

Important Issues Arising in Increasing International Competitiveness of Exports at Present

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The great leader Comrade **Kim Il Sung** said as follows.

“Increasing the production of goods for export will enable us to boost our foreign trade, ease the strain on foreign currency, and import more of the machines and equipment which we need.” (“KIM IL SUNG WORKS” Vol. 31 P.106)

To increase the international competitive power of exports is one of important ways to develop foreign trade. Without this, it is impossible to expand and develop foreign trade.

The international competitiveness means the opposing power of goods in the international market. In other words, it is to decide which goods of the same kind of different countries are in great demand in the market and which ones are unmarketable. Therefore, it is impossible to increase export unless the competitiveness is enhanced.

This competitive power is determined by that of price and nonprice. The main factor of price competitiveness is the value embodied in the relevant export goods and that of nonprice competitiveness is the quality with other goods but more expensive, its international competitiveness is weaker.

What is important in increasing the international competitiveness power of exports at present is above all to enhance their price competitiveness.

The price of exports is evaluated and decided by their international value in the international market. Therefore, if the value of its exports is lower than in international value any country can gain profit in export, but if not it suffers loss. This means that the international competitiveness of exports gets high only when their prices are lowered as compared to international value.

The international competitiveness and price of exports are closely connected with each other. A merchandise with high price has weak international competitive power and the one with low price has strong international competitiveness. To increase the international competitiveness of commodities their prices should be brought down as compared to international value.

It is necessary above all to improve the production techniques and processes as required by the age of knowledge economy.

Only then, can the value of exports be lowered.

Exports producers should manage production techniques, processes and organization meticulously in order to combine elements of production, which have been improved in line with the requirements of the age of knowledge economy, in the most rational way. They should organize the production of exports so that the production cost is lowered as much as possible, thereby bringing down the value and price of exports.

To lower the exports prices against international value it is also necessary to constantly raise labor productivity.

By doing so, we can reduce the rate of consumption of raw and other materials per product and labor cost.

A rise in labor efficiency leads to an increase in production per man and therefore the growth rate of labor productivity gets faster than that of labor cost and the part of labor cost decreases in the cost per export. In this case, the constant costs per export, including depreciation cost and business expenses, will also decrease. The reduction of labor and constant costs in the cost per export brings about changes in the value of the export, which leads to price reduction.

To bring down exports prices below international value it is needed to develop science and technology and enhance the technical knowledge and skills of workers.

At present, it is a global trend to boost science and technology steadily and put production on a modern and IT basis. The introduction of new scientific and technological achievements has created new sectors of production and upgraded old and backward sectors into efficient ones.

Workers should also steadily enhance their technical knowledge and skills so that they can operate advanced equipment like information industry facilities. Only then, can they boost exports production, improve their quality and lower their costs and prices.

To lower exports prices it is also important it raise the efficiency of mental labor as required by the age of knowledge economy.

In the age of machine-building industry, physical labor formed the major component of productive labor and material wealth was produced mainly by physical labor.

But in the present age of knowledge economy, priority is being given to industries of advanced technologies like information technology and production and management have got more dependent on mental labor in all economic sectors.

The value of exports cannot be lowered unless the efficiency of mental labor, which forms the major component of productive labor in the age of knowledge economy, is raised. Therefore, the increase of effectiveness of mental labor can be claimed to be prerequisite for lowering the prices of exports.

Another important issue in increasing the international competitiveness of exports at present is to improve the quality of exports uninterruptedly.

The quality of exports can be said to be a major index for increasing nonprice competitiveness. Exports of high quality can beat goods of any countries. Such goods are in greater demand than low-quality goods when they have the same price. In some cases, quality takes precedence over price in determining the international competitive power of exports. In the present times, people say the price race has turned into the nonprice race in the international market. So, it is imperative to strive to improve the quality of exports in order to increase their international competitiveness.

To improve the quality of exports, it is necessary to be well aware of the qualitative indices of exports and produce them accordingly.

The qualitative indices of exports are very complex and demanding. For example, rape oil has lots of qualitative indices such as color, taste, smell, transparency, moisture, content of volatile substances, sediments, acid value, iodine number, substances that have not been saponified and ignition temperature. According to differences in such indices, rape oil is classified into refined oil crude oil and the latter is again subdivided into first grade and second grade ones. Rape oil for export should be refined or first grade one and the refined oil is more expensive than the crude oil.

Commodities are different from each other in qualitative indices and they should be manufactured in line with the indices required in the international market. The goods that are not up to the standard have no international competitive power and are unmarketable abroad.

Therefore, to increase the international competitiveness of exports it is needed to improve their quality and to this end it is imperative to manufacture goods as required by the relevant qualitative indices.

To boost the quality of exports it is also necessary to positively introduce the international quality certification system and bar code.

The enforcement of the certification system is aimed at making enterprises of all countries manufacture goods in conformity with the rational quality standards that are well known internationally. This enables enterprises to ascertain their quality when buying them to consume.

Brisk activities are now conducted for mutual certification of the quality control system on a worldwide scale and there is a growing tendency towards carrying on transactions among the enterprises, which have been certified that they are equipped with the system of producing goods up to the standards fixed by the International Standardization Organization. This is because the introduction of the international quality certification system is essential to increasing the competitive power of exports at present since it guarantees that the goods have been made by international standards.

The introduction of the international quality certification system makes it possible to raise the quality of goods at the highest possible level and import warranted goods from any countries around the world. This enables us to expand export trade and secure more materials and funds needed for the socialist economic construction. That is why we should positively introduce this system, improve the quality of exports and increase their international competitiveness.

The introduction of bar codes into the production and export of goods enables all the dealers to establish a unified communication system and ensure correctness in the forwarding, transport and keeping of export goods. And the costs and time can be reduced as much as possible in connection with the management, classification and forwarding of freight in ports and railway stations and goods be dispatched to destinations correctly in time.

Unless internationally standardized bar codes are introduced, it is hard to put goods on sale in foreign market and dispatch them to any destinations, however good their quality may be, and it may be impossible to sell them at shops. As foreign consumers are accustomed to consuming goods with bar codes, they do not try to buy goods without them, regarding them as unidentified and sham goods.

After all, export goods without bar codes cannot win international competition, only to be denied an access to market.

The positive introduction of bar codes into exports and the timely and correct ensuring of electronic character of export trade make it possible to increase their international competitiveness and maintain credit.

To improve the quality of goods it is also necessary to achieve close cooperation between exports production bases and scientific and technological research institutes.

Because it is impossible to go to international market and the already obtained market may be

lost unless efforts are concentrated on the development of science and technology and their achievements are applied to exports production and sale in time.

In the present age of knowledge economy the cooperation between the exports producers and the research institutes is imperative to improve the quality of exports and expand export.

What is important for the producers in this cooperation is to make contact with relevant research institutes and jointly work with them to find out elements of development that are popular among consumers.

In improving the quality of exports it is important to search for elements to develop the existing export goods into more popular ones. But it may be very difficult for the producers to seek new development elements all alone. Therefore, they should work together with the research institutes.

Close cooperation enables them to discover new development elements, which can attract foreign consumers, and add them to exports and improve their quality.

An important thing in the rational combination of the producers and the institutes is to make the modes of combination and transaction flexible in order to proactively cope with the frequent changes in the international market.

The situation of global commodity market changes from time to time.

The change is incomparably faster than before in the age of knowledge economy when science and technology see rapid boost. Exports producers that cannot promptly react to the ever-changing market will be unable to produce goods in line with the business fluctuation and improve their quality.

That is why it is necessary to survey the sales situation of exports and prospective demands for them at all times and anticipate the technical renovation of exports.

The other important thing in the combination is for producers to have regular contact with a variety of scientific and technological research institutes in keeping with the technical requirements of exports production.

Advanced industry and low-carbon goods require profound scientific and technological knowledge. They are recognized internationally as exports of high quality.

The exports production bases should keep in touch with various research institutes that are related to their exports and organize work scrupulously to produce such advanced goods. Only then, can they increase the production of internationally competitive exports, improve their quality and expand export trade.

We should work harder to build up the international competitive power of exports, thereby further expanding and developing foreign trade.