

## 6.2 Measures to be Taken and the Institutional Systems to be Established

We prepared a chart showing "Argentina's TAMIS: Measures and Institutional Systems to be Incorporated". This strategy is composed of 10 main policy items. The numbers on the items 1 to 10 in the chart do not necessarily indicate the priority of recommendation. This chart shows basically a policy sequence and their mutual relationship in view of the goal for the strategy. The items 1 to 5 in the upper part of the chart are a set of the "measures to be taken", and the items 6 to 10 in the lower part are a set of "institutional systems to be established". Brief explanations on the respective items are given below.

### Measures to be taken

#### (1) Building-up of an integrated information system

##### A. The reason and the ground for recommendation

So far, government offices, departments and organizations have their own information systems concerning export and investment promotion. Recently, UCPFE started to coordinate and integrate such information systems with the financial support from the World Bank.

##### B. Recommendation

In building up an integrated information system, with special reference to the East Asian market, the following information systems of East Asian and Pacific TPO could be a good reference.

AED (Australian Export Data Base): AUSTRADE (Australia)

TDC-LINK: TDC (Hong Kong)

GLOBAL LINK, STDB (Singapore)

In particular, AUSTRADE's AED could be very useful for Argentina. This system is built for the purpose of quick access to the information specially on market in close connection and cooperation with sector-wise private enterprises (so-called "Business Units"). Also, the experience of TDC and STDB selling information services could be useful to learning the ways of securing own funds.

**(2) Strengthening of representation abroad**

**(2-1) Utilization of embassies and consulates**

**A. The reason and the ground for recommendation**

In the East Asian market, there is a shortage of Argentine commercial attaches in terms of both number and experience. In the case of AUSTRADE, they have offices in 6 cities in Japan: Tokyo, Osaka, Nagoya, Fukuoka, Sendai and Sapporo. The number of staff totals 55, of which Japanese are 34. The managing staff of AUSTRADE are fluent in Japanese. The Canadian Embassy and consulates have about 35 commercial attaches in 4 cities in Japan: Tokyo, Osaka, Nagoya and Fukuoka. In particular, they have Japanese veteran commercial attaches in charge of specific goods and/or industry to be promoted, such as fishery, agro-industry. PROCHILE has 6 staff members in Tokyo office including 2 Chileans. One of the Chilean commercial attaches is fluent in Japanese. While many TPOs of other countries maintain offices with a considerable number of staff members (including Japanese), Argentine Embassy has no more than 3 commercial attaches.

**B. Recommendation**

It is recommended that the number of commercial attaches be increased. It is desirable that some of the commercial attaches be well-experienced in export business. The back-up services rendered by the headquarters are also essential to ensure good results. For instance, dispatching of experts who are knowledgeable in specific goods or industry, such as fresh meat, is necessary.

**(2-2) Setting TPO's regional offices**

**A. The reason and the ground for recommendation**

At present, FE has regional offices (so-called "Promotion Center") in European, North American and MERCOSUR markets. Although all Argentine Embassies and Consulates in the East Asian Market are active in export and investment promotion, there is no FE's regional office at all in such markets. It is encouraging to know that Argentine Government decided to establish first regional office (FE's Promotion Center) in the East Asian market within the consulate in Hong Kong and also there is a project to open a consulate in Osaka, Japan and Shanghai, China.

**B. Recommendation**

The followings are recommendable places for regional offices in East Asia in the order of preference:

1. Hong Kong: Gateway to China, Taiwan and Korea  
Information, logistics and financial center
2. Singapore: Gateway to Southeast Asian countries  
Information, logistics and financial center
3. Tokyo and/or Osaka: Promotion center for Japanese market  
Information, logistics and financial center
4. Shanghai: Promotion center for Chinese market  
Information, logistic and financial center in near future

It is preferable for Argentina to establish 3 to 4 regional offices within a short period in view of the return of Hong Kong to China in 1997.

### **(2-3) Taking measures for local languages**

#### **A. The reason and the ground for recommendation**

In the East Asian market, since Japan, China, Korea and Taiwan are non-English speaking countries, it is unavoidable to somehow overcome local language barriers. However, it is not easy for the foreign people, including Argentine, to master such local languages in a short period.

#### **B. Recommendation**

As a model case, the following measures are recommended for the Japanese market.

- (a) To make contract with Japanese expert (with a person and/or consultant company) who is highly knowledgeable in Argentine business circumstance and Japanese / East Asian market.
- (b) To employ Japanese with experience of trade in the Argentine Embassy in Tokyo and/or TPO's regional offices to be established in Japan.

### **(3) Awards for good results of export contribution**

#### **A. The reason and the ground for recommendation**

Some of East Asian TPOs such as JETRO and KOTRA in the era of the strong export promotion celebrated the awarding ceremonies in which companies are given awards in public for their good results in exporting business. Today, AUSTRADE is taking the same way and getting good results. The awarding ceremonies also awaken public attention.

**B. Recommendation**

It is recommended that Argentina take a similar measure at the initial stage of the export promotion for East Asian market as one of the functions of FE.

AUSTRADE'S case is a good reference.

**(4) Strategy of Impressing Argentina**

**A. The reason and the ground for recommendation**

A total image of a supplier country could give strong influence on the decision making of consumers. In case of fresh and processed foods, a reliable and clean image is a key to export. For example, Australian Meat and Live-Stock Corporation in cooperation with AUSTRADE succeeded in penetrating into Japanese market of fresh meat with the brand name of "AUSSIE MEAT". PROCHILE's new International Marketing Department is created to make a big campaign to sell "Good Image of Chile". Chilean Fruit and Vegetable Exporter's Trade Association is promoting the export of kiwi fruits with the character mascot of penguin (image of the South Pole). Canada is also making a campaign of Country's clean image for the export promotion of mineral water and other processed food products.

**B. Recommendation**

It is recommended that Argentina also make a campaign of "Good and unique impression of Argentina" developing appropriate brand name and/or character of Argentine, specially by the effort of private suppliers and exporters of fresh and processed foods.

For example, Japanese consumers tend to have preference for the "natural and healthy foods" without contamination of agricultural medicines, chemical fertilizers etc.

Since Argentina is in a position to produce such agricultural products, being endowed with vast fertile land, it is advisable to campaign such natural and healthy impression.

**(5) Public education and publication for export promotion**

**A. The reason and the ground for recommendation**

It should widely be recognized that the exports are the basis of enhancing national welfare and the living standards. These aspects should be included in the curricula of primary and secondary level education. In particular, East Asian countries except China which are not natural resources promoted exports of industrial goods and services under a national slogan of "Export or Death by Starvation". Even Australia and Canada with rich natural resources created a national consensus of "Strengthening Exports for Asian market after Europe and North American market" since more than 10 years ago. They

predicted a rapid economic growth and market expansion in this region and nowadays they have good results.

**B. Recommendation**

It is recommended that Argentine Government takes a similar policy as Australian and Canadian did, though it will take longer period, and start taking immediate steps for nation-wide education.

**Institutional systems to be established**

**(6) Making scheme for promotion**

**A. The reason and the ground for recommendation**

At present, UCPFE is working for coordination of export promotion schemes under different governmental offices, departments and organization. So far, no specific scheme has existed to promote export especially for East Asia.

**B. Recommendation**

In accordance with the TAMIS for East Asia, it is recommended that Argentina establish export promotion schemes in terms of specific goods and industry, such as agricultural and fishery goods, agro-industry and other resource processing products, for East Asian market. However, in making the schemes, it is necessary to avoid any conflict with WTO's regulation. In this reason, the cases of Australia, Canada and Chile, are useful:

**AUSTRADE:** Export Market Development Grants (EMDG).  
**(Australia)** International Trade Enhancement Scheme (ITES)  
 International Agricultural Marketing Program (IAMP)  
 Asia Business Links (ABL)  
 Asia Pacific Fellowship Program (APF)  
 Asian Infrastructure Consortia Program (AICP)

**DFAIT:** Canada's Action Plan for Japan  
**(Canada)** Canada Comfort Direct (CCD)

**PROCHILE:** Export of fresh grape and kiwi  
**(Chile)**

**FUNDACION CHILE:** Export of salmon  
**(Chile)**

These schemes are also relevant to strengthening export of SMEs in Argentina.

These schemes are mainly composed of the export finance and grants for specific products. We believe that these schemes, if introduced, would be within the scope of the so called "Non-sectoral Approach" policy of Argentine Government, because these schemes set target in terms of market and product, but not in terms of industry as such.

**(7) Up-grading TPO's function**

**(7-1) Upgrading of TPO's function by sector and by country/region**

**A. The reason and the ground for recommendation**

We observe a tendency of integration and up-grading of TPO's functions in East Asian and Pacific countries. The functions cover foreign inquiries, business consulting, information on foreign markets and trade fairs. These functions have increasingly been integrated and targeted according to countries/regions and sectors.

As Argentina's TPO -- Fundacion Exportar (FE) -- was established only about 2 years ago, further integration and up-grading of FE's function are necessary.

**B. Recommendation**

It is recommended that Argentina make the TAMIS for East Asian market to expand to the East Asian countries and, at the same time, to make use of the TAMIS for strengthening and upgrading the function of FE.

**(7-2) Establishment of budget and evaluation system for TPO**

**A. The reason and the ground for recommendation**

Although it is premature to apply evaluation system to the existing FE and FI, it is one of the essential matters in the stage of strengthening organization and the functions of FE and FI.

**B. Recommendation**

The budget of TPO is primarily based upon the appropriation of the Government. However, in order to increase its efficiency, TPO should have the "cost and benefit" mind and take up the following measures:

- (1) To perform self-evaluation as private enterprises do; as in the case of AUSTRALIA and PROCHILE

- (2) To entrust evaluation to an independent consulting firm; as in the case of AUSTRADE.

TPO should endeavor to make profit by offering export promotion scheme and information services, which can be sold, based upon the principle of beneficiary burden sharing. For that purpose, AUSTRADE's case is useful.

### **(7-3) Securing funds**

#### **A. The reason and the ground for recommendation**

All the measures specified above, more or less require funds. However, being well aware of the fact that Argentina is now under a tight fiscal policy, it seems difficult to fully secure the funds. Large enterprises are cooperating with FI, but their contributions are mainly in the form of personnel and in kind. The Government is relying on the financial support from international financial organizations. However, such supports have not been enough to cover the required funds. UCPFE is endeavoring to acquire further finance support for its works, from the World bank and IDB.

#### **B. Recommendation**

It is recommended to diversify the fund resources as follows:

- (1) To continue and expand securing the structural adjustment loans and the direct loans from international financial organizations such as the World Bank and IDB, as UCPFE is doing.
- (2) To secure untied official or semi-official loans for a certain project such as modernization and/or new installation of plant and facilities which will be able to expand the capacity of exportable goods. It is also necessary to study the possibility of securing co-financing of World Bank / IDB with bilateral lending institutions.

Foreign official guarantee facility to private financial institutions for their untied loans is another effective measure.

- (3) To make profit by offering export promotion schemes and information services which can be sold upon the principle of beneficiary burden sharing. In particular, contribution from big enterprises are expected.

**(8) Establishment of supporting system**

**A. The reason and the ground for recommendation**

Argentine SME exporters lack sufficient human and financial resources and face the difficulties in obtaining information necessary for export. Export Competitiveness of Argentine SMEs is generally behind those of Brazil. UCPFE is planning a program for strengthening export capability of SMEs.

**B. Recommendation**

Nearly 80% of the users and beneficiaries of East Asian and Pacific TPO are SME exporters. Giving some initial funds to SME exporters for developing market researches, making advertisement in East Asian market, and preparing new investments in production lines are effective incentives for expanding export.

**(9) Promotion of investment especially from Japan**

**A. The reason and the ground for recommendation**

At present, FI's main function seems to be "top sales promotion" being dependent on the cooperation of large enterprises. It is desirable to strengthen its own function.

**B. Recommendation**

It is recommended to strengthen its cooperation with FE and overseas commercial attaches and to integrate information systems. The "One Stop Unit" could be very useful for Argentina. "One Stop Unit" is well-developed in Hong Kong, Singapore and Korea, and in this contact point, all information related to investments are concentrated so that foreign investors can obtain necessary information in an effective manner. AUSTRADE's case could also be useful. AUSTRADE provides for free pre-F/S information to Japanese investors at the Embassy consultation office. It is recommended to prepare investment information in detail at least to the level of Asian countries. In order to attract the Japanese investments, it is desired to prepare an information kit in Japanese, containing investment environment, loans, procedures and so on.

It is also advisable to employ or make a contact with the Japanese expert in investment. If they are well aware of or well informed in Argentine business circumstances, their explanation will be persuasive. The investment information prepared by PROCHILE are also instructive. The projects executed by Fundacion Chile for developing new products in a company with overseas market research just before commercialization are attractive incentive for foreign investors.



Recently, FI and Fundacion Okita signed an agreement with Japan International Development Organization (JAIDO) for the purpose of promoting the joint projects to increase the Japanese direct investment and the transfer of technology to Argentina, establishing a common fund to be used for feasibility study. This movement should be regarded as a model of the joint efforts of public and private sectors of both countries.

**(10) Strengthening export finance, insurance and guarantee systems**

**A. The reason and the ground for recommendation**

Neither Argentina nor Brazil/Chile has sufficient export finance, insurance and guarantee systems. In Argentina, the insurance system has been far advanced, compared to Brazil and Chile. But recently, Brazil and Chile are endeavoring to strengthen their insurance and guarantee system in consideration of export promotion of SMEs. In these countries, the importance of strengthening such system is a common consensus for promoting export. However, since it requires a huge amount of funds, the step to strengthening such systems is not so easy. As to the export finance system in Argentina, the functions of BICE are limited to administration of multi-sector loans obtained from international financing organizations, and they are not in a position to manage and operate direct loans to end-users.

**B. Recommendation**

Knowing that the securing of necessary funds is the most crucial subject, it cannot help but to take step-wise measures in line with the availability of funds for the purpose of strengthening such system. First, it is recommendable to strengthen and enlarge the function of BICE's export finance in accordance with the availability of funds. As a final target, though it may take a longer time, it is recommendable to establish organization like EDC (Canada) and EFIC (Australia), which administrate and operate export finance, insurance and guarantee systems in a package under the single supervision and responsibility of the Ministry concerned. EDC and EFIC are basically a self-reliant administration, mainly based on loan interests and fees earned, and insurance premium fees as well.

## A Basis for Argentina's TAMIS (Country and Industry)

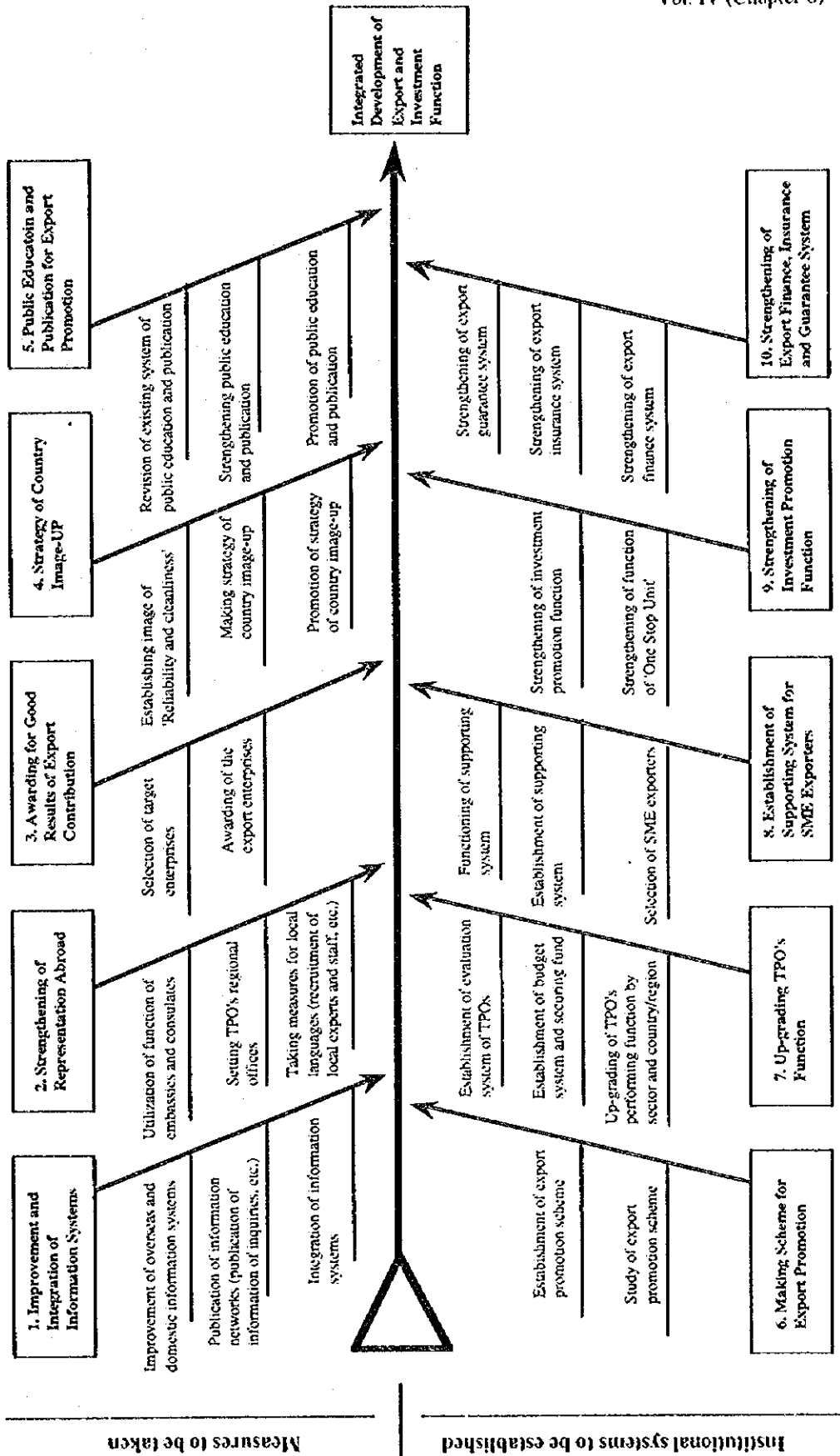
Argentine Export Goods and Products	JPN	KOR	CHN	IDN	THA	HKG	SPO	MAL
<b>1. Resource-based products</b>								
<b>(1) Foodstuffs</b>								
Beef including bovine animals	Δ	Δ	Δ	Δ	Δ	○	Δ	○
Other meat (meat of horse, mutton, chicken etc)	○	Δ				○		
Fish and shellfish	○	○	○			○		
Dairy products (milk, butter, cheese, etc)	Δ		Δ			Δ	Δ	
Fresh fruits and fruit juice	○	Δ					○	
Wine and grape must					Δ			
Vegetables, vegetable oil and fats							○	○
Others (sugar, tobacco, alcohol, beer malt, beverage, confectionery, honey, pasta, etc)	○		Δ		Δ		○	
Wheat	Δ	Δ	○	○	Δ			Δ
Maize	○	Δ						○
Sorghum	○		Δ	Δ				
Soybean, soybean oil and soybean cake	○	○	○	○				○
Animal (compound) feed	Δ		Δ	Δ				
<b>(2) Raw materials</b>								
Leather (tanned leather, hide & shin, shoes and other leather products)	○	○	○	○	○	○	○	
Wool	○		○			○		
Cotton			○			○		
Pulp and wood chips or particles	○			○	Δ		○	
<b>(3) Mineral fuels</b>								
Petroleum and diesel fuel			○			○	○	○
Copper	Δ		Δ					
Others (gold etc)							○	
<b>(4) Manufactured goods</b>								
Seamless pipe			○	○			○	○
Flat-rolled iron and steel products			○	Δ	○			○
Aluminum ingot and alloy	○			Δ				
Chemical and plastics		○				○		○
Textile fibers		○						
<b>2. Assembly products</b>								
Food processing machine			Δ	Δ	Δ	Δ	Δ	○
Office machine	○		Δ			○	Δ	Δ
Vehicles and transport equipment			○			○	Δ	○

Note: JPN: Japan, KOR: Korea, CHN: China, IDN: Indonesia, THA: Thailand, HKG: Hong Kong, SPO: Singapore, MAL: Malaysia.

- Argentine export goods and products in 1993 or 1994 (Export amount over US\$10 million per year)
- Argentine export goods and products in 1993 or 1994 (Export amount under US\$10 million per year)
- Δ Argentine exportable goods and products in future. (Not yet penetrated into the market due to the reasons of sanitary problem, less competitiveness in price, quality, productivity, etc.)

Economies and industries surrounded by bold lines are recommended with priority for Argentina's TAMIS.

Argentina's Targeted Market Intelligence Strategy: Measures and Institutional Systems to be Incorporated











JICA