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Industrial Development Board

Sixth Session

Vienna, 23 May - 2 June 1972

SUMMARY RECORD OF THE ONE HUNDRED AND TWENTY-FOURTH MEETING

Held at the Neue Hofburg, Vienna,
on Tuesday, 30 May 1972, at 11.30 a.m.

President:

Mr. BRILLANTES (Philippines)

Rapporteur:

Mr. HAWIS (Libyan Arab Republic)

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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.

PLANNING, PROGRAMMING AND BUDGETING (ID/B/L.114)

1. Mr. ABDEL-RAHMAN (Executive Director) drew the Board's attention to document ID/B/L.114 relating to the proposals submitted by the Secretary-General of the United Nations to the General Assembly concerning the cycle of planning, programming and budgeting of United Nations bodies, including UNIDO. The Board might wish, at its present session, to consider the document, which dealt with some basic questions concerning the timetable and procedures for programme and budget presentation and approval in future years.

MATTERS CONCERNING INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS (ID/B/106 and Add.1)

2. The PRESIDENT announced that the Ad Hoc Committee composed of the Board's officers and the Executive Director had approved the applications for consultative status with UNIDO submitted by the following international non-governmental organizations: the World Association of Industrial and Technological Research Organizations, the International Association for Cereal Chemistry, the Gesellschaft für Chemieindustrie (Society for Chemical Industry) and the Latin American Iron and Steel Institute.

3. If there were no objections, he would take it that the Board endorsed the decisions taken by the Ad Hoc Committee.

4. It was so decided.

5. With regard to the Caribbean Free Trade Association (CARIFTA) the Board might merely take note of the application, as the Association was an intergovernmental organization.

6. It was so decided.

REPORT OF THE WORKING GROUP ON PROGRAMME AND CO-ORDINATION (ID/B/L.104) (continued)

7. The PRESIDENT recalled that the Board had approved the report of the Working Group on Programme and Co-ordination and had decided to mention it, but not to include it, in its own report. The Board had further requested that the Secretariat, in carrying out the programme within the limits of the resources available to it, should take into consideration the comments made on the subject by the Working Group.

MATTERS ARISING FROM THE CONCLUSIONS OF THE SPECIAL INTERNATIONAL CONFERENCE OF UNIDO (ID B/104 and Add.1-3)

Natural resources

8. Mr. ARKADIEV (Union of Soviet Socialist Republics) wished to stress the importance of a question relating to UNIDO's long-range strategy on which the Hungarian delegation had submitted a draft resolution. That question was the exploitation of the developing countries' natural resources in connexion with their industrialization. The question of UNIDO's long-range strategy had been considered by the Special Conference and its recommendations had been approved by the United Nations General Assembly. They had thus acquired the validity and force of rules of international law. As such, they should be applied.

9. Practical means of implementing those recommendations should now be sought. The note prepared by the Secretariat on the subject (ID/B/104) seemed rather weak. Many matters raised by the Special Conference had not been dealt with at all, while others deserved a more searching analysis.

10. In the view of the sponsors of the draft resolution, the exploitation of the developing countries' natural resources was a matter which should come within UNIDO's sphere of competence, since the subject was closely connected with the industrialization of the countries concerned.

11. At the Special Conference the Group of 77 had endorsed the position taken by the socialist countries in the matter. The Western countries had objected to the suggestion that UNIDO should be entrusted with that task on the grounds that the Organization would be encroaching upon other bodies' fields of activities. However, the time had come to recognize that the developing countries had the inalienable right to decide what use should be made of their natural resources. In fact, accelerated industrialization of those countries would depend largely on their ability to develop their own natural resources. In working out a long-range strategy for industrialization every developing country should take a careful inventory of its natural resources. The fact that during the Special Conference not only the socialist countries but the Group of 77 as well had stressed that UNIDO should concern itself with the development of natural resources showed that it was clearly time to solve that problem. In that connexion, he pointed out that UNIDO had already dealt with the question of the

processing of "black sand" containing titaniferous ores in several countries and he referred to the assistance which the Soviet Union had provided to a number of them.

12. With the help of the USSR, pre-investment studies had been carried out, particularly in India, on the construction of a pilot plant with a view to the possibility of industrial processing of these ores. Similar studies would be undertaken in Egypt and Ceylon. The Government of Iceland was also considering the possibility of building a plant for the processing of imported "black sand". The USSR sent experts to a great many countries in order to help them to take an inventory of their natural resources and to develop them for the benefit of their people. These experts often worked under extremely difficult conditions. The USSR had helped some countries to develop their petroleum and natural gas resources. Such countries as Afghanistan, Syria, Iraq, Algeria, Egypt, Morocco and Guinea had benefited from the assistance of Soviet geologists. In the Congo and Nigeria, prospecting undertaken with the aid of Soviet experts had led to the discovery of rich ore deposits (zinc, lead, gold, etc.). The bilateral aid extended by the Soviet Union had already produced positive results in many countries. Other industrially developed countries might well follow its example. It was clear that international organizations, particularly UNIDO, could also be of great help to the developing countries in that field. By tackling the problem of the development of natural resources in connexion with industrialization UNIDO would enhance its prestige and authority. If only through its activities in the field of fertilisers, UNIDO was already concerned with the practical problems posed by the development of these resources. He noted in that connexion that the Committee on Natural Resources seemed to be paralysed and that a number of countries intended to withdraw from it.

13. There were several organizations of the United Nations system concerned with the use of natural resources and, in general, with the industrial development of the developing countries. UNIDO now had more experience and should perform the central role appropriate to it in that field. It would undoubtedly be better to transfer work on the development of natural resources progressively to UNIDO. The procedure for such a transfer could be worked out by the Executive Director and the Board, and

submitted to the General Assembly for approval. The resolution submitted by the Hungarian delegation was intended to serve the interests of the developing countries. It would strengthen UNIDO's activities and enable those countries to make better use of their natural resources, and prepare general plans based on the rational exploitation of those resources.

14. MR. OLSEN (Norway) said that from the environmental, economic, social and political standpoints, the question of natural resources gave rise to problems that needed special consideration, as the Committee on Natural Resources had pointed out at its first two sessions. In the circumstances it would be better if those questions were left with the Committee, since at the present time UNIDO was not equipped to take on such major responsibilities.

15. MR. UFFNER (Federal Republic of Germany) said that the General Assembly, in paragraph 2 (viii) of resolution 2152 (XII), had made UNIDO responsible for "offering advice and guidance, in close co-operation with the appropriate bodies of the United Nations, the specialized agencies and the International Atomic Energy Agency, on problems relating to the exploitation and efficient use of natural resources". He wondered, therefore, whether it was necessary to modify UNIDO's terms of reference.

16. MR. ANKAYEV (Union of Soviet Socialist Republics) said, in reply to the representative of the Federal Republic of Germany, that General Assembly resolution 2152 (XII) did not make sufficiently clear the role that UNIDO should play in the field of natural resources. The situation should be made quite clear, and UNIDO could certainly take on further responsibilities as time went on.

17. MR. STURAVI (United States of America) supported the views expressed by the Norwegian delegation. In the present circumstances it was not possible to impose new tasks on UNIDO. He was surprised that the Soviet representative should have referred to a draft resolution submitted by Hungary, which was not known to the United States delegation.

18. MR. SZILV (Hungary) said that the draft resolution in question was being discussed by the Contact Group.

SIS programme

19. Mr. BELFRAGE (Sweden) said that the SIS programme was one of the main issues under agenda item 6. Sweden had always supported that programme, contributing to its financing and taking the initiative in starting the negotiations that had led to an agreement to let the revolving fund of UNDP finance such projects on a yearly basis. During the recent debates on the reforms advocated in the Jackson Report, Sweden had supported the view of the developing countries that a place should be found for the SIS programme in the new UNDP set-up. It was therefore a welcome development that after the discontinuance of the revolving fund, UNDP had earmarked a minimum of US\$2 million from the Programme Reserve for SIS activities.

20. Sweden wished to emphasize the need for a flexible tool to meet various unforeseen and urgent requests for technical assistance, trouble-shooting, etc., in the industrial field. UNIDO had made good use of the SIS resources, and had been successful in meeting the growing needs of developing countries, despite the problems met with in executing some projects. However, it was disturbing, as Denmark and other delegations had pointed out, that nearly a third of the SIS projects approved were not yet operational. Perhaps all the pending projects should be reviewed, in order to find out whether Governments were still giving them priority, and if so, whether they could be included in the country programmes, provided, of course, that they were not urgent.

21. As to the guidelines for future SIS activities, he wished to make it clear that the programme should be reserved for urgent short-term needs. Failure to maintain that policy would mean watering down the country programming approach, which should allow each recipient country to plan on a long-term financial basis (the indicative planning figures) how to use United Nations assistance in accordance with its own priorities. With respect to future funds for SIS, Sweden supported the proposals by the UNDP representative and considered that the funds allocated should be about a third of the present Programme Reserve, which would mean an increase of 40-50 per cent. But the recipient Governments should be left to decide for themselves on the duration and financial scale of individual projects, in close co-operation with UNDP and the executing agency. There was no reason why other organizations of the United Nations system should not be made the executing agencies for various projects, provided of course that UNIDO had agreed to all the projects proposed. Joint approval by UNDP

and UNIDO should be required only for projects executed by UNIDO. The resident representatives should help the Governments to prepare their projects, to submit them to the agencies concerned, and to follow their implementation. It went without saying that UNIDO's industrial field advisers and preparatory missions should, whenever possible, take on a major role in that process.

22. In conclusion he said Sweden attached great importance to relations between UNDP and UNIDO and hoped that one of the main bones of contention at present, the guidelines for SIS activities, could be dealt with as soon as possible, for the benefit of developing countries, with which, after all, both the organizations were equally concerned.

Administrative autonomy

23. Mr. STIBRAVY (United States of America) asked whether the situation had changed since the adoption of resolution 2623 (XVI) by the General Assembly.

24. Mr. NARD (Acting Senior Adviser to the Executive Director) referred to operative paragraph 6 of General Assembly resolution 2623 (XVI), and said that it involved two questions, staff recruitment and the publications programme.

25. With respect to staff, the Executive Director had been in touch with the Director of Personnel of the United Nations concerning proposals made by UNIDO. Since the Administrative Management Service had not yet finished its survey, it was not yet possible to alter the present situation regarding staff administration and recruitment. The Director of Personnel had, however, said that he intended to delegate more authority to UNIDO Personnel Services, in so far as that was consistent with the Secretary-General's competence and his responsibilities to the General Assembly.

26. As to the publications programme, the Executive Director was at present considering the proposals of the UNIDO Publications Committee to increase the autonomy of UNIDO in the sale and dissemination of its publications. After examination those proposals would be submitted to the United Nations Publications Board.

Other questions

27. The PRESIDENT suggested that the Board should take note of document ID/B/104/Add.1, concerning the appointment of the Group of High-Level Experts on Long-Range Strategy of UNIDO.

28. It was so decided.

29. The PRESIDENT referred to paragraph 16 of document ID/B/104 and suggested that the Board should refer the question of establishing an information clearing-house to the proposed permanent committee.

30. It was so decided.

31. Mr. UNGERER (Federal Republic of Germany) stressed the need for close co-operation between UNIDO and other organizations active in the field of the application, adaptation and development of appropriate technology in developing countries, particularly UNCTAD, the Economic and Social Council and the ILO. UNIDO was already seeking close co-operation with the other competent organizations in that field and he wished to encourage the Secretariat to intensify its efforts towards that end. In his delegation's opinion, UNIDO should take a more pragmatic approach to the problems of the transfer of technology, focusing on the more technical aspects and leaving the broad policy issues to other organizations. It was in that sense that he interpreted the recommendation of the Special Conference concerning the terms of reference of the proposed permanent committee.

32. He endorsed the recommendation of the Ad Hoc Committee on Co-operation between UNDP and UNIDO calling for periodic consultations between the Administrator of UNDP and the Executive Director of UNIDO. Only in such a way could the two organizations find reasonable solutions to the crucial problems of concern to both of them and efficient and smooth co-operation between them be ensured. The subjects mentioned in paragraph 23 of the Ad Hoc Committee's report should be taken up as soon as possible during those consultations.

33. Regarding the UNDP projects in the field of industrial development, it appeared that the country programmes approved by the Governing Council of UNDP at its last session showed an upward trend as far as projects in the field of industry were concerned, indicating that due account had been taken of paragraph 7 of General Assembly resolution 2823 (XXVI). It seemed that UNIDO industrial field advisers had a say in the process of working out individual country programmes, to the extent that recipient Governments wished them to. But no information was available as far as global projects were concerned. He pointed out that the amount allocated for such projects was rather limited.

34. In paragraph 14 of resolution 2823 (XXVI), the General Assembly invited the Executive Director of UNIDO to review the organization and structure of the Secretariat. His delegation wished to know whether the Executive Director had already developed ideas as how to cope effectively with the implementation of field projects, which were increasing in number year by year.

35. Mr. ABDELAZIZ (Algeria) feared that the representative of the Federal Republic of Germany envisaged a reduction in the role of UNIDO. The industrialization of the developing countries was an urgent problem and it was UNIDO's duty to assist those countries in obtaining the most up-to-date techniques in all fields.

36. Mr. UNOBER (Federal Republic of Germany) said that he had not suggested any limitation in UNIDO's role. He only considered that UNIDO should deal not with general policy matters but with problems related to the transfer of technology.

37. Mr. ABDEL-RAHMAN (Executive Director), replying to the representative of the Federal Republic of Germany, said that he had an opportunity of explaining to the Group of High-Level Experts the manner in which he envisaged a reorganization of the secretariat. He thought, however, that it would be inadvisable to institute a thorough reform of the structure of the Organization at a time when it was about to undertake a greatly enlarged field programme. Until solutions had been found to UNIDO's basic problems, problems which he had described in his statement at the beginning of the general debate and in the introduction to document ID/B/97 (Part I), he considered it preferable to take only limited steps in that connexion.

38. In reply to the question raised by the representative of Sweden regarding SIS projects which had not yet begun to be implemented, he pointed out that the cost of carrying out SIS projects in 1971 had been more than \$4 million and that there were already far too many requests for the resources available so that additional resources had had to be sought from UNDP. UNIDO was obliged, therefore, to make a choice among projects and to try to carry out more of them under country programmes.

39. As regards the transfer of technology, he agreed with the representative of the Federal Republic of Germany that UNIDO should leave general policy questions to other organizations and pointed out that UNIDO was already involved in practical problems (research and promotion, setting up of institutions, subcontracting, etc.).

40. Mr. CIELECKI (Observer for Poland) noted with satisfaction that the Board had recognized the need for UNIDO to concentrate in future on the key problems in the industrialization of the developing countries and on stimulating truly multilateral industrial co-operation. UNIDO should be able to respond to the real needs of the developing countries, as established in their national plans and country programmes, and at the same time to make more efficient use of its limited resources.
41. His delegation hoped that UNIDO would receive not only adequate authority to fulfil its role as the central co-ordinating United Nations organ in the field of industrial development, but also increased resources, mainly through an increased share in UNDP allocations. He shared the view expressed by a number of representatives, among them the Soviet representative, that the possibility of an integrated approach by the organizations of the United Nations system in the fields of industrialisation and natural resources should be explored.
42. UNIDO, and particularly the proposed permanent committee of the Board, should give special attention to the main trends of over-all and sectoral industrial development with the aim of assisting developing countries to make a choice of industrial development patterns and production techniques and to profit from the industrial development experience of countries with different socio-economic systems. The Organization should make constant efforts to develop those forms and measures of assistance to the developing countries which could strengthen their indigenous institutions and help to increase their economic independence, taking into account the principles and conditions governing their national industrial development.
43. Polish industry could offer effective assistance to the developing countries in various fields (mining and mineral processing, the processing of wood and certain agricultural products, textiles, fishing, metal working and engineering, and chemicals). Polish industry and business organizations could offer technical assistance at various stages of industrial production, either through participation in UNIDO's programmes, or through direct contact with the developing countries. Poland had organised an interregional in-plant training programme in the textile industry, and was prepared to continue that programme.
44. He drew attention to the role of industrial co-operatives in the industrialisation of the developing countries. In that connexion, he noted with satisfaction that Board resolution 21 (III), which had been adopted on the initiative of the Polish delegation, had already produced constructive results.

45. He also wished to remind the Board that Polish experts had contributed to the preparation of a report on industrial co-operatives which had been submitted to the Board at its fifth session, and that UNIDO had arranged a meeting of an international expert group in Warsaw the previous year. The Working Group on Programme and Co-ordination had just reaffirmed its support for activities in that field. The Polish co-operative movement was ready to participate actively in the implementation of various UNIDO projects. The International Co-operative Alliance was to hold a session in Warsaw in 1972 on the development of industrial co-operatives, which would certainly provide an opportunity for an international exchange of views on those topics.

46. His delegation associated itself with the position of the Group D countries regarding the participation of the German Democratic Republic in the work of UNIDO.

47. Mr. DEVIS BARBEIRO (Uruguay) said that his delegation, like the Latin American Group as a whole, attached great importance to the activities of UNIDO and hoped that the Organisation would offer increasingly active assistance to the ECLA countries in the areas of technology, training and the establishment of new industries, particularly manufacturing and exporting industries. Being very anxious to achieve social progress, the countries of Latin America hoped that UNIDO would help them to establish economic conditions similar to those in the more developed countries. It seemed to him that transfers of technology should be carried out between developing countries, using the services of specialists available locally and with the help of technical personnel provided by UNIDO.

48. In regard to natural resources, his delegation wished to reaffirm the sovereign right of every country to make what use it chose of its own natural resources for the purpose of accelerating over-all economic development and the development of the industrial sector in such a way as to promote the well-being of the countries of the third world. For that reason his delegation stressed the importance of the principle laid down by the United Nations General Assembly in 1962 and confirmed in the Covenants on Human Rights. Every country must have the right to resolve any conflicts which might arise, as long as it respected the general principles of international law.

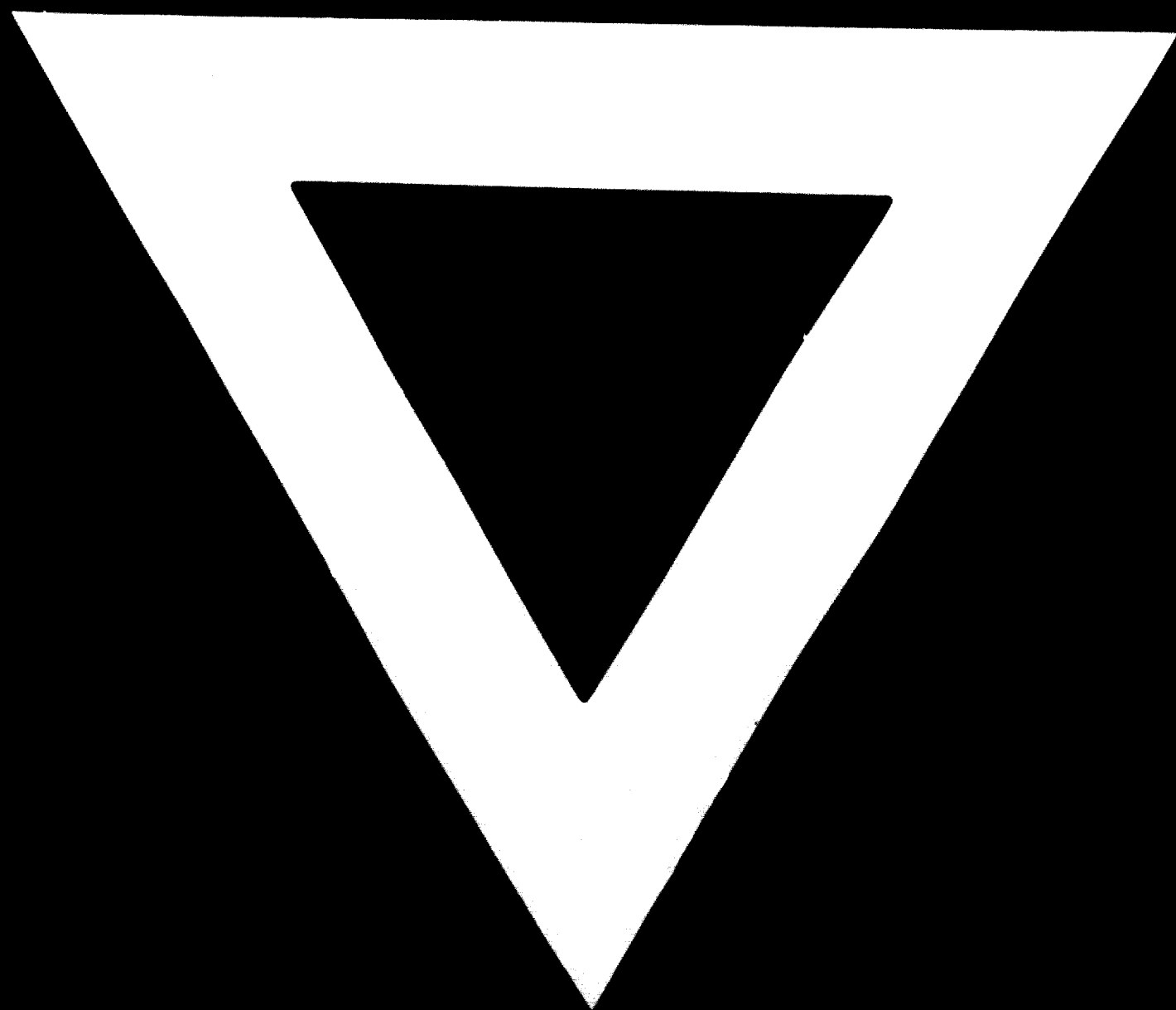
49. Regarding the question of the resources of the sea, Uruguay maintained its traditional position, which was that a coastal State had the right to fix the limits of its territorial waters unilaterally. Those limits had been fixed at 200 nautical miles,

which was legally valid in the absence of an international norm applicable to the case in question. The sovereign right to exploit the fishery and mineral resources of their territorial waters was of prime importance to the developing countries and must be universally acknowledged. It should be recognized, however, that the exploitation of the resources of the sea outside the areas of national jurisdiction was of interest to all mankind, and there should also be recognition of the right to freedom of passage through these areas and freedom of flight over them.

30. The Uruguayan economy was traditionally dependent on exports, and for that reason the industrialization process was of fundamental importance as a means of increasing exports. The Uruguayan Government had accordingly submitted a draft text on the subject of light industries, particularly the food industry. For Uruguay the priority sectors were the following: fishing, the processing of non-metallic minerals, the textile industry, refrigeration, leather, dairy products, oils and by-products of flax. Uruguayan industry was virtually stagnating at present, and UNIDO's assistance was therefore essential to ensure the welfare of the population.

The meeting was at 1.15 p.m.





19.7.74