



**TOGETHER**  
*for a sustainable future*

## OCCASION

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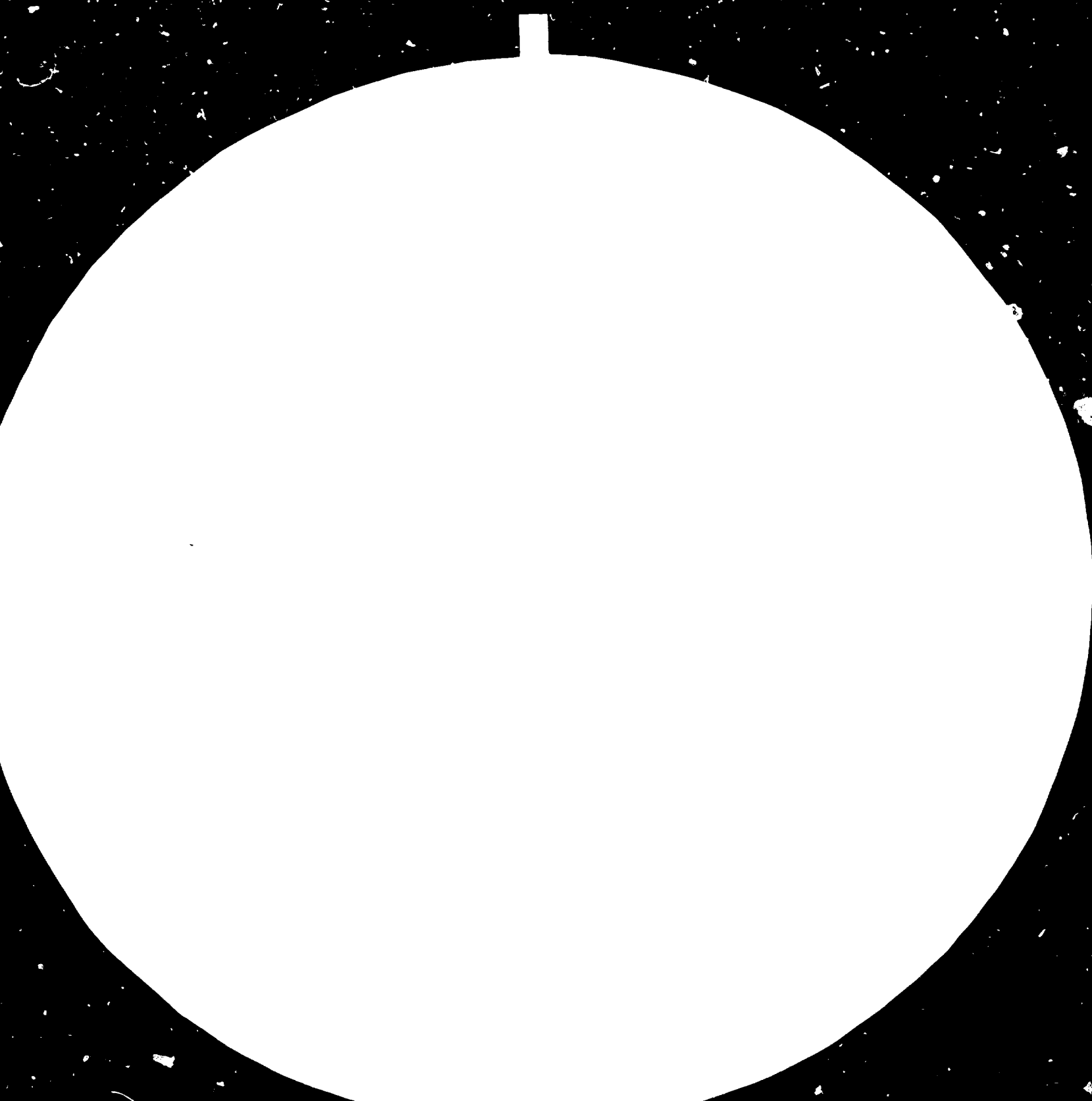
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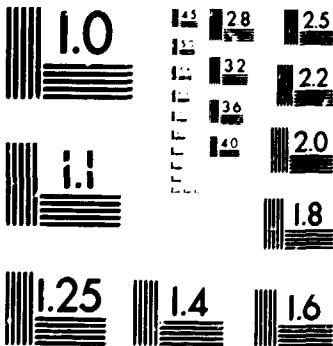
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**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

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**FOURTH  
GENERAL CONFERENCE  
OF UNIDO**

*Vienna, Austria, 2-18 August 1984*

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**ADDRESS OF DR. ABD-EL RAHMAN KHANE  
EXECUTIVE DIRECTOR OF UNIDO**

*on 2 August 1984*

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Mr. President,  
Honourable Ministers,  
Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen,

At the outset, may I offer to you, Mr. President, on behalf of the secretariat and on my own behalf, my sincere congratulations for your unanimous election to this high office. I know well your rich experience, your wisdom and your able leadership and I am confident that you will spare no effort to make this Conference a significant occasion for a constructive dialogue and meaningful decisions. May I also congratulate your colleagues in the Bureau for their unanimous election. You have in them a competent team, equally dedicated to the objectives of this Conference. On my part I should like to assure you and your colleagues of my full co-operation and that of the secretariat in assisting you all in your most important and delicate task.

The First General Conference of UNIDO was held in these same historic premises, 13 years ago. We therefore once again owe a debt of gratitude to the Federal Government of Austria. It has, since the inception of UNIDO, consistently identified itself with the problems of UNIDO and the cause that UNIDO represents. There can be no better evidence of this than the presence here this morning of the Federal President, His Excellency Dr. Rudolf Kirchschläger. Our grateful thanks are due to him for his thoughtful and statesmanly address which reflected the unique position that this country has come to occupy in the international community through its positive approach to international co-operation. I am sure his address will provide inspiration and guidance throughout your deliberations.

It is also a great pleasure for me to thank sincerely the Secretary-General of the United Nations, His Excellency Mr. Javier Pérez de Cuéllar, for his personal participation in the inaugural session of the Conference despite his other numerous demanding duties. His address was marked by his characteristic realism, his long-standing commitment to international co-operation, his conviction in the important contribution of industrialization

to the overall development of developing countries and his appreciation of the role UNIDO has played and should continue to play in this regard. I know that the Conference will also find guidance from the important and constructive remarks he has made this morning.

May I also warmly thank on this occasion the distinguished Head of the Indian Delegation, His Excellency Mr. V. P. Singh, for kindly opening the Conference. Many of us here today still retain the memory of the lavish hospitality extended by the Indian Government during UNIDO's Third General Conference and the important contribution made by the Indian delegation headed by His Excellency, Mr. Narasimha Rao, the then Minister for External Affairs. Mr. Singh's address today has lent further confirmation to the commitment of India to industrial development and international co-operation and the support that she has consistently given to UNIDO.

May I also extend a hearty welcome to the honourable ministers and all other distinguished participants including my colleagues from sister agencies in the UN system and representatives of governmental and non-governmental organizations. The presence of all of you here is an affirmation of your deep interest in the subject of industrialization of developing countries and I am truly hopeful that your efforts will make the Conference a success, thereby contributing positively to the accelerated industrialization of developing countries. I am sure all of you have come here not only to strive for the industrial transformation of the developing countries but also by the same token to assist in the recovery of the international economy.

Mr. President,  
Excellencies,  
Ladies and Gentlemen,

As you are well aware, on the part of the secretariat we have tried to set the stage for this Conference by a process which started early last year and which has included preparatory meetings in five important areas, involving more than 100 countries; discussions with other UN agencies and governmental and non-governmental organizations; and the issue of the bulk of the documentation well in advance of the Conference. Governments have not spared their efforts either. There have been regional meetings of ministers, adoption of common position papers, and the keen deliberations in the Industrial Development Board in its capacity as the Preparatory Committee for the Conference and several sessions of its open-ended working group, not to mention the several meetings which preceded today's opening. This preparatory process has helped to focus sharply the attention of the international community on the industrialization of the developing countries. At the same time, I hope we can all agree that this

valuable preparatory work will only achieve its objective if the Conference concentrates its efforts on reaching meaningful decisions for action.

In addition to the documentation on each agenda item by way of background and issue papers, I provided by mid-June in the Special Report of the Executive Director (ID/319) my own assessment of the situation, the rather modest achievements of the past and the tremendous future potential offered by the industrialization of developing countries. I shall not cover the same ground again. In the interest of a business-like approach to the Conference which has only a limited time before it, I would only try now to highlight certain salient aspects of the issues before the Conference. I hope you will bear with me if as a consequence of the search for brevity, my observations are made in a rather concise and sometimes abrupt form.

Mr. President,  
Excellencies,  
Distinguished Delegates,

It should by now be common ground that the international economic environment in the last few years has acted as a major constraint to the industrialization efforts of developing countries. Industrialization of developing countries has been a major sufferer in the present economic crisis. Therefore, protectionist policies, debt problems and financing of the industrialization of the developing countries represent in my view the major elements of the global situation which need to be tackled by the international community. No doubt, there are a few signs of recovery in some of the developed countries and some would pin great hopes on these signs. I believe however that it would be sheer complacency to think that since some signs are visible, nothing more needs to be done in the direction of return to sustained growth and global economic recovery. The signs of recovery are still erratic and not evenly spread. The impact of the recovery on developing countries is bound to take time. Under such conditions what we need to do is definitely not to wait for an uncertain trickle-down effect. What we need is an agreed, massive and integrated international effort that will bring the contribution of developing countries into play to invigorate the international economy. Indeed, we in UNIDO clearly perceive industrialization of developing countries as of crucial importance in any sustained recovery at world level.

In this context, pronouncements in favour of trade liberalization must be translated into practice. Protectionism has not only to be halted but must also be rolled back. This will provide some relief to developing countries by helping them to increase their exports of manufactures. But the consequent increase in export earnings will not help if an adequate solution cannot be found to the debt problem. If the debts are to be repaid, conditions must be created to help such repayment. Important among such

conditions will be the ability of the developing countries to revive their industry and export manufactures and processed and semi-processed goods at fair prices. Several suggestions have been made recently for adopting limits to additional charges and commissions for debt servicing, and for improving the terms and maturity profiles. In particular, it is necessary that the total export earnings of developing countries are not committed to debt servicing beyond a reasonable percentage consistent with the maintenance of adequate levels of internal productive activity in each country. I consider a debt service ratio of 25 per cent including capital repayments as a reasonable upper limit in this respect. Pending the necessary steps to be taken, adequate financial resources should be provided urgently for industry compatible with the overall requirements of each country so that existing capacity may be utilized; as a next step sufficient financial flows should be made available for new industrial investments. On this third element of the approach to the solution of the problems confronting the industrialization of the developing countries, I have made clear in the Special Report my views on what should be done either within the framework of the existing international financial organizations, or through the establishment of an International Bank for Industrial Development.

In addition any conference convened on the reform of the international monetary and financial system should be development-oriented, and the special needs of industry should be taken into account, as industry will, *inter alia*, be a major factor by which the debt repaying capacity of developing countries can be strengthened.

Mr. President,  
Excellencies,  
Distinguished Delegates,

Industrialization of the developing countries is one of the major instruments for the establishment of the new international economic order called for 10 years ago by the United Nations General Assembly. The Lima Declaration and Plan of Action which followed a few months later is more valid than ever before. The quest for an orderly global restructuring of industry as called for in Lima must continue. One of the already established channels to this end is the System of Consultations which should be strengthened, refined and implemented at the regional and interregional levels more than hitherto. Several other critical inputs into the process of industrialization are needed and they are highlighted by the Conference agenda. The documentation and my special report suggest what could be done by the countries themselves and through international co-operation, and what in particular the UNIDO secretariat can do.



Mr. President,

The function of industrialization of developing countries is two-fold: first, the continuous improvement of the well-being of the people of the developing countries, principally through the satisfaction of the basic needs of the masses; and second, participation in an interdependent world as equal partners in the global economy. In the latter context we view at this very juncture industrialization as a prerequisite for sustained international recovery. Hence the effort needed from the international community to transform the dormant potential of developing countries into active markets for the benefit of both the developing countries themselves and the other countries of the world.

Foremost in this process will be human resource development. What is needed is not only a dimensionally much larger effort but also the alignment of such effort with the present and future needs of industrial development and society. This calls for a larger access for the developing countries to the educational and training facilities of the developed countries on a bilateral basis. As for the effort to be channelled on a multilateral basis I have proposed in my special report that UNIDO should be able to deliver up to 100,000 man-months a year of technical training within its sphere of competence, that is approximately 10 times its present capacity. Moreover, we have expressed our support for an ILO initiative for convening a world conference on human resource development. A suggestion has also been made in the documentation that UNIDO jointly with UNESCO and ILO may organize a high-level meeting to review the various aspects of the education and training systems in the developing countries, to make them respond more readily to future needs of industry.

Closely related to human resource development, in fact part of it, is the scientific and technological development of developing countries. It is important to appreciate that the speed and structure of industrialization in the present and coming decades will be considerably influenced by the emergence of technological advances, such as microelectronics and genetic engineering and biotechnology. Countries at all levels of development must be aware of the impact of the ongoing technological change. Acquiring such a technological capability needs a long lead time. It is to help the developing countries to initiate such an effort that, just as the International Centre for Genetic Engineering and Biotechnology has been promoted by UNIDO, I propose that international centres be established, with the active co-operation of developed and developing countries in fields such as microelectronics, new materials, marine industrial technology and energy. In the same context, I have also urged developing countries on several occasions to devote some 2 per cent of their GNP to their own scientific and technological efforts, as the surest means of attaining self-sustained development and responding to the basic needs of their people. In the meantime it is hardly a tribute to human ingenuity, let alone its

compassion, if in spite of all the advances in technology we cannot over the entire world relieve the poverty of large masses and enable men and women to lead their lives, however simple, with dignity. It is with a view to applying modern technology to the unmet needs of the poorest of the poor, that a programme "technologies for humanity" which emerged in the preparatory meeting in Tbilisi, has been proposed for endorsement as an idea by this Conference to be further elaborated and implemented.

In connection with the financing of industry in the developing countries I would commend for the consideration of the Conference a proposal to establish an industrial project preparation facility to be funded by member countries. Some of us here will recall that such a proposal was made at UNIDO III in New Delhi in January 1980. Since then experience has clearly highlighted the urgent need for such a facility. Even if started on a modest scale it would provide invaluable help in identifying and preparing viable and bankable industrial projects.

In regard to energy, which is another critical input into industry, many developing countries are striving to free themselves from their past and current dependence on energy imports and to secure an energy future based on increased use of indigenous sources. Such concerns and efforts deserve to be encouraged and assisted in all the dimensions identified in our programme after the New Delhi Conference, namely energy for industry, industry for energy and management of energy.

As for another very important item on your agenda, I hope that this Conference will carry many steps forward the programme of industrial co-operation among developing countries. It is particularly necessary and opportune to take advantage of this Conference to pursue this strategy further. Developing countries must exercise this option fully and I see, as one of the first steps that could be taken, the adoption of a code of conduct to lay the ground for equitable relationships in co-operation amongst developing countries. This will establish industrial co-operation among developing countries on a solid footing and will ensure a long-lasting equilibrium in the benefits to be derived from international co-operation.

Mr. President,  
Excellencies,  
Distinguished Delegates,

The agony that Africa is going through should be better recognized and I expect that one of the priority actions of this Conference will be to take appropriate decisions with a view to ameliorating economic conditions in the African continent. Both the adverse international economic environment and natural and man-made calamities have led to hunger, migration and a host of other problems. Thirty four African countries are going through drought; 24 are food deficit; 26 are least developed; and

21 are classified as low-income countries by the World Bank. The United Nations Secretary-General has been particularly sensitive to the plight of Africa and has initiated several measures to remedy the situation. The UNIDO secretariat fully supports the Secretary-General's initiatives and stands ready to make its contribution in its area of competence.

Concerning Africa, the question has been raised as to whether the entire effort of the international community should not be concentrated on agriculture. I must say that such a question overlooks the contribution that industry could make to African agriculture. First, to cite only one example, if current trends continue, more than 80 per cent of simple agricultural tools and implements used in Africa by the year 2000 will still have to be imported. Second, as the Lagos Plan of Action has stated, the industrialization of Africa in general and of each member State in particular constitutes a fundamental option in their total range of activities aimed at freeing Africa from underdevelopment and economic dependence. Third, we are already in the middle of the Industrial Development Decade for Africa proclaimed by the United Nations General Assembly in 1980, and what is required is to accelerate the implementation of the activities of that Decade.

In response to the request made by the African Ministers of Industry at their Seventh Conference and bearing in mind Resolution 57 (XVIII), adopted by the Industrial Development Board, we have submitted for your consideration in document ID/CONF.5/33 a wide-ranging and interrelated set of activities requiring some \$US 200 million over the period 1985-1990. The programme is aimed at assisting African countries in the establishment of core industries or industries geared to meeting the basic and urgent needs of food, water, medicine, shelter etc. The programme has also paid attention to the development of human resources and the building up of scientific and technological capabilities and institutional infrastructure. On the whole, though very modest, it represents a balanced programme which takes into account the priorities and the needs of different groups of African countries, and which could enable them to build an initial framework for the efficient management of the necessary industrial investments. I strongly commend this programme for endorsement by the Conference. I would request the Conference, in addition, to take decisions for its financing. I fully understand that such financing should be through voluntary contributions but I would like to suggest for your consideration that it be shared among the different groups as follows: 65, 20 and 15 per cent for Groups B, D and Group of 77 respectively.

Mr. President,  
Excellencies,  
Distinguished Delegates,

In highlighting several critical areas requiring the attention of the Conference, I would like to stress that they also call for a larger and more

concerted effort on the part of the secretariat itself. I would say, if I may, that UNIDO over the years has equipped itself well for this task. A strong technical co-operation activity complemented by promotional programmes and studies has been built up. The studies which facilitate review of industrial trends as well as generation of new ideas and perceptions are an essential component of this package, since for a long time to come many of the developing countries will not be able to carry out such studies themselves. The increasing share of technical co-operation by UNIDO in the total indicative planning figure of many countries is but one tangible evidence of its increasing usefulness in the field. The total technical co-operation delivery by UNIDO since its inception up to the end of 1983 has amounted to nearly \$US 700 million. It currently involves some 130 countries and territories, in addition to regions, sub-regions and organizations and covers a wide range of industrial sectors and industry-related activities. This reservoir of experience and expertise is there for use by developing countries. If more funds are available for technical co-operation, this programme of UNIDO can be further refined and strengthened. By enriching this body of experience, the developing countries will derive greater benefit not only individually but collectively. It is for this reason that I have been urging developing countries to contribute resources in an increasing measure for the technical co-operation activities of UNIDO.

With similar considerations in mind I expressed a very personal thought to the Second Regular Session of the Economic and Social Council about a month ago. I would like to place it before this Conference as well. In the light of my experience of nearly 10 years as the Head of an autonomous organization within the United Nations, it is my considered opinion that the UN system and particularly the specialized agencies would be under considerably less stress than today if their regular budgets were better balanced. In my view, the situation would be much healthier if (a) no single country contributes more than 10 per cent to the budget of any of the organizations of the system and (b) the resultant gap of 16-17 per cent is shared by the developing countries. As far as UNIDO is concerned I believe that its forthcoming transformation into a specialized agency could offer the best opportunity for introducing such a new finance-sharing scheme. I would only add here that the new scheme would also allow a wider geographical composition of the secretariat's staff, which is generally recruited on a quota system mainly related to the contribution of each State, leading to greater involvement of the developing countries in the overall management of the organization.

Mr. President,  
Honourable Ministers,  
Excellencies,

I would like to conclude by drawing, once again, the attention of this Conference to the basic facts and issues it has to consider. Industrialization

of the developing countries could be a major instrument for world economic revival in the short and long terms. It provides the most viable option for the long-term economic growth of all nations. Therefore, the attainment of the Lima target is to be pursued more than ever for sustained global economic growth and meaningful interdependence. Urgent actions are necessary in a number of subject areas critical for industrialization. International co-operation has to be viewed in a forward-looking manner to meet the needs of industry in a changing world. The secretariat of UNIDO needs to be strengthened to discharge effectively the greater responsibilities ahead of it.

Against this background, I hope and plead that the Conference gives undivided attention to action-oriented proposals. Political considerations may be relevant but urgent action programmes should not be swept aside by making issues of those considerations. To support the action programmes the Conference should also identify the means of securing additional resources. That would be a real expression of political will. We need more than an agreement on ideas. If the Conference only supported ideas but did not indicate where the resources are to come from it would not have fulfilled its task. In addition to action-oriented plans, the Conference must result in a renewed recognition of the imperative of industrialization of the developing countries and a new resolve to enlarge international co-operation for this purpose. In the process, I also hope that the Conference will find fresh approaches to deal with the current global economic problems, particularly relating to industrialization. The results of this Conference will be all the more valuable if it provides the starting point for a genuine dialogue on global economic problems which, if further postponed, cannot but contribute to increasing social and political tensions within and among nations.

To conclude, Mr. President, Excellencies, ladies and gentlemen, I trust that this Conference will not underestimate its importance for what it can do for industrialization of developing countries and international economic recovery and thereby, and more importantly, for what it can contribute to world peace. In this connection, I would recall and stress what I said in my opening remarks to UNIDO III in New Delhi which is still valid: "If it is true that there can hardly be development without peace, it is equally true that, for the future, there cannot be peace without development". UNIDO IV offers the international community another opportunity to realize and accept a shared perception of a common future. International co-operation now, on a massive scale, to help the world move towards global prosperity and international peace for the future generations is a much better alternative to the present race towards possible mutual destruction and annihilation of civilization on this earth. This is the message which I wish UNIDO IV should find possible to convey to the world—a message of determination and hope, for despair is the faith of the doomed.

I wish your deliberations every success and thank you for your attention.

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