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## Industrial Development Board

Fourth Session

Vienna, 20 - 30 April 1970

### SUMMARY RECORD OF THE NINETY-THIRD MEETING

Held at the Neue Hofburg, Vienna,  
on Tuesday, 21 April 1970, at 3.5 p.m.

President: Mr. SEDIVÝ (Czechoslovakia)

Rapporteur: Mr. ARCHIBALD (Trinidad and Tobago)

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

ADDRESS BY THE SECRETARY-GENERAL OF THE UNITED NATIONS

1. The SECRETARY-GENERAL expressed his pleasure at being in Vienna where the Strategic Arms Limitation Talks between the United States of America and the Soviet Union, which he ardently hoped would be a success, were taking place.
2. The year of the twenty-fifth anniversary of the United Nations was a time to assess its past and present activities and look thoughtfully to the future. The United Nations Industrial Development Organization and the United Nations Conference on Trade and Development were the youngest organizations of the United Nations system, and it was significant that the latest institutional arrangements for international consultation and action were in the two crucial fields of industrialization and international trade, where national interests were at stake and the economic divergences between the two economic systems were most marked. The obstacles had finally been surmounted, however, and at last international co-operation had been extended to those two important areas.
3. Industrial development and the scientific and technical progress on which it depended were among the most important instruments of change in contemporary society. Entire continents had been industrialized, and the process of industrialization was now spreading to Asia, Latin America and Africa. Through the rapid means of communication, even people in the most under-developed areas knew that in the industrial societies man lived better and longer and that the individual's potential could be more fully realized there.
4. There had been a great change in international economic relations since the 1940's, when the industrialized nations feared that the industrialization of other countries would deprive them of markets for their exports. Today, the United Nations and the industrialized countries, which were its main source of funds, actively supported the expansion of industry in the developing countries. UNIDO had been established to help the developing countries to speed up their industrialization and to overcome the obstacles which stood in the way of it.
5. Industrialization was a very complex process and the task ahead was immense. Whereas the distribution of the wealth of the soil and the subsoil was the work of nature, this was not the case with industrial production, and its rational distribution among the nations of the world raised considerable problems. At

present, industrial production was concentrated in a small group of highly industrialized countries, since eleven countries accounted for 80 per cent of the total annual world output of manufacturers and three of them alone for 60 per cent. But there were already encouraging signs: the number of countries on the threshold of industrialization was continually increasing; the low labour costs in the developing countries were attracting more and more industrial undertakings and that expansion gave reason to hope for a better world-wide division of labour; more and more multinational undertakings were establishing plants in the less developed countries, and there were also grounds for hoping that the "green revolution" would bring about a balanced and complementary development of agriculture and industry.

6. Although its resources were modest in the light of its mandate, UNIDO should win increasing support through its imaginative projects, its good management and its achievements. It was well known that recipient countries preferred multilateral aid, but the donor countries had to be convinced of the merits of international co-operation. Some major powers were at present considering whether a much larger part of their aid should not be channelled through the United Nations system. UNIDO therefore had a unique opportunity to demonstrate the value of international co-operative action in a key sector of United Nations development activities. The voluntary contributions received by UNIDO had already enabled it to increase the volume and scope of its operations.

7. At its fourth session the Industrial Development Board would be reviewing UNIDO's past activities and would decide its role and programmes for the Second Development Decade. UNIDO had already forged practical links for co-operation with the specialized agencies, UNCTAD and the regional economic commissions; it would soon forge similar links, it was hoped, with the World Bank Group. That co-operation was essential if the specialized agencies working in such fields as technical assistance, investment, training, industrialization and the expansion of trade in manufactures were to achieve maximum results.

8. The urgent need to meet the challenge of under-development was bringing great nations with different interests or economic systems closer together. The developing countries had been a testing ground for the various theories of industrialized societies: according to their particular needs, some had adopted free enterprise, some planned economies, others mixed economies. In the industrialized countries also,

similar combinations of the private and public sectors were to be observed and it was reassuring to note that in the United Nations, the violent debates on the superiority of one system or another which had taken place in the early years of the Organization had progressively given way to the consideration of the urgent problem of speeding the economic and social development of the developing countries.

9. Now, on the threshold of the Second Development Decade, the historical moment had come for the industrialized countries to share their vast resources of capital and technology with the deprived two-thirds of humanity which would never again be reconciled to its lot. There could be no stable peace in the world until that imbalance was redressed.

10. The PRESIDENT thanked the Secretary-General for his address to the Board. Certainly, there could be no peace or security in the world unless the industrialized countries mobilized all their efforts and all their resources to help the poor countries to solve their problems of under-development. Members of the Board knew the magnitude of the efforts needed everywhere to speed up the industrialization of the developing countries, and they would continue to examine the various kinds of international action needed to promote industrial development and look for ways and means of strengthening UNIDO so that it could give more assistance, and more effective assistance, to the developing countries.

11. UNIDO had quickly succeeded in overcoming the difficulties inherent in the first phase of its existence. Its operational activities had expanded considerably and its capacity to provide assistance was growing.

12. The Secretary-General had referred to the central role of UNIDO in the co-ordination of industrial development activities, a matter to which the Board attached great importance. UNIDO had already satisfactorily tackled the co-ordination of its activities with those of other members of the United Nations family, and it hoped also to conclude agreements with organizations outside the United Nations so as to achieve concerted action for the benefit of the developing countries.

13. The President also expressed his gratitude to all who had contributed to UNIDO's establishment and smooth functioning.

GENERAL DEBATE (ID/B/74, ID/B/77, ID/B/L.61, ID/B/L.66) (continued)

14. Mr. PUTTEVILS (Belgium) congratulated the secretariat on the distinct improvement in documentation, which gave proof of better organization and was a sign of UNIDO's development.
15. His delegation thought it advisable that, in view of the limited resources available to it, UNIDO should concentrate its activity. It must help the developing countries to take full advantage of their industrial potential, to establish structures enabling them to accelerate and expand their industrialization, and to select and implement the specific projects which, owing to their multiplier effect and the economic spheres which they would stimulate, would have a real impact on industrialization and on economic and social development in general.
16. On the whole, the Working Group's report bore out the findings of experience: namely, that the most useful role that UNIDO could play was in assistance activities such as the preparation of development plans, pre-investment studies, the adaptation of techniques to local conditions, industrial information, or investment promotion. It was therefore towards those fields that UNIDO should first and foremost orient its research and supporting activities. It was not a question of limiting those activities, but of assigning priorities so as to use available skills, time and funds to the best advantage.
17. His delegation further attached particular importance to the evaluation of assistance. Clearly, it was for the countries themselves to evaluate the results of the assistance provided, but project-by-project evaluation by the organizations providing assistance was none the less necessary. The question of evaluation at all stages was, incidentally currently being studied in connexion with the reorganization of UNDP, and UNIDO was taking part in that work. His delegation would like the secretariat to submit next year a report on the steps decided upon in that respect and to prepare on that basis a first evaluation of UNIDO's activities.
18. He also wished to stress the need for co-operation between UNIDO and the other United Nations bodies concerned with industrial development. He was gratified at the links established with ILO and FAO and at the progress made in co-operation with other bodies, especially with UNCTAD. His delegation was particularly interested in seeing a thorough study made of the problems of markets for the developing countries' industries.

19. In conclusion, he wished to reaffirm his Government's desire to find forms of co-operation between UNIDO and Belgium which would best serve the interests of the developing countries.

20. Mr. WARNER (Trinidad and Tobago) noted with satisfaction that the documents submitted by the secretariat had distinctly improved, although there remained some minor flaws such as the duplication of coverage by annexes I and II of document ID/B/64.

21. Study of UNIDO's performance since 1967 showed that a certain number of trends had taken shape: operational activities had become more diversified and more extensive; vocational training in general and opportunities for the exchange of information and experience had developed; new fields of activities had been opened up to meet the needs of the developing countries and, finally, UNIDO had begun to coordinate its activities with those of other specialized agencies.

22. As far as his country was concerned, two projects were worthy of mention, first, the establishment of an Industrial Research Institute in Trinidad, and secondly, the survey undertaken to evaluate the possibility of establishing industrial plants, in the light of the steps taken to establish a Caribbean Free Trade Area and plans for closer economic co-operation in the region. The list would have been longer if UNIDO had been able to recruit the necessary experts; for that reason, his delegation welcomed the news that the secretariat had taken steps to improve recruitment procedures.

23. It was clear that UNIDO would in future face the prospect of ever-increasing requests for assistance. The forms of assistance required would necessarily alter, partly because of changes that had been taking place and would continue to take place in the economic structure of the developing countries and partly under the stimulus of technological progress in the developed countries. That raised the question of the resources available to UNIDO. His delegation viewed with concern the gap between total UNIDO resources and requirements for operational activities in 1970 and 1971 and wondered whether the developing countries would be required to scale down their programmes - which would be contrary to the goals of the Second Development Decade - or whether funds would be made available to UNIDO to enable it to respond to articulated needs. Despite the increase in the allocations by UNDP for operational programmes, the share allotted to UNIDO was still relatively small. It was not only a matter of the



amount of funds but also of the use made of them, the efficiency of which would depend on co-ordination between UNIDO and other specialized agencies. Duplication of effort must be avoided and, as far as, for example, industrial financing, management training and the services of management consultants were concerned, the previous activities of ILO and of the development banks must be taken into account. Moreover governments themselves must co-ordinate their requests in the light of their own priorities and of the possibilities of aid offered by United Nations bodies.

24. It was not just a question of the resources which would be available to UNIDO and of the use which UNIDO would make of them, however. The developing countries must continue to regard industrialization as the means of raising their living standards, and it was towards that objective that the aims of the Second United Nations Development Decade were directed. The delegation of Trinidad and Tobago therefore wholeheartedly supported the proposal to call a special international conference of UNIDO at which all those questions could be considered at the highest level.

25. Mr. TRACRE (Mali) paid tribute to the work accomplished in so short a time by UNIDO and its secretariat. Like many other countries, Mali had to formulate a programme of industrial development which reflected its needs and its particular circumstances, but in order to do that it needed technical assistance. He thought that the aid offered by UNIDO in that field was of particular value and he would favour the Board's adopting a resolution asking for a reaffirmation of General Assembly resolution 2298 (XXII) in order to strengthen the role of the Industrial Development Board.

26. The delegation of Mali was specially concerned with a number of problems, particularly in the fields of industrial financing, industrial information, regionalization of the policy of industrial development and the transfer of technology.

27. As far as industrial financing was concerned, all the studies so far made emphasized the domestic investment effort which the developing countries must make; it was considered that those countries should attain a domestic saving rate of 15 to 20 per cent during the 1970's. Such a figure represented a considerable effort and seemed difficult to realize in the light of the level of indebtedness of most of the countries concerned.

28. With regard to external financial assistance, it had to be recognized that the target of one per cent of the gross national product suggested by the United Nations Conference on Trade and Development was far from having been reached.

29. It was therefore necessary for public financial assistance to be supplemented by massive private investment to guarantee the developing countries a satisfactory economic growth rate. Such an investment effort should be accompanied by a transfer of technical know-how, particularly in regard to management, which, in Mali's experience, was a subject of vital importance. UNIDO should consider the possibility of including amongst its operations the local training of national cadres in management, marketing and financial research and organization.
30. As far as industrial information was concerned, the safest course would be to begin with regular consultations between foreign businessmen and the local and national authorities of the developing countries, setting up industrial research, information and investment centres at the regional level, and holding an increasing number of industrial promotion meetings such as those already organized at Tunis and Rabat, which had given excellent results.
31. The regionalization of development policy was essential for most of the countries concerned, whose economic areas were generally very small. International co-operation was turning increasingly towards regional action, and all national planning which was to any extent dependent on external aid should leave the door open to multinational measures for a number of reasons, including the smallness of national markets, transport difficulties and various obstacles to trade. Mali's policy was firmly oriented towards regional co-operation, as was shown by its full participation in the Organization of Senegal River States and in the joint activities planned by that organization. Mali's problem, in view of its geographical position, was to create the most favourable conditions for satisfying its local consumption requirements and to use its meagre foreign exchange resources as effectively as possible. In all those fields, UNIDO could be of the greatest assistance in solving the problems encountered.
32. Mali approved the methods employed by UNIDO for creating the necessary structures, promoting investments and establishing long-term technical assistance programming; it also approved the programme on the repair and maintenance of equipment. It hoped that UNIDO would extend its programme for pilot plants, which were of unquestionable value, and that UNIDO's recent contacts with developed countries would lead to fruitful discussions in which a prominent topic would be the supply of capital equipment and highly qualified experts.

33. The industrialization of the developing countries called for reconsideration of the problem of the international division of labour and must involve, in particular, transfers of technology by the developed countries. The essential difference between the industrialization process which had taken place in the countries which were now fully developed and that at present going on in the developing countries must be borne in mind. That difference arose from the fact that the developed countries of today had possessed entrepreneurs and adequate internal savings right from the start, and they had produced their capital goods themselves and improved them through their own technological research, whereas the developing countries had to import the equipment and the technical know-how they required at prices which absorbed their entire export earnings. It was necessary, therefore, to train local entrepreneurs and cadres and to create proper conditions for the development of technological research in the developing countries, which would be a very long-term project. The developed countries should therefore accept the idea that certain branches of industry should be adjusted to fit the industrialization possibilities of the developing countries. That would increase the productivity of labour, since the developed countries could concentrate on industries employing advanced technology which were still beyond the competitive capacity of the developing countries. The Malian delegation hoped that studies on that subject would be undertaken within the framework of the Second Development Decade: they would provide tangible proof of solidarity between the developed and the developing countries.

34. Mr. BOLIN (International Labour Organisation) said that industrial development could not be viewed only from a technological or micro-economic standpoint. The concept of economic and social development should be very wide and encompass industrialization activities. ILO, without encroaching on the prerogatives of the countries themselves, had to provide all possible assistance and take all necessary measures concerning the manpower and social aspects of industrialization, in particular the employment and training aspects.

35. At the International Labour Conference in 1969, ILO had launched the World Employment Programme as a contribution to the Second Development Decade. For many years it had been doing pioneering work in the field of industrial development and in 1969 it had devoted \$22 million of the \$24 million available for its technical

co-operation work to industrialization or to activities having a direct bearing on industrialization. While ILO activities were conceived as an integrated whole and all of them were directly or indirectly related to industrialization, it was necessary, for the sake of comparison and statistics, to concentrate on the main aspects of the joint efforts of UNIDO and ILO on behalf of the developing countries.

36. ILO's activities in the field of management training were aimed at upgrading the professional knowledge and skills of managerial personnel at all levels by supplying teaching materials and developing teaching methods adapted to the needs of the countries concerned. Thus it had built up a multilingual film library and had published management handbooks which were widely used and very favourably received. Recently, ILO had embarked on a very important new activity: the development of electronic data processing centres for management. The use of computers for processing management information was spreading very rapidly and soon many developing countries would need to set up common service centres where individual enterprises could not only buy time on computers but also be advised on data processing systems to meet their specific needs. Such centres would logically be attached to management and productivity institutes.

37. The ILO vocational training programme covered all economic sectors and all categories of workers including technicians. It was a vital field of ILO's activities, in which valuable experience could be acquired. The main purpose of research in vocational training was to determine the most economic means of adapting it to the needs of various regions and individual countries, bearing in mind the level and objectives of economic development and the occupational structure.

38. At its forthcoming session in May 1970, the Governing Body of the International Labour Office would discuss an integrated programme of industrial activities for the years 1972-1977. That programme would cover industries or categories of workers for which ILO had already established ten standing committees including government employers' and workers' representatives, and a number of industries for which it held ad hoc meetings, such as the timber, leather and footwear, food products and drink industries.

39. That was clearly a field in which the activities of ILO and UNIDO were complementary, and the implementation of the ILO programme would increase the opportunities for fruitful co-operation between the two organizations. Despite certain initial difficulties, UNIDO and ILO had steadily extended their field of co-operation on pragmatic lines. ILO was collaborating in the Second Asian Industrial Development Conference to be held in Tokyo in September 1970, for which it was preparing a number of papers to form a synthesis of its past and current experience in the Asian region, with principles and guidelines for future action.

40. ILO's World Employment Programme was designed to cope with the grave general problem of unemployment and under-employment. While the problem was particularly acute in certain countries or regions, it nevertheless constituted a major international concern. The Programme urged governments to accept the attainment of the highest possible level of productive employment as a major political aim. The Preparatory Committee for the Second United Nations Development Decade had stressed the need to bring about a more equitable distribution of income and to promote social justice and efficiency of production, and had said that each developing country should formulate its national employment objectives so as to absorb an increasing proportion of its working population in modern-type activities. ILO was sparing no effort in helping developing countries to attain those objectives, working in close co-operation with the organizations of the United Nations system and with the regional organizations.

41. He welcomed the results achieved by the joint ILO/UNIDO Working Party. The International Labour Office was prepared to conclude a more formal and detailed arrangement with UNIDO governing the practical procedures of co-operation between the two organizations. ILO had always regarded its own activities and those of UNIDO, not as exclusive, but as complementary, since they both worked towards the same goal, namely, to assist the developing countries to build up the structure required for their economic and social development.

42. Mr. ANINOIU (Romania) said that his country attached great importance to the part played by UNIDO in working to promote industrial development, to extend international co-operation between all countries and to reduce the existing gap between the developing and the industrialized countries by speeding up the development process and improving the use made of natural and human resources. But such improvement was only possible if the independence and sovereignty of States were respected and if each

country refrained from interfering in the internal affairs of other countries. UNIDO could not play its role fully or become truly universal so long as countries like the People's Republic of China and the German Democratic Republic were not represented. The Romanian delegation wished, therefore, to reaffirm its Government's position concerning the legitimate rights of the People's Republic of China in the United Nations and in the other international organizations, including UNIDO; it also wished to express its support for the admission, on a footing of equality, of both German States to all the international organizations.

43. The Romanian delegation, which had closely followed the deliberations of the Working Group on Programme and Co-ordination, shared the view already expressed by a number of delegations that UNIDO should concentrate on the most important fields of industrial development in which it could make a decisive contribution to the economic development of the countries concerned, like the training of local industrial cadres, the promotion of co-operation in industry, the transfer of technical know-how and the application of science and technology to industrial development. The Romanian Government wished to pay special tribute to the programme of the Special Industrial Services, which was particularly praiseworthy on account of its dynamic and flexible character and the opportunities it gave for rapid and effective intervention. For that reason, his delegation welcomed the arrangement between UNIDO and UNDP for the partial financing of SIS projects out of the UNDP Revolving Fund and thought it essential that further efforts should be made to ensure the continued financing of that programme in accordance with the growing needs of the developing countries.

44. Romania was engaged in a many-sided, long-term drive for economic development, which demanded the mobilization of all the country's resources and energies. The objectives of the development plan for the period 1971-1980 included increasing the share of industry in the formation and growth of national income by structural improvements and by developing modern industries based on contemporary technical and scientific progress. The Romanian Government was therefore particularly interested in co-operation with UNIDO, which had already produced concrete results. A number of technical assistance projects were being implemented and it was planned, during 1970, to hold a meeting of experts in Bucharest at which problems of international industrial co-operation would be discussed. It was intended to hold other similar meetings in Romania and the Government wished to diversify still further its working relations with UNIDO, in

particular by making available Romanian experts for UNIDO's operational programmes and by authorizing a number of Romanian technical research departments to participate in the implementation of projects carried out under the auspices of UNIDO.

45. He expressed his delegation's appreciation for the work of the UNIDO secretariat under the guidance of the Executive Director and assured the Board that his country would do all in its power to assist UNIDO in the accomplishment of its task.

46. Mr. LITTELSTEDT (International Council for Scientific Management) said that it was impossible to exaggerate the importance of management problems for the development of an industrial society in all parts of the world - as the Secretary-General of the United Nations had so well brought out. The improvement of management methods and the training of managerial personnel would speed up the rate of industrialization and help to reduce the gap between the advanced and the developing countries. The transfer of technical know-how was becoming an ever more urgent need now that the world was facing a population explosion as a result of which world population would attain a figure of 7,000 million people before the year 2000.

47. The interdependence of culture and economics implied that management studies should help students to become familiar with the cultural and social differences to which methods of management had to be adjusted, and to understand that western methods had to be brought within the reach of the developing countries. As a contribution to the Second Development Decade, CIOS would put at the disposal of the United Nations the whole of its well-established and well-organized network of national associations, which should be an effective tool for the implementation of training projects.

48. Education in the role, function and structure of industry should be included in the curricula of secondary schools and, in greater detail, in the curriculum of every university faculty, of whatever discipline. For its part, CIOS would be able through its national associations to recruit teachers and experts in the industrialized countries.

49. UNIDO had shown its genuine interest in management problems by launching programmes which should enable the developing countries to solve their problems of industrial management. CIOS was fully prepared to support those programmes and to act as a link between UNIDO and local industries; the developing countries would thus derive maximum benefit from the technical and material assistance provided by UNIDO.

50. Mr. DAVILA (Mexico) said that the population increase in Mexico called for the creation of 370,000 new jobs every year. The Government was therefore faced with the need both to expand and diversify industry. During the last thirty years, governments had first had to set up the necessary infrastructure for industry, and then to modify and strengthen that infrastructure to adapt it to new industrial conditions. They had used traditional methods: fiscal incentives, import controls, stimulating of manufacturing output, programmes designed to increase the use of local raw materials and intermediate products. The existing industries, and those to be set up in future, would have to be more and more competitive, not only in the domestic market but also in the world market.

51. Mexico, like other developing countries, had to face up to the problem of the technological gap. The Mexican Government therefore attached great importance to education and research, and was encouraging the private sector by various means to undertake research and improve production techniques. In that connexion, the Mexican Government noted with satisfaction that the international technical assistance agencies were suggesting ideas and methods to remedy the deficiencies hampering the developing countries.

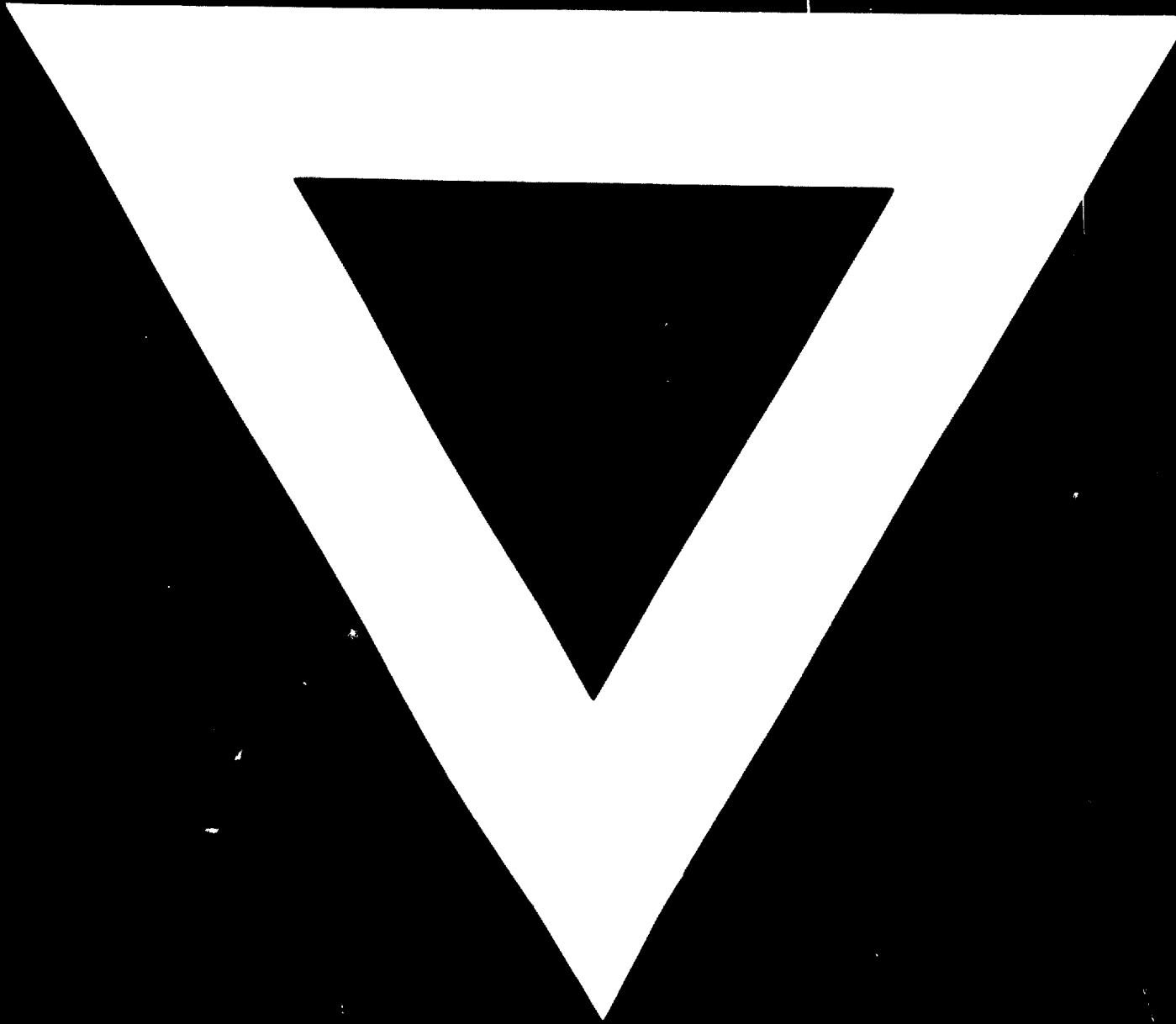
52. Of course it must not be forgotten that every country had its own peculiarities, but technical assistance was a world-wide problem which affected all of them; the type of assistance might vary from country to country in order to make increasing use of the country's productive capacities and to achieve the best possible combination for its natural, human and financial resources. Without wishing in the least to underestimate the competence and goodwill of the UNIDO representatives Mexico thought the Organization ought to appoint to these posts persons who had a good knowledge of the country or the geographical region, so as to take advantage not only of their technical qualifications but also of their understanding of the economic, political and social conditions in the region.

53. The Second Development Decade made closer links between UNIDO and individual countries more necessary than ever. His delegation thought the work of the earlier sessions of the Board augured well for the future and hoped that the fourth session would lead to effective results for the greater benefit of all.

The meeting rose at 5.15 p.m.







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