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PREPARATORY WORK FOR UNIDO III,

POSITIONS TAKEN BY REGIONAL MEETINGS AND THE  
INDUSTRIAL DEVELOPMENT BOARD ON ISSUES  
WITHIN THE PROVISIONAL AGENDA OF UNIDO III.\*

Prepared by

UNIDO Secretariat

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id.79-9528

This document has been prepared with the intention of providing, in tabular form, a comprehensive review of the positions taken at regional meetings and the Industrial Development Board on issues to be considered at UNIDO III according to the provisional agenda for the Conference.

The material is presented in relation to the items of the provisional agenda, arranged in the order of the work of the two committees as proposed by the Special Session of the Industrial Development Board, namely

Provisional agenda item 4 (a)	)	
4 (b)	)	
5 (a)	)	Committee I
5 (b) (iv)	)	
5 (f)	)	
5 (g)	)	
5 (b) (i)	)	
5 (b) (ii)	)	
5 (b) (iii)	)	
5 (c)	)	Committee II
5 (d)	)	
5 (e)	)	
6 (a)	)	
6 (b)	)	

The results, as far as positions towards UNIDO III are concerned, of the following four regional meetings are included:

Second Latin American Conference on Industrialization,  
Cali, Colombia, 10-14 September 1979;

Fifth Conference of African Ministers of Industry,  
Addis Ababa, Ethiopia, 17-20 October 1979; \*/

ESCAP Preparatory Meeting of Ministers of Industry for the Third General Conference  
of UNIDO, Bangkok, Thailand, 25-26 October 1979;

Fifth Conference on Industrial Development for Arab States,  
Algiers, Algeria, 16-20 November 1979.

Furthermore, decisions and conclusions by the Industrial Development Board of specific relevance to items of the provisional agenda are included.

The document which is of the nature of an informal working paper, has been prepared, as far as the regional meetings are concerned, on the basis of unedited versions of the meeting reports since edited versions are not yet available.

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\*/ It is to be noted that the Fifth Conference of African Ministers of Industry decided that a further meeting of Plenipotentiaries for Africa should be held immediately before the meeting in mid-December 1979 of the Group of 77 in preparation for UNIDO III, in order to finalize the common African position on the proposals contained in "Industry 2000 - New Perspectives". [Resolution 5 (V), para. 4]

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Review and appraisal of the Arab industrial situation with specific reference to the industrialization of the developing countries</p> <p>(a) Review of progress in the implementation of the Lima Declaration.</p> <p>(b) Review and appraisal of major policies</p> <p>Provisional agenda item 4 (a, b, c, d, e, f, g, h, i, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, z)</p>	<p><u>Declares:</u></p> <p>The Third General Conference of the United Nations Industrial Development Organization (UNIDO) ... will necessarily have to be placed in the context of the present difficult international economic situation, and its discussions and resolutions inserted in the overall framework of the efforts to build a New International Economic Order.</p> <p>The persistent recessive economic trends, or the slow rate of growth of the developed countries in recent years, associated with their processes of inflation, have had adverse repercussions on the rates and forms of economic activity in the majority of the countries of the region. The prospect that these trends may continue and that protectionist measures may increase, aggravating the harmful consequences for the international economic relations of the countries of Latin America oriented towards an increasing share in the international economy, means that the immediate future appears yet more uncertain, and that the adverse effects on the internal economic and social situation of the countries affected may be further accentuated.</p> <p>The slowing-down of the growth of production is taking place in circumstances in which the levels of production and consumption, the degree of modernization of the economies of the countries and their degree of insertion in the world economy are greater than they were in the past. State orienting strategies and correcting adverse social and political trends and consequences of the present crisis in the international economy have also increased. Nevertheless, certain features of the overall situation show structural stresses and distortions which make it hard to achieve integrated development.</p> <p>Para. 1-2 of (draft Declaration)</p> <p>(continued)</p>	<p>The Conference:</p> <p>Urges that UNIDO's activities be strengthened and expanded especially in the following priority areas:</p> <p>...</p> <p>Industrial studies with particular emphasis on the evaluation, in more precise terms, of efforts made by the African countries, individually and collectively, towards the achievement of the Lima target.</p> <p>Part of para. 10 of resolution 5 (V) (The Conference adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CMI/POIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>Referring to the detailed analysis contained in the ESCAP and UNIDO documents, the Meeting underlined the unsatisfactory rate of industrial growth in the developing countries and the projection that the persistence of this pace would enable the developing countries to reach only a 13.5 per cent share in the global manufactured product by the year 2000, while their combined population would then be about 71 per cent of the global population. Even this prospect was further clouded by the adverse aspects of the global economic climate, such as the unsatisfactory structure of international economic relations, the continuing stagflation and the persisting protectionism in most industrialized market economy countries, the energy situation, etc.</p> <p>Some delegations referred to the obstacles posed to industrialization by the persistence of the vestiges of colonialism and neo-colonialism. The Meeting, therefore, stressed the point made by the Senior Officials that extraordinary efforts were called for to enable the developing countries to approach the Lima target. The Meeting looked up to the Third General Conference of UNIDO as an opportunity for mounting the requisite innovative and effective efforts.</p> <p>Para. 23 of Meeting Report</p> <p>(The Ministers' Meeting endorsed the report of the preceding Senior Officials' Meeting which on this subject contained the text given in part (A) of appendix II to this table.)</p>		

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Provisional agenda item 4 (a), (b) and (c).</p>	<p>The Latin American countries have made some isolated progress in the planning and programming of industrial development policy. However, greater efforts are called for in order to achieve global congruence and take into account the interaction between the different industrial strategies of the countries of the region and between the latter and the rest of the world. The need has been recognized of establishing planning frameworks which fix explicit policy priorities and targets at the global and sectoral levels with a view to achieving economic and social objectives.</p> <p>The importance of industrialization in furthering national development objectives of developing countries has been recognized by the international community. The Lima Declaration and Plan of Action, in addition to setting out the main principles of international co-operation in the field of industrialization within the framework of the New International Economic Order has also underlined in particular that rapid industrialization of developing countries constitutes an indispensable element and a dynamic instrument of sustained self-reliant growth of their economies and social transformation. In order that the share of the developing countries in total world industrial production should reach at least 25 per cent by the end of the century and thus the current imbalance between developed and developing countries be reduced, it is indispensable for the Third General Conference of UNIDO to elaborate concrete measures for the accelerated and effective implementation of the Lima Plan of Action within a specified time-frame. The implications of the Lima target should be fully reflected in the goals and objectives and the policy measures of the IDS for the 1980.</p> <p>Paras. 19-17 of (draft declaration)</p>				

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Adoption of appropriate industrialization policies and strategies aimed at achieving the Lima target (provisional agenda item 5 (a)).</p>	<p>The industrial development process should be based on domestic effort with the indispensable support of co-operation at the subregional, regional, international and world levels. During the 1970s the regional economic integration schemes have come up against serious problems, with the exception of the Andean Group, despite which there has been a significant increase in real living standards and co-operation among Latin American countries. Owing to the importance of regional co-operation in the development and diversification of regional production, economic integration should constitute a basic point of departure in the international development strategy for the 1980s and the establishment of a New International Economic Order.</p> <p>[Para. 17 of (draft) declaration]</p>	<p>The Conference: Directs attention to the need to adopt policies and strategies which would facilitate:</p> <p>(i) The achievement of African aspirations for self-sustaining and self-reliant accelerated industrial development; and</p> <p>(ii) Intra-African industrial co-operation at the continental and subregional levels related particularly to the expansion of intra-African industrial trade and increase efficient industrial exploitation of African agricultural, energy, mineral and other natural resources for the benefit of the African people through inter alia, the establishment of African multinational industrial corporations;</p> <p>[Para. 5 of Resolution 5 (V)]</p> <p>Calls upon African governments to intensify the efforts they are directing towards inter alia:</p> <p>The proclamation of the period 1980-1989 as the African Industrial Development Decade; and</p> <p>[Para. 6 (viii) of Resolution 5 (V)]</p> <p>(The Conference adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CMI/FCIA.6/WP/7/Rev.1. The text is given in appendix I to this table.)</p>	<p>The Meeting endorsed the recommendation by the Senior Officials' Meeting that the Lima target be disaggregated into specific sectoral and regional targets and suggested that ESCAP formulate perspective strategies aimed at the achievement of those targets. The Meeting also supported the view that the basic character of the Third General Conference should be that of an exercise in implementation of the overall target already established at Lima. Its thrust should be towards creating the wherewithal for the achievement of that target. The Meeting also agreed that the Conference should be seen as a forum of co-operation and not of confrontation between the developed and the developing countries. It reiterated the relationship between development and peace, security and disarmament. [Para. 24 of Meeting Report]</p> <p>(See also text given under provisional agenda item 5 (f)).</p>	<p>-</p>	<p>-</p>

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>improved mechanisms for industrial co-operation to promote the flow of integrated technical and financial assistance to developing countries, including regional co-operation and special measures for the least developed, land-locked and island countries (provisional agenda item 5 (b) (iv)).</p>	<p>(Concerning financing: In view of the huge financial requirements connected with the fulfilment of the Lima objectives and the relatively unfavourable conditions governing the inflow of external funds into industry, the countries of the region confirm the need for the developed countries to undertake to work out a broad system of financial co-operation which should fulfil, <u>inter alia</u>, the following objectives:</p> <p>(a) It should ensure a greater transfer of resources in real terms in order to enable the developing countries to attain the development objectives which they have set themselves;</p> <p>(b) The form and composition of these flows of capital should be compatible with the development plans of those countries and fully in keeping with their development priorities;</p> <p>(c) This transfer of resources should take place on conditions consistent with the debt servicing capacity of the developing debtor countries.</p> <p>The fundamental challenge therefore for international policy on finance lies in two areas:</p> <p>(a) Identification of means to increase the volume and improve the terms of aggregate North-South, East-South and South-South financial flows required to meet overall development goals;</p> <p>(b) Identification of financial mechanisms to support changes in North-South patterns of investment, technology and trade.</p> <p>The Latin American countries also consider it necessary to call upon the multilateral agencies once again to provide a greater volume of assistance both for the formulation and the execution of development projects. They should devote concessional funds to agro-industrial projects connected with rural development in broad depressed areas.</p> <p>(continued)</p>	<p>The Conference: Takes note of the proposals contained in the study entitled "Industry 2000: New Perspectives" concerning the establishment of: An international industrial finance agency; A global fund for the stimulation of industry; as well as the recommendations made in the same study related, <u>inter alia</u>, to: An international industrial finance and negotiations network; The promotion of barter or buy-back related investments; Part of para. 2 of Resolution 5 (V) Urges that the new financial institutions should accord priority to, and even consider allocating a percentage of their resources for the special needs of the least developed, land-locked, island and most seriously affected developing countries; -Para. 3 of Resolution 5 (V) Calls upon African governments to intensify the efforts they are directing towards national financial resources and the securing of an increased flow of external funds for industrial development; The adoption of special measures in favour of the least developed, land-locked, island and most seriously affected developing countries; The adoption of new machinery to ensure the flow of external financial and technical assistance in support of African efforts both at the national as well as at the subregional and regional levels, and in accordance with African development objectives; Part of para. 6 of Resolution 5 (V) Urges the developed countries and international organizations to intensify and expand their financial and technical assistance to the African countries, both at the national as well as at the regional levels in carrying out the above and other industrial development programmes; -Para. 7 of Resolution 5 (V) (The Conference adopted or - in the case of the proposals in "Industry 2000: New Perspectives" - took note of text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/MI/PA.6/WP/Rev.1. The text is given in appendix I to this table.)</p>	<p>... the Meeting agreed that international co-operation in the field of industry should go deeper than mere trade and should cover all matters relevant to the manufacturing capacity of the developing countries. It could relate to exchange of expertise and sharing of training facilities, transfer of technology, joint industrial projects and expansion of trade in manufactured products. The Meeting considered the important initiatives which had been taken within the framework of subregional and other groupings, such as ASEAN and CMEA, and felt that a study of their experiences could suggest useful avenues and modalities for inter-country co-operation.</p> <p>The Meeting considered the proposals and recommendations contained in the UNIDO document ID/COMP.4/3 - Industry 2000: New Perspectives - as imaginative, bold and well-formulated. It was agreed that the immense potential of international co-operation in the field of industry called for the venturing of proposals of significant magnitude.</p> <p>The Meeting noted the assessment made by UNIDO that the requirement of funds in annual manufacturing investment by the year 2000 was of the order of US\$ 500 billion in 1975 prices and recognized that to meet this massive investment needs for fulfilment of Lima objectives, the flow of foreign exchange resources to the developing countries would have to be very substantially increased.</p> <p>A consensus emerged at the Meeting that there was a critical need to increase the flow of funds for industrialization in the developing countries in order to enable them to attain the Lima target. Reference was made to (a) the preoccupation of the existing financing institutions in financing infrastructure development, agriculture and social services projects and attaching lower priority to industrial projects, (b) their inability to provide adequate programme financing and commodity loans and (c) the lack of capacity to handle the large accumulations available in the capital markets. From this perspective there was a pressing need for evolving additional arrangements and creating</p> <p>(continued)</p>	<p>The Conference noted that the economically advanced nations have not offered adequate technical and financial assistance to the developing countries in accordance with recommendations and resolutions of the Lima Conference. Recognizing the importance of such assistance which would enable the developing countries to achieve the objective of the Lima Conference, that being the increase in their share of world industrial production to 25% in the year 2000, the Conference calls upon the Arab States to participate at the highest level in UNIDO III to serve this objective.</p> <p>Para. 3 of conclusions re. Arab stance towards UNIDO III</p>	

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conditions which could enable additional funds to be channelled for industrial development in the developing countries. It was recognized that the UNIDO proposals addressed themselves to this perspective. It was agreed that in the context of this felt need for additional resource flow the question of setting up of new financing institutions and its implications might be examined in detail by member countries before UNIDO III.

... Some countries supported the manufacturing trade target for the developing countries envisaged in proposal No. 8 while some others expressed differing views.

It was realized, however, that, keeping in view the innovative character and the far-reaching ramifications of the proposals and recommendations, these had all to be considered fully before the representatives could indicate the definite views of their governments. The Meeting, however, had a useful exchange of views which, it was felt, would assist the national governments and the world community to come to conclusions at the Third General Conference.

The Meeting welcomed the clarification given by the representative of UNIDO that all the proposals would not entail the creation of new institutions; many of them were in the nature of new functions which could be performed by some existing organizations. The Meeting also noted that UNIDO need not automatically be the executing agency in respect of the proposals which might be finally accepted by the Third General Conference. The Conference, it was hoped, would indicate the lead agencies....

The Meeting emphasized the urgent need of the developing countries particularly the least developed countries, for assistance in preparation of industrial projects. The recommendation which seeks to create SACR facilities, was generally supported.

The Meeting complimented UNIDO for starting the innovative mechanism of solidarity meetings to promote flow of assistance to the least developed countries from the other developing countries. It also supported the proposal to hold investors' forums for the promotion of investments in selected countries.

The Meeting endorsed the recommendation of the Senior Officials that special measures to deal with problems of the least developed countries should be an important element of the programme of action to be evolved at the Third General Conference of UNIDO.

The report of the preceding Senior Officials' Meeting contains the following text on this issue: The Meeting highlighted the peculiar problems of the least developed countries and urged that special measures to deal with them be included in the programme of action to be evolved at the Third General Conference of UNIDO. Some delegations supported the measures suggested in this connection in paragraph 10.2.1 of Chapter 10 of document ID/CONF.2/3.1.

Para. 10.2.1 of Senior Officials' Meeting Report

The criteria should be agreed for the allocation of official assistance resources, to evaluate the role criterion of per capita income. The transfer of resources should be legitimized and realized in an increasingly secure, continuous and automatic manner and be distributed in a rational and fair way among the developing countries. The quality of Official Development Aid (ODA) should be improved in accordance with the forms agreed upon in the "Kishida Programme for collective self-reliance and framework for negotiations".

Para. 10.2.1 of (draft) declaration

Concerning exports of manufactures: The developing countries have views with serious concern the fact that the industrialized countries devote most of their attention to the problems of their internal trade, whilst the interests of the developing countries, including the least developed countries, do not receive the necessary attention in keeping with the commitments made in the Tokyo Declaration. They also state that the draft codes generated within the framework of the Multilateral Trade Negotiations, which were intended to constitute the new rules governing international trade, fundamentally respond to the interests of the developed countries and do not take due account of the interests of the developing countries, including the least developed countries, as well as tending to institutionalize the protectionist policy currently applied by the developed countries. Finally, they express their dissatisfaction with the negotiating machinery and their concern on this head, and declare that owing to the lack of clarity in the negotiating process the Multilateral Trade Negotiations deprive their multilateral nature and barely allow for the participation of the developing countries. In addition, the developing countries are asked to make concessions which are not in keeping with their needs in terms of trade, development and financing. This implies the need for a thorough review of the negotiating process in the future.

It is considered that one of the main medium- and long-term solutions vis-a-vis the protectionist policies lies in the industrial reemployment which should take place within the developed countries, with the full participation of the developing countries. This reemployment would be based, among other elements, on a high degree of intra-industry specialization.

As regards the Generalized System of Preferences, they once again manifest their concern regarding the system of preferences set into practice by the United States on account of its exclusion of Cuba, Ecuador and Venezuela, and in general the necessity that its coverage should be expanded and restrictions such as those relating to the rules of origin and competitive need formally should be eliminated from it.

The Community ECJ scheme offers better conditions of access to the developing countries for a large number of products; nevertheless, the treatment of the "sensitive" and "semi-sensitive" products affects precisely those manufactures which Latin America is endeavouring to export, and therefore the European Community should improve the system.

They also stress their interest in diversifying their exports to the countries of the Council of Mutual Economic Assistance (CMEA) which are at present concentrated on traditional products with an insufficient degree of processing.

The trade in manufactures among developing countries constitutes the other main branch of activities, among other objectives, the aim of the line Declaration. In this connection, the members of the meeting consider that the liberalization of trade in such a way as to promote these kinds of exports benefits to a large extent on the already mentioned establishment of multinational enterprises, etc.

Continued



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support from public sector bodies such as data banks and similar entities and in particular on the efforts made to revitalize and expand the existing integration schemes, to create new ones and to make possible suitable relations or conventions between those existing in the developing world; this could also be accompanied by the establishment of trade preferences among the developing countries by expanding existing machinery for this purpose. In order to secure greater access to the markets of the developed countries it is necessary to draw up and apply in the relevant fora and incorporate in the legislation of the developed countries new rules on subsidies and countervailing duties to enable the developing countries to carry out vigorous export promotion policies.

They further recommend the renunciation, in all appropriate fora, of the flagrant contradictions between the recommendations addressed by the industrialized countries to the developing countries to the effect that they should open up their economies to international markets and become more closely integrated in the world economy, while the former raise protectionist barriers against access to their own markets for the goods produced by the latter, thus creating a source of undeniable frustration for the countries of Latin America and other countries in a similar position. [Paras. 48-55 of (draft) declaration]

(Concerning regional co-operation):

The different forms of regional co-operation are considered by the countries of Latin America to be an extremely important instrument for promoting the region's development. The various integration schemes which have existed in the region for a number of years are proof of this assertion even bearing in mind the problems experienced by some of them.

The countries of the region therefore reiterate that it is necessary to find as soon as possible practical formulas and mechanisms for further increasing regional co-operation in the manufacturing field and in particular imparting renewed dynamism to the present integration schemes and facilitating their convergence and interconnection.

They also emphasize the need to continue and intensify the growing process of linking together the economies of the region generally on a bilateral basis and through partial action of a specific nature between countries especially in the industrial field, since this is a valuable supplement to the co-operation efforts being made in the framework of the formal co-operation schemes.

Interregional co-operation should be encouraged to stimulate basic industries, agro-industry and above all small and medium-sized enterprises, and also, where appropriate labour-intensive industries, including the restructuring of the weakest sectors.

The establishment and expansion of multinational industries and the many possibilities of industrial complementation in general constitute suitable ways of realizing regional co-operation to which can be added the establishment of common positions by the region for negotiations in international fora or for taking advantage of the bargaining power of Latin America.

The countries of the region, which have laid emphasis in many international fora on the importance which they attach to international co-operation, express once again their conviction that the efforts made so far in this direction must be sustained and increased.

They also express their support for the action taken by CEPAL with a view to establishing greater co-operation between Latin America and Africa, and they point out that the committees of SELA can facilitate the implementation of projects through the formation of interregional action committees in which the countries of Latin America, Africa and Asia which are interested in the development of a particular project can participate. [Paras. 60-66 of (draft) declaration]

The countries of the region reiterate the support which they have already expressed in the past for the strengthening of the regional integration mechanisms or groupings which are functioning in Latin America so as to give them renewed dynamism and facilitate their interconnection and convergence. They also support the establishment of Latin American multinational enterprises. [Para. 72 of (draft) declaration]

(Concerning the least developed, land-locked and island countries):

The countries of the region consider that many less economically developed countries are not and never have been in a position to take full advantage of the results of the measures and general policies in favour of co-operation worked out at the international level with the aim of satisfying the aspirations of the developing countries as a whole. It is necessary to introduce fundamental changes in international relations so that both the existing co-operation measures and those which may be conceived in the future together with the efforts of these countries themselves will prevent a continuing deterioration in their relative situation as the differences between them and the industrialized countries and the more advanced developing countries grow larger.

In the same line of ideas the Latin American countries also express their conviction that the action contemplated in the strategy which is to be defined for the next decade must make an important contribution to the solution of the serious transport problems affecting the land-locked countries, and certain regions in their access to the coast.

Horizontal co-operation among the less developed countries should be encouraged, so that they may implement their industrial development projects to a reasonable extent. It should be channelled in particular towards technical assistance which should include raising the skill levels of the labour force, by fostering training programmes in the professional, technical and managerial fields. [Paras. 69-71 of (draft) declaration]

<p>Subject</p> <p>Creation of appropriate industrial structure in developing countries ..... (provisional agenda item 5 (f)).</p>	<p>Second Latin American Conference on Industrialization</p> <p>The process of world industrial restructuring and redeployment thus conceived (see under prov. agenda item 5 (a)) would make it possible to achieve fuller and better utilization of the notable endowment of natural resources and the ample supplies of labour in Latin America. At the same time, this process could signify an opportunity for the region to make progress in the improvement of its industrial structure through advances in the relatively less developed branches - i.e., the sectors producing mass consumer goods and intermediate and capital goods - and through the improvement of inter-industry linkages, with all the positive effects that this would have on industrial growth rates, technology and employment as principal results of the greater access of the region's manufactured goods to external markets that such restructuring would involve: an aspect of particular significance above all for the medium-sized and small countries.</p> <p>Thus, industrial restructuring calls for a programme of concerted international measures to facilitate and promote this transition, and provision must also be made for negotiations in the trade field in order to ensure the access of products of industries installed in the developing countries to the markets of the industrialized countries. In the light of the principal causes of protectionism, the conviction is reaffirmed that the main solution to protectionism in the medium and long terms lies in the restructuring of industry which should take place within the developed countries, taking into account the real interests of the developing countries.</p> <p>It is necessary to create appropriate monitoring machinery in order to follow closely the evolution of the world's production and trading arrangements and to facilitate the shift of production factors from the sectors which need to be restructured in the developed countries, with the aim of achieving the most effective inter-industry and intra-industry international specialization.</p> <p>¶ Paras. 23-26 of (draft) declaration</p>	<p>Fifth Conference of African Ministers of Industry</p> <p>The Conference:</p> <p>Calls upon African governments to intensify the efforts they are directing towards:</p> <p>The development of appropriate institutional machinery at the national, subregional and regional levels for undertaking planning, monitoring and serving activities for industrial and technological development;</p> <p>¶ Para. 6 (iii) of Resolution 5 (V); this text is given also under provisional agenda item 5 (t) (iii)</p> <p>(The Conference text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CMI/FCIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III</p> <p>The Meeting reiterated the validity of the directions of reorientation set out by the previous Meeting of Ministers of Industry, namely, strengthening of linkages between agriculture and industry, balanced spatial dispersal of industry within the countries, promotion of small-scale industries and their linkages with large and modern industries and the reorientation of industry to satisfy the basic needs of the people. It endorsed the combination of the imperatives of raising the national manufacturing capacities with this approach. It fully agreed that it was only through such capacities that the countries could maintain the momentum of industrial growth, imbibe and absorb foreign inputs such as technology and resources and respond to opportunity for trade. The Meeting used the expression "capacities" not in the narrow sense of hardware machinery and equipment but in the broader sense of encompassing the entire wherewithal needed for operating the production system. It would include technology and skills, infrastructure (physical and institutional), basic industry, finance and availability of energy. Without these, the Meeting found it difficult to visualize any abiding achievement in industrialization. The Meeting called for national policies, international cooperation and the assistive role of the United Nations to be all geared to the enhancement of such capacities of the developing countries. The important role of the state and planning in industrial development was also stressed by some delegations.</p> <p>The Meeting regarded the directions of reorientation set out by the previous Meeting of Ministers, supplemented by the new emphasis on the creation of manufacturing capacities, as constituting the distinct perspective of the ESCAP region on industrialization, to be projected at the Third General Conference of UNIDO.</p> <p>¶ Paras. 26 and 27 of Meeting Report</p>	<p>Fifth Conference on Industrial Development for Arab States</p> <p>-</p>	<p>Industrial Development Board of UNIDO</p> <p>Concerning the role of the public sector in industrial development, the Board, at its thirteenth session - April/May 1979 - inter alia requested the Executive Director of UNIDO to make greater efforts in UNIDO research and other related activities and to attract due attention to the technical assistance in order to assist developing countries upon their request in matters related to ways and means of ensuring an adequate role of the public sector in promoting the economic and social development of developing countries.</p> <p>¶ Part of para. 129 of A/34/157</p>
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Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Role of foreign investment (provisional agenda item 5 (g)).</p>	<p>Foreign investment should be compatible with national legislation and with the development priorities of the countries of Latin America including the aim of permitting greater local participation in management, administration, employment and in-service training of local staff, as well as greater local participation in ownership of the enterprises concerned.</p> <p>The Latin American countries have agreed, in various fora, to support the following principles, for which support is also expressed now: the need for transnational enterprises to be subject to the laws, regulations and exclusive jurisdiction of the host country; their abstention from any kind of interference in the internal and external affairs of the host country and their respect for national sovereignty over natural and economic resources; their submission to national policies, objectives and priorities and their agreement to provide information on their activities; their agreement to make a net contribution of financial resources, and to contribute to the development of domestic scientific and technological capacity, abstaining from any restrictive practices.</p> <p>It is necessary to insist on the need for giving a strong impulse to activities aimed at completing the formulation of an international code of conduct to govern the activities of transnational enterprises.</p> <p>Emphasis is also placed on the importance of preparing collective action guidelines and exchanging information on the modus operandi of foreign corporations and between the governments of the region and transnational enterprises and on the need to assign high priority to the fuller use of the negotiating potential of the Latin American countries.</p> <p>¶Paras. 30-33 of (draft) declaration</p>	<p>The Conference: Takes note of the proposals contained in the study entitled "Industry 2000: New Perspectives" concerning the establishment of: A commission for international industrial development law; A system for the resolution of industrial conflicts as well as the recommendations made in the same study related, <u>inter alia</u>, to: The increased use of intergovernmental framework and project agreements; The increased mobilization of the potential of medium-sized enterprises and other non-TNCs by the developing countries from industrialized countries. ¶Part of para. 5 of Resolution 5 (V) of the proposals in "Industry 2000: New Perspectives" - took note of text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CMI/FCIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>(Concerning the proposals and recommendations in "Industry 2000: New Perspectives"): Some representatives supported the two proposals related to the legal aspects of international industrial enterprise co-operation but emphasized the need to avoid any duplication with the existing institutions. ¶Part of para. 33 of Meeting Report Some delegations supported the recommendation which seeks to promote international co-operation through mobilizing the potential of medium-sized enterprises and non-TNCs. ¶Part of para. 37 of Meeting Report</p>	<p>-</p>	<p>-</p>

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Domestic industrial processing of natural resources (provisional agenda item 5 (b) (1)).</p>	<p>The countries of the region reaffirm once again the need to ensure the full exercise of sovereignty and control over natural resources and their full utilization either at the national level or within the framework of economic co-operation systems.</p> <p>They also express their support for the principle that industrialization efforts should be accompanied wherever possible by an increase in the degree of local processing of mineral, forest or agricultural production in order, among other benefits, to promote to the maximum the range of industries which can be built up on the basis of the natural resources available to a country.</p> <p>They also express their support for the principle that these industrial activities should be carried out through national or multinational enterprises - in the latter case in association with producers in other developing countries - for which purpose it is necessary to formulate policies aimed at giving the developing countries, individually or collectively, un-packaged access to the services previously supplied by transnational enterprises in such aspects as exploration activities, the supply of equipment, marketing, and technical and financial assistance.</p> <p>Emphasis is also placed in a broader sense on the extensive field open to regional and interregional co-operation ranging from the exchange of information and experience to the already mentioned possibility of the formation of producers' associations multinational enterprises or any other type of association for particular purposes in the field of industry and marketing such as the exchange of technology or its joint acquisition.</p> <p>Paras. 44-47 of (draft) declaration</p>	<p>(The Conference adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CMI/FCIA.6/WP/7/Rev.1. The text is given in appendix I to this table.)</p>	<p>(The Ministers' Meeting endorsed the report of the preceding Senior Officials' Meeting which on this subject contained the text given in part (B) of appendix II to this table.)</p>		

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Industrial skills (provisional agenda item 5 (b) (ii)).</p>	<p>The countries of the region assign high priority to action aimed at improving the training and levels of skills of the labour force in order to take due account of the responsibilities assigned to the industrialization process. At the same time they highlight the essential role to be played by co-operation in this field.</p> <p>In the regional and interregional field, the diversity of levels and paths of industrialization of the countries of the region favour the possibilities of co-operation among them with the aim of increasing and improving the qualifications and skills of the labour force. National industrial training institutions should therefore intensify the mutual exchange of experience and examine the possibilities for organizing joint activities and extending their scope if necessary to include the non-factory sector.</p> <p>They also recommend that when considered appropriate support should be given to training efforts carried out on the basis of the experience accumulated in manufacturing units of various branches of industry in the countries of the region in order to give these efforts a more systematic nature and greater continuity.</p> <p>They also consider that co-operation with the developed countries offers extensive possibilities as regards industrial training examples of areas where such assistance could be given include technical and financial assistance of a selective and complementary nature for strengthening industrial training organizations and the financing of fellowship programme and expenditure on the purchase of machinery and equipment.</p> <p>[Paras. 56-59 of (draft) declaration]</p>	<p>The Conference:</p> <p>Calls upon African governments to intensify the efforts they are directing towards:</p> <p>The development of industrial and technological manpower;</p> <p>[Para. 5 (i) of Resolution 5 (v)]</p> <p>(The Conference adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/COM/FCIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>-</p>	<p>-</p>	<p>On the subject of integration of women in development, the Board, at its thirteenth session - April/May 1979 - bearing in mind Industrial Development Board resolution 44 (IX) on integration of women in development, as well as General Assembly resolution 33/200 on the affirmative mobilization and integration of women in development, requested the Executive Director, [inter alia] to increase efforts to implement those resolutions, inter alia by developing concrete programmes of action aimed at integrating women in the industrialization process of the developing countries.</p> <p>[Part of para. 137 of A/34/16]</p>

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>International co-operation in the field of transfer and development of industrial technology (provisional agenda item 5 (b) (iii)).</p>	<p>- Since substantial technological progress has been achieved in Latin America, the countries of the region should adopt measures actively to encourage the mutual transfer and dissemination of technologies in areas which can stimulate balanced economic and social development.</p> <p>- Support should be given to the recommendations agreed upon in recent international fora, especially the following:</p> <p>(a) The need to support the ongoing negotiations for the adoption as soon as possible of an international code of conduct on the transfer of technology.</p> <p>(b) The need that the revision of the Paris Agreement on the Protection of Industrial Property which is being carried out in WIPO should provide an opportunity for the adoption of suitable measures aimed at preventing the abusive practices observed in this field.</p> <p>(c) The establishment of national centres for the development and transfer of technology which can be linked with institutions or centres of a regional nature, such as the Latin American Technological Information Network (RITLA); the strengthening of the countries' own capacity for the creation and adaptation of technology, and the establishment and improvement of public sector machinery to assist in the search for and dissemination of appropriate technology in the world market of suitable technology for development.</p> <p>(d) The formulation of preferential agreements on the development and transfer of technology between Latin America and other developing regions; the establishment or strengthening of subregional and regional centres in Latin America for the development and transfer of technology which can serve as links with the national centres of the other developing countries; and the establishment or strengthening of subregional,</p>	<p>The Conference:</p> <p>Calls upon African governments to intensify the efforts they are directing towards:</p> <p>Strengthening the technological capability of African countries in the development and commercialization of indigenous technologies and the appraisal, selection, acquisition and adaptation of foreign technologies;</p> <p>Para. 2 (ii) of Resolution 5 (V)</p> <p>Takes note of the proposals contained in the study entitled "Industry 2000: New perspectives" concerning the establishment of:</p> <p>An international industrial technology institute;</p> <p>An international centre for the joint acquisition of technology;</p> <p>An international patent examination centre;</p> <p>Para. 2 (a), (ii) and (iii) of Resolution 5 (V)</p> <p>(The Conference adopted or - in the case of the proposals in "Industry 2000: New Perspectives" - took note of text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CEI/PCIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>Commenting on the aspect of technology, the Meeting felt that the comprehensive programme of action adopted by the United Nations Conference on Science and Technology for Development (UNCSTD) related to industrial technology should be taken into account by the Third General Conference of UNIDO and should be further elaborated so as to translate it into practicable details. The Meeting also emphasized the important role of RCTT and urged that the measures recommended by the Senior Officials for augmenting the availability of resources on a continuing basis to it be implemented expeditiously. It was also emphasized in stating that an adequate part of the fund of US\$250 million created at the UNCSTD must be earmarked to provide institutional support to regional centres such as the RCTT.</p> <p>Para. 2 of Meeting Report (Concerning the proposals in "Industry 2000: New Perspectives"):</p> <p>Some representatives (also) supported the three proposals on international flows of technology which, they mentioned, had been discussed in somewhat different forms in the past. They felt, in particular, that the establishment of the proposed international industrial technology institute would be a natural corollary of the successful functioning of the RCTT at the regional level.</p> <p>Para. 3 of Meeting Report (The Ministers' Meeting endorsed the report of the preceding Senior Officials' Meeting which on this subject contained the text given in part (c) of appendix II to this table.)</p>	<p>-</p>	<p>(At its eleventh session - May/June 1977 - the Board adopted resolution 47 (XI), International co-operation in the transfer of technology, and decisions IV (XI), Co-operative programme of action or appropriate industrial technology, and V (XI), Establishment of an industrial and technological information bank).</p> <p>(At its thirteenth session - April/May 1977 - the Board took note with appreciation of the Executive Director's report on the Industrial and Technological Information Bank (INTIB) as well as the Report of the Expert Group Meeting on the Analysis of the Experience Gained from the Pilot Activities of the Industrial and Technological Information Bank (INTIB) (ID/WG.294/3/Rev.2).</p> <p>The Board, having considered the positive experience gained from the pilot activities of INTIB, recommended that:</p> <p>(a) INTIB be continued as an on-going activity of UNIDO;</p> <p>(b) INTIB's work be undertaken in accordance with the suggestions of the Expert Group as contained in paragraphs 14 to 21 of that Group's report (ID/WG.294/3/Rev.2), and in the report of the Executive Director (paras. 35 and 36 of ID/B/226);</p>

(continued)

<p>Subject</p> <p>(provisional agenda item 5 (b) (iii)). (continued)</p>	<p>Second Latin American Conference on Industrialization</p>	<p>Fifth Conference of African Ministers of Industry</p>	<p>ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III</p>	<p>Fifth Conference on Industrial Development for Arab States</p>	<p>regional or interregional centres in Latin America for the development and transfer of technology in specific and critical sectors.</p> <p>The countries of the region confirm their interest in the adoption of international machinery for financing the scientific and technological development of the developing countries.</p> <p>The Latin American countries support the operation of the Industrial and Technological Data Bank set up by UNIDO, and the inclusion of the sectors and topics covered by UNIDO system of consultations in the activities of this bank, and recognize its highly important role in narrowing the gap separating the developed and the developing countries in this field.</p> <p>They also express their concern over the negative aspects of the reverse transfer of technology and the exodus of skilled personnel from developing to developed countries, and they consider it necessary to adopt urgent measures to eliminate and reverse this process, to which end the developed countries, and, where appropriate, the international organizations should provide their co-operation.</p> <p>[Paras. 39-43 of (draft) declaration]</p>	<p>(c) INTIB's activities include the sectors and topics covered by UNIDO's System of Consultations as well as the sectors chosen for the International Forum on Appropriate Industrial Technology;</p> <p>(d) Appropriate staff and financial resources be assured.</p> <p>[Paras. 152 and 153 of A/34/167]</p>	<p>Industrial Development Board of UNIDO</p>
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Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Industrial co-operation among developing countries (provisional agenda item 5 (c)).</p>	<p>As regards technical co-operation the countries of the region reiterate the need to promote the establishment of national research and training centres of multinational scope in the developing countries and to strengthen the centres of this type which already exist as already recommended in the Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. They also reiterate the importance which should be attached to the contribution of the developed countries and of international organizations to increase the national and collective capacity of the developing countries to help themselves and help each other, with the object of putting into practice, among other things, the provisions on industrial matters.</p> <p>With the aim of facilitating agreements and the adoption of joint positions by the region concerning the subjects and actions referred to by the above plan of action, it is recommended that the appropriate co-operation among regional bodies, especially SFLA and CEPAL, in collaboration with UNIDO, should be strengthened.</p> <p>Paras. 67 and 68 of (draft) declaration.</p> <p>(Regarding regional co-operation see also under provisional agenda item 5 (b) (iv))</p>	<p>The Conference:</p> <p>Calls upon African governments to intensify the efforts they are directing towards:</p> <ul style="list-style-type: none"> <li>- The development of appropriate institutional machinery at the national, subregional and regional levels for undertaking planning monitoring and serving activities for industrial and technological development;</li> <li>- Increased technical and economic co-operation among the developing countries;</li> <li>- The promotion of intra-African industrial co-operation through the identification and implementation of multinational projects and the sharing of industrial training and research structures;</li> </ul> <p>Para. 5 (iii), (vi) and (ix) of Resolution 5 (V)</p> <p>(The Conference further adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CEI/FCIA.6/WP.7/Rev.1. The text is given in appendix I to this table.)</p>	<p>(The Ministers' Meeting endorsed the report of the preceding Senior Officials' Meeting which on this subject contained the text given in part (D) of appendix II to this table.)</p>	<p>-</p>	<p>(At its eleventh session - May/June 1977 - the Board adopted resolution 47 (XI), International co-operation in the transfer of technology, section II of which deals with Co-operation among developing countries.)</p>



Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Redeployment of industries from developed to developing countries (provisional agenda item 5 (d)).</p>	<p>Redeployment should help to effect an equitable international division of labour at a rate and in a manner consistent with the social and economic aims of all parties involved, particularly the developing countries.</p> <p>Redeployment should be carried out in accordance with the over-all national objectives, priorities and aspirations of the developing countries, unemployment in and trade restrictions introduced by the developed market-economy countries hamper the process of redeployment. The significance of the public sector cannot be overlooked in the redeployment process, and the success of redeployment depends on the step-by-step introduction of bilateral co-operative measures, supplemented by multilateral action.</p> <p>Redeployment should be seen as part of a process designed to promote the transfer of technology to developing countries. It should not be used as a pretext for obtaining access to abundant and cheap manpower or for transferring obsolete technologies and polluting industries, or for exploiting the natural resources of the developing countries; environment protection measures must be included in redeployment plans. It should promote the industrial development of the developing countries, but not at their expense, and it must not be accompanied by protectionism.</p> <p>[Para. 20-22 of (draft) declaration]</p> <p>Technical assistance associated with redeployment should help to resolve the difficulties experienced by the countries of origin. The developing countries lack the expertise needed to purchase equipment properly. In the course of its activities in the field of redeployment, UNIDO could provide more advice on the conclusion and technical conditions of contracts. The countries involved would not then need to discuss or negotiate those terms, although some might require improved interpretation. There is also room for redeployment between developing countries, for which UNIDO should make appropriate studies. It is stressed that in continuing its research on redeployment, the UNIDO Secretariat should bear in mind that the process of redeployment should help the developing countries to achieve economic independence; it should not lead to a speedy exhaustion of natural resources, and should be accompanied by environmental protection measures. Neither should it become a channel for obsolete equipment and technology. Some measures should also be taken to restrict the negative consequences of the activities of transnational corporations.</p> <p>[Para. 27 of (draft) declaration]</p>	<p>(The Conference adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CM/PCIA.46/WP/7/Rev.1. The text is given in appendix I to this table.)</p>	<p>The Meeting appreciated the work done by UNIDO in the field of redeployment of industry from the developed to the developing countries and suggested that further in-depth studies be undertaken in specific sectors. Redeployment could take place on the principle of dynamic comparative advantage.</p> <p>[Para. 39 of Meeting Report]</p> <p>(The Ministers' Meeting endorsed the report of the preceding Senior Officials' Meeting which on this subject contained the text given in part (E) of appendix II to this table.)</p>	<p>-</p>	<p>(At the thirteenth session of the Industrial Development Board - April/May 1979): the Board took note of the document on redeployment of industry from developed to developing countries (ID/B/222).</p> <p>Recognizing the complexity and long-term nature of the research programme being undertaken by the Secretariat in that field, the Board appreciated the work undertaken so far and endorsed the general concept and approach adopted by the Secretariat. The Board decided that the Secretariat should continue its research programme along the same lines, taking due account of the relevant comments and suggestions made during the thirteenth session of the Board both in regard to the final documentation being prepared for submission to the Third General Conference of UNIDO, and to the ongoing research programme.</p> <p>[Paras. 104-105 of A/34/16]</p>

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>The System of Consultations (provisional agenda item 5 (e)).</p>	<p>The Latin American countries feel that the system of consultations in the industrial sector laid down in the Lima Declaration and Plan of Action on Industrial Development and Co-operation adopted by the Second General Conference of UNIDO constitutes a suitable mechanism for promoting industrial re-deployment in the direction in question and helping to increase the participation of the developing countries in world industrial production. Consequently, the countries of the region express their support for an extended use of the UNIDO system of consultations so as to provide an international exchange of views and recommendations favouring the gradual restructuring of world industrial production. Such extended use would cover:</p> <ul style="list-style-type: none"> <li>(a) placing the system of consultation on a permanent footing and providing it with the necessary resources for it to function effectively;</li> <li>(b) widening its scope to cover all important industrial sectors;</li> <li>(c) providing effective regional implementation measures to follow through on its recommendations.</li> </ul> <p>UNIDO should give new impetus to the efforts to conclude the rules of the system of consultations in order that the latter may produce practical and effective results.</p> <p>It is also reaffirmed that, in conformity with the Lima Declaration and Plan of Action and General Assembly resolution 3362 (S-VII), it is necessary that the consultations should take place at the global, regional, interregional and sectoral levels.</p> <p>[Para. 29-29b of (draft) declaration]</p>	<p>The Conference urges that UNIDO's activities be strengthened and expanded especially in ....</p> <p>(v) Industrial consultations which should be undertaken on a permanent basis and technical and financial assistance provided to all African countries to facilitate preparation, effective participation and follow-up on these consultation meetings;</p> <p>[Para. 10 of Resolution 5 (VI)]</p> <p>(The Conference further adopted text on this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CM/PCIA.6/MP/Rev.1. The text is given in appendix I to this table.)</p>	<p>The Meeting acknowledged the usefulness of the system of consultations started by UNIDO as a means to promote development of industry to the developing countries and to assist in the restructuring of world industry. The consultation meetings had included representatives of governments, industry, trade-unions etc. Their free exchange of views had been useful in indicating opportunities for industrial development in the developing countries, their constraints and the possibility of the assistance that could come from the industrialized countries. The recommendations made by the meetings had been valuable. The pragmatic and informal nature of their discussions had been a notable feature. Most of the representatives supported the continuance of the consultations on a permanent basis. Some delegations wished to see the present informal nature of the consultations retained. Several representatives supported the extension of the coverage of consultations to additional sectors. However, some others desired such extension to await consideration, by the Third General Conference, of the in-depth analysis of the experience which is being carried out by UNIDO in response to a direction of the Industrial Development Board. The Meeting felt that the utility of consultations would be greatly enhanced if they are accompanied by preparatory and follow-up activities at the regional level.</p> <p>[Para. 36 of the Meeting Report]</p>	<p>The Conference calls upon the Arab States to support the system of consultation implemented by UNIDO since it represents a suitable framework for developing new patterns for international industrial co-operation and organizing the re-location of industry to achieve the Lima objectives, and giving this system a permanent footing pattern.</p> <p>[Para. 23 of Conclusions of Arab States Report]</p> <p>UNIDO III</p>	<p>(The thirteenth session of IDB - April/May 1979 - adopted inter alia the following conclusion):</p> <p>The System of Consultations offered member countries a valuable and unique framework for identifying problems associated with the industrialization of the developing countries, for considering ways and means to accelerate their industrialization, and for contributing to closer industrial co-operation among member countries, in accordance with the Lima Declaration and Plan of Action.</p> <p>The System of Consultations had become an important and established activity of UNIDO; it should be continued as an on-going activity of the Organization and strengthened so as to provide the greatest possible benefit to the developing countries.</p> <p>The approach adopted so far in the System of Consultations should be continued. In that respect, the Board reaffirmed the consensus reached at its tenth, eleventh and twelfth sessions, in particular, that the consultations were among member countries and that the participants of each member country might include officials of governments as well as representatives of industry, labour, consumer groups etc., as deemed appropriate by each Government. The Board reaffirmed, furthermore, the consensus reached at its</p>

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Industrial Development Board of UNIDO

(Provisional  
agenda item 5 (e))  
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eleventh session that final reports of the meetings should include such conclusions and recommendations as agreed upon by consensus among the participants and should also include other significant views expressed during the discussions.

..... the Board decided that:

(a) Draft rules of procedure according to which the System of Consultations would operate should be prepared by the Executive Director for consideration by the Board at its November 1979 session .....

(b) Regional and interregional consultation meetings should be convened, subject to consideration by the Board;

(c) For the biennium 1980-1981, consultations should receive high priority and should be convened, subject to completion of the essential preparatory arrangements, on the following:

1980: Second consultation meeting on the leather and leather products industry

First consultation meeting on the food-processing industry

First consultation meeting on the pharmaceutical industry

Third consultation meeting on the fertilizer industry

1981: Second consultation meeting on the petrochemical industry

Second consultation meeting on the vegetable oils and fats industry

First consultation meeting on the capital goods industry

First consultation meeting on the training of industrial manpower

(d) Preparations should continue for the convening of the Third consultation meeting on the iron and steel industry and the Second consultation meeting on the agricultural machinery industry and the First consultation meeting on industrial financing to be held during the biennium 1982-1983;

(e) The Executive Director should submit for consideration by the Board at its fourteenth session a report on the stage of preparation and related matters concerning the consultation meetings to be held during the biennium 1980-1981 and thereafter, in the light of the 1980-1981 budget as adopted by the General Assembly;

(f) In order to ensure a larger participation of least developed countries in future consultation meetings, the participation of 50 representatives from least developed countries in the consultations to be held in 1980-1981 should be financed from sources to be determined by the General Assembly;

(g) All documents should be circulated well in advance of the consultation meetings in order to facilitate preparation for those meetings;

(h) The Executive Director should prepare for consideration by the Third General Conference of UNIDO an updated report containing an in-depth evaluation of the experience gained so far regarding the System of Consultations. .... [Paras. 81, 82, 83 of A/34/19]

(The First special session of IIB - November 1979 - adopted the following conclusion):

The first special session of the Industrial Development Board, having examined document ID/B/S.1/2, decides to recommend to the Third General Conference of UNIDO that it invite the Board, at its next regular session, to examine further and adopt the rules of procedure for the System of Consultations. [Para. 41 of ID/B/S.1/5]

Subject	Second Latin American Conference on Industrialization	Fifth Conference of African Ministers of Industry	ESCAP Preparatory Meeting of Ministers of Industry for UNIDO III	Fifth Conference on Industrial Development for Arab States	Industrial Development Board of UNIDO
<p>Institutional arrangements:</p> <p>(a) Review of effectiveness of co-ordination within the United Nations system</p> <p>(b) Review of effectiveness of institutional arrangements for UNIDO ...</p> <p>(c) Provisional agenda items (a) and (b).</p>	<p>At the international level, (the countries of the region) express their conviction that the large number and extensive scope of the tasks needed to fulfill the objectives assigned to UNIDU call for the functioning of effective machinery with sufficient resources to handle such tasks successfully.</p> <p>In order to achieve this purpose it is very important that the argument advanced at the recent Conference of Plenipotentiaries should be reaffirmed so that UNIDU may be transformed into a specialized agency of the United Nations as soon as possible.</p> <p>Para. 1 and 2 of (draft) declaration.</p>	<p>The Conference:</p> <p>Reaffirms UNIDO's role as the focal point within the United Nations system for co-ordinating all matters and technical co-operation activities in the developing countries in the field of industrial development;</p> <p>Welcomes in this context, the decision to convert UNIDO into a United Nations Specialized Agency, and urges all Member States of the United Nations to sign and ratify the new Constitution;</p> <p>Urges accordingly that UNIDO's activities be strengthened and expanded especially in the following priority areas:</p> <ol style="list-style-type: none"> <li>(i) Operational field activities;</li> <li>(ii) Development and transfer of technology;</li> <li>(iii) Improved systems and procedures for the regular collection, compilation and dissemination to the developing countries of industrial and technical information, particularly on net resource transfer from developed to the developing countries;</li> <li>(iv) Pre-investment and investment promotion activities;</li> <li>(v) Industrial consultations which should be undertaken on a permanent basis and technical and financial assistance provided to all African countries to facilitate preparation, effective participation and follow-up on these consultation meetings;</li> <li>(vi) Special measures for the least developed, land-locked, island, and most seriously affected developing countries;</li> <li>(vii) Economic and technical co-operation among the developing countries; and</li> <li>(viii) Industrial studies with particular emphasis on the evaluation in more precise terms, of efforts made by the African countries, individually and collectively, towards the achievement of the Lima target.</li> </ol> <p>(continued)</p>	<p>... the Conference calls upon the Arab States: - to sign and complete as soon as possible the ratification procedures for the UNIDO Charter so that it can proceed with its task as a specialized agency and enjoy greater flexibility and effectiveness in confronting the challenges of industrialization in the 1980s and beyond.</p> <p>- to work towards supporting UNIDO with sufficient financial resources whether in the form of annual contributions to its general budget or by expanding the sources of the UN Fund for industrial development.</p> <p>4. The Conference is happy about the decision of the Board of UNIDO to extend assistance to the Arab Palestinian people and that this assistance will be extended and intensified and that the utmost will be done so that this assistance should reach the Palestinian Arabs in the occupied territories, especially where industrial research in the Western Bank and Gaza is concerned.</p> <p>5. The Conference recommends that UNIDO strengthen its co-operation with regional Arab organizations, especially the Industrial Development Center, in all matters related to its activities in the Arab region.</p> <p>Para. 2.1, 2.2, 4 and 5 of conclusions re. Arab stance towards UNIDO III</p>	<p>(At the thirteenth session of the Industrial Development Board - April/May 1979 -) The Board endorsed the views expressed in the report of the reinforcement of the Senior Industrial Development Field Adviser programme, prepared by Sir Robert Jackson, that the SIDFA programme required to be strengthened.</p> <p>The Board requested the Executive Director to inform the Administrator of UNIDO of its views, in particular with regard to the recommendations contained in Sir Robert Jackson's report that the costs of up to a maximum of 50 SIDFAs by the end of 1980 should be underwritten by UNDP, and invited him to bring those views to the attention of the Governing Council of UNDP at its next session, when it considered sectoral support and budgetary arrangements for 1980-1981. That would in no way prejudice the decision of the Board, subsequently endorsed in General Assembly resolution 32/165, that the number of SIDFAs should be increased to 60.</p> <p>Para. 63-64 of A/34/167</p> <p>(At the eleventh session of the Industrial Development Board - May/June 1977 -) the Board adopted, <u>inter alia</u> the following:</p> <p>Resources of the United Nations Industrial Development Fund:</p> <p>A desirable funding level for the United Nations Industrial Development Fund would be US\$50 million yearly ...</p> <p>Para. 131 (a) of A/32/167</p> <p>* The desirable funding level of US\$50 million was endorsed by the General Assembly in its resolutions 32/166 of 19 December 1977 and 33/78 of 15 December 1978.</p>	

<p>Subject</p> <p>(i) regional agenda items (a), and (t)). (continued)</p>	<p>Second Latin American Conference on Industrialization</p>	<p>Fifth Conference of African Ministers of Industry</p>	<p>ESCAF Preparatory Meeting of Ministers of Industry for UNIDC III</p>	<p>Fifth Conference on Industrial Development for Arab States</p>	<p>Industrial Development Board of UNIDO</p>
<p>To this effect the internal structure should be adjusted to enable the organization effectively carry out its activities particularly on the above mentioned priorities;</p> <p>Further, urges that the field presence of UNIDO be strengthened through the expansion and improvement of the Senior Industrial Development Field Adviser's programme and the number of African SIDFAs should be greatly increased;</p> <p>Calls upon governments to increase their contribution to the United Nations Industrial Development Fund so as to enable UNIDO more effectively carry out its mandate and to cope with the increasing requirements of the developing countries;</p> <p>¶ Paras. 8-12 of Resolution 5 (V)</p> <p>(The Conference adopted text of this subject submitted by the Follow-up Committee on Industrialization in Africa in document ECA/CEI/FCIA.5/WP.7/Rev.1. The text is given in appendix I to this table.)</p>					

Appendix I

Text of the final version of the document ECA/CMI/FICA.6/WP/7/Rev.1<sup>\*/</sup> adopted by the Fifth Conference of African Ministers of Industry in Resolution 5(V):  
Common African Position at UNIDO III, operative paragraph 1.

Item 4: Review and appraisal of the world industrial situation with specific reference to the industrialization of the developing countries - The African situation

Since the adoption of the Lima Declaration and Plan of Action, African countries have pursued concerted action to implement it. Soon after adopting the Lima Declaration and Plan of Action, the Third Conference of African Ministers of Industry, which met at Nairobi in December 1975 drew up an Agreed Conclusion which presented a comprehensive programme of regional action to respond to the challenge of Lima. The same Conference entrusted the Follow-up Committee on Industrialization in Africa to keep under constant review progress in the African region of the implementation of the Lima Declaration. The sixth meeting of the Follow-up Committee and the fifth Conference of African Ministers of Industry which convened in Addis Ababa from 10-14 and 17-20 October, 1979 respectively, reviewed the progress and examined certain relevant implications.

Since 1975, efforts were directed to launching selected regional programmes and institutions designed to foster collective self-reliance in Africa. Thus an African Regional Centre for Technology was established and preparations for the establishment of an African Industrial Development Fund, a Regional Centre for Engineering Design and Manufacturing and an African Centre for Consulting Engineering and Management have reached an advanced stage. Sectoral programmes for the development of the building materials, chemicals, engineering and metal industries were initiated aimed at identifying and implementing viable industrial projects.

Progress towards the achievement of the quantitative targets of the Lima Declaration has fallen short of expectation. The average annual growth of manufacturing value added for developing Africa has remained about the same as the average of 6.0 per cent during the period 1970-1977. Although reasonable where internal problems of some countries and recent trends in world economic conditions are concerned, this rate is, nevertheless, well below the 8 per cent target set in the International Development Strategy and even less satisfactory when the requirements for achieving the regional contribution to the Lima target was considered.

Africa's share in world production of manufactures remained little changed in 1978 at less than 0.9 per cent of the total (in 1975 prices). This compares to a continued slight increase in the share of other developing regions which rose to about 9 per cent of the total,

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<sup>\*/</sup> The text is reproduced from annex I of ECA/CMI/EXTRA.1/1 of 9 November 1979 prepared for the Extraordinary Session of the Conference of African Ministers of Industry in December 1979.

thus indicating a declining African position relative to other developing regions. This poor state of affairs is due to the fact that the African region's share in world output of metal and engineering products (the leading sectors) remained unchanged at 0.2 per cent in the 15 years between 1955 and 1970 and that the share of metals and engineering products in the total industrial production during this period appeared to have declined. Of all developing regions, Africa has the lowest ratio of engineering production to engineering imports.

The share of heavy industries in manufacturing value added defined to include chemicals, petroleum products, non-metallic mineral products, basic metals and metal products rose from 32 per cent in 1970 to 39.8 per cent in 1976. On the other hand the share of light industries which include food, beverages, tobacco, footwear, textile, wood products, furniture and paper products, declined from 68 per cent in 1970 to 60.2 per cent in 1976. The growth rate of heavy industries rose by 9.3 per cent yearly while light industries grew at a mere 4.1 per cent yearly.

Employment in manufacturing has also grown more slowly than manufacturing value added as a result of industry's becoming more capital intensive and oriented towards heavy industry. Between 1971 and 1976, employment in the manufacturing industry appears to have risen by 5.8 per cent a year in North Africa, 5.6 per cent in West Africa but by only about 2.7 per cent a year in East Africa.

Africa's trade in manufacture continues to be characterized by a large and increasing imbalance of imports over exports. Export of non-ferrous metal products, which constitute a large proportion of African manufactures has suffered a considerable decline largely due to unfavourable conditions affecting the major African exporting countries. Many new manufactured goods, such as engineering products, are beginning to be exported, but their share in total export of manufactures is still small. Dependence on imports of oil, manufactured and capital goods, and foodstuffs to meet domestic requirements due to slow growth of agricultural production and rapid growth in population, increased the external debt and accentuated the inflationary pressures in the majority of countries.

Progress in multinational industrial co-operation, has also fallen far short of expectation. This was due partly to lack of sufficient information to Governments with the complexities of launching extra-territorial industrial facilities and partly to uncertainties regarding the sharing of benefits in multinational schemes. While some sort of institutional machinery for promoting economic co-operation in Africa has been initiated, this needs to be greatly strengthened. Although visible progress has been made by existing economic groups in the areas of transport, communications and development of skills, the same has not been true of the industrial sector.

Thus, Africa continues to face serious problems for achieving industrialization objectives because of the wide-spread shortage of industrial manpower capital and technology. This situation is further aggravated by the continuing crises in the international economy. At the same time, hopes placed on regional co-operation in the field of industry do not seem to be materializing yet industrial co-operation and integration is a necessary condition for accelerating the pace of industrialization in Africa.

**Item 5 (a): Adoption of appropriate industrialization policies and strategies aimed at achieving the Lima target**

In the adoption of industrial policies and strategies aimed at achieving the Lima target of at least 2 per cent of world industrial production to be achieved by the African region by the year 2000 it is essential to exercise great flexibility in respect of the various ways in which resources and services could best be exploited and developed within the industrial framework of individual countries. A great deal of stress needs to be put on concerted regional action in bringing about the reorientation and structural changes required in these areas in accordance with the aspirations of Africa for self-reliant and self-sustaining industrial development. However, the arrangements and facilities to be adopted by each country would depend on the country's specific needs. Since industrialization largely depends on human endeavours the systematic development and application of skills to the development of natural resources and their transformation into industrial goods constitutes another important consideration. In some cases, Africa's lack of skilled manpower is aggravated by under-employment of available skilled manpower which has resulted in the brain drain. The adoption of industrialization policies and strategies might be considered at the national and regional levels.

**Industrialization policies and strategies at the national level**

Governments should make effort to define and implement national strategies and policies coherent with and encompassing all the economic sectors. To this effect, the policies and strategies to be adopted at the national level should aim at the:

- (i) establishment of a sound industrial base with special emphasis on the development of the requisite national industrial and technological policies, capabilities, and institutional infrastructure, in order to contribute to the industrial take-off of Africa;
- (ii) assurance of optimal contribution of industry to equitable distribution of incomes, eradication of poverty and satisfaction of the basic needs of the masses of African populations through broad-based participation in the industrial development process. In this connexion special attention needs to be given to co-ordinating industrial development policies with those of the agricultural sector since most of the African countries are primarily dependent on agriculture;
- (iii) promotion of resource-based industries such as those processing locally grown agricultural produce as well as agro-allied and basic, engineering, capital goods, chemical, metallurgical, building materials and light industries to provide inputs for the development of other sectors of the economy and to enable the total development of natural resources;
- (iv) encouragement of small-scale, medium-size and cottage industries since they are generally labour-intensive and can account for the creation of more direct jobs per unit of invested capital than sophisticated, large-scale establishments. Such small-scale industries could become centres for the development of semi-skilled manpower and increase the number of people employed at that level.



- (v) development of industrial and technological manpower to cover the entire spectrum of the various skills and expertise required at the various stages of the industrial development process this should include the establishment of specialized institutions to train manpower to meet the requirements of specific industrial subsectors, such as those producing building materials, chemicals, metals, leather and textiles. At the same time, national capabilities should be developed for the co-ordination of the overall industrial training policy and programmes;
- (vi) total integrated vertical development of natural resources with particular attention to mineral, agricultural, marine and energy resources, with a view to increasing their value added reducing the exportation of primary products increasing employment opportunity; and increasing the benefit of these resources to the entire population of the country. In this regard, attention should also be given to the conservation of natural resources and the preservation of the environment;
- (vii) development of integrated rural development schemes consistent with other necessary institutional changes, and aimed at establishing dynamic small-scale and light industries for food processing and conservation and by providing utilities in such fields as energy including electrification, water supply, transport and training and demonstration workshops to train the skills required in the operation, maintenance and repair of agricultural machinery and equipment;
- (viii) strengthening of technological capabilities of the African countries for the development upgrading and commercialization of indigenous technologies and the evaluation, selection, acquisition and regulation of foreign technologies;
- (ix) development of a sound national industrial institutional machinery for the effective planning, execution, and monitoring and evaluation of industrial development activities;
- (x) promotion of substantial and uninterrupted flow of finance both from local and external sources, to the industrial sector;
- (xi) promotion of increased trade in the manufactured goods both within Africa as well as abroad;
- (xii) need to adopt national policies and strategies to encourage and involve the indigenous private sector in industrial development.

#### Industrialization policies and strategies at the regional and subregional levels

At the regional and subregional levels in Africa, there is a need to harmonize national industrialization policies and strategies with the aim of:

- (i) enhancing the realization of the commitment of African countries to accelerate the industrialization process on the continent in the context of the social and economic environment of each country and not a simple importation of foreign industrialization pattern and to raise Africa's share of world industrial production to at least 2 per cent by the year 2000 in accordance with the recommendations of the Lima Declaration;

- (ii) fostering African regional and subregional collective self-reliance and to strengthen intra-African industrial co-operation for the achievement of self-sustaining development and economic growth at the national and/or multinational level;
- (iii) establishing multinational and regional institutions for promotion and supporting industrial development activities at the national level;
- (iv) promoting greater intra-African co-operation in the expansion of African markets for its manufactured goods;
- (v) creating African multinational production enterprises and industrial development zones;
- (vi) adopting special measures in support of the least developed, land-locked, island and most seriously affected developing countries;
- (vii) harmonizing national efforts for the effective exploitation and utilization of conventional and non-conventional sources of energy;
- (viii) carrying out joint efforts for the development of indigenous or the acquisition of appropriate foreign technologies and financial resources for the industrial extraction, processing and utilization of mineral and sea resources; and
- (ix) harmonizing of national investment policies and the pursuance of measures calculated to maximize the advantages of foreign investment in general and the transnational corporations in particular in terms of employment opportunities, investment finance, development of managerial and technical skills and the integrated development of industry, agriculture and the rural sector.

#### Industrialization policies and strategies at the international level

The achievement of the above policies and strategies would require concerted efforts at the global level. In the industrialized countries there must be a definite will and declared policy to assist the developing countries in their industrialization policies. Such policy measures have been discussed at several international fora such as the recent meetings of UNCTAD V and the United Nations Conference on Science and Technology for Development. The African countries wish to reaffirm their position taken in these fora and particularly call for a readjustment of the present industrial structure.

[Paras: 27-30 of annex I of ECA/CMI/EXTRA.1/1]

#### African Industrial Development Decade

An important measure to foster the achievement of the industrialization objective of Africa is the designation of the period 1980-1989 as the African Industrial Development Decade. The purpose of the decade is to create a greater awareness in Africa of the great amount of efforts required for industrialization and to focus attention on the prerequisites for self-sustained industrial development. In this regard it would help to propagate a greater understanding among the entire community of national industrialization strategies and

objectives to create a deeper understanding of self-reliance and self-sustaining industrialization, especially in terms of meeting the basic needs. It would also help to evoke greater financial and technical support from the international community to the industrialization efforts of Africa at the national and regional levels.

While one decade is far too short a time for the achievement of an appreciably high level of industrial development and output it could nevertheless be used effectively for enlisting important support and for initiating and even implementing the administrative and institutional framework for accelerated industrial development of the region. In the course of the decade, therefore, the obstacles to the industrialization of the continent and the critical measures to be adopted to facilitate the achievement of the Lima target set for the continent would be defined in greater detail. The priority activities to be undertaken during the decade would thus include:

(i) At the national level

- (a) An in-depth review of industrial and technological policies and strategies, with a view to identifying deficiencies and prescribing measures and initiating action for their improvement in accordance with national aspirations of self-reliance and self-sustaining industrialization;
- (b) A review of the national industrial and technological institutional machinery for industrial development with a view to identifying the critical institutional requirements and measures and initiating action to strengthen existing institutions or establishing new ones;
- (c) The preparation of detailed industrial and technology plans with well-defined manpower, financial, raw material and other inputs and scheduled within a time frame;
- (d) A detailed analysis of the national industrial and technological manpower needs, with a view to initiating action for their development. This would include an assessment of the existing educational system, training facilities and programmes; and the contribution of industrial enterprises to industrial training;
- (e) A critical analysis of the existing situation with regard to the financing of industrial and technological activities and the initiation of action for the implementation of new measures to facilitate industrial and technological financing. This could include the establishment or strengthening of industrial investment offices and financial institutions;
- (f) The development or strengthening of industrial promotion activities including the organization of national industrial trade fairs;
- (g) Promotional activities to ensure a broad-based participation in industrial development and the development of industrial entrepreneurship. This would include the establishment and/or strengthening of industrial associations; chambers of industry; national technology committees as well as associations of engineers, industrial managers and other professional societies.

(ii) At the regional and subregional levels:

- (a) The identification of critical industrial sectors and subsectors which lend themselves for the establishment of multinational industrial production enterprises. This would include the promotion of multi-national industrial projects among selected countries;
- (b) The harmonization of industrial and technological policies and strategies with a view to providing a common bargaining position for the acquisition of foreign technology and finance for selected industrial projects;
- (c) The identification and strengthening of centres of excellence in the priority industrial sectors to provide common services to several African countries;
- (d) Strengthening of existing and establishment of new regional technological centres as well as financial and industrial training institutes;
- (e) An analysis of the industrial goods imported into Africa with a view to identifying those that lend themselves to intra-African industrial trade. This could also help to promote the production of selected ones in Africa;
- (f) The expansion of markets for African manufactured goods both within and outside Africa by, inter alia, strengthening or establishing regional industrial marketing organizations;
- (g) Promotional activities to foster intra-African co-operation. This would include the preparation of a number of inventories the important ones of which include inventories for:
  - Industrial and technological expertises;
  - Natural, especially mineral resources;
  - Industrial and technological, including R and D institutes;
  - Industrial information and training institutes;
- (h) The ECA, as in the case of the United Nations Transport Development Decade, should assume the lead UN agency role and collaborate with UNIDO, ILO, UNCTAD and other specialized agencies for all administrative and operational arrangements for the programming and execution of regional and subregional activities and projects during the decade.

(iii) At the international level

At the international level actions will focus on technical and financial assistance to the African countries both individually and collectively in carrying out activities including those outlined above. The assistance of international organizations, particularly the UNDP, UNIDO and ECA would be particularly required. UNIDO and the ECA will, additionally be required to assist the OAU, regional organizations and national governments in drawing up programmes for the implementation of the decade.

Item 5 (b): Recommendations for policies, procedures and framework to foster, develop and strengthen:

- (iv) Improved mechanisms for industrial co-operation to promote the flow of integrated technical and financial assistance to developing countries

Following a careful review of this item of the agenda and taking into account its inter-relationship with other items of the agenda it is recommended that particular attention should be accorded to the system of industrial consultations; industrial and technological co-operation among the developing countries; industrial trade; industrial financing; re-deployment of industry; special measures for the least developed, land-locked, island, and most seriously affected developing countries; measures for the effective exploitation and commercialization of energy resources; effective industrial processing and utilization of mineral resources; improved technical assistance to the developing countries in the field of industry; strengthening the role of UNIDO as the central UN organization for assistance to the developing countries; and the African Industrial Development Decade. Except for industrial trade, industrial financing, special measures for the least developed, land-locked, island, and most seriously affected developing countries, and the African Industrial Development Decade, recommendations for a common African position on the other items have been appropriately presented under the relevant items of the agenda.

#### Industrial trade

International co-operation should eliminate the discriminatory nature of existing tariff structures, which are biased in favour of imports of raw materials; eliminate the often subtle effects of non-tariff barriers, such as complicated licensing requirements and government purchasing policies that fall disproportionately on the exports from developing countries because many of their products are particularly sensitive to such barriers.

A fair share of the future world trade in manufactured goods must be secured for the developing countries, if the Lima target is to be reached. This necessitates greater balance between the imports by the South of capital goods and equipment from the industrialized countries and its exports of manufactured goods to the industrialized countries. It may therefore, be worthwhile considering the adoption of a target for manufactured exports from developing countries to the industrialized centres for the 1930's and to the end of the century. The manufacturing trade target would require that the value of manufactures imported by the South from the industrialized countries, should be covered to the extent of 50 per cent by 1990 and 100 per cent by the year 2000 by the value of manufactures exported by the South to the industrialized countries. The target would thus complement the Lima target in deliberations in international trade policy. A target for exports in manufactures from the developing countries was discussed by the Group of 77 and included in its Arusha Programme on Self-reliance for UNCTAD V.

In the light of the above, there should thus be a need to promote greater intra-African co-operation in the expansion of African markets for its manufactured goods. This should involve the pooling of resources and mutual support in achieving greater domestic processing of natural resources and ensuring complementarity in industrial raw material and intermediate inputs.

#### Action at the national level

At the national level steps would need to be taken for the creation of African multi-national production enterprises particularly of resource-based industries through the drawing up of bilateral and multilateral statutes governing the sharing of benefits through appropriate capital structures and operating policies. There would also be a need to promote direct contact between buyers and sellers of specific industrial commodities in a variety of ways, including promotion of national and international industrial fairs and exchange of industrial commodities.

#### Action at the regional level

At the regional level, it would be necessary to promote greater inter-African co-operation in the expansion of African markets for its manufactured goods. This should involve the pooling of resources and mutual support in achieving greater domestic processing of natural resources and ensuring complementarity in industrial raw material and intermediate inputs. The creation of African multinational production enterprises particularly of resource-based industries should be particularly relevant.

#### Industrial financing

As the achievement of accelerated industrialization requires a substantial and uninterrupted flow of external resources, action programmes should give high priority to:

##### At the national level

- (a) increasing the rate of domestic savings and the channelling of a substantial share of these to the industrial sector in recognition of its central role in achieving accelerated economic development;
- (b) stimulating a substantial flow of external resources to industry by taking measures to generate industrial projects;
- (c) strengthening domestic capabilities for investment promotion, financial negotiations and management;
- (d) expanding the domestic public and private entrepreneurial base so as to ensure optimal benefits to be retained for the country from ventures involving the participation of direct foreign investment;
- (e) creating and strengthening national development financial institutions so that these become the focal points for mobilizing domestic resources and securing loans on concessional terms from regional, interregional and international financial institutions.

At the regional level

At the subregional and regional levels actions to stimulate and increase industrial financing should give emphasis to:

- (a) the harmonization of national investment policies and the pursuance of measures calculated to maximize the advantages of foreign investment in general and the transnational corporations in particular in terms of employment opportunities, investment finance, development of managerial and technical skills and the integrated development of industry, agriculture and the rural sector;
- (b) the establishment and strengthening of subregional and regional industrial finance institutions particularly the African Development Bank and the African Industrial Development Fund, to stimulate the establishment of multinational industrial production facilities through the mobilization of concessionary funds from global and Third World financial institutions and channelling them to African countries either directly and/or through the national industrial development banks;
- (c) mobilization of financial and real resources within the region, and redeploy them on a region-wide basis for the purpose of national, multinational and regional industrial development particularly in the development of basic and strategic industries;
- (d) fostering specialization and complementarity so as to reduce economic cost through the progressive integration of contiguous markets.

At the global level

Action at the global level, which should aim at re-inforcing national and regional efforts, should be directed towards assisting the African countries in mobilizing, under favourable terms and conditions, external financial resources for industrial developments. Consideration may therefore be given to:

- (a) The establishment of an International Industrial Finance Agency which would help to promote co-operation among the developing countries in financing industrial activities by converting financial surpluses available in some developing countries, into durable forms of long-term investment in other developing countries through a mechanism which will avoid the present intermediation of Northern financial institutions. The Agency will incorporate functions of an export credit fund for developing country exports of manufactures and technology to other developing countries as well as the industrialized countries. Membership of this Agency would be open to governments and financial institutions of developing countries;
- (b) The establishment of a Global Fund for Stimulation of Industry which would make quick-disbursing programme financing loans to developing countries of extended maturities between 12-20 years, in significant amounts building up to an annual level of \$15 billion, with its total callable capital projected to be in the range of \$ 75 to \$ 100 billion. It would provide a mechanism, supported by the collective guarantee of the international community which would disperse resources to the

widest possible range of developing country borrowers who individually might not otherwise have access to the international private banking system. Its functioning would be analogous to the World Bank, but there would be two important differences. First, the total amount of resources raised would be deployed for programme lending rather than project lending, in order to impart the necessary momentum to the world economy in the same manner as private bank lending has been able to do in recent years. Second, an interest subsidy element will apply to a maximum of 25 per cent of the Funds lending operations, in order to reach out to the least developed and most seriously affected countries, whose overall circumstances require concessional financing;

- (c) The establishment of an International Industrial Finance and Negotiating Network which would assist the developing centres in sharing their experiences in borrowing from Northern transnational banks and in export financing, through a cross-flow of information on credit agreements and data about mechanisms for developing country access to external finance. The network would also provide training and technical assistance in negotiating loans and export credit agreements. These services can at present be purchased in the North, but they are available at a high price and do not easily allow informed judgements to be made on the quality of services rendered. The International co-operative mechanism proposed would be geared towards alleviating these constraints.
- (d) The promotion of various types of Risk Capital Financial Instruments such as commodity or trade indexed bonds. With commodity-indexed bonds, the interest payable can be linked to a commodity price for a basket of commodity prices or indices through an appropriate formula. Similarly, trade-linked bonds would carry a return based on the trading performance of the issuing country, in this way, both investors and users of funds would share in trading profits or losses. These instruments may be attractive to both investors and users of funds largely in high risk industrial activities; such as in countries largely dependent on the processing of raw materials and the manufacture of products which face significant market price fluctuations;
- (e) The promotion of barter or buy-back related investment as a means of transferring industrial capacity from industrialized to developing countries. Such arrangements could provide an effective method of increasing the volume of investment for industrial projects broadening the choice of source for external investment and of gaining access to new markets while serving as a viable alternative to DFI. Co-operative efforts could be undertaken to provide technical assistance to developing countries in order to help them determine their objectives, plans and negotiating strategies, as well as in the formulation of barter laws and to promote means through which financial institutions can facilitate barter and buy-back related investment arrangements.

Special measures for the least developed, land-locked, island and most seriously affected developing countries

Since twenty of the 31 countries recognized as belonging to the least developed category are in Africa, emphasis needs to be placed on special measures in support of these as well as of the land-locked, island and most seriously affected developing countries. Such assistance



should focus on the promotion of small and medium-scale industries, with particular emphasis on industrial training and management; the utilization of natural resources by local industries; maintenance and repair of industrial equipment and agricultural machinery; the promotion of agro-based industries; and the development of engineering products and small foundries.

With regard to the land-locked, island and most seriously affected developing countries, emphasis should be accorded to the preparation of industrial surveys; projects preparation, evaluation and implementation; development of technologies to meet their special needs, particularly in food processing and alternative sources of energy; water extraction, distribution and management; the integration of agriculture and industry; the promotion of investment projects, with a view to securing external financing, and to the development and implementation of industrial training programmes.

Considering the special situation of these groups of countries, actions at the regional and global levels must take into account the need to:

- (a) increase the degree of their participation in international economic relations;
- (b) take explicit cognizance of the fact that the scale of resource transfer to these countries must be stepped up substantially, especially to cope with the difficulties arising from imported inflation price increases of all other factor inputs seriously affecting their industrial development;
- (c) effect direct transfers, bypassing existing market institution and step up the development of agriculture, and basic infrastructures as prerequisites for industrialization;
- (d) assist these groups of countries to establish a comprehensive inventory of their natural resources; increase their absorptive capacities raise their ability for productive investment;
- (e) set up industrial institutional machinery including especially feasibility study centres, technology institutes, and investment promotion and pilot production centres as well as the provision of industrial extension services.

[Paras: 42-53 of annex I of ECA/CMI/EXTRA.1/1]

Item 5 (f): Creation of appropriate industrial structure in developing countries with a view to accelerating their economic growth and increasing their share in world industrial production in order to fully realise their economic potential within their national interests, in accordance with the Lima Declaration and Plan of Action and the resolution of the seventh special session of the General Assembly

In determining a common African position on this item of the agenda the following points are identified as being of particular importance:

At the national level

- (a) The development, on a priority basis, of the chemicals, metals, agro-engineering and building materials industries and industries providing inputs to the services sectors particularly the capital goods industry;

- (b) The development and strengthening of inter-sectoral relationships and intra-industry linkages so as to foster and speed up the emergence of domestic industrial structures that will increase agricultural production, meet the basic needs of African populations for food, housing, health and education, and at the same time provide the intermediate and capital goods required for sustained industrialization and providing domestic inputs for the other economic sectors;
- (c) The formation of rural, small and medium size industries based on local resources and which take into full account the advantages of forward and backward linkages so that these become effective means for re-dressing rural - urban imbalances increasing employment opportunities and thus contributing significantly to arresting the exodus of populations from the rural to the urban areas;
- (d) Development of industrial parks, free zones and rural workshops;
- (e) The development or strengthening of national institutions to accelerate self-reliant and self-sustained industrial development. These should include:
  - rural and small-scale industrial development agencies
  - rural workshops and pilot demonstration plants, project identification, preparation and evaluation centres
  - technological development and regulatory agencies
  - engineering design and technological centres
  - standardization and quality control organizations
  - industrial development banks
  - industrial and investment promotion centres and
  - machinery for the development and monitoring of plans, policies and programmes of industrialization.

At the regional and subregional levels

- (a) The establishment of national, subregional or regional agencies and institutions for the promotion of small and medium-scale industries through the provision of advisory services, marketing information and training particularly management training;
- (b) The establishment of African multinational industrial production enterprises particularly of resource-based industries through the drawing up of bilateral and multilateral statutes governing the sharing of benefits through appropriate capital structures and operating policies.

At the global level

At the global level, the international community should assist the developing countries especially the least developed, land-locked, island and the most seriously affected ones, both financially and technically, including the provision of grants and soft loans and in the establishment and/or strengthening of the industrial institutions identified above.

[Paras: 71-72 of annex I of ECA/CMI/EXTRA.1/17]

Item 5 (g): Role of foreign investment

The forthcoming United Nations Conference on restrictive Trade practices should arrive at results reflecting the interest of developing countries in development by laying down the principles and norms for eliminating restrictive trade practices particularly those of transnational corporations. In this regard, it is acknowledged that there is a close connection between the results of this Conference and those emerging from the work undertaken within the framework of the United Nations on the policies and practices of transnationals. In this framework, the need to adopt a code of conduct for the transfer of an all-purpose technology with mandatory legal implications is also acknowledged.

The satisfactory results of these series of negotiations related to adequate national policies should, by outlining a framework of action, facilitate and bring more in line with the interests of developing countries, the role that direct foreign investment can play in the transfer of technology, management techniques and capital contributions.

Action at the national level

At the national level African countries should, where it has not been done, clearly define in their national industrial development policies and plans the role they wish DFI to play in complementing their industrial development efforts. To this end they should strengthen their capacity for investment promotion, negotiation and management so as to be able to unpackage and acquire the factors most relevant to their industrial development, in harmony with actions taken at the regional and subregional levels.

Action at the regional level

At the regional and subregional levels, there is a need to harmonize policies and to strengthen regional and subregional industrial financing and investment promotion institutions with a view to adopting a common approach on the continent on foreign investment.

Action at the global level

Actions at the global level should aim at reinforcing actions at the national, sub-regional and regional levels. In addition to the conclusion of the on-going international negotiations on the codes of conduct on transnational corporations, on transfer of technology and on restrictive trade practices, these actions should facilitate the flow of foreign investments, on suitable terms and conditions that ensure effective development of the developing countries. In this connexion, particular consideration should be given to:

- (a) The establishment of a Commission for International Industrial Development Law. International industrial co-operation today takes place under legal rules, principles and concepts combined in what can be termed international economic law. This international economic law, which reflects an economic order of benefit to the industrialized countries should be changed. This law has its roots in commercial and economic dealings between and among industrialized countries and is heavily geared towards protecting the interests of capital and technology-exporting countries. It has a

considerable, though often indirect, impact on the negotiations between developing countries and foreign investors. This defensive nature of international economic law would make a more meaningful contribution towards Third World industrialization is necessary. The new system of international industrial development law could thus provide the legal dimension of the NIEO;

- (b) the setting up of a System for the Resolution of Industrial Conflicts which would provide a positive environment for co-operation between developing countries and foreign partners. The insistence by investors and industrialized countries on arbitration in an environment and legal framework determined by the industrialized countries has met with stiff and growing resistance from developing countries. The system being proposed would remain responsive to such reservations, and yet meet the needs for satisfactory arbitration and could be used by the developing countries as they deem feasible at the national, regional and international level;
- (c) increased use of existing intergovernmental framework and project agreements and an increased mobilization of the potential of medium-sized enterprises and other non-TNCs by the developing countries from the industrialized countries;
- (d) the elaboration of a programme for the developing countries for international bargaining assistance, improved methods for investment insurance for political risks, regional guarantees for funding of investment projects, and the extension of industrial performance guarantees and corresponding insurances.

[Paras: 73-77 of annex I of ECA/CMI/EXTRA.1/1]

Item 5 (b): Recommendations for policies, procedures and framework to foster develop and strengthen:

- (i) Domestic industrial processing of natural resources

There is an urgent need for the African countries to base their industrial development increasingly on more rational and efficient use of their resources. Many countries in the region do not possess full and reliable information about their natural resource endowments. They have not developed the capabilities to exploit their resources to meet their national needs but have had to rely on the advice given by outsiders, often with their own interests at heart. It has therefore not been impossible for African countries to exercise control over their natural resources. Since these natural resources endowments, including mineral deposits, energy, forestry reserves, and agricultural produce provide the raw materials for industry, policies, procedures and framework to foster their development should include action at the national, regional and global levels.

#### Action at the national level

The following actions are suggested:

- (a) In accordance with the declared strategy for self-reliance and self-sustaining industrialization, policies and long-term programmes should be developed and implemented for the effective exploitation and processing of natural resources;
- (b) National inventories of the natural, including mineral resources of the African region should where possible be prepared by African institutions which would come up with more accurate data and information by referring to local criteria as well as the development and implementation of a system for the assessment and monitoring of natural resources;

- (c) The question of energy has been receiving increasing attention from the international community. About 30 per cent of the total world energy is consumed directly by industry. Whereas the location of industrial plants frequently depends on the availability of power, in some cases the economic utilization of power resources hinges upon the establishment of industry in their immediate vicinity. The achievement of the Lima targets and the establishment of industry in developing countries will require considerable amounts of different forms of energy. At present, the major need is for energy based primarily on conventional resources. However, increasing attention is being accorded to the development and effective utilization of non-conventional energy resources including, in particular, solar, wind mill and bio-gas energy. National action programmes need to be developed and implemented accordingly;
- (d) Prospective analyses show that the developing countries could derive very considerable benefits from efforts to expand the processing of minerals extracted within their territories. To this end it would seem desirable that developing countries systematically pursue policies to achieve a higher degree of processing and ensure the integration of these plans in their industrialization strategies. This would necessarily include measures to:
- stimulate and facilitate the establishment of processing plants in the developing countries and international industrial co-operation in this field;
  - establish or strengthen minerals offices in the developing countries to monitor national and international issues and to provide training to national personnel in the field of mineral processing, especially on negotiations and management;
  - ensure better terms and conditions with the transnational corporations by, for example, including a clause in contracts with TNC's providing for a systematic increase of local processing.

#### Action at the regional level

At the regional and subregional levels efforts should be directed towards

- (a) Greater utilization of indigenous resources and capabilities available in the region with a view to fostering collective self-sustained industrialization;
- (b) Joint financial and material support to African multinational institutions dealing with the development of natural resources which should adopt a common position against external foreign exploitation of these resources;
- (c) Intensification of co-operation among the OAU member States in identifying the quality and quantity of mineral resources in the region, in prospecting, mining, improving and processing them, in converting them to intermediate goods and finished products and in marketing them;
- (d) The establishment of regional and subregional mineral processing facilities through multinational corporations to offset economic disadvantages of processing in one developing country only;

- (e) The promotion of joint efforts in the establishment of co-operative marketing organizations which would enable the pooling of experienced staff and an increased negotiation position towards major foreign consumers;
- (f) The promotion of joint efforts for financing and operating facilities for industrial processing of mineral resources to alleviate economic risks, overcome constraints and give impetus to the development of African country capacities in the beneficial utilization of their resources.

#### Action at the international level

At the global level, it may be considered appropriate to entrust UNIDO in co-operation with relevant regional and UN organizations, the responsibility for co-ordinating the preparation of and follow-up on studies and proposals as outlined above and to bring its findings to the attention of the international community. [Paras: 31-34 of annex I of ECA/CMI/EXTRA.1/1]

#### (ii) Industrial skills

The importance of developing the requisite industrial and technological manpower and skills cannot be over-emphasized. This would require a re-orientation of existing educational policies, systems and programmes as well as compensation schemes and the adoption of new approaches to industrial training. Industrial training programmes should place emphasis on science and technology and its interaction with national industrial policies on developing the skills required to cope qualitatively and quantitatively with the entire spectrum of industrial activities; and on increasing the ability of the African countries to make optimal use of their scarce national and external resources.

#### Action at the national level

Policies, procedures and frameworks to be adopted at the national level, should be geared to creating indigenous capabilities for the development of industrial skills with emphasis on the following:

- (a) the development of industrial leaders, entrepreneurs, policy-makers and planners to conceive, implement and monitor industrial and technological programmes in accordance with national goals and priorities as well as to negotiate technology transfer agreements;
- (b) project designers to prepare, evaluate and select projects for implementation only those projects which contribute optimally to national objectives;
- (c) technologists and technicians to construct and operate plants efficiently and to provide technical support services in industrial research, quality control, standardization, metrology, patent laws, engineering design, repair and maintenance, etc. as well as in the appraisal, selection, adaptation and diffusion of foreign technologies;
- (d) managers, cost accountants and financial analysts to run public and private enterprises profitably and undertake business negotiations on terms and conditions of joint ventures;

- (e) multi-disciplinary teams of extension workers to provide guidance and assistance to rural and small-scale enterprises in their day-to-day operations as well as in their long-term planning and programming of their operations;
- (f) market and marketing experts to identify evolving domestic and international demand for industrial products and thus ensure efficient programmes of production.

To achieve the foregoing, national policies and plans and programmes should include:

- (a) the establishment of multi-purpose training institutions as well as specialized institutions to train manpower to meet the requirements of specific industrial subsectors, such as those producing building materials, chemicals, metals, leather and textiles;
- (b) measures, including legislation and incentives to encourage industrial enterprises to institute programmes in which trainees gained practical experience of industrial problems;
- (c) mechanisms to ensure that indigenous experts participate in the total process of project design, planning, elaboration, implementation and operation, from the feasibility study phase on. Unless such mechanisms are adopted the technological development of the region would remain slow and unbalanced;
- (d) measures to upgrade the social status of industrial and technological personnel;
- (e) measure to secure sound and continued financial support to industrial training.

#### Action at the regional level

Measures at the regional and subregional levels should include:

- (a) The harmonization of national policies and programmes for the development of industrial and technological manpower
- (b) the preparation of an inventory of the industrial and technological manpower with a view to promoting its development and exchange within the region as a whole
- (c) The establishment of regional training programmes and institutions including multi-national teaching companies within the principal sectors and subsectors of production priorities and closely associated in their operational activities with universities, polytechnics and educational and other training institutions
- (d) The establishment of linkages among institutions involved in the upgrading of technical capabilities within the region for the purpose of eliminating duplication of efforts and more importantly, of making it possible for their staff to share their experience.

#### Action at the international level

At the global level, international organizations particularly UNIDO, ECA, UNESCO and the ILO should intensify their technical and material support to the efforts of the African countries in industrial and technological manpower development.

(iii) International co-operation in the field of development and transfer of industrial technology

International co-operation in the field of development and transfer of technology must lead to a mastery of technology by the developing countries. Co-operation in this direction would be geared towards both reducing the costs of technology acquisition and the relaxation of the terms and conditions of access and utilization of technology and towards the strengthening at the national level the technological capabilities and the preparation of national master plans and programmes for the development and transfer of technology including, in particular:

- (a) The national institutional system for the development or upgrading and commercialization of indigenous technologies, as well as the evaluation, selection, acquisition, adaptation, absorption and regulation of foreign appropriate technologies. Such a national institutional system should include institutions dealing with:
- technology policies and plans;
  - industrial and technological research and development;
  - standardization, quality control and metrology;
  - regulation of technology importation;
  - commercialization of indigenous technologies;
  - industrial and technological information;
  - industrial planning, project identification, preparation and evaluation;
  - industrial investment promotion with special emphasis on assistance to small-scale industrial entrepreneurs;
  - industrial consultancy and management;
  - industrial and engineering design including product and process adaptation.
- (b) The establishment of pilot production units for selected industrial goods as well as for spare parts, components where controlled experiments could be carried out with a view to making appropriate changes in design and processes for the upgrading of traditional technology and adaptation of imported technology;
- (c) The establishment of networks of technological information on low cost and other adapted technology from other developing countries and regions and the setting up of a system for monitoring on a continuing basis of the costs and terms and conditions for technology transfers so as to strengthen national capabilities for negotiating efficient transfers of imported technology.

New approaches would need to be adopted at the international level to facilitate the achievement of technological self-reliance. Such new approaches would help in instituting international co-operative mechanisms. Special consideration could be given to the establishment of:

- (a) An International Industrial Technology Institute which would help to co-ordinate and focus international research and development efforts towards specific African needs, in order that new and more appropriate technologies are available for deployment and development through existing African regional, subregional and national institutions. The institute would also help to monitor and provide information on terms and conditions of acquiring technology, ongoing research efforts in the developing countries in labour-intensive and energy-saving technologies; to stimulate technology flows among developing countries seeking and providing venues for financing R and D in the developing countries.



- (b) An International Centre for the Joint Acquisition of Technology which would assist the developing countries individually or collectively in negotiating master contracts with process suppliers incorporating the best possible terms and conditions of acquisition particularly in the industrial sectors accorded high priority. The Centre would also assist the developing countries, through relevant national or subregional institutions by providing basic lists of equipment and technologies, on a product-wide basis along with the supplies in each case; information on optional terms and conditions available from each process supplier; and appropriate negotiating facilities for purchasers.
- (c) An International Patent Examination Centre to complement the activities of WIPO and INPADOC by providing specific patent information such as results of initial examination and dates of expiry. In addition, the Centre would collect and distribute information on "inappropriate products and would establish links with agencies in the developed and developing countries engaged in Food and Drug Administration in order to disseminate information on the side effects of foods and drugs among the developing countries to enable them to adopt the relevant policy measures related especially to allowing market access to foreign producers of certain items, as well as the desirability of undertaking domestic production of these items.

Paras: 40-41 of annex I of ECA/CMI/EXTRA.1/17

Item 5 (c): Industrial co-operation among developing countries

African countries have realized the need and urgency to establish basic, large-scale and nationally integrated industries in the field of agro-industries, chemicals, metals, engineering and construction materials. They have, however, not succeeded to fully achieve their needs through national efforts alone, because of smallness of national markets, vis-à-vis, the minimum economic sizes, lack of finance, insufficient export opportunities for manufactures, dependence on foreign skills and technology, imported intermediate and capital goods, inadequate information on upstream processing, marketing and other economic and technical data, poor infrastructures, domination by transnational corporations in the control over finance, capital, production, technology management, technical skills, marketing and distribution.

Therefore, the African countries are left and compelled with the alternative of establishing these industries jointly through industrial co-operation on bilateral, subregional and regional basis. Such joint industrial ventures will benefit African countries and accelerate industrialization in the region and could act as promoters and catalysts in the region for the adaptation, choice and transfer of technology, development of manpower, control over natural resources, creation of dynamic, self-sustained and regionally integrated industries, creation of stable conditions for the supply of basic and strategic goods, organization of consultancy and management services and investing surplus funds in dynamic sectors.

Thus, industrial co-operation among developing countries could, from the African point of view, be undertaken at three levels:

Regional industrial co-operation

At the regional level, the adoption and promotion of regional co-operation is an indispensable instrument of a national, regional self-reliant and self-sustained development and thus warrants:

- (a) the creation and strengthening of units within national government structures for assuming full responsibility for promoting African collective self-reliance;
- (b) the strengthening of economic groupings as these become the agents for promoting subregional common markets and eventually the creation of regional programmes; and
- (c) formulation of "industrial development zones" on the basis of existing sub-regional or any grouping of countries willing to develop the priority sectors within the context of multinational or joint ventures;
- (d) the expansion and development of regional programmes and institutions designed to foster African collective self-reliance which, inter alia, include:
  - sectoral development programmes particularly in regard to basic industries (food and agro-industries, forest industries, building materials and construction industries, engineering industry, basic metal industry and chemical industry) with a view to identifying viable national and multinational projects;
  - regional industrialization institutions (such as the African multinational corporations in leading sectors) to facilitate the exchange of experience and dissemination of information and assist in the formulation of coherent and consistent industrial policies and programmes;
  - regional centres for the transfer and development of industrial technology, for higher training and for industrial design and engineering, so that these become effective for self-help in technology development;
  - African industrial development funds and regional centres for engineering consulting services so as to develop facilities and capabilities for pre-investment studies particularly of multi-national industries; and
  - African teaching companies within the framework of production priorities so that these become an effective basis for promoting skill-embodied technological progress.

#### Interregional industrial co-operation

While the fields for interregional co-operation between developing regions are almost unlimited and cover the entire range of industrial activities, it is essential and pragmatic to ensure a certain degree of selectivity and priority of approach. This is essential both from the point of view of resource availability and the need to secure the maximum impact of projects and programmes of industrial development.

In more concrete terms, interregional co-operation between the African region and other developing regions could involve:

- (a) production, procurement and subcontracting in connexion with spare parts and components for backward and forward integration with particular reference to the automobile, telecommunications, agricultural implements and equipment;
- (b) development of machine tools industry, foundry and forging technologies, mini steel and cement plants; engineering and metal-working industries; national small-scale and rural industrial development corporations; and multinational industrial co-operation within the context of integrated industrial development;

Global action to assist South-South industrial co-operation

Industrial co-operation among the developing countries is an important instrument for the achievement of the Lima target. At global level, assistance is therefore sought from financial and technical resources from developed countries for achieving the objectives indicated above.

Modalities of industrial co-operation among developing countries

The following modalities are proposed:

- pooling resources and institution building to secure common objectives;
- scheme to promote the utilization of equipment and supply from developing countries;
- consortia and joint programming between institutions;
- exchange of information, technical know-how and experience;
- appropriate technology and market sharing in industries;
- long-term financing arrangements (financing schemes);
- multi-product industries amenable to co-production arrangements;
- twinning arrangements;
- greater utilization of industrial complementarity taking into account economies of scale and specialization;
- bringing together in working parties financial institutions and technology purveyors of developing countries to agree on the technical and financial modalities of a project;
- joint ventures and/or equity participation;
- repayment of investment with products;
- raw material exchange;
- loan capital;
- co-management expertise in project implementation;
- training facilities and consultancy services etc.

[Paras: 57-64 of annex I of ECA/CMI/EXTRA.1/1]

Item 5 (d): Redeployment of industries from developed to developing countries

Redeployment could be an instrument for international industrial restructuring aimed at establishing productive capacities in developing countries, with a view to increasing these countries' share in the total world industrial production on the basis of the country's factor and resource endowment, development objectives and other socio-economic considerations. An increased redeployment pace implies for the governments of the industrialized countries, the acceptance of the support to increased industrial resource transfers to developing countries, increased importation of manufactures from developing countries and accelerated industrial restructuring of industry.

Redeployment should not be export platform production or international industrial sub-contracting but should instead involve the transfer of complete production processes in order to maximise domestic value added and provide linkages to the economies of the African countries. The prospects for industrial capital formation in the developing countries through redeployment have been noted in General Assembly resolutions 3362 (S-VII) and 31/163. Most recently, resolution 131 at UNCTAD V, on Protectionism and Structural Adjustment called for the elimination of protectionism practices of the developed countries which are opposed to a more effective international division of labour, in particular the transfer from the developed to developing countries of industries in which the developing countries have comparative advantage.

#### Action at the national level

At the national level, there is a need for African countries to formulate policies, identify industrial sectors and develop a suitable operational framework, based on an application of national industrialization objectives, resource endowment and factor availabilities, in order to maximise the benefits from redeployment by integrating redeployed industries into the national structures.

#### Action at the regional level

Regional action could be undertaken in the form of harmonization of policies and the provision of information to individual countries on industries which can potentially be redeployed and modalities for the industrial redeployment process.

#### Action at the global level

At the global level, it is recommended that UNIDO should, in close consultation with other international and national bodies, pursue studies on (a) structural changes in developed countries, (b) industrial development plans and prospects in developing countries, and (c) world-wide industrial developments. Developing and developed countries - market as well as centrally planned economy countries - are called upon to participate in these efforts. These studies would be consolidated and regularly disseminated and might serve as an important basis both for adjustment policies in developed countries and for formulation of strategies and policies in the developing countries. The role of UNIDO should also include:

- (a) a continuous surveillance of determinants of structural changes in developed countries, prospective analysis of the changing international division of labour and a permanent exchange of data, plans and views between the parties involved;
- (b) fostering of the redeployment as a means of the industrial restructuring process, examining its prospects and obstacles, disseminating the findings and suggestion to the international community and facilitating contracts, exchanges of views and fostering co-operation between the various factors in the international restructuring process. This could be undertaken in the context of the UNIDO system of consultations.

Item 5 (e): System of consultations

The guiding principles to be pursued by developing countries for the promotion of North/South co-operation are based on the recognition by the international community that the conduct of international economic relations has thus far been to the disadvantage of the developing countries, that fundamental changes would need to be instituted to establish a new international economic order, that this would necessitate first and foremost the restructuring of world industrial facilities and that consequently the international community would need to take urgent and concrete measures to implement the Lima Declaration. The following actions should be considered:

- (a) At the national and regional levels, the developing countries need to develop and implement policies and programmes to enable them become equal partner in influencing the pattern and direction of the world economy and the promotion and pursuance by the industrialized countries of policies and measures designed to redistribute world industrial production equitably:
- (b) At the international level, there is a need to:
  - (i) channel substantial technical assistance to the developing countries to develop their economic and social infrastructures and hence increasingly guaranteeing the profitability of future industrial ventures;
  - (ii) increase financial resources for industrial investments in the developing countries; the need to raise the capacities of the developing countries in the varied facets of the complex problems of industrialization;
  - (iii) exercise positive control over the operations of the transnational corporations to foster optimal world welfare.
- (c) In order to facilitate the achievement of the above actions, it is further recommended that:
  - the existing system of industrial consultations should be strengthened by making it a permanent institution with well defined rules of procedure for the system;
  - the consultation meetings as well as their preparatory and follow-up activities should be operated not only at the global level but also at the regional and subregional levels;
  - the Follow-up Committee on Industrialization in Africa, should continue to act as the regional machinery for the consultation system as re-affirmed;
  - panels of technical experts should be established on each sector or area selected for industrial consultations to advise the Follow-up Committee accordingly;
  - emphasis should be accorded to the transfer of know-how and the process of technology selection, contract negotiations, payment of know-how fees, licensing, management and agency fees;
  - institute and/or re-inforce regional instruments for the consultation system;
  - financial assistance should be extended to all African countries to facilitate their consistent and active participation at these consultation meetings.

Item 6: Institutional arrangements

In establishing a common African position on this item of the agenda it is essential to also review the effectiveness of the institutional arrangements at the national and regional levels in Africa since this has implications on the effectiveness of co-ordination and follow-up on matters concerning industrial production, international industrial co-operation and related issues covered by other organizations within the United Nations system.

Institutional arrangements at the national level

As indicated in the preamble,<sup>2/</sup> the institutional arrangements in the African countries for industrial and technological development are not only insufficient but in most cases also inadequate to effectively implement the strategy and policies for self-sustained and self-reliant development. It is therefore essential to clearly define the institutional machinery for handling industrial development matters. The national industrial development institutional infrastructure should also ensure that the various activities related to industrial development are properly developed.

In order to ensure and facilitate the contribution of the entire sectors of the economy to industrial development, it may be worthwhile considering the establishment of National Committees for UNIDO. Such Committees consisting of representatives of the Government, the business community, industrial enterprises and universities would help to bring together the various experiences at the sectoral level in order to arrive at national industrial development programmes; thus helping to bring about a greater integration of industry with the other sectors of the economy and to ensuring that programmes of technical assistance from UNIDO and other technical assistance agencies are designed to meet the practical needs and requirements of the population.

Institutional arrangements at the regional level

At the regional and subregional levels, there is a need to strengthen the machinery, in subregional or regional organizations, for co-ordinating industrial development activities. This includes:

- (a) the identification of centres of excellence in selected industrial sectors or areas, and strengthening them to provide service to other countries within the subregion or region;
- (b) the strengthening or establishing of subregional or regional specialized or multi-purpose institutions for the promotion of industrial and technological development, industrial financing and marketing, and multinational industrial production enterprises; and

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<sup>2/</sup> This refers to Part I of document ECA/CMI/FCIA.A/WP/1 or ECA/CMI.5/INR/WP/7 which is not reproduced with this Annex.

- (c) the development of a machinery for carrying out preparatory and follow-up activities to the system of industrial consultations.

In connexion with the above the role of the Conference of African Ministers of Industry and its Follow-up Committee on Industrialization in Africa in guiding, reviewing and monitoring industrial development activities on the continent is essential. Additionally, the OAU secretariat and its relevant subsidiary organizations need to be strengthened in accordance with the OAU General Assembly resolution, to enable them to provide the necessary substantive information for the OAU to take political decisions on African industrialization.

- Item 6 (a): Review of the effectiveness of co-ordination and follow-up on matters concerning industrial production, international industrial co-operation and related issues covered by other organizations within the United Nations system

The experience of the African countries indicates that the co-ordination and follow-up on matters concerning international industrial co-operation have been fragmented not only within the United Nations system but also among various bilateral and multilateral aid agencies. With regard to co-ordination and follow-up within the United Nations system, there is a need for the entire international community to implement the United Nations General Assembly resolution establishing UNIDO as the focal point in the United Nations system for co-ordinating all matters and technical assistance to the developing countries in the field of industrial development. This central co-ordination role of UNIDO has been re-affirmed by various resolutions of the OAU and the Conference of African Ministers of Industry. The final declaration adopted at the Non-aligned Summit recently held in Havana, Cuba, also underlined "the importance of strengthening the role of UNIDO within the United Nations as the central organ for negotiation, promotion and co-ordination in the area of industrialization.

At the global level therefore, there is need to harmonize all industrial efforts, at the bi- and multi-lateral levels. To this effect, the central role of UNIDO as indicated above and in item 6 (b) below, as the focal point for matters and co-ordinating all United Nation assistance must not only be strengthened but also enlarged to enable it to keep abreast with and advise the developing countries on all global industrial development matters, not only on a multi-lateral but also on a bilateral level. To this effect co-operation between UNIDO and the Regional Economic Commissions and other intergovernmental organizations need to be strengthened. The present United Nations system of inter-agency consultations should be expanded to include consultations relating to industrial development.

- Item 6 (b): Review of the effectiveness of the institutional arrangements for the United Nations Industrial Development Organization, with reference to the long-range strategy for the Organization, to meet the challenge of industrialization in the 1980s and beyond

A number of United Nations General Assembly resolutions, the Lima Declaration and Plan of Action, the Declaration recently adopted at the fifth Non-aligned Summit as well as resolutions 5 (IV), 6 (IV) and 7 (IV) of the Kaduna Conference of African Ministers of Industry and resolutions CM/Res. 660 (XXXI), CM/Res. 666 (XXXI) and CM/Res. 722 (XXXIII) of

the OAU have been related to the technical and other activities of UNIDO and made recommendations aimed at strengthening its institutional arrangements. In accordance with these resolutions and to enable UNIDO to more effectively carry out its mandate the African countries re-affirm their support to the conversion of UNIDO into a United Nations Specialized Agency and call on all member States of the United Nations to sign and ratify the new Constitution without further delay. They also call for strengthening the activities of UNIDO with particular emphasis on:

(a) Technical assistance

In strengthening and improving the technical assistance activities of UNIDO special attention should be given to:

- (i) a greater involvement of the developing countries in the implementation of technical assistance projects;
- (ii) the establishment of national recruitment offices in the developing countries as appropriate, to identify, evaluate and recommend expert and consultancy and other organizations to undertake field work for UNIDO;
- (iii) the development of basic industries, particularly agro- and agro-related industries, mineral processing and engineering industries, as well as the integration of industry and agriculture; rural industrialization; energy; special programmes for the least developed and the Sahelian countries; development, acquisition, transfer and adaptation of industrial technology; industrial planning; project identification; preparation and evaluation; the expansion and rehabilitation of industries; industrial management; industrial institutions; and the development of the capital goods industry;
- (iv) the assurance of a regional perspective in the delivery of technical assistance activities.

(b) Development and transfer of technology

In strengthening and expanding UNIDO's activities in the area of development and transfer of industrial technology in order to improve the situation in the development of technological capabilities in Africa, priority should be accorded to:

- (i) fostering the establishment of a system for the exchange of technological information among African countries on the costs and conditions of technology transfer and the regulation of the flow of foreign technologies;
- (ii) concretising the services of the Industrial and Technological Information Bank;
- (iii) assisting African countries in the formulation of long-term national plans and policies for the development of technology;
- (iv) promoting the establishment of a suitable world-wide mechanism through which new channels and patterns for technology transfer to the developing countries could be made available;
- (v) the strengthening and/or establishment of technological institutions for the development of indigenous, adaptation of foreign, and transfer of technologies;



- (vi) development of technological manpower;
- (vii) the development and commercialization of technologies in selected industrial sectors; and
- (viii) the provision of technological advisory services.

Close association with the office of the United Nations Director General for Development and International Economic Co-operation should be maintained to ensure the full participation of UNIDO in the implementation of the programme of action adopted at the last United Nations Conference of Science and Technology for Development.

(c) Investment promotion

There is a need to strengthen the investment promotion activities of UNIDO particularly the establishment of investment promotion offices in selected industrialized countries. Assistance should also be extended to the developing countries in the establishment and operation of their own investment promotion offices and activities.

(d) Industrial consultations

The institutionalizing of the system of industrial consultations on a permanent basis. This will help to enhance action at the global and regional levels in tackling effectively and on a continuing basis the planning and programming of the development of specific industrial branches at national, regional and global levels and the promotion of appropriate policies for the redeployment, financing and transfer of technology of the basic industrial sectors cited in the Lima Declaration.

(e) Financial resources for UNIDO

The provision of increased resources for the administrative (regular budget) and operational (UNIDF) activities of UNIDO. Particular efforts need to be made to ensure that the minimum funding level of US\$50 million established for the UNIDF is exceeded. In this connexion, arrangements should be made to facilitate more direct and expeditious financing of technical assistance projects in the developing countries by UNIDO.

(f) The Senior Industrial Development Field Advisers (SIDFA) Programme

In order to strengthen the field presence of UNIDO, the SIDFA programme needs to be expanded and improved. If necessary additional financing from the regular budget of UNIDO should be secured.

(g) Special measures in support of the Least Developed Countries and Technical and Economic Co-operation among Developing Countries

The activities of UNIDO in support of the least developed, land-locked, island and disaster-stricken countries as well as for the promotion of technical and economic co-operation among the developing countries should be strengthened. Particular emphasis should be given to the "Solidarity" meetings and assistance to regional economic groupings on industrial development matters.

(h) Industrial studies

There is a need to strengthen the industrial studies programme of UNIDO with a view to ensuring its greater and more effective contribution to the system of industrial consultations and the programming and implementation of UNIDO's technical assistance and investment promotion activities.

(i) The African Industrial Development Decade

With the endorsement by the OAU Heads of State and Government of the idea to declare the period 1980 to 1989 as the African Industrial Development Decade, UNIDO should collaborate with the OAU, ECA and other relevant international organizations, in developing the administrative and operational arrangements for the programming and execution of activities at the national, subregional, regional and global levels for the implementation of the decade.

The Executive Director of UNIDO is urged to re-examine the present internal structure of UNIDO and propose changes to facilitate the effective implementation of the actions suggested above.

[Paras: 78-86 of annex I of ECA/CMI/EXTRA.1/1]

Appendix II

Material from the Report of ESCAP Senior Officials' Meeting Preceding  
the Ministers of Industry Meeting in Preparation for UNIDO III,  
Bangkok, 22-23 October 1979

(A) Review and appraisal of the industrialization of the region and  
consideration of regional perspective for the Third General  
Conference of UNIDO

The ESCAP Senior Officials' Meeting noted that though, in recent years, the developing countries of the ESCAP region had achieved an impressive over-all rate of industrial growth in historical terms, the pace of progress was inadequate to achieve the Lima target. Progress had been uneven among the countries and the lower income countries had generally recorded slower rates of growth. Their prospects were now seriously inhibited by the unsatisfactory structure of international economic relations, the continuing stagflation and the growing protectionism in most industrialized market economy countries against imports of manufactured goods and the energy situation. In the face of such stupendous problems industrialization of the developing countries posed an unprecedented challenge, calling for an extraordinary effort.

Some delegations suggested that, as has been pointed out in the Lima Declaration, vestiges of colonialism and neo-colonialism are, among others, great obstacles to the economic development of certain countries in the region.

The Meeting felt the need for disaggregating the Lima target into properly articulated regional and sectoral targets. The aggregated Lima target had served to indicate the broad magnitude of the effort required for mounting industrialization of the Third World. More detailed targets would lend themselves to pointed effort.

The Meeting recognized that while in the choice of national policies the individual countries would be guided by their perception of their own historical experience, resource endowment and other relevant circumstances, a mutuality of interests between the developed and the developing countries was now clearly perceptible. The Meeting, therefore, expressed the hope that the Third General Conference of UNIDO would be a forum of co-operation between them and not of confrontation or acrimony. The Meeting noted that there was a relationship between development and peace, security and disarmament. Attention was drawn to the continuing need for the developed countries to assist in raising the manufacturing capabilities of the developing countries. This would, in fact, through the absorption of the capital goods manufactured in the North provide the much wanted impetus for the resumption of industrial growth in the developed countries. It was suggested by some delegations that the developed countries could consider promoting transfer of technology to developing countries at subsidized prices or imparting technical training bearing a part of the cost. The Meeting pointed out the constraints imposed by protectionism against the exports of manufactures by the South. The Meeting called for the removal of these constraints, as speedily as possible, through enlightened adjustment promotion policies in the industrialized countries.

[Paras. 28-31 of ESCAP Senior Officials' Meeting Report.]

(B) /Natural resources development/

The /ESCAP Senior Officials'/ Meeting called upon UNIDO to play a role in supporting the energy resources development programmes. In this context energy requirements of the developing countries for achieving the Lima target would have to be projected.

/Part of para. 43 of the ESCAP Senior Officials' Meeting Report./

(C) /Transfer and development of technology/

The /ESCAP Senior Officials'/ Meeting recognized that the main thrust of the activities of UNIDO and ESCAP in the field of technology was on the improvement of the technological capabilities of the developing countries. Such capabilities would enhance their capacity to make the best choice of the available technologies, acquire them on suitable terms and absorb them in relation to their needs and resource endowment. The Meeting acknowledged, in this connexion, the very important role of the Regional Centre for Technology Transfer (RCTT) and of the technology institutions in the countries.

/Part of para. 45 of ESCAP Senior Officials' Meeting Report./

(D) /Industrial co-operation among developing countries/

The /ESCAP Senior Officials'/ Meeting emphasized the new significance of South-South co-operation in view of the varying degrees of capabilities which the developing countries were in a position to share for their mutual benefits. There was an immense scope for trade, collaboration in manufacturing activities and transfer of technology and skills between them. The Meeting also felt that co-operation among the developing countries should go beyond the realm of trade and should be deep enough to make impact on their manufacturing capabilities. It was also recognized, however, that industrial co-operation could be forged only on the basis of shared priorities and objectives and on established mutuality of benefits. Even the bilateral co-operative ventures had experienced considerable teething troubles. A major concern of the regional and international organizations should be to carefully identify the industrial opportunities which lent themselves to intercountry co-operation and to elaborate appropriate modalities for such co-operation. The Meeting took note of the work that had been undertaken on these lines among the ASEAN countries. The Meeting also took note of the project to promote engineering industries in the ASEAN countries, on basis of complementarity which was being financed by UNDP.

The Meeting also observed that greater economic co-operation among the developing countries did not in any way conflict with North-South intercourse; in fact, it was wholly consistent with the general context of the world economic interdependence.

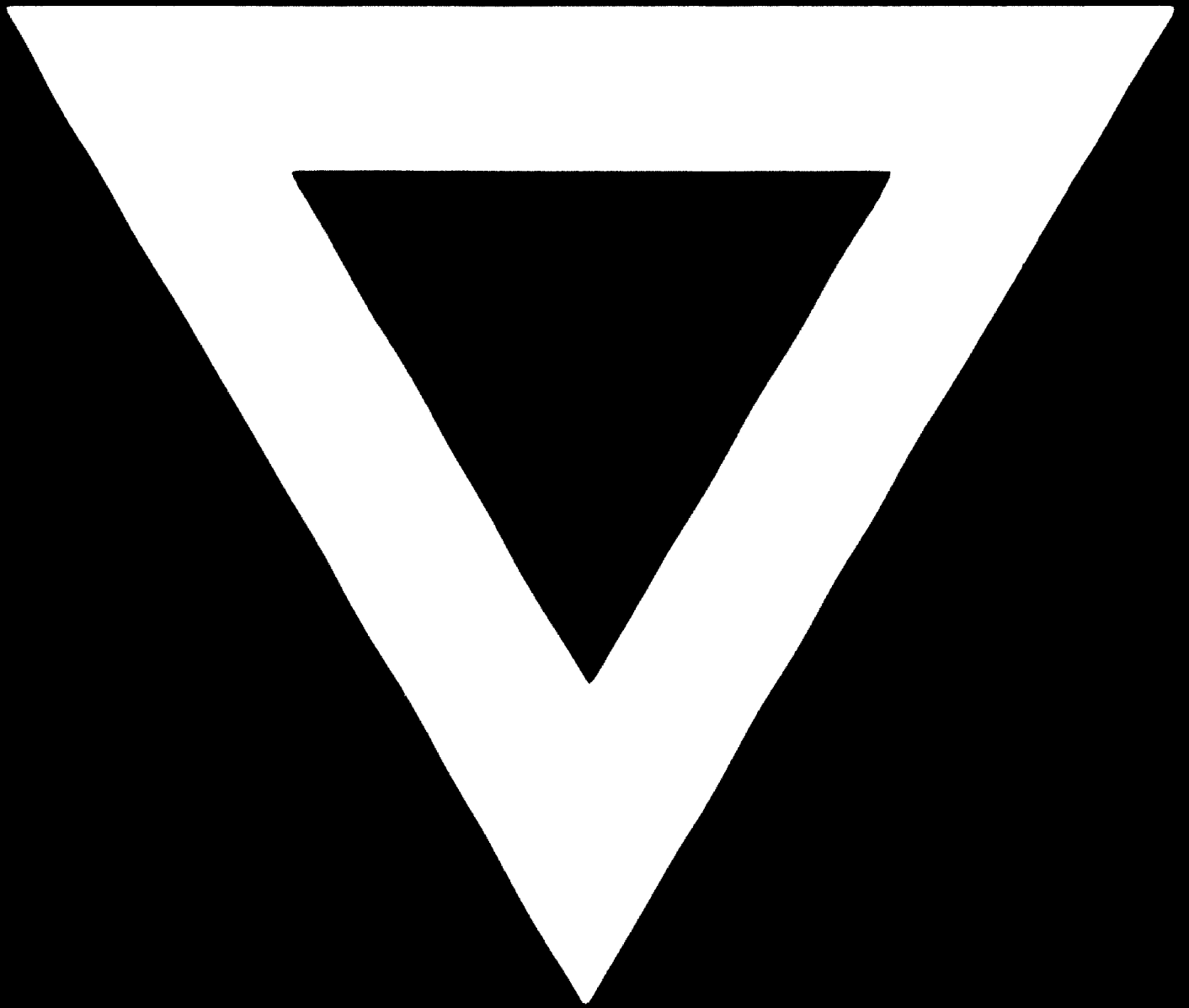
/Paras. 51 and 52 of ESCAP Senior Officials' Meeting Report./

(E) /Redeployment/

The /ESCAP Senior Officials'/ Meeting emphasized the significance of restructuring of the manufacturing sector in the developed countries, to assist in redeployment of the industries in which the developing countries had a comparative advantage. The comparative advantage had to be judged in relation to the dynamic economic considerations and not in the back-drop of a static setting. In this connexion, the Meeting commended the useful work undertaken by UNIDO on redeployment of industry.

/Para. 32 of ESCAP Senior Officials' Meeting Report./

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