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*for a sustainable future*

## OCCASION

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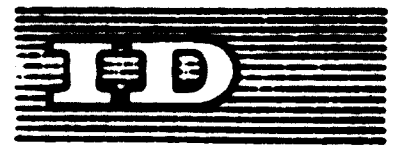
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United Nations Industrial Development Organization



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June 1968

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ORGANIZATION AND ADMINISTRATION OF INDUSTRIAL SERVICES  
IN  
ARGENTINA ✓

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in 1950, import substitution in the consumer goods industry was virtually total, imports of consumer goods amounted to only 1% of total imports and 1.2% of total consumption while those of intermediate products grew from 30% to 60% of total imports. Capital goods imports stood at 30% all through the period. Total imports amounted only to 7% of GNP. (For sectoral distribution of the active population, see Table 2).

(v) 1950-1964

19. During this period the capital, intermediate, and consumer durable goods industries played the dominant role.
20. In 1950 the contribution of industry to the GNP was already far ahead of that of agriculture. This period also witnessed the beginning of oil exploitation, the setting up of capital goods industries and a moderate increase in intermediate goods production.
21. Substantial developments in basic industries (petrochemicals, steel, automobiles, paper, etc.), were initiated after 1950.

The automotive industry was initiated in 1959, the first high-furnace production beginning in 1960. The first petrochemical plants were constructed in 1960/62 and oil production increased during this period by almost 200%—up to the point of self sufficiency. Nearly 5,000 km. of oil and gas pipelines were installed; capital goods industries grew to a capacity of 100,000 tons per year and the equipment and machine-tool industries to 10,000 tons per year.

22. Nevertheless, the new industries' net supply of semi-manufactures, such as raw steel, paper, cellulose, etc., needed as inputs by industry as a whole, was still far short of total domestic demand and had to be supplemented by imports. Exports, on the other hand, which were provided mostly (95%) by the agricultural and cattle raising activities, did not increase sufficiently to provide the necessary trade balance. Internal consumption grew faster than production and, in addition, the international prices of these commodities did not increase in the same proportion as industrial prices (and sometimes actually decreased).
23. Consequently, this situation led periodically (1952, 1959, 1963) to serious crises in the foreign trade balance and in industrial activity.
24. The per capita GNP suffered oscillations during the period and failed to register an increase at the end of the period. The GNP grew at 2% per year approximately.

TABLE 2

PERIOD	NET STOCKING DIVERSITY	EXTRAPOLATED LIVESTOCK PRODUCTION	FIELD AND COMPLETION	INDUSTRIAL ACTIVITY AND OTHERS
1944/54	22.5	33.2	4.7	37.3
1925/29	22.5	35.9	4.3	39.3
1940/44	23.7	33.3	3.9	33.1
1955	22.5	26.1	5.6	45.8
1956	25.9	18.5	6.8	47.7
1969 (extrapolated)	23.1	16.3	8.0	46.6

Source: C.F.M. 22. 511. p. 37.

Figures for years 1966 and 1967 - "PLAN QUINQUENAL DE DESARROLLO" - "Presidencia de la Republica" - Buenos Aires - 1965

## 11. INDUSTRIAL DEVELOPMENT POLICIES, AIMS AND OBJECTIVES

### The National Development Plan (1965-1969)

25. The country's medium and long term economic objectives are specifically stated in the National Development Plan 1965-1969 which covers all phases of economic activity.
26. This Plan was prepared by the National Development Council (CONADE) (see Part III), and includes estimates and projections of the national income by major sectors, work-force required, volume and composition of imports and exports, sectoral investments (public and private), financial needs and future demand for foreign exchange.
27. The basic aim of the Plan is to co-ordinate carefully the rates of growth of the major sectors of the economy with the available natural, economic and financial resources, taking into account the limitations of these resources and the interrelationships between the economic sectors. The co-ordination is aimed at avoiding the cyclical fluctuations between growth and crises (which were distinctive during the period 1950-1964) and therefore to ensure steady growth.
28. This Plan is indicative in that it not only serves as a guideline to the private sector but also controls the plans, policies and specific projects of the public administration and of autonomous public corporations.
29. The goals and priorities established in the Plan determine also the policies of the agencies dealing with promotional activities. (See Part VI).
30. The main industrial objectives of the Plan are to increase the production of raw materials, semi-finished and capital goods--steel, cellulose, basic petrochemicals--which account for 95% of total imports and are needed by the industrial sector.
31. In the agricultural domain the Plan aims at increasing the acreage of agricultural lands brought under cultivation and at a general increase in land productivity through a series of programmed measures (farm mechanization, establishment of permanent pastures, intense use of fertilizers, etc.), in order to obtain through increased exports a balance of international payments. This increase in productivity in the agricultural and cattle raising activities, would raise the demand for farm machinery, fertilizers and forest products--a fact which has been carefully taken into account in establishing the industrial objectives.

32. Total imports throughout the period 1955/59 are supposed to be practically constant, made up of fairly constant proportions of capital goods (about 30%), consumer goods (about 4%) and a slight increase in raw materials and intermediate goods (from about 33% to 37%).

33. The plan foresees a steady improvement in the trade balance based on a sustained growth of exports. The composition of these exports is expected to change through an increase in the proportion of "non traditional" products. (See Promotion, Part VI).

34. The plan details, for example, the amount and proportions of investments needed in each major sector:

	<u>% of total gross investment</u>
<b>Economic infra-structure:</b>	20
. Electric power, oil and roads	15
. Railways, car industry, gas, communications, coal	11
<b>Social infra-structure (consisting almost entirely of housing construction)</b>	26
<b>Agriculture and cattle raising</b>	17
<b>Manufacturing industries:</b>	17
. Steel, metalworking industries, petrochemicals, cellulose, paper	7
. Other industries	10
<b>Others</b>	11
	100

35. The local capital goods industry will receive a substantial share of the projected gross investment: 44.7% in 1955/59 compared with 20% in 1950/54, 30% in 1955/59 and 40% in 1960/64.

36. The planned Gross National Product by major sectors is shown on the next page.

G.N.P. Projections

<u>Year</u>	<u>Total G.N.P. (in 000 million 1960 Pesos)</u>	<u>Annual Increase</u>
1955	1,127	7.1
1966	1,204	6.8
1967	1,277	6.1
1968	1,338	4.8
1969	1,402	4.8

Source: Plan Nacional de Desarrollo Buenos Aires. 1955.

% Distribution of the G.N.P.

<u>Sector</u>	<u>1960</u>	<u>1965</u>	<u>1969</u>
Agriculture, livestock production and fishing	14.0	14.6	13.6
Manufacturing industries	34.1	36.1	38.4
Construction	4.4	4.1	4.5
Mining	1.2	1.8	2.3
Services	45.5	43.4	41.2
	<u>100</u>	<u>100</u>	<u>100</u>

Source: Plan Nacional de Desarrollo B. Aires. 1955

### III. PLANNING AGENCIES

37. Two main public agencies perform the planning activities in Argentina: the National Development Council (CONADE), and the Federal Council for Investments (CFI). (See Chart 1).

38. Branches of the public administration, with a few exceptions such as the Fuel and Power Secretary's Planning Office, have no formal planning agencies. Forecasts of their future activities are normally incorporated in a condensed form in their annual investment plans and budgets. These plans and budgets are co-ordinated and put in line with the National Plan by CONADE.

#### The National Development Council (CONADE)

39. The planning functions for economic development on the national scale are the specific tasks of this agency.

CONADE was created in 1961 and was fully re-organized in 1963.

It was organized with the aim of:

setting up an agency with a high level technical staff whose main objective would be to co-ordinate and carry out the necessary studies and evaluations required to prepare the national development programmes and to assist the National Government in this field.

• Its basic functions are:

- a) to plan the economic development and perform the related basic research;
- b) to render technical assistance.

CONADE is the agency in charge of the:

- preparation of the development programmes;
- preparation and/or evaluation of special, sectoral or regional plans and projects connected with the National Development Plan and the specification of their priorities.

40. Along with these functions, CONADE evaluates and co-ordinates the investment plans of Public Autonomous Corporations and Central Administration Departments. CONADE has to propose to the Minister of Economy the administrative regulations necessary for the proper orientation of private investments.



ADMINISTRATIVE AND PUBLIC  
SERVICES FOR DAY LABORERS

Organizational relationships

PRESIDENCY OF THE REPUBLIC

CHART 1

MINISTRY OF  
ECONOMY

MINISTRY OF  
PUBLIC WORKS

MINISTRY OF  
DEFENSE

ATOMIC ENERGY COMMISSION

[ ]

CONADE

SECRETARY OF  
FINANCE

SECRETARY OF  
LABOR

SECRETARY OF  
TRANSPORT

SECRETARY OF  
THE

GRUPOS

DATA

MINISTRY OF  
INDUSTRIES

MINISTRY OF  
PRODUCTION

FEDERAL INDUSTRIAL ORGANIZATION

CON

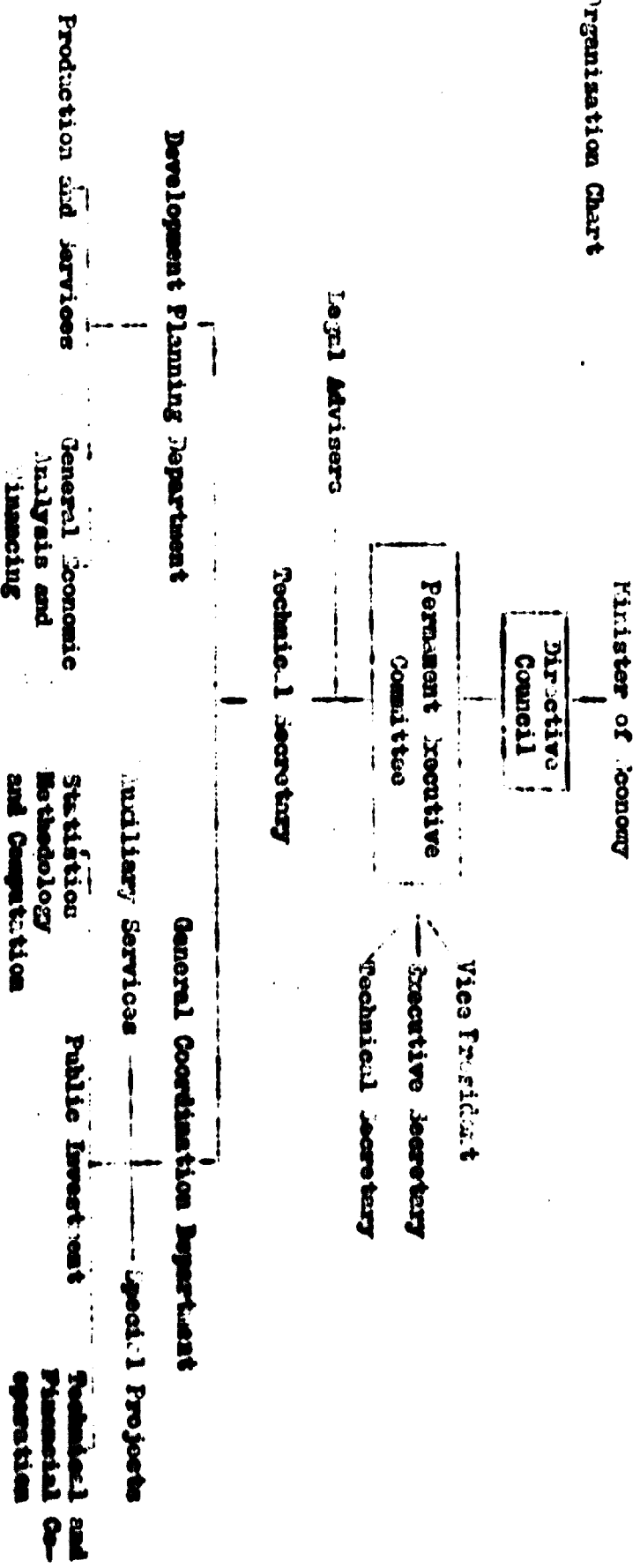
BOARD  
RERA

41. CONADE is also concerned with the evaluation, analysis and co-ordination of all programmes of technical assistance carried out by international and national agencies such as A.I.D., United Nations, etc. It must assist also any Government branch in the use of such aid. It proposes all the regulations deemed necessary to facilitate such assistance and, in co-operation with Argentina representatives overseas, co-ordinates the procedures called for by such assistance.
42. CONADE furthermore promotes, prepares and co-ordinates the internal assistance plans to be carried out by local government organizations.
43. CONADE does not execute projects. It prepares, analyzes and evaluates general and regional plans, sets priorities (regarding projects, plans, investments) and acts as a co-ordinating and technical assistance agency in all problems related to economic development. However, the law provides that CONADE has direct authority to ask any government agency for the information it deems necessary.
44. CONADE operates under the direct supervision of the President of the Republic. It is presided over by the Minister of Economy. (See Chart 2).
45. CONADE is under the general management of a Council which includes the Minister of Economy, one Vice President, the Technical and Executive Secretaries, and one member each from the Ministries of Economy, Public Works and National Defense, and one each from the Central Bank and the CFI.
46. The Council of Management serves as a Board of Directors and its main functions are to approve the development plans and programmes, the technical assistance projects and programmes, the investment priorities for public corporations and CONADE's own budget. It also serves as an advisory body to CONADE officers in all matters concerning the analysis and evaluation of the investment plans of public corporations submitted for approval.
47. The executive body of CONADE is the Permanent Executive Committee, made up of the Vice President and the two Secretaries. The Executive Secretary is the liaison officer with other government Departments and the Argentina representatives overseas.
48. Within this Committee, the Vice President acts as an international public relations man and directly supervises the training courses for CONADE staff.

National Development Council (ODLDP)

FIGURE 2

Organisation Chart



49. The real managing power to run CONADE is vested in the Technical Secretary. He directs and supervises all the internal activities of the agency. Both secretaries are, however, in direct contact with the Minister of Economy, hold the rank of Sub-Secretary of State and are directly appointed by the President of the Republic. There are no specific limitations to their activities within the framework of the policies laid down by the Minister and the budget approved by the Council.
50. CONADE is organized into two main divisions:
- a) The Development Planning Division
  - and
  - b) The General Co-ordination Division.
51. The first Division prepares the National Development Plan. This Division is divided into two main Departments: Production and Services and General Economic Analysis and Financing.
52. The second Division carries out the auxiliary technical and clerical activities through its Statistics, Methodology and Computation Department, its Public Investment Department, which deals with the analysis and evaluation of investment plans of Government Departments and Corporations, and its Technical and Financial Co-operation Department which co-ordinates the foreign technical assistance programmes, proposes new assistance plans and supervises all current projects in this field.
53. CONADE consults regularly with private firms and organizations through direct contacts.
54. In addition, it is represented in many advisory commissions dealing with problems such as custom tariffs and taxes, foreign investment proposals, "Buy Argentine" Commission, etc.
55. The actual staff of CONADE numbers approximately 430 members, 110 administrative staff and 220 technicians.
- Federal Investments Council (Consejo Federal de Inversiones) (CFI)
56. The CFI is an interprovincial agency which was created directly by the Provinces to promote regional development through an adequate distribution of investments and a rational utilization of the natural resources.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

57. In order to achieve these goals, CFI carries out four main activities:
- Basic research oriented toward the planning and co-ordination of new investments, the preparation of regional development plans and specific development projects;
  - Advice and assistance to the provincial governments on the most efficient utilization of local resources, the establishment of project priorities and the implementation of financial, tax and credit policies;
  - Co-ordination of the activities of the provincial administrations related to development problems or projects;
  - Organization of training courses to train experts in economic development and related fields.

58. All these functions and activities cover at the regional level what CONADE covers at the national.

59. The National Development Plan (PND) prepared by CONADE, lays down the general and sectoral development objectives. It specifies in general terms the size and type of projects deemed desirable.

60. Within this framework, the CFI does the basic economic research and elaborates the regional plans needed to promote investment in the different provinces. It acts also as the main advisory and technical assistance body to the provinces.

61. Through Co-ordination Committees (see Organization), it co-ordinates on a permanent basis activities of the various provinces related to inter-provincial development projects.

62. A special working team (see paragraph 70) co-ordinates the activities of CFI with those of CONADE.

#### **Organization (See Chart 3)**

63. The CFI was created as an inter-provincial autonomous body under a special Agreement signed by all the provinces.

64. Each province contributes towards the Budget of the Council an amount proportional to its share in federal taxes, with a maximum of 0.75% of such share.

65. The purely administrative expenses of CFI must not exceed 10% of its budget.

Federal Investments Council (FIT)

Organization Chart

General Assembly

Parliament Committee

General Secretary

Administrative Manager

Library and Economic Information Centre

Legal Advisers

Working Teams

Technical Manager

Coordination Committees

- Project analysis and evaluation
- Economic resources census
- Fiscal and administrative policies
- Community development
- Training
- Technical assistance
- Regional social accounts
- Financing
- Statistics
- IALCOP (Latin American Prose Commerce Association)
- Traveling and tourism
- Food and beverages
- Fine arts
- Coordination with OASIS

SECRET

66. The principal authority of the CPI is the Assembly. It is composed of one minister, or officer with a similar rank, from each province. It is presided over by a President elected by the ministerial members. The Assembly has two regular meetings a year and extraordinary meetings convenable at any time one-third, at least, of its members deem one necessary.
67. The functions of the Assembly are to fix the policies and the general plan of activities of the Council, to approve its budget, to appoint the General Secretary and to consider the periodic reports submitted by him to the Assembly.
68. The Permanent Committee (Junta Permanente) of the CPI is its executive body and consists of eight provincial ministers drawn respectively from the eight zones into which the country is divided.
69. The functions of the Permanent Committee are:
- to issue the internal orders, systems and procedures in accordance with the general policies and plans approved by the Assembly;
  - to control the General Secretary's activities;
  - to convene the Assembly if and when it deems it necessary to do so;
  - to inform the Assembly about the operations of the Council.
70. The General Secretary, whose position is a full-time one, is the principal administrative officer of the Council. He serves as a representative of the Junta, supervises all internal Council activities and appoints all the staff. He is also the legal representative of the Council as well as its permanent Public Relations Officer. In addition, he supervises the work of the Administrative Manager, the Library and Economic Information Centre, the Legal Advisers and the Technical Manager. The last-named supervises all the technical operations of the CPI through twenty working teams. Each team is responsible for a specific programme. (See Chart 3). The particular team sees about the co-ordination of CPI activities with those of CONADE.
71. It is also the responsibility of the Secretary to propose to the Permanent Committee the composition of ad hoc inter-provincial Co-ordinating Committees. The Secretary can only be removed by a 2/3 majority of the members of the Assembly.



72. The Co-ordinating Committees consist of high-level officers of the respective provincial administrations involved in a common activity or problem. For example, there is a Mining Industries Co-ordinating Committee made up of representatives of all the provinces with mining interests.

73. Any province may ask to participate in the affairs of any Committee whose terms of reference relate to its (the province's) problems. The Committees only make recommendations to the General Assembly and to the provincial members. They act as advisory bodies to the Assembly, the Secretary and the Provinces. The Committee secretaries are appointed by the Permanent Committee on the recommendation of the General Secretary who also supervises them directly.

#### IV. INDUSTRIAL RESEARCH AND STANDARDIZATION

74. Basic industrial research activities in Argentina are conducted by the following agencies:

- I.N.T.I. - National Institute for Industrial Technology.
- C.E.C.A. - National Atomic Energy Commission.
- C.F.I. - Federal Investment Council.
- CONADE - National Development Council.
- C.P.A. - Argentine Productivity Centre.

75. There is no co-ordination among them through any formal mechanism. Some institutions like INTI and the Technical Assistance Service to Industry (S.T.I.) (see para. 90) have a complete list of testing laboratories and related facilities and give formal or informal advice about them to interested enquirers.

76. INTI and CIRA research activities are strictly technological. CFI and CONADE carry out applied economic research geared to economic and industrial development problems. CPA deals with industrial productivity problems.

#### INTI

77. INTI is an autonomous research and testing agency and operates under the Secretary of Industry. It was founded to promote, stimulate and support the development of research in industry.

78. Within this broad field of activity the Institute has no formal or specific limitations.

79. INTI has its own resources. It receives 0.2% of all credits granted to private industries by the BIRA (Industrial Bank). In addition, it charges fees for certain services rendered to industry (see para. 99).

80. The Institute is governed by a Board of Directors consisting of four representatives of private industry, one representative of the Industrial Bank (BIRA), and three members appointed by the Secretary of Industry. The top executive officer of the Institute is the President who is assisted by an advisory board elected by the Board of Directors. The advisory Board is composed of university professors (specialists in fields related to the Institute's work) and other top specialists. The number of advisory Board members is not fixed.

81. Three managers operate under the President.

- The Financial Manager directs the Accounting and Auditing Sections.
- The Promotions Manager supervises public relations, the library and the publishing sections.
- The Manager of Technology directs the central testing laboratories and is the liaison officer between the Institute and its component research centres. (See following paragraphs).

82. INTI research activity is carried out by a number of specific research centres. These centres are operated under a system of partnership between INTI and any private industrial entity, or branches of provincial administration, or Federal Government, or university.

83. A research centre can be founded by joint action between the Institute and any other industrial institution, a state or a university.

84. INTI may also establish a research centre without any "partner".

85. The basic rules for operating a centre are:

- .. INTI provides up to 50% of the necessary funds to run the centre according to a previously approved budget.
- .. The other 50% is provided by the private or governmental partner.
- The research centre so formed operates autonomously under very general supervision by INTI.
- The partner appoints the director of the centre and the operating personnel and also administers the internal activities of the centre.

INTI has the right to exercise a veto on the afore-mentioned appointments.

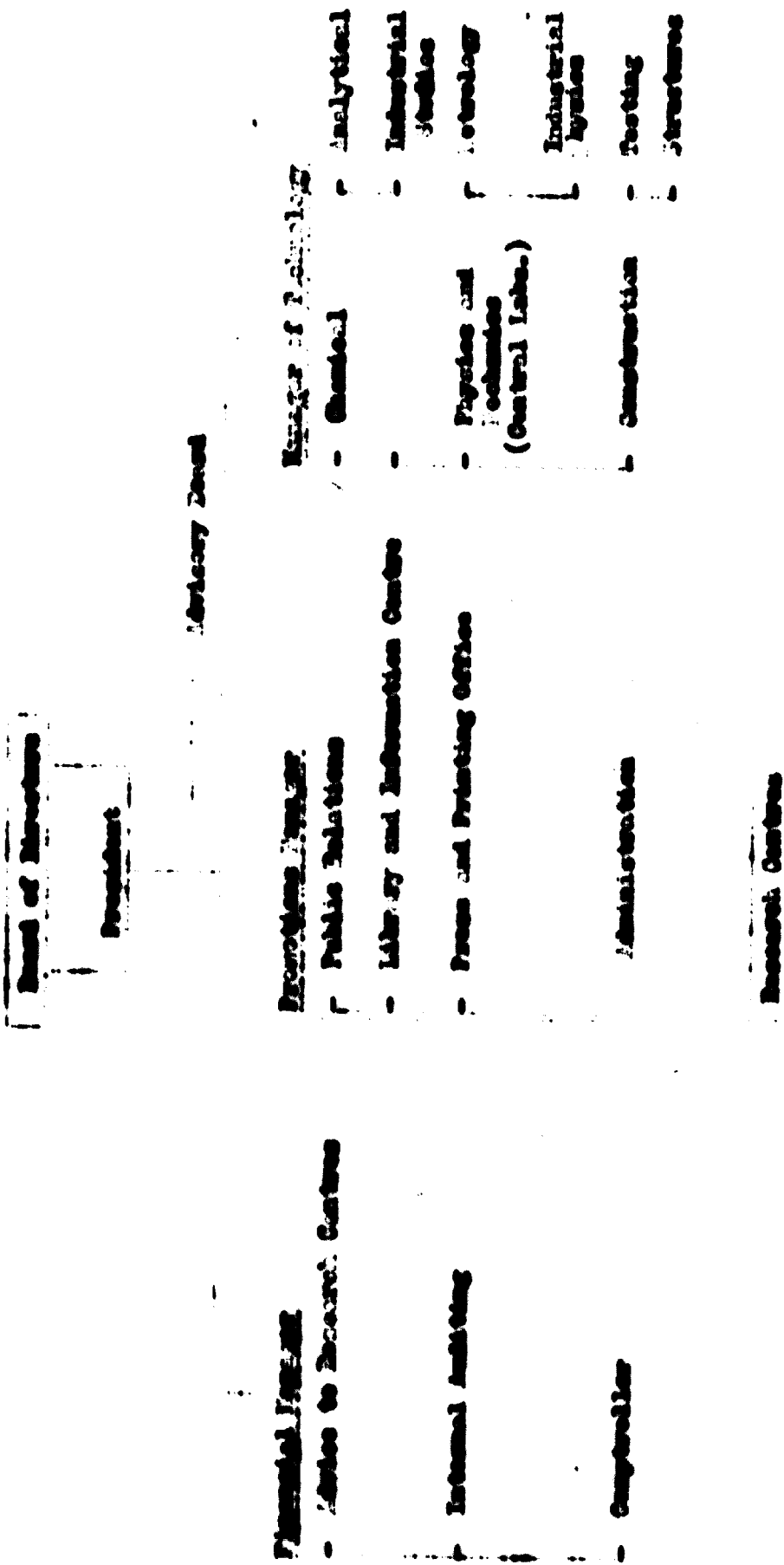
- .. INTI supervises the programmes and activities through its advisory Board and offers the centre the technical advice it may require. In addition, the centre may take advantage of the services offered by the central laboratories of INTI, at a special reduced fee.
- .. If eventually the research centre wants to discontinue partnership with INTI, it may do so and enter into sole operation.

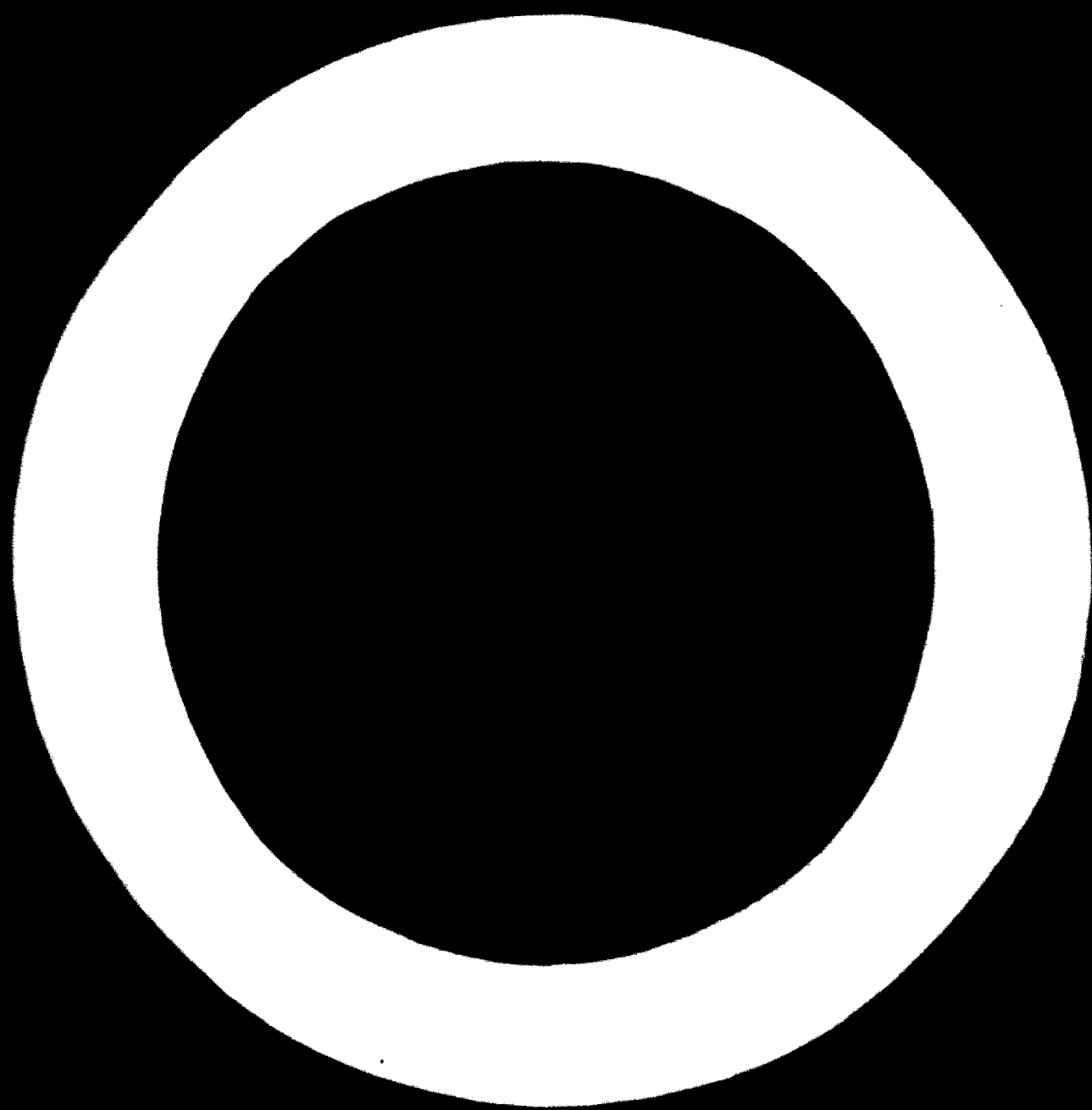
**National Institute for Industrial Engineering (NIE)**

**Organization Chart**

-2-

Page 4





86. At present there are 22 research centres with a total staff of 189 members.

87. INTI's own staff (Administration and Central Testing Laboratories) stands at 279 persons.

National Atomic Energy Commission (CNEA)

88. The National Atomic Energy Commission operates under the Presidency of the Republic as a branch of the Central Administration and its main functions are to centralise, co-ordinate and perform all activities related to basic research in and utilization of atomic energy.

89. Among others, its fields of activity are: the production of raw materials, the construction of reactors and manufacture of atomic fuel and isotopes, the operation of experimental reactors and basic research in the field of nuclear physics and chemistry.

90. As one of its specific activities CNEA is actively engaged in basic research for industrial purposes in other than the atomic field. This research is done in the metallurgical area and is carried out by a special agency called SATI (Technical Assistance Service to Industry), founded as a joint venture between the CNEA and the Association of Metalworking Industries Manufacturers (a private manufacturers association).

91. SATI deals only with basic research in the applied metallurgical field.

92. It takes the following steps, in that order, when a specific problem is submitted to it:

- (i) gives bibliographical advice;
- (ii) evaluates the economic and technical problems involved;
- (iii) gives advice on other research agencies that might be able to solve the problem (co-ordinating function);
- (iv) takes the problem over and does the necessary research utilising the staff and facilities of the CNEA, in particular its metallurgical laboratory.

93. Any private or public industrial institution (whether or not it belongs to the Association of Manufacturers) can apply for SATI assistance.

94. SATI does not undertake testing or routine jobs. It performs only original research in the field of basic metallurgy.

**RAJIO AL KHODIC ENERGY COMMISSION (REK)**

Organization Chart

President of the Republic  
Board of Directors

General Manager

- Technical Co-ordination
- Secretary
- Advisers
- Methods and Organization

Economic Department

Planning Department

Energy Manager

Raw Materials Manager

Research Manager

Technology Manager

General Services Manager

- Metallurgy Dept.
- Iron Metall. Dept.
- Nuclear Metall. Dept.

S A T I



United Nations Industrial Development Organization



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ORGANIZATION AND ADMINISTRATION OF INDUSTRIAL SERVICES  
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Corrigendum

Change footnote to read as follows:

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95. The first three steps are performed free of charge. If the applicant decides that SATI should take over, SATI submits a budget for his approval. SATI does not guarantee any specific results, only an effort to achieve them.
96. SATI does not have facilities of its own, it being merely a co-ordinating branch of CNEA. As such it is under the supervision of the Technological Manager of CNEA. It is a non-profit branch, nevertheless it is legally authorized to charge fees for its work. The Manufacturers Association contributes to its budget and appoints a permanent liaison and audit officer.
97. Besides the SATI operations, the CNEA carries out active work in the field of atomic energy and related areas for its own purposes and, on occasion, special research or testing work in the atomic field for external organizations.

#### Testing and Standardization

##### Testing

98. Testing and routine research activities are carried out by a considerable number of public and private laboratories.
99. Independently of its research centres, INTI operates directly its own laboratories which are mainly devoted to testing, analyses and metrology. These services are offered on a fee basis to the INTI research centres and outside institutions.
100. Nearly all the aforementioned laboratories are branches of provincial administrations or public corporations.
101. The National Universities also provide in their engineering and chemistry laboratories testing services of various types.
102. As a rule, these laboratories perform their main activity for their parent institutions but also provide their services to clients for a fee.

##### Standardization

103. Industrial standardization is a fairly well developed activity in Argentina. It is carried out through the joint participation of INAM (Argentine Institute of Materials Rationalization) and the Ministry of Industry.

Instituto Argentino de Normalización e Investigación (IRAM).

104. IRAM is a private, independent and non-profit agency that carries out the work of standardization on a national scale and maintains relations with foreign standardization institutions.

105. Notwithstanding their private nature, standards issued by IRAM are periodically approved by special decrees issued by the Ministry of Industry. The approved standards are converted into official norms and are mandatory for the public administration branches and state enterprises.

Functions:

106. Main functions of IRAM are:

- i. To prepare and issue technical quality and nomenclature specifications and norms.
- ii. To certify the quality level of industrial products through the grant of a "Quality Seal" that warrants its conformity with IRAM norms and specifications.
- iii. To disseminate the study and utilization of norms.
- iv. To promote the co-ordination and improvement of research laboratories.
- v. To carry out any activity related to standardization.

Organization:

107. There are six categories of members of IRAM: founding members and honorary, correspondent, active (private and public corporations), personal (government branches and individuals) and adherent members. The three are supporting members.

108. IRAM is headed by a Board of Directors elected by the Assembly of "active" and "personal" members.

109. The Board appoints the executive officials: General Director, Technical Director and the Departmental Heads. In addition, it determines the internal regulations, membership fees and budget and carries out the financial administration of the organization.

110. The General Director, whose post is a permanent one, is the top executive of IRAM. He reports directly to the Board.

111. Normally the General Director is a graduate engineer, chemist or physicist.

112. His responsibilities are:

- To select and recommend to the Board the staff to be appointed;
- To serve as the official public relations man;
- To supervise all the internal activities of the organization.

113. His main limitation is that he can only propose rather than appoint the staff and members of the Advisory Boards. He and the President (Chairman) of the Board authorize jointly all expenditures.

#### Preparation of norms—Governmental participation

114. IRAM plans and prepares its own activities taking into account requests from the public and private institutions.

115. The first draft of a norm is prepared by the IRAM staff after collecting all the necessary information. The organization appoints a Study (Working) Committee composed of members (producers and consumers) whose activities are related to the norm to be discussed. A number of representatives of professional associations (e.g. Civil Engineering Association, Chemists Association) may also be included. This Committee, which is headed by an IRAM expert, modifies the first draft (or "scheme") which is then submitted for public scrutiny within a maximum period of 180 days.

116. During this period IRAM invites opinions and suggestions from the public and from other institutes. Such opinions and suggestions are considered by the Working Committee for inclusion or otherwise into the first scheme which is then issued as an "anteproyecto".

117. This "anteproyecto" goes to a Committee whose composition is similar to that of the Working Committee for a consideration of the feasibility of the proposed norm. If approved, the norm goes to a General Committee of experts. This Committee considers such aspects of the norm as its relationship to similar existing norms and the point of view of the ultimate user of the product.

118. The General Committee then submits the norm to the Directive Board for approval. The approved "IRAM NORM" is now submitted to the Advisory Commission for Normalisation (CAN), a government body consisting of representatives of the various Ministries and state enterprises.

119. CAN issues this norm within the public administration agencies and enterprises each of which may either approve or disapprove of the proposed IRAM norm.
120. If there is total agreement, CAN submits the norm to the Minister of Industry who issues it as an Official IRAM norm which thus becomes mandatory within the public agencies and enterprises for all purchasing operations.
121. On the average, about 150 norms are approved each year. The membership of the various working committees and Committees comes up to about 3000 persons.

#### Other Activities

122. Products that satisfy published IRAM norms may be so certified by IRAM upon request of the producers concerned. This service is supplied only in respect of locally produced products.
123. Samples of the product to be tested for certification are obtained by IRAM technicians from the production line or from the shops and are checked and tested by a special Technical Committee of six members (three consumers and three producers, but none operating in the field of the product being checked).
124. A satisfactory product is given a "Quality Seal" which may be embodied on its label.
125. IRAM is a member of COPANT (Pan-American Committee of Technical Norms) and the ISO (International Standards Organization).
126. IRAM also co-operates with other private professional societies such as the Argentine Petroleum Institute and the Electrotechnical Argentine Committee which operate as special Working Committees for the preparation of norms.

## V. FINANCING OF INDUSTRIAL ENTERPRISES

127. Financial promotion of industrial activity in Argentina is carried out in two basic ways.

128. Promotional legislation (see Part VI) provides selected industries with a number of financial benefits, such as tax exemptions, exemptions from customs duties, tariff protection against foreign competition, etc.

129. Medium and long-term financing of industrial enterprises is carried out by the BIA (Industrial Bank of the Argentine Republic).

### The Industrial Bank of the Argentine Republic (BIA)

130. BIA is a semi-autonomous State Bank under the general supervision of the Minister of Finance. Its resources are provided by direct Treasury contributions, and by the issue of debentures, the raising of funds from other financial institutions, income from its own operations and through special contributions.

131. As an example of the last-named, the Central Bank gives 50% of its operating profits to BIA.

132. The objectives of BIA are specified in its enabling statute as follows:

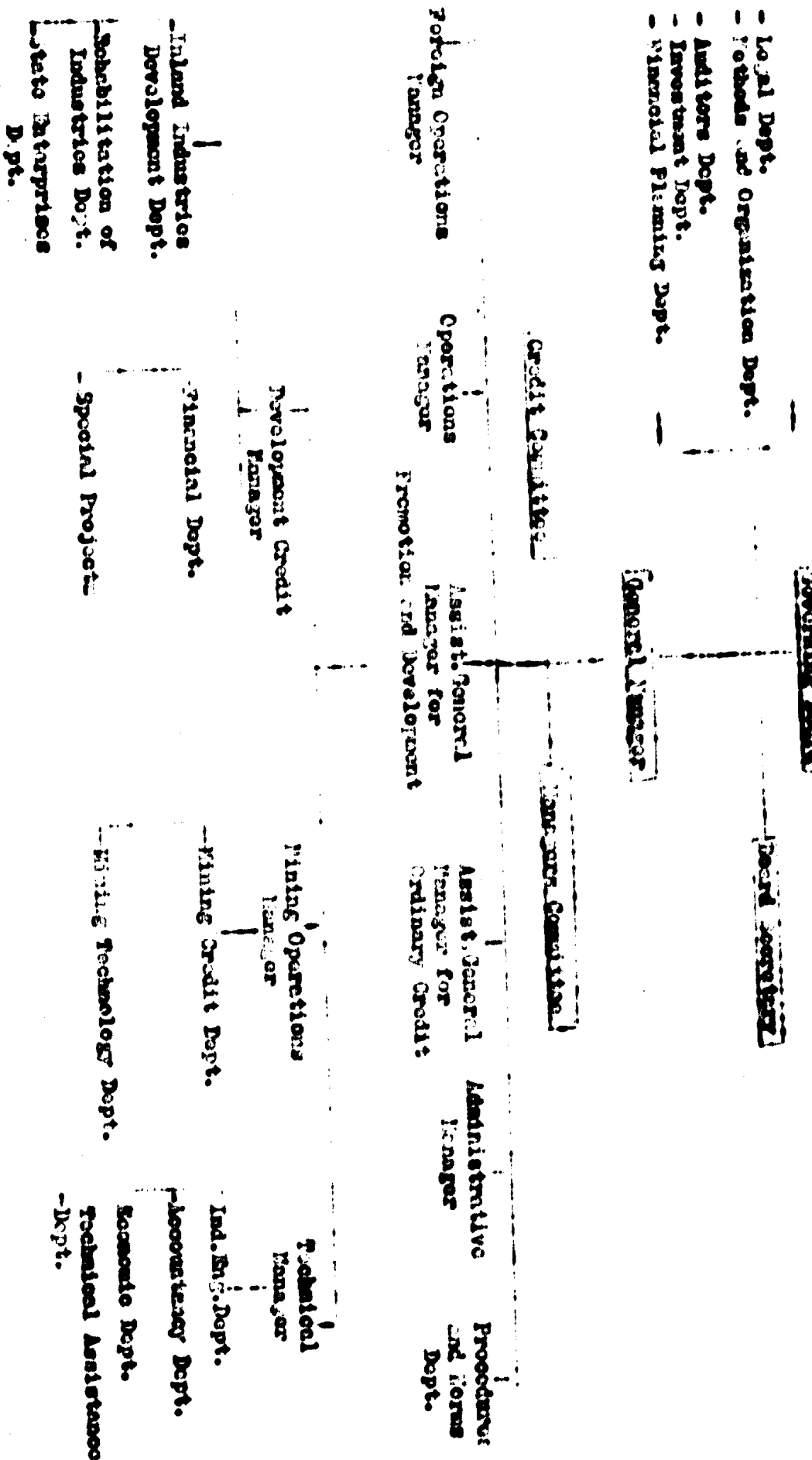
- To finance mining and industrial enterprises by means of medium and long range loans and through the raising of funds in local and foreign markets;
- To finance the operations that contribute to the utilization of natural resources, the improvement of foreign trade balance, and specially the installation of new industries and the ordered development of existing ones;
- To raise funds for major development projects;
- To promote local and foreign investment in specially important development projects;
- To promote modernization of industries and industrial equipment.

133. Other statutory functions include the promotion of new industrial activities, basic technical and economic research and technical advice—all directed towards better achievement of the main objectives of the Bank.

134. The Bank (see Chart 5) is governed by a Board appointed by the President of the Republic. The President of the Board and the Vice President are normally financial, industrial and/or economic experts and their appointment requires the approval of the Senate.

135. The other members of the Board are proposed by the ministries of Finance (two), Industry and Commerce, War, Air Force and Navy (one each); private industry organizations propose two other candidates, one of them from domestic industry.

INDUSTRIAL BANK OF THE AMERICAN REPUBLIC (SIRIA)



136. The Board appoints the officers of the Bank. The principal officer is the General Manager.
137. The functions of the President are:
- To serve as the public relations officer and legal representative of the Bank;
  - To preside over Board meetings;
  - To appoint and remove officers of the Bank.
138. The BOARD is the principal governing body of the Bank. Its responsibilities are:
- To appoint the General Manager and the Assistant General Managers (Promotion and Development, Ordinary Credit);
  - To establish the policies of the Bank in accordance with the General Economic Policy of the Government;
  - To issue the Bank's internal norms and procedures;
  - To fix the interest rates and approve the Balance Sheet and Profit and Loss Statement to be submitted to the Ministry of Treasury.
139. The General Manager is the chief executive officer.
140. The Assistant General Manager for Promotion and Development deals with all phases of the granting of medium and long term loans. The Technical Manager supervises all technical departments which make the necessary preliminary engineering, economic and accounting studies. The Technical Assistance Department offers advice to firms on request on the preparation of their projects to be submitted to the Bank and on how to get aid from international financial sources. The Development Credit Manager deals with the initial processing and transmittal for further action of loan applications from private and public enterprises.
141. The main activities of BIRA are:
- The granting of loans to new or existing enterprises for the purchase of capital equipment and/or for working capital;
  - Financing of all types of operations required by the mining industry;
  - Guaranteeing of loans obtained by local firms from foreign institutions;
  - Issue of bonds or other obligations;
  - Raising of funds from local or foreign sources;

- Making of equity investment in local industrial and mining firms under special conditions (not yet specified);
  - Export financing through medium and short term credits to local producers.
142. BIRA administers, besides, the global loans granted by the Inter-American Development Bank to small and medium industry.
143. The equity investments of BIRA in private enterprises is limited to the extent "that the firm is already consolidated and within the terms of a special procedure". This procedure has not yet been issued.
144. BIRA renders technical assistance to private firms in two ways:
- Direct financial aid to institutions (like CPA, COMET, IRAP) that provide mainly training services;
  - Advice through its Technical Assistance Department to clients on economic, technical or accounting problems that may arise in the preparation of new investment projects or improvement of existing plants—advice may also be given on how to get aid from international agencies; or
  - Collaborate in specific research projects, using special teams from its Technical Department, with private firms and international agencies (e.g. with the Machine Tool Manufacturers Association for the study of the Machine Tool Industry in 1964, and with ECLA, etc.).
145. The Bank has a technical staff of approximately 400 people (among them 90 engineers) and a total staff of 3000.
146. The results of BIRA's technical and economic research are published in technical and economic reports.
147. BIRA, according to Article 25 of its statute, cannot grant loans to Government agencies whether federal, provincial or municipal.
148. Public enterprises engaged in public service or industrial activities are classified as clients if their statutory characteristics fulfill certain requirements, such as, having their own financial resources, providing certain items in their officially approved budgets for the repayment of loans, securing prior BIRA approval of the proposed investment and its financing plans relating to a particular loan application. Operations carried out in this field include loans, guarantees (e.g. in respect of the purchase by state-owned enterprises of local capital goods under Central Bank financing).



149. BIRA activities are not confined to any particular industry or size of enterprise. Its loans, which amount to approximately US\$65 million yearly, are distributed fairly evenly among all industries.
150. The main financial schemes already in operation include loans and credits for the following activities:
151. Development of prototypes of industrial equipment, implementation of productivity programmes, installation and expansion of selected industries (such as the machine-tools industry, metalworking shops, paper and cellulose plants, ore dressing and refining plants, meat packing and the frigorific industries), integration and completion of existing industries, relocation of industrial plants, shipbuilding and frigorific installations, poultry raising, fresh milk industrialization, establishment of cheese factories and powdered milk plants and special credits for craftsmen and disabled people.
152. The loans range from 50% to 100% of the proposed investment, at 8% interest per annum and with terms ranging from one to six years.
153. BIRA is also a main source of guarantees for the importation of capital goods.
154. The financial policies of BIRA are in harmony with the objectives of the National Development Plan. Thus it sets up a special line of credit that covers activities foreseen in the Plan and grants loans of up to 60% of proposed investments and with terms ranging up to five years.
155. BIRA also participates as a financial agent in certain financial schemes of the Central Bank of the Republic (see below and Chapter I, Promotion), which are directed toward the promotion of exports, the sale of capital goods to the State enterprises and branches, and the financing of the manufacture of industrial goods to be exported.
156. For the past ten years, BIRA has also dealt in commercial and short term credit operations.
157. Other financial sources.
- Besides the financial assistance provided by BIRA, the Central Bank of the Republic provides industrial financing covering sales of locally manufactured goods to the State Enterprises and autonomous branches. Industries making such sales may get a discount on the promissory notes received. Such operations must first be declared "eligible" by the Central Bank. This financing covers 30% of the operation and may last from two to five years and the principal must be mortgaged from the first year. Funds for such operations are provided by the Industrial Bank.

## VI. PROMOTION

### Promotion policies and regulations.

158. Before 1945/1950, formal promotion of industrial activity was scarce. After 1950 the problem stemming from the economic structure led to the establishment of the first promotional decrees and agencies.
159. The resulting promotional activities were not entirely co-ordinated. They developed as and when specific problems called for solutions. Periodically the legislation was unified and the agencies reshuffled. Even now, however, a great deal still remains to be done to co-ordinate and strengthen these activities.
160. Industrial promotion is carried out by the Federal Government and the Provinces. This function has been delegated to the Executive Branch of the Government by a special Parliamentary legal enactment and is designed to achieve: a balance in international payments, proper use of the country's actual and potential resources, industrial decentralization, increase, diversification and improvement of industrial production, technological improvement and fulfillment of the needs of National Defense, health and public security.
161. The principal feature of the industrial promotion policy of the Federal Government consists of the granting to industry of special benefits ("franquicias"), namely:
- exemptions from import duties and taxes on imported capital goods not obtainable from local manufacturers;
  - imposition of protective import tariffs on foreign products;
  - income tax holidays of from 5 to 10 years as well as exemptions from other taxes;
  - special currency rates for exports of locally manufactured products;
  - special financing plans;
  - supply of raw materials, fuel and electric power at reduced rates.

### Industrial Promotion

162. Industrial promotional activity in Argentina is not centralized. Establishment and implementation of promotional policies and procedures is the legal responsibility of the various promotional agencies.

These agencies are:

- The National Department of Industrial Promotion (Ministry of Industry)
- The National Department of Military Manufactures (Ministry of War)
- The Ministry of the Navy
- The Ministry of Aeronautics
- General Administration of Forest (Ministry of Agriculture)

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These agencies exercise co-ordinating and control functions, study promotional proposals, collect and analyze the necessary information, and carry out consultations as appropriate.

163. A substantial number of other agencies carry out specific industrial promotion activities. BIRA, for example, is in charge of the financial aspects of industrial promotion (see Part V).

164. There is no formal provision empowering the Federal Government to initiate and develop by itself specific industrial promotion activities.

165. There are three categories of "promoted" industries:

- a) "Specially promoted industries" are those located or planned to be located in specific zones called "specially promoted zones".
- b) Industries involving foreign investments designed to reduce imports, increase exports, and/or improve the national economy and industries that produce raw materials, intermediate products and capital goods.
- c) New industries or expansions of existing ones normally qualify for promotional assistance provided that the investment is adjudged likely to result in technological improvement, to the reduction of unit costs, to a more intensive utilization of local raw materials or semi-fabricated products and to import substitution or export trade. Additionally, available working capital must be adequate, the market potential favourable and the budgeted costs in some reasonable relationship with international prices.

166. The agency processing the application is required to hold consultations with CONADE, the Central Bank and the Ministry of Industry to determine priorities and to ascertain the potential influence of the project on the balance of payments, the availability of fuel and power and the existence locally of the requisite raw materials and locally manufactured capital goods.

167. In the specific case of exemptions from customs duties on capital goods imports, the National Director of Industries is assisted by a special Honorary Commission formed by representatives of CONADE, private industries and Public Corporations in order to determine whether or not products of the kind under consideration are already being manufactured locally.

168. Promotional benefits can only be conferred by a special decree of the President signed by the Minister of Economy and the Secretary of Industry and, in the case of the steel industry or of forestry also by the Minister of Defense or the Minister of Agriculture.

169. The incentive administering agencies are responsible for ensuring compliance with established procedures and regulatory norms.

"Buy Argentine" procedure

170. The promotional regulations described above are complemented by a separate control and promotion procedure intended to protect adequately the local capital goods industry from the economic disadvantage which it might otherwise suffer as a result of the granting of exemption from import taxes and duties to certain public corporations and government branches.

171. This procedure, the so-called "Buy Argentine" mechanism, is established by law and specifies that all purchases to be made by the Public Autonomous Corporations, State enterprises, Public administration branches and their contractors, must be of local manufacture provided the prices are "reasonable". A price is considered reasonable when it is less than the price (CIF) of a similar foreign product plus the customs duties, taxes and surcharges that any common importer must pay to import the product. Such customs duties and surcharges must not exceed 25% of the CIF price of the product.

172. In the case of foreign purchases made on deferred payment terms, interest, commissions and other such charges must be added to the calculated price. If the domestic price in the exporter country is higher by more than 10% than that in the importing country, the former price will be used for the purpose of this regulation (Anti-dumping clause).

173. The control and authorization of exemptions under the "Buy Argentine" plan are carried out by an honorary commission in the Ministry of Economy consisting of representatives of CONADE, the Ministry of Finance and four representatives of private industries. Imports are authorized if:

- a) the price is considered reasonable,
- b) there is proven need for the product and it cannot be locally supplied;
- c) the transaction involves a credit granted by an international credit institution and under suitable terms.

The Minister of Economy and the Secretary of Industry are the authorizing agents.

### Promotion of Industrial Exports.

174. Exports which are considered as "non traditional" (mainly industrial products) are actively promoted through the granting of special financial incentives.

175. The agency responsible for this activity is the Central Bank of the Republic (BCRA), an autonomous institution under the Ministry of Economy.

176. For the purpose of this scheme an exhaustive list of "traditional" and a non-exhaustive list of "non traditional" exports have been drawn up.

177. In addition, each promotional mechanism has a special provision for incorporating "non traditional" exports into the list of promoted products.

### "Draw-back"

178. Exporters of "non-traditional" goods are entitled to a refund ("draw-back") of all taxes, duties and/or surcharges paid for the importation of raw materials, parts and packaging materials used in the manufacture and packaging of the aforementioned goods.

179. Special lists prepared by the Secretary of Industry show in standardized form the amounts of "draw-back" for the various products. Any exporter may ask for the issuance of the standardized "draw-back" value for the product he wishes to export.

180. The Customs Department makes the payments of the "draw-back" in accordance with the "typified value" of the product.

181. There are three standard percentages: 5%, 12% and 18% of FOB values. The lowest rate applies to consumer goods and scraps; the medium rate to more complex manufactures and mineral ores while the highest rate applies to capital goods, intermediate products and processed minerals. The favoured products are listed periodically by special decree and the proposals are submitted to a Special Advisory Commission, presided over by the sub-secretary of Industry who is also the national director of Foreign Commerce. This Commission comprises representatives of the Department of Industry, the National Institute of Geology, the Department of Foreign Commerce (all under the jurisdiction of the Secretary of Industry), a member of the Tax Department (Ministry of Finance), a representative of the Secretary of Agriculture and another from the Central Bank.

182. For each operation the Customs Office gives the exporter a special certificate which can also be used to pay internal taxes.

183. The Central Bank of the Republic grants additional benefits to exporters of "non-traditional" goods, as follows:

- a. Payment for imported parts, materials and packages for use in the manufacture of exports. Exports can, under certain circumstances, be made at official exchange rates.
- b. Export manufactures are financed through special short-term (6 months) credits granted by the BCR and amounting to about 30% of the total value.
- c. The BCR also finances eligible "non-traditional" exports through the Commercial Banks and the BIRA. The credits in this case amount to 30% of the FOB value and have a maturity of one year.
- d. BCR also finances up to 80% of the FOB value of deferred payment exports for durations of up to 5 years in the case of capital goods, 2½ years for durable and semi-durable goods and one year for other products.

#### Other promotional activities

184. The provinces, departments and municipalities throughout the country have their own promotional schemes. They consist of the granting of certain fiscal benefits, such as exemptions from local taxes, the cession of provincial or municipal lands or sale of supplies (mainly electric power) at reduced rates and, more frequently, the granting of loans and/or guarantees through provincial state banks. Some automotive plants, for example, when located in certain provinces, receive all these benefits. Some provinces are far ahead of the Federal Government in the study of the development of industrial parks.

#### Industrial Estates

185. Industrial estates are yet in the project stage and some of the provincial governments have advanced projects in certain regions.

186. The same is true of industrial cooperatives.

## VII. PUBLIC INDUSTRIAL ENTERPRISES

### Types and characteristics.

187. Public industrial enterprises in Argentina cover a wide field of activities, such as manufacturing, commerce and public services. They may be grouped in the following three categories.
- Autonomous entities within the public administration;
  - Autonomous Public Corporations;
  - Commercial companies fully or partially owned by the State, (Federal or Provincial).
188. The major and most representative enterprises, of which there are fifteen, fall within the latter two categories. They cover the oil, coal, gas, steel and power plants, energy distribution, sea and river merchant fleets, railways, telephone systems, shipbuilding and aircraft manufacturing.
189. Autonomous entities within the public administration are not considered here because they are branches of the central or provincial administrations and have limited autonomy.
190. Of the fifteen companies, three are commercial stock Corporations, one of which is fully owned by the State while the other two are jointly owned by the government and private societies (joint stock). The remaining twelve are Public Autonomous Corporations (Empresas de Estado). In 1961 the gross product of the State Corporations amounted to approximately 5.5% of the G.N.P.
191. Each Autonomous Public Corporation is established by a specific law as a separate and independent company.
192. While ultimately each company enjoys an independent financial status, its initial capital is normally provided by the Treasury. Financial reports are submitted periodically for auditory and accounting control.
193. Public corporations are normally under the jurisdiction of a Minister or a Secretary of State. While lacking a uniform pattern of organization, they have certain characteristics in common. For example, the administrative structure of each company consists of a Board of Directors, a President and a General Manager.
194. The Minister or Secretary of State concerned determines the general policies under which the corporations under his supervision must operate.
195. This supervision, in practice, takes the form of general or specific approvals of proposed broad policies, the budget and specific investment programmes.
196. Besides, the Corporation must comply with all regulations issued by the Minister concerning its field of activity. This in effect means that overall industrial policy is fully centralized.



197. The functions and responsibilities of each Board, President and General Manager, are stipulated in the statutes of each corporation and vary slightly from corporation to corporation.

198. As a rule, the Board appoints the General Manager and other senior officers, prepares the budget and specific investment projects, establishes the internal organization, fixes the prices of products and services, approves important contracts and other legal acts of the corporation and exercises the right of appointment and removal of personnel.

199. The President of the Corporation is its legal representative. He carries out the activities of the Board in cases of emergency including the appointment of staff and the removal of members of the Corporation. In most cases he serves as Chairman of the Board.

200. The General Manager takes care of all the remaining normal administrative and executive functions not specifically reserved for the Board or President.

201. In practice, many Boards, if not all, delegate most of their responsibilities to the President and/or General Manager, limiting their activity to approval or disapproval of projects and proposals submitted to them by the President and/or General Manager.

202. The number of members of the Boards varies between five and seven; there is one case in which the number is 1/.

203. Board members are appointed directly by the President of the Republic though in most cases some members are proposed to the President by the ministry directly concerned with the Corporation. In a few cases, the appointment of the Corporation President needs to be confirmed by the Parliament (Chamber of Senators). The terms of office of Board members are stated in the Corporations' respective statutes. Some offices involve permanent tenure. In certain cases, the nominee must meet certain personal and/or professional requirements.

204. The degree of autonomy of public corporations is delineated by the controls to which they are subjected:

- As already stated, Autonomous Public Corporations have their own resources, but their budgets, investment plans and projects must be approved in advance by the supervising Ministry and the Treasury.

- Investment plans are co-ordinated through the prior intervention of COMIDE. (See paras. 39-55)
- Their purchasing flexibility is also limited because each Corporation is subject to the same legal regulations that govern purchasing activities in the public administration branches.
- Finally, Autonomous Public Corporations are subject to the same auditing system as governs the departments of the government.

205. In addition to the above, the accounts of Autonomous Public Corporations are submitted to a special auditing procedure carried out by an auditor of the Ministry of Economy. The purpose of this last form of control is to ensure that the economic policy of the Government is duly followed in the plans, projects and budgets of the Corporations.

206. In addition to the Autonomous Public Corporations, there is a group of four public enterprises organized as stock corporations.

207. In these enterprises the Federal Government has partial or total ownership of the stock. The internal organization of these Corporations is similar to that of private enterprises, comprising a Board of Directors, a President (who serves as Chairman of the Board), an Executive Committee and an Executive Vice President.

208. These enterprises are directed and controlled through the regular mechanism of the Assembly of Stockholders, which in this case consists of delegates of the Ministries that own the stocks.

209. The objectives and activities of Autonomous Public Corporations are co-ordinated within the framework of the National Development Plan through prior submission to, and approval of specific investment plans by, COMIDE.

210. There are no 'pilot or demonstration plants' within the Autonomous Public Corporations.

211. Autonomous Public Corporations as well as autonomous branches of the administration were, in the great majority of cases, founded as promotional industrial or service enterprises to carry out certain activities which were not or could not be accomplished by private efforts.

212. Typical examples of this include the oil, coal and raw steel industries, overseas airlines, the merchant fleet, airplane manufacturing and the major shipbuilding concerns.

### VIII. TECHNICAL EDUCATION AND TRAINING

213. Technical education and training in Argentina is carried out by the Federal Government, the provinces, the municipalities and private institutions.

214. The main Federal activity in this area is carried out by an autonomous agency--The National Council for Technical Education (CONET).

215. This agency deals with all types of formal technical education, professional schools and training courses.

216. Its main functions are: to direct, organize and administer technical education, promote the technical and professional training of pupils and the integral education of the youth.

217. Within these broad objectives the law provides for the following specific activities:

- to plan all the technical education activities within the framework of the general education system;
- to adapt the plans of technical education to the varied regional needs and characteristics;
- to promote and utilize the co-operation and aid of international organizations and private industry;
- to promote the training of teachers and professors for technical education.

218. CONET is dependent on the Ministry of Education. It is ruled by a President appointed by the President of the Republic and a seven-member Board. Three of the members are technical professors, three are representatives of private enterprises and one represents the confederation of labour unions.

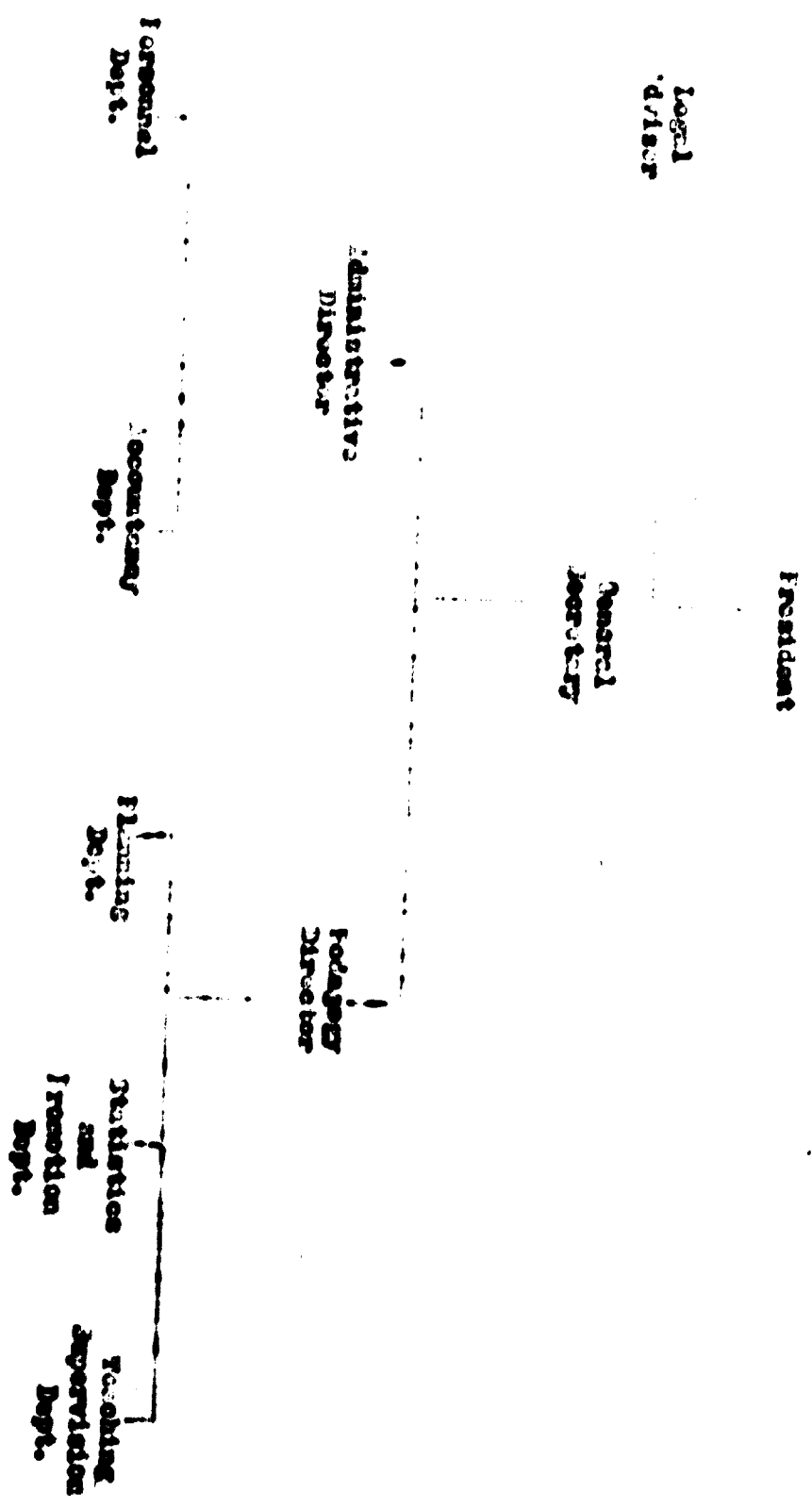
219. CONET is an autonomous branch of the public administration (see Part VII), has its own resources and operates under the general policies of the Ministry of Education.

220. The internal organization of CONET is shown in Chart 7. The Pedagogy Director carries out specific tasks in the field of training and teaching through the Teaching Supervision Department. The Planning and Statistics Departments are staff departments.

NATIONAL COUNCIL FOR AERIAL SURVEILLANCE (CONRAD)

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FIGURE 1



221. The Teaching Supervision Department supervises, controls and evaluates the schools and courses: i.e. the Technical Schools, the Women's Education Courses, Rural Schools, Monotechnic Missions, etc. The Planning Department prepares the programmes, certifies the degrees and titles and their equivalents, plans for equipment needed and the construction and repair of buildings.

222. The Statistics and Promotion Department surveys the needs in the domain of technical education through surveys, interviews, etc., proposes the creation of new courses and schools and maintains relations with foreign institutions. Besides, it is in charge of a psychotechnic laboratory and of adult courses, the latter in cooperation with professional and union organizations.

223. The activities of COTET are carried out in different areas:

- a) Technical education of young men and women (between 13 and 19 years of age);
- b) Education of adults through special courses;
- c) Special courses in low-population regions by temporary schools (Missions);
- d) Post graduate education for graduates of other courses;
- e) Training of technical professors and teachers.

224. These educational activities are conducted in different types of schools:

- Basic cycle and superior cycle technical schools for the training of qualified workers and technicians.
- Factory schools for young people working as trainees in industry (basic cycle), afterwards a higher cycle to qualify them as Trade Masters.
- Workers training schools for young workers with only an elementary education.
- Monotechnic Missions, temporary schools (two years) located in low-population areas for trade education.
- Superior Schools for the training of professors and technical teachers.
- Special training courses for adults (usually night courses) either normal or intensive.

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225. All the courses are co-ordinated among the various schools and with the other general courses given in the non-technical branches of the public education system.
226. Apart from the aforementioned schools and courses, there are in the COMET system the private factory schools which are organized and maintained by the factories.
227. In these cases COMET exercises supervision over the teaching activities, fixes or approves the schools' programmes and controls their administrations and certifies the diplomas.
228. In all, COMET as of 1961 ran 421 schools and some 10 private factory-schools.
229. As the general coordinating and supervisory body, COMET also supervises and controls the 40 private technical schools as part of its educational system.
230. Besides the COMET and the private schools, the Provinces and Municipalities (as well as the Universities) together run some 462 technical schools.
231. The total number of pupils in COMET schools in 1960 was about 99,350 (or 2.99% of the total school population of all levels); provincial and municipal technical schools accounted for a further 59,151 pupils.
232. COMET resources are obtained from the following sources: a) a "training tax" payable by every employer and amounting to 1% of the wage bill and b) direct Treasury contributions. In 1964 the "training tax" amounted to 11% of COMET's budget.
233. Any industrial firm wishing to establish its own private factory-school and to incorporate it into the COMET system (e.g. into COMET programmes and supervision) may utilize its levy of the "training tax" to support the school.

#### Co-ordination

234. COMET has recently established regional Boards which adapt its policies and programmes to local needs. The individual schools adjust their programmes to meet the recommendations of the Board.

235. C.M.T. very recently began the formal co-ordination of their plans with the plans and policies of the National Development Plan. This is carried out by a liaison officer.

236. The National Plan foresees an increase in the active population of 18.3% between 1960 and 1969, but has not specified in detail the needs for qualified personnel. ECLA on the other hand has figured the needs for qualified personnel (technicians and qualified workers) for the period 1956/57. (See reference 1).



## IX. ADVISORY EXTENSION SERVICES.

237. Technical assistance and advisory extension services to industry as an activity covering the technical, economic and financial fields are scarcely rendered by official agencies in Argentina.

238. Among the agencies that render such advice or any of the other services mentioned are:

- (a) CFI (see Part III) which renders advice at the governmental level to the provinces;
- (b) INTI (see Part IV) through its regional centres;
- (c) BIRA (see Part V) through its recently created Technical Assistance Department, and
- (d) CPA (Argentine Productivity Centre) mainly to small enterprises.

### Argentine Productivity Centre

239. The Argentine Productivity Centre was established as a joint venture through the co-operative sponsorship of the Secretary of Industry, the Industrial Bank (BIRA), the National Institute of Industrial Technology (INTI) and APRO (Argentine Productivity Association), a private Association.

240. They were assisted, technically and financially, in its creation by the United Nations Special Fund.

241. CPA is ruled by an Executive Committee consisting of two representatives of the Secretary of Industry, two of BIRA, four of INTI and two of APRO.

242. The Executive Committee appoints the Director who executes the programmes of the CPA through eleven Area Directors (see Chart 8). He is assisted by an administrative section.

243. The Special Fund and the International Labour Organisation assist CPA through Expert Missions. The experts, together with their Argentine counterparts, work in each of the areas covered by CPA.

244. The main activities of the CPA are in the fields of training, research and technical advice. As a technical institution, it directs its efforts towards the training of executives, supervisors at all levels as well as union members. Areas covered in this training include marketing, finance and production.

245. One of its research activities is the measurement of productivity in the cotton industry and publication of its findings.

**INTERNATIONAL PRODUCTIVITY CENTER (IPC)**

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**GROUP 8**

Secretary of Industry

ITPI

IBPA

AIPO

(Industrial Bank  
of the Argentine  
Republic)

(Argentine Productivity  
Association)

IPC

**Executive Committee**

**International Expert  
Mission**

**Director**

**Administration**

**Areas:**

1. Executive development
2. Training courses
3. Union leaders training

4. Personnel administration
5. Industrial organization
6. Materials and financial control
7. Production management
8. Marketing
9. Quantitative techniques
10. Productivity measurement
11. Technical assistance to  
small enterprises

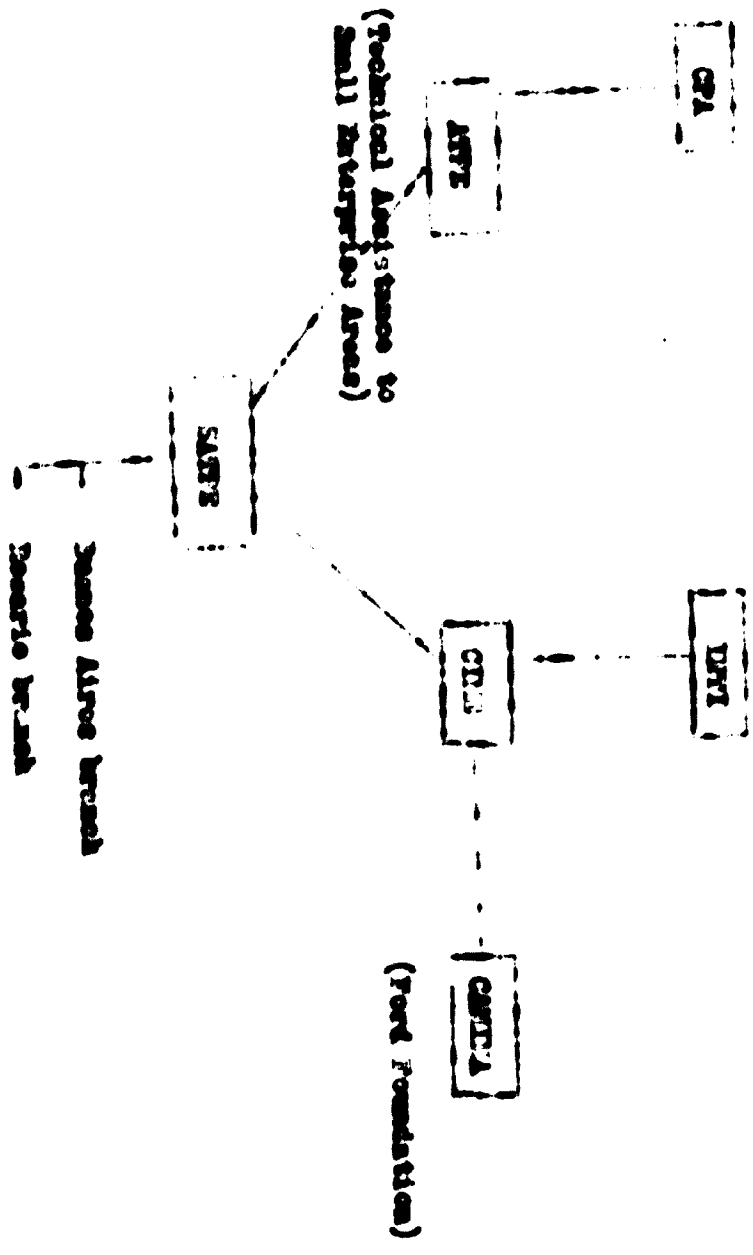
Technical assistance to small enterprises.

246. The CPA has set up a special mechanism for rendering technical assistance to small enterprises (which account for 90% of all production units in the country). This is carried out through SATPE (Small Enterprises Technical Assistance Society), a joint venture between the CPA and CIME (Centre for Stamped Metals—one of the research centres of INTI; see Part IV).
247. CIME obtains funds for this project from the Ford Foundation. At present SATPE has a staff of six local engineers; it also has one branch outside Buenos Aires.
248. The advisory work of SATPE consists mainly of free general diagnoses of the problems of small firms. Following that, it recommends the use of adequate techniques or, as appropriate, the utilization of outside consultants or technicians to remedy faulty situations.
249. The CPA maintains a register of local management consultants whose services are available on request. SATPE itself will serve as consultants to small businesses which lack the means to secure private consultant assistance.

**SOCIETY FOR TECHNICAL ASSISTANCE TO SMALL ENTERPRISES (SATE)**

-2-

**GROUP 2**



## X. REGULATION OF INDUSTRIAL ACTIVITY

### Legal status.

290. Industrial enterprises can be organized in one of the various classical forms such as: simple partnerships, limited liability companies, stock corporations, etc. The latter categories require, as a rule, to be registered with a public office and they must fulfill certain legal and statutory requirements before they can be authorized to operate. No other special requirements exist.

### Location.

251. Location regulations do exist. Zonification is carried out in nearly every city and district e.g. certain areas are reserved for residential housing only and are not available for the location of certain types of industries. There are also industrial zones.

252. In addition to this normal location restriction, much of the industrial promotional legislation (see Part VI) and many of the financial incentives are designed to encourage the location of industries in certain zones which it is desired to promote as industrial areas.

253. On the other hand, certain zones are excluded from benefiting from such incentives. This applies in particular to foreign investment. Such an area is the Federal Capital and its surrounding districts which is, of course, heavily populated (7,000,000 inhabitants) and is also already heavily industrialized.

254. It can be said from the foregoing, therefore, that there is a locational policy as well as regulations closely related to promotional procedures.

### Licensing.

255. Licensing, as a locational device, does not normally exceed the boundaries of the immediate municipality except when the applying firm requests admission into a promotional plan, either national or provincial.

### Importation of capital goods.

256. The importation of capital goods is normally subject to customs duties which vary from 50% to approximately 300% of CIF and which take into account whether or not the equipment concerned could be obtained from domestic sources.



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ORGANIZATION AND ADMINISTRATION OF INDUSTRIAL  
SERVICES IN ARGENTINA

Introduction

1. The present report is one in a series of 25 country studies in Africa, Asia and the Far East, the Middle East, Latin America and the Caribbean area, which attempt to identify those public and semi-public institutions important to the organization and administration of industrial development. The report is not a study of the substantive aspects of the economy of Argentina, but rather a review of the institutional framework for industrial development.

2. This series of country studies was endorsed by the Committee for Industrial Development during its Fifth Session in May 1965.

3. To ensure some measure of uniformity in the presentation of the country reports, the various aspects of the organization and administration of industrial services have been broken down into the following functional categories:

- (a) Industrial Development Policies, Aims and Objectives;
- (b) Planning Agencies;
- (c) Industrial Research and Standardization;
- (d) Financing of Industrial Enterprises;
- (e) Promotion;
- (f) Public Industrial Enterprises;
- (g) Training;
- (h) Advisory Extension Services;
- (i) Regulatory Services.

4. This report has been prepared with the assistance of Mr. Enrique C.J.A. Sabatté, who conducted the study in Argentina in 1966 as a consultant to the Centre for Industrial Development.

## I. REVIEW OF INDUSTRIAL AND ECONOMIC DEVELOPMENT OF ARGENTINA

5. In order to understand the present economic situation in Argentina and the industrial development problems it faces, it seems convenient to outline the main stages of its economic and industrial development.

6. This development may be classified into five well defined periods:

(i) The Colonial Period till 1775

7. During the period beginning with its colonization by Spain in 1535-40 until 1775 the territory of Argentina was very sparsely populated (30,000 in 1775) and its economy could best be described as one of pure subsistence.

8. International trade between the American Colonies and Spain was conducted under strict monopolistic regulations and took place mainly between the authorized Pacific and Caribbean parts and Spain. The River Plate area was out of this flow of trade. Agriculture and cattle raising served only for subsistence purposes.

(ii) The Independence Period till 1810

9. In 1776 the Spanish authorities opened the port of Buenos Aires to the Spanish trade, and in 1795, to foreign trade. In 1810/16 the territory of Argentina became independent of Spain. These facts together with favourable natural conditions for cattle raising led to rapid economic development characterized by the progressive but still primitive industrial processing of raw leather and afterwards of salted beef in the first industrial plants ("saladeros").

10. This production was almost entirely exported. Salted skin exports grew from 20,000 units in 1800 to 25 million units in 1850. Other features of this period were the sustained growth of the population (3 yearly) and the progressive extension and appropriation of virgin lands, through pacific and military expeditions to add new productive areas to the cattle raising activity. The infra-structure was poor or non-existent. The littoral and the port of Buenos Aires grew much faster than the inland areas.

(iii) 1850 - 1930

11. Four new events gave definite shape to this period: the building of the infra-structure, the growth of the wool and frigorific industries, the vast increase in European immigration and the introduction of extensive agriculture. Railways began to run in 1859. By 1930 some



ARGENTINA

PERIOD	TOTAL INVESTMENT (millions)	G.D.P.		G.D.P.	
		Total	Per Capital (US \$)	Exports	Imports
1960	1.2	0.250	203	15.0	15.20
1906/04	4.8	2.0	416	21.1	25.1
1910/14	7.3	3.3	535	22.5	28.7
1925/29	12.4	5.5	532	23.8	24.8
1955	19.1	13.7	718	6.8	7.5
1960	20.6	17.2	835	7.25	6.3
1963	22.0	17.61	800	5.5	7.75

Total G.D.P. in thousand-millions of dollars (1960) (rounded figures)

Sources: TECINIA. Boletín Informativo. Serie Referencia 3

Sources: CEPAL. "El desarrollo económico de la Argentina". N. Unidas. 1959  
E/CN.12/429

42,000 m. of railway lines were already installed. The first frozen meat cargo was exported to Europe in 1870 and between 1880 and 1913 there was a net entry of 3,000,000 immigrants. (See Table 1).

12. The principal feature of this period was the exportation of primary products, namely: grains, wool and meat. This activity constituted the basic dynamic element of the economic process. Exports accounted for 70% of local production and for up to 30% of the GNP. Consumer goods, intermediate products and capital goods were imported. The Gross National Product (GNP) grew from US \$2,000 million in 1900 to US \$4,000 million in 1914, at a per capita rate of growth of 1.2% per annum.

13. Between 1860 and 1913 the foreign investment in infrastructure and land reached US \$ 10,000 million which was equivalent to 0.5% of world investment and 33% of foreign investment in Latin America.

Local industries grew as a subsidiary activity of raw materials exportation. These included the frigorific industry, wool cleaning, wheat milling and repair shop operations.

14. During the first world war, the consumer goods industry, in particular food and beverages, textiles, and the metalworking industries, received a strong impetus. Cultivation and processing of sugar cane, wine, cotton and fruits also emerged as regional activities during this period and developed at a very fast pace.

15. In 1914 consumer goods represented 40% of total imports and 15.7% of total consumption.

(iv) 1930-1950

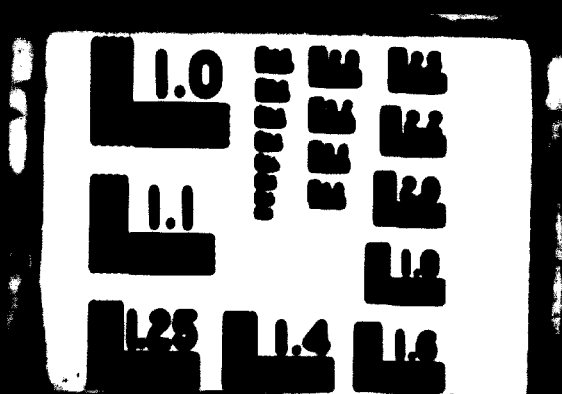
16. The great depression affected profoundly the Argentine economy which until 1929 was mainly based on the international sale of primary products. The import capacity in 1929 was reduced by about half due to the decline of world demand and the corresponding drop in world prices.

17. Foreign exchange control and substantial import duties were subsequently imposed followed by a programme of import substitution. This process was accelerated by the Second World War.

18. The period can be described as one of continuous import substitution and of very reduced foreign investment. Domestic saving and investment replaced foreign investment to a large extent. By the end of the period

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Raw materials supply and control.

257. There is at present no control or rationing of raw materials. Imported raw materials are, however, subject to duties ranging from 0% to approximately 30%.

Foreign investments.

258. Foreign investments are regulated through the effects of a special law which provides a number of incentive benefits (see Part VI) including exemption from taxes and from certain customs duties.

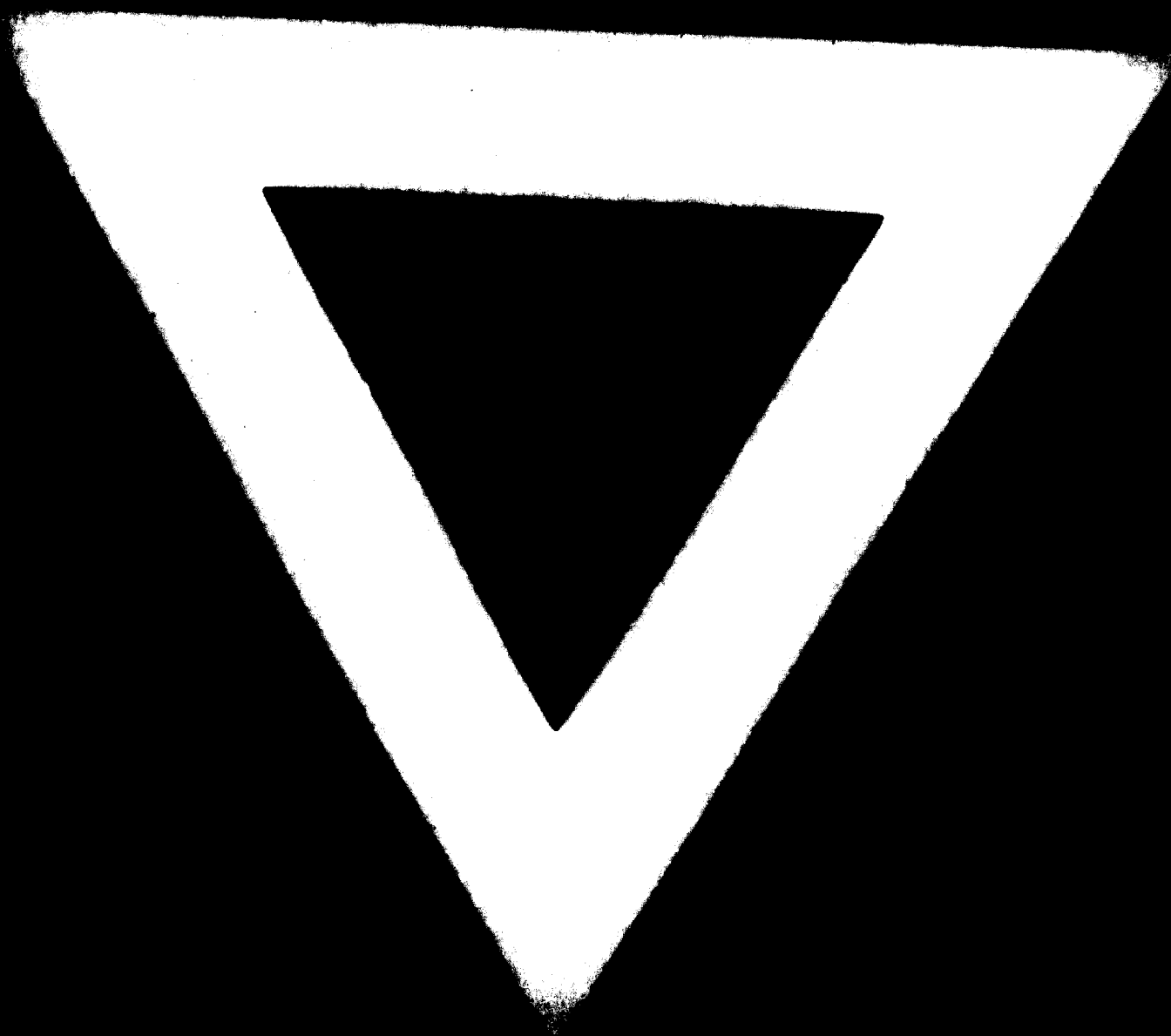
259. Foreign-owned enterprises are treated on an equal basis with local ones except that the procedures for their control are somewhat different, being designed to ensure their compliance with the requirements of the promotional agency concerned.

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