THE ROYAL NORWEGIAN MINISTRY OF DEVELOPMENT COOPERATION

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Promoting imports from developing countries

An independent report
by
Arne Melchior

PROMOTING IMPORTS FROM DEVELOPING COUNTRIES:

COMMERCIAL PROFILE OR DEVELOPMENT ASSISTANCE ?

An analysis of Norway's
efforts to promote imports
from developing countries.

(Abstract in English)

By

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PREFACE

During the period April - October 1987, the Fund for Market and Distribution Research (FMD) carried out an evaluation of measures to promote imports from developing countries into Norway, with main emphasis on the activities of NORIMPOD (Norwegian Import Promotion Office for Products from Developing Countries). The project was defined and financed by the Norwegian Ministry of Development Cooperation.

A 250-page draft report was presented in September 1987. It included an examination of the political background for NORIMPOD and the specific activities of the office. Furthermore, these activities were compared with those of similar agencies in some other industrial countries, and the cooperation with the ITC (the International Trade Centre in Geneva) was examined. The report also included more general studies of Norwegian imports from developing countries, LDC export developments, comparative analysis of LDC imports into various industrial countries, and economic policy problems in LDC's affecting their exports. The report presented a number of specific proposals as to the future activities and organisation of NORIMPOD. These proposals are at present being discussed in the ministries in order to prepare future government decisions on the matter. The proposals only represent the views of the evaluation team.

This paper highlights some of the main parts of the draft report. Taking into consideration that similar studies and discussions are taking place in other (non-Scandinavian) countries, this English version has been prepared in order to give officials and other interested parties in those countries access to the most relevant findings of the FMD report. For this reason, the chapter comparing import promotion in different countries is a bit more detailed than the rest, including more factual information. Because it may also serve as a useful summary of the main report for interested parties in Norway, it has been decided to publish this version instead of the 250-page version in Norwegian. It goes without saying that the Norwegian version contains a more extended and detailed analysis of the various subjects. Organisations and persons who are interested in this more detailed presentation, may get access to the relevant parts of the main report by contacting the Ministry of Development Cooperation (planning department).

In addition to the evaluation report, a 200-page statistical appendix was prepared. This includes data for Norwegian exports and imports from all individual developing countries and the main regions of LDCs (at 2-digit SITC level of classification), for the years 1976 and 1980-1986. This appendix is available upon request (to the Ministry of Development Cooperation or the FMD).

In addition to myself, three other authors participated in writing the FMD report. These are: Ole Gjølberg (Research Fellow, FMD), Eva Lindstrøm (Research Associate, FMD) and Øystein Strøm (Lecturer, Østfold Regional College). To the extent that their contributions to the FMD report are referred to, this will be explicitly mentioned in the notes.

Arne Melchior
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CONTENTS

Page

SUMMARY

In chapter 1, it is shown that the share of developing countries in Norwegian non-petroleum imports has remained stable at around 6-7% during the last 10 years. A comparison of LDC imports into various industrial countries reveals that Norway is ranked as no. 15 of 22 countries, with an index slightly below the industrial country average. Belgium and the Netherlands have the relatively largest imports from LDCs. The following analysis of LDC export development shows higher growth for manufactured goods and Asian LDCs, and stagnation for raw materials and countries in Africa. It is shown that the economic policies of some countries contribute to their export problems.

In chapter 2, the political background and activity of NORIMPOD is analysed. The Norwegian parliament has demonstrated a positive attitude to import promotion, demanding larger resources and greater independence for NORIMPOD. A particular feature of the import promotion office is that the project activities have been restricted to certain aid recipient countries and the least-developed countries. Analysis of trade figures indicate that the work of NORIMPOD has yielded positive results. Important elements in the work of NORIMPOD are the import guaranty scheme, support for marketing of LDC products in Norway, and the emphasis upon buyers' missions to developing countries.

In chapter 3, NORIMPOD is compared to the import promotion offices of some other industrial countries. The comparison shows that NORIMPOD has a relatively small staff compared to the size of its budget, that no other country is limiting "project activities" to such an extent as in Norway (i.e. to a certain group of countries), and that the services of NORIMPOD which are channeled directly to the exporters and trade representatives of developing countries represent a smaller part of the activity than for other import promotion offices.

In chapter 4, possible links between import promotion and the activities of the International Trade Centre (ITC) in Geneva are examined. The conclusion is that in the present situation the scope for extended cooperation between NORIMPOD and the ITC is limited.

In chapter 5, the relation between import promotion and development assistance is analysed. By restricting some of NORIMPOD's activities to a limited group of countries, including the major aid recipients, aid priorities have had a considerable influence on the activities of the office. It is argued that NORIMPOD should stick to market-oriented activities and that LDC export development in a wider sense is a task for development cooperation. Because the needs and priorities of aid and trade are different, the strict country limitations in NORIMPOD's present guidelines should be abandoned.

In chapter 6, the organisation of NORIMPOD is reviewed, concluding with reform proposals. Because of the vital importance of trade regulations and policies for import promotion, it is advised that NORIMPOD should be given greater influence in decision-making processes in this field. This could be achieved by replacing the present board with an advisory board at senior level, which should mainly be occupied with general and policy-related questions. Being a small organisation, NORIMPOD would still need administrative backing by the ministries.

In chapter 7, the main specific proposals are summarised. In addition to proposals mentioned above, it is suggested that the staff of the office should be enlarged and that a leader at a higher level should be appointed. A number of more specific proposals are also presented.

1. Exports from developing countries : Trends and problems.

1.1. Norwegian imports from the LDC's.

The LDC share of total Norwegian imports has declined sharply during the last ten years due to the development of the national petroleum industry. Whereas petroleum represented more than half of Norwegian LDC imports in 1976, this share was only 1.6% in 1986. Consequently, the LDC share of total imports has declined from 11.2% in 1976 to 6.7% in 1986. When petroleum is excluded, the LDC share has remained rather stable, at a level of 6-7% (6.7% in 1986). In this context it should be kept in mind that there has been a strong import growth during the period. In current NOK, non-petroleum LDC imports has increased from 3.2 billion NOK in 1976 to 5.3 billion in 1980 and 10.0 billion NOK in 1986.

The shares of the regions in non-petroleum LDC imports has developed as follows:

Table A : Shares of different regions in non-petroleum LDC imports into Norway (mill. NOK/percentages):

	1976		1980		1986	
	Mill. NOK	%	Mill. NOK	%	Mill. NOK	%
Africa	425	13.1	556	10.4	972	9.8
Asia	1056	32.6	1625	30.4	5502	55.2
Latin America	1689	52.1	3006	56.1	3254	32.6
Others	70	2.0	162	3.1	241	2.4
Sum	3240	100	5349	100	9969	100

Source: Central Bureau of Statistics, Oslo, Norway.

The share for African LDCs has remained relatively stable after 1980, while there has been a reversal of positions between Asia and Latin America, with Asian LDCs increasing their share from 30 to 55% from 1980 to 1986. This increase was primarily due to more imports of manufactured goods from Asia. The share of manufactures in non-petroleum imports in 1986 was 88% for Asia, 5% for Africa and 10% for Latin America. Foodstuffs was the most important group in Norwegian imports from Latin America, and for Africa ores/metals/minerals had the largest share.

Looking at Norway's trade balance with developing countries, there is a major statistical problem related to second-hand boats and ships, which represent more than half of Norwegian exports to LDCs. Relating to Africa (Liberia) and Latin America (Panama and Bahamas/Bermuda) these figures should be excluded from "real trade data" because they only come about as a result of shipowners' flagging out for tax purposes etc. For Asia (Singapore and Hong Kong being the largest receivers) some of these exports may be "real", but the major part must also here be expected to be flagging out. Excluding older ships, in addition to petroleum and natural gas, we get the following figures for the trade balance in 1986:

Table B : Norway's trade balance with developing countries in 1986, older ships/boats and petroleum/natural gas being excluded. Figures in mill. NOK:

	Exports	Imports	Balance
All LDC's	6746	9918	- 3172
Asia	3480	5456	- 1976
Africa	1371	972	+ 399
Latin America	1683	3249	- 1566

Source: Central Bureau of Statistics, Oslo, Norway.

Norway had a considerable trade deficit with LDC's in Asia and Latin America. For African LDC's there was a trade surplus; this should however be explained by the fact that a considerable share of

Norwegian exports to Africa is aid. Also for Asia, some part of exports is aid contributions. If trade in petroleum is included, this does not alter the picture significantly. In 1986 Norway only traded petroleum with Asian countries among the LDCs, and had a trade surplus in petroleum of 537 mill. NOK (exports of 697 mill. NOK). This reduces the trade deficit with Asia to 1.5 bill. NOK. If some of the exports of older ships/boats to Asia is "real trade", the gap could be even smaller.

1.2. The relative size of industrial countries' imports from LDCs.

The share of LDCs in Norway's total imports in 1986 was less than 7%. Because of this small share, it has often been maintained that Norwegian imports from LDCs are relatively small. Table 1 shows that among 22 industrial countries, Norway was ranked as no. 20 concerning the LDC share of total imports (based on IMF figures, i.e. that certain southern European and state trading countries are included in the LDC definition). However, there are several reasons for rejecting such comparisons based on shares of total imports. Such shares will always be heavily influenced by the *size* of the economy and the degree of *openness*. Norway is a small and open economy with total imports per capita three times higher than the average for industrial countries. A certain per capita imports from developing countries will therefore give a share of total imports in Norway which is only one third of what would be the result for the industrial countries taken together. The arbitrariness of import share comparisons is also illustrated by the fact that the share for a larger entity like the EEC normally would be much higher than the national shares (including intra-EEC trade).

For these reasons, we have constructed a simple index for imports from LDCs which gives equal weight to measures of *per capita imports from LDCs* and *LDC imports as a percentage of GNP.* A combination of the two measures seems justified because each of them will give differing results relating to countries with GNP per capita which deviates considerably from the industrial country average. The relatively richer industrial countries will be higher ranked based on per capita imports than based on LDC import share of GDP, and vice versa. This is illustrated by tables 2 and 3, containing the figures and ranking for each of the two measures. The figures are presented for total LDC imports and for imports from non-oil-producing LDCs. On the basis of the figures in these two tables for non-oil-producing LDCs, we have constructed the following index which ranks 22 countries on the basis of the two measures:

Diagram 1 : Ranking of 22 countries according to imports per capita from non-oil-producing LDCs, and imports from non-oil-producing LDCs as percentage of GDP. Industrial country average=100.

1	Belgium/Luxemburg	192
2	Netherlands	179
3	Germany, Fed. R.	134
4	Denmark	131
5	Italy	116
6	Austria	114
6	Portugal	114
8	USA	103
8	Switzerland	103
10	United Kingdom	101
11	Sweden	98
11	Ireland	98
13	Spain	96
14	France	95
15	Norway	94
16	New Zealand	86
17	Finland	74
18	Canada	67
19	Australia	66
20	Iceland	65
21	Japan	64
22	Greece	59
	Industrial countries	100

It should be noted that the exclusion of imports from the oil-producing LDCs significantly affects the ranking of industrial countries for which petroleum products constitutes a large share of imports from LDCs. For Japan, Netherlands, Italy, Spain, Greece and Portugal imports from oil-producing LDCs represent more than 30% of total LDC imports.

The diagram shows that Norway is ranked as no. 15 among the 22 countries. However, the index places Norway near the average for industrial countries, together with the USA, Switzerland, United Kingdom, Sweden, Ireland, Spain and France. Belgium and the Netherlands clearly have the relatively largest LDC imports. Denmark and Germany are also well above the industrial country average; to a lesser extent this also applies to Italy, Portugal and Austria. At the lower end of the scale we find New Zealand, Finland, Canada, Australia, Iceland, Japan and finally Greece.

It should be noted that the ranking based on this index gives a result which, as expected, is quite different from a comparison of import shares (table 1). The result also differs considerably from other studies which have included import shares as one of the main measures.[1]

The index developed above is only a method of comparing the relative sizes of *direct* imports from LDCs into various countries. It does not measure total trade with LDCs including exports, and it does not give explanations for the differences between countries. The *structure of production* of the industrial countries is probably one of the main determinants of their LDC imports. Another factor which is likely to be of great importance, is the extent to which LDC imports are subsequently *re-exported* after processing, packaging etc. For trading nations like the Netherlands and to some extent Belgium, which are also focal points in the European transport network, this element may be one of the explanations of their high level of LDC imports. For countries like Norway, with a limited capacity for processing of bulk products from LDCs (like sugar, tea etc.), the amount of *indirect* imports from LDCs will probably be larger. A third main factor influencing the level of LDC imports is the pattern of *trade policies* in each importing country.

1.3. The development of LDC exports in the 1980's.

During the 1980's there has been an increasingly uneven development between different groups of countries and products within LDC exports. The following table shows the volume growth for LDC exports of the main product groups:

Table C : Average annual volume change in LDC exports of main product groups (percentages).

	1965-73	1973-80	1981-85
Manufactured goods	11.6	13.8	7.7
Foodstuffs	3.3	3.9	3.6
Agricultural raw mat.	3.1	1.1	1.6
Ores/metals/minerals	4.8	7.0	0.7
Fuels	4.0	- 0.8	- 0.1

Source: World Bank: World Development Report 1986, table 2.8.

Even though the growth of manufactured exports has been lower in the 1980's than before, it is clearly the most dynamic part of LDC exports. Export growth for raw materials is much lower, with ores/metals/minerals joining the low-growth segment after 1980.

If we look at different groups of countries, it is no surprise that the LDCs in South and South-East Asia have been the most succesful exporters. This corresponds to the fact that manufactured goods had a high share (59%) in these countries' overall exports. It should be noted, however, that this group of countries

[1] See e.g. Alexander J. Yeats: Development assistance: Trade versus aid and the relative performance of industrial countries. World Development vol. 10, 1982, no. 10, pp. 863-869.

not only had the highest export growth for manufactures, but also higher growth rates for the other product groups relative to other LDCs. At the opposite end of the scale we find the African LDCs with lower export growt and decreasing shares of LDC exports for all groups of products. This is documented by table 4 which shows the distribution of LDC exports between the different groups of countries, for each main product group. From this table it can be seen that 76% of LDC exports of manufactures in 1984 came from South and South East Asia, and less than 3% from Africa. Manufactures represented only 6% of overall exports from African LDCs. The American LDCs are in an intermediate position, with a somewhat higher share of manufactures in their exports (19% in 1984), and they have during the last 10 years more or less maintained their shares of world exports and LDC exports. The Latin American countries are particularly dependent on exports of foodstuffs.

Table 5 of the appendix shows the shares of the major export markets for the LDCs in 1970 and 1984. It demonstrates quite convincingly that it is the *European markets that have failed* during this period. For LDCs except OPEC, the share of exports going to the EC area has been reduced from 29% to 17%. For the EFTA countries, the share has declined from 3.5% to 1.9%. On the other hand, the share of LDC exports going to the U.S. has increased (from 23 to 30%), as well as the proportion going to other LDCs (from 20 to 28%). These tendencies apply to *all* groups of developing countries.

For Latin America and South/South East Asia the decline in the EC share applies to all major product groups. For Africa the picture is somewhat different, because a large part of the decline in the EC share is due to reduced petroleum exports. A further study of the African case reveals that a major problem is a declining share for the exports of *foodstuffs* to the industrial countries. This applies for all the major industrial markets; both the EC, USA, EFTA and Canada. Internal problems of production in LDCs, and agricultural trade policies of the industrial countries, may have contributed to this development.

In spite of a significant increase in non-oil commodity prices during the first half of 1987, long-term prospects in demand, production and technological developments indicate that problems with deteriorating terms of trade may continue well into the 1990's. For metals, some analysts are expecting increasing volatility of prices in the near future. For all non-oil commodities, terms of trade relating to the industrial countries' exports of manufactures are at present (mid-87) 26% lower than in 1980. The strongest deterioration in terms of trade has occurred for foodstuffs, with a 36% decline during the same period. Agricultural raw materials have performed somewhat better, with a 13% decline.[1]

For foodstuffs, agricultural trade policies of the industrial countries will be a major determinant of the future development of world markets. Particularly in those cases where such policies include export subsidies, they may be harmful to LDC exports. EEC policies for sugar and cereals are examples that should be examined in this perspective. The LDC share of world exports of foodstuffs has declined from 55% in 1970 to 47% in 1984-86. Facing a slow consumption growth in industrial countries, the question of market access is vital for many LDCs.

Facing continuous difficulties for their exports of raw materials, LDCs are struggling to widen their industrial base and increase the export share of manufactured products. In this respect it is important to recognize that the poorest LDCs today are facing a situation which is very different from the situation when the NICs expanded their industrial exports during the 60's and 70's. The third generation of LDC exporters is facing lower growth in world markets; they are facing competition from a number of LDCs with already established positions in the export markets; they have to struggle with protectionism; and they are facing new technological developments in a number of industrial sectors due to the microelectronic revolution.

The garment industry is an example of these developments. Here new technology based on microelectronics has caused considerable improvements in productivity for large producers in industrial countries and to some extent also the NIC's.[2] Cheap labour is therefore no longer a guarantee for entering into world markets, particularly when new suppliers are facing import restrictions in importing countries. Even if

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1 World Financial Markets: Non-oil commodity prices: Trends and implications. New York August 1987.

2 See e.g. Kurt Hoffmann: Clothing, chips and comparative advantage: The impact of microelectronics on trade and production in the garment industry. World Development vol. 13, 1985, no. 3, pp 371-392.

new suppliers may expand within certain limits, the general trend has been that restraints in the textile sector are introduced at a lower level for third generation of LDC exporters than for their predecessors. Even if new technology has not yet eliminated the labour-intensive character of the industry, the combination of all the adverse factors implies that the poorest LDCs have a tougher way to go when entering the world textile markets.

The poorest LDCs are facing severe problems in their industrialisation process. At least they should be helped with a guaranteed market access. Textile quotas and GSP rules of origin should be reviewed with this in mind.

1.4. Particular problems for the exports of Norway's main development cooperation partners.

The activities of NORIMPOD have been restricted in the sense that certain measures have been limited to the main development cooperation partners of Norway [1] and the least developed countries. This group has in 1987 been widened to include all the SADCC countries. The measures limited to this group of countries are the "project activities" (buyers' missions, marketing support, import guarantees etc.), while the more general trade information services are available for all LDCs.

The 9 development cooperation partners have had a declining share of LDC exports. In 1985, the share of the 5 African countries included was only 0.5%, and the 4 Asian ones had a share of 2.6%. The whole group of countries which are given priority in the work of NORIMPOD had a share of less than 5% of total LDC exports in 1985.

Because of the focusing of NORIMPOD's work on the development cooperation partners, the evaluation report also included an examination of particular problems for the export sectors of these countries. The review of the sub-Saharan African countries demonstrated that the majority of these have several common problems affecting their exports. Important factors are overvalued exchange rates, scarcity of foreign exchange, and import restrictions and rationing of foreign exchange hampering imports of inputs to the export sector. In some cases macroeconomic policies in general have also been discriminating against exports. External shocks and deteriorating terms of trade have led to persistant and serious balance of payments problems. For such reasons, some countries have come into a vicious circle where gradual reform strategies are hampered by acute economic problems. The problem of overvalued exchange rates in sub-Saharan Africa has been well documented, and the World Bank has emphasized this element as an important one in the reform strategies of these countries. Recent studies have also concluded that the problem of restrictions for imports of inputs to the export sector is of vital importance [2] ; and that satisfactory financing schemes (to overcome acute balance of payment problems) is a crucial element for the further development of these countries' exports.

The Asian development cooperation partners are in a different situation. In general they have had a better export performance, they are (with the exception of Sri Lanka) less dependent of the export sector, they have a more diversified export structure with higher shares for manufactured products, they do not have such serious balance of payments problems, and exchange rates do not represent a major problem like in Africa.[3] Some of these Asian countries have also developed comprehensive export promotion policies. However, some of these countries - particularly India and Pakistan - are developing their export policies within systems which are heavily biased towards import substitution.

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1 The main development cooperation partners of Norway are the following 9 countries: Botswana, Kenya, Mozambique, Zambia, Tanzania, Bangladesh, India, Pakistan and Sri Lanka.

2 See G.K. Helleiner: Outward orientation, import instability and African economic growth: An empirical investigation. In Lall, S. and Stewart, F.: Theory and reality in development, London 1986, pp. 139-153.

3 Obviously such sweeping generalisations are bound to produce some inaccuracies because of the variations between countries; I hope the readers will forgive this !

The combination of heavy protection and export incentives is a complex task, implying that export incentives have to be selective (selective import licences, selective compensations for tariffs and taxes etc.) – thus requiring a large bureaucracy and complex control mechanisms.

For a country like India, with a large domestic market, the import substitution policy has made it possible to establish a diversified industrial sector. Many industries, however, are dependent upon protection, and this makes it difficult to reform the trade regime and make it more open. Compared to the more export-oriented economies in Asia, economic growth in India has been slower.

For the small African countries, it has not been possible to rely upon import substitution policies like in India. Many of these economies have traditionally been quite open relating to imports of inputs. The system of protection therefore has been more selective. Overvalued exchange rates have also made imports of machinery and input cheaper. As a result, parts of the industry of these countries have become *import-intensive* and to a certain extent also capital-intensive. Such industries are vulnerable to cutbacks in imports due to balance of payments problems.

The success of the NICs has inspired several studies of the relation between exports and economic growth in LDCs.[1] A number of studies have examined the interrelation between export growth or export share of GDP on one side, and growth in GDP or GDP per capita on the other. Some of these studies have covered a large number of LDCs and shown a significantly positive correlation. This has been used as an argument for stating that "exports are the engine of growth" in LDCs. However, it should be emphasized that a statistical link of this kind does not in itself constitute an explanation of causal relationships. Furthermore, the statistical results are strongly influenced by the presence of the NICs in the samples, and export success is only a part of the explanation of the higher GDP growth in certain LDCs. It should also be noticed that for the poorest LDCs, no positive inter-relation between export growth and economic growth has been found.[2] This has been interpreted in the sense that it is only for LDCs above a certain minimum level of development that "export orientation stimulates growth".

The research debate has not produced any unanimous conclusion on the controversy about import substitution vs. export orientation. However, there seems to be a wider consensus that LDCs should avoid economic regimes that imply a strong negative discrimination of exports. LDCs should therefore aim at a more balanced structure of incentives, including tax, tariff and exchange rate policies.

1 For useful surveys of this research literature, see e.g. Deepak Lal and Sarath Rajapatirana: Foreign trade regimes and economic growth in developing countries, in Research Observer (World Bank) no. 2, July 1987, pp 189-217, or José Antonio Ocampo: New developments in trade theory and LDCs. Journal of Development Economics, 22 (1986), pp 129170.

2 Relating to sub-Saharan Africa, see Helleiner, 1986, cfr. note on page 13.

2. The political background and the activities of NORIMPOD.

2.1. The political decisions relating to NORIMPOD.

The establishment of NORIMPOD should be seen in the context of the debate on a "new international economic order" which emerged during the 1960's. The question of how to promote LDC imports was debated by UNCTAD III in 1972. The Nordic Council in 1972 advised its member governments to establish national bodies with the purpose of promoting LDC imports. Following a 4-year period of preparatory studies and decision-making, NORIMPOD started its activities in 1977 on a preliminary basis. In 1980, the office was established on a permanent basis, and the range of activities was widened by adding the *marketing support scheme* and the *import guarantee scheme* to the other services of the office. The general guidelines for NORIMPOD have not been changed much since then, even though the office has received larger budget allocations the last couple of years.

NORIMPOD was formed with reference to arguments related to foreign policy and development assistance policy. Studying the documents from 1980, however, indicates that trade policy considerations probably also played a role in limiting the scope of NORIMPOD's activities as to their coverage of products and countries. In 1980, import policies towards LDCs was a more controversial and difficult issue than today.

Whereas the general consultancy and guidance services of NORIMPOD are available for all products from countries covered by the GSP scheme, the more active and costly support schemes have mainly been reserved for the least developed countries and Norway's 9 main partners of development cooperation (see note on page 13). Normally it is also a precondition that the product concerned is covered by the GSP scheme or have zero tariffs on an MFN basis.

Until 1984, NORIMPOD was an independent agency with its own board, but administratively linked to the Ministry of Trade and Shipping. When the Ministry of Development Cooperation was formed in 1984, the responsability for the office was transferred, but the organisational structure was maintained in other respects. All the time NORIMPOD has been financed from the development assistance budget.

The intention of having a separate board for NORIMPOD was to assure the independence of the office, and to secure that the subordination under the ministries was limited to purely administrational matters. In practice, however, the general guidelines of NORIMPOD have been decided by the ministry having the responsability, wheras the power of the board has been limited to specific decisions within these guidelines. Concerning the general guidelines of NORIMPOD, the board has (in practice) played the role of advisor to the ministry in charge. The board is composed of 7 representatives, 3 from the relevant ministries (foreign affairs, trade, development cooperation) and 4 from trade and industry organisations.

When the Parliament has debated NORIMPOD (particularly in 1980, 1983 and 1987) [1], it has always emphasized the importance of NORIMPOD having an independent position related to the ministries. The Parliament has also said that NORIMPOD "should use its experiences by participating in the general debate on principles governing Norwegian import policy relating to the developing countries" (1983). This has not yet been materialised to any significant extent.

Also when it comes to the limited country coverage of NORIMPOD's "active" support schemes, this has been questioned by the parliament. In 1980, some participants in the parliamentary debate expressed the hope that these general limitations would be "administered in a flexible manner". In 1983 the foreign affairs committee of the parliament stated that "it could now be worthwhile to discuss more ambitious objectives in order to stimulate imports from LDCs into Norway, also from countries that to a larger extent have the capacity of exporting manufactured and semi-processed goods". In 1987 the Parliament agreed to a government proposition that the "active" measures of NORIMPOD should also be available

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1 See e.g. Forhandlinger i Stortinget nr. 132, 1980, Innst.S. nr. 126 (1980-81), Innst.S. nr. 188 (1982-83) og Innst.S. nr. 186 (1986-87).

for all the SADCC countries. Since 5 of the 8 SADCC countries were already included in the group of countries previously eligible, this implied that also Angola, Swaziland and Zimbabwe were to be covered by the whole range of NORIMPOD activities.

When NORIMPOD last time was debated by the Parliament (May 1987), it was stated that the office "should get extended support measures and resources in the form of budget allocations and staff", and the government was asked to "present proposals for a strengthening of NORIMPOD, including the question of a more independent position".

2.2. The activities of NORIMPOD.

2.2.1. Staff and budget:

The office has today 6 employed persons; 1 head of division, 4 executive officers and 1 secretary. Exact figures for the administrative cost do not exist after 1985 when this part of the budget was included in the ministerial administration budgets, but it could be estimated to approximately 2.0 mill. NOK in 1987. There has only been a modest increase in administrative costs the last 4-5 years. The project budget, however, has been radically increased, from 1.9 mill. NOK in 1985 to 6.8 mill. NOK in 1987. With the current activities it seems that NORIMPOD is not capable of spending all the project budget allocations. In 1986, when the allocation was 3.0 mill., the amount actually spent was 1.2 mill. Part of the 1987 budget are therefore unutilised allocations transferred from 1986. The commitments relating to the NORIMPOD guarantee scheme (to be described later) are in addition to the regular budgets.

2.2.2. A description of the activities of NORIMPOD.

a) <u>General trade information activities for importers.</u>

The most important element of this is the quarterly publication of NORIMPOD-KONTAKT, the 12-page newsletter of the office. This contains information on the activities of NORIMPOD, a limited amount of general articles on trade matters, and, approximately half of the publication, business offers from exporters. The publication has a circulation of approximately 4000, and is sent to the members of various trade organisations and persons/organisations on NORIMPOD's own mailing lists.

Each year NORIMPOD receives around 1500 business offers from LDCs. Offers including all the necessary information are published immediately; the other exporters are requested to supply adequate "product and company profile" information. Such information is necessary if the offers are to be considered seriously by the importers. Because of this "filtering" procedure, only 1/4 of the business offers received were published in NORIMPOD-KONTAKT in 1986. This share has declined from previously around 40%.

Among the business offers published, more than half have come from India and Pakistan. In 1986 there were business offers from 42 countries. The spread and geographical distribution has not changed much during the last years. The same can be said about the distribution between product groups, where textile products and foodstuffs are the largest.

After publication in the Newsletter, NORIMPOD receives requests from importers with reference to the various business offers. The importers receive copies of the complete material from the exporter. From 1980 to 1986 the general trend has been a declining interest from importers. In 1986 120 importers contacted NORIMPOD, requesting further information about 620 business offers.

More time-consuming than the standardised handling of business offers is the trade information to various firms contacting NORIMPOD. Increasingly, NORIMPOD has experienced that importers, particularly the smaller ones, request information on special markets and products.

b) The import guarantee scheme:

This scheme was established in 1981 and the guarantee covers losses due to delayed delivery or product deficiencies. It is reserved for a limited group of countries [1], and it should primarily be used for products receiving GSP treatment or having zero tariffs. It is aimed at trade in an introductory phase. The guarantee covers 60% of the loss; in special cases up to 70%. Losses are only refunded if the importer can verify that he has pursued his claim towards the exporter in a "reasonably active manner".

From the start, the total guarantee limit was 5 mill. NOK, this was raised to 10 mill. in 1986 and 20 mill. in 1987. Because many guarantees only apply for short periods within the year, the total sum of annual guarantees may be above the upper limits, which apply for the current exposure. In 1986, therefore, the total commitments were 11.9 mill. NOK. The losses under this scheme have been extremely small; in 1981-86 they totalled 36000 NOK or 0.16% of the total guarantee commitments.

The guarantee scheme has been used by a limited number of firms, and towards a limited number of countries. In 1986 the country distribution was as follows: Pakistan 64%, India 17%, Bangladesh 15%, Sri Lanka 4%. Two importing firms alone accounted for 59% (relating to non-quota textile products from Pakistan).

c) The marketing support scheme:

This scheme is limited to the same countries and products as the guarantee scheme. Firms may apply for financial support for marketing (campaigns, advertisements, material), product adaptation, adaptation of packaging and labelling, market surveys etc. The support should be given for an introductory phase "of reasonable duration". Financial support is given up to 50% of total cost. A small part of this support is also given to travels made by importers. In special cases 25% of travel expenses to countries other than those given priority may be covered.

Total expenditure under this scheme was in 1985 625 000 NOK and in 1986 231 000 NOK. The average size of each grant was rather small (approximately 20 000 NOK in 1986). Most support was given to marketing measures in Norway (advertisements, exhibitions, brochures, catalogues, quality/standard controls etc.). Only 32 000 NOK was given for travel support in 1986.

The marketing support scheme is not very strictly defined, and it has also been the intention that it could be applied to measures in the exporting country (labelling, consultancy services relating to design, packaging etc.). NORIMPOD itself has strongly felt the need for measures linked to product development by the exporters, especially because some of the countries given priority in the guidelines for the office have a limited industrial base and weak competitiveness in their export sectors. NORIMPOD has also held the view that support should be given to buying machinery necessary for the exporters' product development. The Ministry of Development Cooperation, however, has maintained that such support would imply a widening of NORIMPOD's activities into regular development cooperation, which in their view is more properly dealt with by the development cooperation authorities directly. Support for buying machinery is therefore still outside the scope of NORIMPOD's activities. There is wide agreement, however, that the marketing support scheme should be applied relating to consultancy services regarding product development, packaging, labelling, design etc. Some projects of this kind have been supported, with positive experiences.

Both for the marketing support and the guarantee scheme, the principle is applied that the staff of NORIMPOD has the authority to decide when the applications are under certain money limits (50000 NOK for marketing support, 500 000 NOK for guarantees). Applications concerning larger amounts are decided upon by the board of NORIMPOD.

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1 The main development cooperation partners of Norway, the least-developed countries and from 1987 also the SADCC countries.

d) Outward missions:

Apart from the "mandatory" tasks and trade information services, missions to developing countries is the single working method given the highest priority and taking most time of NORIMPOD's activities. The majority of these are *buyers' missions*, but some also take the form of *fact-finding missions* where the objective is to identify possible products that may be imported. The latter type of missions normally include a few importers in addition to one or more NORIMPOD representative, whereas the buyers' missions typically consist of 8-12 importers and a NORIMPOD representative. NORIMPOD covers half the travel and accomodation expenses for the importers, unless they are invited as advisors - in that case the expenses are fully paid. The importers are invited to participate by NORIMPOD, selectively and based on the contact network they have developed. As for the other "extended" services by NORIMPOD, such missions are limited to the group of countries described earlier.

In 1986 NORIMPOD arranged 7 buyers' missions and 2 factfinding missions (combined with seminars). 2/3 of the actual spending under the project budget were allocated to such missions (845000 NOK). During 1980-86, the majority of missions have been to the main development cooperation partners in Asia (India, Pakistan, Sri Lanka, Bangladesh). In some cases several missions have been arranged for the same product group in one country.

NORIMPOD has also coordinated visits by importers to the annual Berlin trade fair. In this context the office has the role of "tour operator", without paying any of the importers' costs. At this fair NORIMPOD has also participated in a common information office for the import promotion offices of the Nordic countries and the Netherlands, and they have participated in seminars for LDC exporters arranged commonly by these offices.

e) Trade information to exporters and authorities of developing countries.

"Guide for exports to Norway" contains general information on trade regulations and market conditions in Norway. It is updated approximately every third year. A film containing information on the Norwegian market has also been made.

NORIMPOD is at present developing a computerised register of importers, which is also used as an instrument to pick out relevant contacts for exporters upon request.

Every year NORIMPOD receives a number of exporters and delegations from developing countries requesting trade information. In some cases, NORIMPOD has also assisted in arranging exhibitions of products from developing countries. This has happened 4-5 times during the period 1981-86.

During 1980-86 NORIMPOD has also arranged or participated in altogether 12 *seminars* for exporters and LDC officials. The majority of these have been arranged in cooperation with the other Nordic import promotion offices, and in some cases also with CBI in the Netherlands. NORIMPOD gives priority to product-specific seminars for exporters, arranged in the respective countries. Examples are the seminars in Zimbabwe and Zambia in 1986. These seminars, which were arranged in cooperation with the other Nordic import promotion offices, included information on the Nordic markets for specific products, and they were combined with efforts to identify possible products which could be imported.

f) Other activities:

NORIMPOD's relations with the International Trade Centre in Geneva will be examined in chapter 4.

NORIMPOD participates in a committee established in order to undertake continuous reviewing of the Norwegian GSP system. When it comes to other trade policy matters, NORIMPOD has not been formally involved in the decision-making process, save a few exceptions.

2.2.3. The "labour intensity" of various activities.

For 1987, NORIMPOD has indicated the following "time budget" for various activities:

– General administration, secretarial functions and internal training/education	18 %
– Newsletter publication including handling of exporters' business offers	12 %
– Managing support schemes (marketing support and guarantees)	2 %
– Secretarial functions for the board	3 %
– Advisory functions relating to the ITC, contact with other import promotion offices	4 %
– Missions to LDCs and project work	21 %
– Trade information for visiting exporters and delegations	7 %
– General trade information to firms	30 %
– Other activities (including general publicity, trade policy matters etc.)	3 %
Total	100 %

As can be seen, the most time-consuming task of the office is general (unspecified) trade information to various firms. Plenty of time is also spent on preparing and participating in buyers' missions to LDCs, which has developed into one of the main methods of trade promotion applied by NORIMPOD. Two of the other main instruments, however, are very little time-consuming: The marketing support and the guarantee schemes only account for 2% of the time budget. More time (12%) is spent on handling business offers and publishing NORIMPOD-KONTAKT, the newsletter of NORIMPOD.

2.3. Tracing the effects of NORIMPOD's work in trade statistics.

Because trade promotion measures are always only one of many factors influencing trade, it is impossible to give exact quantitative measures regarding the effects of this work. Such measures are impossible to establish because import promotion offices normally play the role of *catalyst.* Trade promotion is typically "marginal" compared to all the other preconditions that have to be satisfied if trade is to be created.

Notwithstanding these limitations, it is still interesting to analyse the trade statistics in the cases where import promotion has taken place. We therefore studied the trade figures for all the specific categories (on 7-digit CCCN level) where NORIMPOD claimed to have been involved. Statistics for 1981, 1983 and 1986 were compared for 39 items/countries where NORIMPOD claimed they had been actively involved, and 18 items/countries where the office had been involved only to a lesser extent. For 34 items in the first group, and 16 items in the second group, there had been an increase in imports during the period studied. The import value for the 39 items where active promotion had been undertaken, was more than doubled from 1983 to 1986 (from 25 to 53 mill. NOK.). For the other 18 items, the import value had increased even more sharply, from 16 mill. NOK in 1983 to 67 mill. in 1986. A major part of this, however, should be explained primarily by changes in trade policy (certain countries were not subject to quotas after Norway rejoined the MFA in 1984, and in some other cases quotas were re-introduced at previous levels which were significantly higher than actual trade levels).

We do not attach too much importance to the *volume* of change, due to the arguments referred above. However, the fact that there had been increasing imports of the overwhelming majority of items where NORIMPOD had been involved, should be interpreted as an indication that the activity of the office has had positive effects.

The analysis also shows that positive results certainly do not appear in all cases; for 12 of the 39 items with active promotion undertaken, import value in 1986 was below 100 000 NOK. Another example of this is cotton fabrics from Sri Lanka, where imports first increased from 0.8 mill. NOK to a peak of 1.4 mill. in 1984, and thereafter declined to 0.4 mill. NOK in 1986. For this item, NORIMPOD arranged 10-12 buyers' missions during the period 1980-86.

2.4. Assessment of NORIMPOD's main activities at present.

In this part we shall review the specific activities of NORIMPOD based on the evaluation report. This is based on discussions and material from NORIMPOD, meetings with the organisations of trading firms, discussions with some importing firms, and a survey of 200 firms in NORIMPOD's mailing lists. In later chapters we shall return to the more general questions relating to the guidelines for NORIMPOD, as well as results from a comparative study of various import promotion offices.

In the survey of 200 importing firms, only 27% responded to the questionnaire. This was not surprisingly low for a sample of this kind. However, the small sample and the limited response implies that the material should be used cautiously. Moreover, the size of firms responding to the questionnaire was larger than what could be expected to be the average for the whole sample. Some general results were still clear and interesting, and they will be referred to later, where relevant.

A general impression from our studies was that the importers' knowledge of the specific support schemes of NORIMPOD was quite variable. This is also supported by material from NORIMPOD indicating that the guarantee scheme and the marketing support has primarily been used by firms in close contact with the office, for example through buyers' missions. Among the respondents to the survey, very few had benefitted from the more active support measures of NORIMPOD. The services most frequently applied were general trade information and business offers. Our conclusion from this part is that it is necessary to improve the information to importers about the various support schemes. However, there are also importers that are not using the support schemes even if they are aware of them. The reasons for this also have to be examined.

The survey told that almost all the firms that had used the services of NORIMPOD, were satisfied with the quality of these services. In discussions with single exporters, however, some left the impression that they wished NORIMPOD to have a more innovative and positive approach to new activities.

As to the results of announcing *business offers* from developing countries, almost all the firms in the survey that claimed to have responded to such offers, said that they had received the documentation they requested and the majority had approached the exporter. In many cases the information from the exporters was not fully satisfactory, and in relatively few cases (3 of 18) trade was created. Talks with larger exporters left the impression that these preferred other channels than the NORIMPOD business offers when approaching exporters. It is also typical that firms in the most successful exporting countries among the LDCs are not using this channel of marketing very much. In the survey, many importers said they looked through these offers, but only 17% said they would have paid for the newsletter if it was not free. The general picture emerging is that these offers are moderately interesting in commercial terms, that they do not include the exporters that have the most professional marketing, that they are most interesting for smaller importers lacking their own contact network, and that the trade created from such offers is quite modest - although not entirely insignificant. Our conclusion from this is that NORIMPOD should continue its practice of a highly rationalised handling of these offers. To improve the results,the possibility of selectively publishing some offers in branch publications for selected groups of importers should be examined. The idea of privatising the handling of such business offers should be rejected. This activity is not profitable, it is a service to developing countries, and it is an efficient way of dealing with a lot of mail which anyway would have to be responded to by official bodies.

For the *import guarantee scheme*, the low cost of this arrangement inevitably produces the question: Does it have any effect at all if it has no cost ? The answer from importers' associations is "yes", the importers consider it as a useful "safety net" in spite of the small number of defaults. This is the major reason why we have suggested that the scheme is continued. However, further investigations should be carried out in order to explain why the use of this arrangement is so limited. Our evaluation gave a few starting points for such an examination. One aspect is the general lack of information. Another is the fact that some importers mentioned other reasons for not using it, even if they were eligible. One importer stated that the risk was limited due to his careful selection of exporters. We got no clear indications that the limitation of the guarantee to 60 or 70% was a major problem, even though it has been suggested earlier to raise this limit. Our material does not present clear evidence on this point. If the percentage limit would be raised to 100%, it would require an improved management of the system. In the present

system, the 60%-limit leaves much of the risk-assessment to the importers themselves.
As to the marketing support scheme, discussions with receivers of such support naturally gave the impression that such support is useful (any other result would be surprising!). Meetings with the importers' associations, however, indicated that there are some important questions of principle which need to be examined. Support for the domestic marketing of individual firms interfere with the competition between them. As long as the amounts of support have been small, this created no conflicts. Recently there have been cases of larger amounts of support granted to firms in order to promote direct imports from LDCs. Other firms operating in the same markets, for example with indirect imports from LDCs through other European countries, have reacted strongly to this. Some of the importers' associations have therefore recently taken a more reserved stance regarding this support scheme. They say that such support should not be given to the marketing of LDC products by individual firms, but to more general campaigns for LDC products and imports from LDCs, e.g. channeled through the trade associations.

Inevitably, increased imports from LDCs may conflict with the interests of firms with established market positions. In many cases it may be right of NORIMPOD to give support to individual firms even if such conflicts exist. However, it is important that the support system is open and transparent and with clear rules. Lacking information among importers, vague rules and large support to individual firms may hurt the *credibility* of this support scheme. We are not convinced by the argument that the system is "self-regulating" because half of the costs have to be covered by the importers themselves. We therefore suggest that clearer rules are established, that the information to importers is improved, and that a principle is established that support to the marketing of individual firms should not exceed a reasonable proportion of the LDC imports actually created.

Coming to the *buyers' missions*, the analysis of trade statistics indicate that these in general have had positive results. Such missions should therefore continue to be an important element in the work of NORIMPOD. Notwithstanding this general conclusion, it should also be said that some missions (for example some of the numerous travels to Sri Lanka) probably could have been replaced by other working methods. Buyers' missions should be one method of work among others; in some cases support to development of design, training/seminars for exporters etc. are alternatives or supplements which should be considered. Our impression is that NORIMPOD at present is moving in this direction, i.e. to put more emphasis on *combining* different approaches. Examples of this could be found in the recent activities relating to Sri Lanka (financing consultancy services on design) and the SADCC countries (combination of buyers' and fact-finding missions with seminars for exporters). NORIMPOD should also improve its system for evaluation of the results from buyers' missions. Previously these have been based on reports from each of the participants. This implies a danger for the evaluations becoming (to some extent) legitimations rather than critical assessments. NORIMPOD should look at the trade development for items covered by these missions; they should ask if the participation of NORIMPOD was really necessary for each importer; if the contacts selected by NORIMPOD were appropriate, etc. Our impression is that these missions have been of highest value for smaller importers, whereas the more established LDC importers often have their own contacts in each country - which they prefer to the exporters picked out by the export promotion board of the country in question. Some of these exporters would probably have found the way themselves without the assistance and subsidies from NORIMPOD.

3. NORIMPOD compared to other import promotion offices.

3.1. Introduction.

According to a list from the ITC (the International Trade Centre in Geneva), 23 countries have offices working to promote imports from LDCs. Only a few, however, have independent organisations of NORIMPOD's type. The largest is CBI in the Netherlands, in the next category we find IMPOD of Sweden, and then the agencies of Canada, Norway, United Kingdom, Finland and Denmark. According to our information, there were earlier independent offices of this kind also in the U.S., France and Belgium, but these have been closed down. A number of countries have other agencies for which promoting LDC imports is part of a larger mandate.

The fact that only a few countries have agencies of this kind, suggests that the need for such offices is questioned in some countries. Comparing the different offices, we also find considerable variations between their working methods. This may partly be explained by differences of an "objective" nature, for example different market situations or different policies of the governments. Because all these offices are small organisations, one could also expect to find differences due to personal influences: An office led by a previous diplomat will develop differently from one directed by a previous businessman.

The main emphasis of our study was to compare NORIMPOD with the other Nordic agencies and CBI in the Netherlands. We also included brief reviews of the activities of similar offices in Canada and the United Kingdom, which we - due to limited time and capacity - could not study in such detail. [1]

3.2. Comparison of the organisation and working methods of other import promotion offices.

The offices covered in the following survey are:

- CBI - Centre for Promotion of Imports from Developing Countries, Netherlands.
- IMPOD - Import Promotion Office for Products from Developing Countries - Sweden.
- Import Promotion Office for Products from Developing Countries - Denmark.
- PRODEC-IMPORT - Finnish Import Promotion Office for Products from Developing Countries.
- DeCTA - Developing Countries' Trade Agency - United Kingdom.
- TFO - Trade Facilitation Office - Canada.

Financing:
All the offices are financed from the state development cooperation budgets.

Organisation:
The offices in UK and Canada are independent legal entities. The UK office was previously organised as part of the London Chamber of Commerce, but it turned out to be a non-optimal solution to give such authority to an organisation having no responsibility for the financing. DeCTA has a board of directors where ODA (Overseas Development Authority) is strongly represented. TFO in Canada is a "private sector organisation". Their board consists of TFO officers and independent persons, and an advisory committee is composed of representatives from various ministries. Even if TFO operates at "arms length" from their funding body, decisions of the executive director are influenced by federal government priorities.

In Finland [2] PRODEC-IMPORT is organised under the University of Business Administration. From 1987 is is organised as a separate office, whereas it in 1980-86 was a part of PRODEC. The latter is a

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[1] A draft version of this chapter was presented to the offices mentioned above, and some changes were made on the basis of comments received.

[2] Eva Lindstrom has written the reviews contained in the evaluation report concerning the Danish, Swedish and Finnish offices. The reviews of their activities in this part is to a large extent based on her contribution.

somewhat larger organisation (with a staff of 15 persons) responsible for educational activities and seminars, partly with the purpose of promoting LDC imports. The Finnish Development Cooperation Agency (FINNIDA) has a supervisory function relating to the activities of the two bodies, wheras the formal responsability rests with a board of professors.

In Denmark trade promotion is organised as part of one of the trade associations (the wholesalers' association - Grosserer-Societetet), subject to an agreement between the Danish development cooperation agency (DANIDA) and this organisation. The current agreement expires in 1988. Particularly during the first years of activity, after 1977, the link to the trade organisation environment proved to be useful. This link is also a guarantee for a large degree of independence.

This independence may have had some influence on certain aspects of the office's activity, for example the priority given to various countries. However, it should be noted that the link to the private organisation has not led to a structure of activities which is very different from the offices with stronger government ties.

CBI is part of the Netherlands development cooperation organisation, which is a part of the Ministry of Foreign Affairs (with its own minister). CBI operates quite independently in its current activities, whereas the general guidelines and strategies are subject to the ministerial decision-making process.

In Sweden, IMPOD is an independent body within the Foreign Trade Ministry, which is a part of the Ministry of Foreign Affairs (with its own minister). IMPOD has its own board, where non-governmental organisations have the majority. It is possible that the link to the foreign trade ministry implies that bilateral trade policies may have some influence on the activities of IMPOD.

It is difficult to rank the offices according to their degree of independence, because this is not only a matter of formal structure, but also a result of actual practice and informal structures. All the offices have a certain degree of independence. The effects of greater independence could be expected to be

a) a stronger *commercial* orientation (vs. policy-orientation)
b) a more pronounced activity in trade policy matters.

The review of the offices suggests that the second hypothesis is not correct; there is no clear evidence that the more independent offices (Canada, UK, Denmark) have more of a "lobby function" in trade policy matters. The evidence regarding the first hypothesis is mixed. In the case of Norway, stronger government control has implied that import promotion has been linked to aid policies, through the priority of aid-receiving countries.

The Netherlands office has not been subject to this kind of limitation even if it is formally even more government-controlled. It is true, however, that the more independent offices have not to the same extent been subject to the kind of policy-based guidelines introduced e.g. in Norway. They may therefore choose activities with more emphasis on their commercial relevance. A more independent status may therefore give a certain guarantee for weaker policy guidance of the activities.

Staff and budgets:

Because of the different funding and organisation of the various offices, it is not easy to make a straightforward comparison of staffs and budgets for all of them. The following table, however, gives an indication:

It is evident that CBI is the largest office, with a project budget much higher than the other offices. The offices of Sweden, UK and Canada are in the next group. It is worth noticing that NORIMPOD has a budget similar to the Swedish one, but less than half of the staff. It is therefore not surprising that NORIMPOD at present has not been capable of using all of its budget allocations.

Table D : Staff (total number of persons employed) and budgets of various import promotion offices: [1]

Office	Staff	Budget
Netherlands	14	1987 : Project budget ca. 7 mill. NFL (23 mill. NOK) + adm. costs covered by ministry budget
Sweden	12.5	1986/87: 9.5 mill. SEK(10.1 mill. NOK)
UK	4 + 7 (11)	1987/88: 279 000 pounds accountable grant for salaries, bilateral work and contracts valued at approx. 721 000. Total: 1 mill. pounds (11 mill. NOK)
Canada	9	1987/88: 1.5 mill. CD (7.8 mill. NOK), of which 0.5 mill. spread over 2 years.
Norway	6	1987: Project budget 6.7 mill. NOK + adm. costs covered by ministry budget.
Finland	5	n.a.
Denmark	4	1987: 1.6 mill. DKK (1.6 mill. NOK), of which 0.4 mill. is an extraordinary project budget relating to SADCC.

[1] For CBI, the Netherlands' trust fund contributions to ITC are (for the sake of comparison) excluded even if they are managed by CBI. For Finland, the figures relate to PRODEC-IMPORT; they do not include PRODEC - which has the responsability for seminars, education etc. (i.e. activities which are handled by some of the other import promotion offices themselves). Figures for the UK also include the special projects and research/donor contracts departments. The trade information and promotion department has a staff of 4 people. For Finland and the UK, therefore, the figures are not strictly comparable with the others.

Country profile:

All the offices have general trade information services equally available for all LDCs. For the offices that have limited project budgets, the question of giving priority to certain countries is normally not a central issue. In the guidelines for the Danish office, however, it is said that priority should be given to the least-developed countries. Furthermore, the participation of Denmark and Finland in the Nordic activities towards the SADCC countries also has the effect of linking import promotion to development cooperation policies.

For the offices with larger budget allocations for projects, the question of country priorities is generally more important. In this context, there is an inherent conflict between a commercial orientation - selecting countries based on commercial interest, and a policy-based orientation - giving priority to aid recipients, least-developed countries etc., i.e. countries of which many are of smaller commercial interest. For all the offices, the choice seems to be among the lower middle-income countries and the poorer ones; i.e. no offices have project activities relating to the most advanced LDCs. Within these limits, the offices of Canada and the Netherlands have a more commercial orientation in this sense, selecting countries mainly on the basis of commercial interest. IMPOD in Sweden is in an intermediate position, trying to combine commercial orientation with aid-recipient priorities. According to IMPOD, this is a difficult balancing with inherent conflicts, even if Swedish development assistance is spread on a larger number of countries (26) than in Norway. The project activities of DeCTA seem to be concentrated mainly on lower-income developing countries. However, countries like the Philippines are also included. NORIMPOD is to be found at the end of this scale, limiting all "active" measures to a certain group of countries (as described in chapter 2). Within these limitations, however, also NORIMPOD has looked at the commercial aspects, this leading to a strong bias towards aid recipients in Asia. This bias has been weakened in 1986-87 due to the focusing of activities in the SADCC area. Not surprisingly, there has also been a bias towards Asia in the activities of IMPOD (66% in 1985-86), CBI (7 of 9 special cooperation countries being in Asia) and TFO (56% of activities in 1981- April 87). As could be expected, TFO has a larger share for American LDCs (28%) than the other offices. According to CBI, many of the countries given priority are also receiving aid from the Netherlands; therefore there is a reasonable correspondence even if aid priorities are not being considered by CBI.

Trade information to importers:

The 4 Nordic offices have a very similar way of handling business offers from LDCs, close to the method described for NORIMPOD in chapter 2: The offers are "filtered", excluding offers with unsatisfactory information (in these cases the exporter being requested to supply further information). The remaining offers are published in a bulletin for importers (quarterly in Finland, Norway and Sweden, monthly in Denmark), and importers receive additional information upon request.

It is interesting to notice that for Denmark, Norway and Sweden the number of offers received is almost the same (1500-2000 annually), the "filtering percentage" is the same (24-26% are published), and the distribution between countries and product groups is very similar. Finland is not far from this pattern either. From these facts one might believe that many exporters mail their offers to all Nordic offices; i.e. that the same offers appear everywhere. If this is the case, the handling of such offers could be made more effective by creating a common Nordic "market place", i.e. making a common publication for such offers.

In the Netherlands the business offers are handled in a more selective way. Some of them are published in the monthly Newsletter, in other cases the exporters are selectively invited to participate in the product campaigns of CBI - which we shall describe later. The UK office (trade information department) seems to have a more individual and less standardised treatment of the various offers, thus using a lot of time to handle such business requests. Also the Danish office considers the handling of business offers to be a time-consuming task, using 1 of the 4 employees full time. In addition to the standard procedure described above, the Danish office also handles around 50 offers per year on a more individual and selective basis. In Canada, selected LDC export offers are published by TFO quarterly in a bulletin distributed to 2300 Canadian importers.

General trade information to exporters:

For the majority of the offices, the publication of market surveys for particular products is a part of the activity. This applies to (number of published surveys in brackets) the offices in the Netherlands (50), Sweden (40), Finland (15) and Canada (20). The offices in Finland and the UK are also publishing brief "fact sheets" for particular products. NORIMPOD is planning to start making market surveys.

Some agencies are also publishing special newsletters or magazines for exporters. This is a particular question for the offices that have a working language other than English. CBI has solved this problem by using English as working language, and the Newsbulletin is as relevant for exporters as for importers - if not more.

In Sweden, a special newsletter for exporters is published 6 times annually, in addition to a quarterly "fashion service" magazine. A similar "trend magazine" is published also by the Canadian office, in addition to a semi-annual "Newsletter" in English and French. A "newsletter" is also published by the Finnish office. In Sweden and the Netherlands, material in French and Spanish is also published regularly.

Many of the offices (at least in Norway, Sweden, Finland and the Netherlands, we are lacking information on the others) are publishing general guides for exporters, which are revised and made up-to-date every second or third year.

All the offices receive a number of visits every year from exporters and LDC representatives. Especially for the Danish office, the systematic handling of such visits (200 per year) seems to be a major part of the activity.

Registers of exporters and importers:

In the Netherlands, Sweden, Canada and the UK, computerised registers of exporters and importers have been developed. In Norway, NORIMPOD is at present building its computerised register of importers. A particular feature for CBI is that a system of "selfservice" for exporters has been developed; implying that visiting exporters may themselves use the register of importers to search for appropriate contacts.

Profile of project activities:

So far, we have mainly described the more or less mandatory tasks of import promotion offices. For the smaller offices, these tasks constitute the major part of the activities. For the offices having staff and budgets in excess of what is needed for these basic tasks, various other activities have been developed. In these fields, there are considerable differences between the offices, each of them having developed their own style of activities. Some of the extended information services to exporters mentioned above could also be included in this "voluntary" set of measures.

As described in the case of NORIMPOD, 2/3 of the project budget was used for outward missions - particularly buyers' missions, other important elements being marketing support for importers and product-specific seminars in developing countries. The guarantee scheme should also be mentioned in spite of its limited cost so far.

CBI in the Netherlands have a completely different profile of its project activities, which has three main elements:

a) Promotion campaigns for particular product groups: Exporters are selectively invited to exhibit their products in Rotterdam. If there is a market potential for their products, certain exporters are selected to receive further support in the form of seminars, support to exporters' delegations, or trade fair participation. 6 campaigns of this kind are planned for the current year.

b) General or product-specific seminars for exporters and officials from developing countries.

c) Special cooperation programmes with certain countries, implying that in addition to activities mentioned under a) and b), these countries may receive support for establishing trade offices in the Netherlands, and for training of trade representatives. Furthermore, product-specific "workshops" may be arranged in these countries, normally upon request from their export promotion boards.

Of CBI's 7 mill. NFL project budget, 2.2 mill. is spent on bilateral cooperation programmes, 1.3-1.5 mill. for trade fair participation of exporters (100-120 exporters annually), and 1.6 mill. on seminars. It is evident from this that the project activities of CBI are primarily directed towards *exporters* and LDC officials. CBI maintains that their working methods are designed to make the office *commercially interesting* for importers; exporters and countries are therefore selected with this in mind.

The project activities of IMPOD in Sweden are developed in cooperation with 26 countries.

During 1982 - 1986, project financing was distributed as follows among various activities:

– Outward missions	23 %
– Seminars for exporters and LDC officials	31 %
– Market surveys	13 %
– Trade fairs	9 %
– Marketing support	16 %
– Other activities (LDC visits, trade repr. offices)	7 %
Total	99 %

The largest shares of the budgets have been spent on seminars and outward missions. Of the outward missions, more than half (15%) was spent on fact-findings missions by the IMPOD staff or consultants, whereas a smaller share was spent on buyers' missions and larger delegations.

The seminars normally have a focus on specific market information for a limited number of product groups. They may be arranged in Sweden or in LDCs. The table also shows that IMPOD has had some activities regarding trade fairs, even if they have a restrictive attitude towards this, due to the high cost of supporting trade fair participation.

Also for the Canadian office, we find that seminars constitute the largest part of project activities, followed by support for trade fair participation. These are the predominant "project" activities, in addition to the information-activities referred to earlier. Outward missions only accounted for 1% of the total budget of FTO during the period 1981 - April 1987.

Seminars and training/education are also an important part of the Finnish import promotion activities. These seminars are arranged by PRODEC, and not PRODEC-IMPORT. In the period 1968 - 1986, PRODEC arranged seminars for 1400 participants from 95 countries. The seminars were often arranged in cooperation with LDCs or multilateral agencies, e.g. the ITC.

In the UK, the special projects department of DeCTA has a staff of 3, working with trade development of a bilateral nature. In addition, 3 persons are working in the research and international donor contracts department, dealing with trade research, international trade education and other contracts. Bilateral projects with 8 countries (Jamaica, Ghana, Kenya, Tanzania, Zimbabwe, Bangladesh, Pakistan and the Philippines) also include buyers' and sellers' missions, and meetings in the UK.

A special project on trade promotion for India deals with marketing, design and product development. With Pakistan, the office is engaged in a project of training in export marketing. Some of DeCTA's project activities are financed by the EEC or the ITC. This applies to support programs to improve the export sector in the Caribbean.

The project activities of the Danish office are very limited. They have arranged a couple of buyers' missions, with positive experiences. They are therefore interested in larger budget allocations for such missions.

It is evident from this brief survey that the emphasis of NORIMPOD on support measures for *importers* does not exist in other agencies with developed project activities. Other offices have channeled the largest parts their budgets into services going directly to exporters and LDC representatives. Parts of these activities are product-specific and result-oriented, other parts are of a more general nature.

It is evident that activities like big seminars and support to trade fair participation are very costly. If NORIMPOD should widen their activities in this direction, they should evaluate carefully the costs and benefits (results) of such measures, in order to maintain a result-oriented and product-specific approach.

Cooperation between various offices:

The Nordic offices have for a long period had close contacts. They have often cooperated in arranging seminars in LDCs and in the Nordic countries. This cooperation has been developed further through the Nordic focusing on the SADCC countries the last couple of years. Common seminars in these countries have been arranged, and a certain division of labour has been agreed regarding market studies and information for various product groups.

The offices of the Nordic countries and the Netherlands have several times cooperated in arranging common seminars and information activities in the annual Berlin trade fair.

The annual contact meetings of import promotion offices in Geneva, hosted by the ITC (the International Trade Centre) should also be mentioned in this context. The import promotion offices in the EEC have had meetings with the EEC commission twice every year, primarily being an exchange of information. In June 1987, a common "Forum" for these offices was established in a Copenhagen meeting. The Forum will continue the practice of having contact meetings.

Evaluation of activities/future planning:

Like NORIMPOD, some of the other offices are at present being evaluated as a basis for planning of future activities. The Canadian International Development Agency (CIDA) is undertaking a study of TFO's activities (by a consultancy firm), as an input in a decision-making process during the coming months.

In the UK, the ministry is reviewing the work of DeCTA, aiming at decisions before the end of 1987 [1] on the future of the office. It has been maintained that the activities of DeCTA have been "spread out thinly", and that a more project- and result-oriented approach is needed. A crucial point regarding possible reforms will be the financing.

In Sweden, IMPOD has recently (March 1987) published their own assessments of current activities and priorities for the period 1988-91. It is uncertain whether this will lead to significant changes in the pattern of activities.

Concluding remarks:

The following results of this review regarding NORIMPOD should be underlined:

- NORIMPOD is probably under-sized regarding the staff, when compared to its project budget.
- The general trade information services to exporters by NORIMPOD seem to be somewhat underdeveloped.
- The project activities of NORIMPOD are biased towards the importers, whereas the other offices are channeling more support directly to exporters and LDC trade officials.
- No other country is limiting trade promotion by linking it to aid policy priorities to the extent that is done in Norway.
- Even if some other offices have a formally more independent position than NORIMPOD, none of them have developed "lobby activities" to any significant extent.
- No other offices have developed support schemes directly relating to the production process in developing countries.
  (In Sweden, the development of such activities in cooperation with Swedfund is being discussed.)
- NORIMPOD is the only agency having an import guarantee scheme, and among the other countries marketing support to importers is only practiced in Sweden.

[1] This text was originally drafted in November 1987, and we do not have information to update it on this point.

4. Import promotion and thé activities of the ITC (International Trade Centre, Geneva).

As a part of the evaluation of import promotion in Norway, a chapter was also included analysing the possible inter-relations between ITC projects and the work of NORIMPOD. In this context, only a brief survey of some parts of this analysis will be included.

Of ITC's total expenditure of 35 mill. US $ in 1986, approximately equal parts were covered by

a) regular administration budgets from GATT/UNCTAD,
b) voluntary contributions ("trust funds") for project activities, and
c) project funds from UNDP, channeled to ITC.

The UNDP funds have increased from 2 to 11 mill. US $ in ten years, with almost half going to LDCs in Asia.

ITC projects are mainly related to training/education and consultancy services. They are focusing on the trade and market aspects, not on the production process.

In 1986 Norway was the 5th largest trust fund donor to ITC, contributing 9% of all such voluntary contributions. The largest contributors were Sweden, the Netherlands, Switzerland and Canada. In the Netherlands, CBI has been given the authority to manage the trust fund contributions. The allocation by Norway in 1987 will be 7.6 mill. NOK. The responsability for contacts with ITC in Norway is split between the Ministry of Foreign Affairs (general policy matters, Joint Advisory Group) and the Ministry of Development Cooperation (managing trust fund contributions). NORIMPOD has the role of advisor regarding project management, and also participates as advisor in the JAG meetings. NORIMPOD also participates in the annual ITC contact meetings for import promotion offices.

Whereas UNDP-funded projects are mainly influenced by recipients, projects financed by trust funds are often strongly influenced by the donors. The Norwegian authorities, however, have been liberal in the controlling of ITC activities. An illustrative fact is that none of the projects financed by Norway are directed towards the major bilateral aid-recipient countries. Only 2 out of 9 projects are product-specific.

The projects are mostly quite generally formulated, with a limited degree of result-orientation (which could be evaluated). Some projects are financing wage and administrative costs of consultants working simultaneously on more than one project. Norway has expressed the wish that projects should become more exporter- and result-oriented, and some projects with such a profile have been initiated.

In order to examine the possibility of creating direct links between NORIMPOD's work and ITC projects, ITC projects in the countries given priority in the guidelines of NORIMPOD were reviewed. Possibilities for such links are limited regarding projects of education/training, trade information, import handling procedures, export planning and building of institutions/infrastucture.

These types of projects constitute the majority of ITC projects in the relevant countries. A limited part of ITC's projects, however, are product- and firm-oriented, and in these cases there may be possibilities for direct links between import promotion and ITC activities. An interesting model of ITC projects was found in a large project in India financed by Swedish aid. The aim of this was to increase exports of certain specific products from selected regions in India, through training and consultancy services on product design, production and marketing. To the extent that Nordic markets could serve as *pilot markets* in such cases, the import promotion offices could be actively involved.

Only a very small part of Norwegian bilateral development cooperation is at present directed towards the *export* sectors of the receiving countries. The evaluation report concludes that the authorities should consider increasing their focusing on exports in bilateral aid. This would increase the possibilities of creating links between bilateral development cooperation and ITC projects.

Concerning ITC and import promotion, the report concludes that the relevance for imports into Norway should not be a major criterion when assessing ITC projects. Norway is a marginal market for most LDC s, and it should not be demanded that export projects should be "geared" towards this market. In some cases, however, the concept of Norway as a "pilot market" may be useful, and where such possibilities exist, the services of NORIMPOD may be directed towards such projects.

As long as the formal responsability for Norwegian contacts with ITC is like today, the report concludes that the possibilities for increased cooperation between ITC and NORIMPOD are limited. If NORIMPOD was given more resources and upgraded, the Netherlands model of responsability (i.e. that NORIMPOD was given the project management authority) could be contemplated as one possible solution.

5. General guidelines for the import promotion: – Trade or Aid priorities ?

5.1. Introduction: Trade versus aid.

In the debate on a new international economic order, the expression "trade vs. aid" pinpointed the importance of trade in LDC development. With a world economic order which had adverse effects for many developing countries, aid contributions were not able to reverse the negative developments in many countries. Some analysis indicated that a certain increase in trade has *at least* the same welfare effects in LDCs as the same amount of aid.[1] This depends on what kind of trade and aid one is talking about, and the empirical testing of such a hypothesis involve certain problems. Notwithstanding such problems, there is ample evidence for considering trade aspects as a very important part of policies aiming to promote development in the third world.

The Nordic countries are always looking with a certain complacency at the tables of aid contributions as percentage of GNP, where they are in the top range. Our comparison of the relative size of imports from LDCs, however, shows that the performance in this field is poorer (chapter 1). Norway is below the industrial country average and no. 15 of 22 countries. Efforts should therefore be made in order to increase Norwegian trade with developing countries.

Instead of dealing with trade promotion as an activity which is separate from development cooperation, the trend in Norway has been to link this activity closer to aid. In addition to the focusing of aid-recipient countries, there has also been a debate in Norway whether more "aid-type" activities should be developed as part of import promotion. It is therefore necessary to have a closer look at this linking of trade promotion to aid policies.

5.2. Marketing or product development ?

As a result of the limitation of project activities to certain countries, NORIMPOD has experienced that the offer of products from some of these countries is limited, and that there is a strong need for measures related to the production process itself. NORIMPOD has therefore wanted wider authority with the purpose of developing such measures. In addition to consultancy services regarding product design, packaging and labelling, the office has also argued for the need to support the purchasing of machinery in certain cases where this is necessary for product adaptation. The idea has not been to develop massive aid programmes, but to give such support directly to exporters in a limited number of cases.

When the responsibility for NORIMPOD was transferred to the Ministry of Development Cooperation , it was argued that import promotion should be tied closer to other aid activities , and that production-related measures would be implemented. Whereas there has been wide agreement as to the need for consultancy services concerning design etc., the ministry has not agreed to the idea of subsidising machinery for exporters, because this is a regular aid measure which requires a different organisation than NORIMPOD.

As said before, the evaluation report argues for increased development cooperation towards the export sectors of developing countries. The question is therefore not to be for or against this, but what should be done by NORIMPOD and what should be done by the development cooperation administration. There is more than one argument against NORIMPOD involving itself in aid management of the type suggested:

- Subsidy schemes for private enterprises should be based on some kind of objective and transparent rules. This would be difficult to achieve in a system where support would be spread out thinly, on the basis of NORIMPOD's network and itinerary.

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1 See e.g. Benjamin I. Cohen: Relative effects of foreign capital and larger exports on economic development.
Review of Economics and Statistics, May 1986, pp. 281-284, discussed in chapter 5 in the FMD evaluation report, written by Ole Gjølberg.

- Export development should not have as a precondition that Norway is a target market.

- Subsidies of this kind needs a stronger organisation with a continuous presence, requirements which NORIMPOD could not fulfill.

Because of these arguments, export development through investments and subsidies for buying machinery are activities which do not seem to be a natural part of the mandate for an import promotion office. However, there should be a considerable scope for training and consultancy services relating to the production process, concerning product development, design, packaging, labelling etc. These are "lighter" activities which could be well managed by NORIMPOD and where the adaptation to the Norwegian market could be a very useful learning process for the exporter. We do not exclude the possibility of cases where a piece of machinery could be a useful part of such services, but this should be an exception and not the rule.

NORIMPOD has already made promising experiences with consultancy services on the exporters' design. This was e.g. done in Sri Lanka, where a designer financed by NORIMPOD stayed for several months, resulting in clear improvements in design for certain textile products which had had problems to penetrate the Norwegian market.

Import promotion should therefore stick to market-oriented activities which are not so "management-intensive" as regular development cooperation.

5.3. Country profile: Trade or aid priorities ?

There has been a general consensus in Norway that development cooperation activities should be concentrated on a limited number of countries. To a large extent, this is a matter of concentrating limited resources and staff in order to obtain stronger effects. Countries have partly been chosen due to "historical" reasons, but the focusing on a poverty- and "basic needs"-strategy has also influenced the selection of countries. When the "project activities" of import promotion have been limited to the major aid recipients and the least developed countries, the arguments have been the same as for development cooperation (concentration of limited resources, who needs it most). The possibility of "synergetic" effects of linking import promotion to aid has also been mentioned, but this seems to be a false argument as long as there is very little aid for the export sector in the relevant countries. As stated in chapter 2, we also have a suspicion that trade policy played a role for the original decision to limit the activities of NORIMPOD in this way.

The evaluation report argues that the priorities of trade are not the same as the priorities of aid, and that it is wrong to tie active import promotion to the group of countries defined in the mandate of NORIMPOD.

A first argument for this is that trade promotion activities do not require the same management and continuity of management that is needed for development cooperation projects. It is therefore possible to spread out activities more, and also to implement ad hoc-measures of limited duration, without losing the effects. Questions of priority and concentrating efforts will obviously exist, but not in the same way as for development cooperation.

A second argument is that the answer to the question of "who needs it most" is not the same for trade as for aid. There are two reasons for this: firstly, there is not a complete correspondence between the distribution of poverty and the distribution of balance of payments and debt problems. Even if many of the poorest countries also have severe problems concerning export income and foreign trade, there are cases where this is not the case. From this point of view it could be better to promote imports from Mexico than from Botswana, to give an example. Secondly, it is not evident that the countries needing most assistance for basic development are the ones that have the strongest need for *market-oriented activities to penetrate the Norwegian market.* If a country has a very small export sector and very few export products that are relevant for the Norwegian market, it is not sure that the services of NORIMPOD are strongly needed, even if the needs for development assistance are massive.

This introduces a third argument, the "efficiency argument". Import promotion is a particular type of market-oriented activity which does not give results if certain basic preconditions are not fulfilled. If priority is given to countries which have few products to sell to Norway, import promotion will be less efficient. *If the major objective is to increase Norwegian imports from developing countries, it is wrong to limit the project activities of NORIMPOD to a group of countries which accounts for only 5% of LDC exports.* The criteria for *efficiency* are different for trade than for aid.

It is also necessary to look at trade in a more international context than bilateral aid projects: 1/3 of LDC exports are directed to other LDCs. If the trade balance of the Philippines is improved due to efficient import promotion by NORIMPOD, this may on overall terms be better for the economy of developing countries than if NORIMPOD works with poorer countries without significant results.

Our conclusion on this subject is therefore that the present country limitation of the activities of NORIMPOD should be abolished, and that project activities could be directed towards a larger group of lower middle-income countries. This would put NORIMPOD into a situation more similar to that of the other import promotion offices. The removal of the present limitations does not exclude the possibility of giving priority to certain development cooperation partners, such as SADCC countries and least-developed countries. This, however, could be done more selectively and should not exclude project activities relating to other countries.

If a larger group of countries is eligible for project cooperation, this will inevitably raise problems of priority between countries which are more complex than in the present situation. Income level and debt burden are some of the criteria that could be applied. A certain differentiation of support schemes could be implemented, according to the level of development of the country. This has been done to a certain extent in Sweden. Problems of this kind have been solved by other countries, and should not prevent a decision concerning the general principles involved.

6. The organisation of NORIMPOD.

6.1. NORIMPOD's cooperation partners.

Import promotion has certain linkages to other LDC-related activities which are managed by various ministries and institutions. Concerning the Ministry of Development Cooperation, there is a link through

a) the advisory role regarding the ITC

b) cooperation regarding bilateral aid projects; this is a weak link as long as few project are export-oriented.

c) cooperation regarding support schemes for exports to and investments in LDCs: NORIMPOD could play a role by identifying partners for joint ventures in LDCs. This type of cooperation has not been developed yet, and this "linkage" is not strong enough to require a common organisation (today NORIMPOD is organised in the department managing these other support schemes).

d) the financing of NORIMPOD through the development cooperation budget.

Regarding the Ministry of Foreign Affairs [1], there is a link through

a) bilateral trade policies, where LDCs often focus on their export interests, and where services and information by NORIMPOD may be required.

b) trade policies for manufactured products, particularly textiles, which is of great importance for NORIMPOD. It is an open question, however, whether the influence of NORIMPOD will be greater within or outside the system deciding in such matters.

c) the general focusing on trade matters by the Ministry of Trade, which promotes a better environment and knowledge for debating such matters.

d) foreign policy aspects of trade promotion (e.g. relating to the UN/UNCTAD system).

There are also other ministries which are of particular relevance for NORIMPOD, e.g. regarding agricultural trade policies, tariffs etc. However, the main ministries for NORIMPOD are the two mentioned ones, i.e. the Ministry of Development Cooperation and (from 1988) the Ministry of Foreign Affairs. NORIMPOD has links to both ministries, but in our opinion none of these links give decisive arguments telling where NORIMPOD should be placed. Close cooperation with both of them should be assured, no matter what solution is chosen.

Some people have suggested that NORIMPOD should be linked to the export council, because of its commercial profile and knowledge on export marketing. In our opinion, the council's strong orientation towards Norwegian *producers* is an argument against such a solution.

A "Danish" solution, placing NORIMPOD as part of one of the trade associations, has also been raised as an alternative. In our opinion, the experiences in Denmark and the UK are not sufficiently convincing to choose this solution. These experiences also raise the question whether the mixture of state financing and private control makes it more difficult to expand activities and raise the level of ambitions. As long as the *financing* may not be privatised, it is not evident that a linking to private trade organisations is a satisfactory solution. There are also cases where there is a conflict of interest between LDC imports and established trade interests. Even if organising import promotion as part of private trade organisations is a questionable alternative, there is no doubt that there should be a close cooperation between the import promotion office and such organisations. Our impression is that NORIMPOD should strengthen its cooperation with such organisations, compared to the present situation.

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1 The Ministry of Foreign Affairs and the Ministry of Trade and Shipping were merged from 1 January 1988. Until 1987, points a-c above were handled by the Ministry of Trade and Shipping, whereas only d) was handled by the previous Ministry of Foreign Affairs.

6.2. The necessity of independence for NORIMPOD.

It is evident that import promotion is only one of many elements influencing trade. Apart from the purely commercial aspects, it is our view that *trade policies* are of greater importance than import promotion. Liberalising trade would probably have much larger trade effects than what NORIMPOD could dream of achieving through its work.

The importance of trade restrictions, tariffs and other trade regulations for LDC imports implies that it would be appropriate to give NORIMPOD a larger role in the decision-making process on such matters. The responsability for these policies is divided between a number of ministries and institutions. It would be useful and important for LDC imports if NORIMPOD could be given a more independent role and a capacity to influence the decision-making process. In order to achieve this, the office needs to be given more "weight", and it should be more frequently involved in such processes. As stated earlier, it has also been one of the parliament's intentions that NORIMPOD should have a certain independence and use its experiences to give signals to ministries and politicians. In this context it should be remembered that trade policies are not only a matter of general debates on principles, but also a number of small issues in the daily activity of importers, which they consider to be of great importance. NORIMPOD should have the capacity to influence in both fields.

The present organisation of NORIMPOD is supposed to assure a certain degree of independence through the board system. However, the board spends much of the time handling applications under the various support schemes, and the ministries have the real authority regarding the general guidelines. Even if the board has a useful supervisory function, it does not fulfil the objective of giving NORIMPOD the intended independence. The need of supervising the management of NORIMPOD could be done by other means than such a board.

In designing a new proposal for the organisation of NORIMPOD, the following considerations have also been vital:

1) Because NORIMPOD is a small organisation, it needs a certain administrative backing and supervision from ministries. If the office was made completely independent, it would be necessary to design another "control system". In our view, the resources of a board should not be spent on administrative matters and handling applications from firms. This could be solved by maintaining the link to ministries, and letting them fulfil the necessary supervision activities. Because of this argument, we reject the "ideal solution"; i.e. a completely independent organisation.

2) Independence and influencing decisions is not only a question of formal structures, but also of persons and informal mechanisms. This objective could therefore be fulfilled by involving some senior politicians, bureaucrats and organisation representatives, without necessarily giving them the whole formal responsability for NORIMPOD. These "senior advisors" should be used for the general and policy-related aspects of LDC imports, and not for administrating the office.

Based on the considerations above, the following proposal for the organisation of NORIMPOD is presented:

1) NORIMPOD should continue as an independent body, but administratively subordinated the relevant ministry.

2) A "Council of Advisors" at a "senior" level should replace the board. This should have the function of advisor to NORIMPOD and the ministries involved concerning the general guidelines and policy questions involved.

3) A small "supervisory group", e.g. with 2 ministry and 1 trade organisation representatives, should take care of the necessary supervisory activities.

4) NORIMPOD should be up-graded by employing a leader at a higher level than today.

7. Summary of specific proposals.

The following is a summary of the most important proposals put forward in the evaluation report. In order to manage the proposed extension of activities, NORIMPOD should get a larger staff (at least 2-3 more employees).

1. The country limitations of NORIMPOD's project activities should be abolished (chapter 5).

2. The organisation of the office should be changed according to the proposal in chapter 6.

3. NORIMPOD should increase its cooperation with other groups than the traditional importers; e.g. producers in Norway, LDC exporters, and trade organisations in Norway.

4. Relating to countries with limited manufacturing exports, the possibilities for increased imports of raw materials and semi-finished products should be examined further.

5. The Ministry of Development Cooperation should consider to develop more export-oriented bilateral development assistance projects in LDCs.

6. NORIMPOD's information to importers on the various support schemes should be improved.

7. NORIMPOD should strengthen trade information to LDC exporters, e.g. through market surveys and current information in other languages than Norwegian.

8. Consultancy services to exporters regarding design, packaging, labelling etc. should be developed further.

9. NORIMPOD's current evaluation of its own activities should be improved.

10. The present method of handling business offers from LDCs should be maintained. The possibility of a common "Nordic market place" for such offers should be examined.

11. The Newsletter of the office should be made more useful for importers by including relevant trade information.

12. NORIMPOD should examine the experiences of other offices' implying that a larger part of project budget allocations be channeled directly to LDC exporters.

13. Outward missions should continue to be an important part of the activity, in combination with other measures.

14. The marketing support scheme should be maintained, but more precise guidelines should be developed. Support should not exceed a reasonable proportion of actual trade which is created.

15. The guarantee scheme should be maintained. For the "priority countries" of NORIMPOD, guarantees should become available for all products, not only duty-free or GSP products.

16. If the country limitations for project activities are abandoned, a differentiation of support mechanisms between countries should be considered. The practice regarding the criterion of "imports in an introductory phase" could be examined further.

17. The Ministry of Development Cooperation should review the criteria for designing ITC projects financed by Norwegian voluntary contributions, with the view that a larger share of such projects should be producer- and result-oriented.

18. The budgetary consequences should be reviewed when the general principles guiding future NORIMPOD activities have been clarified.

Table 1 : The share of developing countries in total imports of 22 industrial countries. % - shares and ranking.

Country	(%)	Ranking
USA	29.7	2
Canada	8.7	18
Australia	17.4	9
Japan	47.1	1
New Zealand	13.6	12
Austria	12.1	13
Belgium/Luxemb.	11.1	15
Denmark	12.0	14
Finland	9.5	17
France	17.8	8
Germany	18.3	7
Iceland	4.4	22
Ireland	6.4	21
Italy	24.2	4
Netherlands	15.3	10
Norway	8.0	20
Spain	27.9	3
Sweden	11.0	16
Switzerland	8.2	19
UK	15.2	11
Greece	21.5	5
Portugal	20.4	6
Industrial countries	21.9	
EEC	17.7	

Notes: See end of table 3.

Table 2 : Per capita imports from developing countries, and non-oil-producing developing countries, for 22 industrial countries in 1986. US $ and ranking.

	Per capita imports from all developing countries		Per capita imports from non-oil-producing dev. countries	
	US $	Rank	US $	Rank
USA	482	7	399	6
Canada	286	15	246	15
Australia	263	16	216	16
Japan	498	6	287	12
New Zealand	252	18	187	19
Austria	429	8	350	9
Belgium/Luxembourg	743	2	568	1
Denmark	539	3	469	4
Finland	296	14	260	14
France	418	11	295	10
Germany	538	4	476	3
Iceland	207	21	203	17
Ireland	208	20	200	18
Italy	426	9	263	13
Netherlands	802	1	523	2
Norway	391	12	371	7
Spain	253	17	154	20
Sweden	425	10	365	8
Switzerland	527	5	435	5
UK	340	13	295	10
Greece	246	19	114	21
Portugal	196	22	112	22
Industrial countries	455		341	
EEC	430		316	

Notes: See end of table 3.

Table 3 : Imports from developing countries in percentage of gross national product for 22 industrial countries in 1985.

Country	Total imports from developing countries (%)	Rank	Imports from non-oil-producing dev. countries (%)	Rank
USA	2.95	16	2.40	15
Canada	2.06	21	1.66	22
Australia	2.51	19	1.88	21
Japan	5.39	7	2.50	13
New Zealand	4.19	12	3.17	10
Austria	4.77	9	3.42	8
Belgium/Luxembourg	7.99	5	5.91	1
Denmark	4.29	11	3.38	9
Finland	2.68	18	1.94	19
France	4.68	10	2.81	12
Germany	4.86	8	3.50	7
Iceland	1.90	22	1.90	20
Ireland	3.91	13	3.74	6
Italy	8.09	4	4.22	4
Netherlands	9.76	2	5.56	2
Norway	2.37	20	2.13	17
Spain	7.43	6	4.02	5
Sweden	2.95	16	2.41	14
Switzerland	3.05	15	2.13	17
UK	3.79	14	3.11	11
Greece	8.64	3	2.29	16
Portugal	12.00	1	5.32	3
Industrial countries	4.08		2.73	
EEC	5.71		3.61	

Notes: See next page.

Notes to tables 1 - 3:

Sources : The tables are calculated on the basis of IMF: Direction of Trade Statistics, Yearbook 1987, and population data and GNP data from World Bank Atlas 1987.

Notes : Figures for Canada and Australia are based on f.o.b. data, the rest on c.i.f. The definition of developing countries used by IMF includes Greece, Portugal and the state-trading countries Poland, Hungary and Romania. The definition is therefore different from the one used in Norwegian statistics or UN statistics.

Because Greece and Portugal are defined as developing countries by IMF, they are not included in the industrial country averages given in the tables. Because they are EEC members they have been included in the list of countries, for the sake of completeness.

As we do not have population data for all countries for 1986, the per capita calculations are based on 1985 population figures. We assume that the inaccuracy caused by this is very limited, and we have chosen to use the latest trade figures, i.e. for 1986.

The group of oil-producing countries includes the following ones: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

Table 4 : Shows how total LDC exports of each major product group was distributed between regions of developing countries in 1970 and 1984, and the share of developing countries in world exports of these groups. Percentages.

	Foodstuffs		Agricult. raw materials		Ores, metals, minerals		Fuels		Manufac-tured goods	
	SITC 0 + 1 + 22 + 4		SITC 2 - 22, 27, 28		SITC 27 + 28 + 67 + 68		SITC 3 - 67, 68		SITC 5 + 6 + 7 + 8	
COUNTRY GROUP	1970	1984	1970	1984	1970	1984	1970	1984	1970	1984
LDCs in America	49.3	50.6	18.4	16.2	43.9	45.4	23.6	20.4	18.7	15.1
LDCs in Africa	24.1	12.3	23.9	15.3	31.6	14.3	22.1	20.6	8.9	2.6
LDCs in West Asia	4.3	5.0	7.5	4.6	1.9	7.6	48.8	43.1	5.1	6.2
Other Asian LDCs	20.9	30.7	49.9	63.1	19.4	29.9	5.5	15.9	67.3	76.0
LDCs in Oceania	1.5	1.4	0.3	0.9	3.1	2.8	0.0	0.0	0.1	0.1
All dev. countries	100	100	100	100	100	100	100	100	100	100
The share of developing countries in world exports	31.8	30.8	30.2	25.7	18.7	18.8	63.5	57.1	5.2	13.1

Source: Calculated on the basis of tables A2 - A10 in UNCTAD: Handbook of international trade and development statistics, Supplement 1986.

Note: The definition of developing countries used by UNCTAD is different from the one used by IMF (used in tables 1 - 3).

Table 5: Shares of major receiving markets for exports from developing countries in 1970 and 1984. Percentages of total exports from each region of developing countries, and total LDC exports.

		OTHER LDCs	INDUSTRIAL COUNTRIES	EEC	EFTA	USA
All developing countries	1970 1984	19.8 28.3	72.4 65.1	33.9 20.4	3.0 1.9	18.0 23.4
Developing countries except OPEC	1970 1984	20.0 27.5	70.9 63.6	29.3 16.7	3.5 1.9	22.7 30.4
Developing countries in America	1970 1984	19.1 24.5	74.2 65.5	26.3 16.0	3.3 1.8	32.4 37.3
Developing countries in Africa	1970 1984	10.7 13.1	81.2 81.5	61.2 52.8	4.3 3.3	6.7 14.9
Developing countries in West Asia	1970 1984	20.2 37.4	70.0 58.4	38.3 21.8	3.1 2.0	2.2 4.3
Dev. countries in South/South-East Asia	1970 1984	28.5 30.7	63.7 63.1	17.0 11.0	1.5 1.4	23.1 29.0

Source : UNCTAD: Handbook of international trade and development statistics, Supplement 1986, table 3.2, pp. 74-89.

Note : Countries of West Asia include: Bahrain, Cyprus, Yemen Arab Rep., Yemen PDR, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates.