

*Draft*



United Nations Industrial Development Organization

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**Statement of UNIDO Director-General  
Mr. Carlos Magariños  
at the Opening Ceremony of IFCC-X  
(19 August 2001, Tehran)**

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Distinguished President of the Islamic Republic of Iran

Mr. Seyed Mohammad Khatami,

Dear participants, Excellencies,

Ladies and Gentlemen,

I am honoured to address this very important meeting, which is essential for further development of South-South cooperation. Countries of the South have not been able to share in the benefits of globalization on equal footing with the developed countries and have been excluded from the benefits of this process. Asymmetries and imbalances have intensified in international economic relations, particularly with regard to international cooperation. South-South cooperation has become a crucially important tool for developing and strengthening the economic independence of developing countries and achieving their development goals as well as one of the means of ensuring their equitable and effective participation in the emerging global economic order.

I am convinced that the economic stagnation in many developing countries and their marginalized position is linked to insufficient attention paid to the productive capacities in industry, and in particular in manufacturing. It is industry, more than any other productive sector that drives the process of economic growth and global integration. With a stagnant manufacturing sector developing countries cannot achieve sustainable development in a globalizing economy. Manufacturing industry is a major conduit for the transmission of technological knowledge to the rest of the economy. Industrial development contributes to alleviating poverty by raising productivity, creating employment, reducing risk exposure and enhancing the physical income-generating assets of the poor. Thus, industry and industrial growth are essential for poverty alleviation and sustainable development.

Industrial activity puts more value added into basic raw materials than the intrinsic value of most of the commodities themselves. Moreover, export prices of manufactures are both less volatile and less susceptible to long-term deterioration than those of primary goods – hence industry's greater contribution to sustainability. Productivity gains and technology transfer are also significantly higher in manufacturing than in production of primary goods – the way industry contributes to

We continue to strive towards further improving our activities, to make them more focused and result oriented. I would like to draw your attention and request your support towards one of our latest initiatives on trade facilitation.

International trade is an important source of industrial growth. In this context industries in the South will need to diversify away from its traditional trade patterns, marked by high reliance on export of raw materials and semi-processed goods and on traditional comparative advantages of raw materials and unskilled labour. Greater emphasis will also have to be paid to intra-regional trade and trade with other developing regions through higher value added products, increased specialization and stronger participation in the global value chain. The prospects for manufactured exports in the 21<sup>st</sup> century will greatly depend on the extent to which policy frameworks capable of nurturing competitive advantages in the new industrial areas are established. It will also be important to further reduce transaction costs by improving infrastructure, information flows, and market efficiency.

Our trade facilitation initiative is based on a comprehensive approach enabling developing countries to participate in international trade. We have already started a regional project in Western Africa in cooperation with European Commission and are ready to replicate it in Central America and Caribbean countries.

As we approach the likely launching of a new global trade round, I am very concerned that this time around we – the UN system – do a better job in giving support to the developing countries to enable them to participate more effectively in the negotiations. At the same time it is high time for the UN system to put in place in earnest the development dimension of the trade round, as has also been strongly advocated by the former Mexican President Zedillo in his report to the Secretary general on the Financing for Development process.

As Chairman of the High-Level Committee on Programmes I feel that we could use this committee of the ACC as a tool to orchestrate the UN system's response to the needs of the developing countries in a coherent and forceful manner. I have therefore put the issue of the UN's response to the needs of the developing countries on the