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*Chairman:* Mr. Jorge Pablo FERNANDINI  
(Peru).

AGENDA ITEM 39

United Nations Industrial Development Organization:  
report of the Industrial Development Board (con-  
tinued) (A/6703 and Corr.1, chap. IX; A/6715/Rev.1,  
A/6800, A/6808, A/C.2/L.959 and Add.1)

1. Mr. GOLDSCHMIDT (United States of America) said that his delegation was concerned about the effect which the proposals contained in draft resolution A/C.2/L.959 and Add.1 would have on the programme of the United Nations Industrial Development Organization (UNIDO) for 1968-1969. It accordingly wished to suggest an amendment to the draft resolution which would have the effect of preventing a hiatus during the next two years and of giving the Industrial Development Board an opportunity to develop a workable operational programme. The amendment was to replace the operative part of the draft resolution by the following text:

"1. Requests Governments of Member States, in formulating requests for technical assistance, to bear in mind the opportunities which part V of the regular budget of the United Nations affords for such assistance for the purpose of industrial development;

"2. Invites the Commissioner for Technical Co-operation to give serious attention to requests for assistance for industrial development;

"3. Requests the Industrial Development Board to examine again the questions raised by its resolution 2 (I) in the light of the discussions at the twenty-second session of the General Assembly."

2. Mr. LOBANOV (Union of Soviet Socialist Republics) said that his delegation's position on the substance of the draft resolution was, as had been explained at earlier meetings, based on the principle that the essential purpose of the regular budget was to finance administrative operations; it was not intended to be a source of funds for technical assistance. The amendments to operative paragraphs 1 and 3 which his delegation had suggested at the 1127th meeting would, however, if accepted by the

sponsors, enable it to support the proposals contained in the draft resolution, as a special transitional measure. As the Committee would recall, those suggestions had been to replace the phrase "at an appropriate level ... countries" in operative paragraph 1 by the words "at the present level" and to add the phrase "including contributions in national currencies" after the words "resources thus appropriated" in operative paragraph 3.

3. Mr. PARDO (Malta) said that, although he sympathized with the sponsors' desire for an increase in technical assistance funds for industrial development, he did not believe that the draft resolution would achieve that purpose. Efforts had been made in the past by the Governing Council of the United Nations Development Programme (UNDP) to secure an increase in the funds allocated to the regular programme of technical assistance; similarly, at the twenty-first session, his delegation had sought to persuade the Fifth Committee to eliminate certain items in part V of the regular budget and so make increased funds available for technical assistance, but none of those efforts had been successful. The establishment of a separate section within part V would therefore probably merely result in a certain appropriation being made for industrial development and in a reduction of the funds available for other purposes, whether or not such an appropriation was utilized, or utilized efficiently.

4. Moreover, his delegation considered that, at the current stage of UNIDO's organization, it was quite inappropriate to increase its autonomy. The sum of \$6 million which the organization had so far received had been expended largely on administration and the production of documents, and its members were entitled to require that it should prove itself an efficient operational agency before it was granted a greater degree of autonomy. In any event, an increase from \$1.4 million to \$2 million in the appropriation for industrial development activities was unlikely to have any great impact, in view of the vast requirements of the developing countries. A more realistic approach might be to propose that the division of part V into separate sections should be abandoned and that a certain proportion of the appropriations should be earmarked for industrial development projects; Governments could then be encouraged to utilize the entire amounts earmarked.

5. Mr. AHMED (Pakistan) said that the arguments which had been advanced against the provisions of the draft resolution were those which had been heard at the first session of the Industrial Development Board prior to the adoption of resolution 2 (I) on financial questions (A/6715/Rev.1, annex VIII). The sponsors of the draft resolution were still convinced, however,

that UNIDO could not operate as the autonomous organization which General Assembly resolution 2152 (XXI) intended it to be unless the resources available to it were under its full control. The amendments proposed orally by the United States delegation would nullify the whole purpose of the draft resolution and were accordingly unacceptable to the sponsors. The amendment to operative paragraph 1 suggested by the USSR delegation appeared to be based on a misunderstanding: the recommendation of the Industrial Development Board had been that the proposed separate section in part V of the budget, and not the programme of technical assistance in industrial development, should be "at an appropriate level commensurate with the expanding requirements of the developing countries". Moreover, that delegation's suggested amendment to operative paragraph 3 was not really relevant to the content of that paragraph, which dealt with procedures for the approval of programmes and not with the utilization of resources. The new procedure envisaged was, incidentally, not intended to go into effect until 1969.

6. Mr. FRANZI (Italy) observed that the sponsors of draft resolution A/C.2/L.959 and Add.1 appeared to believe that UNIDO did not at present enjoy the full freedom of action it required. The Executive Director of UNIDO had not, however, stated at any stage that there was reason for dissatisfaction with the treatment of UNIDO by the secretariats of the United Nations and of UNDP or with the arrangements for appropriating technical assistance funds in the regular budget for industrial development. Moreover, the Inter-Agency Consultative Board of UNDP had concluded at its fourth meeting in October 1967 that the existing arrangements were working satisfactorily. His delegation therefore hoped that the Executive Director would find it possible to inform the Committee whether he considered that a greater degree of autonomy was essential to UNIDO's success.

7. Mr. N'GUESSAN (Ivory Coast) pointed out that if the sponsors accepted the amendments suggested by the United States delegation, they would be endorsing the view that the Industrial Development Board, which had considered similar arguments at its first session, had not given them adequate consideration before adopting its resolution 2 (I). The report of the Board, however, showing that the matter had been very fully considered and discussed at the first session.

8. The developing countries' support for the idea of a separate pledging conference for UNIDO reflected the fact that the regular budget, which was essentially intended to meet administrative expenses, could not usefully be used as a vehicle for technical assistance funds. If the developed countries were genuinely convinced of the need to help UNIDO to become an efficient operational organization, they should co-operate in the effort to find a solution to the existing budgetary difficulties.

9. Mr. AITKEN (Jamaica) said it was regrettable that statements should be made in the Committee which could be construed as criticism, of the General Assembly's decision to establish UNIDO as an autonomous organization and of UNIDO's work during its initial year. His delegation was convinced that all members of the Committee were anxious to

help the new organization to function efficiently and hoped that further consultations among delegations would enable opposing views on the draft resolution to be reconciled.

10. Mr. LOBANOV (Union of Soviet Socialist Republics) thanked the representative of Pakistan for the explanations he had given regarding the Soviet delegation's amendments. He thought it necessary, however, to clarify the intentions underlying those amendments. The suggested amendment to operative paragraph 1 was in no way aimed at reducing or freezing expenditure on industrial development; its purpose was to redistribute the appropriations under part V of the budget in order to make more resources for technical assistance available to UNIDO. Similarly, the suggested amendment to operative paragraph 3, far from reducing the possibilities of financing industrial development from the regular budget, might in fact lead to a considerable increase in the resources available to UNIDO and give it a greater degree of autonomy in the disposal of such resources.

11. The Soviet delegation could not accept operative paragraphs 1 and 3 as they stood, and if the oral amendments it had suggested were not accepted by the sponsors, it would be unable to support the draft resolution.

12. Mr. RODRIGUEZ (Philippines) pointed out that there was no need for the Committee to prolong the discussion on draft resolution A/C.2/L.959 and Add.1, inasmuch as the recommendation for the establishment of a separate section in part V of the regular budget of the United Nations to provide for the programme of technical assistance in industrial development had already been agreed upon, after full discussion, by the Industrial Development Board, and operative paragraph 1 merely endorsed the decision already taken by that body. Moreover, the draft resolution, if adopted, would be further discussed in the Fifth Committee before being submitted to the General Assembly.

13. He reiterated that the main purpose of the draft resolution was to implement General Assembly resolution 2152 (XXI), which stressed the need to give UNIDO an autonomous character. Although part V of the budget estimates for the financial year 1968<sup>1/</sup> contained appropriations for technical assistance in a number of fields, no provision had been made for such programmes in the field of industrial development, despite the recent establishment of UNIDO.

14. He concluded that it was unlikely that delegations would change their positions on the draft resolution at that stage of the debate, and, in view of the urgency of the matter and of the Committee's heavy workload, the debate should be closed.

15. Mr. CHAMMAS (Lebanon) said that there was clearly a deep divergence of views in the Committee. The difficulty lay not so much in the draft resolution as in the attitudes taken, for a variety of reasons, by the economically advanced countries. The issue was not autonomy in the general sense, but of UNIDO's freedom of action within its own sphere of activity, a freedom of action that was essential to its success.

<sup>1/</sup> See Official Records of the General Assembly, Twenty-second Session, Supplement No. 5 (A/6705).

16. The fact that Lebanon was one of the sponsors of the draft resolution in no way diminished its support of, or confidence in, UNDP. Having voted for the establishment of UNIDO, his delegation had no wish to become involved in disputes or misunderstandings regarding procedural or organizational matters: the paramount issue was how to provide UNIDO with the resources it needed to operate effectively. The value of UNIDO must be determined solely on the basis of its performance, and it was disheartening that strong criticisms should be raised in the Committee so soon after the establishment of the new organization.

17. Mr. WARSAMA (Somalia) said that UNIDO had been established as an autonomous organization by General Assembly resolution 2152 (XXI), and it was therefore logical that the resources available to it should be controlled by the Industrial Development Board. While his delegation had hoped that the divergent views expressed in the Committee could be reconciled, it now seemed unlikely that any further progress could be made; the debate should be therefore closed and a vote taken immediately.

18. Mr. CHTOUROU (Tunisia) said that his delegation was not yet able to take a position on the draft resolution, and would be compelled to abstain if it were put to the vote forthwith.

19. The CHAIRMAN said that, in the absence of any objection, he would take it that the Committee wished to close the debate.

*It was so decided.*

20. The CHAIRMAN suggested that the Committee might wish to defer the vote on draft resolution A/C.2/L.959 and Add.1 until the following day.

21. Mr. CHAMMAS (Lebanon), supported by Mr. CHTOUROU (Tunisia), endorsed that suggestion.

22. Mr. SAHLOUL (Sudan) supported by Mr. WALDRON-RAMSEY (United Republic of Tanzania), said that no purpose would be served by delaying the vote, and proposed that it should be taken immediately.

23. The CHAIRMAN said that he would put that proposal to a vote.

*By 35 votes to 28, with 39 abstentions, the Committee decided to vote on draft resolution A/C.2/L.959 and Add.1 immediately.*

24. Mr. NEDIVI (Israel) asked for a separate vote on operative paragraphs 2 and 3 of the draft resolution.

25. Mr. LOBANOV (Union of Soviet Socialist Republics) associated his delegation with the request for a separate vote on operative paragraph 3, and also requested a separate vote on operative paragraph 1.

26. Mr. PARDO (Malta) requested a separate vote on the last part of operative paragraph 3, beginning with the words "and to provide general policy guidance...".

27. The CHAIRMAN invited the Committee to vote on operative paragraph 1 of draft resolution A/C.2/L.959 and Add.1.

*At the request of the Nigerian representative, the vote was taken by roll-call.*

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

*In favour:* Ethiopia, Gabon, Ghana, Guinea, Guyana, Honduras, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Libya, Madagascar, Malaysia, Mauritania, Mexico, Nicaragua, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Venezuela, Yemen, Yugoslavia, Zambia, Afghanistan, Algeria, Barbados, Burma, Cameroon, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Cyprus, Dahomey.

*Against:* Finland, France, Hungary, Iceland, Ireland, Japan, Luxembourg, Malta, Mongolia, Netherlands, New Zealand, Norway, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, Denmark.

*Abstaining:* Greece, Italy, Liberia, Panama, Poland, Portugal, Romania, South Africa, Spain, Trinidad and Tobago, Tunisia, Turkey, Uruguay, Argentina, Austria, Brazil.

*Operative paragraph 1 was adopted by 59 votes to 24, with 16 abstentions.*

28. The CHAIRMAN invited the Committee to vote on operative paragraph 2 of draft resolution A/C.2/L.959 and Add.1.

*At the request of the Nigerian representative, the vote was taken by roll-call.*

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

*In favour:* Kenya, Kuwait, Lebanon, Libya, Madagascar, Malaysia, Mauritania, Mexico, Nicaragua, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Yemen, Yugoslavia, Zambia, Afghanistan, Algeria, Barbados, Burma, Cameroon, Ceylon, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Cyprus, Dahomey, Ethiopia, Gabon, Ghana, Guinea, Guyana, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jordan.

*Against:* Luxembourg, Malta, Netherlands, New Zealand, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Canada, Denmark, Finland, France, Greece, Iceland, Ireland, Japan.

*Abstaining:* Liberia, Mongolia, Panama, Poland, Portugal, Romania, South Africa, Spain, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Uruguay, Venezuela, Argentina, Austria, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Central African Republic, Chile, Czechoslovakia, Hungary, Israel, Italy, Jamaica.

*Operative paragraph 2 was adopted by 55 votes to 18, with 27 abstentions.*

29. The CHAIRMAN invited the Committee to vote on the last part of operative paragraph 3 of draft resolution A/C.2/L.959 and Add.1, beginning with the words "and to provide general policy guidance...".

*The last part of operative paragraph 3 was adopted by 52 votes to none, with 35 abstentions.*

30. The CHAIRMAN invited the Committee to vote on operative paragraph 3, as a whole, of draft resolution A/C.2/L.959 and Add.1.

*At the request of the Nigerian representative, the vote was taken by roll-call.*

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

*In favour:* Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Cyprus, Dahomey, Ethiopia, Gabon, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jordan, Kenya, Kuwait, Lebanon, Libya, Madagascar, Malaysia, Mauritania, Mexico, Nicaragua, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta, Yemen, Yugoslavia, Zambia, Afghanistan, Algeria, Barbados, Burma, Cameroon, Ceylon, Chile, China.

*Against:* Denmark, Finland, France, Iceland, Ireland, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Australia, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, Canada.

*Abstaining:* Czechoslovakia, Greece, Hungary, Israel, Italy, Jamaica, Liberia, Malta, Mongolia, Panama, Poland, Portugal, Romania, South Africa, Spain, Trinidad and Tobago, Tunisia, Turkey, Uruguay, Venezuela, Argentina, Austria, Brazil, Central African Republic.

*Operative paragraph 3 as a whole was adopted by 55 votes to 20, with 24 abstentions.*

31. The CHAIRMAN invited the Committee to vote on the draft resolution (A/C.2/L.959 and Add.1) as a whole, as amended.

*At the request of the representative of the Ivory Coast, the vote was taken by roll-call.*

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

*In favour:* Yemen, Yugoslavia, Zambia, Afghanistan, Algeria, Barbados, Burma, Cameroon, Ceylon, Chile, China, Colombia, Congo (Brazzaville), Congo (Democratic Republic of), Cuba, Cyprus, Dahomey,

Ethiopia, Gabon, Ghana, Guinea, Honduras, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Libya, Madagascar, Malaysia, Mauritania, Mexico, Nicaragua, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Uganda, United Arab Republic, United Republic of Tanzania, Upper Volta.

*Against:* Australia, Belgium, Canada, Denmark, Finland, France, Iceland, Ireland, Japan, Luxembourg, Malta, Netherlands, New Zealand, Norway, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

*Abstaining:* Argentina, Austria, Brazil, Bulgaria, Byelorussian Soviet Socialist Republic, Central African Republic, Czechoslovakia, Greece, Hungary, Israel, Italy, Liberia, Mongolia, Panama, Poland, Portugal, Romania, South Africa, Spain, Trinidad and Tobago, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Uruguay, Venezuela.

*The draft resolution as a whole, as amended, was adopted by 56 votes to 17, with 26 abstentions.*

32. Mr. NEDIVI (Israel) said that he had voted in favour of operative paragraph 1 and had abstained in the votes on operative paragraphs 2 and 3, for the reasons given at the 1127th meeting. Since operative paragraphs 2 and 3 had been adopted, he had had no alternative but to abstain in the vote on the draft resolution as a whole.

33. Mr. MUZIK (Czechoslovakia) said that he had abstained in the vote on the draft resolution as a whole, because his delegation believed that technical assistance should not be financed from the regular budget of the United Nations. His delegation had already suggested in other United Nations bodies that all regular technical assistance programmes, particularly that of the United Nations, should be amalgamated with UNDP. Technical assistance could be expanded only through voluntary contributions, and his delegation had recently made such a contribution to UNIDO. At the first session of the Industrial Development Board, his delegation had stated that as long as technical assistance was financed from the regular budget of the United Nations, a larger proportion of the available funds should be devoted to industrial development.

34. Mr. LOBANOV (Union of Soviet Socialist Republics) said that he had abstained in the vote on the draft resolution as a whole, for the reasons explained in earlier statements by his delegation. His delegation believed that UNIDO should be truly autonomous, and at the recent UNDP Pledging Conference, had announced that it would make a contribution of 500,000 roubles to UNIDO in 1968.

*The meeting rose at 5.45 p.m.*