



Chairman: Mr. Narciso G. REYES (Philippines).

AGENDA ITEM 42

United Nations Industrial Development Organization (*continued*) (A/8385, A/8403, chap. XIV):

- (a) Report of the Industrial Development Board (A/8416 and Corr.1);
- (b) Report of the Special International Conference of the United Nations Industrial Development Organization (A/8341; A/C.2/L.1183/Rev.1, A/C.2/L.1186)

1. Mrs. STRÖJE-WILKENS (Sweden) drew attention to the summary of the 1412th meeting in the *Journal of the United Nations* of Friday, 19 November 1971. It indicated that, in response to requests made by some delegations, the Executive Director of UNIDO stated that a corrigendum to the report of the Special International Conference of UNIDO would be issued. If it was intended to transfer paragraph 8 of the consensus resolution in paragraph 46 of the Conference's report (A/8341) to the section on which no consensus could be reached, her delegation would like to reserve its position. The text of the consensus resolution had been agreed after long and difficult discussions and negotiations. All delegations were aware of the reservation of the African countries with regard to paragraph 8, but the fact remained that the paragraph in question had been retained in the final text. Accordingly, the inclusion of paragraph 8 in the section on which a consensus had been reached was not a printing error. Her delegation would therefore be unable to accept the corrigendum and requested that it should not be issued.

2. Mr. BUTLER (Australia) said that any attempt to change the wording of the consensus resolution would be unacceptable to his Government. The consensus had been agreed by another body within the United Nations system and it was not within the competence of the Second Committee to alter it. If the Committee decided to do that, it could establish an unfortunate precedent. He made it clear that he was not stating his Government's substantive view of paragraph 8. His Government had an open mind on the paragraph. If delegations so wished they had every right to state their disagreement with paragraph 8 or any other paragraph of the consensus, but the Committee could not amend the consensus.

3. Mr. DE ALENCAR NETTO (Brazil) said that a distinction had to be made between general observation and comment on the text and observations which took the form of categorical objections to the inclusion of certain points in the text. The latter kind of reservation had been made by the African countries.

4. He recalled that it had not been possible to reconcile the views of the various groups at the Special International Conference and that the President of the Conference had set up a drafting group to draw up and negotiate a document which would be approved by consensus. However, the document produced by the drafting group was not final because a drafting group could not take a final decision; that was the prerogative of the Conference itself at its concluding meeting. However, one group was unable to agree to the inclusion of all the points and stated its intention of submitting a formal objection. A few other countries decided to submit comments and observations on certain points which, however, did not imply a rejection of those points. Therefore, on the last day of the Conference it was decided that the African group of countries would submit an objection and that other countries would submit observations. Since the objections by the African group were submitted during the Conference and prior to the adoption of the final document, they surely indicated a lack of consensus on paragraph 8. Since the Rapporteur had prepared the report after the conclusion of the Conference, it was not surprising that he might have felt unable to make certain amendments or deletions. However, the fact remained that the observations had been made during the Conference and should be reflected in the report.

5. Mr. DIALLO (Upper Volta) expressed surprise that some delegations had seen fit to reopen a question which had already been settled. No objections had been expressed to the course of action proposed by the Executive Director on the previous day and, in the view of his delegation, he was quite justified in making the decision to transfer the paragraph.

6. Mr. KHANACHET (Kuwait) said that his delegation agreed with the delegations of Brazil and Upper Volta that paragraph 8 should appear in the section on which no consensus had been reached.

7. Mrs. STRÖJE-WILKENS (Sweden) said that her delegation had not raised a matter on the previous day because it had wished to ascertain what had happened in Vienna. Her Government had accepted paragraph 8 as an integral part of the consensus; in its view, the paragraph could not be removed without upsetting the balance of the other parts of the consensus.

8. Mr. ASANTE (Ghana) felt that the decision taken by the Executive Director should be maintained. The alternative would be to reword paragraph 8 which would involve the Committee in a difficult exercise of doubtful utility.

9. Mr. RUTTEN (Netherlands) felt that the discussion was quite out of order. The Committee was not competent to

change a word of a report submitted by another body. The Special International Conference alone could take such a decision and the Committee could merely note the opinions of certain delegations and agree or disagree with the contents of the report.

10. Mr. CAVAGLIERI (Italy) said that his delegation entirely agreed with the Netherlands delegation.

11. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) said the Rapporteur of the Special International Conference fully recognized the existence in the report of a contradiction which he had been unable to resolve. For its part, the UNIDO secretariat had respected the authority of the Rapporteur until the previous day, when a number of delegations had challenged the inclusion of the paragraph in question and called for its removal. He believed that his decision to issue a corrigendum was a sound one and he wished to stress that there was no intention of amending the document but merely of making it a consensus in the true sense of the word.

12. Mr. RUTTEN (Netherlands) felt that the point at issue was not whether the report contained contradictions or not, but whether the Committee was legally competent to modify the report. In the view of his delegation, legal advice should be sought on the matter.

13. Mr. FLEMING (Argentina) agreed with the representative of the Netherlands that a legal opinion should be sought concerning the possibility of amending the report of another body.

14. Mr. EKBLÖM (Finland) said he fully supported the remarks made by the representatives of Sweden, Italy and the Netherlands.

15. Mr. KHANACHET (Kuwait) said that, if the question of the Committee's competence to amend the report of another body was controversial, a legal opinion might be sought. However, he personally regarded the report as a document to be considered and decided upon. The Committee was not a rubber-stamp which should merely take note of reports. Since a number of delegations had objected to paragraph 8 of the consensus resolution, their objections should be accommodated either by amending the report or by issuing a statement of the Committee as a whole to the effect that paragraph 8 did not form part of the consensus.

16. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) said that, in his opinion, there was a contradiction in paragraph 8 of the consensus resolution and its corresponding foot-note which signified that an error had been made. It was for that reason that, when the matter had been raised in the Committee, he had suggested that a corrigendum should be issued. In view of the reservations to paragraph 8 made by a number of African delegations, that paragraph should not appear in the consensus.

17. Mr. DIALLO (Upper Volta) said that the difficulty had arisen not because the African and other delegations had requested that an error be corrected but because some delegations, either through absence or inattention, had not

raised the question at the appropriate time. In his delegation's view, the matter had already been settled.

18. Mr. ASANTE (Ghana) endorsed the remarks made by the representative of the Upper Volta. It was his understanding that the suggestion of the Executive Director had been tacitly accepted, since no delegation had raised any objection at the time.

19. Mrs. STRÖJE-WILKENS (Sweden) said that her delegation had not raised the matter at the time since it understood that no decision had been taken. It agreed that legal advice should be sought in order to resolve the confusion.

20. The CHAIRMAN suggested that the Committee should defer consideration of the matter for the time being until a legal opinion could be obtained. He invited the Committee to continue its debate on the item on the understanding that it would return to the matter at a subsequent stage.

21. Mr. DIALLO (Upper Volta) said that UNIDO, while paying due attention to problems of the manufacturing industry, should not neglect industrialization policies, development planning in the various industrial sectors, manpower training, technology and marketing, which were equally important aspects of industrialization. His delegation hoped that, as the Executive Director had indicated at the fifth session of the Industrial Development Board, UNIDO would assume an active role in those spheres. At the same time, the administrative procedures governing UNIDO's activities should be made more flexible so as to enable the organization to exercise more effective control over field staff. There should also be an appreciable increase in the number of field advisers.

22. With regard to the long-range strategy and orientation of UNIDO's activities, his delegation endorsed the recommendations of section I of the consensus resolution adopted by the Special International Conference. It attached particular importance to the recommendation that UNIDO should organize specific operational measures to assist, in co-operation with UNCTAD and with the regional economic commissions and UNESOB, the developing countries, especially the least developed among them, to take full advantage of the benefits of the Generalized System of Preferences for manufactured and semi-manufactured products and that to that end, UNIDO should promote the establishment and improvement of the industrial infrastructure of those countries by carrying out pilot projects and encouraging expansion in such fields as the fertilizer industry.

23. His delegation hoped that UNIDO, within its very important sphere of competence, would pay due attention to the needs of the least developed among the developing countries and would evolve a programme of action for their benefit, as recommended in General Assembly resolution 2768 (XXVI). He also referred to paragraph 2 of General Assembly resolution 2564 (XXIV) which requested the Secretary-General, in consultation with the heads of the specialized agencies and the regional economic commissions, the Committee for Development Planning, the group of experts appointed under resolution 63 (IX) of the Trade

and Development Board and any other appropriate consultants, to carry out a comprehensive examination of the special problems of the least developed among the developing countries and to recommend special measures for dealing with those problems. His delegation wished to know what steps the Executive Director of UNIDO had already taken in that regard and whether a programme of action for the least developed countries had already been prepared or was in the process of preparation.

24. With regard to the recommendation in the consensus resolution that another general conference of UNIDO should be convened to consider the results of the Special International Conference and the arrangements and schedule for review and appraisal of progress during the Second Development Decade, he felt that it would be appropriate to convene the conference in 1973, as suggested by the Nigerian delegation in its amendment (A/C.2/L.1186) to the draft resolution.

25. With regard to contributions to UNIDO, the Executive Director had made it quite clear that the Organization could not continue to meet the ever increasing demands on its services without the necessary resources. His delegation felt that an *ad hoc* committee should be set up to examine all aspects of UNDP-UNIDO co-operation, especially those related to the formulation, appraisal and approval of industrial projects. There were a number of differences of approach between UNDP and UNIDO which should be identified and, as appropriate, corrected with a view to giving UNIDO a greater share of development resources. The *ad hoc* committee should examine how contributions to UNDP in national currency which were not utilized by the Programme could be applied by other organs in the United Nations system, notably UNIDO.

26. With regard to UNIDO's organizational structure, his delegation favoured the transformation of UNIDO into a specialized agency with sufficient resources and full financial and administrative autonomy, with as comprehensive a coverage of industrial activities as possible. It was in the common interest that UNIDO should be granted administrative and financial autonomy as soon as possible and should be allotted an appropriate geographical quota for personnel recruitment.

27. Mr. EIKA (Norway) expressed his Government's satisfaction at the important work carried out by UNIDO in the field of industrial development. It was particularly pleased to note that the close co-ordination and co-operation between UNIDO and other organizations in the United Nations family, which was essential for the organization to discharge its responsibilities efficiently, appeared to have been achieved.

28. The Special International Conference of UNIDO had been an important milestone in the organization's history and had provided a sound basis on which the capacity of the United Nations development system in the industrial field could continue to be improved. It was encouraging to note the degree of unanimity which had prevailed at the Conference and which had resulted in the resolution of consensus. Much credit was due to the Executive Director and his staff for the thorough preparations they had made for the Conference.

29. His Government had always maintained that UNIDO could fulfil its role in the Second Development Decade only through the closest co-operation with other organizations in the United Nations system concerned with development under the over-all leadership of UNDP. The reorganization of UNDP and the implementation of country programming provided a natural framework for UNIDO's place and function in the development system. His delegation was therefore extremely satisfied with the emphasis given to those aspects, particularly to co-operation at the country level, in section IV of the consensus.

30. His Government agreed with the recommendation contained in the consensus that a small group of high-level experts from the various geographical groups should be appointed to carry out the important task of formulating the long-range strategy for UNIDO's activities.

31. The consensus resolution also recognized the interdependence between industry and agriculture. In many developing countries, especially the least developed among them, agriculture was and would for a long time remain the backbone of the economy. It was therefore particularly important that those countries should receive their fair share of assistance from UNIDO in the form of measures to promote manufacturing industries based on agricultural inputs. It was extremely important to adopt a unified approach to development; policy measures in the field of industrial development could not be considered in isolation, but must go hand in hand with measures relating to agriculture, trade, employment, rural development, town planning and the environment.

32. With regard to the organizational structure of UNIDO, the main requirement was to strengthen those parts of UNIDO's structure directly linked to the implementation of UNDP projects. While recognizing the need to improve UNIDO's organization in the field and endorsing the proposal to increase the number of field advisers, Norway considered that restraint must be exercised with regard to the future expansion of the existing machinery through the creation of new units within the UNIDO secretariat and the establishment of expert committees and working groups. It was less urgent to make institutional changes than to initiate specific measures to improve UNIDO's work programme. However, his delegation recognized the desirability of UNIDO's being granted a greater degree of autonomy in certain fields and was agreeable in principle to the suggested measures to strengthen the Industrial Development Board by broadening its authority as the principal, intergovernmental organ of the organization. With regard to suggestions for altering UNIDO's status, his delegation endorsed the observations of the countries members of Group B on the consensus resolution contained in chapter III of the report of the Special International Conference (A/8341).

33. His Government was agreeable to the convening of a second general conference towards the middle of the Second Development Decade to discuss UNIDO's role in the implementation of the International Development Strategy.

34. With regard to section III of the consensus resolution, Norway fully supported the recommendation contained in paragraph 14 that UNDP should continue to be the main

source of financing for the operational activities of UNIDO; that was in accordance with Norway's view that the primary role of UNIDO was as an executing agency for UNDP in industrial projects. In the same section of the consensus resolution, UNDP was requested to give particular attention to projects within the sphere of industrial technological development. His delegation supported that request, although similar requests were perhaps too often made to the Governing Council of UNDP in various fields and could only be implemented at the expense of other activities. The decisive factors in determining UNIDO's resources were the priority accorded by the developing countries in their requests for UNDP-financed projects and the quality of UNIDO's performance in implementing industrial programmes. Even assuming that UNIDO was allocated a growing share of total UNDP resources and that UNDP resources increased substantially, UNIDO's funds would still be inadequate to meet all requirements. Accordingly, every effort should be made to utilize the scarce resources available to the maximum benefit of the developing countries. That could best be achieved by concentrating on operational activities, applying rigorous priorities and ensuring maximum integration in UNDP's programmes at the country level.

35. Mr. ARUEDE (Nigeria), introducing the Nigerian amendment (A/C.2/L.1186) to the original draft resolution, said that the first amendment was motivated by the objections and reservations made by many delegations to the resolution of consensus adopted by the Special International Conference. The deletion of operative paragraph 1 from the draft resolution would in no way weaken its impact, since the intentions of the sponsors were made quite clear in other parts of the resolution.

36. With regard to the second proposed amendment, the second general conference should be related to the first biennial review of progress in the Second Development Decade, which was to be made in 1973. Unnecessary duplication would be avoided if the conference could be timed to coincide with the review of the activities with which UNIDO would be concerned. If the general conference was held in 1974, UNIDO would for three consecutive years—from 1973 to 1975—be engaged in a process of self-examination and appraisal which might have unfortunate adverse effects on its activities, including perhaps its operational activities. To convene the general conference in 1975, on the other hand, would mean a gap of five years between conferences which, in his delegation's view, would be far too great. Those aspects of development with which UNIDO dealt were extremely dynamic, and the fresh problems and new techniques which were constantly emerging made it advisable to assess the organization's approach at shorter intervals. If the Nigerian amendment was acceptable, a sentence might be added to the draft resolution to the effect that the Industrial Development Board should in due course undertake the necessary arrangements for the conference and propose a provisional agenda for the approval of the General Assembly.

37. With regard to the third amendment, it was time to give careful consideration to the question of relations between UNDP and UNIDO and if possible to allay governmental fears that UNIDO was not receiving a fair share of UNDP resources. The *ad hoc* committee proposed

in the amendment would examine in detail all aspects of UNDP-UNIDO co-operation and recommend specific procedures for regulating relations between the two organizations, thereby helping to resolve a recurrent problem.

38. The purpose of the fourth amendment was to secure General Assembly endorsement for regional conferences of ministers of industry and to ensure that those conferences would benefit from the advice of the Executive Director of UNIDO. The Economic Commission for Africa, in co-operation with the Organization of African Unity, had organized the first conference of African ministers of industry in May 1971, and it was planned to hold similar conferences at two-year intervals in the future.

39. The CHAIRMAN drew attention to the revised text of draft resolution (A/C.2/L.1183/Rev.1) which incorporated some of the changes already suggested.

40. Mr. MUELLER (Austria) said that his delegation was gratified at UNIDO's remarkable progress both in operational activities and as co-ordinator of United Nations work on industrial development.

41. The Special International Conference had shown the international community's confidence, growing interest and participation in UNIDO. His delegation agreed with the recommendations in section I of the consensus resolution adopted by the Conference. However, it believed that further elaboration of UNIDO's long-range strategy should take into account the following considerations: the long-range strategy must in no way interfere with the country programming system and the establishment of project priorities by developing countries themselves; the strategy must give due weight to regional and subregional co-operation, which was essential for full use of modern technology and production under internationally competitive conditions; the social aspect of industrialization must be fully recognized in any strategy, for otherwise genuine economic progress, without unemployment or under-employment, could not be achieved.

42. He believed that UNIDO was well aware of the validity of those considerations, and that evaluation of UNIDO's past activities would provide additional guidance for future orientation of its work.

43. Such an orientation was of particular importance in the first phase of the Second Development Decade, in which concerted action, especially with respect to industrial development, would be decisive. The Economic and Social Council had recognized the role of industrialization in its resolution 1617 (LI) which called upon UNDP to give special attention to requests in the field of industrial development. His delegation welcomed that recommendation and hoped that discussion by the Governing Council of UNDP of the report for which it called would lead to even closer co-operation between UNIDO and UNDP and an increase in the number of UNDP projects assigned to UNIDO.

44. His delegation was in general agreement with draft resolution A/C.2/L.1183/Rev.1 but felt it premature to request the Industrial Development Board to propose measures to convene another general conference of UNIDO in 1974 or 1975.

45. He recalled the terms of the Austrian memorandum on UNIDO submitted in preparation for the Special International Conference, which had stated that relations between UNIDO and the Austrian authorities were extremely satisfactory and that the Austrian Government intended to continue its support for UNIDO and its help in strengthening its role as the central organ for industrial development within the United Nations.

46. Mr. BOMÉLÉ (Zaire) paid tribute to the efforts made by the Executive Director of UNIDO and his colleagues to increase the efficiency of the organization. It was unfortunate, however, that since its inception so little progress had been made towards the industrialization of the developing world. The annual average industrial growth rate of developing countries had been unchanged for several years while their output of manufactured goods remained at a mere 5 per cent of world production, with the result that the gap between the third world and industrialized countries was still increasing.

47. His delegation sincerely believed that, in conjunction with other United Nations organizations, UNIDO could promote the co-operation between developed and developing countries that was vitally needed in order to step up the rate of industrialization in the countries of the third world. Despite its limited resources and the enormity of its task, UNIDO must play a co-ordinating role both between nations and between international organizations. In particular, it was to be hoped that its co-operation with UNDP would be strengthened by the introduction of the new system of country programming and by an increase in the number of industrial development projects. In collaboration with UNCTAD, it should strive to establish viable export industries in developing countries.

48. While welcoming the attention that was being paid to the promotion of investment, industrial information, light industries and export industries, his delegation believed that, during the Second Development Decade, UNIDO should concentrate on the development of heavy industries, industrial research centres and the transfer of scientific and technological know-how—three fields in which developing countries were particularly backward. UNIDO should also help Governments to formulate industrialization policies, devise long-term scientific programmes of industrial development, encourage pre-investment studies of industrial projects and introduce pilot projects.

49. It was essential that the organization's financial resources should be increased so that it could meet the requests for assistance from developing countries. Moreover, those resources should be allocated first and foremost to operational activities so that the rate of execution of projects could be steadily accelerated. The time had come for all industrialized countries to share their tremendous financial and technical resources with the less privileged countries in the world.

50. Mr. GUELEV (Bulgaria) said that his country had a special understanding of the problems faced by the developing countries where industrialization was concerned, since it had been confronted with the same difficulties some 27 years previously, when it had been obliged to make a considerable effort towards industrial development. The

experience thus acquired could no doubt be of appreciable interest to the developing countries, since it was now generally recognized that without industrialization it was impossible for them to achieve the economic independence without which their political independence was largely illusory. Yet only six or seven years previously that truth and the need for an organization to intensify, co-ordinate and accelerate industrial development had been more or less openly refuted by certain countries. In that connexion, it was gratifying to note that most of the ideas which the socialist countries had advanced and supported from the outset had been accepted by the Special International Conference of UNIDO in weighing up the activities of that organization over four years and in outlining its future activities; that gave grounds for thinking that the recommendations of the socialist countries which had not been included in the consensus resolution of the Conference would also end by being accepted, since they corresponded to actual conditions and to the essential needs of the developing countries. His delegation considered that the consensus was, on the whole, a success and would have the effect of strengthening UNIDO's role of co-ordinating industrialization problems within the United Nations system.

51. The fifth session of the Industrial Development Board and the ensuing Special International Conference had been mainly devoted to one question, that of increasing UNIDO's efficiency with a view to accelerating the industrialization of the developing countries. Some of the most important of the Conference's recommendations stressed the need for the developing countries to formulate economically sound plans for their industrial development, to mobilize domestic resources for industrialization and to carry out the social and economic reforms necessary to eliminate obstacles to the development of productive forces and to bring about their economic independence. The consensus resolution marked a step forward in the definition of a long-term strategy for UNIDO: indeed, it would have been regrettable if the Conference had limited the role of the organization to the solution of detailed technical problems, but in order to bring the task of strategic planning to a successful conclusion, it was essential for UNIDO regularly to study the experience and trends of various countries. His delegation therefore took note with satisfaction of the Conference's proposal that the Executive Director should explore the various experiences in the field of industrialization of countries with different socio-economic systems and make full and impartial use of those experiences for interested countries.

52. His delegation also approved of the recommendation to promote, within the competence of UNIDO, technological development including the adaptation and development of technology and know-how, and the establishment of an information clearing-house that would provide industrial and relevant commercial information, including information on technology and know-how. UNIDO had a vital role to play in promoting a wide exchange of information among all countries, and it was hard to conceive of real international co-operation in industrialization without directing UNIDO's efforts towards putting an end to a situation in which modern industry was the privilege of certain continents or countries. That problem was of course extremely complex, but every effort must be made to solve

it if there was a genuine wish to contribute to accelerating the development of the developing countries.

53. That problem was closely linked with the wise recommendation that high priority should be given within the competence of UNIDO to the training of technical and skilled personnel. Bulgaria's experience in that respect was significant: all its development plans had stressed the need to train highly qualified researchers, engineers and technicians in order to meet the challenge of the scientific and technical revolution; without that considerable effort, which had called for sacrifices at all social levels, Bulgaria could not have overcome the industrial under-development it had inherited from the capitalist régime and would not now be in a position to assist a number of Asian and African countries through the experience of its specialists and experts.

54. For lack of time, he would confine himself to mentioning three specific problems dealt with by the Conference. The first two related to proposals of the socialist countries which had not been retained in the consensus resolution, although they had been supported by the Group of 77. With regard to the proposal that UNIDO should explore with UNCTAD methods of international co-operation contributing to the development of a rational international division of labour and to the removal of existing obstacles to the development of developing countries, one delegation had asked what the term "a rational international division of labour" really meant, adding that the interpretation of the term would depend on the economic and political system chosen by a given country. He believed that the meaning of the term was perfectly clear to the developing countries and that in the final analysis everything depended on the economic and political system that those countries would choose if they were firmly resolved to overcome under-development and to set out along the way to economic and social progress. That way might differ from country to country and must be adapted to the specific conditions of each, but it should never deviate from two essential requirements, the mobilization of all the material and human resources of the country and, to make that mobilization possible, the implementation of profound and radical economic and social reforms. Since no international action could be effective in the absence of those two conditions, it was to those ends that that action, including the activities of UNIDO, should be principally directed.

55. With regard to the second proposal that had not been included in the consensus, his delegation found it hard to understand the objection to including within the sphere of UNIDO's activities questions regarding industrial construction, power engineering and the utilization of natural resources in the interests of developing national industries. To confine UNIDO's contribution solely to the extraction and processing industries seemed to be a strange idea of industrialization in the age of the scientific and technical revolution.

56. His third remark related to the universality of UNIDO. His delegation considered that nothing could justify a situation which prevented UNIDO and the developing countries from benefiting from the economic and technical

assistance of countries which wanted to and could make a significant contribution to the organization's activities. In the circumstances, the absence of the German Democratic Republic from UNIDO was an absurdity. The arguments that political elements were being introduced into the debate or that it was not the time or the place to raise the question were unfounded. The General Assembly was the most appropriate organ for the discussion of the universality of UNIDO and, where the introduction of political elements was concerned, those who were still placing obstacles in the way of that universality were doing so for unfounded and outdated political reasons.

57. In conclusion, Bulgaria would continue to make every effort to contribute to closer and more productive international co-operation towards industrial development. In that connexion, a national committee for co-operation with UNIDO had been established and a seminar had been held recently on the development of the machine-tool industry, in which 50 participants from 19 European and Near Eastern countries had taken part.

58. Mr. DE ALENCAR NETTO (Brazil), introducing draft resolution A/C.2/L.1183/Rev.1, said that the sponsors of the original draft had been joined by the delegations of Bolivia, Colombia, Panama and Uruguay.

59. In the third preambular paragraph, the words "entrusted with the financing of industrial development" had been introduced after "other appropriate organizations of the United Nations" to meet the Finnish representative's request for clarification. A new operative paragraph 5 had been inserted in response to the Colombian representative's suggestion that a reference should be made to paragraph 10 of the consensus resolution. In the new operative paragraph 7, the words "in accordance with the priorities assigned by the developing countries" had been inserted to meet the United Kingdom representative's suggestion. Finally, the new operative paragraph 9 now almost entirely corresponded to paragraph 17 of the consensus.

60. Mr. KHANACHET (Kuwait) recalled that the second Conference on the Industrialization of the Arab Countries had been held in his country under the auspices of the Government of Kuwait, the Arab League and UNIDO. Twenty regional and international organizations had taken part. The Conference had studied the industrial situation in the Arab countries and the International Development Strategy for the Second Development Decade. Particular attention had been paid to the establishment of multinational industrial corporations in the fields of textiles, agricultural equipment and chemical fertilizer. The Conference had adopted several resolutions designed to reinforce industrial co-operation among the Arab countries and a committee consisting of the Ministers of Industry of Iraq, Libya and Kuwait had been set up.

61. The Conference had expressed its satisfaction with the progress of UNIDO's work and its close collaboration with regional organizations in the Arab countries. It had recommended that UNIDO should be transformed into a specialized agency and had decided to hold a further symposium in Libya in 1973.

62. In due course his delegation would submit a proposal to amend draft resolution A/C.2/L.1183/Rev.1 by adding a new paragraph on the following lines:

“Invites the Secretary-General to establish an *ad hoc* intergovernmental committee composed of representatives of the Governing Council of UNDP and of the Industrial Development Board of UNIDO to examine, in consultation with the Administrator of UNDP and the Executive Director of UNIDO, all aspects of co-operation between UNDP and UNIDO and to report through the Economic and Social Council to the twenty-seventh session of the General Assembly.”

63. Mr. CAVIGLIA STARICCO (Uruguay) expressed his delegation's appreciation of the interesting and informative statements of the President of the Industrial Development Board and Executive Director of UNIDO. Although UNIDO was a relatively young organization, it was clear that it would be called upon to make a major contribution in the field of industrial development. It was essential, therefore, that it should receive sufficient financial resources so as to be able to build up an efficient industrial infrastructure in developing countries through regional, subregional and global projects.

64. The revised draft resolution was a considerable improvement on the original text. In particular, his delegation believed that the proposal contained in new operative paragraph 5 to set up a permanent Committee of the Board would do much to increase the organization's efficiency. The establishment of a group of high-level experts, referred to in operative paragraph 3, should make it possible to avoid many errors and shortcomings in the initial stages of UNIDO's long-range strategy. With regard to operative paragraph 4, he felt that it would be somewhat premature to attempt to fix the date of another general conference of UNIDO and that such a decision should be left to the discretion of the Industrial Development Board. For that reason, his delegation found it impossible to support the second amendment proposed by Nigeria in document A/C.2/L.1186. It was, however, fully in favour of the adoption of the fourth Nigerian amendment, as it believed that regional conferences of ministers of industry could be of great significance for regional industrial development.

65. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that his country appreciated such UNIDO activities as the establishment of engineering and technical centres, the dissemination of industrial information, seminars and meetings of experts on various branches of industrial development and measures for training national technical personnel. In connexion with UNIDO's co-ordination of United Nations industrial development activities, he wished to stress the importance of strengthening co-operation with the regional economic commissions.

66. Turning to the shortcomings which still remained in UNIDO's work, he said that his country had always actively opposed the granting of assistance to aggressor countries and their supporters. Accordingly, it could not agree that aid should be given through UNIDO to Israel, which was occupying the territories it had annexed from Arab countries. It was indeed alarming to read in paragraph 52 of the report of the Industrial Development Board (A/8416

and Corr.1) that UNIDO aid planned for Israel in 1971 was three times more than that given Israel in 1970 and more than the total amount of aid to five Arab countries, Iraq, Jordan, Lebanon, the People's Democratic Republic of Yemen and the Syrian Arab Republic. Such practices must be brought to an end.

67. Since industrialization was a pivotal element of economic development, UNIDO should pay more attention to the promotion in the developing countries of such key branches of industry as machine-building, metallurgy and chemicals. Of course, the establishment of those industries required large capital investments; one source of such funds might be additional taxation of the foreign capital which exploited the human and material resources of the developing countries. Some speakers in the general debate had stressed the advantages of private foreign investments; while his delegation did not deny the possibility of using external financing for development, it had always emphasized the right and duty of the developing countries to subordinate such capital to their national development plans and to minimize its adverse effects. The statements of many representatives of developing countries in the general debate had testified to the damage caused to them by the international monetary crisis and the unilateral measures taken by the Government of the United States of America, and also to the adverse effects of their attachment to the capitalist system; yet private foreign capital was one of the primary elements of that system. In that connexion, his delegation considered that UNIDO should take effective measures to help the developing countries to create conditions for the use of private capital which would prevent it from harming their interests, and also that the organization should intensify its assistance in the development of the State industrial sector and in the preparation of long-term industrialization plans in those countries.

68. His delegation had some doubts concerning the value and necessity of the many publications with which UNIDO was concerned, and believed that there was room for considerable savings and improvements in that connexion; that view seemed to be borne out by paragraphs 118 to 124 of the Board's report. Another area where expansion seemed to be indicated was that of the utilization and analysis by UNIDO of information and studies available in the institutions of all groups of countries on matters of interest for the industrialization of the developing countries. Moreover, close attention must be paid to UNIDO's inadequate share in UNDP projects; its lack of funds made it essential to streamline its activities and to improve co-ordination with the work of other international bodies and with national organizations.

69. It was an incontrovertible truth that to be truly effective UNIDO must use the experience of all countries in its activities, and the organization's personnel policy had a decisive part to play in that respect. It should adhere more closely to the principle of geographical distribution in assigning consultants and experts and in recruiting its secretariat. It should expand the number of countries with whose organizations and institutions it concluded sub-contracts for various studies, supply of equipment, and so forth. The Byelorussian SSR regretted that not one of the many specialists nominated by its Government for posts in the UNIDO secretariat had yet been accepted. UNIDO

would benefit greatly if specialists and organizations of the socialist countries could take a more active part in its work and if the German Democratic Republic became a member of the organization.

70. Turning to the Special International Conference of UNIDO, he said that the consensus resolution might be generally regarded as successful, although it did not include certain important considerations, some of them proposed by the socialist countries. Those proposals were set out in the observations by the group of socialist countries, in chapter III of the report of the Conference (A/8341). Despite that and other shortcomings of the consensus, his delegation generally supported it, in the belief that the proposals of the socialist countries would ultimately be accepted, since they corresponded to modern realities and to the vital needs of the developing countries.

71. On the other hand, his delegation could not agree to proposals that UNIDO should be given greater administrative and financial autonomy, especially in view of the current financial difficulties of the United Nations. It therefore could not support operative paragraphs 6 and 11 of draft resolution A/C.2/L.1183/Rev.1. Nor could it endorse operative paragraph 3 of that text. The growing trend to entrust the solution of important problems of the United Nations system to experts was unwarranted. Senior officials of the United Nations and its organizations could and should give intergovernmental bodies more effective assistance in solving serious problems; too often they concerned themselves with questions and studies of secondary importance. Finally, his delegation saw no need to convene yet another conference of UNIDO in the near future and considered that the necessary efforts and resources could be more rationally used for the implementation of the important tasks confronting the organization. Accordingly, it could not support operative paragraph 4 of the draft resolution or paragraph 2 of the Nigerian amendments (A/C.2/L.1186).

72. Mr. NEPALI (Nepal) said that industrialization occupied a significant place in the continuing process of economic development. Despite all the efforts of developing countries, the pace of industrialization was not sufficient to meet their genuine requirements and legitimate aspirations. The situation was particularly critical in the least developed and land-locked countries, owing to a lack of adequate capital, technical know-how and management skills and to the fact that most of them were still primary-producing countries. Multilateral and bilateral assistance in the field of industrialization was essential to the success of the Second United Nations Development Decade. Unless the rate of industrial growth was stepped up, particularly in the least developed among the developing countries, the targets set for the Decade could never be attained.

73. A great deal was expected of UNIDO. It was hoped that, for all its limitations, the organization would be able to assist industrially backward countries to progress from the transitional to the industrial stage of development. It was perhaps unavoidable that, in the early years of its existence, its performance should not have lived up to the expectations of many countries. However, the establishment of a group of high-level experts to formulate a

long-range strategy and the active co-operation of the industrially developed countries should help UNIDO to adopt the right approach and contribute substantially to the programme of industrialization. More important even than giving an impetus to the industrial development of the third world was the need to prepare a sound basis for industrialization with due attention to the requirements of the initial stage. Economic progress could not be expected to come overnight. It was essential that, in addition to developing the industrial sectors of the economy, priority should be given to building up an adequate infrastructure and mobilizing domestic resources. That meant that UNIDO should collaborate closely with UNDP and other organs of the United Nations in order to avoid duplication and unnecessary expenditure. The various United Nations bodies should co-ordinate their activities in order to provide high-level expert advice in the preparation of well-planned and economically feasible industrial projects as well as to encourage the transfer of technology from the industrialized to the developing countries.

74. Mr. AL-SAMMAN (Syrian Arab Republic) noted with satisfaction that, in a short time and in spite of limited financial resources, UNIDO had made definite strides in the field of industrialization. Compared with what was required, however, its achievements were modest. If it was to make greater progress in the future, it was vital that its financial resources should be increased, since its mandate was out of all proportion with the size of its regular budget. It was to be hoped that the voluntary contributions of industrialized countries would be in keeping with their responsibility for the development of the world economy. UNIDO should, meanwhile, make every effort to use its available resources as effectively as possible, particularly by means of operational activities.

75. He emphasized that recipient countries should be entitled to establish priorities for operational projects. UNIDO should concentrate on devising scientifically planned industrial development programmes, developing key industrial sectors, training skilled national personnel, transferring and applying technical know-how, mobilizing local resources and providing external financial assistance on reasonable terms. It should, moreover, be responsible for a far greater number of projects. It was regrettable and alarming that UNDP should have reduced drastically its financing of interregional projects and that some 35 projects submitted for its approval by UNIDO might have to be abandoned. Co-operation between UNDP and UNIDO should be reviewed, particularly in respect of the formulation, appraisal and approval of industrial projects. His delegation therefore supported Nigeria's third proposed amendment in document A/C.2/L.1186 to draft resolution A/C.2/L.1183/Rev.1 that an *ad hoc* committee should be created for that purpose. It also believed that UNIDO should become a specialized agency and be granted a greater degree of autonomy within the United Nations system.

76. Mr. HUTAGALUNG (Indonesia) said that his delegation attached great importance to the work of UNIDO and found it unfortunate that its contribution to industrialization in the developing countries had remained negligible because of inadequate financial resources. That, in fact, had been one of the most compelling reasons for holding the



Special International Conference. He stressed the need for larger voluntary contributions by Member States, as called for in paragraph 19 of the consensus resolution.

77. It was, however, gratifying to note from the account given by the Executive Director that all member countries were co-operating in a variety of other ways.

78. His delegation subscribed to the ideas in part I of the consensus resolution regarding the long-range strategy and orientation of UNIDO's activities and endorsed the recommendation concerning the appointment of a small group of high-level experts.

79. His delegation attached particular significance to the promotion of industries with a multiplier effect mentioned in operative paragraph 1 (b) of the consensus resolution.

80. Draft resolution A/C.2/L.1183/Rev.1 was a necessary corollary to the consensus resolution. With certain improvements that might be made after consultations, his delegation would have no difficulty in supporting it.

81. Mrs. STRÖJE-WILKENS (Sweden) expressed her delegation's satisfaction with the conclusions and recommendations set out in document A/8341 and its support for the idea put forward in the consensus resolution granting UNIDO increased autonomy.

82. She hoped that the proposed expert group would spare no effort in coming to grips with the long-range strategy for UNIDO and that it would pinpoint priority areas on which UNIDO should concentrate.

83. UNIDO, through the Resident Representatives of UNDP, should assist the developing countries to work out the industrial part of their programmes. It was also essential for UNIDO to increase the rate of implementation of projects.

84. At the decisive stage of formulating the work programme, increased emphasis was being placed on operational activities. The resolution of the Special International Conference had also stressed that point. She suggested that a new operative paragraph be added to draft resolution A/C.2/L.1183/Rev.1, inviting UNIDO to keep the organization and structure of the UNIDO secretariat under consideration with a view to adapting it to the needs of the work programme and in particular to the need for effective implementation of existing operational activities.

85. She concluded by quoting from the Swedish memorandum of 8 March 1971 to the Executive Director, which stated that the strengthening of member States' confidence in UNIDO's capacity to play a decisive role in the industrialization efforts of the developing countries was of vital importance to UNIDO's success. Effective implementation of a concentrated programme of high quality, well integrated into the country programmes of UNDP, would doubtless lead to an increasing flow of financial resources from UNDP as well as from individual members. Increased efficiency would strengthen UNIDO's role in the over-all effort of the United Nations family in implementing the

International Development Strategy for the Second Development Decade, and would in practice also mean increased autonomy for UNIDO.

86. Mr. TAMEZ (Mexico) agreed with the representative of Uruguay that it would be premature to convene another general conference of UNIDO in 1973. He wished to know what was meant by "greater autonomy" in operative paragraph 6 of draft resolution A/C.2/L.1183/Rev.1.

87. Mr. HILLEL (Israel) observed that very little help was available to developing countries in the later stages of project implementation. In that regard there were two major difficulties. Firstly, many countries could not pay the commercial interest rates on credit needed to finance equipment. Israel had submitted a proposal to make commercial credit available to developing countries on softer terms through an interest equalization fund, and he hoped that UNIDO would find a way of using soft credit facilities in the important field of suppliers' credit for industries.

88. The second difficulty related to the administration of investment projects in developing countries. Until now, UNIDO's major assistance had been in project screening, formulation and evaluation. However, the success of a project depended largely on the different stages of implementation, including equipment supply, credit arrangements, detailed planning, follow-up of implementation, and training programmes for local personnel to manage the project. The formulation and evaluation of international tenders for the supply of equipment required experience not always available in the recipient country, and optimum selection of equipment often needed co-operation among two or more supplier countries.

89. UNIDO should therefore strengthen its assistance at the implementation stage to developing countries, especially the least developed, when the recipient countries considered it necessary. Long-term arrangements concerning the implementation of as many projects as possible should be planned, since separate arrangements for each project would be cumbersome and entail delays. His delegation therefore supported the Swedish suggestion to amend draft resolution A/C.2/L.1183/Rev.1.

90. Mr. SLOAN (Office of Legal Affairs), commenting upon the correction of the report of the Special International Conference, said that the Committee clearly could not change the text of a report of another body. It was, of course, free to agree or disagree, accept or reject any part of the report, or modify or alter a text in its own resolutions. The report itself, however, was that of the body which had submitted it and could not be changed by the organ to which it was submitted.

91. Should a technical error be discovered in a report, however, the secretariat had the responsibility of correcting it. In the present case he understood that the secretariat had determined that there was a technical error in the report and was issuing a corrigendum accordingly.

*The meeting rose at 7 p.m.*