INTERNATIONAL TRADING COMPANIES FOR DEVELOPING COUNTRIES-LATIN AMERICA

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Abstract

The paper discusses the suitability of applying Brazilian and East Asian models of international trading companies (ITCs) to the Latin American environment. The adjustment process in developing countries is presently moving from the import-compression to the export-expansion phase requires a fresh look at the LDCs' international business activities. As for Latin America, one of the current solutions to improve the balance of payment may therefore constitute improved productivity in its foreign trade account, through genuine export promotion and irport substitution. Searching the alternatives of improved export/import performanc, we present a case for ITCs in Latin America through analysis and comparison of ITCs in Brazil and East Asia.

INTERNATIONAL TRADING COMPANIES (I.T.C.s) IN BRAZIL

The international trading company (ITC) as an international marketer is not unknown in Latin America. A number of the ITCs based in other parts of the world have been operating here. Also, the firms which, are not formally labeled as ITCs, actually perform similar functions - as exemplified by subsidiaries of U.S. multinationals. On the other hand, there exist genuinely Latin American, ITCs. In Brazil, the first ITCs were set up in 1972. Approximately 100 of them were licensed as of 1982 and altogether accounted for 30.3% of the total exports of that country (ABECE 1983). While the surveys of Brazilian customers who used the intermediary of Brazilian ITCs revealed a substantian dissatisfaction with the services rendered by the latter (Schmidt 1981, pp. 67-76; Castello 1981, de Carvalho 1982), it can still be argued that in general they are performing quite well. Their success is evidenced by the fact that in the period of 1976-82 exports of Brazilian trading companies grew at the rate of more than 20% a year, by far exceeding the rate of Brazilian exports as as whole (ABECE 1983).

Below we discuss some characteristics of Brazilian ITCs. At the outset, it is worth noting that public/state owned ITCs accounted for 13.9% of total turnover in 1979, whereas private ITCs accounted for 86.1% (Castello, 1981, p. 233). State owned ITCs dominate, however, as far as the individual volume of sales is concerned, especially companies such as Intebras and COBEC. A question suggested by this fact is whether state or private ITCs are more efficient/profitable? It appears that privately owned Brazilian ITCs are, on average, doing better. However, it should be stressed that those which are owned by the state are selling much more differentiated consumer and more processed, industrial types of goods and are facing more intense competition as well. It is interesting to note that some state-owned ITCs are evolving towards a semi-public status accepting private (even majority) stakes. The example of COBEC - one of the largest Brazilian ITCs - is quite instructive in this respect. The main shareholder - state Banco do Brasil has gradually lost full control over the company, - currently holding just 30.2% of the equity, while the majority of stock is being held privately.[1]

An important feature of the state-owned Brazilian ITCs is that the largest of them benefits directly from the privilege of being involved in government to government agreements, mainly, in crude oil resulting from its parent's - Petrobras' - purchases abroad. This gives the subsidiary - Intebras - an additional advantage in its dealings in various commodities and whenever Interbras negotiates with the state controlled economies in Communist and some 3rd world countries. It is not surprising then, which is by the way an interesting kind of specialization, that Intebras caters to oil-exporting countries.

Historically the base majority of Brazilian ITCs are clearly export oriented, probably reflecting the "export first - import last" approach adopted by the government. To the companies in question, this presents a risk of getting too dependent on just one type of business activity. Perhaps the export orientation of Brazilian ITCs may be partly explained, from a pure business standpoint, by the fact that, with very few exceptions, they are not involved in domestic trading as well. Hence paradoxically, their knowledge of the needs of Brazilian market can be limited. Moreover, importing is no doubt a more complex and more difficult activity in Brazilian circumstances because of the above mentioned austerity measures introduced by the government and the restrictions on foreign currency exchanges. Also, the structure of imports (apart from fuels) in which more sophisticated goods play a great role, suggests a need for more profound knowledge of products and technologies by the ITCs. This might still be lacking in the case of Brazil.

Another point worth stressing is the apparently intense competition between individual ITCs often carrying identical products (e.g. agricultural products such as coffee, which still represents the most important single item on the export list of both Brazil as a whole and of the Brazilian ITCs', cocoa, orange juice and steel products) and offering them in the same foreign markets. It is hard to say whether the phenomemon in question is beneficial or not. What it implies for Brazilian ITCs is that occasionally winning a contract might be a tough game and require special concessions to the buyer.

While some Brazilian ITC's are strongly integrated into the production sectors of the economy (like agriculture, mining and manufacturing) almost an equally large number of them is linked to the banks. Notwithstanding this dichotomy, This implies that various interests are vested in these ITCs.

Brazilian ITCs are active in very diversified geographic markets. They are most visible in other Latin American countries, particularly if one counts the number of their representative offices and branches.[2] This might suggest that Brazilian ITCs prefer to operate in the Latic American region. However, when confronted with sluggish demand in the Latin American region, Brazilian ITCs demonstrated ability to switch to the new markets of Eastern Europe - a region which is similarly marked by juge foreign debt.[3] At the same time, Western Europe continues to occupy first place as a single geographical outlet for exports of Brazilian ITCs.

The expansion of Brazilian ITCs into many markets results in part from the commodity-oriented structure of their exports. Such expansion indicates that the ITCs are willing to get involved in business deals, less profitable, for "regular" exporters. For example, one can quote the barter agreements made with Communist countries and point to several deals with African nations involving the sale of Brazilian products of multinationals like IBM, Xerox and African Bayer, by intermediaries of Brazilian ITCs. In this African case, it comes to mind that similar arrangements, if worked out directly by the above mentioned multinationals, would have been too troublesome for them. Typically, this was achieved by Brazilian ITCs buying locally and exporting by themselves to other markets.[4]

Brazilian ITCs are versatile in covering different markets since, their product list has something to offer to everybody (coffee, cocoa, sugar, fruits, metal ores, fertilizers, less sophisticated manufacture, less known brands of medium quality footwear and clothing). Hypothetically, they also penetrated the areas similar to their own environment in terms of level of development, economic problems (e.g. state trading, state controlled economies) and import needs. Thus Brazilian ITCs are capable of not only to adjust their offerings but also to develop flexible organizational schemes and varying modes of agreements are concerned.

It is interesting to note that according to surveys quoted previously Brazilian ITCs were repeatedly graded as insufficiently agressive in exploring export market opportunities and winning foreign contracts. They were accused of lacking the genuine entrepreneurial spirit and of doing their business in a haphazard way. It does not necessarily mean, however, that these accusations are objectively justified. Also, it is not all that unusual to see Brazilian ITCs catering mostly to the local "biggies" as A. Schmidt has put it (A. Schmidt, 1981, p. 67). After all, it is quite conceivable that while executing larger orders, they can substantially reduce their operating costs and act more promptly.

Many Brazilian ITCs imitate the Japanese sogo shosas although this behavior doesn't always result in a comparable scale of operations. Following that pattern, however, the larger trading firms tend to deal with sizeable commodity flows and have high cut-off limits for the minimum levels of transaction. Also, the lack of expertise in more advanced products makes it difficult for Brazilian ITCs to develop a deeper specialization. On the other hand, it is remarkable that in their respective areas some Brazilian ITCs, demonstrate substantial skills. Again Petrobras/Interbras, for example, acquired oil exploration concessions from China to Angola and found substantial desposits in Iraq just to sell off the exploitation rights before the outbreak of Iraq-Iran war.

ITCS IN EAST ASIA

Japanese and South Korean ITCs have proven themselves to be skillful "operators" involved in both exports from and imports to their home countries. Also, as an outgrowth of trade flows and business relations between the home country and abroad the more sophisticated and experienced ITCs, mainly Japanese, gradually began acting also as intermediaries between third countries, by means of what is called "off-shore" trading.

As an illustration the following distribution of business operations characterized 9 major Japanese trading companies in 1982:

- export activities	21.3% of the total
- imports	24.0%
- domestic trade	41.4%
- off-shore	13.4%

Source: Calculated by the authors from figures quoted in "Mitsui & Co., Ltd., Annual Report 1982", p. 11.

During the same time, for some Japanese ITCs, the percentage of turnover derived from imports was higher than the above quoted average (e.g., for Mitsubishi); similar observations can be made about off-shore trading (e.g. at Mitsui it represented 19.8% in 1982). One is not surprised, therefore, to note that Mitsui ranks among the top 4 U.S. exporters and is in fact the major individual trade partner of the United States.

As for South Korean ITCs, they are at present markedly export-oriented but are becoming more involved in import activities, e.g., one of the 9 largest South Korean ITCs - Samsung Co., Ltd. reported the following share for 1982-83:

- export activities	76% of the total
- imports	20%
- domestic sales	3%
- off-shore	1%

Source: Samsung. Its Role and Activities as a General Trading Company 1982-1983.

For yet other South Korean ITCs - Daewoo and Lucky-Goldstar Group-exports represent 59.7% and 46% of 1982 sales respectively. (Daewoo. "1982 Annual Report", Lucky-Goldstar Group, "Annual Report 1982").

Two characteristics of successful Japanese ITCS deserve closer examination. The first is their positioning in the framework of the structure of their domestic economic activities. It is well known that, notwithstanding their formal independence, these ITCs are actually a part of giant conglomerates encompassing manufacturing and banking activities as well as domestic trading. The thrust of the Japanese ITCs is therefore one of "group effort", which can be referred to as a division of labor resulting into country-wide, macro-synergism. In practical terms it means that they enjoy strong support and cooperate closely with those sectors, which secure demand for imports, supply the merchandise for exports, and render financial services. In the latter role the Japanese ITCs act as a "risk buffer" for the banking sector. Since they deal on a very regular basis with their clients they tend to be better informed about the customers' credit worthiness. Consequently, the banks might prefer to extend credits via ITCs. Although the ITCs are not always acting as an extended arm of their local partners and stakeholders, such a structure provides for the increased security of their operations.

Similarly, but to a greater extent the ITCs headquartered in South Korea are also closely linked to manufacturing and the banking industries, acting almost as an international division for those operations and not infrequently initiating and financing manufacturing at home and abroad. As to their size the major South Korean ITCs are pretty large by international standards. On the Fortune list of 500 largest industrial corporations outside the U.S., 9 South Korean ITCs were quoted, out of which 4 in the top 100 (Fortune, Aug. 22. 1983).

It seems that the above mentioned factors help the East Asian ITCs maintain a high volume of sales while the sheer size of the companies strengthens their competitive position.

While not pretending that the above taxonomy of the ast Asian ITCs is compreshensive, it appears when looking at their background one can possibly infer the type of expertise these ITCs are likely to have.

A glance at the mix of the products trades by the East Asian ITCs sheds light on their activities. Logically, the variety of goods they market is a function of the internal needs of the firms having stakes in or linked to particular ITCs and the expertise of the latter. It is probably no surprise to find that they - Japanese, South Korean, as well as firms operating from Hong Kong - offer a fairly wide range of products. Apart from general preconditions - East Asian countries were "naturally" more predisposed to develop a two-way trade flow: (importing scarce raw materials and foods while exporting more processed goods), than Brazilian ITCs, which traditionally sourced more locally - this pattern reflects the more commercial inclination and the longer experience of East Asian ITCs. What is relevant for further considerations is that within the spectrum of products the East Asian ITCs offer, Commodities and less sophisticated manufactures comprise a significant proportion. Such a conclusion can be drawn from the data supplied by companies in question, e.g. for Mitsui trade in: foodstuffs represents 16.1% of the total; fuels 16.2%; iron and steel products 17.6%; nonferrous metals 8.3%; textiles 4.1%; construction and related materials 8.0%. Source: Mitsui Annual Report 1982.

More significantly in off-shore trading by Mitsui, foodstuffs represent 40% of the total, followed by fuels accounting for 30%. A similar picture emerges also for South Korean companies.[5]

The implication of the previous considerations is that the key to success for the East Asian ITC has not been a specific product specialization, nor probably a geographic concentration of activities on particular national markets. It is rather the availability of up-dated information on opportunities in different parts of the world and ability to react quickly which is crucial to profitable operations by ITCs. Instead of deepened knowledge of individual products/markets the general coverage of as great an array of businesses and markets as possible, proves essential, for, especially general trading companies.

The group organization has allowed economies of scale in information gathering and in formulating a response to specific market opportunities, which reflects, perhaps, almost a nationalistic form of industry-wide coordination.

In East Asia, the ITCs follow closely the guidelines of national economic policies of their respective countries. What is more, their very establishment, stimulated through appropriate legislation, reflects these policies. In exhange for their compliance they are not frequently awarded some privileges like tax breaks, foreign currency allocations or quasi-monopolistic positions in local markets.

IMPLICATIONS FOR OTHER LATIN AMERICAN COUNTRIES

What are then the possible implications and lessons to be drawn from the Brazilian and East Asian experience for other Latin American countries? The questions is not a rhetorical one, since the international debt crisis is real and to improve their capital account of the balance of payment, improved productivity in the economies' foreign trade sectors constitutes an obvious solution. In view of the problem, we offer two concluding critiques based on the Brazilian and East Asian experience, which should allow for improved planning and development of other Latin American ITCs.

THE BRAZILIAN ITC-A CONCLUDING CRITIQUE

At first, it might be observed that there is a certain similarity between those other Latin American economies and Brazil in terms of production structure and export offerings of commodities and foods. Hence, the expectation is that if other Latin American ITCs are backed by adequate organizational structure, the Brazilian story can be duplicated. From that perspective it can be inferred that especially within the framework of larger national economies (Mexico, Columbia, Argentina come to mind) there is room for greater number of ITCs.[6] An interesting characteristic of the Latin American region is that the state monopolies in petroleum refining and distribution industry, every country, constitute the largest business enterprises. By definition they also play a crucial role in their countries' external trade in fuels. Regardless of whether the dominant side in the activities of Latin American petroleum monopolies is exports or imports (occasionally both) the volumes of the contracts involved and their value are substantial and require active search for trading partners in various parts of the world. These monopolies are predestied take on the functions of ITCs. They have on the average greater experience in the international business than the majority of other local companies and their international visibility has already been established. They are directly supported by local governments and get signals from and comply with government policies, which in their respective markets make them desirable partners for foreigh companies. Also, through linkages to the government, the state oil monopolies get access to government representatives and source of information abroad. Although the above quoted list of favorable factors does not yet guarantee the efficiency of international trading undertakings, one recommendation based on the Brazilian experience would be to use, in case of other Latin American National Oil Companies, their organizations for the extension of ITCs operations.

Further, we can learn from the Brazilian experience, that in smaller Latin American countries there is less justification for a large number of ITCs. One can even ask oneself whether there is less justification for a large number of ITCs. One can even ask oneself whether there is an objective need for so many of them in Brazil (local and foreign ITCs put together) if one looks at their low turnover. Further, such a great number of ITCs increases the presure on each of them and intensifies competition for exportable goods.

Similarly, like in Brasil, a more direct involvement of respective home country governments, in order to increase the input of business and businesslike information available to the ITCs, should be advised. Business in small Latin American nations would benefit greatly from access to governmental sources of information and the organizational network rendering this data.

Further, duplicating the Brazilian experience, the emergence of government-run national ITCs is another possibility in some part of the region. Such an option is in agreement with nationalistic feelings and policies typical of many Latin American regimes and also might represent a way of developing a stronger foreign trade discipline in economies marked by a heavy foreign debt.

Also, we believe that like the Brazilian export base of coffee, other Latin American economies use their already developed commodity export base which could serve for setting up the genuine ITCs. Quite a number of companies from these countries have thus developed an expertise in trading specific products in the world markets and meet high international standards. For Uruguay and Argentina, these products represent leather, wood, meat, rice and citrus, for Ecuador, bananas, for Peru, fishmeal, for Suriname, beauxite and for Chile, copper and wine. The existing marketing organizations, like the Meat Boards in Argentina or the Citrus Growers Association in Uruguay, and their large volume of exports of a limited number of products, could justify their employment as piggybacks for the trading of less established products.

Whenever possible, consolidation of the export marketing activities - e.g. by means of specializing in both primary export products such as leather and wool or meat and rice, instead of handling these products separately - would definitely strengthen the position of ITCs based in small Latin American States.[7]

At the same time, the "interpenetration" by Latin American ITCs of each other's markets is a possibility. In the case of Brazilian ITCs the already existing network of representive offices and branches in other Latin American countries might constitute a good starting point. The relatively recent establishment of the Latin American Common market, ALADI, and its regulations stimulating mutual trade and economic relations between member countries can also play a role in fostering ITCS.

One has the impression that the governments and publics in Latin American have developed quite high expectations as to the results the ITCs can achieve. From that perspective it appears as if the ITCs were considered panacea for all the difficulties of their balance of payment problems including their foreign debt. It seems, however, that in order to meet such expectations a substantial shift in the functions hitherto, not, or to a lesser degree performed by Brazilian ITCs, will be required. Tasks such as initiation of production (e.g. in terms of suggesting/developing design and seeking foreign investors willing to risk their capital), supply of "seed" money and credits to sustain production in case of more or less formal contract manufacturing and in essence, integration/coordination of various functions, will have come to the force. Among other things this enchanced role for the ITCs assumes a much greater risk taking and their more substantial commitment to undertake entrepreneurial efforts to plan export sales thus improving on the Brazilian ITCs.

Consequently, it would also require a more profound new market development, at home and abroad, than the Brazilian ITCs, getting them involved in domestic trading which would lay the foundation for a genuine international trading company, i.e. importing and exporting.

Further, we observed that some of the Brazilian ITCs examined, actually act as export channel captains/leaders. However, their role in promoting Brazilian products abroad, especially in the markets of industrialized countries is limited owing to strong competition there and restricted access to local distribution network. For that reason, unless other Latin American ITCs develop their own network they will remain highly dependent on middlemen in the export markets. Faced with such a situation, two options seem to apply. On the one hand the above quoted dependence can be reduced if the new ITCs stick to standardized, less sophisticated product groups or to such items with respect to which the brand name doesn't play a significant role. Products would be selected, for which the distribution techniques and channels are relatively simple. Intentionally or not this is now the case of many exports originating in Latin America. On the other hand, by working towards up-grading the products destined for foreign markets (by means of improving their quality or switching to more processed and elaborate products) the ITCs' offer can look more appealing, luring more efficient distributors to their organization. Also, by possible earning higher profit margins such ITCs can promote more aggressively both the products they market and their own services. Of course this will not happen overnight and definiety will require additional expertise and consulting by the outsiders.

THE EAST ASIAN ITC-A CONCLUDING CRITIQUE

The characteristics of Japanese ITCs, as described above, include the existence of financial/industrial groups called "Zaibatsus" and/or "Keiretsus".

In fact the dominance of groupism is common in most of the Far East, including among the Korean ITC.

What is important to mention, with reference to the Latin American economies, is a similar phenomena of "business groups". Specifically, Frank R. Brandenberg states (Brandenbert, 1974, p. 212) that the industrial sectors of Latin American economies are dominated by monopolies and groups. His study included the smaller Latin American countries like Columbia, Venezuela, Ecuador and Peru.

Groupism, a seemingly important organizational prerequisite for the successful operation of the East Asian ITCs, is in Latin America, in some ways, an ancient, feudal organizational pattern. It incorporates aspects of the "hacienda" systems, family traditions, personalistic relationships and a "caudillo" tradition of leadership into their social and economic structure.

They are also, however, in many ways modern entities which, with their emphasis on cooperation, on modern technology, on new ways of doing things and on professional management, would seem to be better suited for the developing and operating of an ITC than the traditional unrelated "family" firms.

According to the estimates of several knowledgeable businessmen and economists in Uruguay, these groups account in Uruguay for approximately 50% of the business in the financial and construction subsectors, 40% of them agricultural production, 35% of the commercial activity and 25% of the industrial output.[8]

The term "business groups" or "groups" as studied in Uruguay is used to refer to a long term association of businessmen who share in the ownership and control of various businesses. This typical group member is both an owner and director or executive of a group established business. In addition, the Uruguayan businessman is also likely to have personal businesses which maintain a working relation with the other firms of the group. The term group is not applied generally to one man or one family's business, neither is it used in Uruguay for an industry wide association, such as International Wool Secretariate or the International Conference of the Meat Boards. It is generally reserved for the relationship which is developed among several important men of business and their families.

The results of the interviews demonstrated that the majority of the Uruguayan groups included a Bank, which gives the group its name, and its financial sister institutions (those working with the bank and controlled either by the Bank or the Bank's owners).

Groups similar to those in Uruguay can be found in Columbia, Venezuela, Ecuador and Peru and from personal experience also throughout the countries of Central America.

It is difficult to make generalizations about Latin American groups, or even to compare the phenomena of groups in Latin America, with the "Zaibatsus" in Japan. The groups of Latin American and the "Zaibatsus" in Japan, however, may have both developed as a response to similar pressures and may perform, or potentially could perform, many of the same functions.

There are several good reasons for assuming that there are advantages to business groups in Latin America and their capability to emulate the forming of ITCs as done by the Zaibatsus in Japan. Nine potential advantages were discussed in Uruguay and ranked by those businessmen questioned.

1. Preferential Access to National and International Credit

Other things being equal, group related financial institutions (i.e. banks) may make loans to members in the groups, instituting an ITC, in larger quantities and on better terms than they will to those not in the group. National and international nongroups institutions may also regard ITCs which are associated with a group as more solvent, trustworthy than nongroup ITCs.

2. Investment Opportunities

Persons with capital, persons with ideas and persons capable of implementing these ideas associate together in the groups which may lead more easily to the creation of ITCs.

3. Business of Other Group Members

The custom within the group of one member buying from other group members and encouraging his clients and friends to do likewise, may mean a more concerted effort to buy and sell through an ITC. Further, the group's bank is in a position to promote their ITC's business by providing liaison between unattached accountholders' international business objectives with those of the ITC.

4. Social and Psychological Benefits

Members of the group may enjoy a higher social status and position of leadership in the business community than they other wise would have. They may also reap the psychological benefits of being intimately involved in the new ITCs of the group.

5. Mutual Administrative and Technical Support

Association with the group may ensure that an ITC has available a variety of well trained and skilled administrative and technical personnel for international operations who would normally be beyond the capability of the ITC to employ. In addition, the ITC may be plugged into an information network in which all other member pass along useful information for international operation.

6. Good Treatment by the Government

Persons associated with the group may be in an advantageous position when it comes to dealing with the government. They may be more likely to integrate imports with exports between the private and public sectors through policies of counter and compensatory trade.

7. Control of Markets and Prices

For an ITC, the group may be a useful vehicle for controlling competition abroad, or the proliferation of ITCs.

8. Preferential Treatment by Those Not in The Groups

Persons and firms who are not in the group, and out of respect for the group or desire to incur its favor in the future, may give an ITC established by the group preferential treatment when channeling their imports or exports.

9. Joint Ventures with Foreign ITCs

It may be more likely that a group will be chosen as the national partner of a foreign ITC, than a non-group entity. Presumably, a discussed above, groups have access to local capital, good connections in the government and business community, administrative capacities and knowledge of foreign languages and customs which make them good local partners.

There if finally, however, another aspect to the potential benefits for Latin American ITCs as related to Latin business groups as assessed in Uruguay.

Sooner or later groups will come under attack for their disproportionate influence in the country's export/import activities and for their failure to have used this influence effectively for the benefit of everyone in the country. It is probable that if they can help produce the sort of ITCs Japan, Korea and Brasil have enjoyed they will be judged as beneficial to the Country's social and economic development. However, if, specifically, the foreign debt of the country is not significantly reduced soon, through more skillful exporting and importing, they will be branded as obstacles to alternative solutions, whatever the true merits of their case.

FOOTNOTES

1. See: "Perfil das empresas associadas", Associacao Brasileira Des Empresas Exportadoras, (ABECE) Rio de Janeiro, undated.

2. "Brazil's Trading Firms Make Strides", Journal of Commerce and Commercial, Sept. 24, 1982, p. 1A.

3. Important agreements for the delivery of Brazilian sugar to the Soviet Union were signed in 1983 as well as interesting trilateral clearing agreements between Brazil, Eastern Germany and third parties in Africa. These contracts provides for the supplies of East German chemicals and some raw materials from Africal to Brazil in exchange for Brazilian coffee, soybean flour and textiles. The outstanding balance is to be paid by East Germans in cash (U.S. dollars). See Folha de Soa Paulo, Jan. 22, 1984, p. 38.

4. As has been demonstrated in the case of Volkswagen spare parts exported from Brazil to Algeria.

5. See: "Export Opportunities Offered by Korea's General Trading Companies", U.S. Department of commerce, Washington, D.C., undated.

6. It is surprising that in persuing the official Directory of Export Consortia of Mexico - second largest economy of the region - and following our phone inquiries, were not in a position to identify any dealers with imports.

7. To name just a few: in Colombia - Corporacion Internacional Andina Limitada, S.E. Duque S.A., in Chile - P attarsoll S.A., Corporacion Chilena de Exportacion Y Importacion Unimarc S.A.

8. Interview conducted by one of the authors in Uruguay in September 1983, while on a mission for an export study for the InterAmerican Development Bank, Washington, D.C.