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INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE THIRD MEETING

*2nd of 26 DB, 1st session,
1967*

Held at Headquarters, New York,
on Tuesday, 11 April 1967, at 10.35 a.m.

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and Add.1/Corr.1 and Add.2 and Add.2/Corr.1)

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.

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Members (continued):

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| | |
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| Mrs. de LOPEZ) Mr. AMMAR) | International Labour Organisation |
| Mr. WOODWARD | Food and Agriculture Organization of the United Nations |
| Mr. KASSUM | United Nations Educational, Scientific and Cultural Organization |
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Representative of the International Atomic Energy Agency:

Mr. PISKAREV

Representative of the General Agreement on Tariffs and Trade:

Mr. HORTLING

Representatives of other United Nations bodies:

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| Mr. HUERTIMATTE | United Nations Development Programme |
| Mr. NERPIN | World Food Programme |

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PRESENT (continued):

Secretariat:

| | |
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| Mr. ABDEL-RAHMAN | Executive Director, United Nations Industrial Development Organization |
| Mr. STAVROPOULOS | Legal Counsel |
| Mr. GRIGORIEV | Director, Industrial Technology Division |
| Mr. BIRCKHEAD | Acting Director, Division for Administration and Finance |
| Mr. MULLER | United Nations Conference on Trade and Development |
| Mr. NONVETE | Economic Commission for Africa |
| Mr. SYLLA | Secretary of the Board |

STATEMENT BY THE EXECUTIVE DIRECTOR

Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) said that the first session of the Board marked a new and most encouraging beginning for the United Nations efforts to promote accelerated industrialization. The Board would be laying the groundwork and the basic guidelines for the activities of UNIDO in pursuance of the purposes set out by the General Assembly. UNIDO was not a goal in itself but an instrument for action, and success in creating the machinery should not obscure the goals or detract from efforts to develop it and use it effectively.

One of the items on the agenda related to the establishment of the headquarters of the new organization. The Austrian Government had generously offered to build, at its own expense, permanent headquarters for UNIDO. The construction of an "international city" in the heart of Europe would be a major contribution to international co-operation in a field which was becoming increasingly important for all humanity. The Board had before it the report on the negotiations conducted with the Austrian Government and details of the arrangements for the temporary headquarters of UNIDO. He wished to express his gratitude to the Secretary of State for Foreign Affairs of Austria for the spirit of co-operation he had displayed during the negotiations.

The Board had before it comprehensive information on the activities of the United Nations system of organizations in the field of industrial development. It would have to decide whether the existing patterns of reporting should be retained or whether a new pattern should be developed. In particular, there might be a need for closer analysis of activities by individual branches of industry, so as to enable the Board to deal with the specific problems of each sector and make it possible to achieve adequate co-ordination and to harmonize the activities of individual agencies.

At the recent meeting of the Executive Secretaries of the regional economic commissions, it had been envisaged that the close relationship between UNIDO, the regional commissions and the specialized agencies should be built on the basis of specific industrial development projects. The development of machinery and procedures for co-ordination of the activities of the United Nations system in the field of industrial development should proceed on the basis of the cumulative

(Mr. Abdel-Rahman, Executive
Director, UNIDO)

experience derived from undertakings of common interest and co-operative efforts such as those undertaken in connexion with the regional symposia and the International Symposium on Industrial Development. Joint efforts to deal with the varied aspects of industrialization were continuously broadened. For instance, UNCTAD had become associated with the activities for the promotion of export-oriented industries, in which several United Nations organizations were now participating. In March 1967, the Asian Industrial Development Council had decided to establish "Action Groups" in several sectors of industry. UNIDO had been invited to participate in two of the groups. UNIDO might also co-operate with ECA in the establishment of a pilot regional centre for small industries. Likewise, it had been asked to take part in a meeting on development of petrochemical and fertilizer industries recommended by the Conference on Industrial Development of the Arab countries. At the recent meeting of ACC, the representatives of some of the specialized agencies had felt that there was a need to establish formal co-ordination machinery in the field of industry. In the light of the important responsibilities placed on the Board by the General Assembly with respect to co-ordination, it would appear appropriate for the Board to lay down the basic principles for action in that area. It was clear that UNIDO, with its limited resources, could not tackle all the problems of industrialization at once. It must make use of the experience and resources of other United Nations organizations. Without shrinking from its important responsibilities, UNIDO must undertake practical arrangements with those organizations for collaboration in specific fields.

Although a good part of the current work of UNIDO was geared to the preparation of the International Symposium on Industrial Development, the organization's activities as a whole were centred on operational assistance to the developing countries. Such assistance must, by its very nature, be closely tied to the application of know-how in specific areas. Thus, the programme of work presented to the Board related to the major aspects and branches of industrialisation. Success in that field would depend to a large extent on the ability of the secretariat to build up a strong technical capability and a thorough understanding of the problems in each particular branch. In its practical application, such technical know-how - whether in connexion with the establishment of a plant or the development of a whole sector of industry - would have to be

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Director, UNIDO)

harmonized in a total approach to the problem at hand. For instance, the feasibility study for a particular industry was in many cases the result of studies concerning such matters as the market, raw materials, labour conditions and capital requirements. In further stages of the project involving engineering studies and the promotion of financing, it might be necessary to apply different criteria to the selection of the most appropriate production processes, the training of the necessary manpower or the solution of other problems of a local nature. Thus, one single project might involve the whole spectrum of activities listed in the programme of work, and the ability to provide such multi-dimensional assistance would determine the success or failure of UNIDO. If UNIDO was to be effective, its technical staff must be able to cover a certain number of basic fields or aspects of industry. The minimum targets established in that connexion were far from having been reached, because existing resources had to be concentrated on meeting the most pressing needs. While all necessary priority had been given to direct assistance, it would be unrealistic to expect that the latter could be developed in a vacuum. The very concept of operational activities included the ability to mobilize resources, promote co-operation and provide backstopping and technical information. The understanding of the requirements of industrialization derived from analytical research of specific problems was likely to be of no less value to the developing countries than technical advice given piecemeal. In any event, it was indispensable for the development and implementation of sound programmes of direct assistance. UNIDO could not expect to cope with problems related to industry-building and transfer of technology without developing a broad range of technical capabilities and without becoming a storehouse of practical information and a centre of contacts. The deficiencies in its work on such matters as industrial finance or patents and licences must be remedied as soon as possible. It was, of course, the Board's responsibility to set the basic approaches to the work of the organization. Although a flexible approach was needed during the current transitional period, it was important not to lose sight of the basic need to strengthen the technical capability of the secretariat of UNIDO.

(Mr. Abdel-Rahman, Executive
Director, UNIDO)

In that way, UNIDO could enhance its ability to serve as a bridge between the developing countries and the industrially advanced countries. In the industrial world, there was now considerable concern about the polarization of technology which had accompanied the rapid increase in industrial production during recent years. By promoting the technological advancement of the less developed countries, international co-operation could do much to change that picture. Similarly, because of the extent of their markets and the size of their operations, the large international corporations were in a particularly privileged position to contribute to the over-all expansion of industrial technology and production. The developing countries for their part were making every effort to enlarge their markets and explore the advantages of joint regional or sub-regional industrial undertakings. Increasing attention would have to be paid to multi-national and regional approaches. Larger markets offered such advantages as mobility of labour and capital, the removal of artificial obstacles and the establishment of joint research facilities. Those factors could contribute significantly to speeding up industrial development.

The developing countries could do much to make fuller use of their resources and manpower, as well as their potential market for industrial products, but they often lacked the means of action. Technical co-operation activities must fill that gap. The strong increase in technical assistance programmes indicated that the paucity of requests in the field of industrial development, which had caused some concern, did not reflect a lack of needs. The programme of Special Industrial Services confirmed the importance of establishing an adequate framework, for in the first nine months of its existence, over 100 requests for assistance had been received from Governments.

The impact of the operational activities could not of course be measured solely by the number of projects, or requests, or even by the amount of money spent. The central question was one of effectiveness. The creation of the Special Industrial Services programme had led to a better understanding of the real nature of needs in the field of industrial development. Whatever the intrinsic value of the assistance provided might be, its effective utilisation in the recipient country depended in most cases on its continuity. While the goals of each

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(Mr. Abdel-Rahman, Executive
Director, UNIDO)

industrial project could in most cases be defined quantitatively, there should be a large degree of flexibility in achieving those goals in order to allow for necessary adjustments to realities. Flexible and sustained assistance would put an end to any apparent lack of requests.

If industrial policy was to be effective, it could not be separated from policies relating to the distribution of personal income, from employment policies, policies relating to savings and investment, and measures to raise productivity not only in industry but in agriculture and the service sectors as well. Governments were becoming increasingly aware of that interdependence. That awareness in turn had created a greater need for general surveys and analytical assessments of the experiences of industrialization as a guide to further action.

In recent years, a considerable number of countries had experienced an average annual rate of industrial growth ranging from 7 to 9 per cent. During the past decade the industrial production of the developing countries as a whole had doubled. The production of steel had tripled and cement production had more than doubled. A significant expansion was under way in the capacity to produce synthetic fertilizers. Important advances had also been made in infra-structure. The general picture was not, however, very encouraging. The relatively high rates of growth in industry reflected a very low starting base. They did not show the exceedingly modest ratio of the volume of industrial production in the developing countries to that in the developed countries. The annual increase in production in the developing countries was only about one seventh of the increase in the Western developed countries and about one fifteenth of the per capita increase in the latter countries. Accordingly, the growth rate of manufacturing production in the developing countries was insufficient to satisfy the increased consumer demand for manufactured goods, and, as a result, imports of those goods had increased. Furthermore, the relatively high rate of population growth in the developing countries had reduced the rate of their per capita increase in industrial output to less than 5 per cent, and thus their apparent advance over the developed market economies had all but vanished. The contribution of the developing countries to the total manufactured output of the world as a whole had been less than 5 per cent in the first half of the present decade. That figure had hardly changed in thirty years, and at the present rate of growth it would probably be no more than 6 or 7 per cent by 1990.

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Director, UNIDO)

Quantitative projections of the potential industrial development in the less developed countries were not readily available. Nevertheless, there could be little doubt that great potentialities existed. The vast volume of primary commodities now being exported by those countries indicated important possibilities for establishing processing industries that would increase their export earnings and enable them to meet the growing demands of the local market. That was the case, in particular, of ferrous and non-ferrous metals, petroleum, forestry products, natural fibres, and hides and skins. Furthermore, the natural resources of many developing countries were now much better known than they had been some twenty years before, thanks to extensive studies made either by the countries themselves or with bilateral or multilateral assistance. Agriculture and building also had great potentialities for expansion. It was becoming increasingly apparent that the creation of a broadly based industrial sector, embodying the integrated development of resource-based and market-oriented industries, was the indispensable foundation for the sustained expansion of other major sectors of the national economy. Once the process of industrialization had reached a certain critical minimum level, it might generate forces that would contribute to the solution of many of its own problems.

The discrepancy between the growth rate of industries and the growth of agriculture, typical of the developing countries, was highly symptomatic. A lag in agricultural growth, particularly in food production, could, in the long run, impede industrial growth. The agricultural sector, which accounted for the bulk of employment, must necessarily constitute the main market for industry and the main supplier of its raw materials. Many developing countries must now place new emphasis on agriculturally oriented industrialization, but agriculture could not advance without an adequate supply of fertilizers, insecticides, agricultural machinery and so on. Manufactured consumption goods were also natural incentives to farmers to produce more and convert their surplus production into cash. Generally speaking, income from industry should be used to finance imports of the implements necessary to increase farm productivity. Likewise, plans for the expansion of certain crops should be accompanied by plans for the corresponding processing industries.

The solution of these far-reaching problems depended to a large extent on the emergence of an adequate framework for international co-operation. Full

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Director, UNIDO)

employment and economic growth in the industrial countries, resulting from the vast investment in new industrial technology, were favourable factors in that they increased the capacity of those countries to render greater assistance to the developing countries. That trend should also encourage and facilitate shifts in the industrial structure of the advanced countries which would be not only in their own long-term interest but also in that of the developing countries as well. Moreover, many developing countries had made a start in establishing an institutional framework for industrial research and planning. Their tendency toward general self-sufficiency was losing ground, but they were gaining an increasing understanding of the importance, and even the necessity, of regional and sub-regional integration. There could be little doubt that the time was ripe for a constructive dialogue between the two groups of countries on policies and measures for industrialization. The International Symposium on Industrial Development was intended to serve as a first step in that direction. The Symposium, which had been prepared for by a series of regional symposia, would provide a global survey of the industrial situation of the developing countries, examine in some depth the problems common to them all and indicate the broad outlines of a programme of international co-operation. The Symposium would probably also assist the Governments of the industrialized countries in formulating their programmes of bilateral aid and their policies regarding multilateral assistance in the field of industry. Lastly, it should also help the entire United Nations family of organizations in expanding and improving its programme of technical and financial assistance to the industrial sector.

One of UNIDO's fundamental tasks was to promote industrialization. The concept of promotion was a crucial one in the field of industry. There was hardly a project in industry which did not involve, at one time or another, preliminary economic and technical surveys: location, market studies, viability, technical training, financing, selection of processes and equipment, and so on. It was obvious that UNIDO would have to play an active promotion role in every aspect of industrial development. It was quite possible that the documentation before the Board did not reflect one essential aspect of those activities, which was the broadening of contacts and the establishment of practical relationships between those seeking to increase industrialization efforts in the developing countries and those who were providing the means for action. UNIDO was attempting to give

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its operational programmes a dynamic approach. For instance, the programme of Special Industrial Services was aimed at facilitating the solution of the practical problems of industrialization in the developing countries. A revision of the biennial programming procedures for the Expanded Programme of Technical Assistance with a view to arriving at a system of continuing programming might make it possible to use the expanded programme more widely for industrial development projects. He had recently proposed that a new category of Special Fund projects relating to promotional activities should be introduced. Likewise, it might be appropriate to review the programming procedures for the regular programme of technical assistance of the United Nations in so far as industrial development was concerned; the procedures of that programme should be adjusted so as to permit its use for the promotion of field activities which might serve as leverage for much larger undertakings. The Board might wish to recommend appropriate action by the General Assembly to that end.

The role of UNIDO was to encourage the building up of the industrial forces of the developing countries and to help those countries make full use of their own resources and of international assistance. At the present stage, UNIDO could not provide finance for the building of factories, but it might well promote investment in specific enterprises, by appropriate action carried out in conjunction with the interested parties, the international financial institutions and even private and other sources. In the field of training, it could help Governments to define the needs, promote training facilities and programmes and locate the places where specialized training might be obtained. In the field of industrial information, UNIDO did not expect to set up a single service as the only reservoir of knowledge, but it hoped to give the developing countries access to the accumulated knowledge which existed throughout industry. In a schematic way, UNIDO might be described as a kind of central co-operative pool, through which it was possible to draw on the experience, technical knowledge and tangible resources of all the participating countries.

That role might perhaps have to be accompanied by forward planning. It was important to develop a methodology to assess the progress of industrial development of the developing countries on a global basis. An indicative plan - which might parallel the world indicative agricultural projections undertaken by FAO for 1975 and

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1985 - might provide the needed frame of reference to steer industrialization efforts towards desirable objectives. It might serve as a guide to such questions as the transfer of newly developed technology, the adaptation of technology to the needs of the developing countries, the promotion of exports of manufactures and semi-manufactures, the intensification of investments based on economic integration, and the increasing multilateralization of aid.

UNIDO would be able to help the developing countries out of their present industrial stagnation only if it based itself on a succession of practical and well-considered steps to be taken within the framework of concerted efforts on the international plane.

Mr. DIABATE (Guinea) and Mr. DIMITRESCU (Romania) proposed that the statement of the Executive Director should be circulated as an official document of the Board.

It was so decided.*

REPORT ON THE ESTABLISHMENT OF UNIDO HEADQUARTERS (ID/B/6 and Add.1 and Add.1/Corr.1 and Add.2 and Add.2/Corr.1)

Mr. BOBLETTER (Austria) said that his delegation was fully aware of the importance and significance of the first session of the Industrial Development Board, which marked the beginning of a new era for the United Nations and the world community as a whole. The Austrian Government was prepared to make every effort to give UNIDO the opportunity for a quick and effective start. The choice of Vienna for the headquarters of UNIDO was not only a great honour for Austria but also a recognition of the declared aim of the Austrian Government to make Vienna serve as an international meeting place, a role for which Austria, as a neutral State in the heart of Europe, provided all the prerequisites.

After the negotiations and talks at Vienna between the Executive Director of UNIDO, United Nations officials and the Austrian Government, all the necessary steps had been taken, subject to the Board's approval, to allow UNIDO to move to Vienna during the summer, and a satisfactory solution had also been found for the

* The full text of the statement made by Mr. Abdel-Rahman has been circulated as document ID/B/12.

(Mr. Bobleter, Austria)

permanent headquarters of the organization. After consulting with UNIDO, the Austrian Government had decided to construct, with the co-operation of the City of Vienna, a United Nations Centre which would house not only UNIDO and the International Atomic Energy Agency but also an international conference centre which would be at the disposal of both organizations and would be suitable for the holding of large international conferences. The United Nations Centre was to be built in "Danube Park" on a plot provided by the City of Vienna which afforded ample opportunity for future expansion. The site was only a few minutes from the centre of the town, with which it had good communications.

The Government of Austria had agreed to construct the building and the necessary conference rooms at its own expense. The estimated cost of the Centre, including the UNIDO and IAEA buildings, was roughly \$25 million. The buildings, which remained the property of the Republic of Austria, would be leased to the United Nations for ninety-nine years at a nominal rent of one Austrian schilling a year. Construction should be completed within a maximum period of four years. Every effort would be made, however, to put the building at the disposal of UNIDO as soon as was technically feasible.

As to the provisional headquarters, to which UNIDO would move pending the completion of the permanent buildings, he wished to amplify the information in annex II of the report on the establishment of UNIDO headquarters (ID/B/6). A modern office building recently completed in the centre of Vienna would be vacated and adapted to UNIDO's needs for occupancy in the summer of 1967. In view of the probable increase in UNIDO's staff, the Austrian Government had agreed to construct, on a plot nearby and to the specifications of UNIDO, an office building which would be available by the autumn of 1967. It would also provide additional space in the Imperial Palace, where UNIDO might establish its documents centre. Those arrangements seemed to be particularly suitable, for the future meetings of the Board would probably be held at the International Conference Centre, situated in the same area of the Palace. Thus the 2,500 square metres of service space in the Vienna Rathaus, mentioned in annex II to the report, would be used only for archives.

Preparations were also under way to provide the necessary housing and school facilities for the staff. Very satisfactory negotiations had taken place with

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(Mr. Bobleter, Austria)

representatives of the American School, the British School and the Lyceé Français in order to secure the acceptance of the children of UNIDO staff members. There was also a Russian-language school in Vienna. The City of Vienna had taken the necessary steps to enable those schools to accommodate a greater number of pupils. The Austrian schools were of course open to the children of UNIDO staff members.

Referring to the Executive Director's report on the draft UNIDO headquarters agreement (ID/B/6/Add.1), he emphasized that his Government was willing to grant privileges and immunities exceeding by far those laid down in the Convention on the Privileges and Immunities of the United Nations. The draft headquarters agreement was acceptable to the United Nations and to the Austrian Government, and the latter intended to start the process of ratification immediately after the termination of the Board's debate.

Mr. STAVROPOULOS (Under-Secretary, Legal Counsel) said that the draft Headquarters Agreement for UNIDO was to be supplemented by an Exchange of Notes to clarify certain of its provisions. The negotiations had now been completed and the text of the notes would be available shortly. The draft Agreement followed substantially the IAEA Headquarters Agreement. It applied to the permanent headquarters and the temporary headquarters of UNIDO, and also to any building, in or outside of Vienna, which might be used with the concurrence of the Austrian Government for meetings convened by UNIDO.

As stated in its preamble and in section 41, the draft Agreement was complementary to the Convention on the Privileges and Immunities of the United Nations and also regulated questions not dealt with in the Convention arising as a result of the establishment of UNIDO's headquarters at Vienna. Such questions included the extraterritoriality and protection of the headquarters seat (articles III and IV), radio and other facilities and public services in the headquarters seat (sections 4, 5, 6 and 12), and provisions concerning the transit and residence not only of representatives of States, and officials and experts of UNIDO, but also of other categories of persons who had business with UNIDO, such as representatives of organizations or information media, and of invited persons (sections 21, 22 and 39).

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(Mr. Stavropoulos, Under-Secretary,
Legal Counsel)

The draft Headquarters Agreement also complemented the Convention on the Privileges and Immunities of the United Nations in the sense that, in most instances, it explicitly confirmed practices which were adhered to by the United Nations and the Member States generally but which had been or were susceptible of being contested by a Member State. For example, in order to eliminate any possibility of a repetition of past difficulties connected with the term "direct taxes" used in the Convention, the draft Agreement provides that UNIDO and its assets, income and other property would be exempt from all forms of taxation (section 16 (a)). For the same reason, section 16 (c) provides for exemption from all registration fees and documentary taxes.

The draft Agreement also filled a gap in the régime of privileges and immunities of representatives of Member States. The Secretariat always maintained that the "principle of reciprocity" was not applicable in the relations between a host State and a Member State of the United Nations. In other words, a State in whose territory the headquarters of a United Nations body was situated was not entitled to claim that representatives of a given Member State could not enjoy a certain privilege or immunity on the ground that that Member State did not grant the same privilege or immunity to the diplomatic envoys or citizens of the host State. The validity of that position seemed obvious to the Secretariat and, yet, there was no provision to that effect in the Convention. To fill that lacuna, the draft Agreement specified in section 39 that the Agreement "shall apply... irrespective of whether the State concerned grants a similar privilege or immunity to diplomatic envoys or citizens of the Republic of Austria".

With regard to the officials of UNIDO, the draft Agreement provided for privileges and immunities similar to those accorded to officials of IAEA. In certain details it was even more generous, since it provided for immunity from taxation on pensions paid by the United Nations Pension Fund and for the right to acquire immovable property in Austria under the same conditions as those applicable to Austrian nationals. In short, the draft Agreement should enable UNIDO to exercise its functions and to fulfil its purposes. In any case, it envisaged, in section 44, the conclusion of supplemental agreements between UNIDO and the Government of Austria, should that be found necessary.

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(Mr. Stavropoulos, Under-Secretary,
Legal Counsel)

He wished to express his warm appreciation to the Government of the Republic of Austria and, in particular, to its representatives who had taken part in the negotiations for their friendly co-operation and great generosity, which had made it possible to prepare a Headquarters Agreement that constituted the most complete and liberal agreement of that kind so far concluded between a Government and a United Nations body.

The PRESIDENT suggested that the message of the Secretary-General to the first meeting of the Board, the statement of the representative of Austria and the statement of the Legal Counsel should be circulated as official documents of the Board.

It was so decided.*

Mr. FERNANDINI (Peru) thanked the Government of Austria for having appointed as its member of the Board its Secretary of State for Foreign Affairs. His statement had filled a number of gaps in document ID/B/6. The Peruvian delegation had warmly welcomed the establishment of UNIDO at Vienna; the Executive Director deserved thanks for the effective work he had done in his negotiations with the Government of Austria in concluding an agreement which should be satisfactory to all concerned and enable the new organization to carry out its functions under the best conditions.

Mr. KASSATKIN (Union of Soviet Socialist Republics) said that he took note with satisfaction of the information furnished concerning the establishment of the headquarters and of the steps taken by the Government of Austria to give effect to General Assembly resolution 2152 (XXI). He welcomed the promptness with which that Government had made the necessary arrangements to speed up UNIDO's transfer to Vienna. That transfer should be made as quickly as possible so as to keep down expenses as much as possible. Since the Government of Austria intended to establish a United Nations Centre in Vienna, the Board's sessions should, as a

* The full texts of the message of the Secretary-General, the statement of the representative of Austria and the statement of the Legal Counsel will be circulated as documents ID/B/13, ID/B/14 and ID/B/15, respectively.

(Mr. Kassatkin, USSR)

rule, be held at UNIDO headquarters. Of course, sessions might, under certain circumstances, be held in other countries, provided that the host Government bore the additional costs involved. In view of the fact that the great majority of organizations with which UNIDO would co-operate were established outside of New York, he felt that UNIDO's liaison group at New York should consist of only five or six persons.

Mr. AHMED (Pakistan) expressed his warm gratitude to the Government of Austria for the steps it had taken to provide everything needed for UNIDO's installation at Vienna. He was convinced that, with such an auspicious beginning, UNIDO could not fail to achieve the objectives for which it was created.

Mr. SAHLOUL (Sudan) noted with gratitude the measures taken by the host country to welcome the new organization. He also expressed his warm satisfaction at the agreement reached between UNIDO and the Austrian Government.

Mr. LUBBERS (Netherlands) said that the statement of the representative of Austria opened the prospect of an early transfer with maximum efficiency. He welcomed the successful outcome of the negotiations on the Headquarters Agreement.

Mr. KHANACHET (Kuwait) congratulated the Austrian Government on the efficiency with which it had given concrete form to a project that, only a few months before, had not even been on paper. Vienna, situated at an important European crossroad between north and south, and east and west, was certainly the best place to work for the realization of UNIDO's purpose, which was to enlist the resources and technical knowledge of the developed countries for the needs of the under-developed countries which had a desire for progress. He was persuaded that UNIDO would help them to realize that desire.

Mr. DUMITRUSCU (Romania) said that he was convinced that conditions had been established that would enable UNIDO to attain the objectives it had been assigned. He expressed his satisfaction at the successful outcome of the Executive Director's efforts. He welcomed the Austrian Government's undertaking to construct the headquarters buildings at its own expense and the steps it had taken to enable UNIDO to operate in temporary premises.

Mr. SARTORIUS (Federal Republic of Germany) said that his delegation greatly appreciated the preparations made by Austria, with which his country was linked by a long tradition of friendship.

Mr. PANYARACHUN (Thailand) welcomed the success of the negotiations between UNIDO and the Government of Austria. In his opinion, making Vienna the headquarters of the new organization was not so much an honour for the Government of Austria as a recognition of its efforts to make its capital an international meeting place. He considered the Headquarters Agreement very complete and very liberal, and he appreciated the facilities placed at the disposal of UNIDO by the Government of Austria.

Mr. MAHMOUD SALAMA (United Arab Republic) said that he deeply appreciated the Austrian Government's generous offer. The Austrian representative's statement confirmed his conviction that UNIDO would be able to begin its work for the industrialization of the under-developed country without delay. He hoped that the Council would quickly approve the headquarters agreement, so that the move could be made as soon as possible.

Sir Edward WARNER (United Kingdom) joined in warmly welcoming the Austrian Government's most generous offer to provide a United Nations Centre as permanent headquarters for both UNIDO and IAEA and expressed his delegation's appreciation of the Austrian Under-Secretary for Foreign Affairs presence at the meeting.

Mr. BRADLEY (Argentina) thanked the Austrian representative for the information he had given on the plan to establish UNIDO headquarters at Vienna, and expressed his gratitude to the Executive Director for the work he had done to bring about a satisfactory agreement on the matter. The Argentine Government was most gratified at the fact that UNIDO was to be installed at Vienna.

Mr. VLADOV (Bulgaria) also thanked the Austrian representative. The provisions of the headquarters agreement were entirely satisfactory.

Mr. GUPTA (India) noted with satisfaction the information given to the Council by the Austrian representative, the Executive Director and the Legal Counsel. The Austrian Government's offer was a most generous one, and he hoped that the establishment of permanent headquarters would be completed at the earliest

(Mr. Gupta, India)

possible date. The fact that the International Atomic Energy Agency already had its headquarters at Vienna made the choice of that city for UNIDO headquarters a particularly appropriate one.

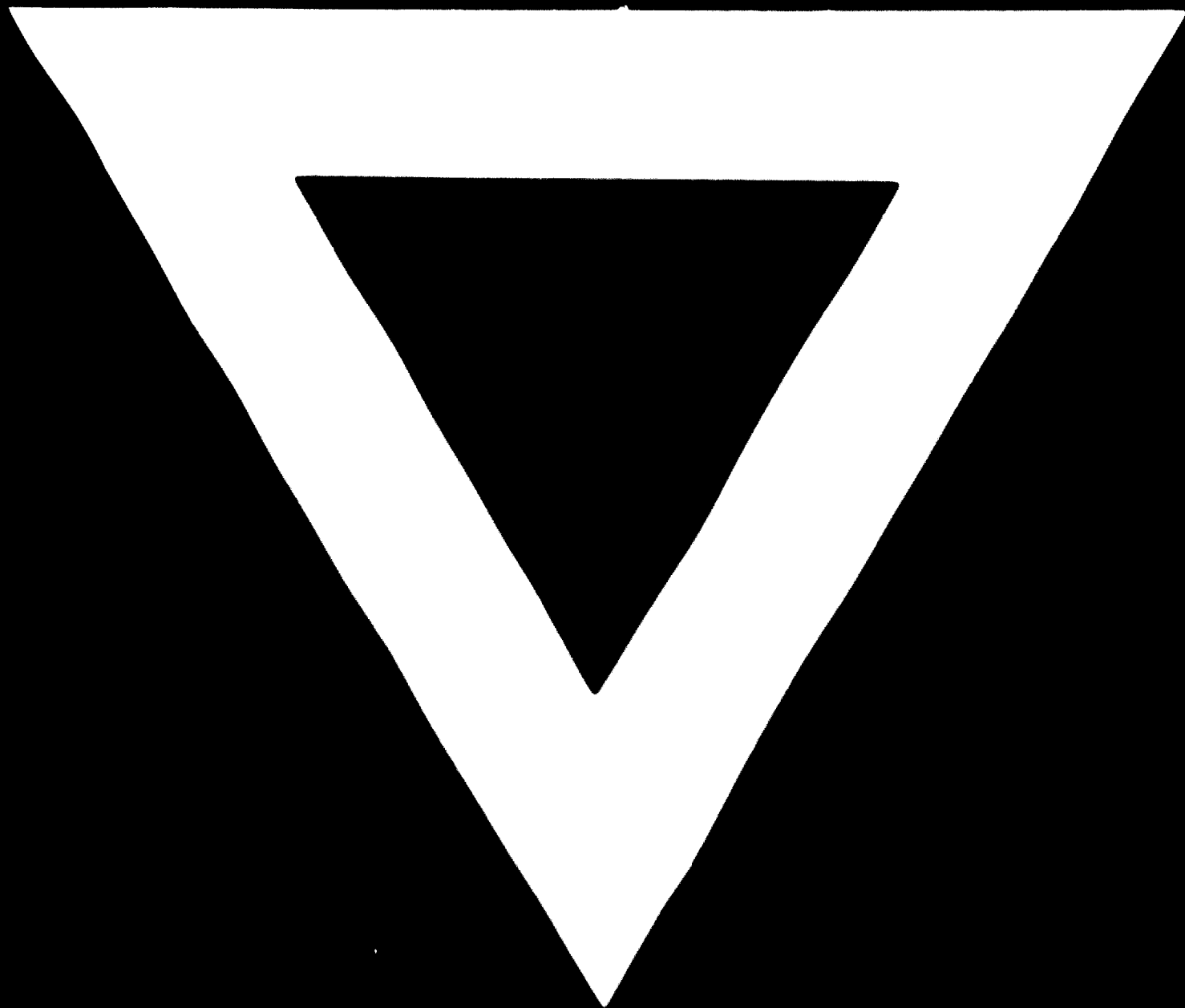
Mr. SIKALUMBI (Zambia) said that he was most appreciative of the Austrian Government's generous offer and of the provisions in the headquarters agreement relating to privileges and immunities.

Mr. PIÑERA CARVALLO (Chile) thanked the Austrian representative. It was gratifying that Vienna was to become a centre of international contacts in the heart of an industrialized continent.

Mr. KOTSCHNIG (United States of America) said that the establishment of UNIDO was one of the most important events in United Nations history. His Government sincerely wished the new organization success, and he was convinced that the choice of Vienna would be a decisive factor in that regard. The Austrian Government's offer was a remarkably generous one, and convincingly reflected the deep desire of the Austrian people to work for co-operation with the whole world. That was a most understandable attitude on the part of a country which had been the centre of so many historic events. Moreover, the Austrian economy was made up of a complex of small and large industries geared to international trade. That economic structure in itself would provide an appropriate framework for UNIDO's activities. It was sad, of course, to see UNIDO leaving New York, but he expressed his unreserved gratitude to the Austrian Government for its generous offer.

The meeting rose at 1 p.m.





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