

Japan International Cooperation Agency (JICA)

The Ministry of Production and Commerce,
The Bolivarian Republic of Venezuela

FINAL REPORT
for
The Study on Promotion of
Small and Medium Enterprises in
The Bolivarian Republic of Venezuela

(Summary)

December 2001

UNICO International Corporation

M P I

J R

01-131

List of Abbreviation

Abbr	Spanish	Abbr.	English
ALADI	Asociacion Latinoamericana de Integracion	LAIA	Latin American Integration Association
ALCA	Area de Libre Comercio de las Americas	FTAA	Free Trade Area of the Americas
ALCAN	Acuerdo de Libre Comercio de America del Norte	NAFTA	North American Free Trade Agreement
ALCASA	Aluminio del Carni S.A.		
AMIA	Asociacion Mejicana de la Industria	AMIA	Mexico's Motor Vehicle Assembly Association
ASP	Suministrador de Equipos de Aplicación	ASP	Application Service Provider
AVIAL	Asociacion Venezolana de la Industrial del Aluminio		
BANCOEX	Banco de Comercio Exterior	BANCOEX	Foreign Trade Bank
BANDES	Banco Nacional de Desarrollo, Economico y Social	BANDES	Venezuela's Economic and Social Development Bank
BCV	Banco Central de Venezuela	BCV	Venezuela's Central Bank
BID	Banco Interamericano de Desarrollo	IDB	Interamerican Development Bank
BIV	Banco Industrial de Venezuela	BIV	Industrial Bank of Venezuela
BPD	Barriles Por Dia	b/d	barrels per day
CAF	Corporacion Andina de Fomento	CAF	Andean Development Corporation
CAN	Comunidad Andina	CAN	Andean Comunity
CAPEIPI	Camara de Pequeña Industria de Pinchincha	CAPEIPI	Pichincha's Small Enterprise Chamber
CARICOM	Mercado Comun Caribeño	CARICOM	Caribbean Common Market
CAVENEZ	Camara Automotriz de Venezuela	CAVENEZ	Venezuela's Automotive Chamber
CAVSA	Corporacion Aluminios de Venezeula		
CDI	Centro de Datos de Internet	IDC	Internet Data Center
CEDEA	Centro Eurovenezolano Desarrollo Empresarial de Aragua		
CERT	Certificacion de Reembolso de Tributo	CERT	Tax Reimbursement Certificate
CFN	Corporacion Financiera	CFN	Financing Institution
CNTI	Centro Nacional de Tecnologias de informacion		
CNV	Comision Nacional de Valores	CNV	National Securities Commission
CONAPRI	Consejo Nacional de Promocion de Inversion	CONAPRI	National Council for Investment Promotion
CONATEL	Comision Nacional de Telecomunicaciones		
CVG	Corporacion Venezolana de Guayana	CVG	Venezuelan Corporation of Guayana
ERP	Plan de Requerimiento de Empresa	ERP	Enterprise Requirement Plan
FAVENPA	Camara de Fabricantes Venezolanos de Productos Automotores	FAVENPA	Venezuela's Chamber of Autoparts Manufactures
FIEM	Fondo de inversion para la Estabilizacion Macroeconomica	FIEM	Investment Fund for Macroeconomic Stabilization
FIV	Fondo de Inversiones de Venezuela	FIV	Venezuela's Investment Fund
FMI	Fondo Monetario Internacional	IMF	International Monetary Fund
FOB	Free on Board	FOB	Free on Board
FONCREI	Fondo de Credito Industrial	FONCREI	Industrial Credit Fund
FONMIPYME	Fondo Colombiano de Modernizacion y Desarrollo Tecnico de las Micro, Pequeña y Mediana Empresas	FONMIPYME	Colombia's Fund for the Modernization and Technical Development of Micro, Small and Medium-sized Enterprises
G-3	Grupo de Los Tres	G-3	Group of the Three
GMV	General Motors de Venezuela	GMV	General Motors Venezuela
ha	hectarea	ha	hectare
INAPYMI	Instituto de Desarrollo de la Pequeña y Mediana Industria	INAPYMI	Institute for Development of Small and Medium Industries
INCE	Instituto Nacional de Capacitacion y Educacion	INCE	National Institution of Training and Education
INE	Instituto Nacional de Estadistica	INE	National Statistics Institute
IP	Protocolo de Internet	IP	Internet Protocol

List of Abbreviation

Abbr	Spanish	Abbr.	English
IPAPC	Instituto Puerto Autonomo de Puerto Cabello	IPAPC	Autonomous Port Institution of Puerto Cabello
IPC	Indice de precios al Consumidor	CPI	Consumer Price Index
IVA	Impuesto al Valor Agregado	VAT	Value-Added Tax
LOA	Ley Organica de Aduanas	LOA	Customs Organic Law
MCCA	Mercado Comun Centroamericano	CACM	Central American Common Market
MCT	Ministerio de Ciencia y Tecnologia	MCT	Ministry of Science and Technology
MEM	Ministerio de Energia y Minas	MEM	Ministry of Energy and Mines
MERCOSUR	Mercado Comun del Sur	MERCOSUR	Common Market of the South
MF	Ministerio de Finanzas	MF	Ministry of Finance
MPC	Ministerio de Produccion y Comercio	MPC	Ministry of Production and Commerce
MRC	Manejo de Relacion de Los Clientes	CRM	Client Relation management
MW	Mega Watts	MW	Mega Watts
OAA	Organización de las N.U. Para la Alimentacion y la Agricultura	FAO	Food and Agriculture Organization
OCEI	Oficina Central de Estadistica e Informacion	OCEI	National Statistics and Information Bureau
OEA	Organización de Estados Americanos	OAS	Organization of American States
OEM	Fabricante de Equipos Originales	OEM	Original Equipment Manufacturer
OMC	Organización Mundial del Comercio	WTO	World Trade Organization
ONU	Organización de las Naciones Unidas	UNO	United Nations Organization
OPEP	Organización de Países Exportadores de Petroleo	OPEC	Organization of Petroleum Exporting Countries
PCD	Porcentaje Obligatorio de Contribucion de Divisas		
PDA	Asistente Personal de Datos	PDA	Personal Data Administrator
PDVSA	Petroleos de Venezuela S.A.		
PHS	Sistema personal de telefono a Mano	PHS	Personal Handyphone System
PIB	Producto Interno Bruto	GDP	Gross Domestic Product
PIM	Administracion personal de Informacion	PIM	Personal Information management
PyMES	Pequeña y Mediana Empresas	SMEs	Small and Medium-sized Enterprises
SATB	Sistema Automatico de Transaccion de Bolsa	SATB	Automatic Stock Transaction System
SECOMLI	Sistema Electronico de Compensacion y Liquidacion	SECOMU	Electronic Compensation and Liquidation System
SENECA	Sistema Electronico de Nueva Esparta	SENECA	Nueva Esparta's Electronic System
SENIAT	Servicio Nacional Integrado de Administracion Aduanera y Tributaria	SENIAT	National Integrated System of Tax and Customs Administration
SIDOR	Siderurgica del Orinoco	SIDOR	Orinoco's Siderurgy
SIEX	Superintendencia de Inversiones Extranjeras	SIEX	Foreign Investment Superintendence
SISTECOR	Sistema de Conexión Remoto	SISTECOR	Remote Connection System
SOGAMPI	Sociedad Garantias Reciprocas para la Mediana y Pequeña Industria	SOGAMPI	Reciprocal Guarantee Company for Small and Medium-sized Enterprises
TI	Tecnologia de Informacion	IT	Information Technology
TM	Tonelada Metricas	MT	Metric Tons
UNCTAD	Conferencia de las N.U. Para el Comercio y el Desarrollo	UNCTAD	United Nations Conference for Trade and Development
UT	Unidad Tributaria	TU	Tax Unit
VENALUM	Industria Venezolana de Aluminio C.A.		

Table of Contents

Chapter 1	Current State of the Venezuelan Economy and Society and Major Issues Relevant to Small- and Medium-sized Manufacturing Enterprises	
1.1	Macroeconomic Overview	S1-1
1.1.1	GDP	S1-1
1.1.2	Price trend.....	S1-2
1.1.3	Exchange policy and control	S1-2
1.2	Socioeconomic Conditions	S1-3
1.2.1	Population.....	S1-3
1.2.2	Labor force	S1-3
1.2.3	Education.....	S1-4
1.2.4	Income and wage	S1-4
1.2.5	Regional economy.....	S1-5
1.3	International Trade	S1-5
1.3.1	Trade Agreements	S1-8
1.3.2	Trade policy	S1-9
1.3.3	Infrastructure related to foreign trade.....	S1-10
1.4	Investment.....	S1-12
1.4.1	Recent trend	S1-12
1.4.2	Investment climate	S1-14
1.4.3	Investment promotion policies and programs.....	S1-15
1.4.4	Investment in Industrial Parks and Future Projects	S1-16
1.5	Finance.....	S1-21
1.5.1	Financial System and Reform.....	S1-21
1.5.2	SMEs financing.....	S1-21
1.6	Tax System.....	S1-22

1.6.1	National Tax	S1-22
1.6.2	Regional tax	S1-22
1.7	General Profiles of Industry in Venezuela.....	S1-23
1.8	Economic Development Plan.....	S1-25
1.8.1	Economic Program 2001	S1-25
1.8.2	Industrial development plans	S1-26
1.9	SME Promotion (Summary)	S1-27
1.9.1	Small and Medium Manufacturing Enterprise Promotion & Development Law	S1-27
1.9.2	Entrepreneurship Support.....	S1-27
1.10	Summary of Environmental Conditions for SMEs (Major Issues)	S1-29
1.10.1	Macroeconomic and Social Environments.....	S1-29
1.10.2	Business Environment.....	S1-29
1.10.3	Industry Profiles.....	S1-31
 Chapter 2 Promotion Policy for Small- and Medium-sized Enterprises		
2.1	Major Issues Related to SME Promotion	S2-1
2.2	SME Promotion Policy Proposals	S2-2
2.2.1	Basic targets.....	S2-2
2.2.2	SME fostering principles.....	S2-2
2.2.3	Proposal of principal policies and policy structure.....	S2-4
2.2.4	Policy implementation structure and action plan.....	S2-13
2.2.4.1	Points to be kept in mind in implementation of policies.....	S2-13
2.2.4.2	Implementation plan (action plan)	S2-15
2.3	Particulars on the Main Policies, Systems and Measures.....	S2-26
2.3.1	Main Policies	S2-26

2.3.1.1	Tasks and Measures for Coping With the Situation in Smaller Business Financing.....	S2-26
2.3.1.2	Tax System	S2-28
2.3.1.3	Support to Smaller Businesses That are Getting Started.....	S2-29
2.3.1.4	Research and Development	S2-33
2.3.1.5	Promotion of Joint Activities by Smaller Businesses	S2-41
2.3.1.6	INAPYMI and implementation of SME policy	S2-43
2.3.1.7	Regional Smaller Business Development Strategy.....	S2-50
2.3.1.8	Proposal for Trade and Investment Strategies	S2-55
2.3.2	Principal Systems.....	S2-63
2.3.2.1	Information System.....	S2-63
2.3.2.2	One-Stop Service System.....	S2-67
2.3.2.3	SME Diagnosis	S2-68
2.3.2.4	Consultant Accreditation System.....	S2-69

Chapter 3 Target Subsector Promotion Plan

3.1	Automobile Assembly and Parts Industries.....	S3-1
3.1.1	Automobile assembly industry	S3-1
3.1.2	Parts industry	S3-8
3.1.3	Implementation plan for promotion of the target subsectors.....	S3-11
3.2	Plastics Industry	S3-14
3.2.1	Current state of the plastic resin industry in Venezuela.....	S3-14
3.2.2	Current state of the plastics industry in Venezuela and major issues	S3-15
3.2.3	Proposals for Sectoral Reform for the Venezuela Plastic Products Industry	S3-21
3.3	Aluminum Product Industry.....	S3-28
3.3.1	Current state of the aluminum transforming industry and major issues	S3-28
3.3.2	Recommendations for improvement	S3-34

3.4	Information (Software) Industry	S3-39
3.4.1	Trends in the World Information Industry	S3-39
3.4.2	Recommendations for Promotion of IT Utilization by SMEs	S3-45
3.4.3	Recommendations for Support for Information Technology for SMEs	S3-46
3.4.4	Recommendations on Promotion of the Information (Software) Industry.....	S3-47
3.4.5	Recommendation for development of the IT-integrated government system.....	S3-50
Annex 1	Plan del proyecto piloto	
Annex 2	Formulacion del plan de trabajo sobre la inversion del capital de riesgo (venture capital)	
Annex 3	COMPOSICION DEL MANUAL DE EVALUACION DE LA EMPRESA	
Annex 4	CONTENIDOS DE WEB SITE	