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20-28 April 1967

STATEMENT OF THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION TO THE FIRST SESSION  
OF THE INDUSTRIAL DEVELOPMENT BOARD

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Statement by the Executive Director at the first session of the  
Industrial Development Board

1. May I once again extend to you and all the distinguished representatives gathered here today, my warmest welcome on this important occasion. The convening of the first session of the Industrial Development Board marks a new and most encouraging beginning for the United Nations development efforts through the promotion of accelerated industrialization. The significance of this session is further enhanced by the fact that in the course of it the Board will be laying the groundwork and the basic guidelines for effective action in pursuance of the purposes set out by the General Assembly when it decided to establish the United Nations Industrial Development Organization.

2. In facing the tasks of its first session the Board has before it a long and heavy agenda. While the issues may not be all new, many of the items on the agenda are likely to come under examination in the light of the Board's broad responsibilities in the field of industry and the renewed emphasis on intensified action which led to the establishment of UNIDO.

3. Indeed, there will also be the realization that the establishment of UNIDO - encouraging as it may be for the aspirations of the developing countries - was not a goal in itself but an instrument towards much needed and hoped for action. Thus, the task is just beginning; a great deal of work and resources will be needed to accomplish the goals for which the Organization has been established. It is important that the instrument should not obscure the goals and that success in formally creating the machinery should not detract from the efforts to develop and use it effectively.

4. I do not intend to go into the particulars of every item listed on the agenda, which the Board will examine in connexion with the specific documentation submitted in each case. Beyond a general review of some basic issues, it is my intention, Mr. President, to limit my comments to those matters which are related to the major fields of activity of UNIDO, the harmonization of the industrial activities of the United Nations system of organizations, and certain specific matters such as the holding of the International Symposium on Industrial Development and the establishment of UNIDO headquarters.

Establishment of UNIDO headquarters

5. Item 9 of the agenda relates to the establishment of UNIDO headquarters which by decision of the General Assembly are to be located in Vienna. The Austrian Government has been most generous in its offer to build, at their own expense, permanent headquarters buildings and conference facilities for UNIDO. These would be erected in the Danube Park area of Vienna and form the beginning of an "international city". I consider it an act of statesmanship and vision on the part of the Austrian authorities to propose the creation of such an international complex of facilities in the heart of Europe; its existence will be a major contribution to international understanding based on practical co-operation in fields which are becoming increasingly important for all humanity.

6. The Board has before it the specific report on the negotiations conducted with the Government of Austria as well as the details of the arrangements contemplated for the temporary headquarters of UNIDO. I wish to express here particularly my gratitude for the help and ready co-operation which we received from the Austrian authorities. This spirit of co-operation has made it possible to achieve early results in a relatively short period of time and in accordance with the desires of the General Assembly to have this matter dealt with at the first session of the Board. I am most grateful in particular to H.E. Dr. Carl Bobleter, the Secretary of State for Foreign Affairs of the Austrian Government who is with us today and who, as a member of the Austrian Government, is in charge of the negotiations with UNIDO.

Harmonization and co-ordination of activities

7. Under agenda items 5 and 11, the Board has before it comprehensive information on the full spectrum of activities carried out by the United Nations system of organizations in the field of industrial development. In the light of the Board's over-all policy responsibilities and its central role for co-ordinating all the activities of the United Nations System in this field, it may be open to question whether patterns of reporting which have been developed in different circumstances should be retained or whether a pattern more appropriate for examination by the Board needs to be developed. In particular, there may be a need for closer analysis of activities by individual branches

of industry sectors to enable the Board to deal with the specific problems as they affect each sector, and also it possible to set up basic guidelines not only with a view to achieving adequate co-ordination but also as a way of harmonizing the activities of individual agencies within an integrated approach in order to increase their effectiveness and over-all impact.

8. At the recent meeting of the Executive Secretaries of the regional economic commissions in which the specialized agencies also participated, it was envisaged that the close relationship between UNIDO, the regional economic commissions and appropriate specialized agencies should be built on the basis of specific industrial development projects in order to achieve the maximum impact on the countries concerned. The development of specific machinery and procedures for co-ordination among the various organizations of the United Nations system in the field of industrial development should proceed gradually on the basis of the cumulative experience derived from practical undertakings of common interest and broad co-operative efforts such as those undertaken in connexion with the Regional Symposia and the International Symposium on Industrial Development.

9. Joint efforts to deal with the multi-sided aspects of industrialization are continuously broadened in the search of adequate solutions to specific problems. Some time ago we started operational activities for the promotion of export-oriented industries in countries requesting assistance in this area. Since then UNCTAD has become associated in this work, in respect to its over-all responsibilities for the promotion of exports of manufactured and semi-manufactured goods, and it is now developing into a joint effort by several United Nations organizations.

10. Among recent developments, the Asian Industrial Development Council - which was established on recommendation of the regional symposium - has decided last month to establish "Action Groups" in several sectors of industry. UNIDO's participation has been invited in the first two groups to be established in 1967, namely for iron and steel and chemical pulp industry. UNIDO may also co-operate with the ECA in the establishment of a pilot regional centre for small industries for the Western subregion. Likewise we have been asked to co-operate and take part in a meeting on development of petrochemical and fertilizer industries to follow up the recommendations of the Kuwait Conference on Industrial Development of the Arab countries.

11. At the meeting of the Administrative Committee on Co-ordination held earlier this month the representatives of some of the specialized agencies felt that there was a need to establish formal co-ordination machinery in the field of industry. In the light of the important responsibilities placed on the Board by the General Assembly which decided that the Organization "shall play the central role in and be responsible for reviewing and promoting the co-ordination of the United Nations system in the field of industrial development", it would appear appropriate for the Board to lay down the basic principles for action in this area. We shall endeavour to carry out the practical measures within the guidelines provided by the Board in seeking to strengthen co-operation with all the organs and units of the United Nations family of organizations, as well as a concerted approach through harmonization of activities in the field of industry, under the policy directives and basic guidelines emanating from the Board.

12. In this connexion it is clear that UNIDO with its very limited resources cannot tackle all the problems of industrialization at once. We must make use of the experience and existing resources of other United Nations organizations. Without in any way shrinking from responsibility for the broad mandate of UNIDO in the field of industry, it is necessary to undertake practical arrangements at an inter-secretariat level for collaboration in specific fields of work on the basis of a flexible approach subject to adjustments as may be required by subsequent experience and development.

#### Multi-dimensional approach

13. The activities and programme of work of UNIDO are reflected in several items of the provisional agenda. A good part of the current work is geared to the preparation of the International Symposium on Industrial Development. Nevertheless the organization's activities as a whole are primarily centred on the practical operational assistance to the developing countries. Since direct operational assistance is of a tangible nature it must be closely tied to the application of know-how in specific areas of work. Thus the programme of work as presented to the Board has been classified along the major branches or aspects of industrialization which comprise the very large variety of different activities that make up the total picture of industrialization. Effective operational

activities depend to a large extent on the ability of the secretariat to build up a strong technical capability and a thorough understanding of the problems and alternative approaches in each of the particular branches and aspects of industry. In their practical application, of course, such technical know-how and understanding of the individual aspects of the process have to be harmonized in a total approach to the problem at hand. Quite frequently an industrial project - whether it be the establishment of a particular industrial plant or the development of a whole sector of industry - involves problems which require an inter-disciplinary approach in terms of the various aspects of industry. For instance, the feasibility study for a particular industry is in many cases the result of individual studies concerning such different matters as the capacity of the market, the availability of raw materials and other physical resources, the conditions of labour and manpower, the capital requirements, etc. In the further stages of the project involving engineering studies and the promotion of financing, it may be necessary to apply different technical criteria to the selection of the most appropriate production processes and equipment, the choice of location, the training of the necessary technical manpower, the undertaking of particular research as a way of solving specific problems related to the utilization of existing raw materials or the solution of other problems of a local nature. Thus, one single project may involve the whole spectrum of activities listed in the programme of work. The same applies to industry as a whole; in both cases a multi-sided approach becomes an essential requirement. It is the ability to provide such a multi-dimensional approach in dealing with the problems of industrialization that will determine the success or failure of UNIDO in implementing the broad mandate that it received from the General Assembly.

#### Building up of UNIDO's technical capability

14. One of the first challenges that the new organization must meet is the need to equip itself for such many-sided requirements. As is well known the staff dealing with industrial development has been so far a relatively small sector of the United Nations. In contrast, the number of industrial specializations is very large and almost infinitely varied. We have never assumed that UNIDO needs to cover all of them. But if the organization is to be effective and



operational, it must be able to cover with its technical staff a certain number of basic fields or aspects of industry, after taking due account of the experience and activities of other United Nations organizations under a harmonized framework of industrial development activities.

15. Target estimates of the minimum viable size required to cover the variety of specializations were established but we are still far from having reached such minimum. In the circumstances resources have to be concentrated to meet the most pressing needs. While all priority is being given to direct assistance activities, it would be unrealistic to expect that these can be developed in a vacuum. The very concept of operational activities must be understood in a wider context which includes the ability to mobilize resources, promote co-operation towards specific goals, provide backstopping and technical information; it also includes continuing study and evaluation of existing experience with a view to its practical application. The understanding of the requirements of industrialization derived from analytical research of specific problems is likely to be of no less value to the developing countries than technical advice given on a piecemeal basis; it is at any rate indispensable for the development and implementation of sound programmes of direct assistance. Indeed, UNIDO cannot expect to be fully operational without developing first a broad range of technical capabilities and without becoming a storehouse of practical information and a centre of contacts to cope with problems related to industry building and transfer of technology. Furthermore, the current programme of work - covering as it does a large number of different types of activities - reveals the existence of a number of areas that need to be developed more. Thus, for example, work on such matters as promotion of industrial finance, development of industrial information and liaison, patents and licences, etc., must be taken in hand and expanded as soon as possible.

16. It is, of course, the Board's responsibility to set the basic policies and approaches to our work. The Secretariat is at the disposal of the Board to carry out the work in accordance with the Board's guidelines and instructions. During the current transitional period, the expanded framework resulting from the creation of UNIDO, on the one hand, and the designation of a new headquarters location for the organization, on the other hand, have both contributed to the

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need for maintaining a flexible approach. However at this stage it is equally important not to lose from sight the basic need to strengthen the technical capability of the secretariat of UNIDO. Thus, it should be possible to meet the need for maintaining and improving the necessary services during this transitional period, when the organization is gradually taking on its basic tasks, and at the same time creating a strong machinery on which the Board may confidently call for implementation of its policies and programmes.

#### Industrial internationalism

17. In building up its technical capability UNIDO also enhances its ability to serve as a bridge between the developing countries and the industrially advanced countries in search of a true partnership between the manpower, market potential and physical resources of the first, and the capital and technological expertise of the latter. In the industrial world there is now considerable concern about the concentration or polarization of technology which accompanied the vast expansion of technology and the rapidly increasing industrial production during recent years. The role of international co-operation in promoting the technological advancement of the less developed countries may have an important bearing on the total picture of the access to technology and the application of new developments to industry. Similarly, the world-wide interests of the large international corporations are increasingly becoming a factor in the shift of industrial responsibilities from operations in a single country to a broader international scale. Because of the extent of their markets and the size of their operations they are in a particularly privileged position to contribute to the over-all development effort in the fields of industrial technology and production. Recent examples of the far-reaching action of international industrial corporations represent a new pattern of international co-operation. The meshing of the operations of the present-day international corporations is creating a phenomenon of internationalism and of practical de facto international co-operation which have no parallel in any other branch of human endeavour. The same applies to publicly established organizations and programmes whose operations relate mainly to the development of industry on an international level.

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18. This phenomenon has its counterpart in the efforts of the developing countries to enlarge their markets and explore the advantages of joint industrial undertakings of a regional or sub-regional nature. Increasing attention will have to be paid to the multi-national and regional approach in industrialization. The advantages of larger markets are self-evident in respect to mass producing industries and industrial plants subject to large-scale economies. But there are many other advantages, such as mobility of labour and capital, removal of artificial obstacles, establishment of joint research and development facilities, etc., which could significantly contribute to the creation of favourable conditions for speeding up industrial development.

#### Technical co-operation activities

19. On the part of the industrializing countries, there is also a need for sustained and larger efforts in developing their own industrial forces. Much can be done by the developing countries themselves to make fuller use of their resources and manpower as well as their potential market for industrial products. However, in attempting to mobilize their own resources the developing countries frequently come up against the absence of certain instruments and means of action. Our technical co-operation activities must be geared to filling this gap. There have been in recent years expressions of concern over the so-called lack of requests for assistance in the field of industrial development. The strong increase of our technical assistance programmes, which have almost doubled in value since 1964 indicates that the paucity of requests did not reflect a lack of needs. While I would be first to agree that the significance of the operational activities cannot be measured in terms of dollars spent, there is no doubt that the existence of an adequate ability to meet them provides an important stimulus for the submission of requests. A further confirmation of the importance that the availability of an adequate framework may have in expanding the scope and effectiveness of the operational programmes has been provided by the recent experience with the newly established programme of Special Industrial Services. In the first nine months of its existence over 100 requests for assistance have been received from Governments. The majority of these requests are being met under the Special Industrial Services programme while a number have been taken up for consideration under other existing

programmes, as appropriate. Considering that this experimental programme is only in its very initial phase and that operations under it began at a time of transition related to the important organizational changes which are to a large extent still in process and may continue for some time until UNIDO has settled in its headquarters, it becomes evident that the building up of a favourable environment and the establishment of appropriate instruments to deal effectively with the needs of the developing countries are likely to elicit a very active response on the part of the latter.

Effective assistance based on sustained action

20. Of course, the impact of the operational activities cannot be measured alone by the number of projects, or requests, or experts or even the amount of dollars spent; the central question is one of effectiveness. The creation of the Special Industrial Services as a flexible programme of speedy action, and free from cumbersome programming procedures, has opened the way for the potential needs to show up as actual requests for assistance. Implementation of this programme is providing experience and a better understanding of the real nature of the needs in the field of industrial development. It is becoming more and more evident that it is not a matter of spoon-feeding know-how or of sporadic advice by qualified experts. While the technical competence may be of prime importance in respect to the intrinsic value of the assistance provided, its effective utilization in the developing country depends in most cases on the ability to provide aid on a continuing and sustained basis.

21. As has been pointed out so frequently industry is an eminently practical domain; aside from general policy questions, the problems to be dealt with require specific action within a particular set of circumstances. Thus, each project must be viewed as a joint and sustained effort carried out through the various stages of practical implementation until the desired results have been achieved. Fortunately in industry it is possible in most cases to define materially or even quantitatively the purposes of each project. What is needed, however, is a large degree of flexibility in the process of achieving the pre-defined goal, in order to allow for necessary adjustment to the realities faced at various stages of implementation. In terms of existing procedures under the majority of technical assistance programmes, this may be said to represent a need for continuous

programming and reprogramming to adjust the means of action to the requirements of the project as it develops and until the desired results are achieved. It is my considered view that if Governments could be served in the field of industrial development in a manner that assures them of sustained assistance under flexible programming procedures, far from having to worry about any presumed lack of requests we would have to be more and more concerned with the need to raise the capability of the organization to meet the vast needs of the developing areas in their industrialization drive.

#### The process of industrialization

22. Mr. President, I have been referring so far to questions affecting the activities of UNIDO and other United Nations organizations. But industrialization is a much more complex process which cannot be viewed from an isolated vantage point. Economic, social, administrative and political policies of the developing countries, even though not specifically concerned with the industrial sector as such, frequently play an important part in determining the rate of industrial development, its structure, the location of industry within a country and industrial efficiency. Likewise, in the industrial countries, policies relating to foreign trade, aid, international investment and the transfer of technology, as well as policies affecting the over-all performance of the economy, have exerted an influence on the industrialization process in the developing countries.

23. Industrialization is a many-sided process in which an integration of general policies with specific measures within the industrial sector is indispensable. If industrial policy is to be effective, it cannot be separated from policies relating to the internal distribution of personal incomes, from employment policies, policies relating to savings and investment and measures to raise productivity not only in the industrial sector but in agriculture and the service sectors as well. In this regard there is ground for optimism in the increased recognition by Governments that the planning of economic development generally cannot be divorced from the consideration of specific policy questions and measures pertaining to the industrial, agricultural and service sectors of the economy. This awareness brought about a larger need for general surveys and analytical assessments of the experiences of industrialization as a guide to further action.

Over-all industrial growth

24. Studies carried out and under preparation show that during recent years, a considerable number of countries have experienced an average annual rate of industrial growth in the neighbourhood of 7 to 9 per cent. During the past decade, the industrial production of the developing countries as a whole has doubled. Their production of steel has tripled and plans for further expansion are well advanced. Annual production of cement has more than doubled: it is now larger than the production of western Europe and North America before the Second World War. Of great importance for both industrial and agricultural development is the fact that a significant expansion is under way in the capacity to produce synthetic fertilizers. Significant advances have also been made in the production of energy, in transportation and communication facilities and in education - all of which are essential prerequisites for an advance in the industrial sector itself. Exports of manufactures of several developing countries are proving competitive in international markets.

25. The over-all picture is not however very encouraging. The relatively high rates of growth in industry, in contrast with the much lower rates of growth in the still predominant agricultural sector, are reflective of the very low starting base. The percentage rise in itself does not show the exceedingly modest ratio of the volume of industrial growth in the developing countries to that achieved even under a lower growth rate by the developed economies. The manufacturing sector of the developed countries was by far much larger than the size of the manufacturing sector of the developing countries (and on a per capita basis the disparity was, of course, even much greater). In actual product output, for example, the annual increase of the developing countries was only about one seventh of the increase of the Western developed countries, and only about one fifteenth on a per capita basis, in spite of the impression given by the favourable ratio in growth rates.

26. Equally indicative of the relative smallness of the increase is the fact that the 7 per cent annual growth rate of manufacturing production by the developing countries was insufficient to broaden the industrial base so as to satisfy the increased consumer demand for manufactured goods. As a result imports of these products were increased. In general, also, the rate achieved was, for most of the countries, below their aspirations as projected in their economic development

plans. Furthermore, the relatively high rate of population increase in the developing countries absorbed a considerable part of the higher production with the result that, after taking it into consideration, the rate of increase in industrial output was less than 5 per cent when expressed in per capita terms, and the apparent growth differential compared with the developed market economies had all but vanished when population growth is taken into account.

27. Figures compiled for the Industrial Development Survey now in preparation indicate that all of the combined efforts of the developing countries at building a manufacturing sector have resulted in their contributing, in the first half of the nineteen sixties, an apparent maximum of less than 5 per cent of the total manufactured product output of the world as a whole. And this percentage is no higher than it was thirty years ago, before World War II, and also practically identical with the share ten years ago. At the present rate of growth, the manufacturing output of the developing countries would not account for more than perhaps 6 or 7 per cent of the combined manufacturing output of the world by 1990.

#### The potential of industrialization

28. Quantitative projections of the potential industrial development in the less developed countries, whether on a global, regional or even national basis are not readily available. Nevertheless, there can be little doubt that great potentialities exist. The vast volume of primary commodities now being exported by these countries in an unprocessed or only slightly processed form offer important possibilities for a higher degree of processing that would add materially to export earnings as well as to meet the growing demands of the local market. Among the commodities that come readily to mind are ferrous and non-ferrous metals, petroleum, lumber and forestry products, natural fibres and hides and skins. Further prospects in this direction arise from the fact that the natural resources of many developing countries are now much better known than they were some twenty years ago, thanks to extensive surveys and feasibility studies made with the bilateral assistance of the industrial countries, the United Nations system of agencies, together with the efforts made by the developing countries themselves.

29. Similar complementarity and mutual support apply in respect of agricultural production on the one hand and the production of synthetic fertilizers, farm

machinery and equipment, pesticides, insecticides, fuel and other "inputs" in the agricultural sector on the other. Still another example is the potentially vast expansion of the building and construction industry with its requirements for materials like cement, wood products, ceramic products, iron and steel and the like.

30. It is becoming increasingly apparent that the creation of a broadly based industrial sector, embodying the integrated development of resource-based and market-oriented industries is an indispensable foundation for the sustained expansion of the other major sectors of the national economy. As incomes rise because of the expansion of the industrial sector, the resulting additional demand will furnish a still wider base for industrial expansion. Further, if appropriate national policies are pursued, the expansion in incomes can generate more savings for investment in industrial projects. The growth of industry itself will provide a training ground in which the technical skills and managerial capacity needed for a further step forward may be developed. In summary, once the process of industrialization has reached a certain critical minimum level, it may generate forces that will contribute to the solution of many of its own problems. Existing deficiencies of the industrial sector in many of the developing countries may be due in part to the fact that they have not reached this critical level.

#### Industrialization and agricultural efficiency

31. The discrepancy between the 7 per cent growth of industries and the 3 per cent growth of agriculture typical of the developing countries today is highly symptomatic. Sustained industrial growth which is not accompanied by agricultural growth, and especially an increase in food production, may not be tenable in the long run. The agricultural sectors which still account for the bulk of employment, and which even in terms of shares of national incomes are still considerably more important than the industrial sector, must form the main markets for the industries, their main suppliers of agriculturally based materials; they must provide the food for the industrial workers and the swelling urban populations of the developing countries. A new emphasis on agriculturally-oriented industrialization is now required and also visible in many countries. Agriculture cannot advance without an adequate supply of fertilizers, insecticides, pesticides, tractors, agricultural tools and implements, which only an industrial system can provide. Manufactured



consumption goods, e.g., clothing, shoes, furniture, bicycles, radios, etc., are also the natural incentive goods which will induce farmers to produce more and convert their surpluses by monetary exchange into the goods which they need. The development of soundly-based agriculturally-oriented industrialization must become a basic concern for the immediate future, in those countries where the conditions are appropriate. Generally speaking, though, all viable industries should be developed on the basis of their contribution to increased incomes; the latter can alternatively be used to import the necessary implements to increase farm productivity. Likewise plans for the expansion of certain crops should be accompanied by adequate plans for processing industries.

#### Framework for international co-operation

32. Ultimate success in coping with these far-reaching problems may to a large extent depend on whether an adequate framework for international co-operation in this field will emerge. Such a framework appears to be evolving on the basis of the large consensus that exists now as to the strategic importance of the industrial sector. One favourable factor in this direction is the successful maintenance of policies of full employment and economic growth in the industrial countries in which vast investments in the development of new industrial technology have played a major role. This trend is surely not without significance for the less developed countries. It not only increases the capacity of the industrial countries to render direct assistance to the developing countries but it should also encourage and facilitate shifts in the industrial structure of the advanced countries which will be not only in their own long-term interest, but in that of the developing countries as well. The former are now in a better position than ever to concentrate increasingly on industries demanding more complex and sophisticated technology, leaving to the latter an expanding role in the production, for both domestic consumption and export, of various types of manufactures, including those produced by a more labour-intensive and simpler technology.

33. On the side of the developing countries there are also a number of encouraging signs. For one thing, the resources of the developing countries are better known than they were a decade or two ago. For another, many developing countries have also made a start in establishing an institutional framework for industrial research, and for the planning and implementation of industrial projects. Their awareness of the importance of policies conducive to industrial efficiency is greater than before, as is their appreciation of the importance of selectivity in the development of various branches of industry in place of the previous tendency toward general self-sufficiency and consequent high-cost production. The important, even the necessity, of action on their part to widen markets by policies of regional or sub-regional integration is increasingly understood. There are also indications of interest in building up greater confidence between donor and recipient countries. There can be little doubt that the time is now ripe to co-operate in an increased effort aimed at promoting an expanded and more effective flow of technology, know-how, capital and enterprise.

#### The International Symposium on Industrial Development

34. In the light of the conditions which I have very briefly reviewed, there is indeed a need to initiate a constructive dialogue between the developing and industrial countries on policies and measures for industrialization. The International Symposium on Industrial Development is intended to serve as a first step in this direction.

35. In accordance with its approved agenda, the Symposium will build upon the foundations laid by the series of regional symposia held during 1965 and 1966 at which many of the topics for discussions were considered in a regional perspective. It will provide a global survey of the industrial situation of the developing countries, affording an opportunity for the countries in various regions to compare their situation and prospects with those of fellow countries in other regions. It will also examine in some depth the problems of industrialization that are common to all developing countries, and may indicate in broad lines areas for international co-operation. It is hoped that the proceedings will assist the governments of the industrial countries in formulating their programmes of bilateral aid and their policies towards multilateral assistance in the field of

industry. The Symposium should also furnish valuable guidance to the private sector in the industrial countries, where that sector is important, in formulating plans for international operations in the developing countries. Finally, it is anticipated that the discussions at the Symposium will help the entire United Nations system to plan an expanded and improved programme of technical and financial assistance to the industrial sector. Naturally, the Board will take up, at an appropriate time the review of the results of the Symposium.

36. May I take this opportunity to express our appreciation to the Government of Greece for its generous offer to host the International Symposium on Industrial Development. We are, indeed, very grateful for the co-operation of the Greek authorities and for their determined efforts in the face of difficulties. On its part, the Secretariat is carrying out the preparatory work and making the necessary arrangements to ensure that the Symposium will be able to convene on the established dates.

#### The role of UNIDO

37. Mr. President, during the debate yesterday concerning the agenda of the Board, the future activities of UNIDO drew considerable interest. I have just touched on many aspects of the large variety of problems and issues underlying industrialization; perhaps a projection of the future orientation of the work of UNIDO, after its resources are more fully developed and its procedures improved, will provide a clearer picture of the organization's role in seeking to implement the General Assembly's mandate involving central responsibility for "encouraging the mobilization of national and international resources to assist in, promote and accelerate the industrialization of the developing countries".

38. This mandate projects towards the future, a more active and effective United Nations role in promoting industrialization. The concept of promotion is a crucial one in the field of industry. Industrialization includes many different things. There is hardly a project in industry which does not involve, at one time or another, preliminary surveys, the application of technological research, the use of institutional facilities, the training of technical personnel; its formulation might have involved the need to apply advanced programming and project evaluation

techniques and a scheme of priorities based on broader policy views. The choice of location, processes and techniques also cut across a whole series of interdependent disciplines. There is, however, a basic element of action in each industrial project - whether it involves the establishment of individual plants or the development of a particular sector of industry in a given country - and that is what we have come to call somewhat arbitrarily industrial promotion.

39. Promotion of industrial projects also means the development of every project from the earliest stage - whether it be a specific feasibility study or a general survey of industrial possibilities - through such subsequent steps of gradual implementation as assessment of the market and of technical feasibility in relation to existing resources, engineering studies, capital and financing requirements, selection of equipment and machinery, training of personnel, etc.

40. Evidently, UNIDO's work will involve an active promotion role in every aspect of industrial development. In this sense it is quite possible that the documentation before the Board does not reflect fully one particular aspect which is really the very essence of our work, namely the continuing and broadening of contacts, the establishing of practical relations between those seeking to increase industrialization efforts in the developing countries and those who can provide the means and facilities for action. Even in respect to the operational programmes, it would be too narrow a view to consider them simply as a one way flow of experts into the developing countries. What we have attempted is to build into the operational programmes a more dynamic approach. In the programme of Special Industrial Services we have this kind of flexible and dynamic tool which enables us to promote action in the search of solutions to practical problems of industry in the developing countries. This approach is also being applied increasingly in respect to the other operational programmes. It is my understanding that the biannual programming procedures for the expanded programme of technical assistance are in the process of being revised, with a view to a more flexible approach which may result in continuing programming. This would be a most gratifying development from the point of view of the approach needed for industrialization and I am sure that as a result it would be possible to make broader use of the expanded programme for industrial development projects. Similarly, at the recent meeting of the Inter-agency Consultative Board, I have proposed that a new category of

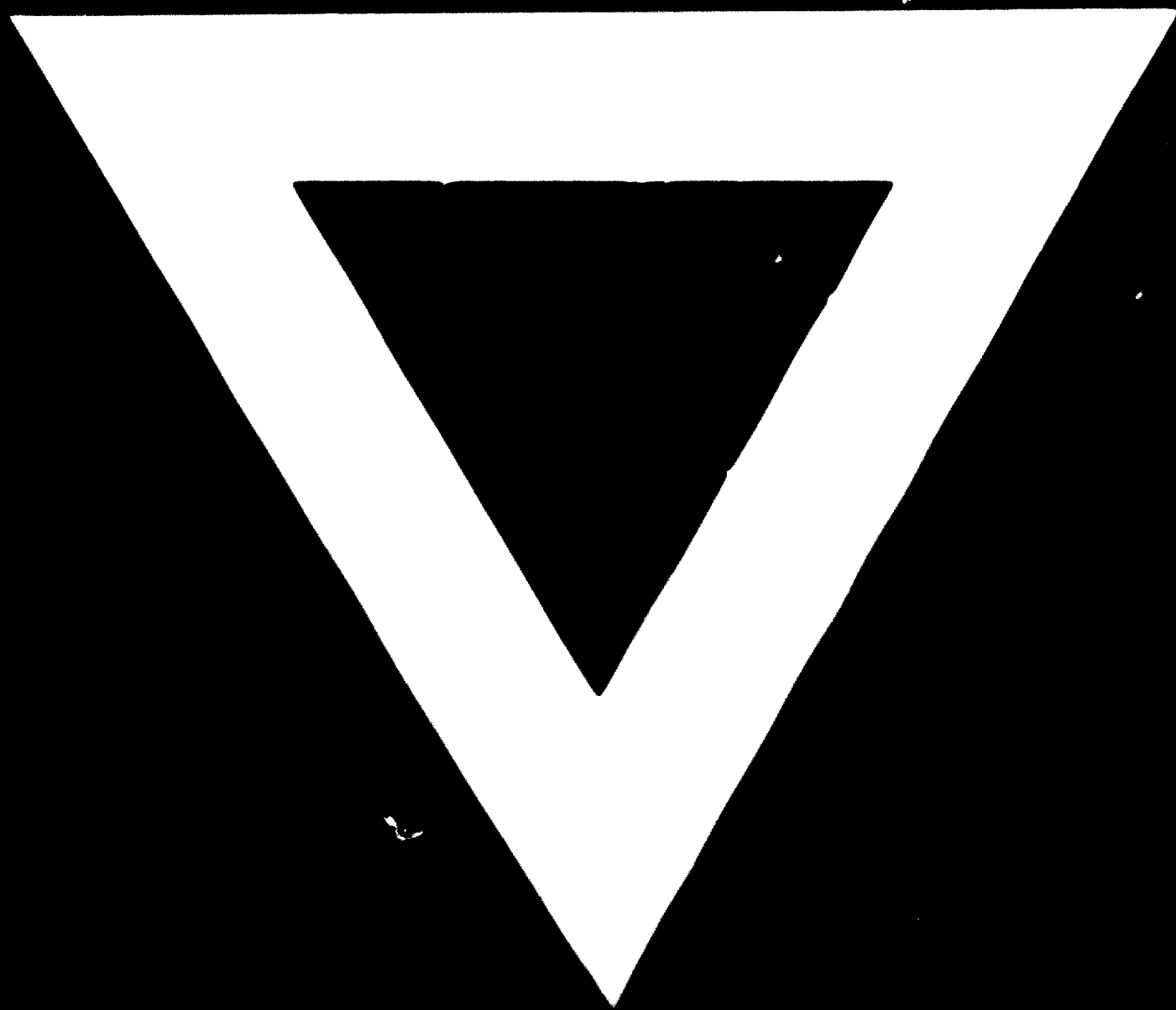
Special Fund projects should be introduced for the purpose of promotional activities. Likewise it might be appropriate to seek a review of the programming procedures for the regular programme of technical assistance of the United Nations in industrial development. Its procedures should be adjusted so as to permit the use of this programme as seed-money for the promotion of field activities which may serve as leverage for much larger undertakings. The Board may wish to recommend appropriate action by the General Assembly towards this end.

41. More flexible operational instruments will indeed be an important element in the basic promotional scheme of UNIDO's future programme of action. Its role is not to substitute for the active industrial forces of the developing countries, but to encourage the building up of these forces and to assist them in making full use of their own resources and of the help that may be or become available from international sources. The limitations of our means in relation to the vast resources required for industrialization, should not discourage us from action on the full range of industrial problems, provided it is clearly understood that in practice the results will depend on how much leverage we will be able to exercise. For instance, we cannot view at this stage UNIDO's role as one of providing finance for the building of factories, but we can well promote - by appropriate action in conjunction with the interested parties, the international financial institutions and even private and other sources - the actual investment in specific industrial undertakings. To take another area, such as training, it is obvious that UNIDO will not be able to train all the manpower needed for industrialization, but it can help governments to define the needs, promote training facilities and programmes and locate those places where specialized training may be obtained in particular cases. Similarly in building up UNIDO's capability in the various fields of technology or in creating a competent service of industrial information we do not intend to set it up as the only reservoir of knowledge; that would obviously be impossible. What UNIDO needs is the capability of dealing intelligently with these matters in order to make more readily accessible to the developing countries the accumulated knowledge that exists throughout the industrialized world for practical application in the building of their industries.

42. In a very schematic way, UNIDO could be viewed as a kind of central co-operative pool through which it is possible to draw on the reserves of experience, technical knowledge and tangible resources of all participating countries. Thus, its future role can be envisaged as the central point in a vast network of international co-operation for sound, orderly and rapid industrial progress.

43. Such central role may need to be accompanied by a determined effort to engage in some form of forward planning derived from UNIDO's ultimate concern with the ways and means of accelerating the role of industrialization. We must develop a methodology to assess the progress of industrial development of the developing countries on a global basis. As I mentioned earlier the share of the developing countries in total manufactured output of the world remained about the same over the last thirty years, and at its present rate of growth is not likely to be much higher in the next twenty-five years. An indicative plan, with projections for certain future years - perhaps parallel to the world agricultural indicative projections now undertaken by FAO for 1975 and 1985 - may provide a much needed frame of reference to steer industrializations efforts towards desirable objectives. It may serve as a guide to such important and difficult questions as the transfer of newly-developed technology cropping up at a high accelerated rate; the building of a domestic design capability to adapt technologies to the needs of developing countries; the promotion of exports of manufactures and semi-manufactures; the stepping up of investments based on economic integration and regional co-operation, and the increasing multilateralization of aid. A sound perspective on these and other important questions is indispensable for effective action designed to enable the developing countries to break away from the inertial position of having to run fast in order to stand still.

44. To sum up, Mr. President, if the trend of the past thirty years will continue in the future the share of the developing countries in world industry is not likely to increase appreciably. The role of UNIDO is to help change this situation through international and co-operative efforts. In the basic orientation of the future programme of UNIDO we must set our sights high. While moving towards the ultimate objective it will be necessary to tread on solid ground by a succession of practical and well considered steps.



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