

Chapter IV

RESOLUTIONS ADOPTED BY THE COMMISSION AT ITS FORTY-SEVENTH SESSION

47/1. Seoul Declaration on Regional Cooperation¹

The Economic and Social Commission for Asia and the Pacific,

Acknowledging the inspiring address of the President of the Republic of Korea on the occasion of its forty-seventh session and endorsing his desire that ESCAP continue to play an important role in strengthening regional cooperation as well as promoting friendly and cooperative relations among members and associate members of the Commission,

Recognizing that ESCAP, as the principal arm of the United Nations in the Asian and Pacific region and as the regional intergovernmental forum with the broadest membership, has continued to provide opportunities for members and associate members to meet every year at the ministerial level to review and discuss major economic and social issues from the standpoint of the Asian and Pacific region,

Recognizing also the contributions made and the major role played by the Commission as a driving force for regional cooperation which has contributed to the development of a common will among the countries in the Asian and Pacific region,

Recognizing further the dynamism and vitality of the Asian and Pacific region and the need to utilize fully existing subregional organizations in the region with a view to fostering appropriate cooperation and interaction between them to enhance progress in the region,

Noting that, with the spread of a reconciliatory and cooperative atmosphere in the region, members and associate members are now able to give priority to the socio-economic development of their countries rather than confronting each other with ideologies and systems,

Recalling, inter alia, the declaration made at the seventh session of the Commission, held at Lahore in 1951, generally known as the Lahore Convention, the Tokyo Declaration made at the thirteenth session in 1967, the Kabul Declaration on Asian Economic Co-operation and Development adopted at the Fourth Council of Ministers on Asian Economic Co-operation in 1970, and the Declaration on the Fortieth Anniversary of ESCAP adopted at the forty-third session in 1987, which have provided policy directions for regional cooperation in Asia and the Pacific,

1. *Declares* that regional cooperation is of paramount importance and that the promotion of a spirit of good will and friendly relations among all countries of Asia and the Pacific is essential in broadening such cooperation;

2. *Reaffirms* the role of ESCAP, as mandated by the United Nations General Assembly, as the main general economic and social development centre within the United Nations system for the Asian and Pacific region;

3. *Urges* all members and associate members to reaffirm their political will, redouble their resolve and take concerted action to strengthen regional cooperation with a view to meeting effectively the economic and social development challenges in the coming decades.

*724th meeting
10 April 1991*

47/2. Seoul Plan of Action for Promoting Industrial Restructuring in Asia and the Pacific²

The Economic and Social Commission for Asia and the Pacific,

Recalling the Vienna Programme of Action on Science and Technology for Development adopted by the United Nations Conference on Science and Technology for Development in 1979, and resolutions GC/Res. 18 of 23 November 1989 on the Special Programme for the Industrial Development of Asia and the Pacific, and GC/Res. 19 of 24 November 1989 on industrial investment promotion, adopted by the Third General Conference of the United Nations Industrial Development Organization,

Recalling also Commission resolutions 235 (XL) of 27 April 1984 on the Tokyo Programme on Technology for Development in Asia and the Pacific, 256 (XLII) of 2 May 1986 on the ESCAP Plan of Action on National and Regional Initiatives for Human Resources Development: Its Technological Dimensions, and 274 (XLIV) of 20 April 1988 on the Jakarta Plan of Action on Human Resources Development in the ESCAP Region,

Recalling further General Assembly resolution S-18/3 of 1 May 1990 on the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries,

Taking into account General Assembly resolution 45/199 of 21 December 1990 on the International Development Strategy for the Fourth United Nations Development Decade, especially the sections on science and technology, and industrial policies and measures, which emphasize:

¹ See para. 175 above.

² See para. 217 above.

(a) That the reactivation of development in the decade of the 1990s on a sustained base would be closely related to the ability of the developing countries to participate in the rapid advances in science and technology that have characterized the global economy in recent years and will continue in the future;

(b) That industrial progress in developing countries can also be significantly enhanced through cooperation among such countries at the global, regional and subregional levels;

(c) That the integration of markets of developing countries, the setting up of joint ventures and programmes for training and upgrading skills must be among the objectives of policies and measures to promote industrialization during the 1990s,

Recognizing that the deliberation by the Commission on specific theme topics of current importance has resulted in strengthening sectoral and intersectoral substantive activities within the framework of the secretariat's programme of work,

Taking into account the findings of the studies undertaken by the secretariat in 1989 and 1990 on economic restructuring, and in 1991 on industrial restructuring, in Asia and the Pacific,

Taking into consideration the ongoing activities of the ESCAP secretariat in the fields of industrial and technological development,

Recognizing the critical and important contribution of the industrial sector to the overall process of restructuring for economic progress,

Recognizing also that the developing economies of the region are on the threshold of a new era of economic, industrial and technological change,

1. *Welcomes* the plan of action for promoting industrial restructuring in Asia and the Pacific as set forth in the annex to the present resolution as a comprehensive and constructive basis for further discussion;

2. *Decides* that the plan of action shall be called the Seoul Plan of Action for Promoting Industrial Restructuring in Asia and the Pacific;

3. *Invites* all members and associate members to intensify their efforts to strengthen regional cooperation for accelerating the pace of industrial and technological development and to initiate cooperative measures for this purpose;

4. *Requests* developed countries, developing countries in a position to do so, relevant United Nations agencies and bodies, and other international agencies to render active support to the developing members and associate members of the Commission for accelerating their industrial and technological development, taking into account the needs of least developed, land-locked and island developing countries;

5. *Requests* the Executive Secretary:

(a) To organize a meeting of senior officials of members and associate members of the

Commission to deliberate further on the plan of action with a view to examining its content, priorities and modalities for promoting industrial restructuring in the ESCAP region;

(b) To invite members and associate members to consider including representatives of the private sector as participants in national delegations where appropriate;

(c) To present the report of the meeting of senior officials to the Meeting of Ministers of Industry and Technology, scheduled to be held at Tehran early in 1992, for their consideration;

(d) To report to the Commission at its forty-eighth session on the outcome of the Meeting of Ministers of Industry and Technology;

6. *Calls upon* the Executive Secretary to seek the cooperation and support of relevant global agencies and bodies, in particular the United Nations Centre on Transnational Corporations, the United Nations Centre for Science and Technology for Development, the United Nations Development Programme, the International Labour Organisation and the United Nations Industrial Development Organization, in the work preparatory to the Meeting of Ministers of Industry and Technology;

7. *Requests* the donor countries and agencies, especially the United Nations Development Programme, to provide extrabudgetary assistance to the secretariat for carrying out the activities mentioned in paragraph 5 of this resolution.

724th meeting
10 April 1991

Annex

DRAFT PLAN OF ACTION FOR PROMOTING INDUSTRIAL RESTRUCTURING IN THE ESCAP REGION

Part One

I. BASIC CONSIDERATIONS FOR FACILITATING INDUSTRIAL RESTRUCTURING IN THE ASIAN AND PACIFIC REGION

1. The dynamic economic performance of several Asian and Pacific economies has given rise to new opportunities for promoting and strengthening regional cooperation in accelerating the overall industrial development as well as in achieving structural change in the manufacturing subsector with a view to improving industrial competitiveness and efficiency. Increased international trade, foreign direct investment flows and technological innovation and diffusion have appeared as important elements in forging such cooperation. Official development assistance (ODA) and various forms of commercial lending have also fostered greater linkages among developed and developing economies.

2. Furthermore, the growing trend towards economic integration and interdependence at both the

regional and global levels has spurred the search for new ways and means not only to create and preserve an open Asian and Pacific region but also to promote further economic and technical cooperation (ECDC/TCDC) in the region. While increased economic interdependence has accelerated the process of industrial restructuring in the region, a relatively open trading environment is essential for the process to develop firm roots. In this context, the major challenges arising from increased economic interdependence include structural imbalances in trade, the need to adjust to more open and competitive markets, and the need to stimulate new patterns of growth. The overall dynamic performance of the Asian and Pacific region has been accompanied by an uneven pattern and levels of growth among economies, which in itself has brightened the prospects for further regional cooperation among Asian and Pacific economies in the process of industrial restructuring.

3. Trade has been a major factor in bringing significant benefits to the economies of the Asian and Pacific region. However, as pointed out in the ESCAP study on industrial restructuring, there are sufficient reasons to believe that protectionist efforts in certain economies will probably continue for some time. If such a tendency becomes prevalent, it would be profoundly tragic, threatening the relatively open trading system which has brought major benefits to the region in such a short period of time, and affecting negatively the aspirations of many weaker economies of the region to achieve accelerated industrialization and thereby to fight acute poverty.

4. It is possible for the Asian and Pacific economies to contribute increasingly towards improving the regional trading environment through cooperation and various collective action. The general movement towards removing unnecessary barriers to trade and proceeding along a growth path that involves more useful private sector participation, public-private sector cooperation and increased investment in technological and human resources development at both the regional and the national levels would significantly facilitate that process.

5. The Asian and Pacific region, more than any other developing region, has encouraged foreign direct investment, giving rise to increased opportunities for greater participation of firms from other developed economies and bringing new management skills and marketing techniques to the host countries. These benefits can be enhanced by involving the small and medium-sized firms in different economies through increased provision of capital and technology flows among such firms.

6. Foreign direct investment can be an important facilitator in the process of industrial restructuring in the region. As production of manufactured goods in the advanced countries matures and becomes more standardized, it becomes less profitable to produce those goods at home. Production is located abroad and the resources thus released are used to produce new lines of products, while the recipient countries undertake the production of standardized products. Hence, this process of foreign direct investment has been one of the key elements in enhancing industrial restructuring and structural change in the region. The attendant globalization of production thus promotes the economic efficiency of the international division of labour.

7. The emergence of the newly industrializing economies as important suppliers of foreign direct investment to developing economies in the region is also an important development. Many factors are behind this emerging trend, including the need to recycle the large trade surpluses of some of the newly industrializing economies of the region, as well as the changing comparative advantage of these economies relative to others. Labour costs have increased significantly in all of these economies, and it is no longer profitable for them to produce many standardized goods. The newly industrializing economies are therefore moving into more sophisticated production lines, and vacating many which have now become profitable for other developing economies in the region.

8. Industrial restructuring is a complex process that involves interrelationships between trade, investment and technology transfer in a situation of changing comparative advantage across economies and over time. Governments play an important role in the process through the creation of adequate infrastructure, a supportive policy environment, assistance in technology transfer and safeguarding of environmental concerns, all of which require priority attention. These national-level priorities have to be supported through regional-level action if industrial growth and structural transformation in manufacturing are to achieve efficient resource utilization and improvement in manufacturing competitiveness.

9. The slow but fairly steady progression in industrial reform in many centrally planned economies of the region constitutes an important feature of the recent industrial restructuring experience. However, the transition to a more market-based industrialization strategy is not likely to be easy and smooth, at least in the short run. Support in the form of finance, technology and expertise will be needed to improve the prospects for effective industrial restructuring and improvement of the economic efficiency in those economies. Therefore, increased regional cooperation towards a successful transition to more competitive and dynamic industrial structures in the centrally planned economies could receive priority attention.

10. As pointed out in the ESCAP study, despite the spectacular dynamism demonstrated by the region as a whole, several economies have failed to benefit from the growth impulses, and expansion in trade, capital flows and technological progress have brought limited benefits to them. Certain adverse external factors have also greatly constrained the development of a sound industrial base in these economies. As a consequence, their integration with the global economy is still far from complete, and they remain at its periphery. One of the major tasks facing the international community, therefore, will be to assist these economies through increased support measures to integrate rapidly and effectively in the global and regional economies. In that regard, regional cooperation measures should be strengthened in order to alleviate the effects of the physical isolation and geographical handicap of these economies, and sufficient attention should be paid to assisting them in improving their infrastructure facilities as well as in developing human resources and technological facilities.

11. Although the distinct trend towards greater interdependence and globalization of industrial

production in the Asian and Pacific region has brought many opportunities, no systematic approach has been articulated to meet the many challenges inherent in strengthening regional cooperation for accelerating the industrial development in general and for promoting structural change in the manufacturing sector in particular. At the subregional level, the establishment of various forums to increase economic cooperation and consultation have served to diffuse tension but these forums are not sufficiently comprehensive to enable all the region's economies to take full advantage of the many opportunities that are likely to unfold during the 1990s. Therefore, there is a need for concerted action through greater involvement of a regional organization such as ESCAP, with the active cooperation and involvement of other relevant international bodies and organizations, in assisting these economies in that respect. The active involvement and assistance of subregional groups and specific bilateral arrangements would also be necessary to support and strengthen those regional efforts and action.

II. PRINCIPLES

12. The plan of action on promoting industrial restructuring in the ESCAP region has been formulated taking the following principles into account:

(a) Industrial development promotes overall economic growth and social progress, provided the countries invest adequately in the creation of advanced factors, especially modern infrastructure and skilled human resources required for meeting the new challenges as a result of the rapidly changing global and regional economic and technological situations.

(b) Industrial restructuring and the concomitant structural transformation in manufacturing play decisive roles in developing a competitive and resilient national economy. Since it is the people who are the intended beneficiaries of development, industrial restructuring should aim at improving the overall welfare and meeting adequately the needs of the people as a whole.

(c) Industrial restructuring contributes to the attainment of fundamental development objectives and ideals such as the alleviation of absolute and relative poverty, increased employment, improvement in national science and technological capability, and satisfaction of basic needs.

(d) In view of the close and continuing interconnections between industrial restructuring and all aspects of economic and social progress, an integrated approach to the planning and implementation of industrial restructuring is required, involving the active participation of all relevant sectors.

(e) In achieving the goal of lasting structural change in industry, a broad-based framework for the effective planning and implementation of industrial restructuring in the ESCAP region should comprise the adoption of higher value-added and competitive manufacturing processes, development of human resources, upgrading of technology, pursuit of an appropriate macro-economic environment and maintenance of an open and fair international trading system.

(f) In the planning and implementation of regional cooperation measures for industrial restructuring particular emphasis should be placed on key aspects of developing and diversifying manufacturing activities in the least developed, land-locked and island developing economies.

(g) In the implementation of industrial restructuring plans and programmes at the national level the support of enabler groups, exercising a direct catalytic effect on the industrial restructuring process, should be sought.

(h) Rapid changes in internal as well as external economic and social conditions require that built-in flexibility, including an emphasis on indicative rather than prescriptive content, are emphasized in the planning and implementation of industrial restructuring.

(i) In designing regional approaches to the planning and implementation of industrial restructuring, due attention should be paid to the diversity of national experience and situations in the ESCAP region.

(j) Short- and long-term effects on environmental and social aspects should be considered in the formulation of national programmes and activities for industrial restructuring.

(k) The formulation and implementation of national strategies, policies, plans and programmes for industrial restructuring are the sovereign right and responsibility of each member and associate member of ESCAP, to be carried out within the context of its specific national development needs and objectives.

(l) Regional cooperation and technical assistance in support of national strategies, policies, plans and programmes for industrial restructuring would make an important contribution to the enhancement of economic and social progress in all developing economies, especially in the weaker ones such as the least developed and island developing economies.

Part Two

RECOMMENDATIONS AND PROPOSALS FOR ACTION

Introduction

1. The plan of action on industrial restructuring in the ESCAP region embodies a framework of broad principles and guidelines based on the major findings, conclusions and recommendations of the ESCAP theme study on industrial restructuring in Asia and the Pacific, in particular with a view to strengthening regional cooperation.

2. The plan of action enumerates 20 broad policy recommendations and 76 specific proposals for action at national and regional levels with reference to the role of ESCAP and other global and regional organizations as appropriate. These recommendations and proposals have been grouped under five functional headings. It is hoped that various participating bodies,

national agencies, organizations and other relevant institutions, including non-governmental organizations, will prepare and implement specific programmes and projects in order to carry out the plan.

3. While recognizing that industrial restructuring is a process with multifaceted dimensions, repercussions and implications, the plan does not endeavour to be comprehensive. The principal focus of the plan is on critical issues and on specific measures of high urgency needed to facilitate industrial restructuring in the Asian and Pacific region. The plan also identifies focal points, target groups and enabling institutions which could implement its various recommendations and proposals effectively.

4. The major theme running through the recommendations and proposals for action is the achievement of lasting structural change in industry through the adoption of higher value-added and competitive manufacturing processes. Human resources development, upgrading of technology, pursuit of appropriate macro-economic policies, maintenance of an open and fair international trading system and provision of modern infrastructure facilities, especially transport and communications facilities, constitute the necessary prerequisites for effective industrial restructuring.

I. National policy, planning and programming for industrial restructuring

Recommendation 1

In order to utilize fully the potential of the industrial sector as a prime mover of social and economic development, Governments may wish to accord high priority to structural transformation of the manufacturing sector through the promotion of intrasectoral and intersectoral linkages and to implement flexible policies and programmes, keeping in view the fast-changing global and regional economic and technological situation.

Proposals for action

(1) Structural transformation in manufacturing should be accorded high priority within the context of overall national development planning.

(2) At the national level, policy and planning bodies for industrial restructuring should be established, where they do not exist, at an appropriately high level in order to accord due recognition to industrial restructuring in national development plans.

(3) Adequate resources need to be allocated for enhancing national capability, especially in planning and programming, for appropriate industrial restructuring.

Recommendation 2

Comprehensive and flexible national plans of action for industrial restructuring need to be developed and implemented. In recognition of the need for the active participation and cooperation of the relevant sectors, including the public and private sectors, the commitment and attention of the national leadership to the successful development and implementation of

national plans of action for industrial restructuring are necessary.

Proposals for action

(4) Plans of action for industrial restructuring with a focus on medium- to long-term prospects should be developed and implemented at the national level. This is especially essential in weaker economies such as the least developed and island developing economies of the region, where entrepreneurship and the capability of the private sector are still at an early stage of development.

(5) National plans of action for industrial restructuring should allow maximum intersectoral as well as intrasectoral linkages to be generated and sustained, including the effective establishment of such linkages with rural industries and other informal activities.

(6) National plans of action for industrial restructuring should make adequate provision for attenuating the social costs of structural adjustment, especially those borne by the weaker sections of society.

(7) National plans of action for industrial restructuring should be formulated through close and continuing consultation with both the public and private sectors.

Recommendation 3

Governments will continue to play a determining role in industrial restructuring. However, in view of the growing recognition of the potential of the private sector in facilitating the process of industrial restructuring, appropriate liberalization and deregulation measures may be implemented with the Government playing a supportive role.

Proposals for action

(8) Government could consider, within the overall context of its development objectives, the creation of an environment conducive to industrial restructuring through the adoption of appropriate flexible macro-economic and sectoral policies and programmes, keeping in view the changing global and regional economic situations. In that context, general flexibility and appropriate reorientation of policies would be necessary to sustain the confidence of both the private and the public sectors in further industrialization and structural changes in the industrial sector.

(9) It is necessary to adopt specific industrial restructuring measures with a view to harnessing the full potential of both the public and private sectors in order to create competitive and resilient industrial structures.

(10) Government, through institutional reforms and policies, with stability and qualitative improvements in policy implementation, could harness the full potential of national and foreign entrepreneurial resources for accelerating the pace of national industrial development.

Recommendation 4

Suitable methods and mechanisms should be devised in order to facilitate the adoption of an

integrated and comprehensive approach to industrial restructuring. Such an approach should delineate clearly the objectives and means for instituting industrial restructuring measures within the overall context of national economic and social development goals.

Proposals for action

(11) Recognized and well-tested methods for policy formulation, planning and programming beneficial to industrial restructuring should be applied. In this context, persons responsible for the reorientation of industrial and technological policies should have opportunities for greater exposure, and sharing of experience, through study tours, visits and consultations in developed and newly industrializing economies.

(12) Interministerial and interdepartmental coordination and cooperation would be necessary to facilitate the development and implementation of an integrated approach to industrial restructuring. In this context, harmonization of activities and policies, especially fiscal and monetary policies, with industrial and technological activities and policies remains to be attempted in several countries of the region.

Recommendation 5

Technological capability plays a very important role in industrial restructuring. It is essential that high priority be accorded to disseminating information on technology availability, assessments, blending and adaptation, especially targeting small and medium-scale industries. It is essential that increased resource allocation be made for national research and development (R and D) activities. Domestic R and D institutions should be encouraged through incentives and even provided with subsidies to enter into joint R and D activities with similar foreign institutions.

Proposals for action

(13) Technological needs in core industrial sectors could be assessed and facilities for the flow of technology information could be created. Wherever they do not exist, national institutions for facilitating the transfer of technology for industrial needs should be established.

(14) Special schemes to upgrade technology for rural agro-based industries need to be developed and implemented on a priority basis.

Recommendation 6

Industrial activities and manufacturing processes are undergoing rapid change owing to technological innovation and diffusion. This has necessitated the creation of advanced factors of production, especially new industrial skills, if economies are to keep pace with intense international competition. Apart from improvements in education based on science and technology, flexible training and retraining programmes need to be emphasized at all possible levels. Failure to adopt a flexible training and retraining system would restrict critically improvements of industrial competitiveness and prospects for future industrial restructuring.

Proposals for action

(15) Critical assessments should be made of technical skill needs for industrial development, keeping in view medium- to long-term industrialization prospects.

(16) Institutional facilities should be strengthened and augmented to meet the new demands for industrial and technological skills on a priority basis.

(17) Concrete incentive schemes such as tax benefits and other measures should be provided to encourage the private sector to organize training and retraining activities.

II. Regional cooperation measures to facilitate industrial restructuring

Recommendation 7

One of the primary objectives of industrial restructuring should be the achievement of competitive and diversified industrial structures in ways that ensure maximum utilization of scarce resources and a progressive upward movement towards the production of higher value-added manufacturing outputs. In achieving that objective, industrial enterprises would have to be made the principal agents, functioning in line with national development goals.

Proposals for action

(18) The trend towards greater harmonization of industrial policies and strategies, especially in the areas of trade, investment, fiscal and financial policies, should be encouraged, thereby increasing the opportunities for further cooperation in trade and industry.

(19) Liberalization and deregulation policies pursued by national Governments to raise industrial productivity and competitiveness should be supported through the adoption of modern technology and improved organizational skills and management.

(20) The lessons of some countries of the region in effectively utilizing combinations of trade and industrial policies to foster more rapid and diversified industrial development could be shared with other countries through roving regional training seminars organized in collaboration with national policy research institutes, supported by the exchange of competent experts in industrial restructuring.

(21) A comprehensive industrial survey of the selected least developed and island developing economies could be initiated by ESCAP in close cooperation with the United Nations Industrial Development Organization (UNIDO) and the Asian Development Bank, with the active involvement of Governments, subregional bodies and organizations in order to prepare medium-term industrial planning and restructuring in those economies.

(22) Regional activities should be initiated to encourage industrial enterprises to act as agents for strengthening regional cooperation through suitably arranged subcontractor networks and geographical sourcing of parts and components in selected manufacturing branches, with local participation in ownership and management wherever desirable.

(23) Regional complementation schemes in selected manufacturing areas to achieve the desired rationalization, economies of scale and linkages with local producers should be promoted on an experimental basis.

(24) Regional support measures for multi-lateralism should be strengthened for the preservation of an open and fair global trading system.

Recommendation 8

Although the small and medium-scale industry sector has great potential for generating employment, reducing poverty and achieving regional dispersal of industrial activities, various support measures implemented in several countries of the region have generally been less successful in harnessing that potential. It is therefore desirable that special regional measures should be initiated for the promotion of the small and medium-scale industry sector.

Proposals for action

(25) Joint ventures between small and medium-scale industries of developing and developed countries should be encouraged through the implementation of technical assistance programmes aimed at the removal of excessive protection and the adoption of appropriate investment policies, including encouragement for venture capital financing.

(26) Institutional facilities for promoting the information flow required by trading companies for the marketing of outputs and for the sourcing of inputs by the small and medium-scale industries could be established in order to overcome the constraints of information, the high costs of acquiring knowledge about foreign markets, and international trade practices.

(27) A network of development agencies for small and medium-scale industries in the region should be established. The identification of a nodal agency from the existing regional organizations would constitute a first step in that direction.

Recommendation 9

Industrial investment constitutes a vital ingredient in industrial restructuring and structural change. More domestic and foreign investment resources would have to be mobilized to facilitate the industrial restructuring process in the region. Investment in new plants and equipment enhances the capital stock, leads to higher labour productivity and gives rise to multiplier effects for the entire economy.

Proposals for action

(28) Multi-year, multi-phase activities could be initiated aimed at facilitating foreign direct investment flows to the least developed and island developing economies of the region.

(29) Almost all the economies of the region have set up investment boards, granted fiscal and other incentives, and established physical infrastructure to attract foreign direct investment. Regional measures should be initiated to assist members and associate members in information-sharing among boards of investment or other promotion/servicing agencies of the countries in order to reduce search costs for investment opportunities.

(30) A regional investment clearing-house could be established to provide investors with information on possible investment opportunities in a cost-effective manner. ESCAP could provide the institutional venue for such an initiative.

(31) Lack of information about the availability, location and quality of labour is one of the obstacles in promoting foreign direct investment. A regional information clearing-house for labour availability could be established to achieve a better match, with lower search costs, between labour supply and demand.

(32) Lack of investment finance prevents many enterprises in developing economies from expanding into new areas of production, upgrading existing production technologies, undertaking marketing campaigns and improving managerial skills. It is therefore desirable to undertake measures to increase the flow of industrial finance to manufacturing enterprises.

Recommendation 10

Public sector enterprises play an important role in many economies of the region in the areas of industrial investment and employment promotion. Although they have performed well in some economies, they have encountered financial difficulties in several others. Management of public sector enterprises has assumed a critical dimension, especially in weaker economies with limited government resources. A regional programme in this respect would greatly assist the countries, especially those which have a large number of public sector industries.

Proposals for action

(33) Measures to reform public enterprises should be formulated where necessary and implemented more effectively at the national level. Regional organizations could assist national Governments through the provision of various advisory services aimed at sharing the experience and lessons of others in the region.

(34) Increased technical assistance programmes in collaboration with other relevant global specialized agencies such as UNIDO could be provided by ESCAP to improve the managerial and technical efficiency of public sector enterprises. Donors should provide additional resources to the international and regional organizations to render such services to the countries of the region.

Recommendation 11

Science and technology have become critical determinants for upgrading and restructuring industry. Technological capability, effective research and development (R and D) programmes and investment in human resources have appeared as key factors in the development of new industries and in the improvement of existing ones. International and regional agencies could assist the countries significantly in strengthening science and technological capability for industrial restructuring provided increased resources were made available to them.

Proposals for action

(35) Effective R and D programmes emphasizing close cooperation between businesses, Governments and research institutes and universities should be formulated and implemented. Regional organizations could prepare studies of successful cases and disseminate them to interested countries of the region.

(36) Technology transfer, adoption and diffusion through the activities of transnational corporations, overseas study in science-based areas, technical assistance projects, reverse engineering, exchange visits of businessmen, technical personnel, research scholars and government officials should be fostered.

(37) Technological interchange should be encouraged through the establishment of networks of science and technology institutions.

(38) Increased assistance should be provided to the least developed and island developing economies for collaborative research projects in selected industrial areas, especially agro-based products, so that the results could be licensed to domestic firms at low cost, with the objective of fostering technology diffusion.

(39) Regional programmes could be implemented to assist Governments in increasing their investment in testing and calibration equipment, as well as in an administrative structure capable of ensuring effective enforcement of product standards.

(40) Countries with similar calibration and testing requirements could pool their resources to establish regional facilities for testing, quality control and standardization.

(41) Regional initiatives could be launched for strengthening national engineering and consultancy services in order to improve the management and technological capability of industrial enterprises in the developing countries of the region.

(42) The more dynamic economies of the region could use their technical assistance budget to encourage the greater transfer of knowledge and skills from their national engineering and management firms to small and medium-sized enterprises in the weaker economies of the region.

(43) The facilities in the region for formal education should be strengthened further with a view to increasing the supply of managerial, scientific and engineering skills. Establishment of such facilities at the subregional level would be useful and beneficial.

(44) Extensive vocational and technical training should be fostered through the promotion of ECDC/TCDC in order to fulfil the relatively large industrial skill requirements in core areas of manufacturing. Selected national vocational and technical training institutes could be upgraded to regional institutions through the provision of additional resources and facilities.

(45) Assistance should be provided to countries in planning and programming for "continuing education" in order to keep pace with changing technologies, and management and skills requirements.

(46) Programmes and projects aimed at strengthening the training capability of existing national as well as regional institutes should be implemented on a priority basis, especially in areas such as telecommunications and other information technologies.

Recommendation 12

Economic development should proceed in tandem with the protection of the environment and resource conservation. A commitment to "sustainable development" is necessary and cooperation in developing and diffusing cleaner and safer industrial technologies should be strengthened.

Proposals for action

(47) Environmentally sound production techniques should be promoted through the evaluation of the environmental effects of existing production methods. A proper policy framework, incorporating regulatory and incentive regimes and proper costing of environmental resources, should be introduced.

(48) Global and regional organizations should increase their assistance to Governments in meeting the requirements of developing and utilizing new technologies and manufacturing processes that are environmentally sound and sustainable. To build up the necessary human resources for this purpose, regional and national training centres for environmental engineering and environmental management should be established.

(49) Regional cooperation measures should be adopted to deal with transnational environmental problems such as acid rain, pollution of water bodies and oceans, and deforestation. Regional efforts at establishing guidelines and agreements in dealing with environmental concerns should be intensified.

(50) Techniques and approaches should be explored for the conservation and sustainable utilization of renewable and non-renewable resources.

(51) New patterns of industrial growth should be explored in order to make the objective of employment generation compatible with environmentally sustainable use of the region's forest, land and water resources.

III. Strengthening institutional mechanisms at national and regional levels to facilitate industrial restructuring

Recommendation 13

There is a great need to achieve effective coordination of development policies, plans and goals for successful industrial restructuring. The achievement of this coordination is particularly essential as industrial restructuring is a process with multi-dimensional effects and implications. It is therefore necessary to establish appropriate national mechanisms to coordinate, formulate and implement national plans of action in industrial restructuring. In order to ensure the pursuance of common objectives of various sectors and initiate complementary projects and programmes within the framework of national plans, these mechanisms would have to be located at higher levels of government.

Proposals for action

(52) Each country could designate a national focal point to coordinate and establish a liaison with regional and global organizations involved in implementing regional and global programmes and projects aimed at promoting appropriate industrial restructuring.

(53) Creation of special cells/units in relevant economic ministries and other national bodies would be essential for liaison with the national focal point in implementing sectoral programmes in accordance with national plans.

(54) National institutional mechanisms in countries where such mechanisms do not exist should be developed and strengthened in order to achieve greater coordination between the public and private sectors in facilitating industrial restructuring.

Recommendation 14

It is essential to strengthen the administrative, technical and financial capability of research and training institutions involved in fostering industrial restructuring. Such institutions would require significant assistance not only from public sector agencies, but also from private sector industrial organizations and units. Information and other necessary assistance from the private sector would strengthen the activities of those institutions significantly.

Proposals for action

(55) Regional and national research and training institutions should be strengthened and, in this respect, the active support of the private sector is essential. It is therefore desirable to undertake a survey of the private sector organizations and industries to ascertain their interest and willingness to launch new regional initiatives in strengthening regional institutions.

(56) Special programmes for conducting research and training on issues and matters relating to industrial restructuring should be supported in public, private and non-governmental research and training institutes.

Recommendation 15

Regional scientific and technological research and development institutions should be established if necessary and supported in undertaking programmes in industrial restructuring. The activities of such organizations should be geared towards enhancing the capacity of national science and technology institutions and orienting their programmes to meet the requirements for industrial restructuring in various countries of the region.

Proposals for action

(57) The research and training activities and capabilities of national science and technology institutions should be strengthened through increased facilities and activities at the regional level, especially in adopting and diffusing technologies essential for fostering industrial restructuring.

(58) Linkages between public and private sector scientific and technological research efforts for

industrial restructuring should be enhanced through the initiation of activities at the regional level.

Recommendation 16

There are many organizations and groups which can play an important role in facilitating industrial restructuring through the implementation of important segments of national plans of action. It is therefore essential to develop further the capabilities of enabler groups to facilitate the implementation of national plans of action in industrial restructuring.

Proposals for action

(59) Non-governmental organizations should be supported, especially in the area of small and medium-scale industry development. Cooperation among non-governmental organizations of different countries should be encouraged through regional initiatives. In this respect, regional workshops and study tours on industrial restructuring in which non-governmental organizations participated could be useful.

(60) The full potential of the mass media in educating the people, disseminating information and providing analyses of industrial restructuring issues should be utilized.

Recommendation 17

The implementation of the plan of action requires a regional mechanism to coordinate its implementation. The mechanism would seek to harmonize national efforts at industrial restructuring with regional measures. It would also promote regional cooperation in facilitating the industrial restructuring process.

Proposals for action

(61) A regional forum for industrial restructuring could be established to deal with key issues of concern in industrial development and restructuring in the region. The forum would bring together professional experts, high-level government officials and high ranking corporate executives. Initially the forum could be serviced by ESCAP. Eventually, on the basis of experience and after a comprehensive feasibility study, the forum could take the shape of a regional centre for promoting industrial restructuring.

IV. Policy research, analysis and studies

Recommendation 18

There are many aspects of industrial restructuring which require further study and analysis. The evolving nature of the process itself also demands continuous critical examination of the various aspects of the industrial restructuring process. Additional research activities should therefore be undertaken towards developing informed choices for policy options and strategies in industrial restructuring.

Proposals for action

(62) The regional investment strategies of industrial firms of Japan and other industrialized and

newly industrializing economies of the region require in-depth study in order to broaden understanding about their impact on industrial restructuring in other economies of the region. Such studies would be of immense benefit to the firms in developing economies attempting capacity expansion, diversification of products and the upgrading of technology.

(63) The least developed and island developing economies have generally failed to benefit from the dynamism of the Asian and Pacific region. Research could be undertaken on how those economies could be integrated more fully into the industrial growth process in the region. This research would seek to develop specific proposals for policy reforms, institution building, provision of modern physical and social infrastructure and ways to promote foreign direct investment.

(64) Adoption of new information and communication technologies will critically determine the industrial competitiveness in the coming decades. Studies to ascertain the likely effects of the advances in micro-electronics-based technologies, office and factory automation as well as communication technologies would be of significant benefit to the developing economies of the region.

(65) A study could be undertaken, detailing the experience of various Governments in the region with the management of the environmental problems generated by rapid industrialization. The study would document the extent of the industrial pollution and waste generation, examine the potential for the diffusion of "clean technologies" and suggest concrete policy and regulatory measures in addressing industrial waste/pollution problems.

(66) One of the principal reasons behind the slow industrial progress in many economies of the region is low industrial capacity utilization, which is also behind the high cost of production and the associated lack of competitiveness. A regional study is desirable to investigate the causes of low industrial capacity utilization and suggest concrete remedial measures.

(67) A research study to examine the possibilities for region-wide subcontracting among small and medium-scale industries in support of industrialization efforts would be useful especially to weaker economies such as the least developed countries of the region.

(68) The employment consequences of privatization and other deregulatory measures could be examined with a view to developing proposals to deal with the social costs of industrial restructuring.

(69) As industry and technology policies influence the structure of employment and the sectoral composition of gross domestic product (GDP), research carried out to understand the connection between a particular industry policy and inter- and intra-industry linkages and employment effects, would be useful.

(70) Industrial master plans could be prepared for several middle- to low-income countries of the region with a view to providing new directions in pursuing new investment opportunities and identifying industrial projects suitable for domestic and foreign investments.

V. Monitoring and evaluation

Recommendation 19

National policy, planning and programming for effective industrial restructuring require monitoring and evaluation on a continuous basis. It is therefore essential to institute appropriate mechanisms and procedures to monitor and evaluate industrial restructuring policies, plans and programming.

Proposals for action

(71) Procedures should be devised to monitor the implementation of industrial restructuring plans and programmes on an ongoing basis.

(72) Evaluation exercises should be conducted at suitable intervals in order to assess the relevance, impact and effectiveness of policies, plans, programmes and projects in achieving the aims and objectives of industrial restructuring.

Recommendation 20

In view of the multi-dimensional nature of the industrial restructuring process, the general monitoring and evaluation exercises need to be supplemented by detailed monitoring and evaluation of individual sectoral issues. Techniques and procedures appropriate for monitoring and evaluating specific sectoral issues in industrial restructuring are therefore needed.

Proposals for action

(73) Measures should be instituted for monitoring and evaluating trade, investment, technology, human resources development, energy and small and medium-scale industry development policies with implications for industrial restructuring.

(74) Effective techniques should be devised for monitoring and evaluating the workings of labour and financial markets in order to facilitate industrial restructuring.

(75) The impact of technological change and foreign direct investment flows and industrial restructuring should be monitored and evaluated regularly.

(76) Studies should be undertaken regularly to monitor and evaluate the possible adverse social consequences of industrial restructuring, especially on the weaker sections of the society.

Part Three

IMPLEMENTATION STRATEGY

I. Participation

1. The various recommendations and proposals for action contained in this plan of action are intended to be indicative guidelines and may require modification in certain respects to suit specific country and industry situations.

2. The implementation of the plan of action requires that the various participants should play a

coordinated and complementary role. In the first place, participating members and associate members could prepare national plans of action, taking into account the various recommendations and proposals suggested in the plan of action. Adequate budgetary and other resource inputs for the implementation of the national plans of action would need to be mobilized by the participating Governments. The necessary institutional infrastructure, including planning and executing bodies and national coordination mechanisms, need to be established at an earlier stage, to permit the effective implementation of the various provisions as outlined in the plan of action.

3. Public sector, private sector and non-governmental organizations need to be involved actively to play supportive roles in the formulation and implementation of national plans of action. The national plans of action would have to be devised to allow for the full participation of all relevant sectors in the implementation of their constituent programmes and projects.

4. In support of national efforts as suggested in the plan of action, the active participation of intergovernmental organizations, including United Nations bodies and agencies already involved in the field of industrial development especially UNIDO and UNDP would be necessary. Involvement of other organizations, such as the Asian Development Bank and the World Bank, which possess valuable experience should also assist the members and associate members in their efforts towards the implementation of various measures aimed at industrial development and restructuring as outlined in this plan. Within this general framework, it would be useful and desirable for a large regional organization like ESCAP to serve as the regional focal point for coordinating the implementation of this plan of action. Such an arrangement could facilitate the implementation of the plan of action at the regional level and provide support to activities carried out at the national level with active cooperation from UNIDO and UNDP.

5. It will be necessary for all concerned donor countries and agencies to give special attention and consideration to the possibility of extending financial assistance in order to ensure the full and effective implementation of programmes and projects devised in accordance with the guidelines and specific proposals for action as contained in the plan of action. Keeping in view the magnitude of the task and the importance given to its achievement by the member and associate member Governments in their promulgation of this plan of action, donor countries and agencies are urged to accord the highest priority to the allocation of adequate resources in support of activities for implementing the plan.

II. Coordination

A. Coordination at the national level

6. The full and effective execution of the plan of action at the national level requires the establishment of a national coordinating mechanism for industrial restructuring in each country. Existing institutional arrangements could be utilized wherever possible in preference to the establishment of additional bodies and administrative structures.

7. In developing such mechanisms, the recent experience of some countries of the region could provide useful guidelines for other countries. However, it would be necessary to take into full consideration the widely differing circumstances prevailing in the region, including differences in the organizational framework of Governments and in intersectoral relationships, in designing national coordination mechanisms for industrial restructuring.

8. As a general principle, each national coordination mechanism would consist of several elements. It would be necessary to establish a national focal point at the highest possible policy-making level, preferably as an interministerial committee serving in an advisory capacity to the chief executive. The national focal point would oversee the coordination of all national activities concerning industrial restructuring. It would also serve as the national counterpart in the regional activities launched.

9. The national focal point would require a secretariat, perhaps incorporated in a ministry dealing with industry or established as a special unit within the national development planning ministry or an equivalent body. It would be responsible for formulating the national plan of action on industrial restructuring within the framework of the plan of action. It would be empowered to promote the active participation of all sectors, including private enterprise and non-governmental organizations, in the implementation of the national plan of action. It would also have responsibility for monitoring and evaluating plan implementation on a regular basis at the national level.

10. While the determination of the terms of reference of the national coordination mechanism would be the sovereign right and responsibility of each country, it would be useful to give special consideration, in establishing its national mechanism, to the means whereby national coordination might best ensure conformity between national planning efforts and the framework for regional cooperation and international support to be provided under the basic principles of the plan of action. Such conformity could be ensured by entrusting the national focal point with the national liaison function in matters concerning regional coordination of industrial restructuring activities in implementation of the plan of action.

B. Coordination at the regional level

11. Overall responsibility for coordinating the implementation of the plan of action on a regional basis as suggested earlier could rest with ESCAP. Important elements of the coordinating role of ESCAP would be its assistance to countries of the region in their efforts to formulate and implement plans of action at the national level and its responsibility for monitoring and evaluation of the implementation of the plan of action. The secretariat would be required to report to the Commission on the progress of implementation of the plan of action.

12. In order to promote active participation in implementing the plan of action, provide opportunities for the exchange of information and views on

industrial restructuring issues and ensure effective coordination among all countries in the region, it would be appropriate to convene consultation meetings from time to time. The regional forum for industrial restructuring as proposed under recommendation (61) could undertake these activities. Periodic consultations would be held, in accordance with this arrangement, among the various national focal points to ensure effective coordination within the framework provided in the plan of action. In addition, meetings of senior officials and ministerial conferences could be convened from time to time to consider special issues related to the implementation of the plan.

III. Priorities

13. While taking into account the disparate industrial development among the economies of the region, the plan of action includes several recommendations applicable to most of the economies and has also suggested special measures for disadvantaged groups of economies. However, it is not exhaustive in scope. The policy recommendations and proposals for action represent a carefully defined set of activities and are suggested as guidelines in keeping with the main industrial restructuring concerns of the economies of the region and the issues addressed in the deliberations and decisions of the various sessions of the Commission as well as other regional and international forums.

14. In particular, the plan of action has been framed, keeping the following priority needs in perspective:

(a) Critical assessments should be made, on a continuing basis, of the industrial development and restructuring process in the economies of the region;

(b) The need for promotion of industrial activities and restructuring in promoting efficiency in resource utilization and conservation should be recognized;

(c) The least developed and island developing economies should urgently receive increased assistance in creating diversified industrial structures and manufacturing exports;

(d) Regional and subregional cooperation in facilitating the industrial restructuring process should be promoted;

(e) Accelerated industrial progress and structural change through the improvement in the international competitiveness of the manufacturing sector should be supported by members and associate members.

15. Specific priorities within the framework of the plan of action will depend on and follow the formulation of programmes and projects in accordance with the proposals for action. While priority setting for national-level action will be the responsibility of the various government ministries and other agencies and organizations in both the public and private sectors, priority for the regional-level action would depend on the mandates given to the various United Nations bodies and agencies and other intergovernmental organizations participating in the implementation of the plan of action. However, a set

of regional-level actions of high priority is identified below:

(i) Assistance should be provided in strengthening national capability for structural transformation in manufacturing. Increased assistance and provision of other technical assistance programmes for institution building and policy reorientation for facilitating industrial restructuring are required. To begin with, roving seminars and study tours to appraise the experience of developed and newly industrializing economies could be organized;

(ii) A regional programme to identify the crucial industrial and technological skill gaps in selected fast growing industrial branches would be of immense value in planning and programming for technical skill requirements. During the second phase of this programme, regional training programmes could be developed and launched as pilot programmes using the existing national and regional institutions. Additional resources could be provided to upgrade selected national institutions into regional institutions for technical training and retraining to meet demands for new skills as a result of technological change;

(iii) In-depth studies of selected industrial firms of developed and newly industrializing economies regarding subcontracting arrangements and geographical sourcing of parts and components should be undertaken. Such studies would provide perspectives on industrial complementation prospects as well as provide policy directions for promoting the joint ventures of small and medium-scale industries;

(iv) A regional study to assess the employment effects and other social costs of privatization measures would assist in devising policy options and expediting the implementation of various deregulation and liberalization measures. Such a study could also examine the issues and measures for public enterprise reforms;

(v) Assistance in improving the methods of industrial financing is of high priority. In this respect, regional programmes aimed at strengthening national capabilities for domestic resource mobilization, improvement in delivery of industrial financing services and other support measures would be of significant benefit to a large number of countries in the region;

(vi) A regional programme for the development of industrial consultancy, including engineering and design services would be of immense value to developing countries in general, and to least developed and island developing economies in particular. ESCAP could play a catalytic role in promoting such services at the regional level with the active cooperation of UNIDO, UNDP and other relevant organizations;

(vii) Assistance in the preparation of comprehensive industrial surveys of least developed and island developing economies would assist significantly in planning for future industrial development and restructuring in those economies. ESCAP, UNDP and ADB could jointly initiate such surveys with the national government functionaries taking responsibility for early completion of such surveys;

(viii) Special programmes could be launched to promote foreign direct investment in relatively

disadvantaged groups of countries, such as least developed and island developing ones;

(ix) A regional forum for industrial restructuring in the ESCAP region could be established. To begin with, the forum could be serviced by ESCAP. A feasibility study, taking into account the views of Governments and private sector representatives could be undertaken in 1992 and if found to be feasible, the forum could eventually take the form of a regional centre for promoting industrial restructuring in the region.

IV. Time frame

16. The plan of action would require a time frame covering a reasonable number of years to ensure its effective implementation. Since industrial restructuring is inherently a long-term and dynamic process, an appropriate time span for the implementation of the plan could be the 10-year period 1992-2001.

17. The plan period leading up to 2001 could be appropriately divided into two phases: 1992-1997 and 1998-2001. The first of these periods would coincide with the phasing of the medium-term plan and the second with two biennial work programme cycles of the United Nations system. Viewed from the year of inception, these time periods could be designed, respectively, as the short- and medium-term phases of the plan period.

18. During the first phase, covering 1992-1997, the priority action discussed above would be undertaken. Among the major activities to be undertaken during this phase would be the provision of assistance to the necessary institutional framework at the national and regional levels, including the establishment of a regional forum for industrial restructuring, formulation of national plans of action in conformity with the regional guidelines and preparation of preliminary studies and pilot projects. Towards the latter part of the first phase, assistance would also be provided for the formulation of specific industrial projects aimed at efficient structural transformation in the manufacturing sector in the economies of the region.

19. The second phase would involve significant assistance in the implementation of a series of industrial projects at the national level. Regional activities would be strengthened and provided on a priority basis, especially in the fields of upgrading technology and human resources development.

47/3. Restructuring the intergovernmental structure subsidiary to the Commission³

The Economic and Social Commission for Asia and the Pacific,

Recalling its resolutions 143 (XXX) of 5 April 1974, 210 (XXXVI) of 29 March 1980 and 262 (XLIII) of 30 April 1987, on the conference structure of the Commission,

³ See para. 698 above.

Recalling also its observations at its forty-sixth session that the revised committee structure evolved as a result of resolution 262 (XLIII) had not functioned sufficiently effectively,

Recalling further its endorsement of the proposal of the Executive Secretary that the secretariat, with the advice of a group of eminent persons, conduct an in-depth study on the intergovernmental structure subsidiary to the Commission,

Noting with appreciation the report of the Group of Eminent Persons on Intergovernmental Structure Subsidiary to the Commission,

Recalling the declaration made at the seventh session of the Commission, held at Lahore in 1951, generally known as the Lahore Convention, the Tokyo Declaration made at the thirteenth session in 1967, the Kabul Declaration on Asian Economic Co-operation and Development adopted at the Fourth Council of Ministers on Asian Economic Co-operation in 1970, and the Declaration on the Fortieth Anniversary of ESCAP adopted at the forty-third session in 1987, which have provided policy directions for regional cooperation in Asia and the Pacific,

Recalling further General Assembly resolution 32/197 of 20 December 1977, in particular section IV in which the regional commissions were designated as the main general economic and social development centres within the United Nations system for their respective regions and directed to exercise team leadership and responsibility for coordination at the regional level,

Recognizing that the complexity of the development problems faced by the developing countries demands that they be tackled in a comprehensive manner through interdisciplinary and intersectoral action,

Emphasizing the urgent need for enhanced and broad-based regional cooperation efforts in the region with a view to ensuring sustained growth and prosperity,

Reaffirming that regional cooperation is primarily the concern and responsibility of the regional members and associate members within the geographical scope of the Commission,

Reaffirming also the central role of ESCAP as the principal arm of the United Nations in promoting regional cooperation in the Asian and Pacific region,

Having considered the proposal of the Executive Secretary formulated on the basis of the report of the Group of Eminent Persons and consultations thereon,

1. *Endorses, in general, the recommendations of the Group of Eminent Persons on Intergovernmental Structure Subsidiary to the Commission relating to the progressive reorganization of the work of the Commission on a thematic basis;*

2. *Agrees, in principle, to set up three thematic committees: on regional economic cooperation, on the environment and sustainable development, and on poverty alleviation and economic growth;*