Summary of discussions of first day - 12 May 1966

Note: This summary brings out some salient points only; the full record will be distributed after the meeting.

The DEPUTY DIRECTOR-GENERAL emphasized the importance of training in trade promotion for developing countries as complementary to the broad efforts of the GATT in the field of trade liberalization for these countries. He thought that no single model course could be arrived at; but he regarded this meeting as part of a continuing process of consultation and adaptation of courses that would result in their meeting better the needs of developing countries.

The CHAIRMAN drew attention to the papers distributed describing existing courses, covering Australia, France, India, Ireland, Italy, the Netherlands, New Zealand, and the United Kingdom - some of these being made available through the Centre. A suggested programme for a United States course was later distributed. The representative of the GERMAN FEDERAL REPUBLIC said that his country would probably shortly be making available a course in collaboration with the Centre; it was under discussion. Courses offered bilaterally by the Bundesstelle für Aussenhandels-information were already available, totalling ten places for 1965-1966.

The representative of the UNITED ARAB REPUBLIC outlined the needs of developing countries in trade promotion training. (His statement was later circulated in document Spec(66)34). Their countries were up against severe competition in international markets. They had to employ modern information transmission techniques: get to know market outlets and get buyers to know their
products. They had equally to reduce their prices (transport more economically, standardise products, etc.); adapt their products to market needs; assure good presentation (packaging, grading) and guarantee quality standards. With regard to training he emphasized the importance of the practical side. Theoretical training had its place but should deal mainly with the techniques of commercial correspondence and the accepted terms used in trade, transport, insurance, etc. Training should be both for commercial attachés abroad and trade promotion officials at home, who worked in close teamwork. Because of the developing countries shortage of foreign exchange it was desirable for host countries to cover training, maintenance and travel costs.

Courses should be adapted to the marketing problems of developing countries; should include all phases of the export process (transport, maintenance of quality, standardization, packaging, publicity, etc.); should include the study of products typical to developing countries; put at trainees' disposal information furnished by international bodies working in the trade field and studies made by trade promotion bodies in developed countries; include in-service training in these trade promotion bodies, leading to future collaboration between them and their equivalents in developing countries; inculcate a spirit of economy to avoid waste of time and resources; and finally include, at the end of the course, a practical market study of a product or products exported by the trainee's country, including visits to importers and commodity exchanges, under the guidance of the course organizers. He suggested the Trade Centre should undertake a study of the characteristics of the marketing problems of developing countries that would constitute a basic guide for future training courses.

The representative of the NETHERLANDS made a full statement of the ideas and experiences of a course-giving country (reproduced and distributed as document Spec(66)33). His remarks concerned the importance of this training effort; methods of selecting candidates so that maximum use of the course would be made; the contents of the Netherlands course and the reasons for the methods chosen, in particular the need to adapt the courses to the specific needs and levels of the developing countries concerned, and not give too much information that could not be absorbed; the length of the courses; measures taken to ensure the instructing officials were cognisant of the trade problems of the trainees; the need for practical work to ensure absorption of instruction; the reactions and interests of trainees; and visits to specialist bodies. Finally in 16 points the representative of the Netherlands summarized his
provisional conclusions about courses in trade promotion, deriving from this first Netherlands' attempt, which is not yet over.

These two important initial statements, respectively from a developing and a developed country, were then followed by general discussion.

The representative of NIGERIA did not think lower prices were the answer, but agreed with the importance of quality and packaging. With regard to knowledge of commercial correspondence he thought trainees should come equipped with this already, and also with other necessary pre-requisite knowledge. Courses should be short because developing countries could not spare their people.

The attache's work was advisory: the businessman sold. They wanted to know how to change the attitudes of businessmen. Export promotion had to be related to the production base. He was not against a group of trainees from countries at different levels of development: this led to cross-fertilisation of ideas. The future was important and they could gain from others at a more advanced stage. They were also interested in exporting to other developing countries and obtaining knowledge of these markets with their different languages, religions and cultures. At present their exports were too much geared to developed countries. Advertising shall be based on local images, and this should be brought out in the training.

The representative of the UNITED KINGDOM thought they should bear in mind the distinction between training officials in export promotion, and exporters in marketing techniques. There was some common ground but they were not the same thing. The aim now was to find the best form of training for officials. Training of officials might lead to developments in marketing, but in the training only certain pointers to marketing problems could be given. It was important to agree on the particular needs of developing countries. He did not entirely agree with the Netherlands' representative on very high standards for candidates. Export promotion was not an exact science. It needed a certain academic background, but also native intuition, know-how and commonsense. The developing countries did not have qualified people readily available. In selection they should rely on the judgement of the developing countries, who had to live with the end-product.
Developing countries were not solely concerned with primary products: they were developing manufacturing industries and would be the developed countries of tomorrow, and quicker than expected. It was preferable to be over than under sophisticated in training matters.

He had always stressed training was the key to the export promotion problem. In the United Kingdom results were mixed, but this was not necessarily the fault of trainees. The existing United Kingdom courses (designed for its own nationals) were not entirely suitable for trainees from developing countries. Nothing had been finalized, but they were proposing a pilot course that would be offered to the Trade Centre. It would be based on a model to be produced by the Centre. Duration would possibly be three months. It would be expensive, and they would need a minimum of 14 candidates to justify it. They would give sympathetic consideration to paying travel expenses, but could give no undertaking as yet.

The representative of the UNITED STATES said that two things paid off most: to have effective commercial attachés abroad; and to go to customers with products and order book in hand. He cited the effectiveness of the United States Trade Centre in London. Taking your goods to the customer was very persuasive. The commercial attaché too had to be persuasive and get around, get the facts and report back to his government, and assist visiting businessmen.

They helped commercial attachés to acquire these skills. Then behind the attachés they organized a back-stop in the home country, and magnified what the attachés did. Studies were memorized (mechanically) and widely disseminated. In training the essentials of a back-stop organization had to be presented, i.e. how to help the businessman discover his market, sell, deliver to the market, deal with paperwork, import regulations, laws, etc. and collect payment afterwards. It was often difficult to wean businessmen away from easy home markets. The suggested U.S. course of 20 weeks (described in document Spec(66)32) was aimed at developing a core of useful commercial representatives. You had to study how each country, developed and developing, organized its buying. Regional trade blocs and selling in contiguous markets was important. He put the emphasis on practical training and the back-stop organization.
The representative of ISRAEL said it was essential to know who the courses were for. There were three levels of trade promotion official: senior (directors of departments, services); middle-grade (assistants to directors); and new entrants, mostly university graduates. For senior people individual training was best. New entrants were not usually sent; training could only benefit people who knew what they wanted to know. Therefore courses should be for the middle level, aged 26-36 roughly. Such people could not be spared for longer than about four months, because they had to be replaced, there were family problems, etc. They should have university or equivalent education. Language was not a problem: government officials usually knew one foreign language. On the choice of candidates the point of view of the sending country was primordial.

On contents, the practical side was of greatest importance. The developing countries did not have the same problems as the developed. In the latter people knew about the different aspects of the movement of trade. In the developing countries some officials were not acquainted with these facts. Order books - in the wide sense - did not exist. To sell on the domestic market in these countries was comparatively simple; but to pack, insure, licence, ship and trans-ship to export markets was another matter. Before the order there were several hurdles to overcome. Much more basic know-how and practical knowledge, taken for granted in developed countries, was needed.

The representative of the UNITED STATES said he used the term order book in its figurative sense. He agreed with the representative of Israel on the importance of practical export knowledge.

The representative of ITALY (ICE) said that in his country different agencies were offering training in export promotion. His remarks referred to the Italian Institute for Foreign Trade (ICE) and the Italian Union of Chambers of Commerce. (These were reproduced and distributed in document Spec(66)31.) In them he described the course at present offered, their contents, qualifications of candidates etc.

The representative of AUSTRALIA said he would send back to his Government the proposals made by both developing and developed countries at the meeting. The present Australian course (described in document INT(66)442) would be repeated for trainees from Asia this year or next year, depending on demand. On the calibre of candidates they do not lay down hard and fast rules. The length and timing of
the course often determined who could be released. Trainees should come with an idea of what they might learn about the host country, itself useful in subsequent export promotion. Bearing this need in mind they introduced trainees to importers as well as exporters, purchasing departments as well as sales departments. He agreed trainees should not be stuffed with too much knowledge, but as a commercial attaché himself he had to go into marketing techniques because his country and its products were not known, and this applied to all who were a long way from their home base.

The representative of NIGERIA also underlined that export promotion and export marketing were inextricably linked for less-developed countries. Attachés had to know about advertising, sales promotion, marketing etc., in order to advise exporters on these matters. The latter simply did not know these techniques.

The representative of INDIA said there should be flexibility on who the courses were for. People in government export promotion bodies, in private or semi-private export promotion councils, and commercial attachés, could all benefit from the courses. They all had to persuade or assist entrepreneurs to export. Lectures could usefully be given by trading firms on the distinctive approaches they made to developed and less-developed markets; and he suggested in-service training in export houses, or export departments of industrial firms.

The representative of AUSTRIA said that training arrangements in his country were not yet finalized. A memorandum would be submitted to the Trade Centre about these arrangements.

The representative of NEW ZEALAND said that course contents would depend on host countries' resources and institutions. New Zealand was a small country with predominantly agricultural exports, but also with a growing industrial sector. It had in fact an economic structure similar to that of less-developed countries.

The representative of FRANCE explained that his organization - ASTEF - had only just begun to give training in the export promotion field. ASTEF was an agency for technical cooperation: it dealt with all scholarships offered by the French Government and responded to demands made upon it. Its first course in trade promotion was organized at the request of the Indian Institute of Foreign Trade; the second at the request of the Organization of American States and the Trade Centre. The Indian group had university or equivalent education; came from
official trade promotion bodies or from large state-sector firms; and were selected by the Indian Government. The course was divided between a period of class-room instruction and a period of practical training. The trainees studied the methods of French exporters and how enterprises should be organised for export; they visited public and semi-public trade promotion bodies; had in-service training in exporting firms and organisations according to individual need; visited ports; studied packaging, materials handling methods etc., and made some trips outside France e.g. to the CATT Trade Centre and to the EEC in Brussels.

Trainees needed to know the language of the host country. This was particularly important for the visits and in-service training. In the case of the Indian group, language instruction took place both in India prior to departure and in France after arrival. In this, emphasis was given to commercial terms.

The representative of ITALY (IRI) complemented the remarks previously made by the representative of the Italian Institute for Foreign Trade. He described the nature of IRI and the courses it gave, both in technical and commercial fields. (This description was reproduced and distributed as document INT(66)440). He put considerable emphasis on the fact that the courses were tailor-made to suit individual requirements, and that trainees were closely followed, both in their training and in their leisure activities, so that they did not feel abandoned. They did not insist on university background, but it had to be the right background. They thought eight months was the right length, because trainees had a great deal to learn, both technically and about the host country. But over eight months would pose family problems, might create the desire not to return to the home country etc. Training must be complementary to the basic training already received, not a substitute for it. Since trade was carried out by entrepreneurs, they felt it important to include trainees from important firms, Chambers of Commerce etc.

The representative of DENMARK agreed with the importance of including entrepreneurs. He would rather see the term "training in international marketing" used, than "training in export promotion". Officials had to understand international marketing. The training problem should be considered as a whole and cater for marketing on a local level, international marketing and export promotion. Commenting on the Israel representative's opinion that senior officials needed individual training, he said he thought these officials needed training in
international marketing as much as anybody, and in the Copenhagen/UN course they took middle to senior ranking people. They wanted to include representatives of marketing boards etc. on these courses, but had remarked the tendency of less-developed countries to send only officials. The next Copenhagen/UN course would probably be in the Summer of 1967, would be destined for senior people, and would last about ten weeks (because senior people cannot be spared for long). He described a combined trade promotion advisory project and a training project carried out bilaterally by Denmark for Pakistan.

At this point the CHAIRMAN suggested a point-by-point discussion of the Trade Centre paper: Subjects for a Training Course for Trade Promotion Officials.

The representative of AUSTRALIA suggested the inclusion of 'trade publicity' in the section on governmental assistance in this paper. This was important, both within the country and in export markets. In the Australian course they had allocated four days to this: TV, films, leaflets and other aids for external publicity. Some countries did not have an image, and this had to be created; but it had to be created on a careful cost/benefit assessment. Australia's resources for publicity were not large. He added that overseas investment was also a responsibility of their Commerce Department and wondered if this was the case in other countries.

The representative of BELGIUM asked whether they were discussing courses for representatives of firms or governments. In Belgium training for entrepreneurs was carried out in firms, helped by a Government subsidy. Training for trade officials was organized by the Belgian Foreign Trade Bureau.

The CHAIRMAN pointed out that the meeting was about training for officials. Some remarks had been made to the effect that entrepreneurs should also be considered, but this was not the basic aim of the meeting.

The DIRECTOR OF THE CENTRE explained why the emphasis was on officials. The GATT was an intergovernmental body; the Centre's liaison agencies were in Trade Ministries; and course-givers were usually official trade promotion bodies. Hence, courses were generally for trade promotion officials. But personnel at the next level - from Chambers of Commerce, marketing boards etc. - were also eligible. Also marketing training had to be included in the courses so that officials could understand what it was about.
The representative of NIGERIA agreed with the DIRECTOR's analysis, but did not want aid offered directly to firms: only through governments. The governments should decide which aspect of trade promotion to emphasize. Firms' ideas might be different and in conflict with government policy.

The CHAIRMAN said that under discussion were the contents of courses, not where the trainees came from. He agreed with the pertinence of the DIRECTOR's remark that officials needed to understand marketing techniques.

The representative of ISRAEL said that the private sector might need training, but this was not what was being discussed. However, by "officials" he also understood members of export and marketing institutes, national marketing boards, etc.

The representative of the GERMAN FEDERAL REPUBLIC said that the distinction between marketing and promotion was one of emphasis. Officials had to know something of marketing, and exporters something about government promotion. But two different kinds of course were involved with the emphasis different in each case. The request coming from the less-developed country might determine the nature of the course. For example, Germany had received a specific request for training in the field of trade fairs.

The representative of the UNITED KINGDOM agreed that a course for trade promotion officials must include references to marketing e.g. market analysis, the nature of demand, how to assess demand, how to increase demand (trade fairs, advertising, etc.), how to assess competition, how to sell in a given market, how to find agents and representatives, what merchandising techniques to apply etc. Officials must process and digest this information and pass it on to exporters, but the latter actually do the selling. Selling is not part of the day-to-day work of a trade promotion official. Selling, in addition to what he already did, would be an impossible task. The two aspects overlapped, but there was a division of function. This division need not be an obstacle in designing a model course. The aim would be to understand marketing, not execute action in this field.

The representative of NIGERIA thought there was a need to adapt courses to less-developed countries. Some officials might want quite specific training, not learning what they knew already. GATT's model course was exhaustive and adapted to the middle grade of the hierarchy. Course-givers should ask less-developed countries where they wanted the emphasis put. The Italian method
of the tailor-made course was good, but it should be the individual's government rather than the trainee himself who decides the specialization. The people they wanted to send on courses were those with some job experience already.

The representative of ISRAEL said that officials must give advice to exporters on the techniques of exporting and marketing. Many exporters in developing countries were bewildered by the complexities: bills of lading, insurance, certificates etc. He had had occasion to teach these subjects, and was quite clear that it was not just a knowledge of promotion techniques, but also a knowledge of how exports were handled that was needed. As an example he cited the simplified export documents introduced by Israel, modelled on the ECE lay-out key. This was trade promotion involving detailed exporting know-how.

The representative of the UNITED STATES said two categories of person were involved: students who would man firms, Chambers of Commerce etc. and teachers i.e. the commercial attachés and the back-stop organization people. The latter class formed a kind of transmission belt. They needed marketing knowledge, but it was a different order of knowledge to actual exporting. In-service training presented difficulties because people were busy with their own jobs and might not be good communicators of their skills. A training programme had to be worked out, but for groups, not individuals. People who could teach specialized subjects were rare and you had to capitalize on their skills. What you had to decide, however, was whether you wanted to teach the setting up of a commercial attaché network, the creation of a back-stop organization (i.e. trade promotion department in a Trade Ministry), methods of disseminating market, tariff and other information to businessmen, how to help businessmen find agents abroad etc., or give simple training in export techniques.

The CHAIRMAN asked the United Kingdom representative for his opinion on whether training should be given on methods of market research.

The UNITED KINGDOM representative replied that his Government would not undertake market research for exporters in the highly professional sense of that term. Trade promotion officials must know the background of market research, and his Government offered market information, plus elementary market analysis, simple collection of facts, the nature of demand, consumer tastes, the degree of competition etc. But individual firms would have to go much further. Many competent
organisations specialise in depth market research, but governments do not have the training or resources to do it.

The representative of AUSTRALIA thought that his United Kingdom colleague interpreted the term "market information" quite widely. Australian commercial attaché's found they had to go in for market research to some extent. In order to elicit interest in a market by their exporters, quite a detailed and not just a superficial survey was necessary. A lot of their work was creating direct contacts between exporters and importers; but this coming to terms with the market had to be provoked by the provision of detailed information.

The representative of NIGERIA said that developed countries' firms could afford market research; those of less-developed countries could not. In Nigeria an Arthur D. Little team was doing market research, but at a cost that was quite beyond the resources of Nigerian firms. Thus the Government had to take the lead. He cited a plywood market study. This product might account for 20% of exports, but be exported by many small firms, each one unable to afford market research. Thus the government had to do the research and disseminate the results; but to do this they needed to know how.

The representative of NEW ZEALAND agreed with those of Australia and Nigeria. In New Zealand they had no market research firms. Firms could not afford, or did not want to employ overseas firms, so the Government had to do it. They go into some detail: import regulations, labelling, competition etc. Also their Trade Commissioners undertake regional market surveys. There was a need to be clear on what was meant by market research. Training in this subject would depend on the nature of the course-giver's economy and institutions. In New Zealand they would get one slant, in the United States another. Sending countries should determine the course content they want. If large they will probably send their trainees to industrialised countries, if small to small countries.

The representative of DENMARK thought the bulk of training should be in international marketing. The representative of the UNITED STATES had said that the teachers should be taught, but what?... international marketing. In less-developed countries, can the exporters export? The Nigerian Government has to do market research for small exporters, but afterwards it must follow up with assistance in marketing. This does not mean governments take over marketing, but they must assist exporters to form groups and export.
The CHAIRMAN invited comment on points 4 to 6 of the Centre paper on subjects for a training course.

The representative of NEW ZEALAND, reverting to points 1 and 3, said their course was too short to include them beyond a brief reference. They hoped trainees would come equipped with knowledge in these general fields.

The DIRECTOR pointed out that points 1 and 3 might seem general, but what he had in mind was getting down to detailed statistical research to determine market and trade trends of importance to the country concerned.

The representative of the UNITED KINGDOM, speaking on points 4 to 6, said that the trade promotion official must gain a full knowledge of these subjects. He can make a contribution to the formulation of pricing policy. On sales promotion he should know about the machinery for selling overseas, trade fairs, promotional literature, publicity, statistical sources, and how statistics are analysed. He should also know about goods handling in relation to the type of product being exported.

The representative of SWITZERLAND remarked that the discussion had been on a high level of sophistication. Less-developed countries had different degrees of development, and hence trainees' levels were different. Most, however, manufactured for the home market, protected from competition by tariffs and quantitative restrictions. The representative of IRI had impressed him by the tailor-made nature of their courses. Export prices would depend on the nature of the products. For shoes there would be different prices in Africa and Latin America. Ceramic products were sold because of their originality, and here price was not so decisive.

The representative of NEW ZEALAND asked whether point 5 covered private enterprise promotion measures (by Dairy, Apple, Meat Boards etc.), with government measures coming under the next section.

The CHAIRMAN asked the representative of the United Kingdom whether in his experience trainees were interested in such matters as cost break-even analysis.

The representative of the UNITED KINGDOM, said they had been fortunate in obtaining very high-calibre and intelligent trainees from less-developed countries, with more basic knowledge than they had anticipated. However, on export pricing
they had not found interest beyond how information on prices was collected. More esoteric subjects, such as cost benefit analysis, were usually outside their experience, and indeed outside that of United Kingdom trade promotion officers also. They would know about them, without understanding them in detail. They lay outside their normal functions.

The DIRECTOR said that by export pricing he had meant something more modest e.g. c.i.f. quotation rather than f.o.b. or ex-factory. By private sector they meant bodies involved in direct selling as opposed to support actions. But in less-developed countries selling organisations such as Marketing Boards were often stataal or para-statal.

The CHAIRMAN said that on the following day they would continue to review the possible contents of training courses. Discussion on the contents of a Centre course would be rather hypothetical at this stage, but would help clarify ideas on the subject.