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#### INDUSTRIAL DEVELOPMENT BOARD

First Session

### SUMMARY RECORD OF THE THIRTY-THIRD MEETING

Held at Headquarters, New York, on Wednesday, 5 May, 1967, at 3.20 p.m.

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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.

## PRESENT:

President: Mr. DUNCITRESCU (Romania)
later, Mr. TELL (Jordan)
Rapporteur: Mr. MAYE (Guinea)

Manbers: Mr. MPAYE (Guinek)
Manbers: Mr. BRADLEY Argentine

Mrs. SAILER) Austria

Mr. REISCH )
Mr. FORTHOMME Belgium
Mr. PATRIOTA Brazil

Mr. VLADOV Bulgaria
Mr. BELBOKEN)

Mr. CHAMPOR ) Cameroon

Mr. MacLAREN)
Mr. BRADY

Casada

Nr. FEGUEROA Chile

Mr. HERMAN-HEDINA Colombia

Mr. SANCHEZ LAMERAN Cuba

Nr. ADAMEX Csechoslovakia

Mr. SARTORIUS Pederal Republic of Germany

Nr. TORNGYIST)
Nr. UGGELANE.)
Pinland

Nr. GEORGE Prence

Mr. DIABATE Guinea
Mr. GUPTA India

Mr. MARTONBOORO Indonesia

Mr. ORDOGRADE Irea

Mr. PISANI MASSAMOMILE Italy

Mr. KOFFI Ivory Coast

Mr. KHUTM Jordan

Nr. AL-SMATTI) Marait

Mr. LABOURS ) Motherlands

Nr. CEARITH Higeria

# PRESENT (continued)

Mambers (continued): Mr. AHMED Pakistan

> Mr. FERNANDINI Peru

> > Mr. RODRIGUEZ **Philippines**

Mr. CONSTANTIN Romania

Mr. RYABONYENDE Reanda

Mr. WARSAMA Somalia

Mr. AMANA Spain

Mr. SAHLOUL Sudan

H. BERLQUIST Sweder

Mr. TURRETTINI) Switzerland Mr. DAHINDEN

Mr. VISESSURAKARN Thailand

Nr. ARCHIBALD Trinidad and Tobago

Mr. CUHRUK Turkey

Mr. LOBANOV Union of Soviet Socialist

Republics

United Arab Republic Mr. BADAWI

United Kingdom of Great Britain Sir Edward WARNER

and Northern Ireland

Mr. GOLDSCHMIDT)

United States of America Mr. BLAU

Nr. MONTERO Uruguay

Mr. MANDA 2ambia Miss CAMPBELL)

# servers for Honber States:

Mr. MINANI Algeria

Mr. BENBON Australia

U BA YIN Burma

Congo (Democratic Republic of) Mr. MULONGO

Dominican Republic Mr. SUBERO

Ecuador Mr. JATIVA

Mr. MAKAYA-CASTANGUL Gabon

Mr. COLLAS Greece

M. DORETTY Hungary

# PRESENT (continued):

# Observers for Member States (continued):

Mr. THOMAS

Liberia

Mr. CARRANCO AVILA

Mexico

Mr. STANGHOLM

Norway

Mr. NENEMAN

Poland

Mr. SKATARETIKO

Yugoslavia

## Representatives of specialized agencies:

Mrs. de LOPEZ

International Labour Organisation

Mr. WOODWARD

Food and Agriculture Organization

of the United Nations

Miss BARRETT

United Nations Educational, Scientific and Cultural

Organization

Mr. PERINBAM

International Bank for

Reconstruction and Development

## Representative of the International Atomic Energy Agency:

Mr. NAJAR

### Representatives of other United Nations bodies:

Mr. GEOGHEGAN)
Mr. HARLAND

United Nations Development

Programme

Mr. NERFIN

World Food Programme

## Representatives of inter-governmental organizations:

Mr. WOODLEY

United International Bureaux

for the Protection of Intellectual Property

Secretariat:

Mr. ABDEL-RAHMAN

Executive Director, United

Nations Industrial Development

Organization

Mr. GRIGORIEV

Director, Industrial Technology

Division

Mr. OSHINS

Director, Industrial Services

and Institutions Division

Mr. LACHMANN

Department of Economic and

Social Affairs

Mr. STORDEL

United Nations Conference on

Trade and Development

Mr. SYLLA

Secretary of the Board

CONSIDERATION AND ADOPTION OF DRAFT RESOLUTIONS (ID/B/L.7/Rev.1, L.8/Rev.1, L.17) (continued)

# ID/P/L.8/Rev.1

Mr. BELEOKEN (Cameroon) said he was glad to note that many delegations understood the motives of the sponsors of draft resolution ID/B/L.8/Rev.l. It was not by chance that Cameroon had become a sponsor of the draft resolution. Since attaining its independence, his country had received little assistance from the United Nations, mainly because it had been ignorant of the procedures to be followed and its case had sometimes been inadequately presented. However, now that a UNDP Resident Representative was with the authorities at Yaoundé, the position had improved considerably.

His delegation had therefore reached the conclusion that it would be useful to have industrial advisers as close as possible to the recipients, to promote industrialization projects in the developing countries. The request of the sponsors of the draft resolution was doubly justified. Firstly, resolution 2152 (XXI) laid down that UNIDO should establish close co-operation with the regional economic commissions and with certain regional economic groupings. Secondly, if the Board adopted draft resolution ID/B/L.17, it would have to establish close ties with those regional groupings.

He could not agree with those who maintained that it was unrealistic to suggest seconding experts to the regional centres that would be set up in Africa. He denied the allegations made by some delegations, which seemed to believe that the intention of the sponsors was to ruin the organization - an attitude which was particularly unlikely, since they would be the first to benefit from it.

Some delegations might have some difficulty in deciding on the advisability of establishing centres. In order to overcome such reluctance, the sponsors had specified that UNIDO would establish them "at an opportune time". Thus they were not forcing the hand of the Board, but were formally enunciating a principle the value of which was generally acknowledged.

Mr. FERNANDINI (Peru) said he believed that there was a majority which regarded the draft resolution as a sound one. However, in a spirit of compromise,

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## (Mr. Fernandini, Peru)

the sponsors had decided to make certain additional changes to take into account the constructive suggestions put forward by certain delegations, although they were unable to satisfy the Soviet delegation, which had raised objections of principle.

The preamble and operative paragraph 1 would remain unchanged. Paragraph 2 would read: "Recognizes the need to establish at an opportune time regional and sub-regional centres in Asia, Africa and Latin America in order to achieve the objective of decentralizing activities and staff". Thus, no formal decision would be taken, but the advisability of decentralizing at an opportune time would be acknowledged. In paragraph 3, in response to the comments made by the United States representative, the words "and also with the regional economic commissions, the United Nations Economic and Social Office in Beirut, and other United Nations agencies interested in industrial development, with a view to ensuring co-ordination and co-operation" would be added after the words "in Africa, Asia and Latin America". In paragraph 5, the word "liaison" should be added before the word "offices".

The sponsors considered that they had thus come near to the views generally prevailing in the Board. Their aim was to promote mutual understanding; all that they wanted was acceptance of the principle that decentralization was advisable.

Mr. KHANACHET (Kuwait), speaking on a point of order, requested that the Peruvian representative's statement should be reproduced in full in the Board's report.

Mr. PATRIOTA (Brazil) said it appeared from the press release that his statement at the thirtieth meeting of the Board had been somewhat misconstrued. He wished to reaffirm that his delegation agreed with the principle of decentralization but had asked the Executive Director to submit to the Board a report on the advisability of immediate decentralization. In any case, it was fully satisfied with the changes made in draft resolution ID/B/L.8/Rev.l by the sponsors.

Mr. LOBANOV (Union of Soviet Socialist Republics) reaffirmed that his delegation was not opposed to decentralization in principle and, in that regard, its views did not differ greatly from those of the representative of Peru. It would, however, be premature to embark on decentralization at once. It was impossible to decentralize a department consisting of three persons by assigning them to fifteen

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(Mr. Lobanov, USSR)

different centres. There were admittedly some positive ideas among the changes which the sponsors had made. Paragraph 2 was simply a formal acknowledgement of the principle of decentralization. Even simply to acknowledge that principle was premature, however, since one did not know what the future held. The most that could be said was that the Board acknowledged the need to study the conditions in which it might prove useful to embark on decentralization at an opportune time.

The changes made in paragraph 3 were very apt, but if only member Governments in Africa, Asia and Latin America were to be consulted the other countries would virtually be relegated to an inferior status which they certainly did not possess. Their experience, their common sense and, above all, their goodwill should not be slighted.

If the sponsors took those comments into account, his delegation would be able to support the draft resolution. If the text did not gain majority support, it could perhaps be included in the Board's report.

Mr. LUBBERS (Netherlands) recalled that his delegation had been unable to support the first revised version of the draft resolution, because it had considered that decentralization was premature; the first task of the Board was to transfer the headquarters to Vienna and tackle UNIDO's work programme. The sponsors had softened their position, but acknowledgement of the principle of decentralization was also premature. The Board could perhaps revert to the question in two years' time. Consequently, his delegation was opposed to the new version of the draft resolution also. However, paragraphs 4 and 5 contained some interesting ideas that might form the subject of another draft resolution or be included in the Board's report.

Mr. KOFFI (Ivory Coast) said, with reference to paragraph 5 of the draft resolution, that the maintenance of liaison offices in New York might lead to a proliferation of UNIDO departments there. It would perhaps be better to use the word "office" in the singular.

Mr. FERNANDINI (Peru) replied that a mistake must have been made in the French and English translations. The idea was to maintain one liaison office.

Mr. PISANI MASSAMORMILE (Italy) welcomed the moderation which the sponsors of the draft resolution had shown by taking into account, as far as possible, the views expressed during the debate. They had made radical changes, thereby proving their desire to obtain unanimity on a text which would formally acknowledge a principle whose importance and value was recognized by all members. He was therefore prepared to vote in favour of the revised draft. Nevertheless, in view of the difficulties which the formulation of that principle might involve, he wondered whether the Board should not consider taking the ideas which underlay the draft resolution and repoducing them in its report, rather than in a text which was the subject of controversy.

Mr. KCTFI (Ivory Coast) said that he would like to know the views of the Executive Director on the question of decentralization.

Mr. KHANACHET (Kuwait), speaking on a point of order, said that he thought the Board would put the Executive Director in an embarrassing position and would be abdicating its responsibilities if it drew him into a political decision.

Mr. KOFFI (Ivory Coast) said that the draft resolution under consideration had both a technical and a political side. His delegation had no intention of evading its political responsibilities; nevertheless, it wished to make an informed decision.

Mr. ABDEL-RAHMAN (Executive Director) said that he had no difficulty in complying with the request of the representative of the Ivory Coast. There could, of course, be no question of encroaching upon the political functions of the Board or of casting doubt on the secretariat's responsibility for carrying out the Board's decisions.

The question of decentralization had two aspects. As far as specialists in the various branches of industry and the services which employed them were concerned, it would be advantageous to concentrate the available manpower and resources at the headquarters of the organization, since it would be a long time before UNIDO could secure the services of a large number of highly qualified specialists. In addition, it was doubtful whether many requests would relate to

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

very specialized branches of industry, such as the plastics industry. In those circumstances, it would be more useful not to disperse existing resources tut to ensure that the technical staff at headquarters, although few in number, would be able to deal with requests from recipient countries as efficiently as possible and to increase their own mobility. UNIDO's limited experience, which had enabled it to make specialists available to the regional economic commissions, particularly ECAFE and ECIA, and to the Asian Industrial Development Council, argued in favour of that kind of centralization.

As far as "generalists" were concerned, closer contacts with the developing countries and, consequently, some form of decentralization seemed to be irable and would be in accordance with the wishes of the Board. It was necessar, to have a comprehensive picture of the needs of the developing countries, to help them to formulate requests for assistance, to evaluate the usefulness of the assistance they received from UNIDO and to inform them of the aid available to them.

Decentralization of activities in that area could take many forms, of which the establishment of regional or sub-regional centres would only be one. Contacts with the regional economic commissions and the regional development banks, the sending of industrial advisers to the offices of the UNDP Resident Representatives, and so forth, were in fact other ways of continuing that process.

As indicated in the draft resolution under consideration, the pace of decentralization would depend on the size of UNIDO's staff and the amount of work it had to do. It was difficult at present to determine the exact proportion of specialists and "generalists" which the organization would need during the next few years. The relative extent of activities at headquarters and in the field would depend on the number and nature of requests and on the rate of expansion of operational activities of each kind and in each region. Consequently, it was important to provide for a very flexible adjustment of "supply" to "demand" in the field of industrial development and not to mortgage the future by laying down rigid provisions.

<u>Mr. GOLDSCHEID</u>T (United States of America) agreed with the representative of Italy that it would be wise to incorporate the proposals of the sponsors of the draft resolution in the Board's report without taking action thereon, since in its

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# (Mr. Goldschmidt, United States)

present form the draft resolution appeared to be somewhat premature. His delegation, which did not consider the proposed structural proposals to be advisable, would vote against draft resolution ID/B/L.8/Rev.1.

Mr. REISCH (Austria) said he thought that it was too early to define the future decentralized structure of UNIDO precisely. The first three operative paragraphs prejudged the results of experience in that respect. It would be desirable to find an intermediate solution which would not force the Board to take premature decisions.

Mr. FORTHOME (Belgium) said that he was grateful to the sponsors of the draft resolution for taking into account the objectives raised by certain delegations. The deletion of the word "decentralized" in operative paragraph 1 and the replacement of the word "centres" by the word "organs" in operative paragraph 2 would perhaps result in a more acceptable text, even if the draft resolution was only to be incorporated in the Board's report.

Mr. PATRIOTA (Brazil) supported the suggestion made by the representative of the United States. The Board could not make a decision without taking the Executive Director's comments into account. His delegation too had asked the Executive Director to submit an outline of a decentralized structure for UNIDO. The information provided by the secretariat would certainly make it possible to reach a decision more in keeping with the wishes of the sponsors of the draft resolution.

Mr. FERNADINI (Peru) said that the sponsors of the draft resolution had no intention of forcing the Board to take a decision on their text. They knew that it was in the interests of the developing countries to reach a unanimous decision. He agreed with the representative of the Soviet Union that it would be desirable to consult all the members of the Board. A compromise solution still seemed possible and his delegation, for one, was ready to enter into informal negotiations with the representatives of the United States, Kuwait, the Netherlands and the Soviet Union. If the differences of opinion were not settled, the draft resolution could be included in the Board's report. In that case, however, the sponsors reserved the right to revert to the original text of their draft.

Mr. RODRIGUEZ (Philippines) recalled that, at the previous meeting, the representative of France had asked for information on the activities of the Asian Industrial Development Council. The purpose of the Council, in which nineteen Asian countries were represented, was to accelerate and integrate the industrial development of the ECAFE countries. At its second regular session at Bangkok two months previously, the Council had adopted a number of projects for immediate action and had approved the creation of a regional pilot centre for the manufacture of iron and steel. The Asian Development Bank had been associated with the execution of two industrial projects which had been the subject of feasibility studies. The Asian countries obviously needed a UNIDO regional centre or office, which could only facilitate their industrial development. It was important to recognize the necessity of establishing UNIDO centres in the developing countries, whose peoples could not wait. By hiding draft resolution ID/B/L.8/Rev.1 under a bushel, the Board might delay the solution of the problem for several years.

Mr. FERNANDINI (Peru) announced that consultations between the sponsors of draft resolution ID/B/L.8/Rev.l and the delegations opposed to it had not reached any conclusion because of lack of time. In the circumstances, the sponsors - who had made many concessions with regard to amendments to their text - would merely ask that it should be included in the Board's report with an indication that they were convinced that their draft resolution would have had the support of a large majority, at least as far as text principle stated therein was concerned, but that they had not pressed it to a vote because of their desire to spare the Board the responsibility of taking a hasty decision on a text which it had not had time to consider thoroughly.

# ID/B/L.7/Rev.1

Mr. ARCHIBALD (Trinidad and Tobago) proposed the following amendments: in operative paragraph 3 a blank should be left before the word "experts"; in paragraph 4, the word "four" should be replaced by "three", and the words "and three weeks before the next regular session" should be added at the end of the paragraph.

Mr. PATRIOTA (Brazil) said that he doubted the need to set up an organ of the kind proposed. His delegation would have no difficulty in supporting the draft resolution if it were to propose the establishment of an ad hoc group.

Mr. ABE (Japan) said he gathered from operative paragraph 2 that the three reports which the programme and budget committee was to prepare would not have to be approved by the Board. If that interpretation was correct, the committee would have very considerable responsibility. Moreover, the time at which it was to meet gave cause to wonder how its proceedings would be correlated with those of the General Assembly.

Mr. SAHLOUL (Sudan) said that his delegation found it impossible to support the text on grounds of principle and because of practical considerations.

The terms of reference set out in paragraph 2 were such that the UNIDO secretariat would be at the mercy of the committee. Under past United Nations practice, the technical evaluation of requests for assistance, provided for in sub-paragraph (a), had been within the competence of secretariats. Under sub-paragraph (b), the committee would be given a task which no United Nations legislative body normally undertook. Sub-paragraph (c) would amount to tying the hands of the secretariat in regard to research and related operational activities. Moreover, the committee, however competent, could not be in a position to advise on a matter affecting the long-term policy of UNIDO. In addition, if it was agreed that research was linked to field activities, the committee would be forced to deal with requests for assistance from Governments.

The representative of Trinidad and Tobago had tried to compare the proposed committee with the Advisory Committee on Administrative and Budgetary Questions. In that connexion, it should be noted that the proposed committee would have a much greater influence on the Board than the Advisory Committee could have on the General Assembly, which had twice as many delegations. Moreover, the Advisory Committee was not called upon to work with the head of an organ of the General Assembly and there was therefore no danger that it would restrict the powers of that official, as would be the case with the committee and Executive Director. Experience had shown that it was possible to arrive at a reasonable and practical solution of the problem of relations between the secretariat and the legislative bodies or their subsidiaries. The secretariat, under the broad and effective supervision of the legislative body, should have sufficient latitude to deal effectively and swiftly with day-to-day problems arising in the preparation and execution of projects. His delegation considered that adoption of the draft resolution would amount to a vote of no confidence in a secretariat which as yet had had no opportunity to prove itself.

Mr. WARSAMA (Somalia) said that his delegation was opposed to the establishment of a select committee or group which would have responsibilities and terms of reference duplicating those of the Board and the UNIDO secretariat.

Mr. RYABONYENDE (Rwanda) thought that the Board had insufficient data at present to be able to take a fully-informed decision on the establishment of the proposed committee. The secretariat must be allowed time to dispose of the many current problems arising out of its move to Vienna. It might be sufficient, for the time being, to request the Executive Director to prepare a report for the next session on methods of work.

Mr. BLAU (United States of America) felt that draft resolution ID/B/L.7/Rev.l was premature, to say the least. His delegation could not support it. In the present circumstances, the first task of the legislative body - the Board - was to prepare directives and guidelines for action in regard to the work programme. The duty of the executive - the secretariat - was to ensure the implementation of those directives and guidelines. The Board would later have to evaluate the results. It would be inadvisable for the Board to intervene, directly or indirectly, in the implementation of the directives or in the examination of requests for assistance. To do so might be to dilute the powers of the head of the executive, and the result would be a confusion of the executive and the legislative powers and perhaps inject political issues into the project approval process.

Many delegations would like to simplify the procedure for the approval of projects; yet it was proposed that a committee should be established to examine the requests for assistance and the action recommended on them by the Executive Director. He asked what the latter would do during that examination, and whether he would not feel obliged to await the views of the committee and perhaps the Board. If so, there would be a danger of prolonging a process which many considered to be already too protracted. There was also the difficult problem of deciding to which members of the Board such wide powers would be delegated. The sponsors of the draft resolution themselves seemed exercised by that question, since in their revised text they no longer specified how many delegations should sit on the committee. The committee's title indicated that it would be supposed to

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(Mr. Blau, United States)

deal with matters affecting the programme and the budget. If it met according to the time-table laid down in the draft resolution, it would be quite unable to influence those matters, since it would be meeting outside the United Nations budgetary and programming cycles. The financial year 1967 would be practically over and the Advisory Committee's consideration of the budget estimates for 1968 would be well advanced before the committee would be due to meet.

Mr. BADAWI (United Arab Republic) said that he opposed the idea of establishing a programme and budget committee. He did not see how the committee could fit into the structure of UNIDO without encroaching upon the spheres of competence of the secretariat and the Board. It was of the greatest urgency that guidelines for the work programme should be prepared and given to the Executive Director for implementation. That task was complicated enough, and there was no need whatever to add to it the confusion of powers to which the United States representative had referred.

Mr. GEORGE (France) said that he, too, was not very clear about the intermediary role which the committee was to play or about its legal status. There would also be the difficult problem of its membership and the possibility of its being a very heavy and needless expense for the Board.

Mr. PISANI MASSAMORNILE (Italy) said that, apart from the many practical considerations which told against the establishment of the proposed committee, there was also the question of where it should meet. If the chosen venue was Headquarters in New York, that would complicate the installation of the UNIDO secretariat at Vienna, since the Executive Director and his staff would be kept in New York by the meetings of the committee.

Sir Edward WARNER (United Kingdom) said that a programme and budget committee on the lines of those which had been set up by some other organs of the United Nations family might well prove to be a useful form of support for the work of the Board. However the draft resolution as it stood raised some problems; in particular, it omitted the reference, which had been included in the original text of Rev.1, to a resumed session of the Board to be held before the end of 1967.

# Sir Edward Warner, United Kingdom)

The United Kingdom telieved that such a session was necessary and should meet for one week at the end of Ceptember or teginning of October before the Second committee had begun its work. Its main tasks would be to consider the 1968 work programme tefore the approval by the General Assembly of he 1968 tudget and to ake a first look at the troad pattern for 1969, as suggested by the Executive lirector. It could also consider the final arrangements for the International Cymposium, which had been handled somewhat cursorily at the present session. Then, if the Board so decided, it could also consider the advisability of establishing a programme and budget committee which could meet in preparation for the second regular session of the Board at a time when the programme and budget estimates for 1969 had been put into preliminary shape. Such a resumed session would make no arreasonable demands on the secretariat, assuming that the 1968 Work Programme and arrangements for the Symposium would in any case be taken in hand before top ember. He therefore suggested that the Board might wish, for the present, simply to decide to hold a resumed session for a week in September or October.

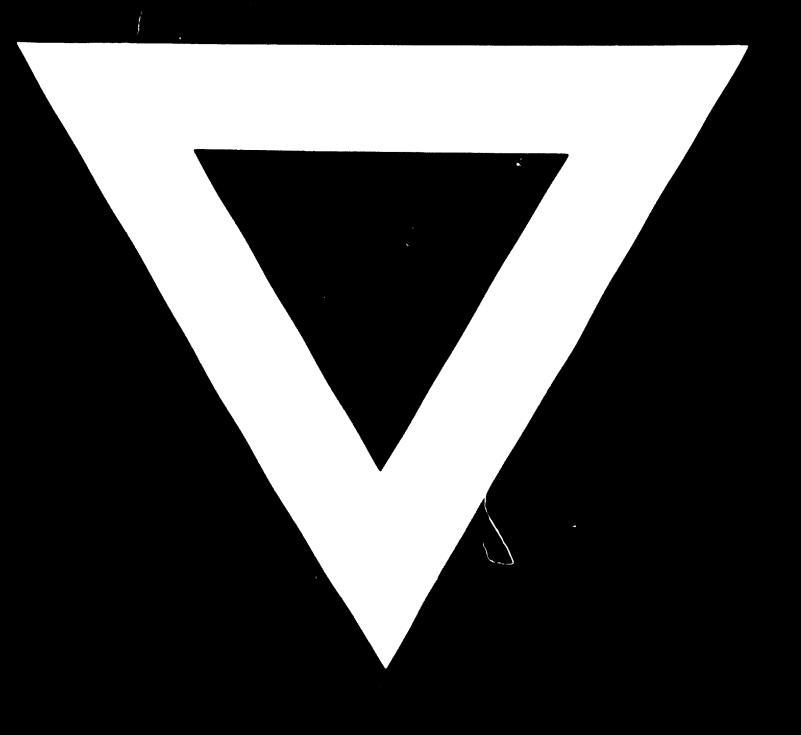
# Mr. Tell (Jordan) took the Chair.

Mr. LUBBERS (Netherlands) said that his delegation opposed the draft resolution, which conflicted with draft resolution ID/B/L.17. The latter would establish precise guidelines and specific areas of responsibility, and before any decision could be taken the Board must wait to see how the Executive Director and his secretariat carried out that mandate.

Mr. BELEOKEN (Cameroon), Mr. DIABATE (Guinea) and Mr. FORTHOMME (Belgium) associated themselves with those delegations which had opposed the draft resolution.

The meeting rose at 6.20 p.m.





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