninth session. The Credentials Committee of the Second General Conference was accordingly composed of delegations of the following States: Belgium, China, Costa Rica, Philippines, Senegal, Union of Soviet Socialist Republics, United Republic of Tanzania, United States of America and Venezuela.

Organization of the Conference, including necessary committees

61. On the recommendation of the Intergovernmental Preparatory Committee (ID/CONF.3/18, para. 17(2)), the Conference decided at its first plenary meeting to set up two committees: Committee I to deal with agenda items 6 and 7 and Committee II to deal with agenda item 8, including the establishment of an industrial development fund. The Conference further decided to establish a Drafting Committee.

Election of officers other than the President

62. At the second and third plenary meetings, on 17 March 1975, the Conference elected unanimously 14 Vice-Presidents from the following States: Argentina, Austria, China, Cuba, Czechoslovakia, Ireland, Kenya, Lebanon, Malaysia, Mali, Sri Lanka, Switzerland, Union of Soviet Socialist Republics and Zaire.

63. It also unanimously elected Mr. Frederick H. Jackson (United Kingdom of Great Britain and Northern Ireland) as Rapporteur.

64. The Conference then elected the following officers of Committees:

Committee I

Chairman: Mr. Hortencio J. Brillantes (Philippines)  
Rapporteur: Mr. Erno Hárs (Hungary)

Committee II

Chairman: Mr. Bjoern Olsen (Denmark)  
Rapporteur: Mr. Anthony Donald Augustin (Guyana)

65. The Conference also elected Mr. Amine Kherbi (Algeria) Chairman of the Drafting Committee.

66. The above listed 20 officers, together with the previously elected President, constituted the Bureau of the Conference.

### Constitution of the Drafting Committee

67. At its eighth plenary meeting, on 17 March 1975, the Conference decided to establish a Drafting Committee, consisting of the representatives of the following 31 States: Algeria, Argentina, Australia, Brazil, Bulgaria, China, Cuba, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Hungary, India, Indonesia, Iran, Iraq, Italy, Jamaica, Japan, Mali, Mexico, Netherlands, Nigeria, Philippines, Poland, Spain, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania and the United States of America.

68. The Declaration and Plan of Action on Industrial Development and Co-operation, prepared by the Group of 77 (document ID/CONF.3/22\*), were referred to the Drafting Committee for consideration, on the basis that Committees I and II would first have considered the parts thereof coming within their competence.

## II. SUMMARY OF THE GENERAL DEBATE

### Introduction

69. The Conference began consideration of agenda item 5 (general debate) at its third meeting. A total of 12 meetings were devoted to the debate during which 110 interventions were made; eighty-three speakers represented sovereign States participating in the Conference and twenty-one spoke as observers. The Conference concluded its consideration of agenda item 5 at its fourteenth meeting on 20 March 1975.

70. Immediately preceding the formal opening of the general debate (agenda item 5 of the Conference), the President gave the floor to the Executive Director of UNIDO.

### Summary of the statement by the Executive Director of UNIDO

71. The Executive Director expressed, in his own name and in that of the Organization, his warm appreciation of the hospitality offered by the Government and the people of Peru, and of the excellent arrangements made to ensure the success of the Conference. He felt certain that the views expressed by His Excellency the President of Peru on the problems of industrialization would be a source of inspiration for those taking part in the Conference. The valuable contribution made by the Secretary-General of the United Nations had provided further proof of his interest in the problem of development and in the activities of UNIDO. The participation in the work of the Conference by all members of the United Nations family demonstrated their concern for the future of industrialization.

72. Ideas on the industrialization of developing countries had advanced considerably since 1972, when the General Assembly had decided to hold the Conference. The Conference was regarded as a political event of major importance. The Preparatory Committee, with its high intellectual level of debate, had provided most useful guidance to the Secretariat in the preparation of the Conference.

73. The preparatory phase of the Conference had been greatly assisted by the very important work carried out by the regional ministerial meetings and the declarations adopted by them. The truly historic circumstances that had led to the sixth special session of the General Assembly had strengthened the general awareness that industrialization must be considered as a necessity.

74. Although industry had been criticized as leading to the creation of artificial needs, to waste, to pollution and even to the threat of exhausting certain natural resources, a considerable proportion of humanity had not yet entered into the industrial phase of development, and was therefore facing other types of problems. Some countries faced problems of the industrial era, whereas others were completely deprived of the advantages which industry could provide to satisfy the most fundamental needs of their populations. The serious inequality resulting from complete industrial domination was being challenged with increasing insistence by the developing countries. Such an irrational situation was harmful to the international community as a whole; it represented a serious waste of natural and human resources and could jeopardize general prosperity and hence international peace.

75. Universal interdependence had indeed become a reality. The deeds and misdeeds of any group inevitably affected others. The weakness of the monetary system, widespread inflation, the food shortage, the utter poverty of millions of human beings threatened with famine, the spectre of recession and unemployment in many industrialized countries were among the many forms in which the crisis manifested itself. It was time for States to take steps to implement the "principles of equity, sovereign equality, interdependence, common interest and co-operation among all States" set out in the Programme of Action on the Establishment of a New International Economic Order, which included the universally accepted objective of creating a new economic structure for world industry.

76. By aiming at a share of at least 25 per cent in world industrial production by the end of the century, the developing countries had not only given priority to industrialization, but had also wished to secure the support of the developed countries. There was no substitute for a country's political will to mobilize its own material and human resources. What mattered to each country was not so much the choice of an economic model as an unshakable determination to satisfy, very largely by means of industry, essential needs of its people, and in so doing to ensure its economic independence. Furthermore a special place should be found for intensified co-operation among developing countries themselves. In sub-regional groupings, standardization of industrial policies and joint programming of heavy industries would lead to substantial economies of scale and provide wider markets. Regionally, industrial specialization agreements could bring advantages to the entire community concerned. Complementary factors available in different countries, such as power, raw materials, manpower, technological resources and finance could also be pooled.

77. Collaboration by developed countries, and harmonization of their industrial policies with those of the developing countries, seemed to be fundamental in attaining the over-all goal set by the United Nations. It was widely acknowledged that increased industrialization of the developing countries could not run counter to the interests of the industrialized countries, and the difficulties such as the tensions caused by immigrant labour, the problems of lack of space, and the costs of transport, power and raw materials should be taken into account when considering the future. Consequently, a concerted redeployment of certain industries - as a first step those connected with local processing of raw materials - as called for at the sixth special session of the General Assembly, could realistically be based on mutual interest.



78. Such action would call for an active contribution from the industrialized countries. Increased financial and technical assistance, provision of industrial information, training, of qualified personnel, improved conditions for the transfer of technology and free market access for manufactured goods had already been sufficiently discussed in such a wide variety of international fora that there was no need to dwell further on them. But much remained to be done in the way of practical action.

79. The role of private enterprise should not be forgotten, but there was an increased need for governmental action. Periodic discussions should be held at a high level to look into the state of world industry, to decide on implementation of agreed objectives and to adjust national policies accordingly. He was convinced that at the present Conference the fruitful dialogue, which had begun during the preparatory period of the Conference, would lead to practical decisions. The role of industry in the development process had been widely recognized, as had the need for increased technical and financial assistance to the industrial sector.

80. Industrialization, and not UNIDO itself, was the main theme of the Conference. But the General Assembly has asked the Conference to recommend measures to strengthen the Organization, within the United Nations system, so that it could "expand its activities in a manner consistent with the requirements of the developing countries and the role of their industrialization within a new economic order".

81. The Executive Director paid tribute to his predecessor, Mr. Ibrahim Helmi Abdel-Rahman, the pioneer and architect of the Organization, who had on many occasions suggested to the General Assembly, to the Economic and Social Council, and to the Industrial Development Board, new fields of UNIDO action which warranted careful consideration.

82. The Executive Director recalled that the Group of High-Level Experts, appointed by the Secretary-General after the 1971 Conference of UNIDO, had, in its first recommendation, considered that the Organization's research and study activities should be strengthened. UNIDO ought, he said, also to be in a position to follow and analyse the short-term development of industry, as well as to draw up long-term plans for the achievement of targets in restructuring world industry. Moreover, as a forum for consultation among Governments, UNIDO could not only promote contacts among potential partners but also assist the weaker partner on request.

83. Decisions on how to make UNIDO an effective instrument required a clear definition of the Organization's functions, and precise recommendations as to the human, financial and institutional resources needed. It would, he said, be inappropriate for the new Executive Director to formulate an authoritative opinion on such an important question; but he expressed the wish that functions, resources and institutional arrangements should be set up in a coherent manner, so as to avoid the danger of UNIDO being entrusted with responsibilities which it had neither the authority nor the means to carry out.

#### Opening of the debate

84. The debate was opened by the President of the Conference, Rear Admiral Jiménez de Lucio, speaking in his capacity as the representative of the host country. He said that the great changes needed to achieve an equitable distribution of industry, the creation of the new

international economic order and the establishment of peace and justice called for a new frame of mind. In developing countries, the political will to promote industry existed, even though it required effort and sacrifice. Developed countries must now make their financial and technological resources available on favourable terms and open up their markets. The results would be to the benefit of all.

85. Peru itself had initiated planned industrial development, making the utmost use of its limited resources. Manufacturing industries were being extended, to make use of raw materials, so as to reduce dependence on outside sources. The whole population was being given the opportunity to participate. There was also a place for private industry. Effects on other sectors were seen in the programme of land reform and in state control of exports, designed to ensure the best use of foreign currency. Sovereignty over marine natural resources had been extended to a 200 mile limit. Conditions for transfer of technology and for patent rights were being controlled, and 2 per cent of income from industry was to be devoted to research. Regionally, a common position had been adopted by the countries of the Andean Group, with preferential treatment for the least developed countries; Peru supported the Latin American ideal of regional integration.

86. Peru held the opinion that UNIDO had to become a specialized agency of the United Nations; it should be given adequate resources for its important tasks.

87. The representative of Zaire, speaking in his capacity as Chairman of the Group of 77, made a general statement introducing the Declaration and Plan of Action on Industrial Development and Co-operation, adopted by the Second Ministerial Meeting of the Group of 77 at Algiers in February 1975, a document that was intended to serve as a basis for the work of the Conference.

88. He said that the first Special International Conference of UNIDO, and the recommendations on a long-range strategy which followed it, had called for the promotion of export-oriented and agro-industries and of multinational projects. In implementing those recommendations, UNIDO had worked closely with such bodies as UNCTAD and with regional and sub-regional groups; nevertheless, the impact of its work remained limited owing to the loose economic structure of the developing countries and their dependence on the industrialized nations. Their average annual rate of industrial growth had risen from 9 per cent in 1972 to 11 per cent in the first part of 1973, but it still fell short of the 12 per cent needed to ensure them a 25 per cent share of world industrial production by the year 2000.

89. The Declaration and Plan of Action of the Group of 77 had been transmitted to other groups of countries with a view to concertation rather than confrontation. The Declaration dealt with the basic principles, aims and objectives of industrialization as a means of achieving true economic independence, while the Plan of Action spelled out concrete measures to attain those goals.

90. The Declaration and Plan of Action were not a list of demands, but rather a concrete and reasonable basis for discussion. But let the Group of 77's partners in the industrialized world understand that the Group of 77 came not as mendicants to the Conference. The present world crisis showed the weakness and inadequacy of the historically established economic system and gave new proof of the interdependence of the interests of all.

91. The concept of a world divided into givers and receivers, winners and losers must be banished. Each and all had something to give and something to receive, something to gain and nothing to lose, if all recognized that a new international distribution of roles and labour was one of the fundamental conditions of coexistence.

92. The Group of 77 were convinced of the need for solidarity and co-operation amongst themselves.

93. It was their profound aspiration to become fully masters of the means to achieve the emancipation and the total flourishing of their peoples, in a world characterized by interdependence between partners, and in which concertation and dialogue were essential for the establishment of a well understood co-operation between all, on new bases taking better account of the interests of all. This, they were convinced, was the spirit in which decisions and recommendations would be adopted; but mechanisms must be established to ensure that the decisions were carried out.

#### General observations

94. All speakers expressed their gratitude to the President of Peru, His Excellency General of Division Juan Velasco Alvarado, and to the Government and people of Peru, for extending the invitation to hold the Conference in Lima, for the excellent arrangements made and for the warm hospitality extended. Gratification was also widely expressed that the Secretary-General of the United Nations had attended the Conference and many words of welcome, congratulation and support were addressed to Mr. Abd-El Rahman Khane, the new Executive Director of UNIDO. Many speakers praised the creative contribution of the first Executive Director of UNIDO, Mr. Ibrahim Helmi Abdel-Rahman.

95. In the general debate, there was a notable convergence of views, largely transcending traditional differences between regional groups, and a general desire for success of the Conference, through consensus, co-operation, conciliation and constructive dialogue. There was general recognition of the importance which industrialization had to play as a part of over-all economic and social development and also of the greater importance the Conference had acquired since it was first mooted. While industry was not a panacea, a selective and integrated approach to industrial co-operation could correct the imbalance in that sector between the industrialized and the developing countries. Prosperity in the developing countries was in the interest of all nations, developed as well as developing.

96. As the main basis for discussion of a proposed Declaration and Plan of Action on Industrial Development and Co-operation, it was agreed to accept the text submitted by the Group of 77.

#### Specific themes

97. The General Debate is covered in some 200 pages of the Summary Records of the Conference; it would therefore be inappropriate to reflect the interventions in detail in the present Report. A number of the themes covered by one or more speakers are set out in paragraphs 98 to 150 below. These paragraphs should, of course, (with the exception of paragraph 150 below) not be taken as reflecting views adopted by the Conference as a whole.

The Conference in the context of present world political,  
economic and social conditions

The task of the Conference

98. The General Assembly had recognized the present Conference as the highest forum in the United Nations system for defining policies for international co-operation in the field of industrial development. Since the decision to convene the Conference, taken by the General Assembly in 1972, the economies of many of the developing countries, and their progress towards industrialization, had deteriorated until their very survival was now at stake. In view of those developments, the present Conference had acquired an even greater significance.

99. The basic issue before the Conference was therefore to seek ways and means of providing two billion people, or two thirds of humanity, with the bare minimum of amenities compatible with the dignity of human life. The Conference was faced with the difficult task of working out principles and measures to accelerate the industrialization process in the developing countries. An over-all policy defining guidelines for international co-operation should be formulated within a concept of solidarity among nations. That goal could best be realized within the context of an expansion of industrial capacities in all countries.

100. A principal task of the Conference was to decide how to bring about a more equitable distribution of industry at the world level. The present share of developing countries in world industrial output of 7 per cent was shockingly low, unjust and irrational. The aspiration of the developing countries to raise their share rapidly was legitimate, and in the long-term interest of all countries. The Conference should draw up a blueprint, describing the way in which a new global strategy of industrialization could contribute to a more just and equitable world economy.

101. The Conference could not be expected to resolve all the unsolved economic and social problems of the world; as, however, the section on industrialization in the Programme of Action had met with unanimous approval in the General Assembly, the Conference would seem to have the best chance of success if it concentrated on the subject of industrialization.

The heritage of the past

102. The backwardness of third world countries, and the low level of their industrialization, were widely ascribed to colonial domination, imperialism and neo-colonialism, but there was also a wide measure of concern to overcome this situation as promptly as possible.

The world economic crisis

103. The Conference was taking place at a time when the world economic order was undergoing a rapid and fundamental readjustment, and when the economic relationships of countries were subject to a degree of interdependence unprecedented in history. The world economy had experienced a series of profound changes that had caused severe repercussions. Inflation, monetary instability, the energy crisis and the threat of recession in most industrialized countries had aggravated the situation. The crisis had adversely affected the prospect for sustained economic and industrial progress in most developing countries, and had inevitably struck hardest at the weaker countries, as they were especially vulnerable to external economic influences. Whereas the prices of raw materials, agricultural produce and agro-industrial products exported by the developing countries had remained relatively stable, the prices of manufactured products from developed countries were rising constantly.

104. The industrialized countries had also felt the impact of the crisis, but it should not discourage them from a realistic consideration of the long-term problems of the world community. The permanent establishment of a new international economic order was the only valid means of preventing the current world crisis from developing into a total collapse.

The need for a new social contract

105. There was a need, the world over, to satisfy the rising expectations of people who for long years had been denied the elementary needs of life; those who had been left behind through no fault of their own were determined to enter the modern age of economic, technological, social and cultural advancement. Those objectives could be achieved within a reasonable period of time only if the immense material, human and technological resources available on our planet were scientifically and rationally harmonized and organized for the benefit of mankind. Poverty anywhere constituted a threat to prosperity everywhere.

106. The interdependence of economies was now a generally accepted fact, but it could lead either to increased co-operation or to confrontation; the world had to choose between authentic co-operation among developed and developing countries, and a world situation characterized by regional isolation, a crisis with regard to raw materials, inflation, stagnation, poverty, and even war. There was no alternative; dialogue was an objective necessity for all concerned. Interdependence necessitated a search for genuine solutions and a discussion of problems not in emotional, but in economic, financial and social terms.

107. The Conference should make the first step towards a rational organization of our planet, towards the triumph of long-term interests of the whole of mankind over the short-term interests of the existing industrial oligarchy. In a word, there was a need of a new social contract between developed and developing countries.

The need for international consensus

108. The Conference should aspire to achieve the largest possible measure of consensus and concerted action to ensure that the inhabitants of the world acquired the level of nutrition, literacy and wealth that were their right as human beings. Distrust, which led only to confrontation, had to be overcome. Success would require a constructive dialogue leading to consensus, and the compromise solutions thus achieved must then be transformed into political realities. Political courage and innovation would have to be allied with pragmatic realism, both at the national and international levels. It was not enough to make far-reaching decisions; the decisions would have to be widely acceptable to be assured of implementation, for it was only through the implementation of decisions that progress could be achieved.

The commitment of the international community to industrialization

109. The commitment of the international community to industrialization sprang from a recognition of several realities. The first of these was that of the rapid increase in the world's population, especially in its underdeveloped areas, which had outrun the capacity of agriculture and the traditional cottage industries to absorb the growing number of idle hands. The world's population would soon exceed four billion, and by the end of the present century it would be in excess of six billion; nearly 70 per cent of that total would reside in developing countries. Thus, despite advances achieved by the developing countries, the ensuing benefits were, as a result of the population increase, far less than proportionate. The

second reality was that the interdependence of sovereign States could be achieved and sustained only by a certain degree of economic self-reliance and economic strength; that, in turn, could spring only from an expanding and diversified economy which was a prerequisite for the attainment of a certain level of industrialization. The third reality was that the widening gap between the developed and the developing nations coincided with, and was also a function of, the growing disparity in the level of industrialization.

#### The Conference and international dialogue

110. The Conference constituted a further step towards establishing and intensifying the dialogue between the industrialized and the developing countries, designed to reaching agreement on new principles, measures and actions to be adopted by the international community. This dialogue had been gathering momentum in the recent meetings organized under the aegis of the United Nations system; the Conference followed discussions at the third session of the United Nations Conference on Trade and Development (UNCTAD III), at the sixth special session of the General Assembly, and at the World Conferences on food, population and the law of the sea. The developing countries were approaching the present Conference with optimism, encouraged by the greater readiness on the part of the developed countries to listen to their arguments and just claims. Developed countries, for their part, had made clear the importance they attached to a constructive dialogue in the search for agreement on policies and actions to assist the industrial development of the developing countries.

#### The need for industrialization

##### The road to industrialization

111. To develop their national economies, the developing countries must take the road of maintaining independence, keeping the initiative in their own hands and relying on their own efforts. It was beneficial and necessary to the development of national economies for countries to enter into economic co-operation and trade under the principles of mutual respect for State sovereignty, equality and mutual benefit and the exchange of needed goods to make up for each other's deficiencies.

##### Industrialization and agriculture

112. Industrialization was the only means of achieving a lasting solution to the world's gravest problem, the food crisis, for without an aggressive industrialization programme, the problem of hunger could not be solved. An increase in food production could be achieved only through the application, through industry, of science and technology to agriculture. There was no question of choice between agriculture and industry, for they were complementary and their simultaneous development was indispensable. It was not coincidental that agriculture was most advanced in countries having an advanced industrial structure.

113. In order to accelerate the industrialization process, the interrelationship between agriculture, light and heavy industry had to be handled correctly. Agriculture was the foundation, for it created markets and raised funds for industrial expansion. Agriculture supplied the raw materials for light industry, which required less investment and produced quick results. When agriculture and light industry were developed, heavy industry was assured of a vast market and ample investment funds; thus industry would play a more effective role as the leading factor in the national economy.

Industrialization and over-all development

114. Industrialization of developing countries had to extend beyond the processing of indigenous raw materials; it must comprise a complex development of the interrelated branches of industry, including the creation of the technological background, the infrastructure needed for development, and, gradually, that required for research. The strategic role of industry lay in its over-all impact on the development of human capacities, in dynamizing the forms of social and economic development, and in expanding the national capacity to benefit from the technological achievement of the world. The higher a nation climbed on the pyramid of technology, the broader was its base of achievement.

Industrialization and economic development

115. Industrialization was a global problem because it was the key to economic progress; indeed, industrialization and economic development had come to be practically synonymous. For the developing countries, industrialization was essential to the achievement of both economic independence and the status of equal partnership in international trade. Industrial development was essential to enable the developing countries to escape from the vicious circle of poverty generating poverty. It stimulated socio-economic progress and promoted self reliance. Industrialization should be based on domestic material and human resources. Due attention should be given to the development of the public sector and national planning, thus increasing the growth rate of production and strengthening the economic independence of developing countries.

Industrialization and the quality of life

116. Industrialization should not be considered as an end in itself, but a means of raising the standard of living of the mass of the world's population, and this view should find expression in the Declaration to be adopted by the Conference. As a key factor in the economic and social development of the world community, industry appeared to be the best means of providing wealth and employment to, and of meeting many of the requirements of, the peoples of the world. Nevertheless, industrialization was not the panacea for all ills; the qualitative values of a certain human and social equilibrium should not be sacrificed to purely economic objectives. Industrialization had therefore to be adapted to the economic and social system of a country and to the customs and traditions of its society. Industrial development should be people oriented, and the participation of labour in the making of decisions on their work environment should be ensured. The production process should be designed to benefit the poorest sections of the population.

Industrialization and national sovereignty

117. The principle of national sovereignty had to be respected and all States should have complete control over their natural resources. It was the sovereign right of States to nationalize industries operating in their territory. In this context, reference was made to international obligations of States. It was the prerogative of each sovereign State to exercise supervision over foreign capital and over the activities of transnational corporations within its territory.

## A new structure for world industry

### Improving the international economic structure

118. A better economic structure, involving greater participation of the developing countries in world industry, was an essential prerequisite to the future over-all growth of the world economy. Although concerns in industrial countries had an important role to play in expanding industrial co-operation, market mechanisms were not alone sufficient to produce the rapid changes required; they needed to be supplemented by government action. In this respect, harmonization of industrial policies was necessary, including the use of adjustment assistance. Structural changes would be furthered above all by unimpeded world trade, and must not be impeded by subsidies to non competing industries. Transfer of production lines to developing countries could be encouraged by financial and tax incentives. Any industrial development strategy had to take due account of the legitimate aspirations of the peoples of the developing countries.

### Industrialization and employment

119. The pattern of world industrialization should tackle the problem of unemployment and under-employment, and the selection of product lines and techniques should take into account, among other things, the need for employment creation. Estimates suggested that 300 million people, or about a quarter of the world's labour force, were currently unemployed or under-employed. By the end of the century another thousand million people would be added to the world's labour force. This called for a new world pattern of industrialization, a new international division of labour, different from the one the world was heading for according to current trends.

### Improving the international division of labour

120. The developing countries must be able to count on an internationally formulated strategy. The principles for a new and equitable international division of labour had been set out in the Declaration and Programme of Action, adopted by the General Assembly at its sixth special session, and in the Charter of the Economic Rights and Duties of States. Many changes were required if such a division of labour, guaranteeing equitable economic and social development, were to be established. The essential prerequisite for future over-all growth of the world economy was a better international division of labour, involving greater participation by the developing countries. For many industrialized countries, the market mechanism was expected to produce sufficiently rapid changes in the structure of industry, both at the national and the international levels.

121. The pretext of "international division of labour" had, however, been used as a cover for economic exploitation.

### Basic industries

122. The developing countries should consolidate their economic independence, deepen the process of industrialization and obtain a greater share of world trade by paying particular attention to the development of basic industries such as iron and steel, engineering, petro-chemical and chemical industries.

### The industrial processing of indigenous raw materials

123. In view of the present situation, whereby the developing countries were exporting raw materials and had to import processed goods at high prices, there should be a shift of some stages of processing of indigenous raw materials to the developing countries. Where the



funds required to set up such industries were beyond the means of the developing country, the industrialized countries and other capital exporting countries should assist. In this way, the low return which developing countries earned from their raw materials would be increased substantially. Labour intensive areas of manufacture might also be shifted to the developing countries.

#### International industrial co-operation

##### Co-operation in general

124. The problems confronting industrialization required a long-term strategy extending over several generations. Difficult and unpopular decisions would have to be made, and it was therefore essential that a greater cohesion and co-operation be promoted among nations. Group and national interests had to be sacrificed to solve basic problems, and for this reason there was an urgent need for the political will to promote co-operation. The Charter of Economic Rights and Duties of States contained principles and ideals which could be useful as tools of industrial development and economic self-reliance.

##### The nature of co-operation

125. International industrial co-operation was not to be confused with aid, for genuine co-operation did not consist in one group of countries being dependent on another group. International industrial co-operation had to be concerted, and there should be regular exchanges of information and a continuing dialogue. Industrial co-operation had to be selective in order to respond appropriately to the priorities of the developing countries. Strict regard had to be paid to the direction that each developing country wished to give to its development and industrialization strategy. The resources represented by transfers of technology, management, know-how and capital from private enterprises continued to be available. Special attention had to be given to the needs of the poorest of the developing countries. Industrial co-operation was developing steadily, and the present Conference would undoubtedly give it a new impetus.

##### New forms of industrial co-operation

126. It was recognized that policies and actions limited to the traditional instruments of financial and technical assistance were inappropriate on their own for industrial co-operation. New forms of co-operation must be evolved, that made use of the whole range of instruments available, including trade co-operation. The procedures must be flexible enough to penetrate to all levels and be implemented in such a way as to reach the largest number of people. The provision of external aid, helpful though it might be, was by itself inadequate; the most important point was to assist the developing countries to realize their own potential.

##### Regional co-operation

127. A first step towards international industrial co-operation should be closer regional co-operation among developing countries; that co-operation could then be extended to international co-operation among developing countries. Groups of States already embarking on regional co-operation arrangements should be assisted in achieving them. A programme of co-operation among developing countries could be particularly effective, for a country that had recently passed through the earlier stages of industrialization would be familiar with the problems of other less developed countries. In the framework of efforts to promote international industrial co-operation, the developing countries should set the first example,

within the limits of their resources, preferably on a regional basis. Industrialization that was restricted to a national framework was not suitable to small countries, for the establishment of a large industrial market was indispensable to industrialization and should be a priority aim of regional co-operation. The regional concept of industrialization implied a certain degree of planning of regional policy, particularly with regard to capital investment.

#### The climate for national industrial co-operation

128. Industrial co-operation was an area where true partnership and dialogue could and must be established between industrialized and developing countries. It would require regular exchanges of information and a continuing open-minded dialogue between all the economic and social partners concerned. The progress of a single country or group of countries was no longer independent of events in others. There was need of just, efficient and non-discriminatory international co-operation.

129. It was further essential to create a climate attractive to the individual industrial enterprises concerned, with full consultation of the representatives of labour. Moreover, stable and secure working conditions were in the interest both of the host country and of the outside firm. Industrialists could not be forced to give up their business or to transfer it abroad, or to transfer technology.

#### Basis of economic co-operation

130. Aid to industry in the developing countries must strictly respect the sovereignty of the recipient country and must not be accompanied by any conditions or demands for special privileges or excessive profits. Loans to the developing countries should be interest free or low interest and should allow for delayed repayment of capital and interest, or even reduction and cancellation of debts in case of necessity.

#### Training of industrial manpower

131. The Conference should give consideration to the need to train nationals of developing countries as specialists at all levels required by industry. The development of technical and professional skills should be an integral part of the obligations incumbent upon the partner from an industrialized country when he helped to establish an industrial enterprise in a developing country.

#### Transfer of industrial technology

132. International co-operation should aim at improving the terms for the transfer of industrial technology and its better adaptation to the technological needs of developing countries. The transfer of technology provided ample opportunity for international co-operation. The developing countries were insufficiently protected against certain forms of abuse, particularly with regard to contractual obligations of suppliers of industrial machinery and/or technology. International institutions were extremely weak in this matter, and Governments of industrialized countries should therefore do more to ensure that their enterprises and suppliers fulfilled their contractual obligations.

#### Recycling of petro-dollars

133. The hope was expressed that oil-producing countries with surplus funds might invest petro-dollars in the developing countries to help them finance their industrialization process. The export of capital by oil-producing States could result in investments in those countries that had the greatest need of funds. Support was expressed for tripartite projects in which countries would work together to provide labour, technology and financing.

A special fund for the purchase of raw materials required by developing countries

134. A specific proposal was made for the establishment, under UN/UNIDO auspices, of a special fund, the proceeds of which could be made available to the developing countries on soft terms for the purchase of raw materials required by them. Developed countries and countries having surplus funds might make contributions to the proposed fund, and the details of the proposal might be worked out by UNIDO experts. There was need for emergency assistance in this area to the countries hardest hit by the economic crisis.

Barriers to trade and co-operation

135. Special stress was laid on the role of international trade. Countries should be enabled to expand the market for products advantageous to them and to discourage the production of goods that could be obtained more cheaply abroad. In developing countries, excessive barriers to the import of goods and of the urgently needed foreign capital should be avoided, although foreign capital must be subject to each country's legal norms. Non-tariff barriers and restrictive trade practices should be reduced or eliminated.

Producers' associations

136. With regard to commodities, there were valuable lessons to be learned from the experience of OPEC. The establishment of the sort of cartels that would create distortions in international economic patterns was not suggested, but merely a measure of price stabilization and an equitable linkage between the price of commodities and the cost of their production, together with a correlation between prices of raw materials and the manufactured end products stemming from them. The world trading system should meet the needs of both producers and consumers.

The objective for participation of developing countries in world industrial production

137. The developing countries, in meetings prior to the Conference, had agreed to establish a target of increasing their share of world industrial output to at least 25 per cent by the year 2000. They thought it right to choose a high target and were confident that it could be achieved. The target should be a positive stimulus to action. It also provided an opportunity for the international community to demonstrate its will to co-operate in a joint and concerted manner in assisting the developing countries in their efforts to accelerate their industrialization. Countries with a significant private sector in their economies could not, however, guarantee that such a sector would operate in such a way as to meet a given target. The dimension of the required change called for a new approach.

Future role and structure of UNIDO

Expanded responsibilities of UNIDO

138. The responsibility for the establishment of a new economic order in the field of industry had been given to UNIDO by the General Assembly in its resolution 3203 (S-VI). An analysis of UNIDO and its functions revealed that it was not equipped to perform this important task efficiently. Measures must therefore be taken to enable UNIDO to undertake the responsibilities which had been conferred on it. UNIDO could, however, significantly increase its efficiency and effectiveness within its present institutional framework.

139. Assistance from the United Nations system to the developing countries had been limited, and that of UNIDO even less. UNIDO had not assumed its proper role in the field of industrial development. It should co-ordinate industrial activities at the international level, and accordingly its autonomy must be increased, its functions broadened and its resources augmented.

140. UNIDO's role was expected to expand after the Conference, not only in the field of technical assistance, but also in other activities which could contribute to the implementation of the target established by the Conference and of its other conclusions and recommendations.

141. In addition, topics connected with natural resources should be placed under the competence of UNIDO, since they provided one of the bases for industrialization.

#### Study and research activities of UNIDO

142. The study and research activities of UNIDO must no longer be confined to the examination of the problems of developing countries, but should deal with the evolution of the whole world's industrial development. The Organization should collect and systematize the experience of countries at different stages of development and with different economic and social systems, and should make the information available to interested parties. UNIDO should analyze the existing division of labour and study the production sectors that were most suitable for concrete measures to increase the participation of developing countries.

#### UNIDO and transfer of technology

143. UNIDO should intensify its activities in relation to the transfer of technology to developing countries. The Organization should, for example, establish an industrial and technological information system to furnish a sustained flow of information to the developing countries and to improve their capability to take the fullest advantage of existing knowledge.

#### Technical assistance

144. It was in the area of technical assistance that UNIDO activities brought the most direct and tangible benefits to the developing countries. Allocations from the United Nations Development Programme should be reviewed, to the end that additional resources be provided for UNIDO. The Organization should also be given responsibility for project execution by institutions such as the World Bank, and should have a special position in carrying out the programme adopted by the sixth special session of the General Assembly.

#### United Nations industrial development fund

145. Positive views were expressed on the establishment of the proposed United Nations industrial development fund. It should be so designed as to allow UNIDO to function as an effective organization in assisting the developing countries to increase their share in world industrial production, while stimulating harmony and co-operation among industrialized and developing countries. A substantial part of the fund should be channelled to those developing countries that had been most seriously affected by the international financial crisis. On the other hand, some doubt was expressed as to the need for such a fund, given the existence of the UNIDO General Trust Fund.

#### Consultations in the framework of UNIDO

146. The establishment of the new industrial structure could be facilitated by consultations among the various partners concerned, either bilaterally, within the framework of industrial co-operation schemes at government-to-government level, or through a system of multilateral

industrial consultations within the framework of UNIDO. The function of such a system would be to review the development of the various forms of industrial co-operation and to consider the institutional and legal aspects of industrial co-operation, the transfer of technology, foreign investment and the operations of transnational corporations. UNIDO could do valuable work without establishing new, bureaucratic machinery; in particular, it could provide more and better exchange of information by organizing appropriate consultations.

Strengthening of the Industrial Development Board

147. The Industrial Development Board should be expanded so as to strengthen the representation of developing countries, and several committees might be established to assist the Board in carrying out its duties. A consultative group composed of government experts and representatives of specialized institutions might be set up to give advice and recommendations to the Board on projects and programmes; such a programme committee might replace the Permanent Committee.

Conversion of UNIDO into a specialized agency

148. In considering the type of institutional arrangements best suited for UNIDO to carry out its expanded tasks, there was a choice between the Organization retaining its present status as a subsidiary organ of the General Assembly, with some minor improvements in its autonomy, and its being converted into a specialized agency. The Organization had not been able to perform the co-ordinating role expected of it by developing countries. The view was widely expressed that it should be converted into a specialized agency, but a decision to convert it should be coupled with the assurance that increased financial contributions would be made available to the Organization. Questions were however raised, and reservations expressed, as to the wisdom of such conversion.

Other items

149. Statements in connexion with political issues that were not directly related to the agenda of the Conference were made by a number of speakers, who expressed the wish to have those statements included in the official records of the Conference. Those statements are accordingly reflected in the official Summary Records of the Conference.

150. During the debate, the Conference noted with satisfaction that, as reported in the intervention of the representative of the host country of the Organization, the work of construction of the permanent headquarters in Vienna was well advanced, and that, after completion, which was scheduled for 1978, the Organization would, in conformity with its needs, have at its disposal space for over 2,000 officials as well as a new congress centre.

III. SUMMARY OF THE PROCEEDINGS IN THE PLENARY ON THE REPORTS  
OF THE CREDENTIALS COMMITTEE, OF COMMITTEES I AND II,  
AND OF THE DRAFTING COMMITTEE

Credentials of representatives to the Conference

Report of the Credentials Committee

151. At its 1st plenary meeting on 12 March 1975, the Conference adopted as its rules of procedure the rules of procedure of the Industrial Development Board, with the exception of rule 17, paragraph 2, relating to the Credentials Committee. The Conference decided to have a Credentials Committee with the same composition as that of the Credentials Committee of the General Assembly at its twenty-ninth session, which consisted of Belgium, China, Costa Rica, Philippines, Senegal, Union of Soviet Socialist Republics, United Republic of Tanzania, United States of America and Venezuela.

152. The Credentials Committee met on 18 March 1975 to elect its officers. The representative of the Philippines, Mr. Hortencio J. Brillantes, was unanimously elected Chairman of the Committee. The latter decided to convene on 21 March a meeting of the Committee in order to proceed with the actual examination of the credentials of representatives.

153. At its second meeting, the Committee had before it the status of credentials as of 20 March 1975 according to which:

(a) Credentials issued by the Heads of State or Government, or the Minister for Foreign Affairs, as provided by rule 27 of the rules of procedure of the General Assembly, had been submitted to the Executive Director of UNIDO by the following 77 States: Albania, Algeria, Austria, Barbados, Belgium, Burundi, Byelorussian Soviet Socialist Republic, Canada, Central African Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Cyprus, Czechoslovakia, El Salvador, Finland, France, Gabon, German Democratic Republic, Ghana, Greece, Guyana, Holy See, Hungary, India, Indonesia, Ireland, Jamaica, Japan, Jordan, Kenya, Kuwait, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mauritania, Mongolia, Morocco, Nepal, the Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Oman, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Swaziland, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Uganda, Ukrainian Soviet Socialist Republic, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Upper Volta, Venezuela, Yugoslavia and Zaire.

(b) The appointments of the representatives of the following seven States had been communicated to the Executive Director by letters or notes verbales from Permanent Representatives accredited to UNIDO or to the United Nations: Afghanistan, Iran, Italy, Mexico, Norway, Tunisia and United States of America.

(c) The appointments of the representatives of the following 16 States had been communicated to the Executive Director by letters or notes verbales from Ambassadors of the respective countries in Lima: Argentina, Australia, Bolivia, Brazil, Bulgaria, Denmark, Dominican Republic, Ecuador, Arab Republic of Egypt, Germany, Federal Republic of, Guatemala, Honduras, Israel, Spain, Union of Soviet Socialist Republics and Uruguay.

(d) The appointments of the representatives of 14 countries had been communicated by cable from Ministers of Foreign Affairs or Ministers of Industry. Letters signed by Heads of Delegations stating that official credentials would follow shortly were available, or in some cases mission orders to the representatives signed by the Prime Minister or Minister of Foreign Affairs: Bangladesh, Guinea, Guinea-Bissau, Iraq, Ivory Coast, Lebanon, Lesotho, Mali, Pakistan, Saudi Arabia, Sudan, Togo, United Republic of Cameroon and United Republic of Tanzania.

154. The Chairman invited the members of the Committee to express their views on the credentials of member States listed in paragraph 153, points (a), (b), (c) and (d) above.

155. The Committee found the credentials in order with some reservations regarding the credentials of the Republic of Viet-Nam.

156. Some members of the Credentials Committee felt that after the Paris Peace Agreement the Provisional Revolutionary Government of the Republic of South Viet-Nam should also have been invited. The view was also expressed in this connexion, that only the Provisional Revolutionary Government was the genuine representative of the South Viet-Namese people and should be present at the Conference. Some other members of the Committee stated that they recognized the delegation of the Republic of Viet-Nam as the sole representative of Viet-Nam and therefore accepted the credentials submitted on behalf of the Republic of Viet-Nam as valid.

157. Before closing the meeting, the Chairman stressed the fact that the Credentials Committee was only to examine whether the credentials of representatives had been issued in conformity with the rules of procedure of the General Assembly and that it was not within its mandate to determine the degree of representativity of a Government.

158. At its third meeting on 22 March 1975, the Credentials Committee adopted the above report and recommended that the Second General Conference of UNIDO declare all submitted credentials in order.

#### Action by the Conference

159. The report by the Credentials Committee on credentials of representatives to the Second General Conference of UNIDO (ID/CONF.3/26) was presented to the Conference, at its 15th plenary meeting, on 24 March 1975, by the Chairman of the Committee. The report was immediately considered.

160. During the consideration of the report, oral statements, some containing reservations, were made by the representatives of Albania, China, Cyprus, Hungary, Romania, Sweden, Turkey, Republic of Viet-Nam and United States of America. A summary of those statements is contained in the official Summary Records of the fifteenth meeting of the Conference (ID/CONF.3/SR.15).

161. At its 15th plenary meeting, on 24 March 1975, the Conference adopted the Report of the Credentials Committee.

#### Committee I

##### Report of Committee I

162. The Conference, following the proposal made by the Intergovernmental Preparatory Committee (ID/CONF.3/18, para. 17), decided that Committee I should deal with Conference agenda items 6 and 7. Agenda item 6, Industrialization of the developing countries, had five sub-items:

- (a) Review of the basic issues, progress achieved and problems encountered in the field of industrialization during the Second United Nations Development Decade
- (b) Review of the implementation of special measures to assist the least developed among the developing countries and of the main problems to be solved
- (c) Implementation in the field of industrialization of the Declaration and Programme of Action on the Establishment of a New International Economic Order
- (d) Policies and actions required to promote and accelerate industrialization in order to attain the industrial development goals of the Decade
- (e) International co-operation for the promotion of industrialization of the developing countries

Agenda item 7, Policies and Activities of UNIDO in Promoting the Industrialization of the Developing Countries, had two sub-items:

- (a) Follow-up of the recommendations of the Special International Conference of UNIDO, June 1971
- (b) Long-range strategy for the activities of UNIDO: review of the recommendations of the Industrial Development Board.

163. The Committee held ten meetings during the period 14 to 22 March 1975; seven meetings were devoted to consideration of agenda item 6, two to agenda item 7, and one to the adoption of the final report of the Committee.

164. The Chairman, Mr. Hortencio J. Brillantes (Philippines), and the Rapporteur, Mr. Erno Hárs (Hungary), were elected by the plenary of the Conference. The three Vice-Chairmen, Mr. Hadzi Kedzo (Togo), Mr. Geoffrey Bruce (Canada) and Mr. Juan Guillermo Becker Arreola (Mexico), were elected by the Committee itself.

165. According to the decision of the Bureau of the Conference, the discussions in the Committee were based on document ID/CONF.3/22\*, the Declaration and Plan of Action on Industrial Development and Co-operation, adopted at Algiers by the Second Ministerial Meeting of the Group of 77; the Committee was then to submit to the Drafting Committee a report on points of agreement and disagreement. Detailed comments made in Committee I on document ID/CONF.3/22\* were submitted to the Drafting Committee in a series of five conference room papers. The Committee also agreed to take into account the views expressed by Group B in document ID/CONF.3/23. The present report does not reproduce those comments but focuses on the main substantive issues that arose during the deliberations of the Committee.

166. Reference to other documentation relating to agenda items 6 and 7 was made in the annotated provisional agenda of the Conference (ID/CONF.3/1/Add.1, paras. 7-16).

#### Agenda item 6: Industrialization of the Developing Countries

167. Among the general issues raised in the Committee were the problems of colonialism, apartheid, and racial discrimination, which were basic problems directly and adversely affecting industrial development in the developing countries in the world today.

168. A number of delegations recalled the historical responsibilities and consequences of the colonial system which resulted in the existing inequities and unjust situation found in the world today. Furthermore, those delegations stressed the fact that it was urgent that unjust and oppressive treaties, remaining as consequences of colonialism, be revised.

169. One delegation pointed out that the Declaration and Plan of Action of the Group of 77 basically implemented the resolutions of the sixth special session of the General Assembly and reflected the firm determination and common aspirations of the third world countries to oppose colonialism, imperialism and hegemonism, to safeguard state sovereignty and to defend developing national economy. The same delegation expressed its resolute support for the series of just demands and reasonable propositions for smashing the old international economic order and establishing a new international economic order as expressed in the Declaration and Plan of Action by the developing countries. Those just demands and reasonable propositions should be the basis for the deliberations of the present Conference of UNIDO, and allow for no undermining and weakening.

170. One delegation, speaking on behalf of its Group, stressed the need to focus on matters concerning industrialization in order to avoid duplication at the present Conference of work proceeding in other fora of the United Nations system.

171. In discussing the Declaration and Plan of Action, one delegation observed that more specific references to the main objectives of industrialization would be helpful. One delegation emphasized the need to raise the living standards of the poor, to provide greater employment



opportunities especially among the young, and to take into account the special problems of migrant workers. A second delegation strongly supported the general observation which was made regarding unemployment. Some delegations placed great emphasis on the need to restructure world industry on the basis of greater equality and justice.

172. Considerable discussion revolved around the question of national sovereignty, control of natural resources, nationalization and compensation, and the relationship between national law and international obligations. All delegations recognized the sovereignty of States and the right of States to nationalize industries operating in their territory. However, some delegations qualified that right by reference to international obligations. It was recognized by all delegations that States should have complete control over their natural resources. The discussion centered on the question of compensation and the appropriate mechanism for settlement of disputes which would govern decisions related to compensation.

173. Some delegations, including the spokesman of one Group, considered that national sovereignty could only be exercised within the framework of international obligations covering the relationship between countries. The exercise of sovereignty of any given State could not be considered independently of that State's responsibilities and obligations to the international community as expressed, for instance, in the Charter of the United Nations. Disputes between States with regard to nationalization and compensation should be resolved within the context of international arbitration. One delegation suggested that the international obligations referred to were those freely consented to by individual countries. In that connexion, one delegation drew the attention of the Committee to General Assembly resolution 1803 (XVII).

174. Delegations from one Group emphasized that it was the inalienable right of every State to exercise freely its sovereignty and permanent control over its natural resources including nationalization in accordance with its law. The expression of that right was a matter of principle.

175. Some delegations, with reference to the position of the Group of 77 expressed in document ID/CONF.3/22\*, stated that they had reluctantly voted against the Charter of Economic Rights and Duties of States. Moreover, they had neither participated in the drafting of the Declaration of Dakar, parts of which, in their view, could eventually be incorporated into the body of international law in the future, nor had they endorsed it subsequently. Therefore, they would not be in a position at the Conference to subscribe to the Charter and the Declaration. Several countries stated that if the developed countries, who voted against the Charter, did not necessarily regard themselves bound by the Charter, the developing countries would not necessarily feel bound by international law, made without their participation.

176. A number of delegations stressed the relationship between the prices of goods exported by the developing countries and the prices of their imports. Several delegations discussed the relationship between the income generated by primary exports and the cost of manufactured imports, but they questioned whether the language of the Declaration implied some form of indexation and whether there was any need for indexation. One delegation observed that the present international crisis was confronting many countries, developed as well as developing.

177. In reply, one delegation expressed the view that a reference to a link would not necessarily imply a proposal for indexation. However, there was a need to establish a just and equitable relationship between the prices of developing countries' imports and their exports; indexation was not the only valid solution to the problem.

178. Some delegations expressed the view that the reference in document ID/CONF.3/22\* to the strengthening of producers' associations gave insufficient emphasis to the need for a fair balance between the interests of both producers and consumers. Those delegations, while acknowledging the right of producers to form associations, stated that consumers were also entitled to assurance of regular access to products on which their economies depended.

179. One delegation, speaking on behalf of its Group, and supported by another delegation, observed that producers' associations must be considered a key element in the future industrial development of the developing countries and should not be limited or restricted.

180. The practice of national planning and the role of the public sector were also subjects of discussion by the Committee, and one delegation (speaking for a majority of its Group) observed that, in the formulation of long-term industrialization plans and strategies, due attention should be given to the development of those two activities. Several delegations noted the importance of developing the public sector, of rational planning practices, and of utilizing the development potential of industrial co-operatives, particularly among small-scale and rural industries. Attention was drawn to General Assembly resolution 3335 (XXIX) on the role of public sector in promoting the economic development of the developing countries.

181. The problem of wasteful consumption was discussed within the context of the need to conserve non-renewable resources. Some countries suggested that wasteful consumption was a problem affecting all countries, not just the developed countries, although the absolute magnitudes in the developed countries were considerably greater than those in developing ones. Waste in the developing countries could increase, however, as they increased their level of industrialization.

182. Several delegations pointed out that the developing countries were not as yet significant consumers of non-renewable natural resources and that as they continued the process of development their pattern of resource consumption might differ greatly from that of the presently developed countries.

183. Considerable discussion took place concerning the applicability of quantitative targets for the world share of industrial production in the developing countries. All delegations indicated that they agreed that the share of developing countries in world industrial production should be considerably increased. In the opinion of some delegations, however, specific quantitative targets might not be realistic and lacked a sufficiently scientific basis for their establishment. Some of those delegations suggested that target shares for industrial development could be best expressed in non-quantitative terms.

184. One delegation, speaking on behalf of its Group, presented a rationale justifying the usefulness of quantitative targets which served to emphasize several important points. First, quantitative targets underlined the important, though not exclusive, role of industrialization in the economic transformation process of the third world. Second, certain inherited historical processes had to be reversed, an undertaking that could be expected to culminate in a dynamic transformation process during the latter years of this century, although the first steps toward a new industrial structure had to be undertaken promptly. Third, quantitative targets served to emphasize existing inequalities between developing and developed countries, inequalities that had to be reduced so that the developing countries could take their legitimate place in the world economy. Finally, the targets provided a perspective for the work of international organizations, the world community and the developing countries themselves.

185. Elaborating on those points, the delegation speaking on behalf of the same Group pointed out that a certain amount of industrialization had been fostered in developing countries during the period of colonial rule. That inherited development structure was a distorted one which was not necessarily comparable with the resources or the potential of those societies. At the present stage, national economic planning was required to develop and implement corrective policies, to internalize the benefits of industrialization and to open new areas of the national economy.

186. The same Group spokesman explained that two factors would contribute to the implementation of the increased share, namely, world economic growth trends favouring the developing countries and structural change in the developing countries favouring the industrial sector. Given co-operation between the developing countries and international organizations, the appropriate policies could be developed. In such a case the quantitative target of 25 per cent would be not only desirable but feasible. In support of the feasibility of achieving the 25 per cent target, the delegation referred to the industrial advancement attained by countries with centrally planned economies.

187. Another delegation, speaking on behalf of the same Group, indicated why it was necessary to retain the quantitative target in paragraph 28 of ID/CONF.3/22\* instead of describing the target simply in non-quantitative terms. In the first place, paragraph 4 of General Assembly resolution 3306 (XXIX), adopted without opposition, specifically called for the setting up of quantitative targets for achieving the goal of substantially higher participation of the developing countries in total world industrial production. Secondly, the pure market mechanism was not an adequate means for changing the present economic order; it was necessary to take deliberate action involving among other things, changes in policies in a spirit of co-operation. It was therefore necessary to set a quantitative target to indicate the order of magnitude of the structural changes decided within the framework of the new international economic order. A quantitative target provided a frame of reference for the various activities that would be required at various levels: national, multi-national and institutional.

188. The delegation stated that the 25 per cent target was realistic. Independent studies had come to similar conclusions. The delegation pointed out that there was no contradiction between the conclusions of a recent World Bank study and the 25 per cent target, for the World Bank's study had been based on an assumption of no major policy changes between 1975 and the year 2000.

189. The same delegation stated that the target approach was not an intellectual exercise in econometrics, but a political exercise in the redistribution of incomes at the global level. Such a target did not imply stagnation in the developed countries, for what was envisaged was a dynamic situation in which the developing countries would have a just and equitable share of an expanded total world industrial production. Another delegation added that the target should be seen within a general strategic orientation expressing the policy intentions of the international community.

Agenda item 7: Policies and activities of UNIDO in promoting the industrialization of developing countries

190. Following an introduction by the Secretariat made at the request of the Chairman, the Committee began its deliberations of agenda item 7.

191. One delegation, speaking on behalf of most delegations of its Group, stated that although the Special International Conference of UNIDO had been useful, there had been many substantive failures. For instance, the co-ordinating role of UNIDO needed to be reinforced, a centre for

industrial information was required and a detailed study of factors hindering the industrialization of the developing countries was called for. The activities of UNIDO should be expanded and the recommendations of the Group of High-Level Experts and of the Ad Hoc Committee on a Long-Range Strategy for UNIDO should be implemented. Greater attention should be given by UNIDO to publicizing the industrial development experiences of countries with centrally planned economies.

192. Another delegation commented on the nature of the study programme of UNIDO and called for a reorientation of that programme. The delegation expressed the opinion that there was a lack of in-depth studies for many of the subjects discussed in the present Committee. Studies in the global context should be undertaken to provide the framework for policy discussions; further studies were suggested on the implications of industrial strategies and policies for matters such as the utilization of raw materials, the role of the public sector, the development of co-operatives, employment creation and international co-operation in the field of industry. UNIDO should receive a clearer mandate and adequate resources to implement those recommendations.

193. One delegation stated that a big gap still existed between the expectation of the developing countries and the achievements of UNIDO. UNIDO should provide the developing countries with practical and effective aid to help them develop their national industries independently and self-reliantly, establish complete sets of small-scale industrial projects by utilizing their local manpower and natural resources and train their national technical and managerial personnel. UNIDO should increase the number of experts from the developing countries when recruiting its personnel. The reports of the Group of High-Level Experts and of the Ad Hoc Committee were prepared before the sixth special session of the General Assembly and they could not, therefore, fully reflect the demand to establish a new international economic order. The basic principles of the Declaration adopted by the General Assembly at the sixth special session should constitute the guidelines for a further formulation of the long-range strategy of UNIDO.

194. An observer drew the attention of the Committee to the joint statement that had been put out by the Executive Heads of his organization and that of UNIDO (ID/CONF.3/24). Matters reflected in that statement also appeared in the reports of the Group of High-Level Experts and of the Ad Hoc Committee on a Long-Range Strategy for UNIDO. He singled out a number of priority areas which had been identified in those reports for urgent action, which converged on the most important consideration for the Conference, namely the resolution of the unemployment problem that had been highlighted by many speakers. He pointed to the relation between the Second General Conference of UNIDO and the forthcoming ILO World Employment Conference in mid-1976 for the world promotion of a new equitable, rational, international division of labour which could satisfy the demands of both developing and developed countries, for employment opportunities, income distribution within and across States and social justice.

195. Summing up, the Chairman indicated the main points of agreement with regard to agenda item 7. It was noted that the agenda item was highly significant and that it provided a linkage between agenda items 6 (c) and (e) (New international economic order and International co-operation, and agenda item 8 (Institutional arrangements of UNIDO). The Committee indicated its appreciation and approval of the reports of the Group of High-Level Experts and of the Ad Hoc Committee on a Long-Range Strategy for UNIDO, and decided to recommend to the Conference

that it confirm the action of the Industrial Development Board, taken in Industrial Development Board resolution 42 (VIII), in unanimously endorsing the conclusions and recommendations of the Ad Hoc Committee. The two reports had recommended the strengthening of UNIDO activities in: research and studies, industrial information, operational activities and promotional activities.

196. It was also noted, however, that the recommendations contained in those reports had been finalized prior to the sixth special session of the General Assembly. Consequently, the Committee recommended that they be considered within a new conceptual framework of a new international economic order. That would imply new objectives for the structures of world industry, new forms of industrial co-operation and a definition of the new role for UNIDO. Similarly, General Assembly resolution 3306 (XXIX) called for the establishment of quantitative targets for the sharing of world production and the creation of adequate machinery for implementation. Consequently, new mechanisms would be required for promoting industrial co-operation through the integration of the international decision-making process in fields such as trade, investment, and technology. That would require a new perspective with regard to the role of UNIDO. An important element in the role of UNIDO would be the central position of the Organization in research and other work serving the development of international consultation process and aimed at restructuring the pattern of world industry. In that connexion, the conclusions of the Ad Hoc Committee remained valid, but needed to be supplemented by new guidelines elaborating that new aspect of UNIDO's role.

#### Action by the Conference

197. At its 16th plenary meeting, on 24 March 1975, the Conference considered the report of Committee I (ID/CONF.3/27), which was introduced by the Rapporteur of the Committee.

198. The representative of the Union of Soviet Socialist Republics recalled that he had suggested certain amendments, some of which had been adopted, during the discussion of the adoption of the report by Committee I; however there had not been sufficient time to incorporate those amendments in the final text now before the Conference. The representative, therefore, reserved the right to return to those points during consideration of the adoption of the report of the Conference.

199. The representative of the Philippines pointed out that all representatives were free to state their views on any document before the Conference; but that should not prevent the adoption by the Conference of the report by Committee I. The representative said he assumed that the Conference was prepared to adopt the report.

200. At its 16th plenary meeting, on 24 March 1975, the Conference adopted unanimously the report of Committee I.

201. Immediately after the adoption of the report, the Chairman of Committee I pointed out that the recommendations in paragraphs 195 and 196 that had just been adopted as part of the report called for action by the Conference. He then put forward, for the consideration of the Conference, a proposed decision designed to implement the recommendations in question.

202. The representative of China recalled that his delegation had stated its views, both at the Industrial Development Board and at the present Conference, on the reports of the Group of High-Level Experts and of the Ad Hoc Committee on a Long-Range Strategy for UNIDO. He stressed that his delegation continued to hold those views; on that understanding, he could accept the proposed decision submitted by the Chairman of Committee I.

203. The proposed decision was unanimously adopted by the Conference at its 16th plenary meeting on 24 March 1975. The text of the decision, as adopted, is reproduced as Decision I in Chapter V of the present report.

Committee II

Report of Committee II

204. The Second General Conference of UNIDO decided to set up Committee II to deal with agenda item 8 entitled "Institutional arrangements of UNIDO (including the establishment of a United Nations industrial development fund)". The Committee held nine meetings.

205. The following officers of Committee II were elected by the Plenary of the Conference:

Chairman: Mr. Bjoern Olsen (Denmark)  
Rapporteur: Mr. Anthony Donald Augustin (Guyana)

206. At its first meeting, the Committee elected the following three Vice-Chairmen:

Mr. Evolgui Bonev (Bulgaria)  
Mr. Bijan Nozari (Iran)  
Mr. Jean Marie Happy Tchangou (United Republic of Cameroon).

207. The basic material (ID/CONF.3/22\*, paragraphs 45, 46 and Chapter V) discussed by the Committee was contained in the Declaration and Plan of Action on Industrial Development and Co-operation drawn up by the Group of 77 and adopted by the Second Ministerial Meeting of the Group of 77, Algiers, 15 to 18 February 1975. Other documents relevant to the discussions were listed in Conference Room Paper No. A, dated 17 March 1975. In the course of the discussions, several amendments were proposed to the basic document and these were contained in Conference Room Papers Nos. B, C and D.

208. The appendix to the Report of Committee II contained the paragraphs in the Declaration (ID/CONF.3/22\*, paras. 45 and 46) and in the Plan of Action (ID/CONF.3/22\*, Chapter V) on which there had been agreements and disagreements in the Committee. Those paragraphs, or parts thereof, in the appendix to the Committee's Report on which there had been no agreement were enclosed in brackets, footnoted to indicate the respective Groups (and an international organization) which favoured given formulations, and underlined. Those paragraphs on which there was no full agreement by the Committee were submitted to the Chairman of the Drafting Committee for further consideration and appropriate action by that Committee.

209. As the main areas of agreement and disagreement on the institutional arrangements for UNIDO were reflected in the appendix to the Committee's report, it would suffice to record only a summary of the main views represented by the various Groups.

210. With respect to the institutional arrangements for UNIDO and the establishment of an Industrial Development Fund, the position of the Group of 77 was mainly as follows:

(a) The Report of the Ad Hoc Committee on a Long-Range Strategy for UNIDO (ID/B/142 and Corr.1) and the resolutions of the sixth special session of the General Assembly form the basis for the implementation of the Declaration and Plan of Action;

(b) Not only should the scope and functions of UNIDO be expanded but UNIDO should be established as a specialized agency so that it could play the central role in and be responsible for the activities of the United Nations system in the field of industrial development, with a view to the achievements of the objectives embodied in the Declaration and Plan of Action and the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order;

(c) The Secretary-General of the United Nations in consultation with the Executive Director of UNIDO should submit draft statutes of a specialized agency for industrial development to the seventh special session of the General Assembly. Between the period of the decision to convert UNIDO into a specialized agency and the coming into effect of the statutes of such an agency, there should be transitional arrangements towards strengthening the role of UNIDO in the industrialization of the developing countries and giving it greater autonomy;

(d) The establishment of an Industrial Development Fund is crucial to both increasing the resources of UNIDO and enhancing its autonomy and its ability to meet promptly and flexibly the needs of the developing countries;

(e) The General Conferences should be institutionalized.

211. The Group of 77 noted that the question of the establishment of a specialized agency for industrial development had been discussed for a decade. A recommendation to that effect was contained in the Economic and Social Council resolution 1081F (XXXIX) of 30 July 1965. UNIDO was established as a compromise by the General Assembly resolution 2152 (XXI) as an autonomous organization within the United Nations. Paragraph 37 of that resolution [2152 (XXI)] provided that: "The General Assembly shall review, in the light of experience, the effectiveness and further evolution of these institutional arrangements, with a view to deciding upon such changes and improvements as might be necessary in order to meet fully the growing needs in the field of industrial development". Moreover, the Secretary-General in his report (A/C.5/1616) stated that the granting of autonomous power to UNIDO, as recommended by the Industrial Development Board, would be inconsistent with the present position of UNIDO as a part of the United Nations organization, unless the General Assembly decided that UNIDO should be established as a specialized agency. Consequently, that subject was discussed at the present Conference.

212. The compromise agreement arrived at a decade ago, for an autonomous organization had not worked satisfactorily in the interests of the industrialization of the developing countries. UNIDO was dependent on United Nations Headquarters with regard to the decisions for the appointment and promotion of its staff. The Industrial Development Board had no role in formulating the programme budget of UNIDO. Consequently it was now necessary for UNIDO to be converted into a specialized agency, particularly if it were to play a central role in the implementation of the Declaration and Plan of Action, adopted by the Second General Conference of UNIDO, for initiating and co-ordinating activities within the United Nations system, and the crucial role in the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly. Moreover, UNIDO was expected to implement the recommendations of the Ad Hoc Committee on the long-range strategy for the Organization.

213. The Group of 77 saw the urgent need for the setting up of consultation machinery as a fundamental requirement for the achievement of the target of the developing countries' share in world industrial output.

214. The Group B countries expressed their sympathy for the aspirations of the developing countries for greater and more rapid industrialization of their economies. To that end, the Group B countries emphasized the need to render UNIDO a more efficient and effective organization. While Group B delegations were open minded as to specific means of achieving that end, they were for the most part unconvinced that the several specific measures proposed by the Group of 77, including the transformation of UNIDO into a specialized agency, would ensure such increased efficiency and effectiveness. Group B delegations sought clarification of the

several measures proposed and were able to agree on some paragraphs pertaining to UNIDO's role; some measures seeking to give concrete content to the process of industrialization; and some provisions relating to the Industrial Development Board; a General Conference and interim measures to be worked out by the Secretary-General of the United Nations and the Executive Director of UNIDO if a decision were taken to transform UNIDO into a specialized agency. The Group also agreed that UNIDO and UNDP hold consultations aimed at increasing substantially UNIDO's share of UNDP projects concerned with industry.

215. The Group was not prepared, however, in the time available to the Committee and on the basis of information available to take a final decision on the transformation of UNIDO into a specialized agency and proposed, in a spirit of conciliation, that this be examined by a high-level expert body and considered within the context of the agenda of the seventh special session of the General Assembly.

216. With reference to consultations aimed at increasing the developing countries share of world industrial production, Group B delegations voiced their support for this principle but were not able to accept the Group of 77's entire proposal, inasmuch as it appeared to define the functions of such a system of continuing consultations rather imprecisely and implied an undefined expansion of UNIDO's institutional structure.

217. With respect to the proposal to establish an industrial development fund, Group B countries sought clarification concerning the nature and sources of contributions, purposes and statutes envisaged in the proposal, which Group B was prepared to consider with flexibility. The Group's interest was heightened upon being informed by the Group of 77 that it (the Group of 77) envisaged that contributions to the fund would be voluntary and that available voluntary funds under UNIDO's authority would be consolidated.

218. The representative for the Group of 77 pointed out that whenever the Group B countries considered it in their interests to establish specialized funds they have done so promptly. In this regard, the Group B countries have agreed to the establishment of funds for Population, Environment and Human Settlements. However, they (Group B countries) have been reluctant to agree to the establishment of a fund for industrial development of the developing countries. The Group of 77 felt that the establishment of the industrial development fund would:

- (a) Enable the consolidation of the existing proliferated financial resources so that they could be optimally utilized by a specialized agency for industrial development;
- (b) Finance the instruments of consultation and negotiation;
- (c) Strengthen promotional activities by linking technical and pre-investment assistance on the one hand and economic and financial assistance on the other;
- (d) Strengthen the research and development activities of UNIDO;
- (e) Strengthen the exchange of industrial information;
- (f) Assist the developing countries in the development and transfer of technology;
- (g) Intensify co-operation among developing countries; and
- (h) Aid the developing countries in procurement of industrial raw materials and spare parts.

219. Moreover, the Group of 77 opined that the fund would contribute to the establishment of flexible procedures and to the elimination of the delays and bureaucratic practices related to project agreements between donor countries and UNIDO that accompany the utilization of the



present voluntary contributions available to UNIDO. In order to safeguard the legitimate interests of the donor countries, the Group of 77 suggested that detailed procedures for the utilization of the fund should be established and approved by the Industrial Development Board.

220. The Group of 77 therefore appealed to the industrialized countries to understand their position. To them (Group of 77), it was therefore important that the Conference should approve of the establishment of the industrial development fund.

221. The representative of one of the Group of 77 countries stressed the essential link which must exist between the industrial development fund and the specialized agency and stated that some developing countries would be prepared to contribute substantially to this fund. The representative also expressed the hope that the developed countries, and particularly the EEC countries which recently demonstrated their efforts of co-operation through the Lomé Convention, could do likewise.

222. The Group D countries supported the just aspirations of the developing countries as expressed in the Declaration and Plan of Action adopted by the Group of 77 in Algiers. Delegations of the countries of that Group felt that the problem of institutional arrangements for UNIDO should be solved within the context of the latest trends in the development of the international situation which was characterized by the movement towards the establishment of new international economic relations based on further détente, strengthening of international peace and security and development of equal and mutually beneficial co-operation between States with different social and economic systems.

223. Most delegations of Group D expressed great concern that the transformation of UNIDO into a specialized agency would not only minimize its capability as a central co-ordinating body within the United Nations system in the field of industrial development but would also seriously upset the balance of activities between economic organizations created within the framework of United Nations system, viz. UNDP, UNIDO and UNCTAD.

224. To enable UNIDO to play one of the central roles in the process of the establishment of the "New International Economic Order", it was necessary that the Organization be strengthened within the framework of the United Nations and under the aegis of the General Assembly and the Economic and Social Council.

225. To this end, it was recommended that greater administrative and financial autonomy for UNIDO should be provided within its present status, the General Conference of UNIDO should be convened on a permanent basis, the membership of the Industrial Development Board should be increased on the basis of just geographical representation and technical committees of the Board should be created as its subsidiary organs.

226. As an addition to the organizational measures mentioned above, the view was expressed that the creation of the industrial development fund on a voluntary basis and in a form acceptable to the participants would substantially improve all financial aspects of UNIDO.

227. The representatives of China and of Romania expressed support for the position taken by the Group of 77 with regard to the establishment of a specialized agency for industrial development.

228. With respect to the interim arrangements for the establishment of UNIDO as a specialized agency, the UNIDO Secretariat advised that this matter has been discussed between the Secretary-General of the United Nations and the Executive Director of UNIDO. They have both agreed that should this Conference decide to recommend the conversion of UNIDO into a specialized agency, appropriate arrangements would be worked out and mutually agreed upon by the Secretary-General and the Executive Director.

229. In spite of the different views expressed and positions taken by the various groups and countries within these groups, some conclusions were arrived at. These conclusions have somewhat drawn all the parties concerned closer together and it is recommended that the parties should attempt to bridge the existing areas of disagreement by further negotiations.

#### Action by the Conference

230. At its 18th plenary meeting, on 26 March 1975, the Conference considered the Report of Committee II (ID/CONF.3/29) which was introduced by the Rapporteur of the Committee.

231. At its 18th plenary meeting on 26 March 1975, the Conference adopted unanimously the report of Committee II.

#### The Drafting Committee

##### Report of the Drafting Committee

232. The Conference elected Mr. Amine Kherbi (Algeria) Chairman of the Drafting Committee.

233. Following the decision of the Conference at its eighth plenary meeting on 17 March 1975, the Drafting Committee consisted of representatives of the following 31 States: Algeria, Argentina, Australia, Brazil, Bulgaria, China, Cuba, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Hungary, India, Indonesia, Iran, Iraq, Italy, Jamaica, Japan, Mali, Mexico, Netherlands, Nigeria, Philippines, Poland, Spain, Sweden, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania and the United States of America. Representatives of other States also took part in the deliberations.

234. The Conference referred to the Drafting Committee the Declaration and Plan of Action on Industrial Development and Co-operation prepared by the Group of 77 (document ID/CONF.3/22\*) for consideration, on the basis that Committees I and II would first have considered the parts thereof coming within their competence.

235. The Drafting Committee took into consideration the recommendations of Committee I as reported in their Conference Room Papers 1 to 5, as well as the deliberations of Committee II as reported in their Conference Room Papers A to D and in a paper which was issued as Drafting Committee Conference Room Paper No. 5.

236. The Drafting Committee met during the period from 17 March to 25 March 1975.

237. Progress reports on the drafting of the text of the Declaration and Plan of Action of the Conference were issued as Conference Room Papers 1, 2, 3, 4 and 6.

238. The text was agreed and adopted for 21 of the 22 paragraphs included in the Preamble of the Declaration as contained in document ID/CONF.3/22\*. Agreement was not reached on the drafting of paragraph 19.

239. The text was agreed and adopted for 28 of the 35 paragraphs (23-57) of the Declaration as drafted in document ID/CONF.3/22\*. Agreement was not reached on the drafting of paragraphs 29, 32, 33, 40, 43, 46 and 47 of that document.<sup>6/</sup>

240. The text was agreed and adopted for most of the paragraphs of the Plan of Action dealing with I - Measures of Nations Scope, II - Co-operation among Developing Countries, III - Co-operation between Developing and Developed Countries, IV - The Least Developed, Land-Locked and

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<sup>6/</sup> The paragraph numbers correspond to paras. 29, 32, 33, 40, 43, 46 and 47 of the Lima Declaration and Plan of Action.

Island Developing Countries. Agreement was not reached on paragraphs 59 (d) and (j), 60 (e) and (f), 62 (b), (d), (e), (h), (k) and (n) of document ID/CONF.3/22\*.<sup>7/</sup>

241. Due to shortage of time no agreement, further to what was reported by Committee II, was reached on paragraphs 64-83, comprising part V of the Plan of Action (Institutional Arrangements), in document ID/CONF.3/22\*.<sup>8/</sup>

242. Part VI of the Plan of Action - The Charter of Economic Rights and Duties of States - which consisted of paragraph 84 (in document ID/CONF.3/22\*), was discussed but not adopted as an agreed text.

243. Attached to the report of the Drafting Committee was an annex which included all the paragraphs which had been agreed and adopted by the Drafting Committee. Where agreement had not been reached, it was so indicated; those paragraphs were to be considered by an informal committee under the chairmanship of the President of the Conference before being taken up at a plenary meeting of the Conference.

#### Action by the Conference

244. At its 18th plenary meeting, on 26 March 1975, the Conference considered the Report of the Drafting Committee (ID/CONF.3/28), which was introduced by the Chairman of the Committee.

245. At its 18th plenary meeting, on 26 March 1975, the Conference adopted unanimously the report of the Drafting Committee.

#### IV. THE LIMA DECLARATION AND PLAN OF ACTION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION

##### Introduction

246. The Conference was called upon by General Assembly resolution 3306 (XXIX), of 14 December 1974, to establish a declaration and plan of action on industrial development and co-operation.<sup>9/</sup>

247. During the fifth session of the Intergovernmental Preparatory Committee in December 1974 and January 1975, material for inclusion in the declaration and plan of action was discussed. Various informal position papers were presented and were considered by the Committee in that context.<sup>10/</sup>

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<sup>7/</sup> The paragraph numbers correspond to paras. 59 (d) and (j), 60 (e) and (f), 61 (b), (d), (e), (h), (k) and (n) of the Lima Declaration and Plan of Action.

<sup>8/</sup> Section V (Institutional arrangements) is now contained in paras. 63-75 of the Plan of Action as adopted by the Conference.

<sup>9/</sup> See operative paragraphs 3 to 6 of General Assembly resolution 3306 (XXIX).

<sup>10/</sup> ID/CONF.3/18, paras. 31-35.

248. The Conference decided to base its deliberations on the proposed declaration and plan of action on the Declaration and Plan of Action on Industrial Development and Co-operation adopted by the Second Ministerial Meeting of the Group of 77 at Algiers in February 1975 (ID/CONF.3/22\*). The Conference also had before it a Draft Declaration of Principles on Industrial Development and Co-operation and Plan of Action (ID/CONF.3/23), submitted by Group B.

249. Following the deliberations of Committees I and II on the parts of the draft declaration and programme of action with which they were concerned,<sup>11/</sup> and after the Drafting Committee of the Conference had completed its work,<sup>12/</sup> those paragraphs of the draft declaration and plan of action on which agreement had not been reached were referred to an informal committee under the chairmanship of the President of the Conference.

250. At the 18th plenary meeting of the Conference, on 26 March 1975, the President submitted to the Conference the Draft Declaration and Plan of Action on Industrial Development and Co-operation (ID/CONF.3/30), a document based on the Algiers Declaration and Plan of Action as revised and amended by Committees I and II, the Drafting Committee, and the President's informal committee.

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<sup>11/</sup> The report of Committee I is contained in paragraphs 162 to 196 above; that of Committee II in paragraphs 204 to 229.

<sup>12/</sup> The report of the Drafting Committee is contained in paragraphs 223 to 243.

The text of the Lima Declaration and Plan of Action  
on Industrial Development and Co-operation 13/

A. DECLARATION

1. The Second General Conference of the United Nations Industrial Development Organization, convened by General Assembly resolution 3087 (XXVIII) of 6 December 1973, entrusted with establishing the main principles of industrialization and defining the means by which the international community as a whole might take action of a broad nature in the field of industrial development within the framework of new forms of international co-operation, with a view to the establishment of a new international economic order,

adopts

the LIMA DECLARATION ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION

2. Having examined the situation with respect to industrialization in the developing countries during the past decade,

3. (a) Recalling General Assembly resolution 3176 (XXVIII), of 17 December 1973, which judged that in terms of international action the cause of development has lost momentum since 1970;

(b) Recalling General Assembly resolutions 2952 (XXVII), of 11 December 1972, and 3087 (XXVIII), of 6 December 1973;

4. Bearing in mind resolutions 3201 (S-VI) and 3202 (S-VI), of 1 May 1974, adopted at the sixth special session of the General Assembly on the Declaration and Programme of Action on the Establishment of a New International Economic Order, according to which every effort should be made by the international community to take measures to encourage the industrialization of the developing countries with a view to increasing their share in world industrial production, as envisaged in the International Development Strategy,

5. Recognizing the urgent need to bring about the establishment of a new international economic order based on equity, sovereign equality, interdependence and co-operation, as has been expressed in the Declaration and Programme of Action on the Establishment of a New International Economic Order, in order to transform the present structure of economic relations,

6. Noting resolution 62 (III) of 19 May 1972, adopted by the United Nations Conference on Trade and Development at its third session, concerning measures in aid of the least developed countries, and resolution 1797 (LV) of 11 July 1973 (aid to the Sudano-Sahelian populations threatened with famine), on assistance to the drought-stricken areas of Africa, adopted by the Economic and Social Council at its fifty-fifth session,

7. Recalling the Charter of Economic Rights and Duties of States adopted at the twenty-ninth session of the General Assembly as an instrument designed to bring about new international economic relations and to contribute to the establishment of a new international economic order,

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13/ As adopted by the Conference at its 18th plenary meeting on 26 March 1975.

8. Convinced that peace and justice encompass an economic dimension helping the solution of the world economic problems, the liquidation of under-development, offering a lasting and definitive solution to the industrialization problem for all peoples and guaranteeing to all countries the right to implement freely and effectively their development programmes. To this effect, it is necessary to eliminate threats and resort to force and to promote peaceful co-operation between States to the fullest extent possible, to apply the principles of non-interference in each others' internal affairs, full equality of rights, respect of national independence and sovereignty as well as to encourage the peaceful co-operation between all States, irrespective of their political, social and economic systems. The further improvement of international relations will create better conditions for international co-operation in all fields which should make possible large financial and material resources to be used, inter alia, for developing of industrial production,

9. Considering further that the remaining vestiges of alien and colonial domination, foreign occupation, racial discrimination, and the practice of apartheid, and neo-colonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and their populations,

10. Bearing in mind that the situation in the developing countries has become aggravated by the persistent and marked tensions to which the present international economic situation is subjected and that to these must be added as well as the unacceptable practices of those transnational corporations that infringe the principle of sovereignty of developing countries, the effects of the inflationary increase in the import costs of developing countries, the pressures exerted upon their balance of payments particularly by such factors as heavy foreign debt servicing, the aggravation of the international monetary crisis, and the transfers resulting from private investment and that this situation is not conducive to the spirit of the new international economic order,

11. Recognizing that problems of industrial development in developing countries at their present stage of development do not lie entirely in those countries but also arise from the policies of most of the developed countries, and that without meaningful changes in the economic policies of the developed countries, the achievement of the objectives of a new international order would be in serious jeopardy,

12. Recognizing that the developing countries constitute 70 per cent of the world population and generate less than 7 per cent of industrial production, that the gap between the developed and developing countries has been widened owing, inter alia, to the persistence of obstacles in the way of the establishment of a new international economic order based on equity and justice,

13. Taking into account the fact that industrial progress has not displayed significant advances in the developing countries as a whole, in spite of serious efforts on their part, and that, in many cases, the dependence of their economies on the export of primary goods and the measures taken in the majority of the developed countries have not made it possible to achieve a profound dynamic effect which would be capable of transforming internal socio-economic structures and laying the basis for real development,

14. Bearing in mind that any real process of industrialization worthy of the name must conform to the broad objectives of self-sustaining and integrated socio-economic development and that all countries have the sovereign right to make the necessary changes to ensure the just and effective participation of their peoples in industry and share in the benefits deriving therefrom,
15. Noting with anxiety that the present international crisis has aggravated the industrialization problems of the developing countries, resulting, inter alia, in the under-utilization of resources, constraints in the planning and execution of industrial projects and increasing costs of industrial inputs, equipment and freight charges,
16. Aware that some of the obstacles which are inhibiting industrial expansion in the developing countries are of an internal structural nature, and that there also continue to exist numerous impediments arising from colonial and neo-colonial policies or new forms of dependency,
17. Considering the present general trend of industrialized countries to reduce the technical and financial assistance needed to promote the economic and social development of developing countries in general and their industrial development in particular, as well as the unsatisfactory terms of the assistance given,
18. Considering also that development assistance is a legitimate need and that neither in its present volume nor form is it sufficient, particularly taking into account the worsening of the terms of trade of the developing countries and the drainage of their resources,
19. Observing with concern the grave consequences with which the present international crisis confronts the developing countries as a result of growing inflation and economic instability, aware of the need to establish a just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by the developing countries and the prices of raw materials, primary commodities, foodstuffs, manufactured and semi-manufactured goods and capital equipment imported by them, and to work for a link between the prices of exports of developing countries and the prices of their imports from developed countries,
20. Convinced that the establishment of a new and just international economic order based on the common interests and co-operation of all States can only be achieved through the equitable participation of the developing countries in the production and exchange of goods and services, in order to achieve just and equitable international economic relations,
21. Persuaded that, since not all developing countries have socio-economic structures which permit them, through industrialization, to attain the objectives pursued by the establishment of a new international economic order, it is essential to adopt more favourable treatment for the least developed, land-locked and island developing countries to render possible harmonious and balanced development,
22. Having decided to adopt a common position and line of action,

SOLENNLY DECLARE

23. Their firm conviction of the role of industry as a dynamic instrument of growth essential to the rapid economic and social development of the developing countries, in particular of the least developed countries;

24. Their firm intention to promote industrial development through concerted measures at the national, subregional, regional, interregional and international levels with a view to modernizing the economies of the developing countries, and in particular those of the least developed countries, and eliminating all forms of foreign political domination and socio-economic exploitation wherever they might exist;
25. Their resolve to ensure the speedy and effective implementation of the principles of industrialization laid down in the International Development Strategy for the 1970s which is being adapted to the Programme of Action on the Establishment of a New International Economic Order;
26. That in order to facilitate the establishment of a new international economic order and the achievement of the targets set forth in the Declaration on that subject, a system of consultations be established in the United Nations Industrial Development Organization and other appropriate international bodies between developed and developing countries;
27. That countries, particularly developed countries, should undertake an objective and critical examination of their present policies and make appropriate changes in such policies so as to facilitate the expansion and diversification of imports from developing countries and thereby make possible international economic relations on a rational, just and equitable basis;
28. That, in view of the low percentage share of the developing countries in total world industrial production, recalling General Assembly resolution 3306 (XXIX), of 14 December 1974, and taking into account the policy guidelines and qualitative recommendations made in the present Declaration, their share should be increased to the maximum possible extent and as far as possible to at least 25 per cent of total world industrial production by the year 2000, while making every endeavour to ensure that the industrial growth so achieved is distributed among the developing countries as evenly as possible. This implies that the developing countries should increase their industrial growth at a rate considerably higher than the 8 per cent recommended in the International Development Strategy for the Second United Nations Development Decade;
29. That the Governments of the developing countries should adopt, in order to accelerate industrialization, all measures which would ensure the exercise of their national sovereignty over their natural resources and the full utilization of these resources and of human and material potential at their disposal, not only at the national level but also within the framework of systems of economic co-operation;
30. That in order to render really effective the full utilization of their available human resources, conditions should be created by the developing countries which make possible the full integration of women in social and economic activities and, in particular, in the industrialization process, on the basis of equal rights;
31. That, in order to carry out their national development plans, and, in particular, those involving industrialization, the developing countries should raise the general cultural standard of their peoples, in order to have available a qualified work force not only for the production of goods and services but also for management skills, thus making possible the assimilation of modern technologies;



32. That every State has the inalienable right to exercise freely its sovereignty and permanent control over its natural resources, both terrestrial and marine, and over all economic activity for the exploitation of these resources in the manner appropriate to its circumstances, including nationalization in accordance with its laws as an expression of this right, and that no State shall be subjected to any forms of economic, political or other coercion which impedes the full and free exercise of that inalienable right;

33. That the principles set out in the Charter of the Economic Rights and Duties of States must be fully implemented. Consequently, it is the right and duty of all States, individually and collectively, to eliminate colonialism, apartheid, racial discrimination, neo-colonialism, occupation and all forms of foreign aggression, and domination and the economic and social consequences thereof, as a prerequisite for development. States which practise such policies are responsible to the countries, territories and peoples affected for restitution and full compensation for the exploitation and depletion of, and damage to, the natural and other resources of these countries, territories and peoples. It is, in addition, the duty of all States to extend assistance to these countries, territories and peoples;

34. That effective control over natural resources and the harmonization of policies for their exploitation, conservation, transformation and marketing constitute for developing countries an indispensable condition for economic and social progress;

35. That special attention should be given to the least developed countries, which should enjoy a net transfer of resources from the developed countries in the form of technical and financial resources as well as capital goods, to enable the least developed countries in conformity with the policies and plans for development, to accelerate their industrialization;

36. That developing countries with sufficient means at their disposal should give careful consideration to the possibility of ensuring a net transfer for financial and technical resources to the least developed countries;

37. That special emphasis should be laid on the need of the least developed countries for the establishment of production facilities involving a maximum utilization of local human resources, the output of which meets identified material and social requirements, thus assuring a convergence between local resource use and needs as well as offering adequate employment opportunities;

38. That in view of the needs to conserve non-renewable resources, all countries, particularly developed countries, should avoid wasteful consumption and, in that context, the developing countries possessing such resources should formulate a policy of economic diversification with a view to acquiring other means of financing which are not based on intensive exploitation of those resources;

39. That the international community, and especially the developed countries, must mobilize human and material resources in order to cope with problems which threaten the environment. In this connexion, the developed countries should intensify their efforts to prevent environmental pollution and should refrain from actions which according to scientific knowledge would create pollution problems or cause upheavals in developing countries;

40. That the countries concerned should:

- (a) Fully discharge their obligations under the International Development Strategy;
- (b) In the context of the review and appraisal mechanism of the International

Development Strategy:

- (i) Consider withdrawing the reservations they expressed at the time of the adoption thereof, and
- (ii) Consider entering into new commitments thereunder; and

(c) Consider withdrawing the reservations they expressed at the time of the adoption of the Declaration and Programme of Action on the Establishment of a New International Economic Order with a view to its full implementation. These countries should also, together with the developing countries, consider formulating, adopting and implementing codes of conduct and other instruments designed to assist in the establishment of a new international economic order;

41. That the developed countries should adhere strictly to the principle that the Generalized System of Preferences must not be used as an instrument for economic and political pressure to hamper the activities of those developing countries which produce raw materials;

42. That the unrestricted play of market forces is not the most suitable means of promoting industrialization on a world scale nor of achieving effective international co-operation in the field of industry and that the activities of transnational corporations should be subject to regulation and supervision in order to ensure that these activities are compatible with the development plans and policies of the host countries, taking into account relevant international codes of conduct and other instruments;

43. That the developing countries should fully and effectively participate in the international decision-making process on international monetary questions in accordance with the existing and evolving rules of the competent bodies and share equitably in the benefits resulting therefrom;

44. That urgent discussion should be continued in competent bodies for the establishment of a reformed international monetary system, in the direction and operation of which the developing countries should fully participate. This universal system should inter alia be designed to achieve stability in flows and conditions of development financing and to meet the specific needs of developing countries;

45. That steps should be taken to strengthen and restructure UNIDO, thereby making it more responsive to the needs of developing countries and especially the least developed countries in the promotion of industrialization and in the establishment of a new international economic order;

46. That in the strengthened and restructured UNIDO, developing countries, including the least developed countries, should be given greater participation at all levels in the policy-making and management activities of the Organization, and that their membership be substantially increased on the Industrial Development Board;

47. That it is urgently necessary that the developing countries change their traditional method of negotiation with the developed countries. To bring this about, they must undertake joint action in order to strengthen their negotiating position vis-à-vis the developed

countries. For this purpose, the developing countries must consider all possible means of strengthening the action of producers' associations already established, encourage the creation of other associations for the principal commodities exported by them, and establish a mechanism for consultation and co-operation among the various producers' associations for the purpose of the co-ordination of their activities and for their mutual support, in particular as a precaution against any economic or other form of aggression;

48. That developing countries should use effective means of strengthening their bargaining power individually and collectively to obtain favourable terms for the acquisition of technology, expertise, licenses and equipment, fair and remunerative prices for their primary commodities and improved and substantially liberalized access to the developed countries for their manufactures;

49. That developing countries should place a premium on self-reliance in their development effort for the realization of their full potential in terms of both human and natural resources and, to that end, adopt meaningful and concerted policies and pursue action directed towards greater technical and economic co-operation among themselves;

50. That developing countries should lend support to the concept of an integrated and multisectoral approach to industrial development whereby the technological and the socio-economic implications of the process are fully taken into account at both the planning and implementation stages;

51. That, in view of the basic complementarity between industry and agriculture, every attempt should be made to promote agro-based or agro-related industries which besides arresting rural exodus and stimulating food production activities, provide an incentive for the establishment of further natural resource-based industries;

52. That developing countries should devote particular attention to the development of basic industries such as steel, chemicals, petro-chemicals and engineering, thereby consolidating their economic independence while at the same time assuring an effective form of import-substitution and a greater share of world trade;

53. That the educational system be adapted in order to give young people an appreciation of industrial work and that policies and programmes should be adopted to train the qualified personnel needed for new sources of employment created in the developing countries, at the regional and subregional levels. The training activities linked with the industrial development must be conceived in such a way that they make possible the processing of natural resources and other raw materials in the country of origin and the establishment of permanent structures for specialized, rapid, large-scale and high-quality training of national labour at all levels and for all professional specializations, whether technical or managerial without discrimination with regard to sex;

54. That co-ordinated programmes of literacy and workers' training must be conceived to ensure professional promotion and development of local expertise at all levels of employment;

55. That appropriate measures should be taken by developing countries to organize research institutions and establish training programmes to cover the needs of their industrial development and make possible progressive mastery of the different production and management techniques and of industrial development, thus facilitating the establishment of structures to absorb modern technologies;

56. That intensive efforts should be made by the competent bodies to formulate an international code of conduct for the transfer of technology corresponding to needs and conditions prevalent in developing countries by defining terms and conditions to such transactions to take place under the most advantageous conditions for those countries;

57. That in view of the foregoing, the Conference adopts the various measures set forth in the following Plan of Action.

## B. PLAN OF ACTION

### I. Measures of national scope

58. In the developing countries national industrialization policies should lay emphasis on the following elements:

(a) The formulation of long-term and clearly defined industrialization plans and strategies which rest in the first place on national effort and the introduction of concrete measures and institutional machinery for their execution, continuous appraisal and, if necessary, adjustment. Appropriate attention should be given to the development of the government sector and national planning;

(b) In the formulation of industrialization plans and strategies, the characteristics of each country in the light of its social and economic structure should be given due consideration. In addition, social justice should be a guiding factor in achieving the objectives of raising the living standards and eliminating extreme social disadvantages and unemployment, particularly among young people. To this end, proper industrial development should permit such growth as is required for economic development and should also be a powerful factor for the promotion of technology and growth in other sectors, and the realization of the aspirations of mankind. It should also, by the orientation of its objectives, make a positive contribution to world peace;

(c) The promotion of an integrated industrialization process based on the potential of each country, with the object of achieving the highest degree of interaction between industry and the other sectors of the economy, in particular, agriculture, by setting up agro-industrial research centres, developing new agricultural areas and introducing new crops for industrial purposes;

(d) The equitable distribution of the benefits of industrialization among all sectors of the population;

(e) The intensive use of national resources, infrastructural development and internal regional development placing particular emphasis on employment policies, as well as full and intensive utilization and on-the-spot processing of raw materials;

(f) The establishment of production facilities covering all branches of industry aimed at meeting the needs of both internal and external markets in particular through:

- (i) The establishment of basic industries such as steel, metallurgical and petro-chemical industries that constitute the indispensable basis for any industrialization;
- (ii) The establishment of integral industries such as mechanical engineering, electrical and chemical industries to provide the necessary link between the different industrial sectors and to give the developing countries the basis on which the building up of technology will principally rely;
- (iii) The creation of manufacturing and processing industries to satisfy the needs of the population for consumer goods and to rapidly develop local production for the purpose of replacing imports and increasing exports;

(g) Encouragement and support of small, medium-scale and rural industry and industries which fulfil the basic needs of the population and which contribute to the integration of different sectors of the economy; and to this end due attention should also be given to the industrial co-operatives as means of mobilizing the local human, natural and financial resources for the achievement of national objectives of economic growth and social developments;

(h) Achievement of a higher degree of efficiency in import substitution processes and the formulation of appropriate incentive measures to encourage the export of manufactured and semi-manufactured products with the highest possible local content and value-added potential from the developing countries, in particular from the least developed and land-locked countries;

(i) Development and strengthening of public, financial and other institutions in order to protect and stimulate industrial development of the developing countries, in particular, the basic, rural, small, medium-scale and labour-intensive industries;

(j) Sound economic policies to assure economic stability and facilitate adequate domestic savings rates commensurate with industrial development objectives;

(k) The intensification of manpower development programmes and the professional training of management staff including the effective incorporation of women in order to achieve the fullest possible use of available human resources with particular reference to industrial management. In this context, measures should be adopted to attenuate the problem of the exodus of engineering, scientific and research personnel from the developing countries;

(l) Stimulation of the process of applied and scientific research, technological adaptation and innovation, industrial information and standardization and the elaboration of policies and programmes of research and development adapted to the individual requirements of developing countries;

(m) The elaboration of national plans concerning science and technology in accordance with the order of priorities of each country;

(n) Ensuring an adequate role for the State in the direction of industrial development and the public sector in the expansion of industries. Elaborate measures by which private and foreign investment could be effectively used in order to achieve the objectives of national economy development plans;

(o) The establishment and strengthening of machinery and institutions to regulate and supervise foreign investment and promote the transfer of technology;

(p) The formulation of policies and the application of specific measures to increase and diversify sources of foreign exchange earnings, by exerting appropriate control over the marketing of their products; the adoption of policies aimed at effecting increased participation by developing countries in the international marketing of their products.

59. The developed countries should adopt the following measures:

(a) Progressive elimination or reduction of tariff and non-tariff barriers, and other obstacles to trade, taking into account the special characteristics of the trade of the developing countries, with a view to improving the international framework for the conduct of world trade. Adherence to the fullest extent possible to the principle of the "standstill" on imports from developing countries and recognition of the need for prior consultation where feasible and appropriate in the event that special circumstances warrant a modification of the "standstill";

(b) Adoption of trade measures designed to ensure increased exports of manufactured and semi-manufactured products including processed agricultural products from the developing to the developed countries;

(c) Facilitate development of new and strengthen existing policies, taking into account their economic structure and economic, social and security objectives, which would encourage their industries which are less competitive internationally to move progressively into more viable lines of production or into other sectors of the economy, thus leading to structural adjustments within the developed countries, and redeployment of the productive capacities of such industries to developing countries and promotion of a higher degree of utilization of natural resources and people in the latter;

(d) Consideration by the developed countries of their policies with respect to processed and semi-processed forms of raw materials, taking full account of the interests of the developing countries in increasing their capacities and industrial potentials for processing raw materials which they export;

(e) Increased financial contributions to international organizations and to government or credit institutions in the developing countries in order to facilitate the promotion or financing of industrial development. Such contributions must be completely free of any kind of political conditions and should involve no economic conditions other than those normally imposed on borrowers;

(f) Expanded technical assistance programmes for the benefit of the developing countries. The assistance should be such that:

- (i) It contributes to the development of structures for professional training and middle management training such as institutes or centres for the training of workers, and research laboratories;
- (ii) It contributes to the financing of integrated training programmes and scientific research;
- (iii) It is executed and managed in the developed countries by competent organizations;
- (iv) Its effectiveness is as far as possible assured by the Governments of the developed countries, especially as regards the quality of personnel;
- (v) It is integrated and co-ordinated with the long-term programmes of individual developing countries;
- (vi) It ensures the continuance and maintenance which are indispensable conditions for the fulfilment and functioning of the projects;
- (vii) It is executed by personnel capable of accepting the living and working conditions in the developing countries concerned;

(g) To encourage whenever possible their enterprises to participate in investment projects within the framework of the development plans and programmes of the developing countries who so desire, to do everything legally possible to ensure that such activities are carried out in accordance with the laws and regulations of the developing countries concerned;

(h) Co-operation with the Governments of the developing countries, as appropriate in order that the activities of the transnational corporations of developed countries in developing countries are in conformity with the economic and social aims of the developing countries;

(i) Adoption and implementation of appropriate measures for the establishment of a favourable balance for developing countries between the production of synthetics and those natural products of the developing countries which are in direct competition with them. The developed countries should assist the developing countries in raising the competitiveness of their production from natural raw materials with respect to synthetic substances in order to achieve general progress;

(j) No State shall exercise any discriminatory measures or aggression against any other State which decides to exercise its sovereignty over its natural resources and the exploitation, processing and marketing of those resources.

## II. Co-operation among developing countries

60. At the subregional, regional and interregional levels the developing countries should adopt the following measures;

(a) Promotion of direct trade between developing countries in order to substantially improve the share of developing countries in international trade in finished products, to eliminate any adverse effects resulting from triangular trade, and to establish appropriate mechanism to that end;

(b) Creation of the necessary institutional machinery to enable consultation and co-ordination in order to obtain better terms for the acquisition of technology, expertise, licences, equipment, etc., for the developing countries;

(c) The harmonization and co-ordination of economic policies, particularly in the industrial field, and the greater utilization of industrial complementarity, taking into account economy of scale and specialization. This complementarity must be based primarily on the possibilities and requirements of each country through the establishment and strengthening of consultation machinery at the regional, subregional and interregional levels in order that it may result in a harmonious, balanced and more rapid industrial development in the community of developing countries;

(d) In order to accelerate the industrial development of the least developed countries and in order to promote co-operation among developing countries, the Conference invites the developing countries' main producers and exporters of basic raw materials to grant, within the framework of their over-all economic policy and/or bilateral arrangements, favourable conditions, and in particular favourable facilities for payment;

(e) Measures, within the framework of systems of economic co-operation, to support the present processes of economic integration and search for new forms of economic co-operation with a view to contributing to a steady growth of the world economy and to the acceleration of the development of the developing countries, notably through the action of producers' associations of the developing countries, by means of a continuous exchange of experience, harmonization of their actions and mobilization of support for any of them in case of need, so as to ensure, inter alia, the solidarity of developing countries and their full sovereignty over their natural resources;

(f) In particular, action through producers' associations with a view to putting an end to speculative practices and erratic movements in prices, harmful to the harmonious development of world trade and the growth of the developing countries. The developing countries can thus use existing or future producers' associations to co-ordinate their production and pricing policies. Furthermore, the developed countries note the intention expressed by the developing countries to set up, among themselves, a fund, yielding returns on the capital invested therein, designed to support the prices of raw materials exported by developing countries and, in particular, to counteract measures aimed at bringing down the prices of raw materials exported by the developing countries;



(g) Developing countries with sufficient financial resources accept to share in the economic and social development efforts of the least advanced countries. For this purpose, consideration must be given to the establishment of appropriate mechanisms for regular consultation with a view to adopting new concrete measures;

(h) The consolidation of the relevant measures for evaluating the International Development Strategy and the Programme of Action on the Establishment of a New International Economic Order;

(i) Conclusion of long-term agreements on product specialization, as deemed appropriate by the respective countries or regional economic associations, and a corresponding allocation of production or product-sharing through industrial complementary agreements;

(j) The adoption of suitable measures and the strengthening of those now in use for the benefit of the least developed, land-locked or island developing countries and for the developing countries most affected by the international economic crisis and those that have been affected by natural disasters;

(k) The sharing of experience in industrialization and technology by those who have already acquired this know-how, together with experience in the application of legislative machinery in the economic field in order that it may be widely known among developing countries. This knowledge may be of greater relevance than that which is acquired from highly developed areas. While a start has been made in co-operative arrangements, more intensive and innovative programmes are required for transmitting relevant technology and technical and managerial skills, particularly to the less industrialized countries within the region, through the establishment of regional and subregional institutional machinery. The experience shared should include experience in dealing with foreign investment and transnational corporations, with a view to harmonizing and co-ordinating policies in this respect. To this effect, UNIDO should implement and expand its programme in this area;

(l) Preference should be given by the more industrialized developing countries, as far as possible, to imports of goods produced by the less industrialized countries. Positive policies are needed to increase intra-regional and interregional trade in manufactures;

(m) The creation of national, regional, and interregional enterprises in the field of maritime transport, capable of competing with enterprises in the developed countries and the transnational corporations' merchant fleets, with a view to promoting the development of trade between developing countries, facilitating the assumption of control of foreign trade by national, regional or interregional structures and improving the export returns of the developing countries;

(n) Strengthening regional institutions responsible for the promotion of economic co-operation between developing countries.

### III. Co-operation between developing and developed countries

61. Co-operation between developing and developed countries should take the following forms:

(a) Application, expansion and improvement of the schemes under the generalized system of preferences, without discrimination and reciprocity with the incorporation in them of new products and substantial improvement of the conditions of application;

(b) Multilateral trade negotiations within the framework of the General Agreement on Tariffs and Trade (GATT), taking fully into account the development needs of the developing countries, should be carried out in accordance with the basic objectives agreed upon in the Tokyo Declaration, including securing additional benefits to the international trade of developing countries so as to achieve a substantial increase in their foreign exchange earnings, the diversification of their exports and the acceleration of the rate of growth of their trade. In these negotiations, the developed countries do not expect reciprocity for commitments made by them to reduce or remove tariff and other barriers to the trade of developing countries, i.e., the developed countries do not expect the developing countries, in the course of the trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. They further recognize the importance of the application of the differential measures to developing countries in ways which will provide special and more favourable treatment for them in areas of the negotiations where this is feasible and appropriate;

(c) Recognition of the industrialization needs of the developing countries, inter alia, to achieve levels of international competitiveness in the negotiations in the Multilateral Trade Negotiations (MTN) within the framework of GATT on the subject of incentives to industrial production earmarked for export;

(d) Urgent consultations, taking into account appropriate information with respect to the development of demand and supply, availability of production factors and their costs, the possibilities and conditions of investment and the availability of appropriate equipment and technologies, with a view to facilitating, within a dynamic context and in accord with authorities available to Governments, the redeployment of certain productive capacities existing in developed countries and the creation of new industrial facilities in developing countries. These consultations should in particular relate to industries processing raw materials exported by developing countries or which consume vast quantities of energy, and should result in concrete proposals for inclusion in the development programmes of participating developing countries;

(e) Implementation of the chapter concerning industry, and consideration of the implementation of the other pertinent provisions concerning industry, contained in the Programme of Action on the Establishment of a new International Economic Order (General Assembly resolution 3202 (S-VI)) and the International Development Strategy for the Second United Nations Development Decade (General Assembly resolution 2626 (XXV)). In relation to the actual transfer of resources, the developed countries should, in particular, increase their co-operation in order to make available to developing countries the resources required to sustain the growth effort essential for accelerating their social and economic development. The stated targets for transfer of resources to developing countries should be fulfilled in the shortest possible time;

(f) The credits granted by the financing institutions of the industrialized countries and international organizations to the developing countries must be completely free of any kind of political conditions and should involve no economic conditions other than those normally required of borrowers;

(g) Urgent consideration of the question of re-scheduling of debt-servicing of long outstanding debts, their conversion, if possible, into grants, and granting of favourable treatment to the industrial and financial requirement of the developing countries most seriously affected by the present economic crisis;

(h) Financial resources available in some developing countries may be used for investment in other developing countries, through bilateral arrangements and/or through the creation of a neutral international fund. Urgent consideration should be given to the creation of such a fund which may be financed by contributions from the developed countries and the developing countries with available resources;

(i) In the context of international monetary reform, in which the link between financial resources for development purposes and the allocation of special drawing rights is being studied, urgent consideration should be given to the adoption of measures which take account of the particular needs of developing countries. In all phases of decision-making for the formulation of a reformed monetary system, full and effective participation of the developing countries in all bodies entrusted with this reform, particularly in the Board of Governors of the International Monetary Fund, in accordance with the existing and evolving rules of such bodies;

(j) The developing countries should be granted access to technological know-how and advanced technology, whether patented or not, under fair, equitable and mutually acceptable conditions, taking into account the specific development requirements of the recipient countries;

(k) Appropriate measures, including consideration of the establishment of an industrial and technological information bank, should be taken to make available a greater flow to the developing countries of information permitting the proper selection of advanced technologies;

(l) International conventions on patents and trade marks should be reviewed; and all aspects of the question of their revision, including inter alia additional provisions of special benefit to the developing countries, should be studied through the work of the World Intellectual Property Organization (WIPO), with appropriate contributions from UNCTAD and other interested United Nations bodies, in order that they may become an appropriate instrument to assist the developing countries in the transfer and development of technology;

(m) Negotiations on the formulation of an international code of conduct for the transfer of technology corresponding to needs and conditions prevalent in developing countries by defining terms and conditions to enable such transactions to take place under the most advantageous conditions for these countries;

(n) International subcontracting arrangements should be encouraged between developing and developed countries, but such arrangements should not result in the developing countries being assigned the least advanced and least remunerative branches of industry, or those likely to upset the economic structure of the developing countries;

(o) The use of renewable natural resources which are in direct competition with synthetic substitutes should be promoted, inter alia, through the work of the UNCTAD Permanent Group on Synthetics and Substitutes in order to permit increased production and industrial processing in developing countries;

(p) A growing share of the world's research expenditure should be directed to the development of appropriate technology of direct benefit to developing countries.

IV. The least developed, land-locked and island developing countries

62. The least developed, land-locked and island developing countries present a set of problems which require special measures if these countries are to attain an acceptable level of economic development. Recalling General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a New International Economic Order, industrialization in these countries must take place at a more rapid pace than average. Co-ordinated action and special measures of assistance from other countries and international organizations are necessary to mobilize a greater volume of resources to make possible the launching of innovative projects in these countries, and the laying of a sound basis for the promotion of their industrialization through projects and measures such as:

(a) Specific, urgent measures to establish the necessary conditions for industrialization: infrastructures, inventories of natural resources, and the technical and financial assistance required for the exploitation of these resources;

(b) The establishment and financing of complete industrial estates and pilot plants based as much as possible on the use of available local resources;

(c) The creation of integrated production units such as agricultural machinery plants, appropriate engineering industries, and repair and maintenance services;

(d) The implementation of an appropriate agrarian policy as an essential basis for the promotion of integrated rural development schemes involving the establishment of small-scale production units to meet both the needs of internal markets and export requirements;

(e) The development of crafts and cottage industries including artistic crafts;

(f) Assistance for systematic studies of their industrialization potential;

(g) Speedy examination and establishment of infrastructures permitting the harnessing and full utilization of water resources and the establishment of agro-industries with special emphasis on the countries affected by drought;

(h) Preferential treatment within the context of international agreements for industrial products and processed commodities from these countries as well as the setting up of joint enterprises under regional co-operation;

(i) Special aid and assistance to the least developed, land-locked and island developing countries in the establishment and development of adequate means of transport and communications;

(j) Urgent measures to increase the import and export capabilities of the least developed countries and to help offset the disadvantages of the adverse geographic situation of the land-locked countries, particularly with regard to their additional transportation and transit costs;

(k) In addition to priority assistance from UNIDO and other international organizations in all fields, additional favourable financial and technical assistance with exemption from counterpart requirements, where appropriate, should be given to these countries through bilateral and multilateral channels to accelerate their industrialization in conformity with their national policies and development plans.

V. Institutional arrangements

63. The new distribution of industrial activities envisaged in a New International Economic Order must make it possible for all developing countries to industrialize and to obtain an efficient instrument within the United Nations system to fulfil their aspirations.

64. Industrialization must be pursued in such a way as to promote the global harmonious development of the countries of the international community.

65. (a) The report of the Ad Hoc Committee on Long-Range Strategy for UNIDO, the resolutions of the sixth special session of the General Assembly, and the present Declaration and Plan of Action shall form the basis determining the role and activities of UNIDO;

(b) UNIDO should play a central role in the implementation of the Declaration and Plan of Action, by initiating and co-ordinating activities within the United Nations system aimed at achieving the objectives contained therein, as far as they fall within the competence of UNIDO. Further, UNIDO has a crucial role in the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly, in so far as they relate to industrial development. To this end, the scope and functions of UNIDO need to be extended and its organizational machinery strengthened.

66. In order to attain the above objectives, UNIDO should not only intensify and expand its present operational activities and action-oriented studies and research programmes in the field of industrial development but should include among its activities a system of continuing consultations at global, regional and sectoral levels, for the purposes set forth in paragraph 61(d) above. UNIDO should be prepared to serve as a forum for negotiation of agreements in the field of industry between developed and developing countries and among developing countries themselves at the request of the countries concerned.

67. In order to give concrete content to the process of industrialization in the developing countries, studies must be undertaken and specific measures formulated in different sectors of industry, special attention being given to priority sectors. Such an approach needs to be reflected in the organizational structure of the UNIDO Secretariat, in the committees of the Industrial Development Board which may be established for the purpose, and in the review at ministerial level at the General Conference to be established for the purpose, on a permanent basis.

68. In order that it may intensify and extend its activities in the manner indicated above and play the central co-ordinating role in the field of industrial development within the United Nations system, and in order to increase its ability to render assistance to the developing countries in the most efficient way, it is essential that UNIDO's autonomy and functions should be increased and expanded substantially and that UNIDO should be provided with the resources for this purpose.

69. For this purpose, it is recommended to the General Assembly of the United Nations that UNIDO should be converted into a specialized agency. To this end, the Secretary-General of the United Nations, in consultation with the Executive Director of UNIDO, is requested to submit to the seventh special session of the General Assembly, through the Economic and Social Council, draft statutes of a specialized agency for industrial development.

70. In the event that the General Assembly of the United Nations at its seventh special session should decide to transform UNIDO into a specialized agency, draft statutes of that agency should, inter alia, include:

(a) Industrial Development Board

(i) Functions

In addition to the functions stipulated in General Assembly resolution 2152 (XXI) of 17 November 1966, the Industrial Development Board should be responsible for the implementation of the decisions of the General Conference and examine and approve the programme and budget of UNIDO;

(ii) Membership

The representation of the developing countries on the Industrial Development Board should be increased;

(iii) Subsidiary organs

To assist the Board in the examination of the biennial programme and budget of UNIDO and other financial matters pertaining to UNIDO, a Programme and Budget Committee may be established. Other technical committees may also be established by the Board if it considers this necessary;

(b) Secretariat

The number of officials from developing countries at professional and higher levels in the Secretariat of UNIDO and in the panels of consultants that advise the Secretariat should be increased within the desirable range of equitable geographical distribution to be established by the Industrial Development Board, with due regard to the need for ensuring the highest standards of efficiency, competence and integrity;

(c) General Conference

In order to allow for periodic global consultations at a high level on international co-operation for the industrial development of developing countries and other aspects of world industry, the General Conference of UNIDO should be institutionalized. The General Conference should be convened every four years, and each session of the Conference should decide on the date and venue of the next session. The functions of the General Conference should be, inter alia:

- (i) To review progress in the implementation of the present Declaration and Plan of Action;
- (ii) To examine ways and means of increasing the share of the developing countries in world industrial output;
- (iii) To recommend policies and procedures to member Governments to facilitate co-operation among nations in matters relating to industrial development for the benefit of the developing countries;
- (iv) To serve as a co-ordinating mechanism to provide over-all integrated and continuing attention for the successful co-ordination and follow-up of policies concerning industrial production, industrial co-operation among developing countries and other related matters by all the agencies of the United Nations family;
- (v) To review major problems and policy issues affecting the world industrial situation and the steps being proposed to resolve them by Governments, UNIDO, the regional economic commissions, etc.;

- (vi) To receive reports and maintain contacts concerning the above functions through the UNIDO Secretariat;
- (vii) To review the effectiveness of UNIDO's institutional arrangements and take appropriate decisions on further strengthening the institutional machinery.

71. Pending the conversion of UNIDO into a specialized agency coming into effect, the Secretary-General of the United Nations and the Executive Director of UNIDO are requested to work out interim arrangements regarding greater autonomy of UNIDO. The Executive Director is requested to report to the Industrial Development Board on such arrangements.

#### Industrial Development Fund

72. The establishment of an Industrial Development Fund is crucial to both increasing the resources of UNIDO and enhancing its autonomy and ability to meet, promptly and flexibly, the needs of developing countries. The Fund should be established through voluntary contributions to UNIDO and existing voluntary funds under UNIDO's authority would be consolidated as part of the new Fund. The terms of reference and the rules for the functioning and administration of the Fund shall be established by the Industrial Development Board taking full account of the Report of the Secretary-General of the United Nations as contained in document A/9792. They should provide for sufficient flexibility so as to increase the possibility of obtaining further voluntary contributions.

73. In particular, the Industrial Development Fund should enable UNIDO to:

- (i) Participate in the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly, in so far as they relate to industrial development;
- (ii) Implement the recommendations of the Ad Hoc Committee on Long-Range Strategy for UNIDO;
- (iii) Implement field projects, particularly those of non-traditional nature, with special attention to the needs of the least developed among the developing countries, land-locked countries and the island developing countries;
- (iv) Intensify its activities in the development and transfer of technology;
- (v) Intensify its programmes aimed at establishing and/or intensifying co-operation among developing countries and between developing and developed countries;
- (vi) Strengthen its promotional activities.

#### Relationships with the organizations of the United Nations System

74. UNIDO should have the primary responsibility as executing agency in the field of industrial development. To this end, UNIDO should hold consultations with UNDP with the specific objective of ensuring that it receives the major share of UNDP projects in the field of industry, in accordance with the central role of UNIDO in this field.

75. In order that UNIDO should be able to fulfil effectively its central co-ordinating role's in the field of industrial development, especially with respect to the implementation of the Programme of Action on the Establishment of a New International Economic Order, UNIDO should hold consultations with the United Nations and with the specialized agencies and other organizations related to industrial development. For this purpose an advisory committee should be established composed of representatives of the secretariats of the United Nations and of the relevant organizations of the United Nations system and chaired by UNIDO.

VI. The Charter of the Economic Rights and Duties of States

76. The countries gathered here stress the need for the international community to comply in full with the precepts contained in the Charter of Economic Rights and Duties of States, so that it will become an effective instrument for establishing a new system of international economic relations based on equity, equality, sovereignty and the interdependence of the interests of the developed and the developing countries.



Action by the Conference

251. The President put before the Conference, at its 18th plenary meeting, on 26 March 1975, the draft Declaration and Plan of Action as contained in document ID/CONF.3/30, and invited the Conference to adopt the document by consensus, noting that each delegation could subsequently express its reservations on any of the provisions contained therein.
252. The Rapporteur read out several corrections reflecting the consensus reached in the informal committee under the aegis of the President of the Conference. The Rapporteur also corrected a number of typographical errors and called the attention of delegations to certain discrepancies and omissions in the translations of the document.
253. The Secretariat of the Conference announced that certain delegations had requested that separate votes be taken on a number of paragraphs.
254. Several delegations supported the proposal of the President that the Declaration and Plan of Action be adopted by consensus, and appealed to all delegations to agree to the general consensus that had emerged on the document in question.
255. Some of the delegations that had requested a separate vote on certain paragraphs replied that their requests did not reflect a spirit of confrontation, since they were proposing no amendments to the paragraphs in question, nor did they intend to initiate a debate; but a consensus, to be meaningful, had to be real, and not a means of covering over disagreements. One of those delegations stated that it regretted that it was obliged to ask for separate votes, but pointed out that it had reduced from 29 to 2 the number of paragraphs and sub-paragraphs on which it would have wished a separate vote to be held.
256. The representative of Zaire, speaking on behalf of the Group of 77, said that, with a view to reaching a solution acceptable to all, he would not oppose the taking of a separate vote on the paragraphs concerned. He requested, however, that all votes be taken by roll call.
257. The representative of the United Kingdom of Great Britain and Northern Ireland proposed that reservations might be submitted in writing for inclusion in the record.
258. It was so agreed.

Voting on separate paragraphs

Paragraph 19

Voting

259. The representative of the Federal Republic of Germany requested a vote on paragraph 19. At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 19 by a roll-call vote of 74 to 6, with 13 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Central African Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Canada, Germany, Federal Republic of, Italy, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Denmark, Finland, Ireland, Netherlands, New Zealand, Nicaragua, Norway, Spain, Sweden, Switzerland.

Explanations of Vote

260. Explanations of vote with reference to paragraph 19 were made by the representatives of Australia, Austria, Belgium, Denmark, Germany, Federal Republic of, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 32

Voting

261. The representative of the United Kingdom of Great Britain and Northern Ireland requested a vote on paragraph 32. At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 32 by a roll-call vote of 70 to 10, with 11 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Belgium, Canada, Denmark, France, Germany, Federal Republic of, Italy, Japan, Netherlands, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Finland, Ireland, Israel, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland.

Explanation of Vote

262. Explanations of vote with reference to paragraph 32 were made by the representatives of Austria, Belgium, Czechoslovakia, (also on behalf of Bulgaria, Byelorussian Soviet Socialist Republic, German Democratic Republic, Hungary, Poland, Ukrainian Soviet Socialist Republic, and the Union of Soviet Socialist Republics), Denmark, Germany, Federal Republic of, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1

Paragraph 33

Voting

263. The representative of the United States of America requested a vote on paragraph 33. At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 33 by a roll-call vote of 72 to 5, with 14 abstentions. The voting was as follows:

- In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.
- Against: Belgium, Germany, Federal Republic of, Israel, United Kingdom of Great Britain and Northern Ireland, United States of America.
- Abstaining: Australia, Austria, Canada, Denmark, Finland, France, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland.

#### Explanations of Vote

264. Explanations of vote with reference to paragraph 33 were made by the representatives of Austria, Belgium, Brazil, Czechoslovakia (also on behalf of Bulgaria, Byelorussian Soviet Socialist Republic, German Democratic Republic, Hungary, Poland, Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics), Denmark, Germany, Federal Republic of, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

#### Paragraph 47

#### Voting

265. The representative of the Federal Republic of Germany requested a vote on paragraph 47. At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 47 by a roll-call vote of 70 to 8, with 12 abstentions. The voting was as follows:

- In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mauritania, Mexico, Mongolia, Morocco, Nepal, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Sweden, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Venezuela, Yugoslavia, Zaire.
- Against: Belgium, France, Germany, Federal Republic of, Italy, Japan, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.
- Abstaining: Australia, Austria, Canada, Denmark, Finland, Ireland, Israel, Netherlands, New Zealand, Norway, Portugal, Spain.

#### Explanations of Vote

266. Explanations of vote with reference to paragraph 47 were made by the representatives of Australia, Austria, Belgium, Denmark, Germany, Federal Republic of, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 59 (i)

Voting

267. The representative of the United Kingdom of Great Britain and Northern Ireland requested a vote on paragraph 59 (i). At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 59 (i) by a roll-call vote of 74 in favour, none against, and 16 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Abstaining: Austria, Belgium, Canada, Denmark, Finland, Germany, Federal Republic of, Israel, Italy, Japan, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

Explanations of Vote

268. Explanations of vote with reference to paragraph 59 (i) were made by representatives of Austria, Denmark, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 59 (j)

Voting

269. The representative of the United States of America requested a vote on paragraph 59 (j). At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 59 (j) by a roll-call vote of 83 to 4, with 3 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Austria, Bangladesh, Belgium, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Germany, Federal Republic of, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Canada, Finland.

Explanations of Vote

270. Explanations of vote with reference to paragraph 59 (j) were made by the representatives of Germany, Federal Republic of, Japan, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 60 (e)

Voting

271. The representative of Japan requested a vote on paragraph 60 (e). At its 18th plenary meeting the Second General Conference of UNIDO adopted paragraph 60 (e) by a roll-call vote of 73 to 4, with 12 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Sweden, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Germany, Federal Republic of, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, Israel, Italy, New Zealand, Norway, Spain, Switzerland.

Explanations of Vote

272. Explanations of vote with reference to paragraph 60 (e) were made by the representatives of Australia, Austria, Denmark, Germany, Federal Republic of, Japan, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 60 (f)

Voting

273. The representative of the Federal Republic of Germany requested a vote on paragraph 60 (f). At its 18th plenary meeting the Second General Conference of UNIDO adopted paragraph 60 (f) by a roll-call vote of 75 to 5, with 9 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Sweden, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Germany, Federal Republic of, Italy, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, New Zealand, Spain, Switzerland.

Explanations of Vote

274. Explanations of vote with reference to paragraph 60 (f) were made by the representatives of Austria, Australia, Denmark, Germany, Federal Republic of, Japan, New Zealand, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 61 (e)

Voting

275. The representative of the United States of America requested a vote on paragraph 61 (e). At its 18th plenary meeting the Second General Conference of UNIDO adopted paragraph 61 (e) by a roll-call vote of 83 in favour, none against, with 6 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Belgium, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Italy, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Saudi Arabia, Somalia, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Abstaining: Finland, Germany, Federal Republic of, Israel, Japan, United Kingdom of Great Britain and Northern Ireland, United States of America.

Explanations of Vote

276. Explanations of vote with reference to paragraph 61 (e) were made by the representatives of Germany, Federal Republic of, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Paragraph 76

Voting

277. The representative of the United States of America requested a vote on paragraph 76. At its 18th plenary meeting, the Second General Conference of UNIDO adopted paragraph 76 by a roll-call vote of 70 to 2, with 17 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, El Salvador, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, New Zealand, Niger, Nigeria, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: Germany, Federal Republic of, United States of America.

Abstaining: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Israel, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland.

Explanations of Vote

278. Explanations of vote with reference to paragraph 76 were made by the representatives of Austria, Belgium, Brazil, Denmark, Germany, Federal Republic of, Netherlands, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, and United States of America. These explanations are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.

Declaration and Plan of Action as a whole

Voting

279. The President then proceeded to put the Declaration and Plan of Action as a whole to the vote. At its 18th plenary meeting, on 26 March 1975, the Conference adopted the Declaration and Plan of Action on Industrial Development and Co-operation as a whole by a roll-call vote of 82 to 1 with 7 abstentions. The voting was as follows:

In favour: Afghanistan, Albania, Algeria, Argentina, Australia, Austria, Bangladesh, Bolivia, Brazil, Bulgaria, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Colombia, Congo, Costa Rica, Cuba, Czechoslovakia, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Finland, France, German Democratic Republic, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Iran, Iraq, Ireland, Ivory Coast, Jamaica, Kenya, Libyan Arab Republic, Madagascar, Malaysia, Mali, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Viet-Nam, Romania, Rwanda, Senegal, Somalia, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Togo, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire.

Against: United States of America.

Abstaining: Belgium, Canada, Germany, Federal Republic of, Israel, Italy, Japan, United Kingdom of Great Britain and Northern Ireland.

Designation of the Document

280. Immediately following the adoption by the Conference of the Declaration and Plan of Action as a whole, the representative of the Philippines proposed that, in tribute to the host country, the document be officially entitled "The Lima Declaration and Plan of Action on Industrial Development and Co-operation".

281. The proposal was adopted by acclamation.

Explanations of Vote

282. Explanations of vote on the Lima Declaration and Plan of Action as a whole were made by the representatives of Australia, Austria, Belgium, Canada, Czechoslovakia (also on behalf of Bulgaria, Byelorussian Soviet Socialist Republic, German Democratic Republic, Hungary, Poland, Ukrainian Soviet Socialist Republic and Union of Soviet Socialist Republics), Denmark, Finland, Holy See, Israel, Italy, Japan, Netherlands, New Zealand, Turkey, Union of Soviet Socialist Republics, and United States of America. These explanations are to be found in documents ID/CONF.3/SR.18 and ID/CONF.3/SR.18/Add.1/Rev.1.

Comments on specific paragraphs, which were  
not the subject of separate votes

283. Explanations of vote were also made by a number of delegations on various paragraphs, within the Lima Declaration and Plan of Action, which had not been the subject of separate votes. The paragraphs and delegations concerned were as follows:

Paragraph 5 - United Kingdom of Great Britain and Northern Ireland,  
United States of America

Paragraph 7 - Brazil

Paragraph 9 - United Kingdom of Great Britain and Northern Ireland,  
United States of America

- Paragraph 10 - United Kingdom of Great Britain and Northern Ireland,  
United States of America
- Paragraph 11 - United Kingdom of Great Britain and Northern Ireland,  
United States of America
- Paragraph 17 - Australia, Japan, United Kingdom of Great Britain and  
Northern Ireland, United States of America
- Paragraph 18 - United States of America
- Paragraph 25 - United States of America
- Paragraph 26 - United Kingdom of Great Britain and Northern Ireland,  
United States of America
- Paragraph 27 - United Kingdom of Great Britain and Northern Ireland
- Paragraph 28 - Australia
- Paragraph 29 - Germany, Federal Republic of, United Kingdom of Great Britain  
and Northern Ireland
- Paragraph 34 - Germany, Federal Republic of
- Paragraph 40 - Australia, Germany, Federal Republic of, Sweden, United Kingdom  
of Great Britain and Northern Ireland, United States of America
- Paragraph 42 - Australia, United States of America
- Paragraphs 43 and 44 - Australia
- Paragraph 46 - United States of America
- Paragraph 48 - Germany, Federal Republic of, Japan, United States of America
- Paragraph 53 - United States of America
- Paragraph 56 - Japan
- Paragraph 59(a) - United Kingdom of Great Britain and Northern Ireland
- Paragraph 59(c) - Australia
- Paragraph 59(d) - Australia, United States of America
- Paragraph 59(e) - Australia
- Paragraphs 59(g) and (h) - United States of America
- Paragraph 60(h) - United States of America
- Paragraphs 61(b) and (c) - Australia
- Paragraph 61(d) - Norway, United Kingdom of Great Britain and Northern Ireland,  
United States of America
- Paragraph 61(g) - United Kingdom of Great Britain and Northern Ireland
- Paragraph 61(h) - Sweden
- Paragraph 61(i) - United Kingdom of Great Britain and Northern Ireland
- Paragraph 61(m) - Japan
- Paragraph 62 - United States of America
- Section V as a whole (paras. 63-75) - Italy
- Paragraph 63 - United States of America
- Paragraph 66 - United Kingdom of Great Britain and Northern Ireland
- Paragraph 69 - Australia, Czechoslovakia (also on behalf of Bulgaria,  
Byelorussian Soviet Socialist Republic, German Democratic  
Republic, Hungary, Poland, Ukrainian Soviet Socialist  
Republic and Union of Soviet Socialist Republics), Denmark,  
Japan, New Zealand, Sweden, Union of Soviet Socialist Republics,  
United Kingdom of Great Britain and Northern Ireland, United  
States of America
- Paragraph 72 - Denmark, Norway, Sweden, United Kingdom of Great Britain and  
Northern Ireland
- Paragraph 73(iii) - United States of America

These explanations of vote are to be found in document ID/CONF.3/SR.18/Add.1/Rev.1.



V. RESOLUTIONS AND DECISIONS

Resolutions

Resolution on the establishment, within the United Nations Industrial Development Organization, of special institutional machinery to deal with the specific problems of the least developed, land-locked and island developing countries

284. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.6/Rev.1), submitted by the Group of 77 and Romania, on the establishment, within UNIDO, of special institutional machinery to deal with the specific problems of the least developed, land-locked and island developing countries.

285. At its 17th plenary meeting, on 25 March 1975, the Conference considered amendments to the text of the draft resolution (ID/CONF.3/L.15), submitted by the President in the light of discussions in the informal Presidential Committee.

286. The representative of the United States of America stated that his delegation recognized that, when a developing country was among the least developed countries, and was at the same time a land-locked or island country, it might be stated, as in the draft resolution, that such a country was "doubly disadvantaged". It had been the consistent position of the United States of America, however, that countries should not be singled out for special treatment solely on the basis of their geographical location; any special measures or preferential arrangements should be determined by an analysis of the individual needs and situation of each country. The United States of America firmly supported the concept of special assistance to the least developed countries, and recognized that, in some instances, the geographical situation of a country was an important factor that should be taken into account. Since the views of his delegation had not found acceptance in the discussion of the draft resolution, the United States delegation was not in a position to support the specific proposals, in the resolution, for the establishment of special institutional machinery in UNIDO. In view of the foregoing, the United States delegation was regrettably not in a position to support the resolution.

287. The draft resolution, as submitted by the President, was adopted without a vote by the Conference at its 17th plenary meeting, on 25 March 1975. The resolution, as adopted (ID/CONF.3/RES.1), reads as follows:

"The Second General Conference of the United Nations Industrial Development Organization,

"Recalling General Assembly resolution 2626 (XXV) of 24 October 1970 concerning the International Development Strategy for the Second United Nations Development Decade,

"Taking into account the principles and objectives set forth in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and Programme of Action on the Establishment of a New International Economic Order,

"Recalling that the General Assembly, in its resolutions 2768 (XXVI) of 18 November 1971 and 3214 (XXIX) of 6 November 1974, in which the special needs of the least developed countries were recognized, had urged the United Nations Industrial Development Organization to consider action-oriented assistance commensurate to the special needs of those countries,

"Recognizing that the land-locked and island developing countries, as a result of their special geographical limitations, are doubly disadvantaged in that underdevelopment is combined with the handicaps of their land-locked and sea-girt situation,

"Noting that this adverse situation has severely limiting effects from the point of view of the efforts of these countries to develop and to ensure the advancement of their peoples in all respects,

"Considering that conventional measures for industrialization applicable to other developing countries may not necessarily be the best for the least developed, land-locked and island developing countries and that new and special innovative approaches are essential,

"Conscious of the imperative need for the least developed, the land-locked and the island developing countries to receive more effective assistance from the United Nations Industrial Development Organization to help them to overcome the specific problems that they face in their industrialization efforts,

"1. Declares that there is a need to establish, as soon as possible, within the United Nations Industrial Development Organization, appropriate machinery, based on the Declaration and Plan of Action adopted by the Second General Conference of the United Nations Industrial Development Organization, for new, more effective and practical forms of technical and financial assistance, within the competence of the United Nations Industrial Development Organization, required by the least developed, the land-locked and the island developing countries to supplement their own efforts to accelerate their industrialization in order to achieve a more equitable share in industrial activity, adequate to raise the level of living of their peoples in the framework of the new international economic order in the field of industrialization;

"2. Further declares that such machinery should form an integral part of any new institutional and functional structure of the United Nations Industrial Development Organization;

"3. Requests the Secretary-General of the United Nations and the Executive Director of the United Nations Industrial Development Organization to pursue the necessary measures to establish an operational unit within the administrative structure of the United Nations Industrial Development Organization for the purposes indicated in the present resolution."

Resolution on the selection of appropriate industrial technology

288. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of the Netherlands introduced a draft resolution (ID/CONF.3/L.10), on the selection of appropriate industrial technology, submitted by the representatives of Australia, Austria, Canada, Indonesia, Ireland, Italy, Netherlands, New Zealand, Peru, Spain, the United Republic of Tanzania, and Yugoslavia.

289. The representative of the Netherlands stressed the importance attached by the various delegations submitting the draft resolution to the question of appropriate industrial technology for the developing countries, and announced that, should the resolution be adopted unanimously by the Conference, his Government was prepared to make a substantial contribution to the programme of action to promote the creation, transfer and use of appropriate industrial technology for developing countries.

290. The representative of Zaire, speaking on behalf of the Group of 77, expressed the unqualified support of his Group for the draft resolution. The representative of Senegal also expressed his full support for the draft resolution, and requested that the name of his country be added to the list of sponsors. The representative of Romania also expressed his unqualified support for the resolution.

291. At its 17th plenary meeting, on 25 March 1975, the Conference considered amendments (ID/CONF.3/L.14) to the text of the draft resolution, submitted by the President in the light of discussions in the informal Presidential Committee.

292. The draft resolution, as submitted by the President, was adopted unanimously by the Conference at its 17th plenary meeting, on 25 March 1975. The resolution, as adopted (ID/CONF.3/RES.2), reads as follows:

"The Second General Conference of the United Nations Industrial Development Organization,

"Recalling General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974, on the Declaration and Programme of Action on the Establishment of a New International Economic Order, and in particular the need for developing countries' participation in the advantages of modern science and technology, the promotion of transfer of technology and the creation of a national technology structure,

"Recalling General Assembly resolution 2152 (XXI) of 17 November 1966 and the central role of the United Nations Industrial Development Organization in the field of industrial development within the United Nations system,

"Aware of the need to assist developing countries in the selection, within the framework of their development plans and policies, of appropriate employment creating technologies and of the necessity to create or improve their national capacity to evaluate alternative technologies in terms of employment and growth, to improve national research and to design facilities for the absorption and adaptation of imported technologies and the creation of indigenous technology appropriate to the conditions in developing countries,

"Taking note of the recommendations of the United Nations Advisory Committee on the Application of Science and Technology to Development (ACAST), a/ reaffirming the importance of an appropriate selection of technologies, and taking due account of the particular conditions prevailing in developing countries,

"Also noting the joint statement by the Executive Heads of the United Nations Industrial Development Organization and the International Labour Organisation 'that the degree of co-operation, already very good, is steadily increasing', and that for 'rapid industrialization, a reservoir of technically qualified personnel for the production of goods and services should be created in the developing countries, thus making possible the assimilation of modern technologies and the creation of a national indigenous technological capacity, which are indispensable conditions for economic and social progress', b/

"Considering that the United Nations system and in particular the United Nations Industrial Development Organization could play an important and co-ordinating role in enabling developing countries to make the appropriate selection of industrial technology,

"1. Requests the Executive Director of the United Nations Industrial Development Organization, in consultation with the executive heads of the organs and agencies within the United Nations system concerned, notably the United Nations Conference on Trade and Development, the International Labour Organisation and the World Intellectual Property Organization, to prepare as a matter of urgency a concrete co-operative programme of action to promote the creation, the transfer and the use of appropriate industrial technology for developing countries, primarily related to specific branches of industry as well as to social conditions, and to submit a report on this matter including recommendations on ways and means of implementation through the Industrial Development Board and the Economic and Social Council to the General Assembly at its thirty-first session;

"2. Invites the organs and agencies within the United Nations system as well as non-governmental organizations concerned to co-operate fully with the Executive Director of the United Nations Industrial Development Organization;

"3. Invites member Governments to lend their support to the United Nations Industrial Development Organization in this important field of action."

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a/ ID/CONF.3/11.

b/ ID/CONF.3/24.

Resolution on the human aspects of industrial development

293. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.12); on the human aspects of industrial development, submitted by the Group of 77. In introducing the draft resolution, he stressed that the human and social aspects of industrial development should not be overlooked by the Conference.

294. The representative of Peru said that development should be a dynamic process of structural transformation leading to radical changes in the economic, political and social power relations in a developing and independent country. The goal of such a transformation should be the creation of a new and just society in which the full potential of every individual could be realized. It was in that context that industrial development should be seen. For those reasons, the delegation of Peru supported the proposed resolution.

295. At its 18th plenary meeting, on 26 March 1975, the Conference considered amendments, to the text of the draft resolution, submitted by the President. Some of the amendments were contained in document ID/CONF.3/L.13; others were read out by the Rapporteur. The amendments reflected discussions in the informal Presidential Committee.

296. The draft resolution, as submitted by the President, was adopted unanimously by the Conference at its 18th plenary meeting, on 26 March 1975. The resolution, as adopted (ID/CONF.3/RES.3), reads as follows:

"The Second General Conference of the United Nations Industrial Development Organization,

"Recalling resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 of the United Nations General Assembly concerning the Declaration and Plan of Action on the Establishment of a New International Economic Order,

"Having given close attention to the Universal Declaration of Human Rights adopted by the United Nations General Assembly, which declares that the right to work is a universal and inalienable right of the human person,

"Bearing in mind that General Assembly resolution 2626 (XXV) of 24 October 1970, containing the International Development Strategy for the Second United Nations Development Decade and the programme of action of the General Assembly for the Decade, states that the purpose of development is to give increasing opportunities to all for a better life and that it is essential to bring about a more equitable distribution of income and wealth in order to promote both social justice and efficiency of production, and substantially to raise the level of employment,

"Conscious that work possesses intrinsic values superior to those of other economic factors, in that it has its origin in the human person,

"Considering that any authentic process of industrialization must be directed towards achieving self-sustained and integrated socio-economic development, and that all countries have the sovereign right to introduce the necessary changes in order to bring about just and effective participation of their peoples in industry and in the benefits deriving therefrom,

"Recognizing that the obstacles to industrial development are not only external in character but also of an internal nature,

"Bearing in mind the sovereignty of all States and their inalienable right to introduce at the domestic level the structural changes that they consider desirable,

"Recognizing that all countries should lend their support to the concept of an integrated and multisectoral approach to industrialization which will permit the socio-economic repercussions of this process to be taken fully into account, both at the planning stage and at the execution stage,

"Bearing in mind that social justice must constitute a determining principle in the attainment of the objectives of raising the level of living, reducing social differences and avoiding unemployment,

"Noting the terms of the decisions adopted by the Governing Body of the International Labour Organisation at its 167th and 171st sessions in November 1966 and March 1968, on the participation of workers in the management of their undertakings,

"Declares that:

"(a) The right of human beings to worthy employment is an essential element to be taken into account in any development process, in order thus to achieve full employment and guarantee human dignity;

"(b) All States have the sovereign right to adopt and accept a variety of formulae for the organization of enterprises, in accordance with their own conditions, for the purpose of achieving industrial and socio-economic development, in order to bring maximum benefit to the workers and society as a whole;

"(c) The participation of workers in industrial enterprises, among other measures, is essential so that all workers may be integrated with the industrial development process and thereby enabled to obtain its benefits; in line with this, States should initiate measures in keeping with the particular characteristics of each economic activity and each country, in consultation with the workers and other persons involved;

"(d) States should make the greatest possible efforts to ensure, including through legislation provisions, that all undertakings give priority attention to vocational training for all workers, including immigrant workers in the developed countries, with a view to increasing their productivity and ensuring the full development of the human person;

"(e) All efforts should be made by States, within the framework of their national legislation, to give immigrant workers conditions similar to those given to their nationals in the economic and social field;

"(f) All States should recognize that, in any industrial development process, social justice must be the irreplaceable means, in the spiritual, economic and social aspects, to attain the objective of creating a just society pervaded by a spirit of solidarity."

Draft resolution on the strengthening of the role of UNIDO

297. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.5), on strengthening the role of UNIDO, submitted by the Group of 77 and Romania. The representative of China expressed his full support for the draft resolution.

298. At the 18th plenary meeting of the Conference, on 26 March 1975, the President proposed that the draft resolution be referred to the Industrial Development Board at its ninth session for study.

299. It was so decided.

Draft resolution on international co-operation in the transfer of technology

300. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.7), on international co-operation in the transfer of technology, submitted by the Group of 77 and Romania. Subsequently, a revision of the draft resolution was issued as ID/CONF.3/L.7/Rev.1.

301. At the 18th plenary meeting of the Conference, on 26 March 1975, the President proposed that the draft resolution be referred to the Industrial Development Board at its ninth session for study.

302. It was so decided.

Draft resolution on permanent sovereignty over natural resources and industrialization of the developing countries

303. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.8), on permanent sovereignty over natural resources and industrialization of the developing countries, submitted by the Group of 77 and Romania. Subsequently, a revision of the draft resolution was issued as ID/CONF.3/L.8/Rev.1.

304. At the 18th plenary meeting of the Conference, on 26 March 1975, the President proposed that the draft resolution be referred to the Industrial Development Board at its ninth session for study.

305. It was so decided.

Draft resolution concerning the establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from the developed countries

306. At the 15th plenary meeting of the Conference, on 24 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, introduced a draft resolution (ID/CONF.3/L.9), concerning the establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from the developed countries, submitted by the Group of 77 and Romania.

307. At the 18th plenary meeting of the Conference, on 26 March 1975, the President proposed that the draft resolution be referred to the Industrial Development Board at its ninth session for study.

308. It was so decided.

Decisions

Decision 1 - Long-range strategy for UNIDO

309. Immediately after the adoption of the report of Committee I by the Conference at its 16th plenary meeting, on 24 March 1975, the Chairman of that Committee pointed out that two paragraphs of that report (paras. 195 and 196 of the present report) called for action by the Conference. He then put forward, for the consideration of the Conference, a proposed decision designed to implement the recommendations in the paragraphs in question.

310. At its 16th plenary meeting, on 24 March 1975, the Conference adopted the proposed decision without a vote. The decision, as adopted (ID/CONF.3/DEC.1), reads as follows:

"The Second General Conference of the United Nations Industrial Development Organization,

"Decides:

"1. To confirm the action of the Industrial Development Board, taken in Industrial Development Board resolution 42 (VIII), in unanimously endorsing the conclusions and recommendations of the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization;

"2. To recommend that the reports of the Group of High-Level Experts, and of the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization, be kept under review, and their conclusions supplemented by new guidelines, in the conceptual framework of a new economic order."

Proposal for the establishment of a joint technical advisory group for UNIDO

311. During the general debate, the Conference heard a proposal by the representative of Senegal that a joint technical advisory group be established for UNIDO to advise and make recommendations to the Industrial Development Board on operational projects and programmes.

312. At the 18th plenary meeting, on 26 March 1975, the representative of Zaire, speaking on behalf of the Group of 77, called the attention of the Conference to the Senegalese proposal and suggested that the Conference take note of the proposal and refer it to the Industrial Development Board for consideration at its ninth session.

313. It was so decided.

VI. ADOPTION OF THE REPORT OF THE CONFERENCE

314. At its 16th plenary meeting, on 24 March 1975, the Conference considered the introductory section and the first chapter (Attendance and organization of work) of its draft report (ID/CONF.3/L.11) and adopted them.

315. At its 18th plenary meeting, on 26 March 1975, the Conference considered chapter II (Summary of the general debate) of its draft report (ID/CONF.3/L.11/Add.1) and adopted it. At the same plenary meeting, the Conference also considered chapter III (Summary of the proceedings in the plenary on the reports of the Credentials Committee, of Committees I and II, and of the Drafting Committee) of its draft report (ID/CONF.3/L.11/Add.2) and adopted it.

316. At its 18th plenary meeting, on 26 March 1975, the Conference adopted its report as a whole, it being understood that the Rapporteur, with the assistance of the Friends of the Rapporteur, would be entrusted with the task of finalizing those sections of the report which it was not possible to put before the Conference for its consideration.

VII. CONCLUDING STATEMENTS

317. The representative of India said that, in a spirit of co-operation, and after consultation with other members of the Asian Group, he wished to extend, on behalf of his Government, an invitation to hold the Third General Conference of UNIDO at New Delhi.

318. The representative of Zaire, speaking on behalf of the Group of 77, expressed his sincere gratitude to the President, Government and people of Peru for their hospitality. He also expressed his appreciation to the President of the Conference and to all those who had contributed to the success of the Conference. He explained that the Group of 77 had come to the Conference in a positive spirit, determined to uphold the principles they held sacred; in unity and unanimity they had striven to defend their point of view. In that connexion, he paid tribute to the representatives of the industrialized world for the fruitful dialogue that had taken place. The Group of 77 attached the highest importance to the results of the Conference, which marked a stage on the long road towards the establishment of a new international economic order. The developing countries intended to continue the work which had begun at Lima.

319. The representative of Zaire, speaking on behalf of the Group of 77, then read out the following text of a proposed vote of thanks:

"The Second General Conference of UNIDO was held in Lima, the capital of Peru, from 12 to 26 March 1975.

"All participants in the Conference express to His Excellency the President of the Republic of Peru, and to the Government and people of Peru, their profound gratitude for the warm welcome they have received and for all the facilities made available to ensure the success of the Conference.

"They thank His Excellency the President of the Republic of Peru for his personal contribution to the work of the Conference.

"They are gratified that once more the name of Lima, the capital of Peru, will be written in letters of gold in the economic history of nations for its contribution towards strengthening international co-operation, particularly with regard to the industrialization of the developing countries."

320. The vote of thanks was adopted by acclamation.

321. The representative of China extended his congratulations to the President of Peru on his inaugural address to the Conference, which constituted a most positive contribution to the work of the Conference. He also expressed his gratitude to the Government and people of Peru for their hospitality and paid tributes to the President of the Conference, to the Executive Director of UNIDO and to the Secretariat. He stated that, during the course of the Conference, the representatives of the third world had defended the principles underlying the establishment of a new international economic order, principles that had been incorporated in the Lima Declaration and Plan of Action. He expressed the resolute support of his country for the just demands of the third world.

322. The representative of China observed that the Conference had witnessed a series of attempts, from two sides, to sabotage its work. One super-Power had opposed the call to intensify the struggle against imperialism and colonialism and had attempted to wrest concessions from the developing countries. The other super-Power, utilizing even more vicious methods, had pretended to support the cause of the third world while secretly working to undermine it. It had tried to smuggle into the solemn document its deceptive theory of sham détente and sham disarmament in a vain attempt to lead the Conference astray. Owing to the united stand of the developing countries, all the efforts of the super-Powers had been defeated. Provided that all its members continued to stand together and fight with their combined strength, the third world could look forward to a brighter future.

323. During the preparation of the Report, the Friend of the Rapporteur from Group D drew attention, in the context of the remarks recorded in paragraph 322 above, to the statements of the Union of Soviet Socialist Republics, and of Czechoslovakia (made also on behalf of Bulgaria, the Byelorussian Soviet Socialist Republic, the German Democratic Republic, Hungary, Poland and the Ukrainian Soviet Socialist Republic), which are contained in document ID/CONF.3/SR.18/Add.1/Rev.1 and which related to the subject-matter of that paragraph.

324. Following statements by the spokesmen of the various geographical groups, in which congratulations and thanks were expressed to the Government and people of Peru, to the President of the Conference and to all who had contributed to the success of the Conference, the



Executive Director of UNIDO, expressed deep gratitude, on behalf of the Secretariat, to the President, and, through him, to the Government and people of Peru for the hospitality they had shown to the Conference. The Executive Director said that he was looking forward to receiving from all concerned the co-operation essential to the successful implementation of the recommendations of the Conference.

325. The President of the Conference said that, owing to the efforts of all participants, the Conference had succeeded in adopting the Lima Declaration and Plan of Action on Industrial Development and Co-operation as well as a series of resolutions which, taken together, would usher in a new era in the industrial development of the developing countries. He expressed the belief that, on the basis of the agreement reached at Lima, and with the co-operation of all peoples, it would be possible to lay the foundations of a new world of social justice and peace.

#### VIII. CLOSURE OF THE SESSION

326. The Second General Conference of UNIDO concluded its session at 6.40 a.m. on 27 March 1975.

ANNEX I

STATEMENT BY GENERAL JUAN VELASCO ALVARADO, PRESIDENT OF THE REPUBLIC OF PERU,  
AT THE INAUGURAL CEREMONY OF THE SECOND GENERAL CONFERENCE OF THE  
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Nations from all parts of the world are here present. The third world meets in Peru today. Peoples of Africa, Asia and Latin America will make their voices heard at this historic gathering which is beginning in our capital today under the auspices of the United Nations, the greatest forum of the world.

This, then, is a gathering of universal significance. At this gathering the countries of the third world will speak their minds on one of the major problems not only of their own future, but of the future of all nations of our planet. In a fundamental sense, therefore, this is not an event that is of interest only to those countries that are fighting for their development. Only a view that is essentially contrary to history, backward-looking and absurd could lead to the profound mistake of believing that this great assembly is of no importance for the developed countries of the world. For the great Powers and more industrially developed countries would do well to understand that they can no longer manipulate the affairs of the world according to their whim, nor can they be indifferent to what is happening beyond their frontiers.

The world is, more than at any time in the past, a global, interrelated and indivisible whole. The poor peoples of the world are already moving along the broad road of history; their weight is becoming increasingly felt in the true forge of the destiny of all nations. The age of minority is past. It is the responsibility and task of all countries to decide what the world of tomorrow is to be. Peoples that until yesterday were under the domination of others are already forging their own destinies. And in so doing, they are forging the destiny of all humanity.

These nations, which are now entering on a new stage in their historic task, are represented here today. The people of Peru salute the distinguished representatives of these countries and welcome them with a profound feeling of brotherhood. Because their fight is ours. Because we share the vital problems of peoples who, like us, are at a critical point in the achievement of their freedom. Because we share their history of past injustice. And because we shall share the victorious reality of their future. Peru, an ancient land with a long history, is filled with fraternal pride at finding itself the setting for this gathering. And in saluting through me, the representatives of all those countries whose presence here honours and distinguishes us, Peru expresses its profound solidarity with the cause of all those countries that are fighting today for a better destiny. Welcome, then, to the heart of this American country that is rebuilding its present so as to be able to forge a new and brilliant future.

You are coming to Peru today, my brothers from other nations, at a time when a plan for far-reaching social and economic transformations is fully under way. We are carrying out a Revolution that has its most vital foundations in the reality and history of this ancient American nation, author of noble traditions and great cultures. Peru has shared the same

unfortunate history as other peoples that have borne the colonial yoke. We know from close acquaintance the profound disgrace, the inexorable injustice, and the harsh dishonour of foreign domination. And we also know the meaning of a system based on exploitation, misery, ignorance and lack of freedom.

Against all this heritage of the past there arose six years ago the irresistible desire for change of a revolutionary movement that set itself the task of freeing Peru from all the last traces of domination and social injustice. Since then, we have been engaged in the profound, complete and qualitative transformation of our country. To achieve this, we determined from the outset to maintain a fundamental independent and nationalist stand that guarantees the unchangeable policy and independence of thought of our Revolution.

But being conscious that we belong irrevocably to a world and a historic tradition that are part of our innermost identity as a nation, we were also able from the outset to call on the best of contemporary revolutionary thought and to find in it a source of inspiration, a guiding legacy and an inestimable fund of experience.

Throughout these years, then, the Peruvian Revolution has in essence completed its theoretical framework and has been able to develop a unique and independent ideological and political outlook. That outlook is the lodestone of our efforts. Enriched by the theoretical contribution of the great revolutionary traditions of socialist, libertarian and Christian thought, our ideological position is expressed in terms of a revolutionary humanism that seeks to build in Peru a democracy in which all participate and in which all forms of wealth and power have been transferred for their social application by the workers organized in independent primary institutions.

This final model of the Peruvian Revolution differs substantially from others that exist in the world today. Ours will be a direct democracy in which power springs from the very foundations of society and is vested fundamentally in them. We are deeply convinced that only in this way can we build a free and just order for all Peruvians.

Liberty and justice as supreme, inseparable values, and means and ends that are also inseparable, have led us to the conclusion that the building of a truly new society centred in man as the social maker of history can by no means be considered a task that can be postponed to a future date. We see it, quite to the contrary, as a responsibility of the present. Thus it is that our Revolution is creating as of today institutions that foreshadow the nature of the model towards whose realization our political activity is constantly directed.

We are convinced that the participatory nature of the Peruvian Revolution reflects the best of the great revolutionary traditions that are the basis of its ideological and political outlook. By that outlook our Revolution has maintained itself, and must always do so, as a rich process that is creative, open, undogmatic and flexible.

In its constant struggle against the regressive forces of the past, the Peruvian Revolution has waged an intense campaign against oligarchy and imperialism. We have fought and are still fighting all forms of the foreign domination and exploitation to which the Peruvian people were subjected for centuries. Peru today shows a different visage and has a different future.

The great structural transformations of the Revolution are already an irreversible experience. The old system of land-ownership that perpetuated the misery and backwardness of millions of peasants is disappearing rapidly and will soon be no more than an unpleasant memory. More than one-and-a-half million rural workers are today tilling land that belongs to them through associative forms of ownership that are the basis of a new agrarian economy.

The traditional non-agricultural enterprises are being turned into co-management enterprises, while a social ownership sector is coming into being that is destined to become a priority part of our economy in the future.

Foreign trade, the railways, the fishing industry, oil and ore refining, finance, telecommunications, heavy industry, much of the mining, banking and oil sectors, immense resources that used to be the property of powerful national and foreign groups, are today the property of the whole Peruvian nation.

The national dailies, decisive instruments of political power previously in the hands of small privileged groups, have been allocated to the most important organized social sectors of the country. A decisive and very broad educational reform is well under way. Vast irrigation schemes in various parts of the country are guaranteeing the expansion in the near future of agricultural frontiers on hundreds of thousands of hectares of our cultivated lands. Large industrial plants are being built in areas of strategic economic importance. Peru will soon increase greatly its diversified mining output and will cease being an oil-importing country to become an exporter when construction is completed next year of the enormous pipeline that will carry to the coast the black gold of our northern Amazonian region.

These decisive and profound economic and social transformations have taken place concurrently with the growth of a broad participatory movement that is shown by the existence of thousands of new primary social organizations. They bring together, in the rural and urban areas of Peru, millions of workers who are already beginning to mobilize to take part in the great experiment that is the substantive part of the fundamental and profound transformation of Peru. And all this has its counterpart in the sphere of foreign relations, in the development of an independent international policy that allows as its only defining criterion absolute and lasting respect for our true national interests.

All in all, this amounts to an undertaking without precedent in Peruvian history. We have accomplished it in peace and without violence. There has been no persecution of our opponents and no systematic use of force to defend the Revolution. Its political enemies are allowed to organize and act freely. As a result, the social cost of the major revolutionary reforms has been negligible. It is, therefore, a peaceful Revolution.

While we have concentrated economic power in the apparatus of state - a necessary measure to ensure firm and coherent national leadership in the struggle against underdevelopment and foreign economic domination - we are aware that this situation must be largely temporary. Proof of this can be clearly seen in the fact that, in addition to strengthening the State, the Revolution has given unsuspected impetus to a fundamental process of transferring economic power to the grass-roots social organizations which have benefited from the major socio-economic reforms in agriculture and industry.

In this way we are developing in Peru a pluralistic economy based essentially on the public ownership of the means of production, but nevertheless recognizing the existence of a dynamic State sector, a large co-management sector and a completely private sector which will function without interference from the Revolution, at the level of small and medium-scale enterprises in agriculture, industry, commerce and services. It will be a model of a participatory economy, in which the major forms of wealth and power will remain within the grasp of the immense majority of Peruvians and will, moreover, be democratized and socialized for the benefit of all the workers of Peru.

This economic system, which differs fundamentally from those based on either private or public ownership, will underpin a political system which is likewise participatory, in that power will be decentralized and shared by transferring it to the self-governing workers' organization. The latter, designed to be the institutional basis from which decision-making arises and is exercised for social purposes, will form the foundation for a new political system in which the main controlling mechanisms will gradually disappear through lack of any true function to perform.

The general philosophy of the Peruvian Revolution naturally includes its own concept of development. Far from meaning a set of actions designed merely to improve conditions in our society, development for us implies a dynamic process of structural transformations which will produce basic changes in the very nature of the relations of economic, political and social power in all spheres of our existence as a nation. Viewed in this light, the revolutionary process and development are essentially equivalent values, comparable notions, synonymous terms. Thus development, in our eyes, has an essential and inherent sense of liberation.

Our aim is therefore to develop into a country free from foreign domination and a society without exploiters or exploited, in which the citizens of Peru, released from all forms of oppression and injustice, may develop the full potential of their human nature through living in a country free from foreign, oligarchic and state oppression. We further aspire to build a society of men who are truly free, in all the most meaningful senses and forms of freedom. For only thus will we be able to claim that we are drawing close to the ideal of a just, fully human and genuinely new society.

Only those nations which are entirely free from foreign domination in all its forms are able to realize an ideal of this kind. For underdevelopment is obviously part and parcel of imperialist domination. Consequently, if the historical role of the countries of the third world is to bring about the true development of their peoples, then in our view they must achieve their full emancipation from the international centres of power. As we see it, any real transformation in countries such as our own must necessarily have a basically anti-imperialist character.

If development amounts to the over-all process of revolutionary transformation, it must begin by acknowledging that the state of underdevelopment out of which it emerges is the product of national and specific historical events. In other words, the concrete forms of underdevelopment vary in relation to the history and present-day reality of every nation which suffers from it. This means that underdevelopment is essentially a multifarious and historically determined phenomenon, giving rise to a variety of problems requiring different solutions.

It is for this reason that there is no identical underdevelopment in different countries. And it is for this reason, too, that it is essential that the revolutionary processes which true development implies, must be different. Consequently, it is impossible to allow, in theory or in practice, that contemporary revolutions can be identical phenomena which take the same paths. There are, then, no identical revolutions or identical forms of national development. And since there are so many revolutionary paths, we must reject the idea of a single and universally valid truth of revolution.

To a large extent, this reasoning forms the basis for the Peruvian Revolution's claim to be an entirely national phenomenon, since the history of our people and the practical reality of our underdevelopment as a Latin American country are peculiar to the nation. If each nation has a distinguishable historical personality, each nation must also have a distinguishable path for the future. Different realities require different processes of reform, different forms of national development, different revolutionary truths. At the same time, however, the country concerned should be firmly committed to the universal aspirations and objectives of any authentic revolution as an ideal of true justice and the liberation of peoples.

Our proposed solutions to the problems of the industrial development of the third world the main theme of this major Conference which is being inaugurated today in Peru, are intended to offer a global approach of this nature. We are agreed that industrialization should be viewed as an essential part of efforts to promote the over-all development of our countries. But we recognize that, related to this vital question, there arises a problem which holds vast theoretical and practical implications in terms of broad historical perspectives.

Firstly: what type of industrialization do we consider necessary? We deny the necessity of industrial development which is mortgaged to foreign interests. We also reject industrial development founded on the avaricious actions of large transnational corporations - a new type of imperialist penetration. Industrial development under foreign control is simply a means of draining off our resources to promote the expansion of dominant economies. What we want, therefore, is fully independent industrial development, the main virtue of which would be to provide benefit directly to our own countries, without losing sight of the need to maintain economic relations with the rest of the world under legitimate and just conditions of equality and respect for all.

We also believe it undesirable for industrial development to be technologically and economically dependent on foreign centres of power. We want an industrial development capable of contributing to the expansion of the whole of our economic system, to the utilization of all our human and natural resources and, consequently, to the realization of the full potential of our countries.

Secondly, do we, the countries of the third world, wish to achieve the status of industrialized nations in the sense known today? This is one of the basic questions facing the men of the Peruvian Revolution. The major industrial Powers do not project our inevitable future image or mirror our inescapable future. Not only do we reject the inevitability of such a future, but we maintain that such an outcome would be undesirable. The empirical evidence available to us at present confirms us in our belief that highly developed societies,

governed by the different ideological and economic systems which currently predominate, are unable to provide the conditions which will enable mankind to achieve true and full development.

They are societies of alienation in which fundamental problems, stemming from the very nature of the social order, remain unsolved. We do not aspire to such a position. We do not wish to find ourselves tomorrow in the critical situation in which the nations which claim to show us the way find themselves today. We think it is necessary to state the problem in new terms. Our industrial development must allow of a different teleology. We do not wish to be an industrialized nation in the currently accepted conventional and concrete sense. We reject the socio-economic systems which ultimately dehumanize man and make him the tool of blind technological, managerial and political-economic mechanisms against which he finds himself completely defenceless.

We do not want a dehumanized society based on an economy of dehumanization. In such a society man inevitably becomes subject to the anonymous and invincible power of corporations to the machinery of technological administration, to bureaucracy and to systems of production and distribution which are governed solely by considerations of statistical efficiency, and are completely remote from burning human needs, from human decisions, human participation and human dreams.

A society in which human beings become increasingly unimportant and in which the instruments that shackle their freedom and dehumanize their lives become more and more significant, is not our concept of Peru's future. We want exactly the opposite: a society governed first and foremost by the considerations whereby man is the most important element of society. This will never be achieved if we ingenuously follow the road to development taken by today's major industrial Powers. The end of that road is in sight. If we do not wish the same end for ourselves, then we should not wish to follow the same road either.

Consequently, one of the greatest challenges to our powers of invention and to the creative potential of our peoples is the need to chart qualitatively different courses for our industrial development. Industrialization, yes. But industrialization which does not culminate in the creation of a society of human servitude. In our view, this means industrialization differing in essence and in goals from that of today's developed nations.

From another point of view, it is, in our opinion, completely puerile to accept a form of competition which can only produce a negative result for ourselves, since it is governed by terms under which we cannot win and on a plane in which a decisive influence is necessarily exercised by the increasing differences which separate us and will continue to separate us from the highly developed countries.

The cumulative nature of the economic and technological growth of the major industrial Powers renders illusory the possibility that we may some day be able to bridge the gaps constantly separating us from one another. In such terms, the real contest is already lost for the countries of the third world. Consequently, it is essential to change our current conception of that competitive relationship. We believe, therefore, that it is urgent to redefine the nature of our relationship and our competition with the powerful countries of the world.

However, we must not look at this problem within the context of the rationale governing and directing the development of the major industrial countries. We must make an effort to escape from the logic, suppositions and teleology behind that rationale since all this is contrary to the interests and the cause of the countries which make up the third world. The terms of reference must be substantially modified to enable alternative courses - i.e. different goals - to be clearly established. It would be a tragic error for us to continue to accept the definition of our relationships and our rivalry with those countries on a terrain and under conditions chosen virtually unilaterally by them. Only when we clearly understand the full significance of this will we be in a position to formulate the new conception of industrial development that our countries need.

The direct consequence of all this is to recognize that we must radically and for ever abandon the tone and the attitude which our countries have been accustomed to adopt towards the nations which, economically, still dominate the world scene. The various forms of economic and political domination do not obey the dictates of an ethic based on good and evil. Nor do such forms of domination meet the individual wishes of anyone. On the contrary, they involve the operation, devoid of any values, of complex systems and machinery which are governed not by any moral code, but by the cold necessity of economic, strategic and political interests. The forces in' play are entirely impersonal. In such circumstances it would be futile for us to appeal to considerations of justice and reason to ensure that the needs of our countries are taken into account and respected. We cannot confront the logic of self-interest and profit with the logic of justice and morality. It is the former logic and not the latter which governs the conduct of the immense power factors controlled by the systems and machinery of international domination.

We must therefore understand that we are waging a hard and unequal struggle for our complete liberation. Merely to protest, to demand, to request an agreement based on reason and justice can yield at best very meagre results. Progress towards our liberation will therefore be possible only if we mount a united effort to defend ourselves, using our own economic resources, our own political potential and our own power of decision.

The cause of the third world countries is entirely just. The governments of the industrialized nations are aware of this and we ourselves know it only too well. Nevertheless, very little has changed in our world. We must therefore base our negotiations with these governments not on reiterations of the justice of a cause which is universally recognized but on the practical reality of the interests involved. For we should never forget that all forms of exploitation are, in the final analysis, based on disregard for the arguments of justice. The real emancipation of nations cannot, therefore, be achieved by words alone. Let us accordingly, without delay, engage in concrete, united efforts to tackle the arduous and difficult task of our true, complete and final liberation.

Peru believes that we must act with complete realism. At times like this we should reject euphemisms and speak out clearly. We have meeting here together representatives of the countries of the third world and of the industrially developed nations. If we all act in the same way as on other occasions, very little progress will be made at this Conference. But if we all approach the problem differently and tackle with determination the basic issues which are increasing the gulf between us daily, in spite of some appearance to the contrary, then we can find ways of solving these problems. But if this is to be done it will have to



be the highly developed nations which radically alter the position with which they have until now confronted the rest of the world. Now is the time to test the sincerity of their calls for solidarity. Perhaps there will not be many more such opportunities in the future. Any such salutary change of position will have to be matched on our part by an attitude of maturity and realism. And on both these elements we shall all be able to build a new future. This is the objective of the proposals formulated by the Revolutionary Government of the Armed Forces of Peru. For we should all be aware of the gravity of the situation in which we are all now involved. If this state of affairs is to be remedied once and for all, now is the time to act.

Distinguished delegates:

Peru once again extends a welcome to you, and the Revolutionary Government of its Armed Forces, in declaring open through me this major Conference, expresses the hope that the delegations that are honouring our country with their eminent presence will have complete success in the deliberations which they are undertaking today and which countless people in all corners of the earth will be following with profound expectations, hopeful and convinced that they will not be disappointed.

Lima, 12 March 1975

General Juan Velasco Alvarado  
President of the Republic

ANNEX II

LIST OF PRE-SESSION DOCUMENTATION

Conference documents

ID/CONF.3/1/Rev.1	Agenda
ID/CONF.3/1/Add.1	Annotated provisional agenda
ID/CONF.3/2	<u>Industrial Development Survey: Special Issue for the Second General Conference of UNIDO</u>
ID/CONF.3/3	Follow-up of the recommendations of the Special International Conference of UNIDO, June 1971 Report of the secretariat of UNIDO
ID/CONF.3/4	Long-range strategy for the activities of UNIDO: Review of the recommendations of the Industrial Development Board Note by the secretariat of UNIDO
ID/CONF.3/4/Add.1	Review of discussion of the twenty-ninth session of the General Assembly (Second Committee) Note by the secretariat of UNIDO
ID/CONF.3/5	Industrialization of the developing countries: basic problems and issues for action Paper prepared by the secretariat of UNIDO
ID/CONF.3/5/Add.1	Proposal for a programme of action to assist industrial development in the least developed among the developing countries Note by the secretariat of UNIDO
ID/CONF.3/6	Natural resources of the developing countries and their relationship to problems of industrialization Note by the secretariat of UNIDO
ID/CONF.3/7	Compilation of basic principles of industrial development and co-operation Note by the secretariat of UNIDO
ID/CONF.3/7/Add.1	Reference data on regional declarations on industrialization adopted by Ministers of Industry of Africa, the Arab States, Asia and the Pacific Region, and Latin America in preparation for the Second General Conference of UNIDO Note prepared by the secretariat of UNIDO
ID/CONF.3/8 and Add.1 and Corr.1	Summary of opinions expressed by Governments on the conclusions and recommendations to be adopted by the Second General Conference of UNIDO Note by the secretariat of UNIDO
ID/CONF.3/9	Industrialization, employment and social objectives Paper prepared jointly by the secretariats of ILO and UNIDO

Conference documents (cont'd)

- ID/CONF.3/10 and Corr.1                   The role of UNCTAD in expanding exports of manu-  
factures and semi-manufactures from developing  
countries  
    Note by the secretariat of UNCTAD
- ID/CONF.3/11                            Statement by the United Nations Advisory  
Committee on the Application of Science and  
Technology to Development at its twentieth  
session held at Geneva, 21 October -  
1 November 1974
- ID/CONF.3/12                            ILO/UNIDO activities  
    Paper prepared jointly by the secretariats  
    of ILO and UNIDO
- ID/CONF.3/13                            Institutional arrangements of UNIDO: Summary  
of opinions expressed by Governments  
    Note by the secretariat of UNIDO
- ID/CONF.3/14                            Implications for the activities of UNIDO of the  
United Nations World Population Conference  
    Note by the secretariat of UNIDO
- ID/CONF.3/15 and Corr.1                The interrelationship between industry and  
agriculture in the process of development  
    Paper prepared jointly by the secretariats  
    of FAO and UNIDO
- ID/CONF.3/16 and Corr.1                Charter of Economic Rights and Duties of States:  
its relevance to the Second General Conference  
of UNIDO  
    Note by the secretariat of UNIDO
- ID/CONF.3/17/Rev.1 and Add.1         Implications for the activities of UNIDO of the  
recommendations of the United Nations World Food  
Conference  
    Note by the secretariat of UNIDO
- ID/CONF.3/18                            Report of the Intergovernmental Preparatory  
Committee on the work of its five sessions to  
the Second General Conference of UNIDO
- ID/CONF.3/19                            Industrialization and trade in the process of  
development  
    Paper prepared jointly by the secretariats  
    of UNCTAD and UNIDO
- ID/CONF.3/20                            Report of the tenth session of the Committee  
for Development Planning  
    Note prepared by the secretariat of UNIDO
- ID/CONF.3/21                            The United Nations system, industry and the  
New International Economic Order  
    Report by the Secretary-General
- ID/CONF.3/22                            Declaration and Plan of Action on Industrial  
Development and Co-operation, drawn up by the  
Group of Seventy-Seven. Adopted by the Second  
Ministerial Meeting of the Group of Seventy-  
Seven, Algiers, 15-18 February 1975

Conference documents (cont'd)

- ID/CONF.3/23 Draft Declaration of Principles on Industrial Development and Co-operation and Plan of Action Submitted by Group B
- ID/CONF.3/24 Joint statement by the Executive Heads of UNIDO and the ILO
- ID/CONF.3/25 Note by the Administrator of the UNDP

Government papers

- ID/CONF.3/G.1 The development of industrial planning in Hungary  
Paper by M. Siman, submitted by the Government of Hungary
- ID/CONF.3/G.2 Development of the industrial co-operative movement in Hungary, as well as the role, social and economic tasks of the industrial co-operatives in the Hungarian national economy  
Paper prepared by an expert team of the National Alliance of Industrial Co-operatives, submitted by the Government of Hungary
- ID/CONF.3/G.3 Economic and scientific-technological co-operation of the Soviet Union with developing countries  
Paper by A. Kodachenko, submitted by the Government of the Union of Soviet Socialist Republics
- ID/CONF.3/G.4 The importance of co-operation among the socialist countries in the development of the Hungarian instrument industry  
Paper by S. Jenei, submitted by the Government of Hungary
- ID/CONF.3/G.5 Document of the Delegation of the Union of Soviet Socialist Republics to the Second General Conference of UNIDO
- ID/CONF.3/G.6 Document of the Delegation of the German Democratic Republic to the Second General Conference of UNIDO
- ID/CONF.3/G.7 and Add.1 Document prepared by the Government of Chile on the industrialization of the developing countries
- ID/CONF.3/G.8 The present state and future prospects of economic co-operation between Hungary and the developing countries  
Paper by B. Bakonyi, R. Bogó, J. Lévai, submitted by the Government of Hungary
- ID/CONF.3/G.9 Polish experience in industrialization  
Paper prepared by the Institute of Planning, Warsaw, Poland

Background documents

- ID/CONF.3/B.1 Industrialization in a unified development strategy  
P. Streeten
- ID/CONF.3/B.2 The environment and the international division of labour  
J.P. Ceron, J.C. Hourcade and D. They under the direction of I. Sachs
- ID/CONF.3/B.3 Trends in Japanese direct investment attributable to domestic environmental considerations  
I. Imai, T. Ohsu and T. Nobehara
- ID/CONF.3/B.4 Industrial policies and industrialization objectives  
J. de Bandt
- ID/CONF.3/B.5 Social aspects of the industrialization in developing countries: Case of Thailand  
Vichitvong Na Pombhejara
- ID/CONF.3/B.6 Nonreplenishable natural resources and industrialization strategies in developing countries  
B.V. Bechdolt, Jr., A.E. Scaperlanda and E.C. Perry
- ID/CONF.3/B.7 The co-operative experience of the member countries of the Council for Mutual Economic Assistance in the field of industrial development and the influence of this development on the expansion of economic relations with other countries  
Prepared by the secretariat of CMEA
- ID/CONF.3/B.8 Industrialization strategy and development process: interrelationships, priorities, implications  
J. Kulig
- ID/CONF.3/B.9 Social aspects of the industrialization of Yugoslavia  
B. Sefer
- ID/CONF.3/B.10 The energy situation and industrial development in developing countries  
F.R. Parra
- ID/CONF.3/B.11 National and international action for small industry development  
Prepared by the secretariat of UNIDO
- ID/CONF.3/B.12 Development, income distribution and industrialization  
J. Tinbergen (issued as UNIDO/IPPD.154)
- ID/CONF.3/B.13 Copper as a factor of industrial development  
Prepared by the Intergovernmental Council of Copper Exporting Countries
- ID/CONF.3/B.14 International Industrial Co-operation. Report of the Expert Group Meeting in Paris (issued as ID/132)

Information documents

ID/CONF.3/INF.1/Rev.1	Information on Conference documents
ID/CONF.3/INF.2/Rev.1	Provisional list of participants
ID/CONF.3/INF.3	Information for delegations

Documents prepared for the Permanent Committee at its fifth session and transmitted to the Conference in accordance with the Committee's directive

ID/B/C.3/27 and Corr. 1	Preliminary note for the preparation of a plan of action on industrialization
ID/B/C.3/28	The possible role, activities and programmes of UNIDO in fulfilling the objectives set out in the Declaration on the Establishment of a New International Order and the Programme of Action on the Establishment of a New International Economic Order
ID/B/C.3/29	Measures taken or planned relevant to the conclusions of the <u>Ad Hoc</u> Committee on a Long-Range Strategy for UNIDO
ID/B/C.3/30 and Add.1 and Corr.1	Question of the separate preparation and submission of the programme and budget and of the administrative autonomy of UNIDO and the establishment of a United Nations industrial development fund
ID/B/C.3/35/Rev.1	Examples of the potential for co-operation in three branches of industry: suggestions for implementation of the Plan of Action
ID/B/C.3/35/Rev.1/Add.1 and Corr.1 and Appendix	The iron and steel industry in developing countries: a preliminary case study of the present situation, prospects for development and international co-operation
ID/B/C.3/35/Rev.1/Add.2	A preliminary case study of the fertilizer industry in the developing countries: the present situation, prospects for development and international co-operation
ID/B/C.3/35/Rev.1/Add.3	A preliminary case study of the leather and leather products industry in developing countries; the present situation, prospects for development and international co-operation

Other reports transmitted in accordance with specific directives for consideration by the Conference

ID/B/133	Report of the Group of High-Level Experts on a Long-Range Strategy for UNIDO
ID/B/142 and Corr.1	Report and Conclusions of the <u>Ad Hoc</u> Committee on a Long-Range Strategy for UNIDO
A/C.5/1616 and Corr.1	Question of the separate preparation and submission of the programme and budget of the United Nations Industrial Development Organization and of administrative autonomy for the United Nations Industrial Development Organization Report of the Secretary-General
A/9792	Establishment of a United Nations industrial development fund: Report of the Secretary-General