

No. 21207

**SPAIN
and
URUGUAY**

Supplementary Agreement to the Basic Agreement on scientific and technological co-operation for the development of a programme of technical co-operation in the National Centre for Technology and Industrial Productivity of Uruguay (with protocol). Signed at Montevideo on 30 March 1982

Authentic text: Spanish.

Registered by Spain on 13 August 1982.

**ESPAGNE
et
URUGUAY**

Accord complémentaire à l'Accord de base relatif à la coopération scientifique et technique aux fins de la réalisation d'un programme de coopération technique au Centre national de technologie et de productivité industrielle de l'Uruguay (avec protocole). Signé à Montevideo le 30 mars 1982

Texte authentique : espagnol.

Enregistré par l'Espagne le 13 août 1982.

[TRANSLATION — TRADUCTION]

SUPPLEMENTARY AGREEMENT¹ TO THE BASIC AGREEMENT ON SCIENTIFIC AND TECHNOLOGICAL CO-OPERATION BETWEEN THE GOVERNMENT OF THE EASTERN REPUBLIC OF URUGUAY AND THE GOVERNMENT OF THE KINGDOM OF SPAIN FOR THE DEVELOPMENT OF A PROGRAMME OF TECHNICAL CO-OPERATION IN THE NATIONAL CENTRE FOR TECHNOLOGY AND INDUSTRIAL PRODUCTIVITY OF URUGUAY

The Governments of the Eastern Republic of Uruguay and of the Kingdom of Spain, in implementation of the Basic Agreement on scientific and technological co-operation, signed by the two countries on 29 November 1974,² have agreed to conclude this Supplementary Agreement on technical co-operation, containing the following provisions.

Article 1. The Spanish Government agrees to contribute to the strengthening of the activities of the National Centre for Technology and Industrial Productivity of Uruguay (CNTPI), in the field of industrial conversion.

Article 2. With the prior concurrence of the Secretariat of the UNIDO the two Parties agree that the co-operation provided for in this Agreement shall supplement the current UNDP-UNIDO programme in CNTPI (UNIDO project URU/78/001) and shall therefore be fully co-ordinated with that of UNIDO.

Article 3. To implement the co-operation referred to in article 1, the Spanish Government undertakes:

1. To send to Uruguay a mission composed of five experts for the purpose of advising CNTPI, in internal co-ordination with UNIDO, on the consolidation and establishment of new action to facilitate industrial conversion;
2. To grant seven fellowships for the advanced training in Spain of the counterparts of the Spanish experts.

Article 4. The experts referred to in article 3, paragraph 1, shall stay in Uruguay for a total period of 21 expert-months.

The experts shall carry out their functions in complete co-ordination with the UNIDO mission, to whose project chief they shall be responsible.

Article 5. The remuneration and accident and sickness insurance of the Spanish experts shall be paid in full by the Spanish Government.

Article 6. The fellowships referred to in article 3, paragraph 2, shall be payable by the Spanish Government and shall comprise:

¹ Came into force on 30 March 1982 by signature, in accordance with article 14.

² United Nations, *Treaty Series*, vol. 1028, p. 305.

- The cost of instruction;
- Working and information materials;
- Prescribed travel within Spain for the purposes for which the fellowships are intended;
- Accident and sickness insurance;
- A monthly allowance of 50,000 pesetas.

Article 7. The protocol annexed to this Agreement sets forth the programme objectives, a description of the functions of the Spanish experts and their counterparts and the timetable envisaged for carrying out the activities planned.

Article 8. To implement the co-operation provided for in this Agreement, the Uruguayan Government undertakes:

- To grant the Spanish experts sent to Uruguay by the Spanish Government under this Agreement all the immunities and privileges which the Uruguayan Government grants to experts from international organizations, and to provide them, upon their arrival in the country, with the international mission document following accreditation through the diplomatic channel;
- To provide, upon the arrival of each expert, the counterpart staff who will work closely with the expert;
- To provide the experts with support staff, including suitable staff for secretarial and typing duties;
- To provide suitable transport for the travel the experts must undertake to carry out their functions;
- When, by reason of their functions, the experts must travel away from their usual place of work, CNTPI shall pay them the travel and subsistence allowances which under the law it must pay its own counterparts.

Article 9. The Ministry of Industry and Energy, on the Uruguayan side, and the Ministry of Industry and Energy and the Ministry of Foreign Affairs through the General Office of International Organizations and Conferences, on the Spanish side, shall be responsible for supervising the activities provided for in this Agreement.

Article 10. The activities provided for in this Agreement shall be co-ordinated by UNIDO, by the Institute of Small and Medium-sized Industrial Enterprises of the Ministry of Industry and Energy and by the Institute for Ibero-American Co-operation.

Article 11. The obligations assumed by the Spanish Government under this Agreement shall be fulfilled by the Ministry of Industry and Energy and by the Institute for Ibero-American Co-operation.

The obligations assumed by the Uruguayan Government under this Agreement shall be fulfilled by the Ministry of Industry and Energy through the National Centre for Technology and Industrial Productivity (CNTPI).

Article 12. The costs incurred by the Spanish Government in the execution of this Agreement shall be met by payments authorized annually from the regular budgets of the Institute of Small and Medium-sized Industrial Enterprises and of the Institute for Ibero-American Co-operation.

Article 13. UNIDO shall pay the fares for the journey Madrid-Montevideo-Madrid for the experts referred to in article 3, paragraph 1. It shall also pay these experts a subsistence allowance for the duration of their mission in Uruguay.

UNIDO shall also be responsible for paying the fares for the journey Montevideo-Madrid-Montevideo for the holders of the fellowships referred to in article 3, paragraph 2.

Article 14. This Agreement shall enter into force on the date of its signature and shall remain in effect for two years.

DONE at Montevideo, on 30 March 1982, in two copies, both texts being equally authentic.

For the Government
of the Eastern Republic of Uruguay:

[VALDÉS OTERO]

For the Government
of the Kingdom of Spain:

[D. RAFAEL GÓMEZ-JORDANA]

ANNEXED PROTOCOL

As already determined and in order to define the contents and scope of the Agreement, we set forth below the objectives and background of the programme:

DEVELOPMENT OBJECTIVES

The main objective of this co-operation is to provide technical assistance in order to promote the industrial development of the country in accordance with the guidelines laid down at the Governmental Meetings at Solís, Parque Hotel, Nirvana, and San Miguel.

With respect to the industrial sector, these objectives are the following:

1. To achieve a further increase in the gross industrial product through greater diversification of industry, principally in the export field;
2. To improve productivity and industrial efficiency by promoting the conversion of non-competitive enterprises to the greatest extent possible;
3. To give priority to developing industries which use national raw materials, especially the agro-industries and those based on mining, both by expanding and rationalizing existing industries and by establishing new ones (this last aspect is not covered by this Agreement on co-operation);
4. To promote the use of technologies that are labour-intensive but at the same time economically viable.

IMMEDIATE OBJECTIVES

1. To initiate with the National Centre for Technology and Industrial Productivity (CNTPI) the establishment of a national advisory system capable of providing integrated technical assistance to enterprises in the industrial sector in order to assist industrial conversion;
2. To consolidate integrated technical assistance methodology and practice in CNTPI, using the experience acquired by enterprises in the leather-shoe and clothing-manufacturing (textiles) branches of industry;
3. To improve the efficiency and effectiveness of enterprises through more technical business management resulting in increased productivity and greater competitiveness for Uruguayan products in the export branches of industry;

4. To rationalize and improve management in the areas of enterprise operation, marketing, economics and finance, staffing and production, paying particular attention to product development and quality control within the enterprise;
5. To perfect the information system by the use of technical and economic indicators at the CNTPI level and to provide relevant advice to the enterprises themselves that will allow periodic assessment of their situation and that of the corresponding branch of industry;
6. To provide further training for the national teams of professional staff from the CNTPI which provide integrated technical assistance to industrial enterprises.

BACKGROUND AND JUSTIFICATION

As part of the current programme for the economic and social development of the country, the Government is helping the industrial sector to expand by increasingly opening up, penetrating and consolidating international markets for products of the export branches of industry.

Economic policy is aimed at stimulating economic growth, reducing unemployment and increasing investments, and is attempting in the short term to resolve the fiscal deficit situation, lower inflation levels and achieve a better balance of payments. The aim is to achieve all these objectives within the framework of a policy of tariff and economic liberalization.

In 1979, during the previous administrative period, the trade balance deficit reached a level of \$US 269 million and it is estimated that in 1980 this deficit will reach \$US 350 million. The deficit is offset by the inflow of foreign investments and other capital movements, which, being much greater than the trade deficit, allow a positive balance of payments to be obtained. As a result, monetary reserves continue to increase, and reached a level of \$1,523 million in 1979.

The most dynamic sectors of the Uruguayan economy are agriculture, industry and construction. From the point of view of industry, the most important export items are textiles, clothing, manufactured leather goods and processed fish.

Financial and monetary policy is aimed at converting Uruguay into an international capital market, decreasing the use of devaluation as an instrument for reducing inflation, eliminating direct and indirect subsidies to the sectors of production and suspending lines of credit which were formerly granted at the pre-export stage and, partly, at the export stage.

With respect to foreign transactions, a process of gradual and progressive tariff reduction has been adopted; from an overall average of 117 per cent at the beginning of 1980, there will be a reduction to a 35 per cent minimum by 1985.

To achieve the objectives established by the Government for the industrial sector, greater efficiency and effectiveness involving considerable effort are required on the part of that sector.

In the above-mentioned process, the short-term commercial criteria which were traditionally dominant did not always make possible, among other things, an appropriate policy with respect to investment, amortization, the determination of costs, modern methods of enterprise management and the organization of production, nor an appropriate product and marketing policy.

The purpose of the proposed co-operation is to consolidate the integrated technical assistance or integrated advisory services required in the basic areas of enterprise management to enable such enterprises to become more competitive by improving their own management techniques. This is in line with the Government's policy of liberalizing the economy. It is also planned to establish a national advisory system which will help to improve enterprise management schemes, encouraging entrepreneurs to have recourse to this type of assistance as a tool for increasing internal efficiency.

THE NATIONAL CENTRE FOR TECHNOLOGY AND INDUSTRIAL PRODUCTIVITY

Established in 1963 with semi-public status under the name of Centre for Productivity of Uruguay, it began its fundamental task of training personnel at the managerial and supervisory levels of industry, offering courses and receiving international assistance. From 1973, with its present name and having become a governmental body under the National Office for Industry, it adapted itself to meet the requirements of the industrial sector, beginning to offer technological advice to enterprises, again with international assistance, and carrying out inter-enterprise surveys in the different branches of industry. Meanwhile it continued to offer evening training courses and, starting in 1978, began to provide integrated technical assistance to enterprises in the various branches of industry selected.

It is this last area of CNTPI activity that it is considered necessary to strengthen in order to consolidate the type of integrated advisory services which have only relatively recently been offered to enterprises.

On the other hand, and in order for this undertaking to have a multiplier effect, it is planned to establish a national advisory system of which the Centre might form part to give the undertaking momentum by making available at the initial stage the experience acquired in advising enterprises and to centralize the bilateral co-operation needed to establish the proposed system.

In parallel to the foregoing and of special interest to the Ministry of Industry, the experience of the Department of Computer Information of CNTPI could be used in developing activities for the establishment of an industrial data bank, activities which require specialized support.

It is considered essential that such a data bank could be used not only as a support for consultative services, in organizing enterprises and developing information systems for monitoring the establishment and management of a national information and transfer of technology mechanism (for which advisory services are also required), but also for improving diagnostic services in the branches of industry which serve as the basis for industrial policy decisions.

It is therefore considered that the data bank should provide a specialized register of the industrial sector in order to supply more up-to-date and detailed information to the higher levels of the Ministry and to private enterprises. It would be a permanent source of information on various variable factors of concern to the sector, such as occupation, production, markets, investments, installed capacity, and macro-economic parameters both at the level of the sector as a whole and in the individual branches of industry.

INTERNATIONAL ORGANIZATIONS PARTICIPATION

The establishment and implementation of the integrated advisory services for enterprises and the setting up of the national advisory system are not isolated activities. Within the Ministry of Industry and Energy assistance is being provided under related and complementary international projects financed by the United Nations Development Programme (UNDP) and executed by the United Nations Industrial Development Organization (UNIDO).

Thus, activities relating to the granting of benefits to, or the exemption from taxes of, investment projects of declared national interest are centralized in what is known as the Advisory Unit for the Promotion of Industry that also participates in the granting of credits to finance investment through the evaluation of projects in which the private banking system participates with funds granted by various international banking institutions through the Central Bank.

The UNDP/UNIDO programme assists the Technological Laboratory of Uruguay (LATU) by equipping its experimental and research installations and participating in the quality certification of some export products, essentially leather and manufactured goods and milk products.

Lastly, the UNDP/UNIDO programme assists CNTPI with respect to technical-economic studies or inter-enterprise assessments of branches of industry and the future integrated advisory services for enterprises already mentioned, providing help in these specialized fields

which, together with the other assistance, constitutes a body of activities contributing to the industrial conversion required of the industrial sector by the relevant economic circumstances. This co-operation is being developed through UNIDO project URU/78/001.

THE ROLE OF SPANISH BILATERAL ASSISTANCE

During 1979, four holders of multilateral aid fellowships, three technicians (an engineer, an accountant-economist and an expert in marketing techniques) and the Director-General of CNTPI were able to establish contacts with various bodies and public and private institutions in Spain. They formed a favourable impression concerning the possibilities of assistance and co-operation between Spain and Uruguay.

It is thought that the needs referred to, which must be reinforced or met in order to motivate the industrial sector through CNTPI, can be better interpreted by Spanish technicians, since at the technical and scientific level Uruguay is closer to Spain than to any other country at a more advanced stage of development. Moreover, a shared language and culture, and Spanish experience with regard to industrial development in the last few decades, in addition to the increasingly vigorous trade and technological exchanges between the two countries, work to their mutual benefit, both in the economic field and in the exchange of experience at the professional and technical levels directed towards improving the secondary sector.

The fact that this Hispano-Uruguayan Agreement on co-operation provides for the participation of the current UNDP/UNIDO programme in CNTPI makes it possible to economize on the resources required under the Agreement, which are supplemented by the programme so as to consolidate the role of the Centre in guiding and promoting basic activities in the industrial area.

For all the above reasons, Spanish co-operation is encompassed within UNIDO project URU/78/001 and will be fully co-ordinated with it.

His objectives and background having been explained in accordance with the provisions of article 8 of the Agreement, with the aim of facilitating its implementation, the technical aspects of the programme are set forth below.

1. TIMETABLE FOR THE ACTIVITIES OF THE EXPERTS

<i>Experts</i>	<i>Expert-months</i>		
	<i>1st year</i>	<i>2nd year</i>	<i>Total</i>
1. Expert Advisor to the National Advisory Service	4	2	6
2. Expert Advisor in Enterprise Organization	2	3	5
3. Expert in Information Systems for Management Monitoring	2	3	5
4. Expert Advisor for the National Information and Transfer of Technology-mechanism	1	1	2
5. Industrial Data Bank Expert	2	1	3
TOTAL	11	10	21

2. DESCRIPTION OF THE EXPERT POSTS

2.1. *Title of post:*

Expert in the organization of a national advisory system.

Duration:

6 months, 4 in the first year and 2 in the second year.

Date of commencement:

The date of the Agreement.

Place:

Montevideo, Uruguay.

Counterpart agency:

National Centre for Technology and Industrial Productivity (CNTPI) of the Ministry of Industry and Energy.

Tasks:

Under the supervision of the Director-General of CNTPI and of the UNIDO project director, the expert will have the following responsibilities:

1. To participate in carrying out a quantitative and qualitative census of national advisory services;
2. To participate in analysing possible priority demands for services, in surveying advisory services in operation and in defining additional inputs required;
3. To establish a programme for promoting and developing national private advisory services in order to consolidate integrated technical assistance or integrated advisory services for enterprises;
4. To collaborate through seminars in the discussion and implementation of integrated technical assistance and to improve existing advisory services methodology;
5. To define and draw up a plan of the institutional framework and the legal instrument required to permit the development of advisory services;
6. To contribute to negotiating and establishing lines of credit for advisory service activities other than those required for preparing projects for investment in fixed assets.

2.2. Title of post:

Expert in enterprise organization.

Duration:

Five months, two in the first year and three in the second year.

Date of commencement:

The date of the Agreement.

Place:

Montevideo, Uruguay.

Counterpart agency:

National Centre for Technology and Industrial Productivity of the Ministry of Industry and Energy.

Tasks:

Under the supervision of the Director-General of CNTPI and of the UNIDO project director, the expert will have the following responsibilities:

1. To be a member of an interdisciplinary team of experts that will advise enterprises in the various branches of industry;
2. To assist enterprises in introducing and applying modern management and organizational concepts and techniques;
3. To draw up short and medium-term improvement programmes suitable for the enterprises studied;
4. To train the managerial staff of the enterprises in the use of modern management and organizational techniques and principles through seminars or special workshops;
5. To train CNTPI personnel to provide advisory services to enterprises in their special field;

6. To propose model methodologies and techniques for analyzing and improving the various functions involved in managing the operation of the enterprise and in its overall management.

2.3. *Title of post:*

Expert in information systems for the monitoring of enterprise management.

Duration:

Five months, two in the first year and three in the second year.

Date of commencement:

The date of the Agreement.

Place:

Montevideo, Uruguay.

Counterpart agency:

National Centre for Technology and Industrial Productivity of the Ministry of Industry and Energy.

Tasks:

Under the supervision of the Director-General of CNTPI and of the UNIDO project director, the expert will have the following responsibilities:

1. To analyse, at the level of the various areas of management of the enterprise, the procedures currently used for gathering and processing data and utilizing the information obtained in decision-taking in the enterprise;
2. To analyse the existing management chart model for marketing, production, economics and finance and personnel, taking into account the size and nature of the enterprises in question;
3. To improve the enterprise management chart, model, using information from within and outside the enterprise, so that it may serve as a tool for more technically sophisticated management;
4. To improve or establish the enterprise's internal mechanisms of the enterprise for recording data that subsequently provide the indicators, parameters and other items of information making up the various management charts referred to above;
5. To analyse the technical and economic indicators defined at the level of the branches of industry and relate the proposals under the previous subparagraphs to such indicators so that the information obtained from the enterprise may be easily used in making a diagnosis of the branch of industry;
6. To collaborate in the discussion of topics related to the activity in question through "management workshops" made available to enterprise managers;
7. To provide the technical and economic indicators of Spanish enterprises with not more than 500 employees for purposes of comparison;
8. To train members of the counterpart interdisciplinary teams (Integrated Technical Assistance Groups) in their speciality and as a tool to be used in providing integrated technical assistance to enterprises;
9. To provide for the adaptation of information systems for the possible automatic processing of data and in the case of enterprises which have a computer, to provide advice on the relevant programmes.

2.4. *Title of post:*

Expert in the organization of a national mechanism for information and the transfer of technology.

Duration:

Two months, one in the first year and one in the second year.

Date of commencement:

The date of the Agreement.

Place:

Montevideo, Uruguay.

Counterpart agency:

National Centre for Technology and Industrial Productivity of the Ministry of Industry and Energy.

Tasks:

Under the supervision of the Director-General of CNTPI and of the UNIDO project director, the expert will have the following responsibilities:

1. To analyse, through visits to enterprises and governmental and private institutions, the national situation with respect to technological information, the transfer of technology, the assimilation of imported technology and international collaboration;
2. To establish the basic concepts and structure of the national mechanism for information and the transfer of technology, taking into account the national situation, Spanish experience and UNIDO's recommendations in this field;
3. To convene a seminar to discuss the philosophy, procedures and expected results of the national mechanism for information and the transfer of technology to be established;
4. To collaborate in selecting three national technical specialists (one engineer, one economist and one lawyer) to receive fellowships for further training in Spain;
5. To prepare the programme of the above-mentioned fellowships;
6. In the second part of the mission, to establish the procedure and obtain the support of the UNIDO project TIES for improving the system and tying it in with the technological information contained in the data bank, as well as for providing access to the mechanisms and contract registers of other countries; to co-ordinate with activities relating to the promotion of national research, scientific and technical information, industrial property and all activities which directly or indirectly contribute to the proposed national mechanism.

2.5. Title of post:

Expert in the design and operation of an industrial data bank.

Duration:

Three months, two in the first year and one in the second year.

Date of commencement:

The date of the Agreement.

Place:

Montevideo, Uruguay.

Counterpart agency:

National Centre for Technology and Industrial Productivity of the Ministry of Industry and Energy.

Tasks:

Under the supervision of the Director-General of CNTPI and of the UNIDO project director, the expert will have the following responsibilities:

1. To analyse, at the level of CNTPI and other Ministry of Industry and Energy units, the current procedures for gathering and processing data and the submission to higher governmental authorities of reports on the situation and prospects in such areas as basic information for industrial policy decision-making;
2. To establish the characteristics, structure, conditions, operating procedures and system for an industrial data bank;

3. To collaborate in defining the programmes for implementing the industrial data bank by means of a computer, recommending suitable types of computer for the goals pursued;
4. To define new methods for gathering and processing data;
5. To train CNTPI personnel in all aspects of the establishment and operation of an industrial data bank;
6. To provide information on similar experiences in countries with a similar level of development.

3. QUALIFICATIONS OF THE EXPERTS

3.1. *Expert in the organization of a national advisory system:*

Advanced university degree. Practical experience obtained in enterprises providing advisory services. Experience at the governmental level of the institutional framework and legal instruments in force in Spain and of the various types of advisory services provided to enterprises.

3.2. *Expert in enterprise organization:*

Advanced university degree, preferably with post-graduate studies in enterprise management. He must have held high-level posts in a private enterprise and/or have wide experience in the provision of industrial advisory services. Ability to work in an inter-disciplinary team.

3.3. *Expert in information systems for the monitoring of enterprise management:*

Economist, industrial engineer or advanced university degree, with wide experience in establishing internal and external information systems as a management tool in small-scale and medium-sized enterprises. Ability to gain the confidence of those in charge of small and medium-sized enterprises and to work with interdisciplinary teams of professionals. Experience in the integrated approach to enterprises.

3.4. *Expert in the organization of a national mechanism for information and the transfer of technology:*

High-level governmental official with a minimum of five years' experience in the field of information and the transfer of technology at the national level. Direct experience of UNIDO operational procedures in this field.

3.5. *Expert in the design and operation of an industrial data bank:*

Advanced university degree, preferably in engineering-economics, with experience in designing, developing and operating an industrial data bank project.

4. TIME-TABLE FOR FELLOWSHIPS

<i>Years</i>	<i>Man-months</i>
First year	9
Second year	8
TOTAL	17 man-months

5. DISTRIBUTION OF FELLOWSHIPS

Counterpart of first expert:	2 man-months	
Counterpart of second expert:	2 man-months	
Counterpart of third expert:	2 man-months	
Counterparts of fourth expert:	{ 9 man-months (3 months each)	{ Engineer Economist Lawyer
Counterpart of fifth expert:		

The present protocol shall enter into force on the same date as the Supplementary Agreement for the development of a programme of technical co-operation in the National Centre for Technology and Industrial Productivity (CNTPI) of Uruguay.

DONE at Montevideo, on 30 March 1982, in two copies, both texts being equally authentic.

For the Government
of the Eastern Republic of Uruguay:

[*Signed*]

VALDÉS OTERO
Minister for Foreign Affairs

For the Government
of the Kingdom of Spain:

[*Signed*]

D. RAFAEL GÓMEZ-JORDANA
Ambassador of Spain in Uruguay