COMMITTEE FOR INDUSTRIAL DEVELOPMENT

REPORT OF THE THIRD SESSION
(13-31 May 1963)

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## NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.
COMMITTEE FOR INDUSTRIAL DEVELOPMENT

Report to the Economic and Social Council on the third session of the Committee held at United Nations Headquarters from 13 to 31 May 1963 inclusive

I. ORGANIZATION OF THE SESSION

Membership and attendance

1. The following members of the Committee were represented: Algeria, Argentina, Australia, Austria, Brazil, Bulgaria, Central African Republic, Colombia, Czechoslovakia, El Salvador, Ethiopia, France, Federal Republic of Germany, India, Italy, Japan, Madagascar, Mexico, Pakistan, Philippines, Senegal, Sweden, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Yugoslavia.

2. The following States sent observers to the Committee: Denmark, Netherlands, Poland, Romania, Ukrainian Soviet Socialist Republic.

3. The following specialized agencies were represented: International Labour Organisation (ILO), Food and Agriculture Organization (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO) and International Bank for Reconstruction and Development (BRD). The International Atomic Energy Agency (IAEA) was also represented at the session.

4. The following non-governmental organizations were represented:


5. A list of the representatives, alternates, advisers and observers attending the session will be found in annex I.

1/ The previous activities of the Committee have been reported to the Economic and Social Council in the following documents: report of the first session (27 March-21 April 1961) [Official Records of the Economic and Social Council, Thirty-First Session, Supplement No. 2 (E/3476/Rev.1)], and report of the second session (5-28 March 1962) [Ibid., Thirty-third Session, Supplement No. 2 (E/3600/Rev.1)].
Rules of procedure

6. In accordance with rule 26 of the rules of procedure of the Economic and Social Council, the proceedings of the Committee were governed by rules 26, 41, 42 and 47 to 70 inclusive of those rules of procedure.

Election of officers

7. At its 20th meeting, on 13 May 1963, the Committee elected the following officers: Chairman: Mr. Bertil Bolin (Sweden); First Vice-Chairman: Mr. Hortencio J. Brillantes (Philippines); Second Vice-Chairman: Mr. Mourad Castel (Algeria); Rapporteur: Mr. Marcio do Rego Monteiro (Brazil).

Agenda

8. At its 21st meeting, the Committee unanimously adopted the following agenda (E/C.5/25/Rev.3):

1. Election of officers.
2. Adoption of the agenda.
3. Programming and planning of industrial development:
   (a) General review of programming and planning;
   (b) Questionnaire on industrial planning and development and replies of Governments;
   (c) Seminar on Industrial Programming, Sao Paulo, Brazil, 4-15 March 1963.
4. Transfer and adaptation of technology for developing countries:
   (a) General review of the transfer and adaptation of technology;
   (b) Industrial standards.
5. Financing of industrial development:
   (a) General review of the work of the Secretariat on the financing of industrial development;
   (b) Export credits for industrial equipment.
8. Activities of the United Nations family in the field of industrial development:

(a) Report on the work of the Industrial Development Centre;
(b) Report of the specialized agencies, the International Atomic Energy Agency, the Technical Assistance Board and the Special Fund;
(c) Role of the Committee for Industrial Development in the preparation of the United Nations Conference on Trade and Development;
(d) Training and management for industrial development.


10. Report of the Inter-Sessional Working Group:

(a) Structure and terms of reference of the Inter-Sessional Working Group;
(b) Definition of the term "industrialization";
(c) Social aspects of industrialization.

11. Consideration and approval of the Committee's report to the Economic and Social Council.

Organization of work

9. At its 20th and 21st meetings, held on 13 and 14 May 1963 respectively, the Committee considered the question of the organization of its work. At the 21st meeting, the Committee had before it a note on this subject (E/C.5/L.13) which had been prepared by the Chairman after consulting the other officers and the Secretariat. It was decided to have a general debate and afterward to set up two working groups, whose fields of competence would be roughly analogous to those of the working groups established during the Committee's second session. Items 3, 4, 5, 6, 7 and 10 (b) and (c) were allocated to Working Group I and items 8, 9 and 10 (a) to Working Group II. These arrangements were summarized in document E/C.5/L.15.

10. The Chairman of the Committee designated the representatives of Algeria, Argentina, Australia, Austria, Brazil, Bulgaria, Central African Republic, Czechoslovakia, El Salvador, Ethiopia, Federal Republic of Germany, France, India, Italy, Japan, Mexico, Philippines, Sweden, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America and Uruguay to serve on Working Group I. The Second Vice-Chairman of the Committee, Mr. Mourad Castel (Algeria), was designated to serve as Chairman of Working Group I.
11. The Chairman of the Committee named the representatives of Algeria, Argentina, Austria, Brazil, Colombia, Czechoslovakia, Federal Republic of Germany, France, India, Italy, Japan, Mexico, Pakistan, Philippines, Senegal, Sweden, Tunisia, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America and Yugoslavia to serve on Working Group II. The First Vice-Chairman of the Committee, Mr. Hortencio J. Brillantes (Philippines), was designated as Chairman of Working Group II.

12. Working Group I elected Mr. Christo Kolev (Bulgaria) as its Vice-Chairman and held seven meetings between 20 and 29 May 1963. The Chairman of the Working Group appointed several members to drafting sub-groups to finalize draft sections of the report, as follows:

(a) Planning and programming of industrial development: Mr. Marcio do Rego Monteiro (Brazil), Mr. Christo Kolev (Bulgaria), Mr. Philippe Bernard (France), Mr. S.L.N. Simha (India), Mr. Akira Matsui (Japan);

(b) Definition of industrialization: Mr. Seymour M. Finger (United States), Mr. V.G. Solodovnikov (USSR), Mr. Marcio do Rego Monteiro (Brazil), Mr. Mourad Castel (Algeria), Mr. Jean Vavasseur, Mr. Philippe Bernard (France).

13. Working Group II elected Mr. Antonio Bayona (Colombia) as its Vice-Chairman and held eight meetings between 20 and 29 May 1963. The Chairman of the Working Group appointed the following members to serve on a drafting sub-group: Mr. Georg Reisch (Austria), Mr. Marcio do Rego Monteiro and Mr. A. Santos (Brazil), Mr. S.L.N. Simha (India), Mr. Akira Matsui (Japan), Mr. Bertil Bolin (Sweden), Mr. Yehia S. El-Molla (United Arab Republic), Mr. E.N. Makeev (USSR), Mr. Seymour M. Finger (United States); the Chairman served ex officio.

14. At its 22nd to 25th meetings the Committee had a general debate in which twenty-one speakers participated. At its 26th, 27th and 28th meetings, the Committee considered and adopted its draft report.

Structure and terms of reference of the Inter-Sessional Working Group

15. The Committee reviewed the structure and terms of reference of the Inter-Sessional Working Group. In this connexion, it had before it a note by the Secretariat (E/C.5/L.24), as well as the report of the Inter-Sessional Working Group (E/C.5/36).

16. Some representatives considered that the Inter-Sessional Working Group had not been able to carry out the tasks assigned to it because its meetings were organized in such a way that they had been too brief and many delegations had not been able to furnish experts. During the discussions which ensued, it was pointed out that the nature of the tasks assigned to the Working Group should be clarified, and the opinion was expressed that it would be difficult for most delegations to bear the cost of sending experts to relatively brief meetings. The possibility was also raised as to whether consultations between the Commissioner for Industrial Development and the permanent missions at Headquarters might not eliminate the need for the Inter-Sessional Working Group.
17. The Committee took the following decisions:

(a) The Inter-Sessional Working Group should be continued for another year;

(b) Its terms of reference should remain substantially the same as set forth in the Committee's report on its first session (see E/3476/Rev.1, para. 77), and its main tasks should be, in consultation with the Industrial Development Centre, to establish the provisional agenda for the next session and to perform such other duties as the Committee might assign it;

(c) It would be composed of those members of the Committee who had expressed a desire to take part in its work, and other members of the Committee would be free to attend meetings as observers;

(d) It would be convened either by its Chairman or by the Commissioner for Industrial Development on behalf of the Secretary-General.

18. Except for a brief meeting to elect a Chairman, which could be convened immediately after the present session, it was agreed that no meeting of the Inter-Sessional Working Group would be scheduled until after the eighteenth session of the General Assembly and that, in view of Economic and Social Council resolution 936 I (XXXV) and the forthcoming United Nations Conference on Trade and Development, the activities of the Working Group would be limited as much as possible during the coming year.

19. Finally, it was agreed that the membership of the Inter-Sessional Working Group should remain unchanged until a new group was named, regardless of whether any of its members might cease to be members of the Committee.

20. At the 28th meeting, the Chairman appointed the delegations of Algeria, Argentina, Brazil, Czechoslovakia, Ethiopia, France, Federal Republic of Germany, India, Japan, Mexico, Philippines, Sweden, United Arab Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, and Yugoslavia to be members of the Inter-Sessional Working Group for 1963-64.
II. SUMMARY OF THE GENERAL DEBATE

21. The general debate opened with a statement by the Commissioner for Industrial Development outlining the major developments which had taken place in the Industrial Development Centre since its establishment in October 1962, and the policies followed in directing the activities of the Centre (see annex VI below). The Commissioner informed the Committee that research and operational work in the field of industrial development had been intensified during the past year, and described the steps that had been taken to integrate and co-ordinate the work programme of the centre with those of the regional economic commissions, and to harmonize the United Nations activities in this field with those of the specialized agencies. He also referred to the establishment of advisory services at the Centre and in the regional economic commissions and to the initiation of new research projects.

22. In the course of the ensuing debate, statements were made by representatives on a wide range of problems including the implementation of the work programme of the Centre, problems and policies of industrial development, various aspects of economic planning and programming, the transfer of science and technology, training and management, and the future development and orientation of the work of the United Nations organizations in this field. A number of representatives described the experience of their countries, the progress achieved and the lessons that might be derived from their experience in the field of industrial development. Some of the representatives of developed countries described the assistance rendered by them to the less developed countries in their efforts for accelerated economic development. The present chapter gives a summary of the principal points raised during the course of the general debate.

23. Many representatives expressed their satisfaction at the prompt organization of the Industrial Development Centre and the intensification of the work of the United Nations in the field of industry as well as their appreciation of the large volume of work done by the Centre during the past year, despite its limited resources. There was agreement that the studies prepared by the secretariat of the Centre, resulting from the implementation of the work programme of the Committee approved at its second session, (see E/3600/Rev.1, chap. V), were of high quality and represented a valuable contribution.

24. Several representatives, referring to the report of the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System (see annex VIII below), stated that the resources devoted by the United Nations and the specialized agencies to industrial development had been inadequate in relation to the importance of industrial development in the process of economic growth of under-developed countries, and fell short of the needs of the developing countries as expressed in discussions in, and resolutions adopted by, the General Assembly and the Economic and Social Council. They advocated a considerable expansion of resources for that purpose.

25. There was a general consensus that planning and programming was an indispensable tool for accelerated industrial development of the less developed countries. In this connexion reference was made to the Seminar on Industrial Programming, held in Sao Paulo, Brazil, in March 1963, which was considered by
many representatives to have been highly successful in promoting a frank and informal discussion, at a high professional level, of problems of planning and programming industrial development as well as an exchange of ideas among the participants. Several representatives stressed the importance and usefulness of the country studies and the pre-investment data studies submitted to the Seminar; they suggested that similar studies be undertaken on the planning experience of other countries at different stages of development and with different economic and social systems and that the studies of pre-investment data should be extended to a large number of industries.

26. Many speakers referred to the replies received from numerous Member States to the questionnaire on industrial planning and development. They considered that those replies contained a considerable amount of information and that a comparative and systematic analysis of this material would make a valuable contribution to the improvement of the techniques of industrial planning, to the sharing of experience in planning among countries and to an increased understanding of the problems of industrial development in the countries concerned.

27. There was general agreement that the active leadership of the State in the planning process was not only desirable but even indispensable for the acceleration of industrial growth in the less developed countries. However, divergent views were expressed on the role of the public sector in planned industrial development. Some representatives held that public ownership of the means of production and a strong public sector were essential prerequisites for effective planning and rapid industrialization. Some others considered that private initiative in co-operation with the State, could achieve more effective results in bringing about a rapid rate of industrialization. Most speakers held the view that mixed economies, with both public and private sectors actively involved in the process of industrial development, would combine the advantages of the two systems.

28. Some representatives considered that the establishment of machine tool industries and of heavy industries as well as the production of power constituted the essence of the industrialization process and therefore should have preference over consumer goods industries. Others held that consumer goods industries represented the initial step in the process of industrialization while the development of capital goods industries was its culminating point and depended upon the stage of development, the size of the market and other factors in the countries concerned. Some representatives also pointed out the interdependence between industry and agriculture and the necessity for a co-ordinated development of those sectors in order to accelerate industrial development.

29. There was general agreement that the major share of the financial resources required for industrial development should be derived from domestic efforts and local savings. Subject to this, there was general recognition that external assistance in its various forms could play an important role in the industrial development of the less developed countries. It was pointed out by some representatives in this connexion that the problem of servicing the debts contracted by less developed countries in itself imposed a certain limitation upon the volume of external loans; that also indicated the need for keeping under constant review the terms of such loans, with the object of avoiding any undue burden on the balance of payments of the recipient countries. Some representatives...
expressed the view that general disarmament, should it take place, would result in the release of vast amounts of resources for the industrial development of the less developed countries.

30. In the same context, several representatives drew attention to the deteriorating terms of trade of the less developed countries and the necessity for increased export earnings in order to finance, in particular, imports of equipment required for industrial development. Diversification of exports of the less developed countries, removal of the barriers in the developed countries against imports of manufactured goods from developing countries and the stabilization of prices of primary commodities were listed as important policies which would favour such a development. These speakers expressed the hope that those problems would be successfully tackled by the forthcoming United Nations Conference on Trade and Development and that the necessary measures would be adopted for their solution.

31. It was pointed out that in many developing countries the market for industrial goods was small because of the small size of the population and the low per capita income. The small size of the market was an obstacle to the establishment of some industries which could be run efficiently and economically only at certain minimum scales of operation. Several representatives considered that regional cooperation, by pooling national markets for those industries, was an effective instrument for overcoming this obstacle.

32. The Committee attached considerable importance to the social aspects of industrial planning and development since it considered that the ultimate objective of industrial development was the improvement of human conditions. Many representatives considered that the support of plans by broad groups of the population was an essential prerequisite for successful implementation of development plans and that that, in turn, called for effective policies and changes in social attitudes; it implied active co-operation between the public sector and the private sector in mixed economies. It was also stated by some representatives that the participation of trade unions would contribute to effective planning and implementation.

33. The importance of establishing effective institutions for planning was emphasized and also the need for a central executive organ of high professional competence and adequate political power for carrying out the plans. This central executive organ should be supplemented by other ancillary institutions such as industrial development consulting centres, technical assistance institutes, development banks and industrial estates.

34. Attention was drawn to the problem of choice of technology in promoting industrial development. Some representatives noted that appreciable structural unemployment existed in most developing countries; they considered that this necessitated a greater emphasis on the development of labour-intensive industries. Other representatives questioned the validity of this argument; in fact, the factor proportions in industries should be consistent with the objectives laid down by the Government in terms of the level of investment and the rate of growth of the economy; if the aim were to maximize the rate of reinvestment, capital-intensive industries should be emphasized. Other representatives stressed that relative costs must be an important factor in determining capital-labour ratios. This field was considered to be one of the important areas for research by the Centre.
35. Several speakers emphasized the importance of the adaptation and transfer of modern technology in the process of accelerated development. They referred to the useful contribution of the recently held United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas and expressed the hope that the Secretariat would make use of the conclusions of that conference in its work programme for the future. It was stated that there was very wide scope for research work in this field for the Industrial Development Centre.

36. A number of representatives stated that many of the less developed countries were endowed with abundant natural resources which could provide a sound basis for rapid industrial development. At the same time they indicated that to exploit these resources and to build up industries based on them required not only capital goods but also human capital in the form of technical and managerial skills. Special importance was thus attached to education and to vocational, technical and in-plant training. Some representatives noted the work done by the ILO and stressed the importance of co-operation in these activities between that organization and the Industrial Development Centre. The representatives of several developed countries referred to their experience in this area and offered assistance to the developing countries.

37. Many delegations attached great importance to the supporting services rendered by the Industrial Development Centre in the formulation and execution of industrial programmes and projects in the less developed countries. Surveys of industrial potential, feasibility studies and project reports on individual industries, as well as the establishment of technological services, training institutes and research organizations were considered especially important projects. Several representatives pointed out that the proportion of resources devoted to assistance in the field of industrial development by the Special Fund and the Technical Assistance Board (TAB) was very insufficient and that this assistance should be considerably increased. Several representatives suggested that TAB and the Special Fund should consider the adoption of measures, at the request of Governments, for conducting feasibility surveys involving participation by private enterprise. However, a number of other delegations had strong objections to the participation of private enterprises. Some delegations expressed regret that resources contributed by their countries to these bodies in local currencies had not been sufficiently utilized and that the Secretariat was not making full use of the experts available in their countries for rendering assistance in the field of industrial development to the less developed countries.

38. Several representatives commented on the recommendations made by the Advisory Committee of Experts, and the establishment of the proposed United Nations organization for industrial development. There was general agreement that the resources allotted to industrial development by the United Nations family were inadequate in the light of the real needs of the developing countries. Some representatives felt that the Industrial Development Centre, which had only recently been constituted, had considerable potential for making an increasingly significant contribution; they therefore questioned the desirability and necessity for any immediate organizational changes. Other speakers expressed their support of the conclusions of the Advisory Committee of Experts. The view was also expressed that the report of the expert should be circulated among all Member States, so that the problems involved might be discussed more thoroughly during the eighteenth session of the General Assembly.
39. Some representatives expressed the opinion that the research activities and operational support services carried out by the Industrial Development Centre should be based on needs identifiable in the field rather than on assumed needs. They stressed the need for an inquiry in the field to ascertain the usefulness of the studies carried out by the Industrial Development Centre in order to provide a basis for establishing priorities in research and services in line with the desires of the less developed countries. They suggested that a questionnaire be drafted and sent to Governments for this purpose.

40. Several representatives stressed the importance of co-ordinating the activities of the Industrial Development Centre with those of the regional economic commissions and of other United Nations bodies such as the Special Fund, TAB and the specialized agencies involved in work related to industrial development. In this connexion, it was felt by many representatives that the Industrial Development Centre, in addition to conducting research in areas of importance to all the less developed countries and rendering services in substantive support of technical assistance, should not merely act as a clearing house but should also provide leadership and guidance to other organizations working in the field of industrial development.
III. PROBLEMS OF INDUSTRIAL DEVELOPMENT AND THE WORK OF THE UNITED NATIONS IN THIS FIELD

Programming and planning of industrial development

41. The Committee had before it a general review, prepared by the Secretariat, of the work of the Industrial Development Centre in the field of industrial planning and programming (E/C.5/30); together with the text of the questionnaire on industrial planning and development (E/C.5/24); a number of replies received from Governments (E/C.5/24/Add.1-34); and a note by the Secretariat summarizing the proceedings of the Seminar on Industrial Programming for the Latin American Region, which had been held in Sao Paulo, Brazil, in March 1963 (E/C.5/L.11).

42. The Committee endorsed the statement, made in the Secretariat's general review, to the effect that industrial development was a key and dynamic factor in the process of economic development. It considered that industrial programming and planning constituted indispensable instruments for the promotion of continued and accelerated industrial development in less developed countries, for the creation of a diversified industry and for the most effective mobilization of resources.

43. The Committee emphasized the importance of active leadership by the Government in marshalling the resources for, and guiding, industrial development. Some representatives felt that a strong and expanding public sector was indispensable for effective programming and planning of accelerated industrial development, while others believed that effective planned industrial development was compatible with the private sector playing a leading role in the economy. Some representatives held that comprehensive planning was impossible without public ownership of the means of production. Several representatives expressed the view that, as far as mixed economies were concerned, active co-ordination of the public and private sectors would be necessary for the sound formulation of industrial development programmes and plans as well as for their effective programming and implementation.

44. The Committee recognized that the planning of industrial development involved the allocation of resources between the industrial and other sectors of the economy and also, to the extent possible, between different groups of industries. Planning also covered the appraisal of the natural resources to be utilized; financing needs the distribution of national product between consumption and investment; the problems of balance of payments, labour and training; and the geographic distribution of activities in such a way as to achieve a balanced regional development while taking into account the necessities of industrial development. Some representatives considered that the development of a strong capital goods sector was of strategic importance in the industrial programmes of the less developed countries since accelerated industrial development in the long run was impossible without the development of a domestic capital goods industry. Other representatives felt that the establishment of those industries should depend upon the stage of development, the size of the market and other relevant conditions in the countries concerned.
45. Some representatives suggested that there was need in each country for a basic model of economic and industrial development as a frame of reference for further planning. Emphasis was placed on the importance of the implementation stage, the organization of work, and the realization of planned targets and the need for active policies to that effect by the Government, including appropriate fiscal and monetary policies.

46. The Committee recognized the importance of applying scientific methods in formulating programmes and plans for industrial development. A suggestion was made that a study be undertaken on the applicability of complex econometric methods to industrial programming and planning in under-developed countries and that a seminar should be held on the subject. Several representatives, while recognizing the importance and validity of such methods of planning for the more advanced among the less developed countries, questioned whether such methods were applicable to a large number of developing countries because of the paucity of statistical information. Emphasis was placed on the need for the collection of adequate data. At the same time, it was recognized that lack of detailed statistical data could not justify the absence of effective programming and planning which could be based even on simple planning techniques. Considering other methods of industrial programming and planning, one representative felt that a study of the conceptual problems involved in industrial programming in under-developed countries, particularly of data such as capital-output ratios and of the application of input-output techniques to programming, offered a rewarding field for research.

47. The Committee was gratified at the response of Member States to the questionnaire on industrial planning and development circulated by the Secretary-General and considered that the replies of the various Governments constituted an important source of raw material for further study. It recommended that the Secretariat engage in a comprehensive and systematic comparative analysis of the replies. Some delegations suggested that additional resources be made available to the Centre for this task. The Committee also recommended that efforts should be continued by the Centre to obtain replies from Member States who had not yet sent them.

48. The Committee recognized that the Seminar on Industrial Programming held at Sao Paulo, and the documentation submitted to it by the Industrial Development Centre and the Economic Commission for Latin America (ECLA) represented a significant contribution to industrial planning and programming. A number of representatives drew the Secretariat's attention to the need to make a distinction in the studies between economic planning and forecasting. The Committee attached special importance to a number of the studies presented to the Seminar, especially the study on the methods and experience of industrial planning in India and the studies on the experience and methods of indicative planning and industrial programming in France and Japan. Some delegations pointed out that a study of the experience of planning in centrally planned economies would have been an important contribution to the Seminar.

49. The Committee considered that, in addition to the three country studies mentioned above (see para. 48), it was essential that the Industrial Development Centre should undertake similar studies in industrial programming and planning
of other developing countries where the planning process was less developed. It was also suggested by some delegations that increased attention should be devoted to studies relating to the planning and programming of the centrally planned economies. In this connexion, the Committee noted with satisfaction that the study of the experience of the Soviet Union in industrial programming and planning was under way and would soon be completed.

50. The Committee stressed the importance of economic studies on individual industries in connexion with industrial programming and planning. Such studies, which would include detailed data on investment costs, inputs, costs of production and prices, were considered to be of great value in the preliminary evaluation of projects, the carrying out of feasibility studies, and in estimating investment and operational requirements for balancing the supply of, and demand for, economic resources. In this connexion, the Committee acknowledged with appreciation the studies prepared by the Industrial Development Centre on the cement, fertilizer based on natural gas, aluminium and construction industries, and emphasized the importance of having available such data for other industries such as the assembly industries, machine tool industry, and the food and textile industries.

51. The Committee agreed that data on capital-output ratios as well as on the gestation period of investment for individual industries would be necessary for improving the formulation of industrial plans and programmes and that priority should be given to the preparation of studies in those areas. As regards the studies on small-scale industries, while some representatives took the view that in future less emphasis might be placed on the work in this field, in order to avoid overlapping with the work of the specialized agencies, others were of the opinion that continuing attention should be paid to such studies, in view of the importance of these industries to developing countries - especially those with acute population pressures.

52. The Committee noted that changes in international economic conditions might affect the successful implementation of development programmes and upset the realization of planned targets. In this connexion, certain delegations referred to fluctuations in the prices of primary products, restrictions on imports of manufactured goods of developing countries to developed countries, and the difficulties and uncertainties involved in obtaining foreign loans. Other delegations, on the other hand, felt that such questions of commercial policy should preferably be examined by other bodies which were competent to do so under their terms of reference. The Committee noted that some of these problems would be considered by other United Nations bodies, particularly by the forthcoming Conference on Trade and Development, and that the Industrial Development Centre was in the process of preparing documentation relating to the problems of exports of manufactured goods from the under-developed to the developed countries. In this connexion, the Committee recommended that the Centre should also undertake studies on the establishment in developing countries of industries with export possibilities.

53. The Committee emphasized the necessity for giving special attention to the widest dissemination of the documentation and studies on industrial programming and planning prepared by the Industrial Development Centre and for circulating
the replies to the questionnaire on industrial planning and development to all States Members of the United Nations. In this connexion the Committee also expressed the wish that the frequency of publication of the United Nations bulletin, Industrialization and Productivity, should be increased.

Training and management for industrial development

54. The Committee had before it a note by the Secretary-General (E/C.5/33/Add.1) entitled "Implementation of General Assembly resolution 1824 (XVII): training of national technical personnel for industrialization". It noted that the General Assembly's resolution envisaged the preparation of a comprehensive report covering the following aspects of training of technical personnel:

(a) Assessment of the requirements of the less developed countries for such personnel;

(b) Information on methods of training national technical personnel, taking into account the experience of States with different social and economic systems;

(c) Information on the training in the industrial countries of technical personnel from the less developed countries, including information on the methods employed;

(d) Proposals for measures within the United Nations system and recommendations to Governments for intensifying the training of national intermediate and higher technical personnel in the less developed countries and, where appropriate, on an intra-regional basis.

The Committee also took note of the proposals of the Industrial Development Centre regarding its work programme in the field of training and management, as outlined in its report (see E/C.5/33, paras. 91-96).

55. The note by the Secretary-General explained that it was proposed to carry out the various studies called for in General Assembly resolution 1824 (XVII) as a concerted project of the Centre and several specialized agencies, namely ILO, UNESCO, FAO and WHO, using for this purpose the Sub-Committee on Education and Training of the Administrative Committee on Co-ordination. As requested in the resolution, the Secretary-General planned to submit his report to the fourth session of the Committee, which was to transmit the report, together with its own comments to the thirty-eighth session of the Economic and Social Council. As stated in its report, a considerable part of the work of the Centre during the coming year in the field of training would be devoted to the preparation of the Secretary-General's report.

56. The Committee's attention was drawn to the statement concerning the mobilization of human resources contained in the Secretary-General's report entitled "The United Nations Development Proposals for Action". In this statement it was observed that national and international efforts should be concentrated on the following three major aspects of human resource development, to which the highest priority would be attached:

2/ See United Nations publication, Sales No.: 62.II.B.2, chap. III.
Better utilization of the labour force by creating higher levels of productive employment;

Improving the quality of the labour force by vocational education and training;

Enlisting popular support for the tasks of national development and the participation of broad social groups in these tasks.

The Committee considered that, wherever possible, training on different levels should be carried out in the developing countries themselves or within a regional framework and that international assistance efforts should be more concentrated and co-ordinated toward this end. There remained, however, a need for training higher technical personnel in suitable institutions available only in the industrial countries; in this connexion it would be desirable to provide for the further expansion of in-plant training facilities in those countries.

57. The Committee noted with satisfaction the scope of the studies to be undertaken in pursuance of General Assembly resolution 1824 (XVII), as well as the plans for the implementation of that resolution and the programme of work of the Centre in the field of training and management. The Committee considered that in many developing countries the lack of trained technical and managerial personnel imposed a serious limitation on the progress of industrial development and that both the studies and operational activities in the field of industrial development of the Centre and of the other members of the United Nations family should reflect the urgency of dealing with this problem. It was suggested in this connexion that steps should be taken by the United Nations family to arrange for the wide-spread dissemination of information on the training facilities available for technical and managerial personnel in the industrial countries, whether through United Nations channels, or through bilateral or regional arrangements. At the 13th meeting of Working Group II it was noted that some developed countries had expressed their willingness to organize regional vocational technical schools or education centres in the field of training and management, as well as seminars in the less developed countries.

Transfer and adaptation of technology for developing countries

58. The Committee had before it a general review prepared by the Secretariat entitled "Transfer and adaptation of technology for developing countries" (E/C.5/31 and Corr.1) which dealt with the problem of the international transfer choice and adaptation of industrial technology and also outlined the approach of the Industrial Development Centre to its activities in this field. It also had before a report entitled "Industrial Standardization" (E/C.5/28 and Corr.1) describing the role of industrial standardization and its application at the national and international levels, with particular emphasis on the requirements of the less developed countries.

59. When introducing the subject, the Commission for Industrial Development stressed the importance that the United Nations was giving to its activities in the field of science and technology, as evidenced by the United Nations Conference on the Application of Science and Technology for the Benefit of the
Less Developed Areas and the establishment during the past year, within the Industrial Development Centre, of the Technological Division. The Commissioner also informed the Committee that the Secretary-General attributed great importance to the activities in the field of industrial technology and foresaw their expansion. Particular importance was attached by the Centre at this stage to two inter-regional seminars: one on the application of modern technical practices in the iron and steel industry in less developed countries, scheduled for November 1963, and the other on technological and industrial research institutes in less developed countries, scheduled for 1964. He noted that the work of the Centre was in its early stages, and he invited the views of the Committee on the work programme of the Technological Division, as outlined in the report of the Centre (see E/C.5/33, paras. 76 to 97).

60. The Committee also heard a statement by a representative of the International Organization for Standardization, who introduced a paper entitled "International standardization - need for national and international standards" (E/C.5/NGO/1). He stressed that industrial standardization was indispensable and indeed inevitable and offered the technical help of the International Organization for Standardization both at the national and international levels.

61. The Committee expressed its satisfaction with the papers presented by the Secretariat in the fields of technology and standardization. Particular emphasis was placed upon the observations therein to the effect that the body of technology was found only partly in written form and that much remained unwritten, whether in the minds of technicians, in the skills of industrial personnel or in the day-to-day operations and procedures of industrial enterprises. It was considered, therefore, that technology should not be transmitted through books and writings alone, but required practical contact with actual industrial operations.

62. The Committee endorsed the importance which the Secretariat had given, in its programme of work on industrial technology, to the role of technological institutes in the transfer of technology. The Committee felt that an evaluation of the role of existing technological institutes was called for; it noted with satisfaction that the Centre's work programme in this field included such a study, as well as an inter-regional seminar, and support for the activities of technological institutes assisted by the Expanded Programme of Technical Assistance and the Special Fund. Several representatives stressed the importance of bringing technological institutes in the industrial countries into direct contact with the less developed countries, and it was suggested that the Centre might take some practical steps to facilitate such contacts.

63. The Committee also supported the idea of developing or strengthening national institutions in the less developed countries to provide support in various ways to their industrial development efforts. Among the various types of institutions referred to were industrial development corporations, industrial development centres, development banks, industrial development consultant organizations, and industrial and technological institutes. It was noted that such institutions might play a role in the field of industry similar to that performed by traditional agricultural extension services. Technological institutes could play an important role in the dissemination of technological information. However, such dissemination went considerably beyond the walls of the institutes.
It was important to ensure the practical application at the plant level of the techniques developed through research. This was a problem not only confined to developing countries but encountered also in advanced countries, where industrial research units had to make painstaking efforts to carry the results of their work to small- and medium-sized firms. Several delegations stated that foreign private investment had played an effective role in the transfer of technology to the developing countries. Some other delegations disagreed and stated that government-to-government economic and technical assistance was preferable in transferring technology to the developing countries. A majority of delegations considered that both methods were useful.

64. The Committee drew attention to the importance of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, both as a guide to the work of the Centre and to Governments in their industrial development. Some delegations felt that it was necessary to draw the attention of the developing countries to the technical material presented at this conference, since a large number of countries were not able to send delegations to the Conference for lack of financial resources. The Commissioner for Industrial Development explained that the Secretary-General would present to the Economic and Social Council, at its thirty-sixth session, his recommendations on the specific action to be taken to follow up the Conference; he also informed the Committee about the plans for publication of the proceedings of the Conference. Some delegations drew attention to the need for full publication and dissemination of all documents of the Conference in English, French, Russian and Spanish. Some other delegations pointed out that this question had been discussed at the Secretary-General's informal consultations on 23-24 April 1963 on the follow-up to the Conference and that the Executive Secretary of the Conference had given a full explanation of the policy on the publication of the documentation relating to the Conference.

65. Concentration upon heavy industries in the technological work of the Centre was also pressed by several delegations, which noted with satisfaction that manuals on industrial technology were being prepared or planned for several heavy industries of importance and that seminars on the iron and steel and fertilizer industries were scheduled for 1963.

66. In the field of standardization, the Committee expressed general agreement with the conclusions contained in the papers submitted by the Secretariat and the International Organization for Standardization. It stressed the importance of standardization in the early stages of industrialization, pointing out the difficulties encountered by the advanced countries in attempting to standardize at a later stage. Attention was drawn to the importance of standards in new export industries in the less developed countries. Several delegations suggested that the Special Fund might increasingly support the establishment or strengthening of national standardization bodies in consultation with the Industrial Development Centre and the International Organization for Standardization. The Committee supported the plan of the Centre to organize an inter-regional seminar on standardization as a sequel to its general review of the subject.

67. In approving the work programme of the Secretariat in the field of technology, the Committee stressed that the work on technology carried out by the Industrial Development Centre should be closely geared to the operational activities of
the United Nations in order to obtain practical results that would be of the fullest benefit for the developing countries.

68. The Committee also received an interim report by the Secretariat on the role of patents in the transfer of technology to under-developed countries (E/C.5/35) prepared in accordance with General Assembly resolution 1713 (XVI). The Committee noted that the Economic and Social Council at its resumed thirty-fourth session (1237th meeting) had recommended that the Secretary-General should continue to collect and analyse information on this subject and that a final report should be presented to the Committee at its fourth session, to the Council at its thirty-eighth session and to the General Assembly at its nineteenth session. Accordingly, the Committee decided to defer discussion of the subject until its fourth session.

Financing of industrial development

69. It was pointed out that the work of the Secretariat in the field of financing economic development had covered many aspects of industrial financing and that, in the proposals for the programme of work (see E/C.5/32) submitted to the Committee, attempts had been made to include studies oriented specifically towards the problems of industry, in line with requests made by the Committee at its two previous sessions. It was emphasized that the work programme was of a long-term nature and that the Secretariat, in undertaking the studies of interest to the Committee, would seek the co-operation of international financial institutions and other relevant organizations, both within and outside the United Nations family, in order to ensure maximum utilization of the available resources.

70. One representative expressed special satisfaction with the division of the studies included in the work programme of the Secretariat into internal and external aspects of the financing of industrial development. Regarding internal financing, he indicated the importance of taking into account broader fiscal and financial policies affecting development financing as a whole; he thought emphasis should be placed on the role of the Government in mobilizing savings for investment purposes through taxation and budgetary operation. Several other representatives emphasized the significance of domestic financing and expressed particular interest in the proposed studies on the role and functions of capital markets and specific institutions concerned with development financing in developing countries. They also expressed interest in the proposed studies related to the financial requirements of different types of industries, and financial management and planning both at the industry and the enterprise levels.

71. A number of representatives emphasized the need for mobilizing internal financing resources and, referring to General Assembly resolution 1712 (XVI), stressed the importance in this connexion of democratic agrarian reforms which would improve the position of the agricultural population and expand the home market.

72. Some representatives emphasized the importance of such sources of internal capital formation as the nationalization of large foreign enterprises or, as a preliminary measure, a considerable increase in taxes on the profits of foreign
companies for the benefit of the less developed countries and, in particular, the limitation of transfers of such profits from those countries. A number of other delegations considered, in the light of experience, that the nationalization or confiscation of private property or the harassment of private enterprise was most likely to work to the disadvantage of the developing countries, since such actions would jeopardize the inflow of foreign private investment and thus deprive the developing countries of one of their most important sources of the capital and technology on which many successful development projects depended. Most delegations were of the view that the opinions set forth in the two preceding sentences oversimplified an extremely complex matter. Developing countries obviously needed foreign capital in all forms, both private and public, but the terms on which foreign capital, in particular foreign private capital, were permitted to come into the country and operate, were matters which each country had to decide for itself, in the light of its own philosophy and requirements. It was not possible to spell out the extent and forms of regulation of foreign capital, nor was it possible, in the view of some delegations, to take categorical positions in very general terms on subjects like nationalization. Within broad limits, there was need for a flexible approach in that matter, as in other aspects of development policy.

73. It was also pointed out that a particular important contribution to the industrialization of the less developed countries could be made by considerably increasing economic assistance to those countries in the event of general and complete disarmament.

74. Several representatives expressed appreciation for the efforts of the Secretariat in producing the report entitled "The provision of credits for the financing of imports of machinery and equipment into developing countries: Export credit systems and institutions" (E/C.5/26), which provided valuable information on possibilities in the field of industrial financing. One representative emphasized the necessity of furnishing more extensive descriptions of systems for financing exports of equipment from countries with centrally-planned economies, and of supplementing the inadequate information, in the report, on interest rates on other terms for the financing of exports by industrially developed countries. Two other representatives mentioned the possible adverse effects on the financial situation of developing countries of excessive reliance on short and medium-term credits for financing long-term programmes. Developing countries should therefore be advised to rely more on long-term credit facilities and to adopt a cautious approach towards short-term credits. A number of representatives, however, indicated the usefulness of the information on this highly important source of financing already contained in the report and suggested that the latter should be widely distributed after further consultation with Governments on the contents of the country studies included in it.

75. With respect to future survey activities in the field of external financing, particularly as regards the provision of information on the sources of financing and the analysis of the activities of financial institutions in this field, some doubts were expressed regarding the value of any further general surveys of possible sources of funds, and also regarding the possibility of duplication with
the work already undertaken by such institutions, especially by the IBRD.
One representative referred to the specific recommendations made by the
General Assembly, in its resolution 1715 (XVI), and also by the Governing
Council of the Special Fund 3/ on the desirability of providing detailed
information on the sources of external capital and on the institutions
concerned with such activities in order to facilitate access to such sources
of funds. He also indicated that, since the financing of industry could not be
isolated from the other aspects of financing, it was advisable for the Centre
to delegate such studies to the Fiscal and Financial Branch.

76. The Secretariat pointed out that such studies were expected to be undertaken
gradually, within the limits of the resources available to the Fiscal and
Financial Branch, which was also concerned with the broader aspects of domestic
and international financial developments. It was further stated that the primary
purpose of the financial studies was to cover the gaps which might exist in the
work done elsewhere and to report to the Committee on the trend in industrial
financing and its significance as compared with the other fields. At the same
time there might be a case for recognizing a certain distinction between the
work done in the field by the lending institutions themselves - which naturally
tended to focus more on the operational aspects of financing - and a somewhat
broader approach designed to assist the developing countries in assessing the
various potential sources of capital for their industrial projects, thus
enabling them to formulate their financial programmes more realistically and
to adapt them to their internal and external financial conditions and possibilities.
It was stated that the report on the provision of credits for the financing
of imports of machinery and equipment into developing countries was a
preliminary one and that it would be revised and expanded in the light of the
comments made by the Committee for submission to the Committee's next session.
It was also indicated that the survey of sources of capital would be undertaken
in co-operation with appropriate financial institutions including the IBRD
and its affiliates. The Secretariat would take into account the importance
attached by the Committee to domestic financing and would seek the
co-operation of the regional economic commissions as well as the national
institutions in the developing countries in the organization and preparation
of research programmes covering the specific areas of study of greatest interest
to the Committee. Meanwhile it was expected that consultations would continue
with regard to the proposal included in the work programme for organizing an
inter-regional seminar on financing of industrial development.

Capital requirements and methods of financing petroleum exploration

77. The Economic and Social Council, in its resolution 886 (XXXIV), dated
24 July 1962, requested the Committee for Industrial Development, at its third
session, to consider any changes and additions that might be necessary to

3/ See Official Records of the Economic and Social Council, Thirty-sixth Session,
Supplement No. 11 (E/3717), chap. V.
enhance the usefulness of the Secretary-General's study, Capital Requirements for Petroleum Exploration and Methods of Financing, taking into account the proceedings of the United Nations Seminar on Petroleum Resources and the relevant discussions at the thirty-fourth session of the Council.

78. The proceedings of the United Nations Seminar on Petroleum Resources have not yet been published. In these circumstances, and in order to facilitate the discussions of the Committee, the Secretariat prepared a note (E/C.5/L.10/Rev.1) which described the aim, scope and programme of the Seminar, and summarized each lecture delivered.

79. It was felt by one representative that, in the light of the discussions at the thirty-fourth session of the Council, in July 1962, the study should be broadened so as to encompass an economic analysis of the trends of demand for petroleum in less developed countries, as well as the economics of refining operations. He also expressed regret that the study had been published in final form before it had been reviewed by the Economic and Social Council. It was also suggested that balance of payments problems, problems of shale exploitation, as well as the general leverage effects of petroleum development on the economy as a whole, should be studied.

80. Other speakers stressed the complexity of the problems involved and found that some of the additional studies suggested would require detailed and extensive research, which might tax too heavily the available staff resources of the Secretariat, in particular since similar studies had also been requested in some major industrial sectors. However, the prospects of the petrochemical industries, refining, and other facets of the petroleum industry were mentioned by two representatives as possible additional subjects to be studied by the Secretariat as time and resources might become available.

81. Another representative felt that the study lacked balance, in that it paid insufficient attention to the experience of countries in which petroleum exploration, production and refining were under State control, and that it failed to deal with such important questions as the level of profits of foreign private petroleum monopolies, or to analyse the consequences of building oil refineries outside the producing countries.

82. Most representatives, however, felt that the study followed its terms of reference very closely and that it made a valuable contribution to the understanding of capital requirements for, and methods of financing, petroleum exploration. A number of delegations endorsed the conclusion of the report that petroleum exploration was very expensive and risky. It was further pointed out that foreign private investment in this field had given rise to a spectacular increase in production in recent decades.

4/ United Nations publication, Sales No.: 62.II.B.3.
The Committee considered the report of the first session of the Committee on Housing, Building and Planning. In a note by the Secretary-General (E/CN.5/376), the Committee was informed that the Economic and Social Council, in its resolution 903 C (XXXIV), had decided that the Committee on Housing, Building and Planning should report to the Council through the Social Commission and also forward its report to the Committee on Industrial Development and to the regional economic commissions in order that the Council might consider the Committee's report together with the comments thereon of those bodies.

The Committee noted with satisfaction the report of the first session of the Committee on Housing, Building and Planning. The Committee considered that the importance of the building and building materials industries in the development process should be stressed. These industries were the main agent of physical capital formation and therefore their capacity and efficiency determined in large measure the pace and cost of development. It was urged that the Committee should co-operate closely with the Committee on Housing, Building and Planning as regards the building and building materials industries and the production of low-cost housing and the provision of related community facilities and services. Support was also given to the recommendation of the Committee on Housing, Building and Planning that the Secretariat resources should be strengthened at Headquarters and in the regional economic commissions in order to undertake the important tasks assigned by that Committee. The opinion was expressed that the strengthening of resources should not entail an increase in the Secretariat, but should be attained by the appropriate redistribution of resources within the framework of existing personnel.

The Committee noted that housing was an urgent problem which had to be handled within the framework of national planning and industrial development. The Committee was informed of the forthcoming study tour of building technologists from the various regions of the world to the Union of Soviet Socialist Republics to observe not only the technological advances which had been made in that country in this important field and applied, particularly in urban and industrial building, but also the national use of local building materials for residential and other construction.

Definition of industrialization

The Committee took note of the previous debates on this topic during its second session and in the Inter-Sessional Working Group. It also took note of the Secretariat paper on the definition of the term "industrialization" (see E/C.5/36, annex II); of the memoranda by the delegations of the Union of Soviet Socialist Republics (E/C.5/L.17) and the United States of America (E/C.5/L.18) on the same subject submitted to the Inter-Sessional Working Group; and of the incidental observations on the subject by the Advisory Committee of

Experts (see E/C.5/29, paras. 7-9, 21, 24, 34 and 42). At the outset the opinion was expressed that a definition for this term should be provided in the course of the present session of the Committee. In the ensuing discussion various views were expressed on this question. Some representatives thought that to attempt a definition of the nature of industrialization would not be a scientific approach, and it was therefore important to formulate an operational definition. In this respect it was considered that different definitions might be adopted for this term depending upon the purposes to be served, including those of determining the terms of reference of the Committee and of formulating the work programme of the Industrial Development Centre.

87. Many delegations expressed the view that industrialization could be defined both in a broad and in a restrictive sense. In the broad sense industrialization would include the process by which a country developed from a predominantly agrarian structure into a diversified structure based mainly on large-scale manufacturing with the attending social and institutional changes; it would also involve application of techniques of production and distribution based on modern science and technology in all sectors of the economy. In the restrictive sense, the term "industrialization" would be used as the equivalent of the development of the industrial sector.

88. The Committee discussed the meaning of the term "industrial sector". Some delegations were of the opinion that in a wider sense, this term would cover mining, manufacturing, power, construction, and social and economic overhead. Some representatives held that any definition of industrialization should emphasize the importance of the machine tool, construction and other heavy industries, and power, as the mainspring of all other economic and social development; other representatives held the view that the relative importance in a given economy of heavy and light industries would depend on its stage of development and could not be determined on an a priori basis. It was suggested that for the purpose of the work of the Committee the term "industrial sector" should be used generally in a restrictive sense designating the manufacturing industries only.

89. The Committee agreed upon the following definition:

"Industrialization is a process of economic development in which a growing part of the national resources is mobilized to develop a technically up-to-date, diversified, domestic economic structure characterized by a dynamic manufacturing sector having and producing means of production and consumer goods and capable of assuring a high rate of growth for the economy as a whole and of achieving economic and social progress.

"The Industrial Development Centre should generally concentrate its activities on the development of the manufacturing sector as listed in the United Nations International Standard Industrial Classification of all Economic Activities."

90. Certain delegations drew the attention of the Committee to the difficulty and complexity of the proposed definition. The Committee specified in this connexion that the definition was only a provisional working definition.
Social aspects of industrialization

91. The Committee expressed general agreement on the importance of this subject, both from the point of view of the social conditions and programmes that contributed to industrial development and from the point of view of the social goals of industrial development. In this connexion, the Centre was commended for the change of the title from "Social implications of industrialization" to "Social aspects of industrialization". It was urged that the Industrial Development Centre pay more attention to this subject. The Committee agreed that, to achieve maximum efficiency and successful results in general economic and industrial planning, the importance of creating appropriate incentives and motivations among the population must be taken into account.

92. The role of trade unions, both in the process of industrial development and in its social aspects as well, was emphasized. The means at the disposal of trade unions to enlist popular support for industrial change and development was regarded as an important contribution to the economic development process. It was stressed that this should be taken into account in the relevant projects that the Secretariat would undertake, whenever appropriate, in co-operation with the ILO. It was pointed out that the role of management should also be considered.

93. One member pointed out that, while industrial development was an essential means to social development in the developing countries, there were still people who warned the developing countries against industrialization. He further emphasized that only by means of a planned economy, with public ownership of all means of production, could a developing country solve its social problems and achieve full employment, real emancipation of women, equitable distribution of income, higher living standards and suitable housing. Another member stressed that, irrespective of the form of ownership, extensive social services were not being provided in industrially advanced States and that it was increasingly accepted that these services should be provided by the State itself rather than by the employer.

94. The Committee took note, with satisfaction, of the proposals on social aspects of industrialization contained in the report of the Centre (see E/C.5/33, chap. V) and in the programme of work submitted by the Secretary-General to the Social Commission at its fifteenth session (see E/CN.5/377, chap. IV). At the same time, a number of suggestions were made regarding these proposals. It was suggested that the studies of social factors in industrial development plans should be formulated in a more active form, namely: "Studies of social planning in relation to industrial development". The studies of incentives to industrial growth should be undertaken in co-operation with the ILO.

95. It was suggested that the Industrial Development Centre and the Bureau of Social Affairs should approach the social aspects of industrialization not only in general terms but should also pay more attention to the regional, local and even personal aspects. It was also stressed that the Centre and Bureau should give priority to those social aspects of industrialization that were most crucial for the rapid growth of the less developed countries.
96. The Committee emphasized the importance, from the point of view of industrial development, of the forthcoming United Nations Conference on Trade and Development (E/C.5/L.20), since expansion of international trade was a major factor in economic development and in the industrialization of less developed countries. Attention was drawn in particular to the problems of promoting exports of manufactured and semi-manufactured goods from the developing countries, especially to developed countries, because of the need for expansion and diversification of the exports of the former countries, in order to finance their industrial development.

97. The Committee noted the request of the Executive Secretary of the Conference to the Industrial Development Centre to prepare documentation for the item dealing with trade in manufactures and semi-manufactures. It endorsed the active role of the Centre in assuming responsibility for the preparation of the documentation for this item in collaboration with other units of the United Nations, the regional economic commissions and the specialized agencies. Opinions were expressed that such studies should, inter alia, cover such questions as the role of exports of manufactured goods in the trade of less developed countries; promotion of exports; government trade policies; development of industries with export potential; and effects of regional economic groupings. A few representatives stressed the relationship between general disarmament and the industrial development of developing countries and suggested that a study should be made by the Centre on that topic, in collaboration or in consultation with other United Nations units, as necessary.

98. Consideration was given to the role of the Committee for Industrial Development in the work of the Conference. Some delegations felt that the deliberations of the Committee should result in recommendations to the Conference on trade policies which would favour the acceleration of the growth of industrial development of the less developed countries. In addition, they expressed the view that the Committee for Industrial Development and the Centre should see to it that the industrial aspects of international trade and the trade aspects of industrial development should be duly reflected in the documentation of the Conference and discussed at the Conference itself. On the other hand, it was noted that most of the countries represented in the Committee were, at the same time, members of the Preparatory Committee of the Conference and were thus directly involved in its work; it was likewise pointed out that the main concern of the Committee was acceleration of industrial development in the less developed countries, while the question of trade was being dealt with in bodies of the United Nations specifically set up for that purpose.
IV. ACTIVITIES OF THE UNITED NATIONS FAMILY IN THE FIELD OF INDUSTRIAL DEVELOPMENT

Industrial Development Centre

99. The Committee had before it the report of the Industrial Development Centre (E/C.5/33) which contained a general review of the activities of the Centre, an outline of the programmes of work of the Centre and of the regional economic commissions in the field of industry and information on the work of the Department of Economic and Social Affairs on the financial and social aspects of industrial development.

100. In a statement introducing the report (see annex VI below) the Commissioner for Industrial Development observed that the establishment of the Centre had created a focal point within the United Nations family for dealing with matters directly related to industrial development. During the previous year, a fresh impetus had been given to various aspects of the Secretariat's work in a number of fields, notably the integration and consolidation of programmes of work carried out by the Centre and by the regional economic commissions, co-ordinated and joint action with the specialized agencies on various projects, the expansion of advisory services to Governments, particularly through the establishment of positions for senior technical advisers at the Centre and in the regional economic commissions, and the initiation of long-term projects in such fields as the training of technical personnel, industrial financing, and the promotion of exports of manufactured goods from the developing countries. The Centre considered that seminars, particularly of a regional or inter-regional character, were an effective means of disseminating information and stimulating constructive action by Governments; the important Seminar on Industrial Programming had been held in Sao Paulo (Brazil), in March 1963, jointly by the Centre and ECLA; a worldwide symposium on the application of modern technical practices in the iron and steel industry in less developed countries was to be held in November 1963; other inter-regional seminars were also scheduled. The Centre's policy was to concentrate its limited resources on activities to which it considered that an international agency could make a particularly valuable contribution, and it was endeavouring to mobilize to this end whatever resources were available anywhere in the United Nations family. As regards operational activities in the industrial field, which were financed mainly by the Expanded Programme of Technical Assistance and the Special Fund, it had to be acknowledged that there had been only a very moderate increase during the past year. That situation could be ascribed to a number of factors; it was hoped that the corps of senior technical advisers would contribute significantly to the formulation of suitable projects of technical assistance. It was expected that the recently approved reduction in the minimum limit for Special Fund projects would contribute to an increased volume of technical assistance projects, as would the growing number of missions carrying out surveys of the industrial potentialities of countries or regions. In carrying out its work, in both research and operations, the Centre had had to reckon with limitations imposed not only by budgetary factors, but also by the shortage of qualified technicians available for service. The support of Governments was needed in both respects.
101. The Committee considered that the Centre had made some commendable progress during the past year. It expressed its appreciation for the contribution which had been made by the Commissioner for Industrial Development and noted with regret that he would shortly relinquish his responsibilities to become Executive Secretary of ECLA.

102. In considering the activities of the Centre, the Committee directed its attention to the programme of work, the internal organization of the Centre and the problem of expanding the operational activities of the United Nations in the field of industrial development.

103. The Committee broadly approved the programme of work submitted by the Centre (see annex IV below) and desired that the suggestions and considerations presented by various delegations during the discussion should be taken into account. Some delegations felt, however, that in view of the Centre's limited resources, certain projects should be assigned a lower priority. Among these, it was suggested, should be studies on the financial aspects of industrial development, particularly those of a general or informative nature; care should be taken to avoid duplication of work that had already been done in this field or could be done more efficiently by other agencies. A few delegations did not agree with this approach and stated that, as the Committee had not taken any decisions on priorities, the Industrial Development Centre had to be guided in its work by the priorities set forth in the relevant resolutions of the General Assembly and the Economic and Social Council on the question of industrial development, including the financial aspects of industrial development. In this connexion, the Commissioner for Industrial Development informed the Committee that the proposed work on the financial aspects of industrial development would not absorb the staff of the Centre itself to a significant extent since it would be carried out by the Fiscal and Financial Branch of the Department of Economic and Social Affairs as part of its general programme of work on the financing of economic development. Some delegations expressed the view that particular emphasis should be given to studies on specific industries, particularly studies that would lend themselves to practical use in connexion with technical assistance operations. Some delegations emphasized the need for the application of econometric methods in the study of industrial programming and planning, especially with reference to capital output ratios and input-output tables and their application to developing countries.

104. Certain delegations felt that particular emphasis should be given to studies on heavy industry; others felt, however, that for countries at a very early stage of development or with limited natural resources such an emphasis would be unrealistic.

105. The inclusion of studies on exports of manufactures by the developing countries was noted with satisfaction. In this connexion the view was expressed by some delegations that these studies should include investigation of obstacles hampering

6/ The Committee had before it a statement of financial implications submitted by the Secretary-General, the text of which may be found in annex IV below.

7/ Some delegations interpreted the word "desired" as meaning "instructed". Some other delegations considered that such an interpretation could not be supported by the terms of reference of the Committee (see the summary records of the 15th meeting of Working Group II and of the 28th meeting of the Committee).
exports of manufactured and semi-manufactured goods from developing countries in order to facilitate the implementation of recommendations directing their elimination. However, some delegations considered that these questions of trade policy should preferably be considered in other bodies which had such matters in their terms of reference. Some delegations expressed the view that the work of the Centre should reflect to a greater extent the experience of socialist countries in regard to the promotion of industrial development.

106. The view was expressed by some delegations that the Centre in its studies or exploratory work should pay more attention to the dissemination of information on experience in the development of the State sector of industry in developing countries and should not concentrate on summarizing and disseminating information on experience in the private sector. They suggested in particular that studies should be made of the role of the State sector and of the planning and management of industry in the socialist countries during the period when their economies consisted of several economic and social sectors. They also suggested that consideration should be given to a study of the location of industries having as its object the economic equalization to the greatest extent possible of the different geographical regions within countries. These delegations also expressed the desire to include in the work of the Centre a study of the significance of agrarian reform for the acceleration of industrial development. Some other delegations doubted whether the Centre should become involved with the problem of land reform, and considered that the emphasis given to the private sector had not been excessive, but had been commensurate with its importance. Further, they expressed the view that the studies on the centrally-planned economies which had been suggested by some delegations should not be made at the expense of projects of higher priority interest for the developing countries.

107. Observations were made by some delegations with regard to the project on the preparation of teaching materials on industrial development, and the view was expressed that the importance of this project would justify giving it a higher priority in the implementation of programmes of work for the Centre.

108. It was suggested that, in order to determine its programme of work and priorities, the Centre should make a systematic attempt to ascertain the needs and desires of Governments, through a questionnaire or other means.

109. The Commissioner for Industrial Development made a statement on the internal organization of the Industrial Development Centre and presented supplementary information on the subject (see annex III below). Observations and suggestions were made by several delegations on the scope and internal organization of the Centre. Two delegations held that the Centre's responsibilities should be broadened to include the fields of natural resources, energy and transport, since these were integrally linked with the process of industrial development. Other delegations considered that the present scope of the Centre's activities was satisfactory and that its concentration on manufacturing industry should be maintained.

110. Several delegations expressed views and suggestions on the internal structure of the Centre and indicated their opinions on the need to keep the proper balance between the two divisions of the Centre in respect of personnel, allotment of work and operational facilities and also a proper balance in respect of work on heavy industry and small-scale industry. However, some other delegations questioned the
validity of such an approach to the allocation of responsibilities between the two divisions; further, they pointed out that the detailed organization of the Centre was the responsibility of the Secretary-General. Other delegations disagreed with this approach and pointed out that it was within the terms of reference of the Committee for Industrial Development to make recommendations to the Commissioner on all matters relating to the activities and organization of the Industrial Development Centre. In reply, the Commissioner explained the considerations that had led to the present organization and observed that the views and suggestions of delegations would be taken into account.

111. The Committee considered that special efforts by the Centre and by the resident representatives of the TAB and the Special Fund were called for in order to stimulate suitable requests by Governments for technical assistance in the field of industrial development, particularly projects that might be supported by the Special Fund. Direct contacts with Governments should be intensified, using, as appropriate, the facilities of the regional economic commissions. It was the Committee's view that administrative and budgetary provision should be made to enable the staff of the Centre to spend more time in the field, where that was needed, and to avoid delay in undertaking essential travel to assist in industrial development. The Committee noted with satisfaction the part which the corps of senior technical advisers was expected to play in this connexion.

112. Some delegations expressed the view that the United Nations was making insufficient use of the resources for technical assistance available from the socialist countries. Other delegations, on the other hand, held that any such problems were due to factors outside the control of the Secretariat, namely the nature of contribution, and that recipient Governments should have full freedom to make their own decisions as to the source of experts and other assistants, unhindered by currency restrictions. Some delegations stated their disagreement with this opinion. They also stated that the question of the currency of contributions was not and should not be an obstacle to the effective use of the contributions of all countries with respect to rendering technical assistance. The contributions of various countries in various national currencies should be used without discrimination on political grounds which had nothing to do with the aims and purposes of technical assistance and the Charter of the United Nations.

113. The Committee recommended that the Centre should prepare and secure the wide dissemination to Governments of a brochure describing in detail the United Nations facilities available to assist Governments in promoting industrial development and the procedures for obtaining such assistance. It was suggested that a related effort be made by the Centre to ascertain from Governments their views on their needs and priorities in the field of technical assistance for industrial development.

114. The Committee recognized the importance of a memorandum submitted by the delegation of Tunisia entitled "Plan for the establishment of a North African Centre for Industrial Studies" (E/C.5/L.23 and Corr.1). In this memorandum it was proposed that there be established, as part of the sub-regional office of the Economic Commission for Africa in Tangier (Morocco) a North African Centre for Industrial Studies to undertake studies on various aspects of the industrial development of North Africa, including an assessment of the integration of complementary or competing industrial projects or sectors. The memorandum suggested that the work of this centre should be financed by the Special Fund.

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together with financial and technical assistance from other sources, including the IBRD, the proposed African Development Bank, regional financial institutions and member countries.

Specialized agencies, International Atomic Energy Agency, Technical Assistance Board and the Special Fund

115. The Committee had before it reports by the executive heads of the ILO (E/C.5/34); the FAO (E/C.5/34/Add.1); UNESCO (E/C.5/34/Add.2); WHO (E/C.5/34/Add.3); the IBRD, IDA and IFC (E/C.5/34/Add.4), the IAEA (E/C.5/34/Add.5), the Executive Chairman of TAB (E/C.5/34/Add.6) and the Managing Director of the Special Fund (E/C.5/34/Add.7). It also heard statements by representatives of the ILO, FAO, UNESCO, WHO, IBRD, IDA, IFC and IAEA.

116. The representative of ILO stressed the importance of social objectives and implications in his organization's work on industrial development. He indicated recent trends in the work of the ILO relating to the training of personnel for industrial employment and described the plans for a large-scale centre for advanced technical training being established under ILO direction in Turin, Italy, with the support of the Italian Government. He also referred to the steps being taken by the ILO to meet the recommendations of General Assembly resolution 1824 (XVII) on the training of national technical personnel.

117. The representative of UNESCO referred to two recent actions taken by that organization which it considered of particular interest. In pursuance of a resolution adopted by that organization, scientific questions were to be accorded an importance in UNESCO's programme similar to that given to education. UNESCO's activities in the field of science were accordingly being re-directed and expanded and the establishment of a new department dealing with the application of science and technology to economic development had been suggested by the Director-General. The organization had also allocated a substantial sum for the specific purpose of carrying out studies in implementation of General Assembly resolution 1824 (XVII) on the training of national technical personnel for industrialization.

118. The representative of FAO drew the Committee's attention to recent steps taken by that organization on the agricultural aspects of industrial development and noted that FAO had established close links with the regional economic commissions in this connexion. It had also taken steps to strengthen its liaison with the Industrial Development Centre. He noted several fields in which the FAO anticipated that close co-operation with the Centre would yield fruitful results, for example in the production of artificial fertilizers and agricultural machinery and equipment.

119. The representative of the IAEA drew the Committee's attention to the significant role which atomic power could play in industrialization in developing countries, particularly in those which were poorly endowed with fossil fuel and hydroelectric resources. In order to meet the requirements of developing countries, the IAEA, in its programme, was giving special attention to relatively small reactors for the generation of electricity. The Third International Conference on the Peaceful Uses of Atomic Energy, which was to be convened by the United Nations in close co-operation with IAEA (pursuant to General Assembly resolution 1770 (XVII)), would make an important contribution to the development of nuclear power and its role in the industrialization of developing countries.
120. The representative of the IBRD, the IDA and the IFC noted particularly the bearing on industrial development of the work being carried out by the IBRD's development advisory services, as well as the financial assistance supplied by the IBRD and IFC to national development institutions and a modification in the statutes of the IFC to permit participation in equity investments which was expected to encourage investment in manufacturing enterprises. He informed the Committee that the IBRD was currently studying ways and means of assisting in the establishment of industrial estates either with its own resources or through the IDA. The IBRD Economid Development Institute was devoting increasing attention to industrial development in its training programmes.

121. The representative of WHO observed that his organization considered that health planning and action should proceed in step with other activities in the field of industrial development and that plans and action to promote industrial development should take health aspects into account. He noted the emphasis being given by the WHO to the education and training of physicians, sanitary engineers, and other public health personnel, and to institutes of occupational health supported in certain instances by the Special Fund.

122. The Committee took note of the information which had been supplied by the specialized agencies on their activities in the field of industrial development and also of the measures taken during the past year both by the Centre and by the agencies for co-ordinated and concerted action. It expressed its appreciation of the information furnished by the specialized agencies and hoped that they would continue, on a yearly basis, to keep the Committee informed of their activities in the field of industrial development.
V. REPORT OF THE ADVISORY COMMITTEE OF EXPERTS ON THE INDUSTRIAL DEVELOPMENT ACTIVITIES OF THE UNITED NATIONS SYSTEM

123. The Committee had before it the report of the Advisory Committee of Experts on the Industrial Development Activities of the United Nations System, established under Economic and Social Council resolution 873 (XXXIII) (see annex VIII below). That report contained the findings of the review conducted by the group of experts on the activities of the United Nations system in the field of industrial development and their conclusions and recommendations on the organizational changes which were necessary to intensify, concentrate and expedite the United Nations effort for the industrial development of the developing countries. The experts also noted that in the limited time at their disposal it had not been possible for them to deal in detail with the matters on which their views had been requested by the General Assembly in resolution 1821 (XVII) and with the preparation of an appropriate definition of industrialization.

124. The Committee agreed generally with the experts' broad assessment of the United Nations activities in the field of industrial development, in the sense that its review of the work that was being carried out disclosed a vast array of activities, but that the total amount of resources devoted by the United Nations to the promotion of industrial development was inadequate. Some delegations noted in addition that the total volume of activities and of attention to industrial development in the United Nations family was also inadequate. Some felt that there was a lack of uniformity in the approach taken by the various organizations and that it was necessary to provide an adequate and concerted policy for all these efforts. Others expressed the view that the Industrial Development Centre had already achieved considerable success in co-ordinating and integrating its activities with those of the regional economic commissions and that much progress was also evident in respect to the co-ordination of its activities with those of the specialized agencies. A number of delegations maintained that, in order to give adequate scope to United Nations work in the promotion of industrial development, the Committee for Industrial Development and the Centre should provide effective leadership in respect to the activities carried out throughout the United Nations system. It was also stated by some delegations that an expansion of activities in the field of industrial development and the creation of an adequate machinery to provide a more effective means of carrying them out would in no way detract from the activities that were being carried out by the specialized agencies.

125. Some delegations argued that in its report, the Advisory Committee of Experts did not explain adequately the reasons for not supporting the establishment, in the field of industrial development, of a new specialized agency, which they themselves considered to be essential. Some other delegations felt that the experts had been searching for a compromise solution which had resulted in the proposal to create, within the United Nations, a subsidiary organization which they were willing to support. Some delegations, while supporting in principle the recommendation of the experts on the possible establishment of a United Nations Organization for Industrial Development (UNIDO) expressed some considerations concerning its purposes, the universality of its membership, the division of secretariat posts, and the areas of activity which should be taken into account.
in the working out of this recommendation. A number of delegations felt that the report of the Committee of Experts represented a concise statement of the various considerations and that the experts took a realistic view when they rejected the establishment of a new specialized agency.

126. A number of delegations took exception to some points in the report of the Advisory Committee of Experts and advanced the view that industrialization could not be considered in isolation but must be considered in the context of all other factors, including general economic conditions, levels of training and education, and the existence of financial resources at home and from abroad. In the opinion of those delegations, the development of industry was assisted in many ways, through private and public enterprises, bilateral assistance programmes, multilateral programmes and from other sources; assistance provided by the United Nations was only a part of this whole complex and should be so regarded. Nevertheless, it was the general view that the United Nations should increase its activities in this field. In their view, the recommendations of the experts should be closely reviewed by various bodies within the United Nations, including the Advisory Committee on Administrative and Budgetary Questions. It was also emphasized that, before considering means of accelerating and expanding the work of industrial development, it was necessary to reach agreement on the objectives that were to be aimed at.

127. Some delegations brought to the attention of the Committee the comments of the Administrative Committee on Co-ordination which had pointed out that fragmentation in the general field of economic policy had to be avoided, as it would make effective United Nations action more difficult (see E/3765, paras. 132-133).

128. While some delegations felt that the recommendations of the Advisory Committee of Experts fell short of what, in their view, was needed to provide an adequate machinery for carrying out United Nations activities in the field of industrial development at a satisfactory level, other delegations felt that there was no need to go as far as the Advisory Committee of Experts had recommended. A number of delegations considered that the Centre, which had been endowed with additional resources only a few months earlier, should be given time and an adequate opportunity to test its new structure.

129. The view was expressed that the Centre, or any new organization that might be established to replace it, should concentrate upon carrying out those activities which were directly related to the promotion of manufacturing industries, as recommended by the experts, while in respect to borderline functions it should act largely as a co-ordinating body.

130. It was considered by some delegations that the existing activities, as well as the structure, of the United Nations organs concerned with industrial development were not adequately related to present needs in this field. In their view, efforts should be intensified to create heavy industry and industrial complexes based on the natural resources of the developing countries. Development of natural resources should, from its very beginning, be connected with the possibilities of using such resources for the industrialization effort of the respective countries. It should be undertaken in the context of a well co-ordinated programme of industrialization. Two delegations felt, therefore, that the United Nations services concerned with natural resources and transport development should be an integral part of the Industrial Development Centre.
131. Other delegations felt that the transfer to the Centre of new activities, such as those in the field of natural resources and transport, could only lead to a dispersion of activities and might result in less attention being paid to the work more directly concerned with industrial promotion. Other delegations emphasized that action should at present be limited to improvements designed better to adapt the Centre's structure to the means of promoting manufacturing industry in the developing countries and that the Centre might, therefore, be concerned with the development of natural resources to the extent that those were intended for local manufacturing industries and not for export. Still other delegations, while agreeing that what was important was that the work on resources and transport development should be carried out effectively, felt, nevertheless, that the question of the possible transfer of this area to the United Nations organ responsible for industrial development could be considered in the context of a general reorganization of the Centre. The Committee's consensus is reflected in paragraph 89, above.

132. The Committee felt that the resources at present available to the Industrial Development Centre were still far from adequate. Some delegations contrasted the availability of resources, particularly under the Expanded Programme of Technical Assistance and the Special Fund, with the inadequacy of the amounts appropriated for industrial promotion work. Other delegations maintained that the requirements of industrial development were receiving increased attention but that greater efforts were needed to stimulate requests from Governments for technical assistance in industry to be financed by the Expanded Programme and the Special Fund.

133. A number of delegations took the view that there was no need for the establishment of a new voluntary fund which, in addition to the difficulties in obtaining new contributions, would also put the Centre at a disadvantage with regard to the more effective and fuller use of existing funds. Some delegations felt that only the administrative expenses of the new organization should be met from the United Nations budget without causing an over-all increase in the latter, this to be achieved through redistribution of its expenditure items. Operational programmes, however, should be financed from existing resources such as the Expanded Programme of Technical Assistance and the Special Fund. Other delegations urged that while operations should be financed principally from the Expanded Programme and the Special Fund, some operational programmes should continue to be financed from the regular budget.

134. It was pointed out that the Advisory Committee of Experts, in its report, had emphasized the need to enlarge the resources of the Centre pending the establishment of the proposed new organization. Some delegations felt that that should be the first step in carrying out the experts' recommendations. They also felt that the Consultative Board proposed by the Advisory Committee of Experts (see annex VIII, para. 43 below) could be set up immediately.

135. Some delegations pointed out that the report of the Advisory Committee of Experts was not sufficiently specific on the structure of the proposed new organization and the functions that it would incorporate; in particular it did not tackle the question of the relationships between the new body and other United Nations organizations which were at present doing work related to the broad field of industrialization.
136. The Committee felt that, before taking a decision on the report of the Advisory Committee of Experts, its recommendations and additional pertinent information should be made more widely known among other Member countries.

137. The representative of Brazil submitted the following draft resolution (E/C.5/L.22) to Working Group II:

"Recalling General Assembly resolutions 1712 (XVI) and 1821 (XVII) and Economic and Social Council resolution 873 (XXXIII),

"Noting with appreciation the report of the Advisory Committee of Experts (E/C.5/29 and Corr.1),

"Bearing in mind that the importance of industrial development for developing countries requires that this report be circulated among all Member Governments for further consideration,

"1. Requests that the Secretary-General transmit the report to Member Governments for their information, together with a fairly comprehensive summary of the discussions on the subject at the third session of the Committee for Industrial Development, and with a memorandum by the Secretary-General, presenting a comparative analysis of budget trends in the last ten years, of Secretariat activities directly related to industrial development and of ILO, FAO, UNESCO, WHO and IAEA in their specific fields of competence;

"2. Further requests the Secretary-General to include in the provisional agenda for the eighteenth session of the General Assembly, under the item relating to the industrial development activities of the United Nations system, a sub-item on the consideration of the above-mentioned report."

138. Following a preliminary discussion in Working Group II, the representative of Brazil submitted a revised text (E/C.5/L.22/Rev.1) of his draft resolution in which there were the following changes:

1) The words "The Economic and Social Council" had been inserted at the beginning of the draft resolution;

2) The third preambular paragraph was revised to read as follows:

"Considering that, in the light of the importance of industrial development for developing countries, it is highly desirable that this report be circulated among all Member Governments for careful examination,"
(3) The operative part of the draft resolution was revised to read as follows:

"Requests the Secretary-General:

"(a) To transmit the report of the Advisory Committee of Experts to Governments of States Members of the United Nations and members of the specialized agencies for their attention, together with the report of the third session of the Committee for Industrial Development;

"(b) To transmit the report of the Advisory Committee of Experts to the specialized agencies and the IAEA for such comments as they may deem appropriate; these comments should be presented in time for the Secretary-General to submit them to the General Assembly at its eighteenth session;
"(c) To prepare, for submission to the General Assembly at its eighteenth session a report containing:

(i) a summary of the activities of the Industrial Development Centre and of those relating to assistance to the development of manufacturing industry under the United Nations programmes of technical assistance and the Special Fund, including a statement of the expenditures in recent years relating to these activities;

(ii) a summary of the activities of the specialized agencies and of the IAEA in their general areas of competence and specifically in the field of industry, to be prepared by the agencies concerned, together with such analysis of budgetary trends as may be helpful in providing a meaningful interpretation of their activities;

"(d) To include in the provisional agenda of the eighteenth session of the General Assembly, under the item relating to the industrial development activities of the United Nations system, a sub-item on the consideration of the above-mentioned report, and to transmit to this session the information requested in paragraphs (b) and (c) above, together with such comments as he may deem appropriate."

140. At its twenty-eighth meeting, the Committee took up the revised draft resolution submitted by the representative of Brazil (E/C.5/L.22/Rev.2).

141. The Committee had before it an amendment by the representative of the Union of Soviet Socialist Republics, in which it was proposed that sub-paragraph (a) in the operative paragraph of the Brazilian draft resolution (E/C.5/L.22/Rev.2) should be amended to read:

"To transmit the report of the Advisory Committee of Experts to Governments of States Members of the United Nations and members of the specialized agencies, as well as to all other countries interested in industrial development, for their attention, together with the report of the third session of the Committee for Industrial Development."

142. The Committee also had before it amendments by the United States of America (E/C.5/L.28), proposing that:

(1) Sub-paragraph (d) of the operative paragraph of the draft resolution should be reworded as follows:

"To include in the provisional agenda of the eighteenth session of the General Assembly, under the item relating to industrial development, a sub-item on the consideration of the industrial development activities of the United Nations system and to transmit to this session the information requested in paragraphs (b) and (c) above, together with such comments as he may deem appropriate."
(2) The following new sub-paragraph (e) should be added to the operative paragraph:

"To transmit to the Committee for Industrial Development, for consideration at its fourth session, the information and comments requested in paragraphs (b) and (c) above, together with a summary of the General Assembly's discussion of this item."

143. Algeria and the United Arab Republic joined Brazil as sponsors of the draft resolution (E/C.5/L.22/Rev.2 and Add.1).

144. The sponsors accepted the amendments submitted by the United States (E/C.5/L.28), the second of which was modified, at the suggestion of the representative of Yugoslavia, by adding the words "and of any decision thereon" at the end of sub-paragraph (e).

145. With respect to the amendment proposed by the USSR, it was urged that the Committee should refrain from taking any action which might cause embarrassment to the Secretary-General, since the matter was one of legal relationships, in particular, whether or not the Secretary-General should deal with States which were not Members of the United Nations or members of the specialized agencies.

146. A number of delegations expressed regret that the majority of the Committee had not deemed it possible to include the USSR amendment in the text of the draft resolution, since they attached importance to ensuring that the principle of universality should be applied from the start in the elaboration of the recommendations of the Committee concerning the possible establishment of a United Nations organization for industrial development.

147. In the light of the discussion in the Committee in connexion with his amendment, the representative of the USSR did not press for a vote on it.

**Draft resolution for action by the Economic and Social Council**

148. The Committee then adopted unanimously the draft resolution, as amended, and therefore recommends that the following text be adopted by the Economic and Social Council:

"The Economic and Social Council,

"Recalling General Assembly resolutions 1712 (XVI) and 1821 (XVII), and Economic and Social Council resolution 873 (XXXIII),


"Considering that, in the light of the importance of industrial development for developing countries, it is highly desirable that this report be circulated among all Member Governments for careful examination,
"Requests the Secretary-General:

"(a) To transmit the report of the Advisory Committee of Experts to Governments of States Members of the United Nations and members of the specialized agencies for their attention, together with the report of the third session of the Committee for Industrial Development;

"(b) To transmit to the specialized agencies and to the International Atomic Energy Agency the report of the Advisory Committee of Experts for such comments as they may deem appropriate; these comments should be presented in time for the Secretary-General to submit them to the General Assembly at its eighteenth session;

"(c) To prepare, for submission to the General Assembly at its eighteenth session a report containing:

"(i) a summary of the activities of the Industrial Development Centre and of those relating to assistance to the development of manufacturing industry under the United Nations programmes of technical assistance and the Special Fund, including a statement of the expenditures in recent years relating to these activities;

"(ii) a summary of the activities of the specialized agencies and of the International Atomic Energy Agency in their general areas of competence and specifically in the field of industry, to be prepared by the agencies concerned, together with such analysis of budgetary trends as may be helpful in providing a meaningful interpretation of their activities;

"(d) To include in the provisional agenda of the eighteenth session of the General Assembly, under the item relating to industrial development, a sub-item on the consideration of the industrial development activities of the United Nations system and to transmit to this session the information requested in sub-paragraphs (b) and (c) above, together with such comments as he may deem appropriate;

"(e) To transmit to the Committee for Industrial Development, for consideration at its fourth session, the information and comments requested in sub-paragraphs (b) and (c) above, together with a summary of the General Assembly's discussion of this item and of any decision thereon."
ANNEXES

Annex I

LIST OF DELEGATIONS*

Members of the Committee

**ALGERIA**

<table>
<thead>
<tr>
<th>Representative:</th>
<th>S.E. M. Abdelkader Chanderli, ambassadeur extraordinaire et plénipotentiaire, représentant permanent auprès de l'Organisation des Nations Unies</th>
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<tr>
<td>Alternate Representative:</td>
<td>M. Mourad Castel, administrateur à l'Office du plan, direction du plan, présidence du conseil</td>
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**ARGENTINA**

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<tr>
<th>Representative:</th>
<th>Dr. Héctor Bernardo, Consejero Económico, Misión permanente</th>
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<td>Alternate Representatives:</td>
<td>Dr. Florencio Mendez, Consejero, Misión permanente</td>
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<td>Sr. Luis Miguel Caraballo, Agregado Económico, Misión permanente</td>
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**AUSTRALIA**

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<tr>
<th>Representative:</th>
<th>Mr. F.C. Pryor, Australian Alternate Executive Director, International Monetary Fund, Washington</th>
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<td>Alternate Representative:</td>
<td>Mr. J.M. Kirtley, First Secretary, Embassy, Washington</td>
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**AUSTRIA**

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<th>Representative:</th>
<th>Dr. Franz Weidinger, Counsellor, Deputy Permanent Representative to the United Nations</th>
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<td>Alternate Representative:</td>
<td>Dr. Georg Reisch, Secretary of Embassy, Permanent Mission</td>
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<tr>
<td>Expert:</td>
<td>Mr. Rudolf Reschreiter</td>
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* Trilingual list, presented in the English alphabetical order of countries.
BRAZIL

Representatives:
Mr. Geraldo de Carvalho Silos, Minister Plenipotentiary, Deputy Permanent Representative to the United Nations, Chargé d'Affaires a.i. (Chairman of the Delegation)
Mr. Marcio do Rego Monteiro, Second Secretary of Embassy, Ministry of External Relations
Mr. Sérgio Paulo Rouanet, Second Secretary of Embassy, Permanent Mission

Adviser:
Mr. Mario Augusto Santos, Second Secretary of Embassy, Permanent Mission

BULGARIA

Representative:
Mr. Christo Kolev, First Secretary, Permanent Mission

CENTRAL AFRICAN REPUBLIC

Representative:
H.E. Mr. Jean-Pierre Kombet, Ambassador Extraordinary and Plenipotentiary

Alternate Representative:
Mr. Joseph Hetman, First Secretary, Permanent Mission

COLOMBIA

Representative:
Sr. Antonio Bayona, Ministro Consejero, Misión permanente

Advisers:
Sr. Santiago Madriñán, Funcionario del Banco de la República
Sr. Alfonso Venegas, Primer Secretario, Misión permanente

CZECHOSLOVAKIA

Representative:
Mr. Drahosl Schejbal, Head of Department, State Planning Commission

Alternate Representative:
Mr. Antonín Nenko, Third Secretary, Permanent Mission
EL SALVADOR

Representative: Dr. Francisco Antonio Carrillo, Ministro Plenipotenciario, Representante Suplente ante las Naciones Unidas

Alternate Representative: Dr. Mario Carmona, Ministro Plenipotenciario, Representante Suplente ante las Naciones Unidas

ETHIOPIA

Representative: Mr. Kifle Wodajo, Deputy Permanent Representative to the United Nations

Alternate Representative: Mr. Berhane Meskel Deressa, Third Secretary, Permanent Mission

FRANCE

Representative: M. Jean Vavasseur, ingénieur en chef au Ministère de l'Industrie

Alternate Representative: M. Maurice Viaud, ministre plénipotentiaire, membre de la mission permanente

Advisers:
M. Philippe Bernard, chargé de mission au Commissariat général du Plan
M. Jean-Claude Renaud, premier secrétaire, membre de la mission permanente
M. Georges Moulia, secrétaire d'ambassade, membre de la mission permanente

FEDERAL REPUBLIC OF GERMANY

Representative: Dr. Otto Donner, German Executive Director, International Bank for Reconstruction and Development, Washington (Chairman of the Delegation)

Alternate Representatives:
Dr. Guido Brunner, Second Secretary, Office of the Permanent Observer to the United Nations
Dr. Walter Stock, Diplomkaufmann, Federal Ministry for Economics
INDIA

Representative: Mr. J.J. Anjaria, Minister (Economic), Embassy, Washington, and Executive Director, International Monetary Fund

Alternate Representatives: Mr. C.S. Krishna Moorthi, Minister (Economic), Embassy, Washington, and Executive Director, International Bank for Reconstruction and Development

Mr. S.L.N. Simha, Economic Counsellor, Embassy, Washington, and Alternate Executive Director, International Monetary Fund

Advisers: Mr. J.R. Hiremath, First Secretary, Permanent Mission

Mr. V. Parameswaran, Permanent Mission

ITALY

Representative: Mr. Bartolomeo Attolico, First Secretary, Permanent Mission

Alternate Representative: Mr. Antonio Ciaramella, Economic Adviser, Permanent Mission

JAPAN

Representative: H.E. Mr. Akira Matsui, Ambassador Extraordinary and Plenipotentiary, Deputy Permanent Representative to the United Nations

Alternate Representative: Mr. Hiroshi Hitomi, Counsellor, Permanent Mission

Advisers: Mr. Tsuneji Kitagawa, Scientific Research Officer, Resources Bureau, Science and Technology Agency

Mr. Ryozo Mogi, Third Secretary, Permanent Mission

MADAGASCAR

Representative: H.E. Mr. Louis Rakotomalala, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations

Alternate Representative: Mr. A. Ramahozimihaso, Economic Counsellor
MEXICO

Representative: Dr. Manuel Bravo Jiménez

Alternate Representatives: Sr. José Calvillo Treviño, Primer Secretario, misión permanente

Dr. Francisco Belaunzará Castorena

PAKISTAN

Representative: Mr. S.A.M.S. Kibria, Second Secretary, Permanent Mission

PHILIPPINES

Representative: H.E. Mr. Joaquin M. Elizalde, Ambassador, Economic Adviser, Permanent Mission

Alternate Representative: Mr. Hortencio J. Brillantes, Minister, Permanent Mission

SENÉGAL

Representative: M. Charles Delgado, Secrétaire d'ambassade, chargé des affaires économiques, membre de la mission permanente

SWEDEN

Representative: Mr. Bertil Bolin, Director for International Affairs, Swedish Confederation of Trade Unions

Alternate Representative: Mr. Orjan Berner, Second Secretary, Permanent Mission

TUNISIA

Representative: Dr. Chedly Ayari, conseiller économique, membre de la mission permanente

Adviser: M. Hassouna Ben Amor, administrateur à la Direction des statistiques, (Secrétariat d'État au plan et aux finances)
UNION OF SOVIET SOCIALIST REPUBLICS

Representative: Professor V.G. Solodovnikov, Deputy Permanent Representative to the United Nations
Alternate Representative: Mr. E.N. Makeev, Counsellor for Economic Affairs, Permanent Mission
Advisers:
- Mr. S.S. Gabelko, Counsellor, Permanent Mission
- Mr. V.B. Naborov, Chief of Section, Current Economic Situation Research Institute, Ministry of Foreign Trade
- Mr. E.V. Kudryavtsev, Third Secretary, Permanent Mission
- Mr. G.A. Pavlov, Attaché, Permanent Mission

UNITED ARAB REPUBLIC

Representative: Mr. Yehia S. El-Molla, Under-Secretary, Ministry of Industry
Alternate Representative: Dr. Saad Abdel-Fattah Khalil, First Secretary, Permanent Mission

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Representative: Mr. H.T. Weeks, C.M.G., Director, Finance Corporation for Industry Ltd. and Industrial and Commercial Finance Corporation Ltd., Chairman, Economic Policy Committee, Federation of British Industries
Alternate Representative: Mr. W.E. Hamilton Whyte, First Secretary, Permanent Mission

UNITED STATES OF AMERICA

Representative: H.E. Mr. Jonathan B. Bingham, Ambassador, Permanent Mission
Alternate Representative: Mr. Seymour M. Finger, Consul-General, Senior Adviser, Economic and Social Affairs, Permanent Mission
Advisers:
- Mr. Frederick G. Draper, Deputy Director for Industrial Development, Office of Human Resources and Social Development, Agency for International Development
- Mr. Herman Kleine, Adviser, Economic and Social Affairs, Permanent Mission
- Mr. Vincent D. Travaglini, Director, Foreign Business Practices Division, Bureau of International Commerce, Department of Commerce
URUGUAY

Representative:  Sr. Aureliano Aguirre, Ministro Plenipotenciario, Representante Suplente ante las Naciones Unidas

YUGOSLAVIA

Representative:  Mr. Mirceta Cvorovic, Counsellor, Permanent Mission
Alternate Representative:  Mr. Branko Radivojević, Third Secretary, Permanent Mission

Members of the United Nations represented by observers

DENMARK

Observer:  Mr. Boerge Bloend, Attaché, Permanent Mission

NETHERLANDS

Observer:  Mr. J.F. Boddens Hosang, Second Secretary of Embassy, Permanent Mission

POLAND

Observer:  Mr. Wlodzimierz Natorf, First Secretary, Permanent Mission

ROMANIA

Observers:  Mr. Ion Moraru, Counsellor, Permanent Mission
            Mr. Gheorghe Jucu, First Secretary, Permanent Mission

UKRAINIAN SOVIET SOCIALIST REPUBLIC

Observers:  Mr. L.E. Kizia, Permanent Representative to the United Nations
            Mr. P.A. Gontar, Counsellor, Permanent Mission
Specialized agencies

International Labour Organisation:

Mr. Henri Reymond, Director, Liaison Office with the United Nations
Mr. John Lloyd, Liaison Office with the United Nations

Food and Agriculture Organization of the United Nations:

Mr. J.L. Orr, Director, Liaison Office with the United Nations
Mr. A. Aten, Rural Industries Specialist

United Nations Educational, Scientific and Cultural Organization:

Mr. Arthur Gagliotti, Director, Liaison Office with the United Nations

World Health Organization:

Dr. Michael R. Sacks, Medical Liaison Officer, Liaison Office with the United Nations
Mrs. Sylvia Meagher, Liaison Officer
Mrs. Vera Kalm

International Bank for Reconstruction and Development:

Mr. Enrique López Herrarte, Liaison Office with the United Nations

International Atomic Energy Agency:

Mr. G.G. Efimov, Representative of the Director-General, Liaison Office with the United Nations
Mr. John Burt, Public Information Officer, Liaison Office with the United Nations

Non-governmental organizations

Category A

International Chamber of Commerce: Dr. Stephen P. Ladas, Mrs. Roberta M. Lusardi

International Confederation of Free Trade Unions: Mr. Irving Brown, Mr. Paul Barton, Mr. José Ma. Aguirre

International Organization of Employers: Mr. James Tanham

World Federation of Trade Unions: Mr. Philip M. Connelly

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Annex II

TERMS OF REFERENCE OF THE COMMITTEE

For the text of the terms of reference of the Committee, see E/3600/Rev.1, annex II
Annex III

LIST OF DOCUMENTS BEFORE THE COMMITTEE AT ITS THIRD SESSION

E/3580/Rev.1 Petroleum exploration: Capital requirements and methods of financing (United Nations publication, Sales No. 62.II.B.3)


E/C.5/24 Questionnaire on industrial planning and development

E/C.5/24/Add.1-34 Replies of Governments to the questionnaire

E/C.5/25 Provisional agenda

E/C.5/25/Rev.1 and Add.1 Revised provisional agenda and annotations to the provisional agenda

E/C.5/25/Rev.2 Agenda approved at the 20th meeting

E/C.5/25/Rev.3 Agenda approved at the 21st meeting

E/C.5/26 Financing of industrial development - The provision of credits for the financing of imports of machinery and equipment into developing countries: report by the Secretariat

E/C.5/27²/ Provisional report of the Seminar on Industrial Programming (E/CN.12/663)

E/C.5/28 and Corr.1 Industrial Standardization: principles and application at the national and international levels, with particular reference to the requirements of newly industrializing countries


E/C.5/30 General review of work of the Industrial Development Centre in the field of industrial planning and programming: prepared by the Secretariat

a/ Issued after the end of the session.
<table>
<thead>
<tr>
<th>Document Code</th>
<th>Title and Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E/C.5/31 and Corr.1</td>
<td>Transfer and adaptation of technology for developing countries: general review prepared by the Secretariat</td>
</tr>
<tr>
<td>E/C.5/32</td>
<td>Financing of industrial development - progress report and proposals for programme of work: prepared by the Secretariat</td>
</tr>
<tr>
<td>E/C.5/33</td>
<td>Report of the Industrial Development Centre</td>
</tr>
<tr>
<td>E/C.5/33/Add.1</td>
<td>Implementation of General Assembly resolution 1824 (XVII) - training of national technical personnel for industrialization: note by the Secretariat</td>
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<tr>
<td>E/C.5/33/Add.2</td>
<td>Report of the Industrial Development Centre</td>
</tr>
<tr>
<td>E/C.5/34</td>
<td>Report submitted by the International Labour Organisation</td>
</tr>
<tr>
<td>E/C.5/34/Add.1</td>
<td>Report submitted by the Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>E/C.5/34/Add.2</td>
<td>Report submitted by the United Nations Educational, Scientific and Cultural Organization</td>
</tr>
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<td>E/C.5/34/Add.3</td>
<td>Report submitted by the World Health Organization</td>
</tr>
<tr>
<td>E/C.5/34/Add.4</td>
<td>Report submitted by the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation</td>
</tr>
<tr>
<td>E/C.5/34/Add.5</td>
<td>Report submitted by the International Atomic Energy Agency</td>
</tr>
<tr>
<td>E/C.5/34/Add.6 and Corr.1</td>
<td>Report submitted by the Executive Chairman of the Technical Assistance Board</td>
</tr>
<tr>
<td>E/C.5/34/Add.7</td>
<td>Report submitted by the Managing Director of the Special Fund</td>
</tr>
<tr>
<td>E/C.5/35</td>
<td>Interim report by the Secretariat on the role of patents in the transfer of technology to under-developed countries</td>
</tr>
<tr>
<td>E/C.5/36</td>
<td>Report of the Inter-Sessional Working Group on matters referred to it by the Committee</td>
</tr>
<tr>
<td>E/C.5/L.9</td>
<td>List of background documents on planning and programming of industrial development: note by the Secretariat</td>
</tr>
<tr>
<td>E/C.5/L.11</td>
<td>Summary of the proceedings of the Seminar on Industrial Programming for the Latin American region, held in Sao Paulo, Brazil, 4-15 March 1963: note by the Secretariat</td>
</tr>
</tbody>
</table>

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E/C.5/L.12 Integrated programme and budget policy: note by the Secretary-General
E/C.5/L.13 Organization of the Committee's work: note by the Chairman
E/C.5/L.14 and Corr.1 Statement by Dr. José Antonio Mayobre, Commissioner for Industrial Development
E/C.5/L.15 Organization of the Committee's work: arrangements approved by the Committee at its twenty-first meeting on 14 May 1963
E/C.5/L.16 Information on budgetary expenditures directly related to industrial development: note by the Secretariat
E/C.5/L.17 Industrialization as a means of developing and transforming the economies of the less developed countries: memorandum by the delegation of the USSR
E/C.5/L.18 Definition of the term "Industrialization": memorandum by the delegation of the United States of America
E/C.5/L.19 Statement made by Dr. José Antonio Mayobre, Commissioner for Industrial Development, in Working Group II, on 20 May 1963
E/C.5/L.21 Information on the structure of the Industrial Development Centre
E/C.5/L.22 Brazil: draft resolution
E/C.5/L.22/Rev.1 Brazil: revised draft resolution
E/C.5/L.22/Rev.2 and Add.1 Algeria, Brazil and United Arab Republic: revised draft resolution
Consideration and approval of the Committee's report to the Economic and Social Council: draft sections submitted to Working Group II

E/C.5/L.27 and Add.1 and 2
Consideration and approval of the Committee's report to the Economic and Social Council: draft sections submitted to the Committee

E/C.5/L.27/Add.3
Financial implications of the work programme for 1963-64 endorsed by the Committee

E/C.5/L.28
United States of America: amendments to the revised draft resolution by Brazil (E/C.5/L.22/Rev.2)

E/C.5/L.29
Text of the decision by the Committee approving the revised draft resolution by Algeria, Brazil and the United Arab Republic (E/C.5/L.22/Rev.2 and Add.1, as amended)

E/C.5/NGO/1
International standardization - need for national and international standards: Statement submitted by the International Organization for Standardization, a non-governmental organization in Category B consultative status
Annex IV

WORK PROGRAMME IN THE FIELD OF INDUSTRIALIZATION

This annex lists those projects which have been recommended by the Committee at previous sessions and approved by the Economic and Social Council and which have not yet been completed, as well as additional projects recommended by the Committee during its third session. b/

List of projects approved by the Committee

RESEARCH AND EVALUATION DIVISION

I. Research studies

A. Industrial development planning and policies

1. Analysis of information provided by Governments in reply to the questionnaire on industrial planning and development (A.1.a.).

2. Investment expenditures in infrastructure necessary for industrial growth (A.1.c.).

3. Evaluation of projects in centrally planned economies (A.2.c.).

4. Long-term planning and industrial programming in centrally planned economies (A.2.e.).

5. Studies in implementation of planning in selected countries (A.2.g.).

6. Projection of demand for machine tools (A.3.b.).

7. Analysis of income demand elasticities for industrial goods in developing countries: (a) methods of analysis and projection of demand for industrial consumer goods (A.3.c.); (b) methods of analysis and projection of demand for capital goods (A.3.c.).

8. Maturation period of investment in selected projects (A.2.b.).


b/ Numbers in brackets refer to the numbering of projects in document E/3600/Rev.1, chap. V.
10. (a) World trade in steel and steel demand in developing countries;
    (b) The world market for iron ore.

11. Case studies in the relationship between industrialization and the development of agriculture.

12. Case studies on government policies promoting industrial development in selected countries.

13. Study on economic infrastructure and external economies in industry.

14. Survey of industrial development in selected countries of the Middle East.

15. Requirements of the less developed countries for engineering products and the world supply of such products.

B. Studies relating to large-scale industries

16. Industrial promotion policy and industry programming (B.1.b.).

17. Pre-investment data on the aluminium industry (B.1.a.).

18. Pre-investment data on machine tools industry.

19. Pre-investment data on food processing industries.

20. Pre-investment data on textile industries.

21. Studies on construction, maintenance and repairs in selected countries (B.1.a.).

22. Assembly industries (B.2.c.).

23. Study on location of industries in relation to markets and economies of scale.


25. Problems in planning and implementation of industrial projects: co-ordinating and phasing interdependent projects.


27. Industrial problems of urban and regional planning.

C. Problems of small-scale industry

28. Financing of the establishment of industrial estates (D.1.a.).

29. Export promotion of small industry products (D.4.b.).

30. Study of capital and production requirements for small-scale industries.

31. Study of financing of small-scale industries.
D. Financial problems

32. Working capital requirements of industrial enterprises.

33. Survey of international and regional financial institutions providing financial assistance to industries in developing countries.

34. Survey of major national public and private financial institutions in developed countries providing financial assistance to industry in developing countries.

35. The provision of credits for the financing of imports of machinery into developing countries.

36. Analysis of sources, forms and scope of national development institutions engaged in financing of industries in developing countries.

37. The role of capital markets as a source and channel of industrial financing in developing countries.

38. Financial requirements of industries and industrial enterprises.

39. Industrial financial planning and management.

40. Measures for the promotion of industrial financing.

41. Studies of internal and external financing in selected countries.

II. Seminars and conferences

1. Inter-regional seminar on industrial complexes for industrial development.

2. Inter-regional meeting on petrochemical industries based on natural gas.

3. Inter-regional seminar on cement industry.

4. Inter-regional seminar on food canning and preserving industries.

5. Seminar on industrial estates in Africa.


7. Seminar on industrial programming in the ECA region.

8. Seminar on techniques of evaluation of industrial projects.

9. Inter-regional seminar on financing industrial development.

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c/ Projects nos. 33-40 to be carried out by the Fiscal and Financial Branch of the Department of Economic and Social Affairs.
10. Inter-regional seminar on integration of private enterprises in industrial planning and programming.

11. United Nations Conference on Trade and Development. See project no. 9 under I.A. above and paragraph 97 of the Committee’s report.

TECHNOLOGICAL DIVISION

I. Transfer and adaptation of technology

1. Manuals on industrial technology (B.1.a, B.1.e, B.1.f, B.1.g, B.2.b.), (Continuing project).

2. Inter-regional symposium on technical developments in iron and steel production (B.3.b.).

3. Industrial standards (New project. Continuing project).

4. Inter-regional seminar on industrial standards (New project).

5. Technological and industrial research institutes (New project).

6. Inter-regional seminar on technological and industrial research institutes (New project).

7. Adaptation of technological processes (B.1.e, B.1.f, B.2.a.).

8. Quality control (New project).

9. Product design (New project).

10. "Packaged plants" (New project).

11. Use of second-hand machinery (New project).

12. Maintenance and repair of industrial equipment (B.1.a.).

13. Automation in less developed countries (New project).

Regional seminars

14. ECAFE seminar on fertilizer production (B.3.f.).

15. ECLA seminar on machinery manufacture and construction of heavy equipment in the ECLA region (B.3.c.).
II. Training and management

16. Methodology and techniques for assessing requirements for trained personnel (C.1.a.).

17. Preparation of a list of qualified training institutions in selected fields of industrial development (C.1.b.).

18. In-plant training of graduate engineers.

19. Preparation of teaching materials (C.1.d.).

20. Factors affecting plant efficiency in less developed countries (C.2.a.).

21. Inter-regional seminar on management of industrial enterprises.

III. Other projects

22. Bibliographies on industrial development (C.1.e.) (Continuing project).
Annex V

FINANCIAL IMPLICATIONS OF THE WORK PROGRAMME FOR 1963-1964 ENDORSED
BY THE COMMITTEE d/ 

1. During the course of its current session the Committee for Industrial Development has reviewed the report of the Industrial Development Centre and its work programme for 1963-64 (E/C.5/33), and has reaffirmed the high priority it attaches to the work in the field of industrial development. Pending a decision on the recommendations contained in the report of the Advisory Committee of Experts (see annex VIII below) the Committee has urged the augmentation of the resources available to the Industrial Development Centre for carrying out the approved programme of work and, in particular, for the projected expansion of operational activities.

2. The Industrial Development Centre has at the present time a complement of thirty-four Professional and twenty-two General Service posts, excluding the Commissioner. This staff is supplemented by three technical advisers and the group of senior advisers of the Industrial Development Advisory Service whose functions are particularly concerned with the formulation of technical assistance and Special Fund projects and the provision of necessary supporting services. This team of some eight to nine specialists is also provided from regular budget funds.

3. In order to implement the projects and seminars included in the approved programme of work, with due regard to the views expressed by the Committee on priorities, to provide for the expansion of the Centre's operational activities, and to carry out at an adequate level the functions of co-ordination and the continuing programme for exchange of information, an increase in staff resources of the order of some seventeen Professional posts (1 D-1, 4 P-5, 4 P-4, 5 P-3, 3 P-2) and an equal number of supporting General Service (secretarial and clerical) staff would be required. In addition, it is estimated that the short-term consultant services equivalent to some sixty man-months would be needed in connexion with specialized aspects of a number of projects in the work programme.

4. The above estimates do not provide fully for the needs of the Technological Division of the Centre, where a further expansion is to be anticipated as the work extends into technological areas not yet covered, and as the Centre is entrusted with responsibilities for the follow-up on the results of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas.

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d/ This statement by the Secretary-General was originally communicated to the Committee in document E/C.5/L.27/Add.3.
5. The estimated costs of these additional requirements for a full twelve-month period would amount to $496,600 as shown below. Besides these costs, provision would need to be made for the travel of senior officials between Headquarters and the regions and for consultation with specialized agencies, Member Governments and inter-governmental and non-governmental institutions working in the field of industrialization.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Salary costs for a full twelve months of 17 Professional and 17 General Service staff</td>
<td>284,000</td>
</tr>
<tr>
<td>(ii) Recruitment travel for 17 Professional posts at an average of $3,500 per person</td>
<td>59,500</td>
</tr>
<tr>
<td>(iii) Common staff costs (pension fund and other social security benefits)</td>
<td>56,700</td>
</tr>
<tr>
<td>(iv) Sixty man-months of consultants and related travel for the consultants, at an average cost of $1,600 per man-month</td>
<td>96,000</td>
</tr>
<tr>
<td>(v) Travel for the senior officials referred to in para. 5 above</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>526,200</td>
</tr>
</tbody>
</table>

6. The Secretary-General would wish again to recall the Committee's attention to the following: (a) General Assembly resolution 1797 (XVII), and Council resolution 936 (XXXV) on integrated programme and budget policy, (b) the fact that, in consideration of the over-all financial situation of the Organization, he has applied a policy of consolidation and containment to the Budget Estimates for 1964 and has endeavoured to maintain the budget requests for 1964 at the 1963 level, and, (c) that he has at the same time sought the co-operation of the Economic and Social Council and the various programme-making bodies in exercising self-restraint in calling for new programmes and in providing guidance on priorities for current activities. The Council is expected to take decisions on these major points at its thirty-sixth session.

7. Following normal procedure, the Secretary-General would bring to the attention of the Economic and Social Council at its thirty-sixth session the significant increase in resources, as reflected in this report, which would be required to implement the programme of work called for by the Committee. In doing so, however, he would take into account (a) the extent to which further adjustments in the availability and utilization of existing budgetary resources, as mentioned under paragraph 2, would meet in part the new requirements, (b) the practical possibilities of spreading out the implementation of this programme during 1964 and subsequent years, and (c) the relative place of this programme in the order of over-all priorities to be established by the Council also at its thirty-sixth session in regard to the United Nations Development Decade. The decisions taken by the Council in the light of these considerations will form the basis of the Secretary-General's request for revisions to his initial estimates for 1964 to be submitted to the General Assembly at its eighteenth session.
Annex VI
STATEMENT BY DR. JOSE ANTONIO MAYOBRE, COMMISSIONER FOR INDUSTRIAL DEVELOPMENT, ON OPENING THE GENERAL DEBATE e/

This is the first time I have had the honour of appearing before this Committee, and I consider it a privilege to be able to address the United Nations body with specific responsibility for framing the Organization's policies and directing its efforts in the field of industrial development.

The activities carried out since the last session are broadly reflected in the documents submitted to the Committee. It is possible, however, that the various aspects of the work have not been evenly covered in these documents. A certain unevenness may be natural, and even inevitable, in documents dealing with so many different subjects. Above all, however, it must be remembered that the past year has undoubtedly been a period of transition for our activities in this field. This situation has been reflected not only in measures to bring about the expansion of activities in line with the decisions taken by the Committee at its last session, but also in the reorganization of our services and operations and their integration with the industrial development activities of other bodies in the United Nations family. Furthermore the establishment of the Industrial Development Centre as an instrument for giving effect to the policies and decisions adopted by the Committee for Industrial Development in matters directly relating to industrialization, has created a focal point within the United Nations family for activities in this field. Thus, particular attention has also been paid to the need for consistency and co-ordination between United Nations bodies in the wide variety of activities they carry on in connexion with industrialization.

The reorganization I have just mentioned, moreover, has been limited to objectives and changes of a more immediate nature since such measures as were being taken during the past year could not be subtracted from the perspective of new and possibly more drastic changes which may result from action that this Committee, the Economic and Social Council and the General Assembly may take eventually on the recommendations of the Advisory Committee of Experts, whose report (see annex VIII below) is before you for consideration under item 9 of the provisional agenda. It therefore seemed advisable to limit the scope of action, taking only such measures as were justified by immediate needs and making the best possible use of what already existed. In addition, of course, the whole operation was affected by the problem of the available resources which, as is well known, are confined within rather narrow limits that would hardly have given scope for major readjustments.

Nevertheless, fresh impetus has been given to various aspects of the work ranging from the integration and consolidation of programmes of work in industrial development carried out by the Secretariat, both at Headquarters and in the regional economic commissions, co-ordinated action and collaboration with the

e/ This statement was originally communicated to the Committee in document E/4.5/L.14.
specialized agencies in various projects, the initiation of various activities in the field of technology, the expansion of advisory services and assistance to Member States, particularly through the establishment of technical advisory groups in the regions and at Headquarters, to the preparation of long-range projects, in collaboration and consultation with the regional economic commissions and specialized agencies, for basic work in such fields as technical education and training of personnel, industrial financing, for export of manufactured goods from industrializing countries, and certain aspects of the relationship between agricultural and industrial development.

At the same time, the work in progress in various fields has been continued and intensified. In particular, special attention has been devoted to efforts related to industrialization policies and, specifically, to industrial programming and planning. The regional Seminar on Industrial Programming organized jointly with ECLA at Sao Paulo, Brazil, was the outcome of a considerable effort which resulted in extensive documentation on such subjects as the methodology of industrial programming in the context of general economic programming; basic data and criteria for industry programming; formulation of programmes for the industrial sector and evaluation of industrial projects. At this Seminar, Government specialists in charge of programming in this field in the various countries of the region had an opportunity to exchange opinions and experience on the subjects covered and on practical problems relating to the application of existing techniques of industrial planning. An additional feature of this Seminar, and one which will probably be applied more generally in the future, was the attendance of specialists from other under-developed regions, who were thus given an opportunity both to learn from Latin American experience and to bring to the seminar the experience gained in their own countries and regions.

Generally speaking, seminars represent, at a certain level, an excellent means of promoting technical training and facilitating the exchange of experience between countries and regions. The expanded programme of seminars and expert meetings, as reflected in the documents and the general report before the Committee, has been drawn up with due regard to the stage reached by the work in the respective field. Thus, each seminar is viewed as a natural sequel to the work accomplished in the course of time, after enough information has been accumulated, and sufficient interest exists among countries for a fruitful discussion of the problems encountered at the practical level. Another important feature of seminars is that they offer, at times, an opportunity for crystallizing regional or multinational attitudes on problems common to various countries.

Plans have been made to include in the Centre's programme of work on questions of industrial development policy several studies on the export of manufactured and semi-manufactured goods from the developing countries. These studies would be prepared as part of the documentation for the forthcoming United Nations Conference on Trade and Development, following consultations with the Executive Secretary appointed for the Conference. These studies would contain an analysis of the opportunities and conditions for the production of exportable goods and of measures to promote exports of manufactured goods.

The promotion of industrial development is by no means an easy task, and is at least equal in complexity to the variety of products and processes now embraced by the vast range of industrial production. In the course of visits to the regional economic commissions and to individual countries in their regions, and in discussions on these problems with Government officials and entrepreneurs in
the developing countries, I have had an opportunity to realize once again the
great variety of problems which arise in this field, and for which direct or
indirect assistance from abroad is often required. In particular, the choice of
Government policies is a specially urgent problem in most countries, both because
of the complexity of the problem in itself and because of the general feeling
that the Government should play an active role in promoting industrial development.
In countries where development is just starting, the need for advice in this field
is of key importance for providing a firm basis for the first steps towards the
establishment of an industrial sector. Simultaneously with the measures of
economic policy which affect industrial development, it is necessary to consider
the technicological problems which determine the specific parameters of any effort
towards industrialization, and to whose complexity I have already referred.

The magnitude of the task and the diversity of the problems involved in the
promotion of industry invite, naturally, reflection on the most appropriate
approaches and the possible scope of the activities which the United Nations can
hope to carry out in this field. It is obvious that our resources, even after
manifold increases, are unlikely to represent ever more than a small fraction of
the total requirements. It becomes unavoidable, therefore, to resort to a
selective approach based on a number of elements which have become particular
assets of the United Nations. In the first place, there are those elements which
derive from the international nature of its activities and from the opportunities
it offers for multinational endeavours in an increasingly interdependent world.
Another basis for action is represented by the mass of experience and technical
expertise accumulated through years of intensive work, both analytical and
practical, on the problems of economic development in general and of
industrialization in particular. Taken together, these features make up the
special competence of the United Nations which, on some occasions, make it
possible to provide an invaluable and unique contribution.

Another consideration which makes a selective emphasis essential is the need
to put the meagre resources available to the most effective possible use. All
these criteria have been applied, to a greater or lesser extent, in the selection
and execution of the projects which make up our work programme. I need hardly
say that, with the Centre's resources at their present level, the possibility of
undertaking any activity, however vital, depends primarily on the capacity of the
existing services. An attempt has therefore been made to concentrate and mobilize
whatever resources were available, anywhere in the United Nations family, in the
pursuit of the common aims as witness the many joint activities which have been
planned with the regional economic commissions and various specialized agencies,
and which mainly represent an endeavour to make full use of such capacity as
already exists in any part of the system as a whole.

Apart from joint projects it has been possible, through the contacts
established at many points with the specialized agencies and through close
consultation with the regional economic commissions, to institute an exchange of
information on each organization's programmes and projects in the industrialization
field. At the same time advance consultation has become more frequent between the
constituent organizations of the United Nations family, which are thus able to
exchange information and comments on proposed projects before they are approved,
avoiding thereby duplication. It is also to be expected that, as the Centre's
manpower reserves increase, the wealth of information and technical data
accumulated through the work of the technical assistance programme experts
over more than a decade can be more thoroughly studied and put to wider use.
With regard to technical assistance operations proper, including projects financed with the aid of the Special Fund, additional progress has been achieved during the past year, particularly in certain areas. Taken as a whole, the increase in activity has been moderate mainly because, under present procedures, a certain time lag is unavoidable before measures taken to increase direct assistance services to countries requesting them are fully reflected in increased programmes. In some cases, evaluation and formulation of such projects require some time which, together with the formal procedure for the approval of a project, may extend the time lag to several months or even longer. At the same time certain patterns have come into focus. In the first place, the assistance needed may vary considerably from country to country, depending on the stage of development and the particular structure of its economy. On the one hand, there are developing countries which have already achieved a considerable degree of industrialization and which accordingly require a highly specialized type of assistance, mainly on matters of technology and the practical organization of production or markets. On the other hand, there are many countries which have barely reached the first stage of industrial development; their external aid requirements are not only very great, but highly diversified, ranging from an over-all evaluation of the main resources available to the country for its possible industrialization to all the component factors of industrial promotion policy, including the problem of incentives and adequate programming as well as the technical problems of organization, production and location of industry. In the second place, the missions and expert groups set up to study the industrial potentialities of a country or region are coming to represent an increasingly important feature of technical assistance operations. At the request of the Government of Burma a mission of this kind, composed of economists and experts in various branches of industry, is surveying the prospects for establishing new industries in that country. Similar missions are contemplated or have been requested for other countries in various parts of the world. It is to be hoped that the recently approved reduction of the minimum limit for Special Fund projects will make it possible to finance under its programmes missions of this kind.

Missions have also been organized in collaboration with ECA to survey the industrial potential of African countries. A first group of experts will go to several countries in West Africa, and another is expected to undertake a survey of North African countries. Consultations are also under way for the establishment of a similar mission to visit a number of countries in East Africa. The ECA participates directly in these missions and provides supervision in the field, drawing on such support and resources as the Centre can supply from Headquarters. Generally speaking, the Industrial Development Centre has applied the policy of decentralization on the principle that the regional economic commissions should undertake to provide substantive support to the technical assistance experts working in their respective regions to the fullest extent permitted by their resources. The regional secretariats in their turn would be able to draw on the Centre's resources at Headquarters. There are also cases which go beyond the regional framework or which, for some reasons may require elements of access to the principal world centres usually to be found at Headquarters. In all cases, action is based on mutual agreement and continuous consultation with the regional commissions concerned.

In the field of technical assistance operations, as in all other activities, the principle of complementarity between the functions of Headquarters and of the regional economic commissions has been closely adhered to. In this respect there has been growing awareness, on the one hand, that the regional economic commissions enjoy the important advantage of direct contact with the countries in their regions
and, on the other, that some interests and functions transcend regional boundaries and are more appropriately dealt with by a central organ.

These principles were also observed in organizing the groups of senior technical advisers approved by the Economic and Social Council. As you know, their purpose was to provide for technical assistance activities a team of specialists in various industrial sectors to act as a mobile task force providing direct advice to Governments and helping in the formulation and execution of projects in their particular specialized fields. The approach in this matter was to proceed from the periphery towards the centre by recruitment, in the first place, of experts for service in the regional commissions, taking into account the known pattern of demand for their services in the regions concerned. At the same time, and in consultation with the regional economic commissions, steps were proceeding to recruit specialists for service at Headquarters to perform those functions which, according to the principle of complementarity already mentioned, are mainly concentrated at Headquarters.

Thirdly the vital importance of training national staff in all phases of industrial development cannot be overstressed. The greatest possible emphasis will have to be laid on the need to include training of national personnel as an integral part of all technical assistance projects. Apart from this, however, programmes of instruction and training in industry must be further intensified at all levels both through the provision of scholarships for study abroad and, principally, through the establishment of technical training institutions in the under-developed countries. In planning these institutions it is perhaps not inappropriate to think in somewhat ambitious terms, for in countries in process of industrialization, a training capacity limited to the immediate and foreseeable needs of existing industries and projects is not enough; a certain degree of "excess capacity" may be well justified to allow for the ferment of productive initiative normally in evidence where a wide base of technical education has been created.

Another consideration is that, in practice, the needs of countries at a very early stage of development are not restricted to the evaluation and formulation of projects; such countries often require help in defining their own needs and priorities and in translating them into specific requests for international assistance. Experience has shown that, even after general studies on a given country's industrial potentialities have been carried out, there remains a considerable gap between the industrial feasibility studies and the preparation of specific projects on the basis of which financial and other resources needed to establish the industry in question may be marshalled and, subsequently, the technical and engineering studies leading up to the actual installation of the plant. As more general industrial feasibility studies are completed, the demand for assistance in all fields will tend to increase requiring that Governments give closer attention to the means of meeting these needs.

The problem of industrial financing and of obtaining adequate capital resources for the establishment and expansion of industrial sectors in the economies of the less developed countries has been a source of deep and justified concern to this Committee since its very beginning. The impetus given to the programme of work in this field is reflected in the documentation submitted, primarily under item 5 of the agenda. Consultations have been held with international financial institutions, such as the IBRD and the Inter-American Development Bank, for the purpose of exchanging information and co-ordinating
activities related to the flow of international funds and their channeling towards the establishment of industries. A large-term programme has been drawn up, which the Centre will carry out in co-operation with the Fiscal and Financial Branch and the regional economic commissions, and in consultation with the international financial institutions. As may be seen from document E/C.5/32, this programme includes a number of studies on sources and scope of capital for industry available to the developing countries. The programme also includes studies on various aspects of the structure and financial requirements of industrial enterprises in the under-developed countries, the part played by development boards and credit institutions in those countries, and measures for the promotion of industrial financing. It is also envisaged to hold a seminar at which these problems may be examined in the light of the experience in various countries and with diverse institutional approaches.

The objectives laid down by the General Assembly for the United Nations Development Decade include, in particular, increased emphasis on the full utilization of the opportunities which the advances made in all branches of technology and science now afford for the development of the less developed countries. These advances have hardly begun to be applied to the specific needs of the under-developed countries, as was repeatedly pointed out at the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas. Moreover the very scope of the topics discussed at that Conference is an indication of the vast opportunities for action that lay ahead in this field. The establishment of a Technological Division in the Industrial Development Centre has given additional emphasis to our work in this direction. As will be seen from the documentation provided under item 4 of the agenda, the work programme drawn up, with due regard to the limitations of available resources, is designed to launch activities in the most important fields connected with the dissemination and adaptation of technology and to deal with certain pressing problems in various industrial sectors.

I should like to single out for special attention the preparations now in progress for a symposium on modern methods of iron and steel production, to be held late in 1963. This is to be a world symposium organized jointly with all the regional commissions, and in which experts and technicians both from the advanced countries and from the less developed regions will take part. The symposium will examine the problems involved in the adaptation of the latest technological developments in the iron and steel industry to production conditions in countries at different levels of industrial development. It will also study the requirements for the establishment of adequate iron and steel standards on regional or broader bases.

Attention has also been given to the problem of the exchange of information and technical data, and the establishment of an international system to meet the needs of the developing countries in this regard. As is well known, there are a number of institutions in the developed countries, dedicated to the exchange of technical information either in specific sectors or in response to some other criteria more or less tailored to the requirements of their own environment. Our concern will be, not to establish a system to duplicate the work of these institutions, but to seek means whereby existing facilities in various parts of the world may be used to the extent possible in a system designed primarily to meet the needs of the under-developed countries, where the organization of
technical information services is still in a relatively primitive stage. This is not only a new task but extends somewhat beyond what we are accustomed to do at the United Nations. Not only does it involve dealing with highly specialized matters but the very multiplicity and variety of technical fields and problems involves also the need for a large-scale, though not necessarily automatic, approach.

Countries which have already achieved a certain degree of industrialization are experiencing an increasingly urgent need for centres of applied engineering and for local skills in the formulation of industrial projects. This question is directly linked with the complex problems involved in the adaptation of industrial equipment and processes to the resources and conditions of production prevailing in the under-developed countries, as well as with the increasing need for trained technical, scientific and administrative personnel.

With regard to industrial training, special mention should be made of the work undertaken pursuant to General Assembly resolution 1824 (XVII) on the training of national technical personnel to accelerate the process of industrial development. This work includes a study of the requirements of trained personnel and an evaluation of the methods used and the efforts being made to meet the need for training and technical instruction in the less developed countries. Details of the work which is being undertaken together with the specialized agencies concerned have been submitted to the Committee in a separate document.

There is also a need to intensify scientific and industrial research work in those countries, to increase the number of technological research institutes, and to ensure that those already in existence are adequately supplied with equipment and talent. In this connexion also, thought should perhaps be given to new and broader patterns of action such as, for example, the organization of scientific and technological research facilities on a multinational or regional basis.

For fear of exhausting your patience and good will at the very outset of your deliberations, I shall abstain from further commenting in detail on various other aspects of our work - such as, for example, in the fields of small-scale industry, the social aspects of industrialization etc. - which are reflected in the agenda and in the documentation prepared for this session. However, I must point out that, as stated in the relevant documents, various aspects of this work are being carried out in co-operation with units of the Secretariat, in addition to the joint projects with the regional economic commissions and work of the specialized agencies in the field of industrialization.

Although the over-all picture shows that progress has been made in various directions, I do not feel that we can remain satisfied with what has been achieved so far, especially if considered in relation to the magnitude of the needs. Furthermore, it seems unlikely that we will have available in the near future resources of a magnitude sufficient to meet the increasing needs which any effective programme to promote the industrialization of the less developed countries would demand. Thus, the growing demand will make it necessary not only to find new resources but also to explore new courses of action leading, within the shortest possible time, to solutions compatible with the most effective use of the resources that can be obtained.
ORGANIZATION OF THE INDUSTRIAL DEVELOPMENT CENTRE

A. Statement made by Dr. José Antonio Mayobre, Commissioner for Industrial Development, in Working Group II on 20 May, 1963

For the text of this statement, see document E/C.5/L.197

B. Information on the structure of the Industrial Development Centre

1. The structure of the Industrial Development Centre was outlined in a memorandum submitted by the Commissioner for Industrial Development to the thirty-fourth session of the Economic and Social Council (E/3656/Add.1). This document also contained a broad outline of the basic principles that would serve as a guide in carrying out the Centre's programme of work and a brief review of the activities in the field of industrial development to be carried out by the Secretariat in the regional economic commissions and at Headquarters.

2. Basically, the Industrial Development Centre was conceived as a unit primarily responsible for integrating and co-ordinating the activities related to the promotion of industrial development carried out by the United Nations. In particular, it was envisaged that the activities of the Centre and those carried out in the field of industrial development by units of the regional economic commissions, as well as other units within the Department of Economic and Social Affairs, would be encompassed within a closely co-ordinated programme designed to serve the needs of developing countries in promoting their industrialization.

3. Following these considerations, the Centre comprises, in addition to the office of the Commissioner for Industrial Development, two basic units, namely the Research and Evaluation Division and the Technological Division. There is also being organized within the Centre a group of senior technical advisers conceived as a mobile task force, available to undertake on short notice assignments in countries requiring assistance on pressing problems and matters involving short-term advisory services such as the definition of particular needs, the formulation of projects, and the preparation of requests for longer term assistance.

f/ This note by the Secretariat was originally communicated to the Committee in document E/C.5/L.21.
4. The Research and Evaluation Division is primarily concerned with the economic aspects of industry, including planning and programming of industrial development, government policies for promotion of industrialization, studies of economies of industry, including location problems, development of small-scale industries and the broad social and economic implications of industrialization. Servicing of the operational programmes is carried out centrally by the Research and Evaluation Division which seeks the views of the Technological Division on technological aspects of the projects. Because their work is connected primarily with technical assistance, the senior technical advisers report to the Director of the Research and Evaluation Division.

5. The Technological Division is primarily concerned with the scientific and technological aspects of industrial development, including problems of adaptation of equipment and processes, technical and managerial training and the exchange of technical data and information in respect to programmes in the field of industry of particular interest to developing countries. It is also responsible for the co-ordination of activities with the specialized agencies and, as far as possible, with other international programmes in the field of industry. It is envisaged that the Technological Division will play a vital role in the follow-up activities resulting from the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas.
Appendix

CENTRE FOR INDUSTRIAL DEVELOPMENT

COMMISSIONER FOR INDUSTRIAL DEVELOPMENT

TECHNOLOGICAL DIVISION

Technological Studies and Scientific Services Section

Training and Management Section

Co-ordination Section

DOCUMENTATION UNIT

RESEARCH AND EVALUATION DIVISION

Industrial Programming and Policies Section

Small-scale Industries Section

Industrial Economics Section

Evaluation Group

Senior Technical Advisers
Annex VIII

REPORT OF THE ADVISORY COMMITTEE OF EXPERTS ON THE INDUSTRIAL DEVELOPMENT ACTIVITIES OF THE UNITED NATIONS SYSTEM g/

Secretary-General's preface

This report was prepared by an Advisory Committee of Experts on the Industrial Development Activities of the United Nations System, appointed by me in accordance with Economic and Social Council resolution 873 (XXXIII). The report presents recommendations agreed upon by the members of the Committee on the organizational changes which they consider necessary to intensify the activities of the United Nations system in the field of industrial development.

The high priority accorded to industrial development in the United Nations Development Decade by the General Assembly gives particular importance to the conclusions and recommendations contained in this constructive report. Accordingly, I wish to commend the report to the attention of the Committee for Industrial Development in connexion with the agenda of its third session.

On behalf of the United Nations, I wish to thank the members of the Committee for their valuable contribution.

U Thant
Secretary-General

Letter of transmittal to the Secretary-General

29 March 1963

Sir,

We have the honour to submit herewith our report and recommendations on the questions which we were invited to examine pursuant to resolution 873 (XXXIII) of the Economic and Social Council and resolution 1821 (XVII) of the General Assembly. We were also invited by the Inter-Sessional Working Group of the Committee for Industrial Development, which met on 15 March 1963, to deal, if possible, with the question of preparing an appropriate definition of industrialization.

Our report contains recommendations, as requested in Economic and Social Council resolution 873 (XXXIII), on the organizational changes which, in our

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g/ This report was originally communicated to the Committee in document E/C.5/29 and Corr.1.
opinion, are necessary to intensify, concentrate and expedite the United Nations effort for industrial development of the developing countries. In view of the limited time at our disposal, it was not possible to deal in detail in our report with matters on which our views were requested in General Assembly resolution 1821 (XVII) and with the preparation of an appropriate definition of industrialization. However, the conclusions and recommendations arrived at by the Committee reflect our views on these matters in so far as they relate to the main terms of reference as set out in Economic and Social Council resolution 873 (XXXIII).

We wish to express gratitude for the co-operation and assistance rendered to us by members of the United Nations Secretariat.

We have the honour to be, Sir,

Your obedient servants,

V.J. Aboltin
B.N. Adarkar
Chief S.O. Adebo
Syed Amjad Ali, Chairman
Manuel Bravo

Robert de Oliveira Campos
Seymour Melman
Alan D. Neale
Josef Pajestka
Mahmoud Younis

I. INTRODUCTION

1. In accordance with Economic and Social Council resolution 873 (XXXIII) the Secretary-General appointed a group of ten experts to advise him on the question of what further organizational changes might be necessary in order to intensify, concentrate and expedite the United Nations effort for industrial development of the less developed countries including the advisability of establishing a specialized agency for industrial development, or of strengthening or modifying the existing organizational structure in that field. The Advisory Committee of Experts was also asked, in General Assembly resolution 1821 (XVII), to take into account in its work and recommendations:

(a) Whether it is advisable to deal with problems of industrial development, natural resources, energy and possibly other related fields, within the framework of one organizational structure;

(b) Whether it is advisable to bring about a closer co-ordination of all activities related to industrialization at the national, regional and international levels.

In addition, the Committee was requested by the Chairman of the Inter-Sessional Working Group of the Committee for Industrial Development to deal, if possible, with the problem of preparing an adequate definition of the term "industrialization" as recommended by the Committee for Industrial Development at its second session (see E/3600/Rev.1, para. 94).

2. The Committee was given a mandate to advise the Secretary-General on organizational changes, taking into account activities in the field of industrial
development at present being carried out by the United Nations system and also in the light of the discussions at the second session of the Committee for Industrial Development, the discussions on industrial development in the General Assembly, the Economic and Social Council and the relevant resolutions adopted by those organs.

3. The members of the Advisory Committee of Experts were:
Mr. V.J. Aboltin (USSR), Deputy Director, Institute of World Economy and International Relations, Academy of Science; Mr. B.N. Adarkar (India), Additional Secretary, Ministry of Economic and Defence Co-ordination, Government of India; Chief S.O. Adebo (Nigeria), Permanent Representative of Nigeria to the United Nations; Syed Amjad Ali (Pakistan), Chairman, Investment Promotion Bureau of Pakistan; Mr. Manuel Bravo (Mexico), Adviser to the General Director, Banco de Mexico; Mr. Roberto de Oliveira Campos (Brazil), Ambassador of Brazil to the United States of America; Mr. Seymour Melman (United States of America), Associate Professor, Industrial and Management Engineering, Columbia University, New York; Mr. Alan D. Neale (United Kingdom), Assistant Secretary, Board of Trade; Mr. Josef Pajestka (Poland), Director, Economic Research Institute, Planning Commission; Mr. Mahmoud Younis (United Arab Republic), Chairman and Managing Director, Suez Canal Authority.

4. Chief S.O. Adebo, Mr. Roberto de Oliveira Campos and Mr. Seymour Melman were unable to be present at all the meetings. In their absence the meetings were attended by the following: Mr. Dickson Igwe (Nigeria), Counsellor, Permanent Mission of Nigeria to the United Nations, Mr. Sergio P. Rouanet (Brazil), Second Secretary, Permanent Mission of Brazil to the United Nations, Mr. Seymour M. Finger (United States of America), Senior Adviser, Economic and Social Affairs, Permanent Mission of the United States to the United Nations, Mr. Ahmed Fouad (United Arab Republic), Special Assistant to Mr. Younis, also attended the meetings. h/


6. The Committee had before it a working paper prepared by the United Nations Secretariat, and annexed to this report, which set out information regarding the activities being carried out by the United Nations Secretariat and the regional economic commissions in the field of industrial development. It also received from the Secretariat a paper describing the arrangements for co-ordination and concerted action within the United Nations system. The activities in the field of industrial development of the Expanded Programme of Technical Assistance and the Special Fund were described in separate working papers prepared by the Secretariat, and the relevant activities of the FAO, IBRD, IDA, IFC, ILO, UNESCO, WHO and IAEA were described in working papers submitted by these agencies.

h/ These gentlemen acted on instructions from the experts they replaced and not as spokesmen for their own views or for their Governments.
II. AIMS OF THE UNITED NATIONS IN THE FIELD OF INDUSTRIAL DEVELOPMENT

7. The Committee considered that it would be impossible to evaluate the present United Nations aims in the field of industrial development and to make recommendations on organizational changes unless there was agreement on what such activities are expected to achieve. In this connexion, the Committee noted General Assembly resolution 521 (VI) which requested the Economic and Social Council:

"To promote studies of a programme of rapid industrialization of the under-developed countries, including the economic, social, fiscal, technical and organizational problems involved, and the role that the industrially advanced and under-developed countries have to play in such a programme..."

and General Assembly resolution 1515 (XV) which reiterates:

"that a prime duty of the United Nations is to accelerate the economic and social advancement of the less developed countries of the world, thus contributing to safeguarding their independence and helping to close the gap in standards of living between the more developed and the less developed countries..."

In addition, the Committee considered the United Nations activities in the field of industrial development as set out in General Assembly resolution 1710 (XVI) on the United Nations Development Decade which called for the achievement and the acceleration of sound self-sustaining economic development in the less developed countries through industrialization and diversification. The latter resolution indicated, as a target, a minimum annual rate of growth of aggregate national income in the less developed countries of 5 per cent at the end of the Decade. The Committee noted that if the increase of 5 per cent per year in aggregate incomes, set by the General Assembly as the target for the end of the United Nations Development Decade, was to be achieved, manufacturing output in the developing countries would have to rise by no less than 130 per cent. 1/ It would of course be desirable that the rate of growth be accelerated even further. The Committee noted that maintaining or accelerating such rates of growth was essentially a matter for the developing countries. It was realized, however, that the United Nations could and should play an important role through its various services to assist these countries in attaining higher rates of growth.

8. The Committee also noted that the Economic and Social Council in its resolution 751 (XXIX) establishing the Committee for Industrial Development expressed its conviction of the need to accelerate the process of

1/ See The United Nations Development Decade: Proposals for Action (United Nations publication, Sales No.: 62.II.B.2, page 54).
industrialization of developing countries, by the expansion of the means of providing advice, information and assistance through the United Nations in the planning and execution of their industrial development. To that effect it requested the Committee for Industrial Development to deal, inter alia, with:

(i) the most effective application of modern industrial methods of production and management techniques to the establishment and operation of industries in the under-developed countries;

(ii) economic programming techniques as applicable to industrialization;

(iii) financial, fiscal and administrative policies conducive to the acceleration of industrial development;

(iv) effective techniques of distribution and marketing of industrial products, taking into account the progressive industrialization of under-developed countries;

(v) undertaking, proposing or encouraging the collection, evaluation and dissemination of information derived from the studies mentioned above and of other information relevant to industrialization.

9. The services which the United Nations system should provide depend on the nature and the magnitude of the needs of the countries themselves. Such needs vary with the stage of industrial development. It should be sufficient to state that the needs are great and the range of services required to meet these needs is also broad. It would be difficult here to indicate in detail the services which the United Nations could provide but the more significant aspects of such services are already covered in the terms of reference of the Committee for Industrial Development mentioned in paragraph 8. To these the following can be added:

(a) Availability of speedy and objective technical advice on formulation and implementation of industrial development plans and in particular on the formulation of requests presented by Governments to the United Nations Expanded Programme of Technical Assistance, Special Fund, and other sources of international assistance;

(b) Training of technicians and engineers for industrialization.

III. THE ACTIVITIES OF THE UNITED NATIONS SYSTEM IN THE FIELD OF INDUSTRIAL DEVELOPMENT

10. The Committee reviewed the organizational structure, as it exists at present in the United Nations system, concerned with problems of industrial development in the developing countries. In this task the Committee was greatly assisted by the statements of officials of the United Nations Secretariat, the Executive Chairman of the Technical Assistance Board, the representative of the Special Fund and the representatives of the specialized agencies. The Committee had the benefit of discussing with them the activities undertaken by the various units in the United Nations system, the budgetary aspects and co-ordination matters involved in the system. The following officials appeared before the Committee:
The Committee acknowledges its debt to these gentlemen for their help and for their willingness to answer questions put to them by the Committee.

A. Policies and programmes of industrial development

11. The general policies and programmes being pursued by the United Nations system in the field of industrial development are determined by what may be
referred to as the constitutions and legislative bodies of the system, namely, the General Assembly and the Economic and Social Council of the United Nations, together with their subsidiary organs and the governing bodies of the specialized agencies concerned.

(a) General Assembly and the Economic and Social Council of the United Nations together with their subsidiary organs

12. Under the Charter of the United Nations, the General Assembly makes recommendations for the promotion of industrial development in furthering its object of advancement of "higher standards of living, full employment and conditions of economic and social progress and development" (Article 55). In General Assembly resolution 1525 (XV) of 1960, the Assembly, through its Second Committee, on which all Member States are represented, decided to examine each year, as a separate item on its agenda, the question of industrial development and the activities of the organs of the United Nations in the field of industrialization. Particular questions of industrial development examined by the General Assembly in this manner are often referred for further consideration to the Economic and Social Council and by this organ, in turn, to a subsidiary body such as the Committee for Industrial Development.

(b) Economic and Social Council and its subsidiary organs

13. The Economic and Social Council, with a membership of eighteen countries, gives specific consideration annually to the question of industrial development, initiates studies on particular aspects of industrial development and makes recommendations to the General Assembly, to Member States and to the specialized agencies. In 1961, the Economic and Social Council, by its resolution 751 (XXIX), established the Committee for Industrial Development with the terms of reference indicated in paragraph 8 above. This resolution also provided that the Committee shall assist the Economic and Social Council to maintain the necessary liaison between the activities in the field of industrialization of the regional economic commissions, the specialized agencies, the IAEA and other bodies working in the same field, with a view to ensuring the utmost efficiency and co-operation in their work. The regional economic commissions, which report directly to the Economic and Social Council, deal annually with questions of industrial development relating to their particular regions and, in the case of the economic commissions for Asia and the Far East, Africa, and Europe, maintain various standing committees which consider annually questions of industry, transport, natural resources and the like.

14. The Economic and Social Council has also established certain permanent functional commissions or committees which deal with particular aspects of industrial development in the broad sense. These include the Social Commission, the Statistical Commission, and the Committee on Housing, Building and Planning which held its first session in 1963. Matters relating to resources and transport development have normally been referred directly to the Economic and Social Council except to the extent that they are considered by the regional economic commissions and their subsidiary committees. The same generally applies to questions of international trade in industrial commodities except to the extent that they come within the jurisdiction of the Commission on International Commodity Trade. Under the aegis of the Economic and Social Council, the
Technical Assistance Committee and the Governing Council of the Special Fund formulate the general policies and programmes of technical assistance for industrial development.

B. The executive machinery of the United Nations system

15. The Committee noted that a detailed description of functions of the various units in the system concerned with industrial development would be time-consuming. However, it was felt that a very brief survey would provide some basis for evaluation of these activities in the later section of the report.

16. Within the United Nations Secretariat several units of the Department of Economic and Social Affairs are concerned with particular aspects of work in the field of industry:

(a) Industrial Development Centre

The Centre, which was established in October 1962, is under the direction of a Commissioner with the rank of Under-Secretary. The Centre undertakes work in the fields of research and operations, the latter mainly in support of technical assistance projects in those fields of industrial development for which it has specific responsibility. It provides secretariat services to the Committee for Industrial Development. It also provides a mechanism for promotion of co-ordination of the industrial development activities of the United Nations and specialized agencies;

(b) Other units in the Department of Economic and Social Affairs concerned inter alia with industrial development are the following:

(i) Bureau of General Economic Research and Policies

The Bureau prepares studies of international trade and economic development. An Economic Programming and Projections Centre within this Bureau is concerned with over-all economic development programmes at the country level and their international aspects.

(ii) Bureau of Social Affairs

This Bureau is concerned with social aspects of industrialization, housing, building and physical planning.

(iii) Resources and Transport Branch

Among other responsibilities, this unit is concerned with mining, energy resources and electrification, and transport.

(iv) Fiscal and Financial Branch

In addition to other functions, the Branch is concerned with the financial aspects of industrialization.
(v) **Statistical Office**

Collects and disseminates industrial statistics.

(vi) **Bureau of Technical Assistance Operations**

The Bureau has administrative responsibility for that part of the Expanded Programme of Technical Assistance and certain other technical assistance programmes carried out by the United Nations Secretariat. The various units mentioned above provide substantive support to these activities.

(vii) **Office of Special Fund Operations**

This office performs similar functions to the Bureau of Technical Assistance Operations in respect of projects of the Special Fund, for which the United Nations has been designated by the Special Fund as the executing agency.

(viii) **Secretariats of the regional economic commissions**

The secretariat of each regional economic commission has units dealing with the regional aspects of industrial development. Provision has recently been made for the appointment to the secretariats of ECLA, ECA and ECAFE, of senior regional advisers on industry who will be available for consultation with Governments of the region, including consultation on the formulation of requests for technical assistance.

17. The following units are located at the Headquarters of the United Nations:

(a) **United Nations Technical Assistance Board (TAB)**

It is responsible for the general administration of the Expanded Programme of Technical Assistance, which provides for allocations to be administered by the United Nations and the several specialized agencies within their sphere of competence. TAB maintains resident representatives in sixty-five recipient countries whose responsibilities include assistance to Governments in the presentation of their requests for assistance under the Expanded and regular Programmes of Technical Assistance.

(b) **Special Fund**

Immediate inter-governmental control of the policies and operations of the Special Fund is exercised by its Governing Council. Under the guidance of the Council, the Managing Director has over-all responsibility for operations, administers the Fund and has sole authority to recommend projects to the Governing Council. He also recommends the agencies to execute the approved projects; these are to be, whenever possible, the United Nations or its related agencies. The directors of the Special Fund programmes in the developing countries are the same persons as the TAB resident representatives.
C. The specialized agencies

18. A number of specialized agencies of the United Nations, together with the IAEA have undertaken particular responsibilities for industrial development, along with their principal functions in accordance with their articles of agreement and resolutions.

(a) IBRD, IDA and IFC

In addition to its major activities in providing capital, the IBRD, through its staff which also serves the IDA and the IFC, provides technical, advisory and training services that have a bearing on industrial development in the broad sense.

(b) ILO

In pursuance of resolutions adopted by the International Labour Conference, the ILO is concerned with such matters as vocational training, management development and productivity, supervisory training, the promotion of small-scale industry and the assessment of manpower requirements.

(c) UNESCO

Among the activities within UNESCO's sphere of competence having an important bearing on industrial development in the broad sense are technical education, international scientific co-operation and technical documentation, promotion of national, regional and international institutions for scientific and technological development, certain activities in the field of scientific study of natural resources, including marine resources, and study of the effects of industrialization and social prerequisites of economic growth.

(d) FAO

FAO has been concerned with a number of projects that either paved the way for further industrial development or were concerned with the establishment of industries that make use of farming, fishing and forestry products. For this reason, it has been concerned with the handling, storage, processing and marketing of such products and the design, adaptation and use of suitable farm implements, and processing equipment and machinery. An important aspect of this work is the dissemination of technological documentation in the above fields.

(e) WHO

The primary object of WHO's activities in the field of industrial development is to reduce the incidence of illness and disability that may hamper industrialization and to ensure that the health services develop in step with the development of industry. Among the specific projects pursued are those in occupational health, community health services, organization of medical care, community water supply, air pollution control, nutrition and mental hygiene aspects of industrial development and urbanization.
The IAEA is concerned, inter alia, with various industrial applications of atomic energy and its responsibilities range from problems of nuclear science and technology to applied aspects such as the construction of nuclear power plants, and the application of isotopes and radiostion techniques in industry.

19. Most of the specialized agencies listed above maintain regional field offices and some country representatives. In the case of the FAO, there is, in addition, a joint FAO-United Nations agricultural division, staffed and directed by FAO, attached to the secretariats of the ECA, ECAFE, ECE and ECLA.

D. Co-ordination

20. The activities referred to earlier are co-ordinated by the Economic and Social Council and the Committee for Industrial Development which receive reports from the various units on the respective activities in the field of industrial development. The Committee for Industrial Development, which meets once a year, reviews such information and makes its recommendations. The Industrial Development Centre in the Secretariat provides a mechanism for promoting co-ordination on a continuous basis. In this connexion, it acts as a clearing house for the systematic exchange of information on activities of the United Nations system. The chief organ for inter-secretariat co-ordination in general is the Administrative Committee on Co-ordination (ACC), consisting of the Secretary-General and the executive heads of the specialized agencies and the IAEA. In this connexion, the Committee noted that, in resolution 839 (XXXIII), the Economic and Social Council requested the ACC to study further the question of co-ordination in the field of industrialization, with a view to developing a concerted approach to this problem and to translating this approach into specific programmes of concerted action wherever such action can contribute effectively to the progress of industrialization. In order to supplement the normal working consultations among the professional officers concerned, the ACC has arranged for regular inter-agency meetings on industrial development, in which the representatives of the United Nations, ILO, FAO, UNESCO, WHO, IBRD, IDA, IFC and IAEA participate.

IV. EVALUATION OF THE ACTIVITIES OF THE UNITED NATIONS SYSTEM IN THE FIELD OF INDUSTRIAL DEVELOPMENT

21. In coming to the task of evaluating the effectiveness of the United Nations system as described in the previous section, the Committee recognized that the task facing the United Nations system in the field of industrial development was and would remain a formidable one, having regard to the fact that countries in many different stages of economic development would simultaneously require many different kinds of assistance and facilities. In putting its main emphasis on types of assistance directly concerned with the development of manufacturing industry, the Committee did not neglect the fact that countries in certain stages of development were still likely to request assistance of other types, for example, for infrastructure.
22. The Committee carried out its task of evaluation in two ways: namely the organizational approach and the functional approach. The organizational approach consisted of evaluation of financial and staff resources devoted to industrial development and the co-ordination between the various units concerned. The functional approach, on the other hand, involved inter alia identifying gaps in the activities of the United Nations system in the field of industrial development.

A. Organizational aspects

23. From the information made available to the Committee, it was clear that the resources devoted to work in the field of industrial development were notably inadequate, particularly in the light of the needs of the developing countries. The Committee noted that industrialization has been assigned a very high priority by the developing countries in their national development programmes. It is a vital element in the diversification of economic activities and raising the levels of living. The tasks involved in undertaking a programme of industrial development in a country as a part of its over-all plan are enormous and would require vigorous action both at national and international levels. This has been generally recognized and prompt and energetic action has been called for by resolutions in the General Assembly and the Economic and Social Council over the last several years. The Committee noted that the United Nations has responded to the demands of the developing economies on an increasing scale since 1955. This work consisted of both research and provision of technical assistance. However, the Committee, upon review of the situation, was not satisfied that such response was adequate to the tasks involved. First, it was slow in coming, and secondly, the volume of resources devoted to such tasks did not grow adequately or rapidly. From the data available, the chances of a large increase in the United Nations budget for this purpose do not appear promising.

24. The Committee noted that large sums of money are devoted to purposes of infrastructure. By contrast the United Nations and the specialized agencies have devoted inadequate resources to manufacturing industry. A glance at the regular budgets of the specialized agencies is sufficient to indicate the relative emphasis which the United Nations system has placed upon the development of various sectoral functions such as agriculture, health, labour and education. Industrial development, though vital, has not received as much attention as it deserves. This, in the opinion of the Committee, is a serious imbalance considering the priorities which are being given to industrial development in the national economic development plans of the less developed countries. There is a danger that this imbalance may increase.

25. As seen from the earlier section, the work in the field of industrial development is split up in a number of organizations. In this connexion, the Committee noted that some of the activities of the agencies in industry are only of recent origin. Work was undertaken by them in these fields largely because there was a vacuum, and because they were somewhat related to their basic responsibility. Useful as such industrial activities are, it is clear that the promotion of industrial development is not sought in itself by any of these specialized agencies, since their main purpose is of a completely different character. Their contribution to industrial development is marginal.

1/ The Committee was not concerned in this paragraph with the financial institutions of the United Nations system.
26. That lack of resources has hampered the planning and implementation of the United Nations programme of work is clearly stated in several United Nations documents. The report of the Advisory Committee on the Work Programme on Industrialization stated that the Committee was aware of the fact that the limited resources at the disposal of the Secretariat impose severe limitations upon the scope of the programme and that devising a programme of work under such conditions was a difficult and complex task. Comprehensive work on industrialization has been attempted in the Industrial Development Centre and in the regional economic commissions. But, owing to lack of resources, the work has remained at levels which, as pointed out earlier, fall short of being adequate to the needs. The total picture which emerges from this is that while good work is being done, it still falls short of the needs of the developing countries and the expressed desire of the General Assembly and the Economic and Social Council.

27. The Committee reviewed the procedure for co-ordination in the United Nations family. It noted that arrangements exist for continuous consultations at the Secretariat levels but it was not satisfied that matters concerned with industrial development were receiving full benefit from the existing arrangements. The exchange of information on mutual activities was useful, but in the opinion of the Committee, it cannot be considered as a satisfactory substitute for integration of activities which is a pre-condition for a global strategy for industrialization. Moreover, the organizational structure within the United Nations family is such that it is possible only to make recommendations. It is not possible to direct the agencies to follow a particular course of action since each organization receives its directive from the parent legislative body.

28. The Committee took note of the Administrative Committee on Co-ordination's report (E/3574) in which it is stated that:

"these procedures have so far largely taken the form of exchanges of information about each other's activities and consultations - on a necessarily limited basis, because of their ad hoc character - at the implementation stage. While these procedures have led to very useful results in the context of the situation existing hitherto, they may not be sufficient in the context of the expanding activities anticipated in the future. A further effort will have to be made to extend this collaboration to all stages - the stages of planning and formulation, and not only that of implementation - of projects and other activities. The specialized agencies have expressed their willingness to co-operate fully in this respect."

The Committee noted that the Industrial Development Centre is one of the units in the Department of Economic and Social Affairs. Through the office of the Commissioner for Industrial Development, the Centre has been instrumental in harmonizing and integrating the work undertaken by the various units in the Secretariat; Headquarters and in the regional economic commissions. A certain progress has been made; nevertheless, the Committee feels that a greater degree of authority is needed to provide the required impetus to industrial development.

29. The Committee reviewed the work of the United Nations Secretariat at Headquarters, the regional economic commissions and the specialized agencies in regard to the programme of work and their operational activities in the field of technical assistance. While an exhaustive evaluation of this work appears to be an exceedingly complex task requiring more time, it was felt that it would suffice for the purpose of this report if the Committee would identify gaps in the activities of the United Nations system. This would also provide some background for the major recommendations of the Committee.

Promotion of industrial development

30. The Committee noted that there was a serious gap in the activities of the United Nations system regarding the promotion of manufacturing industry. The requests for assistance submitted by the countries under the Expanded Programme of Technical Assistance (EFTA) and the Special Fund were relatively few. Consequently, the funds allotted to meet the technical assistance needs for manufacturing industry under the EFTA programme amounted to only $5.5 million or about 6 per cent of the total for the period 1963-64. If training, transportation and other ancillary services are to be included, the share in the EFTA programme for industrial development amounts to $19.2 million or about 25 per cent of the total. The Committee noted that very few requests in the field of manufacturing industries have been made by the countries for financing by the Special Fund. From the information available to the Committee, it was felt that this was primarily due to lack of promotional work by the United Nations at the field level. The specialized agencies, on the other hand, have built up a network of field offices, resident advisers and correspondents who are continuously in touch with the ministries promoting and assisting the formulation of projects for financing by the international organizations. The lack of such promotional effort in industrial fields has created a vacuum which needs to be filled.

31. The Committee noted that such promotional effort was particularly needed in newly industrializing countries. Very often, they lack information on sources of assistance and the nature of formulation of requests. If assistance could be given on the formulation of requests and other related matters, they would benefit considerably in utilizing the international assistance. Thus, in fact, what is missing in the work of industrial development is the ability to maintain an active interest in the development of projects at the country levels which may provide the Governments with a most valuable source of immediate advice on the order of priorities of their needs for technical aid and the most effective manner of formulating their respective programmes.

32. The Committee noted that the industrial advisory service which was approved by the Economic and Social Council last year contained elements required for strengthening operations at the field level. These advisers would be located both at Headquarters and in the regional economic commissions. However, the number of advisers and ad hoc consultants are few, owing to budgetary limitation, which necessarily restricts the promotional work at the field level. The regional economic commissions have been increasingly active in this field. The Committee recognizes that this is a step in the right direction, but the
magnitude of their effort and the vital role they could play would depend on the resources available to undertake field work. In this connexion, the Committee felt that the regional economic commissions should be strengthened considerably, in order to enable them to expand the work they are doing.

33. The Committee noted that the TAB representatives are concerned with administration and co-ordination of the programme. Therefore, the Committee wishes to emphasize the importance of placing technical personnel in selected countries, who, through frequent consultations and continuous contacts could provide effective and immediate assistance.

Manufacturing industries

34. The Committee took note of the various activities and work programmes of the United Nations Secretariat, the regional economic commissions and the agencies. In reviewing these activities, the Committee felt that insufficient stress has been given to the activities concerned with the establishment and operation of manufacturing industries which are the basic elements of the industrialization programme. Such activities should inter alia aim at transfer of technology and adaptation of processes to suit the needs of the developing countries. In this connexion, the Committee noted the contribution of the United Nations Conference on the Application of Science and Technology for the benefit of the Less Developed Areas, which met at Geneva in February 1963. The general aim of the Conference was to stimulate economic and industrial development through the application of science and technology. The transfer and application of technological processes in the manufacturing industries provide a wide scope for the United Nations to undertake work in this important field.

35. The Committee noted that the United Nations Secretariat has already initiated work in selected industries such as iron and steel, fertilizers and the manufacture of capital equipment. However, considering the range of industries involved, the present efforts of the United Nations would be considered only a beginning in the right direction.

Exchange of technical data and information

36. The Committee recognizes the importance of the collection, analysis and dissemination of technical data which are of importance to the less developed countries. Considering the fact that a substantial amount of material is available, although scattered, it was considered desirable to consolidate and adapt such information for the purposes of dissemination in the newly industrializing countries. In this connexion, continuous contacts and frequent consultations would be necessary with the leading technical and other institutions concerned with work in the problems of industrial development.

Central leadership

37. Finally, in its evaluation of the effectiveness of the United Nations system, as now constituted, the Committee was concerned by the lack of central leadership. This situation arises from the fact that no single agency at present
is specifically charged with an over-all responsibility for industrial development. One requirement of such leadership should be to keep under constant evaluation the activities undertaken by the United Nations system as a whole in this field and to ensure that these all relate to a coherent design.

V. CONCLUSIONS AND RECOMMENDATIONS

38. The Committee attached primary importance to the means of providing for the central leadership and co-ordination of the whole effort of the United Nations family in the field of industrial development. The Committee considered the alternatives of:

(a) Strengthening the resources of the existing Industrial Development Centre;

(b) Instituting a new specialized agency;

(c) Creating a subsidiary organization within the United Nations.

39. The Committee considered that the first of these would be unsatisfactory inter alia because of the limitations imposed by the regular budgetary resources and procedures of the United Nations. On the other hand, a specialized agency would take a substantial time to come into operation and might lead to a less advantageous use of resources by duplicating existing facilities and services and also rendering the task of co-ordination more complex. Hence, the Committee reached the conclusion that the central organization in this field should be established within the United Nations.

40. The Committee considered that the special responsibility and authority of the United Nations in the field of industrial development should be explicitly acknowledged in some appropriate directive of the General Assembly. The Committee then considered what organizational and institutional structure within the United Nations could best be vested with the necessary authority to provide the leadership and impetus required to achieve the aims and objectives of the United Nations in this field. In this connexion, the Committee made inquiries as to the various institutional forms that exist within the United Nations where some special operative authority is desired to be combined with regular budgetary, staffing and administrative arrangements under the Secretary-General.

41. The Committee understood that a variety of such institutions 1/ exist and considered that certain features of these institutions might be incorporated in the type of organization that is needed in the field of industrial development. In the opinion of the Committee, this type of organization could be set up without undue delay and would meet the requirements for budgetary flexibility and a sufficient measure of authority to provide leadership and co-ordination, enabling a global strategy for the United Nations effort in the field of industrial development to be evolved.

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1/ Examples are UNICEF, the Special Fund and the Office of the High Commissioner for Refugees.
42. The fundamental purpose of the organization would be to assist the developing countries to accelerate their industrialization with particular emphasis on the manufacturing sector through the utilization of science and technology for the efficient use of the agricultural, mineral, power and other resources of developing countries in the manufacture of consumers' and capital goods on the basis of expanding domestic and foreign markets. One of the important functions of the new organization would be to provide a service of information preferably through the local institutions and the collection, analysis and dissemination of technical data to the newly industrializing countries.

43. Accordingly, the Committee recommends that a special organ, which might be called the United Nations Industrial Development Organization (UNIDO), be established under the authority of the General Assembly and the Secretary-General. The Committee envisages that in broad outline such an organ might be constituted and operated in the following way:

A. Structure

(i) UNIDO would have a governing or policy-making body and this function might conveniently be performed by the Committee for Industrial Development after any constitutional modification that may be deemed appropriate;

(ii) UNIDO would have an Administrator, who might be appointed by a procedure similar to that followed in the case of the Managing Director of the Special Fund. He would take over the tasks at present carried out by the Commissioner for Industrial Development and would assume the enlarged responsibilities arising from UNIDO's wider scope;

(iii) To assist in the task of securing effective co-ordination, the Administrator might be advised by a Consultative Board consisting of the Under-Secretary for Economic and Social Affairs, the Executive Secretaries of the regional economic commissions, the Managing Director of the Special Fund, the Executive Chairman of TAB and the President of the IBRD, or their designated representatives. The Administrator should make, as appropriate, arrangements for representatives of particular specialized agencies and of the IAEA to be invited to the deliberations of the Consultative Board when projects falling mainly within their fields of activity are considered.

B. Procedure

(i) The Administrator would report annually to the General Assembly, through the Secretary-General and the Economic and Social Council, not only on UNIDO's own activities and programme of work, but also on the progress and adequacy of the over-all effort of the United Nations family in the field of industrial development;

m/ It may be called the United Nations Industrial Development Organization, or Agency, or Administration.
(ii) UNIDO may find it necessary to have its own representative in the field in order to assist Governments in the formulation and implementation of programmes and projects for industrial development;

(iii) UNIDO would maintain the closest co-operation with the regional economic commissions, with respect to all activities in the field of industrial development in their areas;

(iv) Attention would need to be given to building up an adequate staff of engineering and related technically-trained personnel and industrial economists both for the central and field activities.

C. Financial arrangements

(i) The normal administrative and personnel costs of UNIDO would be met from the regular budget of the United Nations. Other costs of the Industrial Development Centre which are at present met from the regular budget of the United Nations would continue to be met in the same way for UNIDO;

(ii) The arrangements by which funds from the regular programme of technical assistance (financed under the regular budget of the United Nations) are available for projects in the field of industrial development would continue;

(iii) UNIDO would carry out projects in the field of industrial development financed by the Special Fund and the Expanded Programme of Technical Assistance and would therefore draw funds from these sources for such projects. Consideration might also be given to the provision by the Special Fund of funds to UNIDO to be used for assisting countries in the preparation of projects in the field of industry;

(iv) It is envisaged that UNIDO would have operational activities and projects of its own for which a new source of financing would be necessary and it is envisaged that this might come from voluntary contributions from Governments;

(v) It may also be envisaged that, in the course of time, joint projects might be undertaken between UNIDO and other bodies, such as the specialized agencies, or that UNIDO might be designated as an executing agency for projects in the field of industrial development by such agencies and that contributions to the cost of such projects would then be made by those agencies;

(vi) Contributions might also be invited from private institutions and foundations.

D. Transitional arrangements

Until UNIDO was formally constituted, the present Industrial Development Centre would take on enlarged functions and intensify its activities. Such an expansion of activity of the Centre should be regarded as a matter of urgency and substantially increased resources should be made available for the purpose.
Mr. Aboltin noted that what he had said in the course of the discussions concerning certain conditions required from the organizational point of view, to ensure the successful functioning of a specialized agency - if such an agency should be established - in the main applied also to a special organization on industrial development, if such an organization were to be established within the United Nations system. He also believes that a number of functions exercised by some of the divisions and agencies of the United Nations and consequently their resources (for example, most of the functions of the Natural Resources Branch in the United Nations Secretariat) should be transferred to the special organization, if established, and to the Industrial Development Centre pending the establishment of the new organization. He approves in principle of the idea of creating a special organization, but believes that additional study and consideration must be given to its structure, its role and place in the United Nations system, and methods of financing. In particular, he expressed the opinion that, if the appropriate United Nations bodies decide to establish such an organization, only its administrative expenses in the strictest sense should be covered by the regular budget of the United Nations. Furthermore, the financing of the administrative expenses of this organization should not cause an increase in the regular budget of the United Nations but should be achieved by means of appropriate redistribution among the various sections of the United Nations budget. As regards the possible operational expenses of the proposed organization in connexion with technical assistance, Mr. Aboltin takes the view that these should be chargeable to the Expanded Programme of Technical Assistance and the Special Fund.

Appendices