



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



United Nations Industrial Development Organization

Distr.
GENERAL

ID/CONF.1/G.64 SUMMARY*
30 June 1967

ORIGINAL: ENGLISH

INTERNATIONAL SYMPOSIUM ON INDUSTRIAL DEVELOPMENT
Athens, 29 November-20 December 1967
Provisional agenda, Item 4(b)

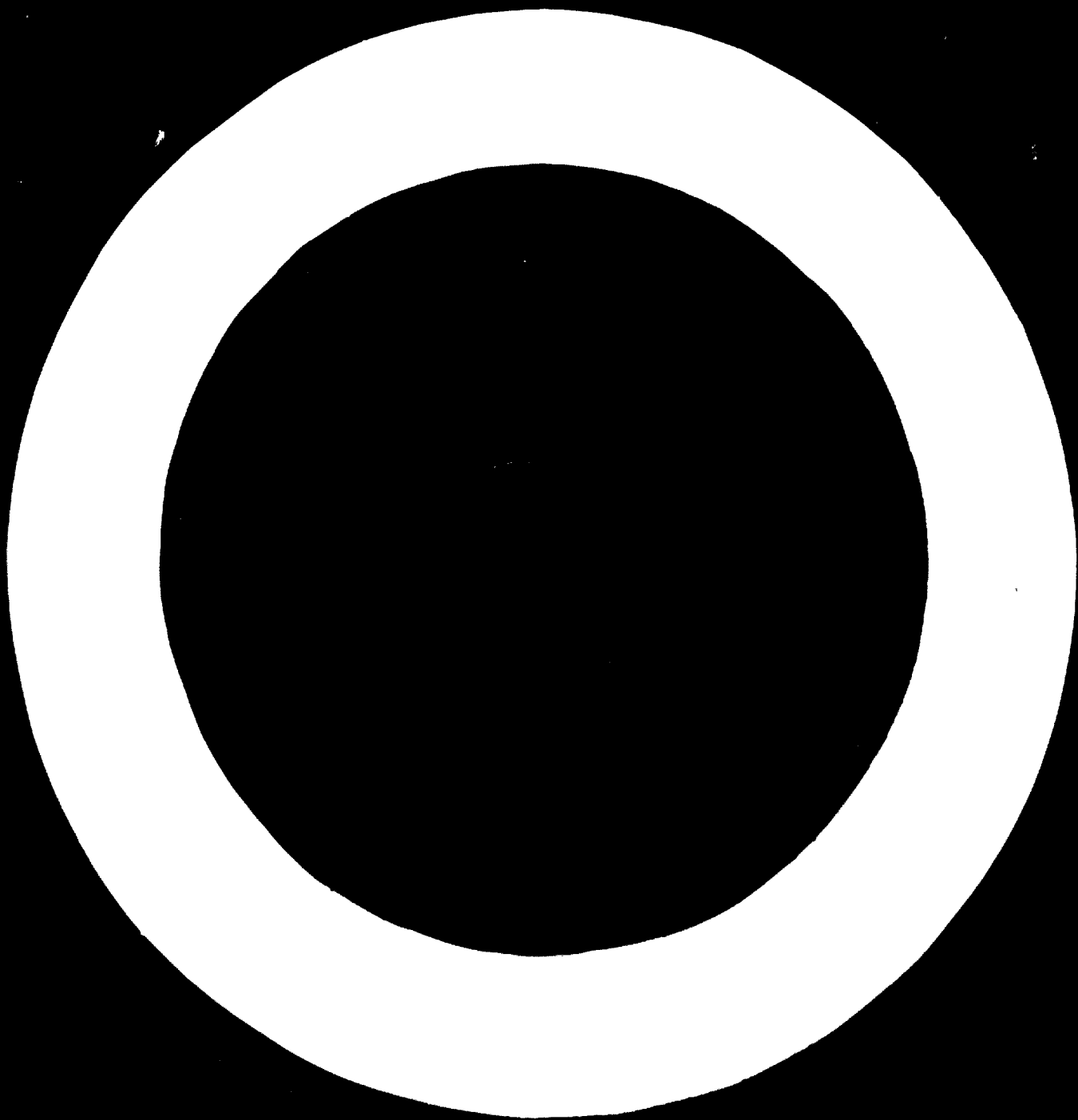
EXTERNAL FINANCING OF INDUSTRIAL DEVELOPMENT:
SOME PROPOSALS TO ENCOURAGE THE FLOW OF PRIVATE CAPITAL

Submitted by the Government of Greece

D01835

* Since the Government has submitted a very short paper, it is treated for purposes of reproduction and distribution as a summary paper and will be distributed in English, French, Spanish and Russian.

67-15825



General remarks

1. In the light of the tapering off of the flow of private capital in the course of the present decade it is necessary to consider new ways and means to facilitate such a capital flow and to canalize it to the industrial sector of countries in the process of industrial development. More specifically, we are faced with the problem of how to improve the international institutional framework in order to increase the participation of private capital in the financing of industrial development in low income countries.
2. In particular, we shall focus our attention to three proposals all aiming at encouraging the flow of private capital from developed to developing countries.
3. The first proposal refers to the establishment of an International Export Credit Guaranty Unit, the second to a Regional Finance Institution and the third to a Consultative Investment Control Body.

The international export credit guaranty unit

4. The establishment of an International Export Credit Guaranty or Insurance Unit was first proposed by Professor Xenophon Zolotas in 1960 to the Organization of Economic Co-operation and Development (OECD).
5. According to Zolotas' scheme the main objectives of such an organization would be as follows: first to mobilize to a much greater extent private capital resources for investment in developing countries of the world and second, to create a mechanism which in periods of reduced economic activity would support demand in the advanced countries through the expansion of exports of capital goods thereby making also possible the continuation of development investment in the developing countries during periods of recession.

/...

6. These general objectives could be pursued by providing collective guarantees or insurances by all advanced countries participating to the proposed scheme either directly to interested private or public firms and financial institutions in developing countries and to financial institutions and exporters in developed countries, or by indirect coverage of such guarantees extended through corresponding national institutions against risks attached to the repayment of loans on credits for exports of capital goods to developing countries on a wider scale and on easier and more uniform terms than the case has been hitherto.

Regional finance institutions

7. Specialized finance institutions could be set up to provide venture capital on a world basis or in the framework of regional economic associations or co-operations or communities viz. EEC, LAFTA, CAFTA, EFTA, etc.

8. The principal aim of these institutions should be to encourage through equity participations the extension of existing industries or the establishment of new ones in less developed countries or regions of the world. Such a proposal for example would lead to a major extension of the activities of the International Finance Corporation strengthened by substantial amounts of public funds.

9. The role of these institutions would be complementary to that of already existing financial institutions and in cases that there is no easy access to other financial sources mainly banks. The necessary capital should be provided at least in part by the Governments of the advanced industrial countries.

The consultative investment control body

10. Regarding the establishment of a consultative investment control body, we deem it not irrelevant to mention the experience of Greece. In some cases of import of foreign capital - mostly in the form of

/...

machinery for approved investments under Greek Legislative Decree No. 2687 of 1953 - domestic authorities were not always in a position to assess the real value and the technological significance of complicated machinery. On the other hand, it has not always been convenient to afford the services of private control firms. Consequently in many instances we have felt the need for the services of an international body to perform as consultative agent whenever need be.

11. At this stage, we envisage the establishment of a consultative investment control body under the auspices of the United Nations whose main objective would be to offer assistance at the request of developing countries in cases that the authorities of these countries could not satisfactorily cope with such problems as evaluating imported capital equipment, assessing the feasibility and over-all profitability of foreign investment, providing the necessary know-how etc.

12. Among other things the operation of the proposed body may eliminate eventual disputes between the parties concerned which might become quite detrimental at a later stage.





4 . 10 . 7 |