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SUMMARY RECORD OF THE 22nd MEETING

Chairman: Mr. MWANGAGUHUNGA (Uganda)

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The meeting was called to order at 10.55 a.m.

AGENDA ITEM 60: UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (continued)
(A/33/16, 138, 151, 182, 239; A/C.2/33/L.6-8)

1. Mr. DENNIS (Liberia) said that UNIDO's most important contribution since its establishment had been in bringing the problems of industrialization of the developing countries to the attention of the developed countries. That role had been reinforced by the adoption of the Lima Declaration and Plan of Action, and UNIDO must now be converted into a specialized agency so that it could help in the attainment of the ambitious goals set for developing countries in regard to industrial development. Although three years had passed since the Second General Conference of UNIDO, the implementation of many decisions relating to the Lima Plan of Action and the establishment of the new international economic order still did not appear possible, as some of the developed countries had created obstacles to the drafting of a constitution for UNIDO because they were not in agreement on such questions as democratization, the finances of UNIDO, the supreme authority of the Conference over the organization and the role and function of the Director-General as head of the organization. Liberia believed that, whatever structural form UNIDO might eventually take, it should be able to provide maximum benefits for both developing and developed countries and to promote a genuine relationship of interdependence. His delegation would therefore like to see UNIDO converted into a specialized agency with strong financial backing and effective administrative powers.

2. Despite the uncertainty of its institutional status, UNIDO had an increasing impact in fields of fundamental importance for the industrial development of developing countries, such as industrial manpower training, technical assistance programmes and investment promotion activities. It was to be hoped that increased contributions to the United Nations Industrial Development Fund would soon be forthcoming to strengthen UNIDO's operational activities in those areas and in the transfer of technology and information.

3. His delegation believed that the system of consultations was very useful in facilitating the redeployment of industries from developed to developing countries and thus increasing the latter's share in world industrial production; however, the scope of such consultations and the burden they placed on the budget should be limited by concentrating them on areas where the impact on developing countries would be most significant.

4. The Third General Conference of UNIDO would provide the most appropriate occasion for assessing the results achieved and obstacles encountered in implementing the Lima Declaration and Plan of Action and for appraising UNIDO's future role in the establishment of a new international economic order, prior to the special session of the General Assembly in 1980.

5. Mr. GORITZA (Romania) said that, as the Executive Director had pointed out, UNIDO's contribution to the industrialization of the developing countries, despite some appreciable achievements, had been modest. He (Mr. Goritza) attributed that situation to the reluctance of the developed countries to further UNIDO's activities and convert it into a specialized agency. That problem, which was also encountered in other fields of international co-operation, was particularly disturbing because of the importance of the industrial sector in overcoming under-development and establishing a new international economic order. Very much higher rates of growth than had thus far been achieved would be needed to reach the target set in the Lima Declaration and Plan of Action of increasing the developing countries' share in world industrial production to 25 per cent by the end of the century.

6. His delegation trusted that the Third General Conference of UNIDO would provide an opportunity for adopting concrete measures and plans of action that would constitute a genuine industrialization strategy, and hoped that the General Assembly would approve the draft agenda for the Conference drawn up at the twelfth session of the Industrial Development Board. It should be noted that the UNIDO administration, conscious of the need to concentrate on the specific issues that would be before the Conference, had set up a task force which had already begun consultations with Member States on the role and objectives of the Conference, so that the substantive issues could be taken up directly in New Delhi.

7. One of the central objectives of the Lima Declaration and Plan of Action was the conversion of UNIDO into a specialized agency of the United Nations, so that industrial development activities could be placed on a firm and effective foundation from the financial and operational standpoint. His delegation attached great importance to that objective and supported the Executive Director's proposal that UNIDO should become a specialized agency before the New Delhi Conference, and that a definite time-limit should accordingly be set by the General Assembly at the current session for the drafting and adoption of the constitution of the new UNIDO.

8. His delegation, which knew from experience how important the establishment of a viable and diversified national industrial sector was to economic and social progress, followed UNIDO's activities with great interest and had stated its views on them at the twelfth session of the Industrial Development Board and the summer session of the Economic and Social Council. It was important that the resources of the United Nations Industrial Development Fund should be increased, so that UNIDO could expand and diversify its assistance to the developing countries with a view to the transfer and development of industrial technology, to increasing the productive capacity of the developing countries, to the training of skilled workers for industry, and so on. In that context, note should be taken of the collaboration between Romania and UNIDO, exemplified by the activities of the joint Centre in Bucharest, which had recently included nine action projects the implementation of which would be extremely helpful to the developing countries in fields of particular importance to industrial growth and diversification.

9. Mr. WOLTE (Austria) drew attention to the responsibility of the international community for attaining the target of increasing the developing countries' share in world industrial production to 25 per cent by the year 2000, set at the Lima Conference. Although the delivery of technical assistance by UNIDO had increased considerably over the past few years, much would depend in the future on whether the desirable funding level of \$50 million for the United Nations Industrial Development Fund was reached as soon as possible. That was a very modest amount, in view of the magnitude of the tasks facing UNIDO, and the guidelines laid down for its operations were flexible enough to warrant support from all countries.

10. The system of consultations was a promising area of activities for the organization and it was to be hoped that it would be extended, particularly in the field of financing of industrial development and training of industrial manpower. Additional subject areas, such as agro-industry, capital goods and the pharmaceutical industry, should be selected as soon as possible. UNIDO's work on the role of energy in the process of industrialization and on the development of alternative sources of energy should also be intensified.

11. His delegation attached great importance to senior industrial development field advisers, who could be very helpful both in the initial phase of a project and in following it through until its completion. Another area in which UNIDO had been doing valuable work was that of the transfer of technology, on the basis of resolution 47 (XI) and decision IV (XI) of the Industrial Development Board. His delegation hoped that the International Forum for Appropriate Industrial Technology, to be held in New Delhi in November 1978, would mark a significant phase in the preparatory work for the Conference on Science and Technology for Development and the Third General Conference of UNIDO.

12. As to the conversion of UNIDO into a specialized agency, the complexity of which might have been underestimated at the Lima Conference, his delegation considered it a good sign that conclusions regarding the draft constitution had not been rushed before each and every detail of the new document had been properly studied. It was to be hoped that, on the basis of the results achieved, a new round of negotiations would lead to a general agreement on the basic elements of a constitution. In that connexion, Austria welcomed the draft resolution submitted by the Tunisian delegation. However, his delegation did not share the view that the organization could not fulfil its tasks effectively as long as the question of its conversion remained unresolved. The Lima Conference had given a mandate and had devised the instruments for fulfilling it. That had enabled UNIDO to undertake quite profound structural changes to increase its effectiveness. It could therefore continue its work, with the preparations for the Third General Conference providing additional momentum.

13. Mr. RAMBISOON (Trinidad and Tobago) said that, when developing countries ridded themselves of the yoke of colonialism, economic planning became the responsibility of their Governments. That being so, intergovernmental collaboration was of the greatest importance to industrial development. It was therefore regrettable that the United Nations Conference on the establishment of UNIDO as a specialized agency had failed to reach agreement on a new constitution for UNIDO. His delegation believed that a new specialized agency that would be stronger and more effective in promoting the industrial development of developing countries would be one of the pillars of the new international economic order.

14. At the twelfth session of the Industrial Development Board, it had been admitted that UNIDO's activity should be guided by the Lima Plan of Action, which provided that developing countries should have a share of 25 per cent in world industrial production by the year 2000. Between 1975 and 1977 that figure had only moved from 7 per cent to 8.5 per cent, which meant that an increase would have to take place at a much higher rate if the target was to be met. One of the ways of increasing industrial production in developing countries was to identify those sectors in which developing countries had some comparative advantage, and especially those in basic industries which would have a multiplier effect. In that context, his delegation welcomed the further development of the system of consultations and was particularly interested in the two new sectors on which consultations would be held in 1979, petrochemicals and agricultural machinery. Integrated agro-industrial development, the increase of fertilizer production and the development of the rural sector were key areas requiring in-depth examination. His delegation was also pleased with the decision of the Board regarding the financing of industrial development and the training of industrial manpower in the developing countries.

15. His delegation wished to reiterate the need for greater co-operation between UNIDO and other agencies within the United Nations system, particularly UNCTAD, since industrial development could not be divorced from trade. Developing countries needed the means for increased industrial production and the markets for finished products if they were to achieve the goal of self-reliance. The secretariats of UNCTAD and UNIDO were agreed that a group of experts on trade-related aspects of industrial collaboration arrangements should be set up. The terms of reference of that group should be very clearly defined. His delegation suggested that there should be a comprehensive and in-depth analysis of the issues concerning industrial collaboration arrangements and that specific measures should be proposed to ensure that those arrangements would make a substantial contribution to industrial development and trade in developing countries.

16. In view of the importance of the Third General Conference of UNIDO, his delegation regretted that the agenda had not yet been finally determined and hoped it would soon be approved.

17. The industrialization of developing countries was to be seen as a means of strengthening their economic and political independence. Developing countries

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(Mr. Rambissoon, Trinidad
and Tobago)

must no longer be confined to the role of suppliers of raw materials and consumers of the products of the developed countries, but should become equal partners and active members of the world community.

18. Mr. LIEBCHEN (German Democratic Republic) said that the preparation and holding of the Third General Conference of UNIDO would offer an opportunity to draw conclusions on how UNIDO, by promoting the industrial development of developing countries within the framework of the third United Nations Development Decade, could contribute to implementing the principles of the Charter of Economic Rights and Duties of States and the decisions adopted at the sixth special session of the General Assembly and the Second General Conference of UNIDO. The provisional agenda approved by the Industrial Development Board met that requirement. His delegation welcomed the inclusion of item 5 (b) (v) and considered that the examination of the adverse consequences of the activities of transnational corporations on the industrial development of developing countries was a task of special importance for UNIDO. The inclusion of the subitem was in full accordance with the Lima Declaration and Plan of Action. The agenda offered an opportunity for discussing the role of the public sector and central State planning in industrial development. In adopting resolution 48 (XII) on the role of the public sector in promoting the industrialization of the developing countries, the Industrial Development Board had laid a sound foundation for the debate on that issue and had also contributed to the implementation of General Assembly resolution 32/179.

19. His delegation welcomed the decision of the Industrial Development Board to give technical assistance to the national liberation movements of the people of Namibia and the Palestinian people, and hoped that it would be implemented without delay. UNIDO would thus be acting in accordance with the relevant resolutions of the General Assembly and the Economic and Social Council, and also of its Second General Conference.

20. UNIDO must endeavour to implement resolution 46 (X) on permanent sovereignty over natural resources and industrialization of the developing countries. It was regrettable that the report prepared under that resolution was not commensurate with the importance of the problem.

21. Within the limits of its capacity, his country was striving to support the industrial development of developing countries. In 1977, 126 industrial enterprises had been built by it in developing countries and in early 1978 another 80 had been under construction. Those projects were accompanied by the training of specialists needed to run the enterprises. The voluntary contributions of the German Democratic Republic to the Industrial Development Fund were used to organize training courses in his country in which representatives of over 30 developing countries had participated. His delegation reaffirmed its view that the Fund should be governed by the principle of voluntary contributions and that States had the right to decide on the amount of their contributions and the currency in which they were paid.

22. The Industrial Development Board played an important role in the implementation of UNIDO's decisions. Its members should therefore have a voice in all important

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(Mr. Liebchen, German
Democratic Republic)

questions concerning the activities of UNIDO and its secretariat, and specifically on the proposed structural changes in the secretariat and the reassignment of senior staff posts. His delegation reiterated its view that the principle of equitable geographical distribution was applicable to posts in the secretariat. His Government would continue to support UNIDO in the fulfilment of its important tasks and was prepared to co-operate with all States in order to complete the conversion of UNIDO into a specialized agency.

23. Mr. LAZAREVIĆ (Yugoslavia) said that the objective of raising the share of the developing countries in world industrial output to 25 per cent by the year 2000 made it incumbent to exert concentrated efforts to bring about much speedier industrialization in the developing countries. If that objective was to be achieved, short- and medium-term measures would have to be taken to implement the Lima Plan of Action. While there was no doubt that UNIDO was required to play an important role in that process, the results achieved so far had not been very satisfactory. The system of consultations was a commendable advance, but the final impact of those consultations on the development of new industrial capacity in the developing countries remained to be proved. His delegation supported the continuation of the consultations and hoped that they would be extended to other branches and would eventually encompass all sectors of industry. The opening of investment promotion offices in several European cities and in New York was an interesting innovation which should be kept under continuing review by the Industrial Development Board.

24. At the third General Conference there should be a review of the progress made by the developing countries since the second Conference and, in accordance with the Lima Declaration and Plan of Action, a concrete programme of international co-operation for a period of 5 or 10 years should be prepared. In his delegation's view, the proposed agenda adequately reflected the character of the third Conference. It was unfortunate, however, that there had been no consensus on one specific item of the agenda. His delegation believed that the formulation of item 5 (b) (v) adequately covered the question of utilization of foreign investments for industrial development.

25. Although there were different interpretations of what was meant by industrial redeployment, his delegation held that the decisions of the General Assembly at its seventh special session embodied a clear definition. Redeployment was an important aspect of international co-operation in the context of establishing a new international division of labour and new international economic relations. It was at the same time an important means of transferring industrial technology, including advanced technology, to developing countries.

26. It should be emphasized, in connexion with the conversion of UNIDO into a specialized agency, that the developing countries could not accept a solution that would make UNIDO a less democratic organization with regard to decision-making on some substantive issues, particularly programming and budgeting. The developing countries had shown their readiness to accept a composition of the Industrial

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(Mr. Lazarević, Yugoslavia)

Development Board in which no grouping would have a dominant role. They could not, however, accept a proposal to the effect that the decisions of the Board could not be amended by the General Conference of the organization, since that would be contrary to the basic principle of sovereign equality of all States, on which the Charter of the United Nations was founded. If all countries agreed that UNIDO should be built on fully democratic foundations, there would be no difficulty in convening a conference to complete the work on the statute of the new organization. Naturally, the conference should be carefully prepared for in order to ensure its success.

27. The United Nations Industrial Development Fund had begun to function with resources far below the expected funding level and it was therefore essential to establish proper criteria for the use of the funds. In his delegation's view, they should be used primarily, and perhaps exclusively, for financing pilot projects, using domestic raw materials, in the least developed countries where they could yield the best results.

28. Mr. GADEL HAK (Egypt) said that industrialization should play an important role in the developing countries during the forthcoming development decade. As the Lima Declaration and Plan of Action clearly demonstrated, industry was a fundamental element of any development strategy. Against that background the real magnitude of UNIDO's participation in attaining the objectives of the new international economic order was evident. The rise in the developing countries' industrial output from 7 to 8.5 per cent between 1975 and 1977 reflected a rate of growth much lower than that required if their share of world industrial output was to reach 25 per cent by the end of the century. It was essential to speed up the industrialization of developing countries concurrently with the integrated development of their agriculture and to promote the transfer of technology from developed to developing countries.

29. The training of skilled personnel in developing countries was very important in promoting industrial development and establishing new industrial potential. That task demanded co-operation between UNIDO and other international agencies.

30. His delegation believed that the new international development strategy for the 1980s should assign to UNIDO its rightful central role in promoting industrial development. In the coming years a number of conferences connected with the new international economic order were to be held, including the Conference on Science and Technology for Development, the third General Conference of UNIDO and, in 1980, the special session of the General Assembly, which would provide an excellent opportunity for appraising the progress made in specific spheres, including the results of the General Conference of UNIDO and its contribution to the new development strategy.

31. UNIDO could not accomplish its tasks unless its functions were properly delimited and defined. Its conversion into a specialized agency was accordingly imperative. The General Assembly should therefore convene the Conference of Plenipotentiaries before the third General Conference of UNIDO in order to make a final decision on the conversion.

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32. Mr. NIZAMUDDIN (India) said that India, as the host country for the Third General Conference of UNIDO, was particularly interested in the preparatory work and had noted with satisfaction that, at its last session, the Industrial Development Board had succeeded in establishing a draft provisional agenda for the Conference which envisaged a detailed review of progress achieved in the implementation of the Lima Declaration and Plan of Action. He trusted that the remaining problem concerning one of the items on the agenda would be resolved at the current session of the General Assembly.
33. While progress by developing countries in industrialization had been impressive, the international community must redouble its efforts to meet the targets established at Lima. The process of industrialization had encountered many difficulties, such as lack of access to markets in developed countries, problems of transfer of technology and inadequate availability of capital on concessional terms. Nor was the attitude of the developed countries to the redeployment of industries very encouraging.
34. His delegation welcomed the expansion of the system of consultations, which would ultimately be judged by their success in the creation of new industrial capacity in the developing countries, making full use of local human, technical and natural resources. As a measure of confidence in that initiative, his Government had agreed to serve as host to the Second Consultation Meeting on the Iron and Steel Industry in New Delhi in January 1979. His Government was also deeply interested in the co-operative programme of action on appropriate industrial technology and was arranging an international forum on the subject in New Delhi later in November.
35. The new international development strategy was expected to be adopted at the 1980 special session of the General Assembly, and he trusted that the UNIDO secretariat would make an appropriate input in the formulation of the strategy. Another question which needed early consideration was the conversion of UNIDO into a specialized agency and he regretted that the plenipotentiary conference held in New York, after coming so close to agreement, had ended inconclusively. The General Assembly should reconvene the Conference so that it might complete its tasks. UNIDO's industrial operations must be strengthened, and development of the system of senior industrial development field advisers could help in that respect. Finally, his delegation was disappointed at the low level of contributions to the United Nations Industrial Development Fund; it hoped that the international community's response would be more positive at the second Pledging Conference for the Fund, which would be held in a few days. The agreed level of contributions of \$50 million annually was not excessive in view of the magnitude of the task.
36. Mr. ACEMAH (Uganda) said that the industrialization of developing countries was of crucial importance to the new international economic order, and UNIDO, as the central co-ordinating organ of the United Nations system for the promotion of industrial development, had a key role to play. The developing countries must be equal partners in industrial development, rather than mere suppliers of raw materials to and consumers of manufactured products from the developed countries. His delegation fully subscribed to the goals and objectives of the Second United

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(Mr. Acemah, Uganda)

Nations Development Decade and of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, and also supported the principles which had led to the establishment of the United Nations Industrial Development Fund.

37. The ultimate objective of UNIDO's system of consultations, which was a useful means for industrial co-operation among countries at different levels of development and with different economic systems, should be to lay the foundations for international negotiations so that concrete agreements could be reached in certain key industrial areas. The system should therefore be strengthened, made action-oriented and established on a permanent basis, and participation in the consultations should be at the governmental level.

38. His Government appreciated the various activities carried out by UNIDO in the field of redeployment of industries, particularly the surveys and studies undertaken by the organization. UNIDO's resources should be increased to enable it to continue and intensify those activities. The assistance given by UNIDO in the creation of national and regional centres for the development, transfer and adaptation of technology was also highly commendable. In that respect, its co-operation with the regional commissions should be intensified. Special mention should be made of the role of the senior industrial development field advisers, who played an important role at the country level in identifying, promoting, monitoring and co-ordinating UNIDO's industrial activities and whose close access to the developing countries made their work more responsive to the needs of those countries. Uganda fully supported the SIDFA programme and welcomed the measures taken by UNIDO and UNDP to make it more efficient.

39. The conversion of UNIDO into a specialized agency would reinforce its capacity to promote the industrialization of developing countries and would enhance its administrative independence and efficiency. His delegation was therefore disappointed that the Conference on the establishment of UNIDO as a specialized agency held early in 1978 had failed to reach agreement, and supported the proposal to convene another plenipotentiary conference in 1979 for that purpose.

40. Mr. KÖMIVES (Hungary) said that the general conferences of UNIDO had always been events of significance, and the appropriate preparation of the Third General Conference was therefore of great importance. At its twelfth session, the Industrial Development Board had outlined an appropriate agenda for the Third General Conference, which it would be advisable to reconfirm at the current session of the General Assembly. In the consideration of the different agenda items, due attention must be devoted to the role of the public sector, without which industrialization was hard to conceive. His delegation had welcomed the plan for the head of the task force charged with the preparation of the Conference to visit the socialist countries in order to gain experience in that field.

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(Mr. Kömives, Hungary)

41. His delegation continued to attach great importance to the international consultations organized by UNIDO, and agreed with the areas marked out by the Industrial Development Board for the holding of consultations. Best results could be obtained from sectoral consultations, in which Governments should also be adequately represented. Hungary had so far participated in all consultations, with delegations representing both the State and the enterprise level.

42. His Government agreed with the widening of the network of senior industrial development field advisers. Such advisers must provide increasingly substantive assistance to developing countries; that required the selection of suitable specialists and the application of the principle of equitable geographical distribution, which would make for the utilization of experience offered by the different social and economic systems.

43. With regard to the establishment of UNIDO as a specialized agency, his delegation regretted that it had not been possible to work out a new constitution; however, it believed that UNIDO would be able to function successfully as a specialized agency only if its constitution took account of the interests of all countries in the activities of the organization. In the present situation, further work might be necessary at the expert level before a new plenipotentiary conference was convened.

44. Finally, concerning the reorganization now under way in the UNIDO secretariat, it must be pointed out that any limitation of the geographical composition of the secretariat would result in a narrowing of the intellectual base needed for its activities. The reorganization, particularly in respect of the senior staff, must be effected after consultation with the regional groups interested in UNIDO activities and with the Industrial Development Board.

45. Mr. BASSIN (Finland), speaking on behalf of the delegations of Denmark, Norway, Sweden and Finland, said that among the subjects of the North-South dialogue the question of industrialization was one of the most complex and difficult. If serious mistakes were to be avoided, the only productive approach for individual countries and the international community as a whole was a gradual and patient process of trial and error, and of negotiation and conciliation of differing views and ideas. In that light, the Nordic countries took a great interest in equipping UNIDO to play a central role in the establishment of the new international economic order; they wished once more to put on record their regret that negotiations on the conversion of UNIDO into a specialized agency had not been successful and to point out that they remained committed to that aim. The General Assembly should take the necessary action to create conditions for reaching the agreement which had not been possible in March.

46. The system of consultations was a good example of the application of the negotiation and conciliation approach. In the view of the Nordic delegations, the results of that experiment had so far been positive and justified its expansion to other areas of industry, preferably those which had the closest bearing on the problems and the potential of most developing countries, such as agro-based industries and labour-intensive industries. In extending the system of

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(Mr. Bassin, Finland)

consultations, careful selectivity was needed in order not to strain the capacity of the system by holding too many consultations simultaneously. As to the substance of the consultations, maximum value would be derived from the exchange of information about the technical and economic prospects of a certain sector if the participants represented high-level expertise from industry, labour, commerce, administration, and so on, and participated in debates in an informal setting. The results obtained would prove a valuable input in the day-to-day work of UNIDO and in the intergovernmental deliberations in the Industrial Development Board, at the Third General Conference and elsewhere.

47. The complex negotiations on the agenda of the Third General Conference of UNIDO and the fact that a consensus had not been achieved on all items were further proof of the controversial nature of the industrialization issue. The importance of the Conference went beyond the single issue of industrialization, and it would therefore be unfortunate to begin the intergovernmental preparations with a disagreement on the agenda. The Nordic countries regretted that the Industrial Development Board had had to resort to a vote, and pledged their best efforts to achieve a consensus. They sincerely hoped that a formulation could be found which took account of the objectives set at Lima, while avoiding prejudging the results of the Third General Conference.

48. Great care should be taken to co-ordinate the activities of UNIDO in respect of transfer of technology with the growing number of similar activities in other parts of the United Nations system. While the Nordic countries recognized the central role of UNIDO in that field, there should be a more systematic and co-ordinated approach to the transfer of technology, and major decisions on institutional and financial arrangements should therefore await the results of the negotiation processes he had mentioned.

49. The Nordic delegations were of the view that, so long as the question of the financing of senior industrial development field advisers, which should be based on resolution 32/165, was pending, there was no reason to increase the number of SIDFAs for the time being. With regard to the United Nations Industrial Development Fund, UNDP should remain UNIDO's primary source of development assistance, since UNDP country programming was a guarantee of due consideration for the priorities and plans of the recipient countries.

50. At the preceding session, the Nordic delegations had sponsored resolution 32/163 on operational activities in the field of industrial development in the least developed among the developing countries. They considered that some action-oriented recommendations should be adopted on that subject, since the report of the Secretary-General (A/33/138) was purely of a descriptive nature. In the context of operational activities for development, a prominent place should be given to measures to assist exports of industrial products. Among such measures, the phenomenon of export processing zones had attracted particular attention and given rise to some controversy.

51. Mr. SMIRNOV (Union of Soviet Socialist Republics) said that his country attached great importance to the industrialization of the developing countries, which was a prerequisite for their economic and social development and political independence. The second General Conference of UNIDO had established a relationship between the long-term programme of that organization and efforts to restructure and democratize international economic relations. UNIDO, however, had not been able to complete most of the tasks entrusted to it, primarily owing to the economic crisis in the developed capitalist countries, which was affecting the developing countries. In fact, the crisis in the capitalist system was becoming more acute, as was competition for markets and the tendency of transnational corporations to subordinate the development of third-world countries to their own interests.

52. UNIDO should work harder to end the dependence of the developing countries on monopolies. Exploitation by foreign capital should be ended, the sovereignty of developing countries over their natural resources ensured and participation of the public sector promoted because, given the scarcity of capital in those countries, it was the only force that could cope with the investment required for industrial development, as was indicated in paragraph 58 of the Lima Plan of Action and in resolution 48 (XII) of the Industrial Development Board.

53. His delegation endorsed the decision of the Industrial Development Board to instruct the Executive Director of UNIDO to implement the technical assistance programme for the peoples of Namibia and Palestine in close co-operation with SWAPO and the PLO. He commended UNIDO's technical assistance activities to the developing countries, its training of skilled personnel and the organization of specialized courses in the Soviet Union and other socialist countries. His delegation believed that work in those spheres and in the sphere of the transfer of industrial technology should continue.

54. With regard to the consultations on certain branches of industry, his delegation asked the UNIDO secretariat to make a detailed analysis of the practical results and financial implications of that type of activity before deciding to continue the programme. It was unacceptable that the system of consultations should be organized for the benefit of foreign capital. His delegation did not share the optimism of the Executive Director on the establishment of UNIDO offices in the developed capitalist countries for the purpose of promoting investment since such a measure involved the risk of UNIDO being used to promote the exploitation by capitalist monopolies of the natural resources of developing countries.

55. In general, his delegation approved of the activities of the senior industrial field advisers which, if they were correctly focused, would enable the developing countries to utilize the experience of other countries with different social systems. The network of advisers should not, however, be financed from the regular budget but by voluntary contributions, as was the established United Nations practice for technical assistance activities.

56. The role of the Industrial Development Board with regard to the adoption of political decisions and the supervision of secretariat activities should be

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(Mr. Smirnov, USSR)

strengthened. The Board had, in fact, taken restructuring measures that the Soviet Union and other countries considered inappropriate at a time when the conversion of UNIDO into a specialized agency was under consideration. The restructuring had created imbalances in UNIDO and benefited certain countries at the expense of others. In that connexion he stressed the importance of a secretariat based on equitable geographical distribution and on the representation of countries with different economic and social systems. The establishment of a second post of deputy Executive Director had to be considered in that context, but instead of creating the post unilateral solutions were being offered. It was to be hoped that the anomalies in the existing situation would be corrected in the near future.

57. The third General Conference of UNIDO should help to strengthen anti-imperialist and anti-colonialist positions and reaffirm the progressive provisions of the Lima Declaration and Plan of Action, the sixth special session of the General Assembly and the Charter of Economic Rights and Duties of States, bearing in mind that the restructuring of the international economic system on just and democratic foundations would be possible only within the framework of a durable peace and progress in disarmament negotiations.

58. His delegation had serious doubts about the way in which the statute of UNIDO as a specialized agency had been drawn up. Unnecessary haste had militated against the results of the conference. The task would have to be finished at a further meeting of the Intergovernmental Committee or in a group of experts before a further conference was convened.

59. On the subject of industrial redeployment in favour of the developing countries, his delegation held that it depended on the expansionist ambitions of the world capitalist economy and that the developing countries exercised only minor and indirect control over the process. It was a process governed by political consideration and was not in accordance with the interests of the developing countries, as outlined in the Lima Declaration and Plan of Action. The Soviet Union was not planning industrial redeployment in the strict sense but it did promote the participation of the developing countries in world industrial production. Of its technical co-operation, 79 per cent was directed to establishing and promoting new industries; projects completed, being executed and planned annually represented 17.9 million tons of cast iron, 19.6 million tons of steel, 14 million tons of iron ore, 21.5 million tons of coal, 65 million tons of petroleum and electric power capacity of 11.9 million kilowatt-hours. The USSR had also provided assistance for the training of 400,000 technicians and workers and had helped to establish 130 vocational training institutes and centres. The higher educational institutions of the Soviet Union had likewise opened their doors to students from developing countries and, under programmes carried out with the participation of the United Nations, 9,000 persons had received training in the Soviet Union. In addition, long-term agreements had been concluded with 63 developing countries. By virtue of those agreements not only were those countries supplied with machinery and equipment but they were also assured of markets for their traditional exports and for the output of the new industrial

(Mr. Smirnov, USSR)

sector. In India, for example, enterprises established with USSR assistance were producing 35 per cent of the steel and 20 per cent of the electric energy, extracting 70 per cent of the petroleum and refining 32 per cent of its derivatives. All that demonstrated how unfounded were the assertions that the Soviet Union did not participate sufficiently in international assistance efforts to the developing countries.

60. Mr. HACHANI (Tunisia), introducing draft resolutions A/C.2/33/L.6, L.7 and L.8 on behalf of the Group of 77, said that the sponsors of the first of those draft resolutions believed that the third General Conference of UNIDO, to be held at New Delhi from 21 January to 8 February 1980, would enable the progress achieved since the Lima Conference to be measured and would help to accelerate the industrialization of the developing countries. The provisional agenda for the Conference, which the General Assembly would have to approve, was reproduced in the annex to the draft resolution. The concerns of all interested parties had been taken into account in its drafting. The sponsors were prepared to continue consultations in order to clarify any outstanding questions. On the subject of paragraph 3, on invitations to the Conference, the wording used had been employed the previous year in connexion with the Conference on Science and Technology for Development, and he accordingly believed that there would be no objections to it. He drew attention to paragraph 6, in which the Secretary-General was asked to make the necessary financial provisions in terms of paragraph 108 of the report of the Industrial Development Board (A/33/16).

61. Draft resolution A/C.2/33/L.7, on industrial development co-operation, dealt with a number of subjects. The first was resources for industrial development, and paragraph 1 of section I of the text reaffirmed that the desirable annual funding level for the United Nations Industrial Development Fund was \$50 million and that that level should be achieved in 1979; that figure was not exaggerated in view of the commitments made the previous year at the General Assembly and at the Paris Conference on International Economic Co-operation. The second subject of the draft resolution (sect. II) concerned the important question of the industrial development field advisers. The third subject was the UNIDO system of consultations; the Group of 77 was proposing that it should be strengthened and made action-oriented, that the system should be permanent and that participation in it should be at the government level. The fourth subject was the establishment of an institutional mechanism for activities concerning the development of technological capacity in developing countries and the transfer of technology to them. The fifth subject was the need for new actions for the training of industrial manpower and the participation of women and young people in the industrial development process. In section VI the Executive Director of UNIDO was asked to prepare a more comprehensive and analytical report on industrial redeployment. Finally, section VII referred to special measures for the least developed countries.

62. Draft resolution A/C.2/33/L.8 referred to the statue of UNIDO as a specialized agency. In view of the disappointing results of the Conference of Plenipotentiaries, the purpose of that draft resolution was to give new impetus

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(Mr. Hachani, Tunisia)

to the negotiations on that subject, to which the Group of 77 attached special importance. The position of that Group on the question had been very clear since the beginning. It had insisted on certain principles with a view to having an assurance of the success of the new organization. Although some progress had been made, to which reference was made in the fifth preambular paragraph, much obviously remained to be done. The draft resolution was being submitted by the Group of 77 in an unprejudiced spirit and in the hope that all of the parties concerned would take the same position, so that when the current consultations ended a draft resolution to which all could agree could be submitted.

63. He drew attention to an error of substance in the text of paragraph 2: a space should be left before "1979" to allow for the addition of suitable dates during the current consultations.

The meeting rose at 1.10 p.m.