

89. Secondly, Israel did sell arms to South Africa; at the twenty-seventh session the Israeli representative in the Fourth Committee had acknowledged that his country was supplying to the South African Government Arava aircraft, whose specifications indicated that they were to be used for military purposes. Attention had been drawn to Israel's close co-operation with the racist régime of South Africa once again when the South African Minister of Defence had declared to the Israeli Zionists after their aggression of 6 October that the people of South Africa sympathized with the struggle of the Israeli people and that his Government was prepared to offer assistance to Israel.

90. The General Assembly had adopted a resolution barring assistance to the racist régimes of South Africa, Portugal and Southern Rhodesia; his delegation merely asked that Israel should be treated in the same way for the two reasons that he had just cited.

91. With regard to the question of aggression, the facts were known to all; everyone knew that Israel had launched its aggression against Egypt at a place where the Egyptians intended to build a new pipeline, likewise, everyone knew who had already launched the previous aggressions of 1956 and 1967.

92. Mr. ELIASHIV (Israel) said that that long statement was typical of the propaganda in which the Arab delegations indulged in all the organs of the United Nations at the cost of the work in progress. He would merely reject once again all the calumnies and lies which made up that propaganda of the baseless allegations of Israeli aggression.

93. The CHAIRMAN announced that the delegations of Jordan and Malaysia had asked to join the sponsors of draft resolution A/C.2/L.1293 and the delegations of Afghanistan, Iran, Mali, Uruguay and Zaire to join the sponsors of draft resolution A/C.2/L.1294.

*The meeting rose at 6.55 p.m.*

## 1541st meeting

Monday, 29 October 1973, at 10.55 a.m.

*Chairman:* Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1541

### AGENDA ITEM 48

**United Nations Industrial Development Organization**  
(continued) (A/9003 and Corr.1, chap. XII; A/9016, A/9072, A/C.2/L.1292-1294):

- (a) Report of the Industrial Development Board;
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director

1. Mr. SADEGHI-YARANDY (Iran) said that few international organizations revealed more clearly than UNIDO the problems involved in attaining the aspirations of the developing countries for a better life. However, the financial resources available to UNIDO had allowed only modest success thus far. In absolute terms, the funds spent through UNIDO were negligible even when compared to the level of spending by the developing countries themselves in the field of industrialization. The establishment of a United Nations industrial development fund, as recommended by the Industrial Development Board in its decision II (VII) (see A/9016, annex II), would strengthen the financial capabilities of the organization. The decision of the Board (decision I (VII)) to increase the planning level and budget of the UNIDO regular programme of technical assistance from \$1.5 million to \$2 million was a reasonable one.

2. His delegation had also noted with great satisfaction the increase in the over-all operational activities of UNIDO in 1972 and in UNIDO's share of UNDP resources. Considering the organizational implications of its extended responsibilities in the future, UNIDO must have greater administrative and financial autonomy. The examination of the question of the separate prepa-

ration of the programme and budget of UNIDO and their submission to the General Assembly, and of UNIDO's independence in the allocation of its resources and publications programme, would be of great help in ensuring such autonomy.

3. The search for a long-range strategy for UNIDO reflected the organization's concern for relevance and its commitment to the rational formulation of industrial policies in the developing countries. The recommendations of the Group of High-Level Experts (*ibid.*, chap. IV) contained the fundamental elements of such a strategy, and his delegation was confident that the *Ad Hoc* Committee appointed by the Industrial Development Board under resolution 38 (VII) would successfully finalize the details for their implementation.

4. The suggested date (March 1975) and provisional agenda of the Second General Conference of UNIDO (see A/9016, para. 67) were acceptable to his delegation; the adoption of draft resolution A/C.2/L.1293 would help to improve the proposed agenda. Lastly, his delegation was grateful to the Government of Peru for offering to serve as host to the Conference, and it therefore supported draft resolution A/C.2/L.1292.

5. Mr. MAKEYEV (Union of Soviet Socialist Republics) pointed out that industrial development was essential if the developing countries were to overcome the consequences of colonialism and neo-colonialism. Accordingly, the Soviet Union supported UNIDO in all activities designed to assist the developing countries to draw up industrial development plans, expand the State sector and utilize domestic and external resources in industrial development, and train national specialists. In the past year UNIDO had done much valuable work, but it was still not giving States effective assistance in the formulation of long-term industrial development

plans or acting as the main co-ordinator of the industrial development activities of the United Nations system.

6. Science and technology were of increasing importance in modern life, and even the most highly developed country could not be a leader in all fields. One of UNIDO's main tasks, therefore, should be to organize increased international co-operation in the field of industrial development, not merely between developed and developing countries, but also among developing countries themselves. UNIDO should make it easier for the developing countries to gain access to scientific and technical knowledge and experience. Industrialization of the developing countries should not be seen merely as a process of fundamental reconstruction of their economies and introduction of new techniques; it was also governed by the need to create independent economies in those countries, free from the influence of foreign capital and monopolies.

7. While the solution to the problem of industrialization lay in the hands of the developing countries themselves, the United Nations, and particularly UNIDO, could and must contribute to that process. In that respect, the main tasks facing UNIDO were to become the focal point for all United Nations industrial development activity in accordance with General Assembly resolution 2152 (XXI), and to play an active role in the field of industrial development along the lines recommended by the Group of High-Level Experts. Among practical measures of assistance to the developing countries, particular importance should be attached to the transfer of "appropriate technology" which would enable them to accelerate the implementation of their long-term development plans, husband their natural resources and currency reserves, and increase productivity and employment. UNIDO should also assist in the training of national industrial specialists, expand its programmes of seminars and research and establish model industrial undertakings in the developing countries.

8. With regard to the report of the Industrial Development Board on the work of its seventh session (A/9016), his delegation felt that the biennial programme and the medium-term plan should be more closely linked with national plans through the simultaneous expansion of UNIDO's activity beyond the limits of pre-investment and the execution of individual projects. While supporting the Board's decision concerning the expansion of aid to the least developed countries, his delegation considered the establishment of an industrial development fund, as recommended in decision II (VII), to be inappropriate, since it would result in a dissipation of resources.

9. Along with its call for an increase in the efficiency of UNIDO, the Soviet Union would continue to make available to the developing countries its experience in fields of interest to them, including that of economic planning. The aid given by the Soviet Union to developing countries was of particular significance, since it was aimed primarily at improving substantially the situation of the working people, raising their living standards and expanding education and health services. The Soviet Union was currently a party to agreements on economic, scientific and technical co-operation with 45 developing countries and had assisted in the execution of a large number of development projects. It was also widely involved in the training of specialists of the

developing countries, both locally and in its own educational institutions. The Soviet Union would continue its support of proven forms of economic and technical co-operation which were in full accord with the social and economic plans of the developing countries and guaranteed respect for their national sovereignty and their right to dispose of their natural resources.

10. In its selection of professional and field staff, UNIDO still failed to observe the principle of equitable geographical distribution with regard to the socialist countries. He hoped that that situation would be speedily remedied. His delegation could not accept the increase in UNIDO's administrative budget and staff for 1973 and subsequent years; UNIDO should increase productivity and reduce its administrative staff in favour of operational personnel. Decision II (VII), which recommended a UNIDO programme and budget separate from the United Nations budget, was unacceptable to his delegation. Nor could it agree with the establishment of an IBRD/UNIDO Co-operative Unit (see A/9016, para. 156). His delegation favoured the holding of the Second General Conference at Lima and had no objection to the preliminary agenda approved by the Board (*ibid.*, para. 67).

11. No development effort could succeed if, as in the case of the Arab States, the developing countries concerned were compelled to devote their efforts and resources to repelling aggression. Accordingly, his delegation fully supported the suggestion that UNIDO should not give assistance to countries which were committing acts of aggression against, and harming the interests of, the Arab States. The great needs of all countries in the field of industrial development made it necessary to seek new sources of financing. One potential source would be the savings realized from a reduction of the huge military expenditures with which States burdened themselves. In that respect, he drew attention to the urgent need to convene a world disarmament conference and to his country's proposal for a reduction of the military budgets of States permanent members of the Security Council by 10 per cent and utilization of part of the funds thus saved to provide assistance to developing countries (agenda item 102). The adoption of that proposal would release substantial funds for aid to the developing countries over and above the amounts already provided through existing channels.

12. Mr. HACHANI (Tunisia) recalled that his delegation had already spoken on some aspects of the Board's report and on the Second General Conference, at the fifty-fifth session of the Economic and Social Council. It wished now to express its concern at the far from encouraging results of the 1973 United Nations Pledging Conference on UNIDO,<sup>1</sup> held on 23 October. He regretted that countries capable of doing so had not significantly increased their contributions and that those which refused to contribute had in most cases persisted in their refusal. States which believed in the importance of industry to development nevertheless denied UNIDO the financial and administrative resources it needed, to the detriment of the developing countries. UNDP undoubtedly did valuable work in the field of industry, but there were too many calls on its limited resources for it to devote sufficient attention to what was an essential element of the national plans of the developing countries.

<sup>1</sup> See A/CONF.60/SR.1 and 2.

13. His own country, for example, had as its over-all aim the achievement of an economic growth rate which would keep pace with population growth, provide adequate employment and raise the standard of living and income levels. Accordingly, it believed that an organization such as UNIDO should assist the developing countries not only in practical matters but also in policy-making. That expansion of its functions should be matched by an expansion of its human and financial resources. In that respect, he supported the decisions taken at the seventh session of the Industrial Development Board. He also urged an increase in the budget of UNIDO's regular programme of technical assistance, the granting to UNIDO of administrative autonomy and an increase in the number of its field advisers; none of those measures would prejudice the conclusions of the Second General Conference or the work on developing a long-range strategy.

14. He was pleased to note that the Group of High-Level Experts considered that UNIDO should be both an operational and a conceptual organization. One aspect of UNIDO's future strategy should be the prohibition of aid to countries such as Israel, which forcibly occupied the territory of others in contravention of the Charter and the relevant resolutions of the United Nations. He hoped that the Governing Council of UNDP had already recognized, in the case of Israel, that it would in any event be contrary to the Charter and to logic, to allow assistance from UNIDO or other agencies to be used to consolidate an occupation which the United Nations condemned.

15. On the subject of the Second General Conference, his delegation was happy to become a sponsor of draft resolution A/C.2/L.1292. It strongly supported the view, expressed by several delegations and referred to in the Board's report (A/9016, para. 61), that "the employment aspects of the industrialization process ought to take a prominent place in the work of the Conference". It welcomed the decision that the documentation for the Conference should include a comprehensive report on the employment aspects of industrialization in developing countries. He hoped that the Conference would open up new prospects in the field of international co-operation and help to identify the measures required to achieve the industrial development objectives of the Second United Nations Development Decade. The Conference might also establish basic principles for an international charter on industrialization to be included in the draft charter on the economic rights and duties of States, proposed in UNCTAD resolution 45 (III),<sup>2</sup> and recommend specific measures concerning relations between developed and developing countries. In that connexion, he had noted with interest the Executive Director's ideas on a more rational division of labour resulting in beneficial co-operation between the developing countries with their abundant manpower and natural resources and the developed countries with their wealth and technology. Tunisia had already adopted legislation to attract private investment and provide incentives to industries producing goods for export.

16. International co-operation should not be limited to relations between developed and developing countries, but should extend to relations between the de-

veloping countries themselves. In addition to the measures recommended in the Board's resolution 36 (VII) (see A/9016, annex II) the Conference should seek ways of aiding the developing countries to co-ordinate their marketing and production efforts at the regional and subregional levels.

17. His delegation believed that the international community was entering a rich and promising period in the field of industry. It was in the hope that egoism would not prevail that it had joined in sponsoring draft resolutions A/C.2/L.1293 and A/C.2/L.1294.

18. Mr. ZINAI (Algeria) thanked the Executive Director of UNIDO for his introductory statement (1537th meeting) and for his efforts to ensure that UNIDO fulfilled its purpose of assisting the developing countries. Algeria attached particular importance to UNIDO and was a member of the Industrial Development Board and of the *Ad Hoc* Committee set up to identify ways of implementing the recommendations of the Group of High-Level Experts on a Long-Range Strategy for UNIDO. Although UNIDO had been established to promote industrial development and international co-operation in the secondary sector, its effects on the industrial development of the developing countries had unfortunately been only marginal, owing to its lack of administrative autonomy, structural and budgetary restraints and the absence of a clearly defined long-term strategy.

19. His delegation felt that greater autonomy would enable UNIDO to increase and optimize its activities. Such administrative autonomy must obviously be accompanied by an increase in financial resources, if UNIDO was to co-ordinate all industrial activities effectively within the United Nations system. His delegation therefore supported the Board's decisions I (VII) and III (VII).

20. Contrary to several resolutions adopted by United Nations organs, particularly General Assembly resolutions 2949 (XXVII) and 3005 (XXVII), and to the International Development Strategy itself (resolution 2626 (XXV)), which stated in paragraph 5 that the success of international development activities would depend in large measure on the elimination of the occupation of territories of any State, Israel was still receiving assistance from UNIDO.

21. His delegation supported most of the recommendations in the report of the Industrial Development Board on the work of its seventh session (A/9016). It endorsed the recommendations made by the Group of High-Level Experts on a Long-Range Strategy for UNIDO, which underlined and analysed the main problems that would continue to arise throughout the Second United Nations Development Decade. It must be borne in mind that any industrialization policy must be based on an identification of the major obstacles faced by the developing countries, such as technological dependence, insufficient savings and deficits in the balance of payments. The non-aligned countries had stressed that foreign investment could be helpful when it supplemented national efforts. Such investment should create employment and afford foreign exchange savings, and should have management decentralized away from the parent company. It should provide backing for appropriate technology and should, of course, be effected with due respect for the sovereignty of States and in conformity with national development

<sup>2</sup> See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

priorities. His delegation therefore felt that foreign private investment should be excluded from those sectors of the economy which each State, in the light of its own circumstances, considered strategic.

22. His delegation thanked the Government of Peru for its offer to serve as host to the Second General Conference of UNIDO. Algeria was particularly glad that the Conference was to be held in a developing country which was embarking upon an industrialization process in accordance with national interests and was courageously following a policy of independence regarding the exploitation of its natural resources. It was to be hoped that the Conference, which would coincide with the mid-term review of progress in implementing the International Development Strategy, would make the international community more aware of the difficulties faced by the developing countries in industrialization. Obviously, the success of the Conference would depend on the political will of States to achieve concrete results, and it would be a test of the international community's ability to work towards a new era based on more equitable relations.

23. Mr. MASSONET (Belgium) noted that at its seventh session the Industrial Development Board had focused its discussions on two major problems, namely, the date of and arrangements for the Second General Conference of UNIDO, and follow-up action on the report of the Group of High-Level Experts on a Long-Range Strategy for UNIDO. Belgium would furnish its views on the preparation for the Conference before the Permanent Committee of the Board, which would act as the preparatory committee for the Conference, met in December. It was particularly important that the Conference should be well prepared, and Belgium had already given some indications concerning the documentation it would like to see on the agenda of the Conference.

24. The Board had spent considerable time discussing the report of the Group of High-Level Experts (see A/9016, paras. 83-95). The conclusions of the Group, the members of which had widely differing geographical and political backgrounds, constituted an excellent basis for future work in the field of industrialization. The 27-member *Ad Hoc* Committee established under resolution 38 (VII) was well suited to continue the research already begun, although Belgium would have preferred the Committee to be open to all Member States. Belgium would not attempt, as a member of the *Ad Hoc* Committee, to define a common strategy to meet the needs of all developing countries, because such a strategy would not take into account the various geographical factors and could not reach sufficiently specific conclusions. In his delegation's view, the emphasis should be on the need to make UNIDO activities more effective and to serve the cause of industrial development directly. His delegation could, therefore, already state that it agreed to the implementation of recommendations I to IV which, if correctly implemented, would strengthen UNIDO's activities.

25. Care should be taken to ensure that the work of the *Ad Hoc* Committee was carried on in conditions most conducive to dialogue, without becoming an extension of the Board. The UNIDO secretariat should draft a short summary and appraisal of the way in which it carried out its operational activities. The conclusions of the *Ad Hoc* Committee thereon would be a useful in-

put for the Second General Conference, which would be devoted largely to the mid-term review of the Second Development Decade.

26. The Board had been unable to reach a consensus on decision II (VII) concerning administrative autonomy of UNIDO. General Assembly resolution 2152 (XXI), under which UNIDO had been established, had been adopted unanimously. In his delegation's view, it would be only logical that any decision regarding amendments to UNIDO's statute should also be unanimously adopted. The examination of that question requested by the Board should be carried out in that spirit.

27. Decision III (VII), concerning industrial development field advisers, had also been adopted. Belgium had always taken great interest in the Special Industrial Services programme which the developing countries considered to be an important factor for their progress. His delegation thought that the SIS programme was very important, and wished to emphasize the need to accelerate the adoption procedure for programmes. Not only should the 1970-1971 level be maintained, but the number of projects should be increased, without there being any need for an increase in the number of field advisers.

28. Mr. AL-KHUDHAIRY (Iraq) thanked the Executive Director of UNIDO for his introductory statement at the 1537th meeting and for his sound and positive direction of UNIDO's activities. The peoples and Governments of the third world fully appreciated the importance of industrialization, without which there could be no true and comprehensive development, and realized that it called for profound economic and political changes. In order to achieve industrialization, many developing countries had to wage a struggle against imperialist control, direct or indirect, over their industrial structure and the exploitation of their natural resources. The sovereign right of developing countries to own, control and exploit their natural resources was a prerequisite for industrialization. His delegation looked forward to the Second General Conference of UNIDO as an occasion for defining the important elements associated with the industrialization process of the developing countries and the new and expanded role to be played by UNIDO. Among such elements were the recovery and use of natural resources by developing countries themselves, the role of multinational corporations in that process, industrial programming, and the question of assistance for the industrialization of the developing countries. His Government thanked the Government of Peru for its offer to serve as host to the Second General Conference and supported the recommendation made by the Board in that connexion. Iraq would like to become a sponsor of draft resolution A/C.2/L.1292.

29. His delegation was pleased to note that UNIDO's expenditure on direct assistance in industry to Governments of developing countries had risen by over 25 per cent in 1972 as compared with 1971. However, it was disappointed to hear that UNIDO's operational activities in 1973 would be very limited. His delegation hoped that the factors referred to by the Executive Director as delaying UNIDO's programme would be eliminated as soon as possible so that industrialization programmes could be implemented speedily and effectively. His delegation was glad to note the increase in

the number of industrial development field advisers and hoped that UNDP could finance a further increase in the number of those advisers, whose presence in the field facilitated prompt contacts at the working level.

30. His delegation was also pleased to note that co-ordination and co-operation between UNIDO and other United Nations bodies and agencies was increasing without problems. That was the only way in which the United Nations system as a whole could carry out the tasks expected of it by peoples and Governments. In his delegation's view, UNIDO should have closer contacts with the regional economic commissions, and its field advisers should act as liaison officers between UNIDO and those commissions. It was to be hoped that UNIDO would continue its contacts and increase its consultations with the United Nations Economic and Social Office in Beirut when it became the Economic Commission for Western Asia. His delegation was pleased to note that, according to annex I (para. 3) of the Board's report on the work of its seventh session, UNDP would call upon UNIDO to implement 199 projects in the 35 country programmes approved by the Governing Council of UNDP at its fifteenth session. It was also encouraging to note that UNIDO's share in the total UNDP-financed assistance in those 35 countries would be over 10.4 per cent as compared with about 5 per cent in previous years.

31. However, he wished to make it quite clear that Iraq strongly opposed the granting of technical assistance to Israel by UNIDO. Israel had been repeatedly condemned by the General Assembly and the Security Council for its aggressive expansionist acts against its neighbours and had continuously refused to abide by United Nations resolutions calling on it to withdraw from its illegal occupation of territories of three States Members of the Organization. Resolutions had been adopted in various forms calling on States and on bodies and agencies of the United Nations system not to grant any assistance to Israel that might enable it to consolidate its hold on the occupied Arab territories. Examples were General Assembly resolutions 2949 (XXVII) and 3005 (XXVII). Recently, the Conference of Heads of State or Government of Non-Aligned Countries, held at Algiers (5-9 September), had condemned Israel's occupation of Arab territories, called for its immediate and unconditional withdrawal and called on all States to abstain from providing Israel with arms or any political, economic or financial support which might enable it to continue its aggressive and expansionist policy. The International Development Strategy itself stated that the success of international development activities would depend in large measure on the elimination of colonialism and occupation of territories of any State. The Administrator of UNDP had informed the Governing Council, at its fifteenth session, that UNDP assistance to Israel would not be used in the occupied Arab territories. His delegation asked that UNIDO should go further and should not extend any technical assistance to Israel, which could not be considered a developing country in need of such assistance. It had reached so high a level of industrial and technological advancement that it not only manufactured arms for its own use against the Arab peoples but exported them to countries such as South Africa and Portugal and to the minority white régime of Ian Smith in Southern Rhodesia to be used against the freedom fighters of Africa.

32. His delegation endorsed the recommendations of the Group of High-Level Experts on a Long-Range Strategy for UNIDO, particularly recommendation VI concerning organizational and financial requisites. In adapting its headquarters and field service structure to respond to the task of implementing the long-range strategy and in increasing its field presence, UNIDO should follow the principle of equitable geographical representation in the appointment of its officers and should increase the number of officers from developing countries. Similarly, his delegation wished to draw attention once again to the inequality in the distribution of technical assistance between the various geographical regions. In 1972, 35.5 per cent of UNIDO's technical assistance had been allocated to Africa, 22.2 per cent to Asia and the Far East, 17 per cent to the Americas and only 16.3 per cent to Europe and the Middle East. That unbalanced distribution should be corrected. Furthermore, the countries of the Middle East should be considered as a region that was separate from Europe.

33. His delegation was alarmed by the fact that the over-all financial resources available to UNIDO were not sufficient to enable it to carry out its mandate effectively, particularly in view of the increased number of industrial projects in the UNDP country programmes. Moreover, his delegation was disappointed by the continued refusal of many developed industrialized countries to make voluntary contributions directly to UNIDO. He appealed to those countries to reconsider their attitude and to contribute substantially to UNIDO, and he thanked those developed countries which had already done so. His Government for its part had pledged \$12,500 at the 1973 United Nations Pledging Conference on UNIDO.

34. Iraq wished to become a sponsor of draft resolution A/C.2/L.1293.

35. Mr. POERWANTO (Indonesia) thanked the Executive Director of UNIDO for his informative introductory statement. Like other developing countries, Indonesia had benefited from the activities of UNIDO and was fully aware of its valuable contributions to the process of industrialization of developing countries. In order to achieve the required 8 per cent increase in the industrial growth rate of the developing countries, considerable efforts must be made by the developing countries and the international community. UNIDO's contribution in the mobilization and exchange of international experience and know-how had proved invaluable to the industrial development of the developing countries. It was unfortunate that during the last two years the effectiveness of UNIDO's programmes had been limited by lack of resources. It was essential that UNIDO should have the resources to discharge its functions in an effective and rational manner.

36. In his delegation's view, UNIDO should be made more responsible to the challenges of the time. Efforts to strengthen its structural and organizational conditions were therefore commendable, and it was appropriate that greater administrative autonomy should be accorded to UNIDO, in view of its increased responsibilities. Furthermore, UNIDO should strengthen its co-operation with other organs of the United Nations. His delegation noted with appreciation General Assembly resolution 2953 (XXVII), which called for close co-operation between UNIDO and UNDP. Frequent consultations between the Executive Director of



UNIDO and the Administrator of UNDP could be considered an important step towards synchronizing the activities of the two organizations.

37. His delegation's view on the long-range strategy for UNIDO was already known. The report of the Group of High-Level Experts was concise and could not, therefore, be expected to cover all aspects of the future policies and actions of UNIDO. However, it constituted a valuable basis for the elaboration of more comprehensive guidelines for UNIDO activities, with a view to meeting the expanding industrial needs of the developing countries. His delegation agreed with the Executive Director that it was more realistic to view the long-range strategy as a continuing process which would influence and guide UNIDO's activities as additional experience was gained through the implementation of its programmes and as additional efforts were made to gain a better perspective of the goals of industrialization. In that connexion, his delegation supported the idea of holding a Second General Conference of UNIDO in 1975, in order to facilitate a more thorough elaboration of UNIDO's strategy. It was significant that the Conference would coincide with the mid-term review of progress in implementing the International Development Strategy and would therefore provide an opportunity for assessing the progress achieved with regard to the target set in the Strategy for the industrialization of the developing countries. His delegation thanked the Government of Peru for its offer to serve as host to the Conference.

38. His delegation whole-heartedly supported draft resolutions A/C.2/L.1292 and A/C.2/L.1293 and hoped that they would be adopted by consensus. It wished to join the sponsors of the latter draft resolution.

39. In 1974, Indonesia would embark upon its second five-year development plan. While in the first five-year development plan the emphasis had been on agriculture, in the second plan a much higher rate of growth was envisaged in other sectors of the economy, notably mining and manufacturing, in an effort to broaden the basis of the economy. The objectives of the second five-year plan concerned employment, a more equitable distribution of income and a more effective utilization of natural resources. It was also intended to intensify efforts to establish small-scale and cottage industries, with a view to providing employment for the rural population, a field in which UNIDO could provide assistance. Indonesia hoped that it would continue to benefit from the services of a resident industrial adviser recently appointed by UNIDO, and that UNIDO's field adviser programme would be expanded.

40. Mr. BENNANI (Morocco) commended the Executive Director of UNIDO for his introductory statement and his leadership of the organization. An increase in UNIDO's financial and administrative resources would undoubtedly have a direct influence not only on the promotion of industry in the developing countries but also on regional industrial integration and the international division of labour. His delegation believed that UNIDO could only fulfil its mandate satisfactorily if it had complete autonomy. In that connexion, it fully endorsed the recommendations of the Board, as reflected in draft resolution A/C.2/L.1294.

41. UNIDO's activities should be more operational. The varied assistance given to developing countries in industrial planning must be parallel, if not equal, to the

activities that UNIDO was called upon to carry out in regional industrial integration and the promotion of the international division of labour. It was surprising that among 1,900 projects affecting approximately 100 developing countries, there were no more than 10 inter-regional projects, requiring in all an expenditure of \$377,000, or 9 per cent of UNIDO's total operational expenditure (A/9016, annex I, para. 9). Moreover, apart from a project relating to international subcontracting, the interregional projects approved concerned short training programmes or seminars. In his delegation's view, greater attention should be given to interregional programmes and co-operation with regional economic organizations.

42. As stated in the report of the Group of High-Level Experts, UNIDO's activities should be aimed at helping to formulate industrial strategies which might lead to real changes in the situation with regard to the international division of labour. The holding of regular regional industrial symposia, such as had been organized recently, would undoubtedly be of assistance in that respect.

43. The Second General Conference of UNIDO would certainly consider those problems and discuss solutions to them. His delegation would like to become a sponsor of draft resolution A/C.2/L.1292 and commended the Government of Peru for its generous offer.

44. Mr. GEBRU (Ethiopia) said that his delegation fully agreed with the recommendations of the Group of High-Level Experts, including the proposal that UNIDO should assist effectively the developing countries in the formulation and execution of industrial policies and strategies. The role of UNIDO should be expanded with respect to the transfer of technology, particularly in the field of product adaptation, choice of appropriate industrial technology, and the provision of assistance to develop indigenous technologies suitable to the special conditions of each developing country. UNIDO's activities were increasing to a level which justified an increase in the number of field advisers and the necessary budgetary requirements.

45. The regional seminar on UNIDO operations for the least developed countries in Africa, held at Addis Ababa from 29 January to 8 February 1973, indicated UNIDO's concern for the industrialization of those countries. His delegation endorsed resolution 37 (VII) as a further step towards that objective. Since one of the major criteria for the identification of the least developed countries had been the percentage of manufactures in their export trade, UNIDO's contribution to the efforts of those countries to raise their manufacturing output was critical. In that connexion, his delegation also supported decision I (VII) of the Board, which recommended an increase in UNIDO's regular programme of technical assistance in order to devote the supplementary resources to special measures in favour of the least developed countries.

46. It had only belatedly been recognized that international trade and industrial development were two sides of the same coin, each with its own policy issues and problems. The question therefore arose whether UNIDO's role as an executing agency adequately met the aspirations of the developing countries in the field of industrialization, taking into account changes in international industrial development policies. Although industrialization was the primary objective of the de-

veloping countries, and although they included industrial policies in their national development plans, there was no organ within the United Nations system responsible for formulating industrial development policy to provide an impulse to national industrial policies. Accordingly, UNIDO should be a forum where industrial policy issues at the international level were negotiated with a view to fostering industrial policy changes favourable to the developing countries. Unless the developing countries had the industrial capacity to engage in trade in manufactures and semi-manufactures, including processed and semi-processed agricultural products, the elimination of tariff and non-tariff trade barriers would remain theoretical. The implementation of the generalized system of preferences had made it abundantly clear that many developing countries were far from sufficiently industrialized to take advantage of the system. The multilateral trade negotiations to be undertaken under the auspices of GATT in 1974 might also demonstrate that the elimination of non-tariff barriers on manufactures was highly hypothetical in a majority of cases.

47. Adjustment assistance policies and measures, for example, fell directly within the purview of UNIDO. The organization could play a catalytic role in the attainment of the target set in the International Development Strategy with respect to manufacturing output and in the adoption of adjustment assistance measures to promote the mobility of labour and capital through the provision of employment exchanges, training facilities, siting of industrial plants, financial aid and technical services to industries.

48. The development of international industrial policy should accompany the development of international trade policy in order to enable the developing countries to achieve a vertical diversification of their production processes.

49. His delegation welcomed the forthcoming publication of volume V of the *Industrial Development Survey*,<sup>3</sup> covering the growth of industrial production, the main issues relating to industrial development and the interrelations between industrialization, international trade, employment and finance. The developing countries share in industrial production had remained static for the past 15 years, despite the growth of industry in those countries, and the consumption of industrial goods remained concentrated in the industrialized countries, where the depletion of natural resources continued unchecked. As a result, the gap between the developed and the developing countries was being accentuated and threatened to grow even wider. New and enlightened industrial development policies should be elaborated by the international community to bring about a more rational international division of labour and the spatial distribution of industries for optimal utilization of the labour and raw materials of the developing countries. The shift of industries to those countries would benefit developed and developing countries alike.

50. The tendency among international financing institutions and donor countries to emphasize rural development projects at the expense of industrial projects would have an impact on the industrialization of the developing countries. A proper balance must be established between industrial growth and rural develop-

ment, for they were mutually supportive processes which led to over-all economic growth. UNIDO was the appropriate body in the United Nations system to undertake the task of evolving policy measures for adoption by the international community to that end.

51. His delegation hoped that the Second General Conference would resolve outstanding policy issues and problems in the field of industrial development, and fully endorsed draft resolution A/C.2/L.1292.

52. Mr. KIRSHI (Yemen) emphasized the crucial role of industrialization in transforming the economic and social structure and accelerating economic growth in the developing countries—*inter alia*, by creating massive employment opportunities—and said that Yemen placed great hopes in UNIDO, which was one of the most vital organs of the United Nations. His delegation was gratified to note that despite the limited resources at its disposal UNIDO had been able to achieve remarkable results.

53. With the technical assistance of UNIDO, his country had been able to identify priorities and had established an Industrial Promotion Unit within the Ministry of Economy to provide economic and technical assistance to entrepreneurs, and an industrial estate was being established with the assistance of UNIDO and IBRD. His delegation was gratified to note that UNIDO was paying closer attention to the problems of the least developed countries, and it welcomed resolution 37(VII); in the interest of equality, it was important that paragraph 4 of that resolution should be implemented. With regard to decision II (VII), his delegation believed that, in view of UNIDO's growing responsibilities and in order to enhance its effectiveness, it should have greater autonomy in administrative and personnel matters. Considering the importance of industrial development field advisers, his delegation supported decision III (VII). It also supported draft resolutions A/C.2/L.1292 and A/C.2/L.1293, and wished to join the sponsors of the latter draft resolution.

54. Lastly, his delegation considered that, in view of Israel's defiance of the will of the international community, its denial of the rights of 3 million Palestinians, its illegal occupation of the territories of three Member States and its collaboration with the racist régimes in Africa, it was not eligible for United Nations assistance.

55. Mr. TAYLOR (Sierra Leone) said that the review of UNIDO's activities during 1972 contained in the report of the Industrial Development Board on the work of its seventh session (A/9016) provided a very encouraging picture of the work of the organization in spite of the constraints imposed by its small budget. In future, UNIDO should undertake projects for small-scale rural industries which would have maximum social benefit.

56. Despite the avowed intent of many of the richer countries to contribute to the process of industrialization in the developing countries, it appeared that there was a systematic attempt to prevent UNIDO from achieving its objectives. For example, the proposal that UNIDO should be given administrative and financial autonomy, which would increase the effectiveness of the organization, had not received the unqualified support it deserved. That suggested that those opposed to the proposal had paid insufficient attention to the report

<sup>3</sup> United Nations publication, Sales No. E.73.II.B.9.

of the Group of High-Level Experts, which indicated that, because UNIDO had no budgetary powers, its decisions were delayed and modified and, in general, became inoperative. While administrative and financial autonomy in certain instances might not be desirable, it was definitely desirable and necessary in the case of UNIDO. The Committee should consider why General Assembly resolution 2823 (XXVI) had remained unimplemented. Similarly, in the case of several other items, his delegation would prefer to have a progress report and discussion each year on the implementation of resolutions pertaining to the Committee's work. Such discussions might be even more rewarding than the general debate, which sometimes tended to be a mere restatement of economic clichés.

57. His delegation was somewhat concerned at the apparent reluctance of some Member States to increase the number of industrial development field advisers. The *raison d'être* of UNIDO could be given proper emphasis by expanding the number, scope and function of those advisers. His delegation welcomed the priority given to co-operation among developing countries and hoped that an expanding and an autonomous UNIDO would help to promote such co-operation. Although it was true that there were serious implications in any

attempt to depart from accepted practice regarding the geographical distribution of UNIDO's professional staff, a strong argument for tilting the balance in favour of the developing countries was that an intimate knowledge of sociological values and attitudes and their effect on industrial development could not be underestimated. His delegation had no committed views on the matter, and his Government wished to study the question further.

58. UNIDO should receive all the financial and moral support it required, particularly at a time when the search of the rich countries for a super-affluent world threatened to widen the gap between the developed and the developing countries even further, confirming that social and moral justice towards the third world was not an objective. One remedy was rapid and efficient adaptation of modern industrial technology in the developing world, a process in which UNIDO's role was unique.

59. The CHAIRMAN announced that if there was no objection, he would take it that the Committee wished to adopt draft resolution A/C.2/L.1292 without a vote.

*The draft resolution was adopted.*

*The meeting rose at 12.50 p.m.*

## 1542nd meeting

Tuesday, 30 October 1973, at 3.10 p.m.

*Chairman:* Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1542

### AGENDA ITEM 51

**United Nations Conference on Trade and Development**  
(A/9003/Add.1 (part I), A/9015, A/9142, A/9213,  
A/C.2/L.1295):

#### (a) Report of the Trade and Development Board

1. Mr. PEREZ GUERRERO (Secretary-General of the United Nations Conference on Trade and Development) said that the world economic situation was still in the critical phase of uncertainty which had prevailed for over two years. Although the danger of an acute crisis had diminished, a latent crisis still existed owing to inflation and the floating of currencies. The persistence of those phenomena was in itself an unhealthy and disquieting sign, and it was, of course, the poor—and therefore most vulnerable—countries which were most seriously affected or threatened.

2. Nevertheless, it was a particularly opportune period for constructing an international economic order on broad and firm foundations with a view to attaining truly international goals. The establishment of a new monetary system and the multilateral trade negotiations were the essential components of the economic reform which the circumstances demanded and which should bring substantial benefits to all nations. It would be dangerous, however, unduly to prolong the incubation period. In any event, the work of reform should be carried out within an institutional framework which was in harmony with the needs of the time.

3. Hardly anybody was happy with the way in which the Second United Nations Development Decade had begun. With few exceptions, the rich countries had not done as much as they could to implement the International Development Strategy (General Assembly resolution 2626 (XXV)) and had not made the goals of the Strategy part of their national policies, as they should have. Most of the reservations of the rich countries, whose role was of crucial importance for the success of the Strategy, remained and continued to hamper its success. It was to be hoped that the General Assembly could make its voice heard and would draw up clear and coherent guidelines for all Governments, whatever their economic and social system or their level of development, but particularly for those in a position to provide assistance, whose own difficulties should not lead them to grudge their contribution.

4. There were those who expressed a defeatist pessimism, but that attitude was not shared by the Governments of the Member States represented in the General Assembly, which mirrored the international community. The predominant feeling, he believed, was that the opportunity mankind was being offered could be seized by taking practical and sustained measures which would provide a way out of the intolerable situation of inequality and injustice which was jeopardizing the peace and prosperity of all.

5. At the twenty-eighth session of the General Assembly the Governments of developed countries, including some of the most powerful, had shown a will-