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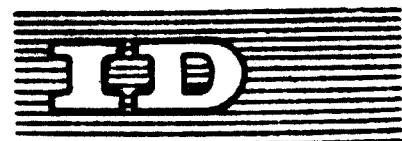
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## Industrial Development Board

Fourth Session

Vienna, 20 - 30 April 1970

### SUMMARY RECORD OF THE NINETY-FIRST MEETING

Held at the Neue Hofburg, Vienna,  
on Monday, 20 April 1970, at 3.20 p.m.

President: Mr. SEDIVÝ (Czechoslovakia)

Rapporteur: Mr. ARCHIBALD (Trinidad and Tobago)

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

GENERAL DEBATE (continued)

1. The PRESIDENT noted that only two representatives' names were on the list of speakers and said that if any of the observers attending the Board's meetings wished to speak during the general debate he would be pleased to give them the floor.
2. He further recalled the Board's decision to begin its meetings at 9 a.m. and 3 p.m. and stressed the desirability of adhering to those starting times as far as possible.
3. Mr. CASILLI (Italy) thanked the President for stressing the need to adhere to the planned timetable, but pointed out that it would also be advisable to consider the times at which meetings ended, for if those times could be foreseen, contacts between delegations would be facilitated.
4. Mr. AL-ANSARI (Kuwait), after associating himself with the congratulations already expressed to the President, the two Vice-Presidents and the Rapporteur at the morning meeting, said that the fourth session of the Board seemed more important than the preceding ones, for among the items on the agenda were problems of great importance, and decisions taken on them might have far-reaching effects on UNIDO's future and on the industrial development plans of the individual member States. In addition, the present session was being held on the eve of the Second United Nations Development Decade, and that further enhanced its importance.
5. In order to facilitate the Board's work, the Working Group on Programme and Co-ordination had submitted a report which, on the whole, the delegation of Kuwait approved. The delegation of Kuwait none the less considered it necessary to recall its position with regard not only to the programme of work implemented in 1969, but also to the 1970 programme and programme envisaged for 1971. It wished to express its satisfaction with the programme implemented in 1969. It felt that the programme of work approved for 1970 and, more especially, that envisaged for 1971, should continue to be responsive to the priorities indicated in the requests for assistance, with the one reservation that any request concerning a long-term project should be considered in the light of the requirements of the region as a whole.
6. His delegation thought that UNIDO's activities in the field of industrial development should continue to expand, so as to cope with the growing demands of the developing countries for technical co-operation and assistance. It would therefore welcome

an increase in the number of Special Fund projects as well as an increase in UNDP funds allocated to projects executed by UNIDO, so that the UNDP technical assistance component could have a larger share in the operational activities of UNIDO. The organization would thus be given further support in carrying out the programme of work envisaged and might thereby more easily contribute towards narrowing the ever-widening economic and social gap between the developed and developing countries.

7. Finally, Kuwait, like most other developing countries, attached great importance to the type of assistance offered by UNIDO under the SIS programme, which had, since its inception, rendered great service to interested governments. His delegation had therefore noted with satisfaction the decision taken by the UNDP Governing Council to permit the financing of SIS operations under the Revolving Fund, at an annual expenditure level of \$2 million. It was also pleased with the arrangement reached between the Executive Director of UNIDO and the Administrator of UNDP providing for the establishment of an annual allocation of \$4 million for operations undertaken by UNIDO under that programme, to allow for a sufficient margin of projects in the pipeline.

8. In his opinion, the role of UNIDO in co-ordinating the activities of the United Nations systems in the field of industrialization should never be lost sight of. Co-ordination between the activities of UNIDO, on the one hand, and the intergovernmental and non-governmental bodies, on the other hand, was no less essential. Accordingly, his delegation hoped that the Board would grant consultative status to the League of Arab States, which would open up possibilities for co-operation between UNIDO and the Middle East region. It was worth mentioning that the Industrial Development Centre for Arab States, which would represent the League of Arab States, had been set up with the aim of promoting industrialization in the Arab countries and co-ordinating their efforts in that field. His delegation was also pleased to note the favourable relations between UNIDO and the regional economic commissions and the United Nations Economic and Social Office in Beirut. It suggested that UNIDO should take positive steps to strengthen its Industry Unit outposted at the Beirut Office, in order to expand its activities in the Arab countries of the Middle East, and assign a second industrial field adviser to the Middle East region, to ensure a better coverage of the area's requirements in the field of industrial development. For the purpose of improving co-ordination between the activities of the Industrial Development Centre for Arab States and those of the Arab Governments of the Middle East, his delegation also thought that the Beirut Office should be provided with a governing body composed of representatives of the Arab countries concerned.

9. In conclusion, he stated that his Government was opposed to the establishment of subsidiary organs of the Board, taking the views that such a step would be premature. He assured the President of the full support of his delegation for UNIDO. Kuwait had faith in the role to be played by the organization in the developing countries, as a token of which his Government had tripled its contribution to UNIDO.
10. Mr. LUITSZ (Netherlands) said he was speaking on behalf of a country where the people as a whole and not only the Government or Parliament took an active interest in the industrialization of the developing countries.
11. The fourth session of the Board was opening at a crucial time, when the Second Development Decade was beginning, when the whole United Nations development system was under discussion as a result of the Jackson Report and when UNIDO was facing a task for which it would have to summon up its full resources.
12. The Netherlands delegation felt that UNIDO should make a substantial contribution towards realizing the growth targets fixed for the Second United Nations Development Decade. According to the report of the Preparatory Committee for the Decade the average annual rate of increase of industrial output of the developing countries should be raised to 8 per cent, in order for the average annual growth rate of the gross national product of these countries to reach at least 6 per cent. At its third session the Board had laid down guidelines for UNIDO's contribution to the Second Development Decade. An action programme had then been submitted by the Executive Director to the Preparatory Committee. Lastly, the international development strategy scheduled for the autumn would provide UNIDO with guidance regarding the aid to be given to developing countries in order to help them to attain the targets set for the industrial sector.
13. Obviously, industrialization could not follow any standard pattern: each country had its own characteristics and would have to find its own way in the formulation of a strategy of industrial development best suited to its specific requirements. The Netherlands delegation therefore welcomed the initiative of the secretariat to cooperate with governments of developing countries in order to help them to design appropriate industrial strategies, to identify the required technical assistance and to set up effective machinery for the review and follow-up of the results obtained in the Second Development Decade.

14. Moreover, industrial growth was linked with that of other sectors of the economy. UNIDO would therefore have to co-operate closely with other United Nations bodies to render assistance on the basis of integrated national programmes comprising all economic and social development sectors. In the case of multi-national or regional industrialization programmes, close co-operation was also necessary, particularly with the regional economic commissions.

15. In connexion with the draft of the international development strategy for the Second United Nations Development Decade contained in the report of the Preparatory Committee on its recent session, the Netherlands delegation wished to stress the importance of an international division of labour. In the Netherlands the question had already been studied by the National Planning Bureau and the Social and Economic Council, thus showing the Netherlands Government's interest in the problem, which would loom larger as time went on.

16. Concerning the role of UNIDO in promoting private investment for industrial development, the Netherlands delegation felt that, in order to ensure the success of the Second Development Decade, private investment in the developing countries should be stimulated as much as possible. The capital to be directed towards those countries in the Second Development Decade had been estimated at more than 200 billion dollars. A substantial part of this capital must of necessity come from private sources, which meant that over the next ten years private foreign investment in developing countries would have to be increased considerably. Against that background, the Netherlands Government attached great value to the role which UNIDO could play in promoting private investment. Moreover, by stimulating private foreign investment a source of technological and managerial resources was being tapped, and this might be a way of overcoming the problem of engaging sufficient experts, of the right calibre, the need for which had frequently been commented upon at meetings of the Working Group.

17. The Netherlands delegation wished to inform the members of the Board of a recent initiative taken by the Netherlands Government to create a limited liability company called the "Finance Corporation for Developing Countries". It would be a joint venture between the Netherlands Government and private enterprise, and its primary aim would be to stimulate the economic and social advancement of the developing countries.

It would provide loans to private Netherlands enterprises wishing to invest in developing countries; it might also, in certain circumstances, subsidize projects in developing countries in which there was Netherlands participation. To qualify for aid from the company, projects would have to be economically sound, approved by the developing countries concerned, and of such a nature as to contribute to their economy. The company could also contribute to existing or scheduled development banks. Aid by UNIDO would be sought in identifying investment projects, and the investment promotion service, as well as the "investment portfolio" established by UNIDO, might be very helpful in that context.

18. On the subject of National Committees for UNIDO, Mr. Luitsz recalled that a National Committee had been set up in the Netherlands immediately after the Athens Symposium and had helped greatly in making known the role and work of UNIDO, especially in industrial, financial and scientific circles.

19. The Netherlands delegation would consider the programme of work of UNIDO when the Board examined the report of the Working Group, and thanked the secretariat for its great activity in the course of the past year.

20. Mr. PROKOP (International Confederation of Free Trade Unions) emphasized ICFTU's interest in the industrialization strategy which UNIDO was preparing on the eve of the second United Nations Development Decade.

21. Industrialization was an essential factor in economic progress and, apart from some rare exceptions, it was industrialization which had enabled the most advanced countries to attain their present prosperity. It must now play a similar role in the developing countries, and ICFTU was closely following both the social and the economic and financial aspects of industrialization. The aim of a development and industrialisation policy must be constantly to improve living standards, not only by a general rise in wages but also by creating productive employment opportunities at remunerative wage levels. Industrial growth must, in particular, offer possibilities of new employment to labour forced to abandon the agricultural sector owing to the rise in productivity, in that sector. Unless there was a sufficient level of industrial growth, agricultural development would only transform a steadily flowing mass of under-employed rural manpower into urban unemployed. Public authorities and planners were becoming increasingly aware of the need, in formulating development plans, to take account not only



of the objective of increasing industrial production, but also the need to create new jobs. ILO had proposed a World Employment Plan and UNIDO could usefully co-operate with that organisation to formulate a combined employment and industrialization plan.

22. Industrialization could only be successful if it was based on social justice, and the existence of free and independent trade unions was a most vital factor in that connexion. Worker participation in national efforts towards industrialisation was an essential requirement for their long-term success and could be achieved only if governments and employers respected the fundamental principles of freedom of association and the right to collective bargaining.

23. ICFTU was firmly convinced that industrialization required an adequate social structure and that it was necessary to take all requisite measures to ensure adequate minimum wages, social security, occupational health and safety, labour mediation and conciliation procedures, housing and occupational training. It also thought that industrialisation should not be considered as an end in itself, but should be integrated into the process of economic and social development. The Board should therefore devote its full attention to the Pearson Report, which proposed means of improving the economic and social structure of the developing countries.

24. Lastly, ICFTU noted with satisfaction that the UNIDO secretariat had a year ago taken the initiative of improving co-operation between itself and the non-governmental organisations which were associated in its work, and ICFTU unreservedly approved the recommendations put forward by the secretariat on that subject.

25. Mr. TARCICI (Yemen), Observer, said that his Government had been surprised and very pleased to see the large number of field activities (ID/B/64, annex I) already undertaken by so young an Organisation as UNIDO. Yemen was still among the least advanced of the developing countries, and was anxious to make up for lost time; it had every reason, therefore, to rely on UNIDO to help in speeding up its industrialisation. It was obvious that Yemen's needs were specially urgent: to improve output, the Government, acting on the advice it had been given, had embarked upon the mechanisation of agriculture, but the shortage of skilled labour had made it impossible to use the equipment purchased, which had often broken down in inexperienced hands; that example showed how necessary it was for UNIDO to support the

establishment of training centres and repair workshops. Yemen produced coffee, fruit and vegetables, but there again it had to ask UNIDO for assistance to set up processing, preserving and packing industries. With regard to cotton, an important crop in Yemen, the Government had bought a very expensive spinning mill, but had not been able to bring it into operation owing to a lack of skilled workers and technicians.

26. Industrial development was an urgent practical necessity for the developing countries and the aid required for that purpose could only come from an efficient and dynamic organization like UNIDO. He hoped that the Board would see that UNIDO retained that character, which augured so well for its success, and make sure that the Organization did not become bogged down in a multiplicity of committees and sub-committees, complicated procedures and useless discussions.

REPORT OF THE WORKING GROUP ON PROGRAMME AND CO-ORDINATION (ID/B/L.73)

27. The PRESIDENT said that there was no other speaker on the list and asked whether the Board would not prefer to begin consideration of the other items on the agenda at once, before going on with the general debate. He suggested beginning with item 5 - Consideration of the Report of the Working Group on Programme and Co-ordination (ID/B/L.73).

28. Mr. Aliou KEITA (Mali) said that some delegations had not been represented in the Working Group and had not yet had time to study the Report. The consideration of that document therefore seemed to him premature.

29. Mr. ASANTE (Ghana) thought that the Board could begin consideration of item 6, relating to the co-ordination of activities of the United Nations system in the field of industrial development, as delegations had received the relevant documents well before the opening of the session. Nevertheless, a preliminary discussion of the Report of the Working Group could help representatives who had not taken part in its deliberations to be better acquainted with its contents.

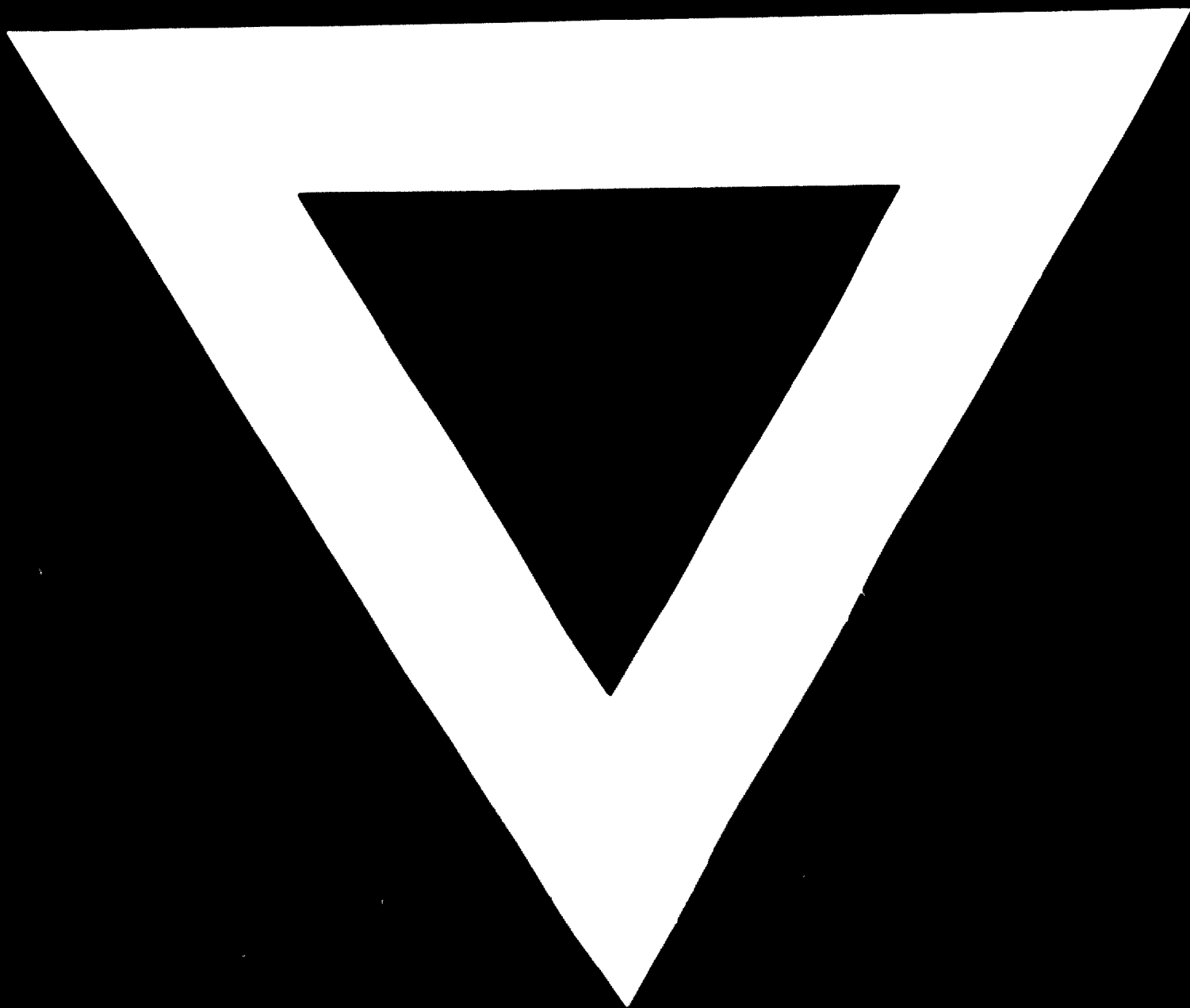
30. Mr. BRILLANTES (Philippines) suggested that the Rapporteur should outline the main conclusions of the Report for the benefit of delegations which had not been represented in the Working Group.

31. Mr. ARCHIBALD (Trinidad and Tobago), Rapporteur, sketched out what appeared to him the most important points in the report of the Working Group. The Report comprised two main sections: consideration of the programme of work by groups of activities, and consideration of the programme as a whole. He drew the attention of the Board to paragraph 18, where it was pointed out that in its discussions, the Working Group had not sought to reach conclusions, but only to exchange views and experiences. Delegations should also note the decision of the Working Group regarding the establishment of subsidiary organs (paragraph 243) and the recommendation made in subparagraph (3) of paragraph 245.

32. Mr. ENSOR (United Kingdom) wondered whether the report of the Working Group would be incorporated in its entirety in the Board's report, following the method adopted at the third session, or whether it would not be sufficient to incorporate the last portion, starting with paragraph 206.

The meeting rose at 4.45 P.M.





**8. 10. 71**