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United Nations Industrial Development Organization

Industrial Development Board

Fifth Session

Vienna, 24 - 28 May 1971

SUMMARY RECORD OF THE ONE HUNDRED AND FOURTEENTH MEETING

Hold at the Neue Hofburg, Vienna
on Friday, 28 May 1971, at 3.15 p.m.

<u>President:</u>	Mr. CASILLI d'ARAGONA (Italy)
lector	Mr. ASANTE (Ghana)
<u>Reporteur:</u>	Mr. HARS (Hungary)

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

ADOPTION OF THE REPORT OF THE FIFTH SESSION (ID/B/L.97/Rev.1, ID/B/L.98, ID/B/L.99, ID/B/L.100, ID/B/L.101)

1. Mr. Casilli d'Aragona (Italy), First Vice-President, took the Chair.
2. The PRESIDENT said that discussions were continuing among delegations and suggested that the meeting should be suspended for one hour.
3. It was so decided.
4. The meeting was suspended at 3.15 p.m. and resumed at 4.15 p.m.
5. Mr. Asante (Ghana) took the Chair.
6. The PRESIDENT invited the Board to continue its consideration of its draft report.
7. Mr. HARS (Hungary), Rapporteur, thanked all those who had assisted him in his task. He recalled that the Board still had to consider parts of the draft report which had already been distributed as conference room papers and were now submitted to it in their final version, revised to take account of the observations of the geographical groups (documents ID/B/L.97/Rev.1, ID/B/L.100, ID/B/L.102 and ID/B/L.104), and also parts of the report which were being submitted to it directly for consideration for reasons of urgency or because they dealt with less complicated matters (documents ID/B/L.98, ID/B/L.99, ID/B/L.101 and ID/B/L.105).
8. In reply to comments that had been made by some delegations, he said that the report would effectively serve the interests of all the member States of UNIDO if it contained specific guidelines, but that those guidelines or guiding principles must be defined and approved by the delegations themselves.

Consideration of applications of intergovernmental and international non-governmental organizations (ID/B/L.97/Rev.1)

9. Mr. HARS (Hungary), Rapporteur, informed the Board that the Group B countries had proposed that the following text should be inserted as a new paragraph 5:

"Another delegation stated that it could not agree with this view. In the basic resolution 2152 (XXI) by which UNIDO was founded, there was a clear formula established as to which countries were entitled to participate in the work of UNIDO. It was regrettable that an attempt was being made to re-open this issue, on which the Board was not competent to take a decision."

10. The PRESIDENT invited the Board to take a decision on the part of the report contained in document ID/B/L.97/Rev.1 with that amendment.

11. The part of the report in document ID/B/L.97/Rev.1, as amended, was adopted.

Provisional agenda of the sixth session (ID/B/L.98)

12. The part of the report in document ID/B/L.98 was adopted.

Headquarters regulations; reports of the Joint Inspection Unit, inclusion of Fiji in List "A" of States annexed to General Assembly resolution 2152 (XXI); rotation of the offices of the members of the Bureau of the Board (ID/B/99)

13. The part of the report in document ID/B/L.99 was adopted.

Introduction and chapter I: Organization of the session (ID/B/L.100)

14. The PRESIDENT invited the Board to consider the introduction and chapter I of the draft report (ID/B/L.100).

15. The introduction and chapter I of the draft report were adopted.

Financial and administrative matters (ID/B/L.101)

16. The PRESIDENT invited the Board to consider the part of the report in document ID/B/L.101 paragraph by paragraph.

Paragraph 1

17. Mr. SANTOS (Brazil) proposed that the end of the last sentence of paragraph 1 should be amended so as to call for UNDP expenditure to be increased above \$2 million.

18. Paragraph 1, as amended, was adopted.

Paragraph 2

19. Paragraph 2 was adopted.

Paragraph 3

20. Mr. HARS (Hungary), Rapporteur, said that the Group B countries had requested that the last sentence should be reworded to reflect more accurately the statements made at the 113th meeting.

21. The PRESIDENT invited the Board to adopt the existing text of paragraph 3, on the understanding that the Rapporteur would reword it in accordance with the request made by the Group B countries.

22. Paragraph 3 was adopted.

Paragraphs 4 and 5

23. Paragraphs 4 and 5 were adopted.

Paragraph 6

24. Mr. ENSOR (United Kingdom) said he would like the second sentence of paragraph 6 to be amended as follows: "One delegation recommended that part of the resources under this programme might constitute a reserve for the financing of new and untried activities, rather than that the whole should be pre-empted in advance for fellowships and advisory services."

25. Paragraph 6, thus amended, was adopted.

Paragraph 7

26. Mr. HARS (Hungary), Rapporteur, said that there was a proposal to replace the preposition "in" by the preposition "on" in the English text.

27. Paragraph 7, thus amended, was adopted.

Paragraph 8

28. Mr. HARS (Hungary), said that the Group D countries had requested that the following sentence should be added to this paragraph: "One delegation stated that the financing of in-plant training in the field of iron metallurgy at Zaporozhye (Ukrainian SSR) should be continued from the sources of the regular programme of technical assistance."

29. Paragraph 8, thus amended, was adopted.

Paragraph 9

30. Paragraph 9 was adopted.

Paragraph 10

31. Mr. HARS (Hungary), Rapporteur, said that the Group D countries had requested that the following text should be added to this paragraph:

"One delegation noted that its voluntary contributions to the funds of UNIDO, since UNIDO's establishment, amounted to 2 million roubles (or more than \$2.2 million). It further noted that it was possible to ensure an effective and rounded use of its voluntary contribution mainly by carrying out the group training programmes for experts from developing countries, by symposia and seminars on its territory, by the preparation by its experts of various studies and surveys, by ensuring laboratory research, and by technical and economic evaluations and projects, as well as by using it partly for supplying equipment to developing countries and ensuring other work."

32. Mr. SIAZON (Philippines) proposed that the third sentence in paragraph 10 should be replaced by the following text: "Noting with regret that no project had yet been approved for the Latin American countries or for the member States of the Association of South-East Asian Nations which had contributed substantially to the General Trust Fund, the same delegation urged the secretariat to remedy this shortcoming immediately."

33. Mr. VENKATARAMAN (India) requested that the following sentence should be added to paragraph 10: "Another delegation thought that the rate of expenditure could be improved if projects were approved for a somewhat greater value than the resources estimated at any given point in time."

34. Paragraph 10, thus amended, was adopted.

Paragraph 11

35. Paragraph 11 was adopted.

Paragraph 12

36. Mr. HARS (Hungary), Rapporteur, said that the Group B countries had proposed the replacement of the phrase "approved by the Board", in the second sentence of that paragraph, by the phrase "submitted to the Board."

37. Mr. BARBOSA (Chief, Financial Services) thought that the phrase "approved by the Board" was correct, as the Board had in fact approved the work programme.

38. After Mr. ENSOR (United Kingdom) had expressed disagreement with that view, Mr. CASILLI d'ARAGONA (Italy) suggested deleting the phrase "approved by the Board" while Mr. STIBRAVY (United States of America) said that the difficulty had arisen because the Working Group on Programme and Co-ordination had not submitted its report to the Board for formal adoption as it had done at the previous session.
39. The PRESIDENT suggested that the Board should adopt the amendment proposed by the Group B countries and insert after paragraph 13 a text which would begin with the words "When considering the Working Group's report, the Board agreed to ...", the rest being based on the text which had been used in the report of the fourth session.
40. Mr. HARS (Hungary), Rapporteur, said that the Group D countries had requested that the following sentence should be added at the end of paragraph 12:
- "It was noted that the regular budget estimates for 1972 as proposed by the Secretary-General of the United Nations for UNIDO were fully sufficient to give the secretariat of UNIDO the possibility of carrying out the volume of work planned for UNIDO in 1972."
41. Mr. BIRCKHEAD (Director, Division of Administration, Conference and General Services) thought that the sentence which the Group D countries had asked to have inserted in paragraph 12 called for some clarification. Reference to the introduction to the budget estimates showed that the initial budget estimates of the United Nations Secretary-General were based on the 1971 level of activity and adjusted to take into account the rise in costs in 1972.
42. Mr. VENKATARAMAN (India) wished to know whether the Board had in fact approved a sum other than \$14.3 million.
43. Mr. BARBOSA (Chief, Financial Services) replied that the figure of \$14.3 million was based on the original programme which had been submitted to the Board.
44. Mr. ABDEL-RAHMAN (Executive Director) pointed out that under resolution 2152 (XXI) section II, article 7 (d), the Board was only instructed "to consider and approve the programme of activities of the Organization". That meant that the Board should study the work programme, and approve it subject to any amendments which it deemed necessary. However, it was not the Board's task to discuss the budget accompanying the programme. If the General Assembly had wished it

to be otherwise, it would have indicated the fact when listing the functions of the Board. The Board could naturally study questions of cost which might affect the implementation of the programme, without giving its views on UNIDO's budget.

45. The PRESIDENT pointed out that in its original version paragraph 12 of the report simply summarized the way in which the secretariat had presented the estimated budget. If the Soviet amendment beginning with the words "It was noted" was adopted, the wording could lead to serious misunderstandings. It would perhaps be wiser to drop the amendment. If it were maintained, a further paragraph would perhaps have to be inserted in order to make the secretariat's position clear.

46. Mr. KYLOV (Union of Soviet Socialist Republics) said that he saw no objection to the amendment beginning with the words "Some delegations pointed out ...". At all events, however, he was willing to listen to the suggestions of the secretariat.

47. Mr. ABDEL-RAHMAN (Executive Director) maintained that taking a position on budgetary matters was outside the competence of the Board. Resolution 2152 (XXI) was perfectly explicit on that point. If some representatives took up budgetary matters, others would want to give their opinion in their turn, and the Board would then be drawn into an authentic budget debate, whereas it ought to be restricting itself to consideration of the programme.

48. The PRESIDENT acknowledged that the Board had considered questions which did not come within its competence, and it had indeed indulged in an exchange of views on budgetary matters. That being so, the Rapporteur had only done his duty in reflecting that discussion in the draft report. Now that they had heard the explanations by the secretariat, however, perhaps the delegations which had expressed views on budgetary questions would be willing to agree to their statements being omitted from the report.

49. Mr. KYLOV (Union of Soviet Socialist Republics) said that he was not in agreement with the Executive Director's interpretation of the part of the resolution referred to. In his opinion, while that part of the resolution meant that the Board did not control the Organization's budget, it would nevertheless be going much too far to forbid the Board to have the slightest opinion on budgetary matters. After all, it was obvious that the execution of the programme depended on its financing. Some representatives, for example, had declared that UNDP did not provide the

Organization with sufficient resources. That amounted to raising a budgetary question, but he did not see why their opinions should not figure in the report. The Soviet delegation considered that the resources envisaged would permit the satisfactory execution of the programme of work for 1972, and he wanted that opinion to be reflected in the report. The proposed amendment did not mention a specific figure, as it limited itself to noting with satisfaction the proposed budget.

50. Mr. ABDEL-RAHMAN (Executive Director) said that he maintained what he had said before. There was a danger that the Board would create a precedent if its report showed that it had gone into budgetary matters.

51. Mr. BARBOSA (Chief, Financial Services) said that to the best of his recollection the point on which Mr. Krylov was insisting had only been made by one delegation. It would therefore be more correct to say "One delegation", and not "Some delegations" as the representative of the Soviet Union proposed.

52. The PRESIDENT said that he thought the simplest solution would be to ask the Rapporteur to refer back to the summary records and ascertain whether more than one delegation had expressed the opinion in question. If there were no objections, he would assume that the Board adopted paragraph 12, as amended by the Soviet delegation, subject to the verification referred to.

53. Paragraph 12, as amended, was adopted.

Paragraph 13

54. Paragraph 13 was adopted.

Insertion of a new text at the end of paragraph 13

55. The PRESIDENT recalled that Group D had requested the insertion after paragraph 13 of the words "Attention was drawn to the need for a better use by the secretariat of UNIDO of the resources placed at UNIDO's disposal".

56. Mr. BARBOSA (Chief, Financial Services) said that he did not quite see the point of that amendment, the substance of which was already expressed in paragraph 13. If Group D insisted on its insertion, however, it would be better to have it begin "One delegation drew attention ...".

57. Mr. KRYLOV (Union of Soviet Socialist Republics) said that several representatives had made comments to the same effect. Moreover, the amendment did not touch on budgetary questions; it concerned the effectiveness of UNIDO's work, a matter on which the Board could properly take up a position.

58. Mr. ABDEL-RAHMAN (Executive Director) wondered whether it would not be more correct to reword the amendment to say that several delegations had suggested that it would be useful to take a certain number of measures "such as ...". Without that modification, the impression would be given that a complete set of measures was being put forward. In fact, the sponsor of the amendment had merely advanced certain suggestions, by way of example.

59. Mr. KRYLOV (Union of Soviet Socialist Republics) accepted the Executive Director's suggestion.

60. With this revision, the amendment was adopted.

Paragraph 14

61. Paragraph 14 was adopted.

Paragraph 15

62. The PRESIDENT called attention to the fact that the African Group had submitted to him an amendment to replace the words "all the official UNIDO languages" in the fourth line of paragraph 15 by "other languages".

63. Mr. SAN SEBASTIAN (Spain) said that he did not quite understand the idea behind this amendment. He had intervened in the debate to express his surprise that a UNIDO publication did not appear in "all the official UNIDO languages", as was the rule. One could doubtless regret that the publication did not appear in other languages, but there was no reason to express surprise. He urged that the original text should be maintained.

64. Mr. SYLLA (Secretary of the Board) said he wished to point out, in order to avoid any misunderstanding, that a distinction was made between official languages and working languages. There were three working languages of UNIDO, namely French, English and Spanish; there were five official languages - the three working languages together with Russian and Chinese.

65. Mr. BARBOSA (Chief, Financial Services) said he would prefer a reference to "other languages".
66. Mr. CARLEVARI (Argentina) said he thought it would be distinctly preferable to speak of the "official languages" or the "working languages" of UNIDO: the word "other" was insufficiently precise.
67. Mr. SAN SEBASTIAN (Spain) said that he shared that view.
68. Mr. REMOVILLE (France) said he would like the expression "the other official languages" to be avoided and asked that the original wording, "all the official UNIDO languages", should be kept, in order not to give the impression that one of these languages enjoyed a privileged status.
69. Mr. STIBRAVY (United States of America) proposed that the second sentence of paragraph 15 should be replaced by a text on the following lines: "One delegation commended the secretariat for the quality of the publication and pointed out that it could serve a wide public. Several delegations questioned the fact that it had not appeared in all the official UNIDO languages".
70. Mr. SAN SEBASTIAN (Spain) observed that it was not only one delegation that had commended the secretariat.
71. Mr. STIBRAVY (United States of America) said that he would be willing to have the text begin with the words "several delegations".
72. The PRESIDENT recalled that Group D had submitted to him an amendment to insert at the end of paragraph 15, or after that paragraph, the following text: "Attention was drawn to the continuous growth of the volume of publications and documentation and to the need for taking measures to limit the volume of publications". The proposed text then referred to the question of the publication of the periodical Industry International and ended as follows: "According to the rules of procedure, this question should be postponed to the next session of the Industrial Development Board, and until a decision was taken by the Board the secretariat of UNIDO should not undertake any further action".

73. After an exchange of views in which the PRESIDENT, Mr. ABDEL-RAHMAN (Executive Director), Mr. HARS (Hungary), Rapporteur, Mr. CASILLI d'ARAGONA (Italy) and Mr. STIBRAVY (United States of America) participated, Mr. KEYLOV (Union of Soviet Socialist Republics) agreed to withdraw his amendment, except for the last sentence reading as follows: "One delegation expressed the opinion that, according to the rules of procedure, that question should be postponed to the next session of the Industrial Development Board, and until a decision was taken by the Board the secretariat of UNIDO should not undertake any further action".
74. Mr. CASILLI d'ARAGONA (Italy) supported the proposal of the representative of the Soviet Union.
75. Mr. REMOUILLE (France) associated himself with the representative of Italy.
76. Mr. BOREEL (Netherlands) requested that it be mentioned in the report that his delegation highly approved the secretariat's initiative in launching the magazine "Industry International" and hoped that it would be followed up.
77. Mr. SIAZON (Philippines), Mr. KAMEL (United Arab Republic), Mr. EL-JEMN (Kuwait) and Mr. ZEILINGER (Costa Rica) associated themselves with the request of the representative of the Netherlands.
78. The PRESIDENT suggested that, in order to take account of the views expressed during the discussions, a text reading along the following lines should be added at the end of paragraph 15: "One delegation expressed the opinion that, according to the rules of procedure, that question should be postponed to the next session of the Industrial Development Board, and until a decision was taken by the Board the secretariat of UNIDO should not undertake any further action. During the consideration of the report, other delegations associated themselves with these remarks. Several delegations, however, supported the publication of the magazine "Industry International".
79. Paragraph 15, as amended, was adopted.
80. Mr. HARS (Hungary), Rapporteur, announced that the countries of Group D proposed to add the following text at the end of paragraph 16: "The abnormal situation with regard to the distribution of professional posts in the secretariat of UNIDO was noted by some delegations. Thus, from 224 posts subject to geographical distribution, 120 posts (more than 53 per cent) were filled by staff from Western countries,

and in 1971, as compared with 1970, the number of staff from those countries had grown both in absolute figures and in percentage. The situation with regard to the geographical distribution of posts in the secretariat of UNIDO was particularly unsatisfactory in respect of posts at the level of F-5 and above. It was pointed out that exports from socialist countries held only 4 out of a total of 62 such posts, while the Western countries held 33 posts. The situation was particularly unsatisfactory in the Division of Administration, Conference and General Services, where more than 60 per cent of the staff came from the Western countries, while staff from socialist countries held only 4 posts, mainly at the levels P-2 and P-3. Attention was drawn to the need to remedy that abnormal situation."

81. The PRESIDENT drew the attention of the Board to the fact that the amendment just read out by the Rapporteur represented the opinion of several delegations.

82. Paragraph 16, as amended, was adopted.

Paragraph 17

83. Paragraph 17 was adopted.

Paragraph 18

84. Paragraph 18 was adopted.

Paragraph 19

85. Mr. STIBRAVY (United States of America) proposed that in the first sentence, after the words "UNIDO personnel," the following should be inserted: "including temporary personnel, interregional advisors and personnel in extra-budgetary posts" and that the end of the second sentence should be so worded as to make clear that the UNIDO secretariat would consult Headquarters in New York concerning the list of staff - provided that that had actually been the secretariat's intention. Thirdly, he proposed that a new sentence should be added at the end of the paragraph to read: "One delegation stated that it would be useful if the secretariat would inform the Board of the extent to which the recommendations of the administrative management survey concerning UNIDO had been put into effect".

86. Mr. BIRCKHEAD (Director, Division of Administration, Conference and General Services) said that he had no objection to the amendment to the second sentence as proposed by the representative of the United States, since all discussions concerning staff would be brought to the attention of Headquarters, which would take the decisions.

87. Mr. ABDEL-RAHMAN (Executive Director) emphasized, with reference to the new sentence proposed by the representative of the United States, that the report of the Administrative Management Service to the Secretary-General was of a confidential nature. As Mr. Birkhead had indicated, the UNIDO secretariat was not at liberty to divulge its contents. The wording of the United States amendment was, however, acceptable.

88. The PRESIDENT suggested that the three amendments proposed by the United States representative should be adopted.

89. Paragraph 19, thus amended, was adopted.

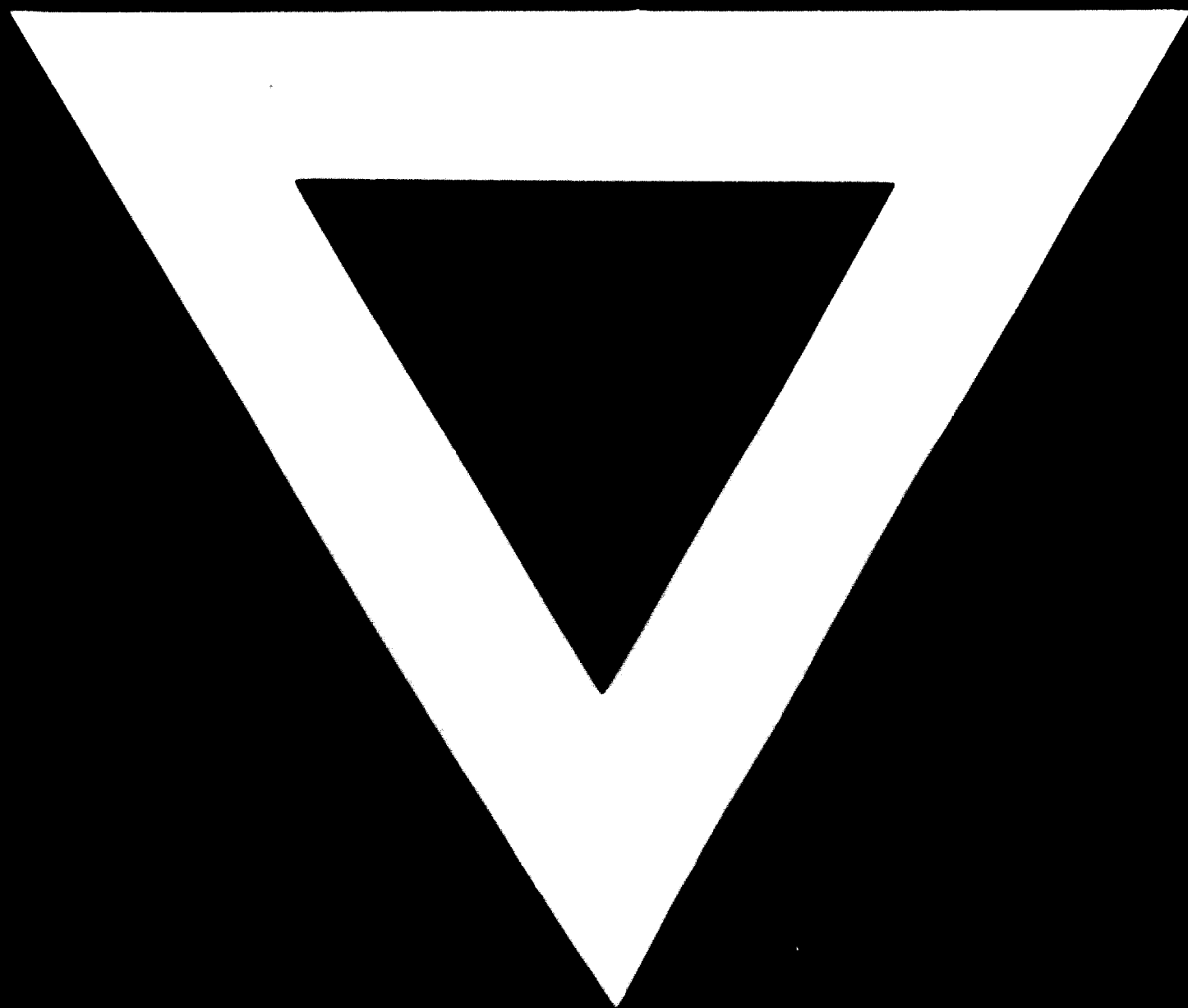
Paragraph 20

90. Mr. KRISTEN (Austria) said that he wished to make three comments on paragraph 20. Firstly, in the opening sentence it would be better to replace "delegation" by "representative", because in the English text the second sentence began with the word "He". Secondly, the concluding sentence in the paragraph appeared nowhere in the statement on the matter submitted by the secretariat, and therefore the Rapporteur might consider its deletion. Thirdly, his delegation attached great importance to the final sentence in the secretariat statement and therefore wished to see it added to the sentence ending "1971", worded as follows: "The secretariat added, however, that in view of the fact that Austria will bear the costs for the project, the secretariat was very willing to accept the Austrian point of view".

91. Mr. BIRCKHEAD (Director, Division of Administration, Conference and General Services) admitted that in his statement he had not mentioned the figure of 3,236 persons and that the latter figure had been added in the report in order to make it quite evident that UNIDO estimates exceeded those made by the Austrian Government, as he had indeed pointed out. The last sentence of the paragraph could therefore be amended, but should not be deleted. He was, however, ready to accept the new sentence proposed by the representative of Austria.

92. Mr. ABDEL-RAHMAN (Executive Director) suggested that for the sake of agreement the last sentence of the paragraph might be deleted and that the words "did not coincide with" in the penultimate sentence be replaced by "were lower than".
93. Mr. KRISTEN (Austria) accepted the Executive Director's suggestion.
94. The PRESIDENT invited the Board to adopt the first and third amendments proposed by the representative of Austria, and the second amendment as revised by the Executive Director.
95. Paragraph 20, thus amended, was adopted.
96. The part of the report relating to item 6 of the agenda (ID/B/L.101), as a whole, was adopted.

The meeting rose at 6.50 p.m.



22.7.74