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Chairman: Mr. Moraiwid M. TELL (Jordan).

AGENDA ITEM 41

Activities in the field of industrial development
(continued) (A/6433):

(b) Report of the Ad Hoc Committee on the United Nations Organization for Industrial Development (continued) A/6229, A/6303, chap. IV, sect. IV; A/6368, A/6369, A/6415, A/6468, A/6473, A/6474, A/6481, E/4203, chap. XII; A/C.2/L.863 and Corr.1, A/C.2/L.868 and Add.1, A/C.2/L.869)

1. Mr. MURGESCU (Romania) said that his Government had long held that industrialization was the key to the major problems of economic development and social progress. The establishment of the United Nations Organization for Industrial Development (UNOID) would therefore be one of the landmarks of the twenty-first session of the General Assembly.

2. With reference to the draft resolution adopted by the Ad Hoc Committee on UNOID for transmittal to the General Assembly (A/C.2/L.863 and Corr.1), he drew attention to the reservations and comments of his delegation (A/6229, para.12) concerning operative paragraphs 1, 2 (a), (i) and 2 (a), (vi). Paragraph 2 (a), (ix) and the first preambular paragraph might give rise to restrictive interpretations. In order to avoid that possibility, he hoped the Committee would give due consideration to the USSR proposal submitted at the 1042nd meeting. Certain provisions of the draft resolution, particularly paragraphs 3, 13, 16 and 26, were not in accord with the principle of universality and would thus deprive UNOID of the benefit of co-operation with all countries capable of contributing to its activities on behalf of the developing countries. He would therefore be unable to support those provisions as they stood.

3. Finally, the site of UNOID's headquarters should be chosen in the light of the need to ensure optimum working conditions at minimum cost.

4. Mr. ELM (Iran) said that, while the establishment of UNOID was a major step towards expediting the industrial progress of the developing countries, its success would depend on its funds, the quality of its

staff and organization, the degree of co-ordination with other United Nations bodies, and the extent of its co-operation with the developing countries. The functions of UNOID would be very far-reaching and it was to be hoped that both the developed and the developing countries would bear that in mind when contributing to it. In the long run it would be in the interests of the economically advanced countries themselves to make substantial contributions and work out a comprehensive programme. The renovation of existing institutions and the building of infra-structures were two aspects in which their co-operation would be particularly useful.

5. He agreed with the Italian representative that the Industrial Development Board should meet as soon as possible to determine the organization and functions of UNOID, its co-operation with other agencies and its approach to the institutional aspects of industrial development. In the draft resolution adopted by the Ad Hoc Committee a compromise had been reached without the sacrifice of principles and it would be acceptable to his delegation with the amendment which had been submitted to paragraph 2 (a), (ix) (A/C.2/L.869).

6. Mr. HUSSEIN (United Arab Republic) associated his delegation with those which had welcomed the Algerian amendment to operative paragraph 2 (a), (ix).

7. He would support the Ad Hoc Committee's draft resolution but would make a few general comments which should be carefully considered by the delegations of those countries whose advanced level of industrialization imposed on them a special responsibility with regard to the future activities of UNOID. First it should be noted that, despite repeated General Assembly and Council resolutions calling on the United Nations Development Programme (UNDP) to devote more of its funds and activities to industrial development, that field was being seriously neglected. For example, only three of the seventy-two UNDP projects approved in the current year related to such development. Secondly, most if not all of the specialized agencies had operational funds administered solely by themselves, and that arrangement seemed to have been functioning satisfactorily. Thirdly, it should be remembered that the Centre for Industrial Development had applied procedures and pursued objectives different from those of UNDP and the reason for the establishment of an autonomous organization was the conviction that there was need for a body dealing exclusively with industrial development as a problem to which the developing countries attached paramount importance. Fourthly, if UNOID was to function effectively, it was essential not to sacrifice substance to form. In that connexion, he expressed concern lest undue importance should be given to the manner of

disposal of the funds available to UNOID at the expense of its fundamental purposes. The way to avoid duplication was not to deny UNOID financial independence but to ensure adequate co-ordination with all other United Nations bodies.

8. Mr. MARAMIS (Indonesia) expressed satisfaction that UNOID, as proposed in the draft resolution, would be autonomous and would play the central role in reviewing and promoting the co-ordination of all industrial development activities of the United Nations system. Only the consistent application of those two principles would guarantee UNOID's ultimate success. It was therefore of the greatest importance that UNOID should have adequate resources and be responsible for disposing of them in the most efficient way. He was strongly in favour of the proposal that voluntary contributions to UNOID for its operational activities should be made at a pledging conference. As the available resources would probably in any case be limited, UNOID should focus on such practical activities as industrial feasibility studies, pilot projects and the training of skilled manpower.

9. In the interests of efficiency, the programmes of UNOID should be co-ordinated with those of other United Nations bodies, international organizations dealing with industrial development, such as the United International Bureaux for the Protection of Intellectual Property, and even non-United Nations aid-giving agencies. He noted in that connexion that regional organizations were usually better acquainted with the economic, social, and political forces underlying economic development in their areas than were international agencies.

10. His delegation attached particular importance to the following activities which UNOID might undertake: industrial development related to agricultural production; the promotion of labour-intensive industries; foreign exchange-earning and import-substitution industries; assistance in identifying the most promising projects in the national industrial development plans of the developing countries.

11. As far as the site of UNOID headquarters was concerned, his delegation was inclined to favour a developing country and it endorsed the objective criteria enunciated by the Czechoslovak delegation.

12. The draft statute of UNOID did not entirely satisfy his delegation's views concerning the autonomous status and universal character which the Organization should have, but he recognized that it was the result of a compromise. Moreover, provision was made for further improvement of the Organization's institutional arrangements. He hoped that the General Assembly would accordingly review UNOID's effectiveness in the not too distant future. He also welcomed the arrangements worked out with the International Labour Organisation (ILO); the relevant amendment could be made without upsetting the delicate balance represented by the Ad Hoc Committee's unanimous adoption of the draft resolution.

13. His delegation would support that draft but suggested that, before it was voted upon, the Committee might give more thought to improving the new Organization's name.

14. Mr. THAWLEY (New Zealand) said his delegation appreciated the complexity of the industrialization process which required efforts at all levels—national, regional and international. New Zealand had recently participated in the establishment of the Asian Industrial Development Council and had high hopes of that important body. But it also realized the need for an organization taking an over-all view. That was New Zealand's conception of the main function of UNOID and he welcomed its establishment as the major co-ordinating body for industrial development, leaving operational activities to bodies already in the field.

15. While appreciating the compromise that had been reached in the Ad Hoc Committee, his delegation thought that the draft resolution might have been improved in some respects. For example, it was somewhat uncertain about the provisions concerning the relationships between UNOID and other bodies. However, the general intention seemed clear enough and the amendment proposed to paragraph 2 (a), (ix) should help in that respect. The siting of UNOID headquarters in either New York or Geneva could also improve co-operation with other organizations, especially UNDP and the ILO, and would result in economies of administration.

16. The new body should have its administrative and research costs charged against the regular United Nations budget, and its operational expenses should be met through participation in UNDP. His delegation would have preferred a rather smaller Board, although the membership of forty-five seemed a reasonable compromise.

17. Mr. POLIT (Ecuador) expressed the hope that the Second Committee would endorse the draft resolution which it had before it. His delegation had no amendments to submit and firmly believed that the future of UNOID would depend less on its statute than on the calibre of its management and on the environment in which it developed. Throughout its history the United Nations had established special bodies to meet certain needs such as agricultural development (Food and Agriculture Organization of the United Nations (FAO)), finance (International Monetary Fund (IMF)) and reconstruction (International Bank for Reconstruction and Development (IBRD)), but there had been a serious gap where industrialization was concerned. Industrialization brought with it greater income and greater per capita consumption. While not a panacea, it was the shortest road to higher standards of living. In the modern world, it was synonymous with freedom and democracy.

18. His delegation therefore supported the report of the Ad Hoc Committee on UNOID (A/6229). It hoped that UNOID would be established in one of the small industrialized countries of Europe which had done so much for international co-operation. The new Organization must eschew voluminous reports and concentrate on practical work directed by highly qualified officials. It must be supported by all countries working together for the cause of peace. Ecuador was fully prepared to play its part.

19. The task of the General Assembly was to ratify what had already been agreed upon, and his delegation saw no obstacle in the draft resolution which would

prevent co-operation between UNOID and the other members of the United Nations family. The text was broad in scope and would allow the leaders of the new body to meet every contingency with good judgement and common sense. At the same time it must be given the necessary resources. His delegation had no particular preference for the method of financing as long as UNOID was autonomous in that respect.

20. Mr. WRIGHT (Niger) said that the Ad Hoc Committee on UNOID had submitted an excellent and perfectly balanced report. His delegation approved the idea of sending a group of experts to the various capitals which had been offered as possible sites for the headquarters of UNOID. Their report could be examined by the Industrial Development Board at its first session and the site could be agreed upon at that time. Such a procedure would make it possible to evaluate each of the generous offers made and to take a decision with a full knowledge of the facts.

21. His delegation agreed with the decision taken by the Ad Hoc Committee concerning the functions of the new Organization. Its first task must be to acquire as soon as possible the specialized knowledge expected of it in respect of processing industries. At the present stage it should not interfere with the work being done by the United Nations family on natural resources, transport, town planning, public finance, financial policy and economic research. His delegation also favoured a very clear delimitation between the role of UNOID and the ILO as regards vocational training. The experience of the ILO on the subject was unquestionable. The new Organization should try to fill the gaps and concentrate on vocational training in the processing industries.

22. The new Organization had been established under favourable auspices and had raised high hopes everywhere. Its meagre resources should not be wasted through dispersal of effort. If it succeeded in responding to the immense needs of the developing countries, the efforts which had gone into its establishment would be amply rewarded.

23. Mr. ABERKANE (Algeria) said the fact that the draft resolution had been adopted by the Ad Hoc Committee on UNOID as a compromise after long and difficult negotiations was an advantage, not a weakness. The new Organization should now command general support, fill a gap in United Nations machinery and give new impetus to the United Nations Development Decade. His delegation was particularly gratified at the arrangements that had been made for financing UNOID and for giving it the co-ordinating role in the United Nations family. He had no fixed views on the structure of its secretariat provided that it was flexible and based on the experience of the Centre for Industrial Development. The site of UNOID might be decided upon after studies had been made in the regional groups to which the countries extending the invitations belonged. Presumably the first session would be held at Geneva, and the site could be chosen once agreement had been reached on UNOID's responsibilities.

24. It was essential for UNOID to remain an autonomous organ directly responsible to the General Assembly, in accordance with Article 22 of the United Nations Charter. As stated in paragraph 27 of the draft resolution, it must play the central role in all

activities of the United Nations concerned with industrial development, and paragraph 28 should dispel any doubts concerning its relationship with the Council. Also important was the role of the regional economic commissions, as set out in paragraph 2 (a), (vi) and paragraph 30. The new body should do its utmost to disseminate technological knowledge as recommended in paragraph 2 (a), (iv) and 2 (a), (x). He hoped that in doing so it would enlist the help of the International Union for the Protection of Industrial Property and of the Advisory Committee on the Application of Science and Technology to Development. His delegation favoured the broad composition of the Board and considered the membership of forty-five to be a minimum.

25. Paragraphs 22 and 23 were of vital importance for the future of the new Organization since they represented a combined effort by developing and developed countries to ensure its financial continuity. He hoped that final agreement would be reached on the need for a pledging conference as recommended in paragraph 23 (a).

26. Finally, his delegation felt that, in operative paragraph 1 of the draft resolution, it was misleading to place particular emphasis on the manufacturing sector. Many of the developing countries were much more concerned with processing their raw materials, exploiting their mineral wealth, developing their power networks and, in general, building a sound infra-structure. He would therefore like to submit an amendment to that paragraph emphasizing the mining and power sectors as well as the manufacturing sector; if there were objections, he would like his view to be included in the Committee's report.

27. Mr. MORSE (Director-General, International Labour Organisation), speaking at the invitation of the Chairman, expressed his appreciation of the understanding the Committee had shown in dealing with the difficult matter of the relationship between UNOID, the ILO and the other specialized agencies. The Algerian amendment (A/C.2/L.869) to operative paragraph 2 (a), (ix) of the draft resolution, would provide the necessary clarification of the respective roles of UNOID and the ILO—and other agencies—in industrial development. His organization was grateful to those who had expressed support for the amendment on behalf of the African, Asian and Latin American groups of countries and to the representatives of the developed countries, both East and West, who had endorsed the agreed solution to the problem.

28. The establishment of UNOID had been welcomed by his organization as a dynamic and important advance in the common effort of the United Nations to improve the standards of living of people and workers through industrial development. The purpose of the new Organization was in line with the ILO's efforts to help developing countries to diversify their economies and develop the skills required for raising their living standards, and the ILO would support it to the maximum of its resources. Moreover, the amendment to the draft resolution had made it possible for the ILO not only to support the objectives of UNOID by intensifying its vocational training activities, but to accept fully the leading role of UNOID in co-ordinating the efforts of all bodies concerned with industrial development, in order to secure maximum efficiency.

The activities of the ILO would therefore be dovetailed with those of UNOID and other agencies to make industrial development in the developing countries really work.

29. The governing body of the ILO, when it would meet in the following week, would be informed of the decisions taken by the Committee and the General Assembly and he was convinced that it would take that opportunity to pledge its full co-operation to UNOID, on behalf of the Governments, employers and workers represented in the ILO, and would wish the new Organization every success.

30. Mr. ORR (Food and Agriculture Organization of the United Nations), speaking at the invitation of the Chairman, said that FAO was fully aware of the importance that the decisions the Committee was about to make had for the developing countries and for the international organizations which would have to play an important part in making UNOID a success. He was therefore happy to reiterate the Director-General's profound satisfaction at the manner in which it was proposed to stimulate industrial development in developing countries and his frequently expressed belief in the interdependence of agriculture and industry in the process of economic development generally. Realizing that in most of the developing countries agriculture was required not only to produce food for the population, but to earn much of the foreign exchange needed for the capital imports required for industrialization, the recent conferences of FAO had recommended a more vigorous programme for promoting industries in the sphere of competence of FAO, such as the processing of food products, fishery industries and forestry industries.

31. Those industries could not, however, be considered independently of the production of raw materials and the social factors affecting the people who produced them: the products of agriculture, fisheries and forestry were often the only raw materials on which developing countries could base their industrial development plans. The Food and Agriculture Organization of the United Nations had therefore committed itself to undertake practical programmes of action in those areas, and the Director-General had called for a close working relationship between UNOID and FAO in order to ensure integrated development. A printed publication on the range of FAO's industrial activities had been distributed to the members of the Ad Hoc Committee on UNOID.

32. The draft resolution before the Committee was the fruit of a compromise and had the inevitable defects of any compromise. Discussions on the draft resolution in the Economic and Social Council and its co-ordination organs had led to full recognition of the problems involved and the General Assembly had to find acceptable solutions to them.

33. The provisions of the draft resolution relating to the relationship of UNOID and the specialized agencies were so wide that great care would have to be exercised by all concerned if duplication of effort was to be avoided and the experience and facilities of existing international organizations utilized to the full. He was convinced that satisfactory arrangements could be worked out at the inter-secretariat level, with the

assistance of the Administrative Committee on Co-ordination (ACC); nevertheless, if a particular function were to be included in the constitution of more than one agency, difficulties in day-to-day operations could well occur. In such cases, if two agencies received requests from different Member States for the same kind of assistance, constitutional requirements would oblige each to take action independently. Recently, for instance, the Centre for Industrial Development had assisted one country, on request, to establish a pilot plant for the production of newsprint from domestic raw material. Forest industries, including pulp and paper manufacture, had, however, been one of the functions of FAO since its inception. In forest industries, as in many others, there was also the danger of establishing isolated plants divorced from consideration, bearing on the production of the raw material. Such cases underlined the need for proper safeguards for co-operative endeavour.

34. The co-ordination functions involving other agencies in industrial development which were attributed to UNOID in the draft resolution raised a further constitutional and practical point. The new Organization should, of course, be enabled to take an over-all view of the process of industrial development in order to identify gaps and promote a comprehensive and balanced programme. There was a genuine risk, however, that the possession of both co-ordinating and operational functions might impose a strain in avoiding situations in which its judgement as a co-ordinator would be affected by its interest as an operating body. Moreover, the dilution of the Council's specific responsibility, under the United Nations Charter, for co-ordinating the activities of the United Nations system, by entrusting part of that responsibility to the governing body of an operational organization, might well give rise to difficulties. In fact, that situation created special constitutional difficulties for some of the specialized agencies, including FAO, and the Director-General was convinced that, although UNOID should play an important role in facilitating the co-ordination of industrial activities, co-ordination at the highest level should be left to the Council.

35. The Director-General of FAO believed that the difficulties and uncertainties inseparable from the beginnings of a new organization would, in time, be overcome and an acceptable understanding reached on situations of the kind to which he had referred. He had been encouraged in that belief by the assurance given by the Second Vice-President of the Economic and Social Council at the third joint meeting of ACC and the Special Committee on Co-ordination,^{1/} that no serious problems of co-ordination would be caused by the establishment of UNOID. The Second Vice-President had also stated on that occasion that UNOID would never encroach on fields which came within the terms of reference of FAO and that it would make contact with the specialized agencies to discover how their particular expertise could best be used in promoting industrial development. Such clarifications had done much to dispel the misgivings of the specialized agencies.

The meeting rose at 5.25 p.m.

^{1/} See CO-ORDINATION/JM.4.