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President : Mr. M. KLUSAK (Czechoslovakia).

Present :

Representatives of the following States: Belgium, Cameroon, Canada, Czechoslovakia, Dahomey, France, Gabon, Guatemala, India, Iran, Kuwait, Libya, Mexico, Morocco, Pakistan, Panama, Peru, Philippines, Romania, Sierra Leone, Sweden, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela.

Observers for the following Member States: Argentina, Australia, Austria, Brazil, Bulgaria, China, Ecuador, Greece, Iraq, Israel, Italy, Japan, South Africa, United Arab Republic, Uruguay.

Observers for the following non-member States: Federal Republic of Germany, Holy See, Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund.

Expression of sympathy for Venezuela

1. The PRESIDENT expressed the sympathy of the members of the Council with the Government and people of Venezuela in connexion with the recent earthquake and the resulting loss of life and damage to property.
2. Mr. FIGUEREDO PLANCHART (Venezuela) thanked the Council for its expression of sympathy.

AGENDA ITEM 7

**Report of the Industrial Development Board
(E/4385 and Corr.1)**

3. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization), introducing the report of the Industrial Development Board on its first session (E/4385 and Corr.1), said that, as was

to be expected of a new body, the Board had been faced with two main groups of problems, one relating to UNIDO's establishment and procedures and the other to the guidelines to be laid down for its work. The Board had approved its rules of procedure and the agreements negotiated with the Government of Austria relating to the establishment of UNIDO's headquarters in Vienna. The Austrian Government had been very generous and co-operative, and the agreements had now come into force. Arrangements were also being made to transfer the staff of UNIDO from New York to Vienna and to recruit the necessary additional personnel, and it was hoped that UNIDO would be functioning normally at its new headquarters by October 1967.

4. As the Secretary-General had said in his message to the Council (1480th meeting), UNIDO would be playing a pioneer role and meeting a strong challenge to prove its usefulness and effectiveness in a field which required vast and diverse efforts. To carry out that task, UNIDO would have to develop new approaches and acquire new flexibility. The Board had addressed itself particularly to that question. In its resolution 1 (I) on the future programme of work and activities of UNIDO, the Board laid down clear guidelines for the activities of the organization, giving priority to operational activities under technical assistance programmes financed both from voluntary contributions and from the regular budget. In the same resolution the Board had recognized the importance of UNIDO's promotional role and emphasized the need to build into the programme a more dynamic approach to industrialization which would provide leverage through operational activities for larger undertakings. The UNIDO was well placed to promote co-operation and the flow of resources towards the industrialization of the developing countries. The International Symposium on Industrial Development, to be held in Athens later in the current year, would provide opportunities in that direction. As the Symposium would be a unique forum for discussion, it had been decided to invite senior industrial and business representatives to attend the meeting, in addition to the representatives of member States and international organizations, of whom there would be more than one thousand.

5. The Board had also considered the role of UNIDO in co-ordinating the industrial development activities of the United Nations system of organizations. The UNIDO had been assigned a central role in that area by the General Assembly (resolution 2152 (XXI)). The Board recognized the need for harmonizing the industrial activities of the relevant organizations, not only at the secretariat level but also at the country level, where the views of the recipient Governments would be fully taken

into account. The central co-ordinating role of UNIDO was not a privilege but a duty and a responsibility. Industrial policies and activities, already complex within individual enterprises, became much more so at the level of international organizations. The experience gained by the United Nations family would be fully utilized, and UNIDO would cover the aspects of industrialization which had not been adequately covered so far. There was need to acquire a balanced view of total requirements for the industrialization efforts of the developing countries and to integrate in that view aspects which had been partially dealt with in the past. That task would call for mutual adjustments in both the operational activities and the research work of the different organizations. He was confident that much progress would be achieved in that direction in the near future despite present difficulties. That view was based not only on abstract reasoning but on encouraging experiences in the recent past. For instance, in the preparation for the International Symposium on Industrial Development, and in the four regional meetings that had preceded it, UNIDO had had full co-operation and support from the regional economic commissions and the United Nations Economic and Social Office at Beirut. The UNIDO was stressing closer co-operation with the regional economic commissions, and did not intend for the time being to establish regional machinery of its own. Recognizing the importance of direct contacts between UNIDO and the developing countries with a view, in particular, to promoting an expanded programme of operational activities, UNIDO had decided to second a number of field representatives as advisers to the Resident Representatives of UNDP. Each would be responsible for a group of developing countries and for liaison with the regional economic commissions. It was hoped that UNDP would eventually help to finance that system, but in the meantime UNIDO was giving priority to its implementation.

6. In the field of training for industrial development, initial agreements had been worked out with the ILO, with the help of the Administrator of UNDP. At the twenty-second session of the General Assembly, the Director-General of the ILO had amplified that understanding, in a statement which had received unanimous support. The basis for co-operation with the ILO was therefore fully established. Joint studies had been prepared by the ILO, UNESCO and UNIDO for submission to the International Symposium. A summary paper of issues would also be prepared jointly by the three organizations and used as a guide for the discussion.

7. In the field of export promotion, close co-operation had been further developed over the past year with UNCTAD. At the meeting of the executive secretaries of the regional economic commissions held in January 1967 a joint programme of action for the promotion of exports had been established (see E/4301, paras. 6-8), and at a more recent meeting a further step had been proposed in the form of establishing an international trade centre with the participation of GATT. The UNIDO welcomed all measures to promote the export of manufactured goods from the developing countries; its role in export promotion was to concentrate on the supply aspect, in the light of industrialization potential and the

availability of external markets. It would be happy to co-operate in that field with other organizations.

8. The UNIDO was co-operating fully with FAO in its studies relating to a food production resources programme which would supply industrial inputs to the developing countries so as to increase their food and agriculture production. The UNIDO was considering, in particular, the impact of such a programme on the industrialization of the developing countries and its indirect effects on the expansion and promotion of exports of manufactured goods. It had been deeply interested in the decisions taken by the Governing Council of UNDP regarding the establishment of pilot industries and experimental factories (see E/4398, para. 129 (a) (ii)), and it would co-operate with UNDP in establishing and implementing the programme.

9. Although the examples he had mentioned gave grounds for optimism, there were also areas where agreement had not yet been achieved. The Industrial Development Board had in fact requested a statement of such areas of difficulty. In stressing the positive side, he had wished to redress the balance of the picture, which had become somewhat distorted by the publicity that had been given to areas of discord.

10. The UNIDO was also establishing close contacts with the advanced countries, so as to benefit from their experience and resources. Such contacts would be essential to a solution of the problems of recruiting qualified staff for field service. It would also have to follow developments in industrial technology which would be suitable for the developing countries. In order to promote the financing of industrial undertakings in the developing countries, UNIDO would have to develop contacts with public and private sources of financing in the advanced countries; it would therefore need to strengthen its channels of information in those countries.

11. In the coming months UNIDO would be facing several difficult tasks simultaneously. It would be moving to Vienna, and it would have to deal with the International Symposium at Athens and the Industrial Promotion Service, to be established concurrently with it. Although all necessary arrangements for holding the Symposium were being made by the Greek Government and satisfactory progress was being made with the preparation of the documents, much still remained to be done. There were also problems of co-ordination and harmonization which still had to be worked out with other United Nations bodies. Nevertheless, he had no doubt that UNIDO would weather the coming months safely and develop towards the fulfilment of its objectives.

12. Mr. AL-SABAH (Kuwait) said that the Executive Director of UNIDO was to be congratulated on the way he had piloted his organization through a difficult period. The Government of Kuwait welcomed the fact that UNIDO had from the outset stressed the role of the developing countries in decision-making. It was for them to decide what priority in their economic and technical programmes should be assigned to the different projects. In particular, he welcomed the emphasis laid on the development of export industries in the developing

countries as a source of foreign exchange for the purchase of capital equipment.

13. UNIDO's essential role lay in financing and giving technical support to industrialization in the developing countries. There was general agreement that it should study the implementation of projects and analyse their results so as to enable the developing countries to take their own decisions regarding the establishment or expansion of industries. He welcomed the decentralization which would be effected by seconding field representatives to the developing countries. The Executive Director's initial contacts with the regional economic commissions and UNDP had been well received, and it was encouraging that UNIDO would soon be represented in UNDP.

14. UNIDO's co-ordinating function was proving more difficult. It was true that UNIDO was a newer organization than those with which it had to collaborate, but its lack of experience could be offset by a spirit of co-operation on the part of the other United Nations organizations. The Government of Kuwait, which had been among the first to welcome the establishment of UNIDO, had confidence that it would be able to speed up the industrial development of the developing countries, and would be happy to co-operate fully with it.

15. Mr. SIMPSON (United States of America) said that, although the growth of industrial production in the developing countries since 1960 could be considered encouraging in percentage terms, the developing countries' share in world industrial production was still very small. Moreover, the annual rate of increase varied widely from country to country, and in far too many countries the rate of growth and the industrial base itself were very small. There was therefore an undoubted need for the United Nations family to redouble its efforts in the field of industrial development, and it was encouraging that UNIDO now existed to lead and focus those efforts.

16. His delegation had listened with interest and appreciation to the Executive Director's statement on the future work of his organization. The United States had supported the industrialization of the developing countries for many years, both through the United Nations programmes and through bilateral programmes. It trusted that UNIDO would provide an important new outlet through which United States industrial know-how could be channelled to build up productive industries in the developing countries. Because industrial development was a complex and many-faceted process, UNIDO could not be expected to do all the work of the United Nations in that area; the other agencies of the United Nations family must continue to make important contributions to industrialization. The UNIDO would certainly co-ordinate its efforts closely with all those agencies, in a combined effort which would use the competence of each organization. His delegation hoped that UNIDO would encourage the functional co-ordination of all United Nations industrialization work through its central position in such activities and its liaison with related United Nations programmes. The co-ordination which UNIDO could achieve would be of great assistance to the Council

and to such bodies as the Committee for Programme and Co-ordination, which had primary responsibility for over-all co-ordination.

17. Under resolution 1 (I) of the Industrial Development Board, the Executive Director was now revising the work programme with a view to submitting a revised programme to the next session of the General Assembly. During the Board's session there had been many references to the need for "action-oriented" programmes. To his delegation, an "action-oriented programme" did not necessarily mean a programme consisting exclusively of field projects, with a headquarters confined to project administration; on the contrary, the United States delegation shared the view expressed in the introduction to the UNIDO report on the activities and programme of work of the organization,¹ that a proper understanding of the problems of industrialization was, at any level, an essential prerequisite for the practical field work. The quality of each one—the field work and the research—could benefit from the other.

18. In the same report, the UNIDO secretariat classified UNIDO's functions in four categories: the provision of technical assistance to individual developing countries; analysis of the over-all process and problems of industrialization; acting as a clearing house for industrialization contacts and co-operation; and co-ordination of United Nations activities in the field of industrial development. His delegation attached importance to all those activities and believed that each should have its place in a balanced programme; but the work done by UNIDO as a clearing house and analytical centre must be tightly interwoven with the day-to-day requirements of the developing countries, as reflected in their requests for technical assistance. Because a close relation between the research work at headquarters and the project work in the field was essential, the research programme at the UNIDO headquarters should be designed primarily to meet the immediate practical problems of the developing countries. The design of an analytical programme based on that approach would involve a re-examination of the activity carried on by the Centre for Industrial Development and a substantial shift of emphasis to fit a field-oriented approach. The programme should place new emphasis on field operations, supported by a compact headquarters staff capable of doing some research and documentation work but also relying heavily on outside consultants and experts to meet its specialized needs.

19. As to the financing of UNIDO's operational activities, the Board had invited the Secretary-General, in its resolution 2 (I), to convene a pledging conference for UNIDO during the twenty-third session of the General Assembly, and had recommended that the General Assembly should establish a separate section for the financing of UNIDO's work in part V of the budget. The United States had not supported that resolution, for in general it believed that the major source of UNIDO's operational funds should be UNDP. That reflected its view that the developing countries themselves should determine the priorities for the use of available funds, through their own

¹ UNIDO document ID/B/4 and Corr.1-3.

national plans. In order to obviate some of the difficulties inevitably faced by a new programme in establishing itself in relation to other programmes financed from the Technical Assistance and Special Fund components of UNDP, the United States had supported the Special Industrial Services project. By now, however, UNIDO had ready access to UNDP resources, while the expenditure under the Special Industrial Services programme had been moderate. It would now seem realistic to rely on country priorities to ensure that maximum benefit was derived from funds expended.

20. Industrialization was a complex phenomenon; moreover, it was only one aspect of the total development process. For that reason, it was important that the various kinds of industrial development activities should compete for their resources, in UNDP and elsewhere, with the claims of other phases of development. By deciding on their own greatest needs the developing countries could establish the collective priorities which should govern the use of the United Nations development resources. The establishment of a separate fund for any special type of project, by a pledging conference or otherwise, would limit the free play of those country-determined priorities, to the disadvantage of all. For the same reasons, his delegation had not been in favour of the proposal in resolution 2 (I) to establish a separate section in part V of the United Nations budget for UNIDO; that would interfere with the operation of country priorities in the same way as the creation of a new fund. Furthermore, the establishment of a separate section in part V of the budget might reduce rather than augment the funds available for UNIDO. If, as appeared clear, the developing countries placed a high priority on industrialization, the proportion of part V of the budget devoted to industrialization through the working of country priorities might actually be greater than that which would be reserved to UNIDO in a separate section.

21. The United States welcomed the International Symposium on Industrial Development, which should make a solid contribution to knowledge of industrialization problems and opportunities. Possibly one of the most important ways in which the International Symposium could go beyond the earlier regional meetings was in providing greater opportunity for widespread participation by practical experts in the industries concerned and in such related subjects as financing and technology. The success of the Symposium would depend largely on the extent to which such experts could be induced to attend the meetings. It would also be useful for the developing countries to indicate in advance the specific sectors of industry and industrial problems in which they were interested, so that the developed countries might encourage their best qualified experts in those fields to attend. For the same reason, the United States valued any steps which UNIDO might take to secure additional participation by individual experts. The agenda for the Symposium approved by the Industrial Development Board was very long. Given the limited time available, it would be desirable to single out the key questions in each major area and focus discussion on them. His delegation looked forward with interest to the issue of the papers that were being prepared by the UNIDO

secretariat on each agenda item. He trusted that the Governments planning to participate would take special note of those papers in briefing their representatives.

22. He emphasized the importance which the United States attached to the success of UNIDO's efforts, which would have his Government's active support. He trusted that close liaison would be developed between UNIDO's activities and United States industry, which would make UNIDO a valuable new vehicle for United States efforts to assist the industrialization of the developing countries.

23. Mr. COSÍO VILLEGAS (Mexico) said that Mexico had welcomed the General Assembly's decision to establish UNIDO as an organization particularly concerned with the intensification and co-ordination of industrial development. It was gratifying to note that the efforts of the Committee for Industrial Development had served as a useful foundation for the future work of UNIDO.

24. His Government was not satisfied with the progress made in the last thirty years, and was at present engaged in a struggle to overcome the various obstacles impeding Mexico's economic development. His delegation had read with interest the report of the Industrial Development Board on its first session, and he wished to comment on some of the matters it touched on. With regard to resolution 1 (I), he felt that to avoid losing sight of the main objectives of UNIDO and to ensure maximum utilization of available resources, research activities which had no immediate supporting role in relation to operational activities should be eliminated. In operative paragraph 2 (d) (ii) of the resolution it was stated that research activities of the organization which did not necessarily have an immediate and direct supporting role in relation to the operational activities could, nevertheless, serve longer-range development needs. His delegation could not agree with that view; it considered that for the present research activities should be limited to the actual problems of recipient countries. Nor did the Mexican delegation feel that UNIDO should concern itself with alternative industrial development strategies, unless a country made a special request for research on that subject. It was for each country to formulate its own development strategy in accordance with its general economic policy.

25. He hoped that the International Symposium on Industrial Development, approved by the General Assembly in resolution 2178 (XXI), would contribute effectively to accelerating and intensifying the economic development of the developing countries; Mexico was looking forward with great interest to taking part in the Symposium. He welcomed the Austrian Government's offer of its capital city for the headquarters of UNIDO, and appreciated the work of the Executive Director of the organization in tackling the difficult problems facing the establishment of a new international organization with the limited resources available. Some changes would of course have to be made in the structure of the UNIDO staff, but such changes would mainly depend upon the type and number of requests received from participating Governments, on local technical assistance operations and on surveys to be carried out. The highest possible degree of decentralization should be aimed at, with a

view to establishing close communication between the UNIDO headquarters staff and the developing countries. It was highly desirable that UNIDO's administrators and technical experts should have intimate knowledge, obtained in the field, of the requirements of unedveloped areas. The draft resolution submitted by Cameroon, Peru and the Philippines (see E/4385, paras. 266-272) which the Board would consider at its next session contained appropriate guidelines for the organization of the staff in accordance with the requirements of recipient countries, mentioning in particular the assignment of industrial advisers to the developing countries. In the interest of economy of resources, limits should be set to the duration of such assignments.

26. With regard to the financial questions dealt with by the Board at its first session, there was apparently some concern at the fact that the original intention to give UNIDO an adequate institutional structure had not been met in accordance with the spirit and letter of General Assembly resolutions 2089 (XX) and 2152 (XXI). Although a resolution submitted by a group of developing countries and stressing the importance of UNIDO's financial autonomy had been adopted (resolution 2 (I)), there were no grounds for optimism; the financial difficulties facing the organization urgently needed solution. It was paradoxical that while, as the Executive Director had pointed out, financial difficulties were preventing the staff from dealing rapidly with requests from countries, some delegations opposed the holding of a pledging conference on the ground that there were not sufficient acceptable projects in view.

27. It was fully recognized that the success of developing countries in overcoming their limitations in the industrial field must largely depend upon their own efforts; but international co-operation nevertheless had a very important part to play. His delegation called on all countries to help to solve UNIDO's financial difficulties. He wished in conclusion to stress again that the limited resources available should be used essentially for operational activities; research activities which had no direct bearing on such activities should be eliminated.

28. Mr. LAVALLE VALDEZ (Guatemala) said that over the last twenty years the Government of Guatemala had enacted special laws and tax exemptions to encourage the activities of firms concerned with industrial investment programmes. It had also set up a centre for the promotion of productivity, which tried to stimulate the establishment of new industries and encourage industrial production. Thanks to those measures, and to the establishment of the Central American Common Market, new markets had been entered. Over the last few years Guatemala had maintained a rate of growth of 10 per cent in the manufacturing sector—one of the highest growth rates in Latin America. Nevertheless, his country had many difficulties to overcome in the field of industrial development. The developing countries needed to increase investment in industry not only because that was the main means of accelerating their rate of growth, but also because their increasing population made it imperative for them to create new employment opportunities in industry.

29. In certain areas of the world the technological measures needed to increase productivity could not be put into effect; indeed for the time being the full application of technological advances was limited to the more developed countries. The UNIDO had been established because it was realized that modern technology could not be applied to the developing countries without some centre for guidance and consultation. The General Assembly, aware of the need to co-ordinate efforts to promote industrial development, had given UNIDO an important role in that field.

30. The establishment of a new organization was inevitably fraught with difficulties, and UNIDO had many problems to face. There was the difficulty of recruiting experts in the principal industrial fields; there seemed to be some disagreement on the financing of the organization; and the structure of the staff needed improvement. It was important that UNIDO should play a central role in co-ordinating the activities of United Nations bodies in the field of industrial development. He sincerely hoped that the difficulties connected with its establishment would be overcome and that the organization would have a successful future.

31. Mr. CHADHA (India) said that the establishment of UNIDO was an important landmark in the history of the United Nations. In their efforts to achieve rapid industrial development, the developing countries needed an appropriate institutional framework for international co-operation, and UNIDO would fulfil that need.

32. The vital role which industrialization could play in diversifying the economies of the developing countries and helping them to raise the standard of living of their peoples need not be stressed; it was widely recognized that the pace of industrialization largely determined the growth rate of the economy as a whole. Most of the developing countries had been falling behind the advanced nations of the world for several decades, indeed for centuries, and in the context of the rapidly developing technologies of the present day the process of catching up was long and laborious. In that process the developing countries had many serious handicaps to overcome, one of the most serious of which was their lack of investment capital and foreign exchange resources. The basic industrialization effort would of course have to be made by the developing countries themselves; that applied not only to the preparation of plans but also to the mobilization of resources and the achievement of an adequate rate of savings. But the handicaps he had mentioned could not be overcome without external assistance in various forms, including in particular substantial financial assistance, and such assistance could best be provided through the intensification of the efforts of the world community. The UNIDO would have to play a leading part in that respect, not only by providing technical assistance and assistance in the pre-investment field, but also by building a bridge, as it were, to investment in the true sense.

33. The expression "an action-oriented organization" had constantly been used in the discussions preceding the establishment of UNIDO and at the first session of the Industrial Development Board. At that session the Board

had necessarily been preoccupied with various organizational matters, but nevertheless it had managed to devote considerable attention to UNIDO's future programme of work. Many decisions had been taken, the implementation of which he hoped would lay the foundation for a truly action-oriented organization.

34. There were many handicaps and difficulties which the organization would have to overcome in the early stages of its work before it could become really effective and able to meet the genuine needs of the developing countries. Not the least of those handicaps was the fact that UNIDO was the successor to the Centre for Industrial Development, and in the present period of transition might seem to retain more of the characteristics of the Centre than were perhaps desirable. The functions originally envisaged for the Centre involved mainly studies, conferences and seminars. On the other hand, the new organization had been conceived as one which would be increasingly concerned with the expansion of operational activities giving direct assistance to the developing countries. If UNIDO was to overcome the shortcomings which had reduced the effectiveness of the Centre for Industrial Development, action of two kinds would be required. First, ways and means would have to be found to ensure that a larger proportion of funds from existing sources, such as UNDP and the regular programme of technical assistance, was allocated for UNIDO operational activities. Secondly, the organization would have to be provided with substantial operational funds of its own.

35. So far as the existing sources of financing were concerned, it had often been argued that since allocations were based on requests from countries, the lack of allocations for industrial development reflected a lack of requests for assistance in that area. While that might be true to some extent, the fact was that the lack of requests had not reflected any lack of needs but had been due to the absence of a strong and autonomous organization, such as UNIDO, which could serve as an instrument not only for promoting the submission of requests but also for carrying out the plans of assistance. Now that that gap had been filled, UNIDO would have to establish effective contact with the Governments of the developing countries, so that it could inform them of the types of assistance which could be made available and help them to formulate requests for assistance. It would be able to perform that task effectively only if it had competent field officers who could study the problems of the developing countries on the spot, maintaining close and continuous liaison with the Governments concerned, and particularly with their departments of industry. The first step in that direction had already been taken by assigning industrial advisers to the offices of UNDP Resident Representatives in Africa, and he hoped that similar arrangements would soon be made in other regions. The next step for UNIDO should be to station field officers in the capitals of as many developing countries as possible.

36. The need to devote greater resources to UNIDO's operational activities had been sufficiently emphasized at the Board's session. He welcomed the Board's decision in its resolution 2 (I) to convene an annual pledging conference. It was gratifying that members of the Board,

from both developing and developed countries, were agreed on the need to make UNIDO more operational; but UNIDO could not intensify its operational activities unless it had more operational funds, and he hoped that the industrialized countries would follow up their statements by making substantial contributions to UNIDO's operational funds. The Board was to be commended for its unanimous adoption of resolution 1 (I), on the future programme of work and activities of UNIDO, and for the emphasis it had placed on the co-ordinating role of UNIDO in the field of industrial development. The need for effective action in that regard was extremely important, not only to ensure that scarce international resources were used to the best advantage of the developing countries by avoiding wasteful duplication of effort, but also to promote close collaboration between UNIDO and the other international organizations. He was glad to note from the Executive Director's statement that steps had already been taken by the secretariat to establish such collaboration.

37. His delegation attached considerable importance to the forthcoming Symposium on Industrial Development which should form the basis of a long-range programme of UNIDO activities.

38. In conclusion, he wished to place on record his full confidence in the ability and competence of the Executive Director.

Mr. Zollner (Dahomey), Vice-President, took the Chair.

39. Mr. SHAHEED (International Labour Organisation) said he wished to bring to the Council's notice some important developments affecting UNIDO-ILO relationships which had taken place since the Industrial Development Board's first session.

40. The views of the ILO on that subject had been stated by its Director-General on several occasions. Some of them had been repeated in the statement made by his representative at the Board's session, when it had been emphasized that the establishment of UNIDO had filled a gap in the international machinery by providing a framework within which the activities of all agencies could be properly carried out; that an agreement should be reached between UNIDO and the ILO setting out practical measures for co-operation and co-ordination; that ILO's experience in the problems of industrial development indicated a need for strong co-ordination machinery at the national level; and that ILO's own strongly decentralized structure would afford an opportunity for representatives of UNIDO and the ILO at the regional and national levels to work together. At its fifty-first session, in June 1967, the International Labour Conference had had on its agenda an item entitled "The Role of the ILO in the Industrialization of the Developing Countries", and the Conference had unanimously adopted a number of conclusions on that subject. In his statement as Secretary-General of the Conference, the Director-General of the ILO had referred to the interest which the ILO took in industrialization and the role it could play in promoting it. He had emphasized that the ILO did not contemplate pursuing an industrialization programme of

its own, but wished to make its own special and distinctive contribution to a broader international programme in which it was hoped that UNIDO would play a leading role. The ILO's major contribution to the total international effort in the field of industrialization concerned the manpower and labour aspects of the subject. The Director-General had added that he hoped that in future the ILO's programme would reflect more vividly and clearly its concern with the promotion of industrialization in developing countries. He had reassured certain representatives who appeared to have misgivings on the question of the ILO's relationships with UNIDO: although it was too early to say that all questions of competence had been resolved, he was confident that an agreement could soon be reached which would clearly define the area of competence of each organization and would provide for practical measures of co-operation. In fact, the ILO and UNIDO were already working very closely together in various fields of mutual and common interest.

41. In his report to the Conference on the same subject, the Director-General of the ILO had emphasized the importance he attached to close co-operation and co-ordination with other United Nations agencies, especially UNIDO. The set of "Conclusions" which the Conference had unanimously adopted comprised three main sections. The first section indicated the framework and background of the ILO's contribution to the industrialization of the developing countries and laid down certain guidelines. The ILO, having special responsibility for problems of industrial labour and manpower, must be given the opportunity to make its contribution to industrial development. The ILO's activities in the field of industrialization should be undertaken in close co-operation with UNIDO, which had a central and leading role to play in that field. But such co-operation must not be reduced to the mere drawing of demarcation lines of agency competence; it should take the form of joint projects. In any event, full account would have to be taken of the ILO's tripartite structure and working methods.

42. The second section of the "Conclusions" dealt with the general principles of the ILO's contribution to industrial development. It emphasized that ILO's activities in that field must be governed by its Constitution and purposes. It drew attention to the desirability of developing the potential of the International Centre for Advanced Technical and Vocational Training at Turin with a view to the provision of advanced skills needed in industrializing countries; and there again co-operation with other organizations was emphasized.

43. The last section of the "Conclusions" dealt with the substance of the ILO's activities relating to the industrialization of the developing countries. Such activities took place in three major areas: first, human resources, including manpower planning and assessment, employment creation, training in industrial skills at all levels, and migration for employment; secondly, conditions of work and life in industry; and thirdly, social institutions development which basically comprised activities to promote relationships between employers, workers and public authorities calculated to foster a social atmosphere in which an industrializing society could function effectively.

44. He had drawn attention to the salient features of the relevant decisions of the International Labour Conference mainly in order to assure the Council that the ILO's work in industrial development would be limited to clearly defined areas in which it could make a useful contribution to the total effort. It would not cover matters such as industrial finance, fixed investment, raw materials and prices. Furthermore, the ILO's work would be based upon the principle of full co-ordination and joint action. The ILO was contributing a number of papers at the International Symposium on Industrial Development, on such subjects as social participation in industrial development, employment aspects of industrialization, wages and industrial development, occupational requirements for industrialization, the effective utilization of manpower for industrialization, education and training programmes to meet the needs of industrialization, skill promotion for small-scale enterprises, and planning for industrial health and safety in the new factory. The close and cordial co-operation maintained between the ILO and UNIDO in the preparation of ILO's contribution to the Symposium was a good example of the type of co-operation which was the ILO's aim.

45. He was not unmindful of the need for bilateral working arrangements between UNIDO and the ILO, based on the ILO's past experience of working with the former Centre for Industrial Development. There had been recent consultations in that connexion between the Director-General of the ILO and the Executive Director of UNIDO and the work done provided a good basis for further discussion and agreement.

46. Mr. DELISLE (Canada), referring to the material difficulties faced by UNIDO in its initial stages and to the uncertainties expressed at the first session of the Industrial Development Board regarding the correct course the new organization should follow, was glad to note that the work programme drawn up by the Board reflected the universal desire to ensure that UNIDO was an action-oriented institution. Its research should not be academic, but should be directly related to the promotion of industrialization in the developing countries themselves. The first resolution adopted by the Board in effect gave UNIDO field representatives a mandate to help to identify industrial problems and possibilities and to assist in the formulation of requests for assistance in their solution. The decision to appoint ten to twenty industrial advisers to offices of UNDP Resident Representatives should help to ensure that the UNDP received well-conceived requests for industrial projects and should improve co-ordination among the agencies involved in industrial problems. The Board had rightly emphasized the desirability of close links with the United Nations agencies which helped to further certain specific types of industrialization, and he agreed with the Executive Director that UNIDO, with its very limited resources, could not tackle all the problems of industrialization at once and must make use of the experience and existing resources of other United Nations organizations. Any problems of co-ordination with FAO, the ILO, UNCTAD, GATT and other international agencies should be solved pragmatically, as indicated by the Executive Director. The proposed export promotion

programme was an example of what could be done through joint enterprises involving UNIDO with specialized agencies or the regional economic commissions.

47. As the advisory services to be furnished by UNIDO were likely to increase the number of country or regional requests for UNDP assistance and enable the IBRD group and regional development banks, as well as private entrepreneurs, to identify promising investment opportunities more readily, he saw no advantage in a separate pledging conference for UNIDO. He believed that UNDP should remain the principal source of financing for projects. He was also opposed to the fragmentation of the United Nations regular programme of technical assistance by the creation of a separate section in the budget for industrial development.

48. He hoped that the preparatory work for the International Symposium on Industrial Development would ensure that the discussions would be practical and focused on real issues; but he feared that the provisional agenda was so vague that there was a danger that the Symposium would lose itself in generalizations and platitudes which would do little to advance the industrialization of the developing countries. In view of the complexity of the process of industrialization, the wide range of subject-matter and the great variation in the conditions of developing countries, not all relevant aspects of industrialization could be considered at one symposium. His delegation to the first session of the Board had indicated ways of ensuring results capable of specific application to the developing countries, but had been disappointed that no other delegations had taken up that subject and that no new ideas had been put forward regarding the changes in procedures and plans which might be necessary to ensure the success of the Symposium. The secretariat and the host Government should ensure that thorough preparation was made for the Symposium, even if that required additional time.

49. Mr. HAYTA (Turkey), referring to the central role that UNIDO could play in promoting industrialization in developing countries whose economies at present mainly depended on the production of agricultural and primary commodities, said that the measures already taken provided a basis on which a sound programme of work could be drawn up. The first session of the Board had demonstrated the spirit of co-operation that existed by its adoption of the resolution on the organization's future programme, based on an action-oriented approach. In accordance with General Assembly resolution 2152 (XXI), the Board had defined the competence of UNIDO in the industrial field and had stressed the importance of harmonious co-operation with other United Nations institutions, co-operation which should be based on constructive negotiation in the light of the special competence and experience of each organization. The International Symposium on Industrial Development would no doubt make recommendations which would help to give UNIDO's work a proper orientation. When the developing countries reached a stage at which they could undertake large-scale industrialization, UNIDO's role as the focus of international action would be enhanced. The UNIDO should be allowed to participate to an

increasing extent as the executing agency in UNDP projects in the industrial field, and thus fill a gap which had long been felt in the United Nations system of technical assistance. There was every reason to rely on member countries to provide UNIDO with the necessary resources to enable it to discharge its functions effectively.

50. Mr. ATTIGA (Libya), expressing his appreciation of the excellent work done under difficult conditions by the Executive Director and staff of UNIDO in establishing a sound practical foundation for the organization's future operations, recalled that during the first session of the Industrial Development Board most delegations had stressed the need for agricultural as well as industrial development. In the developing countries the two aspects were inseparable, for no significant progress could be achieved in agricultural productivity without a simultaneous expansion of industrial activity; industry absorbed the redundant labour resulting from improved agricultural efficiency and provided a larger urban market for agricultural products, which stimulated further improvements in agricultural productivity and specialization. The two sectors had to be given equal and simultaneous emphasis in development plans, and undue emphasis on one sector tended to retard growth in both sectors. The lack of balance in the over-all institutional structure of the United Nations system, which had hitherto given insufficient emphasis to industrialization, had perhaps contributed to the low rate of growth in the agricultural and industrial sectors of developing countries. The UNIDO could fill that gap and should be given every support to enable it to make the contribution expected of it.

51. The International Symposium on Industrial Development would give UNIDO and the participants an opportunity to examine national and international aspects of industrialization and exchange views on the problems of developing countries in that field. His Government was preparing various papers for the Symposium.

52. The industrialization of the developing countries could not be achieved without substantially reducing the economic fragmentation which at present existed. Every effort should be made to promote regional economic integration, and he hoped that UNIDO and the regional economic commissions would co-ordinate and intensify their efforts in that direction. He hoped also that UNIDO would benefit by the resources, experience and support of UNDP, the specialized agencies and the United Nations Secretariat, and would receive the necessary financial contributions from its member States. He expressed support for the flexible and dynamic approach outlined by the Executive Director, which seemed most appropriate in view of the varying conditions in the developing countries. He agreed with the Executive Director that UNIDO's role should be promotional and operational in character and should not be confined to a one-way flow of experts to developing countries. That was a sound and realistic approach, which he hoped would be supported with the necessary resources and staff; the new organization needed more professional staff in the specialist and general categories, and greater autonomy in the collection and management of resources. He hoped that the General Assembly at its next session

would take appropriate action to that end. He supported the resolution proposing an annual pledging conference for UNIDO and the establishment of a separate section in the part V of the United Nations regular budget for industrial development activities.

53. The UNIDO would need the support and co-operation of all the specialized agencies, especially FAO, the ILO and UNESCO, and of the United Nations Secretariat. Some of the work now being done in the industrial field by specialized agencies should be taken over by UNIDO, to ensure better co-ordination and a higher degree of specialization. As his delegation had stated at the forty-second session of the Council, UNIDO should be given a central role in the development of extractive industries such as mining and petroleum processing. An important step in that direction would be to allow UNIDO to play an active part in the planning and execution of the proposed world survey of non-agricultural resources. The UNCTAD and UNIDO would have to co-ordinate their work closely, for they could not make effective progress in isolation.

54. Mr. QURESHI (Pakistan) said his Government placed great hopes in UNIDO and was confident that it would fulfil all expectations. He was sure that the International Symposium on Industrial Development would make a significant contribution to the understanding of industrialization problems in the developing countries. He therefore welcomed the recent move to invite, through Governments, senior industrial and business representatives to the Symposium and was sure that the contacts they made there would be of value to them in programming industrial development.

55. In view of the promotional role of UNIDO and the wide range of operations assigned to it, a centralized structure seemed unavoidable: it would have to maintain a large library and documentation centre, engage highly qualified experts, establish contacts with international financing institutions and with Governments and co-ordinate its operations with those of other agencies. For its operational work, however, it would need to maintain adequate staff at the national and regional levels. A useful step in that direction would be the provision of the field services recommended by some members of the Board, which would act in close concert with UNDP Resident Representatives; where Governments requested assistance with basic problems, one field representative would not be sufficient. Insufficient attention had been given in the Board's discussions to strengthening field staff under the existing centralized system, and he believed that that subject should be considered further by the Board and the Executive Director.

56. Emphasizing the need for industrial research, which UNIDO could help to promote, he said that maximum advantage should be taken of the results of research in developed countries, although it should be borne in mind that such research was based on the conditions and resources of those countries and was generally oriented towards capital-intensive technology, whereas labour-intensive technology was more relevant in developing countries, where there was often a labour surplus. The

results of research in developed countries therefore had to be adapted to the needs of developing countries. He was glad to note that UNIDO would maintain close contact with the developed countries and hoped that research would not be excluded from such co-operation.

57. Sir Edward WARNER (United Kingdom), while reaffirming his Government's support for the establishment and work of UNIDO in view of the role it could play in advising developing countries on their industrialization programmes, expressed some disappointment with the first meeting of the Industrial Development Board. Although it had laid down comprehensive guidelines to aid the Executive Director in planning the organization's future activities, had adopted its rules of procedure, and had seen the conclusion of a most generous agreement on UNIDO's headquarters in Vienna, the Board had not been able to reach any firm conclusions on the structure and composition of the work programme or on the organization of its own work and that of the organization's secretariat. Those and other related matters would have to be dealt with at the Board's next session. The United Kingdom delegation looked forward to examination of the 1969 programme budget at that session, as well as to study of the 1968 work programme during the twenty-second session of the General Assembly.

58. He had been glad to hear of the increasingly close co-operation between UNIDO and UNDP, which he considered should be the chief source of UNIDO's operational funds; he was opposed to the holding of a separate pledging conference for UNIDO. He hoped that there would be similar co-operation between UNIDO and UNDP's other executing agencies, including the new United Nations Office of Technical Co-operation. He believed, however, that the establishment of a separate industrial development section in part V of the regular budget was not the best way to encourage such co-operation. The main obstacle to UNIDO's progress as an operational agency was inadequate project identification in the field, and he hoped that that problem would soon be solved by the appointment of industrial advisers to the UNDP Resident Representatives wherever appropriate. He was glad to note that the Executive Director would give priority to those appointments.

59. Although it was too late to make radical changes in the agenda for the International Symposium on Industrial Development, he hoped that it would be possible to arrange a time-table and meeting facilities which would allow discussion in depth on specific issues and ensure that industrial specialists from developed and developing countries could make the best use of the time they devoted to the Symposium. He looked forward to the Executive Director's report on the final arrangements for the Symposium, which would be submitted to the General Assembly.

60. The late issue of the Board's report, which had not been formally adopted by the Board but left for the Rapporteur and the secretariat to finalize, had been most inconvenient to his Government. Most of the report consisted of annexes which Governments already possessed and which could have been circulated later as

addenda, thus allowing due priority to be given to the distribution of the body of the report. He hoped that the next report would be circulated in good time.

Mr. Klusak (Czechoslovakia) resumed the Chair.

61. Mr. SANDOUNGOUT (Gabon) said that the Board's report was most comprehensive and dealt especially well with the problems and priorities of industrialization and the establishment of consumer goods and manufacturing industries in the developing countries. He commended the Board and the Executive Director for the valuable work they had done in the preparation of the International Symposium on Industrial Development. Referring to his country's mineral wealth and the systematic efforts being made to exploit it with government financial support under the current economic and social development plan, he said his Government's optimism and confidence in the future was based on reliance on United Nations organizations and relations with foreign countries. As it developed its industries it would need an increasingly wide range of assistance through such

international organizations as UNIDO. He therefore expressed support for the objectives of UNIDO and the hope that thanks to its work developing countries would be able to diversify their economies, with greater emphasis on industry, and so raise the living standards of their people.

62. Mr. FIGUEREDO PLANCHART (Venezuela) said that, although admittedly there were differences of opinion as between developed and developing countries regarding the structure and functions of UNIDO, he hoped that in view of the importance of industrial development for the developing countries all reservations would be dispelled. He expressed his confidence in the Executive Director and supported the approach he advocated for the new organization. He appealed to every country to contribute what it could to ensure UNIDO's success. He hoped that the International Symposium on Industrial Development would produce useful results.

The meeting rose at 1.5 p.m.