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sources and generally still prevailing poverty among the rural population in the developing countries" ¹¹. Looking upon the agricultural sector as part and parcel of the total economy its guiding lines do away with part solutions which, in the past, have led to ill-developments and thus to a

¹¹ "Bewässerung und Düngemittel reichen nicht aus". (Interview with FAO General Director A. H. Boerma), cf. Handelsblatt, Düsseldorf, No. 60 of March 26th, 1970.

waste of resources. The "package solutions", drawing in the problems in their entirety, there-against mean marked progress for the development policy. The IWP thus has come to the fore with the first important step towards an international agricultural policy. Whether it will be an essential contribution for the Second Development Decade, however, will depend on the Second FAO Conference.

Promotion of Trade through Fairs

by Siegfried Rost, Frankfurt *

Those who want to help the countries of the Third World have gradually had to learn from experience that capital aid and technical assistance given by industrialised nations is far from enough to meet the most urgent requirements of developing countries. This has led, eventually, at the World Trade Conference which was staged in Geneva in 1964, to highlighting the problems of trade, export, and trade promotion for world public opinion. And this is why development aid, in order to be comprehensive and effective, must not consist only of capital aid, credits, free gifts and technical assistance. In association with other types of help, trade policy must take care of the interests of areas which are susceptible to development. There can be no doubt that aid through trade has hitherto been the weakest link in the chain of various forms of assistance, or it has at least lagged behind the progress of other programmes of support.

Trade — not Aid

This is the more to be regretted as developing countries have been long demanding emphatically to be given the opportunity to earn the funds to build up a viable economy by their own efforts, through increased exports of their products. These requests make it clear along which lines the nations which receive development aid would wish development policy to operate — they do not want to receive subsidies, which are really alms or gifts that tie the recipient, but they wish for cooperation on the basis of equal rights, no-

tably in the field of economic and trade relations. Trade — not aid, this has become the watchword which clearly expresses their aims. It will be understood easily that sales outlets beyond the borders of developing countries must be found urgently, not only for raw materials, which are usually much in demand, but also for farm produce and especially for the output of newly created industries. It is evidently impossible for the industrialised nations to supply all the world with their manufactured goods without, at the same time, admitting to their home markets the products made by their trading partners. Trade must never grow into one-way traffic, not even trade with developing countries.

Promoting trade for this purpose means, *inter alia*, to set up better contacts between the countries of the Third World and their potential markets. It is not enough for industrialised countries to pull down physical import controls and to grant tariff preferences, because in most cases developing countries lack the required know-how, the techniques of marketing, of advertising and sales promotion, as well as the knowledge of potential markets and the connections with them. One of the most valuable tools, applicable in many different ways, for overcoming these difficulties might be participation of developing countries in trade fairs.

Marketing via Trade Fairs

Modern international trade fairs are justifiably described as one of the most potent aids to marketing. Exhibitors find there a truly optimal op-

* Messe- und Ausstellungs-GmbH (Trade Fair and Exhibition Ltd.), Frankfurt.

portunity for dealing, at one fell blow, with important tasks of distribution and marketing, including:

- ☐ Market observation and market research;
- ☐ Product research and product development;
- ☐ Sales promotion;
- ☐ Advertising;
- ☐ Training and advanced instruction of sales agents and other staff;
- ☐ Opening up new relations with potential buyers and other interested parties;
- ☐ Selling to customers all over the world;
- ☐ Direct technological and marketing consultancy for all interested parties.

A trade fair for which the exhibitor has prepared himself carefully thus becomes the most economical and most effective form of operating in all these fields of endeavour.

Important German trade fairs have always been most interested in making their periodical exhibitions truly international. And this internationalism should be double-edged — not only salesmen and exhibitors, but buyers ought to come from all the corners of the inhabited world. It has become a firm tradition by now that about 25 p.c. on both sides are consisting of foreign nationals, and that they themselves are concluding important deals which never appear in official German statistics, though they make our trade fairs increasingly interesting and indispensable.

In the whole context of trade fairs, developing countries are potentially destined to play a major part. Their requirements for imports are virtually unlimited, especially for imports of investment goods. As nobody is able to buy more—or, at least, he should not do so—than he can pay for, developing countries experience difficulties in financing their intended purchases. The most direct way for them to acquire foreign currency is to increase their exports, and this makes international trade fairs so important for developing countries.

But to select from all the trade fairs the most useful one, or to display a given country's wares most advantageously in relation to its aims requires some knowledge of what international trade fairs are about, lest disappointments become inevitable. It must be made known that not every so-called trade fair is in fact a true trade occasion, serving business interests and not pure display.

Choice of Venue

The West German economy is built upon free competition and business initiative and in contrast to the countries of state trading monopolies, its market obeys the pressures of supply and demand. Therefore, German trade fairs and trade exhibitions have a severely restricted and purely commercial function.

At which trade fair to exhibit, and which kind of exhibition to attend, must therefore be decided on economic grounds: participation must be dictated by the economic objectives which are to be achieved. The first question that has to be settled is which groups of potential buyers should be persuaded to take an interest in the goods displayed — the final consumers or the specialised buyers of certain branches of trade. In the Federal Republic of Germany, a distinction is made between trade fairs and exhibitions: fairs which are designed as markets for the goods and/or services of one single or several sectors of production are usually open to commercial buyers only. Direct selling from an exhibitor's stand is not permitted at these meetings. Exhibitions, on the other hand, are directed to both commercial buyers and the general public, so that they afford an opportunity to test consumers' reactions.

Of what kind and importance a given exhibition meeting may be can usually be learnt from the catalogue, which contains a list of exhibitors, from statistical breakdowns on the areas rented by individual exhibitors, the numbers of exhibitors and visitors, and from testing individual fairs. Such information is available abroad from Federal German diplomatic missions and from the foreign delegations maintained by trade fair and exhibition

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administrations. In Germany itself, such facts are available on demand from AUMA (the Committee of the German Business Community on Trade Fairs and Exhibitions) at Cologne, and of course also from individual trade fair and exhibition companies themselves.

Specialised trade fairs, each single one being used by a broad and highly varied international community of businesses, may well offer today optimal opportunity for buying and selling. However, their usefulness for developing countries making a start in pushing their exports is limited, except perhaps in the cases of foods and food-stuffs fairs. Mainly for financial reasons, and due to the problems of adequate staffing, developing countries will not always be able immediately to attend a great number of such specialised fairs in overseas countries. Therefore, if it is intended first to test European markets it may be best to choose as the initial field of experimenting a trade fair which serves several and not one single sector of the economy. Such fairs have a structure which is determined by the variety of goods and services supplied by commerce, and thus may be used in many different ways for promoting exports.

It is true that the main visiting public of such fairs, too, consists of specialised trade buyers who work for the branches and sectors of the economy which flock to such meetings from all over the world, but the fairs still provide highly valuable information on which to build the planning of sales. The expenditure for visiting such fairs is relatively low, but this outlay pays for both finding access to potential markets for novel products and for learning about market organisation, the tastes of consumers, buying habits, for making contact with importers or their agents, and for widening the outlets for established products. Even raw materials and semi-finished products may frequently find buyers there.

Taking as an example the international fairs which are staged at Frankfurt-on-Main annually and invariably at the turns from February to March and from August to September: these are fairs for a multitude of branches of the economy, in which nine or ten sectors of the economy which supplement each other are represented regularly, and which are being attended by buyers from more than eighty different countries.

Preparation of Attendance at Fairs

After selecting a suitable trade fair, exhibitors must prepare for their attendance by market research, not only about the country which is host to this fair, but about all countries from which it is expected that buyers may come. Prices of exhibited goods must be closely calculated on the

basis of market research findings. Price lists must be made readily available and should be expressed in terms of various currencies. Import regulations and tariff positions in potential consumer countries must be studied in advance through enquiries there. At the same time, the goods to be expected have to be selected, and their display must be designed with an eye to the most favourable form of presentation, keeping novel products in the foreground of the display. People interested in buying are often travelling across half the world for learning about such novelties. Any product which is new to the fair is a good eyecatcher, and only when attention has been riveted to it will it be possible to extend business transactions to other products generally.

Preparations also include the mailing of invitations to the fair in good time by means of attractively designed multilingual handbills and brochures, which should go to potentially interested parties. Brochures must not be too long or tedious, their text must be brief and to the point but it should be illustrated in colour, and their contents ought to consider the specific psychology of each country in whose language they are written. They must not omit to point out that the sender will attend the fair, and they must mark the location of its display stand, or stands, at the fair clearly.

There is no large fair which does not attract extensive notices in the press, and its administration endeavours to make its fair interesting through a maximum number of novel exhibits. Publicity of this kind usually starts about six weeks in advance of the opening dates, and both local and foreign newspapers willingly publish relevant information of this kind. Advance notices about exhibits of a novel type therefore serve the interests of all the participants in a given fair — the producers, the administration of the fair, the press, and the buyers. Press notices of this kind ought not to be longer than six or eight typewritten lines, and they must not give more than the briefest possible summaries of the outstanding features of a novel product, without irrelevancies and without inadmissible boasting or puffs.

The Set-up of Exhibition Stands

Among the indispensable conditions for taking part in an international trade fair is an early submission of the application for taking part. Only after confirmation about allocation of a display stand has been received, work may go ahead. As the demand for space at established trade fairs is enormous, the list of conditions and application forms for an allocation of space must be collected in time from the fair administration or its foreign representatives.

General conditions for taking part in fairs or exhibitions usually list detailed regulations about the earliest times when stands may be set up and the latest date by which they must be dismantled, the local by-laws and safety regulations about permissible construction materials for the stands, maximum and minimum heights of the stands, the provision of light and power, water, gas and telephone connections. These rules and regulations must be carefully studied and adhered to. Apart from the position of the stand allocated, it will be important to learn in advance whether the fair administration provides standard stands, or whether construction of them must be undertaken by individual exhibitors. Exhibitors must also learn in time whether display sets or shelves may be prefabricated entirely or in part in their own countries, or whether the entire stand and its display parts are to be executed by specialised fair stand designers in the town where the fair takes place. In many cases, trade fair and exhibition companies publish directories of firms which specialise in such work.

Design plans for the exhibitors' stands must be drawn up in time because, in most cases, they are subject to vetting by the directors of the trade fair and/or exhibition.

Cost Calculation

Total costs of taking part in a given fair do not only include the expenses for designing one or several stands and for their construction, and the rent to be paid, but also the following items:

- ☐ Printing and/or duplicating costs of advertising material and publicity;
- ☐ Costs of transport and packing, and of customs handling of goods for display;
- ☐ Air fares and hotel costs, as well as maintenance for the staff looking after the stands and exhibits;
- ☐ Insurance premiums for the goods displayed during the fair;
- ☐ Cleaning costs for the stands and costs of the utility services used (electricity, gas, water, telephones);
- ☐ Costs of press receptions and receptions for individually invited guests.

The total bill will be dependent on a number of factors, including the kind of products shown, the costs of stand design, the scope of advertising and publicity, the length of the period when the fair is open, etc. It is strongly to be recommended to make an early estimate of total costs. Trade fair and exhibition companies will be able and prepared to give guidance on local costs of participation.

The Federal German Government is prepared to help finance the participation of developing countries in German trade fairs under certain conditions, as part of its development aid. Subsidies may be granted to such developing countries as may have a sufficiently wide selection of products suitable for genuine sales in the German markets but are financially unable to meet the total costs of attending fairs.

Applications for such subsidies are to be passed to the Federal German Government by the respective governments of developing countries, either through the German diplomatic missions accredited to them, or through the diplomatic missions of developing countries in Bonn to the German Foreign Office. The subsidies are intended to meet mainly the costs arising in foreign currency. Subsidies usually will be granted up to half the total costs incurred.

Aid by the German Federal Government

The proposal to invigorate the exchange of goods with the countries of the Third World by inviting them to take part in West German trade fairs was originally submitted by the present author, and it is now being practised by the Ministry for Economic Cooperation in Bonn, starting from 1965. Considerable funds are invested in this form of aid. Fortunately, it may be stated that over the last five years, this kind of starting aid has proved its value many times over. Other countries have followed the Federal Republic's initiative. Developing countries have thus been able to sell to industrialised countries products which had been unknown to them before. Additional income in foreign currency, which has resulted from these exports, has certainly eased their economic position and has made their exporters and producers more export-minded than they were before, and this is the main object of the exercise.

Most developing countries in overseas have since learnt that trade fairs are the big switchboards for making contacts in markets in those countries which they select for seeking and finding export outlets. They have also learnt that lasting business connections are possible only through their own genuine export initiatives, which means that their producers and exporters must tackle this task without depending on starting aid given by third parties alone. It provides much ground for satisfaction that the representatives of developing countries have developed extensive travelling activities, learning more and more how to find their ways in the markets of industrialised countries, that they have been learning foreign languages, that they have mastered the methods of exporting, and that many of these countries have become regular exhibitors at trade fairs.