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## Industrial Development Board

Fourth Session

Vienna, 20 - 30 April 1970

### SUMMARY RECORD OF THE NINETY-SIXTH MEETING

Held at the Neue Hofburg, Vienna,  
on Thursday, 23 April 1970, at 10.15 a.m.

President: Mr. SEDIVÝ (Czechoslovakia)  
Reporteur: Mr. ARCHIBALD (Trinidad and Tobago)

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GENERAL DEBATE (ID/B/74, ID/B/77; ID/B/L.61, ID/B/L.65) (continued)

1. Mr. CASILLI (Italy) congratulated the secretariat on having prepared clear and balanced documentation for the Working Group on Programme and Co-ordination, which had successfully completed its helpful preparatory work for the Board, although it could usefully have made more precise recommendations.
2. Italy had always considered that the most important factor in any development process was the human one and therefore attached special importance to any programme aimed at improving the contribution of the human factor to a country's development. In that connexion, his country expected to make further voluntary contributions of \$300,000 in 1970 and 1971 respectively. These contributions were intended for the professional training of technical and administrative cadres from the developing countries under a broad integrated programme which his country was studying with UNIDO. During the past decade public and private bodies in Italy had undertaken numerous training schemes; the important new multilateral initiative would be in addition to existing programmes, which would be continued and even expanded.
3. In the case of certain developing countries, in view of their size or their level of industrial development, his delegation supported the assistance being given by UNIDO with regard to the processing and preserving of agricultural products, light industries and small and medium-sized enterprises. Such industries should develop in harmony with a country's structures, resources and human capacities and not according to abstract models unsuited to its real needs. Only the country concerned could determine its priorities.
4. In Italy both the State and private concerns had played their part in regional development schemes, most of which had been successful. His country was always ready to put its experience at the disposal of developing countries but was perfectly well aware that there was no general formula or universal panacea to which other countries could be directed, nor did Italy desire to impose any solution on them.
5. On the eve of the Second Development Decade the developing and industrialized countries should make a concerted effort to combat the economic and social imbalance between one country and another. UNIDO was conscious of its weighty responsibility, and it was up to all of them to help it accomplish its task to the best possible advantage of the developing countries.

6. Mr. CZARKOWSKI (Poland) said that one of the ideas of V.I. Lenin, the centenary of whose birth they were celebrating, was the principle of peaceful co-existence among countries regardless of their social systems. Peace among the nations was essential for the success of international economic and technical co-operation, especially in view of recent technological advances and the bold aims of the Second Development Decade.
7. His delegation fully recognized the essential role of industrialization in the economic and social development of developing countries and the important part which UNIDO was expected to play in accelerating industrialization. From the outset his country had actively supported UNIDO's basic objectives. If UNIDO was to be fully effective, it should be open to all countries irrespective of their social and economic systems, including the German Democratic Republic, one of the most highly industrialized countries in the world.
8. Every year since 1963 Poland had made voluntary contributions to UNIDO, and it had done everything in its power to stimulate close co-operation with the Organization. An example of such co-operation was the permanent course on textiles at Lodz for the advanced training of specialists from the developing countries. His country intended to continue such efforts.
9. In view of UNIDO's extremely complex task and limited resources, its activities should be based on clear strategies, well-oriented programmes and sound priorities. The orientation of UNIDO's programme and evaluation of its effectiveness were commanding increasing attention, and a broad and continuing exchange of views between the representatives of member States might well be a means of solving various controversial questions concerning the nature and objectives of UNIDO's future activities. The Board should try to help UNIDO establish clearer criteria for determining priorities in its main fields of activities.
10. Since the Second World War Poland had pursued a policy of rapid industrialization and had constantly achieved dynamic rates of economic growth. Important factors in that progress had been the socialist socio-economic reforms, comprehensive planning, sound financing, research and the training of cadres. On the basis of the experience of Poland, the other socialist countries and some developing countries, certain general conclusions could usefully be drawn which UNIDO should take into account. He was fully aware, however, that the experience of one country or group of countries might not always be directly applicable elsewhere.

11. It was of fundamental importance that UNIDO should inspire and assist the preparation of comprehensive strategies and policies for the industrialization of developing countries. Such strategies and plans must, however, be determined by the countries themselves and should stress the social aspects of development. The best available specialists should be used for that purpose. It was very important that there should be international exchanges of experience in the field of industrialization strategies, policies and programmes so that the developing countries could benefit from the experience of countries having different social and economic systems and representing different levels of economic development. The training of national cadres was crucial, since developing countries could not continue to rely on foreign experts and consultants. The documentation and debates showed that UNIDO was increasingly aware of those crucial factors. The secretariat had an important role to play in the exchange and transfer of experience. Posts in the secretariat should, however, be distributed on a more equitable geographical basis.

12. UNIDO should seek to stimulate and mobilize the material, human and social resources of the developing countries because these, in the long term, constituted a primary factor in industrialization. As the Working Group's report indicated, UNIDO should maintain a proper balance between assistance in the mobilization of internal resources and assistance in obtaining external financing. The external assistance provided by UNIDO should supplement and not replace internal resources. His country's experience between the two World Wars showed that unlimited private foreign investment led to an unbalanced economy and subordination to external forces and interests. UNIDO should help developing countries obtain more favourable conditions in respect of external financing, and should take this matter into account when preparing its programmes and operational, supporting and so-called promotional activities. Poland welcomed UNIDO's activities designed to support the public sector in developing countries.

13. As his delegation had pointed out in the Working Group, the co-operative sector was also of importance. In accordance with the resolution adopted by the Board at its third session his delegation was expecting a report from the Executive Director on the basis of which UNIDO's role in the promotion of industrial co-operatives might be formulated

14. With regard to priorities, there should be no a priori judgement in favour of any particular kind of sector of activity, in view of the diverse conditions in developing countries. Nor, despite frequent suggestions to the contrary, should there be any a priori judgement that UNIDO's operational activities were more important than its supporting activities. On the other hand, UNIDO should at least have definite criteria for the establishment of priorities to the extent necessary for it to fulfil its goals and make the best possible use of its limited resources.

15. The only right and practical way to establish priorities for UNIDO's activities was to evaluate the true significance and usefulness of a particular activity in adding to the real resources, or overcoming particular obstacles in the industrialization, of a developing country or region. For example, an operational project might prove to be much less important than a seminar, and an industrial survey carried out in a developing country might be far more valuable for the industrial development prospects of that country than would even the most suitable pilot plant whose multiplier effect might be minor.

16. The best way to solve the difficult practical problem of how to determine the value of particular activities and projects was to ensure that UNIDO projects fitted in with national or regional strategies and plans, which should be comprehensive and realistic.

17. As those issues were under consideration in the various United Nations bodies, he was grateful to the Executive Director for submitting his observations on how UNIDO viewed some of the proposals contained in the Jackson Capacity Study.

18. His delegation was opposed to the idea of increasing the role of the World Bank Group in the United Nations system. The outcome of such a policy would be to give the Bank undue importance and to over-emphasize the role of private capital in development. The World Bank was not a truly world-wide institution and its terms of reference differed from those of other organizations in the United Nations system.

19. His delegation supported, however, many of the suggestions contained in the Capacity Study, for example, with regard to better co-ordination between international organizations, increasing the role of resident representatives, and long-range programming of technical assistance to fit in with national economic planning and programming. He hoped that the Board's comments would lead to decisions increasing the effectiveness of the whole United Nations system, including UNIDO, to the benefit of all its members, especially developing countries.

20. Mr. MAKUZA (Rwanda) congratulated the secretariat on the marked improvement in the Board's documentation, which gave a clear picture of UNIDO's activities. He considered, however, that UNIDO should, in accordance with its basic objectives, concentrate its efforts and its limited resources on operational activities. In particular, he would like to see an appreciable increase in Special Fund projects. He felt sure that UNIDO could persuade UNDP of the need to expand the construction of pilot and demonstration plants.

21. Among the activity groups into which UNIDO divided its programme, the engineering and metallurgical industries were of particular importance in that they constituted the essential base for heavy industry. The second place should go to the construction and building materials industries. The housing situation in the developing countries was acute and there was an urgent need for low-cost housing for the masses. UNIDO should strongly encourage the construction of cement factories, particularly in land-locked countries, and the use of local materials in order to reduce imports. UNIDO's action in regard to the construction and building materials industries could be more vigorous than it appeared to be at present.

22. Most developing countries were primarily agricultural and many of them had population and food problems; hence, fertilizers and pesticides were of vital importance. UNIDO, in co-operation with UNDP, could play an important role in setting up pilot plants for the production of fertilizers. His delegation was disappointed at the lack of progress in the few existing projects of that type and wondered whether the importance of the sector in question was sufficiently appreciated. Unfortunately foreign monopolies were often acting as a brake to development in the developing countries.

23. With regard to small-scale industries, priority should be given to the encouragement of industrial estates. If their number could be increased, UNIDO would be rendering a considerable service to the developing countries.

24. In the field of light industries, the manufacture of inexpensive radio receivers, was extremely important. The role of radio in educating and in stimulating the people to make a collective effort in favour of national development was obvious. The electronics industry could, however, play a key role in land-locked countries with large reserves of manpower.



25. In view of the prime importance of industrial financing, UNIDO should initiate a programme for promoting external financing based on a systematic search for sources of finance for projects in developing countries. His delegation suggested that UNIDO should try to improve investment promotion methods further, and help to train local investment promotion staff and to promote specific projects. The progress so far made in that respect was only marginal in view of the needs. He was aware that other organizations were also dealing with the same problem, but considered that UNIDO also had its part to play.

26. The importance of the promotion of export-oriented industries was obvious and had already been stressed by other delegations.

27. The Second Development Decade was an opportunity to show that international solidarity was a real force. Such solidarity should not, however, be looked at from the standpoint of charity, because it was the duty of the rich countries to provide technical and financial assistance to the developing countries, which had a right to such assistance. It was also in the rich countries' own interests to provide assistance.

28. Paradoxical though it might seem, UNIDO's main objective was its own disappearance - in that its aim was to bring nearer the day when it would no longer be needed. The developing countries placed their hopes in its dynamism and pragmatism, and he was sure that they would not be disappointed.

29. Mr. MAHMOOD (Iraq) paid tribute to the memory of V. I. Lenin and to his inspiring contribution to the progress and welfare of mankind.

30. UNIDO must recognize that it could and should promote the industrialization of the developing countries, attract capital to meet their national needs, assist in strengthening their economic independence, contribute to the training of their national technical staff, help to integrate their human resources into their industrialization plans, and ensure that technical assistance was of direct benefit to their industries. He expressed satisfaction at the efficient work done by the Working Group, and at the improvement in the documentation prepared by the secretariat.

31. UNIDO could not be considered a truly universal organization as long as the German Democratic Republic, an advanced industrial country, was denied membership.

32. The delays encountered in recruiting experts, which were due in part to the difficulty of selecting the right person for the right job, might be avoided if experts were recruited directly through their Government or through qualified and specialized consultant firms.

33. He noted with satisfaction that UNIDO's contribution to the Second Development Decade would be in line with General Assembly resolution 2411 (XXIII). As the Executive Director had stated before the Preparatory Committee for the Decade, industrialization of the developing countries must be a basic objective of the Decade. As many of those countries had been unable to achieve the industrial growth target set for the First Decade, UNIDO should strengthen its efforts to assist them in overcoming the handicap of inadequate economic structures by devoting particular attention to such questions as skilled manpower requirements, optimum level of import substitution, transfer of technology, and the undertaking of experimental industrial development projects using new technology aimed at promoting the national use of national resources. In respect of UNIDO's role in the preparation and implementation of the Second Development Decade, he agreed with the Executive Director that UNIDO should not formulate its own strategy but should work within the general strategy formulated for the Decade.

34. UNIDO could not work in isolation; its effectiveness depended on that of other international organizations. He therefore welcomed the importance attached by the Executive Director to co-operation with the regional economic commissions. In particular, UNESOB and the UNIDO industrial unit attached to that office should be strengthened. He welcomed the agreements concluded by UNIDO with FAO, ILO and other organizations, and also the growing co-operation with UNDP. He was pleased to note that more field advisers were to be appointed and hoped that their number would be increased even further.

35. The technical assistance granted by UNIDO was often inadequate. In view of the limited resources at present made available to the Organization, he suggested that an agreement he reached between UNIDO and UNDP that a fixed proportion of the funds available under the Technical Assistance component be allocated to UNIDO.

36. Priorities could not be drawn up by UNIDO on a global basis, but must be set by the developing countries themselves. UNIDO's programme, which he did not consider too fragmented, was a satisfactory reflection of those countries' needs. With regard

to the Capacity Study, he considered it the Board's responsibility to study the document and put forward recommendations. He noted with particular satisfaction the programme of work for 1971 and 1972.

37. UNIDO must have its own funds if it was to function freely and realistically. As requests for assistance would no doubt continue to increase, it was essential for UNIDO to have at its disposal financial resources for its operational activities. He hoped that more countries would participate in the second Pledging Conference and that there would be an increase in the pledges made. His delegation was concerned at the decrease in the volume of SIS funds, and hoped that the problem would be solved.

38. The League of Arab States, represented by the Industrial Development Centre for Arab States (IDCAS), had applied for consultative status with UNIDO. IDCAS, which had already proved its usefulness for the Arab countries, had included in its programme of work for 1970/71 important activities such as industrialization surveys, productivity studies, the establishment of specialized technical and economic institutions, inter-branch industrial co-operation and co-ordination, and the organization of specialized seminars and symposia. His delegation therefore urged that the request submitted by the League of Arab States be favourably received by the Board.

39. Mr. SALAS CARDENAS (Ecuador) said he was aware that UNIDO was a young and still growing organization and that its work was rendered particularly arduous by the complex nature of the industrialization process. He therefore appreciated what the Organization had already achieved through its technical assistance programmes, the establishment of priorities and the provision of advice in the formulation of national industrial strategies. As the developing countries were in different stages of industrialization, UNIDO should define very clearly the type of assistance it could provide, analyse its priorities and study all the relevant factors in order to establish pragmatic standards which took into account the needs of the developing countries. The new stress laid on country planning programmes was a step in the right direction. The recommendations made by the UNIDO programming mission sent to his country in 1969 were being studied by his Government as a possible basis for the long-term programming of technical assistance. However, his Government was still receiving many offers of technical assistance that did not fit in with national priorities. The Jackson Report, which recognized the shortcomings of international organizations in that respect,

emphasized the need for long-term programming carried out jointly by UNDP Resident Representatives, the Governments concerned and the specialized agencies. His Government approved that approach, but did not consider that the specialized agencies should be completely subordinated to UNDP. The main problem seemed to be that agencies competed with one another to obtain the greatest possible number of projects and, in doing so, often ignored both national priorities and their own. The time had come for the Board to tackle the question of re-organizing UNIDO; that question might usefully be discussed by the special UNIDO conference, to which his delegation attached considerable importance.

40. There was a growing tendency for countries with common interests to study the possibility of forming groupings. Four such groups already existed in Latin America, and they all needed UNIDO's assistance. The Organization should take a more active interest in such groupings and a special section of the Board's annual report for 1971 should be devoted to them and to the technical assistance they had received from UNIDO.

41. The promotion and financing of industrial projects was an important part of UNIDO's work and he hoped that the meeting planned for the end of 1970 or 1971 with the participation of ECLA and the IDB, and aimed at attracting foreign investment for sound projects, would be held as scheduled. Commercially profitable projects were not the only ones which should be given priority because, for a number of reasons, the criterion of commercial profitability was not always applicable to the developing countries; the criterion of national economic profitability was of equal or greater importance. Theoretical priority criteria drawn up by UNIDO for instance, might not necessarily be acceptable to the developing countries. What was important was to ensure that industrialization was accompanied by an increased utilization of natural resources, because experience had shown that the export of commodities did not bring national prosperity.

42. Mr. KRAKUE (Ghana) wondered whether the efforts of the Working Group on Programme and Co-ordination, and of the Board, were not in a sense, misdirected. There was a lack of realism in deliberations concerning a work programme based in part on hypothetical requests, whose satisfaction depended upon equally hypothetical resources;

and it was strange to speak of a "Board" where there was no control over most of the Organization's operational resources. Resources made available by UNDP accounted for some 80 to 90 per cent of the total funds for UNIDO's operational programme. His delegation had already stressed the importance of UNIDO having its own funds, and recommended the sum of \$1.5 million as the planning level for the regular programme of technical assistance for industrial development. The healthy growth of the Organization depended on autonomy. If such autonomy had not been granted, it was perhaps because UNIDO lacked both a clearly defined policy and the means of implementing such a policy were it established.

43. Why was such a policy lacking? In its own experience, Ghana had discovered one of the main answers to that question, namely that there was no single model for industrial development. Moreover, UNIDO was still a young organization, and still lacked the confidence which was a prerequisite of improved performance and increased resources.

44. It was time for a cool appraisal of suggestions for improving the United Nations development system and programmes. UNDP was to be congratulated not only on its decision with regard to funds for industrial projects and SIS and industrial field advisers programmes, but also on its timely commissioning of the Capacity Study. Referring to the latter, he welcomed its recommendation for country programming, and its proposal that the Special Fund and Technical Assistance components should be merged, but wished to sound a note of caution concerning the conclusions drawn from the proposals of the Capacity Study in paragraph 7 of document ID/B/77. An increase in advisory services should not be contemplated without due reference to the fact that advice without operational responsibility was often cheap and unproductive, and that what the developing countries required was training of indigenous personnel coupled with the secondment of experts whose advisory activity was accompanied by solid operational work. For that reason, his delegation was in full agreement with paragraph 15 of document ID/B/77. Care should also be taken not to overemphasize pre-investment studies at the expense of feasibility studies and the consideration of financial and other relevant problems. In maintaining close contacts with potential sources of finance, UNIDO should bear in mind that the industrialization of the developing world frequently required a modification of the existing order. Whilst regional undertakings of the type described in paragraph 18 of document ID/B/77 were of crucial importance

to industrial development in many parts of Africa, the idea of world-wide programmes mooted in the following paragraph should be approached with caution, lest UNIDO's limited resources be over-extended.

45. Turning to document ID/B/74, he expressed satisfaction with the present structure of UNIDO, and welcomed its co-operation with other agencies as well as the recognition of the need for flexibility, initiative, inventiveness and adaptability. He agreed that the question of evaluation should receive further attention. He also agreed that unnecessary constraints should be removed, but did not feel that UNIDO should compete with industry in salary rates and other conditions of service. Countries themselves should take advantage of the unique opportunity of showing their concern, interest and involvement by arranging the secondment of appropriate staff from their own institutions and industry for service in the developing countries.

46. At the dawn of the Second Development Decade, and with the recommendations of the Jackson and Pearson Reports still fresh in the memory, it was time for stock-taking, and in particular for a closer examination of the question of a high-level conference on UNIDO. He suggested that the Board might decide to dispose with the agenda of its fifth session as rapidly as possible, and then transform itself into a preparatory meeting for that conference, the produce of which should be a well-defined course of action which would encourage contributors to make funds available to a semi-autonomous UNIDO. Expressing the hope that the target of 1 per cent gross national produce flow would be achieved during the Second Development Decade, he said that the ground should be prepared for UNIDO to receive its fair share of the funds available for development. In the meantime, he urged the secretariat to do its best with the inadequate tools at its disposal.

47. An effort should be made to bring coherence into the work of the Organization, despite the incoherence of requests. In that connexion, UNIDO should abandon its passive role with regard to requests, in favour of a more dynamic effort to ensure that they were suitable, making all the facts available to the developing countries and drawing attention to the conclusions resulting from them.

48. There were, he reiterated, many paths towards industrial development. Ghana's choice was not necessarily the choice of other countries. UNIDO should approach the problem with an open mind. It should not be taken for granted that the advantage always lay with economies of scale. Rather than endeavouring to set up industries to process local raw materials, a country might sometimes derive more advantage from exporting those materials and then using part of the proceeds to buy other raw materials or semi-finished products and add to their value. That suggestion might be controversial, but it was made with the aim of revealing the complexity of UNIDO's tasks.

49. His country was grateful for the assistance received from UNIDO during the past three years, and for the very valuable material help provided by the Government of India in launching a promising experiment in small-scale industries.

50. He commended the suggestion made by the United Kingdom delegation at the 92nd meeting concerning the presentation of the Board's decisions. A similar suggestion had been made by Ghana at the first session of the Board.

51. Joining in the tributes paid to the memory of V.I. Lenin on the centenary of his birth, he said that industrial development did not only depend upon the supply of machines and equipment or on exports, but also on ordinary men and women, on skills and training, on attitudes and human psychology, on institutions and on organizations. UNIDO itself was a young organization, but its future was bright.

52. Mr. TÜREMEN (Turkey) said that the formulation by the United Nations of an international development strategy for the next ten years reflected recognition of the determination of the developing countries to achieve economic development, and the progress already made in that direction. Such an undertaking must obviously be a co-operative one. What was at stake was not merely the prosperity of the majority of mankind, but also the economic and social stability of the world. The choice was between unity and organization in the creation of an adequate rhythm of development, and all the dangers inherent in frustrated aspirations.

53. Although the developing countries themselves must bear the main burden of their progress towards development, they must be encouraged and supported by the developed countries. Co-operation in an interdependent world was essential, and the prosperity of the developed countries should allow them to set aside at least a part of their resources to help less developed countries to overcome ancient obstacles.

54. Industrialization was a continuing process, and for that reason should be the subject of an intelligent strategy based on the optimum distribution of the elements of production and on choosing the alternatives likely to produce the best results.

55. In Turkey, that strategy was built around the first and second Five-Year Development Plans, which, taking account of the principle of comparative advantages, endeavoured to strike a balance between industrial and agricultural development, thus radically changing the traditionally agricultural structure of the economy.

56. UNIDO was in a position to lend valuable assistance to the developing countries for their economic and industrial development, and its role in the Second Development Decade would be particularly important. Believing that the acceleration and continuity of development were closely related to external trade policies, he considered that UNIDO should pay special attention to such matters as the growth and diversification of industrial exports, international standards and qualities, export marketing, the training of industrial personnel and the enlargement of the skilled labour force.

57. UNIDO was a young organization dealing with a complex problem, but its increased responsibilities and particularly those with which it was entrusted by UNDP were a reflection of the success it had already achieved. He was confident that the Organization would continue to be unsparing in its efforts, and that with new resources and under the able guidance of its Executive Director, it would continue to render significant assistance to the developing countries and thereby serve the cause of all mankind.



58. Mr. SERRANO (Chile), exercising his right of reply under rule 39 of the Rules of Procedure, said that the head of the United States delegation, in the course of his statement the previous day, had quoted certain figures in justification of the traditional theory of private capital investment in Latin America. The delegation of the United States of America, a super-industrialized, super-technological world power, had suggested that private investment was designed to benefit only its recipients and had continued to grow despite "adverse conditions created by inflation and political uncertainty" in Latin America. His delegation wished to believe that those remarks, made in public before the Board by the representative of a country with which Chile had close ties of friendship and many interests in common, did not constitute a statement of policy or express the conscious or subconscious attitude adopted by certain countries towards others, but was merely an unfortunate result of improvisation. Those remarks would be circulated in an official UNIDO document, however, and Latin America must reply to them.

59. After quoting part of a statement made by the Minister for Foreign Affairs of Chile before the Latin American Parliament in Bogota in August 1969, he drew attention to the paradoxical situation on the Latin American continent where, despite the existence of many institutions, potentials and programmes for assistance, figures proved that the continent's wealth was being drained off to centres of power, in particular to the United States of America. The sums of money leaving Latin America were greater than those it received. Between 1950 and 1967, new direct investments in Latin America by the United States amounted to 7,473 million dollars; for the same period the dividends from those investments had been approximately 12,819 million dollars. A report of the National City Bank published in January 1969 estimated that 10 per cent of North America's total foreign investments went to Latin America which, in return, provided North America with 26 per cent of the total benefits derived from those investments. During the period 1965 to 1967, the net contribution of foreign autonomous and compensatory funds had been negative for Latin America to the amount of some 1,900 million dollars, as stated in an ECLA document published in March 1969. During the period 1963 to 1968, Latin America's balance of payments with the United States had shown an accumulated deficit of approximately 2,400 million dollars. That was because enormous amounts of money left Latin America in the form of returns on foreign investments.

60. The United States of America's basic interest was security, that was a concern which he respected and understood. On the other hand, the basic interest of Latin America was development. While the industrialized countries had a perfect right to protect their political, military and economic interests, it was unacceptable that the development of less fortunate countries should be completely dominated by those interests.

61. Political uncertainty in Latin America was caused by economic underdevelopment. Moreover, political instability prevailed throughout the world, in both developed and developing countries, although he would abstain from quoting painful and offensive examples. The technological age was an age which lacked moral and humanistic values. What was the use of going to the moon if those who went there were regarded as no more than cosmic taxi-drivers, representatives of a super-technology devoid of humanism, humility or charity?

62. Mr. SMALL (Brazil), also exercising his right of reply concerning the statement by the representative of the United States of America, said that the introduction into the debate of careless references to internal political conditions prevailing in a given area was as improper as references to social unrest in other areas would be. Moreover, the delegation of the United States had expressed views concerning foreign investments which were at variance with those jointly expressed by the Latin American delegates to the Viña del Mar meeting in May 1969. Members of the Board might be interested in comparing those views.

63. Mr. LOPEZ MUIÑO (Cuba), exercising his right of reply under rule 39 of the Rules of Procedure, said that when the Latin American countries had met in Punta del Este in 1961 to consider the Alliance for Progress, the Cuban delegation had been alone in refusing to subscribe to the final document and in denouncing the Alliance. During the 1969 Viña del Mar meeting, at which Cuba had not been present, the Latin American Ministers of Foreign Affairs had had to admit how right Cuba had been. The Minister for Foreign Affairs of Chile, in a declaration made on behalf of his colleagues to the President of the United States of America, had stated that Latin America gave more than it received, thence the impossibility of achieving solidarity or stable and positive co-operation. On the occasion of an ECLA meeting in Lima, the Chilean Minister for Economic Affairs had stated that the Latin American countries, supposedly the

beneficiaries of investments, had paid interest amounting to three times what they had received. It had also been established by ECLA that foreign oil companies had over the past four years removed from Latin America sums equivalent to 104 per cent of capital invested. On yet another occasion, the President of the Board of the General Motors company had estimated that the value of the company's working capital overseas had increased approximately sixfold between 1950 and 1965; that increase came from the financial resources generated by the company's operations overseas and from local loans cancelled out by local guarantees.

64. Turning to the question of the discriminatory tariff policies applied by the developed countries he said that the share of manufactured goods in the total exports of Latin America had increased from 3 per cent in 1955/57 to only 5 per cent in 1964/66, two-thirds of that increase being accounted for by trade in Latin America itself. Even that internal trade was carried out largely by foreign firms, most of them North American, within the framework of the various Latin American trade groupings.

65. The representative of the United States of America had said that balance of payments figures should not be considered in isolation but that account should be taken of other factors such as the development of technical qualifications, increased employment, and the import of new technologies. He invited the Board to consider some of the so-called advantages which accompanied private investment. As far as technical qualifications were concerned, 34.1 per cent of the total Latin American population was illiterate. In respect of the level of employment, 29.5 per cent of the work force, or 13.8 per cent of the total population, was unemployed. The mortality rate was 9.7/1,000 for the total population, the infant mortality rate being 107/1,000. According to ECLA, more than one hundred million people subsisted on a per capita income of less than \$9 per month. The share of industrial production in the gross domestic product had increased from 11 per cent in 1925 to 23 per cent in 1967, but the percentage of the work force employed in industry (14%) had not changed. It was therefore evident that industrial growth had not provided more job opportunities. As to the import of new technology, he quoted a statement by a representative of the United States United Automobile Workers Union that, far from being obsolete, much of the machinery used in Latin American plants was new but deliberately designed for low production. Finally, mention should be made of the political strings attached

to North American investment in Latin America and of the sword of Damocles hanging by a thread over any country which attempted to take defensive measures.

66. None of the figures or statements he had quoted came from Cuban sources. The only original contribution he would make was the following: if Latin America was to overcome underdevelopment, it must expel those who were the cause of underdevelopment, just as Cuba had done.

67. Mr. ABDEL-RAHMAN (Executive Director) said that with the permission of the Board, he would refrain from commenting on some of the issues raised during the general debate until the Board discussed item 5 (Report of the Working Group on Programme and Co-ordination of projects). For the moment he merely wished to express sincere thanks to the delegation of Italy for that country's very generous contribution to UNIDO for the period 1969-1970, which would be used in training in management for repair and maintenance. It was hoped that a project would be initiated during 1970, and would continue for many years to come.

68. Mr. WARD (Secretariat) replied to the request by the representative of Sweden for information concerning the implementation of Special Fund projects entrusted to UNIDO. In summary, the position was as follows:

<u>Projects approved .....</u>	<u>53</u>
Projects completed .....	3
Projects fully operational <sup>1/</sup>	22
Projects awaiting signature of plan of operation .....	28

69. Of the 28 projects for which the plans of operation had not yet been signed, 15 had been approved as recently as January 1970. Although, by definition, projects whose plans of operation had not been signed were not "fully operational", a number of activities, such as the appointment of project managers and experts, the advanced allocation of funds, etc., could be undertaken pending signature. Such activities had, in fact begun in connexion with all but five of the thirteen projects approved

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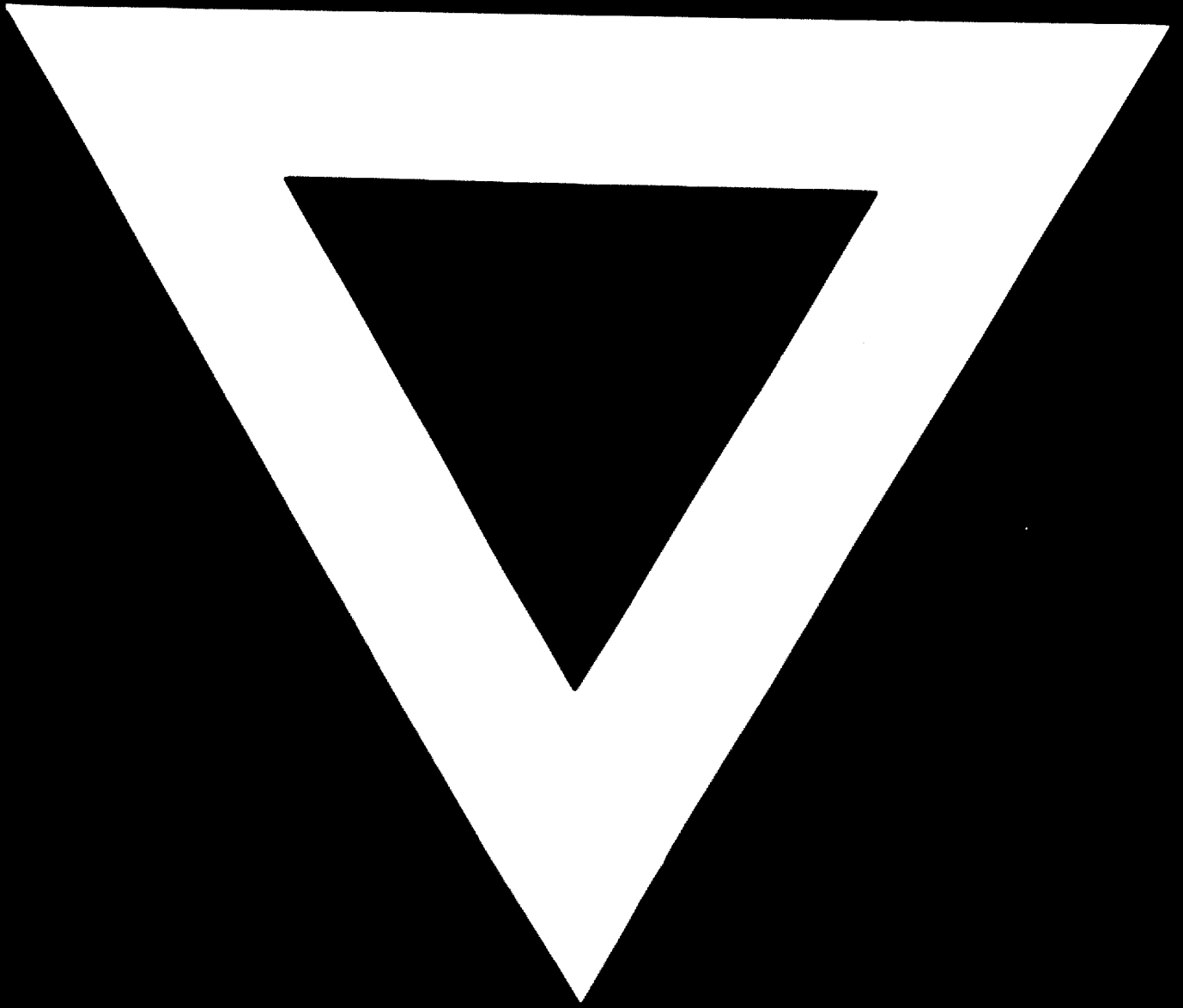
<sup>1/</sup> i.e. for which the plan of operation had been signed and on which field work had begun.

before January 1970. Plans of operation for each of those five projects were under active negotiation or (in three cases), were awaiting the signature of the Government concerned.

70. The PRESIDENT declared the general debate closed.

The meeting rose at 12.55 P.M.





**28.3.74**