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Partners for Progress

Interview with Dr Manfred Busche, Managing Director of the Berlin Company for Exhibitions, Fairs, and Congresses, Limited, on the 12th Overseas Import Fair

IE: Dr Busche, it is now twelve years since the Overseas Import Fair "Partners for Progress" has taken place for the first time. What was the original idea behind this Fair?

BUSCHE: Basic intentions, which originally were the foundations of the Fair, have since been narrowed down, for, in the past, not only economic but political and cultural information about the developing continents, of which Europe began to become conscious then for the first time, belonged to the themes of the Fairs. Since then, the contents of that information have been gradually fined down to economic facts on display, and the exhibition tended to become a purely commercial fair. By reducing the number of subjects about which the Fair informs the public, however, the range of its tasks was widened at the same time: Representatives of supplies and of demand are now brought into contact with each other, fed with useful information and offered a great deal of services. This development was unavoidable, as the task of pure information had somehow been dealt with and

became superfluous. On the other hand, it had been among the original intentions to enable the participating overseas countries, of which most were then correctly described as LDCs, to display the goods and services offered by them to European import markets concentrated on a single site.

More Participants

IE: It is a novelty that, during recent years, also industrialised countries, including the U.S. and Japan, have been taking part in your Fair. Which were your reasons for inviting also exhibitors from such countries?

BUSCHE: In the first instance we anticipated that some overseas LDCs would lose the status of LDC, as defined by the OECD and the German Development Aid Taxation Law, sooner or later. For the Lebanon and Brazil, for example, this could be foreseen clearly. On no account did we want to deprive such countries of the possibilities which they had been offered here for some years of transition, after they had reached a certain stage of development.

We intended to maintain their contact with German and European importers for the duration. From this decision, it was not a far step to include also such countries as did not belong to the group of LDCs, from the very beginning of their being represented at the Fair. That is why U.S. and Japanese companies, and from the outset also firms from, for instance, the British crown colony of Hong Kong, were invited, but it must be emphasised that for such non-LDCs no financial support has ever been available. By widening the scope of supply offers, by which also new demand is created, LDC participants in the Fair were intended to obtain increased advantages. As a matter of fact, such benefits could be observed. Through including these regions, the weight this Fair carries and its long-distance effect have, without doubt, increased.

IE: Is there no risk that highly developed countries, which have recently joined the exhibitors, compete needlessly with LDCs in overseas, in spite of the latter's chances to export their

own goods being the main purpose of the Fair?

BUSCHE: You are right, in so far that initially our exhibitors did express such fears. However, experience has shown that countries like the U.S. have been offering completely different products, which means that, during the fairs, no competition has developed between industrialised nations and LDCs.

Regional Demarcation Lines

IE: Europe is not without its LDCs, e.g. Spain, Greece and especially Portugal, that fall within the LDC definition of OECD. Would it not make better sense to give up the restriction of inviting to the Fair only overseas countries?

BUSCHE: It is necessary to draw the line somewhere and not to overextend the market segment. In spite of several attempts to imitate our Fair, it has remained unique for Europe. One of the major reasons for this, especially in view of the frequent complaints about the dispersal of fairs — not only in the Federal Republic but all over Europe — is that ours is based on an unambiguous, clear, and fertile concept. The whole has to be viewed in relation to German and European import business structures: both for the exporter and the importer, relations are much simplified and rationalised if and when they are enabled to meet with their well-known or potential overseas trading partners in a single place at the same time. Neither financially nor in terms of the time wasted, for example, can a shoe-buyer afford to travel to seven South American countries in order to study supply conditions there. In fact, big European department stores and/or buying associations organise their important management geographically, in the first instance, and not according to

different categories of goods — and our Fair only emulates their practice — which means that purchases are being prepared for by their import departments, whilst departments dealing with different goods later carry out purchasing agreements. This goes to show that it was wise to restrict our Fair to supplies from overseas only. Actual development of the Fair has confirmed how right our selection was.

IE: But does not your Fair work against the growing trend to setting up specialised exhibitions of individual categories of production, which could result in sections of your Fair being split-off to specialised exhibitions, which may then be divided up into regional parts?

BUSCHE: In my view, export structures of overseas countries do not bring about such risks at least not for the next ten years. The volume of their exports is simply not large enough, their diversification does not go far enough for sustaining the split-up into dozens of specialised fairs.

Financial Aid for LDCs

IE: Most participants of the Fair are LDCs for which their taking part means a not inconsiderable burden to be met in foreign currency. Do these countries receive grants-in-aid for meeting such costs?

BUSCHE: Participating LDCs from overseas in the sense of the OECD definition are indeed paid some grants-in-aid, though on a diminishing scale. Participants listed as LDCs by OECD and the Development Aid Taxation Law receive per country financial aid up to a maximum of DM 20,000. This amount is equal to those which the Federal Ministry for Economic Cooperation pays as aid to participants in other fairs on Federal German territory. Other participants, in-

cluding Hong Kong, the U.S. and Japan, do not receive such grants-in-aid or subsidies of any kind.

IE: Which are the indicators determining the size of the grants to any given LDC?

BUSCHE: When grants are made, no discrimination applies to the volume of participation between different countries. Should a given country be strong enough economically for sustaining twenty companies' exhibition stands at the Overseas Import Fair, individual companies will receive smaller grants pro rata. In other words, the more companies take part, the smaller are the subsidies for the individual company. Since the Fair now encompasses not dozens but hundreds of exhibitors, you can work out for yourself that the impact of German subsidies has declined over the years. In other words, a steadily growing share of actual financial and organisational efforts must be borne by participants, notably by the companies exhibiting at the Fair but also by participating government or partly government-owned organisations themselves. Therefore, already in 1967 our contribution represented for various countries only about 10 p.c. of the costs incurred by exhibiting.

Why in Berlin?

IE: What were the reasons to choose specifically Berlin as the venue for the exhibition? Was this connected with the intention to transform Berlin into a "rail junction for East-West trade"?

BUSCHE: The choice of Berlin as our venue was arbitrary in so far as the idea of our Fair originated here and not anywhere else. Further development of this idea took place here, however, by definite choice because, during the sixties espe-

cially, it was in Berlin that many organisations dealing with development aid in its widest sense have been set up in Berlin, e.g. the German Foundation for International Cooperation, the German Development Service, and the German Institute for Development Policy. Another reason why Berlin is particularly suitable for such an event is the fact that Berlin is known worldwide. In Asia, in Latin America, or in Africa, it would be much more difficult to make a splash for any other German city.

IE: Which effect has your Fair on mutual trade between participant exhibitors?

BUSCHE: The effect is there, and we became aware of it already in the early stages and much to our surprise, it assumed considerable dimensions. To date, it may be estimated that at least 20 p.c. of all new trading relations originating from the Fair are of this kind. It is worth mentioning how great are the difficulties in many cases for LDCs and overseas countries for establishing mutual contacts. I am thinking especially of trade relations between East and West Africa, and between French-speaking and other African countries. The Fair offers an abundance of opportunities for overcoming these difficulties. It is one of the most agreeable side-effects of the Fair that it invigorates trade relations between overseas LDCs.

Long Delivery Periods

IE: Are the chances supplied by the Fair for establishing trade relations also being utilised by importers from other countries than West Germany?

BUSCHE: For a number of years we have been keen to attract buyers and importers from the entire Common Market area and also from other neighbouring countries in Europe. One of the most effective instruments

of this endeavour have been the organisations that have their delegates sitting on the Specialists' Advisory Board of the Overseas Import Fair. They have sent out invitations to take part in the Fair to their counterparts in other European countries or to their European federations. In many cases, they do this already without ourselves having to prod them.

IE: Department stores and mail order companies will probably find that the timing of the Fair is too late in the year because their orders, especially because of the long routes over which bought goods have to travel, will not be filled in time for the Christmas rush. Have you ever thought of shifting the time of the Fair from early autumn to another part of the year?

BUSCHE: From the outset there have been talks about the preference for a period during the spring or the autumn for the Fair. Up to now, those who favour a time in early autumn have remained in the majority. Though department stores were definitely pioneering the strong interest in the Fair, trade between suppliers and companies which are not department stores, through the instrument of the Fair has vigorously grown, among them being the classical import and export trade, trade agencies, industry, and industrial wholesalers, as well as several other sectors of the economy of which we had hardly thought when we were mounting the first fairs. But even department stores seem to be quite satisfied with our present timing of the Fair between late August and the middle of September. There are only few who believe that goods bought could arrive in time for the Christmas rush, and one of the reasons for this is the fact that all delivery times in trade with overseas countries cannot but be long.

Advisory Services

IE: Is there any aid you are offering foreign missions in Germany and foreign companies outside the framework of your Fair, especially during the intervals between Fairs?

BUSCHE: We have commissioned and published a number of basic monographies. One of them deals with the problem: How does one export to Europe, especially to the Federal Republic of Germany? And there is a parallel pamphlet answering the question: How does one import from overseas countries, especially from LDCs? Such studies are intended to aid both producers and traders through information. Moreover, we are publishing a magazine in English and French, which discusses topical problems of foreign trade, describing especially general regulations about imports, the absorptive capacity of certain specialised sectors of the European market, but also the capacities of certain non-European industries for delivery. The magazine does not publish debates on basic problems of economic policy or theoretical aspects of foreign trade, because it is intended to be of severely practical value for traders and officials which are engaged in practical export promotion.

In addition, there is not a single week in the year during which we do not receive half a dozen practical enquiries, for example, whether a given product or a wider selection of goods might be of general interest for German or European markets, or whether such products might be suitable for being exhibited at the Overseas Import Fair. Such questions are either answered by ourselves from our own store of knowledge or we try to work out replies to them in cooperation with the associations and organisations which are represented

on the Specialists' Advisory Board of the Overseas Import Fair, for example, with the Contact Agency for promoting Imports from LDCs of the German Federation of the Wholesale and Foreign Trade, with purchasing associations, that have become a progressively more important form of purchasing organisation, or with the Foreign Trade Association of the German Retail Trade. But we give such service not only participants in the Overseas Import Fair. On the contrary, by far the majority of such enquiries does not lead to participations in the Fair.

Decreasing Difficulties

IE: There is a recurring problem especially for trade fairs: Suppliers from LDCs cannot deliver in time, or not in sufficient quantities. Which experience can you contribute to this problem?

BUSCHE: Such difficulties have been severer in the past than now. That they have decreased is due to an adaptation process through which both groups of partners have passed. On the one hand, German importers, especially those who in the past did not import from overseas, have learned what to expect and, on the other hand, overseas producers have learned to cope with the special requirements of German and European markets. A lot of information which, during the sixties, we had to supply has in the meantime, quite naturally, become part and parcel of knowledge accumulated by many organisations for promoting exports. This means that a great number of reports, information, hints, and frequently also admonitions are no longer needed. This has enabled us to drop a particular form of instruction which, during the early years, had been an indispensable part of our activities, viz. the two-day introductory seminar for exhibitors at the Overseas Import Fair.

IE: Many companies in LDCs and German and/or European firms might proceed best in the form of cooperation treaties. For exporters so tied, this would make it unnecessary to continue to take part in the Fair. Does this create a danger for the survival of the Fair?

BUSCHE: Quite a number of exhibitors have indeed proceeded to closer cooperation, especially in cases where governments make special efforts to favour such cooperation. It is, however, surprising that there

were only very few cases in which exhibitors withdrew from the Fair. The main reason might be, in most cases, that their business acumen persuades especially producers to keep more than one iron in the fire and to cultivate alternative contacts, for it is an old rule of business-like behaviour to diversify risks widely in regard both of supply and purchasing engagements. And in order to cultivate contacts with actual and potential trading partners, there is no better tool than a trade fair.

The Code of Conduct for Liner Conferences

In its August issue *INTERECONOMICS* published, following the article of W. R. Malinowski, an article by Dr K. Reese of the University of the Witwatersrand in South Africa. It seems fair to print Mr Malinowski's comments since, while his article is a survey of the main results of the Conference of Plenipotentiaries, Dr Reese's article is a commentary of some features of the Code of Conduct for Liner Conferences.

The Code of Conduct, the main features of which are summarised in my article, does not contain any "anti-economic rules". It simply institutionalizes, *inter alia*, cargo sharing, and cargo sharing is practised by many shipping conferences. If Dr Reese wishes to be consistent and to preach "freedom of the seas", he should also have criticized the restrictive, cartel-like activities of shipping conferences.

Dr Reese gives a rather detailed history of flag discrimination in the United Kingdom. He implies that the philosophy of *laissez faire* had taken hold in England only when England, through flag discrimination, had gained a dominant position in maritime transport. The Code of Conduct is not designed to give any country a dominant position. It does not include any scheme for redistributing world liner tonnage, although admittedly it opens the door wider to new-

comers to shipping. Such an opening seems necessary since some traditional shipping nations assured their dominant role through flag discrimination and only thereafter invoked the so-called principle of "freedom of the seas" to make it more difficult for others to participate effectively in world shipping.

Dr Reese obviously makes a value judgement in wanting to preserve the pre-Code *status quo* in shipping. UNCTAD admittedly is helping developing countries to accelerate the process of decolonization in the field of maritime transport. Dr Reese may like to know that decolonization in all spheres happens to be the objective of the whole international community and has been accepted by the United Nations. You may call it a political objective if you wish. However, "sound economics" should not be a cover for the preservation of an unjust *status quo*. W. R. Malinowski