

# 1689th meeting

Tuesday, 4 November 1975, at 10.40 a.m.

Chairman: Mr. Olof RYDBECK (Sweden).

A/C.2/SR.1689

*In the absence of the Chairman, Mr. Valdés (Bolivia) took the Chair.*

## AGENDA ITEM 56

**United Nations Industrial Development Organization (continued) (A/10003, chap. IV, sect. G):**

- (a) Report of the Second General Conference of the United Nations Industrial Development Organization (A/10112, A/10202 and Add.1-3);  
 (b) Report of the Industrial Development Board (A/10016, E/5712)

1. Mr. BENN (Guyana) said that, in view of the key role of industrialization in the establishment of a new international economic order in which the developing countries would play an increasingly effective part, he attached great importance to the Lima Declaration and Plan of Action on Industrial Development and Co-operation (see A/10112, chap. IV) adopted at the Second General Conference of UNIDO, held from 12 to 26 March 1975, and subsequently endorsed by the General Assembly at its seventh special session in resolution 3362 (S-VII). The Declaration and Plan of Action contained a number of guidelines for the industrial development of the developing countries; he attached particular significance to the conversion of UNIDO into a specialized agency, and to the setting of a target of at least 25 per cent of total world industrial production for the developing countries by the year 2000.

2. In the past, the developing countries had relied heavily on transnational corporations to provide the stimulus for industrial growth and development through the transfer of capital and technology. For example, some developing countries had adopted incentive legislation to encourage foreign private enterprise to set up industries, on the assumption that such investment, mainly in the mining and manufacturing sectors, would generate capital expansion, employment and higher incomes, and at the same time, transfer managerial and other skills to the local economy. Not only had that strategy failed to produce the desired level of growth, but it had also failed to generate sufficiently high levels of employment to absorb increasing population growth. In fact, the industrial processes transferred to the developing countries under that strategy had been capital-intensive in basically labour-intensive economies, and had used technological inputs quite inappropriate to production factors in the recipient countries, thus producing an uneven pattern of development, low income levels, inequalities in income distribution, under-consumption and large-scale unemployment.

3. Awareness of those difficulties had led his Government to take corrective measures, such as increased national control of the industrialization process through expansion of co-operative and public sector activities in that field and

insistence that the technology used in that process should be suited to the needs and circumstances of the local economy and also be consistent with over-all national development objectives.

4. Current thinking with regard to development had somewhat modified the role of industrialization in the development process. It was no longer held to be virtually axiomatic that the development process required the automatic transfer of resources from the agricultural to the industrial sector. On the contrary, a simultaneous expansion of the domestic agricultural sector was an important element in development, and agricultural production should provide inputs into the industrial sector in order to establish the sectoral links necessary for the general structural transformation of the economy. Recognition of that necessity had led to an increased emphasis on agro-industries using local inputs and greater quantities of indigenous technology.

5. That approach to development, with its emphasis on national self-reliance, increasing co-operative and public sector participation, the promotion of sectoral links and the utilization of indigenous technology, revealed the need for an independent multilateral development agency such as UNIDO to provide the necessary technical support for the industrialization programmes of the developing countries. He accordingly welcomed the assurance by the Executive Director that steps had been taken to implement the provisions of the Lima Declaration calling for the strengthening of UNIDO to make it more responsive to the needs of the developing countries. In particular he welcomed the proposal to establish within UNIDO an international centre for industrial studies. He had been encouraged to learn that the project delivery rate under UNIDO technical assistance programmes had increased in the first half of 1975 and that efforts were continuing to increase the over-all operational efficiency of the organization.

6. He attached special importance to the establishment of an Industrial Development Fund and looked forward to the completion of the review by the Permanent Committee of the Industrial Development Board, at its sixth session, of the terms of reference and rules for the functioning and administration of the Fund, to which he hoped Governments would give their generous support.

7. He found it difficult to accept the argument advanced by some delegations that they could not pledge contributions to UNIDO because they believed UNDP to be the main multilateral development agency. His delegation regarded UNIDO as the central co-ordinating body for industrial development within the United Nations system, and would continue to support it.

8. Mr. CORREA (Chile) said that, in order to bridge the gap between the third world, which constituted 70 per cent

of mankind, and the developed countries, some means must be found of increasing from 7 per cent to 25 per cent the share of the developing countries in world industrial production, that being the only sound basis for a medium-term solution to the problems of poverty, hunger and backwardness which affected the developing countries.

9. Chile was endeavouring to make progress in the industrial field and had increased exports of non-traditional goods from \$200 million in 1973 to \$600 million in 1975. A vast programme had been undertaken for the equipment of new industries and the expansion of existing industries, supported by domestic savings and private and public capital, and a clearly defined position had been adopted with regard to foreign investment. In response to assertions made in ignorance by Chile's political enemies, he explained that foreign investment was circumscribed by the common regulations approved by the Commission of the Cartagena Agreement, signed on 26 May 1969 by the Andean Group, of which six Latin American countries were members, which provided that such investment must be strictly in keeping with the national interests of the recipient countries. Chile attached great importance to industrialization and had therefore laid down that enterprises producing raw materials must process part of their production within the country. That had led to the construction of concentrating plants, refineries, foundries, and even industries manufacturing finished products. Chile would probably soon become the world's leading producer of copper and would, of course, retain under State control all the large copper mines nationalized in 1971.

10. Chile's position with regard to UNIDO had been stated in detail at the Lima Conference; its policy was one of whole-hearted support for UNIDO's industrialization activities, and it was modelling its national policies on the Plan of Action. At its seventh special session, the General Assembly had adopted resolution 3362 (S-VII) by consensus, thereby transforming the Plan of Action, the provisions of which were restated in section IV of the resolution, into an expression of the will of all Members of the United Nations; UNIDO had a special responsibility for the attainment of the objectives set forth in section IV of that resolution.

11. Consequently, the meeting to be held at Vienna in the last quarter of 1976 to draw up a constitution for UNIDO as a specialized agency could have a profound effect on the life of peoples by adopting bold, imaginative and flexible provisions which would enable the desired process of industrialization to become a reality. The Government of Chile would lend its full support to that objective.

12. Mr. MASSONET (Belgium) said it was clear from the statement of the Executive Director of UNIDO that there had been a considerable expansion in operational activities; he earnestly hoped that the restructuring in progress and the transition period which it would entail would not appreciably affect those activities and would result in a more efficient organization and one increasingly useful to those developing countries which requested its aid.

13. He noted the various stages proposed for the study of the draft constitution of UNIDO as a specialized agency, and hoped that the conversion would result in better administration and better budgetary control.

14. Belgium had always supported the industrialization of developing countries, and he hoped that the redeployment of production factors would be carried out progressively and harmoniously. The Minister for Foreign Affairs of Belgium had recently established a working group to make a study, with the help of leading experts, of the international division of labour and the redeployment of industries. It was essential to come to grips with the problems of a transition period in order to overcome the negative effects as far as possible. General Assembly resolution 3362 (S-VII), section IV, relating to industrialization, was based essentially on willingness to engage in a dialogue between the countries and institutions concerned as a means of strengthening co-operation with developing countries. The fact that it had been possible to achieve a consensus on the text of that section was largely due to the preparatory work of the Second General Conference of UNIDO in defining new directions in industrial co-operation.

15. Belgium was making every effort to increase its support for UNIDO both technically and financially, through its contribution to the General Trust Fund and its participation in training and in the associate experts' programmes.

16. Mr. YANNOPOULOS (Greece) said that the Second General Conference of UNIDO and the seventh special session of the General Assembly had established a firm commitment by the international community to assist the developing countries in accelerating their pace of industrialization. Attainment of the modest targets that had been set required the translation into practical measures of the proposals put forward in the Lima Plan of Action on Industrial Development and Co-operation.

17. UNIDO could carry out its task of restructuring world industry only if its administrative and financial autonomy was increased, its internal management structure strengthened and its resources in finance and competent staff placed on a firmer footing, and most of those measures would have to await the conversion of UNIDO into a specialized agency. He looked forward to a speedy conclusion of the Vienna talks on that issue. It was important to ensure that the operational effectiveness of UNIDO's traditional technical assistance programmes was not adversely affected during the transitional period. Moreover, UNIDO should be assisted in its onerous task of implementing the Lima Declaration and Plan of Action by being given a clear indication of the priorities of the various measures specified in the Plan of Action. There should be international consultations based on research and information regarding current trends, with a view to considering ways of achieving the desired redistribution of the growth in industrial production through a decisive redeployment of industry. The development of such a system of consultations would require the further strengthening of UNIDO's research activities, for example, the patterns of relocation of specific industries throughout the world might form a useful background for consultations on a sectoral basis. The relocation studies should not be restricted to the basic industries specifically mentioned in the Lima Plan of Action but should be extended to industries that were particularly labour-intensive in respect of quality and quantity of workers, since it was obvious that the employ-

ment effects of the relocation of such industries would be very great. Their further development would stem the rural exodus in developing countries and reduce the expenditures on social infrastructures imposed by high urbanization rates, thereby releasing financial resources to speed up industrialization. Some useful first steps had already been taken in the reorganization of UNIDO as the central co-ordinating body within the United Nations system for matters of industrialization. The next step was to establish formal but flexible co-ordinating mechanisms at all levels. He hoped that the negotiations between UNIDO, UNCTAD and GATT for an agreement on redefinition of international trade policies in view of the targets set at Lima would be successful. Equally important would be an agreement with UNDP to increase UNIDO's share of UNDP projects concerned with industry. He looked forward also to the results of the joint study by UNIDO, UNCTAD and WIPO of co-operation in the better selection of technology in the course of the technology transfer process. It might be appropriate to invite the participation of the new Information and Research Centre on Transnational Corporations in that study.

18. The Lima Plan of Action laid stress on industrial technology; however, any increase in research and development expenditures by developing countries must be accompanied by a reassessment of the research and development priorities of the developed countries. That was the only way to change the existing situation in which the direction of research in developing countries was automatically determined by the conditions and the relative production factors in the developed countries.

19. Economies of scale and specialization, which were vital for successful industrialization, could more easily be established by agreed specialization schemes involving the co-ordination of industrial policies among developing countries. UNIDO could play a crucial role in that area by analysing the problems and studying the methods of obtaining an equitable distribution of the gains from such agreements. It could also prepare innovative programmes to aid developing countries in sharing their experience in industrialization and technology.

20. Mr. GAJENTAAN (Netherlands) noted with satisfaction that it had been possible at the ninth session of the Industrial Development Board to reach a consensus on the follow-up to the Second General Conference of UNIDO. The General Assembly, at its seventh special session, had maintained the spirit of co-operation, thus proving that industrialization in the developing countries was an essential element in the restructuring of world economic relationships on the basis of equality and common interest.

21. The problems of industrialization in developing countries were closely linked with policy measures taken by the industrialized countries. The Netherlands Government had included in its budgetary proposals for development co-operation in 1976 an amount of approximately \$13 million for possible readjustment programmes in support of measures to further the global distribution of economic activities. Within the over-all restructuring policies of Netherlands industries, the Government was in the process of identifying production activities clearly related to industrial capabilities in the third world. The funds in question were

earmarked for pilot programmes to create alternative employment for workers in the industrial sectors to be restructured, and for investment support to encourage companies to withdraw from markets which could be better served by developing countries. Those policies were carried out in consultation with labour and management. In order to achieve substantial results, action by other industrialized countries was of course desirable. Readjustment of industries in developed countries and improved access to their markets for products from developing countries would affect employment in the industrialized countries, and in the current international economic recession, with high unemployment, it was difficult to launch readjustment policies. However, developing countries were generally more affected by the current recession than the industrialized countries and the latter should not use the recession as a pretext for inaction.

22. His Government would actively participate in the drafting of the constitution of a specialized agency for industrial development. It was important that UNIDO should remain a part of the United Nations system and continue to maintain close co-operation with other institutions within and outside the United Nations. Governments must therefore be kept fully informed of any far-reaching reorganization proposals which might affect UNIDO's position.

23. His delegation attached great importance to the drafting of a co-operative plan of action on appropriate technology, which his Government would be willing to support through voluntary contributions provided that concrete proposals were formulated in due time.

24. Mr. KABIR (Bangladesh) noted that the key role of industrialization in breaking the vicious circle of poverty was receiving the attention it deserved from the international community. Industrialization could no longer be regarded only as a means of satisfying consumer needs, generating employment or expanding trade. The spectre of global food shortages provided a more cogent reason for according industrialization its due measure of importance as a means of ensuring the supply of inputs and technology which was so vital to the search for more food.

25. The current state of industrialization in the third world presented a disappointing picture. Third world countries had accounted for less than 7 per cent of world industrial production in the 1960s and had not appreciably increased their share since then. The degree of industrialization they had achieved had not solved problems of mass poverty and under-employment; on the contrary, it had often led to the growth of shantytowns and aggravated the gap between urban and rural societies.

26. There was a growing realization that industrialization should be viewed primarily as a means of improving the conditions of work and living standards of the impoverished masses, and not merely of providing a wider variety of products by application of technology guided by an exaggerated concern for import substitution. If industrialization was to have an impact on living conditions in the least developed countries, it must be closely interwoven with the development of all other sectors, particularly agriculture. There were sound economic reasons why the

least developed countries should be helped to develop their indigenous self-reliant technologies, since the technologies of the advanced countries were unlikely to be suited to developing economies and belonged to a period when an essentially inequitable international political structure had prevailed.

27. In Bangladesh, many industries were working below capacity because of shortage of raw materials and spare parts or lack of managerial skill. The main aim of the revised three-year economic development plan was to increase production through greater utilization of capacity. Emphasis was placed on new industrial projects based on exploitation of the country's natural resources; the vast potential of the natural gas resources of Bangladesh both for national development and for augmenting the world supply of agricultural inputs was to be exploited to the maximum degree. Moreover, in a determined effort to disperse industries away from the few urban centres, labour-intensive industrial projects, both medium-sized, small and of the cottage type, were being emphasized. Efforts were being directed towards greater efficiency in the nationalized sectors while giving new scope to private enterprise. There was great stress on vocational training to provide more skilled workers.

28. He was gratified to note that the crucial role of industrialization was duly emphasized in the new priorities and programmes emerging from the consensus on the new international economic order. It was clear that co-operative international efforts on a realistic basis would promote the success of the new economic policies. The developed countries, which controlled the major share of capital and technology, could do much to further the industrialization of the developing world by providing increased finance for industrialization and by helping in the transfer and adaptation of technology as a means of bringing about greater self-reliance. There was an acute need to give preferential treatment in international aid to developing countries with special problems, such as a weak infrastructure or inability to sustain current levels of industrial activity because of recent and long-term developments in international trade.

29. The tapping of unexploited human and natural resources of the third world would depend largely on the systematic and planned transfer of technology to third world countries. Moreover, the redeployment of industrial capacity on the basis of a world-wide overview of production factors and prices could hardly be achieved without the co-operation of the developed countries.

30. Since its establishment, UNIDO had played an important role in technical co-operation activities such as the Special Industrial Services programme and long-term investment programmes, which had been very useful to countries starting on the road to industrialization. UNIDO's most important contribution had been its pioneering role in bringing the problem of industrialization of the developing countries to the attention of the world community, a process which had culminated in the adoption of the Lima Declaration and Plan of Action on Industrial Development and Co-operation. The shaping of a more equitable international economic order would be a new challenge to the United Nations, and it was important to make any necessary institutional changes so that UNIDO could play a

central role in co-operation with other agencies in the implementation of the Lima Declaration and General Assembly resolution 3362 (S-VII). UNIDO's authority and functions must therefore be increased and it must be given the necessary resources, and his delegation supported the proposal for converting UNIDO into a specialized agency.

31. He hoped that the required institutional changes would soon be completed and that the Industrial Development Fund could be established with co-operation from all concerned. Meanwhile, he commended the Industrial Development Board's initiative in implementing some of the directives of the Lima Conference. He noted the measures to establish a special unit within the UNIDO secretariat to deal with the specific problems of the least developed, land-locked and island developing countries; given UNIDO's limited manpower resources, however, a simple redeployment of personnel might prove inadequate for the purpose. He also noted with appreciation the urgency with which UNIDO was tackling the problem of the establishment of an industrial and technological information bank and also the specific programme of action proposed on methods of implementing the resolution on the selection of appropriate industrial technology (see A/10016, para. 72).

32. Mr. CHRISTOPHI (Cyprus) said that the Lima Declaration and Plan of Action constituted important landmarks in the history of industrial co-operation and were major instruments for the achievement of just and equitable international economic relations. At a time when the gap between developed and developing countries had been widening at a disquieting rate, when international monetary instability, inflation and the energy crisis had been adversely affecting the economies of most developing countries and when estimates had suggested that nearly one quarter of the world's labour force was unemployed or under-employed, the adoption of those texts had been mandatory. The two texts reflected the recognition of the legitimacy of the developing countries' demand for an increase in their share of total world industrial output. His delegation was convinced that, with the goodwill, collaboration and understanding of developing countries, the determination and political will of developing countries and the responsible assumption by UNIDO of the expanded role assigned to it, it would be possible to increase that share to 25 per cent by the year 2000.

33. During the current period of rapid economic change, international consensus and closer co-operation among nations were essential if the fundamental principles of equity, equality, mutuality and justice were to govern international relations. Peace, international understanding and security would be endangered so long as there remained hungry people in the world.

34. The accelerated development of industrial activities, through co-operation between developed and developing countries for their mutual benefit, was central to a new economic order. UNIDO could help to develop a general set of principles and guidelines for industrial co-operation. However, there could be no substantial progress until the industrial, trade and other policies of the developed countries underwent major changes. Those countries could facilitate greater participation by developing countries in

the growth of world industrial capacity by dismantling tariff and non-tariff barriers and facilitating the access of developing countries to foreign financing and modern technology. Although spectacular results were not to be expected in the short run, given the limited capacity of developing countries to assimilate technical knowledge, the 25 years until the year 2000 was a reasonable span of time in which to increase their share in industrial output. UNIDO must face the challenge of ensuring daily progress towards that target.

35. The decisions to convert UNIDO into a specialized agency and to establish an Industrial Development Fund would enable UNIDO to be more responsive to the needs of the developing countries by executing result-oriented programmes. It was now necessary to establish machinery for evaluating the organization's performance in order to identify and eliminate obstacles to the implementation of programmes. His delegation was glad to note that praiseworthy progress had been achieved during 1975 in the delivery rate of technical assistance, and hoped that efforts towards a further increase would be pursued with more vigour.

36. In conclusion, he pointed out that certain States were violating the basic principles enunciated in paragraphs 32 and 33 of the Lima Declaration by occupying and exploiting territories which belonged to other sovereign States.

37. Mr. POJANI (Albania) said that the Lima Declaration and Plan of Action were a new expression of the efforts by developing countries to achieve their national aspirations and strengthen their political and economic independence. The resolute stand taken by the countries of Asia, Africa and Latin America at the Lima Conference in defence of their sovereign rights and against capitalist, colonialist and neo-colonialist exploitation had been in full accord with the important decisions adopted at the sixth special session of the General Assembly. Industrialization was a basic instrument with which the developing countries could overcome the backwardness inherited from colonial domination and strengthen their economic independence, without which political independence was impossible.

38. An increasing number of developing countries were resolutely defending their national independence and relying mainly on their own resources in a resolute struggle against the incessant economic aggression of the imperialist Powers, primarily the United States and the Soviet Union. The struggle had led to significant achievements and industrial and economic development. He reiterated his country's firm support for that struggle and said that the industrial development of the developing countries could not be effectively promoted, nor could the decisions adopted at the Second General Conference of UNIDO and the sixth and seventh special sessions of the General Assembly be implemented, without radical changes in existing international economic relations, including patterns of world trade and the monetary system.

39. Notwithstanding the efforts of peaceful Member States and the decisions adopted at various international meetings, the industrialized countries continued to derive enormous profits at the expense of the developing coun-

tries. The capitalist monopolies continued to plunder the wealth of the developing countries, sabotage their economies and interfere in their internal affairs. The imperialist Powers, particularly the two super-Powers, stubbornly pursued their policy of colonialist and neo-colonialist exploitation and were striving in every possible way to retard the independent development of the developing countries of Asia, Africa and Latin America so that they would remain sources of raw materials and continue to be politically and economically dependent on them. The rivalry between the two imperialist super-Powers for spheres of influence, hegemony and world domination and their collaboration to the detriment of peace-loving countries were a most serious obstacle to the free and independent development of the developing countries and a threat to international peace and security. The imperialist Powers paid lip-service to interdependence and dialogue, whereas in reality they sought to perpetuate their exploitation and plunder of the developing countries and to place the responsibility for the economic crisis on those countries. The latter, however, had firmly rejected all those accusations and had condemned the policies of aggression, plunder and exploitation of the imperialist Powers.

40. The United States of America relentlessly exploited countries throughout the world, particularly developing nations. United States representatives declared that they were willing to help the developing countries to pursue their industrialization, whereas in reality they were seeking a proper climate in which to continue to plunder the wealth of those countries. The Soviet social-imperialists, for their part, in accordance with their neo-colonialist theories concerning economic integration, the international division of labour, co-operation and assistance, exploited and plundered the natural resources of the developing countries and controlled all aspects of the economic life of their allies. They did not miss an opportunity, in the Second Committee as elsewhere, to preach détente, peace, European security, international security, disarmament, and the reduction of military budgets. The unbridled demagoguery of the Soviet and United States imperialists was designed to weaken the vigilance of the peoples of the world, stifle their struggle for freedom and independence and leave them more vulnerable to domination. In the meantime, the imperialist super-Powers continued to be armed to the teeth and to plot against other countries.

41. In those circumstances, the struggle of the peoples of Asia, Africa and Latin America against the colonialism and neo-colonialism of the imperialist Powers was the main instrument for the strengthening of their economic and political independence. UNIDO and other bodies had a major contribution to make in assisting them in their struggle to consolidate their sovereignty and their political and economic independence and to mobilize their material and human resources. The growing solidarity, mutual assistance and co-operation among the developing countries were also significant factors in their struggle to establish new and just international economic relations based on respect for national sovereignty, non-interference in internal affairs and mutual benefit.

42. His country had always supported the struggle of the countries of Asia, Africa and Latin America and welcomed the progress they had made in exercising their full and

permanent sovereignty over their natural resources and terminating their dependence on the imperialist Powers. His delegation supported the measures taken by the developing countries to increase the co-ordination of their efforts and strengthen their solidarity and mutual co-operation.

43. Industrialization had played a prominent role in the establishment of Albania's socialist society. It had been based on such principles as reliance on internal development factors and domestic natural resources and the creation of a diversified socialized industry and modern "collectivized" agriculture. His country had overcome many obstacles on the road to industrial development but had never yielded to the pressures and flatteries of the imperialists and modern revisionists. The Soviet revisionists had used every means to sabotage the industrialization of his country by attempting to prove that Albania lacked raw materials for industrial development, concealing geological data, sabotaging oil research and drilling, attempting through assistance and credit to impose its policy of *diktat* and subjugation and setting up a savage economic blockade of the country. However, the Albanian people had firmly rejected the pressures and blackmail, and significant increases in industrial, agricultural and over-all production had been registered in 1974 as compared to 1960, when the Soviet revisionists had begun to exert those pressures. Furthermore, the exploitation and local processing of various minerals was opening up new prospects for the continued development of the Albanian economy.

44. His delegation was confident that the developing countries, by relying mainly on their own material and human resources and by promoting solidarity, mutual assistance and just international economic co-operation, would achieve their goal of industrialization in conformity with their national interests.

45. Mr. BOUBAKAR (Upper Volta) said that the Lima Declaration and Plan of Action were of the utmost importance to Governments, and he welcomed the fact that the General Assembly had endorsed them at its seventh special session. Pursuant to resolution 45 (IX) of the Industrial Development Board (see A/10016, annex I), his Government would implement its undertakings in terms of those instruments and would also urge the competent specialized agencies to promote the activities of UNIDO in the field of industrial development. All countries should strive to implement the Declaration.

46. His delegation was in favour of North-South co-operation and an international division of labour which should be equitable and result in remunerative prices for all. By the end of the century, the developing countries should increase their share of total world industrial production by 25 per cent.

47. In the framework of the new international relations that were being established, industrial development should be based on strict respect for the sovereignty and interests of the developing countries, whose natural resources would prove an asset for their industrialization. The developing countries were more determined than ever to use their human and material resources for their own benefit.

48. At its sixth session, the Permanent Committee of the Industrial Development Board should devote particular

attention to strengthening the role of UNIDO, international co-operation in the transfer of technology, permanent sovereignty over natural resources and industrialization of the developing countries, the establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from the developed countries, the establishment of a joint technical advisory group for UNIDO and a system of consultations and negotiations on the redeployment of productive capacity.

49. His delegation favoured the conversion of UNIDO into a specialized agency and was convinced that the change should above all be qualitative. UNIDO should pay greater attention to the problems of the developing countries, particularly the least developed among them. His delegation hoped that at its sixth session the Permanent Committee would find an appropriate role for the Industrial Development Fund and that particular attention would be given to the proposals to be made by the special unit dealing with the specific problems of the least developed, land-locked and island developing countries. An industrial and technological information bank would assist the developing countries in selecting appropriate technology. His delegation remained convinced that the financing of small-scale projects, particularly in the least developed countries, for agro-industries and rural industry was an essential part of the global industrialization effort. The volume of UNIDO's interregional projects financed by UNDP, particularly in the area of training, should be increased.

50. His delegation welcomed the increase in technical assistance services rendered by UNIDO in 1974 and 1975. That acceleration in project implementation had been essential to enable UNIDO to conform to the programming cycle established by UNDP. It would be most unfortunate if a substantial number of unimplemented projects had to be deferred from the first to the second programming cycle. UNIDO and UNDP should jointly seek, and propose to their governing bodies, measures which would enable UNIDO to undergo its restructuring without any serious threat to its operational capacity.

51. His delegation welcomed the establishment of institutional machinery to deal with the problems of the least developed and land-locked countries, in accordance with the decisions of the General Assembly, UNCTAD and the Second General Conference of UNIDO. It felt, however, that the overhead costs of the projects financed by UNDP and executed by UNIDO in those countries were excessively high. UNDP and UNIDO should find a solution which would permit an increase in the volume and quality of UNIDO assistance. Accordingly, his delegation hoped that the appropriate budgetary adjustments would be made so that UNIDO would receive the necessary funds from the United Nations budget to enable it to discharge all its responsibilities, in particular those entrusted to it by the Lima Declaration.

*Mr. Rydbeck (Sweden) took the Chair.*

52. Mr. AL-JEAN (Kuwait) said that his country had maintained close ties with UNIDO since its inception and would continue to co-operate with the organization to help it to become the most effective instrument for accelerating the industrialization of the developing countries. Everything

possible should be done to enable UNIDO to carry out its task effectively and thereby promote the dynamic development of the third world. There was no justification for the reservation which had been formulated concerning the future of UNIDO. Those reservations were a sign of selfishness and had no place in an era of world economic interdependence.

53. UNIDO should strive to furnish additional technical and advisory services, and regional and joint projects should be carried out with greater urgency, as they would promote the efforts of the developing countries to become self-reliant.

54. His delegation favoured greater decentralization of UNIDO activities and welcomed the co-operation being undertaken with regional industrial organizations. It also favoured the establishment of regional organizations for the purposes of industrial consultation, transfer of technology and training.

55. His delegation had always attached importance to the Special Industrial Services programme and hoped that additional sources of financing would be found to support it. He welcomed UNIDO's efforts to co-operate with countries at the national and regional levels and expressed the hope that such activities would be expanded in his own region, which possessed enormous untapped potential. Kuwait had increased its contribution to UNIDO for 1976 by 25 per cent.

56. In conclusion, he thanked the Austrian Government for the facilities and assistance it was providing to facilitate the performance of UNIDO's activities.

57. Mr. AHEER (Pakistan) said that, in his delegation's view, industrialization was the most effective instrument for accelerating the development of developing countries. Not only could it raise total industrial production but, owing to the accompanying transfer of technology, it could also raise productivity in other important sectors such as agriculture. Industrialization should therefore be given the highest priority in the process of development. It was encouraging to note the progress made at the seventh special session in terms of a general recognition that the benefits of industrialization in developing countries could also yield useful dividends to countries that were already industrialized. The operation of the economies of developed and developing countries at optimum levels implied efficient operation of industries. In that context, his delegation welcomed the decisions taken at the seventh special session urging the developed countries to redeploy their industries to developing countries. In the initial stages, countries with low levels of technology would obviously have to concentrate on industries suited to that level. Some industries required a high level of technology but were labour-intensive and could be usefully deployed in developing countries. His delegation was confident that further detailed studies carried out within the United Nations system and, particularly in UNIDO, would reveal a large variety of industries which could be redeployed in that way in the over-all interest of greater industrial production in all countries.

58. Pakistan supported the establishment of a system of consultations, referred to in General Assembly resolution

3362 (S-VII), section IV, paragraph 3. It was to be hoped that such a system, together with other important steps in the field of trade, would succeed in accelerating the transfer of industries which were less competitive from developed to developing countries. He mentioned trade because the continued operation in developed countries of certain industries, such as the textile industry, was based mainly on the protection they received from trade barriers. His delegation believed that the transfer of such industrial capacity to more viable and competitive sectors would improve the operation of the economies of the developed countries. At the same time, redeployment of those industries to developing countries would increase the purchasing power of the latter and therefore expand the export markets of developed countries. Access to the markets of the developed countries for the industrial goods of developing countries must therefore be given due priority in the process of redeployment of industries.

59. His delegation looked forward to the second half of the Second United Nations Development Decade as a period during which UNIDO and other appropriate United Nations organizations would take all the necessary steps to create the institutional framework for rapid industrialization of the developing countries. The conversion of UNIDO into a specialized agency would be a positive step in that direction.

60. Mr. VERCELES (Philippines) reiterated his delegation's support for UNIDO and pointed out that the resolutions concerning that organization, particularly General Assembly resolution 2152 (XXI), lacked proper implementation for reasons which were beyond the control of the developing countries. The Lima Conference had given new impetus to industrialization as a major factor in the development process and, in so doing, had set in motion a comprehensive process of change and growth in the structure and activities of UNIDO. The follow-up to the recommendations and resolutions of the Lima Conference, endorsed by the General Assembly at its seventh special session, should be UNIDO's principal concern in its future work. His delegation hoped that UNIDO could be speedily converted into a specialized agency and that early agreement could be reached on its new constitution. The Philippines would participate in the forthcoming talks on that question at Vienna.

61. His delegation welcomed the establishment of a special unit within UNIDO to deal with the special problems of the least developed, land-locked and island developing countries, and fully supported the establishment of the Industrial Development Fund as well as an industrial and technological information bank. In view of the very small share of the developing countries in world industrial production, he wished to stress the goal set for the year 2000 in paragraph 28 of the Lima Declaration.

62. The 8 per cent growth rate target fixed in the International Development Strategy should be increased to meet that goal. The General Conference of UNIDO should be institutionalized and should meet every four years.

63. The level of voluntary contributions to UNIDO had always been low, and the results of the 1975 Pledging Conference, held on 23 October, were no exception. Every



year the same reservations were expressed with regard to UNIDO. The developing countries should be commended for their patience and persistence on UNIDO's behalf in the face of the negative attitude of a number of developed countries. The developing countries would do all they could to pursue their efforts in the field of industrialization, which was a vital element in the establishment of the new international economic order.

64. Mr. HILLEL (Israel) said that UNIDO's main concern should be to implement the recommendations and decisions taken at the Lima Conference. His country was faced with many of the problems discussed at the Conference such as the relationship between industrialization and agriculture, industrialization and the quality of life, international co-operation in industry and the transfer of technology. In view of the current situation in developing countries, the issue of industrialization and agriculture was extremely important. Industry and agriculture must be developed simultaneously in order to promote economic growth and overcome the existing food crisis. The processing of local agricultural raw materials formed a natural basis for the development of industry. Being labour-intensive, and for the most part technologically simple, such industries easily absorbed the surplus labour released as agricultural productivity rose. As the process continued, industry could generate new branches of agriculture. For example, in Israel the cotton textile industry had preceded the growing of raw cotton, and beet growing had developed together with sugar refining. Starting as suppliers of local needs, those industries had then become direct or indirect exporters and their products had become more diversified, largely in response to marketing possibilities and foreign demand. Agricultural expansion in turn stimulated the production of fertilizers, pesticides, agricultural tools, machines and irrigation equipment for the home market, providing a basic training ground for expansion into exports. Agriculture and industry should grow simultaneously: an energetic effort should therefore be made to co-ordinate agricultural and industrial activities and the policies for that purpose should be further developed within UNIDO in very close co-operation with FAO.

65. His delegation agreed that industrialization should be considered not as an end in itself but as a means of improving the quality of life. It should therefore be planned and implemented in harmony with existing social and economic systems and in accordance with the need to protect conditions of life and the human environment. The dispersal of industry had become an essential element in industrial development, because of the need to avoid concentration in urban areas which was sometimes harmful to the environment. Comprehensive regional planning in various parts of Israel had been successful in that respect. Each region was developed in accordance with an integrated plan drawn up and implemented by interdisciplinary teams which dealt with industrial and agricultural undertakings as well as with the physical, economic and social aspects of planning in that region. Industries had also been established to complement the agriculture of the *kibbutzim*. Their combined output constituted 5 per cent of the country's total industrial production, and their exports accounted for 7 per cent of total industrial exports. Israel's experience in the dispersal of industry might well be useful to other nations.

66. Technology was another key element in industrial development and must be judiciously selected and applied. It should not be mechanically transferred, since it would not be effective unless the recipient country had the ability to adapt it to its specific needs and to continue to develop it. The creation of a nucleus of indigenous scientific and technological manpower in local institutions was essential for the appropriate adaptation of imported technologies to the specific conditions and needs of each developing country. Once a healthy technological and scientific basis was established, the developing countries could increasingly enter into the cycle of industrial production and exchange the fruits of their own know-how. As a framework for the transfer of technology under fair conditions, his delegation agreed that a generally acceptable code of conduct should be worked out taking into account the interests of all countries concerned and specifically the needs of the developing nations. Developing countries did not always know where to turn for the technical knowledge they needed, and enterprises in developed or other developing nations which might possess that knowledge could well be unaware of those who were interested in acquiring it. His delegation therefore supported the suggestion in the Lima Declaration and Plan of Action for the establishment of an industrial and technological information bank. The experience already gained by UNIDO in bringing together suppliers and users of industrial techniques and knowledge on a case-by-case basis could be fully utilized in that context.

67. Investment capital was an important factor in industrial development. If confidence prevailed and there were prospects for reasonable returns, it would always be forthcoming. Many developing countries had enacted laws to encourage capital investment, offering foreign investors attractive terms in an atmosphere of confidence. Governments of developed countries, on the other hand, were asked to encourage private investment in developing countries, and many of them did so through investment guarantee schemes. If such convergent policies were pursued by developing nations in need of capital investments and by capital surplus countries, the chances that available resources would be invested in developing countries would improve. His delegation felt that there was widespread understanding and a positive trend in that direction and that, if the understanding could be translated into appropriate language, broad agreement could be achieved for better promotion of industrial development in developing nations. UNIDO must support that very positive trend.

68. Mr. MAHGOUB (Sudan) said the fact that the General Assembly at its seventh special session had endorsed the Lima Declaration and Plan of Action by consensus proved that the international community believed that industry was essential for the establishment of a new international economic order and was the corner-stone of economic and social development. The current meagre share of the developing nations in world industrial production made international co-operation in the field of industry imperative. All the industrialized countries must co-operate with the developing countries in many areas if they were to reach the target of 25 per cent of world industrial production by the year 2000. The developed countries must provide aid for the developing countries previously



exploited by colonialism, neo-colonialism and imperialism which now found themselves in a situation they were not responsible for. There was an urgent need for the transfer of technologies that were consistent with the needs of the developing countries, and such transfers should be conducted in a manner which would safeguard the sovereignty of the developing countries over their natural resources.

69. Although UNIDO had worked hard to assist the developing countries, it had not reached its target for field activities in 1974. His delegation understood the reasons for the delay but would point out that it was essential for the developing countries, and for the establishment of the new international economic order, that UNIDO should make a great effort in the field. Obviously, UNIDO must play an important role in the implementation of the Lima Declaration and Plan of Action. In order to do so, it must have the necessary finances and should become a specialized agency. UNIDO should not limit itself to technical assistance alone but should cover all aspects of industrialization. The Sudan would like to participate in the work of the intergovernmental committee which was to draw up a constitution for UNIDO as a specialized agency as well as the conference of plenipotentiaries which would consider that constitution.

70. His delegation whole-heartedly supported the Lima Declaration and Plan of Action and hoped that all reservations and opposition to their provisions would be withdrawn so that they could be implemented as soon as possible.

71. Mr. DIARRA (Mali) said that the Second General Conference of UNIDO and the seventh special session of the General Assembly had been two decisive steps towards the establishment of a new international economic order. The Second Committee now had the responsibility of considering ways of implementing the decisions and recommendations adopted on those two occasions. The fact that the Assembly at its seventh special session had endorsed the Lima Declaration and Plan of Action was proof of the importance of the industrialization of the developing countries for the establishment of the new international economic order.

72. The majority of the developing countries were considered to be in a pre-industrial phase. The vertical system of trade between developed and developing countries had always benefited the North to the detriment of the South. Indeed, the developing countries, which accounted for 70 per cent of the world's population, had barely a 7 per cent share in its industrial production, and Africa's share was only 0.5 per cent.

73. His Government attached great importance to the industrialization of Mali and was therefore particularly interested in the initiatives taken by the international community in that regard. His delegation supported the conversion of UNIDO into a specialized agency and welcomed the fact that a draft constitution had already been prepared. The time-table adopted by the Industrial Development Board for setting up the new agency should be adhered to.

74. The Second General Conference of UNIDO had considered the question of setting up new machinery to give greater impetus and effectiveness to the promotion of industrialization. Steps should be taken to implement the provisions of General Assembly resolution 3307 (XXIX), concerning the establishment of an Industrial Development Fund. The Lima Conference had recognized its vital importance both for increasing UNIDO's financial resources and for endowing it with the autonomy it required to meet the needs of the developing countries. His delegation hoped that the Permanent Committee of the Industrial Development Board, which was to consider the role of the Fund and the rules for its operation and administration, would take into account the views expressed at Lima by the developing countries and the special situation of the least developed countries. The difficult financial situation of the latter should not be used as a criterion to hinder their access to the Fund's resources. They should receive aid which was "untied" and included a substantial grant element. His delegation felt that the special unit to be set up to deal with the problems of the least developed, land-locked and island developing countries could not replace the Industrial Development Fund, since their activities would be complementary. Experience had shown that such types of industrial co-operation as the creation of an industrial and technological information bank and the system of consultations provided for in the Lima Plan of Action were helpful only to middle-income countries whose industrial base was expanding. His delegation therefore believed that the special measures taken in favour of the least developed, land-locked and island developing countries should be strengthened.

75. If the instruments to which he had referred were established without delay, the objectives of the Second General Conference of UNIDO could be fulfilled. The achievement of the 25 per cent target for the share of developing countries in world industrial production by the year 2000 would make a vital contribution to the establishment of the new international economic order.

*The meeting rose at 1 p.m.*