Introduction

AUSTRADE is a “brand name” for the Australian Trade Commission and the Australian government’s export and investment facilitation agency. We work with Australian business to reduce the time, cost and risk involved in exporting. We have a special focus on small to medium-sized companies and our mission is to help Australians win export business and generate inward and outward investment.

AUSTRADE’s vision is to be recognised as:
• A major contributor to Australia’s economic growth and the globalisation of Australian business.
• The world’s leading export and investment promotion agency.
• And an organisation that excels in client service, information management and the development of the full potential of its people.

The Australian trade commission was established in 1985 under an act of the Australian federal parliament. AUSTRADE is governed by a board drawn from business, trade unions and government, and the board is accountable to the federal parliament through the minister for trade. We are a statutory authority within the foreign affairs and trade portfolio. Our strongest organisational link is with the department of foreign affairs and trade. The department deals with the broad global trade framework through bilateral, regional and multilateral negotiations. Within this context, AUSTRADE delivers specific international business and financial services designed to attract investment to Australia and help individual companies seek, secure and develop overseas markets. AUSTRADE has a staff of more than 1000 and representation in more than 100 cities in around 60 countries.

Production of trade information

Decisions about what trade information is produced are based on:
• Client demand
• Australian industry capability and market potential
• Where AUSTRADE can add the most value.

Through continuous surveying, work-tracking and face-to-face feedback we at all times are asking clients what they want and then producing it - if there are not other external providers producing the same information cheaper and faster. Trade patterns and client demands are constantly changing, so responsivity is key to AUSTRADE’s competitiveness and survival. To anticipate major trends and uncertainties in the global trading environment, AUSTRADE has for some years been carrying out scenario planning work. This allows us to understand trade-related trends and potential shifts to ensure staff and services - and in turn our clients - are positioned to meet the needs of Australian business. We believe the best way to prepare for the future is to help shape it yourself.

Our most recent work has covered three possible future operating environments:
• The “open road” envisages a world in which the liberalization of trade and investment increases steadily, the current downturn centred on Asia proves to be short-term, living standards keep rising, and globalisation and economic integration continue apace.

• Under “flying, not driving”, there is an astronomical rate of economic and industrial change based on major scientific and technological breakthroughs.

• The “bush track” envisages a bumpy ride, with a retreat from globalisation, a rise in trade barriers and trade blocs, slow economic growth, and greater volatility in financial markets.

Apart from day-to-day methods of determining client demand, we have formal feedback mechanisms such as “industry advisory panels” to measure our responsiveness. There are seven panels, each covering a particular sector, such as automotive, agribusiness and communications. We meet regularly with these groups, which are drawn directly from the business community, to discuss export issues and ensure AUSTRADE’s work program and output is broadly attuned to industry requirements. We also liaise with other government agencies to avoid duplication.

Generally, when considering whether to produce trade information, we base our decision on the potential the market represents and the capability of Australian industry to supply that market competitively. If neither of these factors is satisfied, we think carefully about the value of committing resources to substantial research and the production of specific material. The decision on whether to produce specific material, and what form it might take, also is determined by AUSTRADE’s ability to add value. Increasingly, our material draws primarily on the business intelligence we gather on the ground from our global network rather than information available through other, widely distributed sources. This is what our clients are wanting from us and this is what we’re delivering.

AUSTRADE operates in areas of market failure – where other service providers, particularly in the private sector, cannot provide the required level of service. To this end, we market test our activities to ensure they are an appropriate function for government to carry out. Our material is usually a synthesis of information from our overseas offices, our largely Australian-based industry specialists and export marketing staff.

The sharing of this information is enabled by use of common network databases that both derive and deliver market opportunities. The key database is CIMS – the Client Information Management System. In simple terms, this system allows all AUSTRADERS to access the same data on a client, for example, and to add to that store of knowledge at any time. This provides for a comprehensive and constantly updated profile for all to use.

CIMS needs to be seen in the context of the workflows project, which is a systematic analysis of the way the organisation deals with Australian clients and overseas customers – from the initial contact to the final outcome. It seeks to bring about better service, reduce delays and eliminate bottlenecks. Not just providing export opportunities for Australian companies, workflows allow for the storage and production of information about Australian industry capability. This allows overseas customers to go to an AUSTRADE office
to find out what Australia has to offer – matching capabilities with opportunities.

Some data – such as macro-level statistics on our major national trading partners – comes from the Australian Bureau of Statistics or the Department of Foreign Affairs and Trade.

AUSTRADE delivers its business intelligence in a wide range of formats, including market profiles, business briefs, newsletter-type publications and “quick market assessments”. Increasingly, though, it is tailored material that is commercial-in-confidence, produced at a negotiated fee and often accompanied by personal briefings. Despite the tremendous technological tools we have now, we are drawing more and more on our people – their experience, insights, judgment and on-the-ground contacts. We are seeking to exploit the key competitive edge we have – our global network – to provide a product that nobody else can.

**Dissemination of trade information**

Changing client demands and new technologies are driving the ways in which we disseminate information to our clients. The exchange of information between our offices and business units is total and constant – such that there are no real barriers. Through e-mails, faxes, phones and use of common databases, we work quite seamlessly as an organisation and produce information that is the synthesis of contributions from all relevant AUSTRADERS.

Once this information is gathered, the mechanisms we use for its dissemination are many and varied, but again the emphasis is on value adding:

- Export hotline on 13 27 28, a toll-free number that is the best entry point into AUSTRADE.
- E-mail
- Faxes
- In-person meetings at any of AUSTRADE’s offices
- The new network of “tradestart” offices servicing regional and rural Australia

Two mechanisms deserve a special mention: “AUSTRADE online” and our seminars program.

“AUSTRADE Online” is the latest iteration of AUSTRADE’s long-standing website service. Acknowledging the power of the Internet to provide information to clients and customers, and to showcase Australian products and services to the world, the site has a wide range of features:

- A database of 4500 Australian companies and their products.
- Profiles of key markets.
- A special section on the economic turmoil in Asia.
- Media and student centres.
- And links to other relevant government websites.

“AUSTRADE Online” increasingly is becoming the first-port-of-call for our clients and buyers of Australian product, and we see enormous potential for the site to generate sales and greater global interest in Australia’s industry capability.
In terms of our seminar program, this is becoming another important way in which we capitalise on AUSTRADE’s competitive edge. It involves AUSTRADE experts in the field - wherever they may be based in the world - talking directly with existing and prospective Australian exporters about opportunities, including in “one-to-one” sessions. These seminars may focus on particular markets or industries - or a combination of both. One example was a recent seminar on opportunities in the education sector in Europe conducted by senior AUSTRADERS from key European posts. These seminars are held in both major cities and regional centres. The program includes high-level events providing a more strategic overview, such as the “Asian crisis” series that is being held in Australia this week. This involves our most senior executives based in East Asia, and a number of high profile “outside” speakers.

The two mechanisms I’ve just focussed on – AUSTRADE online and seminars – came to the fore early this year as part of AUSTRADE’s strategic response to the so-called “Asia Crisis”. Very quickly, we recognised that Australian exporters were looking for real business intelligence to help them make sense of a situation that, for many, was confusing and uncertain. Among of range of steps to improve the gathering, analysis and dissemination of the latest information on Asia, AUSTRADE established:

- A high-level “issues management” group to coordinate the receipt of information and its provision to our trade minister and board, liaison with other relevant government agencies, and the development of a corporate position on the issue.
- A special “Asia Update” section on our website, which has since recorded tens of thousands of visits.
- A dedicated Asia crisis advisory unit and hotline to deal with questions specifically on the crisis.
- A major national seminar series featuring some of our top people based in the region.

**Price Fixing of Information**

The criteria used to determine whether AUSTRADE charges for a service is the amount of specific research and tailoring of information carried out by AUSTRADE. We have in place a three-tiered “client service policy” that establishes our pricing structure. This structure parallels what we see as the three different learning stages that AUSTRADE clients experience when getting into - or expanding - exports. General information and advice about exporting is free.

But as companies become more experienced and seek more complex services, the government subsidy for this work diminishes.

- Our tier one services are for companies seeking general information and advice – these are fully covered and do not attract a fee.
- Tier two services are for companies selecting, understanding and entering markets - these are partly financed.
- Tier three services are for experienced exporters looking to expand their overseas business - and these attract the standard AUSTRADE rate of $150 an hour.

**Evaluation of Trade Information Produced**
A range of methods is used to find out whether our information was useful to the user:

- Surveying
- Face-to-face feedback
- Industry advisory panels

AUSTRADE uses a basket of measures to evaluate the trade information we provide; each measure is equally important and each tells us something different.

Surveying of clients culminates in the production of figures that measure a number of areas, including AUSTRADE’s “export impact”. This term, “export impact”, is defined as the measure of export business written by Australian companies that verify to an external agency that AUSTRADE made a positive contribution to those export sales. These figures are verified by a market research company and published every year in our annual report. But “export impact” is only one measure. Others include:

- The number of companies assisted into exporting.
- The number of existing exporters assisted into new markets.
- Inward and outward investment impact.
- Client satisfaction.

Arising out of our client service survey, we conduct a comprehensive client improvement study. The study analyses the survey results in detail, identifies key issues and trends, and recommends ways in which they can be addressed to bring about improvement. Accessibility of our services to clients is measured in a number of ways, including:

- The number of calls to our hotline.
- The number of visits to our website.
- The number of direct in-person enquiries.
- The number of people attending our seminars.

Consistent with our primary focus on serving our clients and minimising administrative costs, virtually all of AUSTRADE’s operating budget - about $150 million in 1997/98 - is used for the production of information on trade and investment.

**Major challenges facing trade promotion agencies**

From AUSTRADE’s perspective the major challenges facing trade promotion agencies are the following:

- Clients are seeking more tailored and sophisticated business intelligence as their knowledge and export capability increase - and their international competitors improve also.
- As the communication revolution continues, there is more and more information available through sources other than AUSTRADE.
- The sort of material AUSTRADE - and perhaps other trade organisations - was providing a decade ago is now mostly available on the net.
- AUSTRADE needs to continuously improve and innovate so as to provide intelligence that is ever more insightful and exclusive.
- Providing more and better intelligence is one of the best ways to minimise risk for exporters - but the challenge is to package and quickly provide material that is not already “out there” and adds genuine value.
• The need to provide this material more quickly so that opportunities are qualified, disseminated and exploited ahead of competitor countries and companies.
• The need to broaden the global network and, where necessary, reassess and reassign resources quickly to help companies capture opportunities.
• Working with our staff - our most important asset - to constantly improve and adapt skills levels so they can meet the challenges of this quickly changing and more competitive international trading environment.
Our organization, CETRA, jointly sponsored by government, industrial and commercial associations, was established in 1970 to promote foreign trade. As a non-profit trade-promotion organization with a staff of over 720 trained specialists, it provides a comprehensive range of trade-related services to both the domestic and foreign business communities and serves as a bridge between Chinese Taipei and the international business community. In our role as Chinese Taipei’s foremost trade-promotion organization, we also work closely with the government in implementing policies designed to enhance the development of the economy.

Among other things, CETRA services include carrying out market development activities, organizing more than 20 Taipei International Trade Shows each year in the Taipei World Trade Center, offering research and consulting services, implementing design promotion programs, operating an extensive trade education program, and furnishing convention services in the Taipei International Center. All of this is, of course, in addition to our information services, which are the backbone of any trade-promotion effort and the focus of my presentation today.

CETRA Trade-Information Services

Trade-information services are especially important in the Chinese Taipei context, owing to the structure of our economy. The more than 1,000,000 small- and medium-scale enterprises on the island comprise 97% of all businesses on the island. As a rule, these enterprises are extremely entrepreneurial, highly flexible, and quick to take advantage of new trade opportunities. Individually, however, they often lack the resources necessary to collect and analyze trade information on a systematic basis. This makes it especially important for CETRA to offer the most comprehensive and up-to-date trade information possible.

To achieve this goal, we try to provide a comprehensive package of trade information services that encompasses the collection of trade information, the maintenance of electronic databases, the dissemination of information on trade opportunities, the operation of trade libraries and facilities to handle trade enquiries, the publication of Chinese- and English-language trade-related information and the operation of the “CetraNet” Website. To make sure that these services are of optimum effectiveness, we conduct yearly surveys to determine the current needs of Chinese Taipei’s manufacturers and traders and learn their views about the effectiveness of our efforts. On the basis of their responses, we are able to adjust our information-product mix, as well as gain a better understanding of what kind of new services would be beneficial.

Sources of Information

CETRA’s trade-related information comes from a wide variety of sources. We collect and analyze all kinds of publications and
databases from entities around the world, which we obtain through both purchase and exchange. The government also provides CETRA with official import and exports statistics, as well as access to other relevant data and information of use to the Chinese Taipei and foreign business communities.

At the same time, our organization’s 38 overseas branch offices conduct industry surveys, do market research, and collect trade inquiries, all of which are E-mailed back to CETRA’s Taipei headquarters for processing and dissemination. In addition, the over 60 overseas offices of our nation’s Ministry of Economic Affairs furnish large amounts of valuable data. Information is, of course, also obtained from the extensive market-survey work and many interviews with industry leaders carried out by our staff in Taipei, as well as from the results of the many trade missions and other overseas events that CETRA organizes.

**The Production and Dissemination of Information**

Information from all of these sources is immediately processed, analyzed, and disseminated to Chinese Taipei businesses. Our primary emphasis in this regard is to be sure to maximize value-added, both for our own organization and for end-users. Depending on its nature and those most likely to find it of value, information is disseminated by means ranging from print publications and postings in CETRA’s libraries to CD-ROMs, on-line-retrieval data bases, fax-on-demand, and even a new Website - CetraNet.

We are confident that this array of tools for the dissemination of trade information will help us to contribute more to our economic development in the years ahead and enable our business people and manufacturers to meet the challenges of an increasingly difficult and competitive international economic and trade environment. I should, however, stress that we are not standing still as far as the collection and dissemination of trade information are concerned. We are continually seeking ways to improve and upgrade existing services and to take advantages of advances in technology to develop new ones. These efforts are reflected in both the recent work we have undertaken to enhance the effectiveness of everything from our print publications to the development of our Website.

**CETRA Libraries**

CETRA’s Taipei Trade Data Library has, for example, continued to expand and upgrade its services. Open to domestic and foreign business people alike for a nominal fee, it ranks among the best trade libraries anywhere. Featuring a computerized data retrieval system for the convenience of users, the library has a vast print collection of trade directories, statistical compilations, tariff schedules and trade law, market research reports, trade periodicals and newspapers, and other trade-related reference materials, as well as catalogues of new products and technologies.

The marketing information collected from CETRA and Ministry of Economic Affairs overseas offices is also available, as are listings of trade inquiries, joint-venture opportunities, and openings for agencies and distributors.

In addition, our library offers valuable databases and other trade information compiled by CETRA that is accessible through instant on-line retrieval and print-out services, together with access to the
local Videotex network, which features on-line retrieval service. Information from World Trade Centers around the world is available on an on-line service basis through the WTCA on-line on the Internet as well.

Finally, in discussing what our library has to offer, I should note that all of the information and services that I have mentioned above can be found not only in our CETRA library in Taipei, but also in our branch libraries in the cities of Taichung, Tainan, and Kaohsiung. This ensures that no matter where they are located in Chinese Taipei, our business people will have comprehensive access to the most up-to-date information.

**CETRA Publications**

Our organization also puts out a large number of English- and Chinese-language publications that are designed to promote trade and furnish business people with the detailed background information necessary to do business effectively. “Taiwan Products”, for instance, is a full-color English-language publication, with each issue focusing on a leading export industry and related product lines. Features include industry overviews, line reports, interviews, and trade show reports, as well as information on manufacturers and exporters.

Other English-language publications include “Importers and Exporters in Taiwan” and “Doing Business with Taiwan”. The first of these two publications appears annually and provides the data necessary to locate specific importers and exporters of virtually any product. It is also available in a CD-ROM version. The latter publication offers information on important facets of trade and business, covering topics such as the liberalization of the island’s economy, new trade initiatives, labor legislation, import and export information, and profiles of major export industries. There is even a general information section that gives practical hints for first-time visitors to Chinese Taipei. In addition, we also publish trade show guides for the more than 20 international trade shows.

Foremost among CETRA’s Chinese-language publications is “Traders’ Express”, a trade-oriented daily. It is aimed primarily at Taiwan exporters and focuses on trade opportunities in markets around the world. This daily also contains market analyses written by the CETRA staff and news of major world events that might have an influence on trade.

Two of our organization’s other important Chinese-language publication are “Product Design & Packaging” and the “World Economy & Trade Yearbook”. Compiled by CETRA’s Design Promotion Center, “Product Design & Packaging” is a quarterly magazine that carries reports on product design and packaging conceptions. It is intended to help our exporters upgrade their design capabilities and keep them abreast of the latest international trends and technologies. The “World Economy & Trade Yearbook” is an annual that contains information on economic and trade developments in over 150 countries in Europe, Asia, the Americas, Africa, and the Middle East. We also put out a large number of individual market survey reports based on the travel and research of our marketing research staff. Moreover, we also publish a series of trade-related practices for the local businesses’ reference.

CETRA uses various channels to distribute these and it’s various other publications. Some are available by subscription, while others are sold individually. Many of the English-language ones are distributed
on a free-of-charge basis at the Taipei International Trade Shows organized by CETRA, as well as at selected overseas events. In many cases copies are also available through the overseas offices of CETRA and the Ministry of Economic Affairs. In addition, CETRA publications can be purchased at the four bookstores it operates around Chinese Taipei.

CetraNet

Information technology has been changing dramatically during the last decade, and the internet now impacts almost every aspect of human life, including trade promotion. The ability to use the Internet as a trade promotion tool has thus become crucial for Chinese Taipei if it is to keep pace with rapidly changing foreign markets.

As the biggest content provider of trade information in Chinese Taipei, together with long-term accumulation of substantial trade promotion expertise and vast domestic and foreign customers base, CETRA is ideally positioned to establish a website specifically for the domestic and foreign business communities.

Since 1996 we have been reallocating CETRA’s resources to provide more budget and staff to the planning and establishment of an Internet Website. This new website, CetraNet (http://www.cetra.org.tw) was launched on July 1, 1998.

With features in both English and Chinese, this new Website provides an exceptionally convenient way to learn about the countless commercial opportunities that exist in Chinese Taipei. It not only offers the very latest in trade-related information and services, but also essential background information of all kinds. Most important is the value-added trade information that includes a business information database and a trade opportunity database. We also provide a Virtual Trade Mart as a bridge between domestic and foreign businesses that are seeking suitable trade partners. I especially would like to introduce the following core information services available on CetraNet:

Virtual Trade Mart

The Virtual Trade Mart (VTM) that we recently launched on CetraNet is indicative of CETRA’s commitment to enhancing our Web-based services in the future. This VTM already covers more than 5,000 suppliers, buyers, and agents. Visitors from around the world can search on-line by company name, product category, or all-text file. Direct communication with Chinese Taipei companies included in our VTM can be carried out by either E-mail or fax. A Trade Enquiry Service designed to assist those needing more detailed sourcing information is included in our VTM as well.

As I have already noted, we at CETRA are constantly striving to improve the scope and content of our services, and we are currently focusing on increasing the number of company entries, as well as our hit rate to increase the trade opportunities. We are, of course, also looking at ways to provide more personalized services, including trade matching. This will not only make the VTM a more effective tool for our own business people, but also provide foreign buyers with more convenient access to the many outstanding products.

Business Information Database
An on-line version of CETRA’s “Traders’ Express” provides comprehensive reportage on the latest developments in international economics and trade and up-to-the-minute reports from specialists of headquarters and more than 100 overseas offices of CETRA and our nation’s Ministry of Economic Affairs. In addition, it also offers the international market reports and specific economic and industry reports to help business people explore new global opportunities.

Trade Opportunities Database

A new Chinese-language feature on CetraNet drawing wide attention among our domestic business people is our Trade Opportunities Database (TOD). The trade enquiries from foreign companies received by CETRA’s domestic and overseas offices are all entered into TOD. For a nominal charge, users can obtain access to this information and carry out on-line searches based on the product category, country, and buyers/sellers of a product. These on-line searches can even be conducted to cover specific time period, enabling users to learn more about latest trends around the world.

The very positive reception that CetraNet has received in the few short months since its establishment underscores how vital the Web is becoming in the conduct of international trade and commerce. As a consequence, our plans call for increasing our capabilities in this area. We plan to put all of our core services on-line step by step. We will, for example, make Chinese Taipei importers and exporters available on CetraNet in the near future, begin trade matching, and then set up a cyber bookshop, and on-line trade shows. This is to say, we will build another CETRA on the Internet. With the coming of the year 2000, CetraNet will be able to reach and meet the needs of both domestic and foreign business people and enable CETRA to remain a driving force in Chinese Taipei’s economic success.
I am very pleased to be representing Florida’s Information Gateway AMIGAS. AMIGAS is essentially a brand name for Florida’s International Trade Information & Electronic Commerce Gateway designed to facilitate trade between Florida companies and its trading partners in the Western Hemisphere (Americas) with a special focus on small and medium size companies.

Our vision is to be recognized as America’s Information & Electronic Commerce Gateway that will brings buyers and sellers together. AMIGAS is a Florida Trade Data Center (FTDC) initiative. The FTDC non-profit organization created in 1993 by the Florida’s Legislature to provide information and market intelligence data about international trade to Florida companies and its trading partners.

What is Electronic Commerce?

AMIGAS has been designed as an Internet based information and electronic commerce tool. It is important to understand that there are many different definitions of electronic commerce depending on who’s perspective you are hearing it from. These perspectives are as follows:

- **Communications Perspective:** Delivery of information, products and services or payments over phone lines, computer networks or other means.
- **Service Perspective:** Tools that address the desire of firms, consumers and management to cut service costs while improving the quality of goods and increasing the speed of service delivery.
- **On-Line Perspective:** Capability of buying and selling products and information on the Internet and other on-line services.
- **Business Process Perspective:** Application of technology toward the automation of business transactions and workflow.

Therefore, electronic commerce is a system that includes not only those transactions that center in buying and selling goods & services to generate revenue, but also those transactions that support revenue generation such as demand for goods and services, offering sales support and customer service, or facilitating communications between business partners. Electronic commerce builds on the advantage and structures of traditional commerce by adding the flexibility of electronic/on-line networks integrating institutions, processes and networks as a unified whole.

**Electronic Commerce Value Proposition**

AMIGAS’ electronic commerce value proposition drivers are to provide:

- Competitive Advantage
- Reach to New Markets
- Channel Mastery
- Disintermediation
- Information Services
- Brand Recognition
These economic drivers’ goal is to improve net profit by decreasing the cost of doing business, increasing sales and enabling businesses to improve services to existing customers while providing access to new markets.

Market Opportunities

Under the current marketing channel approach a manufacturer deals with the wholesaler who in turn deals with a retailer who reaches the consumer. Under AMIGAS electronic commerce channel the manufacturers, distributors and business consumers will operate as a 24 hours a day, 7 days a week and 365 days a year-cycle, providing low cost sales, marketing order formulation, purchasing, transaction management and customer service. The following areas will be directly impacted by this new automated initiative:

- Vendor Relations/Inventory Management
- Education & Communications
- Sales and Customer Service
- Information/Reporting

This revolution will have a profound economic impact in the new millennium creating a new economy in the business to business and business to consumer areas that will exceed more than $3 Trillion by the year 2005 according to Forrester Research Inc.

It is important to understand that in order to engage this new technology; companies as well as individuals will have to go through a migration path of technology as well as business habits. Information will be delivered and presented in a digital format instead of physical format. Information will have to be instantaneous and will require high degree of maintenance due to the fact that consumers will demand and have “Just in Time” needs and wants.

AMIGAS has embarked in a very ambitious project in helping develop an Information Gateway that will assist small & medium size companies to engage themselves in the electronic commerce environment but not doing it alone. AMIGAS is a result of the collaborative efforts of the public (governments: local state & federal) and private (businesses: for-profit and non-for profit). These partners are the trade promotional organizations, economic development institutions, industry associations and chambers of commerce working together towards a common business goal. Even though the state of Florida was the promoter of this particular initiative, it was designed to facilitate trade to all businesses in the Western Hemisphere by developing industry specific communities of interest in the following areas within International Trade:

- Telecommunications
- Transportation
- Tourism/Lodging
- Health Care
- Banking And Finance
- Agri-Business
- Heavy Equipment (Construction, Mining and Logging)
- Other

Applications
While developing AMIGAS over 400 companies were contacted to understand better their needs. In the following four basic needs were uncovered:

- Better decision amongst dispersed participants.
- Speed up processed required for day to day business.
- Flexibility: Pricing and value added services.
- Regional, national and international coverage.

The application usage scenario need to drive enhanced business opportunities on one-to-one, one-to-many and many-to-many scenarios providing the following benefits:

- Increase revenue profits.
- Improve internal process.
- Build customer and supplier loyalty.
- Keep focused of core competencies.

AMIGAS provides the following application solutions:

- Supply Management: Increase number of suppliers reducing PO’s cost and cycle time.
- Order streaming: One seller many customers.
- Inventory Management: Reducing order/ship/build cycle by tracking documents to insure delivery and improving auditing capabilities and reducing inventory.
- Distribution Management: The electronic delivery of shipping documents, notices and manifest claims.
- Channel Management: Disseminate information to trading partners about operations, Technical product and pricing information.
- Payment Management: Linking banks, suppliers and distributors for capturing and fulfillment of payments.
- Work group communications: Enabling managers to established and integrated communications with employers and suppliers (e-mail, video/ audio, chat rooms, etc.)

In conclusion this applications will integrate the four basic business components between buyers and sellers: Information, communications, products and services, money (commerce functions).

**Products & Services**

AMIGAS provides the following products and services:

- Information Services: Trade reports, statistical information, market analysis.
- Communication Services: Internet access, long distance services, etc.
- E-C Services: Virtual Offices, Stores and digital data warehouses.
- Education & Training Services: Computer based training course in international trade as well as e-commerce technology.
- Business support services: Clerical, professional services and assisting in the development of communities of interest.

**Summary**

Electronic commerce will become an extremely important component in our day to day business environment and as common and as important as to read and write. It is important to understand that all business will go through a learning curve process and the following functional considerations will have to be taken in account:
Strategic marketing: Online sales & distribution management, brand management and interactive marketing vision.
Creative content: Site conception, internet interface layout, information design.
Internet/Intranet technology: Multimedia development, Internet computing, and back-end integration.

These considerations bring up the following issues and challenges, such as, access, data acquisition, storage, management (physical and virtual environments), updating and maintenance, security, cost that will need to be addressed in a periodic basis.

I want to take the opportunity to thank the World Trade Organizations and our host the Government of Chile for giving me this opportunity in presenting AMIGAS (Americas Information Gateway System) to the trade promotional organizations attending this conference. I look forward to working with you in the future.
INTERNATIONAL TRADE FAIRS

Mr. Antonio Maffoda
Manager of the Office of Planning and Promoting Activities - ICE
ITALY

The Italian Institute for Foreign Trade (ICE) is the government agency in charge of promoting Italian goods and services abroad according to the guidelines of a Board of Directors appointed by the Ministry for Foreign Trade.

Through its network of regional offices in Italy and 80 offices all around the world, ICE is an important instrument of Italian economic foreign policy.

Founded in 1922 as a “quality control board” for the export of agricultural products, ICE evolved from the transformation and development of the Italian economy: from a mainly agricultural producer to the 5th largest industrialized country in the world.

For the last three or four years the institutional framework within which foreign policy is set, has undergone changes, as a part of a broader process of constitutional changes and reforms of the public administration. This has not only affected central institutions but also a variety of peripheral entities, mainly at a regional level, to improve relations with local production systems.

Those reforms increased the number of organisations, at a regional and local level, involved in giving support to companies undergoing the internationalization process. ICE is rooted at the heart of this system offering a broad range of information assistance, training and promotion services, and playing an important role in promoting foreign investment in Italy.

INFORMATION

- 600 surveys on foreign markets related to specific trade sectors, laws and regulations.
- The annual report on foreign trade.
- The monthly bulletin on international trade.

ASSISTANCE

- Support for negotiations with foreign partners, joint-venture agreements, foreign law, regulations and technical specifications.
- Advice on market opportunities, commercial strategies, local partners and purchasing.

TRAINING

- In Italy: specialized foreign trade courses for graduates from all over the world.
- Throughout the world: training for the managers of countries having significant commercial relations with Italy.

PROMOTION

- Organization of Italian participation in international trade fairs.
- Organization of “solo” trade fairs.
• Public relations and media communications.
• Trade missions (to and from Italy).
• Conferences and seminars.
• Market studies and surveys.
• Contacts with multilateral institutions (development banks).
• Mediator for European Union programs (i.e. I C E is the intermediary for Italian investments in Asia).

1999 ICE TRADE PROMOTION PROGRAM

The yearly trade promotion program is the “core business” of the Italian Institute for Foreign Trade. The “cycle” of the program starts with guidelines from the Ministry of Foreign Trade, issued in February, and ends in June or July with the Ministry’s approval of the program based on the proposals of the 80 offices abroad. Negotiations and discussions are held with:

• Ministries
• Manufacturers and Trade Associations (at a central as well as regional level).
• Regional Governments and Local Organisms (involved in assisting companies in the “internationalization process”).

The guidelines of the Ministry of Foreign Trade are studied with ICE based on the world economic outlook, the long term perspective of the countries and economic regions.

Six hundred fifty-seven events are scheduled to be organized by ICE in 1999. The following charts show the details of this program by geographic area and by type of actions.

If we compare the regional destination areas of Italian exports and the share of public funds allocated there, the tendency is to give emphasis to markets in which companies have had difficulties, especially in the case of small and medium-sized companies.

For instance, in the European Union a “mere” 8.6% of public funds is allocated, although it represents the destination of 55% Italian exports. There is always an effort to balance long-term perspectives with the immediate situation. Since the participating companies pay a fee to participate in the events organized by ICE, a system has been established to determine the level of private contribution.

The general premise is the following: the easier it is for the companies to enter a market the higher the fee (i.e. the private sector covers 80% of the cost of a trade fair in the European Union while the public funds cover almost the entire cost of events held in Asia or Africa).

In the last three years ICE’s efforts have been concentrated in the area of the Pacific and in North America, with 19.5% and 20.3% of total resources, respectively.

Activities in Central and Eastern Europe are growing (9.9%) and decreasing in the European Union for reasons already mentioned.

Due to the turbulence experienced by some international economies the yearly program is continuously checked. This led to several adjustments in the 1998 program. This will probably also apply to the program during 1999 mainly due to the crisis in Russia and in the Far East.
Listed below are two important programs.

ITALY/WORLD: This program is responsible for all trade missions to and from Italy. In 1999 seventy-three missions took place.

REGIONAL PROGRAM: A very important tool that encourages regional governments to coordinate their activities with those organized at a National central level. This tool is proving its positive effect with 7 out 20 regional governments signing agreements where both entities contribute 50% of the funding of the cost of an event (or a series of events).

Now we will elaborate a bit on “trade fairs”, within the ICE experience.

Participating in international trade fairs accounts for 36.2% of the total expenditures of the yearly program of activities. Trade Fairs are the activity ICE is best known for in Italy, as well as internationally.

Even if a distinction must be made between “Collective Pavilions” (101 in 1999) and “Information Desks” at international trade fairs, this is still a very important tool and very much in demand from companies, which are increasingly involved in co-financing the cost of these activities.

ICE only shares the cost of floor-space with the companies, and they have to cover other expenses such travel, staff, samples, etc.

Aside from “trade fairs” other tools play an important role:

- Trade missions (to and from Italy).
- Seminars and workshops.
- Market research by trade sector (mainly in the promotion of capital goods).
- Preparation of newsletter and reports for specific markets (this includes Internet pages for certain trade sectors).

These tools have proven to be successful, but we have found that they are useful to companies that find themselves in the phases of their activities:

- Approaching a new market, or
- Focusing on a market.

Also, whether right or wrong, companies still consider it worthwhile to participate in the “National Pavilion” regardless if they already have a foot-hold in the market. It also needs to be taken into consideration that ICE carefully selects which fairs to attend and these are usually the ones that attract businessmen from all over the world or at least from the economic region (machine tools show in Hanover or Chicago, leather show in Hong Kong, etc.).

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- Accordance with manufactures’ association (in many cases).
- Accordance with local business associations.
• Through direct mail to selected companies with proven export potential.

When the “demand” is more than the “supply” ICE selects according to:

• Predisposition to react to the invitation (first come first serve).
• Success at two or three previous fairs.
• No previous participation.
• Size, turnover and quality level of the product (low, medium, high).

This is a very sensitive point because Italian companies participate in “niche” segments that are very difficult to identify.

Every year 13,000 companies are involved in the “Trade Promotion Program” and increasingly share a portion of the costs. In 1999 participating companies will pay an average 42% of the costs involved.

This brings us to the next and final step of my presentation: the evaluation of the results.

Undoubtedly, cost sharing is an “index” of the attractiveness of the event, making the public entity, in this case, ICE, plan, operate and perform within a “value for money” context.

ICE evaluates the performance on the base of:

• CUSTOMER SATISFACTION through questionnaires filled out by participating companies.

• “Output” of ICE action. If ICE did what was promised according to the program and to the agreements with companies, within the scheduled timing. This proves the efficiency of the action implemented.

• The impact of the results, in the long term, of the action undertaken. In other words, if the money spent on a promotional program (or a promotional event) led to an increase in total exports, joint-venture agreements or encouraged companies to focus more on a certain market.

Regarding the latter I have two observations:

1. Many of the indicators that need to be evaluated are not controlled by ICE, nor the companies.

2. These evaluations are very time consuming. Maybe the best solution is to approach an independent consultancy agency to organize “focus groups” or by means of an in-depth interview with participating companies.

As I pointed out earlier, while our organization is still in the experimental phase regarding the application of the “impact” phase of the evaluation system, customer satisfaction is now a routine.

An average of 78% of ICE clients were satisfied with the results from having participated in events organized by the ICE.

<p>| TRADE PROMOTION PROGRAM 1999 |
| Trade Promotion Activities Share of | Number of | 1998/1999 |
| public fund actions | % variation |</p>
<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade Fairs and Information desks</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Trade fairs</td>
<td>33.2</td>
<td>32.7</td>
<td>32.4</td>
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<tr>
<td>Information Desks at</td>
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<td>2.3</td>
<td>3.8</td>
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<td>International Trade Fairs</td>
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<td></td>
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<tr>
<td>Information Desks at</td>
<td>-</td>
<td>-0.01</td>
<td>1</td>
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<td></td>
<td></td>
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<tr>
<td>Individual Fairs</td>
<td>9.7</td>
<td>8.7</td>
<td>2.3</td>
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<tr>
<td>Advertising/Comunication</td>
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<td>7.3</td>
<td>7.0</td>
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<tr>
<td>Trade Fairs (associations, experts, journalists)</td>
<td>5.1</td>
<td>6.0</td>
<td>5.8</td>
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<tr>
<td>Trade Missions in Italy</td>
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<td>6.1</td>
<td>7.2</td>
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<td>4.6</td>
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<td>3.3</td>
</tr>
<tr>
<td>Industrial Cooperation</td>
<td>3.1</td>
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<td></td>
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<tr>
<td>Bulletins, Catalogs</td>
<td>2.6</td>
<td>3.1</td>
<td>4.5</td>
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<tr>
<td>Market Research</td>
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<td>4.3</td>
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<tr>
<td>Specialized Units</td>
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<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Others</td>
<td>24.8</td>
<td>18.8</td>
<td>22.9</td>
</tr>
<tr>
<td>Total</td>
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**TRADE PROMOTION PROGRAM 1999**

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<th>PARTICIPATION OF PUBLIC FUNDS</th>
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<td>16.0</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>And South America</td>
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<td>4.3</td>
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<tr>
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<td>14.4</td>
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<td>COUNTRIES</td>
<td>1997</td>
<td>1998</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
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<tr>
<td>1 United States</td>
<td>10.2</td>
<td>15.4</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>2 China</td>
<td>11.2</td>
<td>10.4</td>
<td>12.3</td>
<td></td>
</tr>
<tr>
<td>3 Russian Federation</td>
<td>4.8</td>
<td>5.9</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>4 Japan</td>
<td>4.9</td>
<td>3.8</td>
<td>3.6</td>
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<tr>
<td>5 Germany</td>
<td>4.7</td>
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<tr>
<td>6 France</td>
<td>2.5</td>
<td>2.5</td>
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<td>7 Brazil</td>
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<td>8 Poland</td>
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<tr>
<td>9 Singapore</td>
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<td>1.8</td>
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<td>10 India</td>
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<td>2.5</td>
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<tr>
<td>11 Egypt</td>
<td>0.5</td>
<td>0.3</td>
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<tr>
<td>12 Argentina</td>
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</tr>
<tr>
<td>13 Holland</td>
<td>0.8</td>
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</tr>
<tr>
<td>14 Chile</td>
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<tr>
<td>15 Turkey</td>
<td>0.7</td>
<td>0.6</td>
<td>0.7</td>
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</table>

Total 15 countries 45.24 52.7
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Through its network of regional offices in Italy and 80 offices all around the world, ICE is an important instrument of Italian economic foreign policy.

Founded in 1922 as a “quality control board” for the export of agricultural products, ICE evolved from the transformation and development of the Italian economy: from a mainly agricultural producer to the 5th largest industrialized country in the world.

For the last three or four years the institutional framework within which foreign policy is set, has undergone changes, as a part of a broader process of constitutional changes and reforms of the public administration. This has not only affected central institutions but also a variety of peripheral entities, mainly at a regional level, to improve relations with local production systems.

Those reforms increased the number of organisations, at a regional and local level, involved in giving support to companies undergoing the internationalization process. ICE is rooted at the heart of this system offering a broad range of information assistance, training and promotion services, and playing an important role in promoting foreign investment in Italy.

INFORMATION

- 600 surveys on foreign markets related to specific trade sectors, laws and regulations.
- The annual report on foreign trade.
- The monthly bulletin on international trade.

ASSISTANCE

- Support for negotiations with foreign partners, joint-venture agreements, foreign law, regulations and technical specifications.
- Advice on market opportunities, commercial strategies, local partners and purchasing.

TRAINING

- In Italy: specialized foreign trade courses for graduates from all over the world.
- Throughout the world: training for the managers of countries having significant commercial relations with Italy.

PROMOTION

- Organization of Italian participation in international trade fairs.
- Organization of “solo” trade fairs.
• Public relations and media communications.
• Trade missions (to and from Italy).
• Conferences and seminars.
• Market studies and surveys.
• Contacts with multilateral institutions (development banks).
• Mediator for European Union programs (i.e. I C E is the intermediary for Italian investments in Asia).

1999 ICE TRADE PROMOTION PROGRAM

The yearly trade promotion program is the "core business" of the Italian Institute for Foreign Trade. The "cycle" of the program starts with guidelines from the Ministry of Foreign Trade, issued in February, and ends in June or July with the Ministry’s approval of the program based on the proposals of the 80 offices abroad. Negotiations and discussions are held with:

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• Manufacturers and Trade Associations (at a central as well as regional level).
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The Hong Kong Trade Development Council was established in 1966 as a statutory body responsible for promoting and expanding Hong Kong’s trade with the world. We presently have a worldwide network of 51 offices in 34 countries that effectively serve as the international marketing arm for Hong Kong’s manufacturers and service providers. The Council’s mission and objectives include developing and diversifying markets for Hong Kong companies, enhancing the image of Hong Kong, its products and services in world markets, the promoting of Hong Kong’s international image as an open market and free trader, and to strengthening Hong Kong’s lead as Asia’s capital for trade fairs and exhibitions.

You may ask why Hong Kong has been such an outstanding success as a trade fair capital. I believe Hong Kong has some unique characteristics that have helped. To begin with we are within 5 hours flying time from one-half of the world’s population. This does not even take into account the more than one billion population a little further away in India. Of the 3 billion people in Asia, half are under 25 and that is about as good an example as exists for a growing market. In addition, there are 1,000 mainland Chinese companies in Hong Kong. Hong Kong also can boast of other economic advantages that draw people there to participate in trade fairs: we have no tariffs and simple customs for bringing in exhibit samples, our non-bureaucratic methods of doing business, our 100,000 trading companies and, most of all, our standing as the world’s 7th largest trading entity.

Now that we have explored why companies come to Hong Kong for trade shows, let us examine what greets them when they get there. Hong Kong has long had a reputation for being a venue for successful international meetings but it has really only been 10 years since this reputation has been earned. Until 1988, when the Hong Kong Convention and Exhibition Centre (HKCEC) was opened with 25,000 square meters of exhibition space, exhibitions in Hong Kong were literally restricted to garages, hotels and the rooftop of the Ocean Terminal passenger pier.

Now, just over 10 years after the original HKCEC was opened, an Extension was completed that more than doubled the original space and the combination of both totals nearly 70,000 square meters, making it Asia’s second largest conference and exhibition center and, arguably, the most magnificent.

The instant availability of all this space now afforded by the completion of the Extension in June 1997, just one month before the handover ceremony of Hong Kong to China which, incidentally, was the first event held in that building, allowed the Trade Development Council to move ahead with its far reaching strategy to expand and improve its existing fairs and to launch new ones for our new export industries and the fast-growing service sectors.

I can specifically cite three of our major shows that showed tremendous exhibitor growth due to the new Extension. They included...
the Gifts & Houseware Show Premium, up 53%, the Toys & Games Fair, up 49% and our International Electronics Show, up 20%.

The Extension has now, along with the original Convention and Exhibition Centre, become the focal point of finance, transportation, telecommunications, trade and industry in Asia and beyond. As Hong Kong has evolved into an international sourcing and information hub, there was an escalating demand for more exhibition and convention space since the original building reached its full capacity with 25,474 square meters of prime function space. In order to accommodate the growing demand, the Trade Development Council was entrusted by the Government in March 1994 to develop an Extension to the Center.

During fiscal 1997/1998, the Council organized 20 international trade fairs in Hong Kong, three of which were joint ventures with Messe Frankfurt and Messe Munich International. Together, our fairs attracted 8,300 exhibitors of which 3,000 were from around the world. Moreover, some 1.2 million visitors attended our Hong Kong fairs including 86,000 overseas buyers. It was a strong performance despite the dampening effect of Asia’s economic crisis.

Let me emphasize the extent of the growth in certain specialized shows citing both total exhibitors and visitors. In 1990, our Toys & Games Fair attracted only 364 exhibitors, however, by this year that figure had increased almost 5 fold to 1,454. Our International Jewelry Show also showed appreciable increases in both exhibitors and visitors. In 1990, there were only 290 exhibitors, however, this year that figure jumped to an astounding 776. Total visitors to that show also went up substantially, from 11,500 in 1990 to 16,000 in 1988.

With the Extension, six of the established Hong Kong trade fairs immediately became bigger and better. These included the Hong Kong Book Fair, the Hong Kong Electronics Fair, the Hong Kong Optical Fair, the Hong Kong Toys & Games Fair, the Hong Kong Fashion Week Fall / Winter and the Hong Kong International Jewelry Show. All of them expanded dramatically using halls in both parts of the CEC and projecting a far more upscale image. Many exhibitors who had been waiting years to get into these fairs or to secure more space were, at last, able to do so.

To upgrade the quality and scope of our fairs we:

- Organized seminars at established fairs where industry leaders can exchange ideas and information on trends and technologies.

- Added specialized exhibitions to run parallel to the main fair, for example, the Electronic Asia Fair which emphasizes electronic components and runs concurrently with the Hong Kong Electronics Show and the World of Pearl Show which runs during the Hong Kong International Jewelry Show.

- Introduced clearly defined product sections in fairs, such as the “Hall of Elegance” showcasing luxury gift and houseware items within the Gifts & Houseware Fair, the “Premier Watches of the World” highlighting brand name timepieces within the Watch & Clock Fair and the Fashion Gallery exhibiting quality fashion garments within Hong Kong Fashion Week.

- Stepped up our marketing efforts with increased industry focus to recruit exhibitors and buyers.
In addition, the Trade Development Council took important steps to increase the value added. Among the improvements were:

- A computerized buyer pre-registration system.
- An electronic exhibitor locator system: a tracking system that helps buyers find exhibitors more easily and quickly.
- An upgraded ambiance and thematic decoration throughout the fairs.
- A centralized customer service center.

Armed with a world-class facility we constantly are on the lookout to launch new shows and during 1997/98 we initiated three of them - the “Electronic Asia” which is a specialized electronics parts fair that runs parallel to our long-established Electronics Fair, the Hong Kong International Hardware show, that is geared to promote non-traditional products and FILMART, a show that looks to market products and services from Hong Kong’s film industry which is the fourth largest in the world.

Since the services industry in Hong Kong is such an important part of the economy making up 83% of our GDP, new conferences and expositions are also launched to facilitate business exchanges there. Examples are the Hong Kong Information Infrastructure Expo and Conference, the Regional Conference in Marketing and Market Research and the Regional Licensing Conference. These events helped to promote the capability of Hong Kong’s companies in these areas and also to further position Hong Kong as a leading information and intellectual property capital in Asia.

I should also point out in addition to sponsoring our own trade shows, we also participate in over 150 shows every year around the world. These include Nuremberg Toy Fair, the American International Toy Fair in New York City, the Basel Jewelry Show and Comdex in Las Vegas. We use strict criteria in deciding what shows we choose: whether the industries and products suit Hong Kong’s strengths; is the show’s organization and environment encouraging for business; and is there sufficient market potential for our companies. At the end of each show, a detailed evaluation is made on the basis of business results and contacts and information gained before a decision is made whether to return again. We have been repeaters at many major international shows. But we also go to smaller shows which provide us opportunities to access regional markets or new industries.

Our experience is that a well-organized trade show represents outstanding value as a means to promote trade. It not only enables face-to-face networking, and serves as an efficient one-stop sourcing and selling venue, but also provides access to the latest market trends and product intelligence.
In my presentation I will look at a few aspects and consequences of globalization for development cooperation, and in particular for private-sector promotion programs. I am convinced that new ideas are called for in order to cope effectively with current challenges and developments. We will need creativity, long-sightedness, solid leadership and new forms of partnership. The precise word in this context is “public private partnership”.

German development cooperation aims to enhance living conditions, particularly those of the poorer social strata, in our partner countries. In this it subscribes to the goal of global sustainable development which will allow the present generation to develop, without prejudicing the opportunities of future generations.

If we are to achieve global sustainable development three central issues must be tackled: productive growth, social justice and ecological sustainability. Development cooperation does its bit by helping reduce poverty, promote economic growth by developing the private sector, and conserves the natural resource base on which life depends.

I am aware that global sustainable development can only be achieved if industrial countries too undertake the necessary reforms and structural adjustments at all levels. Development cooperation must be complemented by coherent policies in industrial states. This also guarantees the financial scope for the long-term continuation of foreign aid, a point which we should not lose sight of.

Since the turbulence on the world political stage of 1989/90 a worldwide consensus has emerged about the need for a market economy. Today we can see that this new awareness has changed the framework within which development cooperation operates. The promotion of market-oriented economic systems and the private sector in developing countries has gained in importance in recent years. About one-fifth of bilateral German cooperation is now spent on promoting the private sector in developing countries.

The increasing networking of the economies of industrial and developing countries (globalization) is another crucial change. The growing liberalization of international trade and capital flows is enhancing the preconditions for international trade and production abroad. Technological innovations in the fields of telecommunications and transport are cutting the costs to companies of setting up international cooperation links. Developing countries too are benefiting. Between 1990 and 1995 exports from developing countries doubled to some 1,600 billion dollars. Over the same period private capital flows to developing countries tripled to 160 billion dollars, while public funds stagnated at around 60 billion dollars.

The process of global change I mentioned at the start of my address, especially globalization and the new role of the private sector, have radically altered our private sector promotion programs in general, and our trade promotion programme in particular over the last two
years. As of January 1, 1999 they will be put on an entirely new footing, under the banner of public private partnerships (PPP).

Within the scope of development cooperation we understand public private partnership to mean the interaction of the public sector, in this case the implementing organizations such as GTZ/ PROTRADE, and the private sector in projects which are economically viable AND generate development-policy benefits. In these joint projects the contributions from industry and the GTZ come together, making them significantly superior to any purely public- or purely private-sector solution.

As a first step the Federal German Government has commissioned a PPP pilot programme for a total of DM 100 million, scheduled to run for three years as of January 1, 1999.

This change in approach resulted from an in-depth discussion of the opportunities and challenges that globalization represented for German development cooperation.

- We accept the theory that globalization will increasingly make the private sector in industrial and developing states THE driving force for development processes.

- We are certain that PPP offers the right way to make foreign aid for the private sector in developing countries better, cheaper and more effective. (Development specialists would say more significant (i.e. ensuring a wider impact), more effective, more efficient (in terms of cost-benefit), more sustainable and more cost-effective (through cost sharing).

- We believe that globalization is more than a temporary phenomenon. It is irreversible, since the inherent historical trend cannot be halted.

- We see good chances of making significant qualitative and quantitative improvements to development cooperation under these conditions to the benefit of our target groups.

- If the theory of globalization with all its consequences for international cooperation is correct.

- If the private sector really does become the locomotive of development in the long term, many new, productive points of contact will emerge between development-policy and private-sector actors.

For us, however, the development objectives remain paramount: the starting point for promotion activities is not the promotion needs of German companies, but the contribution that can be made to social and economic development in partner countries.

Let me give you a few examples:

- We are working with a private investor who sells drinking water in 5 South African villages with a combined population of 50,000. We are contributing DM 250 thousand.

- We are providing back-up support for textile production in Turkey in the form of training skilled staff for the company in question and local suppliers. We expect to contribute a maximum of DM 750 thousand over three years.
We are also providing back-up support for the establishment of a commercial database system for organic produce from developing countries, the so-called Green Data Bank. This should benefit hundreds of producers. Our contribution? DM 500 thousand.

Another example. We will be providing back-up for the investment of a German shoe producer in a developing country, in the form of training for skilled workers, upgrading of suppliers in the region and presentation of this new joint venture at two international trade fairs in Europe. To this end we will be providing a sum of some DM 500,000 over a three-year period. The German investor will be putting up a total of DM 1.2 million.

**PPP projects offer many advantages for German industry**

- They can take advantage of the country - and sector - specific know-how and contacts of the 10,000 or so GTZ experts world-wide. The GTZ is, as you all know, the only organization involved in providing foreign aid which covers the entire spectrum of technical cooperation at macro, meso and micro level.

- The companies benefit from the strengthening of entrepreneurial competence and the environment of their investments and activities thanks to upgrading, consultancy and training measures.

- They lower the risk of their investment thanks to the parallel measures such as activities to create an appropriate economic framework including the taxation system, customs regulations and an enhanced rule of law.

**The advantages for development cooperation are plain to see:**

- PPP projects achieve their goals with few inputs since the participants cooperate, in line with their specific strengths, each making their own financial contribution. The cooperation links force participants to be cost-conscious. The economic efficiency of the projects helps save public promotion funds.

- Private companies must always ensure that their investments make economic sense. They will only participate in projects which are promising from an economic stance. When we allocate funds to a PPP project, we expect a higher degree of efficiency.

- By linking public- and private-sector funds development impacts can be achieved in addition to the project per se. The limited development cooperation budget thus becomes a catalyst for the formation of new, development-relevant structures. A broad-based impact is achieved, which would be impossible with purely public- or purely private-sector funds.

- Private companies plan investments carefully and expect to reap long-term benefits. Since it is the companies that are responsible for PPP projects from the outset, a high level of sustainability is to be expected. Every company is interested in continuing a successful, profitable project for as long as possible.

The PPP programme is obviously still in its infancy. I realize that our goals are ambitious, and that we will encounter resistance, and have to take on the conventional views of industry and the development bureaucracy, and attempt to change the way they see themselves.
Here is one example:

In the field of trade and cooperation promotion, which is my particular concern, this new approach constitutes a complete change in pattern for us.

Previously the starting point for our activities was a company in a developing country that had the potential to sell its products on the highly competitive international markets, and that was looking for partners, say in Germany, to this end. We offered a number of instruments in order to achieve competitiveness, including consultancy on marketing issues, quality standards, product development, etc. The direct goal of our efforts was for the assisted company to successfully participate in one of the major international trade fairs in Germany. Parallel to the consultancy services offered, high-profile promotion in Germany was offered so as to attract the attention of importers and German companies interested in cooperating, to establish initial contacts and conclude the first deals.

Under the PPP the starting point shifts to German companies that have decided to invest abroad, where we decide to use of development-policy instruments to reinforce the investment.

This is why we, along with the ministry, have laid down a few fundamental criteria to guide our thoughts and actions.

- **Compatibility with development-policy goals:** Is the project in line with the promotion priorities of the country concepts and the relevant sector promotion principles? Is the project clearly relevant to development and is it environmentally and socially sound?

- **Complementarity:** Do the public- and private-sector contributions dovetail so that both partners can achieve their goals at lower cost, more effectively and more rapidly?

- **Subsidiarity:** Would the company implement the activities even if no promotion were available, or is it legally obliged to conduct the activities?

- **Non-distortion of competition:** Have the promotion measures been announced to all potentially interested companies? Are the procedures used to select private-sector cooperation partners sufficiently transparent? Is the selection made on the basis of uniform criteria?

- **Contributions from private-sector companies:** Does the company, in its capacity as a project-executing agency, make a significant financial and staffing contribution? Is a maximum contribution to solving the problems of the partner country made with minimum public funding?

Let me close with a variation on a theme taken from Bill Gates of Microsoft fame.

“We will have to be a little bit more informal, more creative and harder working; we will have to be a little bit younger, work a little bit more creatively and rapidly, in order to give development cooperation a new dimension thanks to strategic alliances with the private sector in the form of public private partnerships.”
The short history of the Export Promotion Agency, APEX - that only began to operate last April - does not allow it to convey a rich experience in these matters. However, its enthusiasm and the desire to learn from those who have already accumulated experience and knowledge regarding export promotion is the spirit with which APEX appears before this conference.

Considering the objective of the Brazilian government to incorporate to the export effort the greatest number possible of small and medium sized companies, APEX was created within the scope of the Brazilian Service of Supporting the Micro and Small Companies (SEBRAE). For some time, by means of initiatives started by SEBRAE in the different Brazilian States, important initiatives for the internationalization of these companies were underway. It was only a question of organization and using a little common sense with the activities designed to meet one of the Brazilian government’s main objectives: the sustained growth of Brazilian exports so that by the year 2002, their value will have doubled.

In the case of Brazil, the micro and small companies total approximately 4.5 million entities. The small businessmen, their families, and their employees, amount to approximately 60 million people. Curiously, if this group constituted a separate nation, it would occupy the 11th place in the world in terms of population. This group of companies represents 98% of the industrial, commercial, and trade establishments, more than 60% of urban employment, and generates close to 48% of the Brazilian GDP.

**Exports by Size/ Type of Company**

<table>
<thead>
<tr>
<th>Size of Company</th>
<th>No of Companies</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N° (%) Value (%) US$ Millions</td>
<td></td>
</tr>
<tr>
<td>Industrial Companies</td>
<td>8,588 62.0 44,808.90 84.6</td>
<td></td>
</tr>
<tr>
<td>SME</td>
<td>6,714 48.5 12,456.66 23.5</td>
<td></td>
</tr>
<tr>
<td>- Micro</td>
<td>1,430 10.4 196.56 0.4</td>
<td></td>
</tr>
<tr>
<td>- Small</td>
<td>2,523 18.2 670.83 1.3</td>
<td></td>
</tr>
<tr>
<td>- Medium</td>
<td>2,761 19.9 11,589.27 21.9</td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>1,004 7.2 30,618.63 57.8</td>
<td></td>
</tr>
<tr>
<td>Non-Classified Industrials</td>
<td>870 6.3 1,733.61 3.3</td>
<td></td>
</tr>
<tr>
<td>Non-Industrial Companies</td>
<td>5,262 38.0 8,176.95 15.4</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,850 100.00 52,985.85 100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: FUNCEX
Elaboration: APEX

In Brazil, there are almost 13,850 (thirteen thousand eight hundred fifty) exporting companies, that during 1997, as a group, exported the equivalent of US$ 53 billion. The micro, small, and medium-sized industrials represented 48.5% of the total number of exporting companies. However they were responsible for only 23.5% of the total value exported. Alone, medium-sized companies, represented 19.9% of
all export companies, and were responsible for 21% of the exported value.

In 1997, the exports of 6,714 industrial companies classified as micro, small, and medium surpassed US$ 12.4 billion. In this group 10.4% are defined as micro, 18.2% as small, and 19.9% as medium-sized.

It is important to point out that the exports of the micro, small, and, medium-sized Brazilian companies during 1997 grew by 23.7% with respect to 1994. This shows that the export effort of these companies was solid when considering that the total volume of Brazilian exports grew by 21.6% over the same period of time.

Today, the challenge facing the Brazilian Agency for the Promotion of Exports is that of reverting the figures in the chart above. In other words, diminishing the concentration of exports in larger companies along with stimulating increased technological support for the small and medium-sized export companies in Brazil.

The topic that I have been asked to address, “Trade Promotion and the Association of the Public and Private Sectors”, is part of APEX’s original programs and projects. Furthermore, the following premises on which the public policies concerning the exports of small and medium-sized companies are based reveal a consensus among area experts.

a) Primary assistance to small and medium-sized companies, within the short-term capacity of the promotion policies of the government’s assistance mechanisms. Micro companies need a higher level of skills and training. This is very important regarding the investment needed to place them in the position to effectively meet the challenge of competing in a global market.

b) The search for competitiveness as part of a strategy where action is centered on a group of companies with greater development potential within their modernization process.

c) A management by sector, process that is capable of directing the policies towards those sectors where export potential is latent. This approach will also allow us to identify certain sectors of determined economic areas where a broad range of productive sectors exists; for example, the capital goods sector and the electro-electronic group. The perspectives for success by using this approach tend to grow. Especially if this is the right moment to identify the correct group of companies with which to work.

d) Correct the so-called “market errors” that keep smaller companies from entering the export scene. And bearing this in mind, access to the information, administration, organization and financial resources necessary for the modernization of these companies is extremely important. Overall, most countries provide these types of services. In Brazil, APEX, and the Ministry of Foreign Relations make up for information, training, and organization deficiencies. And the Banco Nacional de Desarrollo Económico and Social, BNDS, together with SEBRAE, itself have the mechanisms needed to deal with questions related to finance and, above all, access to credit for smaller export companies.

e) The implementation of regulations and bureaucratic procedures regarding mechanisms that facilitate the export process as well as increase profits by the respective Governments.
From a business point of view, the internationalization of smaller companies must not only be viewed as an alternative for the internal market or as a means of profits, but mainly as a strategic means of survival. Since the start of the trade opening process in the early 90’s, the differences between internal and external competitiveness have been marked. To face the competition in a constantly shrinking international market, companies must be in the position to compete with imports in their own domestic markets.

The role of the Brazilian Agency for the Promotion of Exports, has been defined as “broadening” trade promotion. Traditionally, for years in Brazil trade promotion action was almost exclusively concentrated on direct promotion, in the form of external support such as events abroad, marketing and market studies, to mention a few. Subsequently, the stimulus of initiatives designed to improve the export supply became the responsibility of APEX. As a requirement for the investment of the agency’s resources, trade promotion was established as a comprehensive process that included management training, labour, product improvement, productive processes and the incorporation of new technologies. Promotional efforts for the sale of non-competitive products in price and quality are short-lived. This led to a re-evaluation of the issue of improving and broadening the supply as a priority for the export assistance policies for small and medium-sized companies”1.

As a part of the new Brazilian model of export promotion, the role of the private sector is one of constant innovation that includes directing the agency’s program proposals, and projects. Within this framework the agency is responsible for the implementation and administration of these projects. Aside from officially endorsing the projects an association is created between the government and the private sector. Nobody is in a better position to define their needs, in terms of their characteristics, than the sectors involved.

The financial grant from the Agency for the programs and export promotion projects is always partial and limited to 50% of their total cost, which is gradually reduced over time. This allows resources to be later used for other programs and projects from the same sector. The objective of sharing costs with the private sector is to stimulate the collective interest regarding the success of each initiative.

By implementing the trade promotion process in Brazil, the strong bonds with the private sector have led the Agency for the Promotion of Exports to assume principally the roles of supervising and solving of problems detected during the implementation of the programs and projects. This strategy allows the number of employees to be fairly reduced.

On a daily basis, the technical group carries out feasibility studies and a certification process that establishes whether programs and projects can be included in the Agency’s operational procedures as well as the allotment of resources. Specialized external consultants carry out auditing. Perhaps the most important task is to make sure that the annual export objectives established by sectors are met as well as the constant incorporation of new companies to the Brazilian export sector and the permanent generation of new.

In order for these proposals to materialize, three products were created within the operational format of APEX: the Integrated Sector Program of Export Promotion, represented by a set of aggregate trade
promotion activities for diverse projects that are linked by an essential characteristic: emphasis on the sector. The Horizontal Project, characterized by its broad range of activities that imply the execution of diverse multi-sector activities at a state, national, and/or regional level. The Individual Project, comprised by a set of activities such as a unique activity or event not included in the Integrated Sector Program (for example, participation in a specific fair abroad). Presently, a fourth product is being developed that aims to provide partial financial assistance to start up an export consortia over a determined period of time.

Priority has been given to the Integrated Sector Programs and the Horizontal Projects. The resources granted to these projects can amount to 50% of their respective total costs because of its leeway in terms of incorporated actions and the companies involved. These two products have been given priority because the results will be more substantial and without any delay than if the effort was focused on one individual project.

The Brazilian Agency for the Promotion of Exports supports efforts in the following areas: managerial and labor training, ISO certification, development and design, product and process improvement, trade missions, incorporation of technologies, electronic trade, trade information, new market search and investigation, sector exposure and marketing, promotion of international business rounds, participation in events in Brazil and abroad (fairs, exhibit and seminars), formation of export consortia and others.

How does APEX relate with the private sector?

The historical evolution of the relationship between public and private entities in the promotion of exports in Brazil reveals that in recent years the government has continuously transferred responsibilities and functions to the private sector. Today, trade is promoted through companies and private organizations.

It also needs to be pointed out that the Agency for the Promotion of Exports also co-ordinates the initiatives of the public regarding export promotion. The Agency’s attributions facilitate continuous interaction between the public and private institutions, which allows it to develop excellent Programs and Projects within a broad range of action. The experience has demonstrated that the strategic knowledge of the public sector associated the private sector’s market information are essential factors within a successful formula in the promotion of exports, especially for small and medium companies. This association of ideas is very relevant, not only for improving the work already being done, but also, and more important, for it to continue. However, the financial aid proposals to the programs and projects are generally presented by the private sector, directly by professional associations, or through SEBRAE/UF. The initiatives, from the legal point of view are protected by financial co-operation agreements or by contracts celebrated between participating entities.

How does the private sector participate in the structuring of the implementation of the export policies? (Individually, in-groups, or by sectors).

The proposal of the programs and projects correspond to organizations representing businessmen and to SEBRAE, whose decentralized structure, present in most of Brazil, keep it in touch permanently with regional
and local reality. The companies that make up the base of the institutions represented make the proposals.

In this context, the programs and projects, considering their broad range, always represent the consensus of businessmen. Otherwise, it would be impossible for an Organization like APEX to efficiently respond to the wide range of export companies on an individual basis.

In addition to the aforementioned, the Agency for the Promotion of Exports performs a significant role of co-ordination, in view of that it administers trade promotion activities within the recently created Special Exports Program (PEE). This initiative by the Federal Government is the basis of the effort that aims to duplicate the external sales of Brazil by the year 2002, which I mentioned at the beginning of my presentation. The PEE is a mobilization program of companies and government workers equipped with a structure of Cartesian co-ordinates. In its vertical axis, it contains 58 sectors and products that represent close to 90% of the Brazilian exports in 1997, and in its horizontal axis, 12 issues such as the access to the markets, trade promotion, logistics and financing. By means of interaction between public and private agents, it intends to achieve greater efficiency in the export activities of the country, thus facilitating private initiative.

What are the new challenges that the public sector faces in trying to improve its co-operation with the private sector?

Currently, the relationship between the public sector and the private sector needs a new set of parameters for co-operation. The public sector has to offer conditions and development opportunities to the productive private sector, thus enhancing its performance in a globalized and highly competitive environment. The private sector must find solutions and offer alternatives to the public sector when facing real problems that affect its capacity to compete. Within this context, the need for an adjustment of public power and the limitations imposed by the international rules of trade must be considered. The public sector must be prepared to decentralize by co-operating closely with the representatives of the private sector and making available dynamic development instruments that respond to private sector needs in the areas of the preparation and training of human resources, commercial and technological information, credit and trade promotion, to mention a few.
Background and Reference Framework

In order to face the challenges imposed by the globalization of the economy, the public and private sectors decided to create the Foreign Trade and Investments Law (LEXI), that went into effect on June 9, 1997. This law created the Foreign Trade and Investment Council (COMEXI), in charge of establishing the policies, rules and standards of Foreign Trade, Integration and Investments.

The Foreign Trade and Investment Law (LEXI), created the Corporation for the Promotion of Exports and Investments (CORPEI), a private non-profit institution that has its own funds and is recognized by the Ecuadorian government as the country’s official institution for the Promotion of Exports and Investments.

I would like to emphasize that in Ecuador, this is the first time that such an effort has been made in this area. We are probably the youngest Trade Organization at this meeting, something that we can compensate rather quickly, if we can receive the support of institutions such as the ones that you represent. We are willing to learn from your experiences and try not to make too many mistakes. We are interested in applying that knowledge taking into consideration our own realities. As you will see from my presentation, we have been already able to apply some of the experiences gathered and benefited from the results.

COMEXI’s Board of Directors and the participation of the private sector

In the Council, the private sector has a very important representation, almost equal to that of the public sector. The Board is responsible for establishing the nation’s foreign trade, integration and investment policies and regulations.

The Board has the following members:

A permanent delegate which includes the President, who acts as Chairman of the Board, the Ministers of Foreign Trade, Finance, Foreign Affairs, Agriculture and Tourism.

The private sector is represented by: the President of the Ecuadorian Exporters Federation, (FEDEXPORT), the Presidents of the National Federation of Chambers of Industry, Commerce and Agriculture, and a representative from the National Agriculture, Aquaculture and Fishing export sectors.

CORPEI’s Board of Directors and the significant participation of the private sector

The Board has the following members:

From the public sector, a permanent representative of the Ministers of Foreign Trade, Foreign Affairs, and Agriculture, and the General
Manager of the National Financial Corporation. There we have a total of four members.

Representing the private sector, delegates from: the Ecuadorian Exporters Federation (FEDEXPORT), the National Federation of the Chambers of Industry, the National Federation of the Chambers of Commerce, the National Federation of the Chambers of Agriculture, the Federation of the Chambers for Small Industries, the National Board for the Defense of the Artisan, the agricultural export products producers from the Coast and Galapagos regions, the agricultural export products producers from the Sierra and the Amazon regions, and the National Chamber of Aquaculture, alternating it’s representative with the National Chamber of Fisheries. There we have a total of nine members.

Also represented on the Board of Directors are those groups of export products which accounted for more than 2% of the nation’s exports during the preceding year. However, these representatives do not have the right to vote.

A total of nine sectors are represented: banana, shrimp, flowers, coffee, cocoa, sea products, textiles, woods and automotive products.

This does not mean that the rest of the export products are disregarded. They are represented by FEDEXPORT, the National Board for the Defense of the Artisan and the Federation of Chambers for Small Industries.

Since December of 1997 all of the Board’s decisions have been unanimous.

**The Management of CORPEI by the private sector and its administrative continuity**

Administrative continuity is provided by the Law, and allows the possibility of indefinitely reelecting the legal representatives and establishes the private status of the Corporation. However, the Corporation’s employees will maintain their positions only if they are professional, efficient and are able to meet the objectives established by the law and the Board.

The desire of the private sector to participate in this type of organizations has become a reality in Ecuador. This has been achieved thanks to the government’s commitment, and conviction that a challenge of this nature could be successfully met by the private sector, sharing responsibilities with the public sector in order to benefit the country.

**Financing CORPEI - Contribution Certificates**

The basis for financing CORPEI, comes from a redeemable contribution, based on the FOB price, of the private sector’s exports, crude oil and petroleum product exports, and, imports made by the private and public sector. Private exporters contribute six times more than importers and three times more than crude oil and petroleum products exports. Exporters and importers receive a Contribution Certificate when their contributions surpass US$ 500, and are redeemable in 10 years after the date that they are issued. This mechanism is neither a tariff nor levy, but rather a refundable contribution that the private sector was willing to make, in order to finance an organization that has an specific function and that must comply with one of the country’s main objectives.
The law requires that an asset fund be established, equivalent to 33% of the income generated through the Certificates in order to guarantee the redemption. The administration decided to turn the money over to a trust fund, so that the bearers of the certificates are best served. The administration is currently attempting to find different uses for the Certificates, by receiving them as partial payment for services co-financed by CORPEI, and also by encouraging the financial sector to accept them as collateral for long-term credit. We are also analyzing the possibility of converting the Certificates into Bonds that can be traded on the stock market. 90% of our income, generated by the Certificates, comes from the private sector.

**CORPEI’s Strategic Plan**

The basic premises under which we worked in order to develop a Strategic Plan and to establish an operative structure are as follows:

a) The strengthening of guilds and associations in order to use their infrastructure and experiences, share responsibilities and reduce our personnel needs. We are looking to combine efforts, not reduce or divide them.

b) Initiating operations with a light organic structure in order to skillfully carry out our functions and ensure that the private sector does not perceive us to be a large bureaucratic entity.

c) The co-financing of all services provided, because we are convinced that what is free is not appreciated, and because we want to increase the scope of our activities with the available funds.

d) The identification and development of competitive advantages, upon which we should base our initial actions, in order to differentiate ourselves from other government or private organizations, and to help make us the country’s experts on Promotion of Exports and Investments.

e) The outsourcing of all services that can be efficiently provided by third parties, under our coordination and guidelines. The objective, again, is to optimize human and economic resources and also to keep the number of our personnel at a minimum.

To face the challenge given to us by the LEXI, we have begun our efforts by preparing our Strategic Plan. This Plan was enriched, in the area of export promotions, by the participation of all the members of the Board of Directors. Also of great help was the information that was provided to us by our peers at PROEXPORT, PROCHILE and PROMPEX, in an open, complete and sincere manner, when we visited them during the second quarter of this year. We were able to adapt their positive experiences to our reality and to learn from their negative experiences, and thus avoid losses of time, money and energy.

The Strategic Plan established, among other things, the following things:

**Client:** Our Nation

**Users of our services:** Exporters and Investors
Vision: To be a professional and technical organism that, through the effective promotion of investments and exports of goods and services with greater aggregated value, generates wealth and employment.

Mission: CORPEI is a private, non-profit, institution created with the objective of contributing to the country’s economic growth, through the promotion of exports an investments; by leading and coordinating the actions of the private and public sectors.

The Strategic Plan was approved in July of this year.

Developing Competitive Advantages.

1. - A Global Trade Network, properly coordinated to efficiently analyze and act upon the Supply-Demand axis.

Our Global Trade Network will include in designated markets, our own personnel, and receive the support of officials from the Ministry of Foreign Affairs and the Ministry of Foreign Trade under the direction and supervision of CORPEI. It will also count with the services hired from other individuals or institutions abroad, capable of providing them efficiently.

These will guarantee the optimum use of our human and economic resources, and will send a clear message that the business community and the public sector are working together.

2. - A unique Trade Information Center.

That will provide value-added information in accordance with customer’s needs. This information will be used to develop market penetration strategies.

3. - Services adapted to our user’s needs.

Service will be provided in accordance with the specific needs of each Exporting sector, since each one has its own needs. These services will include technical support for Promotional Events (trade shows, exploratory missions, etc.) and, the development of strategies for achieving increased competitiveness. In some cases, these services will be provided by CORPEI personnel and in other cases by properly qualified external consultants.

4. - Promotion of direct investments, within the country and abroad, as an important mean of helping the country diversify and increase exports and/or diversify markets.

As previously mentioned in this presentation, the visits to our colleagues at PROEXPORT, PROCHILE, and PROMPEX, were of great importance in defining our structure and in deciding how to promote Exports. We hope to visit some of our counterparts who have been in this conference, in order to benefit from their experiences, and properly structure our Investments Promotion area, to start working on that field by the first quarter of 1999.

Promotional Events

We are well aware of the importance of Promotional Events and the need to optimize the use of the country’s human and economics resources. In order to help us to successfully organize similar events in the
future, we will rely on the operating structures of institutions such as the Ministry of Foreign Affairs, the different Production Chambers and Associations, that have achieved the successful participation of the country in various types of promotional events, both locally and abroad.

Training

In Ecuador, and around the world, there are a series of Higher Education Institutes and Universities that have the infrastructure necessary to provide the training services that CORPEI requires to meet its objectives.

Initially, the Manager of Export Promotions will be directly responsible for establishing and coordinating the training programs that we will provide to the exporters.

CORPEI is currently financing a feasibility study for the creation, maintenance and operation of the Ecuadorian Institute of Technology, which we consider to be vital for developing competitiveness in the country.

Operating Structure

Our initial operating structure has been designed to fulfill our Mission and reach our Vision, based on the basic premises established by the Board of Directors. In some cases we will have a leading role, while in others we will have a coordinating or supportive role, keeping in mind that private businesses are the main instruments in the country’s development.

Working with Export Sectors

Sector Coordinators, whose professional backgrounds are oriented towards trade and marketing, will attend the Export Sector Units and their equivalents. We aim to be the perfect trade complement to the specialized technical capacity of the Export Sectors. This will guarantee adequate production and quality levels, and the efficient marketing of products, in order to achieve the results that the nation desires.

We do not have, nor do we intend to have, a team of experts for each and every export product. With time, the Sector Coordinators will become experts on the products they handle, and will be able to provide better services to the sectors they attend. The Coordinators will be the main link between the Export Sector Units and CORPEI.

Summary and Conclusions

Without any doubt today, the public and private sectors in Ecuador are working together to face the challenge of Trade Globalization. We also see a clear tendency of assigning increasingly important roles to the private sector, in the Foreign Trade and Investment Promotion areas. This is demonstrated by the private sector’s high participation in COMEXI, and is confirmed by the control granted by law to the private sector over CORPEI.

With respect to CORPEI, we can summarize that:

1. CORPEI’s structure is oriented to guarantee that the country will have a professional, agile and efficient organism, expert in the Promotion of Exports and Investments.
2. - Coherent with the above, we will subcontract, with competent professionals and institutions, or prestigious companies, the greatest number of services possible in order to avoid a high overhead cost.

3. - We will optimize the use of the human and economic resources available from various institutions in order to obtain our goals. This will mean that we will lead and coordinate actions in some cases, and support trade associations or exporters in others.

4. - We will develop competitive advantages in order to comply with the objectives that the law and the Strategies Plan establishes for CORPEI.

5. - We will work with, and not against, the different Ministries and public and private institutions represented on our Board of Directors, and with all organizations involved in our institution’s goals.

6. - We will strengthen the various sector associations so that they will play an important role within the duties assigned by law to CORPEI.

7. - Even though we have not previously mentioned, but based on the faculties granted to us by the Law.

   a) We will be an important voice of the export sector before national and international organizations in order to facilitate exports.

   b) We will actively participate, when asked by the export sector and accepted by the government, in the structuring of a team of permanent negotiators, which should include representatives from both the public and private sectors, and that will represent the country in various bilateral and multilateral negotiation forums, in order to transform the art of negotiating into a profession and to ensure that the voice of private business is always heard at these forums.

   c) We will look for consensus between the private and public sectors so that the positions taken in bilateral or multilateral negotiations guarantee a sole position, take into consideration the private sector’s criteria, and generate the maximum benefits possible for the country.
Introduction

Switzerland is a country with few natural resources. It has therefore had no choice but to develop close trade relations with foreign partners. To pay for the enormous amount of raw materials, semi-finished products, industrial equipment and consumer goods that we need, we have had to develop goods and services with a high value-added content for the export market. Today, more than half of Switzerland's income is generated by foreign trade.

Export promotion has always been very important to our nation for this reason. And yet despite this fact, the funds the government provides for such an essential activity have always been extremely modest. This is because Switzerland is above all a liberal market economy - a nation whose people have become a legend for their frugality. The Swiss have never been comfortable with the idea of promoting exports with state funds.

The basic assumption of the Swiss authorities has always been that export promotion must be the responsibility of the private sector. If federal funds are provided at all, it is only because Switzerland's competitors have shown the way by providing sizeable state support to promote their own exports. The notion of a "level playing field" prompted the Swiss authorities to do something for Swiss exporters. But, the playing field has remained decidedly slanted. Frugality remains the guiding principle when it comes to state support for exports.

It follows therefore that Swiss exporters have always had to depend on the combined efforts of state plus the private sector for the promotion of their products and services. In a word: on co-financing. With this in mind, I am delighted for this opportunity to discuss that very topic with you here today.

The Export Promotion Design

The Swiss Office for Trade Promotion OSEC, which it has been my privilege to manage for almost nine years, is Switzerland’s official export promotion organization. It was founded in 1927, with a certain amount of federal support, as a non-profit association. Even at this early stage the legislature opted for the formula of a private-law association. Their intention was to make it clear that OSEC had to fend for itself, as a mainly self-supporting body with its roots in the private sector, from which the lion’s share of funds for export promotion would have to come. In this way the Confederation also intended to ensure that Swiss export promotion activities would respond to market needs and that the utilization of federal funds, which are provided to cover promotional activities in the public interest, would be efficient and cost-effective.

In Switzerland the maximum possible proportion of state funding of export promotion is determined by law. The amount of funds to be provided over a period of years is decided by parliament periodically,
on the basis of a federal decree. The enabling legislation for these decrees stipulates that the proportion of federal funding must at no time exceed 45 per cent of the total OSEC budget. This is to ensure that the private sector continues to play a leading role as the main source of export promotion funds. This in turn forces OSEC to tailor its services to the requirements of the market, so that these remain saleable, ensuring that the revenues necessary for operation continue to pour in.

Currently OSEC receives an annual contribution from the state of 10 million Swiss Francs, or about US$ 7 million, for general export promotion activities. This amounts to around 38% of OSEC’s total turnover in export promotion.

The use made of these funds is decided on the basis of a contract between the Federal Office for Foreign Economic Affairs and OSEC. Among other things, this contract lays down the minimum share of funds the private sector must provide to cover OSEC’s costs in each of its four main areas of activity. This share varies between 30% and 80%, depending on the nature of the services. The principle behind this is that the more directly a particular company stands to benefit from an OSEC export promotion service, the greater must be its direct contribution to meeting the cost of that service. Or looked at the other way around, the more general and beneficial to the economy as a whole an OSEC service is the greater can be the share of state funding behind it.

The minimum proportions of private sector funding in each of the four areas are given in the left-hand column of this chart, and the actual amounts obtained by OSEC in 1997 are to be found in the right-hand column.

<table>
<thead>
<tr>
<th>REQUIREMENT RESULT IN 1997</th>
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<tbody>
<tr>
<td>Information about and promotion of Swiss products and services abroad</td>
</tr>
<tr>
<td>Information on foreign market for Swiss exporters, and export consulting</td>
</tr>
<tr>
<td>Information on business opportunities and search for business partners</td>
</tr>
<tr>
<td>Trade fair participation and seminars abroad</td>
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The contract also lays down guidelines for allocation of state funding in each of the four activity areas, with 5 percent “leeway” either way.

<table>
<thead>
<tr>
<th>REQUIREMENT RESULT IN 1997 +/- 5%</th>
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<tr>
<td>Information and promotion abroad</td>
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<td>Information about foreign markets</td>
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<td>Information on business opportunities</td>
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<td>Trade fair participation</td>
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It goes without saying that such a system obliges OSEC to provide a complete cost breakdown for all its activities and services. In 1997 there were a total of 59 different cost headings and 36 income accounts covering a total of 272 separate projects. Overheads are determined on the basis of direct staff costs.

Activities of OSEC

- **Information on and promotion of Swiss products and services abroad**
  - Information on Swiss companies, products and trade marks (Swiss Export Directory)
  - Publications on the Swiss export industries (Switzerland – your Partner, branch publications, business guide to Switzerland, etc.)
  - Information to media abroad and visits by foreign economic journalists
  - Information booths at trade fairs abroad

- **Market information and export consulting for Swiss exporters**
  - Publications with market information (magazines, information sheets).
  - Seminars and workshops on foreign markets and general export topics (1997: some 70 events in Switzerland).
  - Individual briefings and supply of special information on request.

- **Information on business opportunities and search for business partners**
  - Regular bulletins on business opportunities.
  - Electronic information systems (e.g. STEP: Selective Tenders & Projects).
  - Contact forums bringing together Swiss exporters and delegations from abroad.
  - Individual business partner searches on request.

- **Trade fairs and technical seminars abroad**
  - (10 in Western Europe, 5 in Eastern Europe, 5 in Asia, 5 in North America and Latin America, 2 in Africa, 1 in Australia).

The Swiss Office for Trade Promotion (OSEC)

OSEC is a private-law association. There are about 2000 member companies. These include companies of every size, in every sector of the economy. OSEC members are thus a representative cross-section of the Swiss economy as a whole. Accordingly about 90% of the members belong to the category of small-to-medium sized enterprises (SMEs). Among the remaining members are virtually all of the big multinational companies that are based in Switzerland:

- Companies with up to 50 employees 54%
- Companies with 51 - 500 employees 45%
- Companies with more than 500 employees 8%
- Associations, Chambers of Commerce, corporations 3%

OSEC members are active in the following branches:

- Machinery, metalworking, electronics, instruments 31%
- Consulting, planning, information technology, banks, insurance companies, other services 18%
- Construction and crafts 14%
- Food, textiles, clothing, watches, other consumer goods 12%
OSEC members pay an annual membership fee proportional to their annual revenues. In practice this means five membership categories, ranging from US$ 500 to US$ 3,000 a year. In the case of the largest companies, the fee is negotiated on an individual basis, and can amount to as much as US$15,000 per annum.

OSEC has a staff of 110, all based in Switzerland. Some two thirds of these are in Zurich, in German-speaking Switzerland, with most of the remainder in Lausanne, one of the main cities of the French-speaking region. There is also a small office in Lugano for Italian-speaking Switzerland.

OSEC has no support centers of its own abroad. It can however count on the regular collaboration of the commercial sections of Swiss embassies and consulates. And there is also close cooperation with Swiss Chambers of Commerce all over the world.

In addition to the export promotion activity, OSEC has taken on two other duties. The first is to provide support for companies in the emerging markets of Asia, Africa and Latin America as well as the so-called “markets in transition” of Central and Eastern Europe. The second extra mandate involves OSEC’s role as part of the so-called “Euro Info Centre” network, i.e. as an official, integrated center of information on the affairs of the European Union. This is a particularly important function in view of the fact that Switzerland is not a member of the EU, even though the Community is by far the most important export market for Swiss companies in most fields.

Including these additional activities OSEC has an annual budget of some US$ 22 million, of which US$ 10 million is provided by the government to cover the following services:

- Export promotion ($7m)
- Import Promotion ($2.2m)
- Information on the European Union ($0.8m)

**Shortcomings of the System**

I have so far limited my remarks, to a brief description of the Swiss system of export promotion, and the advantages associated with co-financing by the state and the private sector. I would now like to refer briefly to some of the problems created by this arrangement. Almost all of these problems are due to OSEC’s status as a private organization, instead of a part of the state apparatus, or an entity established under public law.

The main source of our troubles is the competition we receive from state entities abroad. For although the commercial sections of Switzerland’s embassies and consulates are officially required to act as support centers for the activities of OSEC, and do indeed work closely with us, they also respond directly to inquiries from Swiss companies. They provide these services virtually at no cost to the companies. They thus represent a much cheaper source of information than OSEC, which as already mentioned, is expected to make the private sector pay a predetermined share of all costs. In this context it is
also relevant that the same embassies and consulates are required to charge OSEC for all services that they provide on behalf of third parties. This again has an effect on the fees, which OSEC has to charge. So it is that Swiss companies - for cost reasons - often prefer to bypass OSEC, and to address themselves directly to the organs of the state abroad.

Another set of problems derives for the privileged position OSEC has to enjoy in its capacity as Switzerland’s official export promotion organization, thus being a direct recipient of federal funding for services rendered to the Confederation. But since we have the status of a private organization, our privileged status is viewed by other organizations and business consultants as an “unfair monopoly”. So it is that every fourth or fifth year, when the time comes for parliament to decide on the future state funds for export promotion, some groups that would like nothing better than to eat out of the government’s hand come forward to offer their services. Understandably, for they have their own best interests in mind, these organizations present themselves in the most favorable light possible, while at the same time vilifying OSEC. This puts us in an extremely uncomfortable position, for it is extremely important to us that parliament view our activities and services in a positive light.

OSEC’s position as a private organization supported by state funding is thus somewhat unique. This hybrid nature - “neither fish nor fowl”, both public and private - causes a third problem area. Indeed, many companies expect to receive assistance from our staff - because of the financial support provided by the state - at little or no cost. But although OSEC is indeed co-financed by the state, our position is very different from that of export promotion organizations elsewhere. Thus for example when OSEC organizes joint participation by Swiss companies at foreign trade fairs, we are unable to provide any form of direct subsidy, even though this is a common enough practice in other European countries. For many of our clients this is hard to understand. As far as these critics are concerned OSEC is too expensive. For in their view federal funds are being squandered on mere “administration” rather than being channeled to export companies.

On the other side, however, we are also criticized for offering our services at too low prices. According to this argument, the federal funds we receive give OSEC an unfair advantage over private sector organizations offering similar services. These critics would like to see OSEC deprived of the support it receives for providing direct services to export companies. This view is in complete contradiction with that of the companies that find our services too expensive.

Taking all this into account, we may conclude that the mission which the state has entrusted to OSEC is somewhat contradictory. On the one hand we are expected to play a purely supportive role, restricting ourselves to offering those services not already provided by private sector companies in the open market, i.e. services for which the costs cannot be fully allocated to individual companies. But at the same time OSEC is expected to generate a large amount of funds from the private sector, which forces it offer products and services that can be sold.

In such a situation it is not difficult to see that the authorities are themselves in a difficult position. It is all too easy, for political reasons, to give in to the critics, especially when these are from the private sector. For after all, what government has ever been ready to use taxpayers’ money to compete with private business interests. And yet export promotion worthy of the name is unthinkable
without state support. Moreover, an evaluation of the Swiss export promotion system carried out by external experts has shown that the best way to further improve its efficiency and effectiveness would be to strive for even greater focusing of our efforts in this field.

**Planned Changes in the System**

It view of the situation described it is the intention of the Swiss authorities to amend the present export promotion system at the beginning of the year 2000. We at OSEC are entirely sympathetic with a large portion of the new approach. So, Switzerland’s efforts to promote exports should be focussed across the board. The system would operate along the lines of New Public Management. This would be provided with a global budget for export promotion activities on the basis of a performance contract, and an agreement establishing specific criteria for monitoring the company’s results. Thus the legal requirement mentioned earlier, that state funding must not exceed 45%, would no longer apply. Likewise the authorities would have to scrap the minimum self-financing rule, introduced just four years ago, as well as the rule stipulating the proportion of federal funds that must be allocated to each of the four areas in which services are to be provided.

The planned alterations also include a strengthening of the institutionalized relationship between the body entrusted to manage export promotion and the organs of the state abroad. Furthermore this body would be expected to procure the services it requires on the free market.

Whether this body, this so called management company, would be a newly created entity, or whether this function would be entrusted to OSEC, is yet an open question. OSEC will naturally do all it can to persuade the government to allow our organization to take on these new functions as a management company. Our competitors in the meanwhile will attempt to stand in our way.

It remains to be seen whether or not the proposed measures will indeed lead to the desired focusing of Switzerland’s efforts to promote exports across the board, or might on the contrary sacrifice the synergies that now exist between individual export promotion services.
Empire State Development is dedicated to creating jobs and encouraging economic prosperity by strengthening and supporting New York State businesses. We provide a full range of technical assistance and work with companies coming to or expanding in the state.

Our international division provides targeted assistance through various programs designed to improve the ability of New York State businesses to compete effectively in international markets. These services are delivered through a network of offices in New York State as well as offices in Toronto, Montreal, London, Frankfurt, Tokyo and Jerusalem.

Empire State Development (ESD) assists small and medium-sized businesses to expand their sales of products and services in the global market. One of our most successful programs provides trade leads from the regions in which we have offices - Canada, Europe, Asia and the Middle East. We have improved this important service by bringing the international trade specialists from our foreign offices to New York once each year to personally visit each participating company. This way ESD’s specialist has a deeper understanding of the companies and their products.

Our trade show and mission program includes participation in the traditional, industry-specific trade shows, as well as horizontal trade missions to emerging markets. New York State’s diversity requires us to assist businesses in many different sectors; therefore we package trade missions to accommodate their needs. We include pre-arranged appointments, air transportation, hotels and a preparatory seminar. Follow-up assistance is provided and results carefully tracked.

Empire State Development’s programs and services are delivered by International Trade Specialists working from our ten regional offices throughout the state. Our mission is to work directly with businesses, providing export skills needed to enter global markets. We work with regional organizations to strengthen their role in providing export assistance.

Co-financing of export promotion is significant for several reasons. First, we believe that a financial contribution from our businesses assures greater attention and more action on their part than if they were simply beneficiaries of an activity that cost them little or nothing. Second, co-financing allows us to extend our services to more New York companies. Third, co-financing provides Empire State Development with the opportunity to work closely with partners, strengthening them as well as promoting the development of new initiatives. These partners include industry and professional associations, regional economic development offices, colleges and universities, utilities, business clusters and other governmental entities (federal, state and local).

Empire State Development prefers working with export-ready businesses, while not neglecting the promotion of international trade to startups.
There are thirteen identified strategic business sectors that represent the largest employers in New York. We work to promote their exports and to provide them, as well as their clients and suppliers, with targeted economic development assistance. The greatest employment growth will probably be found in these sectors.

I would like to present two innovative programs that illustrate our creative approach to the co-financing of trade promotion: Global Export Market Service (GEMS) provides grants to help small and medium sized companies obtain the services of an outside consultant to conduct marketing studies and implementation strategies to expand their exports. A typical GEMS project might include such aspects of trade promotion as:

1. Identification and prioritization of potential markets.
2. Location and qualification of potential distributors and representatives.
3. Development of strategies to develop the markets.

The GEMS program provides up to US$ 25,000 for an individual business or up to US$ 50,000 for a group of businesses to pay for the consultant’s services. There is a cost match required from the applicants, although their share may be partially or fully payable in kind.

GEMS incorporates private sector businesses’ need to use the specialized knowledge that highly experienced consultants possess about specific products and markets. It is a very successful program.

Traditionally, our export promotion efforts have concentrated on assisting manufacturers to find opportunities for their products in the global marketplace. In 1995, we were approached by a consulting engineering firm interested in expanding their activities internationally. We had relatively few programs in place to aid service providers, even though job creation in New York State is increasingly generated by the service sector.

After obtaining positive feedback from other New York consulting engineering firms also interested in finding international partners, a possible project was discussed with the American Consulting Engineers Council in Washington, D.C. and the two ACEC member organizations in New York State. Once their support was obtained, an application was made to the IS government for a Market Development cooperator Program grant that was obtained several months later.

A cooperative multi-year effort begun in late 1995, NYICCE (New York Interamerican Commerce for Consulting Engineers) is dedicated to helping New York State consulting engineers partner with Latin American firms in order to pursue environmental, transportation, energy and other infrastructure projects throughout the Western Hemisphere.

State, federal and hemispheric cooperation between the private and public sectors has been essential to successful planning and implementation. NYICCE team members from the private sector include the American Consulting Engineers Council, the New York Association of Consulting Engineers and the Consulting Engineers Council of New York State.
Empire State Development and the US Department of Commerce- Market Development Cooperator Program comprise the government partners, while FEPAC, the Pan-American Federation of Consulting Engineers, has provided critical hemispheric support.

Through market research, networking meetings and training sessions in New York, as well as trade development circuits to key Latin American markets, NYICCE encourages collaboration, joint project development, professional exchanges, strategic alliances and other partnering arrangements between New York and Latin American consulting engineers. NYICCE delegations visited Brazil, Argentina, Chile and Peru in August 1997, Mexico in February and Venezuela in March this year to meet business colleagues and to learn more about market opportunities first hand.

New York and Latin American consulting engineers and other businesses are poised to benefit from the trade liberalization, privatization, decentralization and technology trends impacting the entire Western Hemisphere. Working as partners, our firms clearly have the skills, local market knowledge, niche expertise and resources necessary to meet competitive challenges and to benefit from growing project opportunities in the transportation, environmental, energy and other sectors.

In our final 1998-99 project year, NYICCE will be hosting a “Contacts to Contracts” colloquium and FEPAC executive committee meeting at the Garden City Hotel in Long Island NY from December 5 to 8 this year, followed by a trade circuit to selected Latin American markets in February-March 1999. As the project concludes and we look toward future initiatives, the NYICCE team hopes to explore hemispheric partnerships to foster world class infrastructure development around the globe.

By creatively obtaining resources from both the federal and state movements as well as from the private sector, we have been able to open doors for New York State and Latin American consulting engineers who will be working together on projects throughout the hemisphere. It is reasonable to presume that the NYICCE model can be extended to other continents and applied to other service sectors. We consider consulting engineering to be the point of the wedge that will open doors for other important sectors of New York business such as contractors, suppliers of equipment and materials and other service providers who work with and through consulting engineers. Empire State Development is optimistic that our creative approach to partnering internationally will continue to provide benefits for all participants.
BACKGROUND

The promotion and financing of exports play an important role in boosting economic growth. Globalization forces national economies to strive for the international commercialization of their goods and services as an important driving force for development. Bank of Mexico for Foreign Trade - BANCOMEXT, as a development bank, has a mission to make Mexican companies more competitive, especially small and medium-sized companies linked to exports or import substitution, by granting comprehensive support that includes quality services in the fields of information, advice, training, project coordination, finance and guarantees. The policy of trade liberalization undertaken by its government and the encouraging evolution of the country's foreign trade have given Mexico a position as the main exporter in Latin America and fifteenth largest in the world, with total exports in 1997 worth more than 110 billion dollars, almost 30% of our Gross Domestic Product.

BANCOMEXT is a determined participant in export-led development, with its experience in the market going back more than 60 years. It offers Mexican companies a range of support programs run by the Institution’s network of offices in Mexico and abroad.

SOURCE OF RESOURCES AND MEANS OF SUPPORT

Firstly, it must be stressed that BANCOMEXT does not receive fiscal transfers from the Mexican government to carry out its work as a promotion body.

The cost of our export promotion programs is to a large extent financed by the income from BANCOMEXT’s banking activities, an important role I will discuss later. The development of this work has also been made possible by charges for some services and the financial participation of private sector bodies and companies.

International bodies based in highly industrialized countries that offer resources for the development of suppliers in less developed countries have been an additional source of technical and financial resources for our support programs.

BANCOMEXT defines its own annual budget and support programs. Among others, these include BANCOMEXT Centers in Mexico; the running of the Trade Advice Centers and representation modules abroad; the preparation of market studies, directories of exporters, magazines for the dissemination of different themes, manuals of access to credit and sectorial guides for exportation; the development of systems to promote exportable supply and the publication of business opportunities.

We also factor in the creation of information centers that specialize in foreign trade and human resources training; advice, technical training in foreign trade and technical assistance for exports; support for international promotion events held in Mexico,
participation in international fairs, promotion of trade missions, of both buyers and sellers, and launching image campaigns for Mexican products abroad.

LINKS WITH THE PRIVATE SECTOR AND SPECIFIC SUPPORT PROGRAMS

To create synergies in export promotion, BANCOMEXT has been promoting specific programs that share costs and risks with private and public sector bodies and companies.

• BANCOMEXT Trade Directory of Mexico

Every year, BANCOMEXT publishes its Trade Directory of Mexico (DIEX). With a circulation of 15,000 in both paper and electronic formats, this bilingual Spanish - English text is distributed in more than 100 countries. The directory contains information on more than 8,000 companies involved in exports.

The publication sells advertising spaces to the exporters themselves, businesses associations and service companies, so at least some of the cost of making and distributing the directory can be recovered.

Part of the press run is sold in Mexico, generating additional revenue to offset the cost of the directory.

• Program of Technical Training in Foreign Trade

The Program of Technical Training in Foreign Trade offers a range of more than 300 training courses in different aspects of foreign trade. Participants may be drawn from companies, credit institutions, institutions of higher education and firms of consultants. These forms of training are taken to the regions of Mexico physically or virtually, using advanced telecommunications.

All the elements in the Program are offered to the business community for a minimal fee. If required attendance numbers are reached, this price allows the direct costs involved in the instructors’ professional fees and traveling expenses, teaching material and the rent of installations and equipment to be covered, along with other expense items.

Agreements have also been signed with more than 40 Institutions of Higher Education to promote and lay the groundwork for courses and seminars, giving support in the form of instructors and teaching material. The instructors and researchers at these institutions are involved in the Instructor Training Program so that they themselves can become teachers of the material. The intention is for this training to become self-financing for such institutions, both public and private.

• Program of Development of Suppliers

The Program of Development of Suppliers is a joint effort among Mexican governmental institutions to promote greater integration by micro, small and medium-sized companies into the export chain, either as suppliers to major export companies or maquiladoras (in-bond companies) located in Mexico; and also as direct exporters, selling their goods or services to department or supermarket chains.
The program is formalized by way of agreements signed with major export companies. These undertake to grade the degree of development of proposed suppliers and, where applicable, place firm orders.

The costs of this program are shared three ways among the supply companies, the major export companies, BANCOMEXT and other participating Mexican government agencies.

Programs are currently ongoing in the fields of commercial chains, hotels and restaurants, the automobile and autoparts industry, large export companies and inbound processing companies, involving the development of more than 900 supply companies.

- **Trade Commission of Mexico**

BANCOMEXT has 37 Trade Commissions located in 26 countries. They provide support services for Mexican and foreign companies promoting international business in Mexico.

The main services they provide include preparing agendas for business abroad, identifying business opportunities, preparing market profiles, monitoring world prices, preparing periodic reports on market trends, trade intelligence activities and foreign investment promotion.

They also promote the creation abroad of company promotion offices, distribution centers and warehouses to support international promotion and commercialization.

- **Image campaigns abroad**

To improve the image of Mexican products abroad, BANCOMEXT and federal government bodies are promoting image campaigns in private companies and organizations.

These campaigns are contracted with Mexican and foreign firms and emphasize what distinguishes Mexican products and their suppliers in order to give their image a firm position among consumers in the world markets where interest is greatest.

The support offered by BANCOMEXT is implemented through cooperation agreements. Companies and/or the organizations to which they belong and BANCOMEXT undertake to invest sufficient financial resources to jointly pay for these campaigns.

A campaign is currently underway to promote the image of Mexican avocados in the United States in coordination with the Association of Avocado Producers and Exporters and a campaign is being implemented to support mangoes in the United States. There is another one for shrimp and grapes in the European market and two others are promoting typical Mexican foods and drinks in Southeast Asia.

- **National Program of International Events**

BANCOMEXT’s Program of International Events promotes the internationalization of Mexican companies and is the result of coordination with around 15 national and regional business organizations.

The Program contemplates around 110 international events, including fairs and exhibitions, buyers’ missions, exporters’ missions,
permanent exhibition forums and displays abroad of Mexican goods from 11 economic sectors.

Either BANCOMEXT itself or the committee responsible for promoting events establishes a participation fee for each company that covers 100% of the costs incurred. BANCOMEXT offers reimbursement that ranges from 50% for conventional markets to 75% for events in non traditional markets.

- **Technical Assistance Program**

With its Technical Assistance Program, BANCOMEXT provides support for small and medium-sized companies in the form of economic resources that make it possible for them to improve their exportable products or to meet the norms or standards required abroad so they can develop their exports.

This support is provided subject to the authorization of a technical subcommittee that considers companies’ applications. As a healthy practice, the support percentage granted amounts to around 50% of the budgets companies present.

With these guidelines, the Technical Assistance Program shares costs with companies and business organizations. It should be noted that links are also promoted between companies and the research centers providing the assistance.

- **Foreign Trade Services Centers**

BANCOMEXT has a network of 38 business attention centers specializing in foreign trade that have collections of traditional and electronic texts. They offer information and advice services to answer consultations by companies interested in moving into export activities.

These centers sell a range of products and services at prices designed to recover part of the costs incurred in the provision of the service.

In addition, to build on the success of this service, BANCOMEXT has agreements with more than 45 public and private institutions of higher education relating to the operation of Foreign Trade Service Centers that work together to meet specific needs for the training of human resources, research into foreign trade and projects to link businesses and universities.

The undertakings made by the relevant parties consist of the educational institutions providing the space, installations, equipment and human and financial resources needed for the operation of the centers, while BANCOMEXT makes available a full collection of its publications and other forms of support for the service.

In this way, with minimal investment and an operating budget supported by public and private sector institutions of higher education and the income generated, the business community interested in making moves into international markets can take advantage of much greater opportunities to obtain information and advice.

- **The Mexico Exports Program**

The Mexico Exports Program is a nationwide effort to support small and medium-sized companies in putting together their export projects, and
provides training for executives specializing in planning, implementing and following up their export strategies.

With a sector - region - market focus, it selects those economic activities with the greatest potential in each region, identifies the most attractive market niches abroad and within the companies themselves structures a business plan with short, medium and long-term objectives to meet the demands posed by moving into international markets.

The Program is an opportunity to channel BANCOMEXT’s comprehensive support to companies. One notable aspect is the participation of universities, research centers and Mexican and foreign private advisors in training company staff as executives in the formulation and assessment of export projects.

It brings together experts and financial resources from other international promotion organizations, such as CBI of Holland, ECTI of France, GTZ of Germany, JETRO of Japan, ECIP of the European Union and UNIDO, to meet the demands made on companies putting together projects and providing technical training for their staff.

The resulting projects that can prove their feasibility are presented to the commercial banks for financing to be considered or forwarded to BANCOMEXT’s internal departments for direct support. In addition, the staff trained are fully incorporated in the implementation and follow-up of the projects formulated.

As in the cases described already, registration in the Program requires payment of a fee which is charged to partially recover the expenses incurred.

**BANCOMEXT: THE ROLE OF A BANK FINANCING EXPORT-LED DEVELOPMENT**

In its capacity as a bank, our Institution enjoys a special strength that allows it to close the circle of support it provides companies by offering a range of products and services aimed at meeting the financial needs of companies arising from their export activities.

BANCOMEXT offers exporters short and long-term financing, the most important forms of which provide support for working capital, sales, purchase of machinery and equipment, and investment and debt consolidation projects in dollars or pesos at competitive rates and terms, that respond to international market conditions.

As a development bank, BANCOMEXT does not need to maximize profits but to ensure a profitable operation that recovers costs and obtains resources to cover the activities it carries out.

This financial activity takes place in the form of intermediation with the commercial banks and other credit institutions, maximizing the number of attention channels. In this sense we play an important role in influencing the market by offering competitive conditions in our financial products and leading the training of Mexican credit institutions’ human resources in foreign trade.

Direct loans are made that seek to fill the gaps left by intermediate financial institutions, especially by providing support for small and medium-sized companies so they can consolidate and develop their export activities.
Other services include guarantees, credit letter services, currency sales and forwards; investment banking and money desk, as well as a risk capital scheme that supports the activities of export companies with temporary stock capital.

**COMPREHENSIVE ATTENTION APPROACH**

With these means of support and an approach that concentrates on the needs of export companies, BANCOMEXT promotes specialized attention that deals with sectorial, regional and market priorities.

Our human resources are our most valuable asset; trained and prepared to offer value added quality services.

We are committed to promoting and developing exportable supply with an emphasis on finance that ensures that the beneficiaries of our programs can rely on suitable capital structures to develop their export activities with their own resources or with loans.

The above means there is a comprehensive approach to meeting the promotional and financial needs of companies, thereby supporting their efficient move into new markets.

**CHALLENGES IN THE CREATION OF AN EFFICIENT SYSTEM OF JOINT-FINANCE FOR EXPORT PROMOTION**

The challenges faced when creating a system of joint-financing for export promotion are different for each country, depending on the state of development of its export sector. Here are some of the challenges applicable to the Mexican case:

- Greater commitment and contributions by the private sector; development of a group vision, teamwork, a greater awareness of costs and benefits. Promotion costs money, contributions must be made; the benefits are huge.

- The promotion of a culture that values export promotion services.

- Better promotion requiring the participation of the most important actors: companies and their associations; municipal, state and federal governments; institutions of higher education and research centers.

- The creation of successful promotion programs on a suitable scale allowing:
  - Priorities to be established for promotion programs
  - The development of specialized services with wide coverage
  - Scale economies to cut costs
  - Promotion goods and services to be offered at highly competitive costs

- The design of promotion tools matching the needs of small and medium-sized companies and the international markets, with a market focus ensuring companies pay their costs.

- An emphasis on the training of business leaders to develop exports, preparing businessmen and the directors of small and medium-sized companies.

- Training and specialization for the human resources of companies who are responsible for the international commercialization of their products. Inadequate preparation of company staff remains an
obstacle in the way of efficient access to foreign markets. Therefore, training represents an important area of opportunity.

- The development of a culture of service and efficiency in Trade Promotion Organizations (TPOs). There has to be specialization by staff in given sectors and products that respond to the calling and priorities of the regions and the opportunities offered by the international market. Such specialization will allow TPOs to better understand the problems and importance of their activities, allowing them to redesign their programs. By taking this step, the work by TPOs to commercialize services and thereby generate income to finance their activity will become easier, strengthening the trust businesses put in such organizations.

FINAL COMMENTS

Exports are an important motor in the development of our economies. Therefore, alternative facilities to provide joint-financing to make export promotion stronger and more efficient must be provided.

Trade promotion has to be self-sufficient, emphasizing a healthy financial basis for companies. It can encourage the feasibility of projects, ensuring better results. There has to be a more pro-active attitude towards getting to know the problems and needs of companies, especially small and medium-sized enterprises. Services must also be more creative and service-oriented to be able to design and operate comprehensive programs that make the development of exports possible.
Integration Strategy to the World Economy

For the past 15 years, the Chilean economy has grown significantly and this decade, the 90’s, will be that of the greatest expansion and economic growth in the history of the 20th century. Within this context it needs to be underlined that this growth has been lead by the increasingly dynamic development of exports, both goods as well as services.

One of the major factors behind these results has been the integration of the Chilean economy to regional and world economies. The opening of the country to international trade and financial currents has been a very important element in Chile’s economic policy in recent years.

Chile’s open regional economic policy has led to successive unilateral reductions of tariff barriers, and for-tariffs, together with the bilateral and regional trade agreements. Today we have in effect agreements of trade liberalization with our neighbors of South America, Mexico and Canada.

In addition, we are united with all the countries of the hemisphere, to the commitment of creating the guidelines to establish an area of free continental trade starting in the year 2005.

Projecting ourselves to other continents, we have culminated the first stage of a deeper association with the European Union, and during the next year, we will commence commercial negotiations with the economic authorities of the United Europe.

Within the framework of the APEC, we share the vision of the future that will take us to free trade with our partners of Pacific Asia. Adding ourselves to the commitment of the more developed countries, we have pledged to eliminate our tariffs in the year 2010.

Even in the context of the present financial and commercial turbulence that the world economy is going through, we maintain our firm strategic decision of increasing in a gradual and growing fashion our export vocation and our integration to the world economy. The Government and the Chilean Parliament have approved a law that reduces by 1% a year the tariffs of all our trade from 11% presently in force, to 6% in the year 2003.

We do this without losing our capacity to maintain and deepen the internal and external economic stability, as the fiscal monetary policy that we are applying clearly shows.

National Program of Competitiveness

At the beginning of the 21st century, the member countries of the World Trade Organization face the challenge of adapting the instruments that support export development to the agreements that we have achieved in this organization. Our Government decided to face this challenge by
posing a national program of competitiveness that would be compatible with the norms and international commitments that we have adopted.

This program raises the objective of advancing from a model based on direct incentives for export development, towards a new model based on:

1. The intelligent administration of the trade disciplines.
2. The generation of technological advances, the incentive of new financial instruments for the productive development.
3. The development of environmental adaptation
4. The development of advanced training and
5. Lastly, but particularly important, the promotion of exports.

Even though these instruments will be horizontal and non-discriminatory they will certainly benefit companies with export potential favoring their competitive capacities, developing the investment in technology and administration, as well as deepening its capacity of insertion in the international markets.

The specific proposals of this program are:

1. To increase the development of our exporting companies in the areas of technology, environmental re-adaptation, training, intensive use of commercial instruments and export promotion.

2. To consolidate a significant group of second phase companies with the potential of competing in external markets, of absorbing advanced technologies of developing quality products or economies of scale, and of generating productive dynamic links based on technology and knowledge.

3. To achieve a transition and modernization of public institutions, private entrepreneurial guilds and, above all, companies in order to intensively and adequately utilize the new generation of instruments of productive development and export promotion.

4. Finally, to elevate the strategic intelligence capacity of public and private institutions to anticipate the transformations that the process of globalization imposes and the obstacles and barriers to trade and investment.

The success of the program is based on the high degree of collaboration among the public and private sectors. The passing of one model of incentives to another entails a learning process for the companies as well as the institutions of the public sector. The aim is that the transition has low costs, and that the new instruments be of easy access and of low procedure costs for the companies. The idea is that information, knowledge and market intelligence be tools intensively used by the state and by corporations. All this implies permanent and systematic co-ordination among the public and private sectors, identifying and overcoming not only the external hurdles of exports, but also internal adversities.

The Information Society

Looking beyond the immediate challenges that the advent of the 21st century poses, we find ourselves with the challenges that will represent the growing importance of services in foreign trade and the development on a world scale of the new information and communication
technologies. We already know that these technologies will carry us to what has been labeled the information society, transforming not only our present ways of living and learning, but also of producing and doing business.

The services represent in Chile the most dynamic sector of its economy. They have experiemented a notable modernization process where the information and communication technologies play an ever more important role.

It is also a sector that has experienced a growing process of internationalization. In the course of the last 10 years, services have increased their participation in Chilean foreign trade, and represent a component that is each time more important for the transition towards exports, in which the primary products have less weight.

Within this setting, Chile has developed a policy and has taken initiatives for to promote the discussion and construction of trade agreements in the area of services. Our country is part of the stand still commitment signed in Geneva of not imposing custom rights to the electronic transmissions, approved during the Trade Ministerial of the WTO, that took place in April of this year.

In the Forum of the Asia – Pacific Economic Co-operation, APEC, Chile has already been for almost two years a Convoking Country of the Group of Services, where we have concentrated in developing the transparency through the exchange of information and experiences, supporting and avoiding to duplicate the work accomplished by the WTO.

In the ALCA, the Area of Free Trade of the Americas, Chile headed the work group concerning services, where the preliminary tasks to undertake the negotiation of this sector were carried out.

Just like the rest of the Latin American nations, Chile lives an era of growing dissemination in the development of technologies and networks of information. As a matter of fact, one recent survey undertaken by our ministry together with other public entities shows that already 20% of the Chilean workers directly identify with computers.

Multiple initiatives of large and small scale are being made all over the country. They are undertaken by the public sector, the private sector, companies, non-governmental organizations, and the people. The information infrastructure is being built in a decentralized fashion and this is extremely positive. However, we are conscious that we have a long road to cover.

These and other problems led to the consensus that Chile needed a State policy, a national strategy with a vision towards the future. Thus, this past June, the President of the Republic formed a National Commission called “New Information and Communication Technologies”, with the mission of delivering a proposition of public policies and private actions for the rapid and massive expansion and dissemination of networks of information and communication, establishing a State policy in this material.

The theme of Electronic Commerce deserves special analysis, and its growing importance in the world remains illustrated by the predictions that speak of a growth factor of 100 times in five years, to reach 300 billion dollars in trade by the year 2001.
A certain type of electronic trade, known as direct electronic trade, possesses a large development in our country. It is emphasized in some basic services, in the area of finance, in public health institutions and the administrators of pension funds.

But Chile confronts the important challenge of modernizing its institutions, and its norms and regulations, to thus facilitate the expansion of the electronic trade. In the public agenda important subject areas should be emphasized.

First, the principal challenge that is presented to us is how to insure the operations done by electronic means, giving the legal framework to the activity. This, to give the necessary security to all citizens that their transactions are safe, especially, the consumer protection, so that the consumer confides in the networks of information.

A second challenge is to protect the intellectual property of the works developed and available on the networks.

A third challenge that we face is the need of making internationally compatible the dispositions that regulate this trade. Whatever attempt of regulation on the part of a national authority must be associated in a tight fashion to the work developed by the other nations.

A fourth challenge is in assuring a growing access of the population to the basic supports necessary to be able to electronically do business, especially of the small and medium sized company, as well as for the regions.

A fifth challenge constitutes to adequately develop the tax aspects of electronic trade.

As a country we are working in developing the factors that will permit to erase the geographical distances to construct among all nations, the global markets of the next century that will impel the development of our nations and of the world community.

I am sure that this World Conference of Trade Promotion Organizations will represent a valuable step in this direction. The experiences of all of you, your ideas, and reflections will find in Chile a natural environment of speech and dialogue.