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The Commercial Counsellor's Field of Activity

by Dr. Axel Herbst, Head of Department at the German Foreign Office, Bonn

The Federal Republic is more closely linked to the world economy than many another industrial nation. We are—even more so than in the past—a trading nation, dependent on commercial partners throughout the world. Our foreign trade today gives work and employment to many millions of Germans. Every fifth employee is engaged in exports. This means that the present and future prosperity and security depend to a decisive degree upon economic exchanges with our partners in Europe and overseas. In a changed world Walter Rathenau's often quoted and often misunderstood dictum: "Trade and industry are our Destiny" still applies, in fact more so today than ever before.

Our country has manifold commercial relations with the rest of the world. Besides industry, commerce and trade there exist numerous official, semi-official and private bodies which are engaged in foreign trade and which see to it that the to us vital exchange of goods and services is carried on as smoothly as possible.

The Role of the Foreign Office

In this field of endeavour, the Foreign Office has for a long time had its role to play. To promote Germany's international trade relations is an important task of the German Foreign Service. No one today challenges the value of this service which is regarded as being of equal importance to the traditional forms of diplomatic activity. This situation is reflected in the organisation of the Foreign Ministry: One of the two State Secretaries at the Foreign Office concerns himself especially with economic questions, and the Department for Trade and Development Policy is one of the largest of the Ministry.

The offices representing German interests abroad, whether they be situated in the industrial countries of the West, the state-trading countries of the East or in the developing countries, are confronted with a wide range of extremely diverse tasks; to cope with them is the job of the Commercial Counsellor. These are as a rule members of the regular foreign service, who have received

a thorough training in Economics at the University and the special training college of the Foreign Office. In addition, they frequently have had experience in private industry. However, to some of the German offices abroad, especially in those attached to such international organisations as the OECD and the European Communities, officials of other ministries have been appointed to deal with problems requiring specialist knowledge—problems concerning for instance agriculture or communications.

The heads of German missions abroad have often been Commercial Counsellors themselves; they know therefore from personal experience the troubles and tribulations of the German businessmen engaged in foreign trading. The German Ambassadors accredited to the European Communities and to international economic organisations almost always held leading positions in the Department for Trade and Development Policy previously.

The Commercial Counsellor's Field of Work

Let us now have a look at what a Commercial Counsellor has to do: A large part of his work consists in reporting to the Federal Government on economic developments in the host country. Copies of his report go to all Federal Ministries concerned with economic questions; this means not only the Federal Ministry for Economic Affairs, but about half of the 19 government departments. These reports therefore simultaneously reach the desks of the Foreign Office and the departments concerned.

The reports deal with a multitude of subjects. They range from general analyses of economic developments in the host country, to assessments of applications for development aid, to detailed descriptions of legislative and administrative measures which may have a direct or indirect effect on commercial relations between the host country and the Federal Republic. Where it is a question of measures immediately affecting trading conditions—such as for instance changes in customs duties, quotas or foreign exchange al-

locations for imports—the reports are dispatched urgently either by teleprinter or by telephone in order that the German exporter can take appropriate action. The Federal Office for Foreign Trade Information uses these reports and hands them out to interested business circles.

The Commercial Counsellors have an important contribution to make when trade agreements are being prepared. Bilateral trade agreements have become somewhat less important except in the case of the Eastern countries with their state-trading systems. The multilateral trade policy, which is rapidly growing in importance, involves the Commercial Counsellors also in much additional work. The world trade of today is affected by norms, decisions and recommendations issued by organisations concerned with trade and monetary policy to a much greater extent than by bilateral agreements. German foreign trade policy has to adjust itself to this changed state of affairs by active and expert cooperation in these organisations. This again means for the Commercial Counsellors new and additional tasks—tasks which under the bilateral regime of 10 or 15 years ago were largely unknown. Not only the problems are new; new are also the working methods and the negotiating tactics, which have evolved in the international organisations and which will have to be mastered, if the interests of one's own country are not to suffer.

Development Aid as a New Field of Activity

Development aid has in the last few years opened up a vast new field of activity for the commercial counsellor—a field in which traditional social and humanitarian factors play as great a part as economic considerations. These tasks are now constantly with us, for development aid has meanwhile become a permanent feature of our relations with the rising nations of Africa, Asia and Latin America.

Now what effect have then the new tasks on the activities of our commercial counsellor in the many small and medium-sized missions the Federal Republic maintains in the Third World? First of all his advice is expected when it comes to selecting an individual development project. Once the choice has been made, he watches over the project, following it through the various stages to its completion. The German experts cooperating in the realisation of such a project, be it financed by the state or private enterprise, must be looked after, and reports must be made about the development aid granted by other donor-countries. And, finally, the commercial counsellor is expected to explain to the host country's government and to public opinion at large the reasons for our development aid policy. Even when posted to a minor country, and not only when he finds himself in a metropolis of

world-wide economic importance, can the commercial counsellor show initiative and be "a success". And he may well find that a wealth of good ideas, insight into other peoples' problems, common sense and a liking for experiments to help others are of greater use to him than familiarity—which would be essential elsewhere—with the discussions of economic experts.

Promoting Exports from . . .

To this largely official part of the commercial counsellor's activities must be added his equally important work in direct contact with the private business world. Here his main concern is to promote German exports—a concern which must be ever present whatever the economic trend of the moment. This task involves giving advice to German exporters and the importers of German products into the host country, helping to initiate business contacts, putting people in touch with public authorities, providing information about fairs and exhibitions and, in general, making publicity for German business, be it by lectures, press releases or the distribution of informatory material. To inform interested firms the commercial counsellor assembles information on market conditions in the host country, giving details about production, marketing and commercial practices in that country. If the commercial counsellor is asked for his advice on the choice of business representatives he must avoid giving the impression of wishing to favour certain firms.

It will not always be possible for the commercial counsellor, who more often than not stays only a few years at his particular post, to assuage the hunger for information of the German businessman—mostly small and medium-sized firms which are especially dependent on the counsellor's services. The network of foreign trade relations has not only drawn tighter; it has also become more closely knit and, not infrequently, more intricate. The social, tax and patent laws have become the domain of the specialist not only in our country, but also abroad. In these fields a commercial counsellor, however knowledgeable and familiar with local conditions, will be unable to give the German businessman the detailed information he requires. This is rather a matter for a German Chamber for Foreign Trade, which may be able to help either because it knows the answers or it can get them from experts. It is regrettable that as of today there exist only 26 such chambers; they are privately organised institutions whose membership consists of German and foreign firms. The Foreign Office favours the creation of such bodies, for past experience has shown that the wishes of German firms seeking advice can be met most effectively through cooperation and division of labour between government representatives abroad and such cham-

bers of foreign trade. It is intended to improve and refine the possibilities of this cooperation still further.

... and Imports into the Federal Republic

In view of Germany's large export surpluses, the commercial counsellor will in future have to make more determined efforts than before to smooth the way for imports into the Federal Republic. This involves first and foremost acquainting the exporters of the host country with the marketing possibilities in Germany. This official activity directed towards the promotion of imports into the Federal Republic has on occasion shocked people. But surely unjustifiably so! For—to put the argument in its most simplified form—in the long run our trading partners can buy from us only to the extent they are able to obtain the means of paying for their purchases by exporting to the Federal Republic. This argument applies particularly to the developing countries, suffering as they do from a chronic lack of foreign exchange.

Even such a roughly sketched picture as this should suffice to illustrate how multifarious, stimulating and exhausting is the work of the commercial counsellor attached to a German mission abroad. But it also shows the great demands that are made on his professional competence and his human qualities.

Mistakes have occasionally been made in the past in the selection of commercial counsellors for the Foreign Service. Not always has the right man been sent to the right place. But let us not forget: the new German Foreign Service is less than twenty years old, having been created in 1950. And the selection and posting of commercial counsellors and the formulation of the brief they take with them on their assignment raise many questions that could not be answered "according to the book".

Reform of the Foreign Office

Today, the Foreign Office has a much clearer picture of the kind and extent of economic reporting the German official bodies require for their work. More is also known about the tasks the commercial counsellor is called upon to perform at the various posts throughout the world. Those in charge of staff policy at the Foreign Office have a much clearer conception of the technical know-how the would-be commercial counsellor should have before he is sent out, what additional specific training he requires inside the Service to supplement his own knowledge of economics and the practical experiences he may have gathered in industry. They have also learned how to apply the so-called "rotation system" to the commercial counsellor in a way that benefits his career. By "rotation system" is understood the appointment in turn to minor and major missions in Western industrial countries, in Eastern state-trading countries and in the developing countries. And yet, in spite of the greater experience the men in charge have gained, it will remain a difficult task to post "the right man" to all the commercial counsellorships abroad.

Conditions of economic activities at home and abroad are bound to go on changing rapidly, and it will therefore be impossible to relieve the commercial counsellor of perhaps the most difficult of his many duties, i.e. always to keep "abreast of the times". This again requires forward planning, if the efficiency of the Foreign Service is to be on the par with the demands of the Seventies.

The Commission for the Reform of the Foreign Service, which was instituted by the Foreign Minister in 1968, has been given the task of ensuring that efficiency. Efficiency is no end in itself; its purpose is to serve our country and its economy. It is already clear that in the Commission's recommendations a large part will be devoted to the commercial counsellor.

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