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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.973, A/C.2/L.974)

1. The CHAIRMAN drew the Committee's attention to draft resolution A/C.2/L.973 and to the Secretary-General's note on its financial implications (A/C.2/L.974).

2. Mr. SZABLEWSKI (Poland), introducing draft resolution A/C.2/L.973 on behalf of the sponsors, said that the preamble was based on certain premises, of which the first was that the developing countries could only expand their foreign trade through the diversification of their economies. Industrial co-operation, particularly through the conclusion of long-term agreements and the provision of the necessary technical assistance, was one of the most important means of promoting industrialization and, consequently, increased trade. The preamble also drew attention to the role of international co-operation in disseminating technical and scientific knowledge in the developing countries. That question was of special interest to the United Nations Industrial Development Organization (UNIDO). Finally, the branch agreements on partial division of labour referred to in the seventh preambular paragraph constituted a direct link between the promotion of trade and industrial development.

3. Where the operative part of the draft resolution was concerned, the Industrial Development Board had recognized that some United Nations organizations, and in particular the regional economic commissions, had gained considerable experience in certain aspects of industrialization. It was therefore natural that they should be asked to take the first step and to undertake the necessary work to determine the nature of existing experience in industrial co-operation. In operative paragraph 2, the sponsors had decided to replace the words "to undertake... a study of" by the words "to study".

4. Mr. BROMMELAND (Norway) said that UNIDO should give priority to Special Fund (UNDP) projects,

in view of the importance attached to such projects by the Governments which had requested them. He welcomed the agreement between UNIDO and the United Nations Development Programme (UNDP) regarding the assignment of industrial advisers to the offices of Resident Representatives.

5. UNIDO should encourage bilateral contacts between industrialized and developing countries, and between individual enterprises. It could be argued that private industry in developed countries was well informed about conditions in the international market; however, that was only true of large firms. That organization should therefore help small firms to participate in the industrialization of developing countries on a mutually advantageous basis. Conversely, that organization could also enable those countries to establish contacts with interested circles in industrialized countries. In that connexion, it was essential that requests for assistance from the developing countries should be specific and practical.

6. Small-scale industry had a role—if not the most important role—to play in the process of industrialization. The experience gained by countries like Norway could be extremely useful to developing countries. Norway had been industrialized partly through foreign investment and technical co-operation agreements with foreign firms, and partly through the systematic mobilization of domestic resources.

7. The Norwegian authorities had already taken steps to encourage Norwegian firms to co-operate with firms in developing countries, mainly by providing guarantees on special terms for investments in developing countries. UNIDO could help Norway to increase the effectiveness of those efforts. Norway, for its part, was ready to provide experts for UNIDO, but a major condition for useful support was that industry itself became interested in UNIDO.

8. Mr. ÇUHRUK (Turkey) said that UNIDO had several significant achievements to its credit, including the unanimous adoption by the Industrial Development Board of resolution 1 (I) relating to the future programme of work (see A/6715/Rev.1, annex VIII), the transfer of its headquarters to Vienna and the completion of preparations for the International Symposium on Industrial Development. Industrialization was essential for rapid and dynamic national development. Thus, the second Turkish five-year plan provided for an annual increase in industrial production of 12 per cent, which would enable Turkey to double its output in six years and to reduce the dependence of its economy on agricultural income.

9. The programme of work of UNIDO for 1968 (ID/B/20) took into account the guide-lines laid down in resolution 1 (I), which emphasized opera-

tional activities. A study of that document showed that the Special Industrial Services Programme was expanding at a very satisfactory rate. With regard to the Technical Assistance component of the UNDP, the share of industrial assistance for the biennium 1967-1968 was approximately 3 per cent. He hoped that that share would increase when UNIDO was better equipped to meet the needs of developing countries. To that end, it would be useful for UNIDO to publish a booklet containing detailed information on the services it was able to render. He welcomed the assignment of field advisers to the offices of Resident Representatives of UNDP. The Turkish delegation hoped that UNIDO would handle a greater number of Special Fund (UNDP) projects in the future. With regard to co-operation in the field of industrial development, his delegation noted with satisfaction that the value of the industrial experience gained by other agencies was recognized in document ID/B/20. It was only through co-operation with the specialized agencies and the regional economic commissions that the limited resources available to the United Nations bodies could be put to the best use. Expert meetings, seminars and training programmes could be useful only if they met a specific need or were organized at the request of a number of countries. Their recommendations should be disseminated as widely as possible. The same applied to the studies and research activities envisaged for 1968.

10. Mr. ANANICHEV (Union of Soviet Socialist Republics) said that, in establishing UNIDO, the United Nations had shown that it regarded industrialization as one of the essential aspects of the development and accession to independence of developing countries. UNIDO would fulfil its function more adequately when all interested countries were able to participate in its activities. In the opinion of the Soviet delegation, UNIDO's activities should be designed to solve the basic problems of industrialization and to ensure a broad exchange of technical experience through a rational combination of operational and research activities. UNIDO should assist the Governments of developing countries to draw up national economic development plans, to establish and strengthen institutions set up to apply a uniform technical policy, taking account of the need for harmonious development of the various sectors of the economy, and to strengthen the public sector. At the request of the Governments concerned, UNIDO should make recommendations on the most rational distribution of the domestic resources of developing countries, giving priority to processing and export industries. It should help those countries to develop industries contributing directly to the expansion of agricultural production, to obtain foreign capital, to use the most modern techniques, to evaluate and implement industrial projects, and to train national technical personnel. In order to carry out the necessary study, advanced technical experience should be generalized and disseminated, and the efforts of highly qualified experts, the specialized agencies, institutes and other United Nations bodies should be mobilized. In that connexion, provision should be made for the regular convening of symposia and seminars and the preparation of monographs. The co-ordination of United Nations

industrial development activities was essential to avoid duplication and wastage of resources. Finally, in order to carry out its tasks in the field of co-ordination, UNIDO should annually prepare, and submit to the Secretary-General for approval, consolidated plans for measures to be taken by United Nations bodies in regard to the industrialization of developing countries. The Soviet delegation would analyse UNIDO's work programme for 1968 in detail at the second session of the Industrial Development Board.

11. Mr. MURGESCU (Romania) said he hoped that the ideas his delegation had had the opportunity to put forward at the first session of the Industrial Development Board would in future be reflected in UNIDO's practical activities. The touchstone of the organization's activities was its success in promoting international co-operation with a view to making industrialization a pillar of the national independence of Member countries. Romania wished to re-state its reservation with regard to the Board's resolution 2 (I) on financial questions. In its opinion, UNIDO's activities should be based on strict respect for the principles deriving from previous decisions of the General Assembly and on the attainment of a wide measure of agreement between the countries concerned. Decisions adopted by small majorities should, therefore, be avoided.

12. The Romanian delegation regretted that there was no section for Europe in UNIDO's Technical Co-operation Division; that omission was at variance with the facts, with the interests of the developing countries and with the resolution by which UNIDO had been established (General Assembly resolution 2152 (XXI)), and it was to be hoped that it would be remedied. The Romanian delegation was also anxious that UNIDO's staff should be recruited with due regard for the need for high professional qualifications and for the representation of the various philosophies and backgrounds to be found among the membership of the United Nations as a whole.

13. The acceleration of industrialization was closely bound up with the achievement of a wide measure of international co-operation, a co-operation which his country was actively seeking to develop. He therefore hoped that draft resolution A/C.2/L.973 would be adopted unanimously.

14. Where UNIDO's programme of work was concerned (ID/B/20), his delegation was opposed to drawing up a standard industrialization plan for application to all developing countries. In view of the variety of specific situations, policies and needs in the matter of industrialization, some flexibility was essential. In general, it was also essential that UNIDO, in establishing its programmes, should bear in mind that a country's industrialization was a lengthy process, involving both short-term and long-term objectives.

15. Mr. ST. JOHN (Trinidad and Tobago) regretted that agenda item 48 on co-ordination had not been more fully discussed, since it had a close bearing on the discussion of UNIDO's activities.

16. The establishment of UNIDO coincided with a wave of fresh thinking on development. His own

delegation's participation in the work of the Industrial Development Board had been based on a number of considerations, namely, that the developing countries were urgently in need of the type of assistance that the United Nations system was equipped to provide; that multilateral assistance had particular advantages which could not be ignored; that the assistance available did not yet match the need; and that the standing of the United Nations was affected by its performance in the economic and social fields. Lastly, the United Nations development system should function at the highest level of efficiency, the latter being measured in terms of its impact on the economies of the countries assisted.

17. The objective of efficiency could not be achieved without the closest consultation between the international agency and Governments. Furthermore, the evolution of any agency's work should be primarily determined by practical considerations.

18. In appraising the programme of work of UNIDO for 1968 (ID/B/20) that was before the Committee, it was necessary to bear in mind that that organization was still in the early stages of its work. Thus, both UNIDO and Governments had to obtain some experience of the working of the machinery which had just been established. In that connexion, his delegation welcomed the fact that the administration of UNIDO had stated its intention of taking full account of the recommendations of the Industrial Development Board. It also noted that staff could only be recruited gradually, a procedure which it in any case regarded as desirable. It should be emphasized in that connexion that Governments also experienced difficulties in obtaining staff; that was further evidence of the need for an increased number of training projects in the development field.

19. It was now UNIDO's task to find its place in the general system of development assistance and to give due attention to the problem of co-ordination. The Enlarged Committee for Programme and Co-ordination was attempting to provide uniform definitions of such terms as programme, project, technical assistance and field activities. Those definitions should make it possible to provide UNIDO with clearer guide-lines.

20. Mr. RANKIN (Canada) said that UNIDO had been born amid difficulties and that industrial development was in itself one of the most complex economic problems which had ever been tackled at the international level. At the first session of the Industrial Development Board, stress had been laid on the need to direct UNIDO's work towards practical achievements, and Canada had welcomed that fact. The programme of work of UNIDO for 1968 (ID/B/20) reflected that preoccupation, though it did so incompletely. In that connexion, it must be recalled that UNIDO had to complete the work programme of the earlier Centre for Industrial Development.

21. The Canadian delegation was gratified that UNIDO was gradually establishing relations with other organizations, such as the Food and Agriculture Organization of the United Nations, the International Bank for Reconstruction and Development, UNDP, GATT (General Agreement on Tariffs and Trade)

and the United Nations Conference on Trade and Development (UNCTAD). The decision to appoint industrial advisers to serve in the offices of Resident Representatives of UNDP should help to familiarize UNIDO with the problems of individual countries. That decision was particularly useful in that, for many countries, industrialization merely involved the adoption or adaptation of techniques that were already well known.

22. He had noted with interest from the programme of work that UNIDO had already assumed responsibility for the execution of a large number of industrial projects financed by UNDP. The number of Special Fund component projects involved was eighteen, representing commitments of over \$36 million. UNIDO was to become the executing agency for seven more projects in the near future. Canada was convinced that UNDP should be the main source of financing for UNIDO's projects. Appropriations under chapter V of the regular budget of the United Nations could also provide "seed money" for work which might evolve into projects financed by UNDP.

23. With regard to the International Symposium on Industrial Development, the Canadian delegation hoped that the participants would try to concentrate on the basic issues and avoid pointless theoretical debates.

24. Mr. AL-RIFAE (Kuwait) said that the guide-lines established by the Industrial Development Board at its first session had rightly given priority to operational activities. Research activities should be designed to facilitate the execution of industrial projects and to analyse the results obtained. Since UNIDO was an action-oriented organization, it should decentralize its activities. In that connexion, it was heartening to note that the Executive Director of UNIDO had welcomed the suggestion for the establishment of a field service working in close co-operation with the regional economic commissions, the regional development banks and the Resident Representatives of UNDP. The favourable reception of the proposal for the stationing of UNIDO industrial advisers in some UNDP field offices was also a good omen. His delegation particularly welcomed the co-operation which UNIDO had established with UNCTAD and GATT in regard to export promotion and with UNDP in the establishment of programmes and procedures for developing pilot industrial plants. Industrialization was a task which required efforts at all levels, and the priorities applied in the choice of industrialization techniques would largely depend on economic and social conditions in the countries concerned. It was for those countries to fix the priorities, although emphasis should be placed on export-oriented industries that would yield the foreign exchange needed for the purchase of capital goods.

25. His delegation was particularly interested in the assistance which UNIDO could give in the establishment of chemical plants, since Kuwait's five-year industrial plan gave priority to the petroleum group of industries (refineries and petrochemicals), which had an important place in its industrial development.

26. Mr. JANSZ (Ceylon) said that because of the time necessarily spent on solving organizational questions, it was perhaps too early to try to evaluate

how far UNIDO had been able to meet the purposes for which it had been created. While too much could not be expected from 1968, the present occasion seemed to be an opportune one for considering UNIDO's future realistically. Because of its very wide range of functions and the fact that acceleration of the development process in the former colonial countries brooked no delay, it seemed that UNIDO would better serve its purpose by concentrating on certain practical aspects of industrial development. His delegation saw UNIDO as a kind of central pool from which it would be possible to draw on reserves of experience, technical and managerial know-how and even material resources. For instance, it might be able to act as a go-between in obtaining, on reasonable terms, the necessary external finance for the implementation of specific projects. That would be a help to Ceylon, for example, in connexion with its project for the manufacture of nitrogen fertilizer.

27. By and large, the general public in the developing countries was ill-informed about the possibility of UNIDO assistance. Ordinarily, there was little knowledge of the content of the resolutions adopted at major international conferences, and it would therefore be worth while making an effort to disseminate that information in condensed form.

28. His delegation wished to express its appreciation of the steps already taken to ensure the co-ordination at the organizational level of the various bodies concerned with development, and would like to see that co-ordination extended to other international and regional bodies, particularly those concerned with financing.

29. Mr. ENDREFFY (Hungary) said that the rapid industrialization that had taken place in Hungary during the past twenty years had given it experience that might be put to good use in organizing the official activities of UNIDO. One of the latter's tasks should be to assist the developing countries in drawing up realistic plans of industrialization reflecting the conditions and possibilities of the country concerned. Wherever appropriate, industrialization should promote an increase in agricultural production. UNIDO could help to mobilize foreign resources calculated to accelerate the industrialization of the developing countries, but should do so in a manner enabling those countries to dispense with investments which served the aims of neocolonialism and conflicted with the primary aims of industrialization, namely, economic and political independence. One of the key conditions for industrialization was the training of appropriate staff. The organization of that training had to be done by the developing countries themselves, but UNIDO, in collaboration with UNESCO, could be of great assistance to them. UNIDO should also concern itself with creating favourable conditions for the marketing of manufactured products, organizing the transfer of advanced methods of technology and science, and studying the feasibility of industrialization at the regional level.

30. The programme of work of UNIDO for 1968 (ID/B/20) could not, of course, include all those tasks, for the organization was still in its infancy. It would therefore be well-advised to make the best possible use of the vast experience of the organiza-

tions of the United Nations system and obtain their co-operation as soon as possible in order to avoid duplication of work and waste of effort.

31. His delegation whole-heartedly supported draft resolution A/C.2/L.973 concerning industrial co-operation, and considered, finally, that in order to succeed, UNIDO should draw more largely on the experience of those countries, including the socialist ones, which had succeeded in achieving rapid industrialization.

32. Mr. METUALLY (Syria) pointed out that enlightened economists were unanimous in citing industrialization of developing countries as the main factor for any economic growth. In order to emerge from underdevelopment, the developing countries had to achieve in a quarter of a century what the developed countries have achieved during almost three centuries of effort, and only accelerated industrialization would enable them to reach that goal.

33. The mechanization of the agricultural sector was the precondition for agriculturally based development but was only one aspect of the industrialization process. Hence the emphasis on balanced growth, although the application of that general law varied from case to case.

34. His delegation welcomed the establishment of UNIDO. Within a short space of time, the secretariat of the new organization, and particularly its Executive Director, had done outstanding work, including the preparation of a large number of documents of high calibre, the organization of the International Symposium on Industrial Development at Athens and the installation of the headquarters at Vienna. As an instance, he cited the document containing the programme of work of UNIDO for 1968 (ID/B/20), which he described as highly satisfactory in that it strove to go thoroughly into various aspects of the real problems.

35. A vital condition for UNIDO's proper functioning was its complete autonomy, which implied co-operation with the other United Nations bodies. His delegation hoped that at the first pledging conference for UNIDO, the industrial countries would pledge sums matching their responsibilities in respect of the growth of the world economy and towards the developing countries which some of them had formerly controlled.

36. In conclusion, he thanked the Austrian Government for the facilities it had granted for installing UNIDO's headquarters at Vienna, and paid tribute to the energy and competence of the Executive Director of UNIDO, Mr. Abdel-Rahman, whose dynamism his delegation had already had an opportunity of appreciating at the time of the union between Egypt and Syria.

37. Mr. LAI (Malaysia) said that the different situations in the various developing countries meant that there was no single solution or remedy to their problems. He considered, however, that more attention should be given to agriculture than hitherto. His delegation found the progress made in such a short time by UNIDO encouraging, although it was true that a number of the projects undertaken had been approved before its establishment. The understanding was that

UNIDO should devote itself primarily to operational activities, and it was therefore rather regrettable that little importance had been attached to external services. The main essentials were to avoid having a cumbersome administrative apparatus, and to send more experts into the field. Since resources for industrialization purposes were very limited, it would be well to lay greater stress on feasibility studies and on the execution of pilot projects. Incidentally, the dearth of experts and of technical knowledge could be offset by having projects common to a number of countries. Lastly, steps should be taken to avoid

any overlapping in industrial development activities. Some of the specialized agencies and regional economic commissions—for example, the Economic Commission for Asia and the Far East—already had a number of achievements in industrialization to their credit. The spirit of co-operation displayed by those bodies should be welcomed, and steps should be taken to strengthen their links with UNIDO, which should also try to fit its activities into the framework of national development plans.

*The meeting rose at 12.35 p.m.*

