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06699



United Nations Industrial Development Organization

Doc. No. 120/1975  
Economic and Social Council  
Distr. No. E/1975/12  
ORIGINAL: SPANISH

Meeting on Self-Help Programmes for  
Developing Countries  
Geneva, 10-14 November 1975

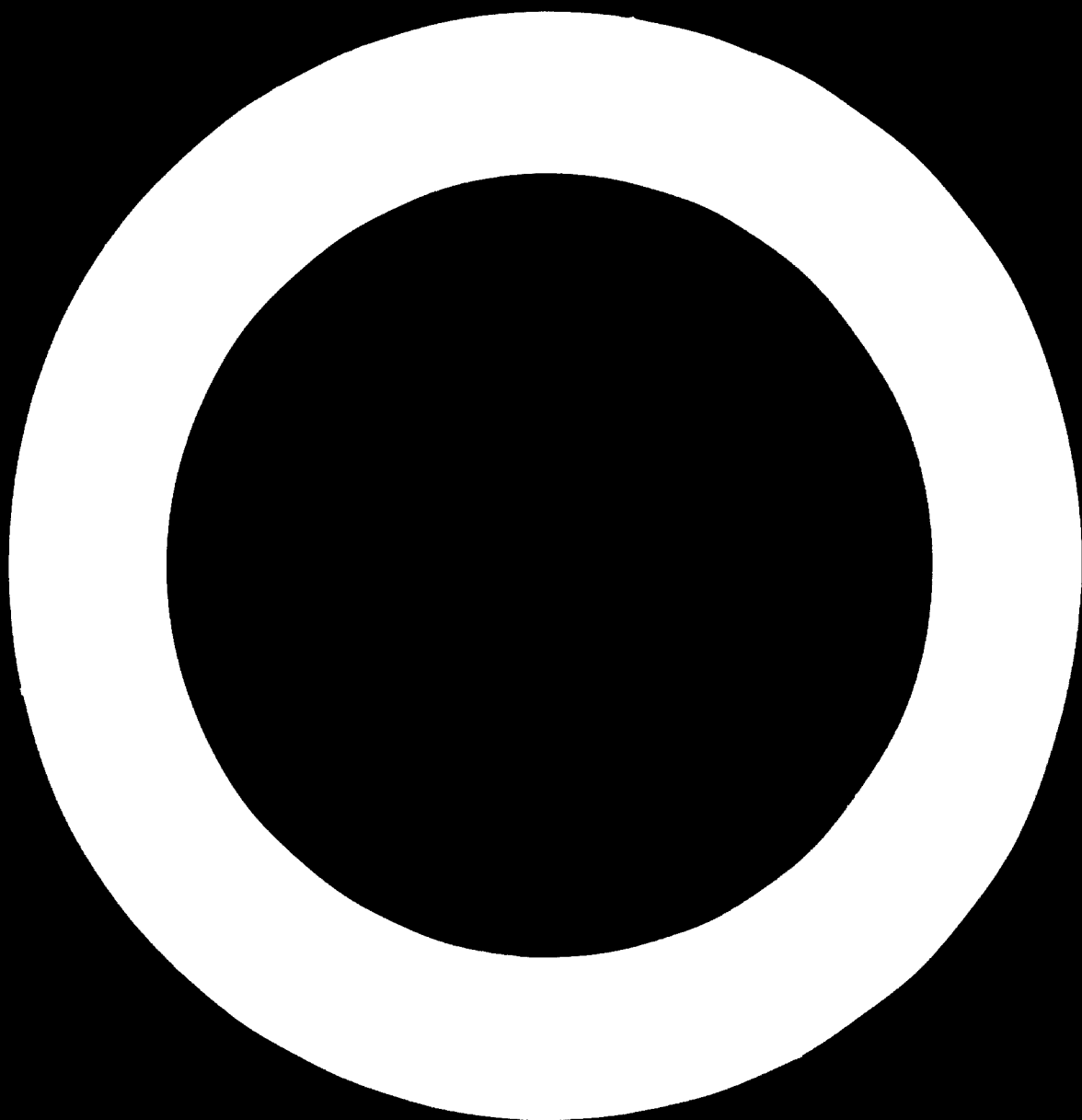
GOVERNMENTAL AND NON-GOVERNMENTAL ACTION  
FOR SMALL-SCALE INDUSTRY DEVELOPMENT IN SPAIN 1/

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In Spain, it is considered small industry the one that, not being artisan, has a number of employees not larger than 50 and which fiscal capital is less than 150 millions peseta (\$ 2.5 million). This type of industry is important because it represents 94% of the total number of industries in Spain and it employs 48% of Spain's labor force.

#### A) GOVERNMENTAL ACTION

##### a) Strategies, plans and policies

Although since the last few years Spanish authorities are paying a special attention to the small industry because of its importance in the industrial potential of the country, it was not until 1973 when the necessity of establishing an active policy in favour of the small industry was considered and that the Interunion National Councils of the Small Industry were created.

In the two first Spanish Social and Economic Developing Plans as well as in the third, which ends by yearend, the small industry has got a special interest. In the third Plan is stated that the policy in favour of the small industry will be directed following these basis:

- Introduce in the financing system the necessary mechanisms to facilitate the necessary state credits for the small industry.
- Establish information channels and technical assistance for the small industry.

- Encourage the creation of professional and managerial training schools.
- Encourage large industries to maintain a co-operation relationship with the small suppliers and subcontractors.
- Count with a governmental department dealing with the small industry.

In May 1.974 an Interministerial Commission was created to study the situation and future of the small industry in Spain; its aim being to consider and propose the measures to adopt in the future to carry out the practise of an assisting and promotional policy for the small industry, following the economic and social plans established by the Government.

This Commission, whose President is the Vice-Minister of Industry, is composed by the representatives of the Ministries of Finance, Labor, Commerce, Planning, Industry and Trade Unions. The High Council of the Spanish Chambers of Commerce and Industry has an advising role in the Commission.

The working groups of the Commission are as follows:

- Managerial training.
- Technical assistance.
- Industrial estates.
- Labor and social problems.
- Financing.
- Home and foreign markets.
- Fiscal problems.
- Relationship with the Spanish Government.
- Co-operation and joint actions.

- Long-term development of the small industry.
- Policy in favour of the small industry abroad.

**b) Fiscal measures**

In the field of fiscal measures the Government policy in favour of the small industry is carried out through the exemptions or lowering of duties, not to the small industries but to their activities such as lowering duties to the import of machinery and equipment, tax exemption or reduction in the first years of working, reduced rent in industrial estates, etc.

**c) Establishment and development of industrial estates and areas.**

Concerning the establishment and development of industrial estates and areas, the Economic and Social Developing Plans have developed a policy of industrial development zones, which consists in providing all the help and benefits to those industries building their factories in the zones already planned to become an industrialized area. The benefits are such as providing low rented sites, reductions of about 95% in taxation, facilities of payment during the first five years, subsidization and preference for obtaining state credits.

For the first two Plans the industrial development zones were 12, placed in the most underdeveloped areas and with a capacity of a future industrial development.

The actual Plan is developing a new policy especially dealing with the total use of the resources of vast areas in the country.

**d) Industrial financing.**

The governmental policy for helping the financing of

the small industries is carried out through the granting of credits by the national credit organizations and especially by the Bank of Industrial Credit. These low-interest credits are granted both for the setting up of new industries and for the modernization and enlargement of the already working.

e) Export promotion.

The governmental policy for export promotion is performed by the Ministry of Commerce through different actions like promoting the Spanish presence in foreign trade fairs, organising commercial missions abroad, lowering of duties for exports, etc.

The target of this policy is the increase of exports of products especially manufactured by small and medium industries that could not afford a foreign promotion without an official economic help.

f) Amalgamations and mergers.

The amalgamations and mergers of small industries are fostered by the governmental policy through the exemptions or lowering of profit taxes.

B) NON-GOVERNMENTAL ACTION

The Spanish Chambers of Commerce and Industry have always paid attention to the problems and promotion of the small scale industry. In this way they organised in 1.972 the Small Scale Industry National Week.

During the meetings held in the Week the following reports were discussed:



- Financing of the small industry.
- Technical assistance to the small industry.
- Relations between the small scale industries.
- Structure, functions and responsibilities of the management.
- Concentration of small industries.

Among the conclusions adopted at the end of the meeting, we can underline:

- The need to establish an adequate financing system for the small industry by means of a new law.
- The need to create a service of technical assistance through a network of regional agencies coordinated by a central bureau responsible for the planning at a national level.
- To make possible that modern technological research could reach and benefit the small industry.
- The importance to regulate the relations with the long-scale industry in order to obtain their assistance and advice to improve the quality of the products and the specialization of the small industry.

a) Establishment and development of industrial estates and areas.

Some Spanish Chambers of Commerce and Industry are encouraging and helping the establishment of industrial zones for setting up small scale industries. The control of the Chambers of Commerce over these industrial zones assures a rapid occupation of the land by the interested industries and avoids the possibilities of land speculation, providing at the same time certain common services such as electricity, water supply, telephone, sewerage, etc.

These actions avoid:

- That the industry moves in an anarchistic way and sometimes in contravention of the ordinance of the land.
- That the industries establish themselves without the adequate services.

In addition to these benefits, under this system the industries increase their productivity without increasing their expenses.

b) Organization of training programmes.

The participation of the Spanish Chambers of Commerce and Industry in this sector is fairly important. A great number of Chambers co-operate financially in the commercial and industrial training schools and provide grants to study in these schools.

Moreover, several Chambers have their own professional training centers in which a large number of pupils can study economic and technical subjects completely free of charge.

They also organise intensive courses concerning commercial and industrial activities for the staff of the small industries.

c) Export promotion.

Many of the national and international fairs and exhibitions that every year are held in Spain are sponsored by the Chambers of Commerce and Industry.

As for the exhibitions of Spanish industrial products abroad, the Spanish Chambers organise the participation of their

members in order that they may promote their industrial products in foreign countries.

The Spanish Chambers of Commerce attach a great importance to trade missions by means of which the Spanish industries can sell their products abroad.

The collaboration of the Chambers with the industries participating in these trade missions refers not only to the organization but also is extended to include economic aid concerning the travel expenses, hotel accommodation, etc.

The above mentioned services contribute efficiently to the export activities of the small scale industry which otherwise could not afford all the expenses produced by a costly action needed to introduce themselves in foreign markets.

d) Subcontracting.

Seven Spanish Chambers of Commerce and Industry have subcontracting Agencies for their members in order to increase the productivity and the efficiency of the labor and capital goods of the small scale industry.

The main services provided by this Subcontracting Agency are the following:

1. It helps the Contractor industries in the search for the Subcontractor firms which are in a position to do the desired work.

2. It increases the possibilities of work of the Subcontractor industries, and therefore the yield of their industrial capacity is improved at a particular moment.

3. For the industries that are not able to use their installations at full capacity, it permits them to be occasional subcontractors and pay off in a more rapid way those installations.

4. It informs any firm that may consult it regarding which industry can do a determined piece of work.

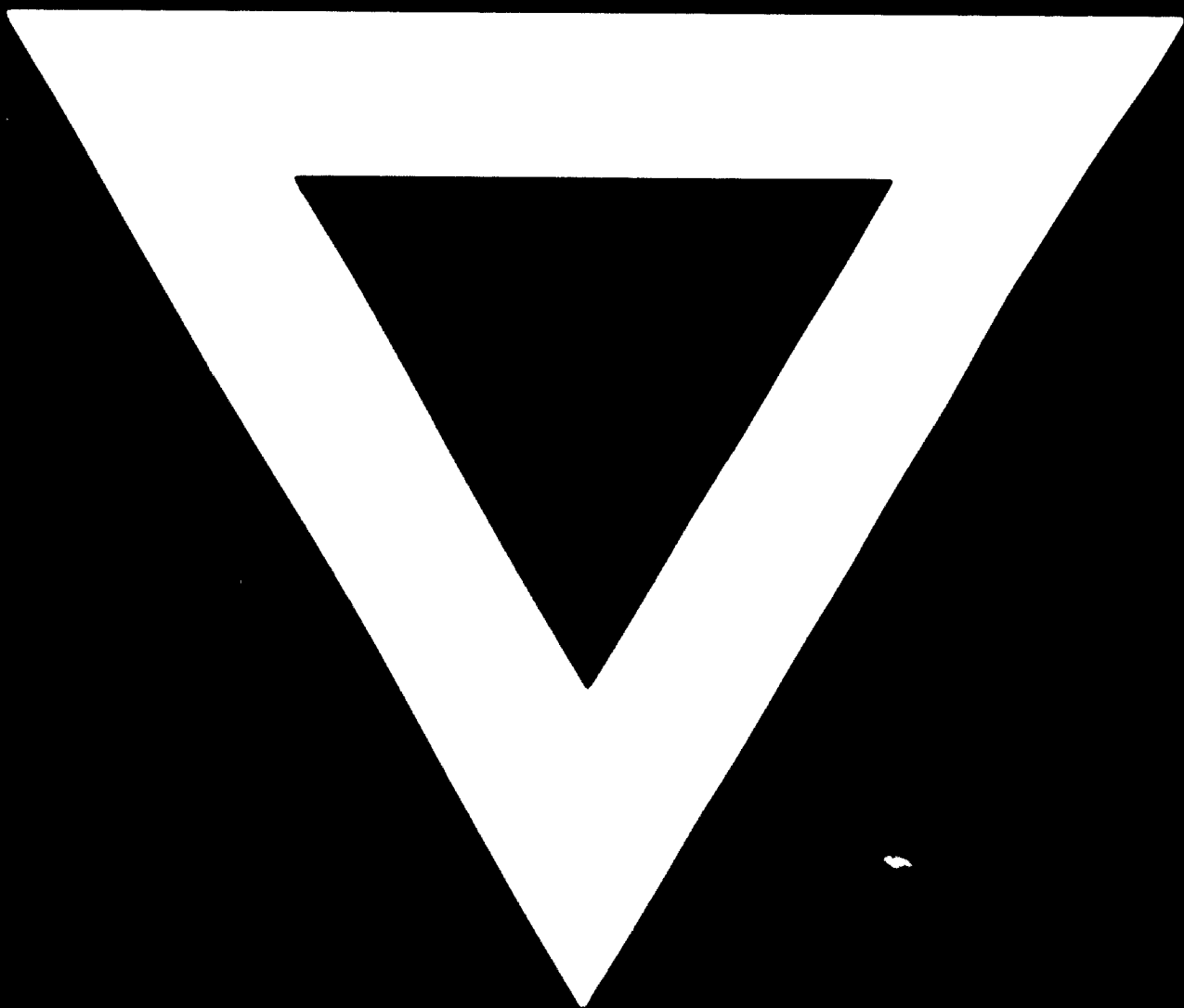
5. It issues periodical lists of surplus products and raw materials, held by industries desiring to sell them. These lists are sent to a great number of firms in order to facilitate these sales.

The Agency is not only an information service, but it also studies the requested work, advises on the best way of doing it and looks for the most appropriate Subcontractor firms.

Other programmes of operation of the Subcontracting Agency are aimed at the technical assistance and the organization of its members, by means of the collaboration of other organizations, gradually becoming, in this way, a valuable element of information, co-ordination and training.

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**76.01.16**