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President : Mr. A. MATSUI (Japan)

Present :

Representatives of the following States, members of the Council: Algeria, Argentina, Austria, Canada, Chile, Czechoslovakia, Ecuador, France, Gabon, Iraq, Japan, Luxembourg, Pakistan, Peru, Romania, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America.

Representatives of the following States, additional members of the sessional committees: Cameroon, Denmark, Ghana, India, Iran, Madagascar, Mexico, United Arab Republic, United Republic of Tanzania.

Observers for the following Member States: Australia, Bulgaria, China, Greece, Italy, Philippines, Sweden.

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, World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 11

Report of the Committee for Industrial Development
(E/4029, E/4065) (continued)

1. Mr. DJOUDI (Algeria) said that industrialization was of great importance to the developing countries, not only because it was one of the main factors of economic and social progress, but also because it was essential to the economic integration of those countries. Such integration had made some headway in Africa in recent years with the help of ECA.

2. There had been general agreement, not only in the Committee for Industrial Development but also in other bodies, that the resources devoted to industrial development were inadequate. Draft resolution VI submitted by the Committee (see E/4065, chap. VII) was intended to

remedy that situation by ensuring that adequate budgetary appropriations were made to enable the Centre both to carry out its existing functions more satisfactorily and to undertake the new functions listed in recommendation A.III.1 of the United Nations Conference on Trade and Development.¹

3. With regard to the proposal for the establishment of a specialized agency for industrialization, he had not been convinced by the arguments used against that proposal by a number of industrialized countries and he fully supported the views of the representative of Ghana (1387th meeting).

4. The analytical annual report summarizing United Nations work on industrialization, proposed in the Committee's draft resolution IV, would be extremely useful. It was desirable that that report should deal fully with, *inter alia*, training, the role of public financing in the industrialization of developing countries, and regional and sub-regional projects.

5. The expansion of contacts between the Centre for Industrial Development and the various national services concerned with industrialization, coupled with the efforts of the regional economic commissions, should make it possible for an appropriate share of the technical assistance resources of the United Nations to be devoted to industrialization projects in future.

6. His delegation awaited with interest the results of the various regional symposia on industrial development, in particular, the one to be held at Cairo in January 1966.

7. His delegation fully realized that industry represented only one aspect of economic activity and that agriculture had an essential part to play in the early stages of industrialization. His own country was making great efforts to develop its agriculture and was also giving due attention to training. The importance of industrialization for economic development could not, however, be denied. In addition, it should provide an opportunity for co-operation between the developed and the developing countries, so that the benefits of scientific and technological progress could be extended to the whole international community.

8. Mr. BELEOKEN (Cameroon) said that his delegation was in favour of all practical measures to promote the rapid industrialization of the developing countries and therefore supported the recommendations on economic integration, the promotion of export-oriented industries, the strengthening of the resources of the Centre for Industrial Development, and the establishment of a

¹ United Nations publication, Sales No.: 64.II.B.11.

specialized agency for industrial development, contained in the various draft resolutions submitted by the Committee for Industrial Development.

9. Regional integration was of particular importance to the developing countries because their domestic markets were limited and their economies were complementary. It was, in fact, only through regional integration that they would be able to set up viable industries. The Government of Cameroon had signed, together with the Governments of the Central African Republic, Chad, Congo (Brazzaville) and Gabon, the Charter of the Central African Customs and Economic Union which would come into operation in a few months' time. He hoped that the Centre would follow the work of the Union closely and would give it support so as to ensure the success of an experiment which was the first tangible measure taken in response to recommendation A.IV.10 of the Conference on Trade and Development.

10. With regard to the promotion of export-oriented industries, his delegation considered that such industries should not produce exclusively for export, but also for the national, sub-regional and regional markets. In his own country, legislation had been enacted to stimulate the establishment of new industries, in accordance with the recommendations of the Conference on Trade and Development.

11. The success of the efforts of developing countries to promote industrialization would, however, depend on the support they received from international bodies. Accordingly, in the Committee for Industrial Development, his delegation had strongly supported draft resolution VI, providing for an increase in the resources of the Centre so that it could carry out its functions for the benefit of the developing countries. Nevertheless, such an increase should not delay the setting up of a specialized agency for industrial development, in accordance with the recommendations contained in the Final Act of the Conference on Trade and Development and in Council resolution 1030 B (XXXVII). The report prepared by the Secretary-General under that resolution (A/5826) had not unfortunately been considered by the General Assembly at its nineteenth session; but under draft resolution VI, which he hoped the Council would adopt, it would be requested to consider the matter at its twentieth session.

12. The efforts of the developing countries were doomed to failure until they were assured of remunerative prices for their exports of raw materials. Fluctuations in the prices of those materials jeopardized all the development plans of those countries. Cameroon, for instance, which was the world's fifth largest producer of cocoa and relied on its exports of that commodity to finance its industrialization plan, had had to spend no less than 2,000 million francs CFA to support cocoa prices in the 1964/65 season. His delegation earnestly hoped that steps would soon be taken to stabilize the prices of raw materials at levels that were remunerative to the producers.

13. Mr. PITHER (Gabon) said that his delegation was in favour of setting up a specialized agency for industrial development for the reasons already given by a number of African and Latin-American delegations.

14. The increasing imbalance in the external trade of the developing countries was a source of serious concern to them. Exports from the developing to the industrialized countries had increased at a slower rate than world exports as a whole, but the imports of the developing countries had increased at the same rate as world imports. One of the causes for the relative decline in the demand for raw materials was the fact that more finished products could now be produced from the same quantity of raw materials than twenty years before. That was due partly to technological progress, but partly also to changes in the character of production in the industrialized countries, which were now concentrating on chemicals, iron and steel goods, machinery and electrical equipment; raw materials accounted for only a small part of the final cost of such products. Another factor which had contributed to that decline had been the competition of synthetic products. Even in the case of metals, copper was being increasingly replaced by aluminium, the cost price of which largely represented labour and electrical energy. In addition, the industrialized countries had greatly expanded their own production of raw materials, particularly of agricultural commodities.

15. The developing countries were determined to find a way out of that situation before it was too late. They believed that an obvious means of increasing the value of their exports was to process their raw materials to a greater extent themselves. At present, nine-tenths of Gabon's timber production was exported and only one-tenth was processed locally. Such a situation could not be allowed to continue, for it would mean the perpetuation of a dependence that was no less objectionable than the colonial relationship.

16. The representatives of some developed countries had stressed the small size of the developing countries' markets. The developing countries were fully aware of that problem and were doing their utmost to solve it by setting up sub-regional and regional economic groupings. Other representatives had stressed the shortage of trained personnel in the developing countries. However, the industrialized countries which had long been the absolute masters in those countries were themselves largely responsible for that shortage. At all events, the developing countries were making every effort to remedy that situation and believed that an autonomous specialized agency for industrial development, equipped with adequate resources, would help them to find solutions to all those problems.

17. In conclusion, his delegation welcomed the Committee's draft resolution VI providing for the strengthening of the role and resources of the Centre for Industrial Development. It hoped that efforts in that direction would be continued until the Centre became a specialized agency.

18. Mr. KRALIK (Czechoslovakia) said it was gratifying to find that the industrialization of developing countries was becoming less and less a subject of general discussion and that attention was now being given to the more practical aspects of the matter. The Council could contribute effectively to that positive trend by consistently directing its work towards the basic problems involved.

19. With regard to the question of establishing a specialized agency for industrial development, he believed that such an agency would make a significant contribution to an intensification of United Nations activities in industrialization. Some preparatory work was needed; for instance, the detailed functions of the agency and the scope and direction of its activities would have to be determined in advance, and provision would have to be made for co-operation with other United Nations bodies. There were a number of other matters on which decisions would have to be taken, such as eligibility for membership and budgetary and financial arrangements; the draft statutes in the Secretary-General's report (A/5826) should be amplified in those respects.

20. While it supported the Committee's recommendation for a further expansion of the Centre's activities, his delegation considered that the Centre should concentrate on the more important problems of industrialization in the developing countries. With regard to priorities, it believed that the Centre should focus its attention on the utilization of natural resources, raw materials, energy, transport and the processing industries. To ensure the maximum efficiency, it needed the co-operation of experienced experts from developed countries. His Government would continue to co-operate with the Centre in its expanded activities.

21. He welcomed the co-operation between the Centre and the regional economic commissions, particularly ECE, in the preparing of special studies. His Government had offered the assistance of Czechoslovak experts in the preparatory work for the proposed symposia on industrial development and was prepared to send experts to participate in the panels and working groups for individual industries.

22. Those symposia could help to clarify some long-standing problems which had apparently been solved in theory but which experience had shown to need further study before the solution evolved could be safely applied in practice. For example, the question of import-substitution industries appeared to be quite straightforward in theory, but the incorrect selection of such industries could lead to further increases in imports, thereby aggravating the economic dependence of the developing country concerned. Another long-standing problem was the relative importance to be attached to a particular investment project in the process of industrialization as a whole. It was necessary to develop criteria for determining the optimum structure of industry and for establishing investment priorities. Those questions could not be solved on a purely theoretical basis; they related to specific cases of industrial development in a given country or region. In that connexion, the Czechoslovak Government was organizing, in co-operation with the Centre, an inter-regional symposium on industrial project evaluation to be held in Prague in the autumn of 1965.

23. It was generally recognized that industrialization was a prerequisite for true economic independence in any country. The activities of the organizations in the United Nations family in industrialization were being followed with growing interest by all countries which were seeking to facilitate the speedier economic and social progress of

the developing countries. His Government was convinced that positive results could be achieved by the United Nations bodies concerned, and his delegation would therefore not only support all proposals designed to strengthen their work but was itself prepared to play an active role in the matter.

24. Mr. FERNANDINI (Peru) said that at the fifth session of the Committee for Industrial Development, the Latin American countries had acted in complete agreement, thus demonstrating that the common stand they had made on the problems discussed at the Conference on Trade and Development was continuing. The remarks he was about to make represented the viewpoint not only of his own delegation, but of all the Latin American countries, just as the remarks on integration in Latin America made by the representative of Mexico at the 1386th meeting reflected the views of all the Latin American countries on that subject.

25. Economic development could take place only when a country had reached a minimum stage of industrialization. Other basic factors were agriculture, education, trade and technology. All the countries considered as developed or as highly industrialized were advanced in those sectors, whereas the developing countries were not. The division of countries into developed and developing was not satisfactory: all countries were developing, and the difference lay in the rate of development. The aim of the Conference on Trade and Development had been to create a homogeneous world, meaning a world in which the poorest countries would have an economic status equivalent to that of countries which were at present well-to-do. For the sake of accurate definition, the United Nations might determine a minimum target of economic capacity for each country, which could be based on per capita income.

26. To achieve a minimum stage of development, countries must have industries which would enable them to be independent of imports of simple manufactured goods. The economies of the less developed countries were entirely based on agriculture and mining, and those countries were dependent on the good will of the purchasers of their basic commodities; it was the purchasers who determined the prices for those commodities and that invariably at a lower level than the prices of the manufactured goods they sold. At a slightly higher stage of development, countries could participate to a certain extent in world trade, provided world trade was not in the hands of too few countries. The next stage of development would be reached through education, since technical and scientific knowledge alone could provide countries with a real basis for economic development.

27. The Members of the United Nations had created the specialized agencies primarily as instruments to help the developing countries but the agencies were dominated by industrialized countries. The work of the specialized agencies covered social matters, education, health and technology, but not industrialization. The attitude of the industrialized countries seemed to be different when it came to trade and industrialization. The Conference on Trade and Development should have resulted in the creation of a specialized agency for trade, but the perm-

anent body that had been established was dependent on the United Nations budget. Five years previously, when the Centre for Industrial Development had been set up, the developing countries, and in particular the Latin American countries, had tried to have an organization for industrial development established. At the second session of the Committee for Industrial Development, the Brazilian delegation had put forward arguments for establishing a specialized agency for industrial development, and had rebutted objections with arguments which were still valid today. It was not a matter of choosing between the Centre for Industrial Development and a specialized agency for industrial development; the two were quite different. What the developing countries wanted was imaginative action which would have an important impact in the field of industrialization. While appreciating the work being done by the Centre and the Commissioner for Industrial Development, they wanted a financially and administratively independent organization which would do for industrialization what, for example, FAO was doing for agriculture and UNESCO for education. Without the support of the industrialized countries, no specialized agency for industrialization could be established, but in the absence of such an agency, the developing countries would not reach a minimum satisfactory stage of economic and social development.

28. The industrialized countries seemed to fear that industrialization of the developing countries would cause the loss of markets, but that would not be so, since general industrialization would open up vast new markets for their products. The European Common Market had demonstrated what progress could be achieved by sharing wealth. Then, too, the specialized agencies seemed to fear that the establishment of a specialized agency for industrial development would weaken their own influence, but on the contrary it would give impetus to their work and would enable them to concentrate their efforts. The budget proposed for the new agency was reasonable, especially compared with the amounts being spent on armaments.

29. His delegation supported all the draft resolutions submitted by the Committee. Their adoption would be valuable, particularly in the case of draft resolution II relating to the holding of regional symposia.

30. Mr. BACKES (Austria) said that the report of the Committee for Industrial Development fully reflected the Committee's important achievements. His delegation supported the first five draft resolutions submitted by the Committee for adoption by the Council.

31. In talks with representatives of the developing countries, his delegation had been aware of an increasing mutual understanding, which it felt was due largely to the proposals relating to organizational arrangements put forward by the Western delegations at the Council's present session. In that connexion, his delegation fully supported the suggestion made by the Danish delegation at the previous meeting. On the basis of that suggestion, it believed that consultations should be held not only within the Western group, but also with the Secretary-General and with the Commissioner for Industrial

Development. In that way, it should be possible to prepare an outline plan of action, which could be adopted unanimously by the Council at its resumed thirty-ninth session.

32. The Committee's report also showed the remarkable progress achieved by the Centre for Industrial Development. His delegation welcomed the Secretary-General's decision to include in his budget estimates for 1966 provisions for strengthening the staff of the Centre. However, that and other proposed measures would only provide the minimum needed for implementing the gigantic programme that was required. Much more could be done by mobilizing all resources available. For example, a combined and organized effort by Europe's industrial countries, economic groupings and organizations was desirable. Austria, for its part, would be prepared to share in such an initiative, which, through improved co-operation, would enable it to participate to a greater extent in the industrialization programmes of the developing world.

33. Mr. RAHNEMA (Iran) said that the concept of industrialization as an important factor in economic development was now universally accepted, but no answer had yet been found to the question of how that concept could be translated into action. The major responsibility lay with the developing countries, but their efforts were beset with internal and external obstacles which were by now well known.

34. In those circumstances, the valuable work being done by the Centre for Industrial Development was particularly welcome. In spite of the shortage of resources, the great contribution it was making in under-developed areas was very encouraging. In that connexion, his delegation supported draft resolution V submitted by the Committee for Industrial Development for adoption by the Council, and welcomed the Secretary-General's decision to include in his budget estimates for 1966 provision for increasing the Centre's staff. The programme for convening regional symposia and an international symposium on problems of industrialization in the developing countries was also welcome; his delegation supported draft resolution II of the Committee on that subject.

35. The establishment of a specialized agency for industrial development would be a very valuable means of promoting the industrial development of developing countries. His delegation supported the eventual establishment of such an agency and, pending action to that end, was in favour of increasing substantially the budget of the Centre for Industrial Development. It therefore supported draft resolution VI of the Committee.

36. His delegation wished to express its gratitude to the Centre for Industrial Development for the support it had given to projects being carried out in Iran. Its assistance had been extremely valuable in his country's planning activities and he hoped that it would be continued.

37. Mr. SHATSKY (Union of Soviet Socialist Republics) said that the General Assembly and the Council had rightly been giving steadily increasing attention to the vital problem of the industrialization of the developing countries. Following proposals made by the developing

countries and supported by the socialist countries, the Centre for Industrial Development and the Committee for Industrial Development had been set up to deal specifically with that problem. That was a most welcome development. But though the importance of the problem of industrialization was now well understood, it would not be wrong, he thought, to say that it was not yet occupying the central place in the practical activities of the United Nations that it should occupy. The Centre, the regional economic commissions and the Committee for Industrial Development were, however, expanding their practical activities in various ways. The organization of regional symposia deserved special mention, since such symposia played a valuable part in conveying practical industrial and technical information to developing countries.

38. At the fifth session of the Committee for Industrial Development, the representatives of the developing countries had stressed their countries' desire for complete economic independence and for accelerated industrialization. The course of industrialization must differ in each country, depending on the level of technical development already attained there, the particular local conditions and available financial resources. But it was essential for all countries to solve the problem of the mechanization of production in order to achieve a steady rise in the productivity of labour. The developing countries must concentrate on technical progress and the use of new techniques. They must study the best technical knowledge available in the world, and not repeat the possibly unavoidable technological mistakes made by the first industrialized countries. Industrial equipment was a case in point. At the fifth session of the Committee, a proposal had been made that second-hand or obsolete equipment should be sent to developing countries (see E/4065, para. 75). The proposal was inspired by concern, not for the needs of the developing countries, but for the interests of firms owning obsolete equipment.

39. In regard to the establishment of a specialized agency for industrial development, the Soviet delegation thought that when such questions as the constitution, structure, membership and scope of work of the new agency were being considered, care must be taken to avoid any duplication between the work of the new agency and the existing specialized agencies, to preclude wasting of resources. Membership of the agency should be open to all States. The budget should cover only the administrative costs of the agency's secretariat; operational expenditure on technical aid should be financed from technical assistance and Special Fund voluntary resources. The agency should be given the responsibility for matters relating to the exploration and utilization of natural resources dealt with by the United Nations.

40. His delegation considered the Committee had been right in recommending that, pending the establishment of the new agency, the Centre for Industrial Development should be strengthened, so that it could serve as a central body for harmonizing the work of the United Nations family in the field of industrial development. The Centre and the Committee must not only be harmonizing bodies; they must also co-ordinate and evaluate the work of all United Nations agencies concerned with industrial

development in the interests of efficient planning and the rational use of resources.

41. The Centre was undergoing a necessary reorganization. The establishment of groups and, later on, of sections dealing with all branches of industry had obvious advantages. That reorganization and the planned increase in the number of experts serving in the Centre would not only strengthen the Centre but also help to make it a suitable basis on which to build a new specialized agency. The staff of the Centre could be increased at once, without any increase in the United Nations budget, by transferring posts from other sections of the Department of Economic and Social Affairs, the staff of which had become unduly large, and also from certain other departments of the Secretariat in which the staff was under-employed.

42. The number of projects undertaken by the Centre should not just be increased mechanically; it was also important to broaden their significance, enlarge their immediate relevance and practical utility, and ensure their continuity. In that connexion, he hoped that the Committee's draft resolution V, in which the Special Fund was urged to give more assistance in the establishment of pilot plants, would be acted upon by the Governing Council of the Special Fund without delay. One would naturally expect that technical assistance and Special Fund resources would be used first and foremost to help solve the industrialization problems of the developing countries, but in fact the technical assistance programme of the Centre for Industrial Development represented only 2 per cent of the total technical assistance furnished to those countries by all United Nations agencies. That situation must not be allowed to continue. The Committee must take urgent steps to ensure that the Secretariat, the technical assistance programmes, the Special Fund, the specialized agencies and the regional economic commissions should undertake practical measures to assist the developing countries in their industrial development.

43. With a view to the exchange of information, all United Nations organs should keep under review the developments that were taking place in the industrialization of the developing countries. In addition to major national efforts, such as the construction of iron and steel combines in India and the United Arab Republic and the building of industrial plants in other developing countries in Asia, Africa and Latin America, a number of industrialization projects were being carried out on a sub-regional basis, through the pooling of the resources of several developing countries. For instance, with the help of ECA, efforts were being made to set up an iron and steel plant for a number of North African countries. The problem was to find the most effective way of facilitating developments of the kind, studying them and disseminating the practical experience gained from them. An important part could be played by the Centre for Industrial Development; the exchange of information between the various regional economic commissions would also be helpful.

44. The Centre, the regional economic commissions and other United Nations institutions must use the experience they had already gained in the field of industrialization to help countries to surmount the difficulties they were encountering on the road to industrialization and to speed

up the process of their industrial development. The convening of regional and international symposia on the industrialization problems of developing countries and the establishment of regional centres to promote industrialization and planning would be particularly valuable in that connexion. A special approach was desirable to the industrial development problems of small developing countries, taking into account their particular conditions and development potentialities.

45. The Soviet Union would continue to provide developing countries so desiring with economic and technical aid for the development of their national industry. Already its aid was an important factor in the industrial development of those countries. Plants built with Soviet aid in a number of developing countries in Asia and Africa were increasing those countries' steel smelting capacity by 6.1 million tons, their oil processing capacity by 8.6 million tons, and the capacity of their power stations by 4.7 million kW. The Soviet Union sympathized with the developing countries' endeavours to develop a national industry; it had gained much experience of industrialization in the course of its own development, and was glad to be able to pass that experience on to them. It was giving them extensive aid in the form of deliveries of industrial equipment, the training of national technical personnel and the provision of Soviet experts and specialists. In 1965, it had organized eighteen symposia and seminars, and helped with courses arranged by various United Nations institutions for the training of specialists for the developing countries. It attached great importance to the proposed international symposium on industrial development, which was to be preceded by regional symposia organized by ECAFE, ECLA and ECA.

46. Still greater organizational and practical efforts in the field of industrialization were required from United Nations organs. It was only by comprehensive study of all measures and plans in that field, both international and national, that a rational concentration of effort and satisfactory results might be obtained.

47. Mr. IONASCU (Romania) said that the general debates on the results of the Development Decade and on the report of the Committee for Industrial Development had shown that the goals of the Decade and adequate economic development could be achieved only through industrialization and the mobilization of all national and international resources. The reports of the regional economic commissions and the discussions in the Council had been most instructive from that point of view, and had shown yet again that the problems of economic development, industrialization and international trade were currently among the main preoccupations of all governments, as well as of the United Nations and its organs. After twenty years' existence the United Nations was, so to speak, catching up on its backlog; it had created some important new organs and had established some priorities and specialized machinery in connexion with industrialization, international trade and science and technology. His delegation was pleased to note that the essential truths of economic development had won international recognition, and that the concept of industrialization as the basic factor of development was unanimously accepted.

48. The establishment of the Centre and the Committee for Industrial Development had constituted one of the first steps in that field, together with the Organization's important actions in launching the Development Decade and holding the Conferences on the Application of Science and Technology for the Benefit of the Less Developed Areas and on Trade and Development.

49. The debate in the Council had reflected not only the necessity of industrial development for rapid economic growth in developing countries, but also different views on the appropriate machinery for achieving that end. His delegation appreciated the work of the Centre for Industrial Development; some of its studies were most valuable, but the plans for the regional meetings and symposia to be held at the end of 1965 and during 1966 and for the international symposium to be held in 1967 were even more promising. Extensive preparations for those meetings were already being made by the Centre and by the regional economic commissions; the fact that ECAFE and ECLA were already referring to the regional symposia as Asian and Latin American conferences for industrial development bore witness to the prestige of the meetings and the importance attached to them.

50. Its special interest in the activities of the Centre and the Committee arose from the fact that Romania itself was engaged in a continual process of industrial development. In the past twenty years, during which three long-term plans had been implemented, it had accumulated significant practical experience in that area. Accordingly, the methods used and results obtained might be extremely useful to other countries with similar problems, the more so as its experience had the merit of being very recent. Romania's desire to contribute to the common cause had been stressed by its President, Mr. Ceasesco, at a recent meeting of the Congress of the Romanian Workers' Party, in expressing his view that every State had something to offer and something to receive in the exchange of material and spiritual values created by the people.

51. In the past, Romania's development had been on unilateral lines; the country had been assigned an agrarian role in the international division of labour, and had been regarded as a provider of raw materials for the industrialized countries and an advantageous market for the export of capital. That accounted for the previous slow development and irrational structure of industry, the backwardness of agriculture and the low standard of living of the majority of the population. However, profound political, economic and social changes had taken place. Romania now presented quite a different picture — that of a country in full expansion, with a multilaterally developed socialist economy in which industry was constantly being improved and adjusted to the requirements of modern technical advances. At the recent Party Congress, Mr. Maurer, the Romanian Prime Minister, had said that the country's economic policy, as conceived in the early years of the period of transition to a new social order, had proved its worth by achievements which had set the national economy and the material and spiritual life of the people on the path of uninterrupted and rapid progress; there was therefore every reason to pursue that policy unswervingly, in the conviction that its application would

lead to further successes in economic development and in increasing the well-being of the workers. He had gone on to say that the over-all plan was a reaffirmation of the Party's general policy of building up socialism, the targets of the new five-year programme striking a balance between the objective requirements of the economy's development and the potential material resources available to it; the possibilities and needs of all branches and sectors had been studied with the greatest care, bringing to light new domestic resources, the development of which would contribute to the balanced and steady progress of the economy as a whole.

52. Romania's important achievements in all branches of its economy were indissolubly linked with advances in industrialization. Its experience showed that, in developing economies, industrialization had a potent and dynamic effect on all branches of production and was the only way of achieving the harmonious development of industry and agriculture. Without industrialization, it would be impossible to ensure rational and integrated utilization of natural resources and labour, and thus guarantee constant and rapid growth in production and labour productivity, accompanied by increased foreign trade. In applying its development programme, Romania had based itself on the well-founded assumption that, in modern times, industrialization called in the first place for the utilization of all the domestic potentialities of the country through the mobilization of internal forces and the maximum use of natural resources and labour, and, secondly, for exploitation of the possibilities deriving from the development of international economic relations based on respect for national sovereignty, equal rights and reciprocal benefit.

53. As a result of that policy, Romania had achieved a steadily increasing and rapid development of industrial output, which had grown by 13.2 per cent in the period 1951-1959 and by 14.4 per cent in the period 1959-1965. The rapid development of various economic sectors had gone hand in hand with certain structural changes. In the pre-war period, the dominant role in the country's economy had been played by agriculture, which had accounted for 68 per cent of the national product. By 1965, however, the proportions had been reversed, and the share of industry had risen to 60 per cent. The new economic development plan (1966-1970) provided for the continuation of the industrialization process; by the end of 1970 industrial output was expected to be 65 per cent higher than in 1965, the rate of annual increase being about 10.5 per cent.

54. Romania's investment policy was governed by the principle of priority growth in the means of production sector and by the need to establish a healthy heavy industry. That had led to fundamental changes in the structure of industrial production; output of means of production had increased from 45.5 per cent of total industrial output in 1938 to 65 per cent in 1964. In the light of the needs and potentialities of the national economy, of new trends in science and technology and of the possibilities deriving from foreign trade relations, special attention had been given to certain branches of heavy industry which had been inadequately developed in pre-war Romania; i.e. electric power, steel, engineering and

chemicals, the share of which in over-all industrial production had increased to 44 per cent in 1963 as against 18.1 per cent in 1938.

55. In stressing the need to give priority to heavy industry, he did not wish to convey the impression that all countries, especially small or medium-sized countries, should necessarily develop all sectors of industry. The choice of sectors, development rates and products was a complex problem which every State must solve on the basis of a general analysis of its own development conditions. He shared the view of some members of the Committee for Industrial Development concerning the need to stress the importance of heavy industry in industrialization and also agreed that developing countries should give priority to certain branches of heavy industry, especially engineering, because those sectors led to the development of all other branches of industry and of the national economy. It should be borne in mind, however, that the essential aim of economic development was to mobilize all resources and to direct them towards the economic sectors whose rapid growth would best meet the needs of the country concerned. The developing countries could and should set up industrial undertakings producing goods exclusively for export, as a source of capital formation for industry, while not neglecting industrial activities which supplied the urgent needs of the domestic market.

56. He wished to stress two other aspects of the question on the basis of his country's experience. In the first place, Romania attached essential importance to the role of the State in industrialization and economic development. It shared the views expressed by the representatives of the United Arab Republic and India and by the Executive Secretary of ECAFE on the need to attribute to the public sector the authority essential for giving a dynamic impetus to other sectors of the economy. Secondly, the industrialization process should be directed towards the maximum utilization of a country's natural resources. Inventories of national resources should be taken as a first step to that end — action which called for funds, staff and time. In Romania those activities were covered by the economic development plan.

57. Romania's interest in the activities of United Nations bodies concerned with intensifying the industrial development process was reflected in a series of initiatives. It had submitted a proposal on the development of the oil industry to the General Assembly. At the United Nations Conference on Trade and Development, it had put forward a draft recommendation on supply of industrial equipment on credit against reimbursement in goods from the resultant production or in other goods; and it had submitted proposals in ECE on the need to organize an international symposium on industrial development and a study of the trends and prospects of the world chemicals market. In addition, Romania had taken part in the Inter-Regional Conference on the Development of the Oil and Chemical Industry in the developing countries held at Teheran in 1964 and intended to participate in the inter-regional symposium at Prague in the autumn of 1965.

58. He was convinced that, after the debates that had taken place in the Council, ways and means could be

found for giving a fresh momentum to international action for promoting industrial development. While he was gratified at the consensus that had emerged concerning the necessity for industrialization, the differences of opinion on methods and machinery showed the need to co-operate further to bring the positions of the countries closer together. At the Conference on Trade and Development Romania had supported the idea of establishing a new specialized agency for industrial development, in view of the unanimous recognition of the importance of the problem and the interest shown in it by the developing countries. Romania was convinced that the United Nations must pursue its efforts to find a solution on which all concerned could reach agreement, since otherwise the efficiency of international action for industrial development would be greatly impaired and retarded.

59. In conclusion, he reaffirmed his delegation's confidence in the positive and important role that the Committee and the Centre for Industrial Development could play in international co-operation and its hope that the Council, in its analysis of the achievements of the Development Decade, would find a means of giving a new impulse to international action for industrial development.

60. The PRESIDENT declared the general debate closed and suggested that item 11 should be referred to the Economic Committee.

It was so decided.

The meeting rose at 12.55 p.m.