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**INDUSTRIAL DEVELOPMENT STRATEGY AND POLICIES:
THE EXPERIENCE OF THE DOMINICAN REPUBLIC ✓**

by

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1/ The views and opinions expressed in this paper are those of the author and
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NOTE

Wherever possible, an effort has been made in the presentation of this study to follow all the suggestions made by the United Nations Industrial Development Organisation (UNIDO).

Although the headings of the five chapters correspond exactly to the outline, strict adherence to the suggested sub-headings would have made the study less meaningful. This is due to the fact that industrialisation is taking place in the Dominican Republic under very special and peculiar conditions which would hardly arise in other countries, and we have therefore decided to utilize the sub-headings most appropriate to our situation and reject those whose inclusion would entail fruitless discussion of irrelevant topics, thus saving space to deal in more detail with topics of great importance for understanding the industrialization process which are not suggested in the outline.

INTRODUCTION

This study analyses the industrialization process in the Dominican Republic during the period 1950-1972. The confines of the period covered by the study present difficulties which we shall endeavour to explain in this introduction.

From 1930 until 1961, the Dominican Republic was governed by the dictator Rafael Leonidas Trujillo Molina. Politically, these 31 years can be looked upon as a single period, although the economic structure changed frequently enough during this time that individual economic periods can be discerned within it.

In order to understand developments in the industrial sector between 1950 and 1972, and above all in the 1950s, it is indispensable to know what developments there were in the economy during the preceding years. In view of the relative importance of the foreign sector, the Second World War significantly affected the country's economy by interrupting the import of manufactured goods. This phenomenon, together with the existing political structure, favoured State intervention in an industrialization process of relatively large scope, in the context of which cement, textile, oil and nail production enterprises were set up with joint financing by the State and private - in some cases foreign - investors.

However, the most important factor in this growth of the industrial sector was in its motivation. The industrial boom did not take place because industrialization was a path to development based on a prepared plan, but because international trade had been interrupted.

Since this industrialization process did not arise out of the development of internal economic forces or the establishment of an entrepreneurial middle class, its main feature was the formation of an industrial structure which was technically inefficient and poorly organized.

I. PRE-CONDITIONS FOR INDUSTRIALIZATION

The period from 1950 to 1972 was marked by sharp political changes and lesser fluctuations in the economic sphere. Despite all these changes, the general conditions found in lagging economies commonly referred to in the literature as "under-developed"^{2/} remained intact. Thus, the economy was operating within the framework of what is generally referred to by Dominican economists as the "traditional model", based on intensive production of agricultural products and raw materials to supply foreign markets.

Within this "traditional model", the factors referred to in economic literature as "pre-conditions for industrialization" or development did not gain sufficient strength to guarantee a significant change in the economy, and at the same time their strength was limited by the model itself, as we shall see in analysing each factor separately.

1. Market, transport and power

The size of the Dominican population, which was estimated in 1971 at 4,011,000, limited the size of the market for manufactured goods, but it was the uneven distribution of income and wealth which exercised the greatest influence on the size of the market.

The poor purchasing power and consumption habits of the population as a whole were attributable to the nature of production. The majority of the labour force was concentrated in export-oriented agricultural labour, the outstanding feature of which was low salaries. As this export-oriented production increased steadily throughout the period, consumption habits were limited by poor purchasing power; the unevenness of the distribution of income was accentuated, and the market for manufactured goods continued to be small. This smallness of the market was one of the main obstacles to the establishment of new industries throughout the period.

^{2/} The term "under-developed" admits of misinterpretation and does not perfectly define the situation of the countries thus designated. The term "under-developed" can be taken to refer to a straightforward time lag and delay in development by comparison with the industrialized countries, while the truth is that the countries thus designated have economies which are differently oriented and basically "deformed". (Planificación y Crecimiento Acelerado (Spanish version), Charles Bethelheim).

The problems relating to market size as an obstacle to industrialization traced back to the economic model obtaining during the period. There were in addition the infrastructure problems which, while not determined by the model, were closely related to it.

As the centres of consumption were concentrated in urban areas, in the context of the "traditional model" an efficient nation-wide transport system would have made it possible for agricultural production to reach these urban centres. Much of the production of agricultural communities in the interior of the country was lost for lack of an adequate transport system.

In fact, the lack of this efficient transport system only constituted an obstacle to industrialization to the extent that it affected the requirements of established industrial enterprises in respect of raw materials produced in the interior of the country, since the places affected by poor transport were not important centres of consumption of manufactured goods. None the less, the problem of transportation was tackled by government investment policy throughout the period 1950-1972. Even dictator Rafael Leonidas Trujillo Molina endorsed a transport improvement policy which was progressive at the time.

Domestic transport was by road. Sugar cane was transported to the sugar mills by railways owned by the sugar companies. Thus, all domestic transport depended on the roads, more than 50 per cent of which were paved, in contrast with the other Latin American countries, where the percentage of paved roads was barely 12 per cent.

The electric power and water service was extremely inefficient, not only for industrial use, but also for domestic use. As late as 1973, a large proportion of the potential hydroelectric capacity of the country was almost totally idle. This potential capacity is estimated at 600,000 kw, while the installed capacity in 1966 was only 7,700 kw, or 1.5 per cent of the national potential capacity. This percentage was much lower than that in other countries at development levels similar to that of the Dominican Republic. The Tavera and Valdesia dam projects, which could not be initiated in 1963 for political reasons, were in the final stages of implementation in 1973. These shortcomings in infrastructure go hand in hand with the small proportion of skilled workers in the labour force and the shortage of technicians to give rise to the inefficiency of the industrial sector. In 1960, the number of professionals completing university training was 534; in 1970, the

corresponding figure was only 549. Foreign technical assistance is therefore the only alternative in the establishment of industrial enterprises, since the poor quality of the goods produced by domestic industry is usually the result of shortage of technicians.

2. Available financing

There was a boom in the establishment of private and government financial institutions in the final years of the period from 1950 to 1972. In 1962, the State set up the Industrial Development Corporation in order to promote industrial development, impart efficiency to the productive apparatus by means of evaluation of industrial projects and finance the establishment and expansion of industrial enterprises jointly with private finance. Later on, private financial enterprises emerged, improving the availability of investment funds, the supply of which was very inflexible in the 1950s. Apart from the sugar sector, the industrial boom was based mainly on the manufacture of textiles and prepared foods and industries related to building.

Although the policies of the Industrial Development Corporation and other government institutions making small industrial loans (Citizens' Committee, Office of Community Development, etc.) encouraged the growth of small-scale industry, industrial ownership was concentrated in a few hands, and in some cases, the same ones. A good example of the latter situation is the textile industry, where the first project of importance resulting from the cessation of imports owing to the World War was promoted by the same industrialist who in 1973 was behind the two economically most ambitious projects in the textile field.

One of the main incentives to industrialization lay in the establishment of industrial estates or zones located on the outskirts of the main urban areas. The establishment of these industrial zones is a policy recently adopted by the State, which goes hand in hand with the promulgation of other laws providing for incentives to industry which we shall comment on in dealing with the industrial development strategy in the period with which we are concerned.

A large proportion of the industrial enterprises established in the country in response to these incentives imported their raw materials and, paradoxically, the products of the major exploitation of raw materials for industry, especially in the

mining sector, carried out in the country were exported to the large industrialised countries. In other words, the industrial development which took place in the period in question did not follow the lines imposed by our natural resources. In order to understand this phenomenon, it must be realized that our industrial development was decisively influenced during the period in question by foreign capital.

To a large degree, there was no choice in the industrial enterprises set up because these were established in the country with foreign capital owing to the comparative advantages afforded for production and were oriented towards the foreign market, with no relationship to the local market. Basically, the comparative advantages can be summed up as residing in cheap resources and labour, together with tax exemption and other incentives.

This is another important part of the "traditional model", in the context of which the genuine growth of domestic industry was limited during 1950-1972.

II. INDUSTRIALIZATION ACHIEVEMENTS IN THE PERIOD 1950-1972

As has been pointed out, the main feature of the industrialisation process in the period under consideration was the absence of adherence to a suitable development plan,^{3/} which gave rise to the divergence between the production of domestic raw materials and the use of foreign raw materials by enterprises established in the manufacturing sector.

Bearing in mind this feature, the industrial sector of the Dominican Republic can be divided into two major groups, namely:

- A. Industrial enterprises using domestic raw materials, and
- B. Industrial enterprises using foreign raw materials.

The first group was doubtless the largest, but this is because the typical industrial enterprises of the "traditional model", in other words the sugar industry and new enterprises in the mineral extraction branch, which are basically oriented towards meeting the requirements of the foreign market, belonged to it.

The other part of this first group was represented mainly by enterprises producing prepared foods, beverages and tobacco products. Traditionally, these industries have been oriented towards the domestic market, although in the final years of the period, there was a trend towards increasing exports of the products concerned, in particular prepared foods. For this purpose, agencies such as the Dominican Export Promotion Centre (CEDOPEX) were set up to promote import of these products.

In view of the recentness of the growth in this type of export, the macro-economic effects which it may have are still in doubt, and a vigorous debate has arisen in this connexion among Dominican economists. None the less, given the economic growth which the national economy has undergone, despite the fact that its beneficial effects are not spread over the whole population, there has been an increase in domestic demand for these items. This growth in the market could provide incentive to investors to increase production for domestic consumption,

^{3/} In 1967, the National Planning Office of the Technical Secretariat of the Office of the President drew up a development plan called the Platform for the Economic and Social Development of the Dominican Republic which suggested economic policies to be followed up to 1985. However, the economic policy followed to the present time appears to ignore the existence of this document.

but the existence of more attractive prices in the international market triggers a growth in these exports greater than the increase in production which would be required to meet growing demand, and this results in a "scarcity" of the item in the domestic market, with the consequent upward pressure on prices.

The second group (industrial enterprises using foreign raw materials) is engaged mainly in meeting the requirements of the domestic market, in many cases producing items which are substitutes for imported manufactured goods. The main representatives of this group are the textile, paper, some beverage (carbonated and malted) and the wheat derivative industries, etc.

1. Trends in the industrial sector in the period 1950-1972

Industrial development was limited by general economic conditions and profoundly affected by the political crises of the early 1960s.

The most dynamic industrial sector during the period was construction and related industries. From 1950 on, Government policy was a decisive factor, although the beneficial effects of this policy were confined in the 1950s to a smaller group of entrepreneurs than in the final part of the period. Perhaps the most important cause of the construction boom in the 1950s lies in the development in the dictator, whose political maturity was projected throughout the Caribbean, making this the period of the apogee of the dictatorship. Although in 1960-1966, there was great instability in all aspects of government policy in the economic sphere, there were substantial increases in construction in 1961, 1962 and 1963.

From 1966 on, the construction sector grew as a result of the political stability and the priority assigned by the Government to the sector, and substantially increased its share in the Gross Domestic Product.

The composition of domestic industry and the lack of planning none the less affected the growth of the construction sector. Although the country is very rich in bauxite deposits, it still had to import large amounts of aluminium, and the same was true of other goods involved in construction for whose production the country had a wealth of natural resources. The cement industry was of course unable to provide adequate supplies to prevent an increase in the price of cement and make it unnecessary to import in order to meet the requirements of building firms and the State. However, the construction policy has had very important implications

for the achievement of adequate infrastructure and for a very important social factor, namely the improvement of housing conditions.

The remodelling of urban areas will be of use for a substantial future increase in tourism, and was in fact undertaken precisely for that purpose.

2. Summary

Apart from the extraction and sugar industries, the remainder of industrial production was basically intended for domestic consumption. The main industries continued to be those which arose through necessity in the period of the Second World War. The large new industries which emerged were by contrast related to the construction industry.

Thus, the Dominican Republic was a producer of agricultural goods and raw materials, with foreign capital occupying a very prominent place, and industrial complexities, i.e. the production of durable and capital goods, not arising. As a backward country, the characteristic which most differentiated the Dominican Republic from industrialized centres was its inability to create science and technology and its own means of production, so that the phenomenon of the dependence of industry on the import of machinery and technology was accentuated.

In conclusion, the structure of the industrial sector throughout the period underwent no significant changes either in its orientation or in the relative weight of the various industrial sectors, with the exception of the construction sector and the relative loss of importance of the sugar sector.

III. THE STRATEGY OF INDUSTRIALIZATION, 1950-1972

During the 1950s, industrial development strategy was not clearly defined, although it can be seen that the decline in the years 1951-1953 in the prices fetched in the international market by primary products, on whose export national economic stability depended - as it still does - brought about the formation around Trujillo of an entrepreneurial middle class who undergirded the first industrialization attempt in the 1940s.

Apart from this phenomenon, it was not until the 1960s that something akin to an economic strategy for industry began to emerge with the establishment of the Industrial Development Corporation in 1962 and the introduction at the end of the 1960s of industrial incentive laws.

However, in order to gain a proper understanding of the development programmes which have been proposed and the strategy followed since 1960, it is necessary to understand the participation of the public sector in domestic industry. Many industrial, commercial and agricultural enterprises which belonged to the Trujillo family became State property when the dictator fell in 1961, thus enlarging the public sector.

Many of these enterprises were at the time, and still are, monopolies operating under privileged conditions with the intention of creating a large financial surplus, with a high degree of technological and organizational inefficiency. The political conditions before 1961 made possible the realization of this large surplus. Since that year, the political instability, the continual changes in leadership, the loss of monopolistic power and increase in salaries have caused adverse economic results.

Initially, this group of industrial and commercial enterprises was controlled by the Industrial Development Corporation, which was unable to manage them efficiently owing to its small staff and lack of preparation for administering an industrial complex of that size, and found itself discredited. Factors in favour of the participation of the Industrial Development Corporation in the administration of State enterprises are the substantial amount of inspection work and positive action for the gathering and improvement of statistics on their operation.

In this period, "industrial development policies [had] not yet taken form which could in turn serve as a point of reference for fixing the objectives of

enterprises in the public sector within a development framework'.^{4/} After the hostilities in 1965, the Provisional Government introduced a legislative provision which embodied the most satisfactory short-term solution for management of the public sector, i.e. the setting up of the Dominican State Enterprises Corporation (CORDE) through Law No. 289 of 30 June 1966, thereby freeing the Industrial Development Corporation to carry out its work in promoting the development of the industrial sector.

1. Selection of priority industries

On 23 April 1968, the Executive Branch promulgated Law No. 299 on industrial incentives and protection to replace a law of 3 October 1963. This law classifies industrial activities mainly on the basis of the purpose for which production is intended and taking into account the socio-economic benefits in terms of creation of jobs, savings of foreign exchange, etc.

Thus, there are three categories of enterprises:

- A. Category A: This category includes all industrial enterprises producing manufactured goods for import.

The incentives which enterprises classified in this category are entitled to are full exemption from all import duties and taxes on their raw materials, machinery, fuels and lubricants (except gasoline); full exemption from income tax when the head office is located outside the country, or 75 per cent exemption for the first five years and 50 per cent exemption thereafter when the enterprise is based in the country.

- B. Category B: Within this category, a 95 per cent exemption is enjoyed in respect of all import duties and taxes on raw materials provided these cannot be acquired in the country, where the enterprises are considered to have high priority for the development of the country and represent savings of foreign exchange and sources of jobs.

^{4/} As stated in the Platform for the Economic and Social Development of the Dominican Republic prepared by the National Planning Office.

- C. Category C: This category includes all enterprises engaging in the processing of a domestic raw material or the manufacture of products intended for domestic consumption, provided it is demonstrated that installed capacity does not exceed domestic demand. The incentives for this classification or category are up to 90 per cent exemption from import duties and taxes on raw materials provided these cannot be acquired domestically, and also the same exemption in respect of fuels and lubricants except gasoline.

As can be seen from the provisions relating to category A, this incentive law assigns priority to foreign capital, and is very similar to the Costa Rican industrial incentive law. The most common criticism of the law is that it does not take into account the experience of other countries, especially in the same geographical area, such as Venezuela and Colombia, or the provisions of the National Development Plan prepared by the National Planning Office.

2. Location of industry in new centres

The most relevant economic policy in recent years in the strategy for development of the industrial sector has called for the establishment of industrial zones and estates. By granting certain incentives under Law No. 299, and also terms for purchasing, this policy promotes the gravitation of industrial enterprises to specific areas.

In 1967, the first industrial estate in the Dominican Republic was established by the Government 7.5 km from the city limits of Santo Domingo. It was administered by the Industrial Development Corporation and designed for the establishment of industries primarily oriented towards meeting the requirements of domestic consumption. The total extent of the Herrera industrial estate project is to be 1,600,000 m², and by 1973, responding to the pressures of the private sector, it had achieved an extent of 1 million m².

Subsequently, free zones were developed at La Romana, 110 km from Santo Domingo, operated and administered by a subsidiary of Gulf and Western Americas Corporation, and in San Pedro de Macoris, administered by the Industrial Development Corporation, and now in the starting-up phase. Under Law No. 299, all enterprises classified in category A except those contemplated by special decrees of the Executive Branch, and other enterprises, are located in these free zones.

Consideration is being given to the establishment of other free zones at Puerto Plata, Santiago and Haina, and also expansion of the existing zones. The geographical location of the existing and planned industrial zones and estates is shown below.



1. Santo Domingo - Herrera Industrial Estate
2. Haina, San Cristobal Province - Haina Industrial Estate (5 km from the Herrera Industrial Estate)
3. San Pedro de Macoris - Industrial free zone (70 km from Santo Domingo)
4. Puerto Plata - Industrial free zone (approximately 1 hour by air from Miami, Florida)
5. Santiago - Agro-industrial zone (195 km from Santo Domingo)
6. La Romana - Industrial free zone (110 km from Santo Domingo)

Some of the advantages afforded by this ambitious plan for the establishment of industrial free zones and estates, whose future prospects are very wide-ranging, are:

1. General facilitation for the establishment of industrial enterprises,
2. Achievement of adequate urban development, providing a centre for industrial activity,

- C. Facilities for the transport of raw materials and export products, achieved by locating the zones and estates near ports,
- D. Ease of movement of inputs, raw materials and industrial wastes,
- E. More efficient and less costly environmental pollution control,
- F. Medium-term payment for the purchase of sites and buildings, facilitating capital investment and providing an incentive to the industrialist,
- G. General transport facilities for workers, using a single means or system,
- H. Location of industry in urban areas with water, light and sewerage facilities.

The socio-economic effects of the establishment of industrial zones and estates can not yet be fully evaluated in view of the short time in which these zones and estates have developed. None the less, although they do not have the qualities necessary to break the bonds of under-development, it should be recognized that, in addition to the advantages already mentioned, they constitute one of the most important steps in the quest for an organized type of industrialisation taking into account the experience of other countries and thereby avoiding their misfortunes.

It should be pointed out, inter alia, that in the industrial zones planned and administered by the Industrial Development Corporation (Nos. 1,2,3 and 4 on the map), the location of enterprises depends on their individual characteristics. In other words, each individual zone is divided into sectors, and enterprises engaging in similar activities are established in each of these sectors. This avoids a situation where some enterprises impair the normal operation of others.

Also, as an additional incentive, the Industrial Development Corporation has in some zones, such as the one at San Pedro de Macoris, initiated the construction of industrial buildings which are offered for rent to enterprises interested in implementing industrial projects.

There is no doubt that the establishment of the industrial estates will provide a suitable foundation for the amendment in incentive laws and government policy required for industrial development.

3. Development of manufacturing technology and training of labour

Strictly speaking, it is impossible to talk of an official strategy for providing the domestic productive apparatus with suitable technology. A large share of the technical advisory services provided to industry come from abroad. In State enterprises, those advisory services are provided by officials and missions from international agencies (Inter-American Development Bank, World Bank, United Nations, etc.).

The first obstacles to be overcome in order to achieve greater technological efficiency is the training of labour. Government policy has not placed adequate emphasis on this aspect, but it is important to point out that, in 1955, the establishment was started of accelerated worker training schools under the technical direction of Spanish professors. The main purpose of these schools was the training of specialized workers who could become part of the personnel required by budding enterprises. Some of the specialities taught in courses lasting approximately 6 months are:

- Mechanical adjustment,
- Joinery, cabinet-making,
- Reinforced concrete,
- Masonry, paving,
- Electrical engineering,
- Plumbing,
- Painting, decoration,
- Milling,
- Turning,
- Electrical welding,
- Forging, locksmithery.

Eleven specialized professors were placed under contract to implement the educational programme.

The first group comprised 150 graduates, distributed more or less evenly among the specialities listed above. In 1966, about 130 pupils were registered. The schools were located in various places in the country to make it easier for pupils to receive training. For example, schools were set up in San Pedro de Macoris, Baní, Santiago, Puerto Plata and Barahona, with the largest number in Santa Domingo.

The high degree of technical inefficiency continued throughout the period 1950-1972, and most technically oriented industries were forced by the shortage of technicians to resort to an unfortunate foreign dependence.

IV. INDUSTRIAL POLICIES AND MEASURES, 1950-1972

The economic policy applied to the industrial sector has been commented on in the analysis of industrialization strategy in the period 1950-1972, so we shall give a summary of that policy in this chapter.

Summary

Government policy aimed at the attainment of an industrialization process was not consolidated until the 1960s, with the establishment of institutions and the promulgation of laws providing for incentives to private investment. These institutions and laws were modified in the latter part of the 1960s to impart vitality to the industrial sector, whose growth rate between 1962 and 1966 (0.6 per cent) was highly unsatisfactory for purposes of economic development. The most relevant measures were the following:

- A. Establishment of the Industrial Development Corporation (1962);
- B. Establishment in 1966 of the Investment Fund for Economic Development (FIDE), whose characteristics will be considered in the next chapter;
- C. Establishment in 1967 of the Dominican State Enterprises Corporation (COSE);
- D. Promulgation in 1968 of the Law on Industrial Incentives and Protection;
- E. Establishment of industrial estates and free zones.

V. INSTITUTIONS AND INDUSTRIALIZATION, 1950-1972

The institutions responsible for industrial development in the Dominican Republic are the Industrial Development Corporation and the Investment Fund for Economic Development, whose activities are relatively well co-ordinated, mainly in respect to the evaluation and financing of projects. Other financial institutions and private banking supplement the action of the above-mentioned State bodies.

In the part of its activity which is co-ordinated with the work of the Investment Fund for Economic Development (i.e., the part where it does not finance enterprises with its own resources), the Industrial Development Corporation carries out full evaluation of the economic, technical and financial aspects of industrial projects for which applications for credit are submitted in order to ensure their feasibility, financing having been granted by the Investment Fund for Economic Development, whose resources come primarily from loans from international agencies (Inter-American Development Bank, World Bank, etc.).

1. Investment Fund for Economic Development (FIDE)

This is an institution set up under the Central Bank of the Dominican Republic for the purpose of obtaining resources by concluding long-term loans with international agencies and attracting domestic investment. Its purpose is to grant medium-term and long-term loans to private enterprises through intermediate institutions for the establishment and expansion of projects furthering the development of the country, primarily in the manufacturing sector.

From the time of its establishment in 1966 until December 1972, FIDE had granted loans in a value of more than 51 million Dominican pesos, spread over various sectors of the economy. The industrial loans accounted for approximately 50 per cent of all loans approved. The main concern of FIDE in the first phase of its existence, which it has already moved beyond, was to create suitable conditions and appropriate incentives for the formation of a class of entrepreneurs and to create a more dynamic industrial sector as quickly as possible.

2. Prospects

As was stated by the Governor of the Central Bank of the Dominican Republic, Dr. Diógenes Fernández, before the American Chamber of Commerce, a change is being

contemplated in FIDE's credit policy to promote investment in labour-intensive operations and those directed towards promoting agro-industry above all because, although the result of the industrial policy applied has been the establishment in a short period of time of an industrial sector which is "better defined and more dynamic", the criteria for the provision of credit by FIDE must adhere to "more clear-out guidelines for still further promoting industrial investment in areas considered to have the highest priority and to afford the best future prospects in the context of the general economy".^{5/}

Having ascertained the technical deficiencies in the domestic productive apparatus, the Central Bank is currently working on the setting up of a technical research and assistance institute for industry and the institute for technical training, which are intended to improve general technical skills and would take the place of the Central American Research Institute for Industry (ICAITI), which accounts for foreign technical advisory services.

The objectives of these bodies to be set up under the Central Bank are:

- A. Provision of advisory services to industrial enterprises in order to reduce production costs, modify techniques and identify usable by-products;
- B. Technological research in respect of the use of raw materials;
- C. Application of modern productivity methods;
- D. Carrying out of in-service technical training courses;
- E. Promotion of courses for the training of technicians in specific fields;
- F. Promotion of researchers and technical experts, in addition to artisans and specialized workers.

In this way, given the relatively acceptable dynamic development achieved by the industrial sector, introduction of these measures in FIDE's credit policy and technical improvements in industry both in the production stage and in the level of skill of the labour force used may in the end play a part in changing the industrial structure, thus giving impetus to economic development. However, even more domestic resources must be injected, and foreign capital must be controlled in order to protect the domestic investor so as to achieve an industrial structure in which foreign dependence is minimized.

These goals and objectives, which are necessary for industrial development, and in the final analysis economic development, could be achieved to the extent that government legislation as a whole continues to evolve towards a more dynamic and suitable economic policy, as has been the case in recent years, and towards acceptance of the development guidelines laid down in the Economic and Social Development Platform of the Dominican Republic prepared by the National Planning Office.

SUGGESTED AMENDMENTS

TABLE 1

<u>Enterprises</u>	<u>Product or activity</u>	<u>Date established</u>	<u>Capital invested (thousands of pesos)</u>
Falcombridge Dominicana	Ferromickel	1970	160,000
Complejo Metalúrgico Dominicano, C. por A.	Round irons, tubes and structures	1968	325
Servicios Tecnológicos	Casting	1955	22,000
Alcoa Explorston	Aluminium	1955	1,200
Industria Nacional del Vidrio	Glass	1951	2,500
Industria Nacional del Papel	Paper	1953	1,500
Industria Textil del Caribe, C. por A.	Textiles	1950	758
Cervecería Cibao, C. por A.	Beer	1964	2,000
Industrias Lácteas Dominicanas, S. A.	Milk products	1970	2,000
Casa Central, C. por A.	Garment manufacturing	1964	100
Perevía Industrial	Fruit juices and pastes	1964	100
Barceló Industrial	Fruit juices and pastes	1966	90
Textiles K, C. por A.	Knitwear	1972	150
American Can Co., C. por A.	Cans	1968	2,000
Aluminio Dominicano, C. por A.	Aluminium sheet	1962	250
Industria Petroquímica Dominicana	Footwear inputs	1963	200
Neveras Dominicanas, C. por A.	Refrigerators	1966	200
Industria Constructora, C. por A.	Doors and windows	1958	232
Cartones Haina	Paper board	1972	1,500
El Torito Dominicano, C. por A.	Meat and sausages	1962	50
Fersan	Chemical fertilizers	1964	350
Pausterizadora Rica, C. por A.	Milk and milk products	1966	117
Compañía Dominicana de Alimentos Lácteos	Milk products	1969	2,000
Industria del Plástico	Plastics	1968	300
Vidrios y Plásticos, C. por A.	Mirrors	1964	157

TABLE 2

A. BREAKDOWN OF THE GROSS DOMESTIC PRODUCT
(local currency at current prices)

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1971</u>
Agriculture	82,269.3	135,020.7	234,537.1	252,000.2
Mining	961.2	13,460.1	22,741.5	23,565.6
Petroleum	-	-	-	-
Manufacturing	68,625.8	124,972.3	273,533.0	306,283.4
Others	247,593.3	450,176.4	941,352.4	1,051,157.0
Total GDP	<u>399,449.6</u>	<u>723,629.5</u>	<u>1,472,164.0</u>	<u>1,633,006.2</u>

3. CUMULATIVE ANNUAL GROWTH RATES

	<u>1950 - 60</u>	<u>1960 - 70</u>	<u>1970 - 71</u>
Agriculture	5.1%	5.6%	7.4%
Mining	30.5%	5.4%	3.6%
Petroleum	-	-	-
Manufacturing	6.2%	8.2%	11.9%
Others	6.1%	7.7%	11.7%
Total GDP	<u>6.1%</u>	<u>7.4%</u>	<u>10.9%</u>

TABLE 3

INTERNATIONAL BALANCE OF TRADE

(Local currency)

	1959	1960	1970	1972*
Exports	86,864,425	174,428,655	213,956,600	347,600,000
Imports	43,557,221	87,022,913	278,034,417	337,700,000
Trade balance	43,307,204	87,405,742	(-) 64,077,817	9,900,000
Exports of manufactures	3,400,000	4,500,000	5,900,000	7,800,000

Rate of exchange for US\$: 100:1.00 (local currency)

* Preliminary figures (unofficial).

OTHER ANNEXES

TABLE 1

PERCENTAGE BREAKDOWN OF THE GDP BY SECTORS OF ORIGIN

<u>Sector</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>
Agriculture	20.6	18.7	15.9
Stock-breeding	6.1	7.0	5.9
Mining	0.2	1.9	1.6
Industry	17.2	17.3	18.6
Trade	20.3	18.7	16.2
Government	7.1	9.9	10.3
Construction	3.3	17.3	4.9
Others	<u>25.2</u>	<u>9.2</u>	<u>26.6</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

TABLE 2

INDUSTRIAL SECTOR
PERCENTAGE BREAKDOWN

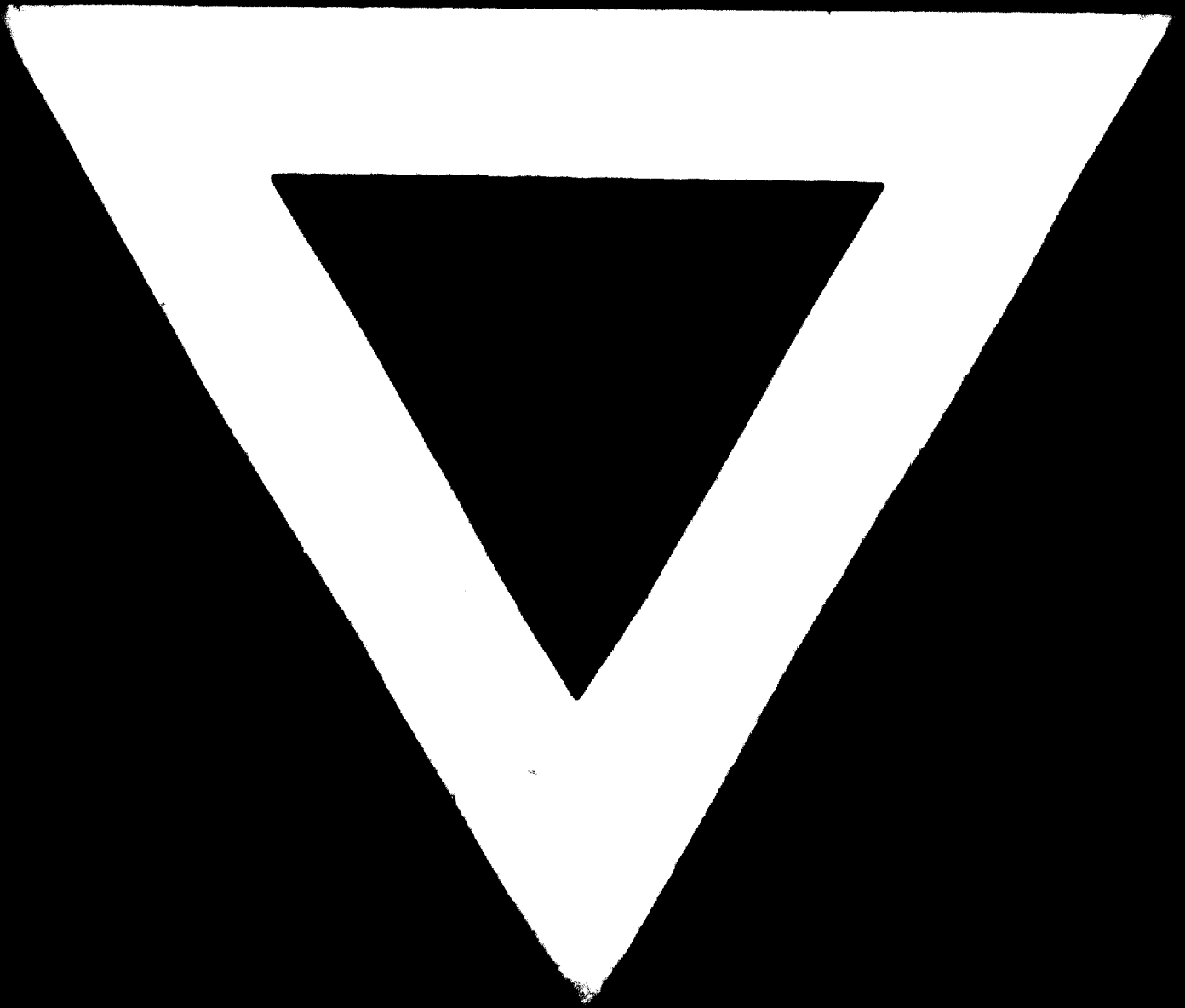
	<u>1950</u>	<u>1960</u>	<u>1970</u>
Foodstuffs (except beverages)	70.4	69.7	57.3
Sugar mills	(33.8)	(36.2)	(24.1)
Others	(36.6)	(33.5)	(33.2)
Beverages	7.8	7.0	11.7
Tobacco	4.6	3.4	6.3
Textiles	0.6	2.4	2.5
Non-metallic mineral products	2.1	2.3	3.0
Others	14.5	15.2	19.2
Mechanical engineering	-	-	0.2
Electrical machinery, equipment and articles	0.5	0.1	0.5

TABLE 3

INDUSTRIAL SECTOR

Growth by group
(percentages)

	<u>1950 - 60</u>	<u>1960 - 70</u>
Foodstuffs	6.5	6.1
Sugar mills	(7.3)	(3.9)
Others	(5.7)	(8.0)
Beverages	5.4	13.9
Tobacco	3.4	14.9
Textiles	23.0	8.5
Non-metallic mineral products	7.5	11.4
Others	7.1	10.7
Total percentage increase	<u>6.6</u>	<u>8.2</u>



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