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SUMMARY RECORD OF THE SIXTY-SIXTH MEETING

Held at the Neue Hofburg, Vienna,
on Monday, 23 April 1969, at 10.30 a.m.

President: Mr. ORTIZ de ROZAS (Argentine)
Rapporteur: Mr. BILLNER (Sweden) *

CONTENTS

<u>Agenda item</u>		<u>Paragraphs</u>
-	Tribute to the memory of H.E. General René Barrientos Ortuno, President of the Republic of Bolivia *	1 - 2
4	General Debate (continued)	3 - 60
-	Statement by the representative of Cuba	61 - 62

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

TRIBUTE TO THE MEMORY OF GENERAL RENE BARRIENTOS ORTUÑO, PRESIDENT OF THE REPUBLIC OF BOLIVIA

1. On the proposal of the President, the members of the Board observed a minute's silence in tribute to the memory of General René Barrientos Ortuno, President of the Republic of Bolivia.

2. Mr. VELTZE, Observer for Bolivia, thanked the members of the Board for their tribute, which he would convey to the Government of his country.

GENERAL DEBATE (continued)

3. Mr. BRILLANTES (Philippines) said that the meetings of the Working Group on Programme and Co-ordination had paved the way for more simplified deliberations in the Board; the fact that no specific conclusions had been formulated in the Group's report did not detract from its value. He believed that the Board should take note of that document, expressing appreciation of the work done by the Working Group, and attach it as an annex or addendum to its own report. Moreover, he believed that the Working Group should be retained as an organ of the Board, and hoped that its future reports would contain definite recommendations for adoption by the Board, together with specific suggestions for improving the effectiveness of UNIDO's work programme and activities. He considered that it should not be necessary to re-open during the current session of the Board the questions that had been thoroughly discussed in the Working Group; after the general debate it should be comparatively easy to identify points on which conclusions could be adopted. Matters which had been referred by the Working Group to the Board should, however, be subjected to thorough examination.

4. The execution of the "central role" defined for UNIDO in General Assembly resolution 2152 (XXI) depended on greater financial and human resources, on the establishment of the Organization's presence as widely as possible throughout the world, and on the establishment and maintenance of contact with other United Nations organizations, regional economic commissions and similar bodies. Periodic consultations in the field of industry would also strengthen UNIDO and make it more effective. SIS activities should be continued and supported by more resources. Developing countries should be informed periodically of the services and assistance available, and undue concentration on any individual region, sub-region or country should be avoided. Local SIS costs should not be borne by recipient countries.

5. He wished to make it clear that the Philippines was one of those countries whose generosity had made it possible for UNIDO to provide immediate and effective assistance. When they spoke of industrialization, they were fully aware that they themselves must bear the main responsibility for their development. Nevertheless, the mobilization of their own domestic resources required external assistance, and the international community had recognized that the advancement of the developing countries would also be of benefit to the industrialized countries. In that spirit, the Philippines had almost doubled its contribution to UNIDO, and had participated in the first UNIDO pledging conference.

6. Believing that UNIDO should gain more experience in industrial promotion, his delegation agreed that more than a passive role should be played by the Organization in that sphere. However the active measures undertaken should be in response to specific requests from developing countries. The Philippines also welcomed the establishment of machinery for periodic consultations on the availabilities, nature and sources of investments for industrial development, similar and complementary to that being set up at UNCTAD headquarters to assist in the expansion of trade.

7. Noting the ten main areas of work in which UNIDO was active, he expressed the hope that the secretariat would in future provide the Board with a fuller picture of the impact of those activities upon the economies of the developing countries. A re-appraisal of UNIDO's role was justified, and indeed inevitable in view of the part that the Organization would play in the creation of a global strategy for development during the forthcoming Development Decade. The suggestion that an expert group should be formed to undertake such a re-appraisal deserved careful consideration, as did the possible creation of an ad hoc committee of the Board, to be aided by experts or consultants in the preparation of an expert study containing recommendations for improvements, and increased effectiveness and efficiency. The preparation of such a report should be considered a matter of high priority. In formulating its own objectives for the second Development Decade, together with specific measures for their implementation, UNIDO should seek not to define or assert its own competence but rather to promote more meaningful co-operation with other international bodies to ensure the speedy, integrated and balanced development of the developing countries, whose plight, predicaments and sufferings should never be lost from view.

8. Dr. ARMANI (Union of Soviet Socialist Republics) recalled that a leading representative of the Secretariat had raised the question in the Working Group of whether the advanced countries were trying to hold back the industrialization of the developing countries as long as possible and to participate in it only to the extent dictated by considerations of their internal competitiveness, and not by the adopted strategy. The answer given to that question by the Soviet Union and the other socialist countries was clear: experience of co-operation by the Soviet Union and the socialist countries with the developing countries showed that both sides had an objective interest in broadening and deepening their economic relations. The industrial and economic potential of the socialist countries allowed them to help the developing countries in setting up the most rational economic structure possible. The creation of national industry in the developing countries would favour the development of trade, since the socialist countries had a vast market capacity. The concept of mutual advantage, as applied to relations between the socialist countries and the developing countries, went far beyond purely economic aspects of the problem.

9. The basic purpose of the economic and technical assistance provided by the Union of Soviet Socialist Republics to the developing countries was to help them set up genuinely independent national economies and to develop their own industries. The Soviet Union did not export capital as such to the developing countries, nor did it share in the profits from the enterprises which it helped to set up. Those enterprises remained the exclusive property of the countries concerned.

10. After recalling the great achievements of the economy and industry of the Union of Soviet Socialist Republics, which had travelled an immense distance from the modest electrification plan for Russia introduced by Lenin in 1920 to the status of a first-class world industrial power, he referred to the tremendous industrial transformations in the Eastern national republics of the Union of Soviet Socialist Republics, which had previously been backward outlying districts of the country but now had powerful modern industries and advanced scientists and engineers. After giving detailed figures about the economic achievements of the Union of Soviet Socialist Republics in 1961, he turned to the question of economic and technical co-operation between the Union of Soviet Socialist Republics and the developing countries. At the present time, the Union of Soviet Socialist Republics was co-operating with 37 developing countries in Asia, Africa and Latin America. It had provided and was providing assistance to these countries in the construction and

expansion of approximately 700 enterprises, of which about 200 were already functioning. The total long-term loans provided by the Union of Soviet Socialist Republics to the developing countries amounted to approximately 5 billion roubles, and the repayment terms were very favourable to the borrower countries. In addition, the Union of Soviet Socialist Republics made considerable contributions to COMECON and UNIDO for the purpose of assisting the economic and industrial development of the developing countries.

11. The Union of Soviet Socialist Republics was trading on an ever-increasing scale with the developing countries, and had concluded trading and payments agreements, in many cases on a long-term basis, with forty-seven of them. Such agreements were an incentive to the developing countries to increase their trade with the Union of Soviet Socialist Republics and made it possible for those countries to develop their own independent national economies. There was further interest for the developing countries in trading with the Union of Soviet Socialist Republics because of the fact that they could pay for their imports from the Union of Soviet Socialist Republics with products of their own new enterprises, which encountered difficulties in acceding to other markets. It was inevitable that trade between the developing countries and the Union of Soviet Socialist Republics would increase because it was in those countries' interest to expand such trade.

12. UNIDO had an important part to play in the great process of developing international co-operation in the field of the industrial development of the developing countries. The organization had already done some useful work: in 1968, in particular, it had helped to organize in the Union of Soviet Socialist Republics and other countries programmes concerned with the transfer of experience in industrialization to the developing countries and with the training of the appropriate national cadres. He believed that it was the task of the Board at its Third Session to lay down the main guidelines for UNIDO's future activities. General Assembly resolution 2152 (XXI) set out, in thirteen special points, the main lines for UNIDO's activities in the implementation of which the experience of States with different social and economic systems must be taken into account. That resolution entrusted UNIDO with a variety of functions. But although more than two years had passed since UNIDO's creation, it had not yet undertaken work on the required scale to provide effective assistance to the developing countries in the solution of fundamental problems connected with their industrialization. In particular, the necessary attention had not been paid to the elaboration of a strategy

for industrial development, or to the analysis and evaluation of different levels of industrialization (in relation to a given national programme) of developing countries, which was important for the preparation of rural-based development programmes.

13. There was no provision in the General Assembly resolution for the one-sided orientation of UNIDO's activities predominantly towards a quest for private capital for developing countries. Under the terms of the resolution, such activity, included under the thirteenth point, was neither a major nor a decisive activity for the organization. Those who stood at the head of UNIDO must surely know that the organization was in no sense a financing or a banking centre, nor could it become a merely mechanical go-between for centres of finance and investment. No reference to the question of attracting capital would be complete without mention of the fact that the developing countries were already crippled by debts amounting to fifty billion dollars, the servicing of which cost five billion dollars annually. In the opinion of experts, that debt would amount by 1980 to 90-100 billion dollars, and the debt/repayment ratio could become "unmanageable".

14. UNIDO could not remain indifferent to the conditions under which foreign capital was being invested in the developing countries. It should assume the role of protector of the developing countries, and strive to secure for them conditions for capital investment which would be in accordance with their national interests and would safeguard their political and economic independence. The representatives of the developing countries themselves said that external financing should be considered only as an auxiliary resource, complementary to their own resources.

15. UNIDO should take care to ensure that the basis for the influx of foreign capital was not the pursuit of profit and the rapacious exploitation of the resources of the developing countries, but that such capital was attracted and utilized under governmental control to help in the execution of national programmes for the comprehensive industrial development of the developing countries, the diversification of their economies and the development of export industries.

16. UNIDO's activities in the field of "promotion" must not boil down to a mere quest for private investments. If the term "promotion" was to be used, it should mean the whole of the activities of UNIDO provided for under General Assembly resolution 2152 (XXI).

17. In the United Nations, particularly through the Special Fund, attempts were being made to legitimize the orientation of United Nations activities towards pre-investment activities and encouragement of foreign private investment. Unfortunately, that trend had now appeared in UNIDO. There was even talk of converting UNIDO into a "marriage bureau" for the conclusion of unions between developing countries and foreign capital. The Soviet Union could not agree to such an approach to the execution of UNIDO's tasks as determined by decision of the General Assembly. Such an approach would involve not the implementation but the revision of the decisions of the General Assembly. The Union of Soviet Socialist Republics would resolutely oppose the use of UNIDO by anyone to subordinate the economies of the developing countries to their control and influence.

18. It should also be borne in mind that even those who supported the extensive mobilization of foreign capital admitted that the influx of foreign capital did not enable the developing countries to establish truly national industry. These countries should as far as possible mobilize their own resources for industrial investment. Measures to improve the resources available for industrialization could and should include increasing the share of the developing countries in earnings from the exploitation of their natural resources by foreign companies and improving conditions for the foreign trade of the developing countries and the marketing of their products. The Union of Soviet Socialist Republics supported proposals for the conclusion of international agreements designed to increase on the world market the artificially deflated prices for fuel, raw materials and agricultural products and to lower the artificially inflated prices of industrial goods imported into the developing countries. The Union of Soviet Socialist Republics firmly supported the principles for trade relations adopted at UNCTAD I and opposed trade discrimination against the developing countries.

19. One of the fund-allocating sources was UNDP. In his opinion, UNDP was not yet assigning the necessary resources to industrialization of the developing countries. It was well known that UNDP often arbitrarily rejected the requests of Governments for assistance. In that connexion, it was to be noted that requests from Israel were processed with suspicious rapidity, whereas requests from the Arab countries often ran into difficulties. The contributions of the Union of Soviet Socialist Republics to UNDP and to other international organizations were being used unsatisfactorily. In particular, 13 million unused roubles from the Union of

Soviet Socialist Republic's contribution to the Special Fund had accumulated in the Special Fund's accounts in Soviet banks. The Special Fund was open to particular criticism because, although it had considerable resources at its disposal, it had constructed hardly a single pilot plant in the developing countries during the whole of its existence. It would be desirable for UNIDO to induce UNDP to agree to the construction from UNDP funds, in accordance with UNIDO proposals and plans, of ten to fifteen pilot plants per year, possibly in the least developed countries.

20. The UNDP representative had stated that UNDP was prepared to offer UNIDO more resources, but UNIDO was apparently not ready to receive and make use of them. The Board should look into the reasons for that situation. It was obvious that the technical assistance activities of UNIDO needed to be reorganized. There were also shortcomings in the use of experts: in particular, far too few technical advisers and experts from the Union of Soviet Socialist Republics and the other socialist countries were being recruited for UNIDO activities. The activities of UNIDO were also suffering because the work of the secretariat was not organized on the necessary collegiate system: in particular, there was no system of deputy Executive Directors, among whom it would be desirable to see a representative of the Union of Soviet Socialist Republics.

21. As was perfectly clear from General Assembly resolution 2152 (XXI), the concept of "promotion" should be given a wider meaning: namely, the operational implementation of the whole range of measures provided for under that resolution. Under such an approach to the question of "promotion", the Union of Soviet Socialist Republics was ready to co-operate actively in measures undertaken by UNIDO to promote industrial development by disseminating the Union of Soviet Socialist Republic's experience in the mobilization of internal resources for industrial development and by making use of the capacity of Soviet foreign trade organizations to supply industrial equipment on a normal commercial basis.

22. On the basis of that consideration, the Soviet organizations would be ready to continue taking part in UNIDO's activities.

23. In the Union of Soviet Socialist Republics a national committee had been formed to further the activities of the United Nations and UNIDO in the field of industrial development. It was planned to hold a number of seminars, symposia and other courses in the Union of Soviet Socialist Republic in 1969 for representatives of the developing

countries, and new courses (including courses dealing with agricultural machinery) for the in-plant training of mechanical engineers were being started. The Soviet organizations were ready to organize, from the voluntary contributions of the Union of Soviet Socialist Republics to UNIDO in 1970 and the following years, in-plant training courses in the fields of standardization, welding, the production of mineral fertilizers, the planning and organization of the management of State enterprises, and so forth. The Soviet organizations were ready, through the contributions of the Union of Soviet Socialist Republics to UNIDO, UNCTAD and the United Nations regular programme of technical assistance, to construct small pilot industrial plants (including repair plants) in the developing countries, to supply equipment for them, and to send its specialists to install the equipment and launch the plants. It was also proposed to hold a symposium in the Soviet Union in 1970 on the role of heavy industry in the industrialization and economic transformation of the developing countries. He welcomed the Executive Director's intention to make full use of one million roubles of the Union of Soviet Socialist Republic's voluntary contribution to UNIDO. The Soviet Union would continue in the future to put half a million roubles each year at the disposal of UNIDO.

24. The Soviet Union believed that the following trends should be reflected in UNIDO's programmes in the coming years.

25. UNIDO should actively promote the industrialization of the developing countries, should act as co-ordinator for all United Nations efforts in the field of industrialization, and should be entitled to join in settling questions relating to the utilization of financial resources earmarked for the industrialization of the developing countries through the international organizations.

26. A central part of UNIDO's work should be to assist countries in drawing up long-term and current plans for their industrial development based on strengthening of the State sector of the economy. UNIDO should give assistance in determining the optimum industrial structure and types of enterprise, taking into account the specific conditions obtaining in each country. Attention should be given to the development of key industries, on the basis of the mobilization of internal resources and the enlistment of others, since that was the cornerstone for the development of a diversified national economy in those countries. UNIDO should also help to ensure the harmonious development of industry at the regional level and give greater attention to the question of co-ordinating the efforts of neighbouring countries in the creation of common

industrial and power systems. The developing countries need active support in formulating and drawing up projects (especially projects for pilot plants) to be financed by UNDP, by the United Nations regular programmes of technical assistance, or by UNIDO.

27. The system for selecting experts should be simplified and more use made of specialists from the socialist countries who, it should be borne in mind, were seconded by State institutions from a large force of experienced specialists of proved talent. Every effort should also be made to secure proper co-ordination of the activities of the whole United Nations system in the field of industrial development, bearing in mind that in the final analysis the main co-ordinating organ was the Economic and Social Council, one of the fundamental United Nations organs set up under the Charter.

28. The functions and tasks allotted to UNIDO by the General Assembly could only be successfully carried out if UNIDO became a truly universal organization. In particular, it was quite unjustifiable that such a highly developed industrial country as the German Democratic Republic, which carried on widespread economic and technical co-operation with developing countries, was not represented in UNIDO, whilst the other German State participated in UNIDO and in a number of other organizations within the United Nations system.

29. In conclusion, he noted that the Soviet Union and many other nations would shortly be celebrating the centenary of the birth of V.I. Lenin, the founder of the Soviet State, whose liberating ideas had spread throughout the whole world. In that connexion, he recalled that in 1968 the UNESCO General Conference had unanimously passed a resolution to hold a symposium in 1970 on the theme: "Lenin and cultural, scientific and educational problems". It was reported that the International Atomic Energy Agency intended to take part in that symposium and he hoped that UNIDO also would consider participating.

30. Mr. FRYER (United Kingdom) said that the time had now come for the Board to give the Executive Director a clear idea of priorities for the work of UNIDO over the next two or three years. Without guidance from the Board, there would be an increasing tendency for UNIDO to attempt to advance on too many fronts at once, instead of deploying its forces in those areas in which advances of maximum benefit to the developing countries could be made. The discussions which had taken place in the Working Group should provide a sound basis for the identification of those areas.

31. He would suggest that priority should be given to: (a) the identification of suitable industrial projects and their preparation, evaluation and implementation; (b) the adaptation of technology to suit the circumstances of developing countries, which entailed a study of the problems of design, alternative techniques, viable scales of production and patents; (c) consideration of the problems of existing industry, including repair and maintenance and the fuller utilization of current capacity; (d) small-scale industries. At the same time, there was a clear need for promotional work, which - it should be noted - impinged on a wide range of UNIDO activities of varying degrees of priority.

32. In his view, there was no place in UNIDO's programme for basic research in areas which had already been fully explored by other institutions. Instead, UNIDO should act as a clearing-house for such information.

33. The question of the relationship between the three main instruments of UNIDO action was of fundamental importance. As the Executive Director had pointed out, it was essential to achieve a balanced combination of (i) research and study, (ii) technical assistance and (iii) promotional activities. While fully agreeing with that view, he wished to stress the need to ensure that research and studies were related as closely as possible to operational activities. Technical assistance, in the opinion of the United Kingdom delegation, must continue to be UNIDO's main tool, while the use of promotional activities should depend to a large extent on the degree of success they achieved.

34. On the subject of technical assistance, he welcomed the information provided by the representative of the United Nations Development Programme on the measures UNDP was proposing to take to facilitate the operational activities of UNIDO. The United Kingdom delegation was particularly pleased to note UNDP's readiness to introduce faster and more flexible procedures and was interested in the suggestion that certain financial powers should be delegated to resident representatives. He also welcomed the assurance that the Administrator of UNDP intended to consider, together with the Executive Director of UNIDO, all measures which would help to avoid a break in the type of assistance now being made available from the Special Industrial Services Fund. The United Kingdom believed that UNDP should be the growth point in relation to technical assistance funds within the United Nations family, and had therefore increased its contribution by \$500,000 in 1962.

35. He agreed with previous speakers concerning the importance of making adequate preparation for the Second Development Decade and in general approved of the views expressed by the UNIDO Secretariat in that respect. In particular, he believed that any attempt to impose a uniform industrial strategy on countries at varying stages of industrial development would not be productive. Industrial development had to be viewed against the general background of labour availability, and close co-operation between UNIDO and the ILO was essential. He also agreed that it would be impracticable for UNIDO to undertake a vast econometric exercise to cost industrial development over the Decade, in terms of both capital and labour. The preparatory work for the Decade was only a beginning; the real issue was how Governments and United Nations bodies could co-operate to ensure the fullest development of the resources of the developing world. In that process, UNIDO had a major role to play.

36. Mr. NIISEKI (Japan) said that the task of the Board was to work out UNIDO's strategies for the industrial development of the developing countries, bearing in mind that different approaches were necessary for different countries and that a balance had to be maintained among the various industrial sectors. His country was willing to share its experiences with its Asian, Latin American and African friends and to offer UNIDO its full co-operation.

37. UNIDO's primary responsibility undoubtedly lay in the field and it should devote its major efforts to implementing the projects assigned to it under General Assembly resolution 2152 (XXI). In his view, three specific measures were called for: (a) field advisers should receive greater support from Headquarters; (b) field experts should have strong backstopping, and (c) the recruitment of field personnel should be speeded up and improved. He commended the efforts undertaken by the Secretariat, as described in document ID/B/53, but would like to know what progress had been made in compiling the rosters of experts. Governments might be able to supply useful lists of names and Japan would be happy to co-operate in that respect.

38. With regard to headquarters activities, he would suggest that priority should be given to promoting: (a) the formulation of industrial policies and programmes; (b) repair and maintenance and fuller utilisation of existing capacity; (c) small-scale industry; (d) UNIDO's role as a clearing-house for information. More vigorous advisory services were needed for project formulation and evaluation, since development assistance was always more readily forthcoming when projects were well defined and viable. In addition, he believed that training should receive more attention under UNIDO's programme.

39. With regard to the proposal for a floating industrial fair, he pointed out that such a project had to be prepared with care. In the case of the Japanese floating fair, two years of careful preparatory work and considerable expenditure, including a great deal of public relations. Furthermore, such projects were extremely costly, and expenditure on the Japanese project had amounted to some \$1.6 million.

40. As far as promotional activities were concerned, great care should be taken to ensure that high-priority field operations were not impaired, and it might be necessary to streamline the headquarters machinery so as to avoid any duplication of effort. In his opinion, UNIDO should concentrate its promotional efforts on providing assistance for the establishment or organization of investment promotion centres in the developing countries. Alternatively, UNIDO could play a useful role in organizing investment promotion meetings, preferably in the developing countries themselves, in cases where specific projects were awaiting external financing. Some countries believed that the concept of promotion should be as broad as possible, and indeed promotional elements were scattered throughout the entire programme. In his view, promotion undertakings should be those best suited to the specific needs of the developing countries and best designed to attract industrialists and potential investors from the developed world.

41. He hoped that negotiations on co-ordination within the United Nations family would be actively continued and that an agreement would quickly be reached between UNIDO and ECAFE, which would welcome UNIDO's participation in a number of current projects.

42. With regard to UNIDO's long-term programme he wished to lay stress on the Organization's role as a reference centre, providing basic industrial services to the developing countries. He therefore welcomed the proposal for an exchange of information and views between UNIDO and the public authorities of the developed countries on the subject of the harmonization of multilateral and bilateral aid programmes.

43. Mr. UNPUN (Thailand) said that although UNIDO had had some impact since its creation, it needed to be developed and expanded quite considerably if it was to play a more effective role in the industrial development of the developing countries during the Second Development Decade. His National Committee set up in his country for co-operation with UNIDO took within its mandate a desire to support the Organization in every way possible. UNIDO was not an effective instrument for industrial development, its goals must be clearly defined and its organization structured accordingly. To discharge its proper role in the next Development Decade, UNIDO would have to evolve a realistic and dynamic strategy to cope with the ambitious task of telescoping the technological progress of nearly a century into the span of a mere decade. However, ambition should be tempered with an acknowledgement of the limitations under which the Organization operated. A prudent and realistic approach to the existing situation indicated that the strategy for future activity should have two distinct facets.

44. Firstly, at the more general level, it was necessary to identify broad categories of industrial activities relevant to the economic needs of a large majority of developing countries. Should the range of industries thus identified prove too broad for the resources available, certain industries should be selected for priority attention and the Organization's services and activities should be geared exclusively to promoting their optimum development. It was most important for UNIDO to develop special expertise in the industrial sectors of direct significance to the needs of the developing countries; there was a particular need for integrated programmes for small-scale industries which, although they were not a substitute for large industries, should constitute an integral part of the overall industrial structure.

45. Secondly, and more specifically, no single strategy or programme of action could be considered relevant to all developing countries, and the specific needs of countries at different stages of development should be taken into account when formulating UNIDO strategy and programmes. His delegation advocated that priority should be given to the requirements of the less developed among the developing countries.

46. Despite the funds forthcoming from UNDP and other sources, UNIDO's financial resources were far from adequate. Expectations that the situation would be remedied by the first pledging conference had not been fulfilled, and it was to be hoped that the second such conference would result in a significant increase in the Organization's resources. UNIDO should be allowed greater flexibility and discretion in the utilization of funds allocated under the UNDP Technical Assistance and Special Fund Programmes, and the Executive Director should have more freedom in utilizing funds allocated for the Special Industrial Services. The diminution of SIS funds announced by the Executive Director was a matter of some concern, as any depletion of resources would inevitably be detrimental to UNIDO's activities.

47. With regard to the important problem of co-ordination, it was to be hoped that UNIDO, while not compromising its essential co-ordinating role, would conclude satisfactory working agreements with more national and international organizations. The Executive Director would no doubt succeed shortly in settling pending issues with the other organizations concerned. Full use should be made of the Regional Economic Commissions, and their subsidiary bodies, thus enabling the inter-country programmes and studies of the Asian Indian Development Council to be supported. In cases of overlapping activities, it was to be hoped that satisfactory working arrangements could be made between UNIDO and the other organizations involved.

48. His delegation was willing to consider any practical suggestions by the secretariat on the organization of UNIDO headquarters and the improvement of its functioning. He noted with interest the suggestion that the annual review of UNIDO's programmes should be limited to three weeks and that the discussions of the Working Group and the Board might overlap. However the Working Group, despite its usefulness, should not become a substitute for the Board, and the relationship between the two bodies would need to be satisfactorily defined.

49. Particular attention should be paid to the full utilization of domestic resources in industrial development and to the tapping of local talent, expertise, advisory services and resources to be found in the developing countries themselves. UNIDO should also play a significant role in promoting co-operation among the developing countries and exploring the possibility of drawing up national projects for regional purposes.

50. While fully supporting the promotion of international trade in the future, he considered that they should be multilateral and should not duplicate the bilateral activities in which Governments were engaged. UNIDO's role in regard to bilateral activities should be limited to identification and establishment of contacts.

51. Mr. CHRISTIANSEN (Denmark) said that his country's support of the concept of multilateral aid was illustrated by its practice of channelling half of total government assistance to developing countries through international organs. Total expenditure in that field was at present increasing by 25 per cent per annum and was due to reach the stipulated one per cent of the national income in the near future; one of the assumptions underlying the decision to increase these contributions was that a larger share of UNDP funds should be devoted to projects for the industrialization of the developing countries. His delegation therefore attached considerable importance to the development of UNIDO as an efficient organization within its field of competence, which was one of ever-increasing importance in the development process. The success of the development effort depended on a functional and disciplined distribution of tasks among the various United Nations executing agencies. UNDP, which occupied a central position and was thus the natural co-ordinator for those tasks, should have the prime responsibility for the allocation of funds to development projects in all economic sectors. The UNDP capacity study now in progress should serve to promote efficient co-ordination among the organs involved, and would also be relevant to the elaboration of a strategy for the Second Development Decade. It was gratifying to note UNIDO's determination to collaborate with its sister agencies in making the 1970's a break-through period for the developing world.

52. UNIDO was a young organization and a certain amount of time must elapse before decisions could be taken on the most effective way of performing its tasks. During that formative period, care should be taken that the goals set and the organizational structure adopted did not prejudice either the results of the UNDP study or the plans for the Second Development Decade. The assistance of experts outside UNIDO might well be useful in that respect. The points of view of the developing countries themselves were of primary importance in shaping UNIDO's future policy and in creating the necessary organizational structure, and would be of particular significance in choosing the field activities to be granted priority within the industrial sector.

53. His Government was convinced that high priority should be given to the industrialization of the developing countries, to be achieved not only by means of technical assistance but also by facilitating access of the industrial products of the developing countries to markets in developed countries. In that respect, it was important that the efforts undertaken by UNIDO to establish a system of preferential tariff treatment for products from developing countries should succeed.

54. Mr. ASANTE (Ghana) said that although the serious attention devoted by his Government to Ghana's industrial development over the past twelve years had enabled substantial progress to be made, a number of serious problems had arisen, including management problems, excess capacity, high production costs, inadequate technology and outmoded machinery. From the points of view expressed by the developing countries and from the guidelines which had been suggested, it was possible to deduce what the developing countries needed from UNIDO; however, a collection of guidelines and a disjointed series of actions were not likely to produce concrete results. The discussions held at Board meetings had been sufficiently comprehensive to provide the Executive Director with the necessary material to formulate a broad strategy that would meet with general acceptance. He could not endorse the Executive Director's statement (ID/B/WGPC/L, 8, para. 18) that the evolution of a general strategy for industrial development should not be taken up in earnest at the present stage. The aim of the Organization should be purposeful, oriented activity based on a clear definition of fundamental aims and goals.

55. The suggestions made concerning the appointment of an expert group to consider UNIDO's work programme and structure deserved serious consideration by the Board, although his delegation did not believe that the appointment by the Board of such a group was the most expeditious way of dealing with the problem. Any concrete proposals on the work programme, structure and strategy should be placed before the Board by either the Executive Director himself or by members of the Board. While the Executive Director should not be denied access to expert opinion on a suitable organizational structure for UNIDO, he alone should be responsible for that structure and intimately involved in its success or failure. A report submitted directly by a group of experts to the Board was likely to lead to long and inconclusive debates; a more rational procedure would be for the Executive Director to compile a consensus

from the Board's discussions, from written suggestions from Governments and delegations and, if necessary, from the findings of an expert group. UNIDO's essential role in the Second Development Decade, to which his delegation attached great importance, could be realistically defined only by the Board with the help of the Executive Director and his staff.

56. The valuable work done by the Working Group on Programme and Co-ordination should not be duplicated by the Board which should merely approve the Working Group's report and annex to it its own report. The Working Group should become a permanent feature of the Board's institutional framework, its meetings should be enabled to overlap with those of the Board, and the duration of the two meetings should not exceed three weeks.

57. It was gratifying to note the progress made by the Executive Director in providing for effective co-operation with UNCTAD and other United Nations agencies. It was regrettable that such arrangements had not yet been concluded with FAO; the Board should not discuss the details of the present negotiations but should request its competent Executive Director to pursue the negotiations and report at the next session, by which time a satisfactory agreement would no doubt have been reached.

58. His delegation welcomed the view expressed in document ID/B/WGPC/L.6 that social aspects should find some place in UNIDO's training programme and endorsed the view that the distribution of the proceeds of growth and of present income was of great importance. Furthermore, Ghana supported the suggestion of the Executive Director that the payment of local costs should be waived in the case of short-term missions under SIS programmes (ID/B/54, para. 3).

59. UNIDO should not be a mere technical assistance agency, important though that aspect of its work was, but should give active guidance and support to the developing countries in their endeavours to accomplish the difficult and vital task of industrial development. Considerable resources were needed for that purpose and it was to be hoped that UNIDO would have resources of its own so that the Board could carry out its decisions.

60. Mr. ABDEL-RAHMAN (Executive Director) referring to the remarks made by the representative of Ghana concerning the appointment of an expert group to consider UNIDO's work programme and structure, said that the views of the secretariat on that matter were contained in document ID/B/15.

STATEMENT BY THE REPRESENTATIVE OF CUBA

61. Mr. LOPEZ MUIÑO (Cuba), referring to the observance of a minute of silence for the demise of the President of the Republic of Bolivia, said that for reasons of humanity it was possible to draw a veil of oblivion over the death of even those who in their lives had shown a lack of that virtue. Oblivion, however, did not imply homage or rehabilitation. It had been openly recognized by the international press as a whole that General Barrientos had been the master-mind behind the assassination of the unforgettable comrade Commander Ernesto "Che" Guevara a

62. The PRESIDENT pointed out that the minute of silence had been observed in memory of a Head of State. The same tribute would be paid to the Head of any state Member of the United Nations. It did not and would not imply that those who stood up endorsed or reproved the actions of the deceased.

The meeting rose at 1.10 p.m.





16. 7. 74