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INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE THIRTY-FIRST MEETING

Held at Headquarters, New York,
on Tuesday, 2 May 1967, at 8.45 p.m.

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L.19, L.23, L.24) (continued)

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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PRESENT:

<u>President:</u>	Mr. TELL	(Jordan)
Later,	Mr. BRADLEY	(Argentina)
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. BRADLEY Mr. VIDAL ETCHEVERRY)	Argentina
	Mrs. SAILER) Mr. REISCH)	Austria
	Mr. FORTHOME) Mr. DELVAUX)	Belgium
	Mr. PATRIOTA	Brazil
	Mr. VLADOV	Bulgaria
	Mr. BELEOKEN	Cameroon
	Mr. MACLAREN	Canada
	Mr. HERRAN-MEDINA	Colombia
	Mr. FIGUEROA	Chile
	Mr. SANCHEZ	Cuba
	Mr. MUZIK	Czechoslovakia
	Mr. KURTH	Federal Republic of Germany
	Mr. TORNQVIST	Finland
	Mr. GEORGE	France
	Mr. THERSON-COPIE	Ghana
	Mr. DIABATE	Guinea
	Mr. CHADHA	India
	Mr. MARTONEGORO	Indonesia
	Mr. PISANI MASSARMORMILE	Italy
	Mr. KOFFI	Ivory Coast
	Mr. MURAOKA	Japan
	Mr. TELL) Mr. KHURMA)	Jordan
	Mr. KHANACHET	Kuwait
	Miss FERRINGA) Mr. LUBBERS)	Netherlands
	Mr. OLUMIDE	Nigeria
	Mr. AHMED	Pakistan
	Mr. FERNANDINI	Peru

PRESENT (continued):

Members (continued):

Mr. RODRIGUEZ	Philippines
Mr. DUMITRESCU	Romania
Mr. RYABONYENDE	Rwanda
Mr. WARSAMA	Somalia
Mr. SAHLOUL	Sudan
Mr. BERGQUIST	Sweden
Mr. TURETTINI) Mr. DAHINDEN)	Switzerland
Mr. VISESSURAKARN	Thailand
Mr. ARCHIBALD	Trinidad and Tobago
Mr. AKSIN	Turkey
Mr. ANANICHEV) Mr. LOBANOV)	Union of Soviet Socialist Republics
Mr. BADAWI	United Arab Republic
Mr. FRYER	United Kingdom of Great Britain and Northern Ireland
Mr. GOLDSCHMIDT) Mr. STIBRAVY)	United States of America
Mr. MONTERO	Uruguay
Miss CAMPBELL	Zambia

Observers for Member States:

Mr. THOMAS	Liberia
Mr. CARRANCO AVILA	Mexico

Representatives of specialized agencies:

Mrs. de LOPEZ	International Labour Organisation
Mr. ATEN) Mr. WOODWARD)	Food and Agriculture Organization of the United Nations

Representatives of other United Nations bodies:

Mr. HARLAND	United Nations Development Programme
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Representatives of inter-governmental organizations:

Mr. WOODLEY	United International Bureaux for the Protection of Intellectual Property
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PRESENT (continued):

Secretariat:

Mr. ABDEL-RAHMAN	Executive Director, United Nations Industrial Development Organization
Mr. OSHINS	Director, Industrial Services and Institutions Division
Mr. BIRKHEAD	Acting Director, Division for Administration and Finance
Mr. QUIJANO CABALLERO	Director, Technical Co-operation Division
Mr. STORDEL	United Nations Conference on Trade and Development
Mr. SYLLA	Secretary of the Board

CONSIDERATION AND ADOPTION OF DRAFT RESOLUTIONS (ID/B/L.11, L.17, L.19, L.23, L.24) (continued)

The PRESIDENT noted that the Board now had before it two new documents containing the amendments to draft resolution ID/B/L.17 submitted by Czechoslovakia and Somalia respectively (ID/B/L.23 and ID/B/L.24) and also a paper containing the amendments which the sponsors of draft resolution ID/B/L.17 had agreed to incorporate in their text. He invited the representative of Nigeria to introduce the last document to the Board.

Mr. OLUMIDE (Nigeria) said that the paragraphs of the draft resolution formerly indicated by lower case letters between parentheses were now indicated by the corresponding capital letters without parentheses. In introducing the amendments accepted by the sponsors, he wished to stress that, although the changes made were based mainly on the amendments submitted by the delegation of Somalia (ID/B/L.24), the sponsors had taken into account all the suggestions made by members, including the Czechoslovak proposals (ID/B/L.23).

The Somali delegation had suggested that reference be made in the preamble to the purpose of UNIDO. In view of the controversy which had already arisen on that subject in the Ad Hoc Committee, the sponsors preferred to leave the preamble unchanged.

There had been some divergence of views among the sponsors concerning the proposed amendments to operative paragraph I, but it had been decided to leave that paragraph unchanged. The present wording should not be interpreted as being in any way restrictive.

The amendment to former operative paragraph II (a) proposed by Somalia had been adopted with one slight change in the wording, as the sponsors felt that the former wording of the paragraph tended to be too restrictive with regard to the functions of the Executive Director. Although requests of Governments should be the primary consideration in the initiation of operational activities, it should be recognized that the Executive Director might also take the initiative in giving general advice in the early stages. Former operative paragraph II (a) had thus been amended to read as follows: "Operational activities of UNIDO whether financed from contributions made directly to it, or undertaken through participation in the UNDP or by the utilization of the appropriate resources of the United Nations regular programme of technical assistance or under the

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Programme of Special Industrial Services, should be undertaken only at the request of Governments."

Former operative paragraph II (b) had been completely reworded, as the old form had been somewhat peremptory in tone. It now read as follows: "Measures should be taken to expedite the implementation of projects already approved under UNDP, the regular programme of technical assistance and Special Industrial Services as well as such requests which may be forthcoming during 1967 and 1968."

A new operative paragraph II C had been added, so that the subsequent paragraphs had now become paragraphs II D, E, F and G. The new paragraph II C read as follows: "The operational activities of UNIDO should be expanded through the establishment of closer and direct contacts with the developing countries and having better access to the experience and knowledge of the advanced countries."

It had not been possible to accept any of the suggested amendments to operative paragraph II D concerning the research activities of UNIDO, owing to the existence of various shades of opinion among the sponsors of the draft resolution.

In accordance with the wishes of the other delegations, operative paragraph II E had been amended to read as follows: "A more dynamic approach should be increasingly built into UNIDO's programme in such a way that the field activities may provide a leverage for much larger undertakings within the promotional role of UNIDO; while promotional activities in turn will lead to the expansion and greater effectiveness of studies and field operations."

For purposes of emphasis, the third line of operative paragraph II F (5) had been amended to read: "... by giving guidance in the preparation of specific requests, including information on...".

Former operative paragraph II (e) 11 had been recast as new operative paragraph II H, which read as follows: "UNIDO should co-operate with the United Nations regional economic commissions of Africa, Asia and Latin America, the United Nations Economic and Social Office in Beirut, in the elaboration and/or implementation of national or multi-national programmes and projects within the framework of regional and sub-regional economic groupings among those countries, where such groups exist."

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The co-sponsors had followed the suggestion made by the representative of the United States at the 28th meeting of the Board and had substituted for the two foot-notes a new operative paragraph II I, worded as follows: "As appropriate, assistance should be undertaken pursuant to the provisions for co-ordination and co-operation contained in General Assembly resolution 2152 (XXI)."

The sponsors had accepted the amplified version of former operative paragraph II (e) 16 which, as new operative paragraph II F (15), now read as follows: "Assistance in establishing pilot plants, experimental factories and supply of industrial inputs otherwise unavailable to initiate industries which are likely to mature quickly."

Operative paragraph IV had been reworded as follows: "Approves the programme of work contained in document ID/B/4 subject to such changes as may be deemed appropriate by the Executive Director in the light of the guidelines indicated in paragraph II above."

The purpose of the draft resolution was to list some of the points on which the Board had reached an agreement during its three weeks of work, to serve as guidelines for the Executive Director. It was not intended to be conclusive or all-embracing and some changes could perhaps be made at the resumed session of the Board.

Mr. MUZIK (Czechoslovakia) introduced his delegation's amendments (ID/B/L.23) to draft resolution ID/B/L.17.

In the preceding discussion, there had been some differences of opinion regarding the purpose of UNIDO. In order to eliminate any doubt on that score, his delegation had proposed (amendment 1) that the preamble should start with a new paragraph recalling the purpose of UNIDO as defined in paragraph 1 of part II of General Assembly resolution 2152 (XXI). It had also suggested a new wording for the second preambular paragraph (amendment 2), on the grounds that a reference to the purpose of UNIDO should precede any reference to the organization's functions or tasks. It believed that UNIDO should become a genuine instrument for promoting international co-operation in industrial development, as well as for promoting industrial development in individual developing countries, and had proposed a third preambular paragraph to that effect (amendment 3). UNIDO's activities should cover the industrial potential of the whole world, and not

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merely that 5 per cent of the world's industrial potential which was located in the developing countries.

As UNIDO's role was essentially promotional, his delegation had suggested (amendment 4) a new wording to that effect for operative paragraph I. He agreed with the sponsors of the draft resolution that UNIDO should carry out its functions through operational activities, and the words "through operational activities" had been retained in the third line of the new text proposed. It had been agreed at the meeting of representatives of the three groups of countries that operative paragraph II D (ii) should begin with the words "Research activities of UNIDO". For some reason the words "of UNIDO" had been omitted from the text of the three-Power draft resolution, and his delegation was proposing that they should be restored (amendment 6). The amendment to operative paragraph II E (amendment 7) was designed to bring the wording of that paragraph into line with that of paragraph 1 of part II of General Assembly resolution 2152 (XXI), in which particular emphasis was placed on the manufacturing sector.

UNIDO should not, in any of its activities, violate the principle of inalienable sovereignty over natural resources; and the new sub-paragraph 7 proposed for insertion in operative paragraph II F (amendment 11) enjoined the organization to observe that principle in helping the developing countries to attract aid from abroad. The proposal to delete from former sub-paragraph 6 of the same paragraph all words after the words "machinery and equipment" (amendment 12) had been made on the grounds that UNIDO should at all costs refrain from any activities - particularly the evaluation of tenders - in which commercial interests were involved. The organization might also incur some undesirable liabilities if it were to provide assistance in the recruitment of competent management, as suggested in former sub-paragraph 7. Accordingly, all words after the words "improvement and control of quality" should be deleted from that sub-paragraph (amendment 13).

There was no reason whatsoever why the Economic Commission for Europe, which had for many years provided valuable assistance and guidance to other regional economic commissions and to individual countries throughout the world, should be omitted from the list of regional economic commissions in former sub-paragraph 11. The sponsors of the draft resolution had already accepted a number of amendments to

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that sub-paragraph, and had agreed that the amended text should appear in the draft resolution as a separate operative paragraph II H. His delegation now proposed that the words "of Africa, Asia and Latin America" should be deleted from the new text. UNIDO should co-operate with the Economic Commission for Europe to the same extent as with the other regional economic commissions; and joint UNIDO/ECE committees, on the lines of the existing FAO/ECE committees on forestry problems, might be set up to consider individual aspects of industrial development. In the new sub-paragraph which his delegation was proposing to insert after sub-paragraph 3 of operative paragraph III D (amendment 18), the words "IAEA, UNDP" should be inserted after the words "its specialized agencies" in the last line.

Mr. TELL (Jordan) pointed out that the text of draft resolution ID/B/L.17, as it stood, was entirely in keeping with the provisions of General Assembly resolution 2152 (XXI). It had been prepared with the full understanding of representatives of all groups of countries. It had been before the Board for ten days. It had been the subject of lengthy discussions, and its sponsors had accepted many amendments to it.

He thought that the point now had come where the draft resolution, with the amendments already accepted by the sponsors, should be put to the vote on the understanding that, if the text were adopted, it would be preceded in the report by a paragraph stating that the Board would at its next session reconsider the guidelines for UNIDO's activities in the light of the results of the International Symposium on Industrial Development.

Mr. RODRIGUEZ (Philippines) said that, in view of the short time remaining for the consideration of draft resolutions, his delegation and that of the Ivory Coast intended to withdraw the draft resolution which they had submitted jointly on item 5 of the agenda (ID/B/L.11). His delegation would vote for draft resolution ID/B/L.17 with the amendments which the sponsors had already accepted.

In reply to a question by Mr. RYABONYENDE (Rwanda), Mr. MUZIK (Czechoslovakia) confirmed that draft resolution ID/B/L.19 had not been withdrawn and replaced by the Czechoslovak amendments (ID/B/L.23).

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Mr. WARSAMA (Somalia) thanked the sponsors of draft resolution ID/B/L.17 for having accepted many of his amendments. However, he hoped that they would reconsider their position on amendments 1, 2 and 3 (ID/B/L.24), which had not been accepted and to which he attached particular importance. On that understanding, he would be ready to withdraw document ID/B/L.24. With regard to amendment 2, a compromise between his position and that of the sponsors could perhaps be reached by using the word "essentially".

Mr. MUZIK (Czechoslovakia) said that, if draft resolution ID/B/L.17 was voted on paragraph by paragraph, he would request separate votes on his amendments.

Mr. BELEOKEN (Cameroon) said that the Board should not adopt a resolution which would limit the scope of UNIDO's action. Furthermore, as he had pointed out at the 28th meeting, regional and sub-regional economic groupings, the formation of which had been recommended by the first UNCTAD Conference, should be accorded due importance. He therefore proposed that in the new operative paragraph II H of draft resolution ID/B/L.17 the words "and regional and sub-regional economic groupings" should be inserted after the word "Beirut" and the words "within the framework of regional and sub-regional economic groupings among those countries where such groups exist" deleted.

Mr. OLUMIDE (Nigeria) accepted the Cameroonian amendment on behalf of the sponsors.

Mr. DUMITRESCU (Romania) expressed regret that most of the Czechoslovak amendments had been rejected by the sponsors. His delegation fully supported those amendments, which were consistent with the Charter and General Assembly resolution 2152 (XXI) and contained valuable guidelines for the correct orientation of UNIDO's work.

Mr. KHANACHET (Kuwait) recalled that on the basis of a proposal by his delegation at the 29th meeting the representative of Jordan had suggested that in the report the draft resolution should be introduced by a paragraph stating, inter alia, that the Executive Director, in exercising his responsibilities, should take due account of the recommendations of the regional symposia and the International Symposium and that the Board would review periodically the guidelines contained in the resolution.

Mr. FORTHOMME (Belgium) said that the Board was seeking to devise temporary guidelines for a relatively short period, four or five years at the most. As the representative of Kuwait had pointed out, they would be reviewed periodically. Draft resolution ID/B/L.17 and the amendments to it should be viewed in that perspective. General Assembly resolution 2152 (XXI) was of course the basic text for UNIDO's work, but it could be taken for granted and there was no need to refer to it specifically, as was done in draft resolution ID/B/L.17 and the Czechoslovak amendments. Some of the provisions of draft resolution ID/B/L.19 were valuable and should be taken into consideration: unfortunately, they had not been reproduced in the Czechoslovak amendments.

Mr. TORNQVIST (Finland) asked the sponsors of draft resolution ID/B/L.17 whether, in view of what had been said about the importance of the Economic Commission for Europe, they would agree to delete the words "of Africa, Asia and Latin America" from the new version of operative paragraph II H.

He also suggested a number of sub-amendments to the Czechoslovak amendments. The second sentence of the proposed insertion in operative paragraph I (amendment 4) could perhaps be deleted, as could amendment 17. With regard to amendment 3, the proposed new paragraph 3 might be revised to read: "Assistance in identifying those branches of industry which should be developed in order to ensure that industrialization will be accelerated and will serve the purposes of the nation as a whole".

Mr. MUZIK (Czechoslovakia) said that he would consider the Finnish suggestions.

Mr. GOLDSCHMIDT (United States of America) asked the sponsors of draft resolution ID/B/L.17 to explain the term "industrial inputs", which appeared in the new version of operative paragraph II F (15).

Mr. TELL (Jordan) said that in preparing their revised text the sponsors had carefully considered all the proposed amendments, including those of Czechoslovakia. They regretted that they could not accept the three amendments mentioned by the representative of Somalia. He agreed with the representatives of Kuwait and Belgium that the Board was in fact preparing guidelines for a short period only; the resolution would be preceded in the report

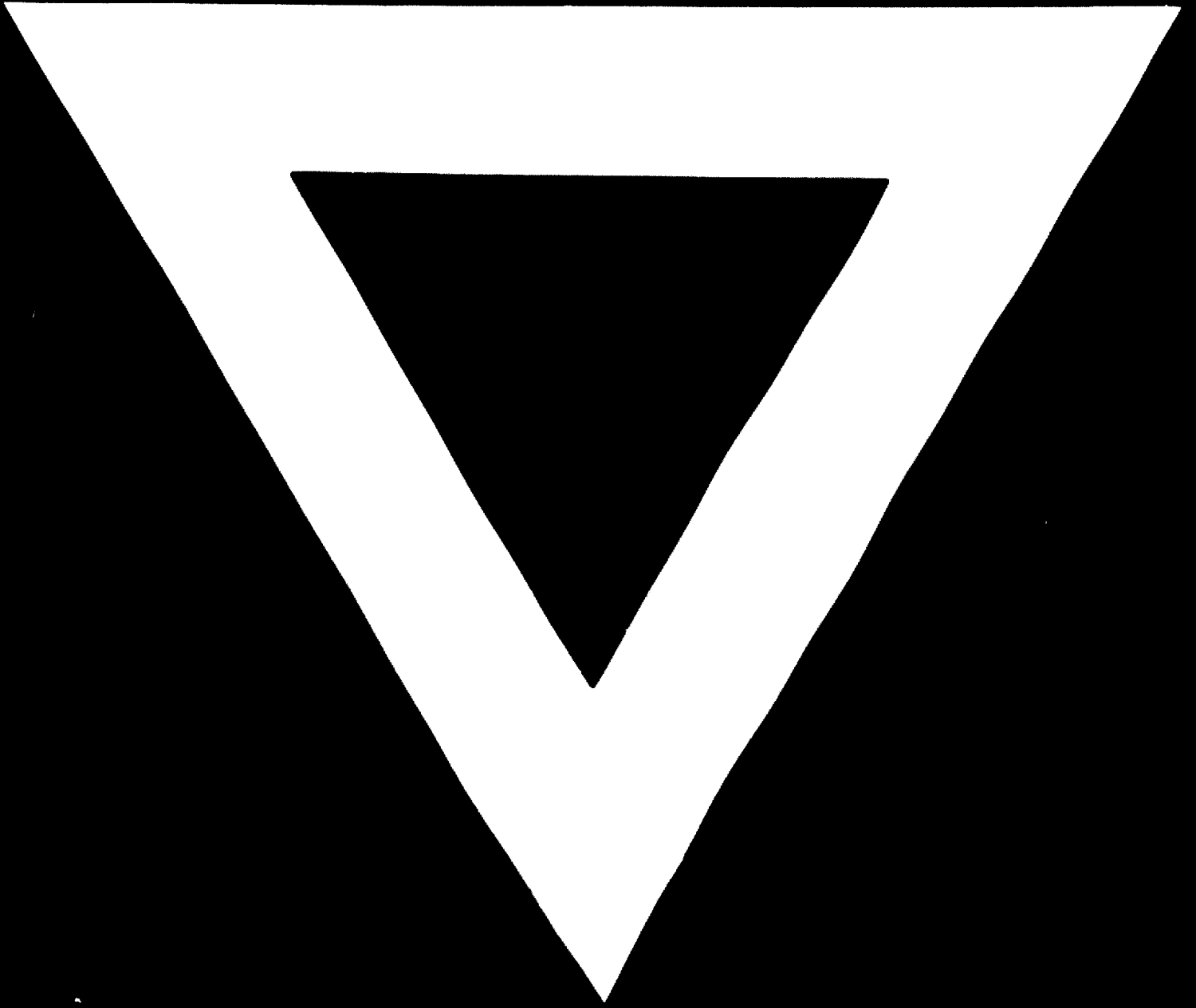
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by a paragraph stating that the Board would review the guidelines periodically, especially in the light of the recommendations of the International Symposium. For the benefit of the United States representative, he explained that the sponsors had used the term "industrial inputs" because it had been employed by the Administrator of UNDP.

The meeting rose at 11.35 p.m.





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