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INTERGOVERNMENTAL COMMITTEE OF THE  
WHOLE TO DRAW UP A CONSTITUTION FOR  
UNIDO AS A SPECIALIZED AGENCY

First Session  
Vienna, 7-19 January 1976

WORKING RESUME  
OF THE FIRST SESSION OF THE INTERGOVERNMENTAL COMMITTEE  
OF THE WHOLE TO DRAW UP A CONSTITUTION FOR UNIDO  
AS A SPECIALIZED AGENCY

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NOTE BY THE RAPPORTEUR: At its eleventh meeting, on 15 January 1976, the Committee decided, in accordance with a suggestion put forward by the Chairman, that the Rapporteur, on his own responsibility, should prepare a working résumé covering the deliberations at the first session of the Committee; such a résumé would be without prejudice to the form and contents of the official report to be adopted at the end of the Committee's work. The present document constitutes therefore the provisional working résumé of the first session, as prepared by the Rapporteur. It is subject to amendments and corrections by delegations who feel that their views have not been adequately expressed.

## Introduction

The General Assembly of the United Nations, at its seventh special session, endorsed the Lima Declaration and Plan of Action,<sup>1/</sup> including the recommendation of the Lima Conference to convert the United Nations Industrial Development Organization into a specialized agency<sup>2/</sup> and decided to establish an intergovernmental committee of the whole, including States that had participated in the Lima Conference, to meet in Vienna to draw up a constitution for UNIDO as a specialized agency; the constitution that would be drawn up by the Committee would be submitted to a conference of plenipotentiaries, to be convened by the Secretary-General in the last quarter of 1976.<sup>3/</sup>

On the basis of the General Assembly's decision, the Secretary-General invited all States to participate in the Committee on the Drafting of a Constitution for UNIDO, the first session of which be convened on 7 January 1976.<sup>4/</sup> He also invited specialized agencies, intergovernmental organizations, non-governmental organizations and other entities that had been invited to participate in the Lima Conference to send observers to the Committee.<sup>5/</sup>

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<sup>1/</sup> A/10112, annex, chap. IV.

<sup>2/</sup> General Assembly resolution 3362(S-VII), section IV, para.1 (16 September 1975).

<sup>3/</sup> Ibid., para. 9.

<sup>4/</sup> A/10395, para. 2.

<sup>5/</sup> Ibid., para. 3.

## I. ATTENDANCE AND ORGANIZATION OF WORK

1. The Intergovernmental Committee of the Whole to Draw Up a Constitution for UNIDO as a Specialized Agency held its first session at Vienna, Austria, from 7 to 19 January 1976. The Committee held 14 plenary meetings during the first session.

### Attendance

2. Representatives of the following 83 States, States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency took part in the first session of the Committee:

Algeria	Mali
Argentina	Malta
Australia	Mexico
Austria	Mongolia
Belgium	Morocco
Bolivia	Netherlands
Brazil	New Zealand
Bulgaria	Niger
Byelorussian Soviet Socialist Republic	Nigeria
Canada	Norway
Chile	Oman
China	Pakistan
Colombia	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Portugal
Denmark	Qatar
Ecuador	Republic of Korea
Egypt	Romania
Finland	Senegal
France	Sierra Leone
German Democratic Republic	Spain
Germany, Federal Republic of	Sudan
Ghana	Sweden
Greece	Switzerland
Guatemala	Thailand
Holy See	Trinidad and Tobago
Hungary	Tunisia
India	Turkey
Indonesia	Uganda
Iran	Ukrainian Soviet Socialist Republic
Iraq	Union of Soviet Socialist Republics
Ireland	United Arab Emirates
Israel	United Kingdom of Great Britain and Northern Ireland
Italy	United Republic of Cameroon
Ivory Coast	United Republic of Tanzania
Jamaica	United States of America
Japan	Uruguay
Lebanon	Venezuela
Libyan Arab Republic	Yugoslavia
Madagascar	Zaire
Malaysia	

3. An observer of a national liberation movement, the African National Council of Zimbabwe, invited in accordance with General Assembly resolutions 3280 (XXIX) of 10 December 1974 and 3412 (XXX) of 28 November 1975, also attended the first session of the Committee.

4. The United Nations Secretariat was represented as follows:

Mr. Abd-El Rahman Khane, Representative of the Secretary-General,  
Executive Director of UNIDO

Mr. Erik Suy, Under-Secretary-General, The Legal Counsel

Mr. Helmut Debatin, Assistant Secretary-General, Controller

Mr. Paul Szasz, Senior Legal Officer, General Legal Division

Mr. Almamy Sylla, Executive Secretary of the Committee

5. The Economic Commission for Africa (ECA) was also represented.

6. The first session of the Intergovernmental Committee was also attended by a representative of the International Atomic Energy Agency.

7. Observers from the following intergovernmental organizations participated:

European Economic Community (EEC)

Industrial Development Centre for Arab States (IDCAS)

Permanent Consultative Committee of the Maghreb (CPCM)

Organization for Economic Co-operation and Development (OECD)

Organization of African Unity (OAU)

8. Observers from the following international non-governmental organizations also participated:

International Association for Cereal Chemistry (ICC)

International Association for the Protection of Industrial Property (AIPPI)

International Christian Union of Business Executives (UNIAPAC)

International Confederation of Free Trade Unions (ICFTU)

International Co-operative Alliance (ICA)

International Council of Societies of Industrial Design (ICSID)

International Institute for Industrial Planning (III)

International Measurement Confederation (IMEKO)

International Organization of Consumer Unions (IOCU)

International Organization of Employers (IOE)

International Organization for Standardization (ISO)

International Savings Banks Institute (ISBI)

Latin American Association of Finance Development Institutions (ALIDE)

Society for Chemical Industry (SCI)

World Federation of Trade Unions (WFTU)

Inauguration of the Committee

9. The first session of the Committee was declared open by Mr. Abd-El Rahman Khane, Executive Director of UNIDO, on behalf of Mr. Kurt Waldheim, Secretary-General of the United Nations. The Executive Director then proceeded to read on behalf of the Secretary-General the following statement:

"This Committee is charged with a task that is unprecedented in the history of the United Nations - the transformation of a United Nations organ into a specialized agency. It has been convened as a result of two highly important international gatherings. The Second General Conference of the United Nations Industrial Development Organization, which met in Lima in March 1975, gave formal expression to the widespread desire to strengthen the institutional structure for international industrial co-operation and development and recommended the conversion of UNIDO into a specialized agency. The seventh special session of the General Assembly in September 1975 endorsed this recommendation and established the necessary mechanism for carrying out the decision reached at Lima.

"These decisions emphasized the crucial importance of industrialization for the developing nations and the urgent need for intensive efforts to enable them to achieve higher productivity and a much better standard of living for their people. The Lima Declaration and Plan of Action established the guidelines for achieving necessary changes in the pattern of world industry and focussed attention on the crucial role that international co-operation must play in the global efforts to meet the needs of the large numbers of mankind who are living in poverty and are bereft of opportunity.

"No one imagines that these are small or simple tasks. The problems of accelerated industrialization in the developing nations have received increasing attention in the international community's search for a new international economic order. It is imperative that we find means of effective action and to that end we must create instruments of global co-operation that meet the interest common to all countries, developed as well as developing, in achieving a stable, lasting, effective and equitable economic structure that makes full use of the capabilities of our technology and resources for the benefit of all. Reduced to its essentials, this is the challenge before us.

"The Lima Conference and the seventh special session of the General Assembly have decided that UNIDO should play a major role in mobilizing and facilitating international co-operation for industrialization. In drafting the basic constitutional instrument of this new agency, you will be creating the institutional framework within which the global process of international co-operation for industrial development, in particular of the developing countries, can be established. It is a very considerable responsibility. The results of your work will undoubtedly have a major impact on the future of international economic co-operation.

"I am glad to have this opportunity of conveying to you my best wishes for the success of your deliberations."

Election of the Chairman

10. At its first plenary meeting, on 7 January 1976, the Committee elected unanimously Ambassador Amrik S. Mehta (India) as Chairman.

11. Addressing the Committee, immediately after his election, Ambassador Mehta expressed his gratitude to the delegate of Brazil who nominated him on behalf of the Group of 77 and to the spokesmen of all the regional groups for supporting the nomination. He viewed his election as a tribute to his country which, over three decades of independence, had shown a constant and abiding interest in the cause of industrialization as a vital factor in raising the living standards of its people, in sharing its experience of industrial development with other developing countries, and in promoting international co-operation through the United Nations system. He assured the Committee that he would discharge his duties as Chairman in a spirit of complete impartiality, seeking the greatest measure of co-operation from all sections and groups. He had no doubt that such co-operation would be forthcoming from all delegations, whether they were from the Western, Socialist or the developing world, for theirs was a common task in the attainment of the common objective - the creation of an organization which would be most effective in achieving the acceleration of the industrialization of the developing countries. He expressed his appreciation and gratitude to the Secretary-General of the United Nations for making prompt arrangements to convene the Committee and for his inspiring message, and to the Executive Director of UNIDO, the Executive Secretary of the Committee and the staff of UNIDO for the efficient arrangements made for the Committee. He also welcomed to the Committee Professor Suy, United Nations Under-Secretary-General for Legal Affairs.

12. Ambassador Mehta observed that the Committee marked an important and perhaps even crucial phase in the involvement of the international community with the promotion of the industrialization of the developing countries. It was also the culmination of the great efforts made over the past two decades to give industrialization its rightful place in the economic development of the developing countries, in international economic co-operation and in the activities of the United Nations system itself. He recalled that UNIDO, which was established by General Assembly resolution 2152 (XXI) of 17 November 1966, had appeared imperfect and rather ill-defined in respect of its status, scope and functions. That was perhaps inevitable in view of the fact that the international community at that time had only a limited understanding of the processes of industrialization in the developing countries and the forms of international co-operation best suited to achieve their acceleration, apart from the limited agreement then prevailing on those vitally important issues.

13. Referring to the increasing awareness which the international community has of late shown in the importance of industrialization for the developing countries and in helping find solutions to the problems of industrialization, Ambassador Mehta recalled the initiatives taken by the sixth and seventh special sessions of the General Assembly to define new patterns of international economic co-operation and establish a new international economic order. The Second General Conference of UNIDO in Lima in March 1975 had shown that there was already a wide measure of agreement in the international community on the problems of industrialization of the developing countries and it was in that context that a clear recommendation was made that UNIDO should be converted into a Specialized Agency. The Lima Declaration and Plan of Action, he added, constituted the most important guidelines in front of the Committee in the accomplishment of its task.

14. Recalling the clear mandate given by the General Assembly to the Committee, that is, "to draw up a constitution for the United Nations Industrial Development Organization as a specialized agency",<sup>6/</sup> Ambassador Mehta referred to the draft constitution prepared by the Secretariat of the United Nations and other documents and resolutions which could help the Committee in its work including the Report of the Group of High-Level Experts on a Long-Range Strategy for UNIDO and the subsequent report of the Ad Hoc Committee and the resolutions adopted by the sixth and seventh special sessions of the General Assembly.

15. Ambassador Mehta reminded the Committee that the establishment of an organization exclusively concerned with industrial development was the result of a long-felt desire and a long-expressed demand of the developing countries. Nearly ten years after the establishment of UNIDO, it was again the developing countries who proposed that it be converted into a Specialized Agency to increase its effectiveness and delivery capacity. Now that the General Assembly had decided to convert UNIDO into a Specialized Agency on the recommendation of the Lima Conference, it had become the common task of all groups -- Western and Socialist Groups as well as developing countries -- to help realize that objective speedily. It was the responsibility of the present Committee to prepare a constitution which would enable UNIDO to be an effective instrument in accelerating the pace of industrialization in the developing countries. Careful consideration had to be given to prepare a constitution which would give the Organization a firm and correct basis. Speedy action towards drawing up a document which would have the widest possible acceptability was also necessary if the Organization was to avoid an unduly long transitional period.

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<sup>6/</sup> Resolution 3362 (S-VII), section IV, para. 9.



16. Expressing appreciation for the work of UNIDO over the past decade of its existence, which had raised high hopes in the developing countries, Ambassador Mehta recalled that the Organization had suffered right from the beginning from limitations of resources and other constraints. While the responsibilities of the Organization had grown and diversified over the years, its limitations and constraints had remained. It was now up to the Committee to draw up a constitution for the Organization in such a manner that that situation would be fully rectified. All aspects of the Organization, specifically its objectives and functions, the rules of membership, the nature and powers of its legislative and executive organs, the composition and responsibilities of the Secretariat and the arrangements for regulating financial and administrative matters, had to be given close and careful thought. All these aspects were inter-related and could hardly be viewed or examined in isolation. Together with the guidelines provided by various United Nations resolutions and the Lima Declaration and Plan of Action, and the experience gained in the working of this organization itself, the Committee would also need to draw upon the knowledge and experience accumulated by other organizations in the United Nations system so that the new specialized agency would have a sound and firm basis for its great endeavours in the cause of promotion of industrial development of the developing countries. In conclusion, Ambassador Mehta called for a time-bound and constructive approach towards the work of the Committee. He mentioned that experience of the past had shown that they had more to gain from quiet, pragmatic negotiations in good faith than from unnecessary rhetoric. He appealed to all groups and sections for their whole-hearted co-operation in working towards the Committee's common objective.

#### Organization of work

17. At its fifth plenary meeting, on 12 January 1976, the Chairman stated that, with consultations within regional groups having already taken place, the Committee should now be in a position to turn its attention to adopting its rules of procedure and agenda. In regard to the former, he presumed it was the intention of the Committee to follow the rules of procedure of the Industrial Development Board. Once the rules of procedure and the agenda had been adopted, the Committee could take up the election of remaining members of the Bureau, namely, the Vice-Chairmen and the Rapporteur. He said the Committee might also have to set up in due course one or more drafting groups to take up the drafting of individual articles once the Committee had discussed them and reached a consensus on their form and content.

18. The Chairman informed the Committee that he had held consultations on the organization of work with the Chairmen of the Group of 77 and of Groups B and D. In view of constraints of time, it was necessary as soon as possible to move to a consideration of the draft constitution chapter by chapter. As soon as the general statements were completed, the Committee should take up consideration of document A/10202, devoting particular attention to the Preamble, chapter I, dealing with Objectives and Functions, chapter II dealing with Membership, chapter III dealing with Organs, and chapter IV dealing with Programme of Work and Financial Matters, which together covered most of the substantive aspects of the work of the Committee. The Committee would start with a first reading of the Preamble and the articles of as many of the first four chapters as possible during the time still available in the first session. Recalling that various groups had set up working parties to examine the constitution and come up with suggestions or amendments, he expressed the hope that such proposals and suggestions from the groups would be presented at the time when consideration of the individual articles was taken up in the Committee. As and when consensus was reached in the Committee on the articles in individual chapters, those might be referred to one or more drafting groups for putting them into agreed texts and presenting the texts to the Committee at its current or subsequent sessions.

19. The Chairman expressed the hope that during the first session, the Committee would be able to give preliminary consideration to at least the Preamble and the first two chapters of the draft constitution. In the next session, it could then undertake a preliminary consideration of the remaining chapters as well as conduct further negotiations on the chapters already considered in the first session, so as to arrive at agreed texts. Some of the later chapters, which were of legal or procedural character, might be given directly to a drafting group. Proceeding in that fashion, it should be possible for the work of the Committee to be completed well in time for the constitution prepared by it to be submitted, as envisaged in the General Assembly resolution, to a plenipotentiary conference in the last quarter of 1976. The Chairman added that it was his intention, at an appropriate stage later, to set up a Contact Group under his chairmanship so as to facilitate negotiations between the groups on the content of those articles over which difficulties might arise in reaching a consensus.

#### Adoption of the rules of procedure

20. At its fifth plenary meeting, on 12 January 1976, the Committee unanimously adopted as its rules of procedure the rules of procedure of the Industrial Development Board, with the understanding that rule 32 (quorum) be interpreted as meaning that a majority of those members participating in the Committee and having presented credentials would constitute a quorum.

Adoption of the agenda

21. At the fifth plenary meeting, on 12 January 1976, the Committee considered a draft of its agenda (A/AC.180/L.2). The Chairman proposed a number of amendments to that document, and the Committee unanimously adopted the following agenda (A/AC.180/3):

1. Opening of the session
2. Election of the Chairman
3. Adoption of the rules of procedure
4. Adoption of the agenda
5. Election of other members of the Bureau
6. Drawing up of a constitution for the United Nations Industrial Development Organization as a specialized agency (A/10202 and Add.1-3), taking into account
  - (a) The Senegalese proposal concerning the establishment of a joint technical advisory group for UNIDO, to give advice and make recommendations to the Board on operational projects and programmes (A/AC.180/L.3); and
  - (b) Other proposals
7. Other business
8. Dates and place of future sessions
9. Adoption of the report

22. The representative of Austria, supported by the representatives of Switzerland and the United States of America, said that it was his understanding that item 8 (Dates and place of future sessions) had been included in the agenda merely to follow precedent and that it was not intended to engage in any substantive debate on the place of the future sessions, as the General Assembly had specified that the Committee was "to meet in Vienna".<sup>1/</sup>

23. The representative of the United States of America said that his delegation had accepted the insertion of agenda item 6 (a) and would give serious consideration to it, on the understanding that its inclusion in the agenda would not give the proposal higher status than any other proposals that might subsequently be made.

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<sup>1/</sup> Resolution 3362 (S-VII), section IV, para.9.

Election of other members of the Bureau

24. At its sixth plenary meeting, on 12 January 1976, the Committee elected unanimously the following officers:

Vice-Chairmen: Embe Isea Mbambe (Zaire)  
Pilar Saldivar y Fernández del Valle (Mexico)  
Gerhard Thomas (German Democratic Republic)

Rapporteur: Gustav Ekholm (Sweden)

II. CONSIDERATION OF THE DRAFT CONSTITUTION AS A WHOLE <sup>8/</sup>

25. In its consideration of agenda item 6, the Committee had before it a draft constitution of a specialized agency for industrial development (A/10202) which had been prepared, at the request of the Second General Conference of UNIDO, by the Secretary-General, in consultation with the Executive Director of UNIDO, and which had been submitted to the seventh special session of the General Assembly through the Economic and Social Council (E/5711). Also before the Committee were comments received from Governments (A/10202/Add.1-3) concerning the text of the draft constitution in response to a request of the Secretary-General that Governments submit their views on that text in time for submission to the special session of the Assembly.

26. At its 2nd plenary meeting, on 7 January 1976, the Committee heard a statement by the Legal Counsel of the United Nations on the institutional provisions of the draft constitution.<sup>9/</sup>

27. The representative of Finland said that his country was favourable to the establishment of the new organization. It hoped that the new organization would be better able than the existing UNIDO to serve as a framework for industrial co-operation among all countries that were concerned for peace and guided by a spirit of co-operation, so that those that had more could give greater assistance to those that had less. His delegation hoped that all representatives were already guided by the spirit of co-operation which should characterize the new organization, so that the Committee could take all its decisions by consensus. Any decision taken by a vote could only be prejudicial to the establishment of the new organization. The member States of the

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<sup>8/</sup> In their opening statements on the draft constitution as a whole, most delegations emphasized that their statements were of a preliminary nature.

<sup>9/</sup> The statement was reproduced as document A/AC.180/1.

future organization should also inspire and monitor its activities as directly as possible. A board composed of 60 members, which would meet only once a year, would not be able to do so. It would be preferable to have a smaller board meeting more often. However, if the proposed number of 60 was to be retained, a working committee of the board, which could meet several times a year, should be set up at the same time. In either case, the meetings should be open to all member States.

28. At the 3rd plenary meeting, on 8 January 1976, the Committee heard a statement of the Controller of the United Nations, read by a member of the Secretariat, regarding the financial provisions of the draft constitution.<sup>10/</sup>

29. The representative of Pakistan, while expressing gratitude to the United Nations Secretariat for the earnest attention it had given to the mandate to prepare a draft constitution for a new specialized agency, said that it was essential to avoid the impression that the Committee was accepting the proposals of the Secretariat without demur. In particular, some aspects of article 11.3 of the draft constitution were without precedents in the constitutions of international organizations and such a departure involved fundamental principles that would require consideration by the Committee. Pakistan had a reservation on that particular article. The representative pointed out that the draft constitution prepared by the Secretariat had not yet been accepted as a working document; in his opinion, the Secretariat's comments should therefore have been distributed as a background document. In his opinion, it was necessary for the Committee first to arrive at a consensus and then it could request the Secretariat to provide further assistance in the elucidation of proposals.

30. The representative of Ecuador associated himself with the remarks of the representative of Pakistan and expressed the fear that the comments of the Controller might act as a kind of financial strait jacket on the work of the Committee. He expressed gratitude for the comments of the Controller but said that he could not accept them as he had not had an opportunity to examine them.

31. The Executive Director of UNIDO pointed out that the Secretary-General and he had prepared the draft constitution in compliance with paragraph 69 of the Lima Declaration and Plan of Action. The statements of the Legal Counsel and of the Controller were aimed merely to clarify points in the draft constitution. Naturally, it was up to the Committee to decide on the methods of work to be adopted and on the documents it wishes to consider; he did not think it proper, however, to imply that the Secretariat was trying in any way to apply a strait jacket on the deliberations of the Committee.

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<sup>10/</sup> The statement was reproduced as document A/AC.180/2.

32. The representative of the Netherlands, speaking on behalf of the European Community, suggested that, as there was a general agreement about the most desirable direction of the work of the Committee, delegations should strive to be specific and concrete. The Secretariat was to be commended for the efforts it had taken in producing a draft constitution. The European Community was aware that many delegations, including those from members of the Community, would be proposing concrete amendments to some of the articles of the draft constitution; as a general line, however, the Community was of the opinion that the draft by the Secretariat was an acceptable working paper and suggested therefore that discussions be based on that draft. The members of the Community were open to any constructive dialogue and were convinced that only a strong and effective UNIDO, based on a sound constitution, would be able to meet the industrialization needs of the developing countries and thus render an indispensable contribution to the development of a more just international economic order.

33. The representative of the Union of Soviet Socialist Republics said that it was important to bear in mind that the effectiveness of the activities of UNIDO would be enhanced not so much by the Organization's conversion into a specialized agency as by the willingness of all States to be guided by the just principles of international economic co-operation. The economic and social progress of developing countries, advances in the development of international co-operation, and the development of détente were having a favourable effect within the international community, an effect that was also to be felt in the field of industrialization. The new international economic order evolved at the sixth special session of the General Assembly, the Charter of Economic Rights and Duties of States and the principles formulated at the Conference on Security and Co-operation in Europe were of universal significance. The principles of non-interference in internal affairs, complete equality of rights and sovereignty over natural resources, including nationalization, would have to take their place in the Charter of UNIDO. The new Organization, like the existing one, should be universal in nature and serve as a forum for all States, irrespective of their social and economic systems. The primary task of UNIDO was to promote industrialization as a means of reinforcing the economic independence of the developing countries and the harmonious development of all members of the international community. The new UNIDO should devise new and progressive approaches to international industrial development and provide increased assistance to the developing countries in the preparation of realistic policies and plans, taking into account the experience

of countries with different social and economic systems. Its technical assistance activities should be dynamic and deploy the full potential of the developing countries. Reference in the preamble to the draft constitution to the principles he had mentioned, and also to the aspirations of the developing countries and the need for a willingness to follow those principles on the part of the developed countries was not merely a formula recitation - it was essential to the viability of the new organization. The new organization should help the developing countries in the consolidation of full and permanent sovereignty over their natural resources, including nationalization, in the development and strengthening of the State sector and in the introduction of progressive reforms.

34. The representative of China said that the draft constitution should reflect historical progress and the present political reality. The present situation was excellent - it was characterized by disorder under heaven. The basic contradictions of the world is sharpening daily and the factors of revolution and war were clearly increasing. The struggle of the peoples of the world against colonialism, imperialism and hegemonism was increasingly expanding in depth and had won new victories, one after another. The draft constitution had some positive contents but also contained negative ones such as the statement in the preamble that all countries were determined to maintain peace and security to secure for the developing countries their rightful share in total world industrial production. The present reality was, however, that the super-Powers were carrying out their expansion and aggression everywhere and stepping up their arms expansion and war preparation to intensify their contention. In particular, that super-Power which was most zealously preaching détente and peddling everywhere the idea of so-called "collective security systems" was precisely the most dangerous source of war today, threatening the peace and security of the countries of the third and second world. The constitution of UNIDO should be a full expression to the strong desire of the third world countries for the establishment of the new international economic order; it should embody the correct principles established in the documents adopted by the sixth special session of the General Assembly and the Second General Conference of UNIDO. The position taken by the super-Powers stressed "interdependence" or "international division of labour" between the exploiting and the exploited countries in an attempt to preserve the old economic order. The position of the third world countries was for maintaining independence and

self-reliance, transforming the old economic order of exploitation of the third world by a few big powers and establishing a new economic order on the principles of sovereignty, equality and mutual benefit. The constitution of UNIDO should embody the principles of equality of States, big or small and should, in particular, enable the third world countries to play an increasingly important role in the international affairs. Members of UNIDO, regardless of their economic development, the size of their assessed and voluntary contributions and whether recipient or donor, should enjoy equal rights. China, therefore, considered that such provisions as those included in article 11, paragraph 3 in the draft constitution were unreasonable and should be deleted. The developing countries should be given a greater role in the Board, and their membership in the Board should correspond with their proportion in the membership of UNIDO. The primary objective of UNIDO should be to assist in, promote and accelerate the industrialization of the developing countries. The most important function of UNIDO should be to provide practical assistance to help the developing countries advance their national industries independently and self-reliantly. Resolution 3362 (S-VII), adopted by the General Assembly at its seventh special session provided for the establishment of a consultation system within UNIDO; in such consultations, co-operation among developing countries should be given a top place. The system of such consultations should also facilitate dialogues and contacts between the second and third world countries on the basis of mutual respect for sovereignty, equality and mutual benefit. On the provision concerning qualification for membership of UNIDO, certain specialized agencies had not yet implemented resolution 2758 (XXVI), adopted by the General Assembly at its twenty-sixth session, on the expulsion of the Chiang Kai-shek's elements from the United Nations system. The Chiang gang's elements were still illegally usurping the legal seats of China in some specialized agencies; therefore, matters concerning the participation of the members of those specialized agencies in UNIDO had to be in conformity with the above-mentioned resolution.

35. The representative of Algeria said that the irreversible process of history had created a new situation and new needs; certain countries should therefore drop their short-term interests, abandon certain practices and concern themselves with the long-term advantages for all countries which a new equitable economic order would bring. The Committee should give priority to methods and concepts suited to the new international society; the constitution should help to establish the stability and well-being required for peaceful and equitable relations. A new framework was required for relations between developed and developing countries, and industrialization should be seen as a prime objective. Agreement on objectives would be of questionable value if the means require



were not made available. The new UNIDO must be based on the equality of member States; the Industrial Development Board should be given wide powers and control over the Organization, and its composition should not stifle the voice of the developing countries. Paragraphs 66 and 67 of the Lima Declaration had to be reflected in the functions of the new Organization, its constitution and the organizational structure of its Secretariat if the new body were to carry out its tasks. The principle of equality had to be clearly spelled out in the constitution; the legal power of States should not be made proportionate to their actual power. The developed countries that wished to be the defenders of the developing countries should stand by their declarations and give the new Organization the resources needed for it to provide the support which the developing countries would expect from it. Should the developed countries hesitate to join the new Organization, the developing countries would infer that the developed countries held reservations about the priority of the industrial development of the developing countries and about the will of the developing countries to create with the developed countries an effective international investment. It was to be hoped that the doubts of the developing countries would be dispelled and that the Committee's work would be a step towards greater international co-operation for the benefit of all countries.

36. The representative of Poland said that international industrial co-operation had become a challenge to the present generation, and that the member States of UNIDO should not miss that unique opportunity. He recalled that, notwithstanding the opinion expressed in the debate, there was a common acceptance of the view that international industrial co-operation was dependent upon maintaining and strengthening world peace and international détente. He also referred to the Final Act of the Helsinki Conference, and to General Assembly resolutions 3389, 3409 and 3508 (XXX) accordingly. Poland was pleased to note that the goal of "economic development" was being replaced by the goal of "integrated socio-economic development". In that context, the preamble and the objectives of the draft constitution should be further amended. The progressing peaceful co-existence was affording new opportunities for international co-operation and industry should be recognized as a fundamental field of such co-operation. Poland had supported in Lima the organization of systematic consultations on industrial development and co-operation; such consultations should constitute a universal and open platform for discussing not only prospects and projections, the still existing barriers hampering international industrial co-operation and access to technology but also specific pragmatic arrangements for promoting industrial co-operation agreements. The new constitution should reflect the conversion of UNIDO into a specialized agency rather than the creation of an entirely new organization; the main preoccupation should be

with increasing the effectiveness of the activities of the new agency as well as the preservation of the progressive and universal nature given to UNIDO in its original constitution. Moreover, the act and process of transforming UNIDO into a specialized agency should be in accordance with the new concept of restructuring the entire United Nations system. Poland was of the opinion that UNIDO should study long-term industrial development trends in order to define the complementarity of industries between different countries and regions as well as to deal with the question of re-deployment of industries in a rational manner; to this end article 1 of the draft constitution should be accordingly amended. In article 2, mention should be made of the promotion of the State and co-operative forms of industrialization in the developing countries in accordance with the Lima Plan of Action. For the future work of the Committee, it would be useful to have a comparative study containing an article by article analysis of the existing constitutions of selected specialized agencies.

37. The representative of Japan observed that industrialization contributed greatly to the economic and social development of the developing countries and thus promoted international economic development and co-operation. The draft constitution should reflect UNIDO's role as an effective instrument for industrialization. UNIDO should function as a specialized agency, serving the interest of all its members, and the constitution should therefore be acceptable to all countries. The objectives and functions should be defined clearly as the rendering of a service to all its members. The preamble should not contain politically controversial points. UNIDO should continue to provide a forum for the exchange of information for international industrial co-operation. The new UNIDO was not to be a new organization with completely different functions; the continuity of its work had to be secured, and it should continue to concentrate on the provision of technical assistance. Adequate co-ordination was necessary so as to avoid duplication of work of other organizations within the system. Effective and sound management of, and control over, the budget should be guaranteed in the constitution so the new agency could secure adequate financial resources. Expenditure should be classified under two headings: (a) administration and research; and (b) operational activities. The costs of technical assistance should come from the United Nations Development Programme and voluntary contributions; only administration and research should be financed from assessed contributions. Member States should assume responsibilities proportionate to their financial contributions, and some form of weighted voting on financial matters at the General Conference was essential, as was the ratio of representation of regional groups on the Industrial Development Board. The General Conference should function as a decision-making body for budgetary matters, and the Board should supervise the application of the programme and budget. The membership of the Board should remain small.

38. The United States said that the Committee should keep in mind that it was establishing a constitution which should lay the foundations for decades of constructive co-operation. The constitution should permit UNIDO to serve the interests of all its members. The functions of UNIDO, within its field of competence, should be universal in nature. For some time to come, the priorities for its activities would have to be ordered in the light of the needs of the developing countries, and, perhaps, particularly those of the least developed. A better life for all peoples could only be achieved if conditions were created that encouraged increased investment and continuing increases in industrial productivity in the industrialized countries as well as in the developing countries. The only durable basis for mutually beneficial relations among all countries was an international economic system and supporting institutional arrangements which would foster the prosperity of all nations. The United States would require the clearest possible distinction between those activities of UNIDO to be financed from assessed contributions and those to be covered by voluntary contributions; that had been established in General Assembly resolution 2152 (XXI) and such a clear and unequivocal distinction had to be reproduced in the new statutes to make clear that operational activities were attuned to and financed from voluntary contributions. It should also be made clear that shortfalls in expected voluntary contributions would not be redressed through assessments. As to technical assistance projects to be implemented by UNIDO, the United States would continue to support such projects through voluntary contributions to the United Nations Development Programme. Concerning the adoption of the Organization's programme/budget, the United States considered the incorporation into the statutes of a weighted voting formula to be of the utmost importance to facilitate achieving the broadest possible support for the new constitution. It was only logical that such a weighted voting formula should likewise be applied to appropriations and the scale of assessments, as well as to amendments to the constitution. The United States would look closely at any language proposed on consultations and negotiations under the aegis of UNIDO. Paragraph 61 (d) of the Lima Declaration on the purposes to be served by a system of international consultation was not satisfactory to the United States, which had disassociated itself from the references to such consultations in General Assembly resolution 3362 (S-VII) despite its strong support generally for that resolution's recommendations on industrial development. The United States wished to assure the best possible professional staff to serve the new Organization; it attached great importance to the guidelines to be established in the statutes for that purpose and endorsed article 9, paragraph 6, of the draft constitution.

39. The representative of Uganda said he hoped that the outcome of the Committee's discussions would be a strong agency that would play an important role in accelerating the economic development of the underdeveloped world and thus contribute to the establishment of lasting peace and stability in the world. The system whereby the developed countries exploited the underdeveloped countries by paying token prices for raw materials and charging prohibitive prices for finished products could not continue. The developing countries were in urgent need of industrialization to process their own raw materials and to improve their living standards. All the developed countries should commit themselves to support the efforts of the developing countries to transform their economies. The experience of Uganda showed that the world was taking a new and realistic look at the circumstances and problems of the developing countries. Article 3.3 of the draft constitution left a loop-hole, however, that some industrialized countries could use to shun their full responsibilities by becoming only associate members of the new organization; that provision should be deleted. There were very few territories that were not yet independent; they should not be used as a pretext for avoiding commitments, and provisions could be made for them to attend as observers.

40. The representative of Hungary pointed out that, as the industrialization of developing countries was one of the most important problems of today, the basic criteria for the draft constitution should be the provision to the developing countries of the most effective assistance possible in establishing and developing their industries. The principles established at the sixth and seventh special sessions of the General Assembly and at the Second General Conference of UNIDO, as well as in the recommendations and conclusions of the Group of High-Level Experts and the Ad Hoc Committee on Long-Range Strategy for UNIDO should be reflected in the constitution. Peaceful co-existence served the interests of the developing countries, in particular, and was the most important collateral of their economic development. The developing countries should have full sovereignty over their natural and economic resources and should determine the course of their social and economic development without outside pressure or influence. Stimulating contradictions and pressing for unfounded big leaps in economic policy led only to failures. The task of UNIDO was to provide the developing countries with realistic, economical and effective assistance that would serve the interest of the whole population. The draft constitution, prepared by the Secretariat, was very useful and could serve as the

basis for fruitful discussion. While the new constitution was being drafted, however, sight should not be lost of the earlier work done by the Group of High-Level Experts and the Ad Hoc Committee so as to ensure a clear distinction between objectives and functions - aims and means - and a proper connexion between them and the preamble. There was a need for clarification of what tasks were to be performed by which organ. The Conference should take basic policy decisions and supervise the work of the Board and the Secretariat. Between sessions of the Conference, the Board would supervise the work of the Secretariat within the framework set up by the Conference. The Secretariat would be responsible for carrying out the decisions of the Conference and Board. Article 11 of the draft constitution discriminated openly against developing countries with currency reserve problems. There should be a clear distinction not only between expenditures for the normal functions of the organization and expenditures for carrying out programmes and projects, but, also between the sources of the funds to cover those expenditures. The administrative and financial connexions between the new Organization and the United Nations was not clear.

41. The representative of Pakistan said that the conversion of UNIDO into a specialized agency should be seen as part of the historic march towards a new international economic order. In recent years, most developing countries had found it difficult to develop, or even sustain, their economies; the prices of their essential imports had risen steeply but the prices for their exports had not kept pace. Immediate action was needed to remedy the situation. Industrialization was part of the strategy for the economic salvation of the developing countries, and would enable them to derive greater benefit from their produce, sustain their economies, reduce their dependence on foreign aid and improve the living standards of their people. The long-term advantages of industrialization could be gained only if there were a massive short-term transfer of economic resources and technological assistance from the industrialized countries to the developing countries. The conversion of UNIDO into a specialized agency was not an end in itself. If UNIDO was to be strong and effective, it would have to be given the means to play such a role; its work would have to be based on the universally recognized principles of international co-operation, the right of the developing countries to equitable participation in decision making would have to be recognized, and the obligation of all independent States to contribute fully in accordance with their ability to the objectives of UNIDO would have to be recognized. It would have been better if the draft constitution had not contained the controversial provision that the approval of the programme of work, budget estimates and

appropriations would require the affirmative vote of members contributing one half of the resources. The draft provision was regressive and reactionary, and a departure from the universally recognized principle of sovereign equality; it also ran counter to the desire of the developing countries for increased participation in decision making. Increased representation of developing countries on the Board raised the question of equitable apportionment of the seats; it was not a question of size. A refusal to help the developing countries, indicated in an independent State's application for associate membership, would damage the credibility of such a State's concern expressed for the well-being of the developing countries. A provision could be made, however, for a State which was unable to assume the obligations of membership to request UNIDO assistance. The draft did not assign adequate powers to the Board, which should be the principal executive organ and should meet as and when it deemed appropriate. It should oversee and participate in the preparation of the programme of work, approval of major projects and the submission of reports to the Conference.

42. The representative of Sweden said that industrialization was one aspect of an effort to establish a just and equitable economic and social order, which would require a conscious redistribution of economic power and wealth among nations to the advantage of the most needy. Industrialization was one of the main factors of economic and social progress, and it would succeed better if industry were to be increasingly geared to serving the real needs of the whole population for basic goods. Internal mobilization of resources would be of decisive importance for the industrialization of a developing country, but development assistance and other external capital inputs could play a useful role. The problems of external private investments were being increasingly recognized and discussed. The conversion of UNIDO into a specialized agency was part of a greater commitment by the United Nations system to multilateral contributions to industrialization. If the new UNIDO was less than universal in membership, it would be less effective; all the major industrialized countries should support it. Document A/10202 was a good basis for the Committee's deliberations. In accordance with the principle of universality, the new Organization should not concern itself exclusively with the problems of the developing countries, although its principle function should be to provide them with assistance in their development efforts. Although it was natural that some countries should attach increasing importance to the Organization's functions in policy-making, research and the promotion of new ideas and approaches, its operational functions should not be neglected. The only requirement

for the adoption of the budget should be a two-thirds majority. Although most operational activities should be financed under the UNDP country programming system, some aid activities should be financed from the regular budget.

43. The representative of the Ukrainian Soviet Socialist Republic said that the documents of the sixth special session of the General Assembly relating to a new international economic order and the Charter of Economic Rights and Duties of States had stressed how closely the problems of strengthening peace, international security and disarmament were linked to social and economic development. Unless the essential political conditions were met, important economic problems could not be solved. The documents referred to had to be clearly reflected in the new constitution. If the principles on which the developed capitalist States based their relations with the developing countries were not changed, the conversion of UNIDO into a specialized agency would simply lead to a considerable growth of the administrative machinery and associated expenses. UNIDO should concentrate on solving important problems that were of interest to all States and that were particularly relevant to the industrialization of the developing countries. Such problems included: help in establishing the right of developing countries to permanent sovereignty over their natural resources in order to ensure their full utilization to accelerate industrial development and to increase the share of those countries in world industrial production; the provision of effective assistance to enable the developing countries to acquire and adapt modern technology, to broaden the exchange of industrial information for the development of principal industries and co-operation between all countries; the formulation and implementation of industrial policies and development strategies and the drawing up of national plans; assistance in applying the unified approach to the analysis and planning of industrial development, based on the principle of total national planning; consultations on questions of co-operation for industrial development; the exchange and use of the experience of countries with different social and economic system; and the establishment of co-operation between the developing countries in the cause of industrialization. The new constitution should be drafted in the light of the urgent need for the new Organization to solve those problems.

44. The representative of the German Democratic Republic said that the documents adopted at the sixth and seventh special sessions of the General Assembly and at the Second General Conference of UNIDO reflected the complexity of the problems of industrialization and the interdependence of the problems of political and economic co-operation.

The principles embodied in those documents should be reflected in the draft constitution. The consolidation and further development of economic co-operation between States were linked inseparably to the consolidation of international peace and security, without which the industrialization of the developing countries would be unthinkable. Because of the primary importance of the principles expressed in paragraph 8 of the Lima Declaration and Plan of Action, they should be nominally included in the constitution, as should the right and duty of all States, expressed in paragraph 33. The constitution should also embody the fundamental principles for the greater economic independence of the developing countries. Equally important were the will and readiness of all States to promote co-operation between States and thus translate the principles into practical policy. It was imperative for UNIDO to assist the developing countries to formulate industrialization strategies in keeping with their circumstances and requirements. UNIDO should establish a balance between its strategic and policy-making functions and its technical and operational activities. Referring to allegations made against the Union of Soviet Socialist Republics, such attacks were regarded as being aimed against its own Government and were resolutely rejected. Such unfounded assertions contradicting realities were not apt to promote the constructive activity of the Committee.

45. The representative of Zaire said that the drafting of the constitution for a new specialized agency was a part of the process of establishing a new international economic order. The new agency should become a forum in which the developed and developing countries could seek together suitable ways to deal with the problems of industrialization in the developing countries. The new form of co-operation should be based on the provisions of the relevant documents adopted at the sixth and seventh special sessions of the General Assembly, the Lima Declaration and Plan of Action, and the Charter of Economic Rights and Duties of States. Some of the provisions of the draft constitution were quite unacceptable. A State should have only one choice: to assume its obligations and become a member; or to remain outside the Organization. Special provision could be made for dependent territories and recognized liberation movements. The Conference should hold a regular session every two years and special sessions when necessary. There should be more developing countries on the Board, which could meet more than once a year. The powers of the Board should be broadened to include effective control over the Secretariat and the preparation and drafting of budget estimates for submission to the Conference. More staff members should be recruited from the developing countries. Paragraph 3 of article 11 was unacceptable



in its present form; it seriously compromised the principles of the sovereign equality of States and of universality, and would give certain developed countries a veto that would work to the disadvantage of the developing countries. It could even prevent the birth of the new organization. Decisions should be taken only by majority vote.

46. The representative of the Federal Republic of Germany said that the Committee had broad economic and political implications. Most industrial activities in the developed countries, however, were proceeding outside UNIDO - a situation that would probably continue. Nevertheless, UNIDO had an important role to play in the international community by supplementing those activities and by creating multiplier effects. The conversion of UNIDO into a specialized agency might, but would not necessarily, strengthen the Organization and make it more efficient. Whether that result could be achieved would depend very much on the shape of the statute. The exercise need not be limited to just copying the statutes of other specialized agencies, which had come into being a long time ago and under different conditions. In drafting the new constitution, the Committee should bear in mind the need to overcome at least some of the shortcomings in UNIDO's work in the past. There were several sets of guidelines to follow which had been worked out earlier, for instance those contained in the report of the Ad Hoc Committee on Long-Range Strategy. The co-operative spirit that made possible the consensus resolution adopted at the seventh special session of the General Assembly should be reflected in the new constitution. The new UNIDO should serve all its members on the clear understanding that effective industrial co-operation involved all countries irrespective of their social and economic systems. To reflect that principle, the new agency might be called the United Nations Organization for Industrial Development and Co-operation. There would be divergent views on what constituted legally sound provisions to achieve the common objective of making the new agency an effective multilateral instrument for industrial development and co-operation. National and group interests would have to be accommodated and reconciled to make the constitution universally acceptable. The Government of the Federal Republic of Germany would be very reluctant to join an organization which, due to the lack of universal acceptance, would be bound to remain a torso in comparison with the present membership and would thus be unable to function properly and to fulfil its mandate. His delegation strongly supported Finland's appeal for all decisions to be taken by consensus. Document A/10202 was a very useful basis for the Committee's work.

47. The representative of Canada said that the need to develop a more equitable international economic and social order was one of the major issues facing the world. Industrial development was a crucial factor in narrowing the gap between the developed and developing countries. Its contribution was unique. While all member States should contribute and benefit from UNIDO's work, its principal task was to help the developing countries, and it could do that effectively only if it could rely on the active support and co-operation of all States and groups that might become members of the new agency. The economic interdependency of States might well be the best guarantee for UNIDO's success. UNIDO must be an instrument for accommodation, harmonization and co-operation; the constitution must therefore consist of provisions acceptable to both developed and developing countries. Document A/10202 was a useful basis for discussion and a framework for accommodation of interests on many issues. UNIDO's most useful function might well continue to be that of a catalyst, but it also had a significant role to play in co-ordinating industrial development activities within the United Nations system. The constitution should reflect the need for close co-operation with other bodies to avoid duplication of efforts and to achieve a maximum effect on the development process. There had to be adequate provision for member States to exercise the necessary control over the work of the Organization; the authority and responsibilities of the constituent organs should therefore be clearly defined. The Conference must be the ultimate authority for policy, programmes and budget and must therefore have the final say on all appropriations; it should meet every two years. One could question the need to enlarge the Board particularly if the provision for a biennial Conference was approved. The importance which was attached to some increase in the representation of the developing countries was however recognized and therefore a limited increase could perhaps be accepted. A clear distinction should be made between operational and regular budget activities. It was a well established principle that technical assistance should be financed from extra-budgetary sources. Only administration and research should be covered by the regular budget, for which assessments should be based on the United Nations scale with changes made to take into account any differences in membership. There should be provision for States not yet committed to becoming members to take part in the work of the preparatory commission.

48. The representative of France said there was no place for emotion in the Committee's work. Some delegations were too attached to maintaining the status quo, and others were trying too consistently to cast doubts on the validity of established values.

The Committee had to avoid hasty condemnation of divergent opinions; its work was directed to the future and should not be compromised by being viewed solely in the light of the present. Above all, illusions that might lead to disappointment had to be avoided. The problems of industrialization in the developing countries would not be solved merely by setting up a specialized agency, for nothing could be done without action by the international community. As far as possible, the developing countries should be spared the growing pains that had accompanied the industrialization of the developed countries. In a complex world of increasingly sophisticated technology and stiff competition, the new agency could not meet all the needs of the developing countries and should therefore concentrate on specific issues. To avoid any dissipation of its efforts, the new UNIDO would have to be organized on three main lines: a constant search to establish industrialization policies and strategies; a forum for contact, discussion and negotiation between all parties concerned with industrialization; and technical assistance and co-operation on scientific and technological information. A distinction should be made between policy, in the broadest sense, and technical and operational matters. Contributions to the regular budget should cover policy and co-ordination activities; operational activities should be paid for out of voluntary contributions. The basic documents for the Committee's work should be the Lima Declaration and Plan of Action and, above all, the draft constitution prepared by the Secretariat; the latter could be amended in the course of a free and open discussion. The Conference could meet every three years, and that would require a strengthening of the Board, which should meet more than once a year. It might also be useful to set up a programme and budget committee as suggested in the Lima document.

49. The representative of the Byelorussian Soviet Socialist Republic said that the Byelorussian SSR was always in favour of strengthening the independence of the developing countries, including their achievement of economic independence, and of eliminating the aftermath of colonialism in the sphere of international economic relations. The development of international economic co-operation was based on the strengthening of peace and international security and on implementation of the principle of peaceful co-existence between States with different social and economic systems. A number of important international documents reflected the positive process of reducing international tension, which was favourable to the solution of social and economic development problems. Of great importance was the implementation of the principles of equal rights, non-discrimination, mutual benefit, non-interference in States' internal affairs and inalienable sovereignty over natural resources, including control over the activities of foreign capital which might extend right up to nationalization. Success in the field of industrialization depended on the realization of those principles, which, if adopted as the basis for the new constitution, could act as one of the bulwarks of UNIDO's universality

and of its efforts to eliminate the aftermath of colonialism in the sphere of international economic relations. Such a development in UNIDO's activities could help to increase the efficiency of its work as a whole. Consideration of the questions connected with the drafting of the new constitution showed the need to co-ordinate the Committee's work with that of the Ad Hoc Committee on the Restructuring of the Social and Economic sectors of the United Nations system.

50. The representative of Czechoslovakia said that the Committee's task was not only to draft a new constitution, but also to indicate the main directions of industrialization in the developing countries and to discuss new opportunities for international co-operation. Industrialization was an important area of economic activity and should be the main factor in overcoming economic backwardness and achieving economic independence in the developing countries. The work of UNIDO could not be a universal panacea for the difficulties of the developing countries. The after-effects of colonialism were holding up development in most of those countries, and the international community should strive to decolonize colonialist international economic relations. The new UNIDO must help to bring about progressive social and economic change in the developing countries, for without that change rapid industrial development was impossible. In drafting the new constitution, the Committee should consider not only a reorganization of UNIDO's work, but also ways to make that work more effective. The basis for the Committee's work should be the suggestions contained in the reports of the Group of High-Level Experts and the Ad Hoc Committee on Long-Range Strategy, as well as the Lima Plan of Action. UNIDO should be more than a technical assistance body: it should have the knowledge and experience to help developing countries formulate industrial development strategies. It was important to work out the consultation system for international co-operation on industrial development. The Socialist countries had gained considerable experience in that area in the framework of CMEA, and were ready to make their contribution to that work. Proper ways and means must be found to industrialize in accordance with the circumstances and capacity of each country and to broaden international co-operation at the same time. The basic factor was a more proper and effective use of the developing countries' own resources. Foreign private investment was useful only if it was placed under State control. UNIDO must be the mainstay of the third world's struggle against domination by foreign capital. The main issues to be borne in mind in drafting the constitution were: the principle of sovereignty, the sovereign right to choose a social and economic system, and the free choice of an industrial development strategy; the right to social and structural change, the choice of ways to concentrate assets for industrial development, reinforcing the role of the State sector of industry; the development of international co-operation regardless of differences of social and economic systems or levels of industrial development, based on equality and mutual benefit. Détente had created the essential conditions for the application of those principles, and the experience of the member countries of the Council

for Mutual Economic Assistance had showed their validity. Assistance given by the Soviet Union and other CMEA members had no strings attached to it, and efforts to distort Soviet and CMEA policies were in vain.

51. The representative of Romania said that his Government's position on the constitution was based on the special responsibilities of the United Nations system in the establishment of a new international economic and political order and the creation of a better and more just world. The new constitution should be inspired by the positive constitutional acts of the United Nations and its specialized agencies but should avoid their shortcomings. It should reflect fully the new realities of the world, the principles of right and justice stemming from changed international relations, and the real problems facing the developing countries in their efforts to industrialize. The Declaration and Programme of Action for the Establishment of a New International Economic Order, the resolution on development and international economic co-operation and the Lima Declaration and Plan of Action provided answers to many of the questions that would arise during the drafting of the constitution. The constitution should also be in step with international economic and political trends in coming decades and with the current course of history. It must establish a highly effective and democratic political and legal framework, including organizational structures, for the future activities of the Organization. UNIDO's structure and work had to be firmly based on established principles of international law. The wording of the constitution should not allow differing or arbitrary interpretations; it had to be flexible enough to be adaptable to international change and particularly to the needs of the developing countries at every stage of their industrialization. The definition of UNIDO's objectives and functions should be based on an analysis of the world economic situation. All countries should work together to establish a new economic order and ensure the industrialization and harmonious development of all. Economic, scientific and technological co-operation should help the developing countries to build their industrial base, exploit their natural resources and develop national manufacturing industries. All States should have access, without discrimination or barriers, to modern scientific and technological developments, and the developing countries should have the trained nationals necessary for their industrialization; UNIDO could play an important part in that. Although article 1 of the constitution set forth important objectives, another paragraph should be added stating that one of the objectives was to contribute to the establishment of a new international economic and political order that would ensure the harmonious industrial development of all

countries, the closing and elimination of gaps between the developing and developed countries, and a more just and proper international division of labour. There should be a specific programme to increase the share of the developing countries in world economic production. The promotion of the industrial development of the developing countries should also appear in the constitution as an essential objective. UNIDO's functions should include a responsibility to facilitate the exchange of experience in industrial development, to make long-term global studies on industrial development, and to examine the effects of technological and scientific progress on the structure of the world economy and international trade with a view to drawing up recommendations on the prospects for the development of various industries in the developing countries. UNIDO should also carry out studies and prepare projects for the development of techniques and equipment to ensure optimum exploitation of staple commodities in the developing countries, and should facilitate access to such technology. The achievement of the objectives of UNIDO, the performance of its functions and the strengthening of its role were inseparably linked with the question of the universality of UNIDO. If UNIDO were to be truly universal, all States should participate equally in the discussions and decision making, and the constitution should state clearly that all members had the same rights. The procedure proposed for the adoption of the programme of work and budget was discriminatory and therefore unacceptable. The Conference should be the principal deliberative organ and the most representative. The constitution should make consultation and consensus the basic working rules for the Conference. Sessions of the Conference and Board should be held at UNIDO headquarters and in the territory of member States alternately.

52. The representative of Belgium said he hoped that a more autonomous UNIDO would be more successful in helping the developing countries to become economically independent. Such independence was, however, only relative because today no country could isolate itself politically or economically. The problems of economic inequalities could be solved by negotiation. Although UNIDO's main task was to help the developing countries to industrialize, its work should be based on principles of reciprocity and interdependence which would be beneficial to the international community. Development had to be balanced, and should be based on both the agricultural and industrial sectors. Industrialization should proceed in accordance with the specific circumstances of each country, using a specific and pragmatic approach rather than one single model. The Lima Plan of Action provided a range of measures for the accelerated industrialization of the developing countries. Changes in the international division

of labour would benefit the whole international community, but policies and structures had to change. Experience had shown that as a country became more industrialized, other countries gained markets. Closer co-operation in research, the development of exports in collaboration with UNCTAD, the promotion of investment programmes, the establishment of the Centre for Industrial Studies - those were some of the important tasks facing the new Organization. They demanded a great deal of trust between the parties involved and hence an atmosphere of greater co-operation. As far as the Organization's constitution was concerned, Belgium would refer to the comments made previously at the seventh special session of the General Assembly. It regarded the Secretariat's document as a basis for discussion. It hoped it would be possible to arrive at a consensus.

53. The representative of Mongolia said that the steady reduction of international tension and the growing acceptance of the principle of peaceful co-existence of States with different social and economic systems were decisive factors in the social and economic development of all States. The maintenance of peace and security was linked inseparably to the problem of developing international co-operation, the exercise of national sovereignty over natural resources, the leading role of the State in economic development, the existence of a State sector in the national economy and the application of other important principles that were essential for industrialization and economic development. In that connexion, stress must be laid on the importance of the implementation of the provisions of the Final Act of the Conference on Security and Co-operation in Europe. The resolutions of the sixth and seventh special sessions of the General Assembly, the Charter of Economic Rights and Duties of States, and the Lima Declaration defined the just demand of the developing countries for an overhaul of the system of economic relations in the capitalist world. It was the capitalist system of economic management that was holding back industrialization in the developing countries. A new system of economic relations had to be set up, based on the principles of sovereign equality and the common interests of all countries regardless of their political, social and economic systems. Document A/10202 could serve as a basis for the Committee's work. The main task was to make the work of the Organization more effective; that task would be made easier if the principles and approaches used by the Western powers were changed, and if there were a real desire and readiness to assist the developing countries. The constitution should contain a provision to that effect. The new Organization should also serve the interest of all member States, particularly those of the developing countries. Only then would the new Organization be able to act as a catalyst and co-ordinate industrial development activities throughout the United Nations system.

54. The representative of Malta said that a new international economic order could be established only through new forms of co-operation in which all States would participate. The employment opportunities provided by industrialization would lead to a more equitable distribution of wealth. The new Organization must be an effective one that could give the developing countries real assistance to close the ever widening gap that separated them from the developed countries. One of its chief roles would be to help the developing countries identify forms of industrialization appropriate to their particular circumstances. The new agency must become a true forum where appropriate ways to promote effective forms of industrial development could be sought. Document A/10202 was a good basis for the Committee's work, although not all of its provisions were acceptable. The role of the new agency must be a democratic one. The Board should be effective, active and able to guide the Secretariat and prepare the budget for approval by the Conference. There should be more representatives of developing countries on the Board; the number of members suggested - 60 - seemed appropriate. If the Conference were to meet every two years, the Board would need to meet more than once a year. Paragraph 3 of article 11 was an unprecedented departure from the principle of the equality and sovereignty of States; decisions should be taken by a majority vote.

55. The representative of Bulgaria said that the continuing reduction of international tension was having a decisive effect on the development of all forms of international and political co-operation. There could be no effective international co-operation without a consolidation of the peace and security of all nations. UNIDO's basic task was to assist the developing countries to industrialize so they could secure their economic independence and promote development for the benefit of all countries. The new UNIDO should devise a new approach to industrial development and should help the developing countries to formulate realistic economic policies and national economic development plans. The approach to problems of economic development depended on the aims of those plans. There had to be a more just international division of labour, and the developing countries should be drawn into it as far as possible. The most important economic factors for development had to be given due consideration in drafting the new constitution. The preamble should reflect the changes that had taken place in international political and economic relations. UNIDO's effectiveness would depend not only on its constitution, but on the desire of every country to base its relations with others on equality and mutual benefit and on the extent to which each country supported action by the new agency. UNIDO was an organization for co-operation, and its constitution should therefore reflect the universality of its nature. Technical assistance should be a secondary function and should be used to mobilize the natural



resources of the developing countries. UNIDO's objectives and functions, as they appeared in the draft constitution, were not clearly defined; the functions should be determined by the objectives. The main functions should include the provision of assistance to the developing countries in formulating and carrying out industrial strategies and policies and national plans, in developing and reinforcing the State sector, and in the exploitation of natural resources for the development of national industries. There was no point in having a provision for associate membership. The Board should have broader functions, and its composition should comply with the principles of equitable geographical distribution. It should keep an eye on the general structure and staff of the Secretariat and submit reports accordingly to the Conference. The Board should also monitor the operational activities of the Secretariat. There should be three deputy directors from different groups so as to ensure adequate representation of the interests of countries from different regions. Statements of the kind made by one delegation on 9 January 1976 did not help the work of the Committee.

56. The representative of Cuba said that the process of agreeing on a constitution for UNIDO as a specialized agency might be more difficult than when a similar attempt had been made in 1966. His delegation had come to Vienna to co-operate in the work of the Intergovernmental Committee set up by the General Assembly at its seventh special session with the intention of contributing constructive ideas which would further the industrial development of the developing countries, towards which the objectives and functions of the new Organization for which a constitution was to be drafted must clearly be oriented. It was logical that the Committee should have concentrated its attention on the draft constitution prepared by the Secretariat, but the Group of 77 was none the less drafting necessary changes and additions aimed at improving the draft constitution submitted by the Secretariat. The Committee's task was to overcome the defects and obstacles which had prevented UNIDO from functioning efficiently and bringing about in the developing countries a genuine industrial development which would benefit the whole population and make possible harmonious and self-sustaining economic and social development. In that context, the socialist experience of Cuba demonstrated the great importance for economic and social development of structural changes giving the people a real part to play in the preparation and approval of national development plans and programmes. In the framework of the new international economic order and the Lima Declaration and Plan of Action, UNIDO could and should provide effective assistance, including technical assistance and assistance in transfer of technology, so as to enable the developing countries to achieve a genuine industrial development benefiting the whole population.

57. The representative of Mexico said that since the adoption by the General Assembly of resolution 2152 (XXI) establishing UNIDO, the world economy had undergone considerable changes, and it had therefore been necessary to revise the principles of development co-operation, to establish truly national policies in each country, and to seek the solution of new problems in the context of international co-operation. Interdependence was the main feature of the modern world. There had to be a radical change in the thinking of the industrialized countries if the problems of the developing countries were to be tackled successfully. The developed countries had to realize that economic and social problems were closely linked with world peace. International co-operation in the future must be a new and organized scheme. The important instruments adopted in recent years showed that the international community had realized the importance of industry as a means of raising living standards in the developing countries. General agreement was necessary if UNIDO were to be strong and efficient, but it was not sufficient; the Organization had to have a solid legal base and realistic principles and guidelines, which would not only embody the experience of the past but would also look to the future. Rules and regulations should be sufficiently clear and concise, but should not be so rigid as to impede progress. Document A/10202 was a useful basis for negotiations. Since UNIDO's main objective should be industrialization assistance to developing countries, the international assistance and co-operation it provided should be increased. Technical assistance should be part of international co-operation, not a charitable concession; it should be provided in accordance with the specific needs and circumstances of each country. Mexico supported the establishment of machinery for consultation between developed and developing countries. The developing countries should be given a larger share in policy-making and administration, and more of them should be represented on the Board. There should also be more staff recruited from the developing countries at all levels of the Secretariat. A cumbersome bureaucracy, however, could reduce activities that benefited the developing countries. There must be greater agreement on the scope, content and basic objectives of the draft constitution. For the developing countries, the new United Nations specialized agency would be a means of achieving greater development and furthering the establishment of the New International Economic Order, on the basis of the purposes and principles of the Charter of Economic Rights and Duties of States.

58. The representative of Switzerland observed that industrialization was not an end in itself, but was of vital importance in improving the living standards of all the peoples of the world. National industrialization policies had to be formulated by

the countries concerned; that was the basis for harmonious international co-operation. Development co-operation required an atmosphere of trust and of an understanding of the interests of the world as a whole and the legitimate aspirations of each country; Switzerland would continue to co-operate with States regardless of their economic system. The new Organization should have an even more solid base for its work than it had had in the past. It should retain the positive features it had already acquired, and add to them: it should be made more effective, but should not lose its flexibility. More of its resources should be devoted to practical action, which could take various forms. UNIDO's institutional and administrative machinery should be modest in size and sufficiently flexible to adapt to the different needs of the developing countries. The Organization's finances should be placed on as firm a footing as possible. Most of the funds should be used to finance activities that would benefit the developing countries directly. The constitution must be so drafted that it would be wholly acceptable to all States. If the concept of associate member was not universally acceptable, there would be no imperative need to retain it.

59. The representative of Austria said that the decision to transform UNIDO into a specialized agency marked the beginning of a new and decisive phase of international industrial development. The considerations of the Austrian delegation were guided by the objectives which it was hoped would be achieved by giving UNIDO a new constitution. One of the principal objectives was without doubt the universal acceptance of the results of the work of the Committee, and Austria would spare no effort to make a positive contribution to that task. In a greater degree than that of other international organizations, the idea behind UNIDO was the combination of possibilities and production factors of the whole world with a view to attaining the goal fixed by the Second General Conference of UNIDO, i.e. an increase in the share of developing countries in world industrial production from 7 to 25 per cent by the end of the century. The articles in the draft constitution defining the objectives and functions of UNIDO were of great importance; the formulation of the relevant passages should be made sufficiently flexible to permit the programme of work of the Organization to be adapted to future requirements in international industrial development. In view of the decision taken to transform UNIDO into a specialized agency, and bearing in mind the principles of the Lima Declaration and Plan of Action, it would be advisable to reconsider in particular the question of the role of the organs: e.g. if the Conference were to meet every two years, the Board could be more of an executive organ.

Another question was the frequency of the sessions of the Board and the retaining of the Permanent Committee. The question of financial arrangements for the Organization was of crucial importance. The plan to create an Industrial Development Fund was already under study by the Board and the Permanent Committee; the present Committee should concern itself with the question of the administration of assessed contributions. In that connexion, the question arose whether it was necessary to depart from the principle of voting as practiced in the other organs of the United Nations; in any event, it was necessary for the Committee to make a thorough study of all the aspects of that question. Finally, Austria wished to reiterate its readiness to do everything possible in the future, as in the past, to facilitate, as the host country, the work of UNIDO and of all the delegations in fulfilling their mandate.

III. PRELIMINARY VIEWS ON THE PREAMBLE AND CHAPTER I  
ON THE DRAFT CONSTITUTION (A/10202)

Preamble

60. The representative of the Union of Soviet Socialist Republics, speaking on behalf also of the Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland and the Ukrainian Soviet Socialist Republic, said that the preamble should make reference to the importance of the principles laid down by the General Assembly at its sixth special session and to the Lima Declaration and Plan of Action and should also mention the guiding principles of the Charter of Economic Rights and Duties of States. In the preamble, those principles that determined the general direction and the social and economic basis and objective of industrialization should be set out, including the promotion of the economic independence of developing countries, the establishment of equitable economic relations between States, irrespective of their different social and economic systems, the strengthening of the instrument of international co-operation as a means of consolidating peace for the common good, the inalienable right of every State to exercise freely its sovereignty and permanent control over its natural resources including nationalization. The preamble should explicitly state that the improvement of the international political situation, disarmament, co-operation among all States, and full use of the experience in industrial development of countries with different social and economic systems

would have a direct effect on the industrialization of the developing countries. The preamble to the constitution of the new specialized agency should take into account the explicit points made in General Assembly resolution 2152 (XXI), particularly where the long-term strategy of UNIDO was concerned. The experience gained by UNIDO should also be utilized. Moreover, the principle of universality in the approach to industrial co-operation should be reflected in the preamble.

61. Several delegations (Netherlands, New Zealand, United Kingdom, United States) questioned the need of a preamble; in this context, the Statutes of the International Atomic Energy Agency and the Articles of Agreement of the International Bank for Reconstruction and Development were cited, neither of which had preambles. The representative of the Netherlands further pointed out that his country had a constitution without a preamble, a fact that did not affect the clarity of the basic principles of his Government's action. The representative of the United Kingdom drew attention to the need to avoid references to transitory events and ideas in what was intended to be an enduring document.

62. The representative of Hungary pointed out that the statutes of FAO, WHO and UNESCO all contained preambles. The document establishing a new organization should make clear the aims and functions of the organization as well as the international framework into which it fitted. A view of what was transitory depended on the time schedule adopted; the target for the developing country's share of world industrial production had been set with reference to the year 2000, and the principle enunciated in the Charter on Economic Rights and Duties of States and in resolution 3362 (S-VII), adopted by the General Assembly at its seventh special session, would remain valid for even longer. The new organization should therefore work in accordance with those principles.

63. The representative of Sweden said that it would probably be impossible to do without a preamble altogether; his delegation was in favour of a shorter preamble, the contents of which should reflect important ideas such as the establishment of a just and equitable economic and social order, although it might not be necessary to refer to specific General Assembly resolutions.

64. The representative of France stated that his delegation had no fundamental difficulties with the preamble in the draft constitution prepared by the Secretary-General, although it could be improved and certain references might be left out.

65. The representative of the United States said that if a preamble were necessary, it should be brief and non-controversial; he expressed concern since some remarks indicated that certain delegations wished to include in the preamble material on which there had been sharp disagreement on previous occasions.

66. The representative of the Netherlands said that if general principles were to be embodied in the preamble, the preamble should include a complete spectrum of principles. In his view, the work of the Committee was a technical and legal exercise; it was not its duty to find political principles to guide the exercise.

67. The representative of New Zealand suggested that, in drawing up the constitution, the Committee should look to the future in order to ensure that the final text would remain relevant in years to come. In his view, the draft preamble did not meet that criterion, since, in certain respects, it institutionalized the current situation of developed and developing countries, though it was the aim of the new international economic order, which his Government supported, to overcome the disparities in levels of development. If a preamble were included, it should be short and the most important element in it should be a reaffirmation of the universal character of the new organization, which should not be dominated by any sectoral interests but which should work for the benefit of all. A second point that might usefully be included in the preamble was a reference to the importance of internal policies in the industrialization processes; though international and multilateral assistance had an important role to play, the primary responsibility for successful industrialization had to be at the national level, a fact that was recognized in the Lima Declaration.

68. The representative of the United Kingdom proposed the deletion of the second preambular paragraph referring to General Assembly resolutions 3201 and 3202 (S-VI) and to the Lima Declaration and Plan of Action, particularly as many countries had expressed reservations on those General Assembly resolutions and as the United Kingdom, for one, had abstained in the vote on the Lima Declaration. Furthermore, it was not customary to quote United Nations resolutions in the statutes of international bodies.

69. The representative of the Philippines said that the preamble should contain such statements as those appearing in sub-paragraphs 1 and 5 of the third preambular paragraph; although it might not be appropriate to refer to specific General Assembly resolutions, he agreed with the position expressed by the representative of the Union of Soviet Socialist Republics on the need to reflect in the preamble important decisions of principle accepted by the international community with regard to industrial development and the establishment of a new international economic order.

70. The representative of Hungary observed that it would be difficult to marshal such important points in the preamble without referring to the texts of the resolutions in which they appeared.

71. The representative of the Union of Soviet Socialist Republics<sup>11/</sup> said that the third sub-paragraph of the third preambular paragraph was superfluous and might be omitted. The fourth sub-paragraph should be clarified by a reference to the basic factors on which the "economic and social well-being of present and future generations" depended. At the end of that sub-paragraph, after the word "equality" the following phrase should be inserted: "and the gradual elimination of the disparity between them in their level of the development by abolishing the effects of colonialism and the economic domination of the transnational corporations, by establishing full State control of the activity of foreign capital, and by instituting progressive social and economic transformations". At the end of the sixth sub-paragraph of the third preambular paragraph, the following phrase should be inserted after the words "with a view to": "achieving favourable conditions for fuller use in the mutual interest of the economic potential of each country and promoting the social and economic progress of all countries and peoples, especially of the developing countries". The Union of Soviet Socialist Republics was prepared to co-operate in improving industrial and trade relations between States with different social and economic systems in the interest of peace, social and economic progress and the independence of all countries and nations. The last paragraph of the preamble should be worded in such a way as to define the roles and duties of UNIDO and ECOSOC in co-ordinating the activities of the United Nations system in the field of industry.

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<sup>11/</sup> Speaking on behalf also of the Byelorussian Soviet Socialist Republic, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland and the Ukrainian Soviet Socialist Republic.

### Chapter I

72. In the opinion of the representative of the Union of Soviet Socialist Republics,<sup>11/</sup> chapter I of the draft constitutions should begin with the words: "The Organization shall be guided by the objectives and principles set out in the preamble, and by the following:" - followed by the list given in the draft prepared by the Secretary-General. The primary task of the organization should be to foster industrial development in accordance with Article 1, paragraph 3, and Articles 55 and 56 of the Charter of the United Nations, as set out in General Assembly resolution 2152 (XXI) in the article on objectives.

73. The representative of Sweden expressed the view that chapter I, in general, required a number of drafting changes and possibly some rearrangements between articles 1 and 2.

### Article 1

74. With regard to article 1, entitled "Objectives", the representative of the Union of Soviet Socialist Republics<sup>11/</sup> said that it should reiterate, as the principal task of the new organization, the assistance to the developing countries in developing national industrial policies, plans and long-term strategies with a view to transforming their economic structures and achieving economic independence. The new concepts and approaches in respect of industrial development, mentioned in sub-paragraph (a) of article 1, should be developed taking into account the experience in industrialization of countries with different social and economic systems. The task spelled out in sub-paragraph (b) was already contained in the preamble and thus unnecessarily repeated. Article 1 should reflect the objective of the developing countries to attain sovereignty over their natural resources and to use them for the development of their national industries. A fundamental task of the new Organization was to be a centre for an exchange of experience and industrial and technological information.

75. According to the representative of the Philippines, the objectives in article 1 should be formulated in general terms; the main objective of the new Organization should be the promotion and acceleration of industrial development in developing countries, in accordance with the principles set out in the preamble, with the purpose of facilitating the establishment of a new international economic order. In the opinion of his delegation, the sub-paragraphs contained in article 1 of the Secretariat's draft constitution might be more fittingly accommodated under the functions in article 2.



76. The representative of Sweden expressed the view that article 1 should be reviewed in the light of the preamble. In the opinion of the representative of France, which was shared by the representative of the Netherlands, article 1 covered the essential aspects, except for sub-paragraph (b), which should be better placed in article 2.

#### Article 2

77. The representative of the Union of Soviet Socialist Republics<sup>11/</sup> said that the functions of the new Organization, in article 2, should be grouped so as to reflect the basic objectives of the Organization; in this context, he referred to the report of the Group of High-Level Experts and to the report of the Ad Hoc Committee on a Long-Range Strategy for UNIDO. The first position should be given to those functions relating to research and assistance to the developing countries in formulating industrial policies and strategies and long-term national plans and to functions connected with the development of the state and co-operative sectors, the utilization of natural resources, etc. Moreover, the assistance to the developing countries to institute progressive transformations with a view to full mobilization of internal forces and means in the interests of accelerating the economic and social progress of those countries should be included among the functions of the new Organization. Sub-paragraph (1) of article 2 should be amended in such a way as better to protect and safeguard the interests of the developing countries. In the opinion of his delegation, that part of the Secretariat's draft referring to "functions" needed some amendment.

78. The representative of the Philippines said that the main purpose of article 2, which required some broadening and clarification, should be to give the organization sufficient authority and powers to enable it to achieve its objectives.

79. The representative of France noted that the list of functions in article 2 was somewhat long, probably in an attempt to be exhaustive; there was a danger, however, of forgetting some important aspects if such an approach were taken. His delegation would prefer a shorter and more general formulation of article 2.

80. The representative of the Netherlands expressed the opinion that the phrase: "using its own funds and resources as well as those made available by other organizations and agencies" in the opening sentence of article 2 was superfluous. He also expressed the belief that article 2 could be shortened.

#### General

81. The representative of New Zealand, who had not spoken during the general debate, said that his country had always been an active proponent of the fundamental principles of equality of representation and universality. His Government was therefore unable to support any system of weighted voting, such as that suggested in article 11, paragraph 3, of the draft constitution.

#### IV. CONCLUSION OF THE FIRST SESSION

##### Distribution of replies from Governments

82. At the 11th plenary meeting, on 15 January 1976, the Chairman suggested that the comments submitted by the Governments of Mauritania and Romania on the draft constitution (A/10202), in response to a letter by the Secretary-General of 25 June 1975, be reproduced and circulated as an official document of the Committee.
83. It was so decided.

##### Dates of the second and third sessions of the Committee

84. At its 13th meeting, on 19 January 1976, the Committee took up item 8 of its agenda, the dates and place of future sessions. The Executive Secretary announced that the dates for the second and third sessions of the Committee had been fixed by the Committee on Conferences, at the suggestion of the Secretariat after consultation with delegations represented in Vienna. The date fixed for the second session was 22 March to 3 April 1976; for the third session, 28 June to 9 July 1976. Since those dates had been more or less approved by the General Assembly's Committee on Conferences, it was up to the Committee to confirm them.
85. At the invitation of the Chairman, the Committee confirmed the dates for its second and third sessions, as fixed by the Committee on Conferences.

##### Exchange of informal working papers

86. At the 13th meeting, on 19 January 1976, the representative of Brazil, speaking on behalf of the Group of 77, informed the Committee that the Group of 77 had prepared, during the course of the current session, an amended version of the draft constitution. Some of the amendments in the draft prepared by the Group of 77 reflected the unanimous view of all members of the Group; the remainder were the views of the vast majority of the Group. The Group of 77 approved the preamble to the draft constitution, in general. It would prefer a more general formulation of objectives and a more precise listing of the functions in the constitution of the new Organization. The Group of 77 agreed with the scheduling of the sessions of the Conference, as proposed in the draft constitution, and had strengthened the provisions governing the role of the Board, on which the developing countries had to be properly

represented. It had also spelled out the responsibilities of the Director-General and of the Secretariat. The Group had examined at length the question of programming and financing and had worked out a new formula for the relevant paragraphs which should prove attractive to all delegations. Finally, the Group of 77 had agreed on a draft constitution, based on the document prepared by the Secretariat, but incorporating the views of the vast majority of the Group represented in the present Committee. The amended draft constitution, prepared by the Group of 77, constituted a working paper that did not necessarily reflect the position of its respective Governments, nor did it commit them in any way. The Group of 77, considering that it would be useful for its working paper to be made available to the other groups represented in the Committee, had taken the initiative of forwarding a proposal to that effect in the hope that Governments could be supplied with all relevant information on the question of the transformation of UNIDO, including the comments of the various delegations attending the current session and representing both the developed and developing countries.

87. The representative of Switzerland, speaking on behalf of Group B, expressed appreciation for the continuation of fruitful co-operation and constructive dialogue on the part of the Group of 77. He agreed with the useful suggestion that working papers, containing ideas on the Secretariat's draft, should be exchanged among the geographical groups. The basic assumption should be that such papers represented the preliminary thinking of majorities within the various geographical groups; it should not be supposed that the majority, whose views found expression in the working paper, always consisted of the same countries on all points.

Concluding statement by the Chairman

88. At the last meeting of the first session of the Committee, the Chairman observed that the Committee had made a good beginning and indeed had laid the foundations on which to base its future endeavours. The Committee had settled the procedural issues and had made some progress towards the consideration of substantive matters. Quite a number of delegations had made general statements on the constitution as a whole, statements that were undoubtedly useful and necessary for advancing the Committee's work. The Committee had also started preliminary consideration of the different sections of the constitution.

89. Referring to the consultations held within the regional groups, the Chairman stated that a noteworthy and positive development earlier during that final meeting was the exchange of informal working papers by the Group of 77 and Group B, reflecting their preliminary thinking and ideas on various aspects and provisions of the constitution. That exchange would be extremely useful for opening the way to a fruitful and constructive dialogue and mutual adjustments. He expressed his earnest hope that delegations and regional groups would approach the task of negotiating mutually agreeable texts of the articles of the constitution in the Committee in a spirit of genuine co-operation and with a constructive and open mind rather than from rigid and inflexible positions. He recalled his statement on the opening day that the Committee as a whole had a common objective which was to help create an organization that should be able to function as an effective instrument in accelerating the pace of industrialization in the developing countries. The constitution prepared by the Committee should be based on as broad a consensus as possible so that its wide acceptability would pave the way for UNIDO's transformation into a specialized agency with the least possible delay.

90. The Chairman noted that the first session of the Committee had been attended by representatives from 83 states, apart from observers from a number of intergovernmental and non-governmental organizations. He expressed the hope that an even greater number of states and organizations would participate in future sessions of the Committee, as the involvement of as high a number of states as possible in the preparation of the constitution would greatly facilitate its acceptance by the international community as a whole. He also hoped that specialized agencies and a larger number of other organizations within the United Nations system would be represented in future sessions of the Committee so that the Committee could draw upon their experience with the working of their constitutions.

91. On behalf of the Committee, the Chairman expressed his thanks to Dr. Khane, Executive Director of UNIDO, who was also representing the Secretary-General of the United Nations in the Committee, as well as to Mr. Sylla, Executive Secretary of the Committee, and to the Secretariat of UNIDO for their valuable co-operation and assistance. He also expressed his gratitude to Professor Erik Suy, Under-Secretary-General for Legal Affairs, and Mr. Helmut Debatin, Controller of Finances, who

had provided useful explanations of the various articles of the draft constitution. He also conveyed the sincere appreciation and gratitude of the Committee to the Government of Austria for their warm hospitality and to the city of Vienna as the centre for the work of the Committee.

92. The Chairman recalled the Secretary-General's observations in his message to the Committee that its task was neither small nor simple as it had been charged with a responsibility that was unprecedented in the history of the United Nations - the transformation of a United Nations organization into a specialized agency. The Chairman reminded the Committee that it had a heavy schedule of work for its subsequent sessions and, therefore, a time-bound and constructive approach was all the more essential. He felt that given goodwill and positive pragmatic approach on the part of all delegations, the Committee would be able to achieve its objective and effectively discharge its responsibilities within the time available. Expressing appreciation for the spirit of co-operation which, in his view, had prevailed in the first session of the Committee, he expressed the hope that that co-operative spirit would continue to prevail in subsequent sessions as well so that negotiations could be conducted in a quiet and dispassionate atmosphere and with the active and constructive involvement of all delegations.

93. Reminding the Committee that its second session would commence on 22 March, the Chairman expressed the hope that during the intervening time, delegations and regional groups would have informal contacts between them so that by the time the Committee reconvened, the approach to various aspects of the constitution would be more clearly defined, thus providing a firmer basis for negotiations. He added that he would himself be available in Vienna during that period and would be at the disposal of delegations and groups for any assistance for informal contacts and consultations, etc.

Closure of the session

94. The Committee concluded its first session at 5.05 p.m. on 19 January 1976.