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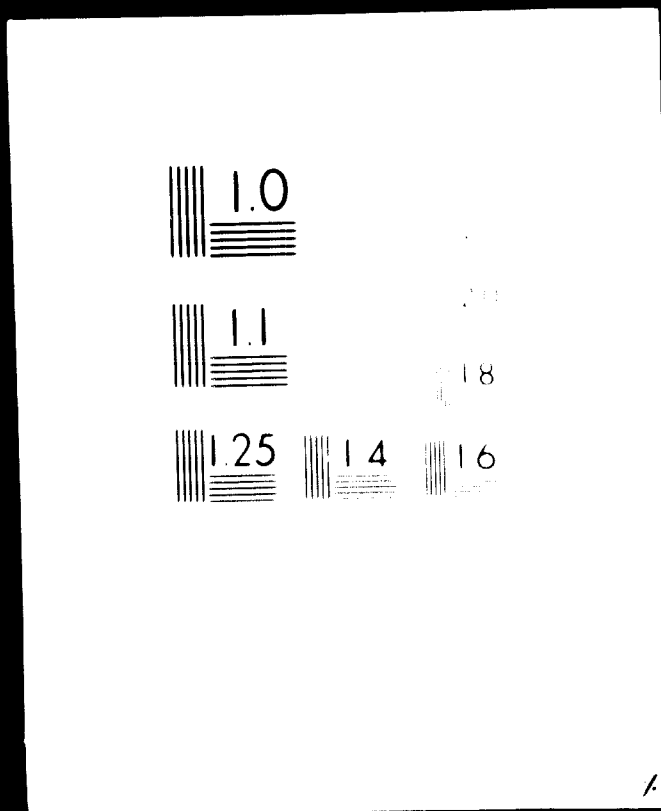
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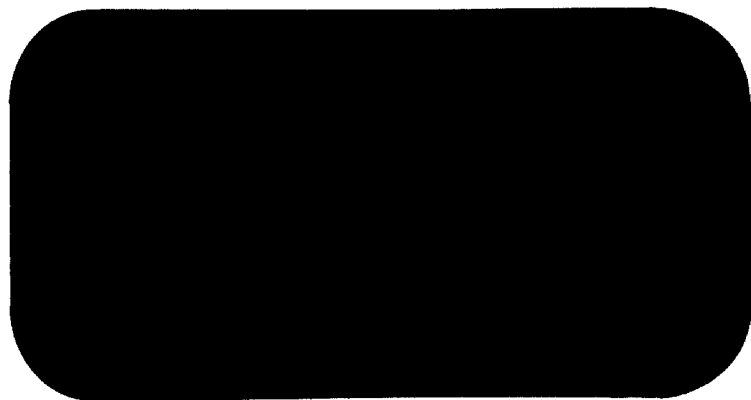
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Venezuela. PROJECT SUMMARIES.

OF

UNIDO REPORT

UNDER CONTRACT No. 71/37

Haifa, December 1971

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**SUMMARY LIST OF PROPOSED PROJECTS**  
**FOR VENEZUELA**

**1. INTRODUCTION**

The projects' summaries presented in this booklet represent the culmination of a UNIDO Study (Contract No. 71/37) prepared in Venezuela during the second half of 1971 by a team of I.D.C.'s Industrial experts.

In order to facilitate the implementation of the recommended projects, the summaries are divided into three categories, as follows:-

**(1) Industrial Enterprises**

These projects are of interest to government and private investors and should yield profits upon proper implementation. The proposed feasibility studies are aimed at ascertaining the optimal mode of implementation to ensure early positive results and the efficient utilization of Venezuela's natural resources to obtain the highest possible local added value in view of world market conditions.

**(2) Public Infrastructure**

The recommended projects in this category have been judged to be of vital interest in the development of a suitable infrastructure for the development of exports from Venezuela. In all cases, the proposed organizations are not new.



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Implementation will involve, in each case, the consolidation of present organizations which are actually working independently without the required coordination and centralized executive authority necessary for obtaining the required performance level.

(3) Public Institutions

The institutions discussed in this category are mostly new, both in terms of structure and function. In other words, though a need obviously exists, practically no public or private enterprise is active in this area.

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## 2. INDUSTRIAL ENTERPRISES

### 2.1. Tropical Wood

#### Products:-

Initially, the proposed enterprise will manufacture high quality plywood, veneer and parquets.

#### Raw Material:-

High quality tropical hardwood, often unique and always of high decorative value. Unless coupled with the production of pulp, obtaining such wood will require selective logging.

#### Area:-

Following a careful analysis of available data from previous F.A.O. surveys and field visits by I.D.C.'s experts, the first enterprise should be located somewhere in the Guayana region. In the long-run, similar operations may be established in the Los Andes region.

#### Object:-

The proposed market test is designed to verify the market acceptance, volume and prices of the enumerated products, as well as additional products based on the same raw material. The size, layout and marketing structure of the proposed firm will be decided in accordance with the results of the market tests.

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## 2.2. Diamond Polishing & Jewellery Making

### Products:-

Polished industrial and decorative diamonds; Jewellery composed of precious metals with precious and semi-precious stones.

### Raw Materials:-

Precious and semi-precious stones from Venezuela; precious metals from commercial sources.

### Area:-

The project should be implemented in Ciudad Bolivar, Estado Bolivar, in proximity to the diamond and semi-precious stones sources.

### Object:-

The proposed project is intended to develop a labour intensive skilled industry, oriented towards the export and tourist markets. This goal is to be obtained in the parallel development of a diamond polishing and jewellery making school which will serve as a nucleus for the development of numerous private indigenous enterprises in this area.



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### 3. PUBLIC INFRASTRUCTURE

#### 3.1. National Ports Authority

Present conditions in the maritime ports and international airports of Venezuela present a significant barrier to the movement of goods in international trade. The development of exports will be hampered and even crippled if corrective measures are not taken at the earliest to facilitate the outbound movement of goods from Venezuela. In view of the prevailing competitive conditions in international markets, Venezuelan exports cannot be realistically expected to shoulder the added burden of struggling to export through the inadequate facilities, both in terms of physical facilities and structures which characterize present conditions of Venezuela's maritime and air cargo terminals. For details regarding the inadequacy of existing conditions, see the UNIDO Study, Contract No. 71/37, Volume 1, Chapters 2.1., 3.1., 4.1.3., 4.2.7. and 4.4.2.

#### Object:-

The proposed study by a team of experts is aimed at the preparation of a comprehensive and detailed master plan for the reorganization of the ports administration under one professional national executive authority. This study will, in addition, detail the required modernization of the ports facilities and structures, and will provide all the necessary budgetary estimates as well as possible financing schemes.

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### 3.2. Customs Authority

As detailed in the UNIDO Study under Contract No. 71/37, Volume I, Chapters 2.1., 3.1., 4.1.4., 4.2.8. and 4.4.3., current efforts at the modernization of Venezuela's customs office are inadequate, both in terms of scope and speed of implementation.

Efficient implementation of the necessary reforms will require a team of outside experts which should be experienced in the various aspects of modern customs operations, including:

- International Classification Codes
- International Customs Law
- Electronic Data Processing
- Management Consultant

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### 3.3. Post Office Corporation

As detailed in the UNIDO Study under Contract No. 71/37, Volume I, Chapters 2.1., 3.1., 4.1.5., 4.2.9. and 4.4.4., the present structure and facilities of the National Post Office in Venezuela are inadequate and hamper development of export activities.

A reform aimed at the establishment of a modern Post Office Corporation is indicated. The proposed study will examine the feasibility of a Post Office Corporation in the Venezuelan context and provide a detailed master plan for upgrading postal services in Venezuela.

The study will include detailed training schedules for the professional specialization of postal and communication engineers and administrators in Venezuela and abroad.



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### 3.4. National Office of Statistics

The lack of a National Office of Statistics in Venezuela, coupled with the multiplicity of statistic gathering activities by various ministries, creates a current situation which is characterized by a chronic scarcity of reliable consistent data on Venezuela's performance in social, economic and other spheres, as well as a waste of funds for official data gathering and analysis efforts. For details see UNIDO Study under Contract No. 71/37, Volume 1, Chapters 2.1., 3.1., 4.1.2., 4.2.14 and 4.4.1.

#### Object:-

The proposed plan is aimed at facilitating the establishment of a single national office of statistics at a level of the Presidency of the Republic. This will alliminate duplication of efforts, waste of official resources and the availability of reliable consistent data about Venezuela's economic, social and cultural performance.

Great care should be taken of devising a plan which will permit the development of a professional team to lead such a national office of statistics and the eventual elimination of similar official efforts at the various ministry levels.

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**3.5. Standards & Quality Control Institute**

Current official efforts in the field of standards definition and control have been found lacking in many vital areas relevant to the development of exports from Venezuela. (For details see UNIDO Study under Contract No. 71/37, Volume 1, Chapters 2.1., 3.1., 4.1.6., 4.2.6. and 4.4.5.).

**Object:-**

A plan is required to determine the most efficient allocation of available resources so as to assure a faster development of a comprehensive standard code for every industrial category. In addition, procedures are necessary for the establishment of a mechanism which will provide quality control for all items exported from Venezuela.

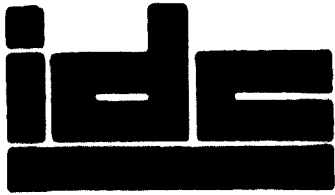
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### 3.6. Instituto de Comercio Exterior

The efficient implementation of the UNIDO Study recommendations required some changes in the government's tools, methods and procedures aimed at encouraging exports. (For details see the above mentioned Study under UNIDO Contract No. 71/37, Volume I, Chapters 2.1., 3.1., 4.1.7., 4.1.12., 4.2.3., 4.2.4., 4.2.16, 4.4.6., 4.5.2. and 4.6.4.).

A proper implementation will result in the expanded functions and responsibilities for a restructured Instituto de Comercio Exterior (I.C.E.).

#### Mode of Operation:-

It is recommended that such a reform and implementation efforts will benefit from the presence of one outside suitable expert to be stationed for an initial period of two years in the office of the President of the Instituto de Comercio Exterior.

Recognizing the limited executive authority vested in the I.C.E., it is further recommended to station, for a similar period of time, an outside expert promoting expert in the office of the Director General of the Ministerio de Fomento. This person will provide the efforts of the I.C.E. with the necessary executive power-backing.



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#### 4. PUBLIC INSTITUTIONS

##### 4.1. Industrial Product Design Training Center

Export competition in the international market usually includes one or more of the following forms: prices, quality and design.

While efforts are made and planned for the improvement of the competitive capacity of Venezuelan exports in the first two categories, practically nothing is being done to improve the design levels of Venezuelan products.

Efforts in this direction may not rely on one-shot efforts or outside assistance. The only viable efforts on this front must be based upon the development of indigenous design talent.

##### Object:-

The establishment of a product design training center is recommended. The Center will train high school graduates in a four year course which will be divided, during the last two years, into the following industrial categories:-

- wood products
- metal products
- glass and ceramics
- arts and crafts
- packaging and graphic communication

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#### 4.2. Fashion Design & Technology Institute

The proposed institute will be similar to the Product Design Institute mentioned above. The areas of specialization will include:-

- fabric manufacturing, technology and design
- ladieswear fashion design
- menswear fashion design
- leatherwear fashion design
- footwear design and technology
- leather products design
- garment export marketing
- textile production management

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#### 4.3. Forest Products Institute, Marida

For the last ten years the Ministerio de Agricultura y Cria has been maintaining a first rate research and development Center for forest products in Marida. However, the Institute has failed thus far to benefit the economic development of Venezuela's wood-working industry.

It is obvious that the Institute could be a powerful tool for developing the industry, both in terms of technology and better utilization of the country's natural resources for the economic benefit of all concerned.

#### Object:-

A reform is necessary in the concept and structure of the Institute which will result in close cooperation with the wood-working industry.

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**4.4. Metal & Non-Ferrous Minerals**  
**Industrial Research & Development Center**

Venezuela's young industrial structure is not yet capable of shouldering the vital burden of industrial research and development. All the same, such efforts are of importance in the development of the industry's competitive capacity at home and abroad.

**Object:-**

The activities of such a Center, which should be sponsored by the Government and the industry, will benefit the industry mainly in the following areas:-

- Adaptation of foreign products and processes to tropical conditions, thus providing an important advantage in marketing to other tropical countries.
  
- Development of exportable items based on locally available raw material. This area is of great potential importance in view of the country's abundant natural resources and the lack of any significant activity in this area.



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- Pilot scale production for export market testing.  
This is of importance in determining the economic feasibility of new projects and will minimize investment in new production facilities for untried export items.
- Technological trouble-shooting and assistance to the industry in solving its technical problems.
- Technological updating of senior industrial manpower.
- Survey and definition of use potential for the country's natural resources.

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**4.5. Pharmaceuticals, Insecticides, Pesticides & Herbicides**

**Industrial Research & Development Center**

The proposed Center is essentially similar in conception, objectives and modes of operation with the above mentioned Metals and Non-Ferrous Institute.

**4.6. Non-Metallic Inorganic Raw Materials**

**Industrial Research & Development Center**

Although the Ministerio de Minas e Hidrocarburos has recently recognized the need to survey Venezuela's natural resources in raw materials for ceramics, glass, silicates, kaoline, etc., no effort is presently planned in the crucial area of defining the industrial and commercial potential of known and new resources.

In concept, the proposed Center will fulfil similar functions to those of the above mentioned two Centers.



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## 5. EXPORT EVALUATION - SECTORIAL ANALYSIS

It is recommended to conduct at the earliest, together with staff of the Instituto de Comercio Exterior, further sectorial analysis studies similar to the I.D.C. Report (under UNIDO Contract No. 71/37).

The areas presently to be investigated include:-

- Alcoholic Beverages
- Arts and Crafts - Diamonds and Jewellery
- Non-Ferrous Minerals
- Petrochemicals
- Basic Chemicals
- Electrical Products



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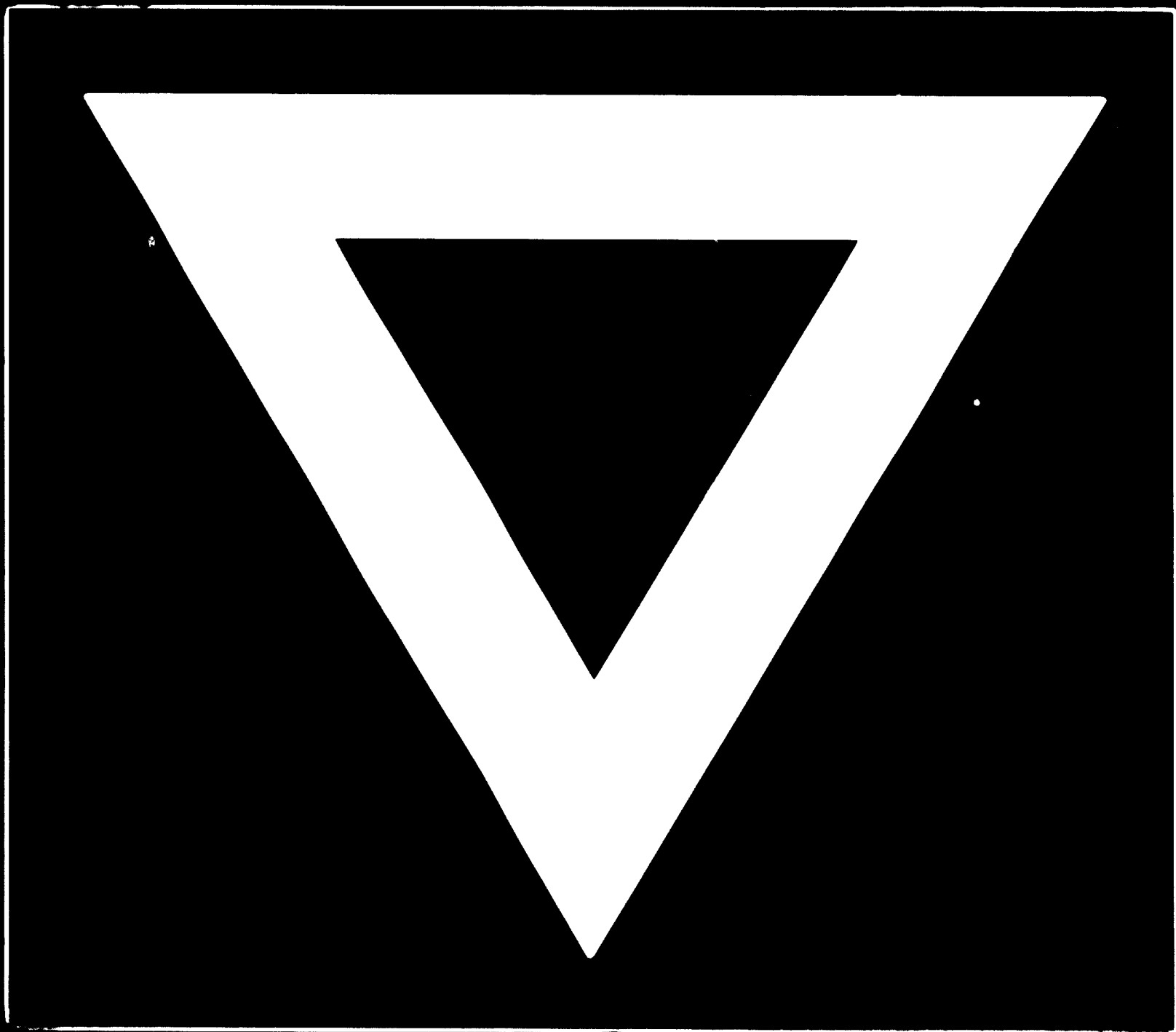
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