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INTRODUCTION

1. The purpose of this study is to place the results of Argentine experience before the inter-regional symposium on industrial project evaluation, in summary and schematic form. Before broaching the subject proper, some description must be given of the economic characteristics of the Argentinian industrial system, both as regards its stage of growth and integration, and the relative shares of the public and the private sectors in the composition of the macro-economic variables.

2. Qualitative analysis shows that "in most of its branches, Argentinian industry has passed the preliminary stage, and in some, has reached a high level of technical achievement and efficiency. The first stage of development, in which attention was concentrated on satisfying the immediate requirements of import substitution and supplying the domestic market, even at high cost, may now be regarded as completed. However, the first stage played a vital role in economic development, by permitting sustained growth, right through the Second World War, and, with the better distribution of income to which this gave rise, making possible the establishment of a wide market in which economies of scale are already of fundamental importance." 1

3. Quantitatively, industry's share in the gross national product is approximately 35%. Of this, the private sector accounts for approximately 95% and the public industrial sector for the rest. Bearing these few points of reference in mind, let us proceed to the items on the symposium's agenda.

I. PRELIMINARY STEPS IN SETTING UP INDUSTRIAL PROJECTS

Essential elements in the preparation of projects. Data requirements, feasibility studies and other information.

1. In the discharge of its terms of reference, the national planning body conducted a survey of the private industrial sector - designed to determine investment prospects during the period covered by the National Development Plan. If the goals set by the plan are to be achieved, it is necessary that the actions of all branches of economic activity taken as a whole should be coordinated and harmonized in both the short and long-term. For this purpose, knowledge of the action contemplated in the private sector in the short-term is vital if encouragement is to be given to projects or withheld in accordance with the compatibility with the goals laid down.

2. In correlation with this, the bodies responsible for industrial development - which are dealt with under Item IV, 10 - have set up two important mechanisms for the private industrial sector.

(a) The machinery for the promotion of industrial development established under Decree 3113/64, the responsible agency being the Department of Industry and Mining, acting through the National Directorate of Industrial Assistance, Article 10, Part VI, of the Decree calls for, inter alia: market surveys, (with an explanation of the methods used); information on financial aspects; estimates of the expected profitability of capital invested in the project; the type and quantity of the inputs required for the production process, etc.

(b) The "Standard Presentation Form" for new enterprises of national or regional priority 2/, which regulates, supplements and complements the "Assistance Scheme" previously mentioned.

1/ Cf. Annex 1
2/ Cf. Annex 2
There are different rules and regulations for the presentation of projects for state industries, but the purpose is the same. In the case of these projects, the object is to achieve within state industry, uniformity and coherence in the data and information needed for the analysis and evaluation of industrial projects.

3. It should be noted that the combined approach now adopted is a very recent innovation. This is due to the fact that global and sectoral planning are also of very recent date in Argentina. In the past there were isolated instances of national bodies working towards this end, but the action was not coordinated or directed towards pre-established goals and objectives. Among such bodies, mention may be made of the Department of Industry and Mining with its "Form"; the Industrial Bank of the Republic of Argentina, with various regulations, not compiled in a single text; the Federal Council for Investments with its "Manual for the Presentation of Projects" on the same lines as those laid down by the Inter-American Development Bank and the Corporation of Provincial Banks.

4. A comparative study of these earlier texts and the "Standard Forms" now in force brings out very clearly the development of and the improvement in the information required and in the planning bodies responsible for the industrial development process themselves. This advance assumes greater relevance in view of the weight and importance attached to two vital aspects of any project:

   a) market surveys, regional, national and international;
   b) analysis of financial arrangements.

Relation of projects to the general strategy of industrial development

5. As noted in the Introduction, the first stage of Argentinian industrial development took place in response to forces originating in the domestic market and to external factors which did not constitute a rational and conscious strategy at the general or sectoral level. With the end of this stage, in more recent years, there came the first
isolated and sporadic gropings towards sectoral and regional planning. This, coupled with increasing difficulties and the slowing down of the rate of growth, forced the establishment of a strategy of global, sectoral and regional development, and the creation of machinery to put the strategy into effect.

6. From the point of view of the industrial sector specifically, this strategy pursues the following overall objectives:

- To increase production in order to supply the requirements of the domestic market and to play an increasingly significant part internationally.
- To continue the process of import substitution and development of export industries, by three fundamental means.
- Achieving a high level of integration of industrial processes.
- Progressively improving the utilization of existing capacity.
- Raising the technological standards of traditional and developing industries.
- To achieve greater efficiency in the utilization of resources, seeking both to lower costs and to pass on the savings in the form of lower prices.
- To prevent the establishment and/or growth of monopolistic structures which affect price systems adversely.
- To contribute towards the decentralization of industry, fostering activities which mobilize new unused natural resources, within the framework of well-defined regional plans.
- To see that the targets established call for the creation of new sources of employment which will reduce the incidence of unemployment to technically acceptable levels.
- To ensure that in establishing the objectives of each branch due attention is paid to the part played in the whole, and to the aims of the Latin-American Free Trade Association (LAFTA) as regards complementary regional industries.
In analysing and evaluating specific projects, the bodies responsible for promoting and financing the process of industrial development are guided by the overall objectives outlined above which provide a framework for their action.

II. CRITERIA FOR EVALUATION OF INDUSTRIAL PROJECTS

Methodology and nature of the criteria

7. The determining factor in establishing priorities and in selecting the criteria for evaluation employed has been the diagnosis made in the Report on the National Development Plan. This report puts its finger in the sectors in which there are bottlenecks that affect national economic growth. As regards methodological considerations relative to the selection of evaluation criteria for use in drawing up an industrial development policy compatible with the objectives of the national plan, it should be noted that these are not the same for the public as for the private sector.

8. These criteria may be outlined as follows, according to their field of application:

<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Completion of projects already under way, bearing in mind:</td>
<td>- Effects on balance of payments.</td>
</tr>
<tr>
<td>- Profitability of marginal investment.</td>
<td>- Profitability.</td>
</tr>
<tr>
<td>- Avoidance of total loss of investment already made.</td>
<td>- Contribution to value added and its distribution.</td>
</tr>
<tr>
<td>- Effect on balance of payments.</td>
<td>- Indirect effects.</td>
</tr>
<tr>
<td>- Profitability.</td>
<td>- Contribution to value added and its distribution.</td>
</tr>
<tr>
<td>- Contribution to value added and its distribution.</td>
<td>- Indirect effects.</td>
</tr>
<tr>
<td>- Indirect effects.</td>
<td></td>
</tr>
</tbody>
</table>
The above evaluation criteria seem to call for the following comments:

In the public sector, the outstanding criteria at the present stage of the investment process is the completion of projects already under way. There are some cases - in the iron and steel industry for example - in which the size and nature of the investments already made make the additional investments needed to complete the projects, highly profitable. This will achieve the economies of scale made possible by the size of the projects.

As regards effects in the balance of payments, a criterion of fundamental importance in the evaluation of projects in both the public and the private sector, the problem is to quantify the effect in the balance of payments of transactions existing during the period of the project's useful life. For this purpose, the positive 1/ and negative 2/ effects in the balance of payments (transactions with rest of the world) are capitalized, where appropriate, calculated for the year of initiation of the project.

**Pricing problems in project evaluation**

9. It may be appropriate at this point to make a brief analysis of the distinctive features of the problem. They may be presented diagramatically as follows:

<table>
<thead>
<tr>
<th>TOTAL INVESTMENT</th>
<th>DOMESTIC MARKET</th>
<th>FOREIGN MARKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>National currency</td>
<td>Foreign currency</td>
<td>National currency</td>
</tr>
<tr>
<td>National currency</td>
<td>Foreign currency</td>
<td>Foreign currency</td>
</tr>
<tr>
<td>PROJECT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National currency</td>
<td>Foreign currency</td>
<td></td>
</tr>
<tr>
<td>NATIONAL INPUTS</td>
<td></td>
<td>FOREIGN INPUTS</td>
</tr>
<tr>
<td>National currency</td>
<td>Foreign currency</td>
<td></td>
</tr>
</tbody>
</table>

1/ Increase in exports, decrease in imports, capital contribution in foreign currency, foreign loans to Argentina, etc.

2/ Imports of machinery and plant, imports of raw materials, remittance of profits, fees or royalties, debt service, repayment of capital, etc.
The diagram shows the relations existing between the project, the total investment, the various inputs and the purchasing markets. When these relations are studied, one can appreciate the full scope of the repercussions on the process of the changes in money values resulting from the operation of the price mechanism.

In the Argentinian economy, there has been since the last war, a sustained rise in the general level of prices - also marked by a distortion in the level of domestic prices, owing to both endogenous and exogenous factors - and this circumstance creates serious methodological and practical difficulties in the analysis and evaluation of projects. An additional complication within this process of deterioration arises out of the circumstance that part of the capital and some of the inputs - depending on the nature of the industrial branch and its production function - comes from abroad, which in turn gives rise to the well-known problems of valuation of foreign currency.

Foreign trade considerations

10. At the present stage of national economic development, the external sector has, for various reasons, a role of outstanding importance. This arises out of the fact that accounts with the rest of the world present a problem that is sharply differentiated for the various component items and debt service requirements - because of their magnitude and concentration in the next few years - create circumstances which severely restrict flexibility in this sector.

In addition, in planning strategy for national economic development, it must be borne in mind that the Republic of Argentina is a member of the Latin-American Free Trade Association, the aim of which is to integrate the productive apparatus of the member countries over the region as a whole on the basis of comparative regional advantages.

These two previously mentioned factors - balance of payments and membership of LAFTA - play a preponderant part in defining
priorities and in the selection and relative importance of criteria for the evaluation of industrial projects.

III. FOLLOW UP AND SUPERVISION OF INDUSTRIAL PROJECTS.

Examination of performance as a check on project evaluation

11. Within the organizational structure of the Argentinian banking system, it falls to the Industrial Bank of the Republic of Argentina to promote the short, medium, and long-term financing of the private industrial sector. The Bank has set up a auditing system responsible for technical and financial supervision of the enterprises which have received financial assistance from the Bank.

In the public sector, the investment plans of industrial undertakings are supervised - their financial aspects in particular - by officials of the Treasury Department, whose duties are laid down in the State Enterprises Act.

In both cases, the systems have defects and must be improved if the planned investment goals are to be achieved and the emergence of technical and financial difficulties prevented.

IV. INSTITUTIONAL ASPECTS

Distribution of responsibility among agencies and methods of improving their work

12. The earliest general legislation in respect of industrial development dates from 1944 when the Advisory Board on Industrial Development was established with the function of promoting a policy of industrial defence and development. The following points in the Act setting up the Board are of particular importance:

The category of industry of "national interest" was established by the Advisory Board on the proposal of the Department of Industry, which was then part of the Ministry of Agriculture and Stock-raising. 1/

1/ There were the following Ministries in Argentina at that time: Foreign Affairs, Interior, Education and Justice, War, Marine, Treasury, Public Works, and Agriculture and Stock-raising.
The "national interest" category was defined according to "social-economic" concepts, and included those industries which used 100% national raw materials and supplied the domestic market, those producing goods of prime necessity, and those connected with national defence.

In order to enjoy the advantages accorded to "national interest" industries, enterprises had to submit a report describing: "the amount of the capital and the number of persons who would be utilizing it, the quantity and quality of the goods produced, their distribution in the domestic market and the share of national demand which they could satisfy, the amount and origin of their chief raw materials and the proposed location of the plant to be built together with the reasons in favour".

The advantages granted were as follows:

Restriction of imports of the goods manufactured.
Exchange and customs facilities for importing machinery and necessary raw materials.
A system of subsidies in special cases.

Loan activities, which are obviously vital to the process of industrial development came under the Industrial Bank of the Republic of Argentina (BIRA), which was also set up in 1944. The Bank's purpose is to "assist in the financing of industry and mining, through medium and long-term loans, and in securing local or foreign capital. For this purpose it has a special Department of Industrial Planning and Development, as well as services for undertaking technological and economic research.

At the present time, the division of responsibility among the various bodies connected with the industrial development process may be summed up as follows:

National Development Council: it is the Council's function to prepare plans or programmes of national development for the Executive Branch, advising on proper implementation and suggesting appropriate criteria for
achieving greater drive and efficiency.

Federal Investment Council: a planning body for development at the regional level.

Department of Industry and Mining: the State agency which deals with all matters connected with the organization and development of industry and mining. It is also responsible for implementing the general legislation on industrial matters.

Central Bank of the Republic of Argentina: the agency responsible for the guidance of monetary, credit and exchange policy.

Industrial Bank of the Republic of Argentina: whose objectives are described above.

National Institute of Industrial Technology: an independent national agency set up to promote, encourage and support the carrying out of technological research connected with the development of industry, with the direct participation of the industrial branches concerned, both public and private.

National Department of Defence Manufacture: its chief task is to study the industrial potential of Argentina, in order to plan industrial activity in the case of an emergency. It also fosters the development of strategic industries, such as iron and steel.

The legal machinery whereby industrial development is fostered in Argentina was set up by the Industrial Assistance Act No. 14,781 and its implementing decree No. 3113/64.

In broad outline, the salient features of these legal texts are as follows:

**Objectives**

13. To set up a system designed to create and maintain the conditions necessary to provide security for the overall and harmonious development of Argentinian industrial production. In order to achieve this objective, the following essential points are taken into account:
14. **Advantages accorded**

- Exemption from customs duties to facilitate imports for approved purposes of machinery and equipment which national industry is not in a position to provide.
- Imposition of customs duties on imported goods which could be replaced through the development of national production.
- Preferential exchange treatment for the export of industrial products.
- Preferential treatment as regards loans and other means of facilitating the financing of industrial plans.
- Preferential treatment as regards supplies of raw materials, power, fuel and transport.
- Preferential treatment as regards purchases by State agencies.
- Tax exemption and abatement for periods of as long as ten years in some cases.

15. **Activities Promoted**

- Steel, semi-integrated and integrated
- Petrochemicals
- Cellulose (Wood pulp)
- Mining industry at all stages, excluding natural gas and petroleum
- Forestation and reforestation
- Fishing and Whaling
- Building industry in cases forming a functional and complete unit.
Areas Assisted

16. In accordance with a strategy of regional development, two categories of area have been established. The first category is excluded from all benefits while the three in the other receive special consideration.

Machinery for Implementation

17. The authority in charge of applying the present legislation is the Department of Industry and Mining, except in the case of the steel industry where it is the Department of Defence Manufactures, and of forestry and reforestation where it is the Department of Agriculture and Stock-raising.

Bearing in mind the requirements imposed by the strategy of global and sectoral planning, the implementing authority must obtain the technical advice of the National Development Council regarding the concurrence of the plans submitted with the priorities laid down in the National Development Plan. The Central Bank of the Republic of Argentina must also be consulted in the case of projects which in some way or another affect the balance of payments, either by replacing imports or increasing exports, or involving foreign loans.

18. Principal points borne in mind in analysing projects
- Manufacturing process selected and its relation to the stage of technological development of the industry concerned.
- National, regional and international market prospects.
- Availability of the inputs required by the process.
- Location selected and the technical and economic reasons for it.
- Repercussions on the balance of payments.
- Estimates of costs, productivity and quality.

System of supervision

19. Enterprises to which any of the benefits of this legal system have been extended are required to submit themselves to the controls established, as appropriate, by the implementing authority, the agency...
which will supervise the fulfillment of the targets laid down in the project's normal.

In this context, reference should be made to special regulations for attracting capital, aimed at promoting participation by foreign capital in the investment process, in those sectors which accelerate the general rate of growth. This machinery facilitates the entry of capital in the form of foreign exchange or machinery, equipment or plant to ensure the normal development of the activities to be carried out, as well as spare parts, raw materials and other forms of supplies, for a variety to be determined in each case. In all cases, there must be a prior approval by the Executive Branch.

The local machinery defined above has been supplemented by Decree-Law 936/63 which establishes machinery for protecting national industry by ensuring the purchase of machinery, equipment, raw materials and manufactured goods within the framework of the Administration, as well as noticeable tendencies to enter into contracts with the Government or enterprises holding a concession for public services. The Central Bank of the Republic of Argentina has established a loan department to help finance such sales.
ANNEX I

SURVEY OF PRODUCTION AND INVESTMENT PROSPECTS OF INDUSTRIAL ENTERPRISES

Preliminary Results

II. Significance of the survey from the point of view of the national economic budget.

The National Development Council recently presented its Report in the National Development Plan 1965/69. The report lays down the overall objectives to be achieved during this period and formulates the major targets it is hoped to reach in the chief sectors of production and services.

If these targets are to be attained, it is necessary for the actions of the economy as a whole - i.e., both governmental and private sectors - to be coordinated in search of the common goal. In other words, if the targets of the plan - which is a long-term projection - are to be attained, short-term policy must be so designed as to bring about this concerted action. It is with this in view that national economic budgets are prepared, these being simply short-term forecasts of the future evolution of the country's economic activity.

The national economic budget, which is a basic tool in the formulation of economic policy, is fundamentally designed to elucidate in advance those short-term difficulties which may hinder the harmonious growth of the economy. On this basis it seeks, in addition to verifying year by year the achievement of the targets laid down in the plan, to indicate the concrete measures of economic policy which will bring them into effect.

Although other methods are also used in preparing the economic budget, such as the determination of economic functions and statistical calculations, special importance is attached to the direct estimation from the basis of information supplied by enterprises, of the strategic economic variables. This was the reason which led the
National Economic Budget sector to carry out the survey of "production and investment prospects of industrial enterprises".

The aim of the survey was to obtain quantitative statements of the plans of enterprises as regards production; total investment and investment classified by origin (national or foreign) and function (replacement or expansion); absolute level of, and change in, installed production capacity; formation of stocks and labour force. Enterprises were also questioned about the chief obstacles which in their view hampered the expansion for production. The universe covered by the survey was constituted by the private manufacturing and mining enterprises with headquarters located in greater Buenos Aires. From these was selected a sample consisting of 350 enterprises representative in point of size of most branches of industry.

In accordance with the criterion adopted for industrial censuses, one questionnaire per enterprise was used in principle; however, in cases where the enterprise covered various completely different lines of production, each division was defined as an independent "establishment" and consequently given a questionnaire. In this way a sample was obtained which included 460 establishments corresponding to the 350 enterprises indicated. The field work was carried out by a team of investigators specially hired for the purpose after theoretical and practical training; and a selection process based on tests of efficiency. The results obtained, preliminary in character, were assembled by manual compilation and mechanical tabulation, with the cooperation of the Institute of Statistics of the University of Buenos Aires.

1/ It should be borne in mind that although the production of certain goods is for preference located in the interior of the country, a high percentage of the enterprises concerned have their head office in Buenos Aires.
B. Preliminary results of the survey

Table I shows the variation in effective production by industrial groups, in accordance with the estimates of the enterprises selected. It will be noted that the results of the individual branches making up each group differ, logically, from its average value. This is of particular importance in the case of "foods and beverages", where most of the branches are increasing production; nevertheless, the decline in the meat-packing industry results in a fall in the general level of the group.

It emerges from the survey that a growth of 19.2% is expected for manufacturing industry in 1964, the various industrial groups being weighted according to their relative importance. It should be noted that this information will be supplemented by other measurements, in order to establish the real growth achieved.

The most rapidly growing industrial groups were as follows: "vehicles and machinery" (48.1%), influenced by the rapid development of the automobile industry; "metals, excluding machinery" (31.7%), which reflects, in particular, the high levels reached by the steel industry; "rubber" (31.7%), as a result of the recovery of the footwear industry and the demand for covers and tires from the automobile sector. Attention should also be drawn to the growth of production expected in the textile, clothing and leather industries, and in "masonry, glass and ceramics", which was particularly affected by the cyclical downswing in 1962 and 1963.

Table 2 shows the increase in installed capacity which, according to the enterprises selected, was expected to take place for

1/ In the survey, "effective production" is taken to mean that which it is expected to achieve during the year with the equipment available.

2/ It is important to point out that in view of the difficulty of measuring involved by the concept "installed capacity", the enquiry opted for interrogation on the "maximum production obtainable" by the enterprise, using its productive equipment to the full. This figure also made it possible to determine the degree of utilization, effective production being related to the maximum reported in each year.
variety of reasons during the year (basically on account of new investment).

As can be seen from this, the greatest increase in capacity is that envisaged for "vehicles and machinery". The smallest expansion during the year are the fuel, beverage, and tobacco industries.

As a result of the rapid expected growth in effective production, a substantial improvement is expected in the degree of utilization of installed capacity. This expectation is present - as can be seen from Table 3 - in all industrial groups, with the exception of "food and beverages" which is affected by the under-utilization of equipment in meat-packing establishments.

In most of the manufacturing groups the levels of utilization reported in 1961, have not yet been attained, except in the case of "fuel and beverages" and "tobacco".

As can be seen from the previous table, with the exception of "tobacco", considerable idle capacity still exists in the rest of industry; this is notable particularly in "electrical equipment and machinery" unit "food and beverages".

It can be inferred from Table 4 that "Inadequate demand due to economic contraction" is the principal obstacle to production plans. The weighted percentage measuring its importance varies between 16% and 28%, according to the year. There follows as a second alternative "limited by competition from similar national products" (from 13.3% to 13.9%) and, to a lesser extent, "difficulties of obtaining funds from outside the enterprise" and "monetary instability" (approximately 7% to 8%). Some significance is attached to problems of "supply of domestic raw materials" and of "self-financing" of enterprises (approximately 5% to 6%). On the other hand, the rest of the alternatives attracted little attention from the enterprises questioned, since power shortfalls, difficulties in the production or importation of equipment, personnel, exchange and tax regulations,
do not appear in this period to affect the production and expansion plans of most of the enterprises. It is interesting to note that about 10% of the managements which gave concrete answers for the past year (1963) and now in course (1964), did not do so for 1965.

In analyzing the differences recorded for each alternative according to the year, it is observed that "inadequate demand due to economic contraction" although remaining the greatest of the obstacles, rapidly loses importance between 1963 (28.6%) and 1965 (16%). The term "contraction" seems to have been interpreted in a wide sense, as meaning that the demand created by the economic system is insufficient to absorb potential supply, since the expectations of the managements themselves indicate not a recession but an upward trend for 1964/65. Under this interpretation, demand limited by economic contraction and surplus capacity take on the same meaning. Similarly, difficulties caused by external financing of the enterprise and monetary instability lose weight, though not appreciably.

There are other factors which, on the contrary, increase in importance over the period: shortages of imported equipment and machinery rises from 1.6% (1963) to 2.5% (1965); existence of an inadequate tax system rises from 2.9% to 4.2% between the years indicated; inappropriate exchange system oscillates between 1.4% and 3.3% and defective assistance procedures rise from 1.6% to 2.4%.

The difficulties of greater relative importance play a smaller part between 1963 and 1965 and conversely those of less weight in the general picture tend to increase over these years.

In broad outline, these results confirm those obtained from a study of 119 limited companies carried out in 1962 (C.F.I. "Fiscal Policy in Argentina")
TABLE I

Variation in effective production envisaged for 1964 according to the survey of expectation of industrial enterprises.

<table>
<thead>
<tr>
<th>GROUP</th>
<th>Increase or decrease (-) as compared with 1963 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Foods and beverages</td>
<td>-6.7</td>
</tr>
<tr>
<td>2. Tobacco</td>
<td>8.6</td>
</tr>
<tr>
<td>3. Textiles</td>
<td>20.8</td>
</tr>
<tr>
<td>4. Clothing</td>
<td>25.8</td>
</tr>
<tr>
<td>5. Wood</td>
<td>16.4</td>
</tr>
<tr>
<td>6. Paper and cardboard</td>
<td>17.5</td>
</tr>
<tr>
<td>7. Printing and publications</td>
<td>11.5</td>
</tr>
<tr>
<td>8. Chemical products</td>
<td>16.5</td>
</tr>
<tr>
<td>9. Petroleum derivatives</td>
<td>14.1</td>
</tr>
<tr>
<td>10. Rubber</td>
<td>31.7</td>
</tr>
<tr>
<td>11. Leather</td>
<td>27.8</td>
</tr>
<tr>
<td>12. Masonry, glass and ceramics</td>
<td>26.2</td>
</tr>
<tr>
<td>13. Metals, excluding machinery</td>
<td>31.7</td>
</tr>
<tr>
<td>14. Vehicles and machinery (excluding electrical)</td>
<td>41.8</td>
</tr>
<tr>
<td>15. Electrical machinery and apparatus</td>
<td>17.7</td>
</tr>
</tbody>
</table>

Weighted total 19.2

Source: Nat.Dev. Council, National Economic Budget Sector
### TABLE 2

Variation in production capacity envisaged for 1964 according to the survey of expectations of industrial enterprises

<table>
<thead>
<tr>
<th>GROUP</th>
<th>Increase or decrease ((-) as compared with 1963) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Foods and beverages</td>
<td>1.6</td>
</tr>
<tr>
<td>2. Tobacco</td>
<td>0.4</td>
</tr>
<tr>
<td>3. Textiles</td>
<td>3.7</td>
</tr>
<tr>
<td>4. Clothing</td>
<td>11.4</td>
</tr>
<tr>
<td>5. Wood</td>
<td>2.5</td>
</tr>
<tr>
<td>6. Paper and cardboard</td>
<td>7.7</td>
</tr>
<tr>
<td>7. Printing and publications</td>
<td>4.0</td>
</tr>
<tr>
<td>8. Chemical products</td>
<td>5.9</td>
</tr>
<tr>
<td>9. Petroleum derivatives</td>
<td>5.5</td>
</tr>
<tr>
<td>10. Rubber</td>
<td>7.3</td>
</tr>
<tr>
<td>11. Leather</td>
<td>9.8</td>
</tr>
<tr>
<td>12. Masonry, glass and ceramics</td>
<td>8.4</td>
</tr>
<tr>
<td>13. Metals, excluding machinery</td>
<td>6.8</td>
</tr>
<tr>
<td>14. Vehicles and machinery (excluding electrical)</td>
<td>17.0</td>
</tr>
<tr>
<td>15. Electrical machinery and apparatus</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: Nat. Dev. Council, National Economic Budget Sector
TABLE 3

Variation in utilized capacity, period 1961/1964, according to the survey of expectations of industrial enterprises

<table>
<thead>
<tr>
<th>GROUP</th>
<th>Utilized Capacity (Effective production as a % of maximum production)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1961</td>
</tr>
<tr>
<td>1. Foods and beverages</td>
<td>48.8</td>
</tr>
<tr>
<td>2. Tobacco</td>
<td>82.7</td>
</tr>
<tr>
<td>3. Textiles</td>
<td>83.2</td>
</tr>
<tr>
<td>4. Clothing</td>
<td>88.3</td>
</tr>
<tr>
<td>5. Wood</td>
<td>72.7</td>
</tr>
<tr>
<td>6. Paper and cardboard</td>
<td>55.1</td>
</tr>
<tr>
<td>7. Printing and publications</td>
<td>73.3</td>
</tr>
<tr>
<td>8. Chemical products</td>
<td>73.4</td>
</tr>
<tr>
<td>9. Petroleum derivatives</td>
<td>87.9</td>
</tr>
<tr>
<td>10. Rubber</td>
<td>80.5</td>
</tr>
<tr>
<td>11. Leather</td>
<td>84.2</td>
</tr>
<tr>
<td>12. Masonry, glass and ceramics</td>
<td>70.2</td>
</tr>
<tr>
<td>13. Metals, excluding machinery</td>
<td>59.4</td>
</tr>
<tr>
<td>14. Vehicles and machinery</td>
<td>78.6</td>
</tr>
<tr>
<td>(excluding electrical)</td>
<td></td>
</tr>
<tr>
<td>15. Electrical machinery &amp; apparatus</td>
<td>59.2</td>
</tr>
</tbody>
</table>

Source: Nat. Dev. Council, National Economic Budget Sector
### TABLE 4

<table>
<thead>
<tr>
<th>OBSTACLES</th>
<th>Relative importance of each factor (weighted percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Demand affected by economic contraction</td>
<td>28.6  21.8  16.0</td>
</tr>
<tr>
<td>2. Competition from similar national products</td>
<td>13.3  13.5  13.9</td>
</tr>
<tr>
<td>3. Monetary instability</td>
<td>7.6   7.8   7.2</td>
</tr>
<tr>
<td>4. Obtaining funds from outside the enterprise</td>
<td>7.5   8.3   6.6</td>
</tr>
<tr>
<td>5. Obtaining own funds</td>
<td>5.6   6.6   4.9</td>
</tr>
<tr>
<td>6. Supply of domestic raw materials</td>
<td>5.3   6.3   5.9</td>
</tr>
<tr>
<td>7. Excess capacity as compared with existing demand</td>
<td>5.1   4.3   4.7</td>
</tr>
<tr>
<td>8. Inadequate tax system</td>
<td>2.9   3.5   4.2</td>
</tr>
<tr>
<td>9. Competition from similar imported products</td>
<td>2.6   2.6   2.0</td>
</tr>
<tr>
<td>10. Shortage of imported equipment and machinery</td>
<td>1.6   2.1   2.5</td>
</tr>
<tr>
<td>11. Inadequate measures of assistance</td>
<td>1.6   1.9   2.4</td>
</tr>
<tr>
<td>12. Unsatisfactory exchange regulations</td>
<td>1.4   3.9   3.3</td>
</tr>
<tr>
<td>13. Inadequate customs system</td>
<td>1.1   1.4   1.1</td>
</tr>
<tr>
<td>14. Supply of imported raw materials</td>
<td>0.7   0.9   0.5</td>
</tr>
<tr>
<td>15. Shortage of electrical power</td>
<td>0.7   0.5   0.8</td>
</tr>
<tr>
<td>16. Rail transport</td>
<td>0.6   0.7   0.8</td>
</tr>
<tr>
<td>17. Shortage of specialized workers, technical and/or professional</td>
<td>0.6   0.9   1.1</td>
</tr>
</tbody>
</table>

1/ In the enquiry enterprises were asked to indicate in the order of priority, the three principal obstacles which in their view were preventing production from expanding every year. The replies were weighted, the values 3, 2 and 1 being assigned to the factors named first, second and third respectively.
TABLE 4 (cont.)

<table>
<thead>
<tr>
<th>OBSTACLES</th>
<th>Relative importance of each factor (weighted percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1963</td>
</tr>
<tr>
<td>18. River or sea transport</td>
<td>0.3</td>
</tr>
<tr>
<td>19. Shortage of national equipment</td>
<td>0.3</td>
</tr>
<tr>
<td>20. Fuel supply</td>
<td>0.1</td>
</tr>
<tr>
<td>21. Shortage of non-specialized workers and/or employees</td>
<td>0.1</td>
</tr>
<tr>
<td>22. Difficulties with motor transport</td>
<td>-</td>
</tr>
<tr>
<td>23. Other factors</td>
<td>3.7</td>
</tr>
<tr>
<td>24. No reply</td>
<td>8.7</td>
</tr>
</tbody>
</table>
ANNEX 2

STANDARD PRESENTATION FORM FOR NEW ENTERPRISES OF NATIONAL OR REGIONAL PRIORITY

Contents

1. Background data on enterprise
2. Background data on project
3. Market Survey
4. Engineering and technical soundness
5. Size
6. Location
7. Investments
8. Budget of revenue and expenditure
9. Financing
10. Effects on balance of payments

ANNEX 1 Placements of foreign capital
ANNEX 2 Details of required imports
Other annexes to be submitted
INSTRUCTIONS FOR COMPLETION OF STANDARD PRESENTATION FORM

I. PURPOSE OF ANALYSIS OF PROJECT

The National Directorate for Industrial Assistance and other state advisory bodies will evaluate the project's technical soundness and profitability, from both the private and social points of view, with a view to channelling private investment, in accordance with the regulations in force for the assistance of industry and placement of foreign capital, towards the sectors and zones accorded priority under the National Development Plan.

2. GENERAL PRINCIPLES

In general terms, the information requested is similar to that required by international bodies, in particular financial agencies, which undertake the analysis and evaluation of projects. The standard form should be strictly followed, except where it is necessary to adapt it to the individual project, in particular:

a) where some of the information requested is not available because of the scale of the project or the stage of planning reached, or

b) where the outline followed in the form is not appropriate to the project under consideration.

In the first case, an additional sheet should be attached explaining the reasons for each departure from the form. In the second case the outline may be modified subject to prior approval of the Directorate for Industrial Assistance.

If, because of the special features of the project, the information furnished is insufficient for analysis and evaluation, the Directorate will request such additional information as is deemed necessary.

In the event of any change in the data furnished by the enterprise, the new data should be communicated as soon as possible.
In completing the form, the enterprise should take into account the effects on the project of the granting of any of the benefits requested.

If data are obtained from studies or sources of information external to the project, these should be indicated.

Where foreign currency is converted into Argentine pesos, the rate of exchange used should be indicated.

Where prices are required, they should be the prices current on the date of presentation. Where this is not the case the date to which the prices relate should be specified.

With the exception of Item 3 (Market survey), the form has been designed for an enterprise producing two main products. If more than two products are produced, the answers should be modified accordingly, but the original outline should be maintained.

3. SPECIAL INSTRUCTIONS

Item 3. Market Survey

A study of the market for each of the main products to be produced should be given.

Item 3.1.5. Supplementary goods means goods which are necessarily required in addition to the main product for a specified purpose.

Item 3.1.6. Competitive goods means goods which, although not the same in internal quality, may be used if desired for a given purpose, being to that extent complete substitutes.

Item 3.2 In the case of final demand goods, the location of the public consuming the goods must be taken into account. In the case of intermediate and capital goods, the location of the consuming enterprises must be taken into account.

Item 3.2.1. The dispersion of markets must be taken into account. The regions are as follows:
Northwest: Catamarca - Tucumán - Salta - Jujuy
Northeast: Formosa - Chaco - Corrientes - Misiones
Coastal: Buenos Aires - Santa Fe - Entre Ríos
Centre: Santiago del Estero - Cordoba - La Pampa
West: La Rioja - San Juan - San Luis - Mendoza
South: Neuquen - Rio Negro - Chubut - Santa Cruz - Tierra del Fuego

The regions should be included if the anticipated market covers all the provinces which include the regions.

Item 3.3. In the case of final demand goods, the size of the internal market is given by the anticipated internal markets. (Item 3.2). If the internal markets include two or more regions, the analysis is extended to the national market as a whole. If the national market as a whole is not analysed, the remainder of the country should be considered as a foreign supplier.

Item 3.3.1.5. Distribution systems or machinery are taken to mean all activities connected with the movement of goods and services from the place of production to the final consumer.

Item 4.6.1. In determining the various levels of production, the plan of production should be taken into account, if the enterprise has opted for a gradual expansion of production. If not, the applicant should estimate the levels on the basis of seasonal or annual variations in production. It is not necessary to specify four levels.

Item 3.4.8. A similar reply should be furnished for each country covered in item 3.2.

Item 6.2. The question of location is, of course, considered in two stages. In the first stage the general area in which the enterprise will be established is decided. In the second stage the precise location is selected. The general area should be indicated under this item. The precise location should be given under item 6.4.
1. BACKGROUND DATA ON ENTERPRISE

1.1 Name
1.2 Legal domicile
1.3 Address of plant
1.4 Legal status
1.5 State whether enterprise is or will be associated with an existing enterprise and if so, describe the type of association.
   1.5.1 With an enterprise whose parent establishment is in Argentina
   a) Name
   b) Legal status
   1.5.2 With an enterprise whose parent establishment is abroad
   a) Name
   b) Legal status
   c) Country of origin

1.6 Articles of agreement of company
   No.        Date
   Duration
   Principal purpose

1.7 Principal shareholders or partners
   Name        No. of shares        Amount

1.8 Board of Directors
   Name        Function

1.9 Principal executives and technicians
   Name        Function
2. BACKGROUND D.I.T. ON PROJECT

2.1 Origin

Indicate whether proposed project has been put forward as a result of (where more than one factor applies indicate priority).

2.1.1 Market surveys
   a) Growth of existing export markets
   b) New export markets
   c) Import substitution
   d) Growth of internal demand
   e) Unsatisfied internal demand

2.1.2 Possibility of using natural resources not at present exploited

2.1.3 Studies of technical improvement of present average production level

2.1.4 Other studies and/or circumstances
   a)  
   b)  

2.2 Summary

2.2.1 Goods to be produced (name and normal standard)

2.2.2 Maximum installed capacity

2.2.3 Anticipated markets
   2.2.3.1 In Argentina (state province)
   2.2.3.2 Abroad (state countries)

2.2.4 Investments in project (state currency)

<table>
<thead>
<tr>
<th>Heating</th>
<th>Effected</th>
<th>To be effected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Local currency expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Foreign currency expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Working capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Local currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 Foreign currency</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL INVESTMENT (Argentine currency)

2.2.5 Financing of investment (indicate currency)
Heading

From Argentina From abroad (Arg. Pesos)

1. Own contributions
   1.1 Subscribed
   1.2 Effected

2. Loans
   2.1 Anticipated
   2.2 Granted

3. Total financing in Arg. currency
   3.1 Anticipated
   3.2 Obtained

2.3 Benefits requested from National Directorate for Industrial Assistance

<table>
<thead>
<tr>
<th>No.</th>
<th>Art</th>
<th>No. and year</th>
<th>Art</th>
<th>Para</th>
</tr>
</thead>
</table>

2.4 Studies made or in progress

List all technical, economic and financial studies made or in progress related to the project and state in each case the firm of consultants responsible.

2.5 Presentations to other state and/or international bodies.

If presentations have been made to such bodies, list the presentations and the reasons therefor.

2.6 Status of project on date of this presentation.

Indicate which of the following five stages the project has reached on the date of this presentation.

a) Stage 1. Preliminary studies
b) Stage 2. Final study and/or decision with regard to size and location and detailed study of costs.
c) Stage 3. Advanced engineering studies, following decision to carry out project
d) Stage 4. Enterprise which will be responsible for carrying out project and construction works in progress of organization
e) Stage 5. In execution
   i) Installation
   ii) Start up

2.7 Detail schedule for execution of project - in six month periods - beginning with remaining studies and proceeding to utilization of normal capacity.
3. Market Survey

3.1 Product

3.1.1 Name and standard using normal designation

3.1.2 Destination of product
   a) Final demand
   b) Intermediate demand
      i. Semi-finished product
      ii. Capital good

3.1.3 Describe uses and characteristics of product

3.1.4 List products whose production is necessarily linked with the production of the foregoing and the marketing of which has been taken into account in the project.

3.1.5 Complementary goods (final demand or intermediate) of product (final demand or intermediate only).

<table>
<thead>
<tr>
<th>Product Name</th>
<th>National Standard Production</th>
<th>Exports or Imports</th>
<th>Price to Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Name</td>
<td>Standard Production</td>
<td>Exports or Imports</td>
</tr>
</tbody>
</table>

3.1.6 Competitive goods (final demand or intermediate) of product (final demand or intermediate only).

3.2 Anticipated Markets

3.2.1 Internal markets
   a) Regions
   b) Provinces
   c) Departments or divisions
   d) Localities

3.2.2 External Markets
   a) Countries of Latin American Free Trade Area
   b) Countries of European Common Market
   c) Countries belonging to other free trade areas
   d) Countries not belonging to free trade areas

3.3 Analysis of internal market. Determination of size.

3.3.1 Present situation

3.3.1.1 Demand
   a) Actual consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Production Consumption Stock</th>
<th>Exports or Imports</th>
<th>Apparent Consumption of stocks</th>
<th>Annual variation</th>
<th>Actual Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1962</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1963</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

// If it is impossible to give even an estimated figure, evaluate the possible magnitude of variation in stocks.
b) Explain if it is considered that there is at present an unsatisfied demand and give any estimates which have been made, with details of the methods employed.

c) If the product is an intermediate one, give details of users in Argentina.

<table>
<thead>
<tr>
<th>Industry (1)</th>
<th>No. of enterprises</th>
<th>Final product Name</th>
<th>Annual Output and/or value of intermediate goods per unit of final product</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Or enterprises where there are fewer than 5 enterprises

d) If the product is a capital good, list users in Argentina

<table>
<thead>
<tr>
<th>Industry (1)</th>
<th>No. of enterprises</th>
<th>Final product Name</th>
<th>Estimated useful life of capital goods produced</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Or enterprises where there are fewer than 5 enterprises

### 3.3.1.2 Supply by internal producers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) If there are more than 10 producers, group them by department or provinces

(2) In the case of presentations made after 1 July, 1964, give data for the first six months of the year

(3) State provinces or countries

### 3.3.1.3 Supply by importers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) (2) (2) (3)
(1) If there are more than 10 importers, group them by countries.

(2) In the case of presentations made after 1 July, 1964, give data for the first six months of the year.

(3) State provinces

3.3.1.4 List customs barriers affecting imports of the product into Argentina.

3.3.1.5 Describe present systems of distribution on the internal market.

3.3.1.6 List the national and provincial legal measures affecting the production, marketing and consumption of the product proposed (only measures specifically relating to the goods or type of goods to which the product belongs).

3.3.2 Projections and estimates

3.3.2.1 Supply and demand

a) Estimated figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Internal supply (1)</th>
<th>Consumption (2)</th>
<th>Unsatisfied demand (2-1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1967</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b) Explain method and/or sources used for projections under each of the foregoing headings.

3.3.2.2 List anticipated changes in prices to the consumer charged by domestic suppliers and importers during the next few years.

3.3.2.3 Describe anticipated changes in customs barriers to imports and their possible effects on the volume of imports.

3.3.2.4 Describe anticipated changes in systems of distribution.
3.4 Analysis of export markets

3.4.1 Present status of Argentine exports of the product in question

Amounts exported

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>Value FOB</th>
<th>Principal importing countries in order of size of purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1961</td>
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<td></td>
<td></td>
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<td>1962</td>
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<tr>
<td>1963</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) In the case of presentations made after 1 July 1964, give data for the first six months of the year.

3.4.2 Explain systems of distribution at present used by Argentine exporters

3.4.3 List customs barriers or other measures hindering or encouraging exports of the product in Argentina

3.4.4 Explain measures necessary to encourage exports of the product in Argentina.

3.4.5 Comments on the world market

3.4.5.1 List all producing countries in the order of their output

3.4.5.2 List all exporting countries in the order of volume of exports

3.4.5.3 List all importing countries in the order of volume of imports

3.4.5.4 Explain by whom and/or how the international price of the product is fixed, the factors affecting the price and its impact in Argentina.

3.4.6 Describe treatment of the product under the current regulations of the Latin American Free Trade Area.

3.4.7 Describe the treatment of the product under the current regulations of the European Common Market and other free trade areas.
3.4.8 Analysis of each importing country individually

I - Country:

1. Present position
   a) General data

<table>
<thead>
<tr>
<th>Year</th>
<th>National Production</th>
<th>Apparent Imports</th>
<th>Apparent Consumption</th>
<th>Population</th>
<th>Per capita Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td></td>
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<tr>
<td>1963</td>
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</tr>
</tbody>
</table>

b) Supplying countries

| Country | Amount - 1963 | Cost C and F at (1) Port of disembarkation | Price to consumer |

(1) Port of disembarkation

c) List customs barriers or other legal measures affecting imports, indicating whether discrimination is practised against particular countries

2. Projections and estimates
   a) Demand and supply
      i) Estimated figures

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic supply (1)</th>
<th>Consumption (2)</th>
<th>Unsatisfied demand (2-1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1965</td>
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<td>1966</td>
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<td>1969</td>
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</tr>
</tbody>
</table>

(2) Explain methods and/or sources used in foregoing estimates

b) Describe anticipated changes in supplying countries (volume, cost and price) and possibility of new supplying countries entering market.

3.5 Impact of project on anticipated markets

3.5.1 Schedule of sales and prices by markets (for order see item 3.2)
Markets | Schedule of sales | Cost of transport | Export factory to | Maximum competitive market
---|---|---|---|---

1. Internal
2. Foreign

Annual Production

(1) In the case of products for export markets, the cost of transport to port of embarkation should be given.

(2) Include all costs from arrival at port of embarkation to departure from port of disembarkation.

(3) From the logical point of view, this price should be the price ex factory, i.e. should not include transport costs.

3.5.2 State the competitive advantages of the project in each of the anticipated markets (following order in previous table) on the basis of the following factors (if there is more than one, indicate priorities).

Factors

1. Availability and cost of labour
2. Availability and cost of inputs
3. Efficiency of product on equipment and processes
4. Quality of product
5. Reliability of supply to consumers
6. 
7. 
8. 
9. 

3.5.3 Explain anticipated systems of distribution for domestic markets.

3.5.4 Explain anticipated systems of distribution for foreign markets.
4.

TECHNICAL SOUNDNESS AND ENGINEERING OF PROJECT

4.1 Submit separately

(1) A description of the production process together with a flow sheet
(2) A description of the equipment necessary for setting up the project (type and size)
(3) A description of the equipment that must be installed for the operation of the plant (type and size) and auxiliary equipment
(4) A description of the buildings needed for production (size and specifications)
(5) Plan of the plant
(6) A diagram indicating the flow of raw materials, fuel and other materials, showing railroads to and from the industrial links or industrial area and the internal arrangement of means of communication between the plant buildings.
(7) A plan showing the distribution of equipment in the plant buildings
(8) A description of the electric system with a single-line diagram covering the principal uses of power.
(9) Details of complementary engineering projects to supply necessary services for the production process
(10) Details of complementary engineering projects for the use of workers employed in the project.

4.2 If there is a choice between two or more technical alternatives explain the differences between the selected alternative and the others, and the reasons (technical and economic) for the choice.

4.3 Compare the selected alternative from the technological standpoint with the average level of the industry in Argentina and in the principal producing countries.

4.4 Services required for the manufacturing process

4.4.1 Drinking water

4.4.1.1 Source: Purchase________ Produced in plant ______
4.4.1.2 Supplier and cost (only if purchased)
4.4.1.3 Maximum availability and requirement (initial and future)
4.4.1.4 Possible problems with regard to reliability of sources of supply
4.4.2 Electric Power
4.4.2.1 Source: Purchased _______ Produced in plant _______
4.4.2.2 Supplier and cost (only if purchased)
4.4.2.3 Maximum availability and requirement and annual consumption in KWH (initial and future)
4.4.2.4 Possible problems with regard to reliability of sources of supply

4.4.3 Transportation of raw materials and semi-finished products for the manufacturing process
4.4.3.1 Indicate who will be responsible (purchaser or vendor)
4.4.3.2 Maximum availability and requirement (initial and future)
4.4.3.3 Means of transport to be used (only if transport will be the responsibility of the enterprise and indicate whether own or hired transport will be used).
4.4.3.4 Possible problems with regard to availability of transport

4.4.4 Transport of products to internal markets and ports of embarkation
4.4.4.1 Indicate who will be responsible (enterprise or purchaser)
4.4.4.2 Maximum availability and requirement (initial and future)
4.4.4.3 Means of transport to be used (only if transport will be the responsibility of the enterprise and indicate whether own or hired transport will be used).
4.4.4.4 Possible problems with regard to availability of transport

4.4.5 Other services (indicate source, maximum availability and requirements, supply problems and cost).

4.5 Inputs of production process
4.5.1 Fuel

<table>
<thead>
<tr>
<th>Type</th>
<th>Supplier</th>
<th>Price (1)</th>
<th>Costs (2)</th>
<th>at plant</th>
<th>Annually</th>
</tr>
</thead>
</table>

(1) Actual price paid to vendor
(2) If the enterprise is responsible for the cost of transport
4.5.2 Describe the raw materials and semi-finished products

<table>
<thead>
<tr>
<th>Product</th>
<th>Source (1)</th>
<th>Purchase price (2)</th>
<th>Transport costs (3)</th>
<th>Total cost at factory</th>
<th>Quantity per unit product</th>
</tr>
</thead>
</table>

(1) If of national origin indicate the province; if of foreign origin, indicate the country.
(2) Actual price paid to the vendor.
(3) If the enterprise is responsible for the cost of transport.

4.5.3 State whether preliminary contracts have or will be entered into with regard to the price and delivery of the principal inputs.

4.5.4 Detail the economic and extra-economic factors that may affect the normal supply of inputs.

4.5.5 Indicate the prospects of replacing imported inputs with inputs of national origin.

4.6 Labour

4.6.1 Requirements according to volume of production

<table>
<thead>
<tr>
<th>Category</th>
<th>Permanent</th>
<th>Depending on volume of production</th>
<th>Place or origin (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Labourers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Skilled workmen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Supervisors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Technicians</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. University graduates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Administrative staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Executives</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) In this context foreigners are persons coming specifically for the project. The country of origin should be stated. In the case of Argentinians, the province in which the worker lived before the project should be given.
4.6.2 Individual wages and salaries (average)

<table>
<thead>
<tr>
<th>Category</th>
<th>Gross Salary</th>
<th>Dependency charges</th>
<th>Other social charges and other bonuses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Labourers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Skilled workmen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Supervisors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Technicians</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. University graduates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Administrative staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. SIZE OF PROJECT

5.1 Development of installed capacity and overall plan of production

<table>
<thead>
<tr>
<th>Year</th>
<th>Product Capacity</th>
<th>Production Capacity</th>
<th>Product Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1967</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.2 Justification for selected size in relation to expected growth of demand in anticipated markets

5.3 Justification of selected size in relation to production costs

5.4 Bearing of technical alternative selected on size

5.5 Bearing of location of project on size

5.6 Bearing of availability of financial resources on size

5.7 Other economic or extra-economic factors influencing the size of the project

5.8 If a gradual development of installed capacity has been opted for, explain why, with special reference to the factors mentioned in 5.2 to 5.6

5.9 Explain whether having regard to the type of industry or technical alternative selected, it will be possible to add new units to match the growth of demand without need for maintaining idle capacity during early years.
5.10 Explain whether there are any factors, positive or negative, which may affect the future growth and/or flexibility of productive capacity.

5.11 State how many days a year and how many hours a day it is proposed to operate the plant during each of the years of the production plan adopted.

6. LOCATION OF PROJECT

6.1 Geographical location

6.1.1 Attach -

(1) A map showing location of plant in department or division where it is to be built.

(2) A local plan of the plant area showing existing infrastructure and work undertaken or to be undertaken in connection with the project.

6.1.2 Describe infrastructure works already available

6.1.2.1 Means of communication

6.1.2.2 Housing facilities in area

6.1.2.3 Power stations and transmission lines

6.1.2.4 Drinking water supply system

6.1.2.5 Sewers and storm sewers

6.1.3 Indicate distance from sources of supply of principal raw materials

6.1.4 Indicate distance from principal anticipated internal markets and ports of embarkation.

6.1.5 List national, provincial and municipal laws, decrees and ordinances under which special benefits are granted to industries set up in the place selected for the project.

6.2 Define the general location of the project (preferably by means of a map)

6.3 Describe the influence of the following factors in the selection of the general location:

6.3.1 Transport costs for inputs and products

6.3.2 Availability and cost of inputs

6.3.3 Availability and cost of labour

6.3.4 Possibility of obtaining special benefits under the Government's decentralization policy.
6.3.5 Other factors

6.4 Detail the factors, including those stated above, which determine the selection of the plant site.

7. Investment in the Project

7.1 Investment budget (fixed assets)

- Compile a list of all investments in fixed assets that shall be attached to the facilities.
- Preliminary or final surveys and studies
- Leasing natural resources
- Equipment
- Installation of equipment
- Industrial buildings
- Auxiliary installations
- Organization of enterprise
- Patents on the like
- Engineering and administrative during the installation
- Cost of start-up
- Interest during the construction period
- Unforeseen miscellaneous costs

Each of the items included in the above list shall be valued at current prices at the factory in the time of acquisition. It shall also be indicated whether they are transferable, i.e., whether the item in question is an asset which was used for productive activities before its acquisition by the enterprise. If more than one product is produced, specify which fixed assets are common to all products or which are used for a particular product.

7.2 Estimated budget of investment in working capital.

On the basis of experience in the industry in forecasting, determine the requirements under heading a, b, c, d, e, in the table below, at the beginning of a full production cycle. Moreover, show the amounts necessary to meet the costs of labor and other inputs which will be regularly required throughout a full productive cycle.

Attach a description of the method of estimation used.
- 44 -

<table>
<thead>
<tr>
<th>Detcri</th>
<th>Physical Units</th>
<th>Price</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Inuts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Goods in process of manufacture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Goods in transit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Liquid balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOT.L</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7.3 Indicate the negative or positive influence of the following factors in the volume of working capital.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Negative</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Technical alternative inputs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Availability and efficiency of means of transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Enterprise's credit policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Recurring purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Recurring sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Enterprise's system of distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7.4 Attach a six-month schedule of investments made or to be made on the basis of the plan of work (item 27) following the order of the fixed assets in working capital budgets.

8. BUDGET OF RECEIPTS AND EXPENDITURE

8.1 Calculate production costs

<table>
<thead>
<tr>
<th>Heading</th>
<th>Fixed costs</th>
<th>Variable costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Labor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Inuts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Administration costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Rental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Short-term credit interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Sales costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9. Indirect taxes
   9.1
   9.2
   9.3
   10
   11
   12
   13
   14

SUB TOTALS
FIXED COSTS

8.2 Attach a sheet showing the method used for the amortization of each of the items in the fixed assets investment budget, the useful life of each item, and the annual amortization allowance.

8.3 Calculate revenue for the anticipated production plan

1. Product
   1.1 Production
   1.2 Selling price
   1.3 Revenue
2. Product
   2.1 Production
   2.2 Selling price
   2.3 Revenue
3. Subsidiary products

4. Other revenue

Total revenue

8.4 Summary of revenue and expenditure

1. Revenue
2. Expenditure
3. Difference
   3.1 Profit
   3.2 Loss
9.5. On the basis of experience in Argentina and/or abroad explain whether the industry in question is subject to major fluctuations during booms and slumps in the national economy.

9.6. Explain whether the industry is subject to seasonal fluctuations in production and employment.

9.7. Explain other factors which may affect the stability of production and employment.

## STRUCTURE OF PROJECT

### 1. Total participation of the various sources of finance

<table>
<thead>
<tr>
<th>heading</th>
<th>Argentine sources</th>
<th>Foreign sources</th>
<th>Total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>From own resources</td>
<td>Bank Credits</td>
<td>From own resources</td>
<td>Expenses from suppliers</td>
</tr>
<tr>
<td>Loans from suppliers</td>
<td></td>
<td>Loan Credits</td>
<td></td>
</tr>
<tr>
<td>Distributions</td>
<td></td>
<td>Expansion in foreign currency</td>
<td></td>
</tr>
</tbody>
</table>

1. **FIXED ASSETS**

1.1. Studies and surveys

1.2. Natural resources and land

1.3. Equipment

1.4. Installation of equipment

1.5. Industrial buildings

1.6. Supplementary installations

1.7. Rationalization of enterprise

1.8. Patents and the like

1.9. Engineering and administration

1.10. Cost of stat in

1.11. Interest and miscellaneous

2. **WORKING CAPITAL**

2.1. Inputs

2.2. Goods in process of manufacture

2.3. Completed goods

2.4. Goods in transit

2.5. Liquid balance

**TOTALS**
9.2. Table of sources and uses of funds

<table>
<thead>
<tr>
<th>Item</th>
<th>Installation</th>
<th>Start up</th>
<th>Normal operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Long-term loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Sale of products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Balance from previous year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Investment in fixed assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Investment in working capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Production costs (less amortization)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Debt service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Direct taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Cash distributions of profits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Available balance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9.3. Analysis of long and medium-term credits

<table>
<thead>
<tr>
<th>Credit</th>
<th>Country of origin</th>
<th>Total amount</th>
<th>Interest rate</th>
<th>Period of grace</th>
<th>No. of instalments</th>
<th>Status of transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
</tbody>
</table>

(1) State name of body granting loan
(2) State amount in currency in which loan was made
(3) Give date (month and year) on which first payment is due

9.4. State whether the enterprise has applied for long and medium-term loans and has been refused them (list reasons)
9.5. Projection of enterprise's own capital

<table>
<thead>
<tr>
<th>Item</th>
<th>Installation</th>
<th>Start up</th>
<th>Normal operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>subscribed</td>
<td>paid up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>capital</td>
<td>capital</td>
<td></td>
</tr>
</tbody>
</table>

9.6. Describe intended dividends policy and policy regarding reinvestment of profits

9.7. Describe intended reserves policy

9.8. Analysis of balance

<table>
<thead>
<tr>
<th>Item</th>
<th>Balance at end of installation period</th>
<th>Balance at end of start up period</th>
<th>Balance at end of first year of normal operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arg. curr. %</td>
<td>Arg. curr. %</td>
<td>Arg. curr. %</td>
</tr>
</tbody>
</table>

1. Assets
   1.1. Liquid assets
   1.2. Credits
   1.3. Working assets
   1.4. Net fixed assets

   TOTAL ASSETS

2. Liabilities
   2.1. Short-term debts
   2.2. Long-term debts

3. Capital etc.
   3.1. Paid up capital
   3.2. Reserves
   3.3. Profits

   TOTAL LIABILITIES AND CAPITAL
10. **EFFECTS ON BALANCE OF PAYMENTS**

10.1. Indicate in quantitative terms direct effects on balance of payments.


**Favourable**

1. Exports of products of enterprise
2. Import substitution
3. Placements of foreign capital
4. Long-term credits

**Adverse**

5. Imports
   5.1. Fixed assets
   5.2. Inputs
6. Royalties and similar fees
7. Technical assistance
8. Repatriation of foreign capital
9. Transfers of earnings
10. Debt service
11. Balance
   11.1. Favourable
   11.2. Adverse

10.2. Detail indirect positive effects of project on balance of payments (e.g., expansion of exports by other industries)

10.3. Detail indirect negative effects of project on balance of payments (e.g., reduction of exports resulting from attraction of resources)
PLACED FOR FOR .CAPITAL

1. Particulars of investing firm.
   1.1. Name
   1.2. Legal domicile
   1.3. Address of plant (or plants)
   1.4. Legal status
   1.5. Brief history of firm

2. Form in which placement of capital will be effected
   i. Type, kind
      a. Fixed assets
      b. Inputs
   ii. In currency
      TOTAL

3. Indicate the legal character of the instruments issued as evidence of the placement of capital and the total value of such instruments.

4. Indicate whether instruments sent abroad are to be redeemed?
   Yes [ ] No [ ]
   If yes, state how this is to be effected.
   Amount

5. State whether the investing firm has received or will receive credits from foreign financing agencies to finance its investment.
   Yes [ ] No [ ]
   If yes
   Agency
   Amount
   Country
   a. Private enterprises (suppliers)
   b. Private banks
6. Indicate the remittances of funds to be made abroad directly related to the placement of foreign capital

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Repatriation of capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a - In currency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b - In securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II

DETAILS OF IMPORTS REQUIRED FOR THE PROJECT

a) - Fixed assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Country of origin</th>
<th>Costs FOB at CIF at Customs Total at Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(1) $</td>
</tr>
</tbody>
</table>

(1) Follow order of investment budget and use same terminology
(2) Use classification employed in item 9.1.

b) - Inputs

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity annually</th>
<th>Country of Origin</th>
<th>Unit costs FOB at CIF at Customs Total at Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1) $</td>
</tr>
</tbody>
</table>

(1) Use terminology employed in item 4.5.
(2) Use classification employed in item 9.1.

ATTACHMENTS TO BE FURNISHED

1. Organization chart of the enterprise
2. The following certificates duly legalized by the Argentine consular authority must be furnished in respect of placements of foreign capital:
   (a) Certificate regarding the capacity of the foreign investor;
   (b) Certificate regarding compliance with requirements in the country of origin for exports as capital investment;
   (c) Investor's decision to make the investment, in the form of a sworn statement indicating the amount.