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*President:* Mr. MARAMIS (Indonesia)

## AGENDA ITEM 5

## Report of the Industrial Development Board (E/4874)

1. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization), introducing the report of the Industrial Development Board, said that at its fourth session the Board had approved UNIDO's programme of work for 1971, together with some amendments to the programme already approved for 1970, and had noted the report on UNIDO's activities in 1969. UNIDO's programme of work comprised, on the one hand, operational activities undertaken at the request of the recipient countries and financed from voluntary contributions, and on the other, activities designed to support those operational activities and financed from the regular budget. The main source of finance for UNIDO's operational activities was UNDP; contributions were also received from member countries. The preparation of the work programme was a very complex operation. It began about two years before the year of operation and had to cover practically all the specialized aspects of industry. The programme of work approved by the Board did not have financial authorization, as the budget for 1971 would not be known until January 1971. The financing by UNDP was determined on the basis of specific projects and according to established procedures. It was only in the case of UNIDO's regular programme and the voluntary contributions that the secretariat had wider latitude in planning operations. Those two sources of financing had proved particularly useful as flexible instruments of programme formulation and implementation.

2. Although UNIDO had been established only in 1967, it had already managed to establish a working machinery, both at headquarters and in the field. Its operational programme had increased by an average of 25 per cent each year. It had established a machinery for co-ordination and collaboration with the other United Nations organizations, and was increasingly recognized by the Governments of the developing countries as a source of assistance to industry. Those results were encouraging, and it was probable that UNIDO's operational programme would expand considerably in the coming years, judging from the growing interest

of the developing countries in the Organization's work. Nevertheless, UNIDO's task involved some difficult problems.

3. While UNIDO depended essentially on UNDP resources for its operational activities, its share in those resources represented no more than 4 per cent of the total. UNIDO had appealed to Governments for additional funds to finance its field operations, and he was happy to note that the contributions paid direct to UNIDO by member Governments were steadily increasing.

4. UNIDO was following with interest the current discussions in the Governing Council of UNDP on the reorganization of the United Nations system for development. It felt that considerable improvements could be made if due attention was paid to improving the forms and procedures of assistance. The forms of assistance were still limited to the sending of experts, the award of fellowships and the provision of equipment, whereas the developing countries' requirements, especially in industry, called for new methods, such as consultations, promotion and the encouragement of existing institutions in a world of rapidly advancing technology. Any progressive organization allocated a certain proportion of its resources to research and innovation, and he wondered whether UNDP could not set aside 1 or 2 per cent of its resources for evolving new methods and adapting old ones to the developing countries' changing industrial requirements. UNIDO was endeavouring, through its voluntary contributions, to find new methods of assistance in its field of competence, such as the promotion of new technologies, the establishment of pilot plants, in-plant training, investment promotion and periodic country surveys and consultations. The 1971 programme included some activities along those lines.

5. In accordance with the objectives of the Second Development Decade, the developing countries would be required to increase their industrial production each year by an average of 8 per cent. That would pose complex problems of planning, financing, management and implementation. In the developing countries, the demand for manufactured goods would increase; that tendency was to be encouraged as an indication of rising standards of living, and also because it would inevitably lead to an expansion of international trade which would benefit developed and developing countries alike. Those changes in the levels and structure of supply and demand and in international trade represented in a summary form the objectives in industry for the Second Development Decade and defined UNIDO's task. Because of its limited staff and the short time in which it had been in operation, UNIDO had been unable to go into the question of over-all economic growth models or certain technological and structural problems of interest to the developing countries. However, it would endeavour to

help Governments promote the industrial objectives of the Second Development Decade and to assess the progress made in that direction. Since the total industrial production of the developing countries represented only a small fraction of world industrial production, UNIDO could hardly have drawn up a world plan for industry.

6. Under the terms of General Assembly resolution 2152 (XXI) UNIDO was entrusted with the task of co-ordinating the activities of the United Nations system in the field of industrial development. In the past few years, it had been able to establish working arrangements for co-ordination and collaboration with the specialized agencies and other United Nations organizations interested in industrialization. It would endeavour to make further arrangements with other bodies, particularly IBRD and the regional financing institutions. In line with the proposals for the reorganization of UNDP, UNIDO had given particular attention to the co-ordination of industrial activities at the country level in consultation with the recipient countries. Its programme of industrial field advisers was particularly important in that connexion.

7. Co-ordination did not consist merely in avoiding duplication or settling conflicts of competence. It had a more positive aspect, which was to establish increasingly active co-operation with the other bodies of the United Nations system. Thus UNIDO was looking forward to working out co-operative programmes with the organizations with which it had concluded agreements. In addition, it proposed to harmonize its activities with those of the regional economic commissions and the Beirut Office. The Board had suggested holding consultations with the Governments concerned, with a view to co-ordinating UNIDO's activities and the bilateral programmes of assistance to industry in order to achieve a mutual strengthening of the two types of programme.

8. The Board had fully realized the multiplicity and the scope of the tasks confronting UNIDO. Thus, in its resolution 29 (IV), it recommended the General Assembly to convene a Special International Conference of UNIDO, preferably in 1971, immediately after the Board's fifth session. The Board had proposed that the Conference should consider the past performance, future role and functions of UNIDO, its structure, organization and resources. The Advisory Committee for the Conference had already met to make preparations. It was hoped that the Council would take note of that resolution, and encourage Governments to discuss the question in the General Assembly.

9. It should be pointed out that UNIDO was following a policy of continuous contacts with both the developing and the developed countries, with the purpose of encouraging international co-operation, the transfer of industrial technology and the establishment of national and regional industrialization policies and programmes. That was a hard task, as the Organization was up against the external pressures of international bureaucracy and internal lethargy and self-satisfaction. UNIDO would succeed in that task only if member countries assumed an increasingly co-operative and critical role with respect to its programmes and activities.

10. Mr. HAMID (Sudan) congratulated UNIDO on having succeeded in overcoming the obstacles to progress in industrialization. It was only recently that the need for new methods of technical assistance in that field had been felt. Developing countries certainly needed more effective aid, in view of the urgency, the complexity, and the great number of their industrial problems.

11. To accomplish its task, UNIDO had followed a policy of co-operation and close contact with the regional economic commissions and the Beirut Office. It seemed clear that the idea of setting up regional offices of UNIDO had been dismissed mainly for financial reasons. Not only co-ordination suffered from the Organization's lack of resources, but also its operational activities, and the Sudanese delegation deeply regretted that state of affairs. The proportion of UNDP resources allocated to UNIDO (4 per cent) was not commensurate with the role which the Organization was called on to play, especially if it was remembered that 80 per cent of the financial resources of UNDP was allocated to FAO, ILO and UNESCO and that 40 per cent was earmarked every year for projects connected with agriculture. The greater part of the resources provided by the industrialized countries was administered by UNDP, and most developed countries were urging that UNDP should finance the work of UNIDO. That was the reason why the developing countries preferred a system of financing by direct contributions, which would leave UNIDO freer to handle its own resources, and thus to expand its activities during the Second Development Decade.

12. A growth rate of 8 per cent per year in industrial production, as a target for the Second Decade, would not be easy for the developing countries to achieve if they were not given assistance in preparing, financing and implementing their industrialization plans. The third Pledging Conference, to be held at New York in November, would provide an opportunity to help UNIDO give them that assistance. The Sudanese delegation looked forward to the Special International Conference of UNIDO, which would give the developing countries an opportunity to examine the Organization's prospects and the aid it would be able to provide.

13. Mr. VIAUD (France) congratulated the Executive Director of UNIDO on his excellent statement. The secretariat of UNIDO had made a remarkable effort to present a picture of the Organization's activities, and the Industrial Development Board was really in a position at the present session to assess the main features and lines of action. However, the documentation, the basic purpose of which was to make it easier to reach decisions on industrial development, should adopt a more global approach and should be more specific about the nature of the activities in question. It would also be useful if the Working Group on Programme and Co-ordination could conclude its report with some suggestions or recommendations for the guidance of the Organization. In that way the Economic and Social Council and the General Assembly would be able to see more clearly the points of agreement and the main instructions given to the secretariat.

14. In 1971, the main topic of interest would be the organization of the Special International Conference. In the opinion of the French delegation, the most suitable time to hold the Conference would be during the fifth session of the Board, to be held in May 1971 at Vienna.

15. It was becoming increasingly clear that industrialization was one of the prerequisites for economic and social progress. It was therefore satisfying to note that within the United Nations UNIDO was in a better position every year to play the part allocated to it in the co-ordination and promotion of industrial development. There was still a lot to do in that field, and the role of the Organization must above all be operational, perhaps more so than that of any other body.

16. It was essential that UNIDO should have a store of information and technical knowledge to guide the work to be done in the regions undergoing industrialization. His delegation was therefore convinced that the work of the secretariat should be mainly concerned with direct support for the developing countries and with field missions.

17. As regards operational activities proper, France had urged ever since the establishment of UNIDO that a growing part of international co-operation resources should be allocated to industrial operations. It therefore welcomed the approval by UNDP in 1970 of a dozen new projects to be entrusted to UNIDO. Even if UNIDO were to run into serious difficulties or to suffer from some temporary failings, there was reason to believe that it was perfectly able to accumulate a wide range of experience and to accomplish its task successfully. However, to do so, the Organization would have to follow resolutely a policy of active co-operation with the other organizations within the United Nations system and extend its full support to new methods of technical co-operation. Industrial aid could not in any case be planned except in the wider context of development; it should therefore be combined with all other forms of aid, including bilateral aid given by industrialized countries.

18. UNIDO could also become an effective link between those who had the resources and the techniques and those who could make use of them. That third aspect of its work had, right from the start, been supported by France; a promotional role of that kind, if properly carried out, could have a considerable multiplier effect. The investment promotion programme already undertaken should be the first step leading UNIDO to become involved in co-operation between industrial firms and to encourage scientific exchanges and relationships between research organizations studying the problems of the less advanced countries.

19. In conclusion, the French Government believed that UNIDO was working in a field of co-operation where all available means should be concentrated to obtain tangible results, and that was why it wished to contribute its experience. The French Government planned to develop its co-operation both at the administrative level and in the field, in the pragmatic and positive way suitable to UNIDO.

20. Mr. KRYLOV (Union of Soviet Socialist Republics) said that his delegation was satisfied with the report of the

Industrial Development Board on its fourth session (E/4874). It also approved in general the work of UNIDO during the past year and its programme for 1970-1971.

21. Although the Soviet delegation wished to see UNIDO develop its activities, increase its operational effectiveness and expand its aid to developing countries, it had a few comments to make.

22. First, the UNIDO secretariat should give developing countries even more help in drawing up industrial development plans on a scientific basis; in the opinion of the USSR, industrial development was the most important aspect of economic growth.

23. Secondly, dealing with UNIDO's role with regard to private capital, he thought that although the flow of such capital was inevitable, it was nevertheless possible to control it and regulate the conditions governing it, in the light of the real needs of developing countries. The capitalist concept of investment, which consisted of seeking the maximum profit within the shortest possible time, led to an exhaustion of the resources of the developing countries, which only benefited to a limited extent. At the Board's fourth session, a number of delegations from developing countries had stated that foreign investments did not improve the standard of living of the people, and one delegation had quoted figures showing that private investment benefited mainly those who provided the funds. The matter was of the greatest possible concern to UNIDO, as, in the context of its promotional activities on behalf of developing countries, it could and should protect those countries from foreign financing on unfavourable terms.

24. Thirdly, UNIDO was called upon, in the field of industrial development, to play the role of co-ordinator of the work of the organizations within the United Nations system, and that role had been emphasized in General Assembly resolution 2152 (XXI). The Economic and Social Council should draw the fact to the attention of the specialized agencies.

25. Fourthly, UNIDO had also a leading role to play among the bodies dealing with the transfer of technical knowledge. UNIDO was already disseminating scientific and technical information, but it should extend that activity and endeavour to establish the conditions governing the transfer of such knowledge. That must be done if the developing countries were to benefit from the present scientific and technological revolution.

26. Fifthly, UNIDO should recruit its staff on a more equitable geographical basis, as urged by many delegations to the fourth session of the Board. Instead of overburdening its budget by engaging more staff, UNIDO should instead endeavour to make better use of its existing personnel. At present administrative posts accounted for 62 per cent of the total establishment, which was too much.

27. In conclusion, he announced that his country, which had originally wanted the Special International Conference of UNIDO to be held at the end of 1971, now agreed that it could take place in May or June 1971, on the understanding that that would not interfere with the organization of the Board's session.

28. Mr. KAZUHARA (Japan) felt that the report of the Industrial Development Board (E/4874) and the statement just made by the Executive Director of UNIDO showed that the Organization's role was steadily growing, thanks to its efforts to strengthen its secretariat and improve the machinery for recruiting experts. At its fourth session, the Board had not been able to discuss the long-term policy of UNIDO in depth: that would have been a difficult task at a time when the Capacity Study and the draft strategy for the Second Development Decade were still under consideration. It would, moreover, be better to await the results of the Special International Conference in 1971.

29. The Board had already achieved major results in certain areas: strengthening the co-ordinating role of UNIDO; expanding the activities of field advisers, with a view to better co-ordination of bilateral aid and UNIDO's own assistance; intensification of UNIDO activities, with the fresh resources provided by UNDP, voluntary contributions and special programmes.

30. As regards the immediate future, the projects already approved had to be carried out, and for that competent experts were essential. It was also necessary that, in carrying out the projects, UNIDO should show flexibility and take account of each country's characteristics. He was pleased to note that UNIDO was seeking to introduce new methods — pilot plants, periodic country surveys, and so on — and to rationalize its procedures.

31. Turning to the Board's resolution 29 (IV), on the Special International Conference of UNIDO, he expressed his satisfaction with the provisional agenda recommended in operative paragraph 2: the activities in question were essential to development, and he hoped that the Conference would be fully successful.

32. Japan would be the host for the second Asian Conference on Industrialization, to be held in Tokyo in September 1970 under the auspices of ECAFE. He hoped that it would be able to adopt an industrial development strategy for Asia, because industrial development was a key element in over-all development. It was for that reason that Japan had already supplied aid in the industrial field to other ECAFE countries and would make every effort to contribute to the success of the Second Asian Conference. He hoped that UNIDO, too, would give the Conference its support.

33. Mr. ARCHIBALD (Observer for Trinidad and Tobago), speaking at the invitation of the President, reminded the Council that his delegation had been a sponsor of the Board's resolution regarding the holding of a conference of the entire membership of UNIDO. After the first four or five years of its existence, UNIDO — which, unlike most United Nations bodies, did not hold regular assemblies — could profitably review its operations and consider what new techniques it should adopt and what new directions it could follow. It would have been possible to wait until 1972, but it was necessary to avoid holding the UNIDO Conference in the same year as the third session of UNCTAD. Moreover, 1971 would be the first year of the Second United Nations Development Decade, in which UNIDO would certainly have a vital role to play. A large

number of countries had already communicated their views regarding the date of the proposed Conference, which indicated their interest in it.

34. Surprise had been expressed at the fact that the Conference was to last only six days. However, it had been the aim of the Board to minimize expenditure, in accordance with the General Assembly's wishes, and ensure that the Conference was in keeping with the Board's generally businesslike approach to its responsibilities. If the Conference was held in the same spirit as the Board's meetings, there would be an exchange of practical experience and suggestions. Moreover, the mere fact that a large number of high-level delegations would be meeting at the beginning of the Second Development Decade would serve to underline the central importance of industrial development in the Decade. Finally, despite its short duration, the Conference would certainly have a considerable impact on the attitudes both of Governments and the UNIDO secretariat.

35. Mr. KITCHEN (United States of America) expressed his appreciation of the manner in which the work of the fourth session of the Board — in which he had participated — had been conducted. The Board's Working Group on Programme and Co-ordination had carried out its task in the right conditions, and the Board had unanimously adopted its whole report.

36. Turning to the report of the Board, he said that in the Governing Council of UNDP his country had advocated the maintenance and even the expansion of the Special Industrial Services. Regarding the effects of foreign capital on developing countries, his delegation had taken note of the observations of the Soviet representative. As for the Special International Conference, it was to be hoped that it would be an occasion for reflection on the objectives, organization and financing of UNIDO; his delegation had already expressed its views on the subject at the Board's fourth session, and would therefore refrain from repeating them.

37. He had noted with keen interest, in the statement by Mr. Abdel-Rahman, the Executive Director of UNIDO, the remarks concerning co-ordination with other United Nations bodies. The agreements concluded with FAO and ECAFE were, in particular, highly satisfactory, and the Executive Director should be encouraged to continue on that path and study other possibilities of achieving co-ordination. He also welcomed the contacts made with various organizations, both governmental and non-governmental; those contacts would without any doubt lead to a substantial increase in the resources of UNIDO and, consequently, in its capacity for action.

38. In conclusion, he said that his country was satisfied with the work done by UNIDO, and that it was determined to play its full part in the work of the Special International Conference in 1971.

39. Mr. PETROV (Bulgaria) was pleased to note that UNIDO had rapidly assumed its rightful place in the United Nations system, and that it was contributing to the economic and social development of the developing countries and to the expansion of international co-operation in the industrial field. The Board and the UNIDO secretariat

had endeavoured to bring about an improvement in the co-ordination of the Organization's activities with those of the specialized agencies, the regional economic commissions, and governmental and non-governmental organizations, and to establish an economic information system with a view to helping developing countries to create their own industrial institutions. In view of the results obtained in so short a time, it was desirable that UNIDO should expand its activities along those lines.

40. However, many problems still remained to be solved before all the objectives of General Assembly resolution 2152 (XXI) could be said to have been reached, and UNIDO activities were still inadequate in certain fields, such as the formulation of an industrialization policy for developing countries, and the assistance to be given to those countries in the organization of long-term scientific programmes for their industrial development. In seeking solutions to those problems, UNIDO should take national development plans into account and be mindful of the need to safeguard the economic and political independence of the developing countries and to raise the standard of living of the working population. The Bulgarian delegation could not give its entire approval to the secretariat's policy regarding capital investment in developing countries, and felt that UNIDO should seek to protect those countries against the unfavourable conditions involved in loans of private capital. Like many other delegations at the Board's fourth session, it believed that UNIDO should help to work out criteria for the utilization of external financial aid, so as to guard against a deterioration in the developing countries' financial situation and other unfavourable consequences, both economic and political.

41. Bulgaria's experience during the past twenty-five years had made it clear that nationalization of the means of production, the development of the public sector and accelerated industrialization made it possible to achieve rapid economic and social progress.

42. Aware of the importance of industrialization in eliminating under-development, the Bulgarian delegation supported General Assembly resolution 2578 (XXIV) and the Board's resolution 29 (IV), concerning the holding of a Special International Conference of UNIDO. The Conference could be held in the last quarter of 1971, so as to give participating countries and the UNIDO secretariat enough time to prepare it properly, and it should be open to all interested countries, in accordance with the principle of universality proclaimed in the United Nations Charter and the wish expressed by the Secretary-General of the United Nations at the opening of the present session. To carry out its task, which was to encourage the mobilization of national and international resources for the purpose of accelerating the industrialization of developing countries, UNIDO must be a universal organization. On the subject of the recruitment of UNIDO staff on an equitable geographical basis, he fully agreed with the Soviet Union representative.

43. Mr. IQBAL HOSAIN (Pakistan) said he had noted from the statement by the Executive Director of UNIDO that his Organization's operational activities financed by

UNDP involved only a very small percentage of UNDP funds and that UNIDO had to appeal for additional contributions. As demands on the services of UNIDO would probably grow, it was essential not only to increase its resources so that it could more effectively meet the developing countries' needs, but also to give it a more flexible structure so that it could choose projects conducive to industrialization in those countries.

44. His delegation welcomed the growing part UNIDO was playing in promoting co-operation among developing countries, and hoped that appropriate steps would be taken to co-ordinate its activities with regional or subregional programmes. His delegation also welcomed the order of priorities adopted by UNIDO for the engineering industry. As to the metallurgical industries, UNIDO should help developing countries short of coking coal but with large reserves of natural gas or non-coking coal to use the direct reduction process in iron and steel production. In the pharmaceutical industries, UNIDO help should be concentrated on the promotion of basic manufactures and the utilization of certain by-products. Regarding fertilizers, UNIDO's interest in the production of sulphuric acid from gypsum was of special concern to countries like Pakistan, which would like to see more done in that direction. Pakistan had already requested UNDP's help in setting up a cotton textile industry centre, and hoped that prompt action would be taken to appoint the necessary experts. Another problem meriting UNIDO's full attention was the poor utilization of industrial capacity in almost all developing countries.

45. His delegation thought that the proposed international conference on industrial development would provide an opportunity to review UNIDO's achievements and spur the Organization on to become a more effective instrument of international co-operation in the industrialization of developing countries. It also took the view that the Council should recommend to the General Assembly that the conference be held at Vienna in June 1971.

46. Mr. SWARUP (India) felt that in the matter of industrial development UNIDO should strengthen its co-ordinating role within the United Nations and even with regard to bodies outside the United Nations system. His delegation also supported measures to give UNIDO greater financial autonomy. It hoped the amounts pledged at the annual conferences would be substantially increased to ensure UNIDO adequate resources, especially as the funds available under the Special Industrial Services or coming from voluntary contributions might not meet requirements.

47. If UNIDO was to expand its operations, there must also be greater co-operation from the developed countries. He welcomed the bilateral co-operation arrangements concluded between UNIDO and the specialized agencies, and hoped that closer co-operation would be established with the regional economic commissions. The Executive Director of UNIDO had already taken steps towards that end, which, it was to be hoped, would be very fruitful.

48. In its promotional activities, UNIDO should make the most of resources and expertise available in the developing countries, and especially their research facilities.

49. The Board's Working Group on Programme and Co-ordination had improved UNIDO's functional efficiency, and he thought that it should become a permanent body, as the Board had suggested.

50. In view of UNIDO's future role in putting international development strategy into effect, it should be more closely involved in framing that strategy. The UNIDO secretariat and the Board should draw up a detailed programme of industrial activities and objectives for the Second Decade.

51. Lastly, his delegation was in favour of the Special International Conference to be held at ministerial level in 1971, and hoped that the recommendations emerging from it would be given due consideration when such bodies as UNCTAD, the regional economic commissions and the General Assembly itself dealt with those questions.

52. Mr. de ARAÚJO CASTRO (Brazil) said that industrialization would remain the key factor of development in the Second Decade, being at the same time the main source and the final aim of changes that must come in the developing countries' economies to make the basic objectives of the development strategy attainable.

53. Among the priority sectors on UNIDO's programme were two that seemed to have received less than their due measure of attention. The first was heavy industries, especially engineering and metallurgy. Light industries had undoubtedly still a decisive part to play in many developing countries, mainly because they helped employment and saved foreign exchange. Nevertheless, for many other developing countries industrial expansion increasingly depended on the introduction of heavy industries to ease the pressure of machinery imports on their balance of payments and give them the infrastructure required to diversify their economies. The second point was that UNIDO should give higher priority to the transfer of technology to developing countries, perhaps initially by building up its industrial, patents and licensing legislation programme. It should also give more attention to the development of industrial research centres at both national and regional levels, with due regard to the specific needs of the countries or regions. With regard to the transfer of technology, in its various aspects, UNIDO might usefully base its efforts on the principles set out in the draft international strategy for the Second United Nations Development Decade (E/4876), particularly in paragraph 61.

54. As to the financing and operation of UNIDO the Board's resolutions 27 (IV) and 28 (IV) contained the necessary guidelines for improving co-ordination between UNIDO and other United Nations bodies' activities. His delegation attached special importance to the financing problem of UNIDO, which as a new organization, should not be subjected to the usual administrative efficiency criteria; it was nevertheless gratifying to note the continual growth in the ratio of its operational activities to its total resources. Again, to avoid delays in the transmission of requests for technical assistance, administrative procedures should be improved, so as to keep the Special Industrial Services programme as flexible as required. Lastly, as representative of a Latin American country, he drew the

Council's attention to the fact that the geographical distribution by region of the technical assistance provided by UNIDO had been no less unbalanced in 1969 than in previous years, South America having received only 16 per cent of the total, as against Africa's and Asia's 31 and 26 per cent respectively.

55. His delegation considered the UNIDO Special International Conference particularly necessary on the eve of the Second Development Decade, and of the utmost urgency. The Brazilian Government therefore favoured the date of May/June 1971.

56. Mr. PAPIĆ (Yugoslavia) stressed that there could be no economic development, hence no integration of the developing countries into the international division of labour, without the corresponding industrialization, as was reaffirmed in the draft international development strategy for the Second Development Decade. His delegation considered that UNIDO had a very important, if not the major, part to play in planning, programming, analysing and assessing progress in industrial development during the Decade and that, to play it effectively, it must maintain and strengthen its co-operation with other United Nations bodies.

57. It was by bolstering its operational activities that UNIDO could assist in the industrialization of the developing countries. There his delegation supported the Board's resolution 28 (IV), though it regretted that UNIDO lacked the resources to meet all the relevant requests for services it received and was forced to keep asking for special contributions.

58. His delegation also supported the proposal for a Special International Conference of UNIDO, which would be particularly useful if it was held, as proposed, immediately after the launching of the Second Development Decade. While one welcome fact was that resolution 29 (IV) had limited the number of questions for submission to the conference to those most vital to the future industrialization of the developing countries, the conference must nevertheless be most carefully prepared.

59. Mr. BRADLEY (Argentina) noted that the developing countries were attaching increasing importance in their development plans to industrialization. To achieve the target of an increase of 8 per cent in their industrial output, those countries required substantial aid, not only from the developed countries, but also from the international organizations, which should assist them in preparing their industrialization projects.

60. UNIDO resources would also have to be substantially increased and the Organization enabled to play a leading role in the transfer of technology, which was a key factor in industrialization.

61. It was gratifying to note that UNIDO had tightened its contacts with the specialized agencies and the regional economic commissions. UNIDO should also collaborate with Governments through national industrialization planning bodies.

62. With regard to the proposed Special International Conference, for which the UNIDO secretariat seemed to be making serious preparations, his delegation would prefer it to be held in June 1971 and not in the autumn, in order to avoid overlapping with General Assembly meetings. The agenda for the conference was small; but the substance of the items to be discussed appeared to be important and would allow the developing countries and the specialized agencies to define their positions on the part to be played by UNIDO during the Second United Nations Development Decade.

63. Mr. ILBOUDO (Upper Volta) said that a perusal of the Board's report permitted an immediate appraisal of the height of the developing countries' hopes and the restrictions on UNIDO's ability to meet the expectations which it had kept arousing since its inception. There was a striking imbalance between needs and resources. UNDP should increase its contribution to UNIDO which, according to its Executive Director, received at present, for all its operational activities, only one third of the amount which it would require to implement its programme. The report under consideration showed that the Board had so far failed to define a genuine development strategy and to provide UNIDO with general rules on which to base priorities for the promotion of industrial development.

64. Little progress had been made since the Athens International Symposium on Industrial Development; but at least UNIDO had been able to assemble all the data required for the determination of its over-all strategy. It was to be hoped that, with those data and those contained in the Pearson Commission's report<sup>1</sup> and the Capacity Study,<sup>2</sup> a clear industrial development strategy could be defined during UNIDO's forthcoming Special International Conference. That was the only means of ensuring the success of the Second United Nations Development Decade in the sphere of industrialization.

65. He wondered what the attitude should be towards the target of an 8 per cent increase in industrial output during the Second Development Decade, when everyone knew that the 5 per cent growth target for the First Decade had been reached but seldom in the developing countries, and the hope that the developed countries would devote 1 per cent of their national incomes to the development of the developing countries had not been realized. There were many reasons for the developing countries' ill-success: lack of management personnel, shortage of capital and lack of experience, but also, and especially, over-ambition or heavy investments made in economic sectors of doubtful profitability. Investment must be better balanced between industry and agriculture. The present distribution of UNDP resources between the two was 4 per cent for industry and 80 per cent for agriculture — and it must be acknowledged that investments in agriculture were the least profitable and the least dependable.

<sup>1</sup> *Partners in Development: Report of the Commission on International Development* (New York, Praeger, 1969).

<sup>2</sup> *A Study of the Capacity of the United Nations Development System* (United Nations publication, Sales No.: E.70.I.10).

66. In view of its limited resources, UNIDO should concentrate on promoting a modest but effective programme designed to co-ordinate the industrial development activities of the specialized agencies and collect and centralize technical and scientific data for the benefit of the less developed countries. In particular, UNIDO should for the moment abandon any idea of embarking on a vast programme of systematic research, especially in areas where the research might be done by one or other of the specialized agencies. Great attention should, however, be paid to the training of management personnel, who had a key role to play in speeding up industrial development. UNIDO might also encourage and promote feasibility studies on industrial projects as well as the improvement of communications systems and means of transport in the developing countries.

67. Mr. PANGGABEAN (Indonesia) said that the work of UNIDO was of crucial importance. Reduction of the existing gap between the poor and rich countries hinged on the question of how far the developing countries could become industrialized. Indonesia would approve of any effort to strengthen the financial resources of UNIDO both from voluntary contributions and from international agencies and financial bodies. It was to be hoped that the next Pledging Conference would result in increased contributions from the developed countries, taking into account the important role UNIDO was going to play in the Second Development Decade.

68. He was pleased to find that the Board's report emphasized industrial activities at country level. Also, the question of regional harmonization of industries should receive adequate attention from UNIDO.

69. His delegation approved the proposal by the Executive Director to set aside 1-2 per cent of UNIDO's resources for research.

70. The question of transfer of technology to the developing countries was still far from being resolved, mainly because of the attitude of many developed countries, which were unwilling to disclose their technology to the developing countries. Indonesia welcomed foreign investment based on certain conditions. The diminishing interest in developed countries for the transfer of financial resources to developing countries in the form of development aid had made it necessary for external assistance to be supplemented with foreign investment, especially in industry.

71. At the last meeting of the Board the Indonesian delegation had supported the holding of a Special International Conference in June, rather than December 1971. Indonesia approved the three main items on the agenda for the conference, but was still studying the question and would inform UNIDO of its views.

72. Mr. ASANTE (Ghana) said that, while pleased to note that UNIDO was receiving increasing aid for its operational activities, his delegation thought the proportion of UNIDO's resources spent on administration was still excessive. The meetings of UNIDO bodies lasted too long, hence entailing exorbitant administrative and documen-

tation costs. The structure of UNIDO should therefore be reviewed.

73. His delegation thought that the Special International Conference should be held in May or June 1971, immediately after the Board's session.

74. Mr. CARANICAS (Greece) said that UNIDO's resources, including those obtained through UNDP, were very limited. With regard to the Capacity Study, it was to be hoped that with the proposed reorganization of international agencies UNIDO would play a more important part in the implementation, evaluation and planning of industrial development in developing countries.

75. If the target of an 8 per cent increase in industrial production during the Second Development Decade was to be attained, UNIDO needed all possible help from Governments, the specialized agencies and the regional economic commissions.

76. The regional economic commissions should intensify their collaboration with UNIDO, with the aim of devising an industrialization programme for each region, to be financed and implemented by UNIDO and the regional economic commissions. For that purpose UNIDO would need help from the personnel of the regional economic commissions.

77. His delegation had serious reservations about the setting-up of multinational interdisciplinary development advisory teams to work with the regional economic commissions. The results obtained by the first teams sent out to countries would have to be known before any appreciable increase in the number of teams.

78. His Government thought that the forthcoming Special International Conference should be held in May and not in the autumn. It was to be hoped that the Conference would carefully study the question of the financing of UNIDO and would decide to allot a larger share of the Organization's resources to operational activities in the context of the Second Development Decade. That would involve reorganizing UNIDO, and probably decentralizing its activities.

79. With regard to the USSR representative's comment that foreign private investment in developing countries was a heavy burden on them because profits were repatriated, the Greek delegation drew attention to paragraph 52 of the report of the Board (E/4874), which requested UNIDO to defend the interests of developing countries in that respect. The experience of Greece was that capital was easier to obtain for industrialization than for some other purposes, such as health and education. As a rule, plant built with foreign capital could refund external investment direct, and the export income from the plant helped to cover foreign currency requirements.

80. Industrialization required an association between the developing and the developed countries, and it was the former that were mainly responsible for protecting their own interests.

81. Mr. PATHMARAJAH (Ceylon) said that Ceylon, which traditionally was an agricultural country, had only

recently begun to industrialize. The initial phase had been restricted to creating a consumer goods substitution industry, not heavy industry. Since its own resources in capital and technology were modest, Ceylon had to rely on technical and financial aid from international organizations such as UNIDO. But, as was generally observed in all United Nations bodies, the policy of UNIDO and the Industrial Development Board seemed to be directed principally towards supplying technical assistance to developing countries through experts rather than through the provision of fellowships and equipment, which appeared to be extremely limited. The developing countries had constantly maintained, at various seminars and meetings of UNIDO and other bodies, that the answer to the problem of accelerating industrial development lay not in the provision of experts — essential as they were in certain contexts — but in the development of the national potential of those countries themselves.

82. He supported the opinion of the representative of Japan, who had pinpointed the delays in the recruitment of experts who had been requested and in the supply of fellowships and equipment. The Board's report had emphasized what many countries considered desirable, namely: (1) to expedite the flow of the latest advances in technology to the developing countries; (2) to link long-range programmes with national development plans; (3) to eliminate delays in the recruitment of experts for field projects; (4) to increase the number of industrial field advisers; and (5) to review the existing fellowship programmes.

83. He also pointed out that the Special Industrial Services programme, although a valuable tool, had not served as the "first aid" programme that it was meant to be, owing to procedural delays.

84. Mr. SNOXELL (United Kingdom) thought that UNIDO was going through a consolidation phase and that the long-established United Nations bodies were increasingly aware of its very useful role.

85. His delegation was glad to note the Board's resolution 27 (IV), which showed that collaboration had begun both at headquarters and in the field between UNIDO, the regional economic commissions and the United Nations bodies. His delegation was awaiting the second meeting of the Advisory Committee to discover what new steps would be taken in preparation for UNIDO's Special International Conference.

86. With regard to future UNIDO activities, any further financial contributions would have to be justified by results.

87. Mr. BRILLANTES (Observer for the Philippines), speaking at the invitation of the President, said that his delegation entirely concurred with the statements of the Observer for Trinidad and Tobago about the proposed Special International Conference. In his capacity as a member of the Advisory Committee, he was pleased to learn that the USSR would agree to the Conference being held in May or June instead of November.



88. With regard to UNIDO's activity in general, he thought that the Economic and Social Council could note with satisfaction the report on the Board's fourth session, recognize the importance of industrialization as a key element in the implementation of the strategy for the Second Development Decade, and express the hope that, when the matter was examined in the General Assembly, Governments would make suggestions about the proposed Conference, particularly as regards the agenda. The Council

might also express the hope that the General Assembly would approve the calling of the Conference and that Member States would study the agenda and provide high-level representation at the Conference, so as to determine UNIDO's future orientation and facilitate rapid industrial progress in the developing countries.

The meeting rose at 1.50 p.m.