It is a privilege and a pleasure for me to take the floor in front of such a prestigious audience gathered under the aegis of ProChile to exchange notes on export promotion policies and programs. The day before yesterday at the Carrier Hotel, we discussed in a session organized by the EuroCentro under the EuroChile Foundation umbrella, what the launch of the Euro on January 1, 1999 means in terms of higher and more stable growth within the European Union as well as in terms of market access for Chilean exporters to the Euroland markets. Today, we are addressing trade promotion which is at the core of our common agenda.

The European Union and Chile have a long common history since Santiago was picked 36 years ago as the seat of our first EC Delegation in Latin America and ever since, we have developed a close relationship which has gained a formidable momentum after the return to democracy nine years ago. Our trade and investment relations are increasing steadily and rapidly thanks to the many aspects of this activity that we share on the one hand and to our common commitment to sound macroeconomic policies and to open markets, which are very effective engines for stable growth, on the other.

This leaves Chile with a slight surplus in our bilateral trade and a very substantial net inflow of FDI (Foreign Direct Investment) from the EU. The EU is indeed the first trade partner of Chile and now the largest investor, and we would like to maintain that position for both the economic and political reasons strongly and repeatedly emphasized by EC Vice President Manuel Marin.

We see our framework association agreement with its long-run prospect of further and reciprocal trade liberalization as a way to consolidate democracy, human rights, open regionalism and above all, sustainable development with its three pillars: stable growth, human development (including fighting poverty and reducing inequalities), and the protection of the environment.

Coming to the topic of export promotion strategies you shall not be surprised, knowing the division of labour which prevails within EU, that this job is exclusively the preserve of our Member States which, in this respect, are both allies and rivals.

Yet the EU as such is contributing actively to back up their efforts in its own capacity as the largest and most open trading economy in the world. We realize indeed one fifth of world trade in goods and one fourth in services whereas EU exports represent more than 10% of EU GDP. Our tariffs on industrial products are on average around 3.5%, like the US, and compared to 27% for Brazil, 33% for Mexico and 37.5% for India.

The European Union grants also preferential tariffs reductions (SPG) to developing countries, including Chile.

Moreover from January 1, 1999 these countries will get additional tariff rebates on their exports towards the EU when they actually
respect three core-conventions of ILO on workers rights - which as far as I know is the case of Chile - and, for timber products, the ITTO norm of sustainable management of forests. But, it is only at the request of the country that the EU shall be granting this additional benefit to its national exporters. So the initiative belongs to Chile!

As far as the agricultural trade is concerned, the EU is implementing very strictly and faithfully the concessions made in the Uruguay Round; and as you are certainly aware of, a debate is presently taking place within the Council of Ministers at the initiative of the European Commission, on a major reshuffling of the Common Agricultural Policy.

Our main concerns are with rural development, environmental constraints and the need for budgetary savings at the EU level, as well as fair distribution of benefits among farmers. But it is already obvious that the final outcome of this highly political exercise, along with the long-term trends of the food markets, shall be positive for all agricultural exporting countries, including Chile.

The EU shall have through the Millennium multilateral trade rounds, which is gathering steam, an opportunity to make further progress on the road towards liberalization. We shall discuss this at the Ministerial WTO Conference next year. In parallel with its sectorial, regional and bilateral trade arrangements which are underpinning multilateral liberalization, EU wants to carry out multilateral talks because only they allow for major trade efforts in sensitive areas such as precisely agriculture, investment, trade facilitation, competition policy, public procurement, as well as in revisiting industrial tariffs which remain too high and call for action across the board negotiations.

Beyond its main capacity as a trade policy negotiator, EU has developed a series of actions which help indirectly its exporters. Let me mention four channels of support:

1. The Market Access Strategy

The EU has set up, at the initiative of Sir Leon Brittan, a partnership between the EC, our Member States and our enterprises, thanks to a special web site and a market access data bank in such a way that we are leading an on-line dialogue with our public and private operators on obstacles to trade, investment and intellectual property rights. More than 100,000 hits a day on this site indicate its significance for the final users. When necessary we take action vis-à-vis the trade authorities of the country concerned through bilateral negotiations and possibly through the WTO dispute settlement procedure in order to remove unfair barriers on the road of EU exporters and investors to foreign markets.

2. Economic Cooperation

We have launched, under the umbrella of economic corporation, a series of programs known as AL Invest, MED Invest, ASIA Invest, Phare and Tacis, with the view of encouraging business encounters and contacts. These business to business partnerships include joint ventures through ECIP; the latter represents a very powerful financial scheme which helps EU companies especially SME's to set up industrial ventures in developing countries. For we are convinced that FDI is not a substitute but a vehicle for two-way trade in the mutual interest of both trade partners. In Santiago, the EuroCentro Empresarial
established within EuroChile is the focal point of access to this family of investments.

Under economic cooperation, we also provide technical assistance to our partners to build up export promotion schemes, standardization/certification/quality control facilities, investment codes and one-stop shops for foreign investors, trade facilitation schemes, particularly in the field of customs regulation and procedures.

We also organize industrialist roundtables which provide managers of large companies with direct contacts at the level of Ministers and Commissioners.

3. Special programs in Japan and China

Japan and China are major economies as well as promising but very demanding markets with specific business cultures, sometimes quite complex to understand and to deal with for the EU operators, resulting in high entry costs for them. This is the reason why we have set up in both countries Centers for industrial cooperation. These centers organize training and topical missions for EU executives, on one hand, language and in-company training for Japanese and Chinese engineering students and young business executives on the other. We have or we are putting together technical working programs on standardization/certification/quality control, information technology, biotechnologies and so on.

We have also organized an EU Gateway to support our Member States promotion campaigns for their products and services.

4. The last example I would like to mention because of its fast growing importance is the electronic commerce through Internet. We have started to discuss this business within the OECD which forecasts that electronic trade will jump from $32 billion today to $425 billion in the year 2002. This device will therefore be a critical channel for international trade in the coming decade. It poses a series of complex issues with regard to consumer protection, transfer of personal data, electronic signature, taxation on transactions, and so on. The US, who is the major operator so far, would favour self-regulation by the market forces of the exporting countries whereas EU would prefer multi-lateral rules established by public authorities. We have to clear this up quickly so as to allow for the expansion of these services worldwide.
Spanish Exports

The current process of globalization and the existing interdependence among the world economies have made international trade a required issue for the majority of the developed countries and, especially for those like Spain, integrated into regional economic-political entities.

In this context, it is important to state that the rate of Spanish foreign trade opening has reached 42.86% (a significant figure, if one considers that in 1980 it was only 26%), in part due to the extraordinary development of our exports.

Last year the volume of the Spanish exports surpassed US$ 104 billion practically duplicating the export figure of 1990, that amounted to US$ 55 billion. Today, Spain is situated among the first thirteen countries in the world regarding trade volume, which has sparked the growth of our average share of the world market to 2.4%. In 1996 our share in countries that belong to the European Union grew 4.83%, and in some countries like Portugal and France, we have become the first and fourth suppliers, respectively.

With respect to market sectors, Spanish exports are basically concentrated in the sectors of food, automobiles, semi-manufactured goods, and producer goods, that together comprise 80.6% of Spanish sales abroad.

There is a progressive specialization of our exports in the sectors that require more elaboration.

The Spanish export pattern is characterized, with a few exceptions, by larger export volumes of capital-intensive goods (equipment and semi-manufactured goods) when trading with developing countries; while sales to developed countries are dominated by food products, automobiles and labour intensive manufactured goods (textiles, shoes, etc.). It is important to conclude, when establishing our pattern of commercial specialization in our sales to the developing countries, our technological capacity and our level of fiscal capital that determines which products are really competitive.

The reality of the Spanish export structure has been discussed in numerous studies from which conclusions like the following can be made:

- The reduced size of the Spanish export company: 68% of the exporting companies are small (less than 100 employees), although they constitute only 9.3% of total exports.
- The high concentration of exports, in which the top 100 export companies cover 42.4% of total exports.
- Of the 92,400 Spanish companies that exported in 1990, only 17,000 were known to be regular exporters.
The scarce international organization of the Spanish export company, that translates into only 23.7% of the export companies having an available export plan, while 67% of them only react to orders from abroad. At the same time, only 22% of the export companies use their own distribution channels, and in a wider sense, in their exporter activities.

49% of all export companies, that is half, lack a marketing strategy, which results in a scarcely differentiated, and low-priced product. This is a vicious cycle, since the low prices in which products are sold affect consumer perception of the quality of the product, and consequently, in its classification as a product of inferior quality.

Therefore it seems logical to think that this divergence between the growing importance of exports and the persistence of an entrepreneural exporter web corresponding to the past and with numerous weak points has been, among others, one of the reasons that justify the important development in our country of public export promotion instruments. In the Spanish case this has led to the materialization of a wide range of support organisms for the export company. Nevertheless, we have not lost sight that of one of the essential premises behind this internationalization process is that along with the important role of the Public Administration in this area, private enterprise is the main actor regarding internationalization.

In 1982 the Government of Spain, responding to the necessity of a new and more flexible and efficient State trade promotion services and of improving the efficiency of public spending, created the Spanish Institute of Foreign Trade (ICEX).

The ICEX: Objectives of Spanish Trade Promotion

The Spanish Institute of Foreign Trade (ICEX) depends on the State Secretariat of Trade, Tourism and of the Small and Medium-Sized Company. It was created in 1982 to increase Spanish exports, and in 1987, along with the entrance of Spain to the Common Market, it reoriented its activities becoming a supplier of export services and promoting the activity of Spanish companies and sectors abroad.

The ICEX is in charge of the promotion policy abroad which is also a part of the Spanish Government’s economic policy. Within this context the ICEX contributes, within its possibilities to improve the competitiveness of Spanish companies and, specifically, Small and Medium-Sized Companies. One of the organization’s main objectives is the promotion of the image of Spain, in other words, “Made in Spain”. It also seeks to increase the presence of Spanish companies abroad through its investments made in other markets.

The ICEX has its own financial, material and human resources. To carry out its activities it uses a network of 85 Trade Offices abroad and the Territorial Trade Offices in Spain both dependent on the State Secretariat of Trade, Tourism and the Small and Medium Company.

It needs to be pointed out that the ICEX provides its services and assistance to Spanish companies in all of the steps necessary in developing their export activity, from the training of personnel to penetrating foreign markets.

The Organization’s staff totals of 545 employees, whose territorial distribution is the following: 380 work in the Central Services of
The ICEX is organically structured in two General Directorates that directly depend on the Executive Vice-president: the General Directorate of Information and the General Directorate of Promotion. The former is involved in the areas of Information, Training and Investment and the latter in the area of Foreign Trade Promotion. In addition to the two General Directorates, there are also two Vice-presidencies, Financial Administration and Human Resources, that are directly responsible to the Vice-presidency, and that perform staff and internal functions.

The Promotion Instruments Of ICEX

The ICEX counts with multiple instruments to carry out trade promotion activities and the internationalization of Spanish companies. This support role is carried out in all the phases of international commerce, with services such as:

- **Information**: provides the company with adequate information regarding each step of its internationalization. Within these information services are included those related with general orientation (administrative information about foreign trade, regulations, procedures, etc.) information on foreign markets, information on the Spanish supply to foreign importers, and specialized information about investments and projects in foreign markets.

- **Diffusion**: provides the Spanish exporter or foreign importer with a range of instruments that give complete and up-to-date information regarding foreign markets as well as the Spanish supply. These diffusion instruments include documentation, data bases and selective dissemination.

- **Training**: organizes and promotes training programs with the objective of providing companies with personnel that are familiar with the techniques needed to develop trade activities abroad. To achieve this, foreign trade scholarships, courses, symposiums and seminars are available.

- **Trade Promotion In Markets Abroad**: the initiatives of trade promotion in market sectors abroad and in companies count with the support of ICEX by means of actions aimed to promote its internationalization. These initiatives are carried out through a series of instruments such as trade fairs abroad inverse-trade missions (for importers), study missions, point of purchase promotions, expositions, shows, technical symposiums and commercial seminars, export consortiums, and PIPE 2000, a support-program for the Spanish Small and Medium-Sized Company).

Three Promotion Instruments

The next step is to explain the content and the characteristics of three concrete promotion instruments that I have selected among the multiple ones that ICEX uses, with the hope of presenting those that are the most interesting.

EXPOTECNIA
The EXPOTECNIA is a large autonomous Spanish industrial trade fair in a market that is considered strategic, where some 17 sectors and around 300 companies generally participate. Along with this industrial show there is also an area of support services such as insurance companies, Banks, the Chambers and ICEX. During the Fair co-operation and investment symposiums are organized in order to “match” Spanish companies and countries for combined investment or industrial co-operation projects. Likewise, technical seminars covering different subjects such as finance, privatizations, etc., are held. Regional delegations also undertake individualized programs that are coordinated with the rest of EXPOTECNIA activities.

EXPOTECNIA has become one of the most symbolical promotional activities of the Spanish Institute of Foreign Trade and aims to have a favorable impact on our industry in a determined market. This is due to the exclusive Spanish nature of EXPOTECNIA, as well as the panoramic vision of the state-of-the-art technology offered by the Equipment Goods industry.

The first EXPOTECNIA took place in the Portuguese city of Oporto in 1989. The incorporation of Spain and Portugal into the European Community justified the selection of the neighboring country for this first experience. Subsequently, three classic markets for the Spanish exports (Mexico, Morocco, and Argentina) were successively chosen as sites for the 1991, 92, and 93 editions, respectively. In 1998 EXPOTECNIA was not held because we began EXPOCONSUMO (Japan), that with similar objectives, aims to promote consumer goods. In 1999 EXPOTECNIA will take place in Turkey.

In regard to the results obtained, let me refer to some data from the image survey conducted after EXPOTECNIA - San Paulo in 1996 that encourage us to continue with this instrument. Prior to EXPOTECNIA, 42% of those interviewed considered the Spanish economy as not very developed (basically agricultural or slightly advanced) and 11% had no prior knowledge about the topic. The fair caused a complete turnaround in this perception, and the vision regarding the Spanish economy of as much as 60.4% of those interviewed improved and 28% considered Spain a country with a very advanced economy.

PIPE 2000

Initiation Plan for Promotion Abroad (PIPE) 2000 is a program whose main objective is to begin 2000 new export companies before the year 2000. In other words in the year 2000 we will count on 2000 new export companies in Spain. In PIPE 2000 all the Spanish institutions dedicated to the promotion of Foreign Trade, in addition to ICEX itself, the Superior Council of Chambers (co-ordinating organization of the Spanish Chambers of Commerce), the 89 Chambers of Commerce and the Autonomous Communities (the regions) all intervene. Furthermore, the Program also counts on significant economic support provided by the European Union, specifically Feder (the Regional Development Fund).

The PIPE 2000 Program is an excellent example of two essential goals of the ICEX trade promotion policy: the increase of the exporter base and the start-up of the shared promotion model of all of the institutions dedicated to the promotion of foreign trade.

The PIPE 2000 is directed at the small and medium-sized companies that want to begin to export and it gives individual and specialized advice
through foreign trade specialists that help the company design and subsequently implement an internationalization strategy.

In the month of July we signed with the 17 Autonomous Communities and the corresponding Chambers of Commerce located in each Autonomous Community the Agreements for the development of PIPE 2000. In 1998, 1120 companies will join the program throughout Spain.

**Foreign Trade Training Scholarships**

The ICEX scholarship program aims to combine in an only instrument the training of scholarship holders in the Trade Offices, as they enter the corporate environment, with the objective of achieving an integral and complete formation in those aspects related to trade promotion as well as an understanding of the company’s product and export administration. In 1998, 116 scholarships were granted.

The results from the ICEX scholarship program are entirely satisfactory. In 1996 a study conducted for 1985-1995, verified that 85% of the former scholarship-holders were working and 70% of this percentage were engaged in activities related to foreign trade.

In 1997 the program of scholarships in companies and of scholarships in Trade Offices were unified into one instrument. We still do not have the results, because the duration of the program, is two years, but we are already obtaining indicators regarding the efficiency of the program because more than 200 companies each year request scholarship-holders.
SUCCESSFUL TOOLS AND POLICIES IN TRADE PROMOTION FOR GOODS AND SERVICES

Mr. Phillippe Suinen
General Director Walloon Export Agency (AWEX)
BELGIUM

To begin with, I would like to briefly place the Walloon Region within the Belgian context. Today, Belgium is a federal state. Its 3 Regions and 3 Communities enjoy extensive powers. The object of this institutional structure arises from both the wish and the need to allow for the economic and financial specific features which emerge from the Regions. It also seeks to ensure that the individual rights of our citizens in terms of education and cultural policies are exercised within the Communities. One of the 3 Regions of Belgium, the Walloon Region, has its own Government, Parliament and public Authority. It is responsible for important issues such as:

- Industrial and economic policies employment and training
- Investment policy
- Scientific research and new technologies
- Infrastructures
- Agriculture and the environment
- Promoting foreign trade and international relations

As far as the last two points are concerned, to some extent the responsibility for these is shared with the federal government: the latter is responsible for Belgium's foreign policies in general. However, for some ten years, the legal structure has already existed in the Walloon Region, allowing it to form a close-knit network of partnership and co-operation agreements with Governments, Regions and Provinces world-wide, from Quebec to the People’s Republic of China, from Central and Eastern Europe to Chile, without forgetting Africa or major international development institutions. The Walloon Region also helped set up the Assembly of European Regions and actively participates in promoting international French-speaking communities.

With regard to foreign trade, since this area was partially «regionalised», that is to say, devolved to the Regions in 1991, the federal export promotions entity which was retained, continued to be primarily responsible for providing general information on foreign markets and for general co-ordination as and when applicable. It remains the federal minister’s tool for implementing foreign policies and missions since foreign trade (federal) constitutes one of his attributes. Other export promotion matters remain the exclusive domain of each of the 3 Regions, insofar as they apply to each of these and to those companies established within each respectively.

The export promotion policy is based on a consistent economic approach which also incorporates industrial policy, investment, technological innovation, employment. Clearly, viewed from this angle, control of its economic policy, was demanded by the Walloon Region, since it was faced with a national government which, as far as those responsible for my Region were concerned, had ceased to perform its mandate impartially. I would also like to remind you briefly that, from an historic viewpoint, the industrial areas of the Walloons were responsible for making Belgium a leading economic power in Europe and that Walloons are the originators of the Swedish steel industry and
the Japanese glass industry. They too pioneered the railways, public transport non-ferrous and mechanical industries in China, at Alexandria, in Egypt, and elsewhere. Nor should we forget the foundation of New York. Through the sheer need to survive, the Region took over and created the tools it needed for its transformation starting with outdated industrial areas when its traditional areas became directly affected by repercussions of the oil industry and new international economic data.

Today, we have come a long way and the major assets of the Walloon Region are:

- Its enviable geographic position in close proximity to the most important European markets;
- A greater determination on the pan of its companies to look outwards;
- Competitiveness which exceeds the European average;
- Companies grouped in chains and associations, compatible with international development and capable of long-term development (materials, life technologies, advanced technologies from telecoms to space);
- A particularly high level of education and technical training.

Therefore, Wallonia’s future and progress are firmly rooted in exports and in the need for a determined and positive approach to achieve this objective. If we need any convincing, we should remember that:

- 2/3rds of Walloon companies’ turnover is achieved through exports, but only 50% in the case of small and medium businesses. However, these businesses which absolutely depend on international success, make up 95% of the Region’s economy.
- 83% of our sales are to the European Union. This clearly shows that our businesses have taken full advantage of the internal European market. However, this does emphasize the need for improved geographic diversification.

I therefore believe that the time has now come for holistic action which simultaneously:

- Enhances the international perception of the Region, its businesses and its products, with appropriate synergy between economics and culture;
- Ensures that our exporters display a professional approach;
- Promotes the externalization of businesses and their incorporation into international systems, which provide for collaboration, exchanges of experiences, and, particularly, foster North-South partnerships;
- Targets competitiveness, positively highlights Walloon products and services, and the uses of modern facilities inherent to international trade;
- Last, but not least, brings together all the relevant Walloon protagonists towards common objectives and results, whether they be economic, social or public. Therefore, this involves the Walloon Export Agency since it has been designated by the Walloon government as the public tool for promoting Walloon exports.

Thus, the Walloon Agency has undergone an in-depth restructuring by being converted into a public interest entity and with its own legal personality. Although it is still supervised by, the Minister-President for the Region, the Agency, has become independent. It will now have its tripartite Board of Directors representing the Region’s
social and economic components. This Board has been vested with the role of originator. A management contract will establish the objectives to be achieved and personnel will be offered the financial incentives in order to ensure a greater degree of commitment and responsibility. High ranking experts from corporate circles will also be recruited in order to strengthen links with the private sector.

In the future, the Agency’s objectives will be clearly defined as:

- A source of energy and creativity in the field of exports.
- A means of perceiving business needs and relevant effective solutions, that is to say it will adopt a deliberately user-friendly approach;
- Operating with flexibility, by eliminating the usual administrative burden;
- Being staffed by competent, motivated and creative personnel.

The Agency’s operation rests on three cornerstones:

1) A centralized administration, responsible for gathering information on foreign markets, for the organization of initiatives abroad (missions, joint representation at international fairs, etc.) and for managing financial incentives aimed at businesses.

2) Decentralized offices in the main towns of Wallonia, which will provide information and guidance services close at hand, particularly for the benefit of small and medium-sized companies, and more generally to companies which are unfamiliar with export operations.

3) A network of economic and commercial units abroad. Currently, the Walloon network has 68 units covering 94 countries and 5 international organizations. Companies enjoy direct access to the network.

The Agency also offers businesses a wide range of skills:

1. Processing information on foreign markets
2. Logistic support for progressing initiatives in the field
3. Setting up financial incentives.

The Agency is funded by the Walloon government. Its services to businesses are free of charge.

I have given you a brief overview of not only my Organization in terms of what I believe to be an expression of its new dynamic approach aimed at furthering the interests of Walloon exporters, but also of my Region’s economy.

In addition, the tools made available are seen and recognized as appropriate and effective by their potential beneficiaries. This is very much the case of the financial incentives offered by the Agency and I would now like to talk to you about this aspect in order to address more closely the main topic of this morning’s session.

I hope you will bear with me if I make a few doctrinal remarks in support of my comments. Firstly, I would remind you that a company is responsible for its export activities and that the administration is there to provide appropriate support but, it’s purpose is not to take over the company.
Secondly, Walloon financial support for the development of export marketing is purely temporary and complements the company’s investment efforts. Therefore, projects will never receive 100% funding from public authorities. Nor are there any recurrent aids.

In third place, by the very nature of their objective and their limited intensity, these aids should not be seen as «close to the market» -to use the European terminology- and, therefore, cannot contravene the principles of free competition which govern international trade.

The overall aim of Walloon incentives is to allow private operators to familiarize themselves with the markets and to fine tune their skills. In fact, these incentives lie upstream of the actual exporting process. We are not talking in terms of financing export sales and the Walloon Export Agency does not provide insurance or credit for export operations.

Fourthly, I believe that the incentives which have been set up, very closely accompany the sequence of steps a company must take in order to penetrate foreign markets. Initially, thus, these aids provide professional assistance which will enable the company to undertake market surveys. There is also aid to enable it to acquire communication facilities to ensure that it can respond meaningfully to foreign enquiries. Then there is assistance with market surveys, with field visits and where necessary, initiatives using local channels. Along the same lines, a company might also attract financial assistance to encourage representation at foreign trade fairs.

As a further step forward, the Agency is actively involved in promoting economic and industrial partnerships at an international level, by often co-funding specialized European Union programs, feasibility studies preliminary to the creation of joint ventures. In addition, downstream, the Agency can provide services associated with the start-up of the new business and personnel training. To round off this range of services, the Agency is considering the future creation of a Fund for investing in foreign trade, which would allow it to grant loans to Walloon businesses either creating, or joining up with, a foreign company with a view to optimizing outlets.

Finally, a Walloon Co-operation Fund will become operational at the African Development Bank to strengthen the multilateral exchange approach between Wallonia and countries to the south.

Fifth, this device must constitute a true incentive. This is why the reorganization of the Agency along the lines I described in the first part of my presentation, will go hand in hand with reforms to the financial incentive system.

The general concept consists in companies submitting three-year programs to the Agency. This will provide an indication of the amount of support applicants can expect to receive, both overall and for each phase of the operation. Then, the program only needs to be implemented along the various lines specified. Clearly, the reform will target simplified administration to ensure real-time financial settlement and enable the company to call on the aid when it is most needed, that is, when it commits to the first outlay on a new project and its associated risks. The company will enjoy a «drawdown» facility as and when it progresses its project.
I would now like to present in greater detail two of the financial incentives which I believe to provide the most appropriate response to the current requirements of Walloon businesses. They will certainly feature strongly in the new tool kit I have just described.

In today’s world of communication the potential for products sales and exports depends increasingly on distinctive qualities and on image rather than just appearance.

1. This aspect is addressed by the first incentive, the «Design Specialist» Program:

1.1 The business may call upon a design specialist taken from a list of Agency approved specialists:

- to create or overhaul packaging or labeling of a new or existing product range;
- to investigate the company’s communication program (logo, letterhead etc.);
- to work on the actual product lines and on their ergonomics.

The designer’s brief can even extend to the organization of the production line, and to the chief executive’s entrepreneurial concepts, particularly when he heads a small or medium size business.

1.2 The Agency funds and entrusts an independent expert with the task of carrying out a brief preliminary audit to assess the actual level of company motivation and its ability to successfully complete a design initiative.

1.3. Any Walloon manufacturer can call on the program, but its benefits will be felt primarily by small and medium-sized businesses.

1.4. If the conclusions provided by the audit are positive and demonstrates not only the viability of applications but also the Program’s credibility, the Agency submits the names of 3 designers to the applicant, ensuring, as much as possible, that their specialty is as compatible as possible with the type of action required. The business notifies the Agency of the designer with which it feels it identifies the closest.

1.5. An agreement is then signed between the Agency and the business to provide a legal basis for the regional financial assistance granted.

1.6. The financial assistance is calculated on the basis of a daily rate for the services provided by the designer to the company. Because of the very nature of this system, days of service provided will not be consecutive; indeed, in practice, we have found that the creative process may take several months to come to fruition.

1.7. The Agency may assist by providing a maximum of 3 blocks of 30 days of service; clearly, the designer’s mandate can come to an end or be terminated at any time beforehand.

1.8. The Agency’s assistance rate is applied on a decreasing scale:
- at 75% of the daily charge for the first 30 days of the service;
at 50% of the daily charge for the 2nd 30-day block;
at 25% of the daily rate for the 3rd and final eligible 30-day block.

1.9. The Agency remits its contribution to the business on presentation of the designer’s work and subject to its approval by a panel of experts; and on presentation of the designer's invoice duly receipted as paid by the business. Therefore, this is a partial settlement of costs to the business paid by the latter to the designer.

The Agency does not wish to be privy to any special arrangements between the business and the designer, such as the actual value of fees claimed, which may sometimes exceed the daily rate agreed by the Agency as the basic unit used to calculate its contribution.

1.10. An extension beyond the initial 30 day block is conditional on the approval of interim designer reports.

1.11. The assistance provided takes the form of a loan subject to a 5-year grace period. Once period expires, the dossier is reviewed. The loan may then be required to be repaid in full or may be converted into a loss, depending on the extent to which the business has been able to penetrate foreign markets through its product design.

1.12. When undertaking an overall assessment of the Design Program, I would regard the following points as positive:

(i) it is modern in concept and makes use of creativity

(ii) it is strikingly visible, easy to understand;

(iii) the financial coverage is quite satisfactory;

(iv) through a ricochet effect, it has a positive impact in that it recognizes the talent offered by young Walloon designers;

(v) the program has moved forward significantly over the previous 2 years;

(vi) it is a program where the Walloon Region has played a pioneering role and not only in Belgium.

1.13. I would only consider as a bad point, however, any cumbersome aspect of the procedure. A preliminary audit is a must, as is the approval which has to be granted by the program supervisory Committee in connection with the preliminary audit and any extension requests. These conditions generate time-scales which extend the gap between the business’s initial application - often dictated by an urgent requirement - and confirmation of the financial assistance to be provided by the Agency. This point has been entered into the incentive reform agenda I mentioned earlier.

2. The second incentive I would like to quote as an example is the “Company business card” Program.
2.1. Yet another pioneering innovation from the Walloon Region. For ten years the Agency has already provided promotional assistance to Walloon exporters to ensure that they are known to and recognized by foreign trade circles.

2.2. Originally, support was provided for communication concepts such as brochures and videos. So as not to be left behind by technological developments, the Agency subsequently extended its field of action to producing CD-ROM’s and then WEB sites.

2.3. Any Walloon business producing goods or services is eligible for aid. However, this is expressly conditional on a clear and proven intention to attack foreign markets. This condition is analyzed on presentation of the application dossier, by comparing the range of existing and anticipated markets, and by tailoring the language of the aids to those used in the target markets.

An increasing number of service companies are now knocking on the Agency’s door, applying for this incentive, since it tangibly reflects the current development of tertiary economies. We are talking of consultants, of design offices, from environments such as specialized pathology laboratories, certification units, international hauliers, etc.. In practice, the incentive is available to companies of any size although initially, it mainly targeted small and medium size businesses.

2.4. An application for aid must be submitted to the Agency before the promotional support is granted. The dossier must include a business data sheet, a mock-up in the case of a brochure, the scenario for the video or the WEB site. The Agency will also require a costed and detailed quotation from the intended production company. The applicant is free to select the designer, producer or printer.

2.5. A technical assessment panel examines the receivability of the application; in particular, it checks compliance with criteria: support content/target markets; languages/markets. It looks into the professional quality of the end document and pays particular attention to cost-effectiveness.

2.6. When the Agency decides to provide assistance in principal, an agreement is signed between the Agency and the business. In the case of a video, a multimedia support or a WEB site, this agreement is extended to the production company. In effect, the latter must assign its copyright in favour of the Walloon Region.

2.7. The Agency’s assistance is conditional on the beneficiary incorporating reference to the Walloon Region, using a standard format visibly located on the brochure, or by preceding its video presentation with a sequence on the Walloon Region which will be provided for this purpose. This constitutes the counterpart to the regional financial assistance, a partnership transaction of a sort, where the Region helps businesses to become known abroad and, in return, through their products, and the businesses contribute to generating a general awareness of the Region.
This is why the Region stresses the need for the applicants and their products to be Walloon and also the professional quality of support production.

In effect, the Agency makes use of these items at missions, fairs, etc. As far as the Walloon business is concerned, this constitutes a sort of public authority kite mark.

2.8 Agency assistance represents 50% of production costs before VAT (value-added tax), up to a ceiling of US$ 5,700 in the case of brochures and WEB sites, and US $1,400 for videos and multimedia support.

2.9 A bonus of US $ 1,400 per language may be granted to produce 3 further language versions in addition to the base language. All languages are eligible.

2.10 The incentive is granted for a period of 2 years. Once this period has elapsed, the business may return to the Agency for re-editing or for the production of other supports. To date, the only cumulative total allowed comprises assistance granted for the production of a brochure and assistance provided for one of the other supports. However, it is the intention to make these provisions more flexible because of the technological progress in communications and because of the preference given to multimedia tools.

2.11 The Agency settles its contribution after the event on presentation of paid invoices covering the services provided and the requisite copies of documentation. It is at this point that the quality and compliance criteria I mentioned earlier is be verified.

2.12 This assistance is also to be regarded as a loan, with a 5-year grace period. At the end of this period, the Agency will decide, as in the case of the Design Program, whether or not the aid given has to be repaid.

2.13 From the assessment viewpoint, I am pleased to say that this incentive program has been performing very well, to the satisfaction of all those concerned.

(i) Its concept is very clear and its aim practical;
(ii) the availability of a sound promotional aid does not involve the use of the latest technological gadgetry but refers to a real need in the world of business today;
(iii) word spread through the corporate grapevine has provided the program with a good deal of publicity;
(iv) we process approximately 200 applications per annum. This constitutes a significant cost to the Agency. The same applies to widening the recipient net and to the diversification by sector of businesses promoted.
(v) On the down side, I must again refer to a somewhat onerous procedure and to the gap between the emergence of a requirement and the Agency’s decision to provide assistance. It is for this reason that incentive reforms,
which I have frequently alluded to, should address a formula which would release businesses from administration charges. Regional contributions could be paid, for instance, directly to the production company which would then only invoice the balance payable. Another possibility would be to grant financing, rather than loans, to small and medium-sized businesses.

Considering that this applies to a small entity of less than 3.3 million inhabitants, you might think that the program I have described on behalf of the Walloon Export Agency is extremely ambitious, embarking on such extensive initiatives.

I am well aware of this but, as I said at the beginning, exporting is essential to businesses which form part of the Walloon economy. It is my Agency’s duty, with all the modesty that behooves a public authority, to accept the challenge, by keeping in close touch with the changes taking place in the world around us.
CBI stands for the Centre for the Promotion of Imports from Developing Countries. To put it differently, we stand for the promotion of exports from developing countries to the European Market, and in that sense we are a direct counterpart of TPO’s in developing countries.

CBI is an Agency within the Netherlands Ministry of Foreign Affairs and it exists since 1971. As an Agency CBI is more or less independent in the execution of her programs. Of course there are limits to that independence because CBI still falls under the political responsibility of the Netherlands Minister for Development Cooperation.

Our work is focused on assistance to the private sector in developing countries and the ultimate goal is to bring exporting companies from those countries to the European, and not only the Dutch market.

Sometimes people ask me: why do you do that, promoting imports to your own market? Apparently this is considered to be a little bit strange and even not without risk from a trade policy and competition point of view. The answer, ladies and gentlemen, is as follows:

In first place CBI is involved in development cooperation and that means that that you take into account the interests of undeveloped economies. Assisting those countries in the promotion of their exports is in our view a development cooperation tool - and certainly not the only one! - to contribute to a process of more economic independence of developing countries.

And in our view, that is something necessary in our present world economy. In a world of globalization, in which markets and economies grow and tumble down in an often unpredictable way, in a world in which competition is growing and in which regional alliances emerge and are inclined to fight each other, in such a global market place developing countries face the danger that they will not be a serious partner in the world economic game. Therefore, we in the Netherlands believe that these countries need assistance to improve their market position and to strengthen their competitive edge. Export promotion is a tool to achieve that goal.

There is also a second element why we are not afraid to promote imports from developing countries to our own market, although it is not the primary objective of CBI. The Netherlands has been a trading nation since the 17th century. The cornerstone of our economy is export, import and the distribution of goods and services. Rotterdam harbor, CBI’s home base, is a famous example of that. In other words, attracting trade to our markets and hinterland perfectly fits in our economic traditions.

We Dutch like exports, but we are not afraid of imports.
This is the general framework in which you have to see the work and the objectives of CBI. In order to carry out its work and reach its targets CBI has several instruments.

CBI disseminates information, mediates between market parties, trains people, transfers expertise, provides technical and marketing assistance and tests products as to quality, price, packaging conformity to the European standards. All these activities are geared towards the target of CBI: assist companies in developing countries to find their way on the European market.

An important asset in CBI’s work is the market information and the intermediary service we provide.

We have a Documentation Centre containing publications on countries and products, trade magazines, over 130 product related market studies, market surveys, quick scans, etc. Apart from that we have our monthly magazine sent to TPO’s 10 times a year free of charge.

We have the latest information on trade related environmental and technological requirements in a special database called Greenbuss. This database is easily accessible through Internet to Trade Promotion Organizations in developing countries.

We have a computerized database comprising profiles of importers on the European side and exporters in the target countries. We have that in order to bring together supply on the one hand and demand on the other hand.

A second instrument is our Integrated Export Promotion Program. It would go too far right now to describe that in detail, but its objective is to assist a company to sell its products in Europe through several stages in the program, ending with the participation in an important European trade fair for the product group involved. The program consists of product adaptation, training and participation in a Trade Fair.

A third instrument of CBI is the Human Resource Development. CBI organizes extensive training programs for over a thousand people a year to transfer knowledge on marketing, export management, total quality management and the organization of collective trade fair participations. The target groups for our training activities are the exporters themselves and the TPO staff members from developing countries. The objective of CBI’s training is not only the dissemination of knowledge and information, but also the creation of awareness about the possibilities and the impossibilities if you want to penetrate the European market.

I emphasize that Trade Promotion Officers play a key role in CBI’s programs and as a consequence of that also in our training. The reason is quite simple: they are the intermediates in their own country between the business sector there and the markets (and CBI) in Europe. By training those officials we try to make them the focal point - or better said the linking pin between the supply overseas and the demand in Europe. Of course we need those TPO’s for conducting our programs and using our instruments: they know the local situation and the business sector well. We as CBI on the other hand are familiar with the markets, the requirements etc of the market in Europe. The knowledge and experience of CBI and the TPO’s have to be matched.
I come to the final part of my introduction: reorientation. Why reorientation?

In the beginning I said that the realization of the target of CBI is easier said than done. However that does not mean that CBI has not been successful in the past. On the contrary, many exporters in developing countries have found their way in the EU market as a result of our interventions. With many countries and TPO’s we have regular contacts in order to achieve our objectives.

But again, CBI’s target is a challenge but not so simple. In the first place: look at our target groups. They are the lesser-developed countries. That is a policy decision to focus the Netherlands ODA to those categories of countries. These are small undeveloped economies in which a mature private sector hardly exists, let alone companies which are competitive on the world market. And often the infrastructure to promote exports is not well developed yet. That brings me to another target group: in the business sector these are the SME’s.

In other words: our objective is to bring weak partners (countries and companies) to one of the most competitive markets in the world.

Can we still achieve that with our existing programs and instruments? Raising that question is already a part of the answer. It will not surprise you that this question has brought us as CBI right into a process of reorientation.

CBI is not planning to change at once everything dramatically, because it has the risk that you throw away the good things. But right now it is good and necessary to look in the mirror and ask yourself the question: what we do is maybe good but is it still good enough in the present circumstances and in the context in which we operate? In other words, what we do in our programs is probably efficient, but is it effective? Do we realize enough concrete results; do they still fit in our objectives? Are our instruments and programs still qualified to meet the present needs and the priorities of developing countries and the business sector? Do they reflect the nowadays priorities of the international market? As a matter of fact, what is our core business and where do we have an added value?

You will agree with me that to raise those questions is easier than to find the answers and to implement the necessary changes. Certainly when you are aware that CBI has ongoing programs. They have to go on and cannot just be cut off. To put it differently, the car has to keep on riding but in the meantime, while moving, some necessary repairs have to be done.

There are several directions which become clearer during CBI’s reorientation process. I want to mention seven of them:

1. CBI will limit the number of countries in which it conducts its programs. For instance, there are still several countries that participate in our programs and have reached a level of economic development which, fortunately for them does not qualify them any more as a developing country. We have to stop our assistance there. Moreover CBI has to withdraw from countries in which other instruments for economic cooperation, for example of the European Union, are used. CBI can hardly have an added value there.
2. CBI is envisaging to operate more on a regional basis, certainly in our integrated programs; which implies not the support of a few or even one company in several countries, but assistance to more companies in a specific product group in a group of countries, in a regional context.

3. We are obliged to operate in a more flexible manner with the definition of SME’s. If companies are too small it is almost a waste of energy to bring them and to keep them in the EU market. Too big is neither an option because they do not really need the assistance of CBI. For practical reasons we think that the definition of SME’s for the CBI work is a company with around 500 employees as a maximum.

4. I think important for TPO representatives gathered here - is that CBI will select and choose more critical the companies and TPO’s we want to work with. It is better to work with a smaller group of clients - but then more intensively - than to work superficially with a group that is too big; deepening of the cooperation and not broadening. It is clear that TPO’s have to play an important role in that selection process because they are expected to know their private sector.

5. The approach has to be more on demand than on supply. Do not offer assistance only because you are good and have expertise in a certain product group, but take more into account what the market in the developing country has to offer and what the need is on the EU market. CBI wants to improve its role as intermediary between the private sectors in developing countries and in the EU. And not for one ad hoc deal but preferably for a long lasting partnerships.

6. We think that the kind of assistance which has to be provided should not be focussed too much on the transfer of a product from country/market A (developing country) to market B (European Union). We will continue to do so, but it is clear that nowadays international business requires more than that. I think that the private sector itself is qualified and capable to do that to a large extent. What is needed more and more are all kinds of technical assistance to achieve long lasting performance on the international markets. I am not only talking of product adaptation, but also technical assistance how to do business. To advice companies with their production process; to ask them: what is the strategy of the company, is there a business plan for export, how is the management, etc. To put it shortly, from assistance geared towards moving commodities from one market to the other to assistance which is long lasting capacity building.

7. As a matter of fact this capacity building also applies to TPO’s: we as CBI want to do more in the field of institutional assistance, not only by training TPO officials in Rotterdam but also by advising TPO’s on the spot, by training their people in the countries themselves. For instance by training people who in turn can train on a more permanent basis the TPO people and the exporters. Of course we cannot do all those things on our own and we are certainly prepared to cooperate in that field with other organizations, national and multilateral.

The world and the markets are on the move. Changes that occur there are often so big and quick that it is quite difficult for the public sector to react quickly, in its organization and instruments. Nevertheless we at CBI are convinced that, although we still do a lot
of good work with positive results, we have to adapt our instruments and programs to the demands of the market. We see that as a challenge, not as a threat! This is, as a matter of fact, a continuous process and in order to achieve that we certainly need the help and cooperation of sister organizations. Then I certainly also think of TPO’s in developing countries. Therefor I express the hope that the fruitful cooperation we have with many of you will be continued in the future. You can count on us and I am confident that we can count on you.
Located on the tip of North Africa, Morocco is about 15 kilometers from Spain. The country covers an area of 710,000 square kilometers with a population of 27.3 million, equally divided between men and women. The population of Morocco is very young, 48% are under the age of 20 and the labor force totals 10 million. The GDP currently amounts to US$ 36.6 billion and the GDP per capita US$ 1,233.

According to statistics, foreign trade totals 16.5 billion. The European Union is Morocco’s main trading partner. The Moroccan economy is characterized by a subcontracting agreement which grants temporary import admissions to Europe. This is why Morocco has a negative balance of trade; subcontracting transactions have a negative balance of 145%.

Morocco basically trades with Europe and specifically, France. However, we have increased our number of clients and today we also trade with the U.S., Japan, Italy and Great Britain. Our promotion with exports and imports, as well as investment, have almost tripled in the last five or six years. Morocco’s export diversification efforts have led to a decrease of market share with Europe between 1990 – 97 and an increase in America, Asia and Australia due to efforts to develop our relation with these regions. In terms of market the number of markets from 1990 to 1997 increased from 129 countries to more than 140 countries or markets.

Regarding our export structure, in 1997 70% of all exports were mainly manufactured products. So, we see a growing share of industrial products and a diversification of the distribution of products with exports concentrated on food products, consumer goods and semi-processed products.

The Moroccan industrial sector is made up of nearly 6,500 companies that produce US$15.5 billion with an average annual growth rate of about 10%. A production breakdown shows that agroindustry (35%) is followed by chemicals (32%), textiles and leather (17%) and engineering (16%).

The manufacturing export sector includes 1,650 companies that represent 25% of all manufacturing plants in Morocco. On the other hand, textiles and leather are key, accounting for 41% of exports and chemical products represent 24%, followed by agroindustry and other industries.

After this brief overview, let me talk about the export promotion experience through its general framework, the different steps taken, reforms that have been carried out and a few of the promotion tools and policies implemented by the Moroccan economy.

Emphasis is placed on the full integration of our economy and export promotion that has become an important element in our foreign trade
policy and its regulation. And of course, the strategic change to a full commitment to free trade. Also, through state assistance and incentives, the private sector has become the driving force behind economic growth. Achieving a broad national consensus regarding the economic and industrial policy was vital in this process.

Prior to 1970, growth was mainly based on agriculture, import substitution and manufacturing industries. This approach revealed some weaknesses regarding trade protection policies because the market was too small to sustain substantial growth and evinced some production surpluses. Due to this, some reforms were introduced in the early 70’s that mainly concentrated on promoting exports and stimulating industry. The same policy was followed by a series of adjustments in place as of 1983 which significantly stimulated the manufacturing and export industries. There were also major reforms in the 80’s such as the implementation of more substantial export incentives and, of course, the creation of the Moroccan Center for Export Promotion to assist exporting companies.

In the 90’s, several changes were incorporated regarding the operation of the institution due to significant changes in international markets. Also, a new foreign trade act and investment framework, several free trade zones and a parafiscal tax on imports to stimulate and to finance exports were introduced. This parafiscal import tax is about 25% and is used to finance the promotion of economic activity. CMPE has about 25% of this amount, and about 10% is given to professional associations in the private sector to get them financially involved in the trade policy of the Moroccan Exports Board.

To consolidate these measures the incorporation of the private sector was essential to the establishment of the National Council for Foreign Trade. This Council is comprised of all of the private sectors in Morocco, technical Ministries and the major public institutions that analyze and follow up on the foreign trade policy and any adjustments that need to be made. This organization also makes suggestions to the government regarding the major changes needed to face the challenges of the world economy.

Lately, the policy has been concentrated on the high value-added manufacturing industry. On the other hand, the Moroccan Center for Export Promotion and other institutions have focussed on attracting other important export companies from specific areas such as the assembly of electronic components, auto parts, and pharmaceutical and healthcare products.

The measures mentioned above led global trade to grow from $4.5 billion in 1983 to over $16.5 billion in 1997. The budget deficit fell from 12% over the GDP to 3% in 1996 and 1.5% in 1997. The distribution of the export manufacturing industry has increased from 34% in 1980 to more than 70% in 1997. Other accomplishments include substantial foreign investment in the high added-value sector which led to the introduction of high-tech industry to Morocco. In the last two or three years Daewoo has invested US$500 million in auto assembly, electronics and telecommunications. Thompson Electronic is also investing more than $300 million dollars in electronics.

After this brief description of trade policies, let me introduce you to the CMPE experience through three major tools and strategic access. Before this let me briefly describe CMPE as an institution. Its mission is to substantially increase the exports of Moroccan
industries. CMPE’s staff numbers approximately 110 employees and its budget totals US$3 million, used in developing markets and promotional programs.

CMPE has developed a wide range of support services and market activities to help Moroccan exports. We aim to help companies elaborate their trade plans and offer services specially designed for them. Our assistance can be divided into three different categories.

First, marketing services that include market development strategy, market intelligence, customer targeting and the selection of distribution channels. We carry out buyer presentations and visits to Morocco. We also analyze competition on the international market and identify new opportunities with a selected group of Moroccan companies and a product adaptation process which is useful to new market penetration.

The second tool concerns financial assistance. This financial aid has a marketing focus and is payable as new sale revenue is generated. This is also provided for by shared-risk insurance and prospecting by semi-public or public insurance companies assistance of a maximum of 1/3 eligible expenditure.

Thirdly, global sourcing, is a tool that measures activity developed by CMPE. Multinational companies now need to work on a global basis and this is why CMPE promotes Morocco as a competitive supply source, mainly to Europe. CMPE also emphasizes Morocco’s competitive edge due to its flexibility and custom design by its distinctive flair for establishing a strong personal relationship with the buyer.

These tools are based on several strategic lines, such as Morocco’s consolidation in traditional markets, diversification and targeting of new markets and strengthening the marketing aggressiveness of exporting companies.

Finally, this new strategy focuses on new high value-added products and services through promotional and programs and actions, training activities seminars and workshops for exporting companies.

Let me conclude by saying that in spite of the new challenges that we have had to face in the global economy and the efforts that still need to be carried out in our countries small countries can still prosper. Globalization is the fastest way to wellbeing, and the global economy is an opportunity, not a threat. This is what we believe.
SUCCESSFUL TOOLS AND POLICIES IN TRADE PROMOTION FOR GOODS AND SERVICES

Mr. Manasseh Bara
Acting Director of Trade Development, ZIMTRADE
ZIMBAWE

ZIMTRADE: The Organization

ZIMTRADE was founded on April 8, 1991 as a unique joint partnership between the government and the private sector. When it became clear that we needed an organization to help us integrate into the world economy the decision was taken to start ZIMTRADE. Primarily we are funded by a 0.1% surcharge on private sector exports and imports with collection levied through the banking system.

Three selected promotional tools used to develop exports, include the following:

1. Trade information, gathering and its dissemination
2. Technical assistance e.g. ZimTrade Matching Grant Scheme (ZMGS)
3. Outward Missions
   - Trade Fairs
   - Solo Exhibitions
   - Trade, Investment and Tourism joint missions

Trade Information Centre (TIC)

This Centre is the first point of contact for a rich source of information for both exporters and importers that provides information on market trends and developments. The TIC also provides trade advisory service as well as publishing trade information such as:

- A yearly Export Directory.
- "ZimTrader", a Quarterly Magazine with information for the export community.
- A Weekly Trade Bulletin.
- A New Exporters Guide Series for those learning how to export.
- Internet Services.

In our library for interested parties we carry Trade Directories, that contain information on importers, exporters, manufacturers, and products, Market Studies, Country Profiles and Product Reports. We have in our computer database information on Zimbabwean exporters and importers, foreign buyers and sellers, international trade fairs, international trade statistics and trade and investment information on Zimbabwe.

Technical Assistance

One of the tools of Technical Assistance is what we call ZimTrade Matching Grant Scheme (ZMGS) that aims to enhance the competitiveness of local companies on the international market as well as encourage companies to export. The program’s other objective is to introduce an export culture in the private enterprise sector as a means of increasing export earnings by using management and marketing support tools.
The program provides 50/50 matching grant assistance of US$ 3 million for support services to individual private sector enterprises to stimulate the use of management support services. The program also supports short-term consultancies for design, production, and product development/adaptation in order to meet international standards.

We also assist companies in travelling to establish realistic market contacts as well as benchmarking, product adaptation, partner search for joint ventures and technology and know-how transfer.

We are active in the actual selling of products by participating in sales missions and exhibitions at trade fairs, reverse buyers missions, export promotion activities and the production of promotional material.

ZimTrade: Promotional Tools

Our strategy to penetrate the world market is based on the following promotional tools:

- Identification of export markets by a team of experts.
- Introduction of Zimbabwean Exports to international buyers.
- Organization of inward buyer missions for potential buyers to see infrastructure and the country itself.
- Organization of outward missions to other countries to expose our private sector to the conditions of world market competition as well as compare products.
- Organization and participation in trade fairs.
- Organization and participation in solo exhibitions.
- Market and sector research.

We also benefit the private sector by carrying out supply and demand surveys as well as advising companies on product and graphic design. We have at times observed that the product being marketed was very good but that the packaging was not right. ZIMTRADE provides training programs for emerging exporters that include on-company consultancy and the organization of workshops for the small and medium enterprise.

We have available a business advisory service and a wide range of trade statistics. ZIMTRADE also plays a key advisory role in influencing our government to create the right environment in order for the private sector to perform under optimum conditions.

As an underdeveloped country we are often misunderstood and because of a lack of resources for advertising space in key tabloids we invite international journalists from reputable product magazines to see what Zimbabwe has to offer. Fortunately, this system has lead to many good articles.
The Republic of Belarus is a new independent state, which received its full sovereignty 7 years ago. A few years earlier we had none of the necessary elements to become a state, such as our own policies, economy, etc. The years of Belarus’ independence were not wasted, especially the latter ones. During the process of reforming the economy, real and significant results have been achieved. The positive tendencies in Belarus’ economy that began to surface in late 1996 have been maintained and continue to develop. Over the first 8 months of this year the Gross Domestic Product has increased 11% in real terms.

Metallurgy (24%), light industry (20,1%), food-processing industry (19,9%), woodworking and pulp and paper industry (21,5%), manufacturing of building materials (16,2%), and manufacturing of consumer goods (20,6%) are the sectors showing the highest growth rates this year.

The research-and-production potential of the economy of the Republic of Belarus is enormous.

Today we manufacture trucks, tractors, motorcycles, bicycles, watches, metal-cutting equipment, refrigerators, ball bearings, textile products, footwear, TV sets, computer engineering, furniture, mineral fertilizers, and chemical fibers to mention a few.

In Belarus the privatization process has been systematically carried out. To date approximately 2,900 state enterprises have been privatized.

Today our country is extremely interested in the expansion of international co-operation. The Republic of Belarus is an export-oriented country and our economic recovery strategy is based on export development.

Because of a shortage of minerals, Belarus imports an overwhelming amount of energy and fuel, metals and other raw materials. Belarusian exports mainly include technical and industrial, as well as semi-finished products. Our production capacity in the fields of instrument manufacturing, optics, and electronics is solid.

General domestic products make up more than 50 per cent of our exports.

Our exports also include mineral fertilizers, chemical fibers and different types of equipment such as tractors, trucks, refrigerators, bicycles, metal-cutting equipment, ball bearings, agricultural machinery and equipment, lifts, pumps and textiles. Presently the Republic of Belarus trades with more than 140 countries. Russia, with a 60 per cent share of Belarusian trade is the largest trade partner followed by Ukraine, Germany, Poland.

Economic development is one of our main objectives and with this purpose in mind the Government of Belarus has created the “National Program for the Attraction of Investment” and the “Program for Social
and Economic Development for the Republic of Belarus 2000”. Export promotion is the most important component of this program.

Our Government has also created a favorable investment climate in Belarus.

Companies with foreign investment enjoy tax and customs privileges and our current legislation provides a 5-year moratorium on the application of laws that can deteriorate the rights of foreign investors. Corporations with foreign investment are granted access to the privatization of state property on the same footing as local companies. Also, foreign investors can purchase land.

In our opinion, investment agreements with Belarus could be successfully carried on the basis of a long-term investment program in the following sectors.

First of all, in machinery, electronics, and petrochemical industry. Electric energy is another important sector where the possibilities for profitable international investment are good. These sectors need further modernization because the number of companies is considerable when taking into account the tendency of the national economy towards agricultural development.

The geographical location of Belarus is a connecting transit point between the East and the West and one that makes the transportation and modern telecommunications sectors crucial.

I would like to point out that the integration of the Belarusian transportation network to its European counterpart has run into problems on the Polish border. Over the last ten years the number of cars crossing this border has increased more than 90 times and trucks by about 12 times. About 90% of vehicles delayed at the border are from foreign countries. So, the solution to this problem concerns not only Belarus but also all neighboring countries and the international community as participants of international trade.

Today the investment deficit is still one of the major problems of the national economy. Due to measures taken by the Government to stabilize GDP growth, business activity has increased considerably over the past few years. Actual growth of direct foreign investment in authorized joint venture funds with foreign enterprises amounted to 31% in 1996 and 191% in 1997.

The Government of our country is ready to implement the most effective measures in order to establish an effective “open door” investment policy.

I would like to mention that we are successfully involved in projects with top investors such as Coca-Cola, Ford, McDonald’s, Siemens and BASF to mention a few. Early this year the joint venture MAZMAN, the next phase of co-operation between both of the large plants, took place. There are perspectives for the development of large projects that include well-known firms such as Messer Greishaim (Germany), Lafarge (France), Price Waterhouse (USA), and Maersk Medical (Denmark). The materialization of these two projects over a period of two years will amount to US$ 1 billion.

Cooperation with the Republic of Belarus can be extremely favorable to potential investors. Belarus is located in the middle of Europe, at the crossroads of the traditional trade paths between West and East,
To foreign companies it can become a springboard for entering prospective markets in Eastern Europe.

Our country's special customs status is also a very important factor. Belarus belongs to the same customs area as Russia, which means that any operation with us simultaneously provides unlimited access to the immense Russian market.

The President and the higher authorities of the Republic guarantee that the rights of foreign investors will be strictly observed. The Government will provide all of the assistance necessary to your initiatives aimed at developing mutually advantageous trade and investment activity.

Being independent and sovereign, Belarus has managed to develop for a few years the base of legal fundamentals at the sphere of foreign trade. Today Belarus has concluded the Agreements on trade and economic co-operation with 41 countries, and Agreements on protection of investments with 28. It is a good premise for stable development of trade, economic and technical co-operation, although the outcomes of this co-operation now does not correspond to our potential capabilities. But we persistently search and implement new directions of co-operation.

Free economic zones have become an important element of the investment policy of a country.

FEZ “Brest” created in 1996 has proved its effectiveness. Placed near the border with Poland, FEZ “Brest” has a favorable investment climate which includes custom, financial and tax privileges in comparison with existing general conditions of production and economic activities in Belarus in general. 46 residents have already been registered here including 26 companies with expected foreign investments of 80 million dollars.

FEZ “Minsk” and “Gomel-Raton” are two zones that were created just recently. Interest of foreign investors in starting an economic activity here is encouraged by the privileges that can be obtained according to the law. In most cases these are privileges in the sphere of taxation and custom regulation.

I want to propose to the businessmen to actively participate in development of the Belarusian free economic zones. The existing preferences in FEZ serve as an important stimulus, firstly, to the development of production as a whole and, secondly, to attract new technologies contributing to the increase of quality of production.

One of the main tasks in both foreign and domestic policies of Belarus, which is in the process of reforming the economy and market transformation, is the task of integration into the international economic community and a full-fledged membership in the World Trade Organization. We fully support the developments, which are taking place under the auspices of the WTO and strive towards a deeper, mutually beneficial and equitable trade and economic co-operation with many countries of the world, based on stable and long-term economic and legal terms.

The accession to the WTO will serve to establish and strengthen the existing contacts with countries on stable and mutually beneficial terms, based on clear ad non-discriminatory provisions of that most
influential economic Organization. We hope that the Belarusian producers will be able to increase their sales and gain additional revenues thanks to the reciprocal opening of markets by the WTO member countries and the elimination of barriers in international trade. Integration into the international trading system provides countries with the opportunity to build their development strategies in a more predictable and stable trade environment which ensures that they have the same rights as other trading partners, thus permitting to use the available economic potential in a more effective manner. Apart from this, accession of our country to WTO will assist the reform process in our country.

The Republic of Belarus has commenced the process of accession to the GATT/WTO in 1993 and has, since then, considerably advanced in the review of its foreign trade regime by the Member states of the Organization. Belarus' initial offer of tariff commitments was submitted to the WTO in March 1998. The schedule of specific commitments in trade of services will be submitted shortly. Thus, in the beginning of 1999 all interested Member states will be in a position to start bilateral market access negotiations with Belarus.

However, acquisition of the WTO membership by economies in transition is complicated by certain difficulties to which I would like to bring to your attention.

In addition to internal problems linked to the reconstruction of the economic model, it is important to highlight the negotiating position of the more developed countries which require from acceding candidates a maximum openness of their internal markets, whilst the degree of liberalization demanded often exceeds the commitments met by these countries in the WTO. This, in my opinion, can lead to a yet greater imbalance in international trade.

There is no doubt that the liberalization of international trade is vital for all countries, but it must be carried out on an equitable basis, with due account of the interests of all states. It is important that the WTO provisions reflect the special situation of the countries in transition to a market economy, which is a rather long and complex process, often accompanied by economic and social instability.
During my intervention, I will refer to two issues: the first, concerning the policies of foreign trade that Colombia will move forward on during the Administration of President Andrés Pastrana (August 1998-August 2002), and the second, related to the reform carried out by ProExport over the last few months in an effort to make our organization more agile and efficient on the threshold of the next century.

Within the setting of trade expansion and a stabilized economy, exports in Colombia are intended to be one of the principal sources of economic growth, as well as generating employment. The objective outlined over the next four years is to duplicate exports. To reach this, productivity must grow and the competitiveness of the Colombian productive apparatus increase. In other words, a true exporter culture must develop over the long term. The Government is committed to improving competitiveness by efficiently channeling resources towards infrastructure, education and sectorial development policies.

Hopefully, the industrial policy will broaden and diversify Colombian exports and advance towards products with a higher added value.

This is precisely one of the main factors required to duplicate Colombian exports. We will no longer continue to depend so significantly on the exports of basic products. It is clear that commodities, increasingly exported to developed countries, are affecting our terms of exchange. Commodities depend on changing international prices and on the behavior of global supply, both indicators that cannot sustain a model of export development due to their instability.

Industrial exports and those with higher added-value have the advantage that they can be positioned in different market segments, where the differences and improvements of the product, and its innovation and quality will always mark a difference with the competition. We must advance towards this. It is at this point where ProExport, as an entity promoting non-traditional exports, has its work cut out.

**ProExport and its reform**

In order to adapt the organization to achieving the established goals, the Ministry of Foreign Trade and the Advisory Board of ProExport has carefully reviewed the organization's strategy.

During the first phase of the analysis, the strategy was reformulated through a long complex process in which the consultants, the Advisory Board and the Administration of ProExport participated. The second phase began early this year and intends to apply the new strategy throughout the ProExport organization.

ProExport Colombia started out with the idea of working together with private enterprises to diversify the exportable supply. We began with
a promotion model complementing what already existed, which was
designed to provide support to the available export supply to
international markets.

The services earmarked for ProExport encompassed trade support or
international marketing, and generally corresponded to market studies,
trade shows, trade missions, market strategy advice and product
adaptation.

At that point, international marketing services were provided on an
integrated basis through the Export Unit in which one group of
businessmen with interests in joint markets or with similar or
complementary products, designed and executed export programs over the
medium-term.

This strategy has had, and still does, objectives directed at taking
advantage of the economies of scale. In applying these strategies,
companies combine the sharing and analyzing of information, follow-up
the dynamics of their projects and their results, as well as the
evaluation of the results of advisory services and the organization’s
support.

At the core of the strategy the important concept surfaced that market
penetration, conquest and consolidation are medium and long-term
activities and therefore, need commitments and projects of the same
nature.

At the same time, it was also possible to provide services for trade
shows, trade missions, market studies etc., to specific businessmen
that, although not in the Exporter Units, had the capacity of using
them advantageously for sales abroad, to analyze the competition, etc.

The point is that in ProExport the strategy was based on the existing
exportable supply.

PROEXPORT AND THE NEW MILLENNIUM

Once our preceding operations were analyzed, we set out with the
conviction that by only working from the perspective of the
international marketing of products, we were leaving aside aspects
that determine a company’s competitiveness, for example: the supplies
of raw materials and services, productivity, financial conditions,
etc.

On the other hand, the decision was taken that ProExport programs
should be integrated in order to take into account all of the micro-
economic issues of a company that, in turn, form the added-value chain
of exports.

This way, although the investments and resources of the organization
must highlight international marketing, there should be a strong
complementation of labour and coordination with other government
entities with access to resources to invest in programs aimed at
increasing productivity and competitiveness.

Within this framework, in the new vision of ProExport various
fundamental elements were considered: the Colombian society as the
final beneficiary of the successful promotion of exports, the business
community as users of the services, the utilization of the foreign
trade sector’s synergy, the supply of quality integral services and
the balancing of the organization’s finances.
Various basic tools used in the process were also defined, amongst which we would like to highlight such as user segmentation. This concept basically deals with selecting the type of service most needed by the exporter, for which four types of users were identified:

- General, who require information and basic advisory services;
- Explorers, who require more specialized information and participate in promotion events, with a minimum of assistance;
- Committed, who require all ProExport services within a long term program and with increased support;
- Top, whose requirements are specific and highly specialized.

Services have also been classified according to this segmentation in order to determine which services are given to what type of users.

In this point as the basis for the classification, it was determined that the services of greater added-value and investment, would only be rendered to the users of the last two categories: “exporters” involved and “top” businessmen. For the rest, it was determined that the information and advisory service supplied would be about general themes of foreign trade, and directed to other entities who have the responsibility of developing programs of productive improvement.

These services of a greater added-value and investment ProExport offers, are largely based on the mechanism of the Exporter Units, with their advisory service in the adaptation of products, market strategies, sales and post-sales, the participation in trade shows and missions, and the advisory service in logistics and distribution.

Secondly, the actions are directed toward sectorial strategies. The co-financing support of ProExport will be designed and executed in such a way as to keep in mind the sector that the users belong to, the competitive advantages and the degree in which the external market has been penetrated.

In this last point is largely based the new organic structure of ProExport Colombia. It deals with a new organizational design under which the entity passes from a duly functional structure to a matrix structure, oriented to markets and that recognizes the completeness of the services from the sectorial point of view.

The new structure headed by the Advisory Board, is followed by the Presidency of the entity, and later the Vice-president, in which the latter has the job of co-ordinating with the commercial offices and is the bridge between these and the headquarters.

The managers are structured in four large sectors (agro-industries, manufacture, clothes, services and entertainment) and for its part the directors of promotion, information, planning and administration, come from management services and, in turn, define an agenda of strategic development.

The third basic point of the new organizational structure is directed at the re-designing of the offices ProExport has abroad. In this moment it is in the period of analysis and studying all that is relative to the creation, suppression and re-localization of the offices; organizational profile of the different office categories such as centers of market intelligence for the Colombian products; jurisdiction of the offices, mechanisms of co-ordination among offices that comprise part of the integration of regional or zone bloc; as
well as mechanisms for the configuration of a unified system of trade information among the commercial offices and the headquarters of ProExport.

In any case, the principal role of the offices is to be converted into a powerful and very competitive supplier of strategic commercial information and of effective links, that permit the successful promotion of exports.

Within the proposal of the commercial offices, three figures of trade promotion for Colombia are set up abroad.

- The commercial office itself: in highly attractive regions and with high levels of commercial development and impact;
- Local representation: highly attractive countries or regions in terms of important volumes of exports, and where the exportable supply can be focussed in short term and;
- Virtual office: That will assist those countries where there are specific market niches, and can be catered to with a very low budget. In turn, the diplomatic representations - Embassies - serve as support to initiatives coming from the main office or from the commercial office of the region.

I want to finish by emphasizing the importance that ProExport has within the Colombian exporting sector. First, the entity counts with the high capacity of relating with the private sector, which occurs due to two factors: the participation of representatives of the private sector and of the public sector on the Advisory Board of ProExport (maximum governing body of the institution) and in providing services (to the entrepreneur).

In the first of these two factors, the principal actors of the nation’s foreign trade, have the opportunity to propose and co-ordinate the policies of the entity that satisfy the needs of the business community and the expectations and economic policies defined by the government.

In the second setting, the rendering of services, there is a permanent contact and exchange of ideas, even though ProExport maintains intact the premise that it is the businessman who takes the final decisions about his programs and export projects.
Peru is party to a process of integration and structural reform that has led to a new system of production, a new system of integration and new institutions. These reforms have resulted in substantial changes. We have managed to control inflation in eight years, we have a much more stable economy, we have significant international reserves (close to 10,000 million dollars) and we have a free exchange rate and interest rates that are set by the market.

Prompex was created precisely in this context of development. We are part of a reform in which we have created a new customs system, increased the tax system of our country, created concessions and heavily privatized our economy. Nowadays, the Peruvian economy is 80% privately owned, and in this context we have developed agencies like PROMPERU, which is in charge of the country’s image and investment promotion; Prompex, in charge of foreign trade promotion; and PROMPYME, an agency that promotes small and medium-sized businesses. Our principles are clear. We have a program to open up to trade and investment in a system where there is no discrimination between domestic and foreign investors. We also closely watch the financial system, which gives us a better chance of facing the crisis.

Our results in this market reform program have been the following:

- Inflation has dropped from 7,000% in 1990 to 6.5% in 1997.
- The highest GDP growth in Latin America in 1994: 12.4%.
- Export growth of more than 100% from 1990 to 1997.
- Privatization in the sum of US$ 8,000 million.
- A fiscal surplus of 1.7% of the GDP in 1997.

As a result of the liberalization of obstacles, the elimination of export subsidies and creation of an environment of equality in the handling of economic variables, total exports by Peru currently amount to seven billion dollars. We have been careful not to concentrate our exports in just one bloc but rather to diversify risk. Our principal trade partner is the United States, but we are also trade partners with Japan and are working intensely with many countries in the European Union.

We have followed a very intense policy of bilateral and multilateral agreements. We have defined integration into the world economy as a general policy and we have signed agreements with the WTO. After intense work over several years, we became a member of APEC in November of this year, we are members of the Andean Pact and we consider that our trade liberalization process should include a strengthening of our relationship to Mercosur and other international trade blocs. We have exchanged integration experiences and are therefore working on free trade agreements, like the one we have with Chile, that has resulted in an 85% increase in exports between both countries in just eight months. We are also implementing a peace with Ecuador and hope that this will make both countries increase trade immediately. Peru has a General Preference System with the United States as part of the Andean programs in the fight against drugs. We
have zero tariffs for close to 80% of the general tariffs with the United States, and zero tariffs with Europe for exports of the principal export products.

This overview of our economic policy and integration policy is the basis, or the foundation, of our institution. The most important factor to the success of our export promotion agency is the trust of businessmen and the commitment between the public and private sectors. Through this, and looking forward to the year 2005, we are seeking to make Peru an exporter based on its supply of renewable resources, a dynamic and competitive business class, a technical labor force and high export awareness nationwide.

Prompex has two areas of work: macroeconomic and microeconomic. Macroeconomically, it is involved in foreign trade, where we assign much importance to export facilitation programs. The objective of each program is to generate an appropriate environment of neutrality in order for exports not to create an anti-export bias and for the different permitted incentives to work and not affect the domestic competitiveness of exports. We are the hinges between private and public agencies and internationally, act in lawsuits or claims that our country may have.

Microeconomically, we assign much importance to product development, business management and the creation of new exportable sources, which are the basis for our different institutional strategies. We carry out Promos, which are national export promotion seminars, to which we invite businessmen, and where we define and evaluate joint strategies with exporter groups.

The guiding principle of these joint strategies take into account:

- The support and service of private initiative.
- A vocation for service and social responsibility.
- Transparency and no discrimination in services.
- The fostering of exporter awareness at all levels.
- A production-chain focus to identify restrictions in export activity.
- The decentralizations of actions within the country.
- The use of infrastructure and human resources of the government both nationally and internationally.
- Actions that sustain and remain in institutions.
- Companies must pay for part of the costs of these activities.

Based on the above, there are four programs that are the most important: market development, business development, the development of exportable supply and the facilitation of exports.

Our criteria has been based on phases of competitiveness in the international economy. We are in a totally new phase of competition. We are no longer speaking of the logic of volume, price or quality. The new international context encompasses variety, which includes market and product segmentation, and gives us new challenges. Today, the key to success of an export promotion agency is determined by how it develops distribution channels, how it works in association and how it expands this scheme. This overview led us to establish an integral export promotion strategy.

We have worked on three elements that we understand to be the fundamental principles, the foundations, which include the market, the
company and the product. Based on these three elements, we have set up a three-pillar program:

- Export Market Program
- Product Development Program
- Export Management Program

These three programs were not born from one day to the next but rather from an ongoing confirmation by Prompex employees. These three pillars are crossed by the institutional programs.

We do not see the market as different from the development of exportable supply, nor do we separate exportable supply from the company’s reality because if there is no appropriate company with a strong, sound management and a technological capacity, the products will not be able to compete in the international markets. If this is the case, it will be very difficult for us to make sales through appropriate distribution channels. The principal weakness in many countries is the lack of export products and the structural weakness of the exportable supply. We have therefore given much weight to the exportable source program, which arises from the development of raw material and extends through added value. This fundamental criteria for development through production chains in an increasingly sound industry has to do with this point, which is how to make those products specific to each country, be adapted to the technical-productive level and meet quality standards.

As a basic foundation, we studied the agencies that have been successful in Latin America and abroad, in particular the structural force between private businessmen and the agencies, and the trademark and product development programs that create their own synergy in generating sales. Because our goal is to generate sales, we have worked on new product research support programs in the framework of an export promotion agency, in order to develop and foster new export products. The worst thing in an export promotion agency is passive participation and the absence of new product creation in conjunction with the private sector.

We seek to promote investment based on a trade promotion strategy and in market development, we do the traditional work that is done by all. However, we have chosen only a few fairs in which we invest a large part of our budget, which are attended by the largest companies, thereby earning a corporate image and a better presentation in the marketing channels. A large portion of our work in the last year has been oriented towards this market scheme, with intensive programs in marketing channels through large department stores in markets such as France, England and Spain. We are working directly with large suppliers and are receiving better prices. We are also working with commercial antennae, not passive agent offices who report on the market abroad and just send in reports. We create sales centers that are set up in several offices in the world and are committed to providing market reports. If the businessman wants an additional report, we prepare a business agenda and even a start-up strategy.

Next we have the business development programs. In Peru, there is a problem that everything is significantly concentrated in the capital, so we have aggressively tried to decentralize by creating a service center in regions outside the capital, in conjunction with Chambers of Commerce. It is not Prompex but rather the private entrepreneurs, with a manager placed by us and a budget to develop programs in the region, who determine products and markets. We do not hold seminars but rather forbid management from doing so. What we do is train in groups.
We work intensely with businessmen and we set up costing systems in their organizations, the operating system of a customs auditor and a system to prepare a marketing plan. The objective is for companies to have a strategy in the short term so as to know how to export, and to be able to carry out a self-evaluation and take a competitiveness test for the company’s exports. Only then do they become our partners. In other words, in terms of business development, a company must analyze itself and determine its needs before becoming our partner.

I would like to present some of the cases in which we have made successful exports.

Our sources of financing are classic, from the public treasury, but we have, in principle, services that are paid for. 40% of the institution’s income comes from the private sector—from program participants. We also work with sponsors through international technical and economic cooperation. For this we would like to thank the European Union, the IDB, the CAF, GTZ, Jetro and agencies that have helped us in promotional programs.

The way in which we are structured is a lengthy debate and is not easy. But fundamentally, we are organized on the basis of projects. Sectorists (or operations management) present their projects (Propex). A decision is made as to whether or not the project is acceptable, feasible in the budget and whether there is a cooperation program. Normally all Propex or any export program have companies that sponsor it. The project does not qualify without sponsors. There is an institutional operating plan that is fundamental and we have a budget that is a basis for the project. There is an evaluative process in our Propex and export promotion programs approval process that is basic: we have an internal audit area that advises and supports management.

I want to highlight the following regarding the keys to success:

- Service private initiative.
- Be a hinge between the government and the private sector.
- Create private institutions sustainable in the long term.
- Have a pragmatic and dynamic focus.

We can take a fundamental step and not only meet every two years but rather make a decision in Santiago to propose that the WTO and the International Trade Center assume a responsibility to export promotion agencies. The ITC in Geneva should open its doors and explore a new scheme. These export promotion agencies can possibly form a permanent secretariat in the United Nations like other agencies (such as customs agencies) so that they can constantly share important progress and provide opinions on fundamental aspects that deal, for example, with international negotiations in the WTO.

We, who are in charge of expanding trade, must seek at all times to establish a secretariat inside the WTO. First of all, we must achieve the goal of consolidation and secondly, when we again gather at the year 2000 meeting of export promotion agencies, we must do so by adding value to those meetings. I would propose that each country present an investment promotion program in which we can show our investment potential and invite investment agencies and potential investors. I believe this is a very important issue and one that will not conflict with our objectives as an institution. We must give that perspective to the meeting in the year 2000, aimed at consolidating our organizations and that each of us present an added-value for each country, in order to have more efficient results.
SUCCESSFUL TOOLS AND POLICIES IN TRADE PROMOTION FOR GOODS AND SERVICES

Mr. Eduardo Alonso
General Manager of PROCOMER
COSTA RICA

There are three basic concepts that have been repeated throughout the presentations we have heard yesterday and today, that have come to form export promotion agencies and that present their challenges for the future: competitiveness, added-value and policies to achieve the differentiation of our products in markets abroad. This is differentiated from what export promotion agencies did in the past because they concentrated on organizing the participation of companies in international fairs without considering the true competitiveness of the companies, or they organized trade missions abroad without taking into account the productive capacity and competitiveness of the companies involved in those events.

I would like to give a brief overview of what export promotion agencies have been in the past, at least in Latin America, where they were created in the sixties inspired by a future insertion in the world economy based on the import substitution system. However, those organizations were ineffective and did not have the required impact, fundamentally due to a very significant anti-exporter bias that prevented any promotional effort and diversification of exports. Beginning in the eighties, things changed dramatically in our countries and the economic crisis, has led to the general conviction that only an aggressive and progressive insertion in international markets would facilitate the economic recovery of our countries.

This is a history common to all Latin American countries. But the economic opening up, and the correction of macro-prices that obviously returned many companies to competitiveness and began to reveal many comparative advantages in sectors that did not previously export to international markets, was unfortunately not accompanied by institutional reform such as the ones we are now seeing in Colombia, Bolivia, Costa Rica, the Dominican Republic and other Central American countries. This demonstrates the need to have an institutional apparatus that foments the capacity of companies to participate in foreign markets with a high quality. It seems to me that export promotion agencies are booming in our countries now. This is demonstrated by the domestic efforts to create and develop these agencies, by the conferences of this nature (already the second in Latin America) and by the international agencies like the World Bank and the Inter-American Development Bank, institutions that have approached export promotion agencies seeking ventures with institutions in the region in order to contribute to the improvement of competitiveness of enterprises and a better insertion in the international market.

In 1995 and 1996, our country began a reflection process to identify five or six key factors to the success of foreign trade promotion agencies, in order to set up an organization of this nature in Costa Rica.

The first key factor is autonomy of operation where the agency must serve the business community and, to be effective, must emulate the style and flexibility of its “customers”. Decisions must be adopted
based on trade considerations and needs, not political ones. This orientation towards covering the needs of customers in a public institution, which is the case of the majority of the export promotion agencies, is a quite different orientation but is very centered on the satisfaction of actual and potential customers in the country’s export sector. But when we speak of trade and not political considerations and needs, and of operational autonomy it does not mean under any circumstance that the work of this agency must be separate from the definition of the government’s trade policy. Quite to the contrary, it must be in coordinated with the government policies but under technical and professional criteria.

The second key factor is that there must be trust and support by the government in the private sector. Organizations must follow their long-term plans and strategies and must not be influenced by the short term and by the immediate demands of specific members or groups of the government or Chambers of Commerce. If we want to develop an exportable supply and a successful process of support to companies in connection with international competitiveness, we must work with medium and long-term plans that will truly provide the time to yield the expected fruit. In this context, we reached the conclusion that export promotion agencies are in reality very sui-generis organizations: they cannot be fully private because export promotion is not a business and they cannot be fully public, in order to appropriately satisfy the needs of the private sector. In Costa Rica, we were able to define it so that it has a legal basis as an organization that we call a public, but not a government entity.

The third key factor to the success of export promotion agencies was the design of a supply of material services in harmony with the true needs of companies. Again the focus on covering the needs of our customers. The selection and scope of the services provided depends on the direct needs of the export sector. Here we must be clear that they are very heterogeneous groups. There are companies that have different degrees of progress in their process to become a part of the world economy and who export very different products. The basic services are:

- **Trade intelligence**: Demand determines production and the market-product axis does not develop the exportable supply nor does it intend to sell it on international markets.

- **Market research**: The international markets must be very well known on a macro, sectorial and subsectorial level, but eventually product knowledge will be required if the companies request it and are willing to pay for it.

- **Services to potential buyers** of our products abroad.

- **Group promotion** *(fairs, trade missions, exhibits)*: This is a point that Costa Rica resumed some years ago with significant force and has been quite successful with it in different parts of the world.

- **Assistance in freight and shipment logistics**.

Other services that are not offered commonly by export promotion agencies but which we do offer in Costa Rica are:

- **Administration of incentive systems**: There are still certain remnants of export subsidies that are about to disappear.
• **Exporter training and improvement**: This is vital to generating a critical mass of people aware of export needs.

• **Investment promotion**: There are organizations that also promote investments in strategic alliances, in addition to exports.

• **Direct commercialization and marketing**: In foreign markets.

• **Certification and licensing**: Such as the certificate of quality or the promotion of ISO standards at the corporate level.

In the case of Costa Rica, we have assumed an additional task that is critical to competitiveness: export and import proceedings. There are certain bureaucratic procedures that companies must process that affect their international competitiveness, and although they are not the direct responsibility of export promotion agencies, they must have an impact on the process since customs houses and other government institutions are very behind with regards to facilitating and speeding up procedures.

The fourth key factor that we identified is **representation in the most important markets**. The agency must have offices in the principal trade partner countries where skilled personnel provide on-site support to promotion activities. However, it is not a question of just setting up offices but rather of studying each case in terms of cost-benefit with the participation of companies, and of gradually and prudently seeking areas where representation offices are required, so that they can be a useful instrument in complementing trade promotion.

The fifth key factor is having **experienced personnel and training**, which means that the staff must have a combination of a solid academic background, practical on-the-job training and international experience.

Sixth, there must be **sufficient funding to do the job well**. A budget must be available to be able to pay competitive salaries and maintain highly skilled personnel. Promotional events and programs must not have budgetary restrictions. In the case of Costa Rica, there is no direct dependency on the central government to secure financing, but rather financing comes from the fees paid by the companies in the Free-Trade Zone and from the sale of customs declarations for imports and exports.

Therefore, we have determined that an export promotion agency must, in very general terms:

- be a facilitator of access to international markets,
- offer full-service support to the export sector in the different phases of the export process;
- and provide support in defining the Country’s Trade Policy.

The programs must begin by analyzing the degree of progress the company has in its access to foreign markets and then facilitate any assistance it requires. This is necessary because companies are very diverse and heterogeneous, and differ in their stages of internationalization:

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<td>National expansion</td>
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<td>Knowledge of exports</td>
<td>Market information</td>
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<td>Interest in exporting</td>
<td>Export procedures</td>
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<tr>
<td>Attempts to export</td>
<td>Logistics/Promotion</td>
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<td>Evaluation of exports</td>
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<td>Market positioning</td>
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We can schematically establish a connection between export assistance and export achievements that may affect the structure of a company or its management. But in both cases, it must produce quantifiable results in terms of efficiency, effectiveness and competitive positioning.

When we speak of the assistance of an export promotion agency and its influence on the structure of a company, we are speaking of influence of:

- The installed capacity of the company.
- The quality and quantity of human resources it must use.
- The quantity of and access to financial resources.
- Access to information, information systems and technology.
- Awakening an interest in quality and product differentiation.
- Beginning research and development processes.
- In general, adapting productive processes of the company to foreign requirements.

When we speak of the influence on management in the company, we are speaking of:

- Training.
- International contacts.
- Knowledge of the market.
- Technical competence.
- International orientation.
- A firm decision to export.

If an export promotion agency can achieve changes in the structure and management of companies in order for them to break ground on the international market, it would be meeting its purpose.

PROCOMER was created in 1996 in Costa Rica, inspired by all of the foregoing and by the need to do something different. Based on the merger of what was formally the Export and Investment Promotion Center with the Free-Trade Corporation, the Costa Rican Foreign Trade Promoter was created, and based on the above, the following characteristics were set down for the organization:

- A Board of Directors, the majority of whose members are from the private sector and which is presided over by the Ministry of Foreign Trade. It is the formal liaison of coordination between the organization and the executive branch;
- Three Representatives from the Executive Branch appointed by the Government Council; and
- Participation by the President or Vice President of the Chamber of Industries, the Chamber of Commerce, the Chamber of Agriculture, the Chamber of Exporters and the representative of the Union of Chambers and Associations of Private Enterprise, in order to guarantee coordination and consensus between the public and private sectors in defining policies and strategies to be followed by the agency in promoting exports.
Its financing was guaranteed by law. Labor relations were established under the Labor Code, skilled staff could be hired with competitive salaries and a very flexible administrative framework was established.

The Chief Executive Officer is appointed by two-thirds of the Board of Directors and is not a political appointment. There is a mission and a vision that are clearly defined and ongoing communication and coordination with the foreign trade sector either through contact with exporters or potential exporters, or through constant work by the Chambers in the private sector.

Our mission is defined as facilitating improvement in international competitiveness of the foreign trade sector by providing services that will increase, diversify and make foreign trade more agile.

The objectives include contributing to the improvement of the competitiveness of companies, strengthening and expanding the presence of an exportable supply of Costa Rica on international markets, elaborating and disclosing trade and economic information that may be useful in corporate decision-making, in speeding up and simplifying foreign trade proceedings and the procedures to apply for special regimes, and offering full-service support to exporters.

Our functional scheme is focused on four principal activities: assistance to the company, information to companies, export and import proceedings as a determining aspect of the competitiveness of companies and promotional events, both nationally and internationally. These four activities constitute the basis of the projects we develop and we have people specialized in each of these fields. We set up work groups to execute the projects we want to develop. Obviously, these four tasks are flanked by internal support services such as data processing, the legal department and the financial-administrative section of the organization.

In our two years of work, I would say that one of the most important achievements has been imposing a new style of doing things where professionalism, specialization and a vocation for service is noted among our employees. We have also achieved credibility in the business sector, an image of seriousness and professionalism and the capacity to respond fast to the request of companies for information and technical assistance, a capacity to act that is required by the private exporter and potential exporter. This has also enabled us to progress beyond promotion while the specific dynamics of the organization have led us to implement programs to develop competitiveness in companies.

The basic program is the annual business-training plan that we have been implementing with other organizations that promote technological management and strategic plans at the corporate level. We also have the PROFOVE program that fosters a tie between foreign and domestic companies. Lastly, we have the APEX program, very similar to the one developed in Colombia. We are seeking to provide full service to companies in promoting the transfer of technology, technical assistance, knowledge of foreign markets to a group of companies that are united by an interest in a product, a market, a marketing channel or in solving production or productivity problems common to the companies.

The other great achievement has been the process to speed up export proceedings and procedures where we have developed an electronic automatization program of customs export policy together with the
General Customs Bureau and we expect that we will have electronic processing of everything related to exports and imports to and from the country between now and the upcoming year.

Finally, through the credibility we have achieved, it seems to us that the juridical framework is serving as the basis and model for other organizations in the public sector to emulate. We can say that we have contributed to the formation of a new public-private sector relationship through employees with an awareness and a way of doing things differently, and with a capacity to be serious and responsible in the field of export promotions.

Where will we go? This has been said in several of the presentations here, and we can say, in our particular case, that we are going towards:

- **Product differentiation**: We are seeking to put ourselves on the road to promoting products with a higher added-value, which means promoting more processed, and with a higher scientific and technological content in products as well as services. On a macro, sectorial, subsectorial, and micro level, in order to perform specific market studies for a company, we are seeking to differentiate our products in the international market. The determining factors are not always simply price and quality but many other attributes that products must have.

- **Systemic competitiveness**: We are speaking of the exogenous and endogenous elements that determine the competitiveness of a company. Exogenous elements refer to infrastructure, telecommunications, the macroeconomic environment affecting the competitiveness of the company and which an organization like ours must know how to understand and how to contribute to discussion in order to make improvements. From the other viewpoint, collaboration of an export promotion agency aimed at fostering national and international competitiveness of companies and, in the end, an economic opening up and coordination of that entity with other specialized agencies, both national and international, that may contribute integrally to improving the competitiveness of companies.

- **Institutional growth**: Which must be very healthy, very sound and based on the demand for our services.
The Mexican Business Information System (SIEM) began to operate in 1997, as an initiative of the Secretary of Trade and Industrial Development in order to create a reliable systematized, and up-to-date database concerning the characteristics, magnitude, and requirements of the industrial, commercial and service sectors in Mexico.

The SIEM is a computer consulting system via Internet, set up as a virtual business center, designed to provide reliable and up-to-date information to the Mexican entrepreneur about:

- Business opportunities
- Localization
- Programs and instruments of support

offered by the public and private sector to improve productive processes and trade mechanisms.

The system is directed at entrepreneurs interested in developing new business, becoming acquainted with the instruments and support programs offered by SECOFI and other public and private institutions that focus on increasing a company’s productivity and competitiveness.

The SIEM is integrated by the BUSINESS ROSTER, which is a registry of the country’s trade, industry and service enterprises. The list is mandatory and must be carried out through an authorized chamber. Presently, the SIEM has more than 500,000 companies registered, which makes it the largest business directory in Mexico and one of the largest in the world.

Furthermore, SIEM contains information about industrial and commercial promotion programs and instruments available in Mexico, which links Mexican companies to business opportunities regardless of their activity, size or location starting with:

- **The integration of productive chains**, which provides easy location of other companies or sub-contractors in demand of products and/or services throughout the entire productive chain and improved access to goods and services or new distribution channels.

- **Timely and up-to-date information** about programs and services designed to increase the productivity and quality of products and services.

- **Immediate on-line information** regarding the status of operations with SECOFI, as well as federal, state, and municipal information, of all the procedures required to establish a new businesses.

There are two ways of accessing this information:

I. Direct Inquiry by programs or specific instruments.
II. Inquiry by Level designed as virtual offices with the following levels:

1. Company Promotion: inquiry by topics that comprise the areas of a company.

2. Sector Promotion: inquiry by productive chain or sector

3. State Promotion: inquiry by federal entity

4. International Promotion: relevant information about Mexico’s main trade partners.

The SIEM has more than 40 information modules, 29 of which are directly administered by the Sub-secretary for the Promotion of Industry and Foreign Trade.

In the export promotion area, the system contains information regarding 8 promotion programs and foreign trade procedures that are defined as follows:

1. Mexican System of Promotion Abroad: administered by the Banco Mexicano de Comercio Exterior (Mexican Bank of Foreign Trade-BANCOMEXT) that contains information about commercial opportunities for Mexican products overseas.

2. Fairs and International Expositions: contains information about the fairs, expositions and international events of interest to the Mexican exporter. The information includes dates of events, type of event, sector, participants, organizers, as well as the support and financing offered to the Mexican exhibitors.

3. Tariff Preferences: includes information by product about tariff preferences granted to Mexico and by Mexico within the framework of different free trade agreements signed. The resulting information will include the preferential tariffs according to the product and the country to which it applies, and the date in which the product will become completely tax-free. Information regarding the free trade agreements Mexico has signed with North America and Latin America is also available.


5. Foreign Trade Companies: contains a directory of Mexican companies specializing in international trade.

6. National Export Award: contains information about the Award, participation bases, a listing of the winning companies, etc.


7.1 National System of Orientation for the Exporter (NSOE): source of specialized and personalized guidance in the field of foreign trade. Integrates and links the services offered by other public sector entities such as chambers, associations and corporate institutions. NSOE operates with homogenous service methods and procedures, as well as a unique program of
advisor training in the module network found in SECOFI delegations throughout Mexico. There is no charge for this service and it is oriented towards the needs of each company. SIEM also provides information about the status of a company within the export process through an online self-evaluation. Answers are also provided for the questions most frequently asked by entrepreneurs interested in exporting.

7.2 Mixed Commission for the Promotion of Exports: promotes exports through joint action aimed to simplify administrative procedures and to diminish the technical obstacles of foreign trade. The commission is composed of 10 public and 11 corporate organizations associated with export activity. The Commission operates by means of state and national meetings as well as through a Conversation Forum within SIEM.

The SIEM offers other instruments and programs that although not directly associated with export activity, they do have an impact on industrial promotion and, indirectly, export activity growth.

The Supplier Development Program, designed to distribute to micro, small and medium-sized companies the lists of products and technical specifications that the large companies require as well as their supplier criteria and policies, needs to be highlighted. Additionally, within the system, the interested businessman will find a calendar of Supplier Development events, as well as the advantages, mechanisms of participation, and financial aid offered by the system.

The Information System of the Inbound Processing Industry contains information about the products and services requested by the inbond processing industry in Mexico.

Furthermore, SIEM contains information about Finance Programs through direct links to the pages of the country’s development and commercial banks.

The government purchasing program provides online information regarding the product and service requirements of the federal, state, and municipal governments, dates of bids, contacts, etc.

The information regarding infrastructure provides businessman with timely information about the possibilities of localization, macro-economic information at the state level, etc.

Lastly, starting this year, the Secretariat made available to all Mexican entrepreneurs the First Contact Program. This program consists of business advice, available via fax, telephone, convention rooms, and personalized attention that answers the questions and concerns of the business sector in the areas of technology, quality, procedures, productivity, etc.
I. Introduction

As with the other countries represented here today, exporting is becoming an increasingly important factor to the health of our economy as we expand more and more in international trade activities. In fact, the U.S. Department of Commerce estimates that exports support approximately 11 million American jobs and account for one third of the solid economic growth that our country has enjoyed these past five years.

International trade is an opportunity, but also a challenge. The goal of all our agencies is to help our businesses to understand foreign markets in order to prosper. For U.S. companies, bribery and piracy discourage many of our small businesses from ever testing international waters. The recent upheavals that we have seen in Asia and now in Russia, as well as the vibrancy of our own economy, can keep small and medium-sized U.S. business focused on the domestic market rather than expanding overseas.

The Commercial Service of the United States helps U.S. business overcome such obstacles and develop strategies to successfully enter world markets. The 1,700 Commercial Service employees in the U.S. and abroad and our 500 hired contractors work hard on behalf of American small and medium-sized businesses to help them realize their exporting potential.

I would like to focus on three key aspects of our trade promotion portfolio that I believe account for our success with U.S. business: 1) the role that our agency’s unique structure plays in promoting U.S. exports, 2) our commitment to developing new products and services to satisfy the rapidly changing needs of U.S. business, and 3) the important role that electronic commerce plays in helping us deliver our services and finding new opportunities for U.S. business abroad.

II. Structure

Let me begin by talking about our unique global trade promotion network. Our official name, the U.S. and Foreign Commercial Service, reflects the presence of both a domestic and an international field, which combine to form an integrated export promotion agency. Whether a U.S. company requires hands-on export counseling, in-depth market research or direct advocacy with a foreign government, the Commercial Service has experienced commercial officers and trade specialists ready to answer the call wherever and whenever American business needs them most.

Domestic Field

To ensure that U.S. Government export assistance programs are more accessible to small and medium-sized firms, the Commercial Service established the nationwide network of 104 district offices across the
United States which are called Export Assistance Centers. This innovative network gives U.S. companies exporting assistance not just in their local area, but throughout the nation. Our offices have access to the added expertise offered by our many valued partners that are often located in the same building.

Our Export Assistance Centers provide in-depth, value-added counseling to U.S. firms that are just beginning to venture overseas as well as those that are seeking to expand their international activities farther. Our trade specialists throughout the United States help firms enter new markets and increase market share. One way we do this is by identifying the best markets abroad for their products and developing an effective market entry strategy. We offer U.S. firms custom-made market research about industry sectors, company profiles, and special opportunities that exist abroad. We also help clients find agents and distributors, and advise clients on distribution channels, pricing, and relevant trade shows and missions that they can participate in. In addition, we make U.S. firms aware of trade finance programs that are available through federal, state, and local entities. The export promotion programs of the Commercial Service provide SME’s, who often lack resources to do it alone, cost-effective and time-effective ways to explore new markets and identify potential business partners.

Partners

But we could not do what we do without the valuable support of our partners. Recognizing our limitations in resources, we pursue joint ventures with other U.S. Government agencies and the private sector to enable us to provide a more comprehensive service to our clients. Combining the export marketing know-how of the Commercial Service with the trade finance expertise of our partners, such as the Small Business Administration and the Export-Import bank, enhances the services that all of our agencies provide to U.S. business. Our Export Assistance Centers are often located in the same building as state export promotion agencies, local Chambers of Commerce, and other local export promotion organizations. One of our most important partnerships is with the District Export Councils. These councils are appointed by the Secretary of Commerce and provide advice to U.S. businesses on exporting and international trade issues in conjunction with our Export Assistance Centers. The over 1,500 experienced exporters that constitute the 51 councils nationwide conduct trade finance seminars, host international buyer delegations, design export guides for firms, put firms on the Internet, and work with the Commercial Service to build export assistance partnerships. Working with our partners eliminates duplicated programs and enhances the quality and delivery of export assistance services available to U.S. business.

International Area

Outside the United States, the Commercial Service’s 150 international field offices are located in the markets that together account for 95 percent of American exports. We have experienced commercial officers that work together with our domestic field to promote U.S. exports, advise U.S. firms on business opportunities, advocate for American companies in project bidding and trade disputes, collect market research, organize in-country trade promotion programs, and facilitate business transactions. Today, more than ever before, our international posts are autonomous and adaptable. Our new sophisticated technology network links all of our officers around the world and provides instant communication at the desktop. This makes our posts more flexible and more interactive with one another.
Our international offices work regionally to develop strategies for U.S. companies to market their products and services in a broader geographical area as opposed to single markets. One example of this is the field-driven Showcase Europe Initiative. Showcase Europe helps U.S. firms more effectively take advantage of commercial opportunities presented by the immense EU regional market, and the emerging markets of Eastern Europe, Russia and the Newly Independent States. Through Showcase Europe, our foreign commercial officers have implemented a new commercial strategy for exports to Europe that approaches the market on a regional basis and helps U.S. firms already exporting to one or more European markets to launch their products into additional markets. Showcase Europe encourages cooperation between our posts in Europe, treats Europe as a single market, and most importantly it works.

A similar relationship exists between our posts in the Mercosur region. As in Showcase Europe, our Mercosur posts help U.S. firms consider the export opportunities of the region as a whole. Our Mercosur officers pursue cooperative ventures, engage in regional recruitment for trade shows and events, and provide regional (as opposed to single country) market research. In this age of globalization, it is becoming less and less advisable to think of single country opportunities. The Commercial Service is helping U.S. firms see and experience markets in regional terms.

As you can see, the Commercial Service has an integrated system with staff available to serve U.S. business throughout the export cycle. It is a well-functioning network that is made more cohesive through technology and innovation.

III. New Product Development

I would now like to discuss another area of interest to the Commercial Service that is a major priority for me: new product development. Identifying, developing, testing and implementing new high-quality products, services and delivery systems to meet the expectations of our customers, particularly small and medium-sized enterprises, is one of my major goals as Director General of the Commercial Service. The Commercial Service must constantly adapt its products and services to serve the changing needs of U.S. business. Evolving technology, globalization and changing political and economic conditions worldwide require business to be flexible and open to change. To continue to be a dependable partner to U.S. exporters, the Commercial Service must adapt as well, because U.S. businesses have very different needs for promoting their products than they did just five years ago. Customers demand more and we are developing a strategy to respond to their needs.

The Commercial Service recently launched a New Product Development Initiative. This initiative touches on all areas of commercial and administrative activities - from pricing and cost recovery, to quality assurance, to marketing strategies. Eight of our posts (in Argentina, Brazil, Egypt, France, Israel, Malaysia, Philippines, Switzerland, and our InterAmericas Center in Miami) have been selected as Centers of Innovation pilot sites to test new, customized services and tailored variations of existing products and services. Our strategically-located InterAmericas Center in Miami is a gateway from Latin America to the U.S. and is gaining popularity rapidly. At the IAC our overseas posts in Latin America and our InterAmericas Center staff work closely to coordinate packages and events for foreign clients who want to do
business with U.S. firms. It is here, at cutting-edge offices such as the InterAmericas Center, where new products and services are tested. Those that have been successfully implemented at these centers will eventually be offered at all of our posts worldwide.

In addition to measuring the viability and effectiveness of a more customized approach to serving clients, these pilots will also serve as the basis for determining pricing and delivery structures and developing new agency-wide quality assurance and customer satisfaction systems using updated technologies.

New quality assurance systems will provide fast and efficient feedback to field offices and headquarters units for use in continuous product development. In addition, the Centers of Innovation will also pilot new product evaluation mechanisms, including new performance measures that meet standards and the use of money-back guarantees when and if products do not satisfy client needs.

IV. Electronic Commerce and Export Promotion

The third area I’d like to discuss, electronic commerce, is directly related to new product development. This new medium of communication is transforming the way we do business. It is essential that the Commercial Service remain on the forefront of this exciting, new technology, especially since exports currently account for an estimated 40% of the sales on the World Wide Web. Electronic commerce allows companies to streamline operations and conduct business faster, cheaper, and with higher quality. Electronic commerce also helps entrepreneurs to start new businesses more easily through greater access to information, smaller, up-front investment requirements, transaction costs and transportation costs. It is also revolutionizing retail and direct marketing by allowing consumers to shop for products from all over the world from the comfort of their own homes.

The Commercial Service has an obligation to make sure that U.S. business is informed about how to effectively use this new medium and to make sure we incorporate this new technology in our daily mission of promoting U.S. exports abroad. Let me give you just a few examples of how we are using electronic commerce to benefit U.S. business.

Video-conferencing

Many of the firms in rural America are export ready, but have not pursued export sales because they have not had fall access to international trade services. Video-conferencing enables us to reach these companies that have been traditionally under represented in international trade and finance. Just last month, the Commercial Service held its largest videoconference ever. The conference was titled, “Mexico and Canada: Doing Business with our Friendly Neighbors” and was simultaneously down-linked to over 70 sites throughout the United States as well as broadcast on the Internet, and will be for 30 days. In addition to providing information about international markets, video conferencing allows us to help U.S. businesses find contacts and make sales.

The Push Technology Project

The Push Technology Project is another way the Commercial Service is using electronic commerce to help U.S. exporters. Through push technology, U.S. companies can receive customized international market research directly to their desktops. A U.S. company only has to
indicate the type of business and the markets it is interested in pursuing abroad, and the Commercial Service will send to the Company — directly to its computers — existing opportunities in the indicated industry sectors and international markets.

**Virtual Trade Show**

The Commercial Service has also recently inaugurated the first Virtual Trade Show entitled, “E-Expo USA.” Virtual trade shows enable U.S. exporters to exhibit their products and services internationally online via the Internet before, during and after a specific trade show. These electronic trade shows enable firms that are planning to attend an actual trade show to conduct pre-event promotion— even establishing preliminary contracts prior to the event. In effect, they serve as an on-line catalog show.

For firms that would like to participate in an international trade show, but are unable to actually attend the event, virtual trade shows let companies have an electronic presence. Trade leads and international sales interests are collected and forwarded to the client for follow-up. Company product and service information remains on-line for 365 days, enabling all participants in the virtual trade show to benefit from post-event promotion.

**Electronic Commerce Transaction System**

I would also like to tell you about the Commercial Service’s Electronic Commerce Transaction System. This system is a marketing, order processing, and payment resolution system whose ultimate goal is to put U.S. products on line where they can be ordered from anywhere in the world. Its capabilities include a digitized freight forwarding process, shipping information, real currency pricing, calculated tariff rates, and a payment resolution guaranteeing receipt to the buyer and payment to the seller. This will help U.S. exporters to realize a greater profit margin by eliminating many of the costs and risks that are incurred at each step of the export transaction. As with all our programs and services, the Electronic Commerce Transaction System is especially designed for small and medium-sized business because it takes much of the fear out of exporting.

In addition to informing companies about international markets and finding them agents and distributors via electronic commerce, the Commercial Service is also organizing many electronic commerce seminars to inform U.S. businesses about opportunities that exist via electronic commerce.

**V. Conclusion**

By using new technology to connect isolated and under-represented business communities and developing new products and services to constantly keep up with the changing needs of U.S. exporters, the Commercial Service will continue to be a valuable partner to U.S. business throughout the world. Exporting will certainly matter more and more as world markets continue to open, and the Commercial Service will always be there to guide and assist U.S. business along the way.