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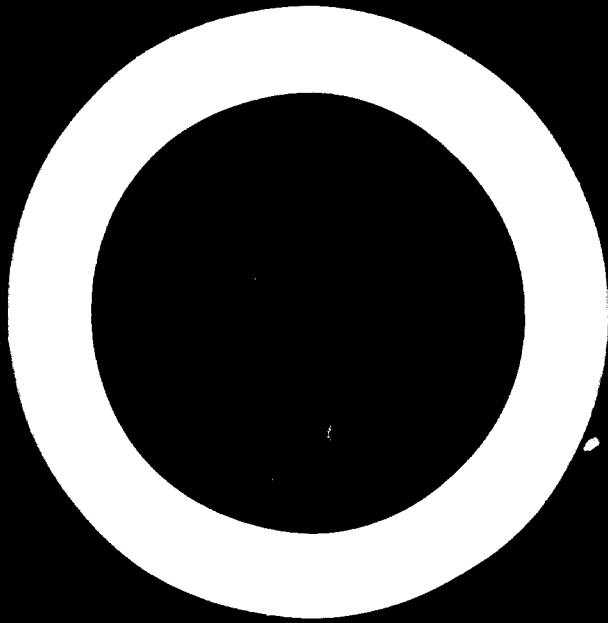
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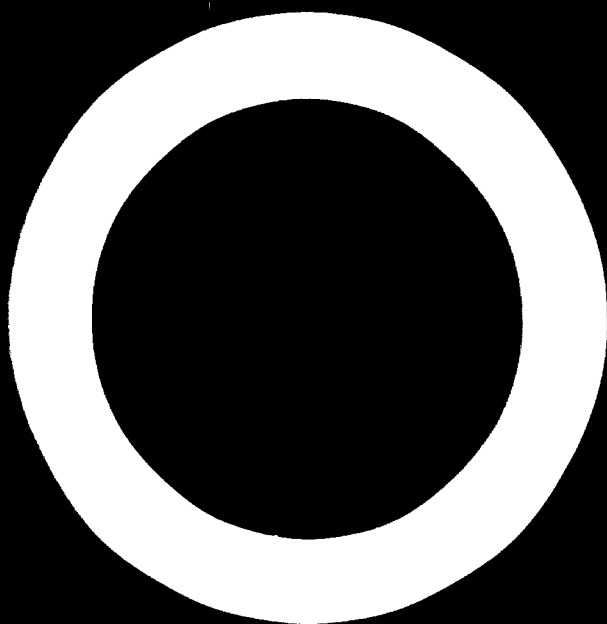
**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**Second Ministerial Meeting  
of the  
Group of Seventy-Seven  
Algiers, 15-18 February 1975**

**DECLARATION  
AND PLAN OF ACTION  
ON  
INDUSTRIAL DEVELOPMENT  
AND CO-OPERATION\***

**\*Adopted by the Second Ministerial Meeting  
of the Group of Seventy-Seven,  
Algiers, 15-18 February 1975**





**DECLARATION AND PLAN OF ACTION  
ON INDUSTRIAL DEVELOPMENT AND CO-OPERATION  
DRAWN UP BY  
THE GROUP OF SEVENTY-SEVEN**

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**DECLARATION**

1. The representatives of the developing countries meeting as the Group of Seventy-Seven, guided by their common aspirations and by the identity of their economic interests, decide to continue joining hands in their efforts to achieve social and economic development, peace and prosperity.
2. *Having examined* the situation with respect to industrialization in the developing countries during the past decade:
3. (a) *Recalling* General Assembly resolution 3176 (XXVIII) which judged that in terms of international action the cause of development has lost momentum since 1970;  
(b) *Recalling* General Assembly resolutions 2952 (XXVII) and 3087 (XXVIII);
4. *Bearing in mind* resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and Programme of Action on the Establishment of a New International Economic Order, according to which every effort should be made by the international community to take measures to encourage the industrialization of the developing countries with a view to increasing their share in world industrial production, as envisaged in the International Development Strategy;
5. *Recognizing* the urgent need to proceed with radical transformations in the structure of economic relations and to bring about the establishment of a new international economic order based on equity, sovereign equality, interdependence and co-operation, as has been expressed in the Declaration and Programme of Action on the Establishment of a New International Economic Order;
6. *Noting* resolution 62 (III) of the United Nations Conference on Trade and Development, adopted at the third session held in Santiago de Chile in May 1972, concerning measures in aid of the least developed countries, and resolution 1797 (LV) (Aid to the Sudano-Sahelian Populations Threatened

with Famine), on assistance to the drought-stricken areas in Africa, adopted by the Economic and Social Council at its fifty-fifth session in Geneva in August 1973;

7. *Taking into account* the Charter of Economic Rights and Duties of States as a basic instrument designed to rationalize international economic relations, and to contribute to the establishment of a new international economic order;

8. *Considering* that the improvement of the international political situation, the realization of disarmament, the reinforcement of co-operation between all countries and the full use of experience concerning industrial development of countries having different social and economic systems, directly influence the process of industrialization of the developing countries;

9. *Considering* further that the practices of alien and colonial domination, foreign occupation, all forms of foreign aggression, racial discrimination, *apartheid*, imperialism and neo-colonialism in all its forms continue to be among the greatest obstacles to the full emancipation and progress of the developing countries and their populations;

10. *Bearing in mind* that this situation has become aggravated by the persistent and marked tensions to which the present international economic situation is subjected and that to these must be added the attitude of some developed countries, the unacceptable practices of the transnational corporations that infringe the principle of sovereignty of developing countries, the effects of the inflationary increase in the import costs of developing countries, the pressures exerted upon their balance of payments as a result of heavy foreign debt servicing, the aggravation of the international monetary crisis, and the transfers resulting from private investment and that this situation is not conducive to the spirit of the new international economic order;

11. *Recognizing* that problems of industrial development in developing countries at their present stage of development do not lie entirely in those countries but are largely caused by the policies of most of the developed countries, and that without significant policy and structural changes within the economies of the developed countries, the achievement of the objectives of the new international economic order would be in serious jeopardy;

12. *Recognizing* that the developing countries constitute 70 per cent of the world population and generate less than 7 per cent of industrial production, that the gap between the developed and developing countries has been widening owing, *inter alia*, to the persistence of an unjust and inequitable international economic order,

13. *Taking into account* the fact that industrial progress has not displayed significant advances in the developing countries as a whole, in spite of serious efforts on their part, and that, in many cases, the dependence of their economies on the export of primary goods and the measures taken in the

majority of the developed countries have not made it possible to achieve a profound dynamic effect which would be capable of transforming internal socio-economic structures and laying the basis for real development;

14. *Bearing in mind* that any real process of industrialization worthy of the name must conform to the broad objectives of self-sustaining and integrated socio-economic development and that the developing countries have the sovereign right to make the necessary changes to ensure the just and effective participation of their peoples in industry and share in the benefits deriving therefrom;

15. *Noting with anxiety* that the present international crisis has aggravated the industrialization problems of the developing countries, resulting, *inter alia*, in the under-utilization of resources, constraints in the planning and execution of industrial projects and increasing costs of industrial inputs, equipment and freight charges;

16. *Aware* that some of the obstacles which are inhibiting industrial expansion in the developing countries are of an internal structural nature, and that there also continue to exist numerous impediments arising from colonial and neo-colonial policies or new forms of dependency on the developed world;

17. *Considering* the present trend of most of the industrialized countries to reduce the investments and technical and financial assistance needed to promote the economic and social development of developing countries in general and their industrial development in particular, as well as the increasingly harsh terms of the meagre aid given;

18. *Considering* also that development aid is a legitimate need and that neither in its present volume nor form does it make up for the worsening of the terms of trade of the developing countries or for the drainage of their resources, or for the direct and indirect advantages accumulated during the colonial period by the developed countries;

19. *Observing* with concern the grave consequences with which the present international crisis confronts the developing countries as a result of growing inflation and economic instability, aware of the need to establish a just and equitable relationship between the prices of raw materials, primary commodities, manufactured and semi-manufactured goods exported by the developing countries and the prices of raw materials, primary commodities, foodstuffs, manufactured and semi-manufactured goods and capital equipment imported by them, and to work for a link between the prices of exports of developing countries and the prices of their imports from developed countries;

20. *Convinced* that the establishment of a new and just international economic order based on the common interests and co-operation of all States can only be achieved through the equitable participation of the developing

countries in the production and exchange of goods and services, replacing the existing unequal and unjust international division of labour;

21. *Persuaded* that, since not all developing countries have socio-economic structures which permit them, through industrialization, to attain the objectives pursued by the establishment of a new international economic order, it is essential to adopt more favourable treatment for the least developed and land-locked countries to render possible harmonious and balanced development;

22. *Having decided* to adopt a common position and line of action based on the regional declarations adopted by Asian, African and Latin American developing countries;

### *SOLEMNLY DECLARE*

23. Their firm conviction of the role of industry as a dynamic instrument of growth essential to the rapid economic and social development of the developing countries, in particular of the least developed countries.

24. Their firm intention to promote industrial development through concerted measures at the national, subregional, regional, interregional and international levels with a view to modernizing the economies of the developing countries, and in particular those of the least developed countries, and eliminating all forms of political domination and socio-economic exploitation.

25. Their resolve to ensure the speedy and effective implementation of the principles of industrialization laid down in the International Development Strategy for the 1970s as adapted to the Programme of Action on the Establishment of a New International Economic Order.

26. That in order to facilitate the implementation of a new international economic order and the achievement of the targets set forth in the Declaration on that subject, a system of continuous negotiations and consultations should be elaborated between developed and developing countries.

27. That developed countries should undertake an objective and critical examination of their present policies and make appropriate changes in their economies so as to facilitate the expansion and diversification of imports from developing countries and thereby make possible a new international division of labour, which is rational, just and equitable.

28. That, in view of the low percentage share of the developing countries in world industrial production and taking into account the qualitative recommendations made in the present Declaration, their share should be increased to at least 25 per cent of the total by the year 2000, while making every endeavour to ensure that the industrial growth so achieved is as evenly distributed among the developing countries as possible. It is also necessary



that the developing countries should increase their industrial growth at rates considerably higher than the 8 per cent recommended in the Industrial Development Strategy for the Second United Nations Development Decade.

29. That the Governments of the developing countries should adopt, in order to accelerate industrialization, all measures which would ensure their control over their natural resources and the exploitation of these natural resources as well as the full utilization of human and material potential at their disposal, not only at the national level but also within the framework of systems of economic co-operation.

30. That in order to render really effective the full utilization of their available human resources, conditions should be created by the developing countries which make possible the full integration of women in social and economic activities and, in particular, in the industrialization process, on the basis of equal rights.

31. That, in order to carry out their national development plans and, in particular, those involving industrialization, the developing countries should raise the general cultural standard of their peoples, in order to have available a qualified work force not only for the production of goods and services but also for management skills, thus making possible the assimilation of modern technologies.

32. That every State has the inalienable right to exercise freely its sovereignty and permanent control over its natural resources, both terrestrial and marine, and over-all economic activity for the exploitation of these resources in the manner appropriate to its circumstances, including nationalization in accordance with its laws as an expression of this right, and that no State shall be subjected to any forms of economic, political or other coercion which impedes the full and free exercise of that inalienable right.

33. That the principles set out in the Charter of the Economic Rights and duties of States as well as in the Declaration of Dakar must be fully implemented. Consequently, it is the right and duty of all States, individually and collectively, to eliminate colonialism, *apartheid*, racial discrimination, neo-colonialism, occupation and all forms of foreign aggression, and domination and the economic and social consequences thereof, as a prerequisite for development. States which practise such policies are responsible to the countries, territories and peoples affected for restitution and full compensation for the exploitation and depletion of, and damage to, the natural and other resources of these countries, territories and peoples. It is, in addition, the duty of all States to extend assistance to these countries, territories and peoples.

34. That effective control over natural resources and the harmonization of policies for their exploitation, conservation, transformation and marketing constitute for developing countries an indispensable condition for economic and social progress.

35. That special attention should be given to the least developed countries, which should enjoy a net transfer of resources from the developed countries in the form of technical and financial resources as well as capital goods, to enable the least developed countries, in conformity with the policies and plans for development, to accelerate their industrialization.
36. That developing countries with sufficient means at their disposal should give careful consideration to the possibility of ensuring a net transfer of financial and technical resources to the least developed countries.
37. That special emphasis should be laid on the need of the least developed countries for the establishment of production facilities involving a maximum utilization of local human resources, the output of which meets identified material and social requirements, thus assuring a convergence between local resource use and needs as well as offering adequate employment opportunities.
38. That in view of the need to conserve non-renewable resources, the developed countries should avoid wasteful consumption and, in that context, the developing countries possessing such resources should formulate a policy of economic diversification with a view to acquiring other means of financing which are not based on intensive exploitation of those resources.
39. That the international community, and especially the developed countries, must mobilize human and material resources in order to cope with problems which threaten the environment. In this connexion, the developed countries, in their intensified efforts to prevent environmental pollution, must avoid causing additional upheavals to the developing countries and refrain from action which may result in transferring pollution to the developing countries.
40. That the countries concerned should consider the possibility of withdrawing the reservations they expressed at the time of the adoption of the International Development Strategy and should fully discharge their obligations by entering into new commitments under that strategy and also take the necessary political decision and concrete specific measures in order to implement the provision of the Declaration and Programme of Action on the Establishment of a New International Economic Order. These countries should also, together with the developing countries, adopt and implement the codes of conduct and other basic instruments which are indispensable to the establishment of the new International Economic Order on an equitable basis.
41. That the developed countries should adhere strictly to the principle that the Generalized System of Preferences must not be used as an instrument for economic and political pressure to hamper the activities of those developing countries which produce raw materials.
42. That the unrestricted play of market forces is not the most suitable means of promoting industrialization on a world scale or of achieving an appropriate international division of labour in the field of industry and that

the activities of transnational corporations should be subject to regulation and control by the home and host countries in order to ensure that these activities are compatible with the development plans and policies of the host countries and with an international code of conduct and other basic instruments.

43. That up to the present time, economic power has been used to thwart the aspirations of the developing countries for effective participation in the process of decision-making on international monetary questions. The principles which continue to govern the present monetary and financial system have exclusively served the interests of certain developed countries, and the efforts made by the developing countries to bring about a modification of this system to take into account their specific needs have been unsuccessful.

44. A new international monetary system should be established in the direction and operation of which the developing countries should participate. It must be universal, guarantee the developing countries stable flows and conditions of development financing and recognize their specific needs.

45. That steps should be taken to strengthen and restructure UNIDO, thereby making it more responsive to the needs of developing countries and especially the least developed countries in the promotion of industrialization and in the implementation of the New International Economic Order.

46. That in the strengthened and restructured UNIDO, developing countries, including the least developed countries, should be given greater participation at all levels in the policy-making and management activities of the Organization, and that their membership be substantially increased on the Industrial Development Board.

47. That it is urgently necessary that the developing countries change their traditional method of negotiation with the developed countries. To bring this about, they must undertake joint action in order to strengthen their negotiating position vis-à-vis the developed countries. For this purpose, the developing countries must consider all possible means of strengthening the action of producers' associations already established, encourage the creation of other associations for the principal commodities exported by them, and establish a mechanism for consultation and co-operation among the various producers' associations for the purpose of the co-ordination of their activities and for their mutual support, in particular as a precaution against any economic or other form of aggression.

48. That developing countries should use effective means of strengthening their collective bargaining power with the industrialized countries to obtain better terms for the acquisition of technology, expertise, licences and equipment, fair and remunerative prices for their primary commodities and total unrestricted access to the developed countries for their manufactures.

49. That developing countries should place a premium on self-reliance in their development effort for the realization of their full potential in terms of both human and natural resources and to that end adopt meaningful and concerted policies and pursue action directed towards greater technical and economic co-operation among themselves.

50. That developing countries should lend support to the concept of an integrated and multisectoral approach to industrial development whereby the technological and the socio-economic implications of the process are fully taken into account at both the planning and implementation stages.

51. That, in view of the basic complementarity between industry and agriculture, every attempt should be made to promote agro-based or agro-related industries which besides arresting rural exodus and stimulating food production activities, provide an incentive for the establishment of further natural resource-based industries.

52. That developing countries should devote particular attention to the development of basic industries such as steel, chemicals, petro-chemicals and engineering, thereby consolidating their economic independence while at the same time assuring an effective form of import-substitution and a greater share of world trade.

53. That policies and programmes should be adopted to train the qualified personnel needed for new sources of employment created in the developing countries at the regional and subregional levels. The training activities linked with industrial development must be conceived in such a way that they make possible the processing of natural resources and other raw materials in the country of origin and the establishment of permanent structures for specialized, rapid, large-scale and high-quality training of national labour at all levels and for all professional specializations, whether technical or managerial.

54. That co-ordinated programmes of literacy and workers' training must be conceived to ensure professional promotion and development of local expertise at all levels of employment.

55. That appropriate measures should be taken by developing countries to organize research institutions and establish training programmes to cover the needs of their industrial development and make possible progressive mastery of the different production and management techniques and of industrial development, thus facilitating the establishment of structures to absorb modern technologies.

56. That an international code of conduct on transfer of technology should be formulated taking into account the need of developing countries, by defining terms and conditions to enable such transactions to take place under the most advantageous conditions for those countries.

57. That in view of the foregoing, they propose the various measures set forth in the following Plan of Action.

## PLAN OF ACTION

### A. Measures of national scope

58. *In the developing countries* national industrialization policies should lay emphasis on the following elements:

(a) The formulation of long-term and clearly defined industrialization plans and strategies which rest in the first place on national effort and the introduction of concrete measures and institutional machinery for their execution; continuous appraisal and, if necessary, adjustment;

(b) In the formulation of industrialization plans and strategies, the characteristics of each country in the light of its social and economic structure should be given due consideration. In addition, social justice should be a guiding factor in achieving the objectives of raising the living standards and eliminating extreme social disadvantages and unemployment. To this end, proper industrial development should permit such growth as is required for economic development and should also be a powerful factor for the promotion of technology and growth in other sectors, and the realization of the aspirations of mankind;

(c) The promotion of an integrated industrialization process based on the potential of each country, with the object of achieving the highest degree of interaction between industry and the other sectors of the economy, in particular, agriculture, by setting up agro-industrial research centres, developing new agricultural areas and introducing new crops for industrial purposes;

(d) The equitable distribution of the benefits of industrialization among all sectors of the population;

(e) The intensive use of national resources, infrastructural development and internal regional development placing particular emphasis on employment policies, as well as full and intensive utilization and on-the-spot processing of raw materials;

(f) The establishment of production facilities covering all branches of industry aimed at meeting the needs of both internal and external markets in particular through:

(i) The establishment of basic industries such as steel, metallurgical and petrochemical industries that constitute the indispensable basis for any industrialization;

- (ii) The establishment of integral industries such as mechanical engineering, electrical and chemical industries to provide the necessary link between the different industrial sectors and to give the developing countries the basis on which the building up of technology will principally rely;
- (iii) The creation of manufacturing and processing industries to satisfy the needs of the population for consumer goods and to rapidly develop local production for the purpose of replacing imports and increasing exports;
- (g) Encouragement and support of small, medium-scale and rural industry and industries which fulfil the basic needs of the population and which contribute to the integration of different sectors of the economy;
- (h) Achievement of a higher degree of efficiency in import substitution processes and the formulation of appropriate incentive measures to encourage the export of manufactured and semi-manufactured products with the highest possible local content and value-added potential from the developing countries, in particular from the least developed and land-locked countries:
  - (i) Development and strengthening of public, financial and other institutions in order to protect and stimulate industrial development of the developing countries, in particular, the basic rural, small, medium-scale and labour-intensive industries;
  - (j) The intensification of manpower development programmes and the professional training of management staff including the effective incorporation of women in order to achieve the fullest possible use of available human resources with particular reference to industrial management. In this context measures should be adopted to attenuate the problem of the exodus of scientific and research personnel from the developing countries;
  - (k) Stimulation of the process of applied and scientific research, technological adaptation and innovation, industrial information and standardization and the elaboration of policies and programmes of research and development adapted to the individual requirements of developing countries,
  - (l) The elaboration of national plans concerning science and technology in accordance with the order of priorities of each country;
  - (m) The establishment and strengthening of machinery and institutions to regulate and control foreign investment and promote the transfer of technology;
  - (n) The formulation of policies and the application of specific measures to increase and diversify sources of foreign exchange earnings, by exerting control over the marketing of their products in all stages; the adoption of policies aimed at effecting increased participation by developing countries in the international marketing of their products.

**59. *The developed countries should adopt the following measures:***

(a) Elimination or reduction of tariff and non-tariff barriers, including tariff escalation on a preferential basis. Adherence to the principle of "the standstill" and recognition of the need for prior consultation in the event that special circumstances warrant a modification of "the standstill";

(b) Adoption of market-sharing programmes which ensure increased exports of manufactured and semi-manufactured products from the developing to the developed countries;

(c) Transfer from the developed to the developing countries of production capacity with regard to those industries in which developing countries have definite comparative cost advantages in order to promote a higher degree of utilization of the local resources of the developing countries and, accordingly, adoption of anticipatory adjustment programmes designed to put a brake on the development of uneconomic and/or inefficient domestic industries;

(d) "Cessation or delay, for the benefit of developing countries, of the expansion and creation in developed countries of new capacities for processing raw materials from developing countries in order to expand to the maximum the industrial potential of those countries and to correct the real terms of their trade with developed countries by facilitating the establishment in those countries of industries working for the external market and for export and in order to help those countries to process their natural resources more fully";

(e) Increased financial contributions to international organizations and to government or credit institutions in the developing countries in order to facilitate the promotion or financing of industrial development. Such contributions should not carry any political and/or economic condition;

(f) Expanded technical assistance programmes for the benefit of the developing countries. The assistance should be such that:

- (i) It contributes to the development of structures for professional training and middle management training such as institutes or centres for the training of workers, and research laboratories;
- (ii) It contributes to the financing of integrated training programmes and scientific research;
- (iii) It is executed and managed in the developed countries by competent organizations;
- (iv) Its competence is guaranteed by the Governments of the developed countries especially as regards the quality of personnel;
- (v) It is integrated and co-ordinated with the long-term programmes of individual developing countries;

- (vi) It ensures the continuance and maintenance which are indispensable conditions for the fulfilment and functioning of the projects;
- (vii) It is executed by personnel capable of accepting the living and working conditions in the developing countries concerned;
- (g) To encourage their enterprises to participate in investment projects within the framework of the development plans and programmes of the developing countries who so desire, and to ensure that such activities are carried out in accordance with the laws and regulations, of the developing countries concerned;
- (h) Co-operation with the Governments of the developing countries by taking measures to restrict and prevent the nationals and transnational corporations of developed countries from engaging in activities which developing countries regard as obstacles to their healthy development;
- (i) Adoption and implementation of appropriate measures for the effective curtailment of the production of those synthetics that are in direct competition with the natural products of the developing and least developed countries;
- (j) The developed countries shall abstain from any discriminatory measure or aggression against developing countries which decide to exercise their sovereignty over their natural resources and the exploitation, processing and marketing of those resources.

## **B. Co-operation among developing countries**

60. *At the subregional, regional and interregional levels* the developing countries should adopt the following measures:

(a) Promotion of direct trade between developing countries in order to put an end to the prevailing system of triangular trade under which developed countries serve as intermediaries for unprocessed commodities imported from developing countries and re-exported in any form to other developing countries and the establishment of suitable mechanisms to that end;

(b) Creation of the necessary institutional machinery to enable consultation and co-ordination in order to obtain better terms for the acquisition of technology, expertise, licences, equipment etc., for the developing countries;

(c) The harmonization and co-ordination of economic policies, particularly in the industrial field, and the greater utilization of industrial complementarity, taking into account economy of scale and specialization. This complementarity must be based primarily on the possibilities and requirements of each country through the establishment and strengthening of



consultation machinery at the regional, subregional and interregional levels in order that it may result in a harmonious, balanced and more rapid industrial development in the community of developing countries;

(d) In order to accelerate the industrial development of the least developed countries and in order to promote co-operation among developing countries, the meeting invites the developing countries' main producers and exporters of basic raw materials to grant, within the framework of their over-all economic policy and/or bilateral arrangements, favourable conditions, and in particular favourable facilities for payment;

(e) Support for the present processes of economic integration, as well as the search for new forms of economic co-operation, notably through the reinforcement of producers' associations in developing countries by means of a continuous exchange of experience, harmonization of their actions and mobilization of support for any of them in case of need so as to ensure the solidarity of developing countries and their full sovereignty over their natural resources;

(f) In particular, action through producer associations with a view to ending present practices in fixing prices for the products imported by the developing countries which are imposed by the developed countries through manipulation of commodity markets, to the exclusive benefit of their own speculators, resulting in a constant transfer of resources from the developing countries. The developing countries should co-ordinate their pricing and production policies primarily through existing or future producers' associations. Furthermore, by recommending the creation of a fund set up by the developing countries and yielding returns on capital invested therein, with a view to supporting the price of the raw materials exported by those countries and, in particular, to counteract measures by the developed countries aimed at bringing down the export prices of the developing countries' raw material;

(g) Developing countries with sufficient financial resources accept to share in the economic and social development efforts of the least advanced countries. For this purpose, consideration must be given to the establishment of appropriate mechanisms for regular consultation with a view to adopting new concrete measures;

(h) The consolidation of the relevant measures for evaluating the International Development Strategy and the Programme of Action for the Establishment of a New International Economic Order;

(i) Conclusion of long-term agreements on product specialization as deemed appropriate by the respective countries or regional economic associations and a corresponding allocation of production or product-sharing through industrial complementary agreements;

(j) The adoption of suitable measures and the strengthening of those now in use for the benefit of the least developed, land-locked or island

developing countries and for the developing countries most affected by the international economic crisis and those that have been affected by natural disasters.

(k) The sharing of experience in industrialization and technology by those who have already acquired this know-how, together with experience in the application of legislative machinery in the economic field in order that it may be widely known among developing countries. This knowledge may be of greater relevance than that which is acquired from highly developed areas. While a start has been made in co-operative arrangements, more intensive and innovative programmes are required for transmitting relevant technology and technical and managerial skills, particularly to the less industrialized countries within the region, through the establishment of regional and subregional institutional machinery. The experience shared should include experience in dealing with foreign investment and transnational corporations, with a view to harmonizing and co-ordinating policies in this respect. To this effect, appropriate resources should be provided within UNIDO in order to finance a programme of information and exchange of experience between developing countries and to create a unit within the framework of the internal structures of UNIDO to implement such a programme;

(l) Preference should be given by the more industrialized developing countries, as far as possible, to imports of goods produced by the less industrialized countries. Positive policies are needed to increase intra-regional and interregional trade in manufactures;

(m) The creation of national, regional, and interregional enterprises in the field of maritime transport, capable of competing with enterprises in the developed countries and the transnational corporations' merchant fleets, with a view to promoting the development of trade between developing countries, facilitating the assumption of control of foreign trade by national structures and improving the export returns of the developing countries;

(n) Strengthening regional institutions responsible for the promotion of economic co-operation between developing countries.

61. In order to achieve these objectives, the developing countries shall implement the measures contained in their respective regional declarations.

### **C. Co-operation between developing and developed countries**

62. Co-operation between developing and developed countries should take the following forms:

(a) Application, expansion and improvement of the generalized system of preferences, without discrimination and reciprocity with the incorporation in it of new products and the elimination of the non-tariff barriers which hamper the use of this system;

(b) Multilateral trade negotiations under the auspices of GATT must take into account the development needs of the developing countries and be carried out on the basis of the principles of non-discriminatory preferential treatment without reciprocity, and should lead to a new legal and institutional framework for the conduct of international trade based on the concepts of differentiated and more favourable treatment to developing countries;

(c) Recognition by the developed countries of the right of the developing countries to apply incentives to industrial production earmarked for export, for the purpose of achieving levels of international competitiveness;

(d) Continuous negotiations and consultations, based on the concept of shared development, designed to ensure redeployment of industries to developing countries, in particular those which process locally available raw materials or which consume vast quantities of energy; to this end concrete projects and development programmes should be prepared, including financial arrangements on bilateral or multilateral bases;

(e) Implementation of the provisions contained in the Programme of Action for the Establishment of a New International Economic Order contained in General Assembly resolution 3202 (S-VI) and in the International Development Strategy for the United Nations Second Development Decade. In relation to the actual transfer of resources, the developed countries must, in particular, increase their co-operation in order to make available to developing countries the resources required to sustain the growth effort essential for their economic take-off; the previously established objective of one per cent of the GNP of the developed countries, of which 0.7 per cent should take the form of official assistance, although still unattained, is derisory in relation to the need of developing countries;

(f) The credits granted by the financing institutions of the industrialized countries and international organizations to the developing countries must be completely free of any kind of political or economic strings, and provided on conditions and terms which will not represent any burden on the economic development of the developing countries;

(g) The generous rescheduling of debt-servicing of long outstanding debts, their conversion, if possible, into grants, and granting of favourable treatment to the industrial and financial requirement of the developing countries most severely affected by the present economic crisis;

(h) The armament expenditures of the developed countries should be reduced and part of the funds thus released should be used for additional financing of the industrial development of the developing countries;

(i) Financial resources available in some developing countries should be used for investment in other developing countries through bilateral arrangements and/or the creation of a neutral international fund. Such a fund

may be financed by contributions from the developing countries with available resources and by at least equal financial contributions from the developed countries. The recipients, the developed countries and the developing countries with available resources shall be represented in this fund:

(j) The establishment of financial mechanisms of industrial development which should effectively co-operate to expand and strengthen industrial development in all developing countries;

(k) In the context of international monetary reform, adoption of measures which take account of the particular needs of the developing countries, notably with regard to the use of special drawing rights to finance industrial development in the developing countries, and which ensure full and effective participation by all States at all stages of the process of decision-making with a view to establishing a more equitable and more enduring monetary system. Adequate and effective participation by the developing countries in all organs concerned with such reform and in the administration of the International Monetary Fund and IBRD should be ensured;

(l) The developing countries should be granted access to technological know-how and advanced technology, whether patented or not, under fair and equitable conditions, taking into account the specific development requirements of the recipient countries;

(m) An industrial and technological information bank should be established to make available a greater flow to the developing countries of information permitting the proper selection of advanced technologies;

(n) International conventions on patents and trade marks should be reviewed in order that they may become an instrument of genuine support for the developing countries;

(o) The adoption of an international code on the transfer of technology which takes full account of the essential requirements of the developing countries. Ratification and application of the International Code of Conduct for Limer Conferences;

(p) International subcontracting arrangements should be encouraged between developing and developed countries, but such arrangements should not result in the developing countries being assigned the least advanced and least remunerative branches of industry, or those likely to upset the economic structure of the developing countries;

(q) The use of renewable natural resources in place of synthetic substitutes should be promoted in order to permit increased production and industrial processing in developing countries;

(r) A growing share of the world's research expenditure should be directed to the development or appropriate technology of direct benefit to developing countries.

#### **D. The least developed, land-locked and island developing countries**

63. The least developed, land-locked and island developing countries present a set of problems which require special measures if these countries are to attain an acceptable level of economic development. In conformity with chapter X of the Special Programme contained in resolution 3202 (S-VI) on the Establishment of a New International Economic Order, industrialization in these countries must take place at a more rapid pace than average. Concerted action and special measures of assistance from other countries and international organizations are necessary to mobilize a greater volume of resources to make possible the launching of innovative projects in these countries, and the laying of a sound basis for the promotion of their industrialization through projects and measures such as:

(a) Specific, urgent measures to establish the necessary conditions for industrialization: infrastructures, inventories of natural resources, and the technical and financial assistance required for the exploitation of these resources;

(b) The establishment and financing of complete industrial estates and pilot plants based on the use of available local resources;

(c) The creation of integrated production units such as agricultural machinery plants, appropriate engineering industries, and repair and maintenance services;

(d) The implementation of an appropriate agrarian policy as an essential basis for the promotion of integrated rural development schemes involving the establishment of small-scale production units to meet both the needs of internal markets and export requirements;

(e) Speedy examination and establishment of infrastructures permitting the harnessing of water resources and the establishment of agro-industries in the countries affected by drought;

(f) Preferential treatment for industrial products from these countries as well as the setting up of joint enterprises under regional co-operation including special provisions for the use of SDRs in their development projects;

(g) Special aid and assistance to the least developed and island developing countries in the establishment and development of means of transport and communications;

(h) Urgent measures to increase the import and export capabilities of the least developed countries and to help offset the disadvantages of the adverse geographic situation of the land-locked countries, particularly with regard to their additional transportation and transit costs;

(i) Priority assistance from UNIDO in all fields.

## **E. Institutional arrangements**

### **General**

64. The new distribution of industrial activities envisaged in the New International Economic Order must make it possible for all developing countries to industrialize and to obtain an efficient international mechanism.

65. Industrialization must be pursued in such a way as to promote the global, harmonious development of the countries of the international community.

66. The report of the *Ad Hoc* Committee on Long-Range Strategy for UNIDO, the resolution of the sixth special session of the General Assembly and the present Declaration and Plan of Action shall form the basis determining the role and activities of UNIDO.

67. UNIDO should play a central role in the implementation of the Declaration and Plan of Action, by initiating and co-ordinating activities within the United Nations system aimed at achieving the objectives contained therein. Further, UNIDO has a crucial role in the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order, adopted at the sixth special session of the General Assembly, in so far as they relate to industrial development. To this end, the scope and functions of UNIDO need to be extended and its organizational machinery strengthened.

68. In order that it may intensify and extend its activities in the manner indicated above, and play the central co-ordinating role in the field of industrial development within the United Nations system, it is essential that UNIDO's autonomy, functions and resources should be increased and expanded substantially.

69. For this purpose, it is recommended to the General Assembly of the United Nations that UNIDO should be converted into a specialized agency. It is also recommended that the Secretary-General of the United Nations and/or a group of experts appointed by UNIDO be requested to prepare a concrete scheme to give effect to the above recommendations for submission to the General Assembly of the United Nations at its thirty-first session.

70. In the meantime, and since this will take some time, the following recommendations are made:

### **Functions of UNIDO**

71. In order to attain the above objectives, UNIDO should not only intensify and expand its present operational activities and action-oriented studies and research programmes in the field of industrial development but should extend its activities to include the establishment of a system of continuing consultations, at global, regional and sectoral levels, with a view to

implementing the agreed objectives designed to bring about a new structure for world industry. It should also function as a forum for negotiation of agreements in the field of industry between the developed and developing countries and between developing countries themselves.

72. In order to give concrete content to the process of industrialization in the developing countries, studies must be undertaken and specific measures formulated in different sectors of industry, special attention being given to priority sectors. Such an approach needs to be reflected in the organizational structure of the UNIDO secretariat, in the committees of the Industrial Development Board which should be established for the purpose, and in the review at ministerial level at the General Conference to be established on a permanent basis.

### **Budget**

73. The programme budget of UNIDO should be prepared by the Executive Director, submitted to the Industrial Development Board for its examination and approval, then transmitted to the Secretary-General for presentation with his comments to the appropriate organs of the General Assembly in accordance with General Assembly resolution 2152 (XXI).

### **Financial and Administrative Autonomy**

74. UNIDO should have greater autonomy in the allocation of resources, including the appointment and promotion of its staff members and experts effected on the basis of equitable geographical distribution. UNIDO should also have greater autonomy in the publication of its documents.

### **General Conference**

75. In view of the urgent need for periodic global consultations at a high level on international co-operation for the industrial development of developing countries and other aspects of world industry, the General Conference of UNIDO should be institutionalized. The General Conference should be convened every three/four years, and each session of the Conference should decide on the date and venue of the next session.

76. The functions of the General Conference should be, *inter alia*:

- (i) To review progress in the implementation of the present Declaration and Plan of Action;
- (ii) To examine ways and means of increasing the share of the developing countries in world industrial output;
- (iii) To recommend policies and procedures to member Governments to facilitate co-operation among nations for the benefit of the developing countries;

- (iv) To serve as a co-ordinating mechanism to provide over-all integrated and continuing attention for the successful co-ordination and follow-up of policies concerning industrial production, industrial co-operation among developing countries and other related matters by all the agencies of the United Nations family;
- (v) To review major problems and policy issues affecting the world industrial situation and the steps being proposed to resolve them by Governments, UNIDO, the regional economic commissions, etc. . . . ;
- (vi) To receive reports and maintain contacts concerning the above functions through the UNIDO secretariat;
- (vii) To review the effectiveness of UNIDO's institutional arrangements and take appropriate decisions on further strengthening the institutional machinery.

### **Industrial Development Board**

#### 77. (i) *Functions*

In addition to the functions stipulated in General Assembly resolution 2152 (XXI), the Industrial Development Board should be responsible for the implementation of the decisions of the General Conference and examine and approve the programme and budget of UNIDO.

#### (ii) *Membership*

The representation of the developing countries on the Industrial Development Board should be increased from 25 to 40, so that the total membership of the Industrial Development Board will be 60, so that the ratio of developing to developed countries will be 2 to 1 instead of 5 to 4 as at present.

#### (iii) *Subsidiary organs*

To assist the Board in the examination of the biennial programme and budget of UNIDO and other financial matters pertaining to UNIDO, a Programme and Budget Committee should be established. Other technical committees could also be established by the Board if it considers this necessary.

### **Secretariat**

78. The number of officials from developing countries in the Secretariat of UNIDO at the executive level and in the panels of consultants that advise the Secretariat should be increased. The Industrial Development Board should keep under continuing review the staffing pattern of UNIDO both at headquarters and in the field, as well as in panels of consultants, with a view, *inter alia*, to ensuring just and equitable geographical distribution of posts.



## **Industrial Development Fund**

79. The establishment of an industrial development fund is crucial to both increasing the resources of UNIDO and enhancing its autonomy and ability to meet, promptly and flexibly, the needs of developing countries. The fund should be administered in such a way that it can also take care of several areas of industrial development assistance not already covered by the traditional concepts of technical assistance followed by UNDP. When deciding to establish the fund, however, it will be necessary to seek the full co-operation of all countries, both industrialized and developing, in ensuring that the fund receives an adequate level of resources in order to achieve its objectives.

80. In particular, the industrial development fund should perform the following functions:

- (i) Enable UNIDO to participate in the implementation of the Programme of Action for the Establishment of a New International Economic Order;
- (ii) Enable UNIDO to implement the recommendations of the *Ad Hoc* Committee on Long-Range Strategy for UNIDO;
- (iii) Enable UNIDO to implement field projects, particularly those of a non-traditional nature, with special attention to the needs of the least developed among the developing countries and land-locked developing countries;
- (iv) Enable UNIDO to intensify its activities in the development and transfer of technology;
- (v) Enable UNIDO to intensify its programmes aimed at establishing and/or intensifying co-operation among developing countries and between developing and developed countries;
- (vi) Enable UNIDO to strengthen its promotional activities and to ensure the provision of financial aid to developing countries in conformity with their needs.

## **Relationship with UNDP**

81. UNIDO should hold consultations with UNDP with the specific objective of ensuring that it receives a substantial share of UNDP projects in the field of industry so that the expertise and experience of UNIDO may be fully utilized for the benefit of the developing countries.

## **Relationships with the other organizations of the United Nations system**

82. UNIDO should hold consultations with the United Nations and with the specialized agencies and other organizations related to it to decide on spheres of competence in the execution of industrial projects in order that UNIDO should be able to effectively fulfil its central co-ordinating role in the field of industrial development especially with regard to the implementation

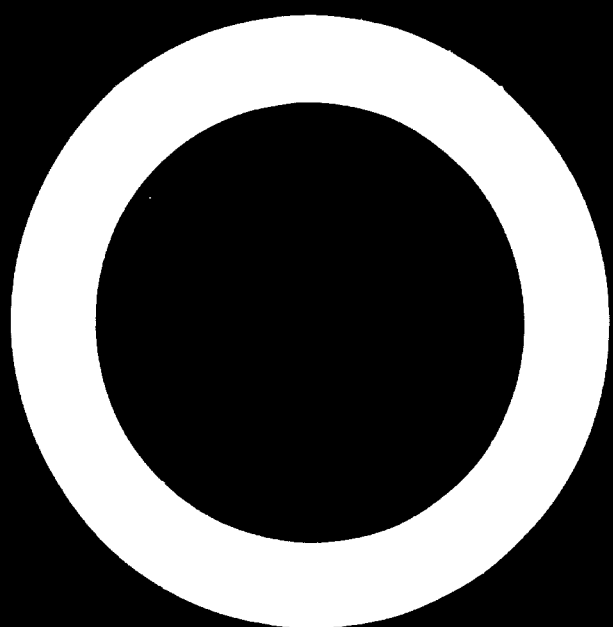
of the Programme of Action for the Establishment of a New International Economic Order. For this purpose an advisory committee should be established composed of representatives of the secretariats of the relevant organizations of the United Nations system and chaired by UNIDO. Among its other advisory functions as appropriate, the Advisory Committee should adopt certain guidelines and criteria to assist the UNDP Governing Council in determining the allocation of responsibilities within the United Nations system for the execution of projects which Governments request UNDP to finance.

83. In order to utilize effectively the technical resources available to it, UNIDO should have the primary responsibility as executing agency in the field of industrial development.

#### **F. The Charter of the Economic Rights and Duties of States**

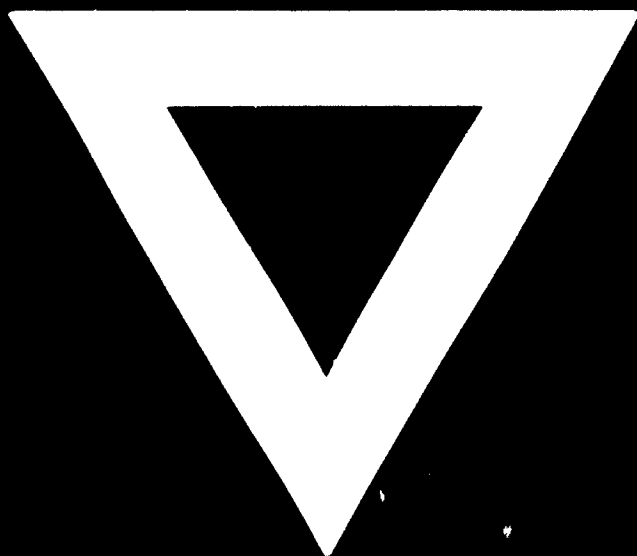
84. The countries gathered here stress the need for the international community to comply in full with the precepts contained in the Charter of the Economic Rights and Duties of States, so that it will become an effective instrument for establishing a new system of international economic relations based on equity, equality, sovereignty and the interdependence of the interests of the developed and the developing countries.





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