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# TRADE INFORMATION SYSTEMS AND SERVICES

*Background paper*

OECD/ITC Workshop  
Trade Promotion for Transition Economies

(Warsaw, Poland 20 - 21 September 1995)

# ITC



INTERNATIONAL TRADE CENTRE UNCTAD/GATT

**CENTRE DU COMMERCE INTERNATIONAL  
CNUCED/GATT**



**INTERNATIONAL TRADE CENTRE  
UNCTAD/GATT**

**CENTRO DE COMERCIO INTERNACIONAL  
UNCTAD/GATT**

Background paper  
30 August 1995

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In the field of international marketing, one of the main problems facing the economies in transition is the lack of precise and up-to-date information on the situation and evolution of international trade, the conditions of market access, the identification of business opportunities, and other information required for expanding exports and rationalizing imports. Particularly complex is the collection of market information on trade opportunities within the present context of trade liberalization and new regional and multilateral trade agreements (e.g. Baltic Free Trade Area, CIS, CEFTA, EU, NAFTA, Uruguay Round). New preoccupations affecting trade, such as environment and consumer protection, labour conditions and intellectual property, also require accrued efforts of information collection and analysis.

A major handicap in many economies in transition is the weak financial, technical and human resources of their newly established trade organizations facing difficulties to efficiently perform the functions of data collection at the international level, as well as processing and dissemination of trade information to end-users with optimal impact (to be supported by advisory and training activities, notably for small and medium-sized enterprises).

A distinction is to be made at this stage between trade information systems, based on appropriate technologies and trade information services who have to manage these information systems so as to meet users' needs with relevant information. These trade information services require, above all, skilled personnel applying clear strategies of data collection, processing and dissemination.

#### **A. INFORMATION SYSTEMS: TECHNOLOGICAL CHANGES AND INTERNATIONAL STANDARDS**

The use of modern technologies enhances data processing performance and data communication speed, and may represent a valuable "productivity investment", reducing the human resources required for repetitive tasks. If well managed, new technologies can also be a "safety investment" by reducing the risks related to errors, data losses and security violations. Moreover, a "quality investment" can be achieved by producing excellent output materials with appropriate text processing, desktop publishing and graphic software, or by applying advanced multimedia technologies combining EDP and audio/video systems.

Microcomputer hardware and software, laser printers and CD-ROMs, are becoming widely used in the economies in transition, and some of these countries are demonstrating the high level of their EDP technicians' skills by exporting successfully a wide range of software products and services. The introduction of packet switching systems and other advanced telecommunication systems such as INTERNET in a growing number of developing countries permits access to on-line information sources, thus reducing the "information gap" between developed and developing countries.<sup>1/</sup>

These technologies cannot be efficiently used without a minimum of standardization.

Most users do not realize to what extent they already benefit from a large number of standards implemented by manufacturers and service firms, notably in operating systems (DOS, WINDOWS, UNIX), communication protocols, document conversions, printer fonts and

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<sup>1/</sup> ITC has published several directories of information sources, including on-line databases and CD-ROMs, for trade promotion and market research.

ITC has also developed a standard format for company registers (COMREG) in order to facilitate processing and exchange of company information and business opportunities.<sup>4/</sup>

## 2. Trade statistics

The analysis of international trade requires the availability of detailed trade statistics, in order to compare the value and quantity of trade flows at different periods. While HS-based nomenclatures are now used in a large majority of countries since 1990 the comparison of data across countries and the analysis of trends are confronted with the problem of frequent changes introduced in the HS. Therefore, the UN Statistical Office (UNSTAT) converts data into a more stable product classification (SITC3) correlated to the HS.

The United Nations Statistical Office collects trade statistics from over 150 countries or territories in machine-readable form. Its COMTRADE database uses the SITC3 product classification, a code of physical units and a five-digit country code based on the ISO 3-digit code (last 3 digits) with the addition of 2 digits for classifying countries into economic or geographical groupings.

Based on the COMTRADE database, ITC has produced since 1994 a yearly series of trade statistics on CD-ROM including five-year time-series and trend analyses. The current disk (PC-TAS) covers 46 countries over the period 1989-93 and includes a software enabling data transfer in different record formats to standard database and spreadsheet formats (e.g. XBASE and LOTUS formats) for further processing and graphic presentations.

The European Union publishes a monthly series on CD-ROM (COMEXT) based on the 8-digit Combined Nomenclature (HS + 2 digits) and a particular country classification called GEONOMENCLATURE.

## 3. Referral databases

Identifying existing market reports, trade directories, articles and other publications on international trade, require access to large bibliographical databases which are numerous (e.g. ABI/INFORM, DELPHES, PROMT<sup>5/</sup>) but their diversity and differences in coding systems require careful preparation of search strategies.

ITC manages different databases to cover its library holdings and to provide references to market reports published by cooperating agencies, using the CDS/ISIS software of UNESCO and based on the ITC thesaurus,<sup>6/</sup> HS codes and UN country codes. The formats and software for these databases are used as models for the development of similar

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<sup>4/</sup> See ITC document Standard Company Structure for Company Registers' (COMREG) Ref: ITC/DPMD/EDP9/Rev.1.

<sup>5/</sup> ITC has published a directory of selected databases for trade promotion in 1994 and a list of relevant CD-ROMs in 1995.

<sup>6/</sup> ITC's Thesaurus of International Trade Terms contains a number of trade-related functions with standard definitions (in English, French and Spanish) that can be used in the management of trade bibliographies and referral databases. It constitutes an expansion of the OECD Macro-thesaurus in the field of international trade.

- Exchange of company databases (importers/exporters) using the ITC standard for company registers COMREG;
- Dissemination of weekly market prices from 20 wholesale markets in Europe and the United States for fruits and vegetables, cut flowers, spices, hides and skins, pharmaceutical, rice, etc. available by mail, telex, fax or through a special electronic bulletin board (yearly subscription to the ITC Market News Service);
- Trade statistics computed by 5 year time-series and trend analyses, available in the form of listings, diskettes or CD-ROM (PC-TAS). Import/export values for all economies in transition are being estimated by ITC (ESTIMEX programme) on the basis of foreign trade data obtained from the main trading partners;
- Guidance in the use of relevant trade information sources, including on-line databases and CD-ROM disks;
- Exchange of market information on request, or through regular arrangements, including market studies, directories, trade legislations, trade periodicals and monographs.

The development of computerized trade information systems and data communication networks requires a careful application of international standards in order to secure a maximum of compatibility and transparency.

The business community requires timely and precise trade information in a large number of subjects. Therefore, trade information services have to make an appropriate use of information technologies by maintaining a reasonable amount of "information stocks", i.e. databases ready for immediate data delivery (including CD-ROMs), or developing effective mechanisms to facilitate "information flows", from the source to the users, including information exchange between partner organizations and access to on-line databases.

The investments required to introduce effective hardware, software and telecommunication facilities, to access relevant information sources through purchase or subscriptions can be quite substantial and the cost of training information managers and operators should not be underestimated. Cooperation between trade information services at the regional or international levels is likely to facilitate the exchange of trade information and to generate economies of scales by sharing databases and common tools.

Annex I

**ITC ACTIVITIES AND SERVICES  
IN TRADE INFORMATION**

ITC



**INTERNATIONAL TRADE CENTRE UNCTAD/GATT**

(June 1994)

## **TRADE INFORMATION ACTIVITIES AND SERVICES OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT (ITC)**

The objectives pursued by ITC in the field of trade information to support its activities of Product and Market Development and Import Operations and Techniques are:

- To create or improve appropriate infrastructures at the national, regional, subregional and enterprise levels for the collection, processing, analysis, compilation and dissemination of trade information and market intelligence;
- To fill the gap of trade information and market intelligence experienced by Trade Promotion Organizations and other foreign trade bodies, as well as enterprises in developing countries.

ITC's activities and services comprise advisory services, manpower development, the development of technical and methodological tools and a number of specialized information services.

### *A. Trade information advisory services*

Advice on the setting-up, operation and development of trade information services and/or specific elements of such services occupies an important place in ITC's activities and services in the field of trade information. ITC specialists in the various trade information and trade documentation activities as well as in electronic data processing (EDP) techniques are available for consultation at headquarters and for short-term field missions. They also ensure the technical backstopping for the consultants provided to field projects and resident trade information or trade documentation advisers assigned to projects for longer-term periods.

Advisory services cover all aspects of trade information work and related EDP and telecommunication techniques, such as identification of trade information needs of end-users; identification, selection and use of appropriate information sources; development of data communication networks; methods and techniques for collection, processing and dissemination; use of application software and telecommunication services; institutional and management aspects.

### *B. Manpower development*

Training in trade information work is provided principally through individual training, normally carried out by resident or short-term trade information advisers in the form of on-the-job training at the home organization or, at ITC headquarters, in the form of in-service training.

ITC also organizes, on an occasional basis, workshops on specific aspects of trade information, in particular, in relation to EDP applications. ITC specialists are available as lecturers in similar events of other organizations.

### *C. Development of technical and methodological tools*

Research into - and development of - technical and methodological tools is one of the foremost concerns of ITC also in the field of trade information. This includes the use of EDP and telecommunication techniques, where ITC activities extend to the design of application software for mainframe and microcomputers, testing and use of telecommunication services, such as electronic mail, electronic bulletin board and local area networks, methods of file transfer from personal computer (PC) to mainframe and from PC to PC, testing and inventory of on-line databases offered by public hosts and procedures allowing for the transfer of data with compatible recording formats on magnetic tapes and diskettes.

Manuals and guides in support of general trade information work and specific aspects of this work, as well as directories and bibliographies as reference tools for trade information officers in the selection of information sources according to their specific needs, are produced on an ongoing basis.

## 6. Packaging information services

To answer the particular needs of developing countries for basic technical and commercial information on packaging in international trade, ITC publishes a quarterly newsletter, International Packaging News, a series of monographs, Export Packaging Notes, as well as periodically updated reference documents on: international standardization of selected products; packaging and labelling regulations of the European Community; and environmental legislation on packaging.

A computerized database, PACKDATA, containing references to packaging information, is being built up in cooperation with packaging-related institutions in developing countries. ITC's packaging information services can also assist in searches in all major databases containing information on packaging.

## 7. Export Quality Management Information Services

A quarterly bulletin, entitled 'Export Quality', is distributed in separate English, French and Spanish editions to some 1,500 institutions in developing countries dealing with export inspection and certification, product standardization, technical regulations on international trade, technical information and other services for exporters, training and motivation of exporters on quality-related matters.

Specialized handbooks and guidelines dealing with, e.g. 'Total quality control at enterprise level' (1986), 'Quality control for the food industry' (1991) and 'ISO 9000 Quality management systems: guidelines for enterprises in developing countries' (1993) are also published in English, French and Spanish.

## 8. Information on foreign trade legislation

In cooperation with partner organizations, ITC compiles texts of existing legislation and measures relating to the foreign trade of developing countries. Bibliographical references and the texts or summaries thereof, are stored in a central database (JURIS) managed with the CDS/ISIS software of UNESCO, with special procedures enabling retrieval using English, French and Spanish keywords. Data from the JURIS database, as well as information on relevant legal texts of European countries, are made available to traders in developing countries by fax, in the form of printouts and on diskettes.

## 9. ITC Library

The ITC Library houses ITC's documentation collection which is built up in support of ITC's own research needs and of a current awareness service aimed principally at trade promotion organizations and similar institutions in developing countries. The Library catalogue is managed with the CDS/ISIS software of UNESCO and covers over 1,800 items. The Library also serves as a training laboratory for trade documentalists. Through its library services, ITC furthermore procures documentation for trade information services in developing countries, under specific technical cooperation projects.

## 10. International Trade FORUM

FORUM focuses on export market opportunities, export marketing and trade promotion techniques, import methods and trade promotion services available to developing countries. Information on ITC technical cooperation activities and a list of available ITC publications are also given. FORUM is published quarterly in English, French and Spanish editions.

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# ***BUSINESS INFORMATION FOR TRADE***

## **INTRODUCTION**

1. Business information plays a key role in international marketing and competitiveness. The capacity to get the right business information to the right place at the right time and the right price, and knowing how to use it is a major factor influencing international trade efficiency—a point that is not always fully appreciated. Demand and supply conditions for business information are often imbalanced. Problems of availability, selection, access, and international comparability hamper enterprises in making best use of this information. This can be particularly damaging for newcomers to international business, to small- and medium-size companies and, in particular, to companies in developing countries and economies in transition. Not having access to the relevant business information can be as serious an obstacle as are tariff and non-tariff barriers. After the successful conclusion of the Uruguay Round, there is thus a case for a concerted international effort to harness business information fully for making international marketing and trade more efficient. In this sense, business information represents an important element for the Special Programme for Trade Efficiency and, in particular, the creation of Trade Points.

The objective of the present paper is to examine, against the background of users' requirements, the availability, access, and utilization of business information for international marketing and trade, and to recommend actions as to how and by whom identified bottlenecks and deficiencies can be removed.

### **A. International marketing: key to competitiveness**

3. The point of reference for the competitiveness of enterprises is rapidly moving from domestic to international markets. The opportunities and challenges arising from the internationalization of business activities have a polarizing effect: companies are competitive at the global level or their existence is threatened. The importance of international markets is no longer confined to larger firms and smaller countries. For millions of com-

panies all over the world, internationalization is no longer an option: it is a condition for survival. At the macroeconomic level, outward-looking and market-oriented strategies are a precondition for economic growth and development.

4. Exports to new markets and international sourcing of inputs are the most common points of departure towards internationalization. The dynamic development of world trade bears witness to this trend: over the last few decades, world trade has continuously expanded faster than international production. For developed market economies, trade (exports and imports) is now equivalent to over one quarter of GNP. For developing countries, it is as much as one half. All projections point to further reinforcement of the world's trade orientation and, in turn, intensifying international competition.

5. Increasing competition in product markets is accompanied by the growing importance of the marketing function: production has become marketing-led in the sense that the identification of effective demand has become the first step in the business cycle. Production is increasingly determined from a marketing perspective. It is not the production process in isolation that decides about competitiveness, but the efficiency of the entire international marketing chain from procurement of inputs to distribution of finished goods in the target market. Hence the importance of the Special Programme for Trade Efficiency. Choice and management of the marketing chain are the result of a planning process, in which business information plays a key role. This holds true for the domestic market, but is even more essential for operating in foreign markets. International marketing is the active and sustained response of enterprises to the challenge of international trade. It is a concept that encompasses both exports and imports.

6. The importance of marketing and other trade support services comes out clearly from a breakdown of value added in international trade. Parallel to the service sector's rise to account for about two thirds of the national product in developed market economies, support services contribute the larger part of value added in international trade for many products. Trade support services include information services, trade logistics, trade finance, trade insurance, product promotion and advertisement, distribution in the final market, etc.

## BOX 1

## Users' needs surveys

Assessing users' needs should be a permanent preoccupation of trade information services in order to ensure the relevance and efficiency of their information supply operations. To this end, a methodology has been designed by ITC, based on mailed questionnaires and direct contacts (see article 1990/1 in the International Trade FORUM). In 1993, ITC compared the results from six of these surveys, covering a large cross-section of developing countries and users categories.

Although it is difficult to draw general conclusions, due to the geographical and sectoral diversity of the users' groups surveyed, it was found that the following types of business information were considered as most important in nearly all cases:

- Trade contacts (company information in the form of directories or databases);
- Trade opportunities (communication of buyers' demands and sellers' offers);
- Market information (data on market characteristics, distribution channels and competition);
- Other business opportunities (for investments, joint ventures, technical and commercial cooperation);
- Trade statistics (import/export data).

Users' needs analyses should encompass many other categories that are critical in certain sectors, such as commodity prices, tenders, information on trade fairs and exhibitions, development projects, trade regulations, technical standards, etc.

Product and market priorities need to be assessed in order to define appropriate orientations for market research and marketing strategies. Users should also express their preferences regarding access methods and forms of presentation for each category of information, so as to improve dissemination methods.

contacts that emerge as the result of a careful selection process and have an ascertained potential for a longer-term, sustainable business relationship.

17. The next two phases in the international marketing cycle are international logistics management, and distribution and promotion in the target market. Business information plays a different role during the latter two phases, which represent the implementation side of what has been planned and prepared during the first three stages. Here, business information is required mainly for monitoring and controlling the process, adapting it as necessary. Moreover, business information at these stages is often embodied in the relevant trade support services rather than being available in an unbundled or loose form as for the earlier three stages. For example, indicators on market growth for a particular product in a given country can be obtained separately and from public sources, whereas advice on the most suitable publicity campaign in the target market is generally available only in the context of a contract with an agency specialized in this field.

18. These five phases constitute the milestones of an enterprise's journey to success in the international marketing venture. They may be conceived of as a runway to international business development, as shown in the chart.

19. Demand for business information and its effective utilization also depends on the absorption capacity of the enterprise embarking on the internationalization process.

Becoming involved in international marketing is a continuous learning process. All the information needed may not be available, and the information available may not be usable. A first-time exporter or importer, for example, may simply not have the know-how to select the most promising market and to develop a proper international marketing strategy on the basis of available raw data. He requires business information at a higher level of analysis, e.g., tailor-made market research for his products. In fact, many manufacturers in developing countries have embarked on their internationalization process by exporting production *capacity* rather than products, and have delegated all international marketing activities—from product design to promotion and distribution—to foreign buyers. The same applies on the import side to those importers who have remained passive targets of marketing campaigns of foreign suppliers.

20. It follows, therefore, that while there is a distinctive demand for business information at all levels, from raw data to comprehensive international business development plans, there is also a distinctive need for upgrading the absorption capacity through appropriate human resource development, in particular in developing countries.

21. The major constraints impeding a more important contribution of business information to trade efficiency are the following:

- Its relevance and specificity in relation to user requirements;

25. The progressive shifting by information providers from traditional printed material to electronic information might, however, hamper companies in developing countries from accessing this information due to the lack of adequate telecommunication infrastructures and EDP facilities, and the high access costs. In addition, the use of electronic information sources requires the development of specialized technical skills which might not be affordable by individuals, especially of small and medium-size companies. Finally, language barriers may also limit the usefulness of many of these information sources.

26. The market for business information consists of different segments, in which commercial suppliers, business associations, public-sector trade promotion organizations and international organizations coexist.

- The bulk of business information is provided by *commercial suppliers* and in particular by specialized business services and consulting firms, the business press, commercial on-line databases, banks trading and companies and through trade fairs.
- Many *business associations* such as chambers of commerce and trade and industry associations have become suppliers of business information. Close relations to their members, well-defined common interests and operations at cost rather than on a profit basis are major characteristics of this type of supplier of business information.
- At the national level, *public sector* institutions supply business information in two forms, namely as producers of trade and other business statistics, and through public-sector trade promotion organizations and trade commissioner services.
- At the international level, there are several intergovernmental organizations which supply business information: the United Nations Statistical Office and the International Monetary Fund produce international trade statistics. Other organizations publish a variety of economic and social data as well as market and industry studies (e.g. the World Bank, OECD, UNIDO, FAO, UNCTAD, ITC). In addition, they are involved in setting standards for international business information, in developing tools and methodologies for collecting, analyzing and disseminating business information and in providing technical assistance in this field. ITC and UNCTAD's Special Programme on Trade Efficiency are cases in point.

27. The table below provides an overview of these different institutional types of suppliers classified by their scope of activity. These institutions all have a role to play in the Trade Points, which serve as information nodes as well as trade facilitation centres and gateways to global competition.

28. While the predominance of commercial suppliers of business information is to be expected in market economies, it is striking that governments in all developed market economies and practically all developing countries and countries in transition provide trade promotion services which consisting largely of business in-

#### Overview of suppliers of business information for international marketing

General type of supplier	Subsector
Commercial	Business information services and consulting Database providers (hosts) Business press and other media Banks Trading companies Trade fairs Suppliers of international logistics
Business associations and related entities	Chambers of commerce, Industry associations Exporters and importers associations Employers associations
Government sector	Ministries (commerce, industry, agriculture, etc.) Trade promotion organizations Trade commissioner services Department of statistics Customs department
Intergovernmental organizations	1. Global: FAO, GATT, IMF, ITC, OECD, UNCTAD, UNIDO, UNSO, World Bank 2. Regional: United Nations Economic and Social Commissions, EU, PTA

formation. This has hardly changed in spite of the recent privatization trend, although the effectiveness of the various public sector trade promotion services, including trade commissioner services of embassies, is not always considered optimal. On the contrary, it appears that globalization pressures have led many governments to step up their efforts to provide business information and market intelligence to their local business community.

29. What is the case for government institutions to supply business information? There are no detailed cost-benefit analyses on this point—a gap which needs to be filled. However, as may be gathered from ITC's experience as set out in the following chapters, public-sector institutions do have a key role to play in the collection, analysis and dissemination of business information.

30. The factual role of the public sector as a supplier of trade information calls for intergovernmental bodies such as those of the United Nations family to acts as forums for exchanging experiences, setting standards and drawing up conventions, etc., all with a view to increasing efficiency in international trade.

## II. ACQUIRING BUSINESS INFORMATION: CONSTRAINTS AND OPPORTUNITIES

31. A brief description of the major types of business information required for international marketing is given below. In each case, issues concerning availability, access and utilization are outlined. Recommendations specific to each type of information are also given, complementing the more general recommendations made in section III of this paper.

of decisions on export/import rationale and prospects, two important steps have to be accomplished before entering into the operational phase of the foreign trade venture: the formulation of the marketing strategy and of the marketing plan.

42. It is at this stage that information plays the most critical role: in fact the decisions to be made in relation to the export marketing strategy (such as on the company's priority products for export, target markets, distribution policy, individual export approach or joint venture) and to the marketing plan (on the traditional elements of the marketing mix) require the knowledge of a wide spectrum of variables of the international trade environment. The same also applies to developing a supply strategy for imported goods. The importance of correct decisions at this stage, supported by reliable and pertinent information, is crucial. As for any decision or action, the probability of succeeding is directly proportional to the information available and the capacity to analyse and interpret this information.

43. Companies have two alternatives at this stage: to undertake their own market research (either directly or by commissioning to it a specialized consultancy firm to do it) or to utilize existing product and market studies. The second alternative represents a powerful tool to support the decision-making process, especially of small and medium-size enterprises which cannot avail themselves of the necessary professional skills or the adequate financial resources for carrying out their own research.

### 1. Availability

44. A substantial number of product and market studies are produced and made available for international distribution by trade promotion organizations, import promotion offices, chambers of commerce, trade and industry associations, international organizations (such as ITC, through its programmes of product and market development and market briefs) and commercial information providers.

45. The coverage and format vary from in-depth and detailed market surveys to short and succinct market briefs for specific products and product groups. While the amount of information material and the degree of analysis differ, the main aim of all the studies to provide an insight into the structure and trend of the markets and information on the most appropriate and productive ways to access these.

46. The advantages of having access to market surveys are evident as they allow exporters and importers to make use of information already analysed and interpreted by specialists and thus obtain an immediate appreciation of the business opportunities offered by potential markets.

47. Nevertheless, potential exporters and importers using these studies should be aware of their limitations: they may not cover exactly the desired product(s) or market(s), they usually become rapidly obsolete, and often ignore developing countries.

### 2. Access

48. In view of the large number of product and market studies being published, the main problem faced by companies, especially in developing countries, is to keep abreast of their availability. In addition, the usually high cost of their acquisition can impede access to this information.

49. Various reference sources are available, in the form of printed directories and databases both on-line and on CD-ROM. ITC maintains a specialized database, "Published Market Research—PMR", which records the studies produced by ITC itself and other cooperating organizations, most of which are available free of charge. An annual directory based on PMR is disseminated to developing countries. Among commercially published directories, FINDEX and MarketSearch can be mentioned. Databases such as Agris, PTS F&S Indexes and Trade and Industry Index give a reference to the source and indicate coverage with key-words (for countries, products and other subjects). Others provide an abstract summarizing the contents of the original publication with the main conclusions and supporting data, for instance ABI/Inform, BIS Infomat, Delphes and Predicasts Prompt. Full text of the source documents can be found in Frost & Sullivan Market Reports, Financial Times Full Text and Textline.

### 3. Utilization of information

50. The use of product and market studies can greatly facilitate the appreciation of market potentialities and of appropriate marketing approaches by companies interested in internationalizing their business scope. Nevertheless strategic decisions should not be based merely on these studies; each company has to develop its own marketing strategy and marketing plan by adapting the indications of the studies to its own conditions. This implies a capacity of analysis and interpretation as well as additional specific research on the prospect markets, through desk research and, if necessary, field research. This brings up the fundamental problem of developing capacities at the company level for the correct selection, analysis and interpretation of data and information.

### 4. Actions recommended

51. It is recommended that business associations:

- Sustain the collection and dissemination of product and market studies made available internationally, and of the information material and data necessary to enable companies to undertake their own research or to complement existing product and market studies;
- Organize training and other human resource development activities to improve skills in the use and execution of market research.

52. It is recommended that international organizations:

## 4. Actions recommended

64. It is recommended that governments, trade promotion organizations and business associations:

- Ensure the availability of up-to-date trade statistics and their timely submission to the United Nations Statistical Office and other relevant bodies;
- Consider the preparation of foreign trade statistics on CD-ROM or in other machine-readable formats with user-friendly software at reasonable prices. Possibilities of providing data to trade information centres in developing countries (including Trade Points where and when they exist), at discount prices should be explored;
- Ensure reliability of data on trade volumes and quantities in their foreign trade statistics;
- Consider the preparation of enterprise-level information on the basis of customs data with due respect for national confidentiality requirements. Experience in this area has already been gained by ITC (and presented to the Working Group) by using ASYCUDA-generated data. This is expected to be pursued and expanded as the number of ASYCUDA countries and TP countries increases;
- Apply internationally compatible product nomenclatures for trade and other economic statistics (e.g. HS).

65. It is recommended that the business community:

- Fully cooperate in the provision of reliable trade data to customs authorities.

66. It is recommended that international organizations:

- Make an effort to improve the coverage (e.g. developing countries) and user-friendliness of trade statistics. This includes the dissemination of COMTRADE data according to the Harmonized System and on CD-ROM;
- Assist business associations to provide training for the various user groups of foreign trade and other statistics.

## D. Price information: the bottom line

67. An exporter or importer without price information is blind. Price information is essential because:

- it provides exporters and importers with a primary basis for determining whether or not international trading operations are economically viable, either immediately or in the longer term;
- if not immediately viable, it allows them to set specific targets and to ascertain which cost-related measures are needed to meet those targets;

- it provides them with an important indicator of the evolution in supply and demand and of key influencing factors (e.g. economic and political conditions, technological developments, etc.).

## 1. Availability

68. Price information is readily available on a regular basis—often daily—for most primary commodities, particularly those traded on commodity exchanges. Sources range from general business dailies and specialized publications (e.g., UNCTAD'S Monthly Commodity Price Bulletin) to teleprinter/on-line services (e.g. Reuters). ITC's Market News Service (MNS) provides price information collected directly from the trade, on a subscription basis, for a range of processed and semi-processed agricultural products as well as for pharmaceutical raw materials. ITC also provides price information on request, through its enquiry-reply service.

69. Reliable and up-to-date price information is much more difficult to obtain for manufactured goods. Here one must rely on sources such as supplier's catalogues and price lists, articles and advertisements in the trade press, specialized consumer magazines that publish surveys of competing consumer goods, and trade contacts. Published market surveys provide information on trends in markets, technologies and prices. An increasing amount of price information is extracted from these published sources and also made available through on-line databases.

70. Some governments issue regular statistics of local prices and/or price indexes for certain products, product groups or production sectors. These statistics are helpful both for monitoring trends in prices and costs, and for reference purposes (e.g. they are used in price revision clauses in contracts). The comparability of these price statistics from country to country, however, is limited by a lack of standardization.

71. A proxy for prices—unit values—can be obtained from foreign trade statistics. This information can serve for purposes of historical and trend analysis, but is of little use wherever statistical groupings do not represent a homogeneous set of goods.

72. A number of developing countries' governments employ specialized inspection agencies for price surveillance of imported goods, but this source of price information is not usually available independently.

## 2. Access

73. Price information must be reliable and up to date to be useful in export and import marketing. The problem for managers in many developing countries is that, in general, they receive published sources less rapidly than do their counterparts in the industrialized countries. This places them at a relative disadvantage, for example, in the negotiation process. Access to on-line price information is often hampered by inadequate telecommunications facilities. Some services, such as ITC's MNS, are

In a growing number of countries, services have consequently been set up (either by official bodies or by private entities) to abstract and index these regulations—usually in the form of computer databases—to facilitate identifying and retrieving them as and when needed. Some of these databases are available through on-line international networks (e.g., US Code of Federal Regulations; the European Union's CELEX; Justis Eastern Europe; World Tariff; etc.)

81. A growing number of on-line databases furnish information on national, regional and international standards which apply to products traded in the international marketplace.

82. Certain commercial publications (e.g., Exporters' Encyclopaedia, International Trade Reporter, Croner's Reference Book for Exporters/Importers, etc.) provide an overview of major trade policies and regulations, country by country. However, these sources are generally unlikely to give the level of detail required for specific cases (i.e. which regulations pertain in a given country to the import or export of a particular product).

83. Some specialized services exist which provide customs tariff data in published form (usually looseleaf) country by country, worldwide (e.g., World Tariff).

84. UNCTAD has created TRAINS (Trade Analysis and Information System), a computer database available on diskette (and soon on CD-ROM) which includes information on trade regulations by country and by tariff position. For its part, ITC is currently developing JURIS, a PC-supported database providing extensive text summaries in three languages of trade-related legislation from about 50 developing countries and countries in Eastern Europe. Further development of JURIS is expected in terms of country and subject coverage. Both TRAINS and JURIS involve a substantial and continued effort of data collection, much of which must be carried out by country liaison offices and correspondents, who also respond directly to enquiries. As data availability is not uniform from country to country, certain gaps inevitably exist in the coverage of these databases.

85. For most developing countries, up-to-date and precise information on trade regulations applicable to particular trade operations is often not available from a single source. It must be obtained through direct consultation with various concerned authorities (Customs, ministries of trade, central banks, etc.) or through specialized legal services. In some cases, even the guidelines provided by relevant authorities are unclear or incomplete.

## 2. Access

86. Because of the great volume of information on trade regulations and the difficulty of collecting it quickly as and when new regulations are adopted, and because mechanisms in many countries for processing and retrieving this information to meet specific requirements are often inadequate, access is in many cases very difficult. In some cases, the reliability of the information

obtained can only be tested when the actual trading operation takes place.

87. Access by many developing countries to certain national (e.g., US) or regional (e.g., European Union) on-line databases covering trade regulations is hindered because of inadequate local telecommunications facilities and high access costs.

88. Commercial representatives are often used as links to institutions in other countries providing information on trade regulations. However, due to limited resources, most developing countries have only small networks of trade representatives. This severely restricts their access to information on trade regulations.

## 3. Utilization of information

89. The use of information on trade regulations is very much dependent on the perceived reliability of the source. Whenever there is a high degree of confidence, the exporter or importer will use the information to determine whether or not regulations permit a potential trade operation to proceed. At the planning stage, this information is important in drawing up total cost estimates (e.g., to determine levels of competitiveness in a given market); it also helps in establishing which are the likely implications of the regulations on potential sales (e.g., as a result of quantitative restrictions), on the need for product adaptation (e.g., due to regulations on specifications and standards), and on the need to take account of uncertain lead times (as a result of possible delays in the bureaucratic process), etc.

## 4. Actions recommended

90. It is recommended that governments, trade promotion organizations and business associations:

- Ensure that a focal point exists in each country to collect, process and make available for retrieval all relevant information on the country's trade regulations, product by product and using the standard formats referred to below.

91. It is recommended that international organizations:

- Coordinate and consolidate the efforts undertaken to date by UNCTAD and ITC to establish a system providing access to this country-generated information on trade regulations.

- Create a comprehensive and regularly updated directory/database of sources of information on trade regulations.

- Provide support to business sector institutions to design and implement training programmes in export/import management focusing on issues related to trade regulations, and produce relevant training aids and materials. Make all of these available to appropriate institutions serving the business community in developing countries.

October-December 1991). In view of the diversity and complexity of business registers at the international level, many enterprises prefer to rely on available information services (e.g. TPOs, CCI, SVP) or information brokers to obtain this information on request.

- CD-ROM: they have been expanding rapidly in recent years but still remain relatively expensive, e.g., CD/EXPORT (FF 30,000 per year), United States Importers and Exporters (US\$ 3,150 per year), KOMPASS Europe (UKP 2,800 per year, with printout restrictions).
- Other machine-readable media: magnetic tapes are less and less used due to capacity and compatibility problems and large databases are increasingly using CD-ROM. Small databases, notably from developing countries and economies in transition, are available on diskettes with companion retrieval software (e.g., from the Czech Republic, Hungary, Lithuania, Poland, Romania, Tunisia, Uruguay). ITC projects in Africa aim at exchanging company information at subregional and regional levels, using databases with common formats and coding systems.

### 3. Utilization of information

99. Possible uses of business registers include:

- Selecting potential business partners (main criteria: products; other possible criteria: location, size, credit rating);
- Organization of special trade promotion events such as buyer-seller meetings, trade fairs, trade missions and others (see Box 2);
- Mailing operations (easier with machine-readable databases);
- Compilation of data for building-up specialized databases (e.g., on given product groups and/or regions): such databases are particularly useful for producing specific lists or directories for monitoring follow-up exchanges with business partners. Many companies produce their own computerized databases including their main trade contacts for prospection and actual transactions.

### 4. Actions recommended

100. It is recommended that trade promotion offices and business sector institutions:

- Consider the adoption of the ITC COMREG format for building up national company registers with product specifications (for easier use and exchange of company data and possible creation of regional/interregional company databases);
- Produce national business registers in machine-readable form (e.g. diskettes, CD-ROMS) to be made available for data exchange and possible

merging into larger databases (sectoral or regional registers). Existing measures protecting confidentiality should be relaxed as much as possible;

- Trade Points should adopt the ITC TPO database format to register members of national Trade Point associations (with the view to creating a central database of Trade Point members at the level of the Federation of Trade Point Associations).

101. It is recommended that providers of data services:

- Make a special effort to include in their databases those enterprises in developing countries and in other countries currently not adequately covered, particularly for credit rating purposes;

102. It is recommended that international organizations:

- Expand their activities critically to review and analyse existing business directories and databases, along the lines currently practised by organizations such as ITC, and widely disseminate the results to all interested parties;
- Continuously upgrade existing guidelines and standards for easier data exchange and expand their technical assistance and training programmes for the creation and improvement of company registers at the national and regional/subregional levels, based on appropriate technologies. This should include the development of standard software for effective database management of company data under different EDP environments (micro-computer, LAN, UNIX and others);
- Initiate and coordinate the development of pilot software based on visual technologies (electronic catalogues) for selected product groups for better illustration of product promotional materials of import/export companies and manufacturers. This should take into account the efforts in this direction being carried out for the Trade Points network.

### G. Information on business opportunities: the chance is now!

103. Business opportunities include a wide range of messages from private or public enterprises looking for trade partners. These may include:

- Suppliers looking for potential buyers of specific products (on a case-by-case basis or through regular representation or distribution agreements);
- Institutions/companies putting out or bidding for tenders and other forms of competitive procurement;
- Buyers looking for potential suppliers of specific products (on a case-by-case basis or through regular representation or distribution agreements);

## BOX 2

**Business information and buyer-seller meetings: an efficient way to increase south-south trade**

The south-south marketing environment is particularly affected by the lack of a supply of business information. In addition, there is a distinctive need to upgrade the absorption capacity of the enterprises in developing countries in the utilization of whatever little information may be available.

It has been ITC's experience over the last decade that one effective tool for addressing both issues is the systematic undertaking of supply and demand surveys and the dissemination of the information generated by those surveys at so-called buyer-seller meetings. These meetings first and foremost serve the purpose of promoting business negotiations and transactions through direct personal contacts between importers and exporters. As these meetings focus on one product group at a time, they also provide an opportunity for the easy identification of existing obstacles to trade expansion and for proposing follow-up action.

The success of these meetings depends, of course, on the "matching" qualities of the participants. The supply and demand surveys are therefore important means of ensuring that the most relevant enterprises are selected and attend the meetings. The surveys are also discussed in detail during the meetings, providing an excellent starting point for negotiations between potential business partners.

The buyer-seller meetings are usually organized in one of the "supply" countries, which gives potential buyers an opportunity to visit manufacturing facilities and obtain firsthand information on all aspects of the production process. Potential suppliers from other participating countries are encouraged to bring samples of the product concerned to the meeting together with information on their own product specifications.

The programme of a buyer-seller meeting consists of three parts: a general overview of the trading practices in the product group concerned based on the supply and demand surveys, individual consultations between participants, and formulation of proposals for follow-up action.

The general presentations include a review of the various trade-related subjects such as transport, insurance and banking. New initiatives in these areas frequently originate from the trade expansion opportunities discussed in the meeting.

The individual consultations between enterprises located in different countries of the region are scheduled on the basis of the specific interests expressed by the participants. Such consultations are the first step in the negotiation process, not only for trading transactions but also for establishing joint ventures, concluding licensing agreements and arranging other forms of cooperation.

The evaluation of the meeting gives an account of the results obtained and leads to the formulation of recommendations for further action. Follow-up activities frequently consist of study tours and marketing missions to importing countries. In some cases the need for further product and market development work at the enterprise level is identified. In most instances the meeting throws light on specific bottlenecks that can be removed only through government action. But as the participants discuss only one product group, recommendations to governments can be very specific, facilitating the necessary government follow-up.

Buyer-seller meetings for the African region in 1993 covered the publishing and printing industry, and medical supplies and hospital equipment. It is estimated that the various meetings organized by ITC in that developing region alone have generated several billion US dollars' worth of new intra-African trade over the last decade.

which have to form export consortia in order to bid for international tenders.

111. There are many information services operating at the national level, i.e., searching for international contacts of interest to national companies. The role of overseas trade representation offices, trade promotion organizations, chambers of commerce and Trade Points is particularly important. These "information relays" offer valuable complementary services such as a supply of market information, control of the validity of information and reliability of trade partners (including in various

cases credit rating), guidance on transportation, insurance, marketing and legal issues. As an example, the Hong Kong Trade Development Corporation handles over 100,000 overseas trade opportunities per year, largely collected by its overseas trade offices and disseminated selectively to local firms; it also publishes high quality catalogues on given product groups with a view to raising the interest of potential foreign buyers.

112. Some services are limited to specific product groups. In this case, the critical mass can be reached more rapidly and potential business partners can expect a

each of the phases of international marketing and business development. It impedes the integration of enterprises into world trade. Being cut off from business information exacerbates the structural deficits in the area of finance, technology and infrastructure suffered by many developing countries and economies in transition. Exclusion from business information tends to concentrate the benefits of globalization on a small minority of leading enterprises and countries.

121. Yet exclusion is by no means inevitable. The following recommendations show that there are many points of departure towards increasing transparency and efficiency of international marketing through business information. They summarize the recurrent themes that have emerged from the above review of business information and how it can contribute towards increasing the efficiency of international marketing. The concluding recommendations are presented in terms of (a) guidelines for increasing efficiency of international marketing through business information, (b) the institutional framework for improving business information and (c) the resource gap for technical cooperation. The application of the following recommendations, taken together, would make a major contribution to increase the efficiency of international trade.

#### A. Guidelines for increasing the efficiency of international marketing through business information

122. The absence of even basic business information on many developing countries and economies in transition is in stark contrast to the abundance of business information on developed market economies. The production of business information by public and private sector institutions in developing countries and economies in transition has often been hampered by a lack of financial and human resources as well as by a failure to appreciate the value of this information. Non-availability of business information leads to sub-optimal business strategies. It tends to exclude firms from developing countries and economies in transition from international business activities, and in particular creates obstacles to trade among such countries.

##### *Recommendations:*

All suppliers of business information should make a special effort to improve the timely preparation of business information on developing countries and economies in transition, in particular in the area of company information (contact data, credit ratings and business opportunities), trade regulations and statistics.

123. The dissemination of already available business information by public and private sector institutions in many developing countries and economies in transition has often been poor. It has often happened that the public-good character and external benefits of business information have not been sufficiently recognized by governments with the result that such information has

not been made available to the business sector. Frequently, user-unfriendly data formats render the information retrieval cumbersome and costly.

##### *Recommendations:*

Producers of business information, such as departments of statistics, Customs departments, ministries of trade, central banks, etc., should ensure effective dissemination of their data to meet the requirements of the local and international business community and the interested public. Whenever possible, they should take advantage of modern information technology to provide their data in machine-readable form such as CD-ROM and on-line databases, and pay particular attention to user-friendly formats.

124. The price of business information is largely determined by the production cost and demand in developed market economies, which are the major producers and users of this information. This renders business information very expensive in relation to locally available inputs in developing countries and economies in transition and often implies an effective exclusion from direct access to this important input.

##### *Recommendations:*

Users of business information need to create cooperative structures with a view to obtaining access to business information at advantageous prices (collective subscriptions, pooling of database interrogations, etc.). Similarly, suppliers of business information, possibly in collaboration with national and international trade promotion institutions, should explore possibilities of offering preferential prices to users from developing countries and economies in transition as well as accepting payment in local currencies. Business associations and national and international trade promotion organizations should contribute to reducing the cost of business information by drawing the attention of users to particularly cost-efficient sources (preparation of annotated guides to sources), through bulk orders, collective subscriptions, etc. Governments should make foreign exchange freely available for the purchase of business information.

125. There is an acute shortage of expertise in developing countries and economies in transition on how to make the best use of business information in terms of the selection of the most appropriate sources, cost-effective access, and action-oriented analysis and interpretation. This tends to exacerbate the problem of exclusion.

##### *Recommendations:*

Training capacities for more effective use of business information have to be up-graded in developing countries and economies in transition. This should include the strengthening of local training institutions (training of trainers) as well as specialized training assistance to trade promotion institutions, business associations and the enterprise sector.

126. Access to business information is further complicated through inadequate postal, telecommunications and related services in many developing countries and economies in transition.

provided by the relevant authorities. All information should be supplied in user-friendly formats oriented towards the needs of the business community.

Governments have a particular responsibility to disseminate in an opportune and transparent manner information on international business opportunities created as a result of their procurement activities (e.g., tenders).

The government sector should facilitate the provision of business information and related support services to the business community at large and to SMEs and newcomers to international trade in particular, through trade promotion organizations and trade commissioner services. International experience on the conditions of success for running efficient business information centres and services should be taken into account. Close coordination with the final users and the business sector in general should be institutionalized in order to avoid credibility gaps.

Governments are encouraged to designate a national focal point responsible for coordinating and advancing the complex tasks of government institutions in relation to business information.

133. Intergovernmental organizations—including international and regional organizations—complement the role of national institutions involved in business information. Their comparative advantage is related to their close working relations with a large number of national governments, their ability to monitor international experiences in the generation and dissemination of business information, and the absence of commercial and national interests. They have a contribution to make by setting standards, as suppliers of international business information and as providers of technical assistance.

#### *Recommendations:*

Organizations involved in the preparation of statistics should make an effort to improve the coverage and timeliness of foreign trade and other business statistics, in particular as far as developing countries and economies in transition are concerned. They should review their pricing policies with a view to minimizing the exclusion of users in developing countries and economies in transition.

Regional and international organizations should strengthen and extend existing business information networks in line with user requirements.

They should provide overviews of available business information sources and services with the objective of facilitating the choice between different sources and services and acting as clearing houses for different experiences in the generation, collection and dissemination of business information.

In line with their respective mandates, they should step up their technical cooperation efforts with a view to enhancing the availability, access to and efficient use of business information in developing countries and economies in transition. Efforts should concentrate in particular on lower-income countries, industries the development of which can make a contribu-

tion to employment generation and poverty eradication, and small and medium-size enterprises.

ITC should step up its efforts to prepare sector-specific Business Information Surveys on the global availability of the various types of business information such as business contacts, trade regulations, statistics, etc. These surveys should serve two major purposes: they should be of immediate use to the business community in developing countries and economies in transition, and they should help in identifying priority areas for technical assistance at the interregional level.

In addition, country-specific Business Information Reviews should be carried out by ITC in close collaboration with UNCTAD, national focal points on business information and other organizations concerned, with a view to increasing the effectiveness of assistance and the coordination among various national and international institutions in the area of business information. Parallel to the objective of GATT Trade Policy Reviews to achieve "greater transparency in, and understanding of, the trade policies and practices of contracting parties", the country-specific Business Information Reviews should take stock of how business information can increase its contribution to trade efficiency and identify priority areas for improvements and technical assistance. These country-specific Business Information Reviews could be integrated into possible Trade Efficiency Reviews, which would encompass all six elements of UNCTAD's Special Programme for Trade Efficiency (banking, business information, Customs, telecommunications, trade facilitation and transport) in developing countries and economies in transition.

134. Trade Points offer an institutional framework in which many of the above recommendations can be demonstrated or applied.

#### *Recommendations:*

As gateways to global competition, Trade Points should contribute to encouraging companies to explore the scope for internationalization. For SMEs and newcomers to international trade, the variety of sources of business information is often associated with a lack of transparency and calls for user-friendly points of interface between users and suppliers of business information. In this context, Trade Points have an important role to play as information nodes. By networking institutions, individuals and their information systems, Trade Points should enhance effective collection and dissemination of business information.

135. Implementing the above recommendations hinges upon a major resource mobilization effort at the level of enterprises, governments and intergovernmental organizations.

**Chapter IV. Business information for trade**

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