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**INDUSTRIAL DEVELOPMENT STRATEGY AND POLICIES:
THE EXPERIENCE OF HONDURAS, 1950-1972^{1/}**

by

J. Leonardo Godoy C.^{*/}

^{*/} Mr. J. Leonardo Godoy C. is Head of Dinamica Godoy, Honduras.

^{1/} The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO.

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I. PRECONDITIONS FOR INDUSTRIALIZATION

A. The market

During the 1950s the domestic market was not large enough to support the establishment of many industries. It was over fragmented by lack of communications, consumers were rather narrow in their habits and the level of income among a large part of the population was low. The result was little demand for manufactured goods, virtually all of which were imported.

Nevertheless, there is now - in 1973 - a higher degree of integration between the country's various communities, and more satisfactory income levels and consumption patterns have been achieved, generating increased demand. This encourages the establishment of new industries to produce substitutes for the manufactured products which are a major import item.

While there is no doubt that the limited nature of the domestic market has inhibited industrial investment, Honduras does enjoy a very favourable geographical situation vis-à-vis the other countries of Central America, and can thus hope to see the establishment of industrial enterprises backed by foreign, domestic or mixed capital.

The industries recently established have encountered difficulties because of the small domestic market. Most serious among these problems are the following:

- (1) Idle installed capacity;
- (2) Low manpower utilization;
- (3) Stockpiling of finished products;
- (4) Low return on capital.

B. Transport

Before 1950 the transport and communication infrastructure was inadequate because of the insufficiency of all-weather roads and the almost total lack of asphalted highways, which, together with the limited number of transport vehicles, made it almost impossible for persons and products to reach the centres where goods were sold. This situation had the effect of restricting the country's industrial development.

Throughout the 1950s, moreover, there was a low rate of public investment, particularly in highways and access roads, which continued to represent an obstacle during this period to the establishment of new industries or the expansion of existing ones.

During the period from 1960 to 1968, public investment in highways and bridges showed only a moderate growth rate, which was not enough to provide a quick solution to the road transport problem. The two years 1969 and 1970 saw higher levels of investment in these areas, in recognition of their great importance.

Nevertheless, at the present time the unsatisfactory state of the infrastructure has been partially overcome, and the country now has a greater network of all-weather, asphalted highways, access roads, ports, airports, etc., so that the movement of traffic is easier. This has made possible a more efficient freight and passenger service from the various production centres to the markets, in addition to creating the preconditions for the establishment of new processing industries by enabling them to link their enterprises to a better system of distribution and supply.

C. Power and water

The inadequate supply of electric power and water was a limiting factor in the creation of new industrial undertakings during the 1950s. During the sixties there were improvements in the generation of electric power, and construction was completed on the first stage of the Yojoa-Rio Lindo hydro-electric project^{1/}, which was able to satisfy a major portion of the domestic demand and especially the heavy power requirements of industry. Nevertheless, since the tariffs are not yet sufficiently attractive and, since, in addition, there are no distribution networks to cover the areas of raw material production scattered throughout the country, there has not been any great incentive for the creation of new industrial enterprises.

It may be said, however, that since the Yojoa-Rio Lindo project came into being in 1963, the availability of electric power is no longer regarded as a limitation on the establishment of new enterprises in the already existing industrial areas.

Initially it was estimated that almost 25 per cent of industrial enterprises relied on their own sources of electric power; however, at the present time virtually all of them are connected to the Yojoa-Rio Lindo system.

1/ Memorias de la Empresa Nacional de Energía Eléctrica.

D. Industrial sites

Honduran industry is unevenly distributed in particular regions of the country, the reason being that some regions offer easier access to resources, such as manpower, raw materials, power, capital, transport facilities and the like. This fact becomes obvious when one analyses the distribution of industrial production and finds that practically all of it is concentrated in the provinces of Cortés, Atlántida and Francisco Morazán, which together accounted for 88.8 per cent of factory production in 1966^{2/}.

Industrial estates

Although there are no industrial estates in the country, land has been set aside in Tegucigalpa and in San Pedro Sula and La Ceiba for this purpose, the hope being that it will be possible to establish the estates in the not very distant future.

E. Local raw materials

It is estimated that during the 1950s half of the raw material used by the industries established was of domestic origin, with the remainder imported from abroad.

A move towards the diversification of the country's production was begun during the sixties, calling for increased quantities of inputs, both domestic and foreign. Major sources of raw materials, too numerous to mention, were developed in the agricultural and mining sectors.

Raw materials and other supplies have always been imported without any restrictions whatever, and, subject to a specific agreement in each case, the Industrial Development Law grants exemptions from customs duties to enterprises falling within its terms.

Apart from the normal ups and downs of the international market, foreign supplies have always been reliable, and at no time have restrictions been imposed on imports of raw materials.

F. Human skills

During the fifties there were shortages in virtually all categories of skills, a fact which had an inhibiting effect on the expansion of existing industries and the establishment of new enterprises. From 1960 onwards, the shortage of skilled personnel - at least in some branches - began to be overcome, with the appearance of

^{2/} Data obtained from the Industrial Census.

a larger number of secondary schools, a substantial increase in the number of places at universities and semi-official vocational institutes, and the creation of the Industrial Technical Co-operative Centre and other trade schools.

Nevertheless, even now industry is faced with a serious shortage of qualified staff because the training and study programmes have been unable to keep pace with the growth rate in this sector. It is hoped that with the contribution of the recently created National Institute of Vocational Training (INFOP), it will be possible to surmount these difficulties in a reasonable period of time.

G. Available financing

During the fifties, the conditions for the long-term financing of new industrial enterprises were very unfavourable, since the commercial banks regarded such undertakings as high-risk ventures and the recently founded National Development Bank limited its financial assistance to agricultural development projects. The importation of machinery and equipment has never been under government control.

At the present time, however, no problems are believed to exist with respect to financing for viable industrial projects, adequate funds being available both through the national banking system and through international agencies such as the Central American Bank for Economic Integration. It would be very useful to review the legislation of the financial institutions with a view to streamlining their operations - for example, by reducing guarantee rates.

H. Entrepreneurial initiative

At the beginning of the fifties most of the large-scale industrial enterprises operating in the country were firms founded and financed by foreign businessmen. The remainder of the companies had been started by Honduran citizens and were financed either from their founders' savings or through commercial bank loans, whenever they could secure them.

From the sixties onwards, there has been a widening circle of businessmen engaged in the promotion of industrial enterprises, using profits made in the commercial sector and also calling upon the internal and external sources of finance now available. Despite this expansion in the number of businessmen, it is felt that this group or groups should be opened up to potential entrepreneurs who are not able to set up

businesses, or only very slowly, because they lack access to the sources of financing available to those who are already established members of the group. Measures should be devised to make this transition possible.

During the sixties and thereafter, the country attracted foreign investors interested in the bigger market offered by the 14 million inhabitants of the Central American Economic Union (Mercomun), to say nothing of the incentives provided by the favourable geographic location of our country.

II. INDUSTRIALIZATION ACHIEVEMENTS IN THE PERIOD 1950-1972

A. A brief review

In 1950 there were very few industrial enterprises of any consequence. Among those that did exist, mention might be made of a sugar mill, ready-to-wear clothing factories, breweries, a meat packing plant, a cigarette factory and a few distilleries.

Between 1950 and 1960, only a few new enterprises of any size were established in Honduras, apart from a certain number producing clothing and textiles, furniture, cement and footwear.

The period 1960-1965 witnessed the establishment of the greatest number of major enterprises in the country. The following stand out as having given a decisive impetus to the industrial sector: meat packing plants, dairy product enterprises, plastics factories, chemical plants, metalworks and cement mills.

From 1965 to 1970 fewer major industrial firms were founded than during the previous five-year period. Of greatest importance in terms of production capacity was the establishment of the country's largest sugar mill, a knitted fabrics mill, an edible oil plant and a petroleum refinery.

No large-scale industry was established during the period from 1970 to 1972, although there are quite a few projects which, given the impetus expected from the country's bilateral agreements, will be carried out in the near future. The country is also hopeful about major industrial projects such as a paper and pulp mill and the Agalteca steelworks, which are feasible and look very much towards foreign markets.

It is of course necessary that the State should clearly define its position vis-à-vis the Central American Common Market and formulate its development strategy for the next five years, with or without the Central American Common Market, in such a way as to give investors complete confidence.

Changes in the pattern of production and destination of goods

(a) The predominant trend during the last 22 years has been the production of consumer goods, with less emphasis on the production of intermediate and capital goods. In 1970, consumer goods represented about 81 per cent of industrial output, intermediate goods some 16.5 per cent, and capital goods only 2.5 per cent^{3/}.

(b) The country's industries have obtained their supplies from domestically produced natural products, especially in the areas of agriculture and mining. There are, however, some enterprises which import a large share of their raw materials, for example, those producing chemicals, plastics, iron parts, skins, petroleum products and the like.

(c) There have been significant changes in the construction and housing industry; between 1950 and the present imports of blinds, metal parts, storage tanks, marble and granite items, and especially cement and paint, have been replaced by domestic products.

(d) In 1950, all industrial production was used to supply the internal market; however, as the country became more highly industrialized, part of this output went to foreign markets, notably Central America and the United States. Domestic production satisfied 56.2 per cent of the domestic demand for manufactured goods in 1960, 54.0 per cent in 1965 and 54.3 per cent in 1970.

(e) Among the industries which have succeeded in establishing satisfactory export operations are meat packing, saw mills, chemicals, ready-to-wear clothing, sugar, cement, vegetable butter and petroleum derivatives. It has been estimated that in 1960 exports of industrial products accounted for 10.6 per cent of the country's total manufactured output, in 1965 13.8 per cent and in 1970 23.3 per cent^{3/}.

(f) New industries have been created and others expanded to meet a major portion of Central American demand and to supply limited exports to the United States and Germany. These industries include such branches as frozen meat, ready-to-wear clothing, cotton fabrics, plastics, chemicals, cut wood, cement, sugar, edible oils and petroleum derivatives^{4/}.

^{3/} Op. cit., p.8.

^{4/} Balanza de Pagos, Banco Central de Honduras.

(g) At the present time, bilateral trade agreements have been signed with Nicaragua and Costa Rica.

B. Statistical indicators of industrial development progress, 1950 to 1970^{5/}

In Honduras the degree of industrialization, i.e. the share of the manufacturing industry in the gross domestic product, has been very modest - 11.0 per cent in 1950, 11.6 per cent in 1960 and 14.0 per cent in 1970 - indicating that the process of industrial development has been slow. Nevertheless, in comparative terms there has been a marked decrease in the share of agriculture in the GDP, from 47.8 per cent in 1950 to 35.3 per cent in 1970, reflecting the expansion of the other sectors, and specifically, trade, services and industry itself.

Before 1950, and up until 1955, industrial activity was mainly of the artisan or cottage type (employing five persons or fewer) and large enterprises were rare, with the exception of the brewery industry, which began in 1915, the tobacco industry dating back to 1928, leather and footwear factories and some small food-processing plants.

During the period 1950-1955 the value added by factory industry increased at an average rate of 6.7 per cent. This rate was achieved during the years marked by a high level of import capacity. Under the stimulating effect of a change in tariffs and the creation of such official bodies as the Central Bank and the National Development Bank, domestic substitutes were developed for imports of consumer items posing no great problems with respect to technological requirements. During these years there was an annual rise in imports of 9.7 per cent, because of the greater external resources available to the country as a result of the good coffee price and the improved market for bananas and other products. As a consequence, unrestricted imports were possible to meet the country's demand for intermediate manufactured goods and capital goods for industry.

During the period 1955-1960 the domestic product from factory industry increased by 8.4 per cent, but this figure was offset by the slower growth of artisan and cottage production, to give an increase of 5.8 per cent for the sector as a whole. The beginning of this period saw a sharp decline in import capacity - starting in 1954 - which was mainly due to climatic factors (floods) and to socio-political considerations,

^{5/} Cuentas Nacionales, Banco Central de Honduras.

such as the banana workers' strike and the change of government. Socio-economic conditions improved towards the end of this period, and laws were enacted to encourage industrial investment.

The application of the Industrial Development Law passed in 1958, took place at almost the same time as the adoption of a series of measures initiating the Programme of Central American Economic Integration. During the period from 1958 to 1960 the countries of Central America entered into the following agreements: Multilateral Treaty on Free Trade and Central American Economic Integration, Agreement on the Régime for Central American Integration Industries, Central American Agreement on Road Traffic, Central American Agreement on Uniform Road Signs and Signals, Protocol to the Central American Agreement on the Equalization of Import Duties and Charges, Treaty on Economic Associations (Honduras, Guatemala and El Salvador), General Treaty on Central American Economic Integration, and the Agreement Establishing the Central American Bank for Economic Integration.

During this same period, factory production overtook artisan and cottage production, with its lower productivity and income return.

From 1960 to 1965 the value added by the factory sector increased by 12.4 per cent as a result of the establishment of new industries and the expansion of those that already existed, taking advantage of the benefits afforded by the Industrial Development Law and the demand of the common market, other export markets and the growing domestic market. The industries involved in this expansion included those producing meat and dairy products, thereby encouraging the development of stock raising. Other areas affected were the manufacture of shirts and underwear, cement and chemicals. Imports registered an average growth of 11.3 per cent as a result of the demand for machinery and equipment, raw materials and consumer durables.

The period 1965-1970 was marked by a sharp expansion in factory production in response to common-market demand. This increase levelled off in 1969 as a consequence of the hostilities between Honduras and El Salvador, the worst effects of the conflict beginning to make themselves felt in 1970. Despite this, however, an average growth of 13.0 per cent in factory production and of 7.7 per cent for the industrial sector as a whole was recorded.

From 1970 to 1972 the picture is one of an annual growth rate of 12.6 per cent in factory production. pointing to partial recovery after the loss of the Central American markets, a loss which limited the rapid expansion of existing industries and the establishment of those already planned, which were designed for a production level that would be competitive within the common market. Nevertheless, by channelling output towards the domestic market, changing product lines and resorting to protective tariff policies, favourable conditions were created for the achievement of these results^{6/}.

Industrial statistics

The figures for the factory sector may be regarded as quite reliable, given the availability of industrial census data for the years 1962, 1966, 1968, 1969 and 1971, industrial surveys for 1950 and 1965 and the regular flow of industrial information from the Directorate General of Statistics and Censuses, covering the most important enterprises for a number of years when no censuses were taken and supplemented by data collected annually by the Supreme Council of Economic Planning and the Department of Economic Studies of the Central Bank. In addition, until 1972 data were furnished monthly to the Central Bank by all the business firms classified under the Industrial Development Law.

Size of enterprises

In Honduras the number of large enterprises - defined as those employing more than a hundred workers - has always been very low; in 1950 there were no more than eight such firms. By 1966 there were 42 enterprises of this size, which, although they were large producers, accounted for only 7.7 per cent of the total number. In that same year the figure for small enterprises - from 5 to 100 employees - stood at 503. No data are available regarding the number of artisan or cottage enterprises, which in Honduras are defined as those employing less than 5 persons.

Employment^{7/}

Employment in the manufacturing industry increased from 30,692 workers in 1950 to 44,010 in 1961 and 72,888 in 1972, representing 7.4, 8.0 and 9.5 per cent of the economically active population for those years. These figures, however, say nothing

^{6/} Memorias e Informes Económicos del Banco Central.
^{7/} Censos y Encuestas Industriales.

of the movement of workers from artisan and cottage industry to the factory sector. This movement becomes clear when one considers that employment in this sector rose from 8,423 in 1950 to 30,907 in 1972, indicating higher productivity and representing an annual growth rate for employment in this sector of 6.1 per cent over the whole period (22 years).

Type of enterprises

With rare exceptions, Honduras has no publicly owned industries or mixed enterprises. The exceptions are projects initiated by the National Development Bank, such as those involving dairy products, concentrated animal feeds and cotton ginning, which were ultimately taken over by private investors, with the result that at this time all the country's industrial enterprises are in private hands.

III. THE STRATEGY OF INDUSTRIALIZATION, 1950-1972^{8/}

The plans prepared by the various administrations since 1950, reveal a gradually evolving desire to promote the industrial development of the country. However, during the fifties this desire was little more than a statement of intention, with no practical action leading to a genuine change in the country's industrial situation, apart from the benefits to be derived from investment in roads, electric power and programmes of social welfare.

Beginning in 1960, investment planning placed greater stress on the need to develop the country's industry. However, it has been possible to achieve only some of the goals set with respect to increased production and industrial investment.

The industrial programme for 1972-1977 lays down the following industrial development strategy for Honduras.

1. Strategy to be followed

- Stimulation of internal demand through an active policy of income redistribution;
- Selection of technology which does not clearly work to the detriment of employment;
- Import substitution;
- Improvement of the output/capital ratio in factory industry;
- Limitation of the concentration of industry in the two major development centres (Tegucigalpa and San Pedro Sula) and the creation of other centres;
- Systematic incorporation of artisan production of useful goods into the factory sector;
- Horizontal and vertical integration of industry.

^{8/} Planes de Desarrollo Económico, Consejo Superior de Planificación Económica.

An active role by the Government is called for:

- (a) To create a better basis for the Central American Common Market, making possible its balanced growth;
- (b) To see to it that, in the area of industrial integration, the liberalization of intraregional trade in manufactured goods is restricted, for a relatively short period, to intermediate and capital goods, with consumer goods left as a reserve of the national markets;
- (c) To ensure that, in the case of those manufactured goods produced in the region either not at all or only in quantities insufficient to satisfy the demand, plans for expansion are prepared in common by the countries of the integrated market, production being assigned in such a way as to make good the deficiencies and achieve balanced growth;
- (d) To encourage, within the integrated system, the development of multinational regional enterprises, based on horizontal integration, and thus implement the guiding principle of integration: balanced participation and the development of product lines which will change the pattern of the region's industrial output.

2. Implementation of the industrial policy

- (a) Identification of natural resources available for industrial processing;
- (b) Preparation of preliminary feasibility studies;
- (c) Modifications to programmes to achieve the proposed growth rates;
- (d) Formulation of annual operating programmes;
- (e) Organizations with a supporting function in the industrialization effort - whether they are centralized, decentralized or autonomous - are to gear their activities to the goals and objectives of the plan, within the framework of the strategy adopted.

Other action designed to contribute to the industrial policy of achieving higher growth rates for the plan period includes the following:

- (a) More vigorous stimulation of those branches whose growth was somewhat sluggish during the period 1960-1970, through policy measures to eliminate obstacles, and through incentives to such branches as tobacco, leather goods, leather footwear, wooden furniture and various consumer items;

(b) Efforts to encourage the transfer of certain activities from the artisan to the factory sector;

(c) Greater integration of factory industry;

(d) The assumption by the industrial sector of greater responsibilities than during the previous decade.

A. Selection of priority industries

(a) In Honduras, industrial policy and the instruments for implementing it constitute a driving force which gives a great deal of impetus to development. In market-economy countries the role of industrial planning is to suggest the way, it being the task of the private sector to realize the goals set by the industrial policy machinery. In large measure, the success or failure of the private sector depends on the strategy adopted and the impact it has on the business community.

In countries like Honduras which are in the early stages of their industrial development, industrial policy is not and cannot be divorced from the country's general economic development policy. On the contrary, the two are interdependent, to an extent determined by the importance attached to industrial development.

The growth of Honduran industry depends very largely on the achievement of increased internal demand for manufactured goods. This means that industrial policy objectives must be geared to the expansion of internal demand - in other words, to the strengthening of the domestic market.

The next factor in order of importance in the industrial development strategy is import substitution. Here there is a need for careful administration, so that the policy of import substitution will be applied to all those manufactured goods for which there are local advantages, whether of scale, resources, manpower or other factors of production. To pursue import substitution merely by means of tax, tariff or other protectionist measures may have the effect of generating marginal industrial growth of an inappropriate kind at high social cost, as has occurred in the case of many of the new enterprises established in Honduras.

(b) Since 1965, development plans have specified the areas in which industrial growth is hoped for during the period in question, usually in the form of general guidelines, and occasionally with references to enterprises for which feasibility studies have already been conducted.

(c) The number of enterprises actually established has always been less than planned, and therefore the growth rate for the gross value of production and value added has also been lower. Industrial enterprises started by private initiative and not included in the Government's plans are of minor importance.

(d) The Supreme Council of Economic Planning and the Technical Secretariat within the Central Bank have carried out studies to determine the benefits and costs to the country to be derived from the implementation or expansion of major industrial projects.

(e) Studies by the Technical Secretariat and the Directorate General of Industry have provided a basis for prior evaluation of the commercial viability of major new industrial projects, their dependence on tariff protection and their potential for achieving lower costs at a later date. In not every instance, however, have these businesses been able to break away from their dependence on tariff exemptions.

B. Implementation of industrial projects

(a) Government policy since 1960 has not indicated possible State participation in major projects such as those in paper and pulp or iron and steel.

(b) Government policy has been expressed in the form of development plans.

(c) The sixties were not a period of frequent changes in industrial policy, and the level of investment was accordingly not affected.

(d) Industrialization in Honduras has received its main impetus from the local private sector and, to a lesser extent, from foreign investment. Since 1960 such ventures have responded to the Government's efforts to provide incentives and invest in infra-structural projects aimed at promoting the country's development, especially in the industrial sector.

C. Promoting exports of manufactured goods

(a) It will be obvious that all of the Government's promotional activities to date have been aimed at replacing imports and expanding exports by exploiting the advantages offered by the Central American market. Nevertheless, these measures have failed to achieve the desired export-boosting effect.

Except in those cases when a particular resource is so abundant and of such high quality as to give rise to large-scale projects operating with advanced technology, industrial exports to the developing countries are limited to a very few goods chiefly characterized by the fact that they are ordinary domestic products and require only simple production methods. These exports are goods designed for final consumption and have no modifying effect on the pattern of production.

The recommended strategy for promoting exports of manufactured goods from developing countries is a strategy of specialization, either based on the availability of specific raw materials on favourable terms as regards price and quality, or making use of the traditional manual skill of local craftsmen, who could produce on a large-scale articles requiring a great deal of labour, which would be expensive in the more industrialized countries.

(b) The measures which have been adopted to encourage the development of new export-oriented industries have been taken under the Industrial Development Law and the Central American Agreement on Fiscal Incentives to Industrial Development. As already pointed out, these fiscal incentives have not had the desired effect.

D. Promoting employment

The relative cost of labour and capital has not been taken as a reason for encouraging labour-intensive processes, nor has the Government adopted any special steps to promote employment in manufacturing, either in this way or by other means.

E. Location of industries in new centres and rural areas

No specific measures have been taken to promote greater decentralization by siting new industrial projects in new centres or rural areas. On the other hand, the present plan, in its strategic considerations, calls for "the imposition of limits on the concentration of industry in the two major development areas, with the aim of extending the industrialization process to areas now exclusively engaged in primary activities. The proposed opening up of new industrialization centres will follow a rational pattern of growth through zoning based on local economic advantages".

F. Development of manufacturing technology

(a) The Government took no specific measures during the sixties to make it easier to obtain foreign technical assistance or to regulate the type of technology adopted, except in the case of certain large-scale projects.

(b) In almost all cases the measures aimed at adapting or improving manufacturing processes or product design and at designing and erecting new manufacturing plants came from the private sector and were not really co-ordinated in any way.

G. Training of local labour and management

Through a variety of organizations engaged in the training and preparation of administrative and managerial staff, the Government has helped to meet some of industry's need for personnel. Nevertheless, this effort has not been adequate, and to deal with the problem the Government has recently established the National Institute of Vocational Training (INFOP), with financial backing from the State and business circles.

IV. INDUSTRIAL POLICIES AND MEASURES, 1950-1972

(a) Procedures followed by the Government

The Government provides an annual subsidy to the National Development Bank, which finances many loans to agriculture and industry, generally involving some economic risk. The Bank also has the function of setting up new enterprises which private investors would be unwilling to back because of their high initial risks.

Through the National Development Bank, the Government has promoted the formation of five enterprises since the sixties; these are two dairy product plants, two producers of animal feed concentrates, and one cotton-ginning mill. These establishments have already been turned over to the private sector and have played a key role in the development of stock raising, poultry farming and cotton growing.

(b), (c) Changes in the tariff structure

The 1950 tariff structure was substantially modified during 1958-1960 for the purpose of establishing uniform tariff rates in Central America, as a means of promoting industrial development rather than as a major source of revenue for the State. This was followed by the adoption of agreements and laws on industrial promotion designed to encourage the creation of new industrial firms in line with the manufacturing needs of the area. Since that time tariff levels have remained unchanged.

(d) To reduce the adverse impact of the tariff structure on the operation of new industries, duty concessions were granted, in the 1948 Decree on Industrial Concessions and the 1958 Industrial Development Law, for imports of machinery and other equipment, components and raw materials.

Import duty concessions are not granted automatically, but must be approved by a government commission, and the aim has been to extend them in cases where they do not prejudice the development of local industries capable of supplying the same kind of products as an alternative to their importation.

(c) It has been a constant aim of successive Governments to promote the country's industrial development. A variety of measures have been adopted and infrastructural works constructed in pursuance of this objective. In 1948 Legislative Decree No. 88 on "industrial concessions" was adopted. However, this decree, which set forth various categories of concessions, failed to produce the hoped-for results in promoting the industrial development of the country because at that time there did not yet exist the conditions that might have made this possible.

On 30 April 1958 the Industrial Development Law was passed, the purposes of which were as follows:

1. To promote the country's industry by encouraging the establishment of new enterprises and the modernization, improvement and expansion of those already in existence;
2. To help maintain and develop conditions favourable to private investment in activities of greatest benefit to the national economy;
3. To help achieve and maintain an orderly system of production leading to well-balanced and uninterrupted economic development;
4. To contribute towards increased production efficiency and better utilization of the country's natural resources;
5. To raise the employment level of the Honduran population by making available remunerated positions in essentially productive activities.

The Industrial Development Law grants various categories of concessions and privileges to the industrial enterprises covered, such as: exemption from or reduction of income tax; total exemption from export charges; tariff concessions for imports of construction materials and plant equipment; tariff concessions for imports of industrial machinery and equipment, including spare parts and accessories; tariff concessions for imports of raw materials and other materials. These concessions and exemptions are granted at different rates and for different periods according to the category of enterprise.

(f) Honduran law stipulates that "foreign enterprises which are established in Honduras, and foreign capital seeking to establish itself in the country, shall enjoy the same guarantees and privileges as are enjoyed by Honduran enterprises and investment capital. Investment incentives have been established in the Industrial Development Law. With respect to the repatriation of capital to foreign countries, this is subject to the free mobility of production factors". All this, coupled with the investment opportunities present in the country, should be sufficient to attract foreign capital. Nevertheless, because of the limited capacity of the domestic market and other local deficiencies, such capital has more often gone to other countries of the Central American region.

(g) Tariff protection, investment incentives, State construction of infrastructural works, and the other measures taken have failed to stimulate the level of private investment foreseen in the Government's development plans. The reasons for this failure are the following:

1. Lack of entrepreneurial initiative;
2. Low foreign investment;
3. Low level of domestic savings and consumption;
4. Insufficiently integrated market;
5. Shortage of skilled labour.

V. INSTITUTIONS AND INDUSTRIALIZATION, 1950-1972

(a) State planning organizations

From 1950 to 1954 the Ministry of Finance and the Central Bank of Honduras were responsible for establishing the general lines of the country's economic development plans. In late 1954 a five-year public investment plan was drawn up by a committee consisting of the Ministers of Finance, Public Works, and Natural Resources and the Presidents of the Central Bank of Honduras and the National Development Bank. At the same time a National Economic Council was established, which, in co-ordination with the Ministry of Finance, was charged with the evaluation of proposals regarding infrastructural projects.

(b) Responsibility

As noted elsewhere in this report, the responsibility for industrial projects in the public sector has so far lain with the National Development Bank.

(c) Centralization of investment incentives

The enactment of the Industrial Development Law was followed by the creation, in co-ordination with the Ministry of Economic and Financial Affairs, of the Technical Industrial Advisory Office, the functions of which were performed, during the period 1959-1972, by the Department of Industrial Research of the Central Bank of Honduras. The following procedure governed the co-ordination between these agencies and investors seeking to obtain fiscal concessions.

The businessman filed his application with the Ministry of Economic and Financial Affairs, which forwarded it to the Technical Industrial Advisory Office for the Office to consider and give an opinion on. A joint meeting was then held between representatives of these two bodies to discuss and evaluate each application, followed by the drafting of an agreement to be sent by the Advisory Office to the Ministry for presentation to the party concerned, after the completion of the usual administrative proceedings.

At the present time, this entire process has been centralized at the Ministry of Economic Affairs, where all the necessary procedure is carried out.

(d) Financing for industry^{9/}

No specialized institution was established in Honduras during the fifties for the specific purpose of providing finance for industry. By means of appropriate controls, the banking system's loans have been aimed at promoting the growth of national production, and part of the resources in question have therefore gone to industry. Of the total amount of new loans granted by the banks, the manufacturing sector received 7 per cent in 1960, 11 per cent in 1963, 17 per cent in 1967, and 24 per cent in 1971. By 1970, of the total new loans granted to industry, the commercial banks accounted for 80 per cent, the specialized savings and development institutions making up the remaining 20 per cent.

^{9/} Estadísticas Monetarias, Banco Central de Honduras

A financial institution was set up in 1964 for the purpose of helping industry to obtain finance, but it was frustrated by insufficient demand, entrepreneurial initiative being still under-developed. As a result, in December 1971 it became a commercial financing institution supplying funds to the different sectors where demand existed.

(e) Skilled labour and management

Because its financial resources are limited, the Government has been unable to establish enough centres specialized in the training of skilled labour, although it is at present financing two vocational centres in Tegucigalpa and co-operating with the German Government in running the recently founded German Vocational Centre (Centro Vocacional Alemán) in San Pedro Sula. It is also making some money available to the Industrial Technical Co-operative Centre (Centro Cooperativo Técnico Industrial), an organization whose role it is to guide, organize and counsel different artisan centres. Regarding special training centres for management, there are a number of semi-official institutes for secondary studies and also the Autonomous National University (Universidad Nacional Autónoma), where vocational courses have recently been expanded. In both cases the Government provides annual allocations to cover these centres' operating costs.

Recently there was established the National Institute of Vocational Training, an autonomous body mandated by law, to which every business firm must make a contribution based on its monthly payroll, with the Government contributing whatever else may be required to keep it in operation.

(f) The Government set up the National Development Bank as an institution to promote private investment. More recently it has also established, under the Ministry of Economic Affairs, an office to promote industrial development, which also acts as the central agency for granting fiscal incentives to investors.

In principle, the responsibility for promoting exports of manufactured goods rests with the Directorate General for Economic Affairs and Commerce, which comes under the Ministry of Economic Affairs.

There is no specialized institution in Honduras for the selection of manufacturing processes and product design or for advice on adapting processes and designs to suit local conditions.

(g) It can be said that the responsibility for promoting and guiding the national industrialization process has recently been centralized in the Ministry of Economic Affairs, which exercises broad powers, in co-ordination with other agencies concerned.

MANUFACTURING INDUSTRY EMPLOYMENT IN THE FACTORY SECTION
(5 or more employees)

		1966 Census
A.	Enterprises employing more than 100 persons	
	Number of enterprises	42
	Total persons employed	9,833
B.	Enterprises employing from 5 to 100 persons	
	Number of enterprises	502
	Total persons employed	10,262

Note: Enterprises employing less than five persons are classified as artisan and cottage industry

GROSS VALUE ADDED TO FACTOR COST OF MANUFACTURING INDUSTRY
(in millions of current lempiras)

Years	Total	Factory Sector	Artisan and Cottage Industry
1950	44.8	19.8	25.0
1955	54.5	27.3	27.2
1960	72.4	40.8	31.6
1965	110.7	73.4	37.3
1970	179.3	134.8	44.5
1972	218.4	170.8	47.6

EMPLOYMENT IN MANUFACTURING INDUSTRY

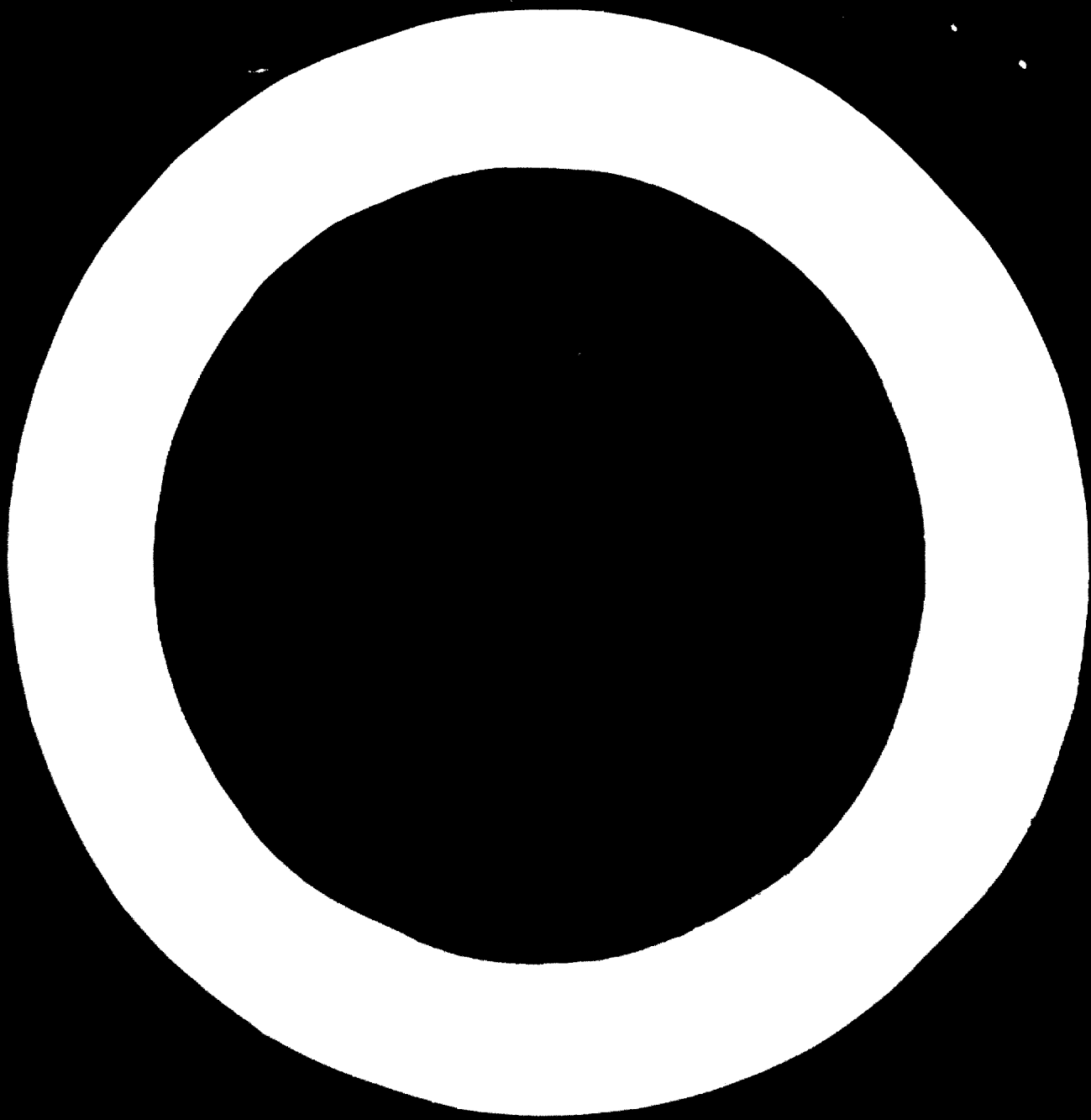
Years	Total for all Industry	Factory Sector	Artisan and Cottage Industry
1950	30,692	8,423	22,269
1955	35,274	11,166	24,108
1960	42,585	14,802	27,783
1965	52,391	19,616	32,775
1970	64,026	24,911	39,115
1972	72,888	30,907	41,981

MAJOR INDUSTRIAL ENTERPRISES ESTABLISHED SINCE 1950

(Values given in millions of lempiras)

No.	Type of enterprise	Commencement of operations	Capital invested ^{1/}	Sales ^{2/}	Foreign purchases ^{3/}
1.	Production of resins and oil of turpentine	1950	0.1	1.0	0.1
2.	Processing of fabrics and the like	1952	8.1	5.6	2.6
3.	Manufacture and sale of clothing	1952	0.6	3.0	1.3
4.	Manufacture of all kinds of furniture	1956	0.4	1.4	1.9
5.	Production of cement	1959	12.8	12.0	2.2
6.	Packaged beef	1961	0.8	11.7	0.1
7.	Meat packaging and sales	1961	1.3	8.6	0.1
8.	Dairy products	1961	1.1	4.6	0.7
9.	Production of matches	1961	1.3	1.5	0.2
10.	Production and sale of plastic products	1962	3.6	6.8	5.1
11.	Production of pharmaceuticals	1962	1.0	2.2	0.7
12.	Manufacture of detergents, soaps and special chemicals	1963	3.3	5.7	3.2
13.	Manufacture of cloth, thread, scrub rags, and ready-to-wear clothing	1963	2.1	3.3	0.6
14.	Manufacture of skins and leather	1964	1.8	2.6	0.9
15.	Lamination of steel	1965	1.3	3.5	1.4
16.	Production of concrete products	1965	2.5	2.2	0.3
17.	Manufacture of footwear in general	1965	0.8	0.7	0.6
18.	Sugar cane processing	1966	5.5	4.8	0.6
19.	Manufacture of knitted underwear	1966	0.9	3.0	1.4
20.	Production of paints, solvents and industrial finishes	1966	0.6	1.8	0.1
21.	Refinement of petroleum products	1968	26.1	26.1	24.8
22.	Quartering of beef and meat packing	1968	2.1	11.7	0.2
23.	Production of polyethylene sacks and sheet	1969	0.8	1.1	1.0
24.	Production and sale of edible oils	1969	1.4	5.6	2.2
25.	Assembly of radios and production of furniture and mattresses	1969	0.8	1.5	0.1

^{1/} Net accumulation of fixed assets as of 31 December 1971.^{2/} Total sales for 1971.^{3/} Cost of supplies imported in 1971.





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Vienne, 26-30 novembre 1973

RESUME

STRATEGIE ET POLITIQUES DU DEVELOPPEMENT INDUSTRIEL

L'expérience du Honduras, 1950-1972^{1/}

par
J. Leonardo Godoy C.*

^{1/} Le présent résumé a été préparé par le Secrétariat de l'ONUDI sur la base du document original présenté par l'auteur. Les opinions exprimées sont celles de l'auteur et ne reflètent pas nécessairement les vues du Secrétariat de l'ONUDI.

* M. Leonardo Godoy C. est Directeur de Dinamica Godoy, au Honduras.

Progrès et résultats de l'industrialisation

1. Le taux d'accroissement annuel de la valeur ajoutée par l'industrie manufacturière a été d'environ 8 % pendant les années 50 et de plus de 12 % pendant les années 60 et la période 1970-1972. On trouvera énumérées à l'annexe A, 25 grandes entreprises créées au cours de cette période.
2. La BIRD classe le Honduras dans la catégorie des pays en voie d'industrialisation, l'industrie manufacturière représentant 27 % du montant total de la valeur ajoutée par l'ensemble de la production industrielle en 1968. En 1970, la contribution du secteur manufacturier au PIB a été de 14 % contre 11 % en 1950. La contribution de l'agriculture a été de 48 % en 1950 et de 35 % en 1970. Le revenu par tête s'élevait à 183 dollars en 1960 et à 269 dollars en 1970.
3. Le nombre de personnes employées dans l'industrie manufacturière est passé de 30 700 (dont 22 300 artisans) en 1950 à 72 900 (dont 42 000 artisans) en 1972. En 1966, un recensement a fait apparaître qu'il existait 42 entreprises employant plus de 100 personnes et 500 entreprises employant entre 5 et 100 personnes; chaque catégorie employait environ 10 000 salariés.
4. En 1970, les biens de consommation ont représenté 81 % de la production manufacturière, les biens intermédiaires 16 % et les biens d'investissement 3 %.
5. La proportion de la production manufacturière exportée est passée de 11 % en 1960 à 23 % en 1970. Le Honduras est membre du Marché commun d'Amérique centrale depuis 1960.

La stratégie de l'industrialisation

6. La politique industrielle hondurienne fait partie intégrante de la stratégie du développement économique dans son ensemble. De l'avis de l'auteur du document, la croissance industrielle au Honduras dépend de la croissance de la demande intérieure de produits manufacturés.
7. Pendant les années 50, la demande a augmenté à mesure que la population s'accroissait et que le niveau de vie s'améliorait; la construction de routes a facilité la distribution des marchandises dans tout le pays. La plupart des entreprises créées au cours de cette période l'ont été en vue de remplacer des importations.

8. Au cours des années 60, les industries honduriennes ont pu accéder plus ou moins librement aux marchés des pays voisins membres du Marché commun d'Amérique centrale (CENCOA) et elles ont dû entrer en concurrence avec les industries de ces pays. Des entreprises industrielles plus variées ont été créées, mais beaucoup d'investisseurs ont préféré implanter les industries travaillant pour le Marché commun d'Amérique centrale dans d'autres pays membres plus développés ou offrant un plus large marché intérieur. Le gouvernement s'est efforcé de trouver des moyens d'attirer davantage des industries nouvelles créées dans la perspective du Marché commun d'Amérique centrale.

9. Le gouvernement s'est efforcé de développer l'infrastructure indispensable au développement industriel, laissant au secteur privé le soin d'exécuter les projets industriels. Il s'est montré prêt à participer à la réalisation de projets coûteux (concernant par exemple une papeterie et une aciérie); il a encouragé la création d'entreprises industrielles transformatrices de produits agricoles. Mais l'industrialisation a été essentiellement le fait d'investisseurs privés honduriens.

10. Le rôle des investisseurs étrangers est resté très réduit bien que le gouvernement les ait encouragés et ait adopté à leur égard une politique libérale, limitant au minimum la réglementation.

11. Les tentatives visant à encourager la création d'industries orientées vers l'exportation, surtout dans les cas où elles emploient beaucoup de main-d'oeuvre, n'ont guère eu de succès; elles se sont heurtées à deux obstacles : la qualité des matières premières et des approvisionnements locaux, et les possibilités limitées d'encouragement résultant pour le Honduras d'un accord conclu entre les pays du Marché commun d'Amérique centrale.

12. Les industries se sont développées surtout dans deux villes. On a consciemment renvoyé à plus tard, lors d'une phase ultérieure de l'industrialisation, l'adoption d'une politique active d'encouragement à la décentralisation.

Politiques et mesures intéressant l'industrie

13. La structure des tarifs douaniers a permis de protéger des industries nouvelles au cours des années 50 (l'auteur n'indique pas à quel niveau). Après 1960, le Honduras a adopté le tarif extérieur du Marché commun d'Amérique centrale.

14. Le décret de 1948, puis la loi sur le développement industriel de 1958 (encore en vigueur), ont exempté de droits les importations de machines et d'équipements, de pièces détachées et de matières premières destinés aux nouvelles industries autorisées. Les exemptions ne sont approuvées que s'il n'existe pas de fabrication locale.

15. La loi de 1958 a institué la diminution ou l'exemption de l'impôt sur les bénéfices selon un taux qui est fonction de la catégorie d'entreprise. Elle a également promis une assistance en matière de financement et confirmé que ces avantages, et d'autres encore, seraient offerts aux investisseurs étrangers.

16. L'auteur estime que ces mesures d'encouragement ont stimulé les investissements privés, mais pas autant que le gouvernement l'espérait, et cela pour diverses raisons, à savoir :

- a) Manque d'esprit d'entreprise;
- b) Insuffisance des investissements étrangers;
- c) Faible niveau de l'épargne et de la consommation intérieures;
- d) Manque d'intégration du marché intérieur;
- e) Manque de main-d'oeuvre qualifiée.

Institutions et industrialisation

17. Au début des années 50 c'est du Ministère des finances et de la Banque centrale qu'émanaient les orientations en matière de politique industrielle. Un plan quinquennal de développement a été élaboré en 1954 et il a été créé un Conseil économique national et une Banque nationale de développement.

18. Depuis 1959, la loi sur le développement industriel est appliquée par le Ministère de l'économie après consultation de la Banque centrale (service de l'industrie). Un service spécialisé dans le développement industriel a été récemment créé au sein du Ministère. Pour l'évaluation des projets, on a eu recours à la fois à des études de faisabilité commerciale, et à des analyses des coûts et bénéfices sur le plan national.

19. Le financement des activités industrielles a été assuré essentiellement par des banques commerciales. Le Honduras ne possède pas d'institutions spécialisées dans le financement de l'industrie.

20. Le gouvernement a créé des écoles professionnelles et un centre technique d'assistance aux activités artisanales et à domicile. Plus récemment, le gouvernement et l'industrie privée ont créé conjointement l'Institut national de formation professionnelle.

21. L'auteur conclut que c'est le Ministère de l'économie qui, en coopération avec les organismes susmentionnés, supervise l'ensemble du processus d'industrialisation.

PRINCIPALES ENTREPRISES INDUSTRIELLES CREEES A PARTIR DE 1950
 (les montants indiqués s'entendent en millions de lempiras)

<u>No</u>	<u>Type d'activité</u>	<u>Date de mise en route</u>	<u>Capital investi 1/</u>	<u>Ventes 2/</u>	<u>Achats à l'étranger 3/</u>
1.	Fabrication de collophane et d'essence de térébenthine	1950	0,1	1,0	0,1
2.	Fabrication de tissus et autres textiles	1952	8,1	5,6	2,6
3.	Confection et vente de vêtements	1952	0,5	3,0	1,3
4.	Fabrication de meubles (toutes catégories)	1956	0,4	1,4	1,9
5.	Production de ciment	1959	12,8	12,0	2,2
6.	Conditionnement de viande de boeuf	1961	0,8	11,7	0,1
7.	Emballage et vente de viandes	1961	1,3	8,6	0,1
8.	Produits lactés	1961	1,1	4,6	0,7
9.	Allumettes	1961	1,3	1,5	0,2
10.	Matières plastiques	1962	3,6	6,8	5,1
11.	Produits pharmaceutiques	1962	1,0	2,2	0,7
12.	Détergents, savons et produits chimiques	1963	3,3	5,7	3,2
13.	Toiles, fils, franges à balais et confection	1963	2,1	3,3	0,6
14.	Peaux et cuirs à semelles	1964	1,8	2,6	0,9
15.	Acier laminé	1965	1,3	3,5	1,4
16.	Eléments en béton	1965	2,5	2,2	0,3
17.	Chaussures en général	1965	0,8	0,7	0,6
18.	Traitement de la canne à sucre	1966	5,5	4,8	0,6
19.	Sous-vêtements tricotés	1966	0,9	3,0	1,4
20.	Peintures, solvants et produits de finition pour l'industrie	1966	0,6	1,8	0,1
21.	Raffinage de pétrole	1968	26,1	28,1	24,8

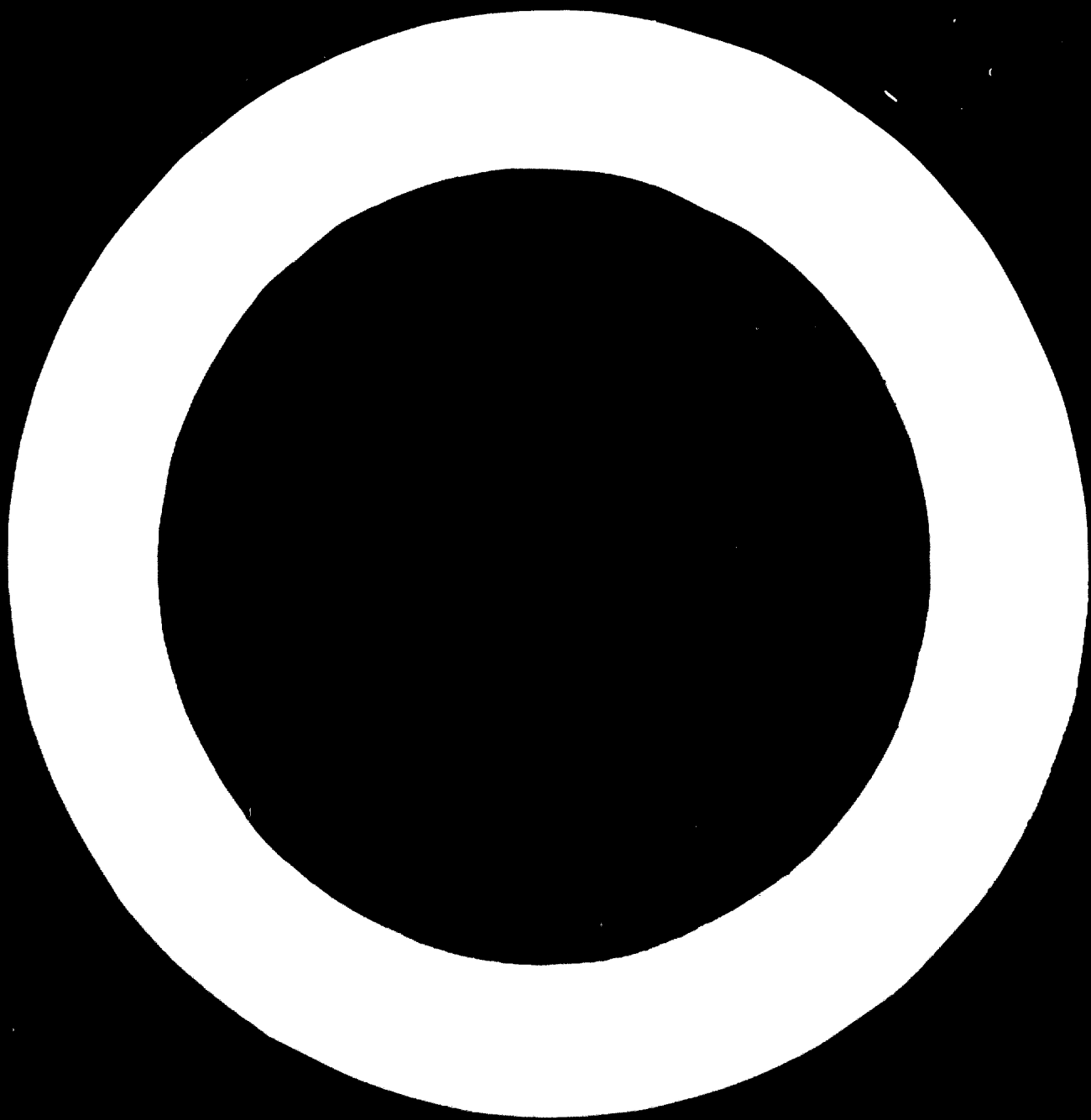
<u>No</u>	<u>Type d'activité</u>	<u>Date de mise en route</u>	<u>Capital investi</u> 1/	<u>Ventes</u> 2/	<u>Achats à l'étranger</u> 3/
22.	Equarrissage et emballage de viande	1968	2,1	11,7	0,2
23.	Sacs et feuilles de polyéthylène	1969	0,8	1,1	1,0
24.	Fabrication et vente d'huiles comestibles	1969	1,4	5,6	2,2
25.	Assemblage de postes de radio, fabrication de toiles, de meubles et de matelas	1969	0,8	1,5	0,1

1/ Total net des capitaux fixes au 31 décembre 1971.

2/ Chiffre d'affaires total en 1971.

3/ Coût des approvisionnements importés en 1971.

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Meeting on Industrial Development Strategies
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Vienna, 26 - 30 November 1973

INDUSTRIAL DEVELOPMENT STRATEGY AND POLICIES:
THE EXPERIENCE OF HONDURAS, 1950-1972

by

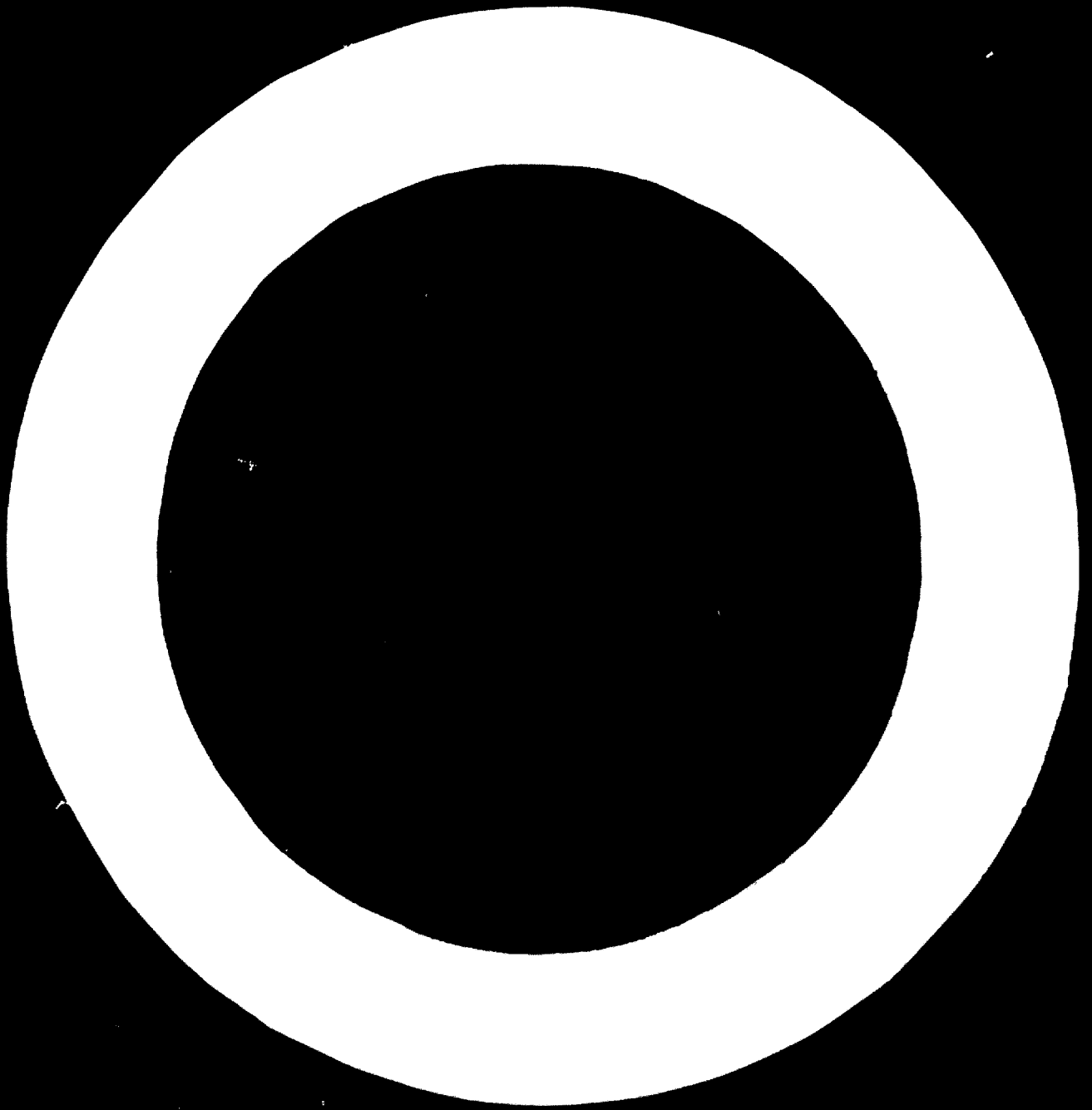
J. Leonardo Godoy */

Summary 1/

*/ Mr. Leonardo Godoy is the Principal of Dinamica Godoy, Honduras.

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Industrial Development Achievements

1. Value added in the manufacturing sector rose by about 2 per cent per annum in the 1950s and by over 12 per cent per annum in the 1960s and the period 1970-72. The 25 major industries established are listed in Annex A.
2. Honduras is classified by the IERD as an "industrializing country" with manufacturing accounting for 27 per cent of gross value added in 1968 in total commodity production. In 1970, the manufacturing sector contributed 14 per cent of GDP compared with 11 per cent in 1950. Agriculture's contribution was 48 per cent in 1950 and 35 per cent in 1970. Per capita income was \$183 in 1960 and \$269 in 1970.
3. Employment in manufacturing rose from 30,700 in 1950 (including 22,300 in the artisan sector) to 72,900 in 1972 (including 42,000 in the artisan sector). In 1966, a Census showed that there were 42 enterprises employing over 100 persons and 500 enterprises employing between 5 and 100 persons; each category provided employment for about 10,000 workers.
4. In 1970, consumer goods accounted for 31 per cent of manufacturing output, intermediate goods 16 per cent and capital goods 3 per cent.
5. The proportion of manufacturing output exported has increased from 11 per cent in 1960 to 23 per cent in 1970. Honduras has been a member of the Central America Common Market since 1960.

Industrial Development Strategy

6. The industrial policy of Honduras has been an integral part of the strategy for economic development as a whole. In the opinion of the author, industrial growth in Honduras has depended on growth in the domestic demand for manufactured goods.
7. In the 1950s, demand increased as population grew and the standard of living improved; road development made nation-wide distribution easier. Most of the industries established in this period replaced imports.
8. In the 1960s, industries in Honduras had more or less free access

to the markets of neighbouring countries who were members of the Central American Common Market (CENCOM), and industries in Honduras had to compete with industries in these countries. A broader range of industries was established, but many investors preferred to locate industries supplying the CENCOM market in other member countries which were more developed and had a larger domestic market. The Government tried to negotiate ways of attracting a larger share of new CENCOM industries.

9. Government policy concentrated on developing the infrastructure for industrial development, leaving execution of industrial projects to the private sector. The Government has been prepared to participate in expensive projects (such as a pulp and paper mill and a steel plant); it has promoted selected agro-based industries. But the main thrust of industrial development has been provided by domestic private investors.

10. Only a small part of the initiative was provided by foreign investors, even though their interest was encouraged and policy towards foreign investment was liberal, involving few regulations.

11. Attempts to promote export-oriented industries, particularly labour-intensive, were not very successful; quality of local supplies and raw materials were a constraint; another constraint was the limit on the incentives which could be offered by Honduras imposed by an agreement among the CENCOM countries.

12. Industries have developed mainly in two cities. Active encouragement of decentralization was consciously postponed until a later stage of industrialization.

Industrial Policies and Measures

13. The tariff structure protected new industries in the 1950s (the author does not indicate at what level). After 1960, Honduras adopted the common external tariff of CENCOM.

14. Imports of machinery and equipment, components and raw materials for approved new industries were exempted from duties under a 1948 Decree and later by the 1958 Industrial Development Law (which remains

in force). Exemption is only approved if local sources are not available.

15. The 1958 Law introduced a reduction or exemption from tax on profits on a scale determined by a classification of the enterprises. It also promised assistance with financing. It confirmed that these and other benefits would be offered to foreign investors.

16. The author believes that these incentives have stimulated private investment but not to the extent hoped for by the Government. The reasons, he says, are

- a) lack of entrepreneurial spirit;
- b) little foreign investment;
- c) low level domestic savings and consumption;
- d) insufficiently integrated domestic market;
- e) shortage of skilled labour.

Institutions and Industrialization

17. In the early 1950s the Ministry of Finance and the Central Bank provided guidance on industrial policy. A five year Development Plan was elaborated in 1954 and a National Economic Council and National Development Bank were established.

18. Since 1959, the Industrial Development law has been applied by the Ministry of Economy with advice from the Central Bank (industry branch). A department specialising in industrial development was formed recently in the Ministry. Both commercial viability and national cost/benefit analyses have been used in assessing projects.

19. Industrial financing has come mainly from commercial banks. Honduras has no institution specialising in industrial financing.

20. The Government has established vocational schools and a technical centre for assisting small-scale and artisan industries. More recently the Government has joined private industry in establishing el Instituto Nacional de Formacion Profesional.

21. The Ministry of Economy, the author concludes, is responsible for overseeing the process of industrialization as a whole in conjunction with the other bodies mentioned above.

HONDURAS

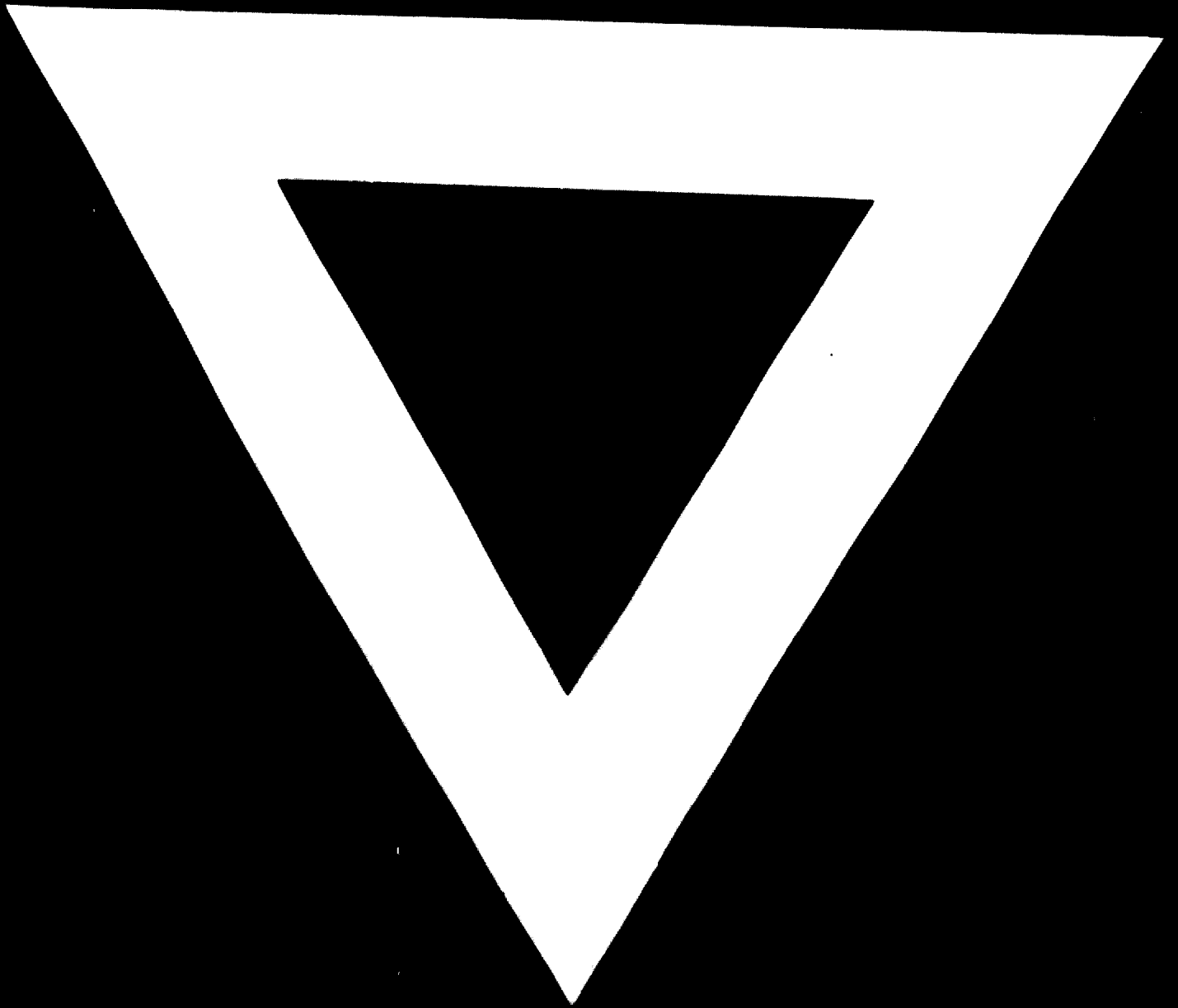
MAIN INDUSTRIAL ENTERPRISES SET UP SINCE 1950
(Values in millions of lempiras)

No.	Type of enterprise	Start of operation	Capital invested ^{1/}	Sales ^{2/}	Foreign purchases ^{3/}
1.	Manufacture of resin and oil of turpentine	1950	0.1	1.0	0.1
2.	Production of textiles, etc.	1952	8.1	5.6	0.6
3.	Manufacture and sale of clothing	1952	0.6	3.0	1.3
4.	Manufacture of all types of furniture	1956	0.4	1.4	1.0
5.	Cement production	1959	12.8	12.0	0.2
6.	Packed beef	1961	0.8	11.7	0.1
7.	Packing and sale of meats	1961	1.3	0.7	0.1
8.	Milk products	1961	1.1	4.0	0.1
9.	Manufacture of matches	1961	1.3	1.5	0.2
10.	Manufacture and sale of plastics products	1962	3.0	6.8	0.1
11.	Manufacture of pharmaceutical products	1962	1.0	2.2	0.2
12.	Manufacture of detergents, soaps and, in particular, chemicals	1963	3.3	5.7	0.1
13.	Manufacture of textiles, yarn, scrubbing cloths and ready-made clothing	1963	2.1	3.1	0.2
14.	Manufacture of leathers and soles	1964	1.8	0.6	0.2
15.	Steel rolling	1965	1.3	2.5	1.4
16.	Production of concrete products	1965	2.3	2.2	0.3
17.	Manufacture of footwear in general	1965	0.8	0.7	0.3
18.	Processing of cane sugar	1966	5.3	3.8	0.6
19.	Manufacture of undergarments and knitwear	1966	0.9	3.8	1.4
20.	Manufacture of paints, thinners and industrial finishes	1966	0.5	1.8	0.1
21.	Refinement of petroleum products	1968	26.1	28.1	0.2
22.	Quartering of carcasses and packing of meat	1968	2.1	11.7	0.2
23.	Manufacture of polyethylene film and bags	1969	0.8	1.1	1.0
24.	Manufacture and sale of edible oils	1969	1.4	5.6	2.2
25.	Assembly of radios and televisions and manufacture of furniture and mattresses	1969	0.8	1.5	0.1

^{1/} Net sum of fixed capital as of 31 December 1971.

^{2/} Total sales in 1971.

^{3/} Cost of supplies imported in 1971.



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