

2.2.3 Hong Kong

Hong Kong Trade Development Council (HKTDC)

Table IV-2-2-3 Hong Kong Trade Development Council (HKTDC)

Address:	1 Harbour Road, Wanchai, Hong Kong
Year established:	1996
LEGAL FORM	
Independent institution in the public sector	
GLOBAL RESPONSIBILITIES	
Institution responsible for promoting and developing overseas trade; particularly responsible for export and the formulation of recommendations to achieve an increase in trade.	
AREAS OF ACTION	
	Degree of participation
	None Partial Full
1. Policy recommendations	x
2. Policy formulation	x
3. Formulation of export development strategy	x
4. Formulation of national development plan	x
5. Formulation of foreign trade programs	x
6. Export incentives: planning and formulation	x
7. Export incentives: administration	x
8. Granting of direct credit for export	x
9. Export credit insurance	x
10. Export development activities	x
11. International trade negotiations	x
12. National and/or foreign investment promotion	x
13. Control of national and/or foreign investment	x
14. Coordination	x
GOVERNING BODY	
<i>Council</i>	
Number of members:	2 from the public sector; 17 from the private sector
INTERNAL ORGANIZATION	
Executive positions:	Executive Director, 3 Deputy Directors, 5 Assistant directors
Departments:	Business Services; Market Development; Administration
Total number of staff:	560
Number of decentralized offices within the country:	4
REPRESENTATION ABROAD	
Number of offices:	35
SOURCES OF FUNDING	
	% share of the budget
Levy on imports (0.05% on all imports)	41%
Levy on exports (0.05% on domestic exports)	11%
Charges for services (advertising and others)	48%
ANNUAL BUDGET	
1992, HK\$944.27 million	
1991, HK\$777.65 million	

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. Purpose and Organization

Purpose: The Hong Kong Trade Development Council (HKTDC) was established as a statutory body in 1966, responsible for promoting and developing Hong Kong's international trade and creating a favorable image of Hong Kong as a trading partner and manufacturing center. HKTDC is contributing to the growth of Hong Kong's trade as the trade gateway to China and serves as a bridge between China and the rest of the World. (For Basic Data of HKTDC, see Table IV-2-2-3)

Organization and Network: The HKTDC is an independent institution in the public sector and its staff numbers 600. It maintains a global network of 49 branch offices in 30 countries. All branch offices have on-line access to the computer data bank in Hong Kong, providing instant responses to trade inquiries. Details on more than 57,000 local manufacturers, importers and exporters, 260,000 overseas buyers and 120,000 enterprises in China are stored. HKTDC has a principle that its budget should be maintained on a self-sustained basis.

b. Activities

Services Available: The HKTDC offers an annual program of about 260 trade promotion events including trade missions, trade fairs and exhibitions, retail promotions, and various other projects in Hong Kong and abroad designed links with traditional markets as well as to develop new business contacts.

There are more than 100 major international trade fairs and exhibitions held annually in the Hong Kong Convention and Exhibition Center, an integrated world-class facility with two large exhibition halls, convention halls, theaters and meeting rooms. To cope with the rapidly growing number of convention projects, an extension to the existing Convention and Exhibition Center is being built which, when completed, will double the present facilities.

International Public Relations: To promote a positive image and environment for trade and to build a sound foundation for Hong Kong's business interests in international markets, the Council maintains contacts with business leaders, economic policy-makers and media around the world. It organizes and participates in business seminars and conferences at international, regional and local level. During 1995, two more Hong Kong business associations were formed overseas, totaling 21 with 7,400 members in 37 major business centers. Altogether 433 business missions were received from around the world. More than 150 overseas journalists were assisted on visits to Hong Kong and

more than 9,000 clippings were generated by the Council's publicity effort. Four new HKTDC offices were opened, bringing the Council's global network to 40 offices in 27 countries.

Publicity: The HKTDC Research Department provides a wide range of information services and publishes journals and research studies on various industries and markets. The Monthly International Market News focuses on market and product trends and opportunities for Hong Kong traders, whereas the quarterly New Market Search reports on developments in emerging markets around the world. The department also maintains a public library stocked with an extensive range of reference books, trade directories, magazines and newspapers. The HKTDC Publications Department produces 13 product magazines. A monthly newspaper, Hong Kong Trader, is distributed to business people in more than 100 countries. A general guide book written in seven languages is also published for overseas business visitors to Hong Kong. More than 2 million copies of all these publications are distributed annually to buyers around the world.

Upgrading of images: So that Hong Kong products can compete more successfully in world markets, the Council works to upgrade their image and encourage better design. During 1995, the Council featured 18,000 products in its Design Gallery, sent 1,800 outstanding products on tour to international trade fairs, promoted more than 1,000 individual fashion designers and labels and staged 37 fashion shows before 45,000 international and local buyers. More than 2,000 professional and student designers used HKTDC's specialized design libraries.

Trade inquirers: Central to the Council's mission to expand Hong Kong's trade are its efforts to match Hong Kong companies with potential buyers and traders worldwide. HKTDC's computerized Trade Inquiry Service has listed 58,000 Hong Kong companies and 378,000 international buyers and suppliers. These included listings on HKTDC's data bank for China which increased by 30% to 117,000. Total trade inquiries rose by 14% to 343,000 with almost half of overseas inquirers coming from new markets.

Exhibitions: The Council's 16 trade and consumer fairs covering all major Hong Kong industries provide a cost-effective vehicles for manufacturers and traders to reach international buyers. HKTDC's fairs set new records in 1993/94 with the total number of exhibitors up by 12 % to nearly 6,000, and total business up by 57% to HK\$15 billion. The total number of visitors was 1.4 million.

Market Development: A primary objective of the Council is to help Hong Kong companies develop and diversify their markets, an essential function in maintaining the momentum of Hong Kong's export growth. A program of 306 promotions was mounted worldwide in 1993/94, more than 60% of them in emerging markets, offering Hong Kong company a wide variety of activities for promoting their businesses abroad. Altogether 9,160 Hong Kong companies participated, with HK\$33 billion generated in total business. Circulation of HKTDC's 14 product magazines was 1.7 million, reaching 250,000 targeted overseas importers and buyers.

Market Intelligence: To help Hong Kong companies respond strategically to changing markets and new opportunities, the Council undertakes detailed research and analysis. In 1993/94, HKTDC's Research Department published 80 reports on individual markets and topical trade issues. Total circulation reached 272,000 copies, up 28%. HKTDC's business library was frequented by 60,000 visitors and handled 81,000 requests for information. More than 10,000 local executives attended 125 HKTDC workshops, business seminars and business training courses.

Hong Kong Government's Industry Department

One Stop Unit: The Hong Kong Government's Industry Department assists foreign business people to invest in the manufacturing sector through its "One Stop Unit," which is staffed by specialist officers with industrial experience. The Unit can provide answers to questions about labor, environmental protection, safety and public health legislation, industrial accommodation support facilities and technical back-up services. The unit has hot lines to executive officers in the 30 government departments and organizations involved in Hong Kong's trade and industrial scene. Moreover, the unit provides the "after-sales" service and the officers maintain contact and continue to provide whatever help is needed.

As the more labor-intensive production and processes gradually leave Hong Kong, the manufacturing sector has moved up-market and remains one of the main contributors to the economy. This sector continues to diversity in an expanding of the supporting, linkage and engineering-based industries. Because of Hong Kong's strategic location in the Asia-Pacific region, many foreign investors have already realized profitable opportunities for their ventures here. The Government recognizes that Hong Kong also profits from the overseas presence here and continues to welcome new companies - not so much for additional capital, but for their management, skills and know-how. As such, the Government will intensify its efforts to attract investment in capital and educational support are available.

Attractions for Investors: Hong Kong's attractions for foreign investors include its low corporate tax rate (currently 16.5%), absence of foreign exchange controls, excellent telecommunications and transportation services, reliable energy and water supply, sophisticated port and shipping facilities, skilled work force and highly developed support industries.

Hong Kong's good location and external communication links have enabled it to become one of the regional centers of the Asia Pacific. This role has assumed increasing importance with rapid economic development in the Asia Pacific region in recent years. The 1994 Survey of Regional Representation of Overseas Companies in Hong Kong was the fifth in the series of surveys by the Industry Department to study regional representation by overseas companies in Hong Kong. The essence of the results of this survey are as follows:

- a. The survey identified 1846 regional operations by overseas companies in Hong Kong. They included 714 regional headquarters and 1132 regional offices.
- b. The survey revealed that between 1980 and 1984 an average of 20 new regional headquarters were set up each year. From 1985 to 1989 the average number increased to 44, and from 1990 to 1993 the number further increased to 53. In the five months of 1994, 29 new regional headquarters were already established.
- c. The survey also showed that 17 companies were planning to set up regional headquarters in Hong Kong, 13 of which intended to do so in 1994 or 1995.

Changeover of Sovereignty: In 1984 the United Kingdom and the People's Republic of China Governments signed an international treaty - the Joint Declaration on the Question of Hong Kong. This provides that China will resume the exercise of sovereignty over Hong Kong with effect from July 1997. The Hong Kong Special Administrative Region (HKSAR) will be established on that date. Among other things, the Joint Declaration provides that: (1) the HKSAR will enjoy a high degree of autonomy, except in foreign and defense affairs, (2) The current social, economic and legal systems in Hong Kong will remain unchanged. The HKSAR will decide its economic, trade, monetary and financial policies on its own, (3) private property, ownership of enterprises, right of inheritance and foreign investment will be protected by law, (4) the Hong Kong dollar will remain freely convertible and no foreign exchange control policy will be applied, (4) the HKSAR will retain its status of a free port, an international financial center and a separate customs territory, and (5) the HKSAR will have independent finances and China will not levy taxes on it.

The Joint Declaration is an international treaty giving rise to rights and obligations under international law and is registered as such in accordance with Article 102 of the United Nations Charter. In 1990 the National People's Congress of China promulgated the Basic Law of the HKSAR which enshrines the basic policies of China regarding Hong Kong. The Basic Law will come into effect on 1 July 1997.

2.2.4 Korea

Korea Trade Investment Promotion Agency (KOTRA)

Table IV-2-2-4 Korea Trade Investment Promotion Agency (KOTRA)

Address:	P.O. Box 123, Seoul, Korea, Republic of		
Year established:	1962		
LEGAL FORM			
Independent organization in the public sector			
GLOBAL RESPONSIBILITIES			
Institution responsible for the export and import promotion of all products			
AREAS OF ACTION			
	Degree of participation		
	None	Partial	Full
1. Policy recommendations		x	
2. Policy formulation	x		
3. Formulation of export development strategy	x		
4. Formulation of national development plan	x		
5. Formulation of foreign trade programs	x		
6. Export incentives: planning and formulation	x		
7. Export incentives: administration	x		
8. Granting of direct credit for export	x		
9. Export credit insurance	x		
10. Export development activities			x
11. International trade negotiations		x	
12. National and/or foreign investment promotion		x	
13. Control of national and/or foreign investment	x		
14. Coordination	x		
GOVERNING BODY			
<i>Board of Directors</i>			
Number of members:	2 from the public sector; 4 from the private sector		
INTERNAL ORGANIZATION			
Executive positions:	President, Senior Vice- President and Executive Director, Comptroller		
Departments:	Trade Information; Trade Research; Market Development; Planning and Management; Trade Centers		
Total number of staff:	779 (Professional 634)		
Number of decentralized offices within the country:	12		
REPRESENTATION ABROAD			
Number of offices:	81		
SOURCES OF FUNDING			
	% share of the budget		
National budget	80%		
Regular or voluntary contribution (from exporters)	4%		
Other sources (revenue)	16%		
ANNUAL BUDGET			
1992, US\$76,845,000			
1995, US\$87,192,500			

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. Purpose and Organization

Purpose: KOTRA promotes Korea's foreign trade through many daily activities and strategic projects that enable Korean exporters to identify new market opportunities for their goods and services and advance their distribution into foreign countries. KOTRA (formerly Korea Trade Promotion Corporation) changed its name since August 1995 (the abbreviation remains unchanged) added the function of investment promotion activities in cooperation with SMIPC. (For Basic Data of KOTRA, see Table IV-2-2-4)

Organization: KOTRA is a semi-governmental organization, with 12 domestic and 81 overseas offices. KOTRA introduced in 1988 a concept of Korea Merchandise Centers (KMCs), for distribution of Korean products overseas. There are currently 10 KMCs world-wide. Korean expatriates and foreign companies operating the KMCs receive various forms of support from KOTRA, including the right to use the KMC logo and ready access to its vast business network. Along the same lines of the KMC concept, KOTRA in 1992 put into place an Honorary KOTRA Representatives system.

b. Activities

Services Available: KOTRA arranges business meetings between Korean and overseas buyers and suppliers, organizes Korean trade missions abroad, and in addition, processes business inquiries, international tender information and counter-trade proposals. KOTRA operates a "Buyer's Meeting Room" at its head office in Seoul, where visiting buyers can receive personalized assistance in arranging meetings with Korean exporters and collecting information on Korean products and suppliers.

Commodity Development & Industrial Research: To promote the export of commodities, KOTRA conducts a wide variety of overseas markets research and information collecting activities for local manufacturers and exporters. Up-to-date information on product development and market trends gathered by the overseas Korea Trade Centers is disseminated to domestic companies and government agencies through printed materials, seminars and workshops. In addition, KOTRA assists Korean companies by setting up the 'Korean-brand Export Support Centers which offers information on development and registration of trademarks to enhance the brand image of Korean products. To help Korean small- and medium-sized enterprises realize their potential in foreign markets and to upgrade general and self-sustaining marketing abilities, KOTRA has launched the Strategic Marketing Initiative (SMI) program. This program aims to cover all aspects of export promotion for strategic export items in target markets. The enterprises benefit from this program for 3-4 years.

Trade Fairs & Exhibitions: Trade fairs and exhibitions constitute a key global marketing tool and information link for foreign and Korean manufacturers, exporters and importers. KOTRA's 1995 domestic exhibition calendar includes SEOUL FOOD (Seoul International Food Technology Exhibition), SEOUL PACK (Seoul International Packaging Exhibition), SEOUL INSTRUMENT (Seoul International Instrument Exhibition), KAPAS (Korea International Auto Parts & Accessories Show) and SEBEX (Seoul International Building Construction Exhibition). KOTRA is the sole organizer of Korean Pavilions in major overseas exhibitions around the world. World expositions represent another important area of activity. KOTRA has participated in world expositions since Seattle Expo in 1962.

Globalization Services: With the advent of the local self-government era, KOTRA initiated its Globalization Service with a view toward taking charge of cooperative projects with local government. The primary objective of the cooperation project is to aid in local companies' efforts to globalize. To this end, KOTRA organizes Korean trade missions abroad in cooperation with local governments. In 1995, KOTRA dispatched 35 local Korean trade missions to all corners of the world. KOTRA also carries out an Export Incubator Project for local small- and medium-sized companies with the recommendation of local governments and helps them export to overseas markets by educating them about trade process, assisting them in making their product catalogs, developing their product design and promoting overseas marketing.

International Economy Research & Cooperation: KOTRA conducts research studies on international economic trends and issues by analyzing the most up-to-date information collected by KOTRA's 81 overseas branch offices. KOTRA performs survey and research work on matters related to newly-emerging multilateral trade issues such as environment, labor, competition, investment and technology policies, and deals with multilateral trade issues addressed by major international trade organizations like OECD and APEC. KOTRA currently maintains 42 cooperative agreement with other foreign trade organizations. KOTRA holds annual meetings with other trade promotion organizations according to the MOU (Memorandum of Understanding), and provides support to other nation's delegated who visit Korea.

Regional Market Research and Publications: KOTRA carries out comprehensive overseas market research activities to keep Korean firms apprised of rapid changes in global trade. Specific attention is paid to economic and business conditions in specific countries and regions throughout the world. The results of KOTRA's research are

distributed to interested parties through publication, seminars, workshops and direct consultation. "KOTRA Overseas Market News" is a KOTRA's daily publication.

Trade Information & Telecommunication: The Information and Telecommunication Department has now completed a computer networking system, KOTRA Global Network, which links the head office in Seoul to domestic and overseas branches. As KOTRA's Global Network enables KOTRA to interchange various kinds of information within KOTRA's offices, the environment of user's access to information has been improved. With the help of a Local Area Networks (LAN) which links all the departments in the head office, computer aided approval for documents will be in wide use. Meanwhile, KOTRA-NET, the registered mark of KOTRA's collective Data Base, is supplied to Korean businessmen through personal computer communications by using a modem.

Overseas & Domestic Trade Centers: Korea Trade Centers (KTCs) located in 82 cities in 65 countries are more than just contact points for foreign business men looking to trade with Korea. They also serve as the global "eyes and ears" for Korea's small- and medium- sized enterprises. KTCs offer the local and Korean business communities useful services and advice on importing, exporting and investment procedures and opportunities.

Investment: With regard to the promotion of investment and industrial technology cooperation, the "APEC Technomart" with a theme of "Open Technology Cooperation for the 21st Century" is scheduled to take part at the Taejon Exhibition Center in May (1995), and will feature exhibitors and participants that include corporations, research institutes and government organizations from the 18 APEC member countries. To promote investment, KOTRA will set up 'Investment Information Centers' at Korea Trade Centers overseas to give the foreign companies interested in investment into Korea information on the investment climate of Korea.

The Small and Medium Industry Promotion Corporation (SMIPC)

a. Purpose and Organization

The Small and Medium Industry Promotion Corporation (SMIPC) is a non-profit autonomous organization established in 1979 in accordance the Small and Medium Industry Promotion Act for the purpose of implementing various programs to promote the small and medium industry sector. The purpose include, among others, the provision

of (i) financial assistance and field services to the SMIs on a selected basis, (ii) industrial extension services concerning management and technology, (iii) industrial training services for the managerial and technical manpower of the SMI from top management to the level of worker, (iv) collection, analysis, processing and dissemination of industrial information for SMIs, and (v) internationalization support for their industrial partnership with foreign counterpart industries.

b. Activities

In accordance with the Special Measure Act for Operational Stability and Structural Readjustment of Small and Medium Industries enacted in 1989, SMIPC conducts additional programs to promote technology development, computerization and factory automation in the small and medium industry sector. All of the assistance and services, which are being provided in package as the case may require, are mainly at structural reorganization in the SMI sector. SMPCI derives its financial resources mainly from the government budgetary resources in the form of loans, in addition, the government annually contributes to the Small and Medium Industry Promotion Fund (SMIPF), which SMIPC operates and manages.

With the growing interdependence of the world economy, international cooperation for the small and medium industry sector has been of particular significance. SMIPC has set up the Center for Foreign Investment Services (CFIS) and the Center for Overseas Investment Services (COIS) to promote international cooperation in the areas of technology transfer and capital investment. CFIS aims to induce foreign investment and the transfer of advanced technology to Korea. COIS assists Korean business in their overseas investment activities. The details of the activities of CFIS and COIS are as follows:

- a. The CFIS provides One-Stop-Services for foreign businesses and Korean SMI that want to enter into industrial cooperation in the form of technology transfer, joint venture or other types of collaboration. The services include technology transfer, foreign investment into Korea, mediation between Korean companies and their foreign partners for negotiation and contracts, supply of information, help in obtaining government permits and with contracts and business plans, dispatch of industrial cooperation missions and receipt of such missions from abroad, and sponsor seminars to attract potential foreign investors.
- b. The COIS advises and assists small and medium or larger intermediate-size business on overseas investment and technical transfer by way of advisory services for government approval of overseas investment and financial support, advisory services on the investment environment of foreign countries, sponsor

meetings on overseas investment climate and dispatch missions abroad to survey investment climate, introduction of partners for joint ventures, and promoting technology transfer from small and medium industries to overseas.

2.2.5 Malaysia

Malaysia External Trade Development Corporation (MATRADE)

Table IV-2-2-5 Malaysia External Trade Development Corporation (MATRADE)

Address:	Wisma PKNS, Jalan Raja Laut, Kuala Lumpur, Malaysia		
Year established:	1993		
LEGAL FORM			
Body corporate established by Act of Parliament			
GLOBAL RESPONSIBILITIES			
Only institution responsible for the export promotion of manufactured and semi-manufactured products.			
AREAS OF ACTION			
	Degree of participation		
	None	Partial	Full
1. Policy recommendations		x	
2. Policy formulation		x	
3. Formulation of export development strategy			x
4. Formulation of national development plan		x	
5. Formulation of foreign trade programs			x
6. Export incentives: planning and formulation	x		
7. Export incentives: administration	x		
8. Granting of direct credit for export	x		
9. Export credit insurance	x		
10. Export development activities		x	
11. International trade negotiations		x	
12. National and/or foreign investment promotion	x		
13. Control of national and/or foreign investment	x		
14. Coordination		x	
GOVERNING BODY			
<i>Board of Directors</i>			
Number of members:	10		
INTERNAL ORGANIZATION			
Executive positions:	Chief Executive, 5 Directors, 10 Managers		
Bureaus:	Corporate Affairs; Trade Information; Trade Advisory and Training; Trade Promotion; Research and Trade Development		
Total number of staff:	108 (42 professionals)		
Number of decentralized offices within the country:	None		
REPRESENTATION ABROAD			
Number of offices:	23		
SOURCES OF FUNDING			
Trade Development Fund	% share of the budget 100%		
ANNUAL BUDGET			
1993 RM 29.7 million			

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. Purpose and Organization

Purpose: MATRADE, the external trade promotion agency of Malaysia's Ministry of International Trade and Industry was established in 1993. As a Malaysia's main export development organization, MATRADE plans and implements various trade promotions activities to promote the export of Malaysian value-added products and services, to ensure their competitiveness in the dynamic international economic environment and to provide a comprehensive market system and effective marketing strategies. MATRADE functions as the focal meeting point for both local and foreign importers who are looking for trade-related information. By providing timely information and relevant advice, the corporation facilitates smoother and more efficient international role. (For Basic Data of MATRADE, see Table IV-2-2-5)

Organization: All MATRADE function shall be carried out through five Bureaus namely, Corporate Affairs, Trade Information, Trade Advisory and Training, Trade Promotion and Research and Trade Development. MATRADE has its overseas offices in 23 countries in 8 regions. In Latin America, its offices are in Caracas and Sao Paulo.

b. Activities

Services Available: The services MATRADE provides includes assisting Malaysian entrepreneurs in developing markets overseas, organizing meetings between buyers and sellers, and publishing and disseminating trade information materials. MATRADE also organizes trade missions overseas and participates in international trade fairs abroad. Closer to home, the corporation holds seminars and workshops for Malaysian exporters and maintains an up-to-date Import Register of overseas contacts for the benefit of local manufacturers.

Trade Inquiries: MATRADE receive trade inquiries mainly through the network of the Malaysian trade commissions overseas. These trade inquiries are then channeled to the Malaysian manufacturers and exporters. Malaysian manufacturers exporters registered with MATRADE receive these trade inquiries first hand.

Trade Visitors: MATRADE receives trade visitors from overseas in the form of organized trade delegations or individual parties who source for Malaysian made products. These trade visitors are introduced to the Malaysian manufacturers and exporters through business meetings arranged by MATRADE. In these meetings trade visitors are able not only to see for themselves the products offered but to meet the manufacturers concerned and discuss business matters.

Company Registration: MATRADE registers, maintains and periodically updates the Importers Register and the Exporters Register. These registers carry essential information about both foreign and local businessmen involved in the export and import trade. All information pertaining to foreign importers and Malaysian manufacturers and exporters are all computerized and are readily accessible.

Participation in Overseas Trade Fairs: Participation in trade fairs is one of the most important marketing tools in the business of trade. Realizing its importance, the government allows participating companies to have their expenses deducted under the double deduction system. MATRADE manages Malaysia's participation in about 15-25 overseas trade fairs per year. With the establishment of MATRADE more Malaysian companies will be participating in the overseas trade fairs with a bigger exhibition space area.

Trade and Investment Missions: MATRADE together with MIDA and MITI also organize trade missions to various countries around the world. These missions are aimed at introducing Malaysian products to the overseas market, following up on earlier contacts made and encouraging joint-ventures between Malaysian companies and those from the countries being visited.

In-coming Trade Missions: MATRADE handles in-coming trade missions from all over the world. The purpose of such missions are mainly to obtain information regarding the supply sources of Malaysian products.

Workshops and Seminars: MATRADE organizes a series of workshops and seminars for the benefit of local exporters and manufacturers. The new thrust of the workshops/seminars is to encourage domestic investment and at the same time educate the Malaysian manufacturers and exporters on the facets of international trade.

- Market access and problems
- GSP
- Export Documentation
- Electronic Data Information (EDI)
- Product Standards
- Export Financing
- Insurance

National and Regional level workshops and seminars are held all the year round in the capital city and other state capitals for the benefit of all Malaysian manufacturers and exporters.

Publications: MATRADE publishes regular magazines and trade bulletins such as, Malaysia Trade Quarterly, Trade Digest, Bulletin Dagang, MATRADE Resource Centre.

The Malaysian Industrial Development Authority (MIDA)

a. Purpose and Organization

The Malaysian Industrial Development Authority (MIDA) is the Malaysian Government's principal agency for the promotion and coordination of industrial development in Malaysia, established under the Federal Industrial Development Authority Act, in 1965. It first became operational in 1967. MIDA has set up 15 overseas offices and 13 state offices.

b. Activities

Functions: As stated in the Act and its subsequent amendments, the functions of MIDA are to undertake economic feasibility studies of industrial possibilities, to undertake industrial promotion work in Malaysia and overseas, to facilitate the exchange of information and coordination among institutions engaged in or connected with industrial development, to report to the Minister of International Trade and Industry on the progress and problems of industrialization in Malaysia and make recommendations on the manner in which such problems may be dealt with, and, to advise the Federal Government on measures for the protection and promotion of industries, including the imposition and alteration of and exemption from customs and other duties, import and export licensing.

As part of its regular functions, MIDA has been assigned the task of evaluating applications for incentives provided under the Promotion of Investments Act, 1986, manufacturing licenses under the Industrial Coordination Act, 1975 and the Petroleum Development Act, 1974, expatriate posts required by manufacturing projects, incentives for training and R&D, tariff protection/duty exemption for raw materials, components and machinery, and joint venture, management and other technical agreement.

Developing R&D: The most significant point raised is how to visualize MIDA in the future particularly in view of the need to upgrade the technology of developing R&D etc. The strength of MIDA has always been in its technical knowledge of industries. MIDA will have to update its knowledge of industries, especially as there are already tremendous change in the type of industries that MIDA is targeting for.

South-South Co-operation: Under the 7th Malaysia Plan, MIDA plans to strengthen its South-South Co-operation programs. Emphasis will be on providing structured training. In line with this, MIDA has to build up a pool of expertise for the expressed purpose of sending them out on short-term stints to these nations.

Overseas Investment: Another area that MIDA will be involved in the future is in cross-border investment viz encouraging investment out of the country. This represents a departure from MIDA's traditional role of attracting investment into the country. MIDA is in the process of formulating a paper on this subject and has to be very careful as a balance sheet is needed. However MIDA's primary role is to attract foreign direct investment. The 7th Malaysia Plan has targeted an investment inflow of RM126 billion. The challenge is how to meet this target.

2.2.6 Singapore

Singapore Trade Development Board (STDB)

Table IV-2-2-6 Singapore Trade Development Board (STDB)

Address:	1, Maritime Square No. 10-40		
Year established:	1983		
LEGAL FORM			
Autonomous institution attached to the Ministry of Trade and Industry			
GLOBAL RESPONSIBILITIES			
Only institution responsible for the export promotion of all products and services, and promotion of international trade in general			
AREAS OF ACTION			
	Degree of participation		
	None	Partial	Full
1. Policy recommendations			x
2. Policy formulation		x	
3. Formulation of export development strategy			x
4. Formulation of national development plan		x	
5. Formulation of foreign trade programs			x
6. Export incentives: planning and formulation		x	
7. Export incentives: administration			x
8. Granting of direct credit for export		x	
9. Export credit insurance	x		
10. Export development activities			x
11. International trade negotiations			x
12. National and/or foreign investment promotion		x	
13. Control of national and/or foreign investment	x		
14. Coordination		x	
GOVERNING BODY			
Board of Directors			
Number of members:	5 from the public sector, 6 from the private sector		
INTERNAL ORGANIZATION			
Executive positions:	Deputy Chief Executive Officer		
Departments:	Corporate Administration; Trade Information; International Operations; Trade Policy and Administration, etc.		
Total number of staff:	390		
Number of decentralized offices within the country:	None		
REPRESENTATION ABROAD			
Number of offices:	30		
SOURCES OF FUNDING			
	% share of the budget		
Charges for services (sale of services)	52%		
Other services (sale of export quotas)	48%		
ANNUAL BUDGET			
1992	S\$83.5 million		
1991	S\$68.1 million		

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. Purpose and Organization

Purpose: The Singapore Trade Development Board (STDB) is Singapore's national trade promotion agency set up to develop the country's international trade. STDB's goals are to develop Singapore as an international hub, to promote Singapore's export of goods and services, and develop new market, to assist Singapore companies to expand their business overseas, to safeguard and further Singapore's external trade interests, and to administer and facilitate Singapore's international trading system. (For Basic Data of STDB, see Table IV-2-2-6)

Network: The STDB maintains a network of offices in major cities world wide. In total there are 29 overseas centers which play an important role in increasing Singapore's trade in the world.

b. Activities

Services Available: The STDB's offices provide on-the-spot assistance without charge. Overseas centers will provide assistance and information on the setting up of trading or distribution operations in Singapore, arrange business appointments for trips to Singapore, channel the requirements to suitable suppliers to submit quotations directly to you, provide information on all matters relating to trade with Singapore, and give up-to-date information on Singapore's manufacturing and service sectors.

Trade Fairs and Missions: The STDB is assisting exporters through 43 international trade fairs, 51 overseas trade missions, 72 business/consultancy seminars, new trade centers in Taipei, Dubai and Madras, business development in emerging markets: India, China, Indochina, Myanmar, 20 approvals totaling \$3.9 million under Market and Investment Development Assistance Scheme (MIDAS), and three new assistance scheme under the MIDAS umbrella; Licensing Development Assistance Scheme, International Bidding Assistance Scheme, International Fairs Development Assistance Scheme.

Promoting International Trading: 52 companies awarded the Approved Oil Trader (AOT) status since scheme was launched in 1989, 33 international mega-traders awarded the Approved International Trader (AIT) status since scheme was launched in 1990, and 24 companies awarded the Approved International Shipping Enterprise (AIS) status since scheme was launched in 1991. As for AIT, it was launched to further boost international trading activities and to attract mega traders to Singapore. Administered by the Singapore Trade Development Board, the tax scheme came into effect on January 1, 1990.

Companies granted the status of Approved International Traders (AITs) enjoy a concessionary tax rate of 10% on international trading activities in approved commodities. Only established international trading companies with world wide networks and good track records qualify as AITs. The AIT's Singapore operations should meet certain criteria. The following types of transactions by an AIT qualify for the tax concession: (1) The AIT buys and sells approved commodities offshore, (2) The AIT transships approved commodities through Singapore, and (3) The AIT imports and re-exports approved commodities. In case where the AIT physically hands and adds value to approved commodities in Singapore, the qualifying incomes will exclude the local value-added elements.

Nurturing Talents: 7 scholarship awarded under Local Design Scholarship Scheme, and 1 overseas scholarship awarded to the winner of Singapore Young Fashion Designers Contest.

Improving Infrastructure and Competitiveness: Second batch of 31 trainees from the Export Institute of Singapore graduated with a Diploma in Export Marketing in 1993, worked with relevant agencies to maintain efficiency in trade documentation and clearance even with the implementation of the Goods and Services Tax (GST), and enhanced TradeNet system to allow for collection of GST and to allow more items requiring additional processing to be declared through TradeNet.

Implementing Trade Agreement: STDB led second bilateral Singapore-USA consultations under the Trade and Investment Framework Agreement (TIFA), and successfully controlled the use of CFCs through quota auction.

Safeguarding and Promoting Trading Interests: STDB successfully helped to advance the commencement and implementation of tariff reduction under the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA), chaired various ASEAN Senior Economic Official's Meetings to advocate ASEAN economic cooperation, secured contract for Singapore to develop the APEC merchandise trade database, successfully prosecuted offenders of Singapore's Copyright Act, participated in the Uruguay Round of Multilateral Trade Negotiations which were concluded on 15 Dec. 1993, helped companies effected by protectionist and other market access problems, and successfully negotiated for lifting of the restraint on Singapore's exports of woven shirts to Finland from 1 Jan. 1994.

Economic Development Board (EDB)

a. Purpose and Organization

Purpose: The EDB's contribution to making Singapore's developed nation vision a reality is through developing world-class industry and services clusters. The Board adopts a borderless mindset and recognizes that the success of Manufacturing (EDB M2000), International Business Hub (EDB IBH2000), Local Enterprise Development (EDB L2000) and Regionalization (EDB R2000) programs depends on these programs being fully endorsed and internalized by all the people in all divisions of EDB so that the whole organization is a cohesive, totally aligned team without divisional borders. EDB is committed to strengthening Singapore's industry clusters, expanding capabilities as an international hub and upgrading local enterprises.

b. Activities

EDB M2000: The goal of Manufacturing 2000 is to sustain the GDP share of the manufacturing sector at more than 25% and employment share at more than 20% in the medium to long term. To achieve this goal, EDB will strengthen Singapore's total business capability and product management through a cluster development approach - Singapore will work companies to identify and build up core capabilities needed to meet the challenges of the global market place. The government has established the \$1 billion Cluster Development Fund for strategic investment in manufacturing as part of its programme to support this important strategy.

EDB IBH2000: The International Business Hub 2000 Programme will further develop Services as a twin pillar of the economy. Singapore will be an international business hub, bringing the world to the region, and the region to the world. Singapore will be a strategic node, adding value with flow of skills, products, services, capital, knowledge and information between Asia and the rest of the world. Under the IBH2000, Singapore will enhance its attractiveness for investment in headquarters and business services, logistics, communications and information, and lifestyle services. The Cluster Development Fund will also be used for strategic investments in the services sector.

EDB R2000: The Regionalization 2000 Programme aims to build a strong external economy that is closely linked to and which enhances the domestic economy by expanding beyond our traditional economic zone. The EDB's role is that of a business architect and knowledge arbitrageur, identifying opportunities and bringing together partners to participate in the booming Asia-Pacific economy in mutually

beneficial ways. EDB's regionalization programme will strengthen our manufacturing and service clusters and further the growth of our enterprises. The Singapore Inc. approach will also be adopted with the private and the public sector forming consortia to undertake regional investment projects on a large scale.

EDB L2000: The vision of Local Enterprise 2000 is to build promising Singapore enterprises into MNCs and industry leaders of tomorrow. Such companies will support and become key players in our Manufacturing 2000, International Business Hub 2000 and Regionalization 2000 programmes. They will be encouraged to adopt strategic growth plans, develop new capabilities and products, regionalise their operations and grow into substantive entities capable of playing a bigger role in the Singapore economy.

2.2.7 Chile

Export Promotion Department of the Ministry of Foreign Affairs (PROCHILE)

Table IV-2-2-7 Export Promotion Department of the Ministry of Foreign Affairs (PROCHILE)

Address:	Alameda Bernado O'Higgins 1315, Santiago, Chile		
Year established:	1974		
LEGAL FORM			
Department of the Ministry of Foreign Affairs			
GLOBAL RESPONSIBILITEIS			
Institution responsible for export promotion of non-traditional products			
AREAS OF ACTION			
	Degree of participation		
	None	Partial	Full
1. Policy recommendations		x	
2. Policy formulation		x	
3. Formulation of export development strategy			x
4. Formulation of national development plan	x		
5. Formulation of foreign trade programs		x	
6. Export incentives: planning and formulation	x		
7. Export incentives: administration			x
8. Granting of direct credit for export	x		
9. Export credit insurance	x		
10. Export development activities			x
11. International trade negotiations		x	
12. National and/or foreign investment promotion		x	
13. Control of national and/or foreign investment	x		
14. Coordination			x
GOVERNING BODY			
None			
INTERNAL ORGANIZATION			
Executive positions:	Director, 5 Chiefs of Department		
Departments:	Publication and Dissemination; International Fairs; Information; Operations; External and Internal Network		
Total number of staff:	76 (58 Professionals)		
Number of decentralized offices within the country:	13		
REPRESENTATION ABROAD			
Number of offices:	35		
SOURCES OF FUNDING			
	% share of the budget		
National budget	100%		
ANNUAL BUDGET			
1993, Ch\$1295 million			

(Note: Items 12 and 13 are shared by the foreign Investment Committee which is an autonomous public agency.)

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. Purpose and Organization

Purpose: The Export Promotion Department (PROCHILE), one of three areas within the General Directorate for International Economic Relations of the Ministry of Foreign Affairs is mandated to assist development of non-traditional Chilean exports. It supports new product development, fosters efforts to secure access to new markets, help consolidate existing exports, and in general, assist in all initiatives intended to enhance ties with the foreign marketplace. (For Basic Data of PROCHILE, see Table IV-2-2-7)

Organization and Network: Next to its Santiago headquarters, a nation-wide Regional Network encompassing 13 local offices helps PROCHILE efficiently discharge its mandate, with regional posts affording local vendors easier access to assistance and resources. The PROCHILE Foreign Network, for its part, consists of some thirty-five Trade Offices strategically located in some of the world's most attractive trading and financial centers.

b. Activities

Services Available: PROCHILE helps and advance both Chile and Chilean products. This is accomplished through trade missions undertaken by Industry Committees, joint production of sector catalogues, and through Country Image Project. It assists the private sector develop strategies designed to place the right Chilean product in the right place-at the right time. In other words, it optimizes private sector time and resources vis-a-vis the foreign marketplace, bringing to bear a long-range approach to the issue at hand. PROCHILE makes specific information available on the unique features of buyer countries. This help design a fully-informed approach. It promotes and encourages improvement of the quality of items offered for export. To this effect, it helps coordinate the efforts of all relevant public and private sector bodies. PROCHILE encourages diversification and non-traditional exports. Its Market Intelligence Department works to anticipate new trends and helps steer exports in the right direction.

Exporter Assistance Unit: This unit is staffed by three foreign trade consultants and advises vendors on such issues as the paperwork involved in selling a product abroad, export incentives, tariffs due on Chilean products abroad, etc.

Trade Fairs and Mission: PROCHILE assists with attendance at the world's most promising fairs and shows. This support is intended to help exporters showcase their products at the most appropriate venues. PROCHILE sponsors the listing of qualified exporters in the Chile Export Directory.

Underwriting of the Cost: PROCHILE helps underwrite the cost of product development, trade publication advertising, shipping, of samples, conferences, taste-test events, foreign consultants and other initiatives intended to help advance Chilean foreign sales.

Country Image-Up Strategy: This is undertaken by a new Unit started 2 years ago. The concept is to sell a good and clean "Imagen de Chile". This Unit was formed from the combination of 2 former Departments: Market Intelligence and International Marketing. PROCHILE hosts present and potential trade partners in fact-finding tours designed to acquaint them with the outstanding capabilities, leading technology and worker training practices of Chilean industry. In other words, PROCHILE helps build confidence in the "Made in Chile".

Regional Network: The Regional Network works in close collaboration with the private sector throughout Chile. It helps identify potential new exporters and assists them in joining PROCHILE Industry Committees, the gateway to the export business. Much like the Santiago headquarters, regional offices keep and supply market research data and information on international demand provided by the Foreign Network. The coordinator electronic mail system connects both the foreign and regional networks to head office.

Foreign Network: The PROCHILE network abroad comprises the Trade Show office for Europe and PROCHILE Trade Offices in leading financial and trade centers worldwide. Foreign Network priorities include identifying market trends and establishing contact with local importers, distributors and wholesales to apprise them of the products Chile has to offer. Trade Offices - the eyes and ears of the Chilean export industry - file daily reports with Santiago.

Information Services: The Department of Information is divided into two areas: Documentation Center and Computer Services. Documentation Center provides introductory assistance to potential new exporters, who are given an overview of the issues involved in making a start in the export business. Established exporters avail themselves of such Center services as timely information on tariff schedules, pricing and trends in markets throughout the world; all made possible by the use of modern, networked computers.

Foreign Investment Committee

a. Purpose and Organization

Purpose: The Foreign Investment Committee, an autonomous public entity at ministerial level, is the legal organization authorized to act on behalf of the Chilean State to accept foreign capital. The terms and conditions for the investment contract are rules by the Foreign Investment Statute (Decree Law 600), which has been in force since 1974. It is among the most modern legal framework in the world in the subject of foreign investment. its basic principle are non-discriminatory and non-discretionary treatment of foreign investors.

Organization: Foreign Investment Committee is operated by Committee of Ministers headed by Minister of Economy and its members are Ministers of Finance, of Foreign Affairs, of Planning and President of the Central Bank. It is the best interlocutor in Chile before all government bodies (Ministries, Chilean Development Corporation, PROCHILE, etc.), banks and financial institutions, Chamber of Industry and Commerce and other private and public institutions.

b. Activities

Service Available: The Committee stands ready to assist any foreign investor in finding solutions to specific problems or give information and general guidance regarding the country, its economy, legal framework and policies towards foreign investment.

Activities: During its more than 17 years of operation the Committee has signed, more than 3000 contracts, for a total amount of more than US\$14000, originated in 54 countries, without complaints. The best incentive Chile can offer is a proven track-record. An important function of the Committee is the promotion of foreign investment. This objective is achieved by many activities performs, for instance; organization of investment seminars in Chile and abroad, participation in international events and fairs, publication of information material and brochures, preparation and publication of sector studies presenting investment opportunities, and preparation of audiovisual material.

In early 1995, Foreign Investment Committee and SOFOFA (Sociedad de Fomento Fabril) ordered Mitsubishi Research Institute (MRI) of Japan the study on Chilean investment environment. The consulting fee of MRI is US\$100,000. The study report is expected to be completed in February 1996 and be utilized for attracting direct investments, especially from SMEs of Japan.

Fundacion Chile

a. Purpose and Organization

Fundacion Chile is a private, non-profit technology transfer organization, established in 1976, by Decree Law No. 1528, which ratified an agreement between the Government of Chile and ITT Corporation of the United States of America. The Foundation's original endowment fund was contributed in equal parts by the founders over a ten-year period. Fundacion Chile's objective is to transfer to Chile those technologies which can assist the nation in optimizing the use of its natural resources and productive capacity. It has been dedicated to transferring technology in three basic areas of the national economy: agribusiness, forestry and marine resources. It has participated in the country's progress, by applying and developing new, commercially viable industrial projects. Some of its most outstanding efforts have involved the introduction of exotic species with big demand in international markets.

b. Activities

Technological Services: Fundacion Chile offers its clients on-site technological services. It expands the country's productive borders by transforming once sterile areas into fertile ones, generating new job sources, revitalizing the socially and technologically, facilitating greater industrial efficiency and providing the means to save on production costs such as transport, labor and speedier business transactions.

Achievements: The major achievements of Fundacion Chile reflect the institution's traditional business by offering a market edge with the introduction of new technologies and at the same time leading the way to increased competitiveness, incorporating the concepts of quality and added value to productive processes, as well as the environmental principles of a sustainable economy and the soft management technologies that industries begin to need when primary production tasks are successfully completed.

Cooperation from Japan: So far, technical cooperations have been extended to Fundacion Chile from three Japanese organizations; the case of JICA is for testing of drying machines for fruits, vegetables etc., and the case of JETRO is for marketing survey of specific parts for housing construction. JAIDO prepared two projects with the feasibility studies done by the Japan Consulting Institute; one is on the production of "Ogalite" from consolidated sawdust which will be utilized for substitution clean energy.

for firewood and charcoal, and for an agent to improve soils for agriculture and gardening. The other is on the production of dried vegetables, fruits and marine products for export, utilizing a new and efficient method of decompression.

2.2.8 Japan

Japan External Trade Organization (JETRO)

Table IV-2-2-8 Japan External Trade Organization (JETRO)

Address:	2-5 Toranomon, 2-Chome, Minatoku, Tokyo, Japan		
Year established:	1958		
LEGAL FORM			
Semi-governmental organization supervised by the Ministry of International Trade and Industry (MITI); established under special law			
GLOBAL RESPONSIBILITIES			
Institution responsible for trade promotion of all products, personnel and technology exchange, and industrial cooperation and investment. The current emphasis is on import promotion.			
AREAS OF ACTION			
	Degree of participation		
	None	Partial	Full
1. Policy recommendations		x	
2. Policy formulation		x	
3. Formulation of import development strategy		x	
4. Formulation of national development plan	x		
5. Formulation of foreign trade programs		x	
6. Export incentives: planning and formulation	x		
7. Export incentives: administration	x		
8. Granting of direct credit for export	x		
9. Export credit insurance	x		
10. Import development activities			x
11. International trade negotiations	x		
12. National and/or foreign investment promotion		x	
13. Control of national and/or foreign investment	x		
14. Coordination	x		
GOVERNING BODY			
None			
INTERNAL ORGANIZATION			
Executive positions:	President, Executive Vice-President, Executive Director		
Departments:	Overseas Research; Economic Information; Information Service; International Communications, Publications, Import Promotion; Trade Fairs; Business Support Center etc.		
Total number of staff:	1300 (overseas 700 incl.)		
Number of decentralized offices within the country:	32		
REPRESENTATION ABROAD			
Number of offices:	79		
SOURCES OF FUNDING			
	% share of the JETRO budget		
National budget			
Regular or voluntary contributions (from private sector)	78%		
	22%		
ANNUAL BUDGET			
1994, US\$ 374 million			

[JETRO, based upon its past experiences, presently extends cooperation with developing countries in the field of export development.]

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

a. From Export Promotion to Import Promotion

JETRO started its export promotion activities in the 1950s. Among these activities, such services were offered as overseas economic and market research, collecting and supplying overseas market information, trade consultations, answering trade inquiries, participation in exhibitions, organizing trade fairs and public relations. These activities were closely related to the industrial policies of Japan in those days included selecting potential exporting industries and growing sectors by allocating a variety of incentives. The activities of JETRO, in parallel with the rapid economic growth of Japan, have extended to counter the trade and capital liberalization of the 1960s and to promote overseas Japanese investments in natural resource development and also to promote the export of industrial plants in the 1970s. From the latter half of the 1970s, as trade friction with Europe and the U.S.A. increased and the importance of acquiring natural resources and primary products abroad has increased, the activities of JETRO have also expanded to include import promotion and industrial cooperation with industrialized countries. With developing countries JETRO works to promote trade and investment. (For Basic Data of JETRO, see Table IV-2-2-8)

b. Programs to foster export industries and industrialization in developing countries

The following schemes have been developed by JETRO for fostering export industries in developing countries mainly through cooperation in personnel training and information services, marketing for the Japanese market and technical exchange.

(1) Fostering export industries

a) Training the staff of Trade Promotion Organizations (TPO)

This program is to invite staff working in Trade Promotion Organizations in developing countries. During 1993, staff from 22 countries participated in this program. They listened to seminars on Japan's economy, JETRO's activities and so on. They also visited the Business Support Center and the Exhibition Hall of JETRO in Ikebukuro, Tokyo for a better understanding of JETRO's import promotion programs.

b) Hosting market researchers

Market researchers from TPOs are invited to Japan to actually learn and research how to penetrate the Japanese market for specific commodities and products. During

their 40 day stay in Japan, JETRO fully supports their market research activities. In 1993, JETRO hosted researchers from 10 different countries.

Ceramic tile made in Egypt was one of the program's success stories in 1993. Due to a boom in house-remodeling in Japan, the demand for ceramic tile has grown rapidly in recent years. In the process of conducting market research, it was stressed that the tile of Egypt is almost the same quality as Italian made tile at a cheaper price. Many Japanese companies showed interest and several construction companies issued sample orders. Beer from Bulgaria and foliage plants from Costa Rica were also potential success stories if they can secure the right distribution channel in Japan.

c) Organizing sample fairs overseas for technical cooperation

JETRO is organizing sample fairs and participating in exhibitions held in developing countries to introduce needed machinery and production techniques to those countries in the spirit of economic cooperation. In 1993, these type of fairs were held in Dalian City, China, Hanoi City, Vietnam and Singapore.

(2) Cooperation for exporting the Japanese market

a) Dispatching commodity specialists and organizing sample fairs for developing nation's products

Commodity specialists are dispatched for about 3 months to developing countries for advising how to market to the Japanese market and to improve the quality of products to better adaptation to the market. In 1993, 9 specialists were dispatched to 13 countries. This year, the "business contact meetings for sample fairs" have begun started in Nagoya and Kyushu to obtain concrete results in Japan for exporters from developing countries. Specialists on apparel were sent to India and visited 25 firms and bought samples. It was reported that the amount of contracts generated by the specialists' visit exceeded one million US dollars.

b) Dispatching product import missions

These missions are dispatched to trade fairs held in developing countries to locate and buy marketable products for Japan. In 1993, 6 missions visited Eastern Europe, Malaysia, Indonesia and Korea. The missions were composed of representatives from such local business associations and governments as the Association of Retailers of Osaka, the Chamber of Commerce and Industry of Morioka,

Kagoshima and Nagasaki Prefecture. The samples bought in Eastern Europe were exhibited for around one month at the "Good Design Exhibition of the World" held in a

department store of Osaka and many good business contracts were made for Eastern European exporters.

c) Large scale import fairs for developing countries

To promote exports to Japan from developing countries, JETRO began in 1992 to install a JETRO Zone at the annual "International Houseware Show, Tokyo". In the JETRO Zone, booths are provided to exhibitors from developing free of charge. JETRO also provides interpreters for business negotiations, office fixtures, consulting services by marketing experts, seminars on the Japanese market, etc. In 1993, the number of business negotiations at the show totaled 1,084 and contracted business amounted to almost US \$4 million dollars.

d) Exhibitions for the products of developing countries

In these exhibitions, information on the country is also exhibited along with products for export to Japan. In order to promote public awareness, sales at the exhibition are made not only to imports but also to general consumers. In 1993, 4 long-term exhibitions were held at JETRO's Ikebukuro Hall and one special exhibition in Osaka. To obtain better results at exhibitions, product specialists are sent to the participating country in advance to give advice concerning what goods should be exhibited. Seminars on the Japanese market are also held for visiting exhibitors.

e) Inviting foreign businessmen

The Export to Japan Study Program (EJSP) originally invited company executives from industrialized nations who were looking for exporting opportunities in Japan and also staff of central and local government and business associations. Recently, this project has been enlarged to include executives from developing countries. In 1993, 43 persons were invited from 14 developing countries.

f) Providing information on the Japanese market;

Information for developing countries on how to export to the Japanese market is included in JETRO publications and distributed overseas. 6,000 copies of "Trade Scope", a monthly English trade magazine on Japanese trade with developing countries is distributed around the world. Trade Scope covers market trends, best-selling goods, importing companies, explanations on import regulations and so on. The "Access Series" profiles 6 exportable items from developing countries per year and their relationship with the Japanese market from such standpoint of domestic production, demand and consumption trends, domestic distribution channels, import levels and so on. In 1993, such items were profiled as "cuttlefish and octopus", "frozen vegetables", "fish meal", "apparel", "olive oil" and "noodles".

(3) Technical Cooperation

a) Diffusion of appropriate production techniques for small and medium sized firms

To establish an economic base and industrial promotion in Asian countries, appropriate techniques suitable for local conditions and helpful for enhancing product quality are taught by JETRO to small and medium sized firms suffering from a low level of technique. Participating countries include Indonesia, the Philippines, Singapore, India, Sri Lanka and China. Technical experts are dispatched to these countries at the request of the country's TPO or business associations for surveying cooperation opportunities and raise technical competence. Based on company surveys, experts are sent to have consultations and conduct seminars.

b) Cooperation for industrialization promotion in developing countries

Targeting the 5 ASEAN countries except Brunei, and China, India, Pakistan, Sri Lanka, the "JOIN Projects" were initiated by JETRO. Investment environment studies with basic data are made for the JOIN countries. Representatives from the investment promotion institutions in JOIN nations visit Japanese companies and exchange views on potential cooperation projects.

Representatives will also conduct seminars on the investment environment of their country to potential Japanese investors. JETRO will also send feasibility-study missions for review concrete investment projects and work to actualize them.

(4) Packaged cooperation

a) Asian Cooperation Project(AC)

Initially, to promote trade and industrialization in ASEAN countries, packaged cooperation projects were aimed at promoting small and medium sized firms in rural areas, the development of export of manufactured products, the diffusion of energy saving techniques and the Green Aid Plan for environmental protection. Today, the 5 ASEAN countries except for Brunei, China, India, Pakistan and Sri Lanka are all participating in these programs.

b) Special Cooperation Project (SC)

This project is also a packaged cooperation project in which experts are dispatched to nurture specialists for economic development and to expand the production of manufactured products. TPO trainees are hosted by JETRO to conduct market

surveys of products for third country markets. The SC project is very similar to the above mentioned AC project. The participating countries are those not included in the AC Project. In 1993, there were 13 countries participating including Korea, Turkey, Kenya, Peru and Mexico.

c) Project for the Promotion of Latin American Exports & Industry (PLAN)

To foster exporting industries that will be able to obtain foreign currency and to expand exports from Latin American countries, this packaged cooperation project is run by JETRO.

The Export Promotion Advisory Committee and the Preliminary Study Team will prepare an executing strategy. Through dispatching product specialists, managerial and technical advice is given. Trainees are also invited to Japan to gain a better understanding of the Japanese market. Overseas market information will be supplied through the Specific Industry Overseas Market Research Program. With regard to export promotion, JETRO will assist firms to exhibit in specialized trade fairs, provide exhibition space, install booths, promote business negotiations, prepare catalogues and promotional videos and receive trade missions. In 1993, Brazil and Argentina were chosen to participate in the program. For 3 years, assistance will be given to specific industries in the two countries.

d) Special Project for Promoting East European Economic Development (SPEED)

To develop and stabilize market economy reforms in East European countries, JETRO is assisting industrial and export promotion organizations develop targeted sectors of their economies for 3 years. In 1993, Hungary and Poland participated in the SPEED program.

2.2.9 Brazil

Departamento Técnico de Intercambio Comercial - DTIC

Table IV-2-2-9 Departamento Técnico de Intercambio Comercial - DTIC

Address:	Praça Pio X, 65, Rio de Janeiro, Brazil		
Year established:	1990		
LEGAL FORM			
Department of the Ministry of Industry, Commerce and Tourism			
GLOBAL RESPONSIBILITIES			
Institution responsible for local export promotion of all products. External promotional responsibilities are carried out mainly by ITAMARATY.			
AREAS OF ACTION		Degree of participation	
	None	Partial	Full
1. Policy recommendations			x
2. Policy formulation		x	
3. Formulation of export development strategy			x
4. Formulation of national development plan		x	
5. Formulation of foreign trade programs			x
6. Export incentives: planning and formulation		x	
7. Export incentives: administration		x	
8. Granting of direct credit for export			x
9. Export credit insurance	x		
10. Export development activities			x
11. International trade negotiations		x	
12. National and/or foreign investment promotion		x	
13. Control of national and/or foreign investment	x		
14. Coordination			x
GOVERNING BODY			
None			
INTERNAL ORGANIZATION			
Executive positions:	Director, 8 Division Chiefs		
Departments:	Planning and Organization; Economic Studies; Foreign Trade Statistics; Foreign Trade, Technical Support, etc.		
Total number of staff:	No information available		
Number of decentralized offices within the country:	No information available		
REPRESENTATION ABROAD			
Number of offices:			
SOURCES OF FUNDING		% share of the budget	
National budget	100%		
ANNUAL BUDGET			

[Sources: The original chart is from International Trade Center UNCTAD/GATT, *Profiles of Trade Promotion Organization*, Third Edition, Geneva 1994, and updated by the IDCJ study team.]

2.2.10 Argentina

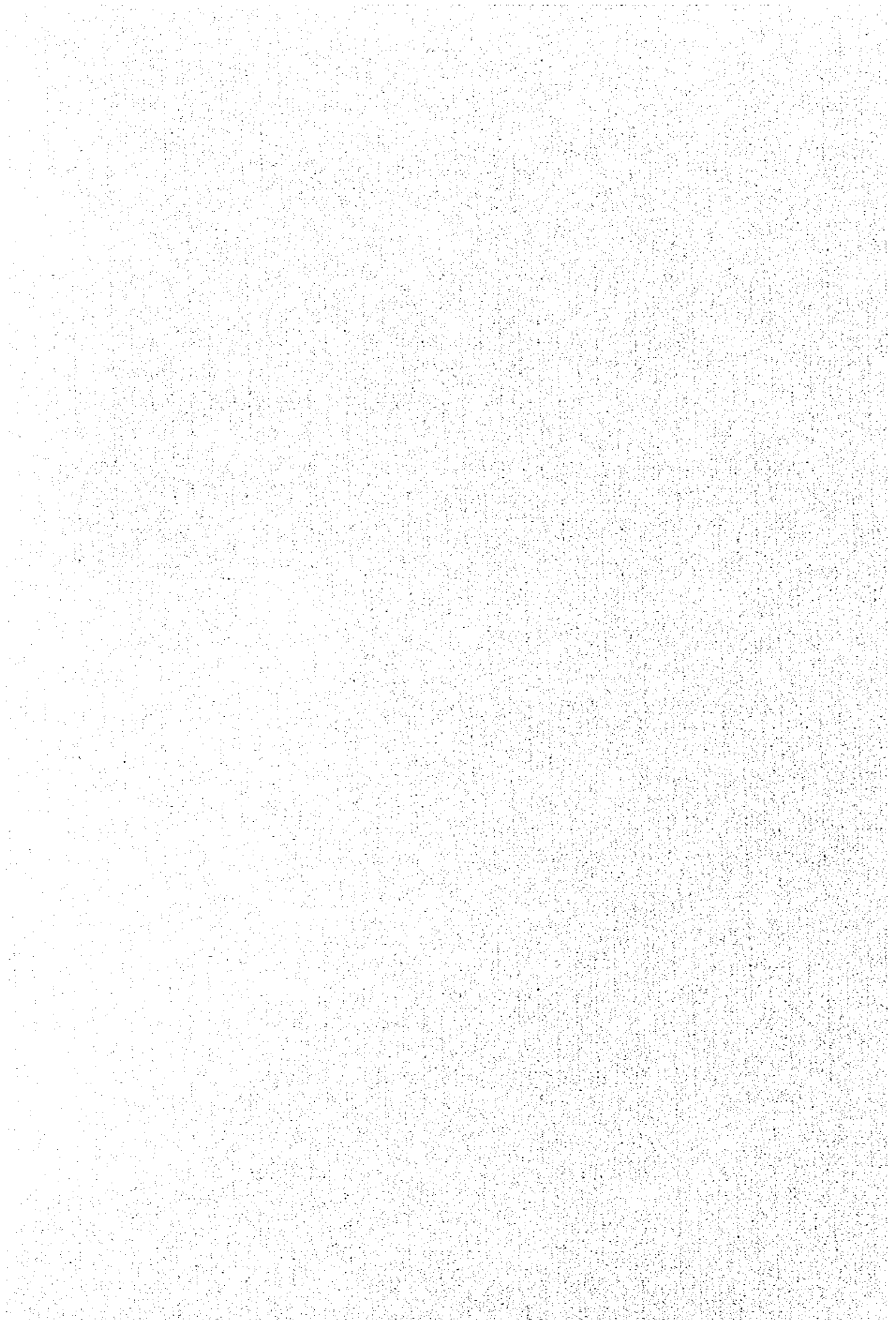
Fundacion Exportar

Table IV-2-2-10 Fundacion Exportar

Address:	(1) Reconquista 1098 Buenos Aires (2) Leandro N. Alem 449, 4oP Buenos Aires
Year established:	Nov. 1993
LEGAL FORM (Note 1)	
Mixed Public and private organization	
GLOBAL RESPONSIBILITIES	
Trade promotion of all products and services	
AREAS OF ACTION	
	Degree of participation
	None Partial Full
1. Policy recommendations	x
2. Policy formulation	x
3. Formulation of export development strategy	x
4. Formulation of national development plan	x
5. Formulation of foreign trade programs	x
6. Export incentives: planning and formulation	x
7. Export incentives: administration	x
8. Granting of direct credit for export	x
9. Export credit insurance	x
10. Export development activities	x
11. International trade negotiations	x
12. National and/or foreign investment promotion	x
13. Control of national and/or foreign investment	x
14. Coordination	x
GOVERNING BODY	
Board of Directors	Executive Director
Number of members:	6 from public sector 11 from private sector
INTERNAL ORGANIZATION	
Executive positions:	2 Coordinators for the activities
Departments:	Trade Fairs
Total number of staff:	40
Number of decentralized offices within the country:	30
REPRESENTATION ABROAD	
Number of offices:	6 (promotion center), 110 (Embassies and Consulates)
SOURCES OF FUNDING	
% share of the budget	
ANNUAL BUDGET	

(Note 1: 13 private organizations as members)

Chapter 3
Experiences of Exports and FDIs Promotion



3.1 Success Experiences of Private Companies in Promoting Their Exports with the Support of TPOs

3.1.1 How Canadian Companies are Winning New Markets in Japan - Keys to Success and Benefits - Results of Interview with Canadian Companies by JETRO-Canada

The profiled companies represent a wide range of industries and geographic locations, as well as varied experiences in exporting to the Japanese market. Nevertheless, in examining how these companies are winning new markets in Japan, a number of common themes emerge and many of the executives interviewed offer strikingly similar advice. Not only do these examples reveal some broadly applicable keys to success, they also illustrate some of the many benefits that smaller firms accrue by exporting to Japan. Some of the major points cited are highlighted below.

(1) Quality Product, Through Preparation a Must

A prerequisite for any company wanting to succeed in the Japanese market is having a top quality product with distinct appeal. Accordingly, undertaking thorough market research is crucial, and in this regard many of the companies profiled consulted with JETRO's Senior Trade Advisors and other product specialists, participated in the Export to Japan Study Program or made use of JETRO's various market information resources. For several companies, a willingness to modify product design and specifications to suit Japanese customer requirements was the key factor in winning an order or securing a distribution contract.

(2) Long-Term Commitment, Top Management Involvement Essential

Demonstrating a long-term commitment to the Japanese market is another widely cited requirement for success. This means, as some companies discovered, exercising considerable patience and persistence in negotiations with potential distributors and customers. Another significant indication of a company's long-term commitment to the Japanese market is the level of top management involvement. For companies whose senior executives have visited Japan on numerous occasions or participated in JETRO's Export to Japan Study Program in order to learn more about Japanese market trends and consumer tastes, such personal efforts have often paid real dividends in terms of inspiring customer confidence and boosting company image.

(3) Cultivating Distributor and Customer Relationships Important

At the same time, the importance of choosing the right distributor and developing close customer relationships cannot be overestimated. A number of companies remarked on the important role that JETRO's Senior Trade Advisors played in helping them line up and secure Japanese distributors.

(4) Cultural Awareness a Plus

Increasing awareness of Japanese culture and society can also help Canadian companies succeed in Japan. In some instances, familiarity with Japanese culture can help avoid embarrassing gaffes. The more one knows about Japanese behavior and customs, the better one will be in identifying which products will appeal to Japanese consumers.

(5) What Exporters Gain in Selling to Japan

Smaller companies are sometimes put off by the expense of developing an export market in Japan. While the investment of time, energy and money can indeed be considerable, so too are the rewards. In some instances Japan sales have helped compensate for sluggish domestic sales. In fact, for several of the companies profiled, Japan sales comprise a major portion of total sales. For some start-up firms, establishing a market in Japan has been crucial to helping them get off the ground.

(6) Local Economies Gain Too

A broader benefit to the communities in which these companies are located has been the increase in job opportunities that has accompanied the growth of their Japan sales. A number of the companies profiled have added employees or expect to do so in the next few years as a result of their Japan business.

(7) Japan Sales Helps Boost Credibility, Competitiveness

In addition to direct benefits to the bottom line, successful export sales to Japan can increase overall competitiveness. Several companies noted that meeting Japanese customers' rigorous quality expectations has given them added credibility in other export markets as well as in Canada itself. Others commented that Japan sales have allowed to boost overall production volume, thereby lowering unit costs and increasing leverage

with suppliers. Through the establishment of close ties with Japanese partners, a number of companies have received valuable transfers of manufacturing and other technologies that have helped reduce costs and boost efficiency.

(8) Japan Sales Help Spur Innovation, Build New Market

For several companies, the quest to satisfy Japanese consumers has helped spur innovation, which has paid off in the development of new products. Many companies have gone on to leverage their Japan experiences to launch export drives to other overseas markets.

3.1.2 Case A -- DFAIT and BC Trade (Canada)

1. Company A (Export of seafood products, food products to Japan)

With a 17-year history in the Japanese marketplace and significant export sales, Company A is certainly an export-to-Japan success. But according to Company A's Representative, that wasn't always the case.

"We went into the Japanese market without a clue," he says, "and after a year, we were ready to quit." But the company persisted and with help from both the Canadian Embassy as a representative of DFAIT (Department of Foreign Affairs and International Trade) of Federal Government and JETRO went on to thrive. "We worked with the Canadian Embassy extensively," he says. "They propped us up for a while; so did JETRO."

Company A was established in 1974 and has exported seafood products directly to the Japanese market since 1978. "All the good quality seafood products go to that area and with the yen so high right now, people are coming to see Company A." Its products include smoked, frozen and fresh salmon and even non-seafood products such as beef jerky, chocolates and tea.

With an office in Tokyo, the company is able to ship its products directly to Japan. It ships the product overseas in bulk where it's then designed and packaged. The reason for that is twofold: first, because it's cheaper; second, because the Japanese have a much better idea of what sells in their market. Currently, Company A's biggest group of clients is Japanese tour companies, whom it supplies with Canadian gift packs.

Based on his extensive experience in the market, which includes four years living in Japan, he has a few words of advice for potential exporters. Research is crucial. If you want to export to Japan, spending \$ 10,000 to \$15,000 to go there and figure out." He also says finding an ally in Japan, someone who has experience and can help you out, is a must. "You should find an advisor either at one of the trading companies or one of the banks and work from their contacts." And of course you should take advantage of both the Canadian Embassy and JETRO.

2. Canada Comfort Direct (CCD) -- Company B

CCD group was established in 1992 to raise Canada's profile for high quality building products and services in the Japanese market. CCD is an industry-driven marketing network currently composed of 31 building products manufacturers and consolidators. CCD is managed by the Natural Resources Branch of B.C.Trade Development Corporation and funded through the Cooperative Industrial Market Development Program (CIMDP). The CIMDP is a cooperative venture between B.C. Wood Specialties Group, B.C.Trade, Industry Canada, and Foreign Affairs and International Trade (DFAIT) of Federal Government, currently in 5th year of operation.

DFAIT of the Federal Government and Provincial government extend the grant through B.C.Trade, World Specialties Group for CCD activities. At the initial stage, such grant covered 50% of total charges required but presently it covers 20%. The CCD Team develops and implements a long-term strategy to boost building products and services exports to Japan.

Marketing initiatives include the Canadian Building Products Exhibit, CCD Buyers Catalogue, Canadian Building products and Services Directory, product seminars, upcoming buyers missions which are managed and supported by committed CCD representatives in both Canada and Japan.

Participating companies must qualify by meeting stringent criteria to demonstrate export readiness. The CCD group is looking to pursue other markets in the future, including Taiwan and China.

Company B (Export of interior doors and wood moldings to Japan)

Japan isn't Company B's sole export market, but it's certainly one of its most lucrative - its door division currently ships almost \$30,000 worth of merchandise to

Japan every week. In fact, the Japanese market now accounts for 30 per cent of Company B's exports and five per cent of its total business.

Company B was first established in 1927. Its plant has been producing doors since 1965. The company also has three wood - molding plants in Canada and USA. Company B's export relationship with Japan stretches back to 1983. That's when the company first began shipping its interior doors overseas.

Upon establishment of CCD, Company B participated as a member and since then Company B has received over the years the help of B.C. Trade and JETRO. Company B has displayed its products to a number of JETRO trade missions.

Currently its shipments include: interior flush doors, interior bifold doors and interior French doors, as well as wood mouldings. Interestingly, the company ships its products directly to Japanese builders, rather than working through a distributor.

Company B's Representative admits exporting to Japan did initially complicate his company's business in some respects. "We couldn't just pull products out of our regular inventory," he says, "there had to be some additional manufacturing." This included changes to door sizes, finishes and, most importantly, quality. Yet, While he says the Japanese were very demanding, he concedes the relationship has been both worthwhile and rewarding. In fact, the company has seen a marked increase in its volume of business, largely due to its exports.

Based on his experience exporting to Japan, he has some advice for companies looking to penetrate the Japanese market. Flexibility, he says, is the key. "You have to broaden your scope beyond what you sell here," he advises. "Be flexible. Don't necessarily supply just what you make for Canada."

3.1.3 Case B -- AUSTRALDE (Australia)

1. Company C (Export of grain-fed cattle for the Japanese market)

Company C has received AUS\$ 900,000 IAMP (Innovative Agricultural Marketing Program) fund during 1992/94. AUS\$ 300,000 per year has been provided over 3 years for the development of a controlled distribution channel for the marketing of Australian beef into Japan. Apart from above fund, AUS\$ 20,000 has been provided for the market research contracted and realized by Japanese consulting firm.

Company C was established in 1988 for the purpose of acquiring the corn growing property of Company C.

The intention is to design and built a feed lot capable of producing 350 day high quality grain-fed beef exclusively for the Japanese market following the liberalization of the beef market in Japan since 1991.

During 1992/94, Company C has been trial-feeding a small number of Black Angus cattle to arrive at a Caracas suitable for the Japanese market and, in particular, similar to top quality Japanese daily steer.

Company C has been auctioning in major city of Japan one container of chilled grain-fed beef per month for the last 30 months. This product has been cut and graded in accordance with Japanese specifications and requirements. AS of June 1994, this has been increased to 3 containers. The purpose of these shipments has been to create a market presence, determine the marketability of product in Japan and gain further information on the Japanese beef industry.

Company C has opened a booth at the annual FOODEX Exhibition in Tokyo for last 2 years in order to gain a better understanding of the needs of the Japanese market and to test the acceptance of the product.

Recently, Company C established a representative office in Tokyo, Japan. There are currently 8,400 head of cattle being fed at Company C for sale in Japan and this is soon to increase to 15,000 head. By developing marketing and selling strategies for Japan thanks to the financial support of AUSTRALIA IAMP fund, the feed-lot capacity would be increased in an incremental order to 30,000, 45,000 and 60,000 head. Total investment will exceed AUS\$ 100 million.

Company C's Representative comment "With a help of AUSTRALIA loan, the market opportunities for our products have been greatly enhanced. The funds will be used to recruit additional marketing and technical personnel and to conduct direct marketing program overseas".

2. Company D (Export of pet foods for the markets of Japan, South Korea and Taiwan)

Company D has received AUS\$ 900,000 IAMP fund during 1992/94. AUS\$ 300,000 per year has been provided for the production of pet foods in Australia and their marketing and sales in Japan, South Korea and Taiwan.

Also they received EMDG(Export Market Development Grants) of AUS\$ 250,000 ceiling per year over 7 years which has been applied for 50% of Feasibility study and export promotion/campaign fee.

Company D was originated in 1958 and continued to expand their operation. In 1990, Company D was purchased by the a multinational meat company with offices around the world and turnover excess of AUS\$ 600 million. Since that time Company D has steadily grown by acquiring and developing new pet food markets both locally and internationally.

This acquisition of new markets has been particularly successful in Japan where Company D has come to be regarded as one of the major suppliers of canned pet food. Company D exports around 30,000 tons per year of canned dog foods to Japan, South Korea and Middle East, out of which export to Japan is around 8,000 tons. Company D prides itself in the quality of products produced for export to international markets. This quality has seen Company D's expand its export significantly, with particular success in the demanding Japanese market where they hold in excess of 25% market share produced under several brands.

Company D's Representative comment "AUSTRADE grant and loan played a crucial role in decision making process. We could afford to put top people in the market place on a full time basis. The Japanese and other potential Area business could be larger than our domestic operations within 3 to 4 years. Use of the AUSTRADE grant and loan has greatly accelerated our recent business expansion."

3. Company E (Winner of AUSTRADE's Agricultural Products Award in the 1994 Australian Export Award for the export of grass-fed beef for Japanese market)

Customers in restaurants in Japan consider themselves connoisseurs of fine beef, and their standards are so high that only quality cattle normally fed on grain and feed supplements are allowed to grace their tables. Undaunted, the export beef abattoir

Company E is exporting beef worth \$36 million a year, using free range cattle that are 100% pasture-fed.

The Japanese market prefers highly "marbled" beef, which has a high level of fat through the muscle and can only be achieved by a high-quality diet and much pampering of cattle. Not many meat processors around the globe, and fewer still in Australia, can attain the exacting standards required.

But Company E, which this year exported 90% of its beef products, has an edge: independent experts claim that its cattle are grown in the world's healthiest environment, a half-hour's drive from the company's processing facility.

Japanese customers are delighted to hear that the Company E's region is rich, unpolluted and residue-and disease-free.

But Company E did not achieve its impressive 1993-94 export earnings figure of \$36.8 million and its matching 30%-plus jump in overseas sales on the smell of clean air and the taste of sweet grass. Intensive market research, the use of sophisticated processing and recording equipment, research on livestock characteristics, and the linking of producer and customers have all played their part.

For its efforts, Company E's was the winner of the Austrade Agricultural Products Award in the 1994 Australian Export Awards.

A major hurdle to export excellence was the insistence by Japanese restaurants and supermarkets that the beef be available in consistent quality and quantity throughout the year, a problem for Company E due to seasonal variations in livestock availability. A major program was mounted to tackle the problem, and with good support from key producers the winter 1993 livestock throughput was double that of 1992, which in turn was double that of the previous year.

To put all this in perspective when it was bought in 1988, the Smithton abattoir was thought to have a capacity of 120 head a day, and would have been Australia's smallest export licensed plant. Investment, operational efficiency, the sheer hard work of its labor force and the absence of strikes or stoppages for seven years have seen this figure climbed to 265 head a day.

Overcoming the credibility barrier while maintaining the highest standards has put the company's grass-fed beef on a pinnacle with its customers in Japan, the United States, Canada, Taiwan and South-East Asia.

3.1.4 Case C -- PROCHILE and Fundacion Chile (Chile)

1. Chile's Fruits and Vegetable Exporter's Trade Association (CFVETA)

Export of table grape (mainly red grope and ribier) to Japan started in 1988 and that of kiwi fruits started in 1992. Since then, production and export increased several times. In 1995, export to Japan of table grape will reach 5,000 tons (over 600,000 cases) and that of kiwi fruits 12,000 tons (over 4 million cases).

PROCHILE has been supporting CFVETA applying "export promotion scheme for new market". PROCHILE, Chilean exporters (members of CFVETA) and Japanese importers (partner/shipper) share the export promotion/campaign fee. In 1995/96, the budget for export promotion s US\$ 50 million where PROCHILE share about 1/3 of the budget. Chilean exporters and Japanese importers share by export quantity base. That is to say, by number of cases contracted.

Another important factor to promote export was how to overcome "Mediterranean fly problem". Chile is still regarded as the country with the problem of "Mediterranean fly" and expecting free authorization in near future.

In order to overcome this problem, Chilean exporters are applying 0°C 0.5°C

refrigeration system during the storage (12-14 days) and transportation (25-30 days) period. Such refrigeration system was developed by Chilean exporters under close collaboration with Japanese experts. Chilean exporters are inviting 2 Japanese inspectors by their account in order to carry out inspection at the authorized factories before delivering to refrigerated storage facilities and obtain export permission to Japan after inspection is satisfactory carried out.

President of CFVETA stated in the preface of CFVETA,s pamphlet that "We want to express our appreciation to PROCHILE and International Fruits World for the valuable support as their project could not have been realized without their assistance".

2. Export of salmon

(1) PROCHILE

PROCHILE organized invitation of DAIEI Corporation and JUSCO Corporation, Japanese leading super-market companies for each one week in Oct.-Nov., 1994 and March 1995 respectively. PROCHILE share 60% and Chilean exporters share 40% of the charges required.

In 1994, PROCHILE also organized a dispatch of mission composed of 15 major Chilean exporters to promote new market in Hong Kong, Taiwan, China and Singapore.

(2) Fundacion Chile

In 1988 The Japanese fishing company "Nippon Suisan Kaisha, Ltd." bought salmon feed manufacturing company named "Salmones Antárticas S.A." from FC by tender which cost around US\$16 million. This company was founded and developed by FC and actually has 2 feed manufacturing grounds with processing factories at southern part of Chile, Puerto Chacabuco y Dalkahue, Isla de Chiloe. The company has 800 employees and producing 1,200 tons per year. Nippon Suisan is enjoying the export of salmon to Japan and is planning to expand the capacity up to 3,600 tons per year.

3.2 Experiences of FDIs Promotion

The principal role of Investment Promotion Organization is to invite foreign investments to recipient country as much as possible for supplementing domestic savings, vitalizing industries by introducing technologies embodied in foreign capital, leveling up economic welfare through enlarging the opportunity of employment in the process of expanding industrial basis. This role is, as we have mentioned in other parts, also a part of industrial policy in each country. Unless we have a clear guideline on promoting foreign investment, the activities of such organizations become uncertain. It is required to prepare in principle a basic concept and direction on what industries should be enlarged by introducing foreign investments and what kind of industries are more appropriate to be introduced for rural development.

From the point of investors view, such organizations are expected to provide a needed information on investment climate of the country. Actually, the needed information differ in accordance with a different stage of investment decision making process of the firms concerned, although in general a basic investment information are required. Therefore, such organization is always required to prepare the newest general type of information in good order, and also to provide different type of information required by different type of individual investors. Many of the Japanese investors require information prepared in Japanese language. From the investors' convenience, the contact point for getting necessary information should be minimal. Accordingly, the "One Stop Unit" is well appreciated. Sometime, the poor quality of information and the personality in the contact point discourage investment motives of foreign investors.

In general, it is difficult to identify how and to what extent such organizations have impacted on the decision making process of investors except when such organizations are equipped with the authority of final approval of investment. In reality, so many factors exist in the process of decision making of investments that it is difficult to identify what functions of such organizations affected most. It is almost impossible to identify them when it takes a several years for reaching a final decision making of investment.

In the following pages, we have focused on the investment promotion policies and tactics pursued by principal Asian and Pacific nations and the actual reactions of foreign investments.

3.2.1 Australia

Since the Labor Party took office in 1983, the Federal Government continuously has introduced a series of policies to relieve restrictions on foreign investment for vitalizing Australian economy and industries through inviting foreign investment. Especially, the New Industrial Policy promulgated in March, 1991 has included such several promoting policies as expanding the exemption range applied to the sales of specific assets, raising up tax exemption rate applied to the expenditure of research and development for the promotion of R&D. The Emergency Economic Countermeasures which were introduced in February, 1992 has also included such measures as to relieve restrictions on foreign investment by abolishing a majority rule of Australian participation in the new mineral development, to raise up the exemptive amount of investment approved by the Foreign Council and to approve foreign bank operation.

In the New Industrial Policy announced in 1994, as a part of foreign investment promotion policies, far more incentives have been introduced to firms which establish Regional Headquarters(RHQ) in Australia. At the end of March, 1995, the number of firms which maintain RHQ in Australia reached to 123. According to a research named "R&D Base in Asia" published by the Federal Government, more than 49 such multinational companies as Motorola, Siemens, Fujitsu, Toshiba have their R&D utilities in Australia. The Australian advantages of keeping R&D facilities are; abundant well trained technicians are available, low cost of labor and utilities, well prepared infrastructures, approximation to Asian markets, intellectual properties are well protected, well developed communication system and appropriate markets for testing.

According to Australian Bureau of Statistics, the total amount of FDI to Australia in 1993/94 reached to \$US 5,028 million, 23.9% increase compared with the previous year. The U.S.A. was the biggest investor in 1993/94 at \$US1,515 million, decreased by 22.0% compared with the previous year, followed by the UK. at \$US478million, decreased by 50.7%, Japan regained the third position at \$US409 million. Investments from such Asian countries as Singapore, Hong Kong and Malaysia in total have also increased to \$US730 million in 1993/94.

The New Australian Business Center in which AUSTRADE Tokyo Office and Provincial Offices of Australia in Tokyo got together has been inaugurated in 1995 for strengthening economic relationship between the two countries. The activities of AUSTRADE have become more active to promote FDI from Japan. The following investments projects carried out by Japanese firms are some of the examples promoted by AUSTRADE.

In general, such Japanese manufacturers as automotive industries and electronic machinery which targeted principally to domestic market have depended on imports of high-tech parts and precision parts from Japan are now facing big problems by over evaluation of Japanese yen. To the contrary, those firms which procure raw materials to produce for local market and to export to Asian countries including Japan are getting good results in the circumstance of Australian dollar devaluation. Reflecting these circumstances, more investments have been made to foods related industries from Japan during 1991 and 1992 while the other industries have been decreased. For example, we can pick up the expansion project of a continuous operation of beef production by Ito Ham Co. Ltd. Also a manufacturer of flour mill machinery, Robinson Trimming Systems of Australia was taken over by Satake Manufacturing Co. Ltd. of Japan. In December, 1992, Yukijirushi Milk Co. Ltd. announced to build a powdered milk plant. C. Ito and Prima Ham announced a joint venture project with Tees Brothers of Australia for operating nurturing field of cows in Queensland State.

In 1994, investments to foods processing industries have also continued. Meiji Milk Co. Ltd. announced to build a powdered milk plant for exporting to South East Asian markets. In 1995, Konishi Sake Brewing Co. Ltd. announced to build a Japanese sake brewing factory in use of Australian rice in the suburb of Sydney.

3.2.2 Korea

After reaching a peak in 1988, foreign direct investment to Korea has decreased since then, and has revived in 1991 by a large scale of investment in oil refinery industry by a Dutch company. The total amount of investment in 1992 again decreased by 36 % to \$US 894 million and the number of investment cases decreased by 19% to 233.

The negative factors affecting on FDI in Korea have been, firstly, the rapid increase of wages and labor conflicts since 1987, and, secondly, restrictive regulations against foreign investments.

Faced with the drastic decrease of FDI to Korea, the Korean Government begun to take necessary steps to speed up liberalizing foreign capital for strengthening competitiveness of domestic industries and to cope with the pressures imposed by developed countries.

Very recently, in compliance with the "New 5 Years Economic Planning", foreign investment policies have also been transformed substantially. The institutions

which receive application forms for FDI have been expanded from the Government and the Bank of Korea to general foreign exchange banks. The approval period has also been shortened to within 3 hours. Technology introduction has been liberalized in all industries except defense industries, atomic powers and aerial space related technologies.

In 1995, overall service system for foreign investment has been installed. A Center for Foreign Investment Services(CFIS) was established in Seoul for approving foreign investment, providing information, and giving consultations for problems in relation to foreign investments. This can be called a "One-stop service." In every cities and towns, a room of foreign investment promotion staffs has been opened for solving preventive factors in the local government level. Foreign Business Incubator(FBI) has been established for providing temporary offices, interpreters, telephones, and so on to foreign investors who visit to Korea for feasibility studies in investment.

Under the Kim Government, economic relations with Japan has been resumed including FDI from Japan. A recent survey on small and medium sized enterprises who wish to cooperate with the Japanese firms has been published in Japanese language. This directory published in 1994 lists up 240 Korean firms. The expected cooperation forms are categorized into 4 ; technology introduction, joint venture, agency business, OEM(Original Equipment Manufacturing). The names and addresses of the firms, number of employees, the amount of sales and assets, principal products, expecting cooperation category are listed in the directory.

In 1995, 45 among 180 types of small and medium sized industries which substantially have been prohibited for foreign investors to participate were liberalized. Also from April, 1995, a bigger favorable treatment on foreign investments in terms of tax incentives has been introduced. The labor disputes decreased substantially from 1993. As a result, FDI to Korea resumed from 1993, and in 1994, the total amount of FDI to Korea reached to \$US1316.5 million, increased by 26.1% compared with the previous year. FDI from Japan became the biggest one, reaching to \$US 428.4 million, increased by 49.8% compared with the previous year, followed by USA with \$US 319.9, decreased by 8.7% . FDI from Japan are principally in electric/electronic industry and machinery.

3.2.3 Hong Kong

Very positive promotional activities carried out by Hong Kong Government Industry Department, especially through the "One-stop Unit" seem to be effective in promoting foreign investment to Hong Kong. Information servicing to the Japanese

investors by the Japanese experts are provided actively through Hong Kong Economic & Trade Office Industrial Promotion Unit with headquarters in Tokyo and consulting office in Osaka.

In addition to the above activities, we can not neglect the geographical factors which Hong Kong maintains in Guanton Province in China. The Opening Policy and the Development Policy in Coastline Areas in China since 1979 have formed a promotional factors for investments in Hong Kong and GuangDong Province in China in countering the labor shortages and wage increases in manufacturing industries in Hong Kong since the 1980s. Since the Triangle Area has been created as an economic opening area in 1985, foreign investments have increased to these areas.

The questionnaire sent to 900 Japanese firms in recent years on the issues of returning to China in 1997 showed that more than half replied that the prosperity of Hong Kong would continue as long as Chinese market would maintain potentiality. In the process of economic development in Southern China, the roles played by Hong Kong are getting increased year by year in acquiring capital and information. The headquarters functions of Hong Kong are seemed to be increasing and the number of foreign investments to Hong Kong increased in considering the year of 1997.

According to the statistics of Japan, the Japanese investment to Hong Kong in 1992 has decreased again in terms of cases to 154 and the amount reached to 735 million \$US. The increased industries were transportation industries by Hanshin Electric Railways in cargo handling and warehousing and by Keihin Group in cargo handling. In relation to new airport construction, a joint venture project started in steel pipe production and sales.

3.2.4 Singapore

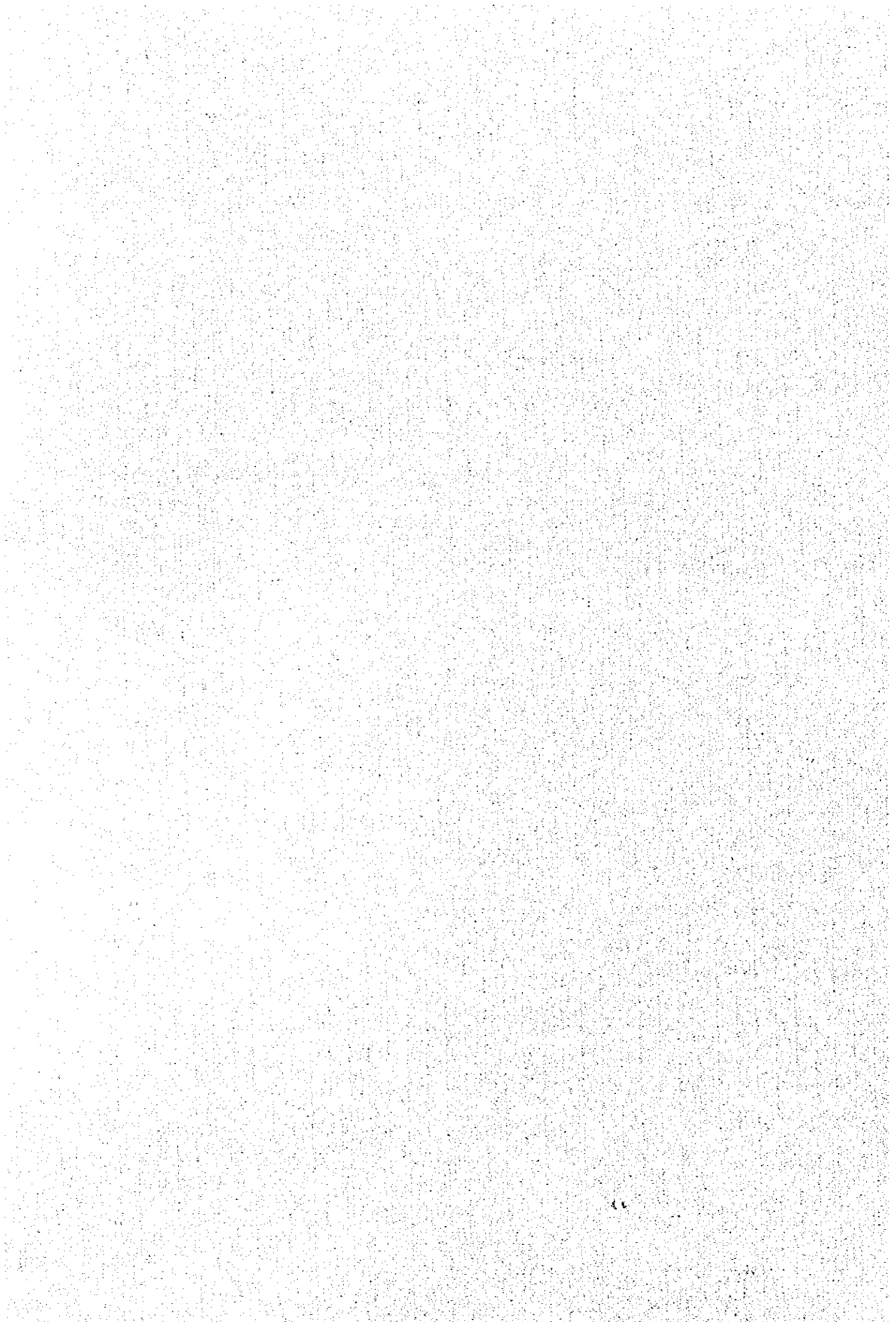
Foreign Direct Investment to Singapore has increased in recent years in manufacturing and service industries. When we confine to FDI in manufacturing industry, they have reached to 1,677 million \$US in 1992 and 1,057 million \$US in the half of 1993 and well surpassed the FDI in Taiwan and Korea.

There are several factors witch affect steady increase of foreign investments in manufacturing and non-manufacturing in Singapore such as ; 1) Capital and technology intensive sectors and high value added sectors are aggressively invited through favorable incentives 2) Well prepared infrastructure in electricity, communication, airport and seaport 3) Well prepared bases for finance and information functioning as a "Total

Business Center" 4) Employment of foreign laborers has been enlarged to solve labor shortages, and so on.

Among the investment countries, the USA has occupied 44% in total FDI at 1,214 million \$US in 1992, keeping the largest investor for 3 years. Main investment sectors of the USA are enlarging existing utilities in electronics and chemical sectors. Although Japan has been the largest investor since 1988, in 1990 the USA has took the first position. In 1992, Japan invested 858 million \$US, increased by 20.3% compared with the previous year and the share among the total foreign investment was 31.4%. Main investing sectors were chemical products for industrial use, machinery and electronic parts. The investment from European countries reached to 614 million \$US decreased by 10.3% compared with the previous year. Principal investment sectors were petroleum refinery, petro-chemistry, pharmaceuticals and so on. The USA, Japan and EU occupied 95% in total FDI to manufacturing industries.

Chapter 4
Export Finance, Insurance and Guarantee Systems in
East Asian and Pacific Countries



4.1 Export Finance System

This system is mainly composed of the following two cases. One is short and medium term finance targeted at SME exporters and provided by TPOs and SME development corporations. This scheme is characterized as having interest subsidies. The second one is "Direct Credit Facilities" which includes loans (generally medium and long terms), credit lines and note purchases of governmental financial institutions such as export-import banks, industrial development banks and financial corporations like EDC of Canada and EFIC of Australia. This scheme is applied to exporters, importers and banking institutions. In Japan and other East Asian countries, governmental financial institutions facilitate finance for trade and investment, independently from export insurance. On the other hand, EDC of Canada and EFIC of Australia have all functions of facilitating export finance, insurance and guarantee.

4.2 Export Insurance System

This system is operated by state corporations or private organizations entrusted by governments, under supervision of the government. This supervisors differ from country to country. In Japan, other East Asian countries and Chile, this task belongs to Ministry of Finance or Ministry of Economy. In Australia, AUSTRADE-EFIC operate export and investment promotion, export finance, insurance, guarantee system under the supervision of Ministry of Industry, Science and Technology as a whole. In Canada, Ministry of Foreign Affairs and International Trade (DFAIT) itself operates export and investment promotion and EDC operates export finance, insurance and guarantee as a whole under the supervision of DFAIT.

As for political risk insurance, government supervision and approval are indispensable, due to the magnitude of country risks and the necessity of evaluation of such risks. However, its administration tends to be privatized in the world.

Commercial risk insurance is operated by state corporations or private organizations. Government bodies, corporations and private organizations often gather at Berne Union and exchange information on country risks. Berne Union has presently members of 43 institutions from 35 countries. The target countries of this study except Chile are all registered as members. From Latin American, only two countries (Argentina and Mexico) are members.

4.3 Export Guarantee System

In East Asia, government institutions as well as SME development corporations facilitate the guarantee in consideration of the importance of export promotion of SMEs. Pacific countries (Canada, Australia, Chile) have developed guarantee systems for prioritized sectors such as non-traditional goods, new technologies, utilization of natural resources, regional development, etc. In Pacific countries, government institutions and corporations guarantee against private banks for their financing working capital and project funds required by SME exporters.

4.4 Organization and Systems by Each Country

Japan (I)

Country	Japan
Name of organization	Export-Import Insurance Division, Ministry of International Trade and Industry (EID/MITI)
Year established	Began operation in 1930
Legal form	A part (Division) of MITI
Export-Import Insurance Council	The Export-Import Insurance Council advises MITI on policy questions. The Minister of International Trade and Industry appoints 11 members from government agencies dealing with foreign trade, finance and insurance.
Objective	To enable commercial banks to assume the risk of foreign long-term financing and to fund overseas projects.
Source of funding	Capital fund of ¥219.8 billion (US\$1.7 billion) as of 1992. Premium and losses are credited and debited to the International Trade Insurance Special Account. EID/MITI is expected to cover its operating costs, including eventual losses.
Business activities	<u>Export insurance</u> *General trade insurance program - Covers exporters and intermediary traders against both political and commercial risks - Combines the General Export Insurance, the Export Proceeds Insurance and Intermediary Insurance programs into a single program - Provides both specific and comprehensive insurance - Short-term comprehensive insurance covers trade contracts with a period of 2 years or less *Other insurance programs - Prepayment import insurance - Overseas investment insurance - Overseas untied loan insurance - Foreign exchange risk insurance - Bond insurance <u>Guarantee for banks</u> In the form of export bill insurance designed to cover the risk that a documentary export bill may not be honored after purchase by an authorized foreign exchange bank.

Japan (2)

Country	Japan
Name of organization	The Export-Import Bank of Japan (EXIM)
Year established	1950
Legal form	Government financial institution under supervision of the Ministry of Finance. Prime Minister appoints EXIM's Governor and auditors
Objective	
Source of funding	Capital stock: ¥967.3 billion (US\$7.7 billion) at March 1992. Paid-up capital was wholly subscribed by the Government from the Industrial Investment Special Account.
Business activities	<p><u>Export finance</u> EXIM extends export credits jointly with commercial banks, particularly in connection with large scale of capital goods or complete plants. The part of a credit financed by EXIM is typically 70% for suppliers credit and 60% for direct loans.</p> <p><u>Direct credits</u> Buyer credits and bank-to-bank loans are extended to foreign governments, foreign banks, foreign cooperation and international agencies. In the case of buyer credits and bank-to-bank loans, EXIM carries the risk itself for its portion of the financing. To the bank-financial part, however, EID insurance is in principle required.</p> <p><u>Guarantee program</u> EXIM runs a program of guarantees for bank-to-bank loans and buyer credits that cannot be covered by EID. EXIM also provides guarantees for loans other than export credit given by EXIM (loans of commercial banks and other financial institutions).</p>

Japan (3)

Country	Japan
Name of organization	The Overseas Economic Cooperation Fund (OECF)
Year established	1961
Legal form	Governmental organization under the supervision of the Economic Planning Agency. Prime Minister appoints OECF's President and Auditors
Objective	To promote economic cooperation with developing countries
Source of funding	Capital: ¥3.303 billion (US\$26.2 billion) at Sept. 1992. (original source: government budget appropriations)
Business activities	<ul style="list-style-type: none"> - Extending loans (Aid Finance) for development projects - Equity investment for development projects - Making loans for preparatory surveys on experimental operation for development projects - Making loans to finance imports of goods deemed essential to the economic stability of developing countries - Making surveys on economic cooperation with developing countries

Korea (I)

Country	Republic of Korea
Name of organization	Korean Export Insurance Corporation (KEIC)
Year established	January 1992 (Export insurance scheme was administrated by Korean Reinsurance Corp. up to 1977 and Eximbank of Korea up to 1991)
Legal form	Governmental organization under supervision of Ministry of Trade, Industry and Energy (MOTIE)
Export Insurance Advisory Council	KEIC has 6 departments in the head office and 1 domestic branch, as well as 7 overseas offices. The Export Insurance Advisory Council established in MOTIE whose 12 members represent the relevant ministries, banks and trade interest.
Objective	To protect exporters, manufacturers and banking institutions involved in export transactions from losses not covered by commercial insurance facilities.
Source of funding	Export Insurance Fund made up of government and other contribution: 84.3 billion Won (US\$ 104 million) as of end Nov. 1993.
Business activities	<p><u>Export insurance programs</u></p> <ul style="list-style-type: none"> - Short-term general export insurance for exporters and manufacturers against losses at pre-shipment stage due to either political or commercial causes - Medium- and long-term credit insurance for exporters against losses arising from inability to collect an outstanding amount due to political or commercial causes after shipment <p><u>Guarantee for banks</u></p> <ul style="list-style-type: none"> - Export finance insurance (guarantee for commercial banks) - Export bill insurance (guarantee for negotiating banks) - Buyers credit insurance (guarantee for banking institutions) <p><u>Other insurance programs</u></p> <ul style="list-style-type: none"> - Overseas investment insurance - Overseas construction works insurance - Export bond insurance

Korea (2)

Country	Republic of Korea
Name of organization	The Export-Import Bank of Korea (Eximbank)
Year established	July 1976
Legal form	Government financial institution. The Minister of Finance appoints Eximbank's Chairman and President.
The operation committee	The Operation Committee is the most important policy-making body and consists of 8 members: Eximbank's Chairman and President and 7 representatives from Government, capital contributing banks and exporters association. The Committee chaired by the Chairman and President of Eximbank.
Objective	To promote the sound development of the Korean economy and economic cooperation with foreign countries.
Source of funding	Paid-up capital: 685.9 billion Won (US\$ 870 million)* subscribed by the Korean Government and Bank of Korea. Borrowed money (debt) Won base: 263.6 billion Won (US\$ 334 million)* US\$ base: 2,360.1 billion Won (US\$ 2,992 million)* Eximbank issues foreign and Euro bonds in international market and Won-denominated debentures in domestic financial markets. (* Note: Data as of end 1994 by Annual Report 1994)
Business activities	<u>Export finance programs</u> - Export loans to Korean exporters as suppliers credit - Direct loans to foreign entities as buyer credit - Credit lines to creditworthy banks in foreign countries Export loans and direct loans are available in foreign currencies or Korean Won. Other financing programs to facilitate imports of essential materials and major resources. Overseas investment and development of major resources. These programs take a form of loans or guarantees on a medium- and long-term basis. <u>Guarantee program</u> Guarantees to Korean commercial banks and local branches of foreign banks under its co-financing scheme. <u>Aid finance</u> Eximbanks operates the Economic Development Fund (EDF) and the South-North Korea Cooperation Fund (SNKCF) under authority from the government since 1987 and 1991 respectively.

Hong Kong

Country	Hong Kong
Name of organization	Hong Kong Credit Insurance Corporation(HKEC)
Year established	1966
Legal form	Created by status and its capital is wholly owned by the Hong Kong Government
Organization	The chief executive is the Commissioner who is appointed by the Governor. He is assisted by 2 assistant commissioners who are in turn responsible for the operation of 4 divisions.
Objective	To encourage and support the expansion of export trade
Source of funding	Capital HK\$20 million provided by the Government. The maximum contingent liability is permitted to assume stands at HK\$7.5 billion.
Business activities	<p><u>Export insurance</u></p> <ul style="list-style-type: none"> - Comprehensive insurance for exporters and manufacturers in Hong Kong against both commercial and political risks. It covers for short-term consumer goods and services involving credit not exceeding 180 days. - Specific insurance for exporters. It covers suppliers' credit in respect of exports of capital goods and project on medium- and long-term credit. <p>Policies available:</p> <ul style="list-style-type: none"> - Comprehensive shipments policy - External trade shipments policy - Comprehensive contracts policy - Comprehensive services policy <p><u>Guarantee for banks</u></p> <ul style="list-style-type: none"> - Provide a direct guarantee for lending institutions, financing and exporters transactions insured with HKEC. <p>It undertakes to pay unconditionally in the event of no-payment from buyers which is not covered by the HKEC policy.</p> <p><u>Export finance</u></p> <p>HKEC does not provide export finance. Export finance is provided by commercial banks and other financial institutions in Hong Kong.</p>

Singapore

Country	Singapore
Name of organization	ECICS Credit Insurance Ltd. (ECICS: Export Insurance Corporation of Singapore Ltd.)
Year established	1975
Legal form	ECICS Credit Insurance Ltd. is wholly owned by ECICS Holding Ltd. which in turn is a subsidiary of the Singapore Government holding company, Temasek Holding (Pte) Ltd.
Organization	Normal private company's organization composed of board of directors, senior management and operations departments.
Objective	
Source of funding	Operate as a private commercial entity.
Business activities	<p><u>Export insurance</u> Provide cover on a wide range of credit risks, whether for short-term or for medium- and long-term transactions. To date, however, its business has been focused largely on short-term trade (usually on credit terms not exceeding 180 days). Domestic and export credit insurance are available. Risks insured include commercial and political risks.</p> <p>Policies available: - Comprehensive contracts policy - Comprehensive shipments policy - Specific policies - Bond and guarantees</p> <p><u>Guarantee for banks</u> Provides guarantee for commercial banks financing and exporters' transactions insured with ECICS. Types of guarantee include unconditional guarantees and letter of assignment. Guarantees are available for buyer as well as suppliers credit.</p> <p><u>Export finance</u> ECICS does not provide any form of direct export credit, although financing options such as factoring, leasing and hire purchase facilities are available from a sister company, International Factors (Singapore) Ltd.</p>

Malaysia

Country	Malaysia
Name of organization	Malaysia Export Credit Insurance Berhad (MECIB)
Year established	1977
Legal form	Wholly owned by Bank Industri Malaysia Berhad, a development bank owned by the Malaysian Government.
Board of Directors	Company's chairman is also the chairman of Bank Industri Malaysia Berhad. The other Directors are drawn from the Ministry of Finance, Ministry of International Trade and Industry, Bank Negara Malaysia, Bank Industri Malaysia Berhad and representatives from the private sector.
Objective	To support the Government's export promotion drive.
Source of funding	Paid-up capital of RM75 million subscribed by the Government. In addition, a soft loan of RM10 million provided by the Government to establish an Export Credit Insurance Fund (ECIF).
Business activities	<p><u>Export insurance</u> Comprehensive and specific insurance against both commercial and political risks.</p> <p>Policies available:</p> <ul style="list-style-type: none"> - Comprehensive short-term policy (shipments) - Comprehensive short-term policy (contracts) - Comprehensive short-term policy (services) - Confirming bank policy - Specific policies - Construction work policy - Specific leasing policy <p><u>Guarantee for banks</u></p> <ul style="list-style-type: none"> - Bankers export finance insurance policy - Buyer credit guarantee - Bond indemnity support facility - Overseas investment guarantee <p><u>Export finance</u> Export finance is provided by Banco Industri Malaysia Berhad. Export-Import Bank of Malaysia will be established soon, becoming independent from Banco Industri Malaysia Berhad.</p>

Australia

Country	Australia
Name of organization	Export Finance and Insurance Corporation (EFIC)
Year established	1956
Legal form	Official export credit agency wholly owned by the Commonwealth of Australia. EFIC Act is administrated by the Minister of Industry, Technology and Commerce.
Board of Directors	Consists of a chairman, a deputy chairman, the managing directors of EFIC and the Australian Trade Commission (AUSTRADE), the government member and up to 6 other members.
Objective	To facilitate and encourage Australian international trade.
Source of funding	Capital base: A\$354 million (US\$ *** million) at June 1993. This includes A\$154 million total equity and callable capital of A\$200 million. EFIC is required to ensure that capital and reserves are maintained at a level sufficient to meet likely liabilities. If the Board considers an application inappropriate on commercial grounds, because it would impose upon EDC a liability, it may refer it to Minister of Industry, Technology and Commerce for consideration as a "national interest" proposition, who may authorize EDC to provide cover or finance with all risks being for the government account.
Business activities	<p><u>Export finance programs</u></p> <p>Direct credits EFIC provides a range of finance and bonding facilities for overseas buyers to purchase Australian capital goods, related services and stand-alone project management services. It can also finance finance associated costs incurred by Australian exporters. EFIC has 2 direct loan facilities. EFIC can lend directly to overseas borrowers who are buying Australian capital goods and services (concessional finance facilities). It can also finance irrevocable L/C and bank drafts for less capital goods and services exports (supplier credit financing). This supplier credit financing goes straight to the exporter and is suitable for contracts of sale that are relatively small, between A\$50,000 and A\$500,000. These facilities complement those provided by financial institutions within Australia.</p> <p><u>Insurance and guarantee programs</u></p> <p>EFIC insures exporters of Australian goods and services against defined payment risks for exports sold on deferred payment terms. It has a range of policies to suit varying products, credit terms and offshore risks.</p> <p>Policies available:</p> <ul style="list-style-type: none"> - Comprehensive shipments and comprehensive contracts policies - Specific shipments and specific contracts policies - Extended terms policies - Services policies - External trade policies - Leasing policies - Construction works policies - Confirmer/Financer policies - Irrevocable L/C - Overseas stocks <p><u>Guarantee for banks</u></p> <ul style="list-style-type: none"> - Guarantee to banks providing medium-term loans for eligible export transactions - Guarantee to Australian banks that provide trade finance-for-export of consumer goods, especially primary products - Guarantee to banks that provide various types of the bonding facilities related to exports against loss arising should such bonds called - Guarantee to banks for the provision of working capital necessary to support the performance of identified export contracts <p><u>Other insurance programs</u></p> <ul style="list-style-type: none"> - Overseas investment insurance - Unfair calling insurance

Canada

Country	Canada
Name of organization	Export Development Corporation (EDC)
Year established	1969
Legal form	Crown Corporation which operates autonomously within the general policy framework of the Canadian Government. Chairman of the Board and EDC's President are appointed by the Governor in Council.
Board of Directors	A 15-member Board of Directors, of these, 13 are appointed by the Minister for International Trade. Representatives of the private sector occupies 11 out of the 15 seats.
Objective	To assist Canadian exporters to compete internationally.
Source of funding	EDC operates on financially self-sustaining basis and is therefore commercially disciplined. Its programs operate on the basis of full cost recovery. EDC supports lending activities under its Corporate Account by borrowing directly (i.e., issuing bonds, debentures, note or other evidence of indebtedness) in the international and domestic capital markets. EDC's shareholders' equity at Dec. 1991 was C\$835 million, while outstanding borrowings were C\$5.9 billion. The funds used to support Canada Account transactions are provided out of the Government's Consolidated Revenue Fund. All shares in the EDC are held by Canadian Government.
Business activities	<p><u>Export finance programs</u></p> <p>Direct credits</p> <ul style="list-style-type: none"> - EDC provides export financing through buyer and supplier credits. - EDC has 7 main financing programs in support of exports of goods and services: i.e., individual loans, project loans for multiple contract, credit lines for banks or institutional buyers, note purchase agreements, simplified note purchases, forfeiting and loans to Canadian buyers under the specialized credit program. <p>The repayment terms for the lending programs are normally up to 10 years depending on the nature of market.</p> <p><u>Insurance and guarantee programs</u></p> <p>It includes export credit insurance covering short and medium term credits, performance-related insurance and guarantees, extending cover for calls made on guarantee or survey bonds and foreign investment insurance providing political risk protection for new Canadian investment abroad. Both commercial and political risks can be covered.</p> <p>Policies available:</p> <ul style="list-style-type: none"> - Short-term credit insurance covering sales of goods or services generally on credit terms of up to 180 days. - Global comprehensive insurance - global political insurance - Selective political insurance - Export credit insurance - Documentary credit insurance - Short-term agricultural credit insurance - Medium-term credit insurance and guarantees - Specific transaction insurance - Loan pre-disbursement insurance - Specific transaction subsupplier insurance (foreign risks) - Specific transaction subsupplier insurance (domestic risks) - Equipment (political risk) insurance - Specific transaction guarantee - Medium-term bulk agricultural guarantee - Performance-related insurance and guarantees - Bid security insurance - Performance security insurance - Surety bond insurance - Consortium insurance - Bid security guarantees - Performance security guarantees - Foreign investment insurance

Chile

Country	Republic of Chile
Name of organization	Corporacion de Fomento de la Produccion (CORFO)
Year established	1984
Legal form	Government financial institution under supervision of Ministry of Economy, Promotion and Reconstruction (MEPR)
Corporation Board	Board consists of Minister of Economy, Promotion and Reconstruction (MEPR) and Minister Vice President of CORFO, Minister of Finance, Minister of Planning and Cooperation and Representative of Presidency. The board chaired by Minister of MEPR.
Objective	To promote the development of competitive capacity of national productive sector
Source of funding	Government liability Budget assigned for credit line: US\$50 million
Business activities	<p><u>Export finance</u> Up to 1990, had a function of direct loans to the exporters as Banco de Fomento y Desarrollo. Since 1990, ceased function of direct loans to exporters and have functions limited to:</p> <ul style="list-style-type: none"> - Credit lines to commercial banks only as two-step loan - Direct loans to foreign entities as buyers credit <p>Since 1995, started functions of refinance lines to SME exporters through commercial banks.</p> <p><u>Guarantee program</u> Since 1985, started guarantee system to be applied for the enterprises working in following 3 areas</p> <ol style="list-style-type: none"> 1) Regional development zone 2) Technology innovation 3) SME's export

4.5 Supervision, Management, Budget and Securing Fund

Export Finance, Insurance and Guarantee Systems are very important for export and investment promotion and should be supervised and managed, fully consistent with export and investment promotion policies. However, as already mentioned above, division of supervising function and operating functions is different from country to country according to its peculiar situations. In one country, these two functions are concentrated in one government organization, while in other, these are supervised by separated organizations. One can not conclude which case is better.

Recent increase of globalization of economic activities, trade volumes and big projects will inevitably bring about huge amount of money and high risks. In order to cope with this situation, the government organization in charge should be supervised by joint committee or board with "maximum authority" composed of the minister who takes responsibility of economic planning and of representative of private sectors. In case of Canada, the fifteen members of the Board of Directors of EDC are appointed by the government. Eleven members are from the business community and four are senior government officials; the President of EDC, the Deputy Minister for Foreign Affairs and International Trade, the Deputy Minister for Finance, and the President of the Canadian International Development Agency. In case of Australia, AUSTRADE's Board consists of a Chairman, a Deputy Chairman, up to eight members from Australian commercial community. The Board is appointed by the Minister for Industry, Technology and commerce.

Especially for the management of insurance system, it is advisable that it is operated under private initiative. In Argentine case, CASC has been operated very efficiently under the supervision of SCI(transferred to BICE in the end of 1994) with small number of staff. This case should be highly evaluated.

The result of interviews we had with Argentine private organizations tells as that SME exporters are facing difficulties in obtaining export finance(including working capital) from private banks, due to the obstacles such as high rate of interests, lack of guarantee and security capacity, reluctance of private banks in financing high risk projects (especially at the time of present recession). This situation hinders most crucially Argentine SMEs from export promotion.

A large amount of money is required for establishing export finance, insurance and guarantee systems. For example, the business volumes(in US billion dollars)¹⁾ of EFIC(Australia), EDC(Canada), CORFO(Chile) in 1994 are about 4.1, 8.1 and 0.4 respectively.

As to the budgetary ceilings (in US billion dollars);

EDC of Canada		
Finance		10.5
Insurance		15.4
	EDC account	10.5
	Government account	4.9
Others		4.1
	Total business	30.0

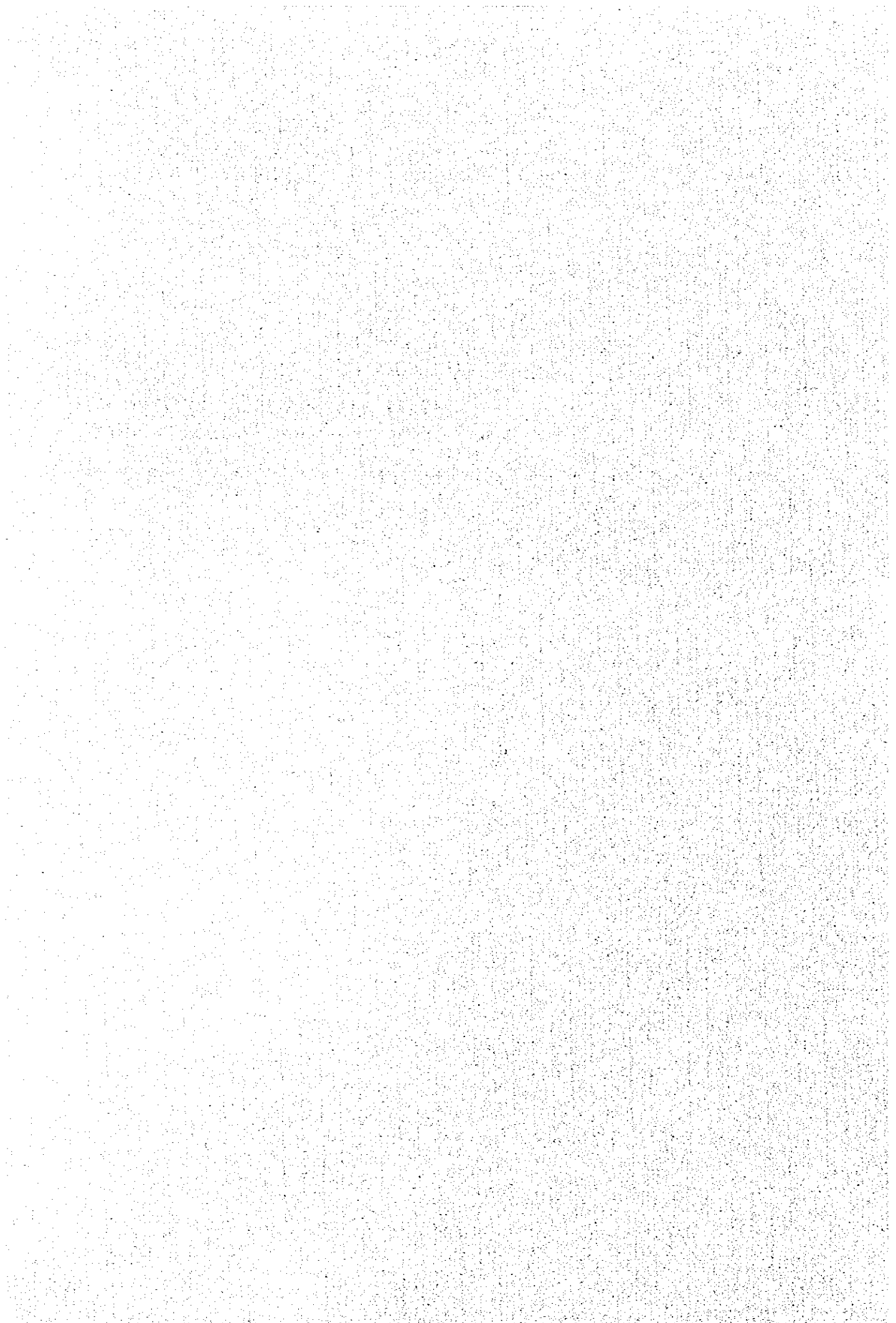
EFIC of Australia		
Finance		1.3
Insurance		2.6
	(Government account not included)	

CORFO of Chile		
Finance		0.5

As to the fund resources required for financing operation, EDC secures almost all funds by issuing short and medium term bond in local and foreign capital markets and by local and foreign markets in almost the same manner. EDC and EFIC are basically enjoying self-reliance administration mainly based on the loan interest and fees earned and insurance premium fees earned.

¹⁾ Business volume means export supported through credit insurance, bonds and finance disbursed. However, scopes of such business volume are not exactly the same for 3 countries.

Chapter 5
Information Systems of TPOs in
East Asian and Pacific Countries



5.1 General

Information systems developed by TPOs mainly refer to two functions. The first function is the assemblage of a trade database and the second is the retrieval of trade-related information from this database. In the first function, information analysts play an important role in collecting, processing, analyzing and inputting data. In performing this process, analysts are required to collect and analyze information always keeping in mind the clients' needs.

The databases prepared by TPOs can be classified in two separate categories. General information databases contain information on trade fairs, company information, custom procedures, tariffs, trade regulations and trade statistics. Market information databases contain detailed information on overseas markets, and market analysis for individual products. The contents of general information databases can be obtained by database management companies which will often save money and time for the TPO. However, the construction and maintenance of the general database provides an ideal opportunity, especially for the staff of overseas TPO offices, to learn the mechanics of database preparation. Unfortunately, the scope of this chapter will not permit a detailed analysis of how individual TPOs assemble databases but it does permit a brief introduction to the kind of data that individual TPO databases can provide.

The second function of TPOs in regards to their information systems is to construct a retrieval system that is convenient and assessable to their clients. The second function is basically a question of how to distribution trade-related information. With the recent development of the internet system, the cost of distribution and the price of the contents of databases is decreasing. Therefore, TPOs should now concentrate on how to improve the content and presentation of their databases in addition to tailoring it more to their clients needs.

In the customer's eyes, the TPOs database retrieval system has two important aspects. One is related to the databases internal use by the TPO and the other is related to its outside use by the customer itself. Internally, the retrieval system was developed for easier access by TPO staff to administrative information for tasks such as accounting and internal reporting. The TPOs general clients are also often hooked up to this network which usually built on a LAN architecture. Most TPOs are now in the process of linking overseas offices throughout the internet to these LANs. However, these networks are not fully operational yet due to budgetary restraints and technical difficulties.

Finally, many TPOs have utilized CD-ROMs to provide information to clients.

5.2 Information System by Country

5.2.1 Japan (JETRO)

With the advent of information era in Japan, JETRO has begun to build a database comprised of facts and figures accumulated over a long period of time at JETRO's Head Office in Tokyo. These data have been made retrievable via computer terminals located at each division within the organization. Also, a database developed by JETRO is being provided to users in general through two commercial database distributors.

JETRO database presently in on-line service can be categorized into four groups. The first one contains overseas economic and trade information. In the 1970s, JETRO started to develop a retrieval system, beginning with trade statistics on Japan. JETRO was then engaged in developing retrieval systems for trade statistics on the United States, the European Community, and the Organization for Economic Cooperation and Development. In the 1980s, JETRO developed JETRO ACE, comprehensive information system on economy and trade in foreign countries.

The second group is vigorously promoting imports in Japan. It comprises JETRO TOPS, an import promotion information system. JETRO-WINDS is also available to business people interested in importing from abroad at 50 local Internationalization Centers located throughout Japan.

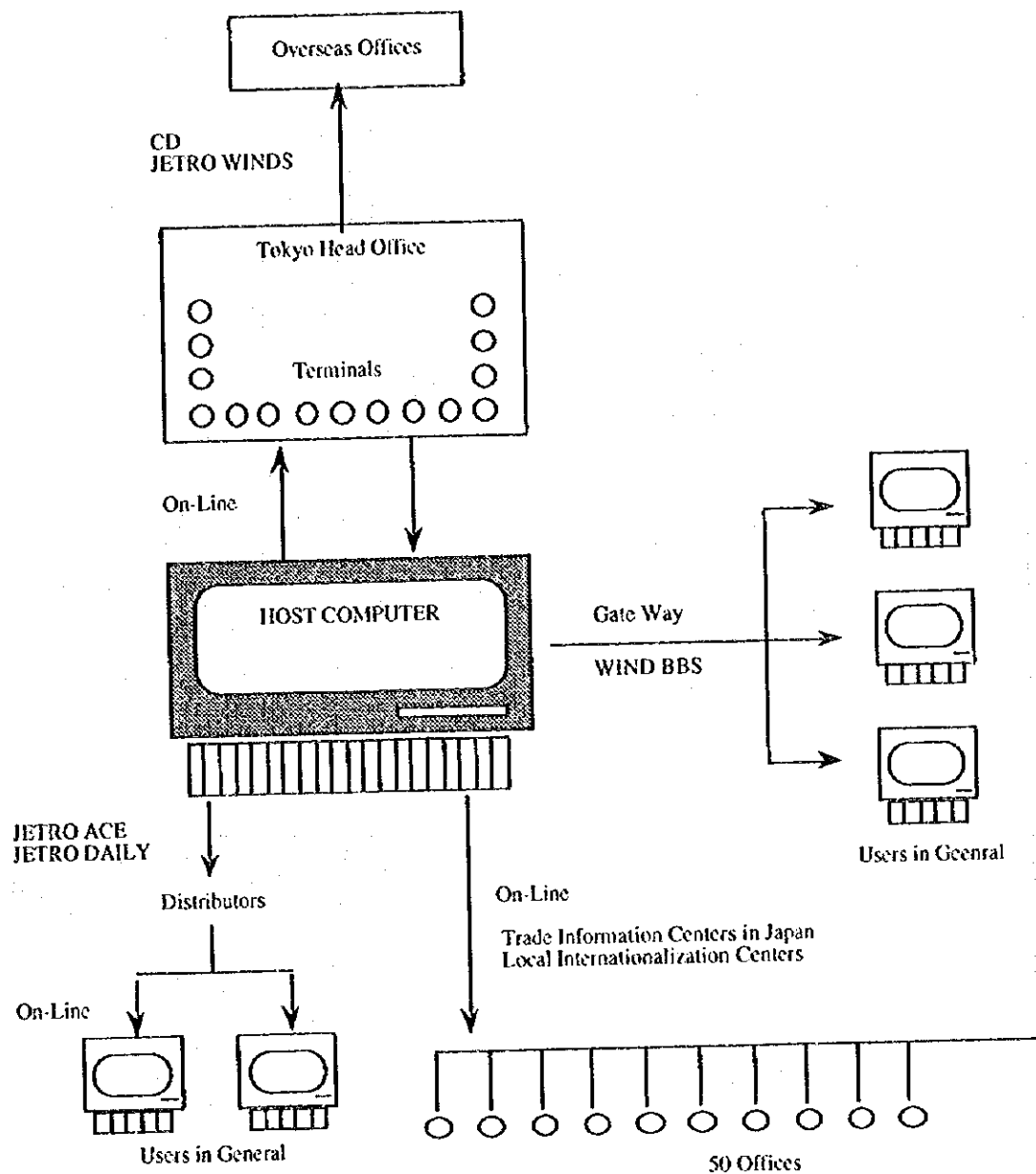
The third group is an information system for direct investment both inbound and outbound investment to and from Japan.

The fourth group is a retrieval system for those materials collected in the JETRO Business Library, and those published by JETRO.

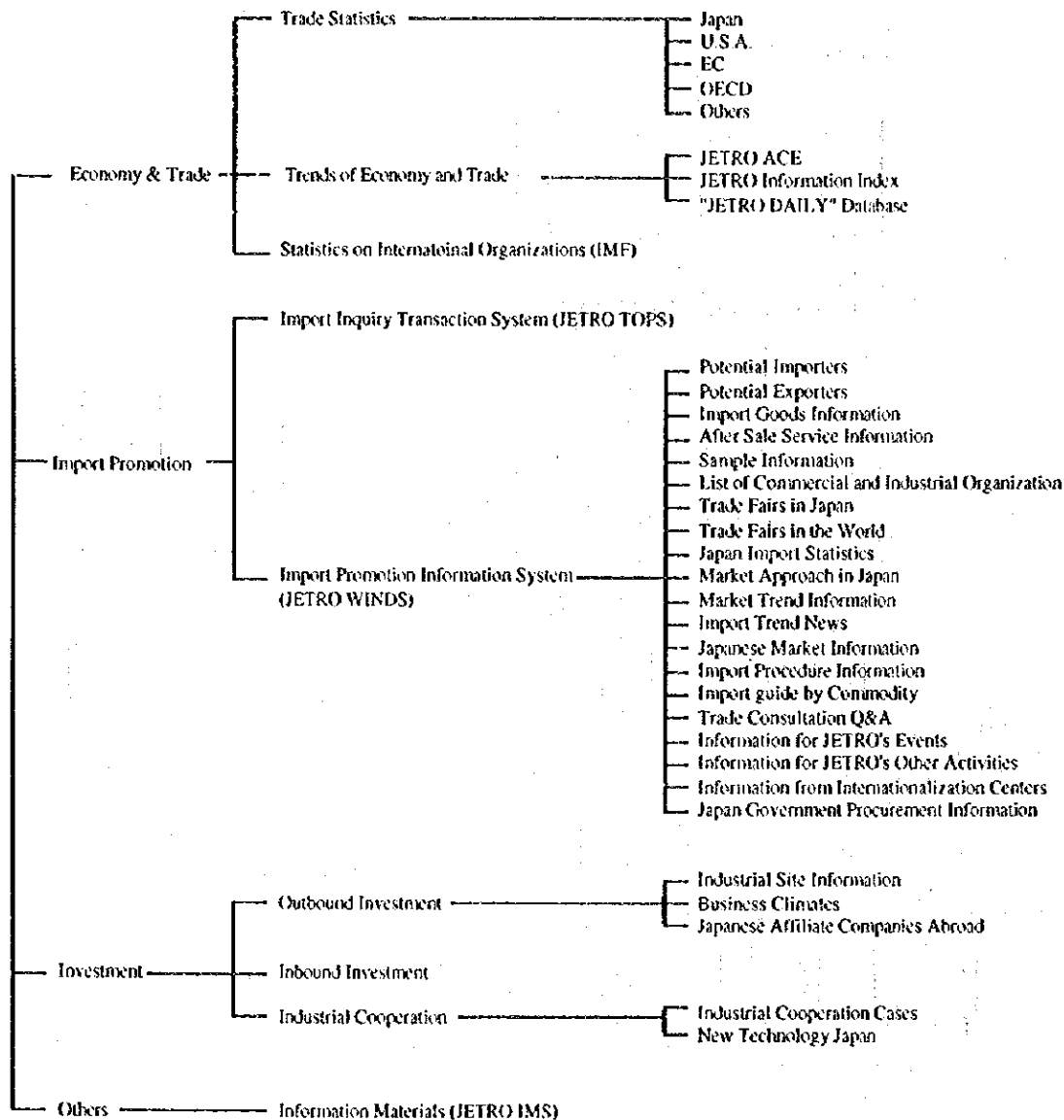
Development and operation of information system has been conducted jointly by separated divisions within JETRO organization, and by the Information System Division. Now that the database is in service, each division concerned is responsible for taking care of updating data, while the Information System Division, responsible for maintenance and improvement of the database system itself.

The JETRO's service network and database can be seen in the attached two charts.

Service Network



JETRO's Database at a Glance



5.2.2 Hong Kong (HKTDC)

(TDC-database)

The Hong Kong Trade Development Council maintains an on-line database the "TDC-Link," which contains the following information.

- 1) Lists of Overseas Importers: More than 320,000 importers are classified by countries and products. The clients can mail and call them directly.

2) Lists of Chinese Enterprises and Import and Export Companies:

With more 140,000 records classified by products and province, the clients can make use of Chinese market penetration.

3) Lists of Hong Kong Manufactures and Traders: With more than 70,000 company names classified by industries, clients can find business partners.

4) Chinese Enterprises in Hong Kong: More than 1,000 Chinese enterprises in Hong Kong are classified by industries and provinces or cities to be able to contact them to develop business in China.

5) Overseas Trade Inquiries: Over 14,000 overseas importers come to the TDC for introduction of Hong Kong suppliers each month.

6) China Trade Inquiries: Over 8,000 trade inquiries each month from various provinces in China on the supply and demand of manufactured products and raw materials.

7) Lists of Agency and Joint - venture Partners for doing business in China: This database contains profiles of 3,500 Hong Kong companies interested in being agents or joint venture partners of overseas companies in China.

8) Brand Names: This contains records of official agents, licensees and owners of 18,000 brand names. The clients can contact them directly to source their products.

9) Hong Kong Trade Statistics: Covering more than 180 countries in the world and all of Hong Kong's export industries, they are useful for monitoring export trends, identifying growth targets, preparing advertising materials, sales forecasts, reports, speeches, etc.

10) Import Regulations: The clients can master the import regulations of over 70 markets. It also provides warning on coming restrictions.

11) Market Profiles: With more than 100 countries in the world, the clients can monitor the economic situation of the markets by reading the concise, regularly updated market profile.

12) Industry and Product Profiles: With more than 4- sectors, providing an overall picture of the clients' industry and that of potential industries the clients may venture into.

13) International Trade Events: Timetables and attendance details of the worldwide fairs, conferences and seminars are listed.

14) Real Time Hong Kong Stock Prices and Indexes: Real time stock prices, the day's highs and lows, turnover and volume figures.

15) Exchange and Interest Rate: This link give up-to-the-minute data on exchange rates of Renmingbi(the Chinese money) and other major currencies.

16) Textile Quotas: The textile quota utilization rates and daily movements of quota prices and actual offers are given.

- 17) **Shipping Schedules:** This link provides updated inbound and outbound shipping schedules. The clients can plan shipment of goods according to the displayed time tables.
- 18) **Arrival of Schedules of Inbound Cargo Train from China:** Arrival schedules and forecast of inbound cargo trains from China provided by Kowloon-Canton Railway Corporation. China traders can now plan their cargo shipments more effectively.
- 19) **News Clippings on China :** The TDC Library collects first-hand news clipping on China's economic development from various mainland local newspapers. The clients can view the index of such clippings on TDC-Link.
- 20) **China Traveling Guide:** Hotel information and time tables of flight, train, ferry and bus services between Hong Kong and major cities in China.
- 21) **TDC Promotions:** This Link provides details of coming TDC promotions.
- 22) **TDC Research Publications List:** The TDC publishes a series of research reports designed to give clients a quick insight a list of all these reports as well as forthcoming titles.
- 23) **TDC Office Networks:** The TDC's international network consists of more than 46 offices in various countries. Through TDC-Link the clients can get their addressees and approach them for assistance.

(How to access TDC-Link)

To link up with TDC-Link, users need to have the following:

- an IBM or IBM compatible personal computer
- a printer
- a network terminating unit or a dial-up modem
- a dedicated data line or a datel line
- a RS232 cable (for external modem only)
- a suitable communication software

Access to TDC-Link can be made via one of the following communication approaches at users' choice:

- MiniLink Service of the Hong Kong Telecom, Ltd.
- Network User Identity (NUI) Service of the Hong Kong Telecom, Ltd.
- Dialcom Service of the Hong Kong Telecom CSL, Ltd.

<MiniLink Service>

MiniLink Service is a service provided by Hong Kong Telecom. A user using this service to access TDC-Link needs to have a dedicated data line and rent a network

terminating unit (equivalent to a modem) from Hong Kong Telecom. Access is made through direct connection with Hong Kong Telecom's Datapak network.

<Network User Identity Service (NUI)>

Network User Identity Service (NUI) is a more economical service provided by Hong Kong Telecom. User is issued with a password for access to the Datapak network. He needs to possess a datel line and a dial up modem (Hayes or Hayes compatible).

<Dialcom Service>

Dialcom Service is a service provided by Hong Kong Telecom CSL. It is another channel for user who possess a dial-up modem (Hayes or Hayes compatible) and a datel line to access TDC-Link. Access is made via datel line through Datapak network to TDC's host computer.

(TDC-Link Information Charge)

(1) TDC-Link information charge	
Exchange and interest rates	Free
Textile quotas	Free
Indexes of news clippings on China	Free
Shipping schedules	Free
KCRC Wagon information	Free
China traveling guide	Free
TDC promotions	Free
TDC mail	Free
TDC research publications list	Free
TDC office network	Free
Other information (including access to main menu)	HK\$12 per minute

All functions in TDC-Link can be used for any length of time from 9:00 a.m. to 9:00 p.m. on weekdays and to 5:00 p.m. on Saturdays.

In retrieving information from "Overseas importers", "Hong Kong Manufacturers and Traders" and "Chinese Enterprise and Import/Export Companies", each subscriber may obtain up to a maximum of 500 company records per type of information per month. This limit applies to the total number of contact names obtained from TDC through all existing channels, including the purchase of computer printouts from its Head Office counter/datashops, the TDC Phone-Fax Information Service and the TDC-Link Trade Information System combined.

(2) Installation fee and line rental imposed by the carriers

Charge	MiniLink	NUI	Dialcom
Installation/Registration	HK\$850	HK\$250	HK\$200
Monthly Rental	HK\$280	HK\$25	HK\$80
Network usage charge call duration: data carried:	HK\$3/hour HK\$4/64,000 characters (max. usage charge per month is HK\$90)	Nil (for access to TDC- Link)	HK\$1/minute HK\$0.2/1000 characters
Remarks	a network terminating unit (modem) and a dedicated data line are included in this package	User is required to possess a dial-up model and a datel line	user is required to possess a dial-up model and a datel line (can access English data only)

(3) Costs of communication software (TDC-COM)

To access TDC-Link, you are recommended to purchase a communication software (TDC-COM) from TDC. The cost of the software is HK\$300 per copy. In addition to the standard features of a normal communication software for English data, TDC-COM also enables you to interpret Chinese data.

4. Options for other standard communication software and modem

Special offer by Techson Information Technology Ltd.

Options for other standard communication software (for English data only)	HK(\$)
* XTALK XVI (Ver. 3.8)	980
* TIF-COM (only suitable for accessing TDC-Link service)	320
on-site installation	370

Options for Dial-up Model	HK(\$)
** GVC	850
** Unique	850

* Not include delivery

** Include one RS232 cable

** Refundable within one month (HK\$100 handling fee will be charged)

5.2.3 Singapore (STDB)

STDB has developed 2 main business information services; (1) "Global-Link", and (2) "Singapore Trade Connection."

(1) GlobalLink (G-L)

<Global Business Information Service>

G-L is an on-line information service developed by the STDB. It provides timely, accurate and reliable information designed to meet the diversified information needs of the business community.

G-L integrates an extensive network of local, regional and global trade and business-related information. It keeps the business community electronically abreast of overseas market developments and business opportunities.

<Wealth of Information>

G-L allows users immediate access to comprehensive range of information daily ranging from:

- global business opportunities
- trade statistics, overseas trade rules and regulations
- international trading procedures
- international business developments
- comprehensive information on Singapore
- extensive information on countries worldwide
- import and export procedures
- press releases
- TDB news, publications and announcements
- textile quota information
- international and local tenders
- specialized trade directories
- schedules of fairs, exhibitions, meetings conventions
- foreign exchange rates
- air freight schedules
- regional news

<Special Features>

Through G-L Singapore-based companies can effectively reach into the international marketplace. It has facilities for subscribers to announce their business interests in terms of product announcements, offers/demands for products, services and/or technology, requests for representation or cooperation arrangements.

G-L provides an integrated solution of matching overseas market and business opportunities with the subscriber's business profile. This unique service allows subscribers to quickly follow-up with overseas trade leads, projects, tenders, joint ventures or joint marketing proposals in timely manner and in the comfort of their office.

<Equipment/Software>

G-L is easy to use and all users need to link-up are the following:

- a personal computer, an IBM or IBM-compatible; Macintosh
- a telephone line
- a modem of 1200/24000 bps
- a VT-100 emulation software, e.g., xtalk, Qmodem and Kermit

(2) Singapore Trade Connection (STC)

Singapore Trade Connection (STC) is a powerful single source of statistical, company and other databases designed to meet the trade information needs of other sophisticated business community. It also has other useful information on Singapore. These valuable information are contained in just one compact disc.

STC offers users the easiest way to access and retrieve enormous amounts of statistical, company and other information in the comfort of your office.

STC has the ability to quickly and easily access and retrieve reliable and comprehensive statistical, company and other information which are vital for strategic decision making.

<Databases>

Singapore Trade Connection comprises the following databases:

- Singapore external trade statistics
Singapore trade statistics are available by country and by commodities, based on the Standard International Trade Classification (SITC). These include:
 - * Annual statistics
 - 1991, 1992, 1993 and 1994
 - * Quarterly statistics
 - Four quarters of 1994
 - Latest quarterly statistics
 - * Monthly statistics - Latest three months
- Monthly digest of statistics
Statistics on tourism, air cargo, sea-cargo, labor manufacturing, price indices, transportation, national income, demography and others are included.
- Economic survey of Singapore
Quarterly statistics on individual production, retail sales and gross domestic products are available. Business expectations and forecasts are also included.
- Directories
 - * Singapore Exporters
 - * Singapore Electronics Trade
 - * Major Supporting Industries in Singapore
 - * Industrial Machinery in Singapore

Data are available on over 6000 companies in the various industries and sectors including electronics, major supporting industries, industrial machinery, international

trading and other services. Companies are grouped by products and services they provide.

The system allows companies to be retrieved individually or in groups by the various classifications. Mailing labels can also be easily generated from the database.

<Country Profiles>

Provides useful background, economic and trade-related information on various countries including Singapore, Malaysia, Thailand, Philippines, Indonesia, Brunei, Vietnam, Laos, Cambodia, India, China, Hong Kong, Taiwan, Japan, South Korea and Myanmar. Useful contacts of Singapore's business and trade-related organizations; chambers; ministries/statutory boards are available for easy reference.

<Equipment/Software>

STC is easy to use and all you need are the following:

- an IBM Personal computer or compatible PC that includes a 486DX or higher microprocessor 4MB of RMA
- CD-ROM drive
- a hard disk, an EGA or VGA monitor
- a printer is a useful addition

<Cost>

Annual subscription

(12 montly issues) S\$309

Single copy S\$51.50

5.2.4 Malaysia (MATRADE)

The information system which MATRADE has developed since the latter half of 1993 has been supported by the G-G base assistance project which has been implemented by JICA. This project marked the first soft type technical assistance to a trade promotion organization rendered by JICA. To promote this project, 5 experts were dispatched, and a set of computer hardware was provided to expedite the project. In preparing a computer system, MATRADE wished to establish Desk-Top Publishing (DTP) capacity for printing out information produced within the LAN system of the organization. The establishment of the LAN system was one of the goals of the JICA project. Utilizing the LAN system, MATRADE plans to make a database for research and to provide inquiry information to member firms.

At the moment, the information system MATRADE has assembled contains such databases as the UN's Statistics on Trade, the Potential Importer Directory, Exporters List of Malaysia and so on. The UN's Statistics on Trade is provided by Data Research Inc. The Potential Importers Directory has been compiled based on surveys conducted by MATRADE's 25 overseas posts. The Exporters List of Malaysia covers most of the members of potential exporters in MATRADE. MATRADE currently has 1020 members. The members are provided trade inquiry information by fax from MATRADE. The members are entitled to access trade related information at MATRADE. The members are entitled to access trade related information at MATRADE's Library through the LAN System.

For MATRADE, the most urgent remaining issue in relation to its information system is how to connect its overseas offices to the LAN system to expedite information exchange.

The attached chart, "MATRADE System Image" diagrams the computer system now being utilized by MATRADE.

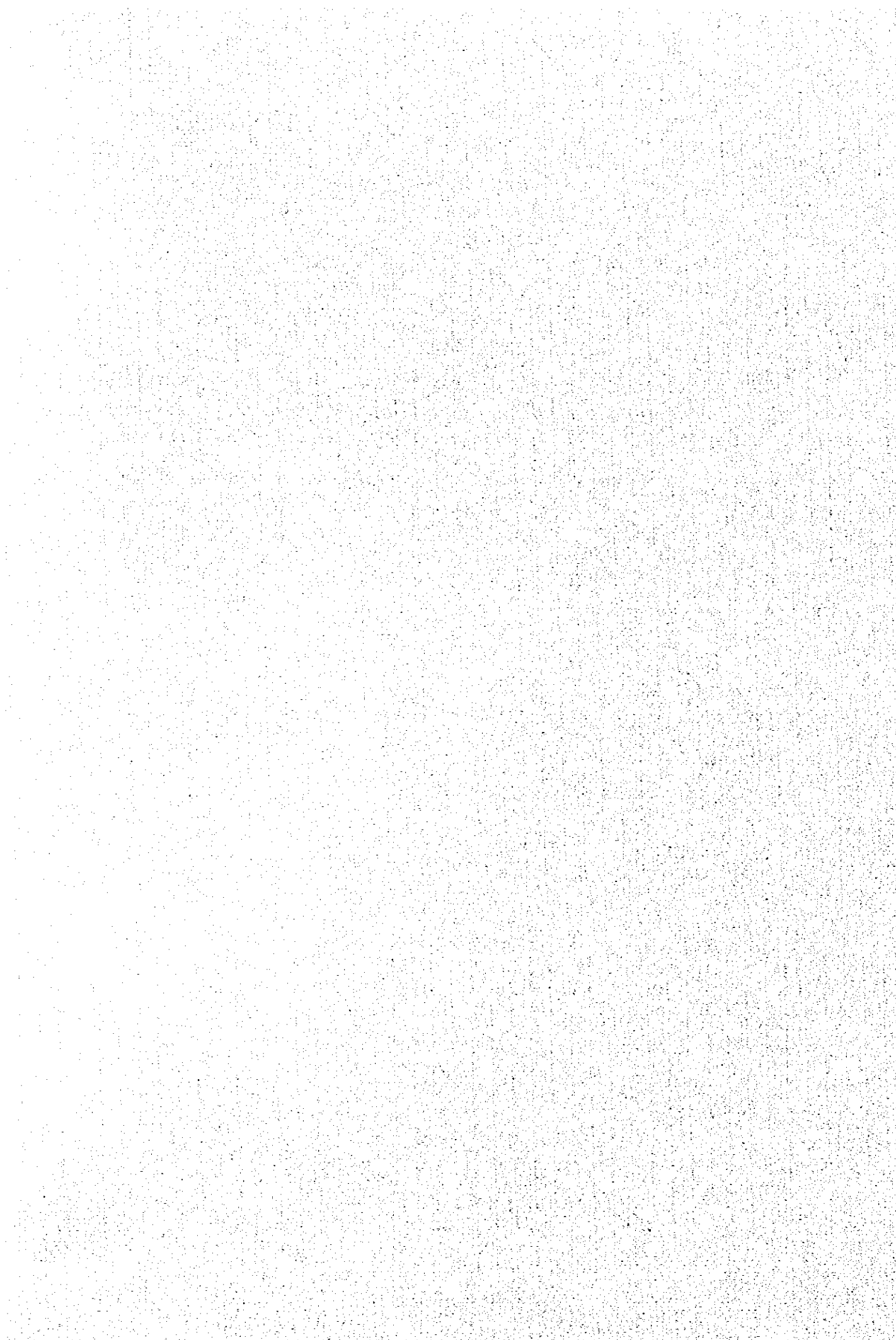


5.2.5 Australia (AUSTRADE)

AUSTRADE's Australian Exporter's Database(AED) is a basic data to be provided to the overseas offices to respond to business inquiries in each country. The number of companies registered in the AED is around 15,000. They are potential exporters in Australia ranging from manufactures, trading companies and to foreign companies registered in Australia. The registration is done by each company's subscription to AUSTRADE head office in a formatted paper at any time. Every 3 month the AED is revised and be sent to overseas posts.

Once an inquiry is received in overseas post, it will be E-mailed to head office and then the Business-Unit in head office will follow and take due business arrangements with the registered companies. An inquiry will also be monitored by Investment Office, if it is related to investment inquiry. Generally, most of the inquiries are replied within several hours. The monitoring function is done through personal computer.

Chapter 6
***Recommendations: Applicability of the Experiences of TPOs in
East Asian and Pacific Countries to Argentina***



6.1 Basic Strategy and Final Target

Keeping in mind our review of ongoing trade promotion activities in Argentina and the reference countries in East Asia and Pacific, we recommend here to Argentine Government the TAMIS for East Asian markets as a basic strategy for expanding export to East Asian countries and strengthening the capabilities of existing institutions to coordinte and fully utilize various programs to promote export and investment. A major beneficiary of the strategy should be the SMEs exporters. Step-by-step approach should be taken to strengthen the institutions concerned.

6.1.1 TAMIS for East Asian Market as Basic Strategy

A. The reason and the ground for recommendation

East Asian market is located far apart from Argentina. This is a substantial handicap, which is compounded by historical and cultural remoteness in the past. Therefore, Argentina should establish a new TAMIS targeting East Asian market. Target approach to the export market will eventually improve the competitiveness and productivity of corresponding industries.

B. Recommendations

As to Country and Regional TAMIS, the basic premise is to declare that the penetration into East Asian markets is a national policy, so as to contribute to the formation of a national consensus, as in the cases of Australia, Canada, Chile and Brazil. As to Sector TAMIS, the target sector for Asian market will be agricultural, fishery and other resource processing products. We have prepared a table entitled "A Basis for Argentina's TAMIS (Country and Industry)" in the following page. A close cooperation among Central government, local governments and private sectors becomes a crucial factor for the successful implementation of the TAMIS.

6.1.2 Integrated Development of Export and Investment Function as Final Target

A. The reasons and ground for recommendation

At present, Argentina's TPO comprises two Secretariats as governmental institutions and two separate organizations. As for the Secretariats, one is The Secretariat of International Economic Relations, MRECIyC which has Undersecretariat of International Trade Relations, and the other is The Secretariat of Trade and Investment (SCI), MEOySP which is composed of The Undersecretariat of Foreign Trade and The Undersecretariat of Investment.

As for separate organizations, one is Fundacion Exportar (FE) with support from 13 private organizations (SMEs), and the other is Fundacion Invertir (FI) with support from large-scale private enterprises. These two organizations are supposed to be complementary, because export promotion and investment promotion often share common sources of information and because FDIs are often effective means to expand export particularly for the SMEs and food processing industries

B. Recommendation

At present, UCPFE is working for the coordination among government offices concerning export and investment promotion. It is recommended that UCPFE also work in close cooperation with FE and FI for strengthening their organization and functions. In particular, a cooperation between FE and private associations, such as Camara de Exportadores and Camara de Comercio is necessary to strengthen SME's export and investment promotion. Given the free and open economic policy to be maintained, it will be required for the Government to provide the institutional support, especially for SMEs, in their export targeted at East Asian markets. It is also desirable that large enterprises extend their cooperation to strengthen SME's functions of export and investment promotion, through paying charges of TPO's information and consultation service fees.