

SECTION 6

INDUSTRIAL COOPERATION AND TRANSFER OF TECHNOLOGY

The scope for cooperation

94. We consider that accelerated development of manufacturing activities must be a central part of a new economic order. As we pointed out in Section 1, in the course of development the increase of demand is increasingly directed towards manufactured goods. Measures to increase the pace of industrialisation present some of the most important opportunities for mutually advantageous cooperation between developing and developed countries. This development of manufacturing, in the broadest sense of the term, including artisanal activities, repair shops and other small enterprises, should take place not only in towns and cities, but also as an integral part of rural development. It must be based on technical and organisation methods suited to the needs and circumstances of developing countries, and particularly to their needs to provide greatly increased opportunities for remunerative employment.

95. New patterns of relationships between developed and developing countries, and among developing countries, in the field of industrial development are therefore a central element in our coordinated proposals. At the same time, initiatives in this area would need to be balanced with the priorities at present assigned to agricultural and rural development, so that activities in the two sectors would be complementary. New cooperative efforts in the area of industrial cooperation would normally be of greater benefit to the middle-income countries which have a growing industrial base, and special measures would therefore be required for the lower-income countries.

96. Noting that, according to the Industrial Development Board of UNIDO, developing countries accounted for only 7 per cent of world industrial production, we urge that steps be taken to bring about the necessary changes that would facilitate rapid growth of this share. We recognise that this will require a larger flow of capital and technology, and that such flows will need to be in a form consistent with the priorities and development plans of the recipient countries.

The need for new approaches

97. Traditional approaches to industrial development do not meet the needs of the present situation. The contributions of the private sector to industrial development, supplemented by the activities of individual governments and multilateral institutions, have not adequately advanced industrial development in many developing countries. Much industrial development in developing countries has been confined to "enclave" activities having minimal linkage effects with the rest of the economy, and a low level of permanent absorption and diffusion of technology and skills. As developing countries themselves have tried to re-define the parameters within which industrial development should take place, frequently involving greater public sector control and participation, the foreign private investor has sometimes believed his interests to be at risk and become less willing to provide the capital or skills.

98. We lacked sufficient time to consider what specific role should be envisaged for foreign private investment in the industrial development of the developing countries. The issues in this field, especially those having to do with the operations of transnational corporations, need thorough attention. We noted the discussions which have been going on in the international community on this latter question, and the international action which has so far been taken. We believe that, notwithstanding the progress which has been made in consideration of the matter, the search for effective solutions should continue as a matter of urgency, with a view to ensuring that the mistakes of the past are not repeated.

A package approach

99. The concept of industrial cooperation itself has grown up out of a desire to find new models for industrial development, and a variety of new forms of such cooperation could be conceived. For example, the recent Lomé Convention includes new institutional mechanisms for vertical cooperation between the European Economic Community and the ACP States. Several regional groupings have also made specific provision for horizontal cooperation among their member countries. The essential issue, however, in the view of the Group, was how to bring together the various elements which go into successful industrial development into a coherent package. Existing programmes often involved a confused and confusing array of instruments operated by donor countries, multilateral institutions and developing countries. These require closer coordination and integration both at the multilateral and bilateral level.

100. One of the most important aspects of industrial cooperation is the relationship between the industrialized country and the developing country. Cooperation could be greatly strengthened through the formulation of a package approach which would help to define the common objectives of the two governments and bring together the necessary components of industrial development. Two steps might be envisaged. The first would be the formulation of a general set of guidelines for bilateral industrial cooperation based upon the sorts of questions governments and private industry wish to raise when they seek to work together. An international institution such as UNIDO is in the best position to undertake this work. The second step is the implementation of these guidelines on a bilateral basis between industrialized and developing countries in the form of action programmes for joint implementation.

Transfer of technology

101. There are two aspects to the question of technology transfer. The first concerns the need for investment in the kinds of technology required by developing countries. The second has to do with the process of transfer itself.

102. On the first of these, we are of the view that the transfer of technology, if it is to be effective, has to be more concentrated on the specific requirements of the developing countries and more integrated into their internal structures, so as to become self-generating. For this purpose, we believe that one of the most pressing needs is the establishment, and where they already exist the strengthening, of indigenous Centres of Research and Development in the developing countries; and we

strongly recommend increased international support for such efforts. Indigenous centres are in the best position to adapt technology to local needs and to build up the capacity to utilize local resources, both human and physical, for the development of the society. In this connection, it will be appreciated that there will be the allied need for relatively massive investment in particular fields of technology, such as adaptations to local sources of energy, or the development of pharmacological products from new and improved natural sources of organic chemicals. Altogether it must be stressed that the transfer of technology must be seen as a continuing process, and not as a contribution which can be made on a once-and-for-all basis.

103. We agreed on the need to strengthen UNIDO, both financially and as regards the quality of its staff, to enable it to expand its present operational activities and action-oriented studies and research programmes in the field of industrial development. We consider, however, that UNIDO needs to sharpen its own priorities. There seems to be a tendency towards overlapping of functions, and a relative lack of effective coordination among the multilateral institutions involved in industrial development and transfer of technology. There could be a vital role for UNIDO as a centre for assistance in drafting industrial cooperation agreements; for industrial education and training (including management and production engineering); for the provision of advice concerning industrial strategies and the choice and adaptation of appropriate technology; and for activities in support of joint ventures and turnkey projects in the least developed countries, which might well feel a continuing need for supporting expertise.