that business methods used by Americans are frequently cited as inconsistent with local custom.

The inability or lack of desire of American business people to do more than one thing at a time has frustrated many a visitor to a foreign businessman. Even with an appointment set well in advance (a *sine qua non* for meeting foreign business people), the American is disturbed when matters not relevant to the agenda are constantly distracting the potential client. This situation obtains throughout Latin America. The opposite of this type of distraction occurs in the Far East, where I have sat over tea or coffee for several hours before it was apparent that the businessman was ready to talk about the subject uppermost in my mind.

Some Observations.—Although my subject is the promotion and marketing of chemical products, it should be apparent that I believe that the problems I have described apply to all forms of international business. Those who wish to penetrate the emerging markets of the world must build on European and Far Eastern marketing techniques. It is as absurd for us to attempt to use their methods in our culture as to try to force ours on them.

The schools of business administration of our universities and the professional management training organizations would be well advised to develop curricula for training Americans in the promotion and marketing of American products in the context of business practices of the target areas. Joint efforts between the departments of languages, anthropology, sociology, and business administration together with intern programs could develop international marketeers who would think in terms of a specific area of the world and avoid the frustrating loss of business because of, to use a strong word, incompetency. The type training which is needed is not primarily that commonly associated with marketing and business methods. It is rather a technique for identifying traits and values that dominate a society or business community, and then interpreting them in terms of the marketing or manufacturing project being planned.

Some companies have chosen to train foreign nationals in their own sales, promotional, or manufacturing methods. The vulnerability of these companies to loss of trade secrets is high. The loss of investment in a foreign national who can command a higher position in local companies as a result of his American training is another vulnerability.

Europe is becoming prosperous at a great rate, but the American businessman finds frustration in the fact that business methods are similar to those used here over a generation ago. He tends to insist on breaking traditions at too fast a rate, instead of accommodating to the pace and method of Europe and persuading from within. With our great technological and marketing know-how, it will be a shame if we get there "lastest with the leastest" just because we insist that all foreign markets must conform to American business methods.

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European Chemical Market and Economic Information. Problems, Approaches, and Sources*

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Our objective in preparing this paper has been primarily to set down in an orderly fashion those tools which we use daily, or occasionally, to develop as sound and thorough as possible commercial information to guide our Company's chemical activities in Europe. We should add that the content of our paper is not limited to chemical product export marketing alone, but includes information for other areas of international chemical business, namely, licensing, joint-venturing, and investment studies in Europe.

Before getting down to specific problems on the European scene, let us put these problems into context by thinking about the information needs in Europe of an American chemical company, and specifically, its International Division or otherwise designated group charged with international business activity. These information needs may take on extra dimensions in comparison to the United States.

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Take the example of a modest-sized U. S. chemical company which has carried a unique, patented product from laboratory research and development through a successful pilot plant operation, that is, successful in terms of semicommercial technical and economic operation, and the product has also shown promise from field sampling. In the U. S., it is the function of the Commercial Development Department, or similar group by another name, to determine:

(1) A market forecast for the product in terms of potential quantity sales, dollar sales, competition, etc.
(2) A marketing study in terms of optimum methods of distribution, technical service requirements, sales promotion methods, etc.
(3) Based on these two studies, and of course, forecasted production cost studies, a profitability analysis.

This type of information guides the management's decisions on

(a) If and when to build a commercial plant
(b) Where to build the plant
(c) What capacity of plant to install
(d) How to distribute, promote and service the product

Hopefully, our mythical company has been sufficiently internationally minded to have filed foreign patent applications, and, after the product is getting successfully through its commercial adolescence at home, the management turns to the question of how profits on this technology can be maximized overseas.

Now, the extra dimensions in information needs come forth. Confining the question to Europe, several obvious alternatives present themselves, as follows:

(1) Export the product to Europe from the U. S.
This may not be possible if physical reasons prevent export (for example, toxicity, instability, flammability, etc.) or economic reasons may prevent export (high freight costs; high duties might price the product out of the European market).
(2) License one or more European companies to produce and sell in Europe.
(3) Form a joint venture with a European partner to produce and sell the product in Europe, or
(4) Build one's own plant in Europe.

Broadly speaking, as we view the alternative spectrum from simple export sales to investing in a European operation, financial risks are increased, and the needs for information, *at least* as detailed as would go into a domestic investment, come forth. However, new areas of investigation have come about; for example: (1) ocean freight rates; (2) European inland freight rates; (3) European regulations governing chemical product use; (4) European tax rates, as well as U. S. tax treatment of foreign income; and (5) European national and supernational laws governing companies, trade practices, antitrust, etc. This is to name but a few extra dimensions confronting the person analyzing the best profit direction for his company, and subsequently guiding the program chosen.

We would now like to focus on Europe in terms of the problems it presents to one who wishes to study a particular chemical market in terms of volume, consumption pattern, producers, price, distribution methods, and all the other ingredients of a proper market and economic study.

1. Firstly, and by far most important, there *is no such thing as a European market*, but a collection of eighteen or nineteen *individual* national markets and economies—give or take one or two, depending on whether Iceland or Turkey are in your list of European countries—and this does not include the East Bloc countries, which, while presently of growing importance in terms of U. S. trade, are not covered in this discussion. You are all aware of the European Common Market, the European Free Trade Area, and the Organization for Economic Cooperation and Development (the OECD). While the Common Market is moving toward zero internal and common external customs duties, this is no real help to the information gatherer in terms of a central focal point or points for economic information.

2. Each of the European countries is not only a *separate* market, but usually a *different* market. The ECM has programs in operation to harmonize company laws, industrial property (such as patents) laws, tax laws, and laws of competition, but each member nation has, and will have for the foreseeable future, its own separate and distinct: (a) system of government; (b) code of laws; (c) courts and police; (d) armed forces; (e) language (or languages); (f) currency, bank, and tax systems; (g) statistical gathering agency, etc.

In terms of chemical markets, several factors may cause tremendous differences between countries. One might note that the populations of Sweden and Greece are of the same order of magnitude, but a quick look at relative gross national income, and hence per capita income, shows a buying power of a completely different order of magnitude.

End consumer tastes and practices may vary widely, even at a comparable standard of living. A good example affecting chemicals is laundry bleaches. The German, English, and most Northern European housewives boil their laundry, and hence can use sodium perborate bleaches. No market exists for perborates, for example, in Spain, where low temperature washing obviates the use of perborates which are inactive in these low temperatures. On the other hand, the German housewife can, but would not use a chlorine compound such as we use in the laundry, as chlorine odor is deemed offensive. In Sweden, a chlorine compound, we believe, would be ruled out of household laundry products by law.

In summary, each nation of Europe requires a separate evaluation. What we mean is as follows: One can take population, per capita income, and other more specific market indices, and apply U. S. patterns to these data and get an estimate for the present and future market of a given chemical in the countries of Europe. This estimate *may* apply to some countries but be disastrous in others.

3. A third problem area arises even when one does get statistics on chemicals from the various national or quasi-national statistical agencies. Often, as does our Commerce Department, when there are only four or less producers of a given product, the government agency will lump the data into a "catchall" class in order not to reveal con-

fidential data. If there are data on a product, are the quantities on the same basis? Are they reporting 27.5% H_2O_2? 35% H_2O_2? or a theoretical 100% basis? They may known in Germany, but not in Austria. Also, we must remember that we are looking at metric units, and someone must be fluent in the local language to understand the nuances of commerical terms. Even if, in the area of national statistics on production, consumption, exports and imports, we get a thorough and consistent set of data, the combining of these data has its pitfalls. One must know the origin of imports and the destination of exports in order to avoid possible double counting. As a good example, vast quantities of chemicals are brought into the Rotterdam area Europort for transhipment by barge, rail, or road to many parts of Europe. Thus, Dutch consumption of a given chemical may only be a minute fraction of the published Dutch imports.

4. A fourth problem area lies in the practical aspects of doing field surveys in Europe, that is, personal interviews at companies, trade associations, government agencies, and other places where facts and opinions may be found. Obviously, there is the language problem. Managers of large companies frequently speak English fluently but prefer their own language for subtle business discussions. Incidentally, some differences in American versus British English can hamper communication. Another practical headache of personal contacts is that communications and transportation may not be American style. Dutch or Swiss direct-dial long-distance phones, and excellent railway service, may not be the case in Spain or Italy.

Probably the aspect of personal contacts in Europe requiring the most attention is that of protocol. Basically, the European chemical businessman is not used to the sharing of nonconfidential market and economic information as is practiced in the U. S. An appointment must be made with someone who is not only in a position to know the field of discussion, but he must be empowered to impart this information to the interviewer. Personal rapport must be established to a greater degree than here. Especially after a number of meetings, it has been our experience that interviews can yield as much, and often more, than can be derived in the U. S.

We would like to turn now from the problems of information gathering, to some approaches and sources of information.

(1) Firstly, whether the information need be for exporting to, licensing in, or investing in Europe, it is foolish to ignore what is available at home. While our manuscript lists only those U. S. government sources which we find most useful, vast reservoirs of information are made available by the Bureau of International Commerce, BDSA, and many other U. S. government agencies. Moreover, the United Nations Statistical Office brings together the services of the various U. N. agencies.

A frequently overlooked source in the U. S. may be the various major banks. Many of our larger banks—we hesitate to mention some for fear of omission—have branches and/or offices in the major cities of Europe, or work closely with European correspondent banks. One New York headquartered bank has a department in Paris doing nothing but acting as a consulting office on Common Market industrial information for clients of the bank.

Europe, of course, is well represented in the U. S. Most of the major chemical companies—the ICI's, Bayer's, Pechiney-St. Gobain's, to name a few—maintain liaison offices in the U. S., particularly in New York. Also, Chambers of Commerce and industrial development bureaus of European countries are frequently represented; the Netherlands Chamber of Commerce in the U. S., the German-American Chamber of Commerce, the Greek Industrial Development Corporation are examples.

Lastly, on the subject of U. S. representation, we should not fail to mention the commercial people attached to the embassies and consulates of European countries, located in Washington and frequently in several major U. S. cities.

(2) While there is great value in doing the "homework" in terms of studying the available information in the U. S., there is no substitute for going to Europe. Whether it be selecting sales agents or finding a licensee or a partner, one must see the many markets of Europe first hand. Hopefully, your company will send an experienced person from a properly organized International Division. If you are the person going for the first time, we repeat our earlier comments on getting advice on local protocols governing visiting European firms. Moreover, we suggest taking to heart Mr. Howerton's excellent comments on the problems and subtleties of communicating in foreign markets and studying the books he recommends.

When in Europe, in addition to the companies you are scheduled to visit, don't overlook the U. S. bank branches, the U. S. Embassy and Consular commercial officers, and the local government officials, where you will have a variety of viewpoints from which to check and cross-check the facts and figures which you have been given by private companies.

To augment the efforts of an American company having no experienced international personnel, the use of private consulting firms that employ European nationals may be valuable.

Several of the U. S. chemical market and economic study firms maintain staffs in Europe. Moreover, there is an ever increasing number of local firms in Europe specializing in commercial intelligence on chemicals. In our experience, the European branches of U. S. firms have the advantage of understanding the American company's problem and viewpoint, while the local firm may have more insight into, and contacts in, a specific national market.

In conclusion, we offer a classified listing of publications and organizations which we find to be most helpful in searching out nonprivate sources of commercial chemical information in Europe.

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Legal and Patent Problems in Import–Export Marketing of Chemical Products*

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The expanding American chemical industry, with its potential overcapacity, is being forced to look abroad for markets and for raw materials. Yet, U. S. export trade is only a small fraction of its domestic sales. According to the Bureau of International Commerce[1] only about 20,000 out of the 300,000 U. S. manufacturing firms are exporting any part of their output and only about 125 out of the 500 largest American companies derive as much as 10% of their sales dollar from exports and foreign operations combined. Few of the firms venturing abroad are well informed regarding the legal and patent hazards involved in export–import trade. This report will deal first with the general legal aspects of export–import and then point out the special problems involved in exporting to the European Common Market.

Terminology in Import–Export Agreements.—One of the finest sources of general information on export–import trade is a handbook entitled "An Introduction to Doing Import and Export Business," published by the Foreign Commerce–Foreign Policy Department of the Chamber of Commerce of the United States, Washington, D. C., 6th Ed., 1962, $2.00. It provides sources of trade information, a list of associations and organizations providing assistance to business firms, methods of importing and exporting, form and substance of the import and export order, financing, advertising, and general information on foreign trade restrictions. However, it does not provide an adequate statement of the legal aspects of foreign trade.

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** Dr. Wade is a chemist and registered patent attorney. Any opinions expressed are solely those of the author and do not represent any policy of any company with which the author has been or is currently associated.

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