

**STATEMENT BY MR. SHSHIL KUMAR SHINDE, MEMBER OF
PARLIAMENT ON AGENDA ITEM 85 : SECTORAL POLICY
QUESTIONS (A) INDUSTRIAL DEVELOPMENT COOPERATION
(C) PREVENTING AND COMBATING CORRUPT PRACTICES AND
TRANSFER OF FUNDS OF ILLICIT ORIGIN AND RETURNING
SUCH FUNDS TO THE COUNTRIES OF ORIGIN AT SECOND
COMMITTEE OF 57TH UNGA ON OCTOBER 14, 2002**

Mr. Chairman,

We have read with great interest the reports of the Secretary General submitted under agenda items 85 (a) and (c) on Sectoral Policy Questions under consideration today. We would also like to associate ourselves with the statement made by the distinguished representative of Venezuela on behalf of the Group of 77.

Mr. Chairman,

2. Industrial development plays a critical role in enhancing the productive capacity of an economy and thereby contributing to the development and growth of a country. Industrialisation in most developed countries took place in the 18th and 19th centuries. Developing countries are "late-comers" to the process of industrialisation. As such, they face the challenge of not only catching up but also of trying to find space for themselves in a business climate that has become increasingly competitive. There are also added environmental pressures which the countries now of the developed world scarcely faced when they were at a similar stage in their economic development.

3. Manufacturing activities, till today, remain heavily concentrated in industrialised countries. Developing countries still remain largely agrarian economies. In the last few years, developing countries have been able to increase their share in the world manufacturing output. This increase, however, is still far from reflecting the share needed in terms of population, requirements

of economic and social development, poverty eradication and the ability to build and sustain an industrial base with its own capacity for technological regeneration. Industry is sustained by technology. Industry is, as correctly stated in Secretary General's report, the main source, user and diffuser of technology. In this context, we would like to emphasise the need to transfer technology to developing countries so that they can leap-frog stages in the industrial process.

4. Building of industrial capacities in developing countries is taking place at a time of great technological advancements, which results in production processes taking new forms and posing greater challenges to the developing countries as they try to adapt to the fast changing global industrial scene. Globalization, in addition, has resulted in greater disparities between developed and developing countries. It is interesting that the assessment in the Industrial Development Report 2002, declares in its main highlights that "building industrial capacities is a long, costly and risky learning process, which many developing countries cannot afford to accomplish entirely on their own." It involves innovating and learning, which in turn requires linking with foreign partners. The Report says the challenge lies in choosing a particular value chain within the global value chain which allows access to leading players and to use them to acquire high technology. It also means putting basic macroeconomic and social infrastructure in place so that a "nurturing environment" is established. For the high road to competitiveness and high technology to be

boarded, the Report suggests there is need for government and private sector to work in partnership to create a vision supported by financial and other resources.

5. Is this a vision or chimera? How surefire is this high road to competitiveness? Many developing countries in Latin America, even some in East Asia did precisely this. Deregulation, privatization, liberalization of trade and capital flows were followed in copybook style. But what happened? As leading experts say, a reform strategy which promised unprecedented prosperity failed in an unprecedented manner. Globalisation and market based liberalization was expected to bring industrial development and poverty reduction. This did not happen. The Johannesburg Plan of Implementation once again, calls for a strengthening of the contribution of industrial development to poverty eradication. But we see no new structural linkages established to bring about change. What we need to see are some signs that concrete actions are under way at least for the fulfillment of the commitment already undertaken. Even here, we see none.

Mr. Chairman,

6. The international community should support the efforts of developing countries to industrialise through enhanced technical assistance, transfer of technology and financial support. Foreign Direct Investment, inter-alia, is an important vehicle for transfer of technology and foreign investors should support local industry to improve their production methods, particularly through joint ventures, increased local employment and technology transfer. Following the practice of previous years, the World Investment Report of this year provides a valuable overall picture. FDI in 2001 fell sharply as compared to 2000 and the share of developing countries of FDI fell to 19% from a peak of 40% in 1994.

Mr. Chairman,

7. The enormous importance of enhanced and predictable market access for products of interest to developing countries for their sustained economic development cannot be underemphasized. The IMF and World Bank in their recent report on, "Market access for Developing Countries' Exports", have, inter-alia, observed that: -

(i) One, developing countries generally face higher barriers to their exports than industrialised countries.

(ii) Two, textiles and clothing that contributed to the Industrial Revolution in Western Europe and North America and continued to spearhead industrialisation in many developing countries, remain a prime target for protectionism.

(iii) Three, increased market access for agricultural products would work to directly address poverty reduction in developing countries.

8. A fair and non-discriminatory multilateral trading regime as well as the elimination of subsidies in developed countries to both the agricultural products and manufacturing sectors would provide an international economic environment that is conducive to the development of industries in developing countries. We urge that the needs and interests of the developing countries be addressed in the negotiations underway in WTO.

9. We would also call on the UN system, in particular UNIDO to enhance its technical support programmes in developing countries. We note with satisfaction that the structural reforms in UNIDO have improved its performance. With a much smaller amount of financial and human resources it has, in the last year, rendered more assistance than in 1997. We call for enhanced support for UNIDO.

Mr. Chairman,

10. While many governments in the developing world have privatized and

disinvested the public sector and vacated the economic space for the market, the corporate scandals in the industry, banking and other sectors make it difficult to argue that the problems relating to corruption lay entirely with the governments. However, on the agenda item, 85(c) relating to preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to their countries of origin, we note the work underway in Vienna on elaborating an international convention against corruption. We hope that this

convention would result in enhanced international co-operation and mutual legal assistance, particularly in the area of repatriation of funds. We believe that issues like legal owner, victims of corruption, etc. do not delay the return of these funds to the developing countries to whom they rightfully belong.

Thank You, Mr. Chairman.