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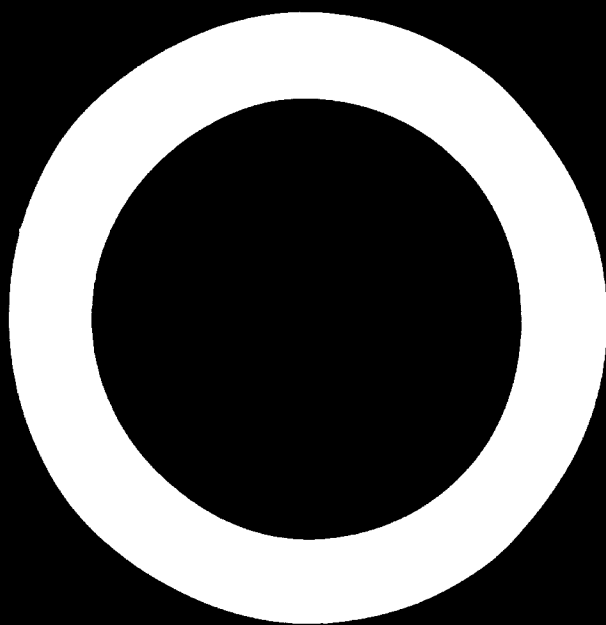
Meeting of Ministers of Industry  
of Developing Countries  
in Asia and the Pacific Region  
Bangkok, 30 October 1974

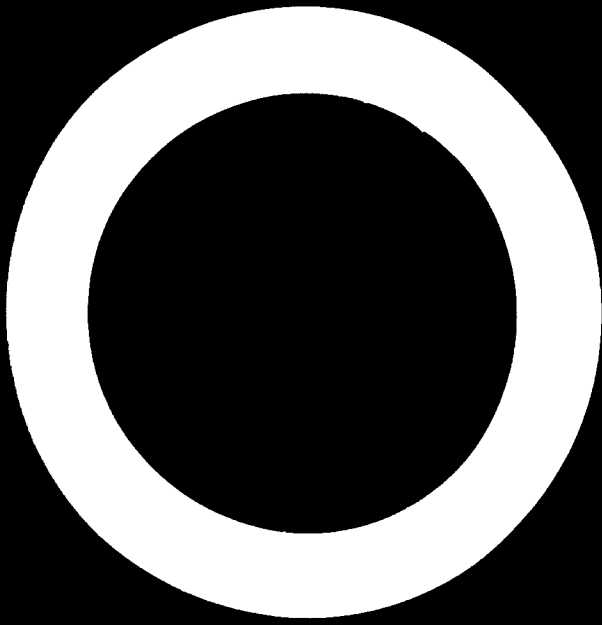
**INDUSTRIALIZATION  
IN ASIA  
AND THE PACIFIC REGION**

Principles and programmes of action

**DECLARATION\***

**\*Adopted by the Meeting of Ministers of Industry  
of Developing Countries in Asia and the Pacific Region,  
Bangkok, 30 October 1974**





# **INDUSTRIALIZATION IN ASIA AND THE PACIFIC REGION**

## **Principles and programmes of action**

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### **DECLARATION**

*We, the Ministers of Industry of the developing countries of Asia and the Pacific region, meeting in Bangkok, Thailand, on 30 October 1974,*

*Emphasizing* the urgent need to proceed with radical transformation of the structure of economic relations and to achieve the objective of bringing about the establishment of a New International Economic Order based on equity, sovereign equality, interdependence and co-operation, as emphasized in the Declaration and Programme of Action of the Sixth Special Session of the General Assembly (A/RES/3201 and 3202),

*Realizing* the importance of achieving greater self-reliance and co-operation for more rapid industrialization to promote development, as emphasized at the Second Asian Conference on Industrialization (Tokyo, 1970) and the ESCAP Commission at its thirtieth session in 1974, and General Assembly resolution 3087 (XXVIII),

*Asserting* the unquestionable right of each State's permanent and complete sovereignty over all its natural resources,

*Affirming* the role of industry as a dynamic instrument of growth essential to the rapid economic and social development of the developing countries of Asia and the Pacific region, taking into account the special problems of the least developed, least developed land-locked and island countries,

*Noting* the serious imbalance in the structure of industrialization, international finance and trade between developed and developing countries particularly with regard to industrial processing and utilization of natural resources of the developing countries to their detriment,

*Recognizing* the serious consequences of the current international crisis for the developing countries on account of the increasing inflation, deterioration of balance of payments, shortages and high prices of food and fertilizers and the rising costs of raw materials, energy, capital goods and other industrial inputs,

*Noting with concern* that the current international crisis has aggravated the problems of industrialization in Asia and the Pacific region, namely:

Underutilization of existing capacities in the various sectors of industries;

The slowing down of projects under implementation owing to the growing constraints and rising costs of inputs of industrialization, particularly external resources;

The difficulties of planning and securing additional investments for industrial development in the developing countries;

Rising freight charges;

*Aware* of the further deterioration in the share of manufacturing output of developing countries of Asia and the Pacific region, which is now only 2.6 per cent of the total global output, and the continuing low level of current rates of industrial growth in many countries of the region,

*Recognizing* the fact that problems of industrial development of the developing countries of Asia and the Pacific region do not lie entirely in these countries but are also caused by the policies of the developed countries and that, without significant policy and structural adjustments within developed country economies, developing countries would not be able to achieve their objectives or contribute to the establishment of the New International Economic Order.

## PART I

### *We, the Ministers of Industry,*

1. *Reaffirming* the importance of industrialization as a means of improving the living standards and the quality of life of the masses in the developing countries and, properly directed, also as a means of bringing about social justice through, *inter alia*, the provision of expanded employment opportunities, an equitable distribution of incomes and balanced domestic regional development,
2. *Declare* that the share of manufacturing output of the developing countries of Asia and the Pacific region be increased to about 10 per cent of the total world industrial output by A.D. 2000 from the present level of 2.6 per cent and that, in order to achieve this, the annual growth rate of industry in these countries be increased to a minimum of about 12 per cent as compared to 8 per cent recommended in the International Development Strategy for the Second United Nations Development Decade:

## PART II

### National policy measures

3. *Call* for a reorientation in the strategy for industrial development in Asia and the Pacific region to achieve ultimately objectives of growth, social justice and self-reliance, on the basis of the following elements:
  - (a) National development policies should be reoriented in order to strengthen linkages between industry and other sectors of the economy, particularly agriculture. For industrialization to be effective, there should be harmonious integration among sectors, as well as between public and private ownership;
  - (b) National Governments should strengthen their machinery for the continuous appraisal of development strategies and their implementation. National planning would also need to foster the fullest development of entrepreneurship, identification of industrial projects, industrial financing, industrial research, information, technical consultancy services, management skills and other inputs in order to accelerate industrialization;
  - (c) The development of technical and social infrastructure and training programmes to sustain industrialization needs more careful planning. Towards this objective, the present educational and training systems should be restructured;

(d) The new development strategy calls for due priority to the development of small-scale and rural industries, in particular agro-industries. Programmes to increase employment potential require the adoption of labour-intensive manufacturing processes and products, wherever feasible;

(e) Export industries need strengthening through aggressive policy measures and action based upon optimum use of local renewable and non-renewable resources. This policy requires an export infrastructure including standardization services, market intelligence and appropriate incentive measures;

(f) It is considered essential to formulate detailed national science and technology plans which would identify the research work to be done as well as corresponding inputs, in terms of national priorities. One such priority is the rural sector, where considerable research effort has now to be focused. Another is the development of unconventional energy resources as well as marine resources;

(g) Action has to be intensified in strengthening national capabilities as well as setting up institutional machinery for the assessment of technological processes and speeding up the transfer and absorption of technology. In order to safeguard national interests, there is a need for the regulation of foreign technology and foreign investment. Noting that the existing patent laws and provision of the Paris Union are restrictive, particularly as they affect the bargaining power of the developing countries in the acquisition of industrial technology, there is a need to keep them under review to provide adequate safeguards for national interest. Once programmes for the adaptation and diffusion of more appropriate technologies were built up in each country, they could be linked together in regional and interregional networks;

### PART III

#### Co-operation between developing countries in Asia and the Pacific

4. *Fully realizing* that countries of the world have become interdependent and that the fullest co-operation within the Asian and Pacific region is essential for more rapid progress, the following actions are proposed:

(a) The harmonization of policies in regard to problems facing the region requires, as a first step, consultations and discussions to evolve appropriate strategies and actions. These would relate to basic issues such as, for instance, the development and utilization of natural resources, including marine resources and their conservation, with due consideration to ecological problems;



*(b)* The sharing of experiences in industrialization and in technology by those who have already acquired this know-how, with the others. Such knowledge may be of greater relevance than that 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 lesser industrialized countries within the region, through the establishment of regional and subregional institutional machinery. This could well be established in agro-industries. The ESCAP, together with UNIDO and other agencies, should encourage a programme of intergovernmental consultations on the various aspects of production and development and for the exchange of information, with particular reference to appropriate technology, in this area. ESCAP and UNIDO, through their joint division, should provide facilities for a comprehensive survey of agro-industrial development within the region;

*(c)* The planning and implementing of bilateral and multinational industrial projects, in order to achieve scale economies through enlargement of markets and to enable the optimum utilization of local comparative advantage. Much groundwork has already been done in identifying possibilities for joint ventures in specific branches of industry. What is needed most is the political will, intensive consultations to find equitable solutions and mutual agreements leading to actual implementation of such schemes. Agreements between subregional groups may provide suitable institutional mechanism leading to an agreed basis for product specialization. In this connexion, urgency is attached to the follow-up by the ESCAP secretariat on projects already identified through the Asian Industrial Survey as well as other joint projects;

*(d)* Preference should be given by the more industrialized developing countries as far as possible to import goods produced by the less industrialized countries. Positive policies are needed to increase intra-regional trade in manufactures;

*(e)* Concerted action in the light of the special problems is required to assist the least developed countries of the region including least developed land-locked and island countries. Towards this end, a greater volume of resources of all types should be made available from ESCAP, UNIDO, international and regional financial institutions and the international community in general to facilitate the launching of innovative projects in these countries, so as to lay a sound basis for the promotion of industrial development;

*(f)* An expanded range of government-to-government agreements on technical, technological and economic co-operation should be provided;

## PART IV

### Promotion of interregional co-operation among developing countries

5. *Recommend* the following measures to bring about accelerated inter-regional co-operation:

(a) Special institutional arrangements to be set up to facilitate this co-operation. There are at present insufficient mechanisms for a continuous dialogue between members of the four groupings of developing countries of the world on matters relating to the current crisis, long-term industrial development, conservation and utilization of natural resources and transfer of know-how and experience;

(b) Active encouragement should be given to the development of partnership among developing countries in the different regions. These partnerships, *inter alia*, could be based upon specific natural resources or such common interest as would bring them together in ensuring that the developing countries obtained fair shares, both in terms of prices and in terms of their industrial processing as exportable items;

(c) The accumulation of financial resources by certain developing countries may be used for investment in other developing countries either through bilateral arrangements and/or the creation of a neutral international Fund. Such a Fund may be financed by contributions from the surplus developing countries and by at least equal contributions from the developed countries. The recipient, developed and surplus developing countries shall be equally represented in the Fund to which the expertise and services of international and regional financial institutions shall be made readily available;

## PART V

### New forms of co-operation between developing and developed countries

6. *Fully realizing* that the successful implementation of new forms of co-operation requires the fullest support from the international community, particularly the industrially advanced countries, *strongly urge* the adoption of the following programmes:

(a) Build up a new set of international industrial relations, based on unity purpose and mutual benefits between all members of the international community, and with the objective of an accelerated industrialization of the developing countries in the context of the New International Economic Order. This would require on the part of the developed countries candid and critical examination by these countries of their present policies and perspective, bearing in mind that the industrial countries directly control

93 per cent of the world's industrial production and an even greater share of industrial technology;

(b) Evolve a concept on fair and equitable terms for the transfer of resources, not only financial but also relating to industrial inputs, human skills, technological endowments and consultancy services. A start has now to be made in establishing the principles of such transfer, leading to their implementation by the world community;

(c) A new international division of labour requires the relocation of selected industries from the developed to the developing countries. Each developing country would have its own criteria regarding the transferred industries, based upon national goals and objectives as well as relevant economic criteria;

(d) To develop new and more effective forms of co-operation and of mechanisms for continuous and intensive consultations between the developing and developed countries;

(e) Foreign investment has played and will continue to play an important role in providing capital, know-how, management and marketing facilities to industrial ventures in developing countries. Industrially advanced countries should encourage such investments particularly in export-oriented industries. Partners in such ventures should be encouraged to work in conformity with national objectives and policies of the developing countries and special efforts should be made by the international organizations to encourage the evolution of common policies, keeping in mind the mutual advantages of such co-operation;

(f) Maintain a continuing and impartial scrutiny over the activities of transnational companies. While they should continue to play a role expanding the economies of developing countries, the influence they exercise on critical aspects of national policies and on creation of inappropriate consumption patterns in certain countries gives cause for concern. It must be ensured that transnational companies contribute to economic and social objectives of the host country and they should progressively increase employment of nationals, participation in management and provide for the equity participation and ownership by developing countries;

(g) Steps should be taken to design additional international mechanisms for continuing flows of financial resources to the developing countries through, for example, preferential tariffs, allocation of SDRs by the IMF and establishment of a link between SDR and development finance. Such linkage would need reappraisal of the present formula of allocations;

(h) Active encouragement by the developed countries to the expansion of exports of manufactures of Asian and the Pacific developing countries through reduction or elimination of trade barriers on the one hand, and international subcontracting, product adaptation, production and market sharing, and exchange of trade information on the other;

(i) In addition to accessibility to markets of developed countries for manufactures of developing countries, the more important aspect pertains to that of increasing freight rates and shipping problems. Steps should be taken immediately to evolve a scheme by which shipping difficulties and increases in freight rates would not have adverse effect upon exports of manufactures and semi-manufactures from developing to the developed countries.

(i) All developed and developing countries, within the general approach towards co-operation, would be well advised to exclude any kind of dumping policy;

## PART VI

### Plan of action.

7. *Request* the Chairman of the Meeting of the Ministers of Industry of the Developing Countries of Asia and the Pacific Region to transmit the text of this declaration, as representing their common stand, to the Special Preparatory Meeting for the Second General Conference of UNIDO from 31 October to 4 November 1974 and to the Second General Conference of UNIDO to be held in Lima in March 1975;

8. *Decide* to set up a follow-up Committee to the present Meeting of Ministers of Industry of Developing Countries of Asia and the Pacific Region comprising the Bureau of the Meeting as well as Executive Heads or the representatives of ESCAP and UNIDO to ensure the implementation of resolutions and decisions of the Meeting of Ministers and to report on the progress made thereof to the next Meeting of Ministers of Industry which is to be held in late 1975 or early 1976. The follow-up Committee will maintain liaison with other similar follow-up Committees already established in other developing regions prior to and during the Second General Conference of UNIDO at Lima to be held in March 1975. Liaison will continue to be maintained after the Lima Conference and it is requested to submit progress reports and proposals as required in the light of the international situation to the next ministerial meeting of industry in late 1975 or 1976;

9. *Request* the Executive Secretary of ESCAP and the Executive Director of UNIDO to provide documentation and secretariat facilities for servicing the meeting of the follow-up Committee;

10. *Call upon* ESCAP and UNIDO to intensify efforts to secure an increase for the developing ESCAP countries in the share of the world's manufacturing output, to undertake detailed investigations and submit to the next ministerial meeting the results and proposals for achieving this increase;

11. *Emphasize* the central co-ordinating role of UNIDO in industrial development in the activities of the UN system and the need to strengthen the resources of UNIDO to enable it to effectively play a substantial role in

the promotion of industrialization of the developing countries, establishment of the New International Economic Order as it applies to industry as well as to become the focal point of consultation in industrialization matters among the member countries;

12. *Reiterate* the co-ordinating role of ESCAP in the development of the region including promotion of industrialization of the Asian and Pacific developing countries, particularly in the context of the decisions taken, and priorities established by the Commission at its thirtieth session, and in the preparations at the regional level to secure the implementation of the New International Economic Order;

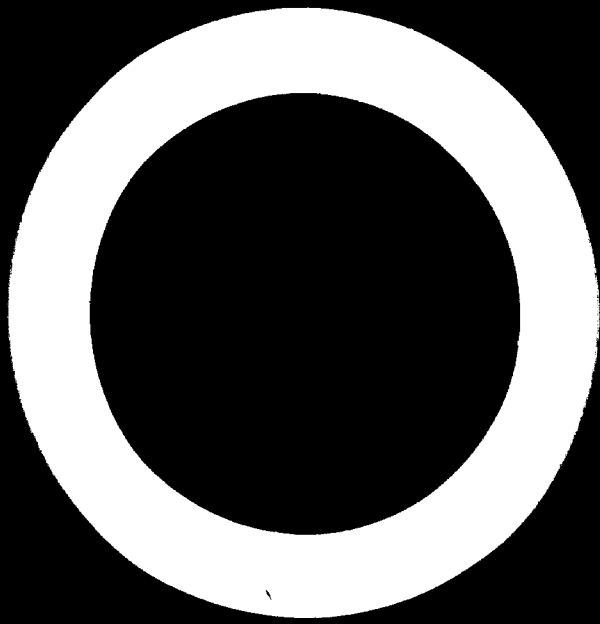
13. *Strongly urge* the Executive Secretary of ESCAP and the Executive Director of UNIDO to examine ways and means of implementing this Declaration and to intensify their efforts in the implementation of the integrated programme of work of ESCAP in such priority areas as food industries, fertilizers, development and transfer of technology, industrial processing of raw materials and co-operation among developing countries in the region.

### **Annex**

The Laotian delegation expressed strongly the need to amend Part III, paragraph 4 (d) as follows:

**“With the view to accelerating the industrialization process in the developing countries of Asia and the Pacific region, all possible facilities shall be granted in the form of preferential tariff to the least developed, land-locked and island countries. Positive policies are needed to increase intra-regional trade in manufactures, including among others strict application of international agreement on transit traffic.”**

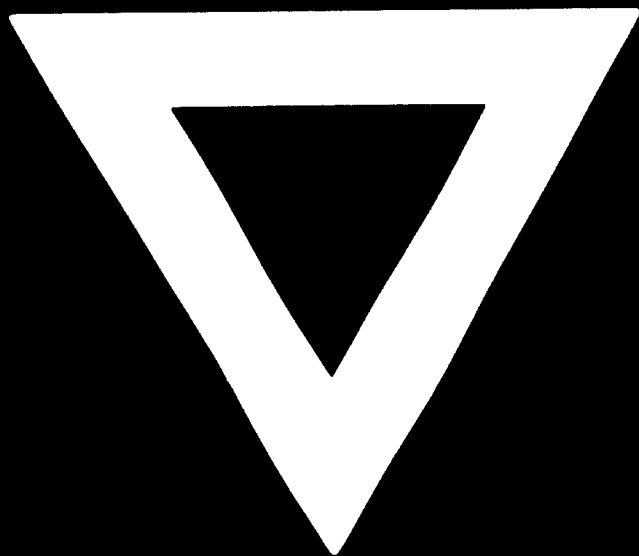




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