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INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE THIRTIETH MEETING

Held at Headquarters, New York,
on Tuesday, 2 May 1967, at 3.15 p.m.

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(continued)

PRESENT:

<u>President:</u>	Mr. TELL	(Jordan)
later,	Mr. BRADLEY	(Argentina)
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. VIDAL ETCHEVERRY	Argentina
	Mrs. SAILER)	Austria
	Mr. REISCH)	
	Mr. FORTHOMME)	Belgium
	Mr. DELVAUX)	
	Mr. PATRIOTA	Brazil
	Mr. VLADOV	Bulgaria
	Mr. BELEOKEN	Cameroon
	Mr. MacLAREN	Canada
	Mr. FIGUEROA	Chile
	Mr. HERRAN-MEDINA)	Colombia
	Mrs. LOPEZ de GARCIA)	
	Mr. SANCHEZ	Cuba
	Mr. SCHEJBAL	Czechoslovakia
	Mr. KURTH	Federal Republic of Germany
	Mr. UGGELDAHL	Finland
	Mr. GEORGE	France
	Mr. THERSON-COFIE	Ghana
	Mr. DIABATE	Guinea
	Mr. CHADHA	India
	Mr. MARTONEGORO	Indonesia
	Mr. NASRE-ESFAHANI	Iran
	Mr. PISANI MASSAMORILE	Italy
	Mr. KOFFI	Ivory Coast
	Mr. ABE	Japan
	Mr. KHURMA	Jordan
	Mr. KHANACHET)	Kuwait
	Mr. AL-RIFAE)	
	Mr. LUBBERS)	Netherlands
	Miss FERRINGA)	
	Mr. OLUMIDE	Nigeria

PRESENT (continued):

Members (continued):

Mr. AHMED	Pakistan
Mr. FERNANDINI	Peru
Mr. RODRIGUEZ	Philippines
Mr. DUMITRESCU	Romania
Mr. RYABONYENDE	Rwanda
Mr. WARSAMA	Somalia
Mr. ARANA	Spain
Mr. SAHLOUL	Sudan
Mr. BERGQUIST	Sweden
Mr. TURRETTINI) Mr. DAHINDEN)	Switzerland
Mr. VISESSURAKARN	Thailand
Mr. ARCHIBALD	Trinidad and Tobago
Mr. CUHRUK	Turkey
Mr. ANANICHEV) Mr. LOBANOV)	Union of Soviet Socialist Republics
Mr. BADAWI	United Arab Republic
Sir Edward WARNER) Mr. FRYER) Miss DEAS)	United Kingdom of Great Britain and Northern Ireland
Mr. GOLDSCHMIDT) Mr. BLAU) Mr. STIBRAVY)	United States of America
Mr. MONTERO	Uruguay
Miss CAMPBELL	Zambia

Observers for Member States:

Mr. RAHMANI	Algeria
Mr. BENSON	Australia
U BA YIN	Burma
Mr. MULONGO	Congo (Democratic Republic of)
Mr. OLSEN	Denmark
Mr. SUBERO	Dominican Republic
Mr. MAKAYA-CASTANOUL	Gabon
Mr. COLLAS	Greece

PRESENT (continued):Observers for Member States (continued):

Mr. CARRANCO AVILA	Mexico
Mr. NENEMAN	Poland
Mr. DELGADO	Senegal
Mr. SKATARETIKO	Yugoslavia

Representatives of specialized agencies:

Mrs. de LOPEZ	International Labour Organisation
Mr. ATEN	Food and Agriculture Organization of the United Nations
Mrs. THOMAS	United Nations Educational, Scientific and Cultural Organization
Mr. CONSULO	International Bank for Reconstruction and Development

Representative of the International Atomic Energy Agency:

Mr. NAJAR	
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Representatives of other United Nations bodies:

Mr. GEOGHEGAN)	United Nations Development
Mr. HARLAND)	Programme
Mr. NERFIN	World Food Programme

Representatives of inter-governmental organizations:

Mr. WOODLEY	United International Bureaux for the Protection of Intellectual Property
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Secretariat:

Mr. ABDEL-RAHMAN	Executive Director, United Nations Industrial Development Organization
Mr. GRIGORIEV	Director, Industrial Technology Division
Mr. OSHINS	Director, Industrial Services and Institutions Division
Mr. LACHMANN) Mr. KROMERY)	Department of Economic and Social Affairs
Mr. STORDEL	United Nations Conference on Trade and Development
Mr. SYLLA	Secretary of the Board

OTHER BUSINESS

The PRESIDENT suggested that the Board should take a decision on the requests for observer status made by six non-governmental organizations: the Afro-Asian Organization for Economic Co-operation, the International Council for Scientific Management, the International Association for the Promotion and Protection of Private Foreign Investments, the International Organization of Employers, the World Federation of Trade Unions and the International Chamber of Commerce.

Mr. SANCHEZ (Cuba), Mr. ANANICHEV (Union of Soviet Socialist Republics), Mr. SCHEJBAL (Czechoslovakia), Mr. DUMITRESCU (Romania) and Mr. VLADOV (Bulgaria) expressed reservations concerning the granting of observer status to the International Association for the Promotion and Protection of Private Foreign Investments.

Subject to the reservations expressed, the non-governmental organizations were authorized to participate as observers in the deliberations of the Board and its subsidiary organs.

The PRESIDENT announced that the Board would shortly be receiving information about the Centre régional européen pour le développement industriel and would be able to take a decision on its request.

FUTURE PROGRAMME OF WORK AND ACTIVITIES OF UNIDO (ID/B/L.19) (continued)
CO-ORDINATION OF ACTIVITIES OF THE UNITED NATIONS SYSTEM OF ORGANIZATIONS IN THE FIELD OF INDUSTRIAL DEVELOPMENT (ID/B/L.7/Rev.1, ID/B/L.8/Rev.1) (continued)

Mr. LOBANOV (Union of Soviet Socialist Republics) proposed that the Board should take up draft resolution ID/B/L.19 immediately.

The PRESIDENT pointed out that the Board had decided to postpone consideration of draft resolution ID/B/L.17, and consequently of the corresponding agenda item, until the next meeting.

Mr. LOBANOV (Union of Soviet Socialist Republics) said that he saw no reason why the Board should not consider the other draft resolutions on agenda item 5.

Mr. LUBBERS (Netherlands) said that he would be grateful if the secretariat could prepare a list of the draft resolutions and amendments which the Board had to consider.

Mr. GEORGE (France) thought that the Board would be committing a regrettable blunder if it adopted a programme of work or guidelines which did not take into account all the views expressed during the discussion. The fact that the Board included representatives of both donor and recipient countries made it all the more necessary to produce a document on which there was a consensus. No text could be relegated to a second-rate status.

Mr. FORTHOMME (Belgium) felt that the sponsors of the various draft resolutions should introduce them at once and try to limit their remarks to matters not covered by document ID/B/L.17.

Mr. VLADOV (Bulgaria) and Mr. BADAWI (United Arab Republic) supported the Belgian representative's suggestion.

Mr. Bradley (Argentina), Vice-President, took the Chair.

Mr. TELL (Jordan) said he had no objection to the procedure just suggested. However, the question had been debated at length both in the Sessional Committee and in the working group. The areas of agreement and disagreement were well known, and it would be dangerous and pointless to go over the same arguments ad infinitum.

Mr. LOBANOV (Union of Soviet Socialist Republics), introducing draft resolution ID/B/L.19 on behalf of the sponsors, said that it was based generally on the principles expounded by his delegation in its statement on agenda items 5 and 6. His delegation realized that General Assembly resolution 2152 (XXI), which was mentioned in the first preambular paragraph, was a compromise text evolved after long and laborious efforts. However, any departure from the principles stated in that text or any one-sided interpretation of them might lead to quite unnecessary friction and unpleasantness. If the new organization was to become a true instrument of international co-operation in the field of industrial development, it must respect everyone's viewpoint and display a genuine spirit of co-operation. With regard to the programme of work for 1967, the draft resolution

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(Mr. Lobanov, USSR)

indicated that at present the Board could only lay the foundations for action. It was not in a position to make an exhaustive analysis of the programme and separate the wheat from the chaff. The Soviet delegation, for its part, relied on the secretariat and the Executive Director. It had had ample opportunity to comment on the general pattern of the future work of UNIDO, which was dealt with in the second part of the draft resolution, and it did not intend to dwell on that question. That pattern, which it continued to regard as sensible, should be followed in the guidelines to be given to the Executive Director by the Board. A document of that kind should adequately reflect the views of the different delegations and should be adopted unanimously. In that connexion, the proposal made by the Philippine representative at the preceding meeting was constructive.

Mr. FERNANDINI (Peru) introduced draft resolution ID/B/L.8/Rev.1, which recommended decentralization of UNIDO activities and staff with a view to increasing the efficiency of the secretariat. There should be close co-ordination and co-operation, at the level of the developing countries, with the agencies or institutions mentioned in the third preambular paragraph. With reference to operative paragraph 1, it seemed from the Executive Director's statements that he was already trying to achieve some decentralization in order to give the organization the necessary dynamism. Paragraph 2 proposed that UNIDO should establish regional and sub-regional centres at an opportune time - in other words, not before the next session of the Board. Next, the sponsors of the draft resolution had wanted to compliment the Executive Director on the efforts he had made to send industrial advisers to the offices of the UNDP Resident Representatives and to emphasize that those efforts should be continued and expanded. Lastly, operative paragraph 5 took up an idea which had been expressed in most of the statements - that an office of UNIDO should be maintained in New York for the purpose of ensuring continuous contact with the organs of the United Nations and the international financial institutions. ✓

Mr. PATRIOTA (Brazil) said that, while it was perhaps too late in the Board's session to go into the question of a new decentralized structure, attention should nevertheless be drawn to the issue, which was important. It would in any case be well to consider rationalizing the existing structure, which was greatly

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(Mr. Patriota, Brazil)

influenced by that of the former Centre for Industrial Development. Taking documents ID/B/4, ID/B/L.1 and ID/B/L.3 as a basis, all the projects should be parcelled out among four substantive units for which, following UNCTAD practice, there would be four standing committees of the Board whose respective areas of responsibility would be programming and planning, technology and manpower, industrial consumer goods, and capital goods and intermediate goods. The Board could decide to consider that suggestion at its next session without having to take any immediate decision on it. It was clear that the Board would have to wait for full information on UNIDO's future relations with the regional economic commissions before it could evaluate the implications of the establishment of regional and sub-regional centres. The Executive Director's views on the advisability of creating decentralized services and on the timing must also be ascertained. His delegation favoured decentralization, as recommended in the draft resolution, but it believed that such a step was premature at a time when the Board should be concentrating on the transfer of its headquarters to Vienna and other organizational matters. He suggested that, in operative paragraph 2, the word "Decides" should be replaced by "Recognizes" and the words "shall establish" by "should establish". Subject to that change, his delegation was prepared to support the draft resolution as a whole.

Mr. HERRAN-MEDINA (Colombia) observed that a decentralized structure would enable UNIDO to serve the needs of developing countries better by studying conditions on the spot. The draft resolution was a satisfactory solution to the problem. It should be noted that it did not specify the methods to be used and that it made the implementation of the measures which is suggested dependent upon the eventual conclusions of the Executive Director. The idea of decentralization tied in with operative paragraph 11 of draft resolution ID/B/L.17, which envisaged co-operation with the regional economic commissions. In view of the facilities provided by the regional commissions, there was no need to emphasize the advantages of such co-operation. Existing facilities, such as the offices of the Resident Representatives, might also be used to the same end.

His delegation supported the amendment proposed by the representative of Brazil. Paragraph 3 was particularly important, as the proposed consultations would provide the Executive Director with the information he needed in considering the problem.

Mr. NASRE-ESFAHANI (Iran) supported the draft resolution and endorsed the idea of establishing regional and sub-regional centres. Iran would be interested in the establishment of such a centre in its territory. Its experience of the petroleum and petrochemical industries and of the food-processing industries would enable it to give adequate training to personnel in the developing countries.

Mr. LOBANOV (Union of Soviet Socialist Republics) observed that it was impossible at present to state with certainty what would be the effect of decentralizing the activities and the staff of UNIDO. It might be useful at first, but one could not be sure that it would not be harmful later. Decentralization was a problem which could not be considered in the abstract. It was certainly necessary in the case of a long-established organization no longer able to meet the needs for which it had been created, but resources and activities must be centralized in the initial stages, in order to prepare a sound work programme and ensure a positive approach.

UNIDO was newly established, and its current staff resources were patently insufficient. It had no work programme, since guidelines were only now being formulated; the programme would be drawn up later on the basis of the experience acquired and the information forthcoming at the International Symposium, and after the needs of the developing countries were better known. Moreover, financial resources were very limited, and it should not be forgotten that funds-in-trust were administered by UNDP. Even from the financial standpoint alone, there was absolutely no justification for decentralization. At the moment, there was nothing in UNIDO to decentralize. For the time being, efforts should be made to establish sound machinery and to accumulate operational means, resources and experience, after which the question of decentralization could be considered. Such problems as UNIDO's relations with the regional economic commissions should certainly be solved, but that was a problem of co-ordination, and not of decentralization. He agreed with the representative of Colombia that use could be made of existing organizations and services. In that connexion, it should be borne in mind that there were industrial development institutions with which UNIDO had had no contact and which offered further opportunities for co-operation that should be explored. The draft resolution, however, ignored questions of co-ordination and co-operation and would result in a fragmentation of activities and staff. The Executive Director had

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(Mr. Lobanov, USSR)

clearly explained the disturbing problems raised by the shortage of staff. Some sections of UNIDO had only two or three officials, and he wondered what they would be left with if those in charge were sent to regional centres. It was quite plain that the course which should be adopted was the exact opposite of that suggested in the draft resolution. The text was vague on many points and it was, to say the least, premature, at a time when activities should be centralized, rather than decentralized. The measures for which it would provide might be considered in two or three years or at the next session of the Board. He asked who would benefit from decentralization; certainly not the majority of the developing countries, but only those countries where the centres in question were established.

Mr. Tell (Jordan) resumed the Chair.

Mr. BELEOKEN (Cameroon), speaking on a point of order, reserved his delegation's right to speak later on draft resolution ID/B/L.8/Rev.1. He did not consider that certain allegations which had been made applied to his delegation.

Mr. FORTHOMME (Belgium) said that the draft resolution was valuable, in that it was based on the idea that, if UNIDO was to assist industrialization and gain the confidence of the developing countries, it must draw nearer to them. Ways should be found to establish personal relations in an atmosphere of mutual trust. Nevertheless, he shared the USSR delegation's doubts as to the need to embark immediately on a process of decentralization, and he therefore thought that the amendment to paragraph 2 suggested by the Brazilian delegation was pertinent. The consultations proposed in paragraph 3 were extremely important; they were an essential step which would facilitate a dialogue with the Governments concerned and would indicate how contacts could be established.

Mr. WARSAMA (Somalia) said he was gratified to note that views which his delegation had expressed to the Board were reflected in draft resolution ID/B/L.8/Rev.1. In the long term, of course, UNIDO would have to consider establishing regional and sub-regional centres in some developing countries. In 1967, however, UNIDO would be extremely busy with the transfer of its headquarters and the preparations for the Symposium and would no doubt have serious recruitment problems to solve. That being so, it might be well to postpone some of

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(Mr. Warsama, Somalia)

the decisions recommended by the sponsors of the draft resolution, to which his delegation accordingly proposed certain amendments. In operative paragraph 1, the words "to the Board at its next regular session" should be inserted after "Requests the Executive Director to submit" and the word "practical" should be inserted before "decentralized structure". Those slight changes would allow the deletion of operative paragraphs 2 and 3, since the immediate creation of regional and sub-regional centres was inadvisable and the Executive Director could usefully submit the outline, which might enable the Board to decide whether or not such centres should be established, at the next session.

Mr. GOLDSCHMIDT (United States of America) thought that the draft resolution had the merit of dealing with one of the organization's most important tasks, namely, the dispatch of field personnel to promote the industrialization of the developing countries.

On the details of the resolution he found himself almost completely in agreement with the views of the USSR representative. It was to the Resident Representatives of UNDP that the industrial advisers should be seconded. It would therefore be desirable to mention that fact in operative paragraph 1 and to state that the advisers must be sent to carefully selected countries with a view to promoting industrialization projects and establishing a direct link between those countries and UNIDO. ✓

He had strong reservations about operative paragraph 3. General Assembly resolution 2152 (XXI) (para. 30) defined the type of working relationship which the organization should establish with the regional commissions. Therefore, instead of being requested to undertake consultations with Member Governments on regional offices of its own, the Executive Director should be invited to establish that type of relationship in agreement with the Executive Secretaries of the regional economic commissions and should be authorized to assign UNIDO staff to those organs. Co-operation of that kind would in no sense jeopardize the autonomy of the organization. A similar arrangement already existed between the regional economic commissions and some specialized agencies, e.g. FAO and, where necessary, would enable UNIDO to contribute to the success of the activities of the entire United Nations system in the field of industrial development.

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(Mr. Goldschmidt, United States)

Finally he thought that the resolution should accept the invitation of UNDP to explore the possibility of that organization financing country representatives of UNIDO.

While the spirit of the draft resolution was excellent, the text should be revised, with due regard to the preceding suggestions.

Mr. KHANACHET (Kuwait) acknowledged that the sponsors had devoted much attention to the problem of decentralization but unfortunately the draft resolution was premature. UNIDO was still faced with recruitment problems. In operative paragraph 1, the sponsors recommended the assignment of specialized personnel to the developing countries. That principle was, of course, excellent in itself, but he doubted seriously whether it was advisable to consider its immediate application while the problem of recruitment was still far from solved. In operative paragraph 2 also the sponsors had been too hasty. He did not see how the establishment of regional and sub-regional centres could possibly be envisaged while the real possibilities of the organization and the needs of the developing countries were still unclear and it was not known how the former should be adapted to the latter. His delegation had no objection to operative paragraph 3. It was proper that the Executive Director should obtain the views of the various Governments and report to the Board at its next session.

The United States representative had dealt with two divergent concepts, namely, regionalization and co-operation with the regional economic commissions. Such co-operation was an acceptable solution and should even be encouraged; there could be no question at present of establishing regional and sub-regional centres. The debate had emphasized that the relations between UNIDO and the developing countries could be established only at the request of the latter. Did the sponsors intend to establish an intermediary between those countries and the organization by setting up such regional and sub-regional centres? If so, he doubted whether such an intermediary would be very useful. If not, and if, by definition, it was considered necessary to establish direct relations, he wondered what purpose the centres would serve.

To be sure, the principle of regionalization had been successfully adopted by some specialized agencies; before it could be applied to UNIDO, however, it was necessary to evaluate the lessons of those precedents.

In conclusion, he asked the sponsors to reconsider their position and to allow the Executive Director time to prepare a detailed report on the advisability of undertaking the process of decentralization forthwith by establishing regional and sub-regional centres.

Mr. ARCHIBALD (Trinidad and Tobago), introducing the draft resolution in document ID/B/L.7/Rev.1, prepared jointly by the Jordanian delegation and his own, announced certain amendments to the original text. The first preambular paragraph had become operative paragraph 1 and the first word would be "Recognizes...". Operative paragraphs 1 and 2 had been deleted as a result of the comments made during the discussion on draft resolution ID/B/L.8/Rev.1. Former paragraphs 3, 4, 5 and 6 had become paragraphs 2, 3, 4 and 5 respectively. In the first line of the new paragraph 2, the word "resumed" between the words "next" and "session" should be deleted and, in the second line, the figure "62" should be added after the word "rule". In the new paragraph 3, the phrase "not more than 10" in the first and second lines should be deleted. In the new paragraph 4, the words "before the resumed session and" between the words "four weeks" and "before the consideration" should be deleted. Lastly, the new operative paragraph 5 would be drafted as follows: "Requests the Committee to report to the Board at its next regular session."

The draft resolution in no way represented the personal views of its sponsors but rather the opinions and positions which had emerged in the course of the discussion. Although the first preambular paragraph had been drafted at the beginning of the session, the subsequent debates had not revealed the need for any amendments. With regard to the second preambular paragraph, the Board appeared to recognize that it was for the countries themselves to formulate their requests for assistance with the help of local experts. As to the third preambular paragraph, it was of course the responsibility of the countries to establish their own priorities. With regard to the fourth preambular paragraph, UNIDO must endeavour to enlarge the scope of projects and expand their field of action - in other words, it must seek to exploit all the possibilities of such projects.

Operative paragraph 1 was taken from the Executive Director's statement, which the delegation of Trinidad and Tobago had already mentioned in its own statement of 14 April. Turning to operative paragraph 2, he recalled the origin of the idea of
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(Mr. Archibald, Trinidad and Tobago)

establishing a committee of the Board. It sprang from the sponsors' concern at the fact that it was physically impossible for the Board to conclude its work in a single session. Moreover, precedents were not lacking and the ACABQ was a good example. The proposed committee should help to establish the necessary good relations between the Board and the secretariat. It should enable the secretariat to interpret correctly the directives of the policy-making organ and thus gain valuable time, while avoiding awkward situations. Lastly, it should be kept in existence for only a brief period; the fact that the sponsors recommended its establishment did not mean that they were questioning the willingness and competence of the secretariat. The committee was rather an instrument designed to assist them.

He hoped that the draft resolution would be approved by a large majority.

The meeting rose at 6.10 p.m.





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