V. Production and Marketing Techniques and Export Promotion Schemes to Assist the Export Trade of Less-Developed Countries

A. Introduction

The examination of measures relating to production and marketing techniques which might usefully be undertaken in the GATT has for some time engaged the attention of the Committee. Taking account of the vast scope of the subjects falling under this heading and of work in progress elsewhere (COM.III/91), the Committee decided at its meeting in November 1962 (L/1925, paragraph 25,46) that the most practical way to proceed would be to receive from contracting parties papers on particular difficulties which they had encountered in this field. Industrialized countries, particularly those which already had experience in providing assistance on these matters to less-developed countries, were invited to submit papers on possibilities for such providing assistance.

The question of providing assistance in the framework of GATT to export promotion measures, received further impetus by a number of proposals put before the Action Committee when discussing point (viii) of the Action Programme. The Action Committee suggested that these proposals might, in the first instance, be taken up by Committee III (AC/3, paragraph 33). The document containing these proposals (AC/W/2) and a communication by Tunisia (COM.III/117) and by Sweden (COM.III/122), relating to production and marketing techniques, were before the Committee as a basis for its discussion.¹

¹The Committee also took into account COM.III/92 and COM.III/102 which had been prepared for previous meetings of the Committee.
B. **Summary of discussions**

In discussing action to be taken under this heading, the Committee was aware that export promotion schemes and techniques developed in industrialized countries, might not be fully applicable to the trade of less-developed countries. Nevertheless, there seemed to be a number of areas where the fund of know-how in this regard could usefully be transmitted to meet the needs of the less-developed countries. For instance, it was suggested in the paper submitted by Tunisia that the creation of national or international services, to carry out research and give assistance, in such fields as market studies, sales expansion, quality control, packaging and standardization, would be of considerable assistance to exporters in less-developed countries.

Apart from the possible establishment of such services, practical steps to encourage the participation of less-developed countries in trade fairs of industrialized countries should be explored (see COM.III/92). The Committee agreed that measures which might be taken in this regard by the CONTRACTING PARTIES should also be examined by the expert group, established to examine the most efficient method of providing trade information services in the framework of GATT. (See Section VI, C below.)

Lack of information in less-developed countries about market opportunities and requirements abroad, but also lack of information in industrialized countries about export availabilities from the less-developed countries, was, indeed, a limiting factor to trade expansion. This was shown by the interesting paper submitted by Sweden summarizing the views expressed by Swedish traders' organizations regarding the marketing of products of less-developed countries and of difficulties of a commercial nature experienced in selling those products on the Swedish market (COM.III/122). Based on this survey, the note submitted by Sweden it was suggested that Committee III might, in the first instance, consider ways and means for rendering assistance to less-developed countries in the following fields:
- preparation and launching of export promotion programmes;
- market investigations;
- adaptation of the products of less-developed countries to the require-
ments of the markets of industrialized countries;
- sales techniques; and
- establishment of export organizations.

The Committee welcomed the survey carried out by Sweden as being a very
practical approach to the problem under discussion. The Committee agreed
that it would be useful if similar surveys were to be carried out by other
contracting parties in order to identify technical and communications problems
which have to be overcome if exports from less-developed countries are to be
significantly expanded. Contracting parties, industrialized and less-
developed countries, were invited to supply the Committee with papers setting
out their experiences and difficulties in the field of production for export
and of marketing techniques. This would not only help the Committee to deal
with the problem in a more detailed and concrete form but would also help in
the preparation of a document consisting of a consensus of opinion and useful
suggestions of importers in industrialized countries for use by the exporters
of less-developed countries. It was suggested that communications from
governments in this regard should also be submitted to the expert group referred
to above.

In the further discussion of this subject it was pointed out that
the enlargement of the scope of the Committee's work in a number of fields,
would permit benefits to be derived from the increasing complementarity of
work. For instance, the identification of problems in the field of production
for export, marketing techniques and the availability, or lack, of export
promotion services, might be subjects to be taken up in the country studies
(see Section III above) with a view to initiating appropriate action.
The Committee recognized, however, that notwithstanding the importance of such studies and of practical measures to be initiated for the exchange of information and the transfer of technical know-how there remained other more difficult problems to be solved. One of the prerequisites for the success of any export promotion schemes was the willingness and ability of importing countries to absorb greater quantities of products from the less-developed countries. In this context, it was suggested that, in addition to the study of the development of export potential in the less-developed countries, it might also be necessary to study the structure of various industries in importing countries with a view to identifying those cases where adjustment assistance to the industries concerned might be required to enable them to face increasing import competition from the less-developed countries.

Finally, it had to be recognized that progress by the less-developed countries in the improvement of production and marketing techniques and export promotion services had often been hindered, less by lack of information or know-how, but by the difficulties for exporters to obtain the funds to effect the necessary improvements which would enable them to compete in foreign markets. In addition to finding funds for improving production and marketing techniques and for financing export promotion activities for penetrating into new markets, exporters in less-developed countries normally had to bear higher transport costs and had to provide for longer periods during which goods were in transit. At the same time, export credits and export risk insurance, to the extent that the latter was available, were normally more expensive, largely on account of the generally higher rates of interest prevailing in the less-developed countries as compared with the industrialized countries.

To overcome these difficulties it was suggested by the representative of Israel, taking up proposals first raised in the Action Committee, that the Committee should give consideration to:

(1) the provision of export risk insurance by industrialized countries for exports of less-developed countries; and
(ii) the provision of export assistance funds by industrialized countries:
   (a) derived from customs duty receipts on imports from less-developed countries; and
   (b) from contributions by exporters in respect of products exported to less-developed countries.¹

In respect to the proposal under (ii)(b) above for obtaining finance, the representative of Israel explained that he was thinking of some token contributions to the export assistance fund, of the order of 1 per cent, deducted from the price charged for like exports to industrialized countries. He further pointed out that such a contribution would seem to be in the interest of exporters in the industrialized countries as their export opportunities to less-developed countries depended on the adequacy of the foreign exchange earnings of these countries.

The Committee decided that these proposals would require further careful study and decided to take them up again at the next meeting. In considering these proposals, due account would have to be taken, inter alia, of their legal and practical implications, and the present availability of funds for assisting exports of less-developed countries.

¹The proposals are set out in detail in document A/C/W/2.