
EXPORT PROMOTION

THE PUBLIC AND PRIVATE SECTOR INTERACTION

Edited by
Michael R. Czinkota

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Michael R. Czinkota

In cooperation with

Juan Luis Colaiácovo

Roberto de Moraes Sarmiento

Elizabeth M. Chant

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Foreword

The contributions to this volume represent a selection of the papers presented at the Second International Symposium on Exporting. This meeting, held during August 1982 in Rio de Janeiro, was co-sponsored by the National Center for Export-Import Studies of Georgetown University, the Centro Interamericano de Comercializacion (a unit of the Organization of American States), and the Fundacao Centro de Estudos do Comercio Exterior.

The interaction between the public and the private sector has always been marked by varying degrees of animosity and amicability. Historically, the periods of great prosperity of nations have been characterized by an overlap of interests between the two sectors, which often leads to the establishment of a cooperative working relationship.

Currently, however—particularly in the international trade area—the relationship between these two sectors in many countries is characterized by criticism and suspicion rather than cooperation. This mutual antipathy may in part result from governmental trade policies, which have ranged from benign neglect to the abuse of trade as a political tool. Equally damaging have been governmental trade promotion policies, which, although well-intended, have failed because they focus on what government thinks might be helpful to the private sector, rather than being responsive to what is needed by firms. In order to avoid unnecessary resource allocations, government responsiveness should orient itself to the needs of the marketplaces that it is serving. The problems may also stem in part from the fact that the private sector has often been unwilling to shoulder its share of the burden of trade promotion, and at times has also been unwilling to accommodate the needs of policymakers. It must be remembered that, while policy can play a catalytic role, it

is the private sector that must take on the responsibilities of remaining competitive and active in the international arena.

Differences in outlook due to dissimilarities in focus between the public and private sectors are to be expected and, due to their complementarity, can frequently have a salutary effect. However, in these times of increasing fragility of the international economic framework, of rapid shifts in international competitiveness, and of increased attempts by nations to promote export activities, it is necessary to mobilize all existing public and private resources for the well-being of a nation. The relationship between the public and the private sectors must be characterized by a commonality of goals. The public sector should formulate rules that are clear, stable, credible, and internationally acceptable, and the private sector should respond by adjusting its structure and efforts to the needs of domestic policy and the international marketplace.

This need for cooperation between the public and private sectors in international trade is increasingly being recognized, but problems of implementing cooperative concepts still form a major hurdle. Developments in the public policy process—such as the private sector advisory committees being used in the United States—are a small but very encouraging step. The purpose of this book is to provide an international perspective on this cooperation and perhaps stimulate new initiatives and thoughts in this important area.

In the first section, "Public-Private Cooperation: Outcome and Alternatives," the objectives and results of cooperative export promotion policies in five nations are presented. The discussions center around new forms of cooperation on the national and regional level, various types of export promotion forms such as barter and trading companies, and different varieties of export incentives and their effectiveness. The second section, "The Role of Research," highlights areas that are in need of attention by researchers, firms, and policymakers in order to formulate successful export promotion programs. Primary emphasis is placed on the development of programs that are responsive to the needs and concerns of companies. "Emerging Patterns in Trade Composition," the final section, takes a prospective look at international trade developments, paying particular attention to trade in the services sector and suggesting ways in which public and private participants in such trade can improve the level of export performance.

The main underlying dimension of all contributions presented here is the need for a cooperative and responsive interlinkage between the public and private sectors, resulting in a change

from policies that create both "free riders" and "unwilling voyagers" to approaches that result in export levels that are competitively and willingly obtained.

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The Second International Symposium on Exporting, at which most of the contributions to this volume were presented, was cosponsored by the National Center for Export-Import Studies of Georgetown University, the Centro Interamericano de Comercializacion (CICOM), a unit of the Organization of American States and the Fundacao Getulio Vargas, and the Fundacao Centro de Estudos do Comercio Exterior. When considering the task of coordinating a meeting between Washington, D.C. and Rio de Janeiro, it becomes obvious that many individuals were involved in this effort. Our thanks go to all of them. Particular appreciation is due to Jane Mohan of the Organization of American States, who aided in many details of the meeting, and the staffs of the three cosponsoring institutions for devoting all their energies to the meeting.

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Michael J. Hand	Georgetown University

Wesley J. Johnston	Ohio State University
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Frank Meissner	Interamerican Development Bank
Jane Mohan	Organization of American States
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Fernando Robles	University of New Mexico
Ilkka A. Ronkainen	Georgetown University
Flavio Pentado Sampaio	Fundacao Getulio Vargas
Ravi Sarathy	Northeastern University
Jagdish N. Sheth	University of Illinois at Urbana- Champaign
Jesse S. Tarleton	College of William and Mary
George Tesar	University of Wisconsin- Whitewater

Michael R. Czinkota
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PART I

PUBLIC-PRIVATE COOPERATION: OUTCOMES AND ALTERNATIVES

In this section the objectives and outcome of cooperative export promotion policies in five nations are presented, and suggestions for policy changes are made. Lawrence Welch discusses the role of licensing arrangements in international trade. Drawing from his experience in Australia and Norway, the author finds that licensing arrangements are an underutilized instrument in international trade. He feels that licensing has too often taken place only between affiliated firms and has not been used sufficiently as an alternative international expansion strategy. Welch then highlights the need for licensing arrangements to be oriented toward the long run and based on continued cooperation between the licensor and the licensee. He suggests that governments, particularly in developing countries, should recognize the potential benefits of obtaining technology and know-how through licenses, rather than direct foreign investment. Rather than fine-tuning existing regulations, authorities should concentrate their efforts on facilitating the development of positive licensing by training firms in developing and maintaining successful licensing arrangements.

George Tesar and Jesse Tarleton outline the steps necessary for the formulation of an effective export policy. After suggesting a theoretical framework for the policy-building process, the authors describe the development of an export policy at the state