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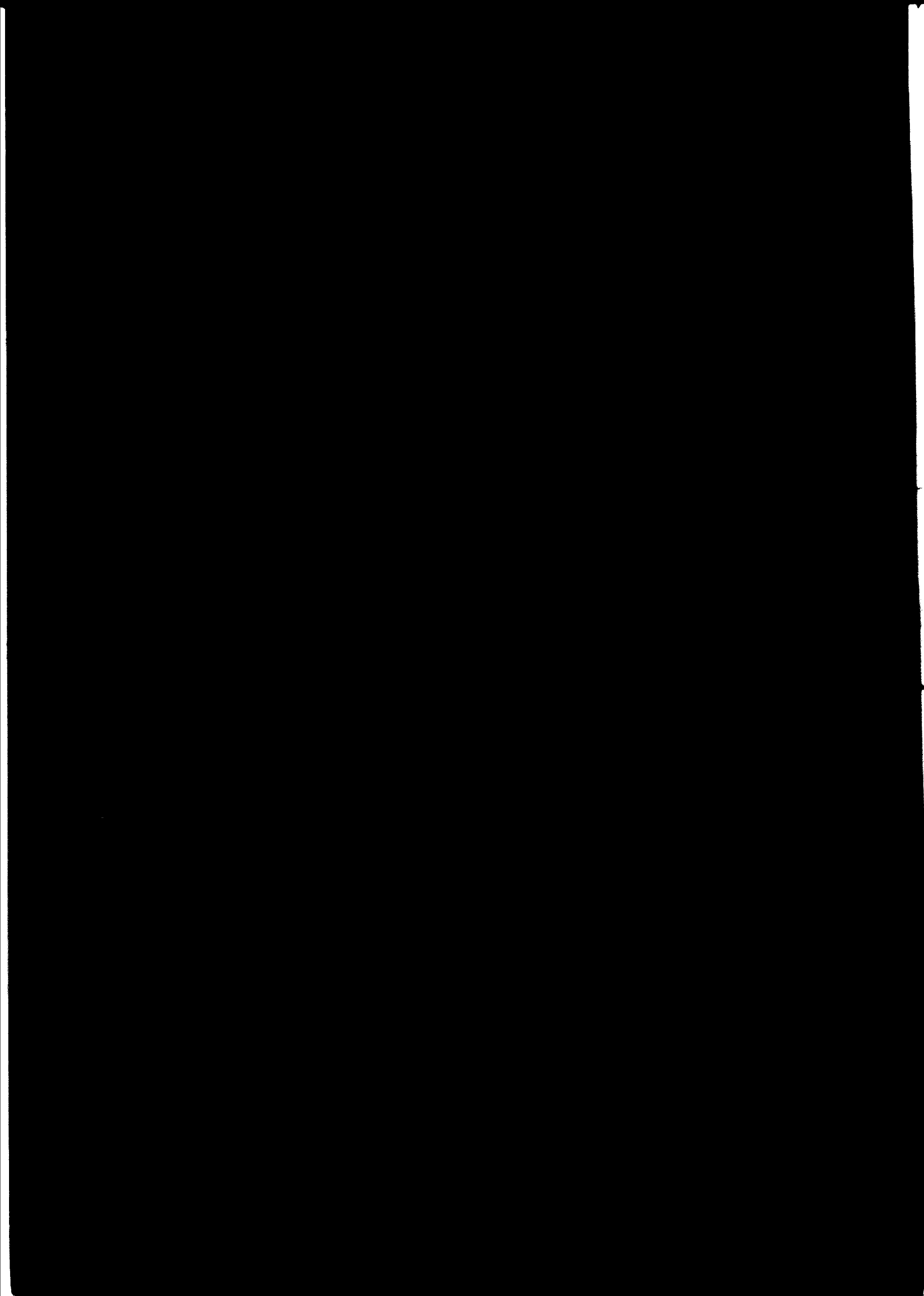
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RECENT RESOLUTIONS AND DECISIONS IN UNCTAD RELATING TO THE  
IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION  
3362 (S-VII) SECTION IV, PARA.7 .

prepared by

the secretariat of UNCTAD

id.76-3746

Note on recent developments and decisions in UNCTAD of relevance to UNIDO in connexion with the implementation of Resolution 3362 (S-VII), para. 7, of Part IV:

1. In view of the fact that UNCTAD has a basic responsibility, inter alia, for the foreign trade aspects of industrialization, including the expansion and diversification of the exports of manufactures, active co-operation has existed between UNCTAD and UNIDO. A new impetus for co-operation between UNCTAD and UNIDO was provided by the Sixth Special Session of the General Assembly which adopted a Declaration and a Plan of Action on the establishment of a new international economic order.<sup>1/</sup> The General Assembly, inter alia, underlined that industrialization should play an important role in the establishment of the new international economic order which, among other things, involved an increase in the share of developing countries in world industrial production. The concept of a larger share was defined by the Lima Declaration which provides that the share of developing countries "should be increased to the maximum possible extent as far as possible to at least 25 per cent of total world industrial production by the year 2000."<sup>2/</sup> Resolution 3362 (S-VII) on development and international economic co-operation adopted by the General Assembly at its Seventh Special Session, inter alia, reinforced the objective of industrial development. Paragraph 7 of this resolution calls upon UNIDO to consult the Secretary-General of UNCTAD on the "methods and mechanism for diversified financial and technical co-operation which are geared to the special and changing requirements of international industrial co-operation as well as of a general set of guidelines for industrial co-operation". Discussions have taken place between the representatives of the Secretary-General of UNCTAD and of the Director-General of UNIDO pursuant to the call for consultations as provided by the above resolutions.

2. The Fourth UNCTAD Conference at Nairobi held from 5 to 31 May 1976 adopted several resolutions dealing with the expansion and diversification of manufactures and semi-manufactures and the related matters. The central place in these resolutions is occupied by "A set of interrelated and mutually supporting measures for

<sup>1/</sup> General Assembly resolutions 3201 (S-VI) and 3202 (S-VI).

<sup>2/</sup> UNIDO, Lima Declaration and Plan of Action on Industrial Development and co-operation, para. 28

expansion and diversification of exports of manufactures and semi-manufactures of Developing Countries" (TD/RES/96(IV)).

3. This resolution responds to the need of a comprehensive strategy suggested by UNCTAD in the main policy issue paper "A comprehensive strategy for expanding and diversifying the export trade of the developing countries in manufactures and semi-manufactures (TD/185). Underlying the comprehensive strategy for manufactures was the notion that improved access, on which efforts in UNCTAD were concentrated to a large extent and in which field considerable success was achieved, was a necessary but not a sufficient condition for the expansion and diversification of the exports of manufactures and hence the need for broad-based and mutually supporting measures which looked beyond the question of access. The resolution deals with (a) improving access to markets in developing countries for manufactures and semi-manufactures of developing countries, (b) industrial development and co-operation and (c) restrictive business practices. Section A of the part dealing with industrial development and co-operation suggests several measures for improving the capability of developing countries to supply exports of manufactures and semi-manufactures dealing, inter alia, with the industrial and export incentives; consideration by international financial institutions in setting up and strengthening financial and commercial institutions and the marketing; distribution and other supporting structure in developing countries; an increase in programme loans by international institutions to industrial sectors in developing countries; the need for private international investment to be consistent with the industrial needs and the legislation and policies of the developing countries; bilateral and multilateral assistance to the developing countries for effectively contributing to the realization of the Lima Target and exchange of technological and industrial information.

4. In Section B dealing with international co-operation for industrial development, restructuring of trade, suggested action includes identification of industrial activities that could be the subject of industrial collaboration arrangements; ways of promoting such arrangements; adjustment assistance measures; commercial co-operation between developed and developing countries and among developing countries and improvement of competitiveness of natural materials and harmonization, where appropriate, of the production policies of synthetic substitutes.

5. In the field of restrictive business practices, action has been called for by countries in a mutually reinforcing manner at the national, regional and international levels to eliminate or effectively deal with restrictive business practices, including those of transnational corporations adversely affecting international trade particularly that of developing countries and the economic development of these countries. At the international level, within the framework of UNCTAD, action is envisaged on negotiations with the objective of formulating a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices having adverse affect on international trade, particularly that of developing countries and on the economic development of those countries; supply of publicly available and, as far as possible, of other information and collection, dissemination and exchange of information relating to restrictive business practices. The resolution also calls for elaboration of a model law or laws on restrictive business practices in order to assist developing countries in devising appropriate legislation. It was agreed that there should be further meetings also at an intergovernmental expert group level to prepare detailed proposals and recommendations in respect of actions decided upon in the resolution.

6. The strategy paper referred to in paragraph 3 was supplemented by three papers, of which a paper on the "Dimensions of the required restructuring of world manufacturing output and trade in order to achieve the Lima Target" (TD/185/Supp. 1), and another paper on "Industrial co-operation and collaboration arrangements in the context of industrial re-structuring" (TD/185, Supp. 3) are considered of direct concern and interest to UNIDO in the implementation of Resolution 3362.

7. The significance of the first paper consists in spelling out the structural changes in the world manufacturing output underlying the Lima target disaggregated in terms of sectors and of developed, developing and Socialist countries of Eastern Europe under various assumptions and based on these changes deducing the trade implications. The second paper (TD/185/Supp. 3) was prepared in response to the request of the Trade and Development Board to the Secretary-General of UNCTAD to undertake a study relating to the formulation and operation of appropriate arrangements for industrial co-operation and collaboration bearing in mind Part II, paragraph 29 of General Assembly Resolution 2152 (XXI) of 17 November 1966,<sup>1/</sup> (TD/B/584, Annex I, Resolution 131(XV)). This study also

<sup>1/</sup> International Co-operation for Industrial restructuring 131 (XV)

falls within the purview of the measures specified in paragraph 7 of resolution 3362 (VII).

8. The decisions taken at Nairobi in other fields of responsibility of UNCTAD are also likely to have a significant impact on the future of industrialization of the developing countries. This is particularly true of the decisions relating to transnational corporations, transfer of technology, trade relations among countries having different economic and social systems and measures of support by developed countries and international organizations for the programme of economic co-operation among developing countries.

9. In view of the fact that world industrial production and trade in manufactures is heavily dominated by transnational corporations, resolution 97 (IV) assumes a great significance. The resolution recommends action at national, regional and international levels aimed at achieving a re-orientation in the activities of transnational corporations towards an increased processing; strengthening the participation of national enterprise of developing countries in activities undertaken by such corporations; action in the field of restrictive business practices of transnational corporations and action for ensuring that the activities of transnational corporations becomes a positive factor in the export efforts of developing countries with the aim of bringing about greater control over the processing, marketing and distribution of their manufactures and semi-manufactures.

10. The most important resolution in the field of transfer of technology adopted by the fourth session of UNCTAD concerns "Strengthening the technological capacity of developing countries". It recommends to developing countries to ensure the formulations of technology plans as an integral part of their national development plans and establishment of appropriate institutional machinery, including national centres for the development and transfer of technology. Developing countries were also recommended to elaborate preferential arrangements in this field among themselves and to establish sub-regional and regional centres for development and transfer of technology, as well as sub-regional, regional and interregional centres in specific and critical sectors of particular interest to these countries. The Conference

recommended that the developed countries "encourage their enterprises and institutions to develop technology appropriate to the needs of developing countries" and disseminate such technology on equitable terms; encourage their universities and other research and training institutes to create "special programmes and curricula for developing countries"; and assist in organizing training programmes in developing countries. The Conference decided to establish an Advisory Service on Transfer of Technology within UNCTAD, to render assistance at the request of developing countries. It also stood for improvement of "the availability and quality of technological information needed to assist developing countries in the selection of technologies relevant to their needs", promotion of international co-operation and effectively control restrictive business practices which directly limit the transfer of technology to developing countries".

11. In the field of transfer of technology, the resolution on "Industrial property" (88 (VI)), recommends that the efforts to revise the Paris convention should take into account a number of considerations such as: the need to promote an effective transfer of technology to developing countries, under fair and reasonable terms; the need for provisions "to avoid abuses of patent rights" and to increase the probability of patents being worked in the developing country granting them; and the need for expanded access to a utilization of patent documentation by developing countries. The Conference reaffirmed that UNCTAD should play a prominent role in the revision process.

12. The Conference recommended in Resolution 89 (IV) that work on a draft international code of conduct on transfer of technology "should be accelerated with a view to its completion by the middle of 1977". It decided to establish an intergovernmental group of experts to formulate draft provisions ranging from mandatory to optional, without prejudice to the final decision on the legal character of the code of conduct.

13. Insofar as the trade relations among countries having different economic and social systems are concerned (Resolution 95 (IV)), the Conference recommended, inter alia, to all countries concerned and especially to the socialist countries of Eastern Europe and the developing countries the adoption



and implementation of such new policies and measures as promotion of new areas of co-operation, including multilateral ones, conclusion of long-term agreements and co-operation programmes in specific areas of trade, industry, science and technology and improvement of the co-operation mechanism by expanding the functions of intergovernmental commissions. The Conference recommended to the socialist countries of Eastern Europe to widen the areas of economic co-operation; to substantially increase economic and technical assistance to developing countries; to assist developing countries to arrive at a comprehensive solution to their major economic tasks and to provide the interested developing countries with assistance in elaborating economic development plans and programmes. It also recommended to the socialist countries of Eastern Europe to take steps to continue to co-operate in establishing production capacities in developing countries, as appropriate, and to focus their efforts in the sphere of economic and technical assistance to developing countries on the development of production forces according to appropriate modalities, in particular in the State sector. The intensification of UNCTAD's activities in this field is also envisaged through consultations of the Secretary-General of UNCTAD with the CMEA member countries and the CMEA Secretariat and a meeting of two intergovernmental groups of experts, one to evaluate the results of these consultations and another to study multilateral system of payments between the socialist countries of Eastern Europe and the developing countries.

14. The Programme of Economic Co-operation adopted by the Ministers of the Group of 77 provides for closely inter-related actions, amongst others, in the following areas: the formulation of a system of trade preferences; the promotion of trade co-operation; the stimulation of complementary co-operation in production particularly through the setting up of joint ventures and multinational enterprises; increased financial and monetary co-operation; co-operation in the field of technology, including collective acquisition and development of new technologies, the elaboration of mutual preferential arrangements, the establishment of regional and sub-regional centres for the development and transfer of technology, etc. The Ministers decided to convene a further meeting in September 1976 to adopt further measures towards the implementation of this programme.<sup>1/</sup>

<sup>1/</sup> TD/195, Annex I, Resolution 1; related UNCTAD background documentation is contained in TD/192 and Supplements 1 and 2, TD/B/AC.19/1, TD/B/AC.19/R.1 - R.9.

UNCTAD IV adopted resolution 92 (IV) on Measures of support by developed countries and international organizations for the programme of economic co-operation among developing countries. The Conference urged developed countries, both the developed market economy countries and the Socialist countries of Eastern Europe, as well as the United Nations system to provide support and assistance to developing countries in strengthening and enlarging mutual co-operation. To this end developed countries agreed to support the implementation of a number of specific economic co-operation measures such as trade preferences and industrial co-operation, amongst others, by granting financial assistance for the promotion of multinational ventures among developing countries; by facilitating the participation of developing countries in projects undertaken by developed countries, by technical assistance for the formulation of joint investment programmes; etc. International financial institutions are called upon to give their strongest support for programmes of economic co-operation among developing countries and to adopt more particularly specific measures facilitating the implementation of multinational projects. UNCTAD should strengthen its capability as executing agency for technical assistance in the promotion and implementation of programmes of economic co-operation of developing countries. The United Nations system and in particular UNDP should devote a larger proportion of technical assistance resources to such programmes and developed countries should provide additional contributions as well as trust funds for specific projects.

15. It is worth underlining that UNCTAD's integrated programme of commodities aims at ensuring that developing countries which rely heavily on commodity exports for earning of their foreign exchange, acquired foreign exchange resources adequate to finance the essential imports required, inter alia, to support their industrialization programme. It also brings out into focus the fact that one of the important factors in securing a fair price for the commodities exported by the developing countries would be by undertaking as much processing as possible at the source of raw materials in the developing countries. This is likely to reduce their dependence on foreign markets for exports on the one hand and on the other would assist them in strengthening their bargaining position in terms of prices and supplies. The resolution on the integrated programme for commodities

adopted by UNCTAD IV<sup>1/</sup> sets as its basic objective the achievement of stabilization of commodity prices at levels which would be remunerative and just to producers and equitable to consumers, taking account of world inflation and changes in world economic and monetary situation. Such prices should promote equilibrium between supply and demand within expanding commodity trade. On the key question of common fund, international measures of the programme include steps towards the creation of such a Fund. UNCTAD has been requested to convene a negotiating conference open to all its members no later than March 1977 which will be preceded by preparatory meetings concerning the objectives of the fund, financing needs, sources of finance, mode of operations, decision-making and fund management.

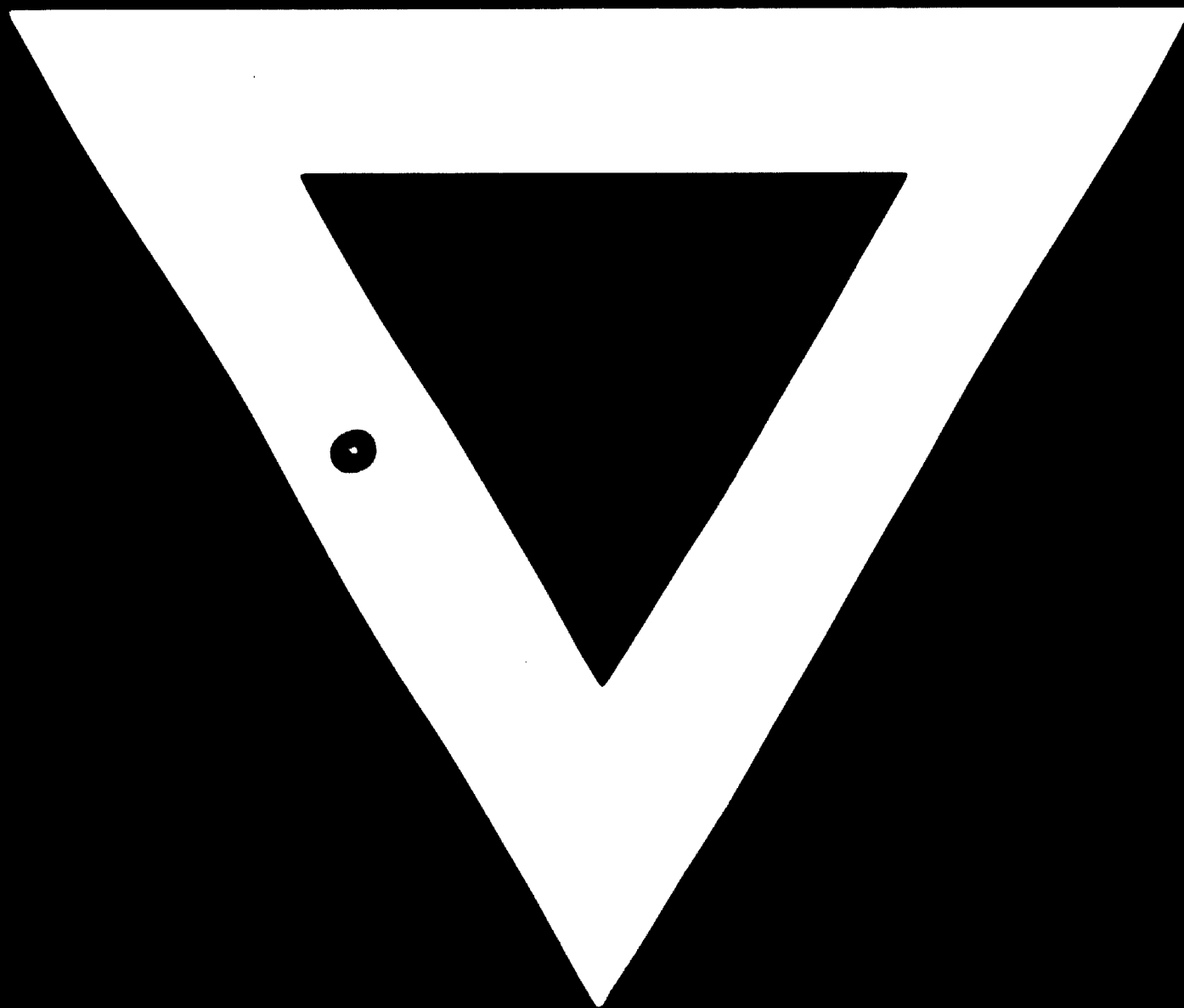
16. It is worth noting that resolution 96 (IV) recognizes "there exists a close interrelationship between industrial development and trade, concerted co-operation between UNCTAD and the United Nations Industrial Development Organization is required in implementing the various measures in their respective areas of competence, bearing in mind the central role of the United Nations Industrial Development Organization in industrial development and co-operation and of UNCTAD in trade and development in the United Nations system;". It further recommends that UNCTAD and UNIDO should co-operate fully in their respective area of competence in promoting the action recommended in section II b, paragraph 5 of the resolution dealing with international co-operation for industrial development, re-structuring and trade.



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<sup>1/</sup> Resolution 93 (IV)

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