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United Nations Industrial Development Organization

INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE NINTH MEETING

Held at Headquarters, New York,
on Tuesday, 18 April 1967, at 10.40 a.m.

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Future programme of work and activities of UNIDO (ID/B/4 and Corr.1-3,
ID/B/8 and Add.1 and Add.1/Corr.1, ID/B/9-11; ID/B/L.1-4) (continued)

PRESENT:

<u>President:</u>	Mr. TELL	(Jordan)
later,	Mr. LUBBERS	Netherlands
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. BRADLEY)	
	Mr. VIDAL ETCHEVERRY)	Argentina
	Mrs. SAILER)	
	Mr. REISCH)	Austria
	Mr. FORTHOMME	Belgium
	Mr. de CARVALHO SILOS	Brazil
	Mr. VLADOV	Bulgaria
	Mr. BELEOKEN	Cameroon
	Mr. ABELL	Canada
	Mr. TURBAY AYALA	Colombia
	Mr. INCHAUSTEGUI)	
	Mr. LASTRA)	Cuba
	Mr. MUZIK)	
	Mr. ADAMEK)	Czechoslovakia
	Mr. GABRIEL)	
	Mr. SCHMIDT-HORIX	Federal Republic of Germany
	Mr. TORNQVIST	Finland
	Mr. ERNST	France
	Mr. THERSON-COFIE	Ghana
	Mr. DIABATE	Guinea
	Mr. WANCHOO	India
	Mr. MARTONAGORO	Indonesia
	Mr. ORDOBADI	Iran
	Mr. FRANZI	Italy
	Mr. KOFFI	Ivory Coast
	Mr. ABE)	
	Mr. YAMAGUCHI)	Japan
	Mr. SAAD	Jordan
	Mr. CHAMMAS)	
	Mr. AL-SHATTI)	Kuwait

PRESENT (continued):

<u>Members</u> (continued):	Mr. OLUMIDE	Nigeria
	Mr. DASTGIR	Pakistan
	Mr. FERNANDINI	Peru
	Mrs. KODIKARA	Philippines
	Mr. DUMITRESCU	Romania
	Mr. RYABONYENDE	Rwanda
	Mr. GALAN	Spain
	Mr. SAHLGUL	Sudan
	Mr. BERG	Sweden
	Mr. DAHINDEN	Switzerland
	Mr. BARFUYAWART	Thailand
	Mr. ARCHIBALD	Trinidad and Tobago
	Mr. CUHRUK)	Turkey
	Mr. ALTINEL)	
	Mr. ANANICHEV	Union of Soviet Socialist Republics
	Sir Edward WARNER	United Kingdom of Great Britain and Northern Ireland
	Mr. BLAU	United States of America
	Mr. MENDIOLA	Uruguay
	Mr. SIKALUMBI)	Zambia
	Mr. MANDA)	

Observers for Member States:

Mr. RAHMANI	Algeria
Mr. BENSON	Australia
Mr. SCOTT MURSA	Bolivia
U BA YIN	Burma
Mr. OUANGMOTCHING	Chad
Mr. FU	China
Mr. MULONGO	Congo (Democratic Republic of)
Mr. AGATHOCLEOUS	Cyprus
Mr. SUBERO	Dominican Republic

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PRESENT (continued):

Observers for Member States (continued):

Mr. JATIVA	Ecuador
Mr. MAKAYA-CASTANCUL	Gabon
Mr. COLLAS	Greece
Mr. ALI	Iraq
Mr. SHAI	Israel
Mr. SOMPHANH	Laos
Mr. NAJA	Lebanon
Mr. THOMAS	Liberia
Mr. CARRANCO AVILA	Mexico
Mr. CHULUUNBAATAR	Mongolia
Mr. CUSSEINI	Niger
Mr. STANGHOLM	Norway
Mr. NENEMAN	Poland
Mr. van NIEKERK	South Africa
Mr. LAVCEVIC)	Yugoslavia
Mr. LUCIC)	

Representatives of specialized agencies:

Mr. AMMAR	International Labour Organisation
Mr. WOODWARD) Mr. ATEN)	Food and Agriculture Organization of the United Nations
Mrs. THOMAS	United Nations Educational, Scientific and Cultural Organization
Mr. PERINBAM	International Bank for Reconstruction and Development
Mrs. KALM	World Health Organization

Representative of the International Atomic
Energy Agency:

Mr. NAJAR

Representative of the General Agreement on Tariffs and Trade:

Mr. HORTLING

PRESENT (continued):

Representatives of other United Nations bodies:

Mr. HARLAND United Nations Development Programme

Mr. NERFIN World Food Programme

Secretariat:

Mr. ABDEL-RAHMAN Executive Director, United Nations Industrial Development Organization

Mr. QUIJANO CABALLERO Director, Technical Co-operation Division

Mr. SINGER Director, Industrial Policies and Programming Division

Mr. GRIGORIEV Director, Industrial Technology Division

Mr. LACHMANN Department of Economic and Social Affairs

Mr. MULLER United Nations Conference on Trade and Development

Mr. SYLLA Secretary of the Board

FUTURE PROGRAMME OF WORK AND ACTIVITIES OF UNIDO (ID/B/4 and Corr.1-3, ID/B/8 and Add.1 and Add.1/Corr.1, ID/B/9-11; ID/B/L.1-4) (continued)

Mr. FRANZI (Italy) said that the question of the functions to be assigned to UNIDO, which had seemed clear enough after the last session of the General Assembly, now seemed to him very obscure, in view of the statements and documents submitted to the Board. Some delegations, it was true, had made constructive suggestions on the distribution of work between research and the operational activities which were rightly felt to be the new organization's main responsibility. But not enough stress had been laid on the co-ordinating function of UNIDO, which would be one of its most important tasks, in view of the vast range and complexity of the field of industrialization, with which many United Nations bodies were concerned. The purpose of giving UNIDO such a co-ordinating role was to enable it to prevent duplication and harmonize activities in the field of industrial development in accordance with the spirit of General Assembly resolution 2152 (XXI). That resolution also attached great importance to another major problem, co-operation, which was directly linked with co-ordination. It might have been hoped that the second consolidated report of the industrial development activities of the United Nations system of organizations (ID/B/3) would not be merely an inventory of activities but would contain additional information which would enable the Board to tackle the problem of co-ordination. For it was not true that UNIDO had to start from scratch. On the contrary, it should base itself on the work already done by United Nations bodies in the field of industrial development. That work certainly had gaps and shortcomings, but it was precisely in order to reinforce it that UNIDO had been established.

His delegation had two suggestions to make on the subject of co-ordination. There had recently been a meeting at Headquarters of the executive secretaries of the regional economic commissions (E/4301), at which important aspects of co-operation and co-ordination had been studied and which had been attended by, among others, the Executive Director of UNIDO, senior officials of the Secretariat, and the directors of some specialized agencies whose activities were sometimes connected with industrial development. It would be useful to hold such meetings regularly, so as to ensure the most effective co-ordination possible. Secondly, the participants in the meetings could take the distribution of activities given

(Mr. Franzi, Italy)

in document ID/B/3 as a basis for their work on co-ordination. There could be discussions and consultations on each of the ten chapters of the report, so that the Executive Director could be given guidance on the activities expected from his organization.

Referring to the Executive Director's note on the "tentative target establishment" of the UNIDO secretariat (ID/B/L.3) and more particularly to the organizational chart it contained, he noted that the chart - "diplomatically" submitted for the Board's session - seemed to indicate that it was intended to assign all activities to the secretariat. It did not take account of the need, so often emphasized by members of the Board, to stress operational activities in the field. The participation of experts or specialists in international assistance activities should be temporary; it was unwise to keep such persons away from their professional milieu too long by giving them permanent posts in the secretariat of an international organization. It was very doubtful whether UNIDO needed such a large group of experts permanently on its substantive staff. The organizational chart of the substantive staff should be like that of a firm of consultants; experts should be appointed as necessary for temporary assignment to specific tasks. Consequently, the secretariat would do well to reconsider the organizational chart, taking into account the comments made in the Board about the need to send specialists quickly to countries which requested their assistance. With the present chart and without adequate funds for financing operational activities, it was to be feared that UNIDO might confine itself to research. He would not for the time being dwell on the fact that there were in the UNIDO secretariat only two Italians with junior professional grades and that one of the two had already been transferred to another organization. He hoped that the large number of staff from developing countries was a sign that those countries had made considerable progress and were thus drawing closer to the day when international assistance would no longer be necessary.

Italy was willing to contribute to UNIDO by making available highly qualified experts free of charge for short missions. It was also considering the possibility of making a direct financial contribution to operational activities, particularly if it were found that the new organization had started off satisfactorily. Furthermore, during the forthcoming exchanges of views between the Italian Government and the UNIDO secretariat, it would like to receive some information on UNIDO's needs in the field of technical training, since it also had

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in mind offering that organization the co-operation of Italian technical training institutions.

Mr. Lubbers (Netherlands), Vice-Chairman, took the Chair.

Mr. ABDEL-RAHMAN (Executive Director), replying to the comments made by the representative of Italy, said that he had noted his two suggestions on the co-ordinating function of UNIDO and that he would take appropriate action at a later stage.

He agreed that document ID/B/3 might have been fuller. He had limited it to an inventory of the organization's activities pending the Board's decision on what form the reports on activities should take and what additional information should be included in order to facilitate consideration of the problem of co-ordination.

The presentation of document ID/B/L.3 on the "tentative target establishment" at the beginning of the session was in no way a diplomatic manoeuvre. The table had been transmitted to the Controller two months ago; he regretted that that had not been mentioned in the document. As to the manning table itself, he considered that it corresponded to the aim UNIDO had set itself, namely, to be an organization devoted to operational activities, a role to which the representative of Italy attached considerable importance. In that connexion, he drew attention to table 2 in document ID/B/L.4, which showed the number of experts employed in 1967 in the various fields of industrial development by geographical regions and sources of funds. It was intended to send 469 experts to eighty-five countries to work in the different fields of activity listed in table 3 of the same document. It should be noted, furthermore, that the final figures might be higher on account of the fact that the SIS programme would not be terminated until the end of 1967. Tables 3 and 5 showed the distribution of the various activities to be undertaken by area of activity and source of finance. Taking the chemical industry as an example, it would be seen that it was intended to send twenty-five experts under the Expanded Programme, seven under the regular programme, fifteen under SIS and three under UNDP (Special Fund) projects already in progress. Who would choose these experts, determine their functions and read their reports? That would be done by the secretariat, specifically, by the staff of the Chemical Industries Unit. The same was true of the other activities. Altogether the projects to be carried out required 469 experts. Two hundred and fifteen fellowships would be provided, including some by Italy, for advanced training in a very wide range of

(Mr. Abdel-Rahman, Executive Director)

subjects. To handle all the work of organization and co-ordination, the secretariat had a professional staff of seventy-seven (ID/B/4, annex I, p. 4).

Again taking the chemical industries as an example, he noted that, according to annex I to document ID/B/4, there would be five professional staff members to deal with the work of fifty experts in the field, to service fifteen SIS projects and to supervise the execution of three Special Fund projects already in progress. Their work would not end there, however; they would also have to conduct and supervise the studies set out in document ID/B/4, pages 98-105, prepare the documentation relating to the agenda item on the chemical industries for the International Symposium and, from time to time, participate in field missions. Consequently, he wondered whether five persons were really too many for all those activities, especially when it was known that they would have to participate in outside activities, and whether the substantive staff was too large to supervise the execution of projects totalling \$8 million. In his view, the ratio between substantive staff and experts in the field was distinctly favourable to the latter and was quite in keeping with the intention that UNIDO should be engaged in operational activities.

With respect to the selection of personnel, account was taken, in the recruitment of staff, of ability to perform operational activities and to choose experts. Not all nationals of under-developed countries were themselves under-developed, and his own views concerning the recruitment of staff were in conformity with the aims of the organization.

Mr. FRANZI (Italy) thanked the Executive Director for the additional information he had given, which clarified the data presented in the documentation. The example of the chemical industry which he had cited was particularly striking; it brought out clearly the relation between operational activities and substantive staff. It would be interesting, in that connexion, if the Executive Director would indicate the exact relation between table 3 in document ID/B/L.4 and the organizational chart of the secretariat. Where the secretariat's supervisory duties were concerned, it was questionable whether it would be possible to recruit all the technical staff envisaged, in view of the very high level of competence required, and whether the organization would have the necessary resources.

Mr. RYABONYENDE (Rwanda) said that UNIDO would have to grapple with a number of relatively new problems connected with its operational field activities.

(Mr. Ryabonyende, Rwanda)

The future programme of the organization should be formulated in the light of choices made by the Governments concerned, and not in terms of a set programme, since there were differences in the current level of development of the developing countries and in their natural resources. The programme of work set out in document ID/B/4 appeared to take account of that fact. That document might have given rise to some criticism, but it nevertheless provided a convenient frame of discussion and made it possible to consider both the organization's philosophy and its implementation policy. It was for the Board to decide how UNIDO could best tackle the most urgent problems in the field of industrialization. With respect to one of those problems, he regarded the establishment of pilot and demonstration plants as a means of attracting investments to sectors which might otherwise have been neglected and of progressing from pre-investment to investment proper. Another problem was the training of personnel for industrial development; for the human factor was basic to the development process. He also believed that any industrialization must rest on a sound agricultural basis. The developing countries were trying to strike a balance between industrial development and the development of the rural areas; the latter could itself provide an impetus to industrialization in the form of industries for the processing of agricultural products, which could be more easily integrated into the social environment and which facilitated co-operation between farmers and factory. UNIDO should also help the developing countries to manufacture fertilizers and agricultural machinery, in order to increase the output of food-stuffs.

Proper transport was an important prerequisite for economic progress. Lack of transport reduced the mobility of goods and services and caused a compartmentalization of the domestic market which, by tending to reduce productive capacity and raise costs, had in itself an unfavourable effect on industrial growth.

Where the building industry was concerned, many developing countries were still dependent on imports of construction materials, and he believed that the activities of UNIDO should extend to that sector also.

In view of what he had said, he would expect UNIDO to help the developing countries to increase their domestic output, and in particular progressively to reduce their imports of food-stuffs and finished consumer goods, in order to be able to import more capital goods and other basic products needed for industry.

(Mr. Ryabonyende, Rwanda)

If UNIDO was to be effective, it would have to avoid the often very protracted time lag between the approval and the execution of projects; requesting countries should not have to abandon certain projects because they were no longer suited to current needs or because they could not be fitted into their national development plans. It would be useful if the secretariat were to report to the Board periodically on the status of current projects and on the viability and the impact on national programmes of completed projects.

Mr. Tell (Jordan) resumed the Chair.

Mr. DIABATE (Guinea) pointed out that, under the terms of General Assembly resolution 2152 (XXI), UNIDO was to be a co-ordinating centre and was to propose specific measures in fields which lent themselves to accelerated industrialization. Such a role had, in fact, been assumed in the past by other organizations set up to help economically weak countries, with results that unfortunately had not always been positive.

He agreed with the Secretary-General that industrialization was not an aim in itself but must form part of over-all economic and social development. He did not believe that the mechanical transfer of capital could help the economically weak countries to escape from under-development. He endorsed the view, expressed by many delegations, that UNIDO must be engaged in operational activities. If it was to do so, however, the organization must find in the developing countries the will to escape from under-development and, in his view, that was possible only to the extent that they had effective control over their own economies. The organization must base its action on the comprehensive concept of economic development. It must formulate plans geared to the needs of the requesting countries, but the initiative in indicating those sectors in which assistance was required must lie with the requesting countries. Agriculture must not be the only concern of UNIDO. Agriculture must be developed, of course, but such development could only take place in parallel with the process of industrialization.

It would be worth while for the organization to continue its co-operation with the regional development banks and the regional economic commissions. Where financing was concerned, it was vital that UNIDO should have resources of its own. In order fully to achieve its objectives, the organization must have an adequate structure, and the Executive Director must be allowed some freedom in the recruitment of staff.

Mr. de CARVALHO SILCS (Brazil) pointed out that his delegation had taken an active part in the establishment of UNIDO. Brazil had been one of the sponsors of the draft resolution setting up the Committee for Industrial Development which had started the movement leading up to the adoption of General Assembly resolution 2152 (XXI). After recalling the aims of the organization as set forth in that text, he stressed that the first session of the Board was of paramount importance for the future of UNIDO. The Board would be called upon not only to settle a number of procedural questions, but also to draw up its work programme for 1967 and 1968. That latter task had an important bearing both on the future activities of UNIDO and on the projects and problems it had inherited from the Centre for Industrial Development. The draft programme (ID/B/4) would help the Board in its task although, of course, Member States could not be expected to agree with it entirely. The influence of the Centre's past activities was of minor importance and the Board should work out a self-contained programme which would reflect the needs of the developing countries and the new facilities offered by the advanced countries for the transfer of technology to the less developed regions. The preparation of a comprehensive programme involved a number of practical difficulties. While being prepared to expand the scope of its activities later, the Board might perhaps be wise to concentrate its efforts on only a few tasks capable of being tackled with the limited resources currently available. A selective approach would better serve the aims of Assembly resolution 2152 (XXI) and would enable UNIDO to assert its originality as compared with the Centre. In other words, his delegation favoured a work programme which was limited in scope but strictly in accordance with the basic purposes of the organization.

Without underestimating the importance of the agricultural sector for the balanced growth of an economy, it did not believe that the promotion - or as some representatives put it, the industrialization - of agriculture, which came within the competence of FAO, should be one of the main concerns of UNIDO. The organization should endorse the definition of industrialization formulated at the third session of the Committee for Industrial Development, namely, that industrialization was a process in which a growing part of the national resources were mobilized to develop a technically up-to-date diversified economic structure characterized by a dynamic manufacturing sector having and producing means of

(Mr. de Carvalho Silos, Brazil)

production and consumer goods and capable of assuring a high rate of growth for the economy as a whole and of achieving economic and social progress.

Document ID/H/4 placed a regrettable emphasis on consumer industries and small-scale industries. While those two topics were dealt with in separate chapters, activities related to iron and steel, the power industry and the equipment industries in general were grouped under the heading of metallurgical and metal-working industries. It would seem that generators and steel structures played a similar role in the process of industrial development when in fact that was not the case. The problem was particularly serious since for many countries with small domestic markets the development of those two types of industries must be considered on a regional scale. To devote specific attention to small-scale industries and consumer goods industries without a broader reference to the critical role of the iron and steel industry proper might lead to a distorted over-all view of economic development. The future reports of UNIDO should deal with iron and steel and the equipment industries in separate chapters. Those comments also applied to document ID/B/3 which devoted a special chapter to small-scale industries, whereas the basic industries, the equipment industries and consumer goods industries were all grouped together in chapter VI entitled "Activities by branches of industry".

In the view of the Brazilian delegation, the research and operational activities of UNIDO were important. While operational activities helped to disseminate practical experience, research on the interrelationships between different industries engendered new ideas which could become the basis for new policies. According to some delegations, the developing countries should follow the path which had been taken historically by the industrialized countries. His own delegation disagreed. The advanced countries had been unable to foresee the results of their efforts. That was not the case for the developing countries: they could avail themselves of a much broader range of development strategies. The industrial development strategies should include the following critical concepts: the relative priorities in the establishment of capital goods and consumer goods industries; the relationship between industrialization determined by import substitution and industrialization determined exclusively by diversification of the economic structure on the basis of the distribution of

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local resources; the relationship between centres of industrial growth which developed on the basis of external economies initially oriented to the development of primary commodity exports and industrial centres based upon external economies oriented towards the integrated development of different regions within the country; the export of manufactures to industrialized countries and to developing countries; the relationship between industrialization in depth and extensive industrialization; the relationship between service-generating industries and industries which contributed less to the increase of productive employment in the service sector.

The development of the capital goods and consumer goods industries played different roles at different stages of industrialization, depending on the development strategy chosen and the relative saturation of the sector. Naturally, the cycle of expansion and stabilization in the industries would vary from country to country. The organization should try to bring out clearly all the implications of the different strategies in order to guide industrial programmers and planners in the developing countries.

Developing countries should be made aware of the significance of strategies emphasizing import substitution and strategies basically oriented towards diversification and increasing productivity of the industrial structure. If the sole criterion chosen to guide import substitution was the free play of market forces, the developing country might find itself using scarce resources for the production of luxury items. Strictly applied, a policy of import substitution could lead to high domestic costs, monopolistic structures and excessive protectionism. On the other hand, diversification on the basis of local resources could create competitive conditions for exports and help to raise living standards.

Economies which had concentrated on primary commodity exports tended to formulate industrialization strategies which did not necessarily lead to the establishment of manufacturing industries fully capable of benefiting from their human and material resources. It might be more appropriate to study resource distribution as thoroughly as possible in order to develop industrial centres capable of playing a more effective role in integrating economic activity in the different regions. The technologies available to the developing countries favoured

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in general the production of manufactured goods for export to other developing countries. It was important to verify whether that was really in their interests or whether they should utilize more elaborate technologies in order to export to highly industrialized countries.

Mr. BRADLEY (Argentina) felt that the Board should not underestimate the link existing between the future activities of UNIDO and the past activities of the Centre for Industrial Development whose positive achievements should be safeguarded in order to avoid wasting time and money. Consequently, the work programme of UNIDO should include the studies and research which had already been started or planned and which could prove useful for the practical work of UNIDO.

The elaboration of standard industrial projects for use by States wishing to develop such activities would enable them to accelerate operations, reduce costs and put available technology to better use. Standard projects should be capable of adaptation to the various specific circumstances and include a certain range of possibilities. It would also be useful to study certain subsidiary techniques linked with the marketing of products of a certain type of industry - particularly the food industry - and the establishment of industries which would produce complementarity between developing countries themselves or between developing and developed countries. Progress reports on the technical advances achieved in certain industries and on markets, particularly for textiles and other consumer goods, would also be very useful.

The role of UNIDO in the field of direct assistance for industrial development should be to assist Governments, at their request, in the execution of specific projects. His country fully understood the need for balanced expansion of both agricultural and manufacturing industries in the interests of harmonious economic development. Argentina itself, once an essentially agricultural country, was now in the process of becoming industrialized and was exporting a growing number of products. Since it was essential to promote agricultural industries in the developing countries in order to solve the problem of hunger, those who regarded that as a priority task were correct. However, the fact that the industrialized countries supported and encouraged unprofitable agricultural industries and practised policies of discrimination with regard to the sale of

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(Mr. Bradley, Argentina)

the products of those industries in national and foreign markets was not calculated to encourage the developing countries to establish agricultural industries which would be unable to export their surpluses.

With regard to regional industrial development, his delegation thought that the siting of industries must not be based on the principle that industrial complexes should preferably be established in localities where raw material and energy supplies were most readily available. The regional siting of industry must be decided in the light of all the factors affecting the profitability and productivity of the investments. When a number of production units relied on a single source of supply, inadequacies in that source could prevent full utilization of plant, cause external dissavings and consequently reduce the over-all profitability of the production units even if some of them were attaining maximum efficiency. Moreover, there might be other considerations making it necessary to distinguish between profitability and social utility, and such considerations might prove decisive from the point of view of the dynamic effect of the investment on the economy as a whole. It would be useful if UNIDO were to collect data from which methodical principles for the location of industry could be worked out.

With regard to the co-ordination of United Nations activities in industrial development, he thought that paragraphs 27-36 of General Assembly resolution 2152 (XXI) were sufficiently clear to make it unlikely that major problems of interpretation with regard to the competence of each organization would arise. Care must nevertheless be taken to avoid duplication, and permanent consultation machinery should be set up for that purpose between all the organs concerned.

As to the form which the programme of future activities was to take, there should be a general document indicating the short- and medium-term plan of action in broad outline. The document could be drawn up by the Executive Director, together with a statement of the foreseeable financial implications and the ordinary budget of UNIDO, and submitted to the Board at a second session, which should be held before the twenty-second session of the General Assembly. If the necessary documentation was supplied in good time, only four or five days would be needed to reach a final decision on a plan of action. His delegation was convinced

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that the Board was not yet in a position to make such a decision and that more thorough preparation would undoubtedly produce improvements and economies.

Mr. DUMITRESCU (Romania) said that the establishment of UNIDO would contribute considerably to the acceleration of industrial development in all countries. The industrialization of Romania was taking place as part of a programme for the balanced development of the whole national economy. It was specially directed towards those branches of industry which were in the van of technical progress, and was designed to bring about radical transformations in both the economic and social fields. The size, complexity and efficiency of Romanian industry had grown uninterruptedly. Thus, industrial production had been 12 per cent higher in 1966 than in 1965, an increase equivalent to four fifths of the country's industrial output in 1950. That rapid rate of progress meant not only that agriculture could be continually modernized but that more could be invested in the other branches of the national economy and that more and better consumer goods could be produced. It had not yet enabled Romania to catch up with the developed countries, but the new five-year plan (1966-1967) promised well for the future.

So far as the future activities of UNIDO were concerned, the question of priorities was of fundamental importance. The difficulties which had arisen in that connexion were not insurmountable and their solution would mainly depend on the efforts of individual countries and on the help provided by United Nations bodies. It was of course true that an order of priorities, which was the very essence of national planning, was much more difficult to work out on an international scale. The point had been rightly made that United Nations bodies could have no priorities of their own; all they could do was to endeavour to conform to those laid down by the Member States. But priorities varied from country to country according to economic and social conditions and national aspirations. No single recipe for the orientation of industrial development and the choice of priorities could therefore be recommended to all the developing countries. It was up to each country to decide those matters for itself. However, experience showed that without accelerated development of capital goods industries it was very difficult, not to say impossible, to achieve rapid progress in other branches of industry and thereby eliminate world economic inequalities. Unfortunately, the modern branches of production and, more especially, the capital

(Mr. Dumitrescu, Romania)

goods industry were not receiving adequate assistance. That was a field of activity to which UNIDO and the specialized agencies concerned should give priority. It was important to make the best possible use of the natural and human resources of the various countries and to exploit the possibilities created by the development of international economic relations based on equality of rights, the principle of reciprocal benefit, non-interference in internal affairs, and national sovereignty and independence. The Executive Director had rightly pointed out that the developing countries were often held up for want of certain instruments and means of action which would enable them to mobilize their own resources, and had stressed the need for international co-operation in remedying that deficiency. The transfer of scientific and technical know-how to the developing countries must therefore be increased and accelerated, for such know-how acted as a catalyst in the creation and expansion of modern industry. Romania, for one, intended to contribute to the stepping up of such exchanges and to benefit from them itself.

Because his delegation was aware of the difficulties caused in the developing countries by lack of information concerning modern industrial techniques and by the barriers which were currently hindering the circulation of technical and scientific know-how, it attached great importance to the activities of UNIDO in that field. UNIDO must give the problem priority in its programmes of work and collaborate closely with the Advisory Committee on the Application of Science and Technology to Development and the United International Bureaux for the Protection of Intellectual Property. The task was one closely connected with that of harnessing the human resources of the developing countries, and the special industrial services programme had shown itself to be an excellent instrument for the purpose. Increasing emphasis would have to be placed in the programmes of UNIDO and the specialized agencies on the training of national technical and scientific personnel, which was essential to the progress of the developing countries. An increasing number of countries must participate in pooling the results of their experience.

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(Mr. Dumitreccu, Romania)

The programme of work depended for the achievement of its objectives on the proper functioning of the secretariat. To do its job, the secretariat would need a highly competent technical staff and a structure which reflected the composition of UNIDO as faithfully as possible. In that connexion, he hoped that its specialists would be drawn from an increasingly wide circle of countries. His delegation had appreciated the way in which the question of the co-ordination and rationalization of United Nations activities in the field of industrial development was treated in the documents prepared by the Secretariat. It thought that the necessary co-ordination machinery and procedures should be gradually established on the basis of experience gained in the pursuit of practical objectives of common interest. The secretariat must exploit to the full all the opportunities for the promotion of industrial development activities offered by existing structures, for the adaptation of those structures to the realities and needs of industrialization was the most effective and least expensive method. Co-operation with the regional economic commissions was especially important in that connexion.

For the time being, there could be no question of drawing up more than a short-term programme, however, the Board would no doubt very soon be able, in the light of experience, to start considering how to work out a long-term programme, centered on basic objectives and sufficiently flexible to take into account the developing requirements of the recipient countries.

Romania realized what efforts it had to make in order to reach the level of the highly industrialized countries, and was prepared to do all it could to assist countries which were taking their first steps along the path of industrialization.

Mr. WANCHOO (India) emphasized the vital role of industrialization in the diversification of the economy of the developing countries and the improvement of their people's standard of living. It was now widely recognized that the pace of industrialization largely determined the rate of growth of the economy as a whole. The developing countries had fallen several decades behind the developed countries in that regard, and the rapid advance of modern technology made it difficult for them to catch up. There was no doubt that the basic effort in industrialization must be made by the developing countries themselves, in the preparation of plans, the mobilization of their own resources and the promotion

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(Mr. Wanchoo, India)

of savings. But the difficulties they encountered could not be resolved without external assistance, particularly financial assistance. UNIDO would have to play a leading role not only by providing technical and preinvestment assistance but also by building a bridge to investment proper.

One of the many difficulties that UNIDO would have to overcome during the first stages of its work was the fact that the new organization was the successor to the Centre for Industrial Development, whose work had involved mostly surveys and seminars, whereas UNIDO was supposed to concern itself increasingly with operational activities of direct assistance to the developing countries. There was little indication of that new departure in the Report on Activities and Programme of Work of UNIDO (ID/B/4), in which most of the projects listed were studies initiated under the auspices of the Centre for Industrial Development. No doubt those studies could be advantageously continued if unlimited resources were available, but since that was not the case, the interests of the developing countries would perhaps be better served if the available resources were devoted to direct assistance in solving the various problems they faced in their industrialization.

In any event, if the new organization was to be effective as an operational body, it would be necessary, firstly, to see to it that a much larger proportion of the funds obtained from existing sources, such as the Regular Programme and the Expanded Programme of Technical Assistance and the Special Fund component of UNDP, was allocated to the operational activities of UNIDO. Secondly, since, among other reasons, the channeling of funds through other organizations led to delays, the Board might consider establishing a committee to examine that important question, with a view to making directly available to UNIDO substantial funds from which it could finance its own operational activities. The lack of sufficient allocations for industrial projects had often been attributed to a lack of sufficient requests. While that might be true to some extent, the fact remained that the lack of requests had been due not to any lack of need but to the absence of a strong and autonomous organization such as UNIDO which could not only formulate such requests but also carry out the programmes of assistance. Now that that gap had been filled, UNIDO would have to establish effective contact with

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(Mr. Wanchoo, India)

the Governments of the developing countries, so that they would be fully aware of the kinds of assistance available. For example, a UNIDO team of experts had recently undertaken a review of export promotion in the engineering and chemical industries of India. The experts had drawn up a long list of projects for assistance, and the Indian Government hoped that their recommendations would soon be implemented.

It would also be necessary to introduce greater flexibility in the programming procedures of the various institutions which provided funds for assistance. He was gratified to note that the Executive Director had given attention to that problem. It was obvious, however, that the resources available under present programmes were insufficient to meet the operational needs of UNIDO. Moreover, the scope of assistance was necessarily limited by the criteria prescribed by the various governing bodies. Such handicaps could be overcome only if UNIDO had its own operational fund. It was to be hoped that the industrialized countries would act on their declarations concerning the need for more operational activities by making substantial contributions to that end.

With regard to future activities, the Board would need in the future to have a broad picture of the programme of work for the year following the year in which the Board met, particularly in the case of activities financed from the regular United Nations budget, and also of the budgetary implications of the programme.

As to the United States representative's suggestion that special attention should be given to industries helping in the modernization of agriculture, he agreed that that sector was very important to many developing countries, including India, but believed that, in the last analysis, it was for each country to decide its own priorities in the process of industrialization. UNIDO should also be in a position to provide technical assistance in the field of heavy industry to countries which had the necessary potential.

The Board's tasks included laying down basic principles for the co-ordination of activities in the area of industrial development and determining the desired pattern of future reports. In that connexion, it should be noted that the Second Consolidated Report on the Industrial Development Activities of the United Nations System of Organizations (ID/B/3) could not by itself help the Board to ensure the

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(Mr. Wanchoo, India)

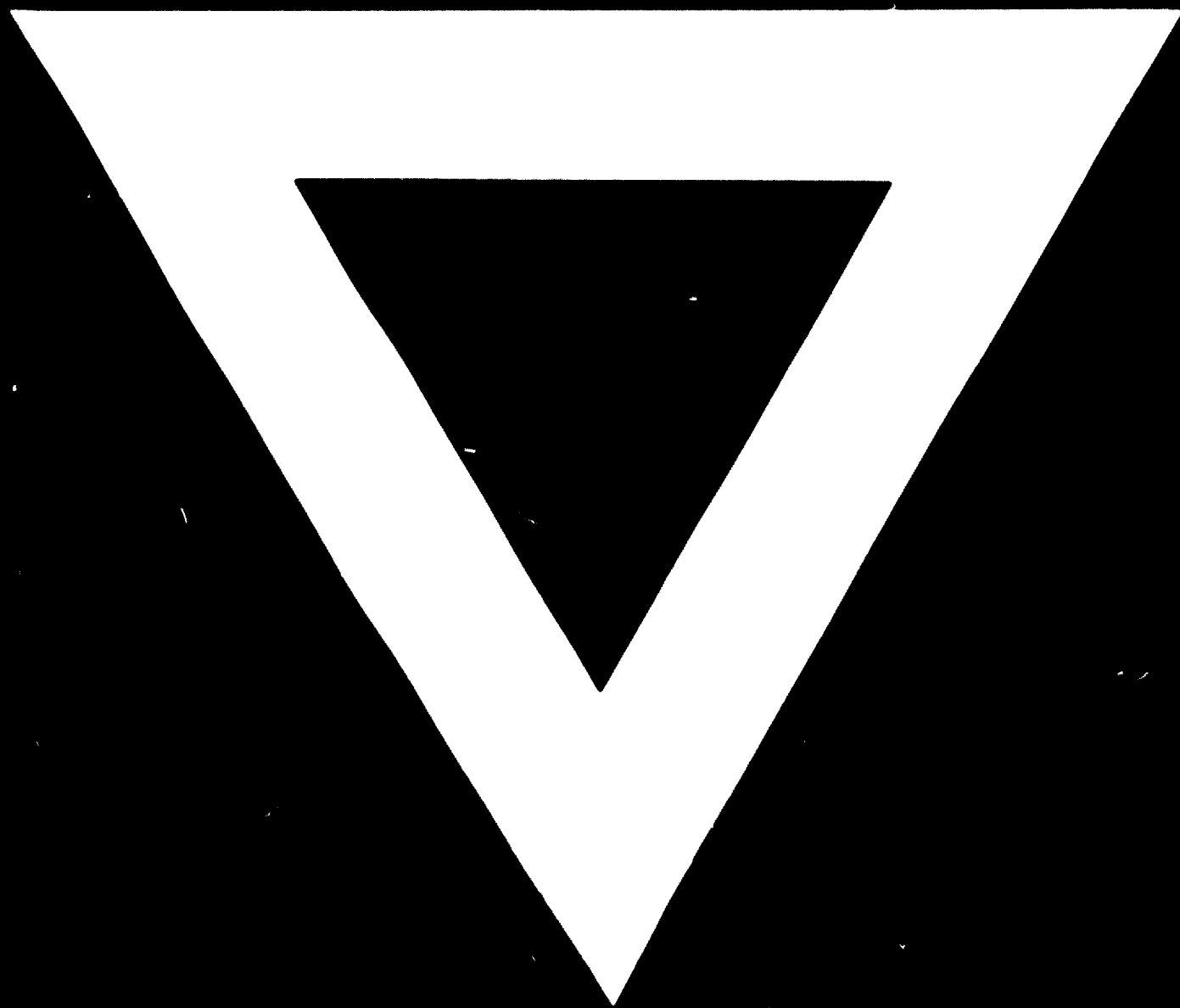
prevention of duplication in the future, which was the crux of the problem of co-ordination. To do that, the Board must have a broad picture of the future programmes of the various organizations in the industrial field. The Executive Director might sound out the executive heads of the organizations concerned, with a view to evolving appropriate procedures. His delegation was gratified to note the close relationship already established between UNIDO and various other bodies, in particular UNCTAD, the regional economic commissions and the Asian Industrial Development Council, and hoped that those relations would be strengthened still further in the future.

In establishing UNIDO, the General Assembly had recognized the fact that the acceleration of industrial development depended largely on international co-operation. That meant, in his view, not only the flow of assistance from the industrialized to the developing countries but also co-operation between the developing countries themselves. Those which had already acquired some experience in industrialization should be able to share it with those which were at an earlier stage, and UNIDO would be the ideal institution through which that could be done. India, for its part, had already provided other developing countries with substantial technical assistance in the industrial field and hoped that UNIDO would promote still closer co-operation between the developing countries.

In conclusion, he welcomed the fact that considerable work had already been done in preparation for the International Symposium on Industrial Development. He hoped that the Symposium would lay the groundwork for a long-range programme of activities in the industrial field.

The meeting rose at 1.30 p.m.





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