

TAICH THESAURUS

July 25, 1979

Submitted to:

**Mr. Leon O. Marion
Executive Director
American Council of Voluntary Agencies
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Prepared by:

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Mr. Leon O. Marion
Executive Director
American Council of Voluntary Agencies
for Foreign Service, Inc.
200 Park Avenue South
New York, New York 10003

Dear Mr. Marion,

Enclosed please find ten (10) copies of the TAICH thesaurus. This vocabulary was developed through consultations with TAICH staff, use of term lists created by TAICH staff, examination of TAICH documents and reports, and review of both the AID Thesaurus and AID's R and D Descriptor Index Listing.

This first edition of the TAICH Thesaurus is small enough that users will quickly become familiar with the vocabulary; it contains 699 terms, 386 preferred terms and 313 non-preferred synonyms. The TAICH Thesaurus will need to be updated periodically, to incorporate terms for new concepts as the need for them becomes apparent. The Thesaurus is infinitely hospitable to the addition of new terms. Before adding a term to the Thesaurus the following questions should be answered:

- o Are there any terms in the thesaurus which are identical to, synonymous with, or similar in concept to the term suggested?
- o Is the concept needed in the data base? Is this the best term to index the subject matter? Is it relevant to TAICH needs?
- o Would any existing term, either more specific or more generic, suffice to index the subject matter without either losing information or overloading a broad term?

When terms are added to the Thesaurus they should be cross-referenced to other new terms and to the terms already in the thesaurus. The thesaurus should be searched for terms broader than, narrower than, and related to each new term. Be sure reciprocal entries are made for each cross reference.

The TAICH Thesaurus includes two basic types of terms, those which have been designated as preferred for indexing purposes, and those designated as non-preferred. The designation of one term as preferred does not indicate that other terms are inferior. However, because the simultaneous use of synonyms in indexing and information processing will lead to confusion and incomplete retrieval, it is necessary to select one preferred term when several synonyms exist. Non-preferred terms are cross-referenced to preferred terms so that the reader will be directed to the term which has been used consistently in indexing.

CROSS REFERENCES

Five types of cross-references are used in the Thesaurus:

USE=Employ the indicated term, which is a preferred synonym, near-synonym, or word-form variant.

UF="Used for" or "used in lieu of." The indicated term is a non-preferred synonym, near-synonym, or word-form variant.

BT=Broader term.

NT=Narrower term.

RT=Related term.

USE AND USED FOR RELATIONSHIP

The simplest relationship is the USE/Used For (UF) relationship identifying which of two or more essentially synonymous terms

is used for indexing purposes.

Thus, for example, we find:

Physicians
USE Doctors

Doctors
UF Physicians

These terms might normally be used interchangeably, but for purposes of uniformity, the term Doctors was chosen as the approved term to be used in indexing and retrieval.

The USE/Used For cross-references are occasionally used to refer from inverted term-forms to direct term-forms:

Health programs (national)
USE National health programs

National health programs
UF Health programs (national)

This relationship is also employed to refer from terms deemed overly specific (hence not used in indexing) to slightly more general terms.

Kwashiorkor
USE Deficiency diseases

Deficiency diseases
UF Kwashiorkor

Finally, the USE/UF cross-references are utilized between terms which are not true synonyms, but which are treated as such to prevent scattering of like information in indexing. For example:

Advisors
USE Consultants

Consultants
UF Advisors

BROADER TERM AND NARROWER TERM RELATIONSHIP

Any term in the Thesaurus may fit in a hierarchical classifi-

cation of lesser or greater specificity (or in more than one). Where several levels of hierarchy exist, the Thesaurus lists all broader and narrower terms. Broader or narrower terms are indicated by the abbreviations BT or NT as appropriate to represent various levels of specificity. In the following sample, references to more general terms are provided:

Potatoes
BT Plants
BT Tubers

In this case, two references from the specific term to more general terms are provided. Each BT reference is reciprocated by an NT reference:

Plants
NT Potatoes

Tubers
NT Potatoes

All such broader/narrower relationships are based on class memberships of the terms involved. When the terms are only sometimes (or from certain viewpoints) so related, a related term (RT) cross-reference is used.

RELATED TERM RELATIONSHIP

The Related Term (RT) cross-reference refers you to terms which have some conceptual relationship to the term under consideration, but which are not consistently synonymous or related hierarchically. For example:

Books
RT Teaching materials

Teaching materials
RT Books

ARRAY TERMS

Array terms are very broad terms (e.g. Agriculture) which are considered to be too broad to be of much value in indexing or retrieval. Such terms have the scope note: "Use of a more specific term is recommended; consult the terms listed below." The listing of RT references following each array term refers the reader to all terms at the next lower level of specificity (but not to the still lower levels of specificity).

SCOPE NOTES

Scope notes are short notes used to clarify terms. They can be used to provide "dictionary type" definitions for unusual or little known terms. For example:

Triticale
(Wheat-rye hybrid)

They can also be used to specify the way a term should be used. For example array terms all have the same scope note:

Agriculture
(Use of a more specific terms is recommended; consult the terms listed below)

TERMINOLOGICAL CONVENTIONS

TERM SELECTION

Terms are selected for inclusion in the Thesaurus on the basis of their estimated usefulness in indexing and retrieval. Some of the factors considered are their:

- (1) Degree of ambiguity (or lack thereof).
- (2) Relative frequency of occurrence in documents being indexed.
- (3) Acceptability to the community being served.

(4) Relationship to previously accepted terms.

These factors are highly interdependent and are considered simultaneously during term selection.

TERM AMBIGUITY

Among the basic problems facing an indexer are those of ambiguity. Syntax, synonymy and homography, breadth of interest and variation of viewpoint can all give rise to ambiguities. When subject terms have more than one meaning, or where distinction between terms must be made, clarification is provided in one of two ways:

- (a) Preferably, parenthetical qualifying expressions are added, becoming part of the subject term. For example:

Ferries (boats)

Hatcheries (poultry)

- (b) If absolutely necessary, parenthetical scope notes are added for explanation or definition; they do not become part of the subject term. For example:

Vector control
(Control of disease carrying agents
such as mosquitoes and flies)

ABBREVIATIONS

Abbreviations and acronyms are included as non-preferred terms if they are in common usage by the user community.

TERM SYNTAX

The syntax of terms is direct rather than inverted; e.g., the preferred syntax is Cottage industries, rather than Industries (cottage). Inverted non-preferred synonyms are provided when non-initial words might be look-up points. For example:

Rental (land)
USE Land Rental

ALPHABETIZATION

Terms are alphabetized on a letter-by-letter basis, ignoring all spaces and hyphens, except that the left parenthesis ["("] precedes ["a"]. Terms which start with numbers follow the alphabetical listing.

GRAMMATICAL FORM

Subject terms are presented in the noun form. The choice between singular and plural term-forms depends on whether the term is a "count noun" (a noun to which the question "how many?" is applicable) or a "quantity noun" (a noun to which the question "how much?" is applicable). A count noun is shown in the plural (e.g., Schools) while a quantity noun is shown in the singular (e.g., Rice.) Terms signifying processes, such as Weather Forecasting are always singular.

HOW TO USE THE THESAURUS

You can progress up and down the hierarchies, and among hierarchies, to locate terms with the desired meaning and degree of specificity. If the first term you locate is a non-preferred term, refer to the preferred term (per the USE reference) and re-initiate your search from that point. If the first term you locate is an "array" term -- one which is too broad for indexing or retrieval -- scan the RT terms listed under the array and select the ones related to your interest as new points to begin your search. In general, don't accept a term as the final choice without first determining

whether there are still narrower terms which would be better choices.

SEARCH EXAMPLE

Suppose you want to find any documents about Cereals in the TAICH files. The thesaurus can help to pinpoint the best "look-up" term or terms for the search. You might begin by checking the rather general term Cereals in the thesaurus, in which case you would find the following entry:

Cereals
USE Grains

This citation indicates that the term Grains is the preferred term for indexing and retrieval rather than the synonymous term, Cereals. Turning to the preferred term, you find the following list of cross-references:

Grains
UF Barley
UF Cereals
UF Oats
UF Teff
BT Plants
NT Corn
NT Millet
NT Rice
NT Sorghum
NT Triticale
NT Wheat
RT Seeds

Skipping over the terms designated UF (Used For), which are non-preferred synonyms of Grains (including some specific grains not likely to be discussed often in the data-base), and the term designated BT (Broader Term), we come to the NT (Narrower Term) references. Checking down the list, we find six specific grains. If your interest is in all grains you would search on the terms Grains and on Corn, Millet, Rice, Sorghum, Triticale, and Wheat. If you know that,

for example, triticales, is not of interest to you you would leave that term out of your search. You should also note in passing, the RT (Related Term) reference Seeds in case it, too, might be helpful to your search.

I hope this answers any questions you may have on the creation and use of the Thesaurus. Mrs. Bell and I enjoyed working on it.

Sincerely,



B. T. Usdin
Lexicographer

TAICH THESAURUS

Abattoirs

USE Slaughterhouses

Abortions

UF Insufflations
UF Laparatomies
RT Birth control methods
RT Contraceptives
RT Population

Academies

USE Schools

Accounting systems

RT Computers
RT Funding
RT Information systems
RT Policy and planning

Adoption services

RT Children
RT Foster parent plans
RT Orphanages

Adult education

BT Education
NT Womens education
RT Night schools
RT Vocational education

Advisors

USE Consultants

Aerial photography

RT Research/field studies

Afforestation

USE Silviculture

Agrarian reform

USE Land reform

Agricultural agents

USE Extension agents

Agricultural clubs

RT Rural groups

Agricultural cooperatives

- BT Cooperatives
- RT Agricultural economies
- RT Farm-output handling
- RT Farms
- RT Purchasing cooperatives
- RT Rural groups

Agricultural economies

- RT Agricultural cooperatives
- RT Cost-benefit analysis
- RT Funding
- RT Research/field studies

Agricultural experiment centers

- RT Agricultural research institutes
- RT Agricultural training
- RT Facilities
- RT Greenhouses

Agricultural extension programs

- BT Programs
- RT Agricultural training
- RT Demonstration projects
- RT On-the-job training
- RT Technical supervision
- RT Technology transfer

Agricultural machinery

- USE Farm machinery

Agricultural planning

- UF Planning (agricultural)
- BT Policy and planning

Agricultural production units

- RT Agriculture
- RT Dairies
- RT Facilities
- RT Farms
- RT Gardens
- RT Hatcheries (poultry)
- RT Nurseries (plant)
- RT Orchards
- RT Plantations
- RT Ranches

Agricultural research institutes

- BT Research institutes
- RT Agricultural experiment centers
- RT Animal research
- RT Facilities
- RT Plant diseases
- RT Research/field studies

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Agricultural supplies

- BT Supplies
- RT Seeds

Agricultural training

- RT Agricultural experiment centers
- RT Agricultural extension programs
- RT Agriculture
- RT Extension courses
- RT Management training
- RT Professional training

Agriculture

Use of a more specific term is recommended; consult the terms listed below

- RT Agricultural production units
- RT Agricultural training
- RT Animals
- RT Cropping patterns
- RT Farm-output handling
- RT Intercropping
- RT Pest control
- RT Plants

Agriculturists

- UF Agronomists
- BT People

Agronomists

- USE Agriculturists

Airports

- RT Civil engineering
- RT Roads

Air transportation

- UF Transportation (air)
- RT Rail transportation
- RT Vehicles

Alcohol (fuel)

- BT Fuels

Ambulances

- BT Vehicles
- RT Medical services

Amino acid food additives

- USE Processed foods and food additives

Anaemia

- USE Deficiency diseases

Animal breeding

- UF Breeding (animals)
- UF Cattle breeding
- BT Animal husbandry
- RT Artificial insemination
- RT Breeding stock
- RT Improved animal breeds

Animal diseases

- BT Diseases
- RT Animal health
- RT Animal immunization
- RT Pests

Animal feed

- UF Cattle feed
- UF Feed (animal)
- UF Livestock feed
- NT Fodder
- NT Forage
- RT Animal husbandry
- RT Animal nutrition
- RT Plants

Animal health

- RT Animal diseases
- RT Animal nutrition
- RT Pests
- RT Veterinary services

Animal husbandry

- UF Animal production
- UF Livestock production
- UF Stock development
- NT Animal breeding
- NT Beekeeping
- NT Fish farming
- RT Animal feed
- RT Egg production
- RT Improved animal breeds
- RT Slaughterhouses

Animal immunization

- BT Immunizations
- RT Animal diseases
- RT Veterinary services

Animal nutrition

- RT Animal feed
- RT Animal health
- RT Veterinary services

Bandages

USE Medical supplies

Banks

USE Credit facilities

Bare foot doctors

USE Medical auxiliaries

Barley

USE Grains

Beans (legumes)

USE Legumes

Beds (hospital)

USE Hospital beds

Beekeeping

UF Apiculture

BT Animal husbandry

RT Honey

Bees

USE Animals

Beverages (processed)

USE Processed foods and food additives

Bilharziasis

USE Parasitic diseases

Biodynamic farming

USE Intensive farming

Biogas/methane (fuel)

UF Methane (fuel)

BT Fuels

RT Manure

Biological pest control

BT Pest control

RT Chemical pest control

RT Insects

Biology (marine)

USE Marine biology

Bandages

USE Medical supplies

Banks

USE Credit facilities

Bare foot doctors

USE Medical auxiliaries

Barley

USE Grains

Beans (legumes)

USE Legumes

Beds (hospital)

USE Hospital beds

Beekeeping

UF Apiculture

BT Animal husbandry

RT Honey

Bees

USE Animals

Beverages (processed)

USE Processed foods and food additives

Bilharziasis

USE Parasitic diseases

Biodynamic farming

USE Intensive farming

Biogas/methane (fuel)

UF Methane (fuel)

BT Fuels

RT Manure

Biological pest control

BT Pest control

RT Chemical pest control

RT Insects

Biology (marine)

USE Marine biology

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Birth control methods

- UF Contraception
- UF Dr. Billings ovulation system
- UF Female contraception
- UF Fertility control
- UF Methodolgy (birth control)
- NT Sterilization
- RT Abortions
- RT Artificial insemination
- RT Breast feeding
- RT Contraceptives
- RT Family planning

Blackfly control

- USE Vector control

Blindness prevention

- RT Medical programs
- RT Ophthalmology
- RT Preventive medicine
- RT Schools for the blind

Boarding schools

- BT Schools
- RT Day schools

Books

- BT Publications
- BT Reading materials
- RT Equipment
- RT Literacy materials
- RT Libraries
- RT Teaching materials

Bottle feeding

- UF Feeding (bottle)
- RT Breast feeding
- RT Dairy products
- RT Infants
- RT Mother/child health
- RT Powdered milk
- RT Weaning foods

Breast feeding

- UF Feeding (breast)
- UF Lactation
- RT Birth control methods
- RT Bottle feeding
- RT Infants
- RT Lactating mothers
- RT Mother/child health
- RT Weaning foods

Breeding (animals)
USE Animal breeding

Breeding stock
BT Animals
RT Animal breeding
RT Improved animal breeds

Bridges
RT Civil engineering
RT Ferries
RT Roads
RT Water transportation

Building
USE Construction

Business colleges
BT Colleges and universities
BT Schools

Buying land
USE Land purchase

Cancer
USE Degenerative diseases

Canning (food preservation)
BT Food preservation

Care (medical)
USE Medical services

Cash crops

NT Cocoa crops
NT Coffee crops
NT Cotton crops
NT Oil seed crops
NT Rubber crops
NT Sugar crops
RT Cottage industries
RT Opium
RT Plants
RT Subsistence farming
RT Vegetables

Cassava

UF Manioc
UF Yuca
BT Plants
BT Tubers
RT Staple foods

Cattle

UF Cows
UF Milk cows
BT Animals
RT Dairy animals
RT Range animals

Cattle breeding

USE Animal breeding

Cattle feed

USE Animal feed

Cereals

USE Grains

Charcoal (fuel)

USE Wood-charcoal (fuel)

Cheese

USE Dairy products

Chemical pest control
UF Herbicides
UF Insecticides
UF Pesticides
BT Pest control
RT Biological pest control

Chickens

BT Animals
BT Poultry
RT Hatcheries (poultry)
RT Turkeys

Childbirth

USE Mother/child health

Child health

USE Mother/child health

Children

BT People
NT Crippled children
RT Adoption services
RT Foster parent plans
RT Infants
RT Orphanages

Chlorination

UF Water supply chlorination
RT Potable water
RT Sanitation
RT Water

Cholera

USE Infectious diseases

Civil engineering

RT Airports
RT Aqueducts
RT Bridges
RT Dams
RT Flood control
RT Harbor
RT Roads

Clinics

UF Dental clinics
UF Dispensaries
UF Health posts
UF Mobile clinics
UF Posta medica
UF Surgical clinics
BT Facilities
RT Hospital beds
RT Hospitals
RT Pharmacies

Clothing

RT Housing
RT Supplies

Coal

USE Fossil fuels

Cocoa crops

BT Cash crops
RT Plants

Coconuts

USE Palms

Coffee crops

BT Cash crops
RT Plants

Colleges and universities

BT Schools
NT Business colleges
NT Graduate schools
NT Junior colleges
RT Medical schools
RT Nursing schools

Colonization

RT Land tenure
RT Resettlement
RT Settlement

Community agents

USE Animateurs

Community centers

BT Facilities
RT Food distribution centers
RT Geriatric centers

Community farms

BT Farms
RT Facilities

Contraceptives

- UF Condoms
- UF Implants (contraceptive)
- UF Injectable contraceptives
- UF IUD (intra-uterine devices)
- UF Male contraceptives
- UF Nasal spray contraceptives
- UF Oral contraceptives
- UF Pills (birth control)
- UF Rhythm (birth control method)
- RT Abortions
- RT Birth control methods
- RT Medical supplies
- RT Populations
- RT Sterilization

Cooking demonstrations
USE Food preparation

Cooperatives

- NT Agricultural cooperatives
- NT Purchasing cooperatives

Cooperatives (purchasing)

- USE Purchasing cooperatives

Corn

- UF High protein corn
- UF HYV corn
- UF Maize
- BT Grains
- BT Plants
- RT Staple foods

Corozo nuts

- USE Palms

Correspondence courses

- USE Extension courses

Cost-benefit analysis

- RT Agricultural economics
- RT Research/field studies

Cottage industries

- UF Industries (cottage)
- RT Cash crops

Cotton crops

- BT Cash crops
- RT Plants

Contraceptives

- UF Condoms
- UF Implants (contraceptive)
- UF Injectable contraceptives
- UF IUD (intra-uterine devices)
- UF Male contraceptives
- UF Nasal spray contraceptives
- UF Oral contraceptives
- UF Pills (birth control)
- UF Rhythm (birth control method)
- RT Abortions
- RT Birth control methods
- RT Medical supplies
- RT Populations
- RT Sterilization

Cooking demonstrations

- USE Food preparation

Cooperatives

- NT Agricultural cooperatives
- NT Purchasing cooperatives

Cooperatives (purchasing)

- USE Purchasing cooperatives

Corn

- UF High protein corn
- UF HYV corn
- UF Maize
- BT Grains
- BT Plants
- RT Staple foods

Corozo nuts

- USE Palms

Correspondence courses

- USE Extension courses

Cost-benefit analysis

- RT Agricultural economics
- RT Research/field studies

Cottage industries

- UF Industries (cottage)
- RT Cash crops

Cotton crops

- BT Cash crops
- RT Plants

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Counseling

- UF Family counseling
- UF Patient counseling
- UF Post-partum counseling
- UF Pre-marital counseling
- UF Responsible parenthood counseling
- RT Family planning
- RT Family planning incentives
- RT Mental diseases
- RT Social workers

Courses

- NT Extension courses
- RT Seminars
- RT Technology transfer

Cow-peas

- BT Legumes
- BT Plants

Cows

- USE Cattle

Creameries

- USE Dairies

Credit facilities

- UF Banks
- UF Credit unions
- BT Facilities
- RT Credit/loans
- RT Savings programs

Credit/loans

- NT Guaranteed loans
- NT Low interest loans
- NT Revolving loans
- NT Small loans
- RT Credit facilities
- RT Savings programs

Credit unions

- USE Credit facilities

Crippled Children

- BT Children
- BT People

Crop diversification

- RT Cropping patterns
- RT Crop substitution

Crop drying

- USE Crop processing

Crop improvement

- RT. Crop research
- RT High protein crops
- RT High yield variety seed
- RT Hybrid seed
- RT Improved seed
- RT Nurseries (plant)
- RT Plant diseases
- RT Seed banks

Cropping patterns

- RT Agriculture
- RT Contour farming
- RT Crop diversification
- RT Crop rotation
- RT Crop substitution
- RT Cultivation techniques
- RT Intercropping
- RT Multiple cropping

Crop processing

- UF Crop drying
- UF Drying (crops)
- UF Threshing
- UF Winnowing
- BT Farm-output handling
- RT Food preservation

Crop research

- BT Research/field studies
- RT Crop improvement

Crop rotation

- RT Cropping patterns

Crop storage

- USE Storage

Crop substitution

- RT Crop diversification
- RT Cropping patterns

Cultural environment

- RT Medical ecology

Culdoscopes

- USE Medical equipment

Cultivation techniques

- NT Hydroponic farming
- NT Intensive farming
- RT Contour farming
- RT Cropping patterns

(continued)

Cultivation techniques (continued)

- RT Fencing (farm land)
- RT Fertilizers
- RT Irrigation
- RT Land reclamation
- RT Terracing

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Dairies

- UF Creameries
- RT Agricultural production units

Dairy animals

- UF Milk cows
- BT Animals
- RT Cattle
- RT Goats
- RT Milk

Dairy products

- UF Cheese
- BT Foods and food products
- NT Milk
- NT Powdered milk
- RT Bottle feeding

Dams

- RT Civil engineering
- RT Drought relief
- RT Electrification
- RT Flood control
- RT Hydroelectric energy
- RT Reservoirs
- RT Water

Data analysis (population)

- USE Demography

Date palms

- BT Palms
- BT Plants

Day care centers

- RT Education
- RT Kindergartens
- RT Pre-school programs
- RT Schools

Day schools

- BT Schools
- RT Boarding schools
- RT Night schools

Deficiency diseases

- UF Anaemia
- UF Kwashiorkor
- UF Malnutrition
- UF Marasmus
- UF PCM
- UF Starvation
- UF Vitamin deficiency diseases

(continued)

Deficiency Diseases (continued)

- UF Xerophthalmia
- BT Diseases
- RT Nutrition education

Degenerative diseases

- UF Cancer
- UF Parkinson's disease
- BT Diseases

Demography

- UF Data analysis (population)
- UF Migration (studies of human)
- UF Population data analysis
- UF Population surveys
- RT Population
- RT Research/field studies
- RT Resettlement
- RT Settlement
- RT Surveys

Demonstration projects

- UF Model farms
- NT School gardens
- RT Agricultural extension programs
- RT Facilities
- RT Technology transfer

Dental care

- USE Dentistry

Dental clinics

- USE Clinics

Dentistry

- UF Dental care
- UF Tooth extraction
- BT Medical services

Dentists

- BT People
- RT Health care teams
- RT Medical services

Dialect education

- BT Education
- RT Language training
- RT Translation programs

Dietitians

- USE Nutritionists

Diphtheria immunizations

- USE Immunizations

Disaster relief programs

- UF Emergency relief programs
- UF Relief programs (disaster)
- BT Programs
- RT Drought relief
- RT Medical programs

Discussions (group)

- USE Group discussions

Disease carrier control

- USE Vector control

Disease prevention and control

- USE Preventive medicine

Diseases

- NT Animal diseases
- NT Deficiency diseases
- NT Degenerative diseases
- NT Infectious diseases
- NT Mental diseases
- NT Parasitic diseases
- NT Plant diseases
- NT Tropical diseases
- NT Viral/bacterial diseases

Disease treatment

- UF Therapy (disease)
- BT Medical services
- RT Immunizations
- RT Vector control

Dispensaries

- USE Clinics

Doctors

- UF Flying doctors
- UF Physicians
- BT People
- RT Health care teams
- RT Medical schools
- RT Medical services

Dormitories

- BT Housing
- RT Schools

Draft animals

- UF Oxen
- BT Animals
- RT Animal-powered technology
- RT Horses

Dr. Billings ovulation system
USE Birth control methods

Dried milk
USE Powdered milk

Drinkable water
USE Potable water

Drought relief
RT Dams
RT Disaster relief programs
RT Flood control
RT Reservoirs (water)
RT Water
RT Weather forecasting

Drugs
USE Medical supplies

Drying (crops)
USE Crop processing

Dysentery
USE Parasitic diseases

.Education

NT Adult education
NT Dialect education
NT Intercultural education
NT Literacy education
NT Nutrition education
NT Public health education
NT Vocational education
NT Womens education
RT Conferences
RT Day care centers
RT Language training
RT Mass media
RT Schools
RT Technology transfer

Educational funding

BT Funding
RT Scholarships

Employment Placement

USE Job Placement

EFP

USE Processed foods and food additives

Egg production

RT Animal husbandry
RT Poultry

Electrification

UF Rural electrification
RT Dams
RT Energy
RT Fuels
RT Hydroelectric energy
RT Solar energy

Elementary schools

UF Primary schools
BT Schools
RT High schools

Educational materials

USE Teaching materials

Elephantiasis

USE Parasitic diseases

Emergency relief programs

USE Disaster relief programs

Energy

- NT Geothermal energy
- NT Hydroelectric energy
- NT Nuclear energy
- NT Solar energy
- NT Wind energy
- RT Electrification
- RT Fuels
- RT Machine-powered technology

Enriched foods

- USE Processed foods and food additives

Epilepsy

- USE Mental diseases

Equipment

- UF Scales
- NT Farm machinery
- NT Medical equipment
- RT Books
- RT Machine-powered technology
- RT Maintenance/repair
- RT Teaching materials
- RT Technology

Erosion reversal

- USE Land reclamation

Extension agents

- UF Agricultural agents
- BT People

Extension courses

- UF Correspondence courses
- BT Courses
- RT Agricultural training
- RT Mass media
- RT Technical supervision

Extruded foods

- USE Processed foods and food additives

Eyeglass frames

- USE Medical supplies

Eye surgery

- USE Ophthalmology

Facilities

- NT Clinics
- NT Community centers
- NT Credit facilities
- NT Food distribution centers
- NT Geriatric centers
- NT Greenhouses
- NT Hospitals
- NT Laboratories
- NT Leprosariums
- NT Marketing facilities
- NT Orphanages
- NT Seed banks
- NT Storage facilities
- RT Agricultural production units
- RT Agricultural research institutes
- RT Community farms
- RT Construction
- RT Demonstration projects
- RT Hatcheries (poultry)
- RT Housing
- RT Libraries
- RT Maintenance/repair
- RT Marketing facilities
- RT Schools

Fairs

- USE Public events

Family counseling

- USE Counseling

Family planning

- UF Planned parenthood
- RT Birth control methods
- RT Counseling
- RT Population

Family planning incentives

- UF Incentives (population control)
- UF Motivation (family planning)
- RT Counseling

Farming

- NT Contour farming
- NT Hydroponic farming
- NT Intensive farming
- RT Fencing (farm land)
- RT Gardening (agricultural)

Farm Machinery

- BT Equipment
- RT Technology

Farm output handling

- NT Crop processing
- NT Harvesting
- RT Agriculture
- RT Marketing

Farms

- NT Community farms
- RT Agricultural production units
- RT Gardens
- RT Orchards

Farm-to-market roads

- USE Roads

Feasibility studies

- RT Research/field studies

Feed (animal)

- USE Animal feed

Feeding (bottle)

- USE Bottle feeding

Feeding (breast)

- USE Breast feeding

Female contraception

- USE Birth control methods

Female sterilization

- USE Sterilization

Fencing (farm land)

- RT Cultivation techniques
- RT Farming
- RT Land tenure

Fermentation (food)

- RT Food contamination
- RT Food preservation

Ferries (boats)

- BT Vehicles
- RT Bridges
- RT Water transportation

Fertility control

- USE Birth control methods

Fertilizers

- UF Fertilizer distribution
- UF New fertilizing techniques
- UF Soil fertility
- RT Cultivation techniques
- RT Manure

Fertilizer distribution
USE Fertilizers

Fish
BT Animals
RT Meats

Fish catch
USE Fish farming

Fish culture
USE Fish farming

Fishery development
USE Fish farming

Fish farming
UF Fish catch
UF Fish culture
UF Fishery development
UF Inland fishery
UF Pisciculture
UF Ponds (fish)
BT Animal husbandry
RT Marine biology

Flea control
USE Vector control

Flood control
RT Civil engineering
RT Dams
RT Drought control
RT Reservoirs (water)
RT Water

Flu
USE Viral/bacterial diseases

Flying doctors
USE Doctors

fodder
BT Animal feed

Folk medicine
USE Traditional medicine

Food
USE Foods and food products

Food contamination

- RT Fermentation (food)
- RT Parasitic diseases
- RT Sanitation
- RT Vector control
- RT Viral/bacterial diseases

Food distribution centers

- BT Facilities
- RT Community centers
- RT Food supply programs
- RT Geriatric centers
- RT Mother/child programs
- RT Schools

Food for Peace

- USE Food supply programs

Food mixes/blends

- USE Processed foods and food additives

Food preparation

- UF Cooking demonstrations
- UF Recipes
- RT Community programs

Food preservation

- NT Canning (food preservation)
- NT Freezing (food preservation)
- NT Irradiation (food preservation)
- NT Lyophilization (food preservation)
- NT Smoking (food preservation)
- NT Solar drying (food preservation)
- RT Crop processing
- RT Fermentation (food)
- RT Locally available food
- RT Processed food and food additives
- RT Storage

Foods and food products

- UF Food
- NT Dairy products
- NT Honey
- NT Locally available food
- NT Meats
- NT Processed foods and food additives
- NT Staple foods
- NT Weaning foods
- RT Vitamins

Food storage

- USE Storage

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Food supply programs
UF Food for Peace
UF PL 380 programs
UF School lunch programs
BT Programs
RT Food distribution centers

Forage
UF Grazing land
UF Pasturage
BT Animal feed

Forestry
USE Silviculture

Fossil fuels
UF Coal
UF Gasoline
UF Natural gas
UF Petroleum
BT Fuels

Foster parent plans
RT Adoption services
RT Children
RT Orphanages

Four-H clubs
USE Youth clubs

Fowl
USE Poultry

FPC
USE Processed foods and food additives

Freeze-drying (food preservation)
USE Lyophilization (food preservation)

Freezing (food preservation)
BT Food preservation

French intensive agriculture
USE Intensive farming

Fruits
BT Plants
NT Nuts
RT Orchards
RT Vegetables

Gardening (agricultural)

- UF Horticulture
- UF Kitchen gardening
- UF Small-scale gardening
- UF Vegetable gardening
- RT Farming

Gardens

- NT School gardens
- RT Agricultural production units
- RT Community programs
- RT Farms
- RT Greenhouses
- RT Locally available food

Gasoline

- USE Fossil fuels

Geological surveys

- UF Mapping (geology)
- RT Research/field studies

Geothermal energy

- BT Energy

Geriatric centers

- UF Homes for the aged
- UF Old peoples homes
- BT Facilities
- RT Community centers
- RT Food distribution centers
- RT Hospitals
- RT Housing

Glasses frames

- USE Medical supplies

Goats

- BT Animals
- RT Dairy animals

Graduate schools

- BT Colleges and universities
- BT Schools

Grain elevators

- USE Storage facilities

Grains

- UF Barley
- UF Cereals
- UF Oats
- UF Teff
- BT Plants

(continued)

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Grains (continued)

- NT Corn
- NT Millet
- NT Rice
- NT Sorghum
- NT Triticale
- NT Wheat
- RT Seeds

Grazing land

- USE Forage

Greenhouses '

- BT Facilities
- RT Agricultural experiment centers
- RT Gardens
- RT Hydroponic farming

Group discussions

- UF Discussions (group)
- UF Village meetings
- RT Conferences
- RT Mass media
- RT Workshops

Guaranteed loans

- BT Credit/loans

Hansen's disease
USE Viral/bacterial diseases

Harbors
RT Civil engineering
RT Water transportation

Harvesting
UF New harvesting techniques
BT Farm-output handling

Hatcheries (poultry)
RT Agricultural production units
RT Chickens
RT Facilities
RT Poultry
RT Turkeys

Health care
USE Medical services

Health care teams
RT Dentists
RT Doctors
RT Medical auxiliaries
RT Medical services
RT Midwives
RT Nurses
RT People

Health posts
USE Clinics

Health programs (national)
USE National health programs

Herbicides
USE Chemical pest control

High protein corn
USE Corn
AND High protein crops

High protein crops
UF High protein corn
RT Crop improvement
RT High yield variety crops
RT Plants

High schools
BT Schools
NT Junior high schools
NT Senior high schools
RT Elementary schools

Highways

USE Roads

High yield variety crops

UF HYV Corn

UF HYV Rice

RT High protein crops

RT Plants

High yield variety seed

UF HYY seed

BT Seeds

RT Crop improvement

RT Hybrid seed

HNLC

USE Processed foods and food supplements

Hogs

USE Swine

Homes for the aged

USE Geriatric centers

Honey

BT Foods and food products

RT Beekeeping

RT Sugar crops

Horses

BT Animals

RT Draft animals

Horticulture

USE Gardening

Hospital beds

UF Beds (hospital)

RT Clinics

RT Hospitals

Hospitals

BT Facilities

NT Leprosariums

RT Clinics

RT Geriatric centers

RT Hospital beds

RT Laboratories

RT Medical libraries

Rt Medical services

RT Pharmacies

Hospitals for lepers

USE Leprosariums

Housing

- UF Shelter
- NT Dormitories
- NT Minimum shelter housing
- RT Clothing
- RT Facilities
- RT Geriatric centers
- RT Orphanages
- RT Roofing materials

Human-powered technology

- BT Technology
- RT Animal-powered technology
- RT Machine-powered technology

Hybrid seed

- BT Seeds
- RT Crop improvement
- RT High yield variety seed
- RT Improved seed
- RT Regionally suitable seeds
- RT Triticale

Hydroelectric energy

- UF Water power (electric)
- BT Energy
- RT Dams
- RT Electrification

Hydroponic farming

- BT Cultivation techniques
- BT Farming
- RT Greenhouses

Hygiene

- USE Sanitation

HYV Corn

- USE Corn
- AND High yield variety crops

HYV Rice

- USE High yield variety crops
- AND Rice

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Immunizations

- UF Diphtheria immunizations
- UF Innoculations
- UF Jet inoculations
- UF Mass immunizations
- UF Vaccinations
- NT Animal immunization
- RT Disease treatment
- RT Medical services
- RT Preventive medicine
- RT Vector control

Implants (contraceptives)

- USE Contraceptives

Improved animal breeds

- RT Animal breeding
- RT Animal husbandry
- RT Animals
- RT Breeding stock
- RT Poultry
- RT Swine

Improved seed

- BT Seeds
- RT Crop improvement
- RT Hybrid seed

Improvement (crop)

- USE Crop improvement

Incentives (population control)

- USE Family planning incentives

Industries (cottage)

- USE Cottage industries

Infant mortality

- USE Mother/child health

Infants

- BT People
- RT Bottle feeding
- RT Breast feeding
- RT Children
- RT Mother/child health care
- RT Orphanages

Infectious diseases

- UF Cholera
- BT Diseases
- RT Vector control

Influenza

USE Viral/bacterial diseases

Information systems

UF Networks (information)
RT Accounting systems
RT Computers
RT Mass media
RT Medical libraries

Injectable contraceptives

USE Contraceptives

Inland fishery

USE Fish farming

Innoculations

USE Immunizations

In-patients

USE Patients

Insecticides

USE Chemical pest control

Insects

BT Animals
NT Silkworms
RT Biological pest control
RT Pests

Insufflations

USE Abortions

Intensive farming

UF Biodynamic farming
UF French intensive agriculture
BT Farming
RT Cultivation techniques

Intercropping

RT Agriculture
RT Cropping patterns

Intercultural education

BT Education

Irrigated rice

USE Rice

Irrigation

RT Cultivation techniques
RT Land reclamation
RT Water
RT Wells

Irradiation (food preservation)
BT Food preservation

IUD (intra-uterine devices)
USE Contraceptives

Jet. inoculations
USE Immunizations

Job placement
UF Employment placement
RT On-the-job training
RT Vocational education

Jojoba
USE Oil seed crops

Jungle reclamation
USE Land reclamation

Junior colleges
BT Colleges and universities
BT Schools

Junior high schools
BT High schools
BT Schools

Kindergartens

- UF Nursery schools
- BT Schools
- RT Day care centers
- RT Pre-school programs

Kitchen gardening

- USE Gardening

Kwashiorkor

- USE Deficiency diseases

Laboratories

- BT Facilities
- RT Hospitals

Laboratory technicians

- BT People

Lactating mothers

- UF Mothers (lactating)
- BT People
- RT Breast feeding
- RT Pregnant women

Lactation

- USE Breast feeding

Landless peasants

- BT People
- RT Nomads
- RT Tenant farmers

Landowners

- BT People

Land purchase

- UF Buying land
- RT Land rental
- RT Land tenure

Land reclamation

- UF Arid land (reclamation of)
- UF Erosion reversal
- UF Jungle reclamation
- UF Swamp drainage
- RT Cultivation techniques
- RT Irrigation
- RT Silviculture
- RT Terracing
- RT Water

Land rental

- UF Rental (land)
- RT Land purchase
- RT Land tenure
- RT Tenant farming

Land tenure

- RT Colonization
- RT Fencing (farm land)
- RT Land purchase
- RT Land rental

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Land tenure (continued)

- RT Resettlement
- RT Settlement
- RT Subsistence farming
- RT Tenant farming

Language training

- RT Dialect education
- RT Education
- RT Literary education
- RT Translation programs

Laparoscopes

- USE Medical equipment

Laparatomies

- USE Abortions

Latrines

- USE Toilet facilities

Leaf protein (food additives)

- USE Processed foods and food additives

Legumes

- UF Beans (legumes)
- UF Pulse (seeds)
- BT Plants
- NT Cow-peas
- NT Lupins
- NT Peanuts
- NT Soy beans
- NT Winged beans
- RT Staple foods
- RT Vegetables

Leprosariums

- UF Hospitals for lepers
- BT Facilities
- BT Hospitals
- RT Viral/bacterial diseases

Leprosy

- USE Viral/bacterial diseases

Libraries

- NT Medical libraries
- RT Books
- RT Facilities
- RT Publications
- RT Schools

Libraries (medical)

- USE Medical libraries

Lice control

USE Vector control

Literacy education

BT Education

RT Language training

Literacy materials

RT Audio visual materials

RT Books

RT Publications

RT Reading materials

Livestock

USE Animals

Livestock feed

USE Animal feed

Livestock production

USE Animal husbandry

Locally available food

BT Foods and food products

RT Community programs

RT Food preservation

RT Gardens

RT Regionally suitable seeds

Locally suitable seeds

USE Regionally suitable seeds

Low interest loans

BT Credit/loans

Lupins

BT Legumes

BT Plants

Lyophilization (food preservation)

UF Freeze-drying (food preservation)

BT Food preservation

RT Solar drying (food preservation)

The following three sectoral reviews of the private sector indicate the need to strengthen the capacity of private productive sector representative organizations (chambers, associations, etc.) to interact effectively with the public sector on policies and sectoral issues and to provide services to their members. The relative weakness of the policy dialogue capacity of the private organizations has been a factor in the policy formulation context which is the more noticeable as the government attempts a more market-oriented style of economic management.

The weakness of institutions in the wider sense, that is as established patterns of behavior, rather than as organizations, in relation to the needs of a more efficient market oriented economic system in Ecuador are many, for instance: public organizations and private organizations which have developed in response to national and Andean Pact import substitution policies (as well as sheer import restrictions) now exist in strength; institutional capacities to mobilize

long term domestic resources are largely underdeveloped; non-commercial service delivery structures in the public sector (e.g., those for buying, storing and selling basic commodities, those for assisting exporters, those for providing technical and training services to industry) continue to show a growth tendency; socio-cultural patterns exist which limit private sector management efficiency (e.g., excessive use of ascriptive criteria for top management selection; a tendency to centralize decision-making); there is insufficient installed human resource development capacity to ensure an adequate supply of trained management (management training has been identified as a bottleneck in two AID/Ecuador financed studies) and skilled technicians; there is a low level of acceptance by the private sector of the social responsibility of the private business sector; and, there is a resource allocation bias in favor of large-scale units reinforced by socio-cultural orientations and by administrative procedural requirements.

A final institution weakness, which works to constrain efforts to achieve a more balanced distribution of the benefits of economic growth, is that in spite of governmental and private efforts, the poorer segments of the population remain largely unorganized and powerless. They are often functionally illiterate, inarticulate, and ignorant about the processes and vehicles they could use to influence public policy and to obtain services and resources which might improve their socio-economic situation. When there have been attempts to mobilize the poor, the highly paternalistic nature of these efforts (e.g., past activities in cooperative formation among agrarian reform beneficiaries) has often doomed them to failure.

B. Sector Analysis - Non-traditional Exports

1. Sector Definition

"Non-traditional" exports are those exports other than oil and oil products, banana (and plantain), coffee, cacao and sugar. This is the non-traditional sector that FOPEX, Fondo de Promoción de Exportaciones, addresses as well. In the case of FOPEX the definition originally, circa 1972, derived from a combination of criteria including volume exported, length of time as a major export, and the type of agreements under which the exports were made (i.e., many of the traditional exports are based on quotas and international agreements). Sugar is a somewhat special case, having been a major primary agricultural export, and thus excluded from FOPEX and others programs

intended to promote non-traditional exports, which has recently become an imported commodity. The sector, thus, includes the manufacturing sector, except for petroleum products, the agro-industry sector, and the primary agricultural sector except for the traditional major export crops. As so defined, this is the broad, non-traditional export sector that is the major focus of Ecuador's attempts to diversify and expand exports as a key element in its development strategy over the 1980's.

2. Sector Size and Contribution

In the economy of Ecuador the non-traditional exporting sector is small. According to the result of MICEI survey, a total of 260 firms^{1/} were exporting non-traditional products from Ecuador in 1980, a number which in terms of firms and products likely had been reduced by more than half by mid-1983. In the primary sector, non-traditional exports were five percent of the value of total primary exports. In the industrial sector, 1.1 percent of all manufacturing enterprises were exporters. While MICEI's figures serve to indicate the relatively light contribution of the sector in the Ecuador economy, their preciseness is not necessarily accepted. It was not possible to review any of the original material of the MICEI survey, and thus the definitional limits of the sector are not completely clear. Also, in the case of one sub-sector (abacá, see case study) the figures reported in the survey are clearly in error. Finally, there is much inconsistency in the details (as opposed to the totals and the broad overview) between these figures and those reported in a U.N. study which was based on a review of the 1980 export licenses awarded by the Central Bank.^{2/}

1/ MICEI, "Encuesta de la Oferta Exportable de Productos No-Tradicionales", 1980. The results of this survey were reported briefly in the 1983 report to the legislature of the Minister of MICEI, "Informe de Labores Agosto 1981 - Julio 1982", and in more detail and with an analysis of some of the findings in, CENDES, "La Producción Manufacturera Exportable e Identificación de Industrias de Exportación en el Ecuador", 1983.

2/ See, PNUD, "Comercialización Internacional de Productos Ecuatorianos", Quito, Octubre 1981.

Official MICEI figures, presumably based on national accounts data, indicate that 4.3 percent of the gross product of the manufacturing sector was produced by exporting firms in 1980. On the other hand, industrial enterprise survey data compared with export statistics for the same year, indicate that the value of non-traditional manufactured exports represented an estimated 17 percent of the total value of manufacturing output. Whatever the contribution, 35-45 percent of the value of manufacturing output was the value of imported raw material, intermediary products, and capital goods for the sector. The situation has worsened in the intervening years, with both manufacturing production and manufactured exports declining as a percentage of manufacturing production.

Of the exporting firms in the industrial sector, 77 percent were located in either the Quito or Guayaquil area. In total, export firms employed 31,000 people, 10 percent in the primary products sector and 90 percent in the manufacturing sector. This represented 0.1 percent of Ecuador's total economically active population. In the industrial sector, nine percent of the labor force was employed in firms which export.^{1/}

3. Sector Development

Prior to 1970, Ecuador exported a few, major agricultural commodities -- bananas, cacao, coffee, sugar -- and had a very small manufacturing sector. During the 1970's petroleum resources were developed, petroleum quickly became the major export commodity, and an industrial sector grew rapidly based upon import replacement. The industrial sector in 1980 was producing in gross volume terms, 252 percent of the output recorded in 1970.^{2/}

1/ CENDES, "Datos Básicos para Inversiones Industriales en el Ecuador", 9182, p.105.

2/ See Banco Central del Ecuador, Boletín, No. 584, 1982, p. 355.

By the early 1980's, it was widely accepted in Ecuador that future economic growth would require an approach based on diversification of exports, the development of export-oriented industries and a movement away from the by then discredited input substitution strategy. Ecuador's 1980-1984 national development plan^{1/} marked the clear, if not whole-hearted decision by Ecuador to adopt a more export-led industrial development strategy. While not completely discarding the import substitution approach, the structural nature of the problem-- "no diversified export base has been established nor has there been a significant import substitution process"-- was recognized and a general objective was set to gear manufacturing output increasingly to foreign, especially Andean Pact^{2/} markets. Some of the problems which exist today, such as the underutilization of installed capacity, growing dependence on imported imports, technological backwardness, capital intensity and fiscal losses, were obvious in 1979-1980. The Plan pointed out that if there were not a strong increase in non-traditional exports and a relative reduction in imports, "the economy will run a grave risk indeed." No particular attention was paid in the Plan to the role of the private sector in increasing exports.

By early 1982, with Ecuador facing an external sector crisis, the promotion of exports had become "the fundamental objective" in the economic and social stabilization program put forward by the Monetary Board.^{3/} The Board's analysis of the development and structure of Ecuador's economy pinpointed the source of Ecuador's crisis as being the failure to expand exports in a diversified fashion, a failure related to an industrialization strategy based on protected internal markets rather than on international prices, competitive products and comparative advantages. The Monetary Board reported a few steps which had been taken in 1982 to promote exports-- devaluation to increase the competitiveness of Ecuador's products and the making available of equity capital (through FOPEX) for investment in firms which would try to expand their

1/ Republica del Ecuador, Plan Nacional de Desarrollo, 80-84

2/ The Andean group is composed of Bolivia, Peru, Ecuador, Colombia and Venezuela.

3/ Banco Central del Ecuador, "Programa de Estabilización Económico y Social", Julio, 1982.

exports or enter for the first time into the export sector. It also stressed that additional steps were necessary to strengthen non-traditional export sector;

- the gradual reduction of protective tariff barriers so as to improve competitiveness;
- the establishment of a new legal structure for the promotion of exports;
- the formulation of a clear policy framework for export promotion (including encouraging the establishment of private associations or trading companies specifically for exports); and,
- the passing and implementation of an export insurance law.

With the exception of some tariff adjustments, none of the above mentioned steps were implemented as of early 1984, although various bills had been introduced in the legislature. In the current revision of the national plan,^{1/} industrial development strategy is centered on a broad and essentially unfocused discussion of external commerce. The import substitution program is seen as requiring a "selective advance", which would include the "reorientation" of import substitution industries, so as to be able to assist in earning foreign exchange. And under the objective of strengthening the balance of payments and Ecuador's international monetary reserves, a long series of general actions are proposed so as to increase exports and to restructure the export base away from its dependence on a few primary products. Those are similar in intent to the thinking of the Monetary Board and include increasing productivity, improving quality, upgrading transportation and infrastructure facilities and putting more emphasis on export promotion.

The major actions taken over the 1979-1983 period which have affected Ecuador's exports are of two kinds:

- those intended specifically to encourage exports; and
- those taken for other reasons which have had, in most cases, a possible negative impact on non-traditional exports.

1/ CONADE, Reajuste del Plan Nacional de Desarrollo para los años 1983-1984, Enero, 1983.

Of the first group, measures intended specifically to promote non-traditional exports, one can distinguish between those in the fiscal, financial, monetary, and exchange areas from others more institutional or procedural in nature.

Prior to the March 1983 devaluation (see below), the major actions were:

- on the fiscal side the, April, 1981 amendment to the regulations governing the operation of the export tax credit program,^{1/} which in essence assured a 25 percent tax credit for non-traditional exports and which was subsequently reduced in October, 1982;
- on the financial side the continued extension of ample credit at preferential interest rates to exporters through FOPEX, the sui generis program of the Central Bank and the provision of finance for equity participation in firms intending to expand or enter export markets;^{2/}
- on the monetary side, a series of changes affecting credit availability none of which presented serious obstacles to exporters;
- and on the exchange side, beginning in March, 1982, with the first significant move away from the fixed exchange rate of 25 to US \$1.00,^{3/} the implementation of a complicated policy of several tiers of exchange rates, basically intended to restrain imports and encourage exports.

At present, the situation is governed, by the measures which the government took in March, 1983. The official sucre was devalued from sucres 33 to sucres 42 to US \$1.00 and a crawling peg system of automatic daily mini-devaluations was established (as of March, 1984, the official rate had reached sucres 58 to US \$1.00); a "free market" for Central Bank interventions was established which enables the non-traditional exporters to receive 30 percent (changed to 50 percent in March

1/ Ley de Abono Tributario, See, Decreto Ejecutivo No. 993, published in the Registro Oficial, No. 410, April 1, 1981.

2/ The March 3, 1983 resolution of the Monetary Board, assigned \$500 million sucres for investment in such firms.

3/ There had not been a devaluation as such in ten years, although beginning in May 1981, the Central Bank's strong "interventions" in the free market, resulted in a devaluation in effect if not in name.

1984) of their export earnings converted to sucres at this rate (which is currently running at 95 percent of the private free market rate) and 70 percent (now 50 percent) at the official rate, the interest rates for export financing were raised from 12 percent to 13 percent, and the system of export tax credits was programmed for abolition, and export finance as a percentage of value of exports was reduced slightly to 75 percent.

Institutionally major public sector actions in terms of changes were limited over the 1979-1983 period. Studies were carried out on measures to reduce "red tape" in the export documentation process (recommendations were accepted but not implemented), a bill presented (it has not been passed) for providing export insurance, and a bill has been presented for a new, export promotion law. There have been minor rearrangements within MICEI but otherwise no significant organizational changes. The allocation of responsibilities and the focus of initiatives have remained constant.^{1/}

Of the actions which have had negative effects, some private sector spokespeople have pointed to the increased cost of imported inputs, the increased cost of fuel and transportation which followed the removal of petroleum subsidies beginning in 1981, and increases in labor costs following steady raises in minimum wages levels and reductions in the length of the work week. Interviews with individual exporters, however, did not reveal any great concern on their part over a reduction in price competitiveness as a result of these measures. Upon a review of the actual export performance and calculations as to the effect of different measures on cost structures, the conclusion is that the impact of the 1980-1983 decisions, in the total, has not been significant in that they have not been sufficient to reduce the decline in non-traditional exports.

^{1/} For a full description of the general structure, see, G. Fernandez, "Regimen Jurídico Institucional del Comercio Exterior del Ecuador," PNUD, November, 1981.

4. Sector Trends

The performance of Ecuador's non-traditional export sector has declined steadily since 1979. The strategic objective of diversifying exports has not been achieved and the situation has worsened in both current and real terms, as can be seen in the following chart:

(US\$ bn, current price)					
<u>Non-Traditional Exports</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
- value (FOB)	.636	.714	.623	.541	.367
- as % of total exports	29	28	25	25	16

Source: Central Bank figures. The 1983 figure is a flat projection based on the performance over the first six months of 1983. It probably underestimates the decline.

The situation can properly be classified as critical because within the traditional group, with the exception of oil, the performance of the major products has been equally poor:

banana

-banana exports by volume ranged over the 1979-1982 period, from 1,229.6 to 1,437.2 million kilos. They are now running at 1,010.2. Unit prices have ranged from 14.40 c/ to 16.90 c/ per kilo, and are now at 15.70 c/.

coffee

- coffee exports by volume ranged over the 1979-1982 period, from 82.0 to 53.9 million kilos and are now running at 86.6. Unit values ranged from \$3.17 to \$1.88 per kilo. They were at \$1.70 for the first five months of 1983. The price trend over the entire period has been steadily downwards.

- cacao
annual cacao exports by volume over the 1979-1982 period, ranged from 13.7 to 42.5 million kilos, and are now running at a 13.0 million kilo level. Annual unit values have ranged from \$2.82 to \$1.48. They have fallen to an average of 1.43 for 1983. The price trend over the entire period has been steadily downwards.

- oil
oil exports in 1983 accounted for 72 percent of Ecuador's export earnings. Exports by volume ranged over 1979-1982 from 46 to 34 million barrels. They are now running at 70 million barrels. The unit value has ranged from \$23.4 per barrel to \$35.2, and is now at \$29. The price trend since 1980 has been downwards. Unit costs of production have moved steadily upwards for \$0.83 in 1979 to \$1.99 in April of 1983.^{1/} The current volume reflects what will apparently be a medium trend of increased production.

- sugar
sugar is now an imported commodity in Ecuador.

Within the non-traditional group, the only dynamic sub-sector has been shrimp. Unit values and export volumes for shrimp are both increasing. Earnings from shrimp in 1983 were 42 percent higher than 1982's total of 130 million dollars, and have become Ecuador's second (after oil) export earner. Otherwise, the non-traditional group, by 1983 had assumed staggering proportions. In comparison with 1982 performance, the important sub-sectors are all in sharp decline- fish products, down 75 percent; cacao products down 33 percent; electrical appliances, down 98 percent; coffee products, down 49 percent.

The principal non-traditional export products from Ecuador have been: chemicals and pharmaceuticals, cacao products, instant coffee, frozen, tinned and processed fish products, tea, abacá fibre, wood and wood products, vegetable oils, domestic electrical appliances and panama hats. The principal markets have been over a ten year period, the U.S. (33 percent) and the Andean Pact countries (30 percent).

1/ "Revista Económica", 8/83.

Within the latter group the two principal markets have been, Venezuela and Colombia. The recent trend, however, has been for the U.S. market to increase in importance (it was the destination of an estimated more than 60 percent of the 1983 non-traditional exports) because of the continuing dynamic performance of shrimp and the continuing difficulties in inter-Andean trade. In 1983, an estimated US\$35 million entered the U.S. under the General System of Preferences.

5. Analysis and Comment

The very briefest of reviews of the non-traditional export sector in Ecuador over the past five years reveals that the performance trend has been negative. Secondly, actions taken in a variety of policy areas have not been sufficient to reverse this trend. Thirdly, no institutions or procedural changes of any significance have been made during this period. And, finally, that a broad consensus exists on the broad scope of measures now needed.

With regard to the public sector, the announcements of plans, strategies, new emphases and efforts in this sector often appear to be made prior to any of the necessarily detailed professional and technical work. That would be one explanation for the lack of major, structural changes in the face of continuing major announcements. Another might be that the government has been forced, because of the severity of its foreign reserves crisis, to increasingly view the entire export sector in terms of short-term reserves and management requirements. Thus, instead of structural changes, government has engaged in a continuing series of adjustments.

It is noted that the only dynamic sub-sector within the non-traditional group (shrimp) has prospered for reasons of external market (increasing demand) and local private initiatives (mainly investment) and not because of any particular public sector actions,^{1/} rather than any particular public sector action. Equally, the external market

^{1/} Government officials do assert that their quality control, through sample selection, has increased marketability. Exporting firms give this new no credence.

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situation (Andean Pact trade barriers, reduced international trade and world recession) has been the factor which has negatively affected the rest of the non-trationals.

With regard to the private sector, and in spite of the insistent efforts of FEDEXPOR, there has been a relative lack of collaboration either within the sector or between the sector and the government. This is explained in Ecuador in a variety of ways (reasons from psychological to partisan politics were suggested in interviews) none of which, to this observer, seem to be totally convincing. The basic feature seems to be a certain element of inertia, made possible and encouraged by a broadly protectionist regime and not countered by any sufficiently strong institutionally based pressure to act. In the face of the negative performance trend (which is related to structural problems) and the successive monetary crises (partly due to short-term phenomena, but structural in origin), the private sectors main efforts have been devoted to unrealistic (e.g., sucretization of the private sector external debt and thus the shifting of the exchange risk to the public sector) or short-term measures (e.g., refinancing of company debt on concessional terms with funds originating in the public sector) and not to the implementation of structural change.

6. Components of Sector's System

a. Export Finance. Export finance appears to be amply available and, at least in some instances, has been underutilized in Ecuador. It has been suggested in interviews that total export credit provided is more than the 75-80 percent of the value of exports, the limit intended by the Central Bank. The explanation would be a combination of, i) under-invoicing of exports - so as to receive dollars directly in non-reported foreign accounts and thus to avoid their being exchanged at the official rate; and, ii) over application to export credit lines so as to receive concessional credit for other activities. None of the persons interviewed mentioned financing as a constraint. In the case of new exporters, there is, however, a difficulty in completing, for the first time, the documentation process required to secure exporter status. There is a concentration of export finance in a limited number of products and firms, but with an apparent surplus of export credit available this has not attracted negative comment.

The fact that exporters pay for imported (most of which are on "Lista II") inputs with foreign exchange purchased at high prices (i.e., at the free market rate) while the Central

Bank converts their export receipts into sucres at only a portion of the free market price (82 percent in March, 1984) has been an issue for many exporters. The shrimp exporters have been especially active in trying to change this policy. It is undoubtedly a policy which contributes to the underinvoicing of exports. The effects of the exchange rate system are being studied in detail in a World Bank financed study which is examining the broad array monetary, exchange, fiscal and financial policies which condition the competitiveness of Ecuador's products. The study will be completed in late 1984. At least until the results are available and have been considered, one can expect a continuation of the present series of incremental adjustments in these areas which directly and indirectly affect export financing.

The major credit lines are those of FOPEX and the Central Bank's sui generis funds. Others are the Corporación Andina de Fomento and the less specialized lines of CFN, the financieras, and commercial banks.

FOPEX. This institution, the part of the CFN which is entirely dedicated to non-traditional export financing, provides pre-exportation and post exportation credit and has the capacity to make equity investments. In 1981 it provided credit of US\$ 87 million (calculated at US\$1.00 - 25 sucres) equal to 20 percent of the value of non-traditional exports. It provides a full range of services from working capital and market survey financing to the discounting of letters of credit and certificates of deposits. Its terms are concessional currently at 16.25 percent (13 percent from the Central Bank plus FOPEX's 3 percent and 0.25 percent for a cancer research fund) per year for 75 percent of the value of the exports for a maximum period of 360 days. FOPEX reports that, as a rule, 40 percent of its financing goes to cacao products (it was 35 percent in 1981), 15 percent for fish products, 10 percent for coffee products and 10 percent for animal feed. Of the \$500 million sucre which has been available to FOPEX since March, 1982, for investment in firms which are expanding their exports or entering into the export sector, \$65 million had been taken up as of September, 1983.

Sui Generis. These are credits provided through the private banking system, by the Central Bank, for both traditional and non-traditional exports. They are provided against the guarantee of a bank or financiera. The terms are

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similar to FOPEX in their concessionality, but the rate is 17.25 percent (the one percent difference being tax) and the period is 180 days. It is estimated (by FOPEX officials) that sui generis credit lines finance 53 percent of the value of non-traditional exports.

SAFICO. The Sistema Andino de Financiamiento de Comercio is the inter-Andean export financing vehicle of CAF, the Corporación Andina de Fomento. SAFICO provides financing to both importers and exporters. In Ecuador SAFICO operates under an agreement between CAF and CFN, under which the credit funds are drawn equally from FOPEX and SAFICO. In 1981 credits extended totaled US\$0.84 m; they were mainly used for processed fish products and domestic appliances to Venezuela and electrical tools to Bolivia. Because of the difficulties in inter-Andean trade caused by protective measures taken by the member countries, the SAFICO credit line is currently reported as not active. FOPEX and CAF indicate, in general, that demand for this credit line is weak.

Others. The private banking system does provide export financing, at rates of about 20 percent, and it appears that at least some of the major exporters use these lines along with employing their own funds presumably because it is part of the total package of commercial banking services being provided (FOPEX estimates that this may account for 15 percent of export financing). On the production side, there is a wide array of financial services at concessional rates available to exporters CFN and the financieros.

b. Export Insurance. Insurance for Ecuador's exports is arranged through private insurance companies. The foreign importer normally is responsible for coverage once the product has left the plant or has been loaded at the port of embarkation. The need for a program which would provide wider and varied types of export insurance has been widely recognized and agreed upon, within the public and private sectors, at least since 1980. A law was introduced into the legislature in 1982, but has not as yet received the required second reading, and it is not scheduled to receive it. The explanation seems to be that the government, facing difficulties in the legislature, has put higher priorities on other legislation and neither the opposition parties in the legislature nor the private sector groups outside, with the exception of FEDEXPOR, have considered it of sufficient importance to be lobbied for. Export insurance is now covered in the proposed new export promotion law.

c. Fiscal Incentives for Export. There are no fiscal incentives now applicable to exports. The former system of CATs (certificado de abono tributario) was abolished in March 1983, with the devaluation. The CATs had been awarded, in principle, on the basis of domestic value added. In practice, there was an administrative determination of value added which took into account labor intensity, difficulties of market access, Andean ties and other factors, which resulted in the qualification of virtually all non-traditional exports. In 1980, the largest earner of CATs (S/561 million, or 67 percent of the total of S/842 million) was the fish and fish products sector. Over the 1970-1980 period, the two major earners of CATs were the fish and fish products sector and the cacao products sector.^{1/} The proposed export promotion law would reintroduce fiscal incentives. A review of the bill's outline indicates many similarities with the former CATs.

d. Information. Information services to the non-traditional export sector are discussed in two categories: services which are used and sources which are available but not used.

Services which are used. The only specific services which exporting firms use with any regularity for information related either to the production or commercialization of products appear to be private enterprise ones. Networks of brokers, distributors and agents, along with, in some cases, parent or partner company sources and, in most cases, personal networks developed over time seem to form the information base, which private non-traditional exporters use. The attendance of many exporters at workshops, seminars, and meetings organized by national (e.g., FOPEX and MICEI), regional (the Andean Pact's Export Promotion Program), and international agencies has served primarily as an additional forum in which these private networks have been developed. In Andean Pact countries, where market access difficulties have arisen because of public sector decisions in the member countries, and where the various heads of government and relevant ministers hold intergovernmental discussions with a view to improving trade, the private non-traditional export sector nonetheless relies upon its own networks for information.

1/ CENDES, "La Producción Manufacturera," p.33.

Services available but not used. In the national public sector there are a number of services made available to exporters:

- the Ministry of Foreign Affairs has commercial attaches in 22 countries. Exporters report occasionally receiving inquiries from potential buyers passed on by the attaches.
- the Ministry of Industry, Commerce, and Integration produced a publication listing Ecuador's non-traditional export products^{1/} and reports that some 200 inquiries have been received in one year in response to its circulation and that 52 products were placed in foreign markets as a result. MICEI provides seminars on subjects related to international trade, and is a latent source of trade data, import regulations, preferential agreements, and international economic trends as it collects and stores such information on a regular basis.
- the Central Bank has a computerized information system which is another latent source not actively available to exporters. It also publishes collected statistics on Ecuador's exports.
- CENDES, the Centro de Desarrollo Industrial del Ecuador, carries out investment studies for potential industrial projects and reports success in that many of the studies have led to investments on the production side. It has a substantial technical library, is computer linked to international data banks, and puts out a monthly bulletin. It is a major intra-public sector source of information.
- CFN, in a somewhat similar but much more specialized and limited fashion than CENDES, and its FOPEX division are latent sources of information potentially available to exporting firms.

1/ MICEI, Dirección General de Promoción de Exportaciones, "Oferta Exportable de Productos No Tradicionales del Ecuador", June 1982. MICEI also publishes since 1982 "Informativo Comercial," a somewhat periodic pamphlet on trade data. For instance, "Demanda Internacionales de Productos Tropicales," Marzo, 1982.

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In the international public sector there are information systems or services available in Ecuador. These include:

- OAS, the Organization of American States, publishes from Bogotá a weekly bulletin of international market opportunities (supplies and demands) entitled "Red de Información Comercial". It lists Ecuador products and copies of it are available at the offices of the Cámara de Comercio.
- Pacto Andino publishes from Lima a monthly "La Oferta Exportable de los Países del Grupo Andino", which lists products available and products demanded. Ecuador's products are listed. Copies are available in the offices of MICEI.
- PNUD, the U.N.'s development program, has produced a study on the U.S. market requirements for Ecuador's non-traditional export products. It is available in the PNUD office in Quito.
- CEE, the Comunidad Económica Europea, has produced studies on European market requirements for Ecuador products (the "Metro studies") which are on file at MICEI.
- GTZ, the West German development cooperation agency has agreed to assist OCEPA (see, below, p. 36) in establishing an office in Frankfurt for supplying information on markets, for distributing and for storing artisanal exports.
- Quito based embassies, including the U.S., have commercial sections which could be a potential source of information for exporters.

In the private sector, aside from the services of FEDEXPOR and the commercial networks mentioned at the beginning of this section, there are no information services currently available to exporters. The Cámaras do receive a large number of publications and have telex connections and are latent sources available to an exporter.

e. Policy. Policy level decisions affecting the non-traditional export sector are spread over a number of institutions in the public sector. The most notable would be:

- fiscal, monetary, exchange, and financial policy responsibilities are shared amongst the Ministry of Finance, CONADE, the Monetary Board, and the Central Bank;
- sectoral policies, especially in the important primary and agro-industry sectors, are shared between the Ministries responsible for Agriculture and for Natural Resources;
- promotional policies are largely the responsibility of MICEI;
- international trade agreements are the responsibility of MICEI.

In law,^{1/} MICEI has the responsibility to formulate external trade policy "in coordination with" the other relevant ministries and public sector bodies. In practice, MICEI has no significant role in the first two policy areas mentioned above, and thus, has no direct influence on the competitiveness of Ecuador's non-traditional exports.^{2/}

The private sector principally through the activities of FEDEXPOR, has had a small but growing consultative role in all of the policy areas noted above. Under the proposed export promotion law this role would be strengthened.

f. Documentation. A familiar observation in Ecuador is that it has been easier to import than to export, and that exporting is a long series of visits to government offices. Interviews and reviews of the documentation process do not sustain the

1/ El artículo No. 183 de la Ley Orgánica de Servicio Exterior, October, 1964.

2/ PNUD, "Comercialización", p. 9.

validity of this observation^{1/} except for agricultural products. The export procedure is fairly straightforward, and the experienced firms report no difficulties. There are apparently difficulties with Central Bank procedures and the exchange rate system is not appealing to exporters, but the process does not appear to be a constraint in the narrow sense of a factor which reduces total exports.

While the documentation process is not itself overwhelming, when combined with the related process of achieving concessional credit and complying with foreign exchange control regulations, it can be a challenging prospect to firms which have not been exporters. In any effort to increase and diversify exports, a simplification of the process and a reduction in the number of offices to be visited, would be a prerequisite.

Another facet of the documentation process, and one not normally referred to, is that part of it is required by the laws and regulations of the importing countries, some, of which, again most strikingly in the case of the agricultural sector, insist upon substantial amounts of documentation. These can be constraints to small firms which cannot cover the overhead costs in terms of the time requires of qualified staff both in Ecuador and the importing country, attendant to meeting these requirements. The commercial attaches of Ecuador based overseas were not mentioned as being useful resources in this process.

g. Technical Assistance. Interviews and a literature review, including a review of the reports of relevant institutions in the public and private sectors, indicate that with the exception of assistance provided by MICEI for participation in international fairs and exhibitions, no source of technical assistance is available to exporting firms insofar

^{1/} See, Banco Central and MICEI, "Trámites para Exportar," p. 81.

as export commercialization is concerned. Assistance is available on the production side, especially from MICEI's Dirección Nacional de Asesoramiento Técnico al Sector Industrial (DINATI) and CENDES. DINATI is the major channel for external development aid technical assistance. The Instituto Ecuatoriano de Normalización (INEN), which is the national standards organization, provides an indirect production side technical assistance through its setting and monitoring of quality standards. The type of production side technical assistance which does not appear to be available is one addressing problems which arise with an attempt to enter a foreign market with a product developed under the import-substitution protectionist policy. A reported example would be instant coffee for international markets. Instant solubility is expected, while this is not the case for the domestic market. Other than through commercial trade channels, there is no specialized assistance being provided which can resolve this type of problem.

7. Non-traditional export system weaknesses

The MICEI's 1980 survey referred to earlier, received responses from more than 400 firms on the problems which they confronted in exportation. According to this survey, the major problems, in order of the most pressing to the least, were: documentation process (cited by 38.6 percent of the firms), prices, market information, transport, and raw materials.

A different summary of the obstacles, or system weaknesses, drawing on interviews and more recent data is as follows:

training: there is an inadequate provision of services for training exporters on the commercialization of non-traditional products. This conclusion takes into account the courses and seminars sponsored by FOPEX, CENDES, international agencies and others.

service centralization: there is an inadequate centralization of the documentation process for exports, especially in that different steps occur physically, in different offices.

market studies: there are inadequate services for technical assistance to firms in the commercialization and, at times, production stages. The latter observation takes into account the services of DINATI, CENDES, and INEN.

commercialization: there are gaps in the system which, if filled, would improve export prospects for non-traditional products. These would include: the lack of political risk insurance, the lack of specialized export trading companies, and the lack of global trade agreements covering non-traditional products.

internal linkages: perhaps the major system weakness is the inadequate linkage between the private and public sector entities dealing with the exportation of non-traditional products.

8. Public - Private Relations within the Sector

Oswaldo Hurtado became President in May, 1981, after the death of President Roldos. He came into office with a reputation as not being pro-business, and one can read both in the 1980-1984 Plan (which he presented) and in his public statements subsequent to becoming President, a certain reluctance or hesitancy with regard to adopting an export-led strategy. The Plan's emphasis on Andean markets as its major external focus was essentially an extension of the basic import substitution model. In practice, the Hurtado government has taken steps to improve Ecuadorian exports (e.g., devaluation), has not taken steps which would have had a negative effect, and has worked closely with exporters.

At the same time, given the partisan nature of much of Ecuador's politics, the central position of Guayaquil business leaders in major opposition parties, and the importance of Guayaquil enterprises in the export sector, it is perhaps not surprising that public sector-private sector relations with regard to the export sector have been marked by a solid amount of confrontational rhetoric from both sides and inadequate collaboration.^{1/} Nonetheless, one can point to areas of solid common public-private agreement on measures to be taken to strengthen the export sector and to an increasing amount of consultation at technical and professional, if not at political and leadership, levels. The rest of this section will concentrate on these more positive aspects.

^{1/} The daily press as well as the various issues of Weekly Analysis provide indications of the nature of these strained relations. Interviews with public and private leaders also support the observations made in this paragraph. With regard to the developing consensus, see the report of a seminar on the sector, CFN, Boletín Informativo, Nos. 79-81, pp. 5-9.

During 1980 and 1981, with the strengthening of FEDEXPOR as a specialized private organization and the increased interest of the government in the non-traditional export sector, there was a gradual increase in the activities in which the public and private sectors consulted and, at times, collaborated. The first national convention of industrialists (January, 1981) produced recommendations specifically addressing the needs of the non-traditional export sector which, in a number of instances such as the formulation of a law covering export promotion, increases in financing for FOPEX, the development of an export insurance program and an increase in export tax credits were either in support of measures in preparation by government or led to government actions. Under the direction of MICEI, the government in 1981 was studying ways to reduce the documentation difficulties and delays confronting exporters, and was consulting closely with the private sector, through FEDEXPOR, in this work. Under the Ministry of Finance a group working to prepare the establishment of an export corporation was similarly working closely with FEDEXPOR. The Ministry of Foreign Relations was meeting regularly with FEDEXPOR on the activities of commercial attaches. FEDEXPOR officials were also being involved in discussions on Andean Pact and ALADI^{1/} issues in Quito and were being included in the organizing of official missions to meetings in other capitals. Ministers and the President held meetings with FEDEXPOR members on the private sector's needs and on the measures which government could take to facilitate exports.

This panorama of increasing public-private consultations may have peaked with the September 1981 appointment of FEDEXPOR's Executive Director as the sub-secretary of Integration within the MICEI. By 1982, with a growing list of items desired by the private sector representatives discussed with but not acted upon effectively by the government, a certain resignation on the part of the private sector machinery became apparent, and this remained the situation in 1983 and early 1984. These items included export insurance, the formulation of trading companies, the passing of an export promotion law, and closer consultation on monetary and exchange decisions. Indicative of the nature of the problem, the 1982 report of the joint public-private committee on red tape was accepted by the government. It had identified many procedural changes which could be made by administrative decisions, most

1/ ALADI, founded in 1980 in Montevideo, comprises: Argentina, Brazil, Chile, Bolivia, Paraguay and Uruguay.

of which were in the Central Bank. None of the changes has been made on a full basis; some have been adopted by some of the branches of the Central Bank, with the result being a procedural situation yet more confusing because requirements, in practice now vary from one branch to another.

9. The Sector's Private Institutions

a. General. FEDEXPOR. the Federación Ecuatoriana de Exportadores, is the only specialized private sector institution operating within the non-traditional export system. The bulk of this section reports on FEDEXPOR. There are however, several other institutions or institutional ideas whose activities are or could be related to exports. Before proceeding to the discussion of FEDEXPOR, these other organizations are mentioned.

Cámara de Comercio and Cámara de Industrias. These are the private sector organizations to which, by law, businesses and industries with the exception of small businesses must affiliate. The Cámaras are organizations which represent and protect the interests of their members. In the export system, they are responsible for issuing certificates of origin for exports to ALADI and Andean Pact countries. Perhaps because of the legal requirement for businesses to pay their Cámara membership, the Cámaras are fairly well financed and do not contend with the resource mobilization constraint that most other private institutions in Ecuador confront.

The Cámaras have not been able to consult effectively with the government in formulating and implementing structural and institutional changes necessary to convert Ecuador's economic base into a more competitive, export-oriented one. This is the most notable because of the similarity in their broad perspectives as to what economic strategy is required. At the present, the Cámaras tend to be politicized in a partisan, anti-government sense.

The basic opposition of the Cámaras has been to any form of extension of the public sector into the "productive" sector of the economy, in other words, an opposition to increased "statism". The irony is that the very strength of the Cámaras derives, at least in part, from the requirement by the state that businesses must be members. Of the major Cámaras, those of

Guayaquil appear to be the most politicized, those of Cuenca less so, while those of Quito would rank somewhere in between. The Cámaras de Industrias appear to be more politicized than Cámaras de Comercio. One of the final round contenders in the 1984 Ecuador presidential election, León Febres Cordero, is the former head of the Guayas Cámara de Industrias.

The Cámaras carry out a full range of representational activities, from issuing press releases to threatening and, in a few instances, organizing empressarial lock-outs. In respect to exports, however, the Cámaras have not conceived any coherent program. They have been reacting to successive crises by proposing essentially short-term adjustments, normally in the monetary, exchange and fiscal policy areas. The Cámara de Comercio of Guayas in April-May, 1983, did initiate an export promotion assistance program on the initiative of one of its directors. It consists of using published information and a telex to attempt to locate buyers for Ecuadorean products for which the producers or brokers have requested such assistance. In the four months, June - September, 1983 and in spite of substantial publicity at the outset, less than ten of the Cámara's reported 8000 members inquired about the service, and no success was recorded in locating buyers. The availability of financial resources seems to have permitted the Cámara to mount the program without much attention to the need.

The Cámaras generally participate in or sponsor, on an ad hoc basis, seminars and meetings which at times are related to exports, but they are not viewed by their members, by other private institutions, or by the public sector as export-oriented institutions. They are viewed as organizations whose members are importers, industrialists engaged in import-substitution manufacturing and businessmen engaged in the domestic trading of imported and import substitution products.

CICE. The Comité de Información de Contacto Externo was mentioned in a 1981, Central Bank publication as one of the principal private sector organizations involved in national development. According to a wide number of second-hand reports (it was not possible to interview the principals) CICE organizes occasional discussion groups and dinners which focus on issues related to the external sector. It seems to have been an idea which has not received the acceptance or support envisioned.

ECOPIAR. This is the export promotion idea of the Cámara de Pequeñas Industrias de Pichincha (Quito). The promoter

of the idea, Carlos Ribadeneira Godoy, attended an Andean Pact meeting on the promotion of exports held in Medellin in February and March of 1983; he reports that ECOPIAR is a "project" which has yet to receive support.

CCIE. The Camara de Comercio Internacional del Ecuador, headed by Walter Spurrier, the editor of Weekly Analysis, is an affiliate member of the International Chamber of Commerce. The latter is an organization which attempts to represent private enterprise interests in the international arena (commenting on or advising on, for example, UN proposed changes in consumer laws). CCIE is a small group organized in 1976, which has been hoping to gain the support of the major private sector representative groups (the Camaras de Comercio and Industrias) for it to be designated as the "national committee" of Ecuador, a recognition which would lead to a full (not affiliated) link with the International Chamber. The CCIE provides a periodic listing of Ecuador laws and regulations which affect the external sector, but otherwise provides no service on a regular basis.

Producers associations. Producers of major and minor products, especially agricultural sector products, are grouped into associations. These vary in their effectiveness within their own production systems, but in relation to exports the conclusion would be that, aside from very occasional statements in respect of crises, none of the producers associations is directly involved. An example of the type of involvement registered is the current attempt by the Association of Shrimp Producers to allow them to be paid in dollars at the free market rate, a decision which would increase their income by some 30 percent in sucres.

CORFEX. This is the acronym of what was apparently the first (circa 1979) of a series of proposed ideas for institutions, all similar, none of which has yet come into existence, but which is again being proposed (name unknown) in the current draft bill for an export promotion law. The idea is for a one stop center for exporters where all the documentation required for exportation could be completed. It also would organize missions and fairs, set export credit policy and train the commercial attaches assigned to Ecuador's embassies. It would be financed by a portion (two percent) of the tax revenue generated by imports. Promoted by FEDEXPOR, the idea has been opposed by leaders of the Cámaras who have viewed it as a possible increase in 'statism'.

FUNDEX. The Fundación de Comercio Exterior an idea which has been promoted by the private sector. It would be a training center for exporters, commercial attaches and others and to be the initiator of studies related to the export sector. Financing would be provided half by the Central Bank and half by the private sector, the latter to be organized by FEDEXPOR. It would be governed by a board of directors drawn from the government and, mainly, the private sector.

OCEPA. La Organización Comercial Ecuatoriana de Productos Artesanales is a private organization which recently has participated in international fairs and hopes to establish a Frankfurt office. It has shops in Quito, Guayaquil and Cuenca it promotes the export of artisanal products, particularly tapistries and textiles. While not referred to by any of the private sector people interviewed, it would merit a close review were one to have a particular interest in the exportation of products by the small scale sector (see, also, ECOPIAR, above). It has worked with CENAPIA workshops on marketing, design and quality control.

b. **FEDEXPOR.**^{1/} FEDEXPOR is a voluntary private organization established in 1976 to promote non-traditional exports from Ecuador. As of June 1983, it had 89 firms as members and was hoping to have 25 additional ones join during 1983. An estimated 50 percent to 70 percent of Ecuador's non-traditional exports are made by FEDEXPOR members. FEDEXPOR's leaders report that more than half of its members are Guayaquil based firms. It is governed by an elected board of directors headed by a president elected for a term of two years. The current president, in the second year of his term, is José Tamariz Crespo, of the Guayaquil Salcedo group.

FEDEXPOR had a 1983 planned expenditure budget of \$6,300,000, with the largest portion \$5.5 million spent by the Quito headquarters and the remainder by the branch office in Guayaquil. The planned budget, obviously small in relation to FEDEXPOR's mission, anticipated a deficit of \$700,000. The budget level has stagnated since 1980 partly as a result of the

^{1/} This description and analysis is based on separate interviews with FEDEXPOR's President, Executive Director, former Executive Director, and the Director of its Guayaquil office, on information supplied by FEDEXPOR, on interviews with six government officials involved in export promotion and on interviews with fifteen private business sector leaders in which, among other topics, views on FEDEXPOR were solicited.

gradual fall-off in non-traditional exports. Annual membership subscription quotas are linked to the value of the firm's exports in the previous year. The membership of FEDEXPOR, in relation to budget support, is fairly evenly distributed; in 1983 the 22 largest firms will pay 30 percent of the budget, with the estimated 92 others paying 70 percent.

The staff of FEDEXPOR is small; three professionals and four clerical and other assistants in Quito; one professional and two assistants in Guayaquil. It is directed by an Executive Director based in Quito. In 1980, after the end of a relatively good period for non-traditional exports, FEDEXPOR opened its Guayaquil office, started a periodic newsletter and began a program of collection of export data. Since that time the staff has not grown.

Functions. FEDEXPOR carries out a number of functions related to those described in the non-traditional export system:

Finance. FEDEXPOR served as the private sector member on the Comité Administrativo de la Ley de Abono Tributario until the program for the issuing of negotiable export tax credits was ended beginning in March, 1983. FEDEXPOR's participation in the committee seems to have had some impact in changing the orientation of the government members away from a fairly negative view of the private sector's interest in the CATs toward a more positive one. It reportedly helped to reduce the long delay and uncertainty surrounding the awarding of the CATs, and, in general, helped to consolidate, in both the public and private sectors, the notion of FEDEXPOR as a professional, technical group as opposed to a narrow interest group or politically oriented body.

With both FOPEX and the Banco Central, FEDEXPOR has assisted members, particularly the less experienced exporters, in securing export credits. FOPEX has relied on FEDEXPOR as the point from which the specialized needs of private sector exporters can be articulated. Although there is no legal requirement that a firm be a FEDEXPOR member to be awarded FOPEX credit or a Central Bank sui generis credit, in at least one instance a first-time exporter reported that he was required by FOPEX to join FEDEXPOR. A possible explanation of this may be that FOPEX staff may have suggested strongly that the exporter receive assistance in charting his way through the necessary documentation process.

FEDEXPOR's leaders claim that their 1981 representations, including the submission of a major paper on the "damage" being done by the fixed exchange rate system, were a major force which led government in early 1982 to begin taking the decisions which led to successive devaluations after a ten year period of no change. They report having proposed either a floating rate or system of automatic mini-adjustments; the decisions taken ultimately reflected the acceptance of both alternatives.

Information Services to Government. FEDEXPOR efforts in information have tended to concentrate on keeping government informed as to non-traditional export trends and impacts of government decisions on export firms. In this area its efforts have been extensive; for instance, for 1982, a partial list of FEDEXPOR's activities to inform government would include:

- it submitted letters and held repeated meetings with the Minister of Finance, the Minister of Industry Commerce and Integration, the heads of the Central Bank, the National Finance Corporation (CFN), and the Monetary Board, and with the President, on topics such as trade barrier problems with Colombia and Venezuela, on the details of proposed laws for export promotion and for export insurance, on the need for monetary and fiscal policy and procedural changes, and on the impact of specific government monetary and exchange decisions on member firms;
- it provided detailed analyses of the likely affects on the sector of governments sweeping economic decisions of 1982;
- it assisted government to prepare for and participate in Andean Pact and ALADI meetings on regional trade;
- it played a major role in informing government of the need for creating specialized export trading companies and for including new products in the list of those eligible for export tax credits;
- it sat as a member of the official committees dealing with export tax credits, with preparation of export related laws, and with advising on regional integration affairs; and,
- it contracted and made available to government a study on monetary policy, (this was the study which helped to convince the Monetary Board of the need for a devaluation).

Information Services to Members. To its members FEDEXPOR provides information, on request, on the application of special trade arrangements (e.g. Andean Pact, ALADI, General System of Preferences), on upcoming trade fairs and other events, on the internal process of documentation for exports and on the application of Ecuadorean laws and regulations, and, in a few reported instances, has carried out simple market studies. As a matter of course it supplies members with notices of new laws and regulations through issues of its somewhat periodic newsletter, Exportador Ecuatoriano. In a broad sense, FEDEXPOR, also provides its members, much as it does government itself, with information on the impact of government actions.

FEDEXPOR has in its internal discussions, raised the idea of improving information services to members through computerized data banks, participation in market studies and assistance in preparing promotional material on specific products for external markets. Budgets constraints have not permitted the development of these ideas.

FEDEXPOR's Institutional Linkages. With Government. As is apparent from reading the above description of FEDEXPOR's information activities it has managed to link itself in a variety of ways with government at technical and leadership levels. Key staff of FEDEXPOR have taken positions in the government in the past and current staff are considering offers of similar posts. FEDEXPOR staff members have been named to official missions to foreign countries. FEDEXPOR staff and members have been named to government commissions and committees. Without exception, government officials in interviews spoke positively of the contributions of FEDEXPOR.

In the proposed new law for exports, the government is proposing several measures which while reflecting the view of FEDEXPOR as a viable and useful institution, are intended to strengthen it substantially. These include giving FEDEXPOR the status of a "cámara", making membership in FEDEXPOR one of the options mandated by law open to a business of industry, qualifying FEDEXPOR as one of the electors to the two private sector positions on the Monetary Board and making FEDEXPOR membership obligatory for those wishing to use the preferential credit lines of FOPEX and sui generis. Aside from formalizing the role of FEDEXPOR as the recognized private sector institution in the export system, the proposed changes would have the probable effect of ensuring the organization a steadier and growing budgetary base.

FEDEXPOR's links with the Cámaras are not as easy to characterize. In interviews, private sector individuals associated with the Cámaras indicated either no knowledge of FEDEXPOR, a little knowledge (a vague response), a fair bit of knowledge or great deal of knowledge. Similarly, opinions of FEDEXPOR ranged from its being a small, inconsequential idea, to its being a political vehicle of some unnamed group, to its being a struggling and at times effective group. A qualified judgement would be that the Cámaras have been hesitant about being too receptive to FEDEXPOR (there are exceptions; in Quito their office is in the building of the Cámaras and they use a Cámara telex) partly for reasons of bureaucratic turf protection, and partly because FEDEXPOR has not been willing to align itself, as it has at times been solicited to do, with the public political statements and actions of the Camaras. The proposal, in the draft bill for the new law, to give FEDEXPOR the status of a "Cámara" is not likely to increase the receptivity of the existing Cámaras.

FEDEXPOR has become a standard stopping point for staff of international organizations, public and private. A review of its activities over the January, 1982 - March, 1983, period indicates that particularly in regional activities FEDEXPOR has extended and deepened its connections.

In Social and Political terms, FEDEXPOR is an organization of businessmen. It has not, however, attracted the attention of labor or government groups except those specifically engaged in exporting. It generally reflects a social responsibility approach to the role of business. Its members, most notably its directors and the ones with whom the organization is identified, generally take a "what works" approach to business, labor, and government relations. Its most strained links would appear at the moment, given its determination not to adopt a partisan stance, to be those with some of the business interests most strongly associated with the current election campaign. There is a tendency for the organization to have a Quito oriented image (which would appear to be a hold over from earlier days given that most of its membership is now reportedly from Guayas) and a 'small' exporters image (the latter is valid given that the traditional exporters of cacao, coffee and banana, are not, by definition, included).

FEDEXPOR has had difficulty in sustaining the interests of its members, some of whom are firms that seem to join several private sector organizations while not seeking or hoping to receive a direct service from them. It has a voluntary leadership which has dedicated time to the organization and a somewhat lagging membership. The larger member firms do not require any direct assistance, while the smaller ones probably require more assistance than FEDEXPOR is in a position to provide (e.g., with technical issue of quality control, packaging, purchasing contracts). Its members, nonetheless, even when not receiving direct services, have a regard for FEDEXPOR as a private organization which is playing a role (some would say a limited one others would credit it with substantial impact) in informing and influencing public sector decisions.

10. Private Sector Institutional Weaknesses in the Non-traditional Export System

The constraints to the effective functioning of the private sector institutions are financial, technical, informational, training and 'mobilizational'.

Financial. Up to now there has been no strong financial base for private institutions in this sector. This can be seen in the failure of what would appear to be possibly good ideas (CICE, EXOPIAR, CORFEX, FUNDEX) to get started, and in the continuing budgetary weakness of FEDEXPOR. The proposed law would be expected to help relieve this constraint to some extent, but at the cost of converting membership in FEDEXPOR from a purely voluntary one to one with a mandatory basis in law. Given that other major private institutions have had this statutory membership basis, FEDEXPOR has been at somewhat of a disadvantage.

Technical. No private sector institution has had the internal capacity to produce services of a high technical nature, either to firms or to government. And none has served as a consistent vehicle for the intermediation of such services. This has been due partly to the very youth of FEDEXPOR, but more so because of the practice of the significant providers of such assistance, such as the multilateral and bilateral international cooperation agencies, to channel assistance through public sector institutions.

Also, the larger export firms have well developed, often contractual or equity based, arrangements for technical assistance.

Informational. No private sector institution is presently in a position to provide private sector exporters with detailed, current data on markets and market-related factors (e.g., distribution systems, packaging requirements, health standards). There have been tentative and unsustained attempts in this field, such as the current one of the Guayas Cámara de Comercio (noted earlier) and some of the activities of FEDEXPOR.

Training. There is no established capacity within the private sector to provide training in topics related to external trade. As part of a two year Lima based UNCTAD/GATT supported curriculum development project for the Andean region, the Center for International Business developed courses which are reportedly now being given at local universities in international business administration topics, and the FUNDEX concept for a training institution is now an active idea.

Mobilization. Without understating the impact of FEDEXPOR, no institution has been able to strongly mobilize the private sector to represent and promote its interests as exporters. This is perhaps attributable to the tendency to organize on a sectoral producer basis, but it would appear also to be a hold over from the 1970's conception of production being geared primarily to a limited, albeit growing, domestic market and for producers and commercial interests alike thus to adopt a zero sum game approach, in which internal struggle rather than collaboration was the role (the coffee industry, with its three way split amongst producers, processors and exporters would be a classic example).

II. Recommendations for possible Mission Assistance Strategies

A. Basic Approach

There has been an open discussion within Ecuador in recent years as to what policy and institutional changes are required to increase non-traditional exports. This discussion, which is on-going, has resulted in the drafting of the current bill for the new export law. It reflects a wide consensus on needed changes. Private sector representatives have been strong collaborators in the formulation of this bill.

In the context of this discussion and consensus, the suggested approach to the sector for the Mission, then, has two aspects. First, activities of the Mission should be linked to the detailed development of some of the proposed changes. These changes likely will continue to be sought regardless of whether this particular bill is passed into law. The strategy suggestions which are proposed below, then, are made in the context of their being pursued as part of this implementation of a larger series of changes. Second, actions taken by the Mission in this sector, whatever the specific programmatic content, should have as a key objective the strengthening of the private institutions in the sector. A consistent theme in the Mission's approach should be the incremental correction to the present structural distortion in resource control in the sector (i.e., non-traditional exports are made by the private sector while services to the sector are centered in the public sector).

B. Strategies to address system weaknesses

The non-traditional export system's weaknesses can be addressed, on the one hand, by internal, domestic activities, and on the other, by a combination of internal and external actions.

1. Internal

a. Training. Provide support for private individuals and groups who are or potentially could be involved in export trade. If this is pursued, the UNCTAD/GATT curriculum developed for the Andean group and now being implemented in local universities should be reviewed; also, the proposed training institution concept should be considered. Fields of training would vary widely, from engineering and technical specialities to international trade practices and agreements.

b. Service rationalization. Provide institutional development support to efforts to rationalize the export documentation process and the provision of public sector services to exporters. The focus should be on strengthening the capacity of the private sector to participate in the control and management of these government services. The bill for the proposed export law does provide for the establishment of a central point which possibly might evolve into a centralized service provider, and which thus would be a major reference point for developing this strategy.

c. Detailed studies. Provide support for implementing specific export studies which have, as their principal objective, the placing of specific products in external markets. To distinguish this strategy from the more normal practice of supporting "studies", they should be done on a collaborative basis, in which potential private sector exporters play an important part. Also, a possible device to be considered would be including the costs of a study in a subsequent FOPEX-type, credit should the study result in actual market entry and sales. (This is the approach being followed in the AID/CFN export project.)

2. External.

a. Technical assistance. Provide arrangements through which external technical assistance can be directed to firms in the sector. Firms have problems ranging from specific technical ones (e.g., inadequate solubility of instant coffee) to general ones such as export market packaging and health requirements. There are no reliably consistent sources of technical assistance now available, particularly in the post-production or commercialization aspects.

b. Trading companies.^{1/} Provide assistance in the initiation of private firms which would be specialized in the commercial exportation of non-traditional products to U.S. markets. Smaller producer firms clearly need this assistance; larger Ecuador firms which have until recently not been strong in U.S. markets (e.g., specialized plywood) might use it once its capabilities were developed.

^{1/} Colombia's experience in successful export development, including the activities of the export promotion organization PROEXPO which has a Quito office, could be considered in this context. AID's Washington based Bureau of Private Enterprise is another source of information on this topic. Roger Moeller of that office is the source of the following documents now on file at the Mission; Richard Cooper, et. al., "Export Trading Companies and National Department in Lesser Developed Countries," March, 1983; a presentation by Lo Christy, to the President's Task Force on International Private Enterprise, September, 1983; Letitia Erlar, "Export Trading Companies," September, 1982.

c. Export agreements. Provide assistance in seeking, formalizing and implementing sales contracts for non-traditional products in U.S. markets.^{1/}

d. Export insurance. provide assistance in the implementation of an export insurance program. U.S. experience in both the public and private sectors has developed a body of expertise in this area which can be called upon. That the U.S.

market accepts the largest percentage of Ecuador's non-traditional exports-estimated at more than 60 percent in 1983 - makes this a particularly logical connection.

C. Strategies to address institutional weaknesses

Institutionally the main weakness of the system are the inadequate linkage between the exporters in the private sector and the policy makers and service providers in the public sector combined with the weaknesses of the private institutions themselves. The strategies recommended are, thus, those which serve to increase private sector involvement and those which directly strengthen private institutions in the sector.

1. Private sector involvement

a. Projects. Provide for active and perhaps controlling participation of private institutions and firms in projects dealing with the sector.^{2/}

b. Policy. Consult with, inform and collaborate with private sector export institutions and firms with a view both

1/ The Swedish model of developing global export contracts based on non-binding target figures and on extensive work in Sweden is a useful experience to consider. The current president of FEDEXPOR is knowledgeable in this regard having recently visited Sweden and having participated in the intialling of a Sweden-Ecuador agreement.

2/ In the current AID/CFN project for studies aimed at developing non-traditional agricultural and agro-industrial exports, FEDEXPOR and several of tis member agro-sector firms should be integrated into the studies from the initial design stage onwards. Given the good working relations which already exist between CFN and FOPEX and FEDEXPOR, this should present nothing more than a normal amount of technical and professional difficulty.