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Industrial Development Board

Sixth Session

Vienna, 23 May - 2 June 1972

SUPPLY RECORD OF THE ONE HUNDRED AND TWENTY-SECOND MEETING

Held at the Neue Hofburg, Vienna
on Thursday, 25 May 1972, at 3.15 p.m.

<u>President:</u>	Mr. DENIS BARRREIRO (Uruguay)
<u>later:</u>	Mr. BRILLANTES (Philippines)
<u>Rapporteur:</u>	Mr. HAMISA (Libyan Arab Republic)

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

GENERAL DEBATE (continued)

1. Miss NIELSEN (Denmark) said that she wished to reaffirm her Government's interest in UNIDO's activities, and more particularly in its operational activities, which were of immediate benefit to the developing countries. It was encouraging to note that the resources allocated to activities of that nature had more than doubled, rising to US\$17.4 million, in the course of only four years; that showed outstanding progress, on which the Executive Director and the staff of the Organization were to be congratulated.
2. UNIDO, like other organizations concerned with development questions, had to solve the problem of priorities, which were all the more important as resources were limited. Bearing in mind that the priorities established by the developing countries themselves had to be respected, the Danish Government had supported the introduction of UNDP country programming. The first programmes to have been approved had shown, moreover, that that new approach was particularly well suited to the needs of the countries. For that reason UNIDO should concentrate mainly on the implementation of UNDP industrial projects and gear its other activities to the country programmes. Among the operational activities financed from the regular programme, priority should be given to the implementation of what were known as programme reserve projects, which could not be financed by UNDP owing to the insufficiency of the indicative planning figures. Her delegation also wondered whether, for example, investment promotion activities might not play a particularly useful role in providing follow-up investments for pre-investment projects carried out by UNIDO. She was disappointed to note that very little was said in the work programme about projects executed by UNIDO in the context of country programming. In future the work programme should indicate the relationship between each project, of whatever kind (operation project, promotional activity or supporting activity), and the country programmes, at the same time showing to what extent the project corresponded to the order of priorities set by the particular country itself, for the country must bear the final responsibility for defining its own needs.
3. With regard to the difficulties encountered by UNIDO concerning UNDP financing of its regional and interregional activities (ID/B/97 (Part I)), it was the understanding of her delegation that all the executing agencies for UNDP projects were in a similar position. The UNDP funds for that type of activity had been very limited

since the Governing Council had decided to give priority to country projects. The Danish delegation regretted that situation, but thought that the desires of the developing countries must above all be respected. If those countries asked the UNDP Governing Council to increase the resources allocated to regional and interregional projects, her delegation would probably approve such a proposal.

4. The SIS programme was particularly valuable for providing emergency short-term assistance, and the character of the programme in that respect should be strictly adhered to. It was therefore unfortunate that more than one third of the SIS projects which had been approved had not yet been executed, as was shown by table 3 of the report on the SIS programme (ID/B/100). In view of the nature of the programme, it appeared indispensable to speed up the execution of projects once they had been approved, and the Danish delegation hoped to be informed of steps taken in that connexion.

5. As the representative of the Upper Volta had pointed out in the Working Group, UNIDO ought also to intensify its assistance to the least developed of the developing countries, and that again posed the crucial problem of the choice of priorities in development efforts. The programme of work (ID/B/97 (Part III)) showed that the resources made available in 1971 to the richest of the recipient countries had amounted to three and one half times those granted to India, and that two of those countries alone had received more assistance than twenty of the hard-core least-developed countries. The Danish delegation would like to see UNIDO's assistance activities redistributed, whatever the source of the funds used might be, in favour of the poorest countries.

6. Mr. CORDIDO VALERY (Venezuela) said that his country had chosen industrialization as the most rapid path to both economic and social development because industrial progress must bring about an improvement in the situation of the most disadvantaged social classes.

7. The aim of the first stage of industrial development in Venezuela had been the establishment of an industrial infrastructure, ranging from the training of specialized manpower to the establishment of institutions capable of guiding and directing the activities of the industrial sector. The basic objective - the replacement of imported goods by locally produced goods - had been largely achieved

and manufacturing was now the most dynamic element in the national economy. The aim of the second stage was to conquer foreign markets by ensuring competitive prices, by increasing the productivity of existing industries and by setting up enterprises for the manufacture of exportable products. This policy had yielded excellent results, particularly in the petrochemical, iron and steel and natural gas sectors.

8. Industrial development policies had to be supported by political measures: establishment of machinery for stimulating local and foreign investments, analysis of existing industrial protection measures, introduction of a new system of tariffs, incentive measures aimed at promoting exports and the drawing up of new commercial policy.

9. He paid tribute to the valuable technical assistance provided by UNIDO to his country through a mission of experts, who had drawn up concrete recommendations which the Government had taken fully into account. The report of this mission on the export possibilities of Venezuela's manufacturing industry had been closely studied by political and economic circles in his country.

10. Concerning the second special international conference of UNIDO, he thought that great care should be taken in the preparation of this gathering, which should be held in 1975 at the latest, since this would provide an opportunity to assess the results attained by UNIDO at the half-way stage of the Second Development Decade.

11. The Venezuelan delegation supported the setting up of a permanent committee of the Board, on which the greatest possible number of developing countries should be represented, chosen not only from among the members of the Board but also from those countries which had a particular interest in the work of UNIDO.

12. His delegation considered the SIS programme to be one of UNIDO's most remarkable achievements and hoped that it would be further expanded.

13. With regard to the central co-ordinating role that the General Assembly had assigned to UNIDO, he thought that, with the relaxation of the administrative procedures for the recruitment of experts, the increase in funds and the expansion of the substantive staff of UNIDO, all Governments could adopt a more positive attitude that would help the Organization to fulfil its co-ordinating role, in view of the

concrete results that could be achieved. Its activity should be supplemented by that of other United Nations agencies, such as UNDP, UNCTAD, the ILO and UNESCO, for the implementation of regional programmes in the developing countries. His delegation welcomed the dialogue that had been established between UNIDO and UNDP at the recent meeting of the Ad Hoc Committee, which augured well for the co-ordination of the activities of the two bodies.

14. His delegation thought that account should be taken of the need to make a fair distribution between the various developing regions in the programmes of work for 1973 and 1974. Latin America's share had in fact decreased as against previous years.

15. With reference to the role to be played by UNIDO in the Second Development Decade, he said that one of the reasons why the targets of the first Decade had not been met was the absence of an appropriate administrative structure both in the developing countries and in the United Nations. Doubtless, the responsibility for development fell first and foremost on the developing countries themselves, but their efforts should be supported not only by means of assistance but also through increased co-operation from all the industrialized countries. UNIDO had an important role to play in that respect, and expert missions, the training of administrative and technical staff, the transfer of know-how and investment promotion were fields to which the Organization should give priority in its programmes, without thereby neglecting the improvement of productivity, vocational training, standardization, quality control, etc. His Government had followed with growing interest the investment promotion meetings organized in Asia and Africa and would like to see a similar meeting held in Latin America. It attached considerable importance to the technical assistance which UNIDO made available to public sector enterprises in the developing countries. UNIDO might also issue publications from time to time in which it described the experience acquired by some countries in the development of basic industries.

16. The problem of industrial pollution should be examined in the light of the conclusions and recommendations reached at the Stockholm Conference on the Human Environment.

17. In conclusion, his delegation remained firmly convinced that industrial development should be considered from the standpoint of social development, the aim of which was to improve conditions for all mankind by working for the well-being of all peoples and for international social justice.

18. Mr. ARKADIEV (Union of Soviet Socialist Republics) said that the Special International Conference of UNIDO had made an effective contribution to the solution of problems relating to the long-range strategy for the Organization's activities.

19. Reference was increasingly made to the part the developing countries would have to play in the new international division of labour. The socialist countries, with their 39 per cent share of world industrial production, were in a position to help the developing countries make the best use of their resources without sacrificing their economic independence. Those countries could achieve industrialization in a number of ways. While they were of course seeking support from various organizations of the United Nations system, the situation in that respect could not be said to be entirely satisfactory. Some developing countries, particularly India, Egypt, Brazil, Iran, Iraq and Afghanistan, had scored marked successes while conditions in others left considerable room for improvement.

20. At the Special International Conference the Soviet delegation had underlined the complexity of the problems which industrialization posed. At the same time the progress in science and technology and the new methods applied to industrial development should make it possible for developing countries to speed up their development. In that connexion the experience and success gained by the socialist countries, particularly the Soviet Union, emphasized the essential role of social and economic reform. The developing countries could no longer afford to grope about in the dark and to rely on the play of market forces. Their economies could only develop if their Governments adopted efficient planning methods, created conditions conducive to mobilization of internal and external resources, strengthened the public sector and ensured that the activities of the private sector served the interests of the general public. In that connexion, the representative of Cuba had been right to point out that debt servicing placed an intolerable burden on the developing countries. UNIDO should not disregard that aspect of the matter.

21. Foreign capital, if thoughtlessly allowed into the developing countries, could cause harm by restricting their freedom of action. Some of these countries did not hesitate to accept foreign loans on the most unfavourable terms and soon found themselves in the grip of banks and international investment centres whose behaviour sometimes brought to mind the rancidity of a Shylock. To paraphrase Jean-Jacques Rousseau, the developing countries, which had been born free, were now in bondage to their

creditors. Their indebtedness amounted to the astronomical figure of US\$35 thousand million and they would have to pay back to the Western countries the sum of US\$33 thousand million during the period 1970-1973 alone. Since many of them had to secure additional loans in order to repay their debts they were caught in a vicious circle. In addition there were the losses sustained as a result of the crisis in the Western monetary system and the deterioration in the terms of trade of the developing countries. In the circumstances, UNIDO and UNCTAD should continue the activities they had already embarked upon in favour of the developing countries. To quote the statement which Premier Kosygin had made to the UNCTAD session at Santiago, it was to be hoped that UNCTAD would "contribute to a normalization and development of trade and economic relations between countries with different social systems, and to the strengthening of the economic independence of countries recently liberated". UNIDO had a leading part to play in co-ordinating the assistance provided by the organizations of the United Nations system for the industrialization of the developing countries.

22. Relations between UNDP and UNIDO were unfortunately not very satisfactory. The former should contribute an increasing share of its resources to industrial development in developing countries, particularly in regard to the SIS programme, but also by giving UNIDO more long-term projects. Steps should be taken to ensure that UNIDO did not come under the influence of western companies and financial centres which were only too happy to use the international organizations to their advantage. In that connexion, it was said that within the UNIDO machinery there were some who seemed to be afraid that the developing countries might embark on the road to socialism. A reference to General Assembly resolution 2152 (XXI) would show that UNIDO had been established to protect the interests of the developing countries; in other words, it should create conditions conducive to their development and, more particularly, improve their trade position. Recalling the reservations his delegation had expressed concerning promotion activities, he pointed out that the recent infatuation with free zones and ports and with international sub-contracting might enable foreign companies to take a hold on the economy of developing countries. The training of industrial personnel was of great importance to the developing countries. UNIDO performed a most useful task in that area but should take the activities of other organizations of the United Nations system into greater account. The Soviet Union, for its part, was co-operating in that task by arranging training courses, symposia and seminars attended

by experts in all branches of industry. So far 55,000 persons from 101 countries had attended 220 meetings of that kind, and 9,500 fellowships had been granted to citizens of African, Asian and Latin American countries. UNIDO should co-ordinate the activities of the organizations of the United Nations system in the transfer of technology. It should also help the developing countries to assimilate and adapt new technologies. The Soviet Union was prepared to enter into agreements with UNIDO on the transmission of technical and scientific information.

23. The Soviet Union's co-operation with the developing countries went considerably beyond the framework of international aid. Such had been the progress achieved by the Soviet Union in every field of economics and technology that it was in a position to provide effective assistance to the developing countries. Proof of this was to be found in the industrial expansion of Soviet Trans-Caucasia and Central Asia, both of which had been backward areas. At present the Soviet Union traded with 70 developing countries and had concluded economic and technical co-operation agreements with forty-four. He pointed out that repayment of Soviet loans could be made in the form of exports of products which it was very difficult to market in the western countries. For some years now such products had been exported by enterprises built with the co-operation of the Soviet Union. Aid to the industrialization of developing countries represented over 70 per cent of Soviet credits. The Soviet Union had a share in the construction of about a thousand industrial enterprises, of which 490 were in full operation, and over 120 educational establishments, of which some 80 were in service. It had also arranged for the training of 250,000 specialists in the developing countries and several thousands of citizens from those countries had taken part in in-plant training courses in the Soviet Union or had attended courses in educational establishments. In that connexion, he referred to the assistance provided by other socialist countries, more particularly the German Democratic Republic, which was a major industrial country.

24. In conclusion, he expressed indignation at the tenacity of several Western countries in their opposition to making UNIDO a universal organization and their prevention of the participation of the German Democratic Republic in its work.

25. Mr. P. MULLER (Austria) stressed the importance of the Board's present session, which was the first held since the Special International Conference, and was also taking place shortly after the third session of UNCTAD. He hoped that the permanent committee of the Board, whose establishment had been recommended by the Conference, and whose terms of reference would be broader than that of the existing Working Group, could devote its autumn session to a thorough evaluation of certain aspects of UNIDO's programme. He associated himself with other delegations that had asked that the documents should be submitted to the permanent committee in good time so that it could study them properly between its two sessions.
26. His delegation had full confidence in the competence of the Group of High-Level Experts appointed by the Secretary-General. It urged the Secretariat and all the Governments concerned to do everything they could to help the Group to perform its task and to formulate a long-range strategy for UNIDO. The Group would no doubt have to deal with organizational and financial problems, but it should devote the bulk of its time to policy, programming and co-ordination.
27. Austria appreciated the efforts of UNIDO to co-ordinate industrial programmes at the country and regional levels. The co-ordinating role of the field advisers had been referred to at previous sessions of the Board, but he wished to emphasize the importance of fruitful co-operation with UNDP in the harmonization of multilateral and bilateral aid. UNIDO was to be congratulated on its co-operation with other agencies, notably IBRD.
28. Regarding the second general conference of UNIDO, he said that he would prefer it to take place in 1975, since it should be carefully prepared, and only at the end of 1974 would UNDP country programming be completed for all countries. Austria shared the concern expressed by other delegations about UNIDO's financial problems and the restrictions on its activities, and recognized that UNIDO largely depended on UNDP for the financing of its operational activities. He therefore wished to underline the importance of the SIS programme for short-term aid. He had noted the encouraging statement by the UNDP representative, and the proposals put forward by the Japanese delegation. Austria supported the SIS programme as a whole, and would support any steps to ensure that it had sufficient resources.

29. He had listened with interest to the comments concerning the least developed countries and noted, from the explanations given by the Executive Director, that those countries were already receiving 16 per cent of the total aid given by UNIDO. The Austrian delegation, like some other delegations, considered that there must be due regard for the present structures and limited absorptive capacity of these countries, in order to make a careful selection of suitable technology and sources of finance.
30. Austria supported the UNIDO work programme in general. Although operational activities must be given priority, supporting activities were an essential complement to them. The seminars organized at UNIDO headquarters had proved most useful, particularly that on UNIDO operations, financed by a voluntary contribution from Switzerland, and so had the fellowship programme. The Austrian Government had shown its interest in the UNIDO seminar programme by providing a voluntary contribution each year for the holding of such a seminar at Vienna.
31. In conclusion he said that there had always been excellent co-operation between the UNIDO Secretariat and the Austrian Government, and he was convinced that that co-operation would be further strengthened, to the benefit of the developing countries.
32. Mr. G. MULLER (Council for Mutual Economic Assistance) said that in future the Council for Mutual Economic Assistance (CMEA) would be able to co-operate more effectively with UNIDO, mainly through the exchange of experience in certain sectors, such as the chemical industry, iron and steel, petroleum, mechanical engineering and building materials.
33. In 1972 the CMEA secretariat intended to make available to UNIDO specialized studies on, among other things, automation and certain problems of organization in light industry and to invite UNIDO representatives to a series of meetings organized by the Council.
34. CMEA made every effort to co-operate with United Nations bodies, particularly the regional economic commissions and UNCTAD. In 1971 contact had also been established with the Industrial Development Centre for Arab States (IDCAS).
35. At present CMEA's activities were concentrated on the programme of long-term co-operation between the member States in economics, science and technology that had been adopted in 1971 ("Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member Countries").

36. The member countries had applied some of the measures envisaged in the programme even before it had been approved. These measures had been taken as part of the co-ordination of national economic development plans for the period 1971-1975 and had led to the allocation of substantial material and financial resources for the execution of joint projects. The joint projects prepared so far were concerned with the building in member countries of large industrial enterprises in such sectors as coal, steel, metallurgy, non-ferrous metals, chemicals, etc.
37. The International Investment Bank of the CMEA member countries, although founded only recently, was already granting loans for the construction or modernization of enterprises.
38. The CMEA Committee for Scientific and Technical Co-operation was studying the problem of how to make the best use of the technical and scientific potential of the member countries.
39. Socialist economic integration was founded on the principle of voluntary participation. It did not involve the establishment of supranational bodies and was not directed against the interests of other countries.
40. In accordance with the recommendations of the Special International Conference of UNIDO, the member countries of CMEA were helping the least developed countries in the industrial field, such as the Mongolian People's Republic. The Comprehensive Programme also provided for the creation of favourable conditions for the development of multilateral relations between the CMEA member countries and all countries, whatever their political and social systems, which was in line with the policy of peaceful coexistence and social progress.
41. In strengthening their relations with other countries, the CMEA member countries intended to remain faithful to the principles of equal rights, mutual benefit and respect for national sovereignty.
42. The economic development plans of the member countries for the period 1971-75 envisaged a considerable expansion of co-operation with the developing countries. Such co-operation covered an increasing number of economic sectors and included aid in the operation of existing enterprises. The first aim was to strengthen the

public sector in the economies of the developing countries. In addition the CMEA member countries aimed at assisting the establishment of export industries in the developing countries in order to promote a more equitable international division of labour and a larger share in world trade for these countries.

43. In conclusion, he noted with regret that the German Democratic Republic was still unable to participate in UNIDO's activities.

Mr. Brillantes (Philippines) took the Chair.

44. Mr. Metody POFOV (Bulgaria) said that his delegation attached great importance to the present session of the Board. It was the first time the Board had met since the Special International Conference of UNIDO and the adoption by the General Assembly of a resolution outlining the main guidelines that were to play a major role in the Organization's future activities. Bulgaria believed that during the present session, and at future sessions, the Organization's activities should be examined in the light of the decisions of the Special Conference.

45. There were grounds for satisfaction with the Secretariat's efforts to meet the ever-growing needs of the developing countries. UNIDO had succeeded in overcoming many difficulties and had achieved considerable success. There was still, however, room for improvement in certain respects. In view of its limited resources, it was regrettable that the Organization was still dissipating its efforts over a great multitude of tasks, some of which were not very important. Clearer and better criteria and principles were therefore needed for the choice of projects and the setting of priorities. The Secretariat must be sure to study the problems it dealt with in all their aspects, with regard for the particular conditions in the various countries. Moreover, the Secretariat was not making enough use of the experience of the socialist countries, which was considerable in such field as economic planning and determining the profitability of investment. Furthermore, in evaluating UNIDO's activities, the first consideration must be the effectiveness of the aid provided a difficult task but one which could probably be carried out successfully with the aid of the recipient countries.

46. Bulgaria, which had participated in UNIDO's activities since its founding, had established a National Committee for UNIDO in 1971. Since then it had worked to establish closer contact with the Secretariat. In co-operation with UNIDO it had

organized a seminar on metal-cutting lathes; it was preparing for a meeting of experts on industrial planning, financed by voluntary contributions to the Organization. UNIDO had been made the executing agency for two large programmes financed by UNDP and would participate in the execution of a large project for which IMCO was the executing agency. Bulgaria had submitted to UNIDO a programme for co-operation in certain sectors in which it had achieved considerable success (foodstuffs, chemicals, pharmaceuticals, etc.). At present over 2,000 Bulgarian experts were working in various countries under bilateral aid projects. Bulgaria was ready to make experts available to UNIDO and to receive young specialists from the developing countries who wished to complete their training.

47. Co-operation between UNDP and UNIDO was extremely important, but UNIDO should play a leading role in all matters concerning the industrial development of the developing countries. More resources could be made available to the Organization not only through larger allocations of funds from UNDP but through an increase in the proportion of industrial development projects financed by UNDP in country programmes. Furthermore, UNIDO should become more actively involved in the planning of assistance to the developing countries.

48. His delegation attached great importance to the SIS programme. Most of the programme's resources should be for the use of the Organization required to play a decisive role in the industrialization of the developing countries, namely UNIDO. His delegation felt that the next general conference of UNIDO should be held in 1975, thus allowing sufficient time for an evaluation of follow-up action on the recommendations of the first Conference. The value of such conferences was unquestionable, but the interval between any two conferences should not be less than four or five years.

49. As the representative of a country which was aware of the effects of rapid industrialization on the environment, he felt that anti-pollution measures should be adopted and the necessary funds earmarked for that purpose in the earliest stage of industrialization. UNIDO should give attention to the problem of pollution, which was of concern to all countries. In that respect, as in others, it was obvious that the German Democratic Republic should not be excluded from the Organization.

50. His delegation was in favour of the establishment of a permanent committee which would be responsible for preparing the Board's work and overseeing the application of its decisions. The committee should meet twice a year, once immediately after the Board and once at the end of the year. The work of the committee would doubtless make the task of both the Secretariat and the Board easier and would help to improve UNIDO's methods of work.

51. Mr. ASANTE (Ghana) thanked the representative of Indonesia for his courageous statement concerning the amendment made by the General Assembly in resolution 2823 (XXVI) to the consensus resolution of the Special International Conference. His delegation was all the more gratified by that statement because at the twenty-sixth session of the General Assembly it had appeared that only the developed countries were conscious of the fact that the amendment proposed for the purpose of correcting a so-called "technical error" involved principles of substance and could establish a dangerous precedent. The proposal to amend the resolution of the Special International Conference in order to make it acceptable to delegations which had reservations concerning paragraph 8 had been put forward in the Second Committee during the twenty-sixth session of the General Assembly by the representative of an important developed country. As the representative of Ghana, he had asked how the resolution could be amended, but no reply had been forthcoming from any delegation. The main concern, particularly of many developing countries, including Ghana, had been to obtain the adoption of a resolution endorsing the consensus of the Special International Conference. It had been clear that many developing countries did not wish to endorse the controversial paragraph. It had been equally clear that no one wanted to begin qualifying the consensus resolution. When, therefore, the Executive Director of UNIDO had suggested, at the end of an exhausting day's work, that the Secretariat could issue a corrigendum to the consensus resolution, there had been no dissenting voice. The following day, certain delegations (of developed countries only) had questioned the propriety of that procedure. Many developing countries had supported either the corrigendum or the draft resolution on the consensus resolution (which amounted to the same thing). After informal consultations, the corrigendum had been allowed to stand, on the understanding that delegations could adopt the draft resolution after having made reservations and comments on it if

they so wished. It had, therefore, been the Second Committee and, eventually, the General Assembly itself which had approved the corrigendum. Consequently, the Board could not hold the Executive Director or the UNIDO Secretariat responsible for the corrigendum. It should, however, be clearly realized that delegations which had supported the draft resolution of the General Assembly and the corrigendum had been confronted by a dilemma. They had wished to endorse the consensus resolution, but at the same time had realized that the majority of delegations were unwilling to endorse the controversial paragraph, which had been deleted. The lesson to be learned from that incident was that methods of work should be modified in order to avoid hasty or ambiguous decisions. Furthermore, once clear and straightforward decisions had been taken, the Executive Director and the Secretariat should be left to carry out the directives given them.

52. Mr. de LOJENDIO (Spain) felt that in view of the gap between different countries' levels of development, assistance to the developing countries was an obligation both for highly industrialized countries and, within the limits of their capabilities, for countries which, like Spain, had reached an intermediate stage of industrialization. During recent years, Spain had endeavoured to achieve sustained and stable industrial development under extremely difficult conditions. It was willing to share its experience with other countries in order to help them to avoid mistakes and to move ahead more rapidly.

53. His delegation was concerned to note that the resources available to UNIDO had been cut back while the number of requests for assistance had increased considerably. That situation made the task of the Executive Director and the subsidiary organs of UNIDO even more complicated and they would have to redouble their efforts to ensure fairness, coherence and efficiency in their assistance to the least favoured economies.

54. The transfer of technology was one of the most effective means of promoting co-operation between nations and the development of their respective economies. Accordingly, Spain had proposed holding a seminar in Madrid on the transfer of technology from 25-28 September 1972, under the auspices of ECE. The seminar's documentation and conclusions would be sent to UNIDO.

55. In the area of technical assistance to the developing countries, Spain was organizing industrial training courses for senior officials, particularly in Latin America. In connexion with the reorganization of the Spanish Ministry of Industry, it was proposed to establish a high-level body responsible for studying the problems of small-scale and medium-scale industrial enterprises. That body would shortly be in a position to offer its services to interested participating States, both in respect of enterprises as such and in the field of co-operative organization.
56. One of the most important services of UNIDO was TEPCO, the office responsible for technical equipment procurement and contracting for the various industrial projects executed by the United Nations. Spain, for its part, was willing to provide a list of Spanish firms which could provide such equipment and services.
57. The seminars held on certain specific problems confronting both industrialized countries and countries in the process of industrialization were an excellent means of comparing different views and there should be more of them. His Government provided opportunities for UNIDO to organize such activities in Spain; a seminar on corrosion would be held at Barcelona in July and it was also expected that a seminar on packaging would be held in Spain later in the year, with financial assistance from UNIDO.
58. In January 1970, the UNDP Governing Council had approved a project for the establishment in Spain of an electrical industry testing and experimentation centre, with technical and financial assistance from UNIDO. The execution of that project had been subject to considerable delays, caused, *inter alia*, by the introduction of UNDP's new system of financing. Nevertheless, provision had been made in the Third Spanish Economic and Social Development Plan for the funds representing Spain's counterpart contribution to that project, and it was to be hoped that the project could be executed within the planned time-limit. In that connexion, he drew attention to several errors in document ID/B/97 (Part III) which he would like the Secretariat to correct. A slackening in the rate of Spain's industrial development during 1971 was no justification for stating that "Despite the current stagnation in industrial growth in Spain, considerable progress has been made in certain sectors" (page 244). It was common knowledge that 1971 had been marked by an economic recession throughout the world. The fact remained that during the last decade, the annual growth rate of Spain's gross industrial product had been second only to that of Japanese industry and markedly higher than that of the most highly industrialized countries.

59. His delegation supported the proposal concerning the establishment of a permanent committee of the Board which would help to co-ordinate the activities of UNDP and UNIDO, particularly with regard to the formulation, examination and submission of industrial projects, thus making the Organization's work easier. It also supported the proposal that another general conference of UNIDO should be convened at an early date.
60. Mr. POPESCU (Observer for Romania) said that Romania, a socialist developing country, was making strenuous efforts to bring its economic and social development up to a level approaching that of the developed countries in the shortest possible time. The Romanian Government considered socialist industrialization to be essential for the attainment of that objective.
61. Romania was interested in expanding its economic and scientific relations with all countries, irrespective of their social system. The economic and social advancement of all peoples required the building of a new system of economic relations based on the principles of full and equal rights, respect for national independence and sovereignty, and non-intervention in domestic affairs.
62. Romania's relations with the developing countries had convinced it that there were great possibilities for co-operation with those countries. Romania was endeavouring to make international relations a factor for general progress and understanding between peoples.
63. UNIDO had an important role to play in economic and industrial co-operation between advanced and developing countries.
64. Co-operation between Romania and UNIDO had been constantly strengthened in both directions.
65. In view of Romania's experience in the field of the chemical and petrochemical industries, the Romanian Government and UNIDO had recently decided to establish a centre for international co-operation in that field. The centre would be operated in accordance with guidelines issued by a joint UNIDO/Romanian committee. The centre would promote the development of those important industrial branches by organizing expert group meetings at which the problems of chemical and petrochemical industries in the developing countries could be periodically reviewed, by establishing training programmes and by initiating specific activities to promote the establishment of new industrial units in those countries.

66. The centre provided a new formula for international co-operation through which Romania supported UNIDO's activities as well as the complex efforts that other developing countries were making to overcome poverty.

67. The importance of UNIDO's operational activities was clear from the documentation made available by the Secretariat. Romania felt that UNIDO should be given the human and financial resources needed for the purpose.

68. In that context the Romanian Government had noted UNIDO's concern at the uncertain status of the SIS programme, which, since the very foundation of the Organization, had proved to be the most dynamic component of UNIDO's activities in the field. The Romanian Government fully supported the continuation of the SIS programme, which should be governed by simplified, flexible procedures enabling it to respond to the different needs of the developing countries in the industrial field. Rapid intervention was needed in areas such as the introduction of modern technology, increased industrial output, product adaptation and assistance at the plant level.

69. Hence there were sufficient grounds for stating that the SIS programme should be continued and expanded in order to ensure effective co-operation between UNIDO and the developing countries.

70. That did not mean that headquarters activities should be neglected. They should also be continued and expanded. Supporting programmes should aim at collecting and interpreting data on industrial development trends and prospects, broken down by country, region and product. These activities should aim at preparing medium-range and long-range forecasts and at studying changes in the structure of industry.

71. Romania felt that such a supporting programme would not necessarily require additional funds and could be carried out through a better use of existing human resources.

72. In the past supporting activities had benefited from UNDP financing. Accordingly Romania shared UNIDO's concern, expressed in document ID/B/97 (Part I, Add.1), at the lack of adequate financial support from UNDP in 1972. That difficult situation was particularly harmful to national personnel training programmes, especially in-plant training activities. That might well jeopardize the whole UNIDO programme of work. Romania therefore hoped that UNDP would overcome its problems and welcomed the encouraging statement made in that connexion by the UNDP representative.

73. The competent Romanian authorities had noted with great interest document ID/B/101 on the long-term programme for the training of national personnel, which had been prepared in accordance with Board resolution 8 (II). Romania welcomed the Secretariat's proposals on the programme and hoped that UNIDO, in co-operation with participating States and other international agencies, particularly UNDP, would find the necessary material resources, especially for group training activities.

74. UNIDO should continue to focus its efforts on such key activities as the establishment and modernization of basic industries, promotion and transfer of technology, licences and patents, development of industrial co-operation and training of national technical personnel.

75. He expressed his Government's appreciation for the work already done by UNIDO and for the untiring efforts of its Executive Director.

76. In performing its complex tasks, UNIDO should benefit from the experience of all countries. It was therefore regrettable that a highly industrialized country like the German Democratic Republic and other countries should be artificially debarred from participation in the Organization's activities.

77. Mr. KOTUT (Kenya) expressed satisfaction at the results achieved by UNIDO under difficult circumstances. However, there was considerable room for improvement, particularly in the field of co-operation. He was therefore pleased to note that the Group of High-Level Experts on Long-Range Strategy of UNIDO had already met in Vienna.

78. His delegation considered that UNIDO should be the only organization responsible for the promotion and co-ordination of industrial development within the United Nations system. It therefore very much regretted the financial and administrative constraints which prevented UNIDO from effectively playing its fundamental role and helping the developing countries attain the goals set for the Second Development Decade. It viewed with particular concern the prospect that while UNIDO's activities were expected to increase rapidly in 1973 and subsequent years, there was unlikely to be a corresponding increase in resources, with the result that its operational activities would be severely curtailed.

79. His delegation also viewed with concern the uncertainty regarding the future of the SIS programme. Unless the situation improved and unless UNIDO was given a leading role in the implementation of the programme, its impact on the process of industrialization in the developing countries would be considerably reduced. It was vital that the programme should be maintained in its original form and that it should receive financing compatible with the needs of the countries requesting assistance.

80. It was essential, in view of its gigantic responsibility, that UNIDO should be provided with adequate funds to enable it to carry out its task and that it should be given greater freedom of action. UNDP should increase UNIDO's share of development funds and the developed countries should be encouraged to increase their voluntary contributions to the Organization. For its part, UNIDO should establish priorities consistent with the needs of the developing countries and the guidelines laid down by the first Special International Conference. It should also endeavour to achieve a better balance between operational and supporting activities. The time had come for UNIDO to concentrate its resources on the most urgent programmes. Having regard to the budgetary situation, UNIDO should grant priority to the needs of the less developed among the developing countries. In the past, a substantial portion of UNIDO's assistance had gone instead to the more advanced of the developing countries, mainly because they had the capacity to identify their needs and absorb the assistance they received. More assistance should be given to those who needed it most. That was the principle which should be applied in determining UNIDO's structure and the nature and rate of growth of its supporting activities.

81. His delegation hoped that the Group of High-Level Experts would formulate a well-defined strategy for UNIDO.

82. Mr. ARAGON (Argentina) said that his delegation generally agreed with the comments of many other delegations on the future of the SIS programme and on General Assembly resolution 2823 (XXVI), providing for the establishment of a permanent committee as a subsidiary organ of the Industrial Development Board.

83. He had some misgivings about UNIDO's future, since it lacked the means to perform its operational tasks as it should. Industrial progress was as important as progress in the areas of nutrition, culture or health. Those various aspects of development could not be disassociated, and the level of advancement of a country could not be measured solely in terms of its culture or industrial capacity. Development did not aim solely at material welfare; it also meant a state of tranquillity, satisfaction and spiritual calm. UNIDO should lose no time in setting about the development of the peoples of the world in a realistic way, and for that purpose it must have the means necessary to achieve the aims fixed for it when it was first established. If the United Nations - in other words the world - wished the developing countries to achieve a minimum level of physical, mental and material welfare, it must provide the necessary means for attaining that goal. Thus, UNIDO's future would depend on its ability to pursue its own policies, and it must have the proper means for doing so.

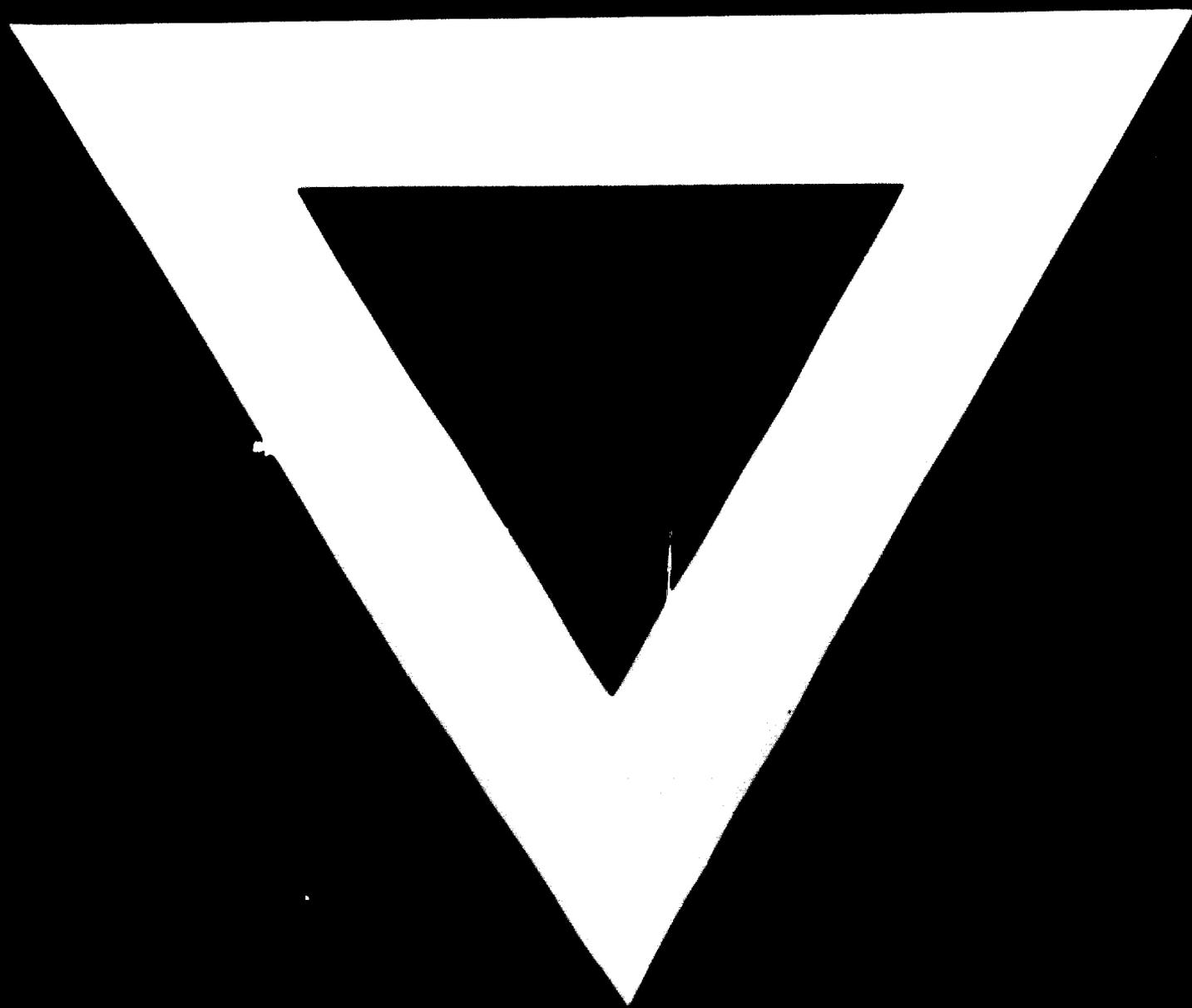
84. Mr. PAZ (Observer for Israel) noted that some delegations had made a practice of converting UNIDO into a political arena in order to attack a United Nations member State. Israel had made it abundantly clear in the past that it had no desire to waste the time of the members of the Board in sterile debate. It was that type of manoeuvre that had recently impaired the prestige of UNCTAD, and it was to be hoped that the same thing would not happen to UNIDO.

85. The allegation that UNIDO's proposed aid to Israel in 1972 was two and a half times more than in 1971 was unarguably refuted by document ID/B/97 (Part III), pages 224-226, which showed that the aid supplied under the SIS programme for 1972 was less than that for 1971. If the reference was to the total sums available under UNDP aid through UNIDO, Israel wished to point out that every country was free to make use of the assistance given to it in accordance with its economic needs and through whatever executing agency it deemed fit. Israel was particularly concerned to develop its industry; it was satisfied with the services provided by UNIDO, and wished to take the present opportunity to express its gratitude.

86. The Israel delegation asked for its statement to be circulated to all members of the Board and for the comments it contained to be included in the report.

The meeting rose at 6.15 p.m.





19.7.74