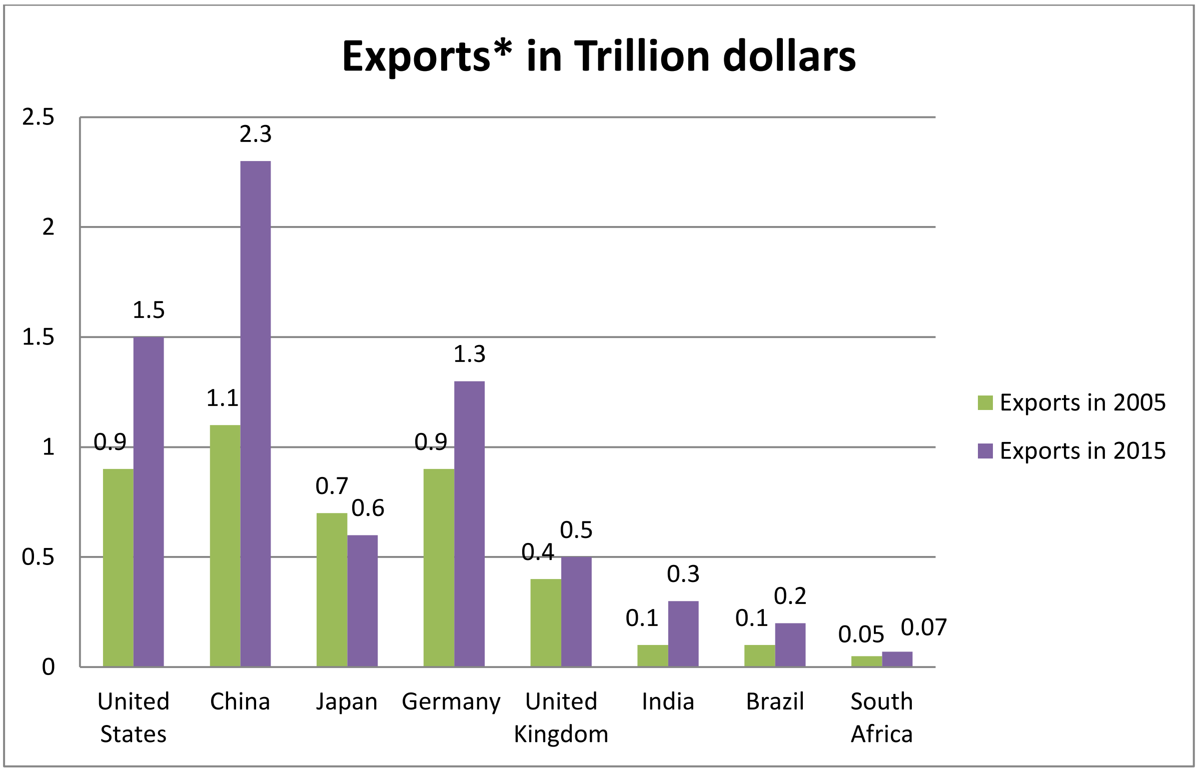
# Learning from Global Benchmarking of Trade Promotion Activities

The importance of exports has been recognised by all countries globally. Efficient exporting enables a country to use its scarce resources in areas where it enjoys competitive advantage. This creates opportunity for specialisation and focusing on those products which the country is best known to produce. Both developed and developing economies have experienced considerable growth in exports over the last decade.

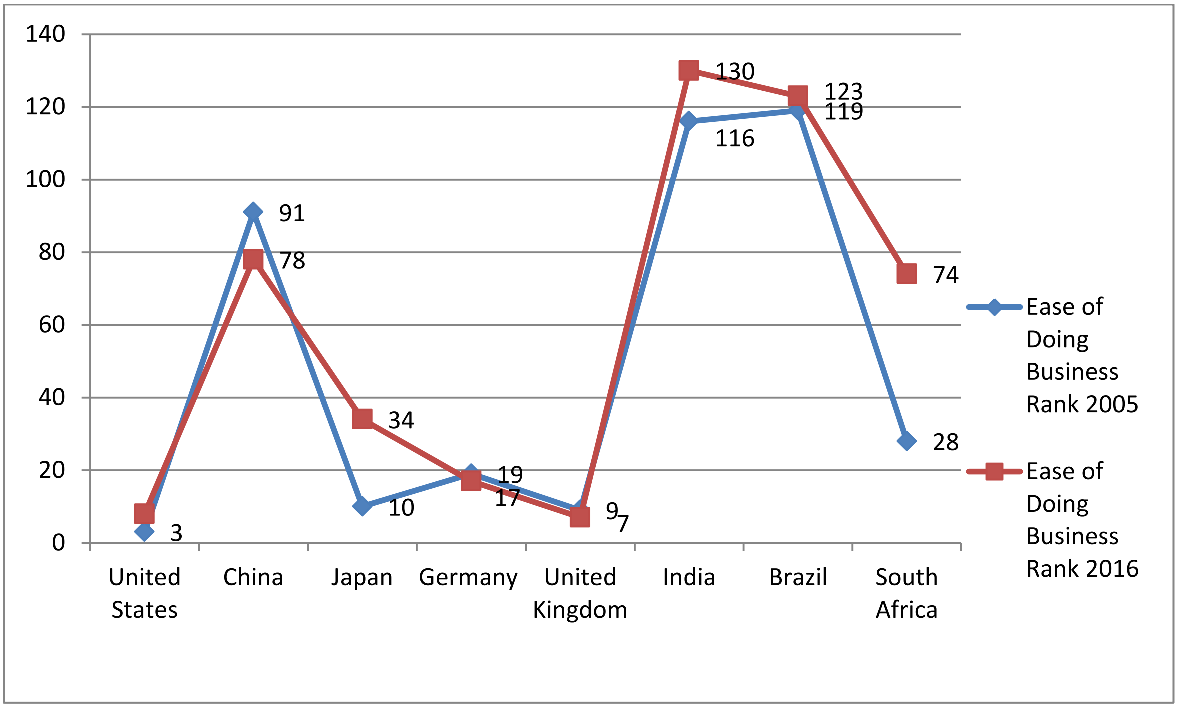
**Exhibit 1: Export growth in some of the leading developed and developing economies of the world**




*Export of Merchandise Goods Source: World Bank

As exports have the ability to enhance economic growth and development of nations, most developed and developing nations have made export promotion a priority to achieve their economic development goals. The benefits from export promotion include favourable balance of payments position, foreign exchange earnings, increased employment opportunities, stimulation of efficiency through exposure to foreign competition and technology, attraction of foreign direct investment to augment local capital and technology transfer and trade linkages with international markets.

**Exhibit 2: Change in 'Ease of Doing Business' Rankings for Leading Developed and Developing Economies in the World**




Source: World Bank

Let us have a closer look on the trade promotion agents of the following six countries for the same:

1. Japan
2. South Korea
3. Malaysia
4. South Africa
5. Australia
6. Brazil

# Japan

A country with scare resources at hand, Japan has been a trade dependent nation. The pattern of Japanese trade is often called 'processing trade' because the country produces goods by processing imported raw material. International trade contributes significantly to the Japanese economy, with exports equivalent to approximately 17 per cent of GDP in April 2016. Key exports include vehicles, machinery, and manufactured goods. In 2015, Japan's major export destinations were the United States, China, and South Korea.

Some of the key government ministries responsible for general trade policy in Japan include the Ministry of Foreign Affairs (MOFA), and the Ministry of Economy, Trade and Industry (METI), while several other ministries are responsible for specific issues or sectors such as:

- Cabinet Office
- Ministry of Finance
- Ministry of Agriculture, Forestry and Fisheries
- Ministry of Education, Culture, Sports, Science and Technology
- Ministry of the Environment
- Ministry of Land, Infrastructure, Transport and Tourism.

In addition, several government agencies also have an input into certain aspects of trade policy such as:

- Bank of Japan
- Japan External Trade Organization
- The Customs and Tariff Bureau which is part of the Ministry of Finance.

In addition to the relevant ministries, several Incorporated Administrative Agencies (IAA) or other types of official agencies are responsible for trade-related activities:

- Japan External Trade Organization (JETRO) - responsible for trade promotion
- Japan Bank for International Cooperation (JBIC) and the Nippon Export and Investment Insurance (NEXI) - official export credit agencies of Japan

While the country has seen its share of upheavals in international trade, there have been certain specific direct and indirect methods/programmes/policies which have propelled its exports and investments over time and are still in effect. They are discussed below.

**Direct Measures**

- Tax incentives
- Financial incentives
- Export insurance

**Indirect Measures**

- Surveys, missions, publicity, and other general promotion work
- Export promotion campaigns
- Export inspections
- Design promotion

**Tax Incentives**

The export promotion tax system was started in 1953 and it ended around 1964 due to the General Agreement on Tariffs and Trade (GATT) (present day WTO). As under this system the income gained from exports was deducted from taxes, it gave exporting companies an incentive. Later incentive efforts included an additional depreciation system for companies with overseas transactions, and an overseas market development reserve, but both these were discontinued in 1969. This area was taken care of by the Ministry of Finance and MITI (present day METI).

Import tariff refund: Duty on raw materials used in production of special export goods was cut down, excused or refunded so as to maintain global competitiveness of export goods overseas and to generally encourage exports.

**Financial Incentives**

Export finances helped businesses with cash flow problems by obtaining finance in advance and at low interest rates.

- Policy of pre-shipment export bill discount (abolished in 1972): Bank of Japan used to rediscount the bills of producers at significantly low interest rates even before the actual shipment of goods. The foreign exchange bank (Bank of Tokyo) also discounted the pre-shipment export bill at low interest rates. Later, the use of letters of credit was introduced into the scene of international business transactions, and many Japanese exporters have been the beneficiaries of the use of LCs.
- Export-Import Banks: Japan Export-Import (EXIM) bank was established in 1951 with an aim to provide medium and durable loans to producers with markets in foreign countries. Over the years, the scope of EXIM banks has expanded to include financing imports of raw materials and intermediary goods, foreign direct investment (FDI), and development of natural resources overseas. In 1999, Japan's EXIM bank was merged with the Japan Bank for International

Cooperation (JBIC), whose current mandate is to provide loans to three entities: Japanese companies, foreign companies, and commercial banks in Japan.

**Export Insurance**: Foreign trade involves many more risks than domestic trade. These include possible wars, conflicts, lack of information about the trading partner, and insolvency. The Export Insurance Law was established in 1950 to pay back around 80 per cent of the amount of damage to trade in such cases. Earlier, the export insurance system was under MITI's (present day METI) direct jurisdiction; however, now it is overseen by the Nippon Export and Investment Insurance (NEXI) completely.

**General Trade Promotion Work**: JETRO was originally established in Osaka in 1951 as a private sector organisation. Later, the government realised the importance of export promotion and transformed JETRO into a government agency in 1958. JETRO's work included export promotion, encouraging Japanese businesses to invest overseas and aggressive development of import promotion. Today, JETRO's main focus is investment promotion in Japan and exporting by SMEs.

**National Export Promotion Campaigns**: In 1963 the Japanese Government declared June 28 as National Trade Day. Since then, trade-related seminars and other events have been held around the country. These campaigns highlight the importance of export promotion to the people.

**Export Inspection System**: In order to raise and guarantee the quality of exports to build confidence in the 'Made in Japan' brand, MITI introduced export inspection on specific products. The Export Inspection Law was enacted in 1957, which authorised full-fledged export inspections of a wide range of products including automobile parts, secondary steel products, metal flatware, metal toys, machinery, cotton, and staple fibre fabrics. While this extensive export inspection lasted only for 8 years from its inception, an inspection system for the automotive industry still exists.

**Design Promotion**: In the 1950s, Japanese companies received criticism from overseas as they only mimicked products of the United States and Europe.  To tackle this, in 1959 the government initiated design promotion measures and enacted the Export Commodities Design Law that set up a legal system under the Design Promotion Council to prevent fraudulent imitation. JETRO also contributed to design promotion by utilising its showrooms in Japan and overseas to introduce Japanese products with outstanding designs.

## JETRO's Export Promotion Strategies and Execution

- Large Scale-Industrial Trade Fairs: In order to create closer bilateral economic relations and expand trade volume, the USSR and Japan hosted large scale industrial trade fairs in Moscow in the 1960s. These trade fairs led to an increase in exports of various products including textile machinery, machine tools, measuring instruments, printing machinery, and construction machinery. Japanese exports to the Soviet Union were worth $23.5 million (in 1959). It increased by a stunning 69 times when it reached $1,626.2 million in 1975.
- Export Assistance for Specific Business Sectors: JETRO worked with manufacturer's associations and export associations to jointly develop export promotion programmes by dispatching experts overseas.
- Joint Offices Operations: Execution of activities centered on market surveys, public relations and publicity, business matching, and participation in trade fairs. Some organisations also carried out inspections and weight measurement work. All expenses were borne by the relevant industry.
- Surveys and Market Research: Researches for each relevant country and its neighbouring countries, as well as global market surveys were conducted. Researched countries and products were changed, and each year, information was provided to industry organisations and corporations.
- Public relations and advertising: Due to lack of information and awareness about counterpart countries, Japanese exports faced sluggish demand in certain industries. JETRO therefore decided to consult with each industry, use various PR methods, and conduct public relations and advertising campaigns to counter this issue.
- As a result of all the above measures, the joint efforts of JETRO and industry organisations produced considerable results. JETRO utilised its specialised knowledge, experience, and know-how of industry insiders to facilitate this.

## South Korea

South Korea is the 5th largest export economy in the world representing high trade dependence. Key exports include refined petroleum, integrated circuits, and automobiles. In 2015, its top exporting destinations were China, the United States, and Japan.

South Korea has shown rapid economic growth since the 1960s. The government provided various incentives to promote exports, leading to export-led growth. Export values increased from $87 million in 1963 to $17.5 billion in 1980 to $363.5 billion in 2009 and to $583 billion in 2015.

The main governmental bodies dealing with international trade in the country are the Ministry of Trade, Industry and Energy (MOTIE) and its child body Korea Trade-Investment Promotion Agency (KOTRA). While MOTIE deals with the designing and implementation of foreign trade policy in the country, KOTRA focuses on promotion of exports and foreign investment.

Export expansion is believed to have been possible by aggressive export promotion (EP) policies, in particular, in the early stages of economic development. The South Korean government provided tax and financial incentives in addition to incentives such as establishment of organisations to promote exports. South Korea's rapid growth is a stellar example for pursuing an export-led economic growth strategy.

These export-promotion measures comprised tax incentives, financial incentives, establishment of free trade zones, and the supporting organisations.

**Tax Incentives**

- General Tax Incentives: Tax benefits were offered from 1982. Tax benefits with respect to R&D of capital goods industries were introduced in 1995 to develop these industries. At present, tax benefits are based on the function-oriented support principle and are provided mainly to FDI inflows and R&D activities. Tax benefits directly relating to export promotion are currently not available.
- Duty Drawback Scheme: In 1975, the government used the duty drawback scheme to promote exports. According to the Special Act for Duty Drawback in South Korea, imported raw materials that were used to produce export products within 13 months of import qualified for duty drawback, which was applied until 1997. Since 1997, the Act has changed that period to two years. The drawback rate defined as the amount of duty drawback divided by export values increased from 0.3 per cent in 1975 to 2.6 per cent in 1990. Due to continuing trade surpluses during the 2000s, it fell to 0.8 per cent in 2009.

**Financial Incentives**

- Policy Loans: Policy loans at preferential lending interest rates were mainly directed to 'chaebols', which were appropriate for Heavy Chemical Industries (HCI) showing the economies of scale. Therefore, chaebols began to grow rapidly in South Korea in particular during the 1970s. Due to consistent trade surpluses in the late 1980s and the pressure of economic liberalisation from abroad, the government liberalised most interest rates officially in December 1988. Nowadays, policy loans can be found in lending to small and medium-sized enterprises (SMEs) and are not directly related to export promotion.

- Export Finances: The export finance system is one of the export promotion measures currently used. Export finance mainly covers capital goods such as industrial plant, machinery, and ships. As of 2009, lending of up to 100 per cent of contract value is available provided that the minimum foreign exchange earnings ratio is not less than 25 per cent. Commercial banks in South Korea also provide export finance to exporters but they charge the prevailing lending interest rates.
- Export Insurances: The government began to emphasize the role of export incentives such as export insurances and established the Korea Export Insurance Corporation (KEIC) in 1992 to promote the export insurance scheme in South Korea. South Korea is currently the heaviest user of the export insurance system. The Export Insurance Act requires the Export Insurance Fund to finance insurance programmes if the KEIC should run budget deficits.

## KOTRA's work and success factors:

KOTRA served as a guide as well as a guardian for domestic businesses, helping them promote their products in various overseas markets in a co-ordinated manner. With the establishment of KOTRA, the export-promotion strategy significantly changed. Increasing number of companies depended less on a price advantage supported by government subsidies and relied more on an organised export-promotion strategy in order to gain competitiveness in the international market.

The main success can be summarised as:

- Learning from the Japanese Model (JETRO): In 1967, KOTRA signed a business tie-up agreement with JETRO, a Japanese trade promotion agency to hold a regular conference to promote long-term economic development. Details of the agreement are as follows:
    - Exchanging research results regularly
    - Providing necessary information and international aid with regard to market co-operation agreements
    - Releasing publications to provide information on each country's economic and industrial circumstances
    - Providing staff of each party access to information
    - Providing convenience when the other party wants to participate in or host an exhibition or international fair
    - Initiating a joint-research project to improve commercial and economic co-operation between the two countries
    - Providing all the necessary arrangements for groups of researchers and economic delegations when visiting other countries
    - On request, accepting the other party's employees as trainees

    - Supplying all the necessities for delegations when visiting
    - Holding an official committee meeting once a year to maintain a close relationship between the two parties

- Building International Information Networks: Network centres in many countries collect up-to-date information on the general economic situation, export and import trends, industrial conditions and attracting investment and relay it back to companies at home.
- Marketing Services: KOTRA helps in the promotion of South Korean products in overseas markets by running articles and advertisements in influential foreign newspapers and business magazines and inviting famous reporters. Leading foreign buyers are invited for industrial visits in South Korea. By choosing reliable international buyers, KOTRA helps local exporters win large-scale orders and satisfy international importers in terms of product development and product design. This leads to enhanced market understanding and higher exports. Comprehensive marketing services are also available for inexperienced local exporters so that they could learn how to do business in other countries.
- International Trade Fairs: KOTRA actively participates in international trade fairs providing a platform for South Korean exporters to present their products in overseas markets.
- Training Services: KOTRA offers training programs on preparing product samples, foreign regulations and different legal and financial aspects of international trade.
- Monitoring Services: KOTRA conducts monthly monitoring of tariff and non-tariff trade barriers on South Korean goods. In case any goods are likely to be involved in tariff problems, KOTRA prompts the concerned companies to prevent possible future damage. Information on trade policies and other trade related measures in other countries is regularly gathered by the network centers of KOTRA.
- Business Matchmaking: KOTRA also engages in helping overseas buyers find suitable business partners in South Korea using its local networks. It holds yearly business meetings and brings together foreign buyers and local companies and provides them with information on local products and suppliers.

## Malaysia

Malaysia is the 19th largest export economy in the world. Key exports include integrated circuits, petroleum gas, and palm oil. In 2015, its top exporting destinations were Singapore, China, Japan, and the United States.

The main governmental bodies dealing with international trade in the country are Ministry of International Trade and Industry (MITI) and its federal agencies Malaysia External Trade Development Corporation (MATRADE) and Malaysian Industrial Development Authority (MIDA). While MITI deals with designing and implementation of foreign trade policy in the country, MATRADE focuses on promotion of exports and MIDA on foreign investment.

Malaysia's endeavour to improve trade competitiveness has helped its economy grow, and almost 60 per cent of goods and services produced in the country are consumed abroad. According to the World Bank, Malaysia's economy is growing helped mainly by exports which contribute about 22 per cent of the country's GDP. "Trade is an engine of growth towards high-income status. As a small and open economy, Malaysia's path to high-income status is tied to its trade performance," says the World Bank report.

Malaysia's remarkable expansion in non-traditional exports started in the early 1970s when the government attracted foreign multinationals to set up operations for electronics and electrical assembly activities in export enclaves known locally as Free Industrial Zones. In order to attract this type of export-oriented FDI, the government created MIDA in 1967.

MIDA falls under the jurisdiction of MITI and is charged with promotion and coordination of industrial development in the country.

In order to further intensify exports, MITI's export promotion department was restructured as MATRADE in 1993. Started with a limited focus on international fairs and leading trade missions abroad, MATRADE has come a long way in defining its current roles and responsibilities. Its mission is "to develop and promote Malaysia's exports" to the world. Its legally mandated objectives are:

- To promote, assist and develop Malaysia's external trade with particular emphasis on the export of manufactured and semi-manufactured products and services
- To formulate and implement export-marketing strategies and trade promotion activities to promote Malaysia's exports
- To undertake commercial intelligence and market research and create a comprehensive database of information for the improvement and development of Malaysia's trade
- To organise training programmes to improve the international marketing skills of Malaysian exporters
- To enhance and protect Malaysia's international trade interests abroad

- To promote, facilitate, and assist in services related to trade

Although its primary function is to assist Malaysian exporters of services and manufactured goods, MATRADE collaborates with the Ministry of Agriculture and Agro-based Industries as well as the Ministry of Plantation Industries and Commodities with respect to trade promotional activities, particularly in terms of overseas trade missions. In the early 1990s, MATRADE successfully assisted banana growers to penetrate the Japanese market. MATRADE plays a comprehensive role as a Malaysian trade promoting agent. Some of its activities have been summarised below.

## MATRADE as a Knowledge Agent:

- MATRADE provides general foreign market intelligence reports. It also provides detailed information on a wide array of tax incentive schemes designed to encourage exports. Dozens of attractive and professional looking directories, brochures, and pamphlets about MATRADE's programmes and application forms, general information on how to export, and feature calendars of upcoming national and international trade fairs and missions are provided by the agency to exporters and foreign importers.
- It sponsors frequent half-day or full-day programmes and seminars that discuss topics such as foreign market updates and import procedures, international technical and environmental standards, trade financing, etc. It also provides foreign market information to Malaysia-based exporters linking foreign buyers with Malaysian producers and service providers.

## Matching Grant Programmes by MATRADE:

- The agency offers a matching grant scheme for co-funding of attendance at international fairs. This grant programme is also used to fund participation in overseas trade missions, conferences, in-store promotions, domestic export training, and to pay costs for printing promotional materials, establishing an overseas office, and conducting in-depth foreign market research.
- It also has a matching grant programme to assist companies in branding their products. Grants that are 100 per cent reimbursable are available to export-ready SMEs for the purpose of developing and promoting a given brand. Another matching grant programme, called the Professional Services Export Fund assists Malaysian exporters to offer their services in foreign markets. Up to 50 per cent of the costs incurred are borne by the agency in preparing a bid for design, design-build, design-build-operate, design-build-operate-maintain or for negotiated projects. The grant also covers up to 100 per cent of the costs incurred in undertaking pre-feasibility and feasibility studies required by foreign governments and their agencies.

- MATRADE has a special matching grant programme for woman-owned and Malay-owned SMEs to attend international trade fairs and participate in overseas missions. For woman-owned enterprises, MATRADE bears up to 50 per cent of the costs for the firm to participate. In case of Malay-owned firms, the matching grant may vary from 50 per cent to 100 per cent of the expenses. The agency also organises Incoming Buying Missions for potential buyers, in whole or in part, depending on their perceived seriousness. The agency arranges local appointments and provides transportation for factory visits.

## South Africa

South Africa is the 36th largest export economy in the world. The country is known for its mineral reserves and has capitalised that sector very well. South Africa's top exports are gold, diamonds, and platinum and its major export destinations are China, the United States, and India.

The main governmental bodies dealing with international trade in the country are the Department of Trade and Industry (DTI) and its trade and investment promotion arm, Trade and Industry South Africa (TISA). While DTI deals with designing and implementation of foreign trade policy in the country, TISA's role is focused on promotion of exports and foreign investment.

In order to propel the country's exports, since 1994 DTI has been working towards redesigning export-promotion strategies, shifting the focus from export subsidies to supply-side measures. These measures have had a sectoral focus to build potentially-competitive industries which would in turn support export promotion.

Today, when the country is transitioning from a mineral-led economy to a high tech one, DTI's trade and investment support body, TISA, gives practical application to this policy and is thus shaping up this transition. The support provided by TISA to the industry is founded on the notion of sector specialists supplying strategic support to a business process, rather than once-off export market support. The sectors of the economy with the greatest growth potential are the current focus of TISA's support. These include chemicals, metals, automotive, clothing and textiles, capital equipment, and electro-technical. Exporters, as well as potential exporters, are provided with help and assistance through a range of incentive schemes managed by TISA.

These services include research and information and more practical assistance in areas such as:

- Market intelligence: Supplying customers with information on export markets and opportunities, answers to frequently asked questions, country reports, and market survey reports as well as booklets on the export process, quality issues and e-commerce issues. Information regarding the requirements for entering into foreign markets and identification of export markets for their products and services is also included.
- Trade-lead facilitation: The Trade Opportunities Center looks into business opportunities originating from foreign economic representatives which are then matched with competent South African exporters.
- Matching buyers and sellers: The primary aim of this offering is to link South African exporters with foreign buyers which will enable South African exporters to expand their foreign markets. Both importers and exporters are measured on various criteria pertaining to their capability to answer each other's needs post which the best companies are matched and an introduction is facilitated.
- In-market support: Support, coordination and facilitation for an export company to match its marketing and other logistical requirements in the target market.
- Export Marketing and Investment Assistance Scheme (EMIA):- The purpose of assistance here is to partially compensate exporters for costs incurred with respect to activities aimed at developing export markets for South African products and services. The scheme offers following benefits and support:
    - National Pavilions: Exporters are assisted by Trade and Investment South Africa (TSA) to participate in National and Mini-National Pavilions. These pavilions provide the opportunity for many exporters to introduce South Africa's products to the world market. Financial support provided by TlSA helps companies to contribute to suitable foreign exhibitions in a cost-effective manner.
    - Individual Exhibitions: Individual exporters are assisted to participate at renowned exhibitions in foreign countries where TISA does not offer a national pavilion.
    - Primary Export Marketing Research (PMR) Scheme: Under the assistance of TISA, exporters are partially reimbursed for any expenses incurred in developing new export markets. The assistance provided is primarily intended for value-added products and market research aimed at the establishment of new markets rather than the additional development for a specific product in a particular country.

    - Foreign Direct Investment Research Scheme: Through this scheme, exporters are partially reimbursed for costs incurred in recruiting new foreign direct investment into South Africa. This is done by personal contact with prospective shareholders in foreign countries through overseas visits.
    - Sector-Specific Assistance: Assistance under this scheme is provided with the objective to:
        - Develop new export markets
        - Expand the export foundation
        - Stimulate the participation of SMEs in the export sector
        - Enhance job creation
- Outward Selling Trade Missions: This scheme is for South African exporters who desire to get in contact with overseas buyers. Only recognised industry associations can take part as an organising body, such as Chambers of Commerce, Industry Associations, Provincial Investment Promotion Agencies (PIPAs), Export Councils, Official Provincial and Local Government Trade Promotion Offices (TPOs).
- Inward Buying Trade Missions (IBM): The aim of this programme is to facilitate potential buyers make contact with South African exporters to conclude export orders. Funds are provided to organisers of inward buying trade missions; a qualifying organisation, export council or TISA must arrange the group mission. Part of the criteria for assistance approval is that invited companies must have a large buying capacity.

## Brazil

Brazil is the 23rd largest export economy in the world. Its main exports are Iron ore, Soybeans and Crude Petroleum with major exports markets being China, the United States, and Argentina. Despite being the 7th largest economy in the world, the country has not been able to exploit its export potential.

The main governmental body dealing with international trade is the Ministry of Industry, Foreign Trade and Services (MoIFTS). Under MoIFTS is the Secretariat of Foreign Trade (SECEX) which looks after the designing and implementation of Foreign Trade Policy, while an autonomous body called Apex Brazil is responsible for Trade and Investment promotion.

Brazilian trade can be closely related to India in terms of the nature of schemes offered in the form of export subsidies. In order to boost exports, the Brazilian Government has been working on a number of export promotion programmes which have not shown the expected outcomes. These programmes can be broken down into tax and financial incentives provided partially by the government and partially by the private sector (towards the same goal).

## Financial Incentives:

- Advanced Payment under Foreign Exchange Contract (ACC)/ Advanced Payment under Export Document (ACE): These short-term financing programmes give an edge to exporters once costs are re-trimmed and exporters are allowed to pay over longer terms. Mostly private banks provide this using their own resources and foreign funding.
- Export Financing by Social and Economic Development National Bank (BNDES): uses internal or external resources and finances exports of goods and services bringing the same competitiveness as of the international market. Almost all products and associated services can be financed under this.
- Guarantee Fund for Competitive Promotion (FGPC): complements guarantees required to obtain pre-shipment financing from BNDES for export operations. FGPC covers risk of credit used:
  - I. for expansion, relocation or modernisation of plant
  - II. for production for exports
  - III. for buying capital goods
  - IV. to meet working capital
- Export Credit Insurance by Brazilian Export Credit Insurance Company (SBCE):- is provided by a private company (SBCE) that has many Brazilian companies as its shareholders. It provides insurance cover up to 85 per cent of the credit against commercial risks and 90 per cent against political and extraordinary risks.

## Tax Incentives:

- Tax Exemptions: Export of goods and services are not levied many taxes such as Industrial Product Tax (IPI), ICMS (Sales Tax), Contribution to Social Security Financing (COFINS), and Social Integration Program Tax (PIS). All these taxes represent roughly 30 per cent of product price in the internal market. Goods that are expected to be re-exported are also exempted from import tariffs.
- Drawback Suspension: Raw materials and goods imported and exported after an industrial process are free of import duty, IPI, and ICMS.
- Drawback Exemption: An exemption of import duty, IPI and ICMS are allowed on importation of raw materials and goods in order to replace the stock of a company, after an industrial process and consequently exportation of products. The raw materials and goods have to be equal in quantity and quality of the products used before. In this particular case the importer has to prove the exportation made before with export documents.

- Drawback Refund: In the case of regular importation of raw materials and other goods submitted to an industrial process and then exported, the importer can submit a request (in 90 days) to the tax authorities for a refund. The importer has to prove the importation and the exportation of the products with the import and export declarations and also the tax payment forms. If the request is approved, the importer will get a Tax Credit Certificate to be used on next importation.

Although these programmes have been in place, the result or output has not been up to the mark as expected over the years; thus in 1997 the Brazilian Government created a new National Export Promotion Agency (APEX) later restructured in 2003 as an Autonomous Social Service Agency called Apex Brazil. The agency provides the following services and support for exporters.

Trade-Related Capacity Building Services:

- The project Industrial Extension for Exporting (PEIEX) is for capacity building of small and medium-sized enterprises with export potential. Under PEIEX, consultants conduct an assessment on the technical and managerial resources of companies and then suggest measures to start a safe and focused export process
- Capacity Building Services delivered to business associations in the form of tailored projects for each sector of the economy
- Export-related missions and seminars
- Intelligent Services:
    - Research on international markets in order to define priority-markets for several exporting sectors of Brazilian economy
    - Research on the exporting profile of Brazilian regions
    - Updated newsletters on trade-related issues
- Trade promotion
    - Sectoral Integrated Projects (with business associations)
    - Multi-Sectoral Trade Fairs
    - Trade Missions
    - Project "Buyer"
    - Project "Formula Indy"
    - Project "Carnival"
- Positioning and Image - Formulating a sector branding strategy designed to value and promote the image of Brazilian products in international markets. Current operational projects: Brazil Tech, Brazil Fashion, Brazil Home Design, Flavours from Brazil.
- Support for Internationalisation: Services through Business Support Centers

- Identification of new business opportunities and tailor made information on potential business partners
- Recommendation of distributors and local business partners
- Support to organising events and business matchmaking events

The Brazilian Government has also taken a series of measures to make its trade system more digital and paperless. Some of these are:

- Blue line regime: In 2004, goods of authorised importers with strong internal control systems were treated in the 'blue line' regime: goods are directed towards the so-called 'green channel' for automatic clearance to improve and increase customs efficiency.
- Scanners: Since 2006, customs premises are equipped with scanners that permit non-invasive inspection; unloading of imported cargo for physical inspection may be exempted, substantially reducing customs clearance time.
- EDI systems: In 2008, Brazil facilitated trade by updating its EDI system for customs. In 2009, the government established a computerised information system known as the Foreign Trade Integrated System (SISCOMEX) that processes all customs procedures, monitors imports, and facilitates customs clearance reducing the time needed for export and import procedures by decreasing the amount of paperwork previously needed for importing into or exporting from Brazil.
- Paperless ports: The Brazilian Government has worked on introducing a paperless ports system to exempt companies from filling in about 935 fields in different forms before products can enter the country.

## Australia

Australia is the 21$^{st}$ largest export economy in the world. Key exports of the country are iron ore, coal briquettes, petroleum gas, and gold and the top export destinations are China, Japan, South Korea, and India.

The main governmental bodies dealing with international trade in the country are the Department of Foreign Affairs and Trade (DFAT) and the federal trade and investment promotion agency Australian Trade Commission (Austrade). While DFAT deals with the designing and implementation of Foreign Trade Policy in the country, Austrade's role is primarily focused on promotion of exports and foreign investment.

Australia's export promotion efforts have been shaped partly by the fact that the country has only about 25,000 exporters, just 4 per cent of all businesses.

Australia's export promotion system is unique because it distinguishes between two types of services: free and fee-based. The principal justification by the government on this assistance is to correct the information asymmetry between SMEs and larger firms. Therefore services that help "intenders" and "new exporters" build export-readiness and obtain initial market information are free while customised services to help companies enter new export markets are billed.

Financial assistance is provided through a co-funding system called export market development grants (EMDG) that is structured to cover a wide range of costs.

Austrade is the primary agency responsible for the success of export promotion in the country. It provides a range of services and supporting programmes to fulfill its primary mandate: "to reduce the time, cost and risk associated with selecting, entering, and developing foreign markets."

- Raising Awareness: Austrade hosts various awareness-raising programmes like 'Exporting for the Future'. Austrade's booklet, 'Helping take your Business to the World', is used to raise awareness of Australia's export services and to promote the Austrade brand. The monthly newsletter, Export Update, is also available on the website. It contains news of upcoming trade events, success stories, and information about services available to exporters. In conjunction with the Australian Chamber of Commerce, Austrade also administers the Australian Export Awards.
- Building Export-Readiness: Austrade has two linked export-readiness programmes- TradeStart and Export Access. Companies which are deemed export ready move on to begin market entry activities under the guidance of export counselors. This includes counseling through the process of market visits (at company expense) and further next steps.
- Selecting Target Markets: Market information and advice is provided to Australian enterprises through Austrade and TradeStart offices. First-time exporters receive free information about the general market conditions and economic dynamics of individual markets. When they are ready for offshore markets, companies are provided with detailed industry research and analysis coupled with business-matching services as well as market entry assistance. Initial consultations are free; however, customised work is billed.
- Identifying Sales Opportunities: EMDG provides assistance for SME export development activities in general. The EMDG programme provides grants of up to 50 per cent of eligible export promotion expenditures. This is a reimbursement programme, and companies do not need to be pre-approved. The programme covers seven categories of export promotion expense:
    - Export market representatives and consultants
    - Market visits
    - Overseas buyer visits to Australia
    - Communications

- Free samples
- Trade shows, seminars and in-market promotions
- Promotional literature and advertising

Australia has adopted a policy of using the EMDG as its principal export promotion assistance scheme.

- Trade Shows: Austrade offers trade show services for a fee. It maintains a shortlist of the best exhibitions around the world to stage country pavilions. The package of services includes consultation for appropriate exhibitions, understanding in-market business practices, preparation for exhibits, and arranging follow-up appointments. These services are eligible for co-funding under the EMDG programme.
- Overseas Services: Services provided abroad are virtually unlimited since all but the most basic services are fee-based. These services include introductions to qualified buyers, market intelligence, and assistance with product launches. They are eligible for co-funding under the EMDG programme.

To summarise the analysis of the above six countries, it can be said that:

- Countries studied had an independent and focused trade promotion set up.
- Countries have benefitted significantly by the role played by trade promotion activities.
- Each country has a clear distinction between trade promotion and policy formulation activities with focused set up for each.
- Most countries have adopted single window IT systems for all trade related activities (such as. SIS COMEX Platform, Brazil).

Each country has adopted a different trade model corresponding to policy formulation and implementation.

Thus keeping in view this global analysis by studying export promotion strategies and instruments in the above six countries it can be said an ideal trade model would look as follows:

**Exhibit 3: Future Trade Promotion Model**