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Second Session

SUMMARY RECORD OF THE FORTY-SIXTH MEETING

Held at the Neue Hofburg, Vienna,
on Monday 22nd April 1968, at 3.20 p.m.

President: Mr. STANDENAT (Austria)

Rapporteur: Mr. AGHASSI (Iran)

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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.

ORGANIZATION OF WORK

1. At the suggestion of Mr. SIBI (Ivory Coast), which was supported by several other delegations, the PRESIDENT proposed that agenda item 24, (Relations with inter-governmental organizations) should be considered at the plenary meeting on Tuesday morning, 23 April 1968, instead of in Committee II.
2. It was so decided.

GENERAL DEBATE

3. Mr. SCHEJBAL (Czechoslovakia) said he would confine his comments to a few essential points, such as the role and position of UNIDO in the international industrialization effort, and the methods whereby the organization could best perform its tasks. He would also discuss ways in which his country would participate in UNIDO's programme of activities.
4. An analysis of current socio-economic development showed the paramount importance of industrialization as a means of improving living standards and strengthening economic and political independence, thereby contributing to peaceful co-operation - a prerequisite for any positive achievement. Indeed, considering the need for large-scale international co-operation, it was most regrettable that some countries, which were already contributing to the industrial advancement of the developing world through bilateral projects, were not represented on the Board and that their experience and potential were not being utilized by UNIDO.
5. In order to ensure the greatest possible success, UNIDO should organize its activities in a manner acceptable to all groups of participating countries. Since the main function of UNIDO was to promote the mobilization of national and international resources with a view to accelerating the industrialization of developing countries, the organization had a duty not only to develop its own activities but also to mobilize and co-ordinate those of all the other United Nations bodies and specialized agencies concerned with the same problem.

6. On studying the documents concerning the past, present and future activities of UNIDO, his delegation had some doubts as to whether the work of UNIDO and the problem of industrialization in general were being given sufficient emphasis in the United Nations Development Programme. He would welcome an assurance from the Executive Director that such doubts were unfounded, at least as far as future projects were concerned.

7. UNIDO should establish projects better suited to the more pressing industrialization needs of the developing world. It would thus ensure that those projects acquired greater weight in the activities of UNDP and that industrialization could play its proper role in the international development drive. There should be projects especially designed to strengthen the development of the public sector and other key factors in industrial development. Industrial training was also a sphere in which UNIDO could make a most valuable contribution. Additional potential fields of efficient international co-operation should be discovered by analyzing the basic priorities and needs of the Third World as a whole, and of particular countries and regions, and by bringing the results to the attention of the organizations concerned. Exchanges of experience between the developed countries would also ensure more effective assistance to the developing nations. Last, but not least, full use should be made of the abilities and professional knowledge of the staff of UNIDO. By concentrating on industrial policies and programming, UNIDO could become a source of new ideas and guidance for developing countries.

8. Czechoslovakia was not a large country and it had many difficult long and short-term economic problems of its own to solve. However it fully understood the pressing needs of the developing countries, especially in the field of industrialization, and was prepared to continue its bilateral and multilateral co-operation efforts. To ensure the success of UNIDO's activities, all participating countries should concentrate on such assistance as best suited their particular characteristics and possibilities, and Czechoslovakia was prepared to follow that policy. As had already been pointed out on earlier occasions, Czechoslovakia had a well developed industrial potential and could offer much economic and technical experience that was urgently needed by developing countries. That could best be utilized in the form of training courses - a UNIDO activity that could gradually develop into a world-wide programme of major

importance to the industrialization of developing countries provided, of course, that it was organized on a permanent basis and that its importance was recognized and financially supported by UNDP. Czechoslovakia would continue to organize in-plant training programmes for engineers specializing in diesel oil engines and was already engaged in discussions with the Secretariat of UNIDO regarding the possibility of courses in other branches of industry. It was also willing to provide experts in various industries and fields connected with industrialization and had already submitted a list of such experts to the Secretariat. Now that UNIDO was situated only some thirty miles from the border of Czechoslovakia, and not far from its industrial centres, there was ample opportunity for contacts. Indeed, useful discussions had already taken place on the occasion of a recent visit by the Executive Director to Prague. Industrial fairs and exhibitions had been mentioned by the Executive Director as a good meeting ground for specialists from developed and developing countries, and in that connexion he would draw attention to the Brno trade fair, specializing in engineering products, that was held every autumn. As another contribution, his country would make available the facilities of its industrial designing and testing institutes.

9. In order to expand its participation in the work of UNIDO, Czechoslovakia intended to establish a national committee composed of government officers and representatives of scientific and other institutions.

10. Mrs. SAILER (Austria) said that the fact that UNIDO had been able to transfer so efficiently to Vienna and to take up its professional responsibilities while simultaneously organizing the International Symposium on Industrial Development at Athens, provided an assurance that the new organization would, in due course, also find solutions to the various problems mentioned by the Executive Director.

11. The rising number of requests for assistance from developing countries was proof of the validity of the guidelines laid down by the Board at its first session and, by implication, of the fact that industrialization was being increasingly recognized as the core of economic and social development.

12. Although the need for complementary developments in the agricultural and social fields should not be overlooked, it had become evident that only the industrial sector could provide a solution to some of the more crucial problems

of the developing countries. These countries were faced with the problem of creating employment opportunities, of channelling the migration of workers from rural to urban areas, of improving the distribution of income within a given economy, of lessening their dependence on foreign economies, of improving their balance of payments and of increasing their national income, among many others.

13. Attention should be focussed on the significant fact that the total past and estimated future volume of expenditure for direct assistance to developing countries by UNIDO still remained below the level that UNIDO could afford, and that so far donor capacity seemed to exceed the capacity to absorb assistance. It was hoped, however, that the Athens Symposium and the newly established Industrial Promotion Service would result in an increased demand for the services of UNIDO.

14. In that connexion Austria attached great importance to the programme concerning "Field Advisers", who should co-operate closely with the UNDP Resident Representatives in stimulating sound, viable industrial projects. She wished to join the representative of the United Kingdom in requesting further information concerning the location, time-table and planned assignments of these experts.

15. Initially, that is, until about 1969, UNIDO should attach top priority to field projects in order to satisfy urgent and practical needs in individual developing countries, but at the end of that period stock should be taken of the entire situation. So far, the empirical basis necessary for a consistent industrial policy for developing countries seemed not to have been sufficiently developed.

16. There were still many questions concerning the industrialization of developing countries which needed to be answered. For example what role did the growth of a specific industrial sector play in relation to other sectors of industry and to overall economic growth? What was the significance of factor costs in a policy of adequate production programming? How could national and international demand for industrial products be forecast? How could "competition versus planning" act as a regulating element in the economy, and what effects did existing social structures and conditions have on economic and, more specifically, on industrial development?

17. An elucidation of those and related questions would make for a more efficient industrial policy and facilitate the development of precise standards for project analysis, thus preventing wastage of economic, social and, possibly, human resources. Additional information on the different work programmes should also be available if the Board was to evaluate their significance and function. Moreover the development of field-oriented guidelines for an industrial policy based on individual case studies should be most helpful to field advisers.

18. The utilization of the Austrian contribution for the establishment of a central industrial information service would meet with the full approval of the Austrian Government, because a pooling of statistical data was essential for a wide variety of empirical analyses and international cross-comparisons. Moreover such an institution might help to provide a clearing-house for an industrial promotion service.

19. Lastly she wished to point out that, in the activities of UNIDO, the main emphasis was placed on the physical determinants of industrialization, although social structures and cultural conditions also played a vital part in the economies of the developing countries and therefore needed to be taken into account.

20. Mr. AGHASSI (Iran) said that, in its relations with other countries, Iran was pursuing an independent economic policy, co-operating with all developed and developing countries irrespective of their political and social systems. In its own economic development plans, Iran was adopting a pragmatic approach as far as the respective roles of the public and private sectors were concerned; and under the current Five-Year Development Plan, the share of the public sector in total industrial investment was 60 per cent.

21. He was glad to note that solutions were being found to the problems of overlapping between the activities of UNIDO and those of the specialized agencies. He hoped that an agreement would soon be reached between UNIDO and FAO on the jurisdictional problems relating to agro-industrial enterprises. He was pleased to learn that UNDP might eventually take over the financing of the system of UNIDO field advisers - a system which could help to ensure the effectiveness of UNIDO's operational activities. The fellowships to be financed by means of the generous contribution of the Swiss Government would also be of great benefit to the developing countries.

22. The International Symposium on Industrial Development had provided a useful opportunity for the exchange of experience, and its recommendations deserved favourable consideration by the Board. The Industrial Promotion Service organized in conjunction with the Symposium had also been very valuable, and the importance attached by the Executive Director to promotional projects was most encouraging. In particular, Iran welcomed UNIDO's plans to organize industrial promotion activities in conjunction with the Second Asian International Trade Fair to be held at Teheran in 1969.

23. He was strongly opposed to the suggestion for the establishment of an inter-sessional committee. If the intention was to supervise the financing of field activities, that was hardly necessary since the greater part of UNIDO's operations were financed by UNDP and it was only in the case of the regular programme that the programming was entrusted to UNIDO. Such a committee would only hamper the Executive Director's work, and its servicing would place an additional burden on the Secretariat.

24. He hoped that the Board's recommendation for the holding of a pledging conference (resolution 2 (I)) would receive general support and that the developing countries would contribute funds, if only as a symbolic gesture. Iran, which was grateful for the generosity already shown by a number of countries, was considering making a modest contribution of its own to signify its appreciation of the assistance that UNIDO was providing. Iran was also taking steps to establish a national committee for UNIDO.

25. Mr. MONTANI (Peru) said that his statement would be brief as he felt that the present session was primarily an opportunity for the developed countries to express their views and to indicate to what extent they were ready to contribute towards the industrial development of less fortunate nations. Without their help UNIDO's efforts would be frustrated and the dangerous gap between the rich and poor nations would remain. It was understandable that the donor countries should be anxious to see their contributions used effectively and it was possible that, in a new organization, errors might have been made. Looking to the future, however, he was ready to support any measure, based on the experience acquired, which would help UNIDO to attain its goals. He hoped that the discussions both in the plenary meetings and in the committees would be as objective as possible and that political questions would not be allowed to intrude.

26. Mr. ROCHE (France) said that the quantity of aid granted by his country to the developing nations testified to its interest in the effort that was being made to lessen the gap between the rich and the poor.

27. At its first session, the Board had perhaps devoted too much time to a theoretical debate on the purposes of UNIDO. He hoped that that could be avoided at the present session.

28. UNIDO could play an important role in the provision of certain types of technical assistance; in that regard, the programme of Special Industrial Services seemed particularly useful. Another field in which it could play a key role was industrial promotion, since multilateral technical assistance would never be able to meet all the needs of the developing countries in that respect. An industrial promotion service would enable industry in the developed countries to establish closer relations with the developing nations, with a view to introducing capital and technological know-how. He thought that the experiment at Athens in that regard had been useful, and he believed that private capital could make a valuable contribution to the industrialization of the developing countries if the sovereignty of States was respected. Studies could also be of help, provided that they were designed to provide accurate and reliable information for potential investors.

29. UNIDO could not respond to all the requests it received, since its resources were limited and were unfortunately likely to remain so. A certain amount of selectivity in dealing with requests was therefore inevitable. UNIDO had probably not yet evolved a set of criteria to apply in that respect but the results of the Athens Symposium might provide a basis for establishing a suitable policy.

30. If it was to perform its task of assessing the work done so far, the Board needed fuller information. For example, it was not altogether clear from the documents available why the programme of Special Industrial Services was not being implemented more rapidly; the Board also needed more detailed information on the arrangements that had been agreed upon with the specialized agencies regarding the co-ordination of activities. Fuller details concerning the various projects would also be useful. UNIDO now seemed to have sufficient staff to carry out the necessary studies. In that connexion, he had some doubts as to whether the existing divisions of the administrative apparatus were necessarily the best.

31. Mr. SALAMA (United Arab Republic) expressed the hope that the Board's discussions would be conducted in an atmosphere of mutual confidence and that there would be active consultation between members and between the various regional groups, particularly regarding draft resolutions. He also hoped that the Secretariat would be able to ensure that the Board was provided with all the information it needed.
32. He noted that the share of UNIDO in the activities financed by UNDP was less than five per cent, and he understood that at the forthcoming session of the Governing Council of UNDP, UNIDO was to be assigned only one project out of sixty-two. He suggested that the Board should investigate that serious situation. It was partly because they feared that industry would not receive its proper share of UNDP funds that the developing countries had urged that UNIDO should have independent financing. In the examination of the programme for 1969, particular attention should be paid to the proposal to establish international industrial institutes and to the possibility of co-operative projects between UNIDO, ILO and FAO. An integrated project for the development of the textile industry in his country, in which UNIDO and ILO would co-operate, was at present being considered.
33. The central co-ordinating role of UNIDO needed to be exercised at the country level as well as at headquarters level. The Board should examine that point and recommend appropriate action to UNDP and the Secretariat.
34. In general, supporting activities financed from UNIDO's budget should serve operations or promote new operational programmes, and it would be useful to establish a long-range programme for such non-operational activities.
35. The Board should perhaps ask the developing countries to report on industrial co-operation among themselves and to indicate the possibilities for further multilateral and regional co-operation. The Secretariat might submit a report on that matter at the next session.
36. It had been disappointing to note the revival at the present session of proposals for standing committees or inter-sessional committees which had received no support at the previous session. The Secretariat of UNIDO must have effective executive powers. Bodies of the kind suggested would merely complicate the organization's task and his delegation would therefore be strongly opposed to their establishment.

37. Mr. UUSIVIRTA (Finland) said that his delegation attached great importance to the Board's resolution 1 (I), which embodied the fundamental principle that UNIDO should be an action-oriented organization.

38. He was sure that the criticism voiced concerning the work done by the Secretariat so far had been offered in a constructive spirit, with a view to helping the Executive Director and his staff in their difficult task. However, it was on the future programme of work that attention should now be concentrated. It appeared that additional funds would be available from UNDP for industrial projects and if suitable and well prepared requests were forthcoming, and that accordingly UNIDO's operational activities could be expanded. The resulting need for intensified advisory activities could also be speeded up now that the first field advisers were at work. In that connexion, his delegation wished to **stress** the importance of effective co-operation and co-ordination between UNIDO and UNDP and other organizations of the United Nations family working in the field.

39. The work programme still contained certain non-operational elements which should be carefully examined before the Board approved the relevant recommendations. He thought that the suggestion for the establishment of an inter-sessional programme and budget committee should be seriously considered, since such a committee might be able to relieve the Board of much preliminary work and allow it to concentrate on its supervisory role.

40. The proposal to institutionalize the international industrial institutes also seemed useful, and he hoped that the Executive Director would comment further on that subject.

41. Industrial development activities required the support of industry and business in both the developing and the developed countries, and his delegation therefore welcomed the suggestion that national committees should be established. Such committees should include representatives not only of government industry and business but also of the consulting engineering world, by virtue of its considerable experience in industrial development.

42. He was glad to note that progress had been made in discussions between the Executive Director and the executive heads of other organizations of the United Nations family regarding co-ordination. To avoid overlapping, joint activities should be undertaken whenever possible and appropriate.

43. Mr. PETROV (Bulgaria) said that his country's attitude towards UNIDO had always been positive. However, having examined the report on UNIDO's activities in 1967, he felt that certain problems had not received adequate attention. The report did not afford a clear idea of the practical results of the activities undertaken. Nor had the UNIDO Secretariat given sufficient thought to the establishment of a general industrial policy. The study and research activities of UNIDO were useful but should always be closely associated with specific projects. Field advisers should help to ensure that more requests for projects in the industrial development field were forthcoming, and to direct the attention of governments to projects likely to produce rapid results. In his view, priority should be given to projects in the field of heavy industry, although local conditions must naturally be taken into account.
44. His delegation was in favour of the organization of symposia on industrial development and regretted that Bulgaria had not, for obvious reasons, been able to participate in the one held at Athens, although that Symposium had not entirely succeeded in fulfilling the purposes assigned to it in General Assembly resolution 2178 (XXI). Incidentally, his delegation did not share the view expressed in paragraph 51 of the report of the Symposium (ID/B/21) that private capital had an important role in industrialization, for the experience of many countries showed that the public sector had a greater influence on the industrialization process. Indeed, by relying on that sector, Bulgaria, with the co-operation of other socialist countries, had been able to develop its industry at a rapid rate. In his view, UNIDO should encourage efforts to strengthen the role of public organs and institutions in the implementation of industrial policy.
45. UNIDO'S activities in the organization of seminars and expert groups could be very useful, especially if the recommendations of those bodies were implemented, and it would be helpful in future to have documents indicating what action had been taken on such recommendations.
46. The staff of UNIDO had grown considerably in the past year. To some extent, that growth was justified by the multiplicity of the problems assigned to UNIDO, but increases in personnel must be justified by real necessity. A proper correlation should also be established between substantive and supporting staff.

47. The documents before the Board did not indicate whether the principle of geographical distribution was being observed, and he would like to have some information on the composition of the Secretariat by departments, posts and nationalities.

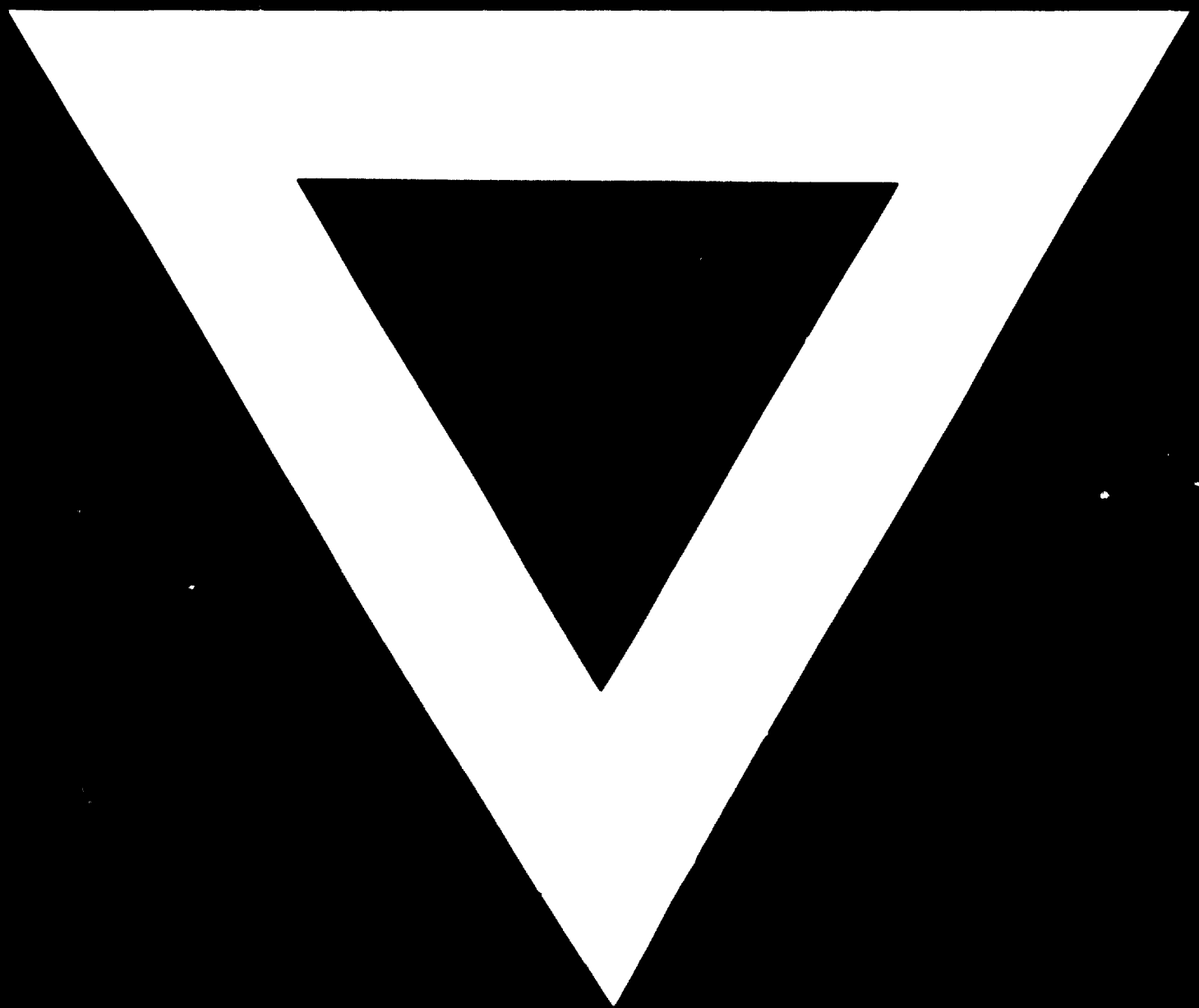
48. Furthermore, he considered that UNIDO should adopt a procedure for the direct recruitment of experts. Bulgaria was ready to offer the services of experts within the limits of its possibilities. Under bilateral programmes, 1,500 Bulgarian specialists were already at work in the developing countries.

49. UNIDO could only achieve its objectives if the world were at peace; it was hardly possible to speak of industrial development in such areas as Viet-Nam and the Middle East, where aggressive wars were now being waged.

50. His Government deeply deplored the fact that certain countries, such as the German Democratic Republic, were not represented in UNIDO, despite the useful contribution that they could make.

The meeting rose at 5.10 p.m.





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