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EXPORT TRADING COMPANIES

A REVIEW OF THEIR ANTECEDENTS, LEGISLATION AND IMPLICATIONS FOR THEIR FORMATION IN SOUTH AMERICA AND THE CARIBBEAN BASIN

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TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd) PAGE

Introduction

This report briefly reviews the Export Trading Company Legislation which was passed by the U.S. Senate last year and is still pending in the House. It then examines the Japanese sogo shosha, or General Trading Companies whose success in Japan have, to a large extent, inspired the American Legislation. The report then looks briefly at the more recently formed Korean General Trading Companies modelled largely after the Japanese sogo shosha, and at two Brazilian Trading Companies. Special consideration is given to the role of the government in the formation of both Brazilian and Korean Trading Companies.

Lastly, the report attempts to identify some characteristics of Trading Companies associated with their success, especially in Japan, and considers the implications for the formation of General Trading Companies in the Caribbean Basin and Latin America.

I. Export Trading Company Legislation in the U.S.

Concern over the decline in the dominance of the American position in the world market, especially apparent in the last decade, brought the introduction of the Export Trading Company Legislation in both the Senate (introduced under various bills: S.144, S.734 and S.2718) and the House (HR 1648 and 5 other bills of which HR 7230 has gained the most momentum).

On April 8, 1981, the Senate unanimously passed the Export Trading Company Act of 1981. The key provisions of the bill are designed to encourage (or remove existing impediments from) the formation of Export Trading Companies (ETCs). These include:

- Removing several antitrust constraints by amending the Webb-Pomerane Act of 1918 and allowing ETC's exemption from antitrust provisions (under controlled conditions certified by the Department of Commerce) to permit joint exporting activities of export trading companies.
- Extending provisions of the Export Trading Company Act to include service industries operating abroad which derive at least 50% of sales revenue from overseas transactions, such as legal, engineering, accounting, consulting, transportation and communications firms.
- Amending some provisions of the Glass-Steagall Act of 1934 which separates banks from commercial activities in order to prevent partiality in lending activities. Under the 1981 ETC Act, Banks would be authorized to participate in investments in ETCs with up to 5% of their consolidated value of capital plus surplus, or up to $10 million without approval of the Federal Reserve as long as this amount represents less than a controlling interest in the ETC. At the same time, the 1981 legislation closely limits certain aspects of bank participation; for example, an ETC can not use a name similar to that of any financial concern which retains stock in the company.
- Providing start-up-cost assistance by the U.S. Department of Commerce and the Small Business Administration.

- Providing special tax treatment for ETCs. (within Gatt and OECD code requirements) which include eligibility for D.I.S.C. tax status as well as loan guarantees by the Export Import Bank to offer credit terms similar to those offered to foreign traders.

The principle House version of the Export Trading Company Act (HR 1648) was passed by the House Banking Committee in late July 1982. An integration of the Senate and House bills is expected sometime in the near future.

Along with the Export Trading Company Act, revisions in the Foreign Corrupt Practices Act have been proposed to alleviate impediments upon the formation of ETC's. A Senate version of this revision was passed in late 1981 under the title "Business Accounting and Foreign Trade Simplification Act."

Reactions to the Legislation have ranged from enthusiastic to skeptical. Proponents of the 1981 Act point to the path opened for the formation of American sogo shoshas which will simultaneously increase exports exponentially and rescue the small and medium-sized manufacturers from hard economic times. Skeptic's question whether the necessary participation of American banks will be forthcoming with less than full ownership or a controlling interest in the ETC, and wonder whether, if banks do participate in the financing of ETC's, they will provide the necessary leeway for the entrepreneurial strategies and risks which have allowed Japanese Trading Companies to become so successful. Some also doubt whether small and medium-sized manufacturers will be interested in participating in exporting through ETC's and others wonder if the

Japanese style sogo shosha will flourish in the American business and cultural environment.

Until the preposed Export Trading Company Bill becomes Law, it is difficult to predict what actions will be taken by banks or the business community in response to the new opportunities for formation of ETCs. However the majority of more sanguine writings on the subject agree that the Legislation holds a tremendous potential for increasing international trade, though few are willing to offer predictions on the extent to which this potential will be realized by the U.S. business community.

II. Japanese General Trading Companies

During hearings for the Export Trading Company Legislation, the Japanese General Trading Companies have been frequently discussed as a model for American ETCs. Although their role in promoting Japanese exports has perhaps been exaggerated, their role in the expansion of the Japanese economy has been an important one, especially in the years since 1952. The major question which remains, however, is to what extent do the successes of the Japanese sogo shosha offer lessons transferable to American business, or to what extent are they merely a phenomenon attributable a unique Japanese business and cultural environment?

This section presents a brief history of the sogo shosha, and attempts to outline the main characteristics which define sogo shoshas as unique organizations, distinct from the more typical import-export company which tends to specialize in a single industry.[1]

The first Japanese General Trading Companies (GTCs) MITSUI, MITSUBISHI and SUMITOMO, were formed in the 1860s as trading branches of growing Japanese conglomerates, know as zaibatsus. In 1856, Japan had reopened trade with the rest of the world after 300 years of isolation, and in the following decade began a nationwide effort to catch up with the developments of the industrial revolution. The creation of these first three trading companies was fueled by this nationalistic effort which united government and business in a surge to increase Japan's industrial development and output. The close and cooperative relationship between government and business provided a supportive climate for the growth of the GTC's until the second World War, and their transformation into sogo shoshas.[2]

After World War II the Allied occupation powers dismantled the zaibatsu conglomerates and their sogo shosha trading arms under antitrust provisions. Later when independence was restored to Japan in 1952, the former affiliates of the zaibatsu began to regroup into conglomerates of close to their pre-war magnitude. Today these conglomerates, or keiretsus, consist of 6 major groups each headed by a bank with its own trading company or sogo shosha. For example, the Mitsubishi (keiretsus) Group uses the Mitsubishi Corporation as its trading company, the Mitsui Group uses the Mitsui and Company as its trading company and the Fuyo group is headed by the Fuji Bank and uses the Marubeni Corporation as its trading company. Other keiretsu include the Sumitono Group with Sumitono Corporation as its trading arm, the Dauchi Bank Group with C. Itoh and Company as its trading arm, and the Sanwa Bank Group with Nissho-Iwai as its trading arm. Due to cross-stock ownership between members of the keiretsu, intra-group dependence is high. Strong group affiliation increases potentials for financing from the groups' princip~~le~~al banks, from other commercial banks (primarily trust banks), and from insurance companies all of which see keiretsu membership as decreasing the risks of lending implied by high debt-equity ratios of sogo shoshas which range from 10-1 to 20-1.[3]

A. Characteristics of the Sogo Shosha[4]

1. Intermediaries: The essential function of the sogo shosha has always been one of an intermediary and though the sogo shoshas have substantially broadened their activities in the past decade, they have continued to function as intermediaries in all activities.[5] When the sogo shoshas have assumed the role of financing small and medium-sized suppliers who have minimum access to funds, they have done so as financial intermediaries, borrowing from commercial banks and assuming the risks of such loans. When sogo shoshas have participated in the development of farming enterprises, it has been to assure supplies of agricultural products traded by them. When sogo shoshas have participated in feasibility studies and in the testing for potential sites for energy or resource supplies, this has been undertaken with an eye on potential for future participation as intermediaries in resource trade.

2. Organizations with a Global Perspective: Sogo shoshas are global concerns maintaining offices even in countries where Japan has no diplomatic relations.[6] Due to the sogo shosha's extensive contacts within countries where it conducts business, the sogo shosha often serves as a source of information for the Japanese government. In the past sogo

shoshas have provided information to the government about matters such as guerrilla attacks and hijackings of foreign nationals.[7]

3. Vast Information and Communication Networks: As worldwide organizations, the computerized information and communication networks of the sogo shosha are vital for their continual surveyance and coordination of trade and barter activities.[8] Sogo shoshas operate around the clock to monitor communications with their offices worldwide. In areas without telephones where the sogo shosha maintain personnel, wireless phones are used by the staff to communicate regularly with the closest telex offices.

The following summary of a single days communications between Mitsubishi Tokyo, (employing 10,000 persons), and the rest of the firm's global network, illustrates the extensive nature of the use of communications in conducting daily business:[8]

+ international telephone calls:
  - 72 made from Tokyo
  - Around twice that number received by Tokyo
+ domestic telephone calls:
  - 35,000 made from Tokyo
  - 30,000 received from outside the office
  - 30,000 received from intercom
+ mail:
  - 19,000 pieces sent (10,000 overseas)
  - 15,600 pieces received (10,000 from overseas)
+ newspaper subscriptions:
  - 4,260 received

+ telex: (the length of Mitsubishi's telex system could encircled the globe eleven times)
  - 17,000 received
  - 22,000 sent

4. High Risk and Long Term Rewards: Many of the activities undertaken by the sogo shoshas are high risk in nature. They make speculative loans to small and medium-sized suppliers and are consequently forced to write off a large percentage of such loans as bad debts each year. According to one source, such loans may comprise between 30 to 40% of outstanding debt of a sogo shosha, and write-offs for bad debts may average 30 to 50% of annual profits during recession years.[9]

In recent years, the sogo sosha have become increasingly involved in speculative investment projects, especially ones dealing with energy resources. These projects are characteristically long term in strategy and involve substantial initial financial outlays. For example, in 1970, C. Itoh invested $20 million in a subsidiary of an American oil company which was involved in exploring for oil in the sea off the coast of Indonesia. Their investment in the project provided for a 40% share in any oil located during exploration, but involved a potential total loss if oil was not forthcoming in the region of exploration. Fortunately, for C. Itoh, such was not the case, and the region proved to be rich in oil.[10]

Such long term investment risks are taken by the sogo shosha after substantial feasibility studies have been performed and analyzed by staff teams in regions applicable to the project. Information from overseas contacts, cultivated through years of operating in the region, is also channelled to staff teams to assist them in their decisions and the final decision on whether or not to undertake a project is the result of the coordination and analysis of information derived from the sogo shosha's global position. Although some investments may appear to be a gamble to the outsider, risks are undertaken with a precise calculation of the odds favoring success over the long term.

5. Assistance for Small and Medium Suppliers: As has been seen, the financial success of the sogo shoshas depends upon their advantage in overseas market information and region specific knowledge, characteristics which these firms have worked aggressively to build and maintain. The sogo shoshas' overseas market information and regional knowledge offer opportunities to the small and medium-sized Japanese company to increase its market by channelling their products through the sogo shoshas for both domestic and international distribution. The sogo soshas also offer their small and medium-sized suppliers economies of scale, especially in the areas of transport and storage of goods, allowing for the sale of exports at reasonable prices.

The special status relegated to the sogo shosha in Japan, along with their frequent participation in the keiretsu (the parent groups), allows them easy access to financing which they in turn utilize to extend loans to their small and medium-sized suppliers. This minimizes the often prohibitive costs of such financing which is normally difficult for the small and medium-sized company to procure through Japanese commercial banks.

B. Changing Functions

In the years 1961 to 1970, the Japanese economy grew at a real rate of 9.1% per year. This presented a tremendously favorable environment for the growth of the sogo shoshas which expanded 9.5 times in size from 1960 to 1973.[11]

However, the growth of the sogo shosha in this period did not represent a ride on the coat tails of the rapidly expanding domestic economy. Growth was a strategy actively pursued by the sogo shosha out of necessity for survival, both to satisfy increases in domestic demand from present clients, and to keep pace with (or overtake) competitors in securing a part of rapidly expanding new markets.[12]

Several growth strategies pursued by the sogo shoshas are noteworthy in their creative entrepreneurial ability to expand sales and capture new markets. In the period 1961 to 1970, the sogo shosha expanded sales through aggressively seeking the business of supplying to and purchasing from big manufacturers in growth industries such as the steel, automobile, ship building and chemical industries.[13] They spurred intensive competition amongst their employees for increased sales, and, beginning in 1960, they developed three year strategic plans which established targets rates of growth in sales and earnings and target ratios for domestic sales to foreign trade, and for hard goods to soft goods sold.

The sogo shoshas likewise increased sales through pursuing a highly successful strategy of creation of demand and supply. This strategy was considered particularly important in view of the increasing potential for loss of sales as domestic firms followed a trend towards direct marketing of export goods, assuming the services previously supplied by a _sogo shosha_. The creation of supply and demand was designed to produce a relationship of continued reliance by consumers and suppliers on the _sogo shosha_ for supply of vital inputs or consumer goods and for distribution of new products. As planned, the cultivation of this reliance on the _sogo shosha_ for supply and demand helped the _sogo shosha_ slow the trend towards direct marketing of goods which could have eliminated them as an intermediary.[14]

Supply and demand creation was attained through strategies of upstream and downstream integration. Upstream integration was more or less limited to equity participation in prospecting activities and to the development of natural resource and production projects. Downstream integration involved co-ventures in processing, wholesale distributing and retail sales.[15]

Specifically, supply and demand were created through organization of large-scale complex projects such as urban regional development projects, exports of whole plants for an industry and natural resource projects such as ocean resource development.[16] _Sogo shosha_ provided coordination of financial services, engineering, construction, manufacturing elements and the integration of a complex array of services involved in large-scale construction projects. By participating in projects at this early stage, the _sogo shosha_ created an opportunity to open supply routes for input products and services once such projects began to operate. The _sogo shosha_ also secured a direct line to the project for marketing its output.

Vertical integration was pursued by the sogo shoshas with vigor in the Japanese consumer market which was promising to expand rapidly as individual incomes increased along with Japan's significant economic expansion. At this time, the sogo shoshas began to enter to the consumer food industry where they engaged local agricultural cooperatives in joint ventures to raise chickens and pigs. The sogo shosha supplied the agricultural cooperatives with young chicks and piglets, then transported grown chickens and pigs to processing plants to be processed and packaged. Typically these processing plants were engaged in joint ventures with the sogo shosha, or had been incorporated as subsidiaries of the sogo shosha as part of their vertical integration strategy. The sogo shosha then arranged for the distribution of these consumer food products to retail outlets. Other consumer food products incorporated into this upstream vertical integration scheme were eggs, beef, vegetables and rice.[17]

Downstream integration was achieved through involvement in the construction and later leasing stages of supermarkets and shipping centers, which increased in number along with the growth in consumer demand. Concomitant with their involvement in the incipient stages of the planning and construction of supermarkets and shopping centers, sogo shosha won the right to supply these retail outlets on a more permanent basis with necessary consumer foods and products, as well as other inputs and services.

As the Japanese government relaxed its constraints on foreign investment in the period from 1961 to 1970, the sogo shoshas signed contacts with fast food franchisers who were seeking entry into the Japanese market. In 1970, Mitsubishi linked with Kentucky Fried Chicken and in 1973, Marubeni Corporation joined with Dairy Queen to assist the company in opening businesses in Japan to benefit from to Japan's growing consumer society.[18]

These joint ventures provided the sogo shoshas with opportunities to perform services ranging from leasing or purchase of store locations, to final supply of inputs such as chicken, beef, etc.

In the last decade the Japanese sogo shoshas have become victims of slowed world demand, especially for raw materials. Cognizant of their vulnerability in a world of slowing economic growth and more frequent recessions, the sogo shoshas have been changing the focus of their operations to increase overseas investments and discover product areas not previously handled by trading companies such as medical supplies.[19] They have also continued their efforts to achieve vertical integration in areas of existing business to maximize control over supply and demand, and to minimize risks. Finally, the sogo shosha have expanded their activities in third country trade. From 1966 to 1973, the 9 top firms increased their role in third country trade from 3.1% to 9.4% of total sales.[20]

C. Common Misconceptions about Sogo Shoshas[21]

The term trading company is usually used in America to refers to import and export firms focusing on one or two industries. More than 6,000 such specialized trading companies, or senmoshosha, presently exist in Japan. The sogo shoshas are distinct from these trading companies in scale and function. There are only 9 such sogo shoshas in Japan today and these firms deal in everything from the proverbial "missiles to noodles."[22]

1. Sogo shoshas do not trade to any significant extent in automobiles or electronics products which require post-sales services; such operations are handled by individual manufacturers. The focus of sogo shosha activities has been on raw materials, industrial inputs, and to an increasing extent, on energy resources. Chemicals and steel have also been large areas of trade by the sogo shosha. A breakdown of the turnover of goods of 9 sogo shosha for 1978 is provided in the appendix, (Table A:1 and A:2).

Sogo Shoshas maintain an active domestic market in addition to their import and export services. Approximately 50% of their sales come from the domestic market. (see Appendix, Tables A: 3, A:5 for a breakdown of 1978 sales.)

3. Sogo shoshas conduct the majority of their trade with developing countries: especially with Southeast Asia and the Middle East.[23]

4. Profit margins from trade are low, generally around .56% (i.e., 1/2 of one %) of combined sales for the top sogo shoshas. Commissions are also low, usually falling around 1% of sales. This leads the sogo shosha to be predominantly interested in products which can be sold in large quantities.[24]

5. The relationship between the sogo shoshas and the government is not a close one.[25] Because sogo shoshas are not manufacturers they do not fall under MITI (The Japanese Ministry of Trade) which is known to be strongly supportive of industry. However, the government's growing

concern with securing reliable energy supplies has led to closer interactions between _sogo shoshas_ and the Japanese government in recent years. _Sogo shoshas_ have participated in, and coordinated a number of large-scale overseas energy development projects and this has brought increased interaction with MITI which is also the organization in charge of energy planning policies for Japan. The _sogo shoshas_ have tried to explcit opportunities to work with the government on these projects to benefit from government insurance policies which cover foreign contract risks.

Although the Japanese government has not directly aided the development of the _sogo shoshas_, it has played a crucial role in their growth by providing a supportive business environment for their operation. Unlike the U.S., Japanese legislation does not curb activities of the _sogo shoshas_ through antitrust regulations. Yet their success seems less attributable to direct government actions and more due to a nationalistic fervor which has linked business and government in goals, but has generally left it to business to achieve these goals, such as export expansion.

The support of the Japanese financial community has been vital in the establishment and expansion of the _sogo shoshas_. The support network of the _keiretsu_ with interlocking top management throughout bank, _sogo shosha_ and manufacturing concerns within each _keiretsu_ group has also played a vital role in the success of the _sogo shosha_.

D. Select Statistics

In 1978, sales for the top 9 _sogo shosha_ totaled $23 billion, seven times the total for all wholesale and retail companies. The total size of per annum sales per employee is about $3 million, which is about 33 times as great as the average sales per employee for all wholesale and retail firms in Japan.[26]

From 1963 to 1976, the top ten sogo shoshas exported around 50% of the nation's exports and handled 50 to 60% of the country's imports (the decline during the period is largely attributable to an increase in prices of oil, where trading companies hold only a small share of trade).[27]

Profitability figures, debt-equity figures and general financial overviews of the 9 largest sogo shosha are attached in the Appendix (Tables A:6-A:10). The high debt-equity ratios are noteworking and reflect the special position which financial institutions accord the sogo shoshas in continuing to lend to them despite ratios of between 10 and 15 to 1. It should be realized that the sogo shoshas participation in the keiretsu and the interlocking management among organizations within the groups allow for tighter control over the activities of the sogo shosha. This, to some extent, is a likely palliative for the banks and other financial concerns when considering the unusual size of the debt to equity ratios.[28]

Another facet of the network of sogo shosha can be seen in their very low ratio of equity to assets, an average of 4% for the major nine sogo shosha in 1978. This compares with equity to assets ratios of 17.7% for industries in a sample for the Tokyo area, 35% for U.S. wholesale concerns, and 52% for U.S. manufacturing concerns.[29]

A report by the Japanese Economic Institute notes that this low net worth figure is likely due to the high amount of _sogo shosha_ assets which are represented by inventories financed through banks, rather than by fixed assets such as plants and equipment. The _sogo sosha's_ role as a financial intermediary also alters the equity figures, which should be examined in light of the fact that much of their debt is in turn lent to finance suppliers of products in trade activities.[30]

III. Korean Trading Companies

The perceived success of the Japanese _sogo shoshas_ inspired Korea to create her own version, to increase markets for expanding domestic manufacturing capacity.

In April 1975, the Korean Minister of Commerce proposed an incentive system to foster the growth of Korean trading companies entitled the General Trading Company System. This system was initially instrumental in providing incentives, predominantly to large conglomerates, to create General Trading Company affiliates. The General Trading Company System outlined the following minimum criteria and regulations for firms to be eligible for General Trading Company status and subsequent indirect government support and financial incentives:[31]

- Export performance, in the year prior to application for G.T.C. status, must be 2% of Korea's total exports for that year.
- Export sales must be greater than $1 million for each of five separate items exported.
- 20 or more foreign branches or subsidiaries must be operating at the time of application.

- Company stock must be listed on the Stock Exchange prior to application.

Once awarded G.T.C. status, Korean trading companies formed under this system received privileges in the form of export financing, trade administration financing and incentives through special treatment in areas of taxation and foreign exchange controls. They are, however, under an obligation to direct their efforts towards the development of overseas natural resources, and must attempt to increase international trade, to divorce their trading activities from their manufacturing parent companies and to expand their overseas information and business contact networks. The Korean government also insists that the G.T.C.'s maintain a diversity in their exports and balance their exports between overseas markets. Exports to the Middle East, Africa, Latin and Central America and the U.S. must be held at fixed proportions of total overseas sales.[32]

The major Korean G.T.C.s have been characterized by an extremely rapid growth (See Tables B:1 and B:2 in Appendix). Between 1975 and 1978, their annual sales increased 76.2%, a growth ratio twice that of Korean manufacturers for the same period. In 1978, alone, net sales of these GTCs increased by 35% over the 1977 figure, and represented around 9% of Korea's GNP.[33]

Unlike their much larger Japanese <u>sogo shosha</u> models, the Korean GTCs have not become involved in service industries such as finance, insurance, transportation, warehousing (see Table B:3 for a breakdown of major export products). Of the thirteen largest Korean GTC's, twelve represent central umbrella companies with a total of 157 affiliated companies under their control. The GTCs function on a division system with each division retaining independent management functions and specializing in specific product areas (see Chart B:1 for a general analysis of organizational structure.)

The rapid success of these GTCs in increasing Korean foreign trade has been made possible by their extreme dependence on external financing, available to them from commercial enterprises due largely to their goverment allocated preferred status. This financial dependence represents an area of potential vulnerability for these firms. Their easy access to funds has allowed Korean GTCs to move into a dominant position without fully integrating themselves into the private sector. The Korean GTCs have come under heavy criticism in recent years due to this privileged access to financing, which they have often utilized to further concentrate their economic power through increased acquisitions.[34]

The Korean government has recently awakened to the needs of the small and medium-sized companies and has become more supportive of their growth. The government has also begun to pressure the GTCs to shift from their strong export focus, to give more priority to imports of industrial raw materials and energy related resources in order to assure long term supply lines for the countries industrial production.

Nevertheless, the Korean government remains strongly behind its export drive, stimulating much competition for awards and honors bestowed on major achievers on National Export, a country-wide Korean holiday.

The nationalistic zeal, reflected in this holiday, to become a major world exporting country has been a significant factor contributing to the rapid growth and success of the G.T.C. in Korea.

IV. Brazilian Trading Companies

In the late 1960's and early 1970's, Brazil began to reverse past import-substitution policies to emphasize export development. Under the Minister of Finance, Delfin Netto, legislation was instituted in 1972, to provide for the creation of trading companies, and in 1975, tax incentives were designed to increase the use of trading companies by domestic manufacturers for export of their products.

Fiscal and monetary export incentives already available to producers exporting directly, were extended to producers who exported through trading companies. Through direct and indirect tax incentive, Brazilian producers using trading companies to export their products received benefits accruing from the moment of sale of export products to a trading company, even though products might be stored for as long as a year prior to shipment abroad. Likewise, trading companies benefited from eligibility for subsidized lines of credit to finance purchase of export goods and their storage in bonded warehouses prior to shipment abroad.[35]

By 1976, exports handled by Brazil's newly formed trading companies totalled $913 million, or 9% of total Brazilian exports (see Table C:1). In 1981, trading company exports reached $4.5 billion, or 19.3% of Brazil's total. In the five year period from 1976 to 1981, exports handled by Brazilian trading companies increased at an annual rate of 37.6%, or more than twice the annual rate of 18.1% of total exports.[36]

Although, there are currently around 100 trading companies registered with the Brazilian government, two companies, Interbras and Cobec, account for 53% of all exports handled by Brazilian trading companies.[37]

Brazilian trading companies have operated both as export brokers, handling exports as commercial agents without taking title, and as general traders, taking title and assuming risks of product transport, marketing and distribution. A recent breakdown of exports by trading companies shows 60 to 65% of export products are exported directly by trading companies, and 35-40% of export products are indirectly exported by trading companies which function merely as export brokers. (See Table C:1).

Interbras is Brazil's major trading company, accounting for 40% ($4.5 billion) of exports handled by trading companies in 1981.[38] It was formed in 1976 as a wholly-owned subsidiary of the state oil monopoly, Petrobras. The influence of Petrobras as the world's single largest oil purchaser (with nearly 275 million barrels of crude oil imported by Petrobras annually) was seen by the Brazilian government as a possible entré into Middle Eastern and African markets.[39] In 1977, Intebras began to operate as an agent for export of appliances, and other manufactured goods to Saudi Arabia, Nigeria, Iran and Venezuela. It has since attempted to expand sales of manufactured products by adopting brand names such as "Hippopatamus" for leather shoes, "Brasmar" for lobsters from the northeast of Brazil and "Tama" for household electrical products.[40] Yet, despite the company's focus on exporting manufactured goods, by 1979, export sales of manufactured goods reached only $64 million (21%) and, the balance of $539 million (79%) consisted of agricultural products. Recently Interbras has been attempting to diversify, involving itself as an intermediary in large scale construction and engineering projects. For example, Interbras has been contracted to coordinate a $1.2 billion project to build a major railroad in Iraq, working with the construction firm Mendes Junior International. Other projects coordinated include: construction of drinking water systems in Paraguay, to be undertaken by Degrement; expansion of the La Paloma fishing port in Uruguay, and design and construction of a highway in the Dominican Republic.[41]

Second in sales to Interbras is COBEC (Companhia Brasiliera do Entrepostas e Comercio), which accounted for 13% of Brazilian trading company exports ($700 million) in 1981.[42] The company was established in 1971 under the guidance of the finance Minister Delfin Neto through funding from the state-owned Banco do Brazil (which retains a 36% ownership) and other major Brazilian commercial banks. COBEC is presently divided into two geographical divisions which function independently of each other. COBEC-USA (with headquarters in New York) is responsible for handling all foods exported from the U.S. in the third country trade with European, Middle Eastern and African markets. COBEC-USA also functions as a distributor for COBEC-Brazil which trades only in goods of Brazilian origin. Although COBEC was formed to increase Brazil's exports of manufactured goods, it remains predominantly involved in trade of agricultural goods such as soybeans, coffee, cocoa and grains. In 1977, manufactured goods comprised only $60 million of COBEC's total sales of 728.1 million.[43]

In the past few years, COBEC's sales have sagged, forcing COBEC to trim its offices and undergo a period of contraction. The company's new plan is to concentrate on trade in agricultural commodities and primary products.

V. Other International Trading Companies:

The European trading companies which controlled international trade in the nineteenth century and served as precedents for the Japanese sogo shosha, remain active participants in world trade, although on a smaller scale than their Japanese competitors.[44] (see Table D:1 for a listing of 1980 sales for major European trading companies, and Table D:2 for 1979 sales of major British trading companies).

Hong Kong remains the center of Southeast Asian trade, where British firms such Jardine, Matheson Company and Swire Pacific still control much of the trade. Hong Kong trading concerns are becoming increasingly interested in the potential of trade with the People's Republic of China which its slowly opening to outside trade.[45]

The recent trend for British, European and Hong Kong trading companies has been towards diversification and many have transformed their structure into holding companies with wholly-owned subsidiaries or joint ventures in insurance, shipping, real estate, food processing, banking and hotel investments and even light manufacturing. For example, in 1980 only 21% of earnings of Jardine Matheson and Company came from trading in light industry, 33% came from services including 16% in financial services, 15% came from real estate and 15% came from natural resources.[46]

In the countries with centrally planned economies, state trading companies have been growing successfully and have gained a reputation for toughness in bargaining. Although, these state trading companies have generally been cautious in negotiations with private trading enterprises, several western trading companies such as Armand Hammer & Company and Cirus Eaten have been able to build successful business relationships with state trading companies in Eastern Europe.[47]

VI. Types of Trading Companies- A Summary

Much confusion surrounds the terms employed to delineate types of trading companies. It stems from the variety of names which have been coined to differentiate services performed by trading companies, and from the lack of concensus in the use of these numerous terms. Some terms which have been used in connection with trading companies are export brokers, export management companies, specialized trading companies, generalized trading companies and export marketing companies.

In general, it is most useful to remember that trading companies are differentiated by (1) scale of business transactions or sales, (2) extent of concentration or diversification of product lines and (3) whether or not they take title to the goods traded. In coming across any one of the numerous descriptive terms for trading companies, it is useful to clarify these three categories. Trading companies may be divided into three general types:

<u>Generalized Trading Companies</u>: "One stop" concerns for domestic producers which undertake distribution of products in domestic markets, import/export products (to and from) abroad, or participate in "third country" trade by arranging, for example, trade between buyers and sellers located outside of their own countries. Such trading companies are most generally characterized by (1) taking title to the goods (2) large sales volumes and (3) wide diversification of product lines.

<u>Specialized Trading Companies</u>: These are characterized by product concentration and generally are much smaller in scale than GTCs. They may either sell on their own account, taking title to goods, or as export brokers who handle market identification, transport and other export services without taking on the risk involved in taking title to the goods exported.

Specialized trading companies are effective in industries where there are undifferentiated products which allow them to purchase from many small and medium-sized producers and pool products to satisfy domestic or overseas markets. Specialized trading companies are sometimes termed export brokers, export management companies, export merchants and manufacturer's export agents.

<u>Export Trade Associations</u>: These are characterized by a linkage of several domestic producers which combine resources to sell to export markets. In the United States, ETAs are also termed Webb-Pomerene associations after the legislation which allowed them exemption from antitrust legislation in 1918.

VII. Implications for the Use of General Trading Companies in South America and the Caribbean

As has been seen, GTCs have been crucial agents in achieving significant exported growth in post-war Japan, and more recently in Korea and Brazil. In a time when economic stagnation, foreign exchange constraints and growing deficits in balances of trade plague the Caribbean Basin and South American countries, the General Trading Company model might provide an efficient channel for a strongly needed growth in exports. However the experiences of Japan, Korea and Brazil have shown that in order for GTCs to function as significant channels for international trade, several conditions should be in place for GTCs to flourish.

1. Prerequisite Conditions for Formation and Growth of GTCs:

A first prequisite determining a favorable business climate for the formation of GTCs is a supportive role of the government. In other countries the supportive role of the government has ranged from indirect encouragement through faciliating the procurement of credit, partial abatement of foreign exchange controls and tax incentives, to direct ownership by the state. Although the supportive nature of the government has varied in countries which have established successful trading companies, the facilitative nature of the legislation remains a consistent factor in all these countries. Perhaps nowhere is the role of legislation in determining a business climate favorable to the formation and growth of GTCs more apparent than in the United States where banking and antitrust laws have, for the most part, totally impeded the formation of large scale trading companies. Even the Webb-Pomerane Act of 1918, which was designed to encourage the formation of Export Trade

Associations by exempting them from provisions of antitrust legislation, has proven largely ineffective due to its nebulous nature which cultivates fears of antitrust actions and deters significant interest in the formation and operation of such trade associations. As seen earlier, the U.S. Congress has recently recognized the importance of establishing a facilitative legislative environment for the operation of GTCs and by introducing the Export Trading Act of 1981 which would amend previously restrictive banking and antitrust laws. Amending such restrictive banking and antitrust legislation is a necessary prerequisite for creating a business environment that will encourage the formation and expansion of GTCs in any country.

A second characteristic determining a facilitative business environment for the growth of GTCs is a climate of active export awareness, usually initiated through government economic plans and communicated to the business community through incentives. In Japan, Korea and Brazil the government has set export expansion as a top priority, and has communicated this priority to the private sector through various direct and indirect incentives. A nationalistic zeal has been inspired in the private sector to carry out this priority in all three countries. This presents a striking contrast to the United States where much of the private sector has traditionally paid little attention to the role of exports in the economy. In Korea the priority of export expansion is carried to the extreme with numerous incentives and honors (and fierce competition for them) bestowed on the top exporting firms. In Japan the private sector's zeal in increasing exports appears to have originated less as a response to overt government incentives and more from a sense of nationalism. Nevertheless, a joint effort between government and private sector in achieving export growth is common to Brazil, Korea and Japan. In combination with facilitative legislation, this export consciousness has provided a captive environment for the rapid growth of GTCs.

2. Characteristics of GTCs

In addition to a conducive business environment, the success of a GTC is also contingent upon an adequate source of financing, the ability to correctly appraise risks and to effectively penetrate markets, the ability to conduct the smooth transport of goods and accompanying legal, financial and local customs transactions and the ability to service buyers and sellers.[48]

a. Adequate Capitalization: Adequate capitalization is vital for GTCs to be able to maintain high overhead costs stemming from its extensive operations in the buying and selling of goods. Financing is also crucial for lines of credit extended to small and medium-sized suppliers which provide the bulk of the products traded by many GTCs.

b. Market knowledge, access and penetration: The creation of markets for products, along with the maintenance of existing markets in the face of competition, is a dominant characteristic determining the success of a GTC. Due to the low profit margin of a GTC, the usual road to growth is through increased sales volume which is achieved through locating new markets for products while preventing the usurpation of existing markets by competition. The sales and marketing function cannot be allowed to stagnate and thus, the GTC must continually be searching for new opportunities for trade with entrepreneurial zeal and creativity.

c. Logistics Management: Equally important to the success of a GTC is the smooth conduct of transportation, storage and distribution of goods. This includes all accompanying legal transactions, negotiations with local customs authorities and financial services for the payment of goods. A snag at any point of the channel linking products received from suppliers to final distributors can threaten sales, and hence profits of the GTC.

d. Services to Suppliers and Buyers: In order to achieve effective marketing and sale of goods, smooth handling of transportation and export/import transactions, a GTC should offer the following services:[49]

Financial services: Lines of credit and loans to assist suppliers in financing production, and in some cases, to avoid bankruptcies in economic downturns.[50]

Marketing Services:

— An organized plan for market entry and penetration for specific products.

— A plan defining target markets and profiling potential customers as well as providing for prior tests of such targeted markets.

— A detailed scheduling determining the anticipated rate and extent of distribution (regional, national, etc.) of products.

— Planned channels for distribution of products through the selection of local distributors.

— Strategic plans for countering competition in product areas.

— Well conceived advertising strategies and packaging in geographically appropriate manner.

— Advice on product design to allow suppliers to produce products which will meet local health and safety regulations, and size specifications or any comparable modifications for local markets.

<u>Sales Services</u>:

— Determination of appropriate pricing of policies products in order to maximize revenue while remaining competitive.

— An effective sales force with training in product lines which will function as order-getters as well as marketers of products.

— Collection and analysis of information pertaining to products, their distribution, sale and post-sales requirements.

<u>Transportation Services and Accompanying Transactions</u>:

— Contract and linkage of various transportation phases for shipment of products.

— Conduct of all accompanying paper work.

— Conduct of all transactions involving customs, health and safety regulations, foreign exchange regulations.

— Transactions involving insurance of final payment for goods.

— Transactions involving licensing requirements, local taxation and accounting policies, along with the contracting of local labor.

— Transactions involving the location and storage and warehousing of products while awaiting distribution.

Central management must coordinate these services and interact in a cooperative fashion to prevent departmental rivalries from impeding the smooth linkage of all GTC services. Their predominant tool for linkage is an efficient communications network and an accurate data base utilized for the collection and analysis of data pertinent to current transactions, as well as for monitoring business climates in the region of operation, and for evaluating future opportunities and risks.

Finally, it is worth enumerating upon two characteristics of the GTC which are seldom discussed explicitly, though they represent an integral part of the structure of trading companies.

- GTCs function as both importers and exporters of goods. Their communications networks and data bases serve to determine markets for goods purchased from producers for export or for resale in the internal market, and they serve to locate appropriate inputs for producers and suppliers. A new producer is cultivated with the dual goals of obtaining a steady supply of products and of providing new demand for purchase of necessary inputs.

- Trading companies most often begin by specializing in a core product or product line to establish an infrastructure of information and marketing networks in specific geographical regions, before expanding product lines to incorporate various input needs of suppliers, or to achieve vertical integration.

4. Possible Scenarios and Difficulties in Formation of Trading Companies in South America and the Caribbean Basin

Four major constraints would seem to present obstacles for the formation of trading companies in the Caribbean Basin and South America: (1) obtaining adequate capitalization, (2) building infrastructure; (3) access to the volume (supply) of goods suitable for exports; and (4) a facilitative environment.

Capitalization may be achieved through funds provided by the state, as in the case of Brazil's Interbras, or in combination with banks, or by private corporations where the trading company is a spin-off or subsidiary of a larger corporation, or perhaps by international development agencies. No minimum levels are suggested, because, as in most businesses, the amount of financing required is dependent upon the specific activities to be engaged in.

Infrastructure, which is comprised of knowlege of markets, transportation and linkages to export logistics, along with communications networks and data bases, takes time to build. It is best constructed through initial small scale operations where risks are minimal and there is ample leeway for trial and error without the potential for a large loss. Infrastructure may also be obtained by tapping existing networks provided through joint ventures with successful corporations operating in the region. Grace Kennedy is performing such a function in the currently proposed AID project for a Caribbean Trading

Company operating out of Bridgetown, Barbados. The advantage of the latter method for obtaining infrastructure is it allows the incipient trading company to commence on a large scale, avoiding many risks involved in a longer trial and error period of experimentation in infrastructure building.

Despite the initial sacrifice of independence with dilution of ownership, this might be the most practical approach for developing trading companies in Latin America and the Caribbean, both from the standpoint of more rapid export mobilization with use of existing infrastructure offered by such corporations, and from the point of obtaining adequate capitalization. Such successfully operating corporations would likely make financing from commercial institutions more viable by diminishing risk apparent to financial institutions.

A last alternative for obtaining infrastructure might be secured through connecting with an existing successfully operating government company as seen in the case of Interbras in Brazil. However, this option for obtaining a ready made infrastructure of a trading company is likely to be more permanent than the case of a co-venture with a private corporation where a time frame for the venture may be clearly delineated.

Among other factors which distinguish many of the South American and Caribbean countries from Japan, Korea and Brazil are these relating to the size of the domectic market, the purchasing power (per capita incomes), in those markets and the existing (and potential) agricultural and industrial production capacities. The implications are twofold. In the first place trading companies may not be able to effectively and profitably serve the small domestic markets. Secondly, the production base may be too limited (low levels of output, quality control problems and inregular shipments) to draw upon for sources of supply. In short, the volumes needed to sustain both import and export operations may be inadequate.

A possible strategy for overcoming these difficulties, at least on the export side, would be for the trading company to develop and establish brand names on behalf of its clients for the products its markets. The added margins might be able to offset the smaller volumes.

Without belaboring the point, a facilitative business environment, i.e., at least some encouragement and cooperation from governments is necessary. In the LAC region this may be difficult to achieve.

4. A Final Caveat

The success of GTCs will also depend upon their ability to operate with an entrepreneurial strategy which will allow them to continually explore and penetrate new markets for products, pursue new lines of products and undertake joint ventures which will lead to more secure supplies of products or vertical integration. It is important for the financial institutions responsible for providing GTCs with operating capital, to recognize that it is this entrepreneurial style of operating which provides the successful GTC with the creative ability to link products with markets, forsee new markets and undertake ventures with long term rewards. If GTCs are forced to abandon an entrepreneurial style of operation because financing institutions consider such an unconventional style of business too risky, they may rapidly overtaken by their competitors who will preempt markets through their own "freer" entrepreneurial operations.

Finally, it should be recognized that building a successful GTC is a process which takes time and a certain amount of trial-and-error. This is perhaps best summarized by one author in describing the success of the Japanese sogo shosha in contemporary Japan:

> The ten trading companies did not become sogo shosha, $171 billion-a-year global traders, over night. It took many years of toil and trial and error for their sales, their business, and their modes of operation to evolve and crystalize. This evolution reflects both the firms' efforts to satisfy the changing needs of the Japanese people and economy and their various strategic moves in response to the changing domestic and international environment.[51]

FOOTNOTES:

[1]Information of this section was drawn largely from Tsurumi: 1980, the U.S.-Japan trade Council Reports #31 and #36 and the Stanford Research Institue (SRI) Report on Trading Companies: 1981.

[2]The distinction between General Trading Companies (GTCs) and *sogo shosha* is one of scale and function as will be seen later in the report.

[3]Cavasgil and Nevin: 1982.

[4]Identified in the U.S.-Japan Trade Council Report #31 and Tsurumi: 1980.

[5]The U.S.-Japan Trade Council Report #31

[6]Tsurumi: 1980

[7]Ibid

[8]The U.S.-Japan Trade Council Report #31 and Tsurumi: 1980.

[9]Tsurumi: 1980 (p. 10).

[10]The U.S.-Japan Trade Council Report #31.

[11]Young: 1979 (p. 83).

[12]Young: 1979 (p. 106-114).

[13]Ibid

[14]Ibid

[15]Ibid

[16]Ibid
[17]Ibid

[18]Ibid

[19]Ibid

[20]The U.S. Japan Council Report #36 (p. 6).

[21]Identified in the U.S. Japan Trade Council Report #31.

[22]Ibid (p. 1)

[23]Ibid (p. 1-3)

[24]Ibid (p. 1)

[25]At least as described by the U.S. Japan Trade Council Reports. According to Edward Lincoln of the Council, other authors such as Peter Drucker disagree on the nature and extent of the government's direct role in the successful growth of trading companies, and see MITI as a far more influential factor in the rapid expansion of the sogo shosha.

[26]The U.S. Japan Trade Council Report #36 (p. 1)

[27]See the U.S. Japan Trade Council Report #36 (p. 2) and Young: 1979 (p. 58-60) for more detail.

[28]The U.S. Japan Trade Council Report #36 (p. 2-3)

[29]See the U.S. Japan Trade Council Report #26 for more detail.

[30]The Korea Exchange Bank monthly Report: March 1979.

[31]Ibid

[32]Ibid

[33]Ibid

[34]Embassy Cable: June 1982

[35]Young: 1975 (p. 83)

[36]Ibid

[37]Embassy Cable: June 1982

[38]Tsurumi 1980

[39]Interbras Annual Report: 1980

[40]Embassy Cable: June 1982, Interbras Annual Report: 1980

[41]Embassy Cable: June 1982

[42]Tsurumi: 1980

[43]SRI Report: 1981

[44]Ibid

[45]Ibid

[46]Ibid

31

[47]Miller: 1981, SRI Report: 1981

[48]Ibid

[49]Tsurumi: 198C

[50]SRI Report: 1981

[51]Young: 1979 (p. 83).

38

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40

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41

Share of Various Products in Sales of Six General Trading Companies, 1955–1977 (percent)

	1955	1961	1965	1970	1972	1974	1975	1976	1977
Mitsubishi Corporation									
Metals	23.00*	25.4	26.9	39.2	33.3	30.1	30.0	30.1	33.4
Machinery	15.77	22.5	22.1	18.5	21.2	14.1	14.5	17.9	15.0
Fuel	7.49				8.1	13.9	17.7	18.8	18.5
Chemicals		9.8	18.4	15.7	7.7	8.4	8.8	8.0	8.4
Foodstuffs	32.08	18.7	16.8	12.4	14.0	13.4	15.0	13.9	12.9
Textile	12.88	11.7	9.2	8.0	9.3	9.1	5.7	5.5	5.4
Materials	8.57	11.9	6.5	6.0	6.1	6.4	5.2		
Development and construction	0.21		0.1	0.2	0.3	3.6	3.1	5.8	6.4
Total	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mitsui & Co.									
Ferrous metals / Nonferrous metals	15.2*	28.0	29.1	38.3	30.8	33.7	34.2	30.7	31.7
Machinery	6.7	15.3	14.8	18.5	20.4	15.6	15.4	18.4	18.2
Chemicals	4.9	17.0	14.9	12.0	11.6	12.0	11.9	11.9	12.0
Fuel								7.4	7.3
Textile	8.3	10.7	10.3	7.7	9.0	9.2	6.8	7.1	6.7
Foodstuffs	53.2	21.4	18.9	10.8	13.3	15.1	18.1	15.7	13.9
Materials and others	11.7	7.6	12.2	12.7	14.9	14.4	13.6	8.8	10.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Marubeni Corporation									
Metals	7.77*	13.6	15.1	30.5	24.2	27.0	26.9	25.1	24.5
Fuel	1.23								
Machinery and construction	3.20	10.4	16.7	18.8	26.3	19.9	22.3	24.8	24.3
Chemicals and fuel		3.3	9.2	7.3	7.6	9.9	12.3	13.1	14.4
Textile	66.85	47.2	49.2	22.2	20.3	19.7	15.4	14.6	14.2
Foodstuffs	14.89	14.6	14.2	10.8	12.1	12.8	14.9	14.4	14.1
Others	6.06	10.8	10.7	10.4	9.5	10.7	8.2	8.2	8.5
Total	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C. Itoh & Co.									
Machinery and construction	2.4*	7.8	10.7	14.1	17.4	15.8	16.4	17.9	18.0
Chemicals		8.6	10.5	11.4	12.3	17.8	22.9	27.0	27.6
Textile	71.0	53.8	41.5	35.7	31.9	30.4	20.8	21.0	19.8
Foodstuffs	13.2	11.8	15.0	13.2	14.2	12.4	15.7	13.5	13.3
Lumber, materials, etc.	9.1	6.9	9.2	8.4	10.4	8.3	6.0	5.7	6.3
Metals	4.3	11.1	13.1	17.2	13.8	15.3	18.2	14.9	15.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sumitomo Shoji									
Metals	62.4	57.5	51.5	50.6	39.4	36.0	38.2	35.2	33.9
Machinery	13.5	18.0	15.1	19.3	22.0	18.2	20.4	22.0	23.4
Chemicals and fuel	4.5	8.4	6.7	12.2	13.8	16.7	21.0	21.4	20.7
Textile	4.0	3.4	2.6	3.3	6.2	8.2	7.6	6.2	5.3
Foodstuffs	15.2	6.6	12.6	4.9	9.4	12.1	6.7	7.7	8.7
Materials and construction	0.5	6.1	11.4	9.8	9.2	8.8	6.1	7.5	8.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nissho-Iwai Co.									
Metals	46.0*	48.0	30.3	34.7	42.0	39.0	38.0	35.1	38.3
Machinery	7.0	11.0	24.4	37.7	22.0	19.0	22.0	25.7	21.8
Textile	23.0	17.0	34.1	14.4	9.0	10.0	7.0	7.8	8.6
Foodstuffs	15.0	7.0	3.0	2.2	9.0	11.0	14.0	11.3	11.3
Materials	9.0	17.0	8.2	11.0	18.0	21.0	19.0	20.1	20.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Financial statements of the firms.

Source: Young, Alexander, the Sogo Shosha: Japan's Multinational Trading Companies, Westview Press, Boulder, Colorado: 1979 (pp 91-92)

TABLE A: 2

Percentage Breakdown of Annual Turnover of Nine Sogoshosha, 1978

Firm	Metals	Machinery	Chemicals	Foods	Textiles	Fuel	Projects, Pulp & Lumber
Mitsubishi	28	18	9	13	5	18	9
Mitsui	31	19	12	14	6	7	11
C. Itoh	17	20	20	13	19	6	5
Marubeni	24	26	12	14	13	2	9
Sumitomo	33	25	19	9	4	2	9
Nissho-Iwai	36	25	11	10	8	3	7
Kanematsu	19	12	13	15	28	13	-
Tomen	21	19	15	19	20	2	4
Nichimen	22	23	11	15	19	4	6

Source: Tsurumi, Yoshi - Sogoshosha: Engines of Export - Based Growth, Institute for Research on Public Policy, Montreal, Quebec, 1980. (p. 9)

TABLE A: 3

Share of Domestic, Foreign, and Overseas (Third-Country) Trade in Sales of Six General Trading Companies, 1955-1977 (fiscal six months ended March 31)[a]

	1953	1960	1965	1970	1973	1974	1975	1976	1977
Mitsubishi Corporation									
Domestic	32.8[b]	51.5	50.7	58.1	57.4	54.2	45.1	47.3	47.1
Export	23.9	18.6	18.9	15.7	16.1	13.8	20.2	17.0	17.3
Import	43.4	29.2	28.2	23.1	19.0	26.0	27.6	28.4	29.1
Overseas	0.0	0.8	2.2	3.1	7.5	6.0	7.1	7.4	6.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mitsui & Co.									
Domestic	42.7[b]	53.8	53.8	55.5	56.8	56.0	45.6	51.2	50.9
Export	22.1	21.0	21.1	19.1	17.9	14.9	21.9	20.4	21.5
Import	34.8	21.6	21.5	23.8	18.8	22.1	22.2	20.9	20.4
Overseas	0.3	3.6	3.6	1.6	6.5	7.0	10.3	7.5	7.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Marubeni Corporation									
Domestic	45.3	62.3	61.4	60.1	59.9	55.8	45.6	44.2	43.7
Export	22.8	13.7	16.1	18.0	19.8	18.0	26.2	26.4	26.1
Import	31.9	22.2	18.8	19.3	15.0	20.9	20.6	18.5	17.3
Overseas	0.0	1.8	3.7	2.6	5.3	5.6	7.6	10.9	12.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C. Itoh & Co.									
Domestic	53.2	61.3	62.8	60.5	57.7	54.5	48.9	52.7	49.7
Export	19.8	16.8	14.3	14.9	16.3	15.4	21.0	19.9	20.3
Import	27.0	20.4	18.8	19.0	19.1	24.6	22.9	20.2	19.1
Overseas	0.0	1.5	4.1	5.6	6.9	5.5	7.2	7.2	10.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sumitomo Shoji									
Domestic	62.7	63.3	62.7	63.2	61.6	58.6	52.3	53.4	58.7
Export	22.6	19.4	16.5	17.8	17.3	14.5	23.7	21.9	21.4
Import	14.8	17.3	18.0	16.1	14.1	16.2	15.0	14.5	14.2
Overseas	0.0	0.0	2.8	2.9	7.0	10.7	9.0	10.2	5.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nissho-Iwai Co.									
Domestic	47.0[c]	56.0	50.0	54.0	52.0	51.0	46.0	46.2	46.9
Export	22.0	13.0	20.0	16.0	16.0	15.0	22.0	23.8	23.1
Import	31.0	30.0	26.0	24.0	21.0	24.0	23.0	20.3	19.4
Overseas	0.0	1.0	4.0	6.0	11.0	10.0	9.0	9.7	10.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from financial statements of the firms.

[a]In percent. [b]Data for fiscal six months ended September 30. [c]Data for October 1954-September 1955.

Source: Young, Alexander - The Sogo Shosha: Japan's Multinational Trading Companies, Westview Press, Boulder, Bolorado: 1979, pp 88-89.

Share of the Ten General Trading Companies in Japan's Foreign Trade, FY 1963-FY 1976 (customs clearance basis)

	Export (million Yen)			*Import (million Yen)*		
Fiscal year	*(A) Japan's total*	*(B) Ten firms' total*	*Share of B in A (percent)*	*(A) Japan's total*	*(B) Ten firms' total*	*Share of B in A (percent)*
1963	2,029,108	1,027,510	50.6	2,608,949	1,635,247	62.7
1964	2,587,290	1,347,899	52.1	2,851,560	1,806,404	63.3
1965	3,140,608	1,654,226	52.7	3,030,017	1,951,135	64.4
1966	3,584,929	1,857,529	51.8	3,606,985	2,337,756	64.8
1967	3,878,485	1,972,648	50.9	4,342,018	2,825,149	65.1
1968	4,921,549	2,383,379	48.4	4,784,361	3,015,756	63.0
1969	6,047,208	2,856,558	47.2	5,761,204	3,598,636	62.5
1970	7,290,125	3,508,481	48.1	6,967,080	4,365,110	62.7
1971	8,470,606	4,316,935	51.0	6,822,595	4,134,418	60.6
1972	9,070,923	4,550,051	50.2	7,659,410	4,797,401	62.6
1973	10,877,202	5,732,800	52.7	12,369,133	7,925,656	64.1
1974	17,079,634	9,577,444	56.1	18,276,314	10,462,932	57.2
1975	17,029,943	9,599,884	56.4	17,396,283	9,674,440	55.6
1976	20,671,000	10,655,800	51.5	19,709,700	10,408,400	52.8

Source: Data provided by Yoshishige Murakami of the Japan Foreign Trade Council, Inc., and by Information and Research Department, Mitsui & Co.

Source: Young, Alexander, the Sogo Shosha: Japan's Multinational Trading Companies Boulder, Colorado, 1979: p. 87

TABLE A: 5

Turnover of Nine Sogoshosha by International and Domestic Transactions, 1978

	Total Turnover*	Domestic (per cent)	International (per cent)
Mitsubishi	9,300	46	54
Mitsui	8,700	50	50
C. Itoh	6,700	50	50
Marubeni	6,500	44	56
Sumitomo	5,900	56	44
Nissho-Iwai	4,500	49	51
Kanematsu-Gosho	2,300	50	50
Tomen	2,250	50	50
Nichimen	1,850	39	61

* In billions of yen.

Source: Tsurumi, Yoshi - Sogoshosha: Engines and Export-Based Growth, Institute for Research on Public Policy, Montreal, Quebec: 1980, p. 6.

TABLE A: 6

Debt-Equity Ratios of Nine Sogoshosha, 1978

Firm	Total Debt*	Equity*	Debt-Equity
Mitsubishi	1,379	159	8.7
Mitsui	1,694	159	10.7
C. Itoh	1,071	70	15.3
Marubeni	1,067	84	12.7
Sumitomo	587	64	9.2
Nissho-Iwai	628	50	12.6
Tomen	469	30	15.6
Kanematsu	356	23	15.5
Nichimen	296	25	11.8

*in billions of yen.

TABLE A: 7

The Nine Sogoshosha, 1978

Company	Annual Turnover* (A)	No. of Japanese Employees (B)	Annual Turnover per Employee** (C)	Annual Profits After Taxes* (D)
Class A				
Mitsubishi	9,300	9,645	964	16.0
Mitsui	8,700	10,382	837	10.0
Class B				
C. Itoh	6,700	8,120	825	2.0
Marubeni	6,500	7,961	816	4.0
Sumitomo	5,900	6,062	973	7.5
Nissho-Iwai	4,500	6,627	679	3.5
Class C				
Kanematsu-Gosho	2,300	3,079	746	0.8
Tomen	2,250	3,330	675	1.0
Nichimen	1,850	3,664	504	1.5

*in billions of yen
**in millions of yen

Source: Tsurumi, Yoshi, Sogoshosha: Engines of Export-Based Growth. Institute for Research on Public Policy: March 1980.

Annual Sales of the Ten General Trading Companies, FY 1960–FY 1976 (fiscal year ended March 31)[a]

	FY 1960	FY 1964	FY 1966	FY 1969	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976
Mitsubishi Corporation	644,413	1,318,283	1,729,197	3,242,009	4,529,833	5,181,920	7,484,192	9,407,680	9,140,648	9,609,009
Mitsui & Co.	639,528	1,207,630	1,775,598	3,090,183	4,135,025	4,955,481	6,967,730	8,627,216	7,885,170	9,024,958
Marubeni Corporation	612,738	1,135,093	1,379,614	2,164,153	2,910,005	3,399,751	4,441,105	5,556,495	5,762,570	6,438,242
C. Itch & Co.	544,596	1,106,614	1,246,425	2,056,428	2,773,268	3,173,698	4,228,797	5,229,503	5,630,673	6,332,657
Sumitomo Shoji	196,623	451,921	629,054	1,308,221	1,976,648	2,414,929	3,850,455	5,117,789	5,509,561	5,825,444
Nissho-Iwai Co.	333,600	734,621	995,584	1,508,252	1,925,079	2,392,536	3,382,831	4,005,096	3,959,844	4,527,070
Toyomenka	277,798	n.a.	738,912	1,185,306	1,393,159	1,551,017	1,834,334	2,444,449	2,394,810	2,521,751
Kanematsu Gosho	294,200	n.a.	569,949	715,536	970,672	1,192,741	1,821,228	2,320,649	2,308,101	2,335,713
Ataka & Co.	144,700	n.a.	298,496	658,373	944,428	1,165,651	1,616,469	2,094,832	1,998,937	1,490,174
Nichimen Company	305,587	n.a.	591,757	777,819	916,734	1,163,675	1,586,800	2,068,679	1,688,074	1,810,546
Total	3,993,783	n.a.	9,994,591	16,706,280	22,474,849	26,591,399	37,213,941	46,872,388	46,278,388	49,915,564

Source: Financial statements of the firms.
Note: n.a. = not available. Sales total for Nissho-Iwai Co. before 1969 combines sales of Nissho Co. and Iwai Sangyo.

[a]In million Yen.

Source: Young, Alexander - The Sogo Shosha: Japan's Multinational Trading Companies. Westview Press, Boulder, Colorado: 1979 (p. 85).

TABLE A: 9

Aspects of Top Ten's Financial Situation

(September 1976, millions of yen)

Company	Loans from Banks	Loans to Companies	Net Profit	Net Interest Payments
Mitsubishi	¥16,183	¥24,574	¥311	¥269
Mitsui	21,083	25,472	157	208
Marubeni	12,595	15,374	225	235
C. Itoh	11,157	13,025	178	182
Sumitomo	7,412	10,194	187	109
Nissho-Iwai	7,305	11,051	148	122
Tomen	6,063	7,519	91	106
Kanematsu-Gosho	4,360	5,878	52	81
Ataka	5,380	5,914	-61	124
Nichimen	3,849	4,634	64	63

Source: September 1976 Semiannual Statements of Accounts by the Companies

Source: U.S.-Japana Trade Council Report, No. 31, Sept. 28, 1979)p. 13).

TABLE A: 10

Financial Data

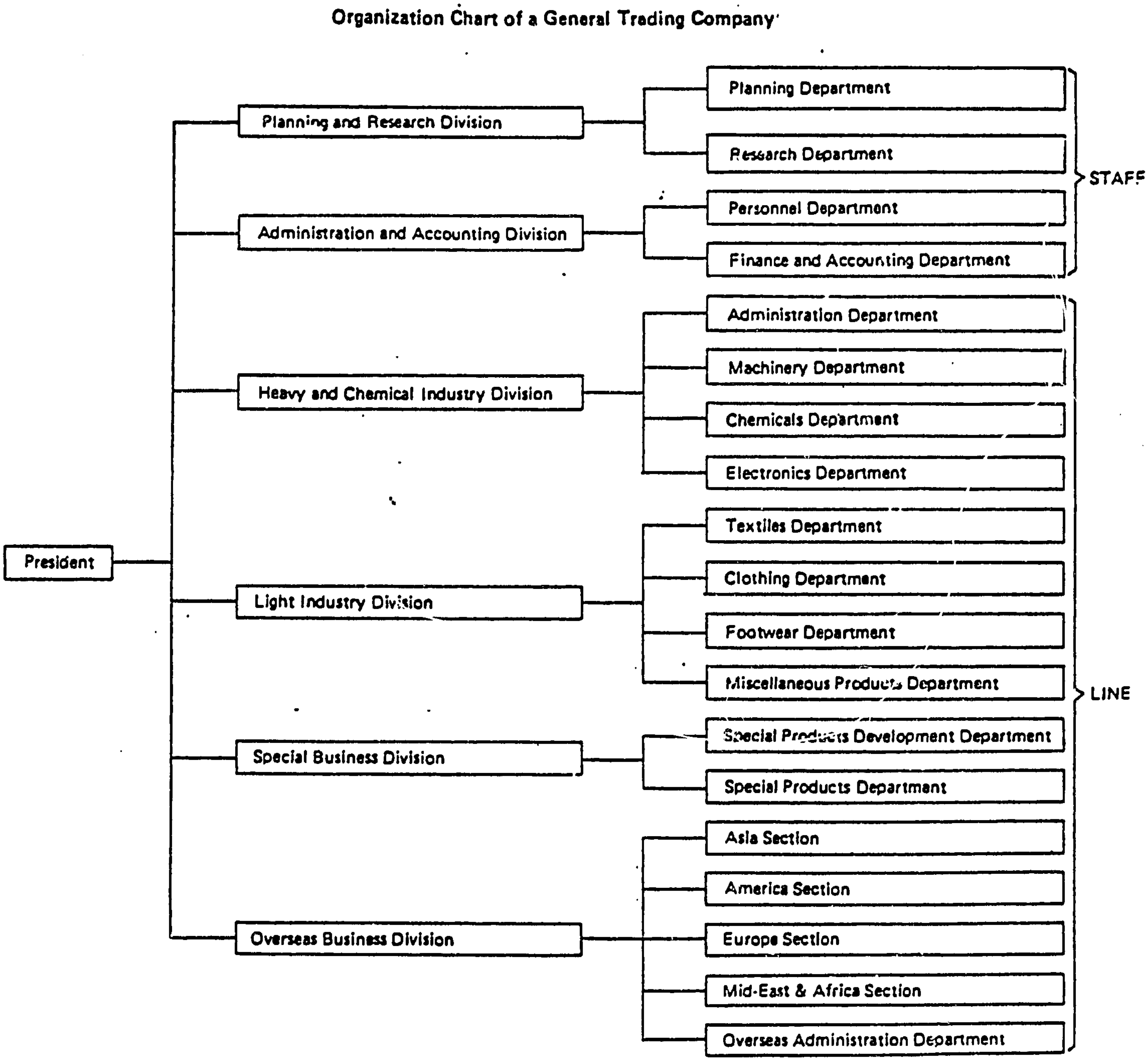
Firm	Net Worth ¥ million	Net Worth/ Total Assets	Pre-Tax Profit[a] ¥ million	After-Tax Profit ¥ million	Pre-Tax Profit Rates on Sales	Pre-Tax Profit Rates on Equity	Profit Per Employee ¥1,000
Mitsubishi	178,751	5.05%	34,017	16,131	0.38%	19.0%	3,539
Mitsui	172,679	4.51	7,369	11,184	0.09	4.3	692
C. Itoh	70,508	2.99	8,677	2,232	0.13	12.3	1,127
Marubeni	84,706	3.74	5,045	4,414	0.08	6.0	649
Sumitomo	68,986	4.66	19,255	7,659	0.33	27.9	3,280
Nissho-Iwai	51,476	3.21	4,149	2,950	0.10	8.2	646
Tomen	29,969	3.13	1,198	1,540	0.06	4.0	40
Kanematsu	22,640	2.64	−566	121	−0.06	−2.5	−194
Nichimen	24,951	3.59	2,801	1,139	0.16	11.2	805
Average	78,296	4.01	9,105	5,263	0.09	11.6	
All trading[b,c]	25,293	8.62	4,425	2,378	0.60	17.5	1,445
All manufacturing[c]	26,256	21.48	4,474	2,354	3.50	17.1	1,075
All industry[c]	27,483	17.68	4,905	2,457	2.62	17.8	1,242
U.S. wholesaling		34.65			2.99	25.9	

Notes: [a]Operating profit plus interest dividends received and minus interest paid, but excluding extraordinary items.
[b]Includes wholesale and retail.
[c]Company averages from a sample of 881 large corporations.

Source: Same as Table 1, plus Federal Trade Commission, Quarterly Financial Report for data on U.S. wholesaling.

Source: U.S.- Japan Trade Council Report, No. 36, November 2, 1979.

CHART B: 1



Source: Korean Exchange Bank Monthly Review (Vol. XIII, No. 3, p. 7)

TABLE B-1

Export Performance by Year and by Companies

In million dollars

	1975	1976	1977	1978	share (%)	average increase rate (%), (1975 ~ 1978)
Daewoo Co.	170.8	319.0	361.8	705.8	17.5	65.1
Samsung Co.	226.3	367.2	390.2	493.4	12.2	31.7
ICC Corp.	63.7	193.2	297.4	472.3	11.7	105.3
Hyosung Corp.	34.3	113.9	152.8	337.8	8.4	129.1
Bando Sangsa Co.	30.8	136.7	198.6	329.6	8.2	151.7
Sunkyong Ltd.	64.5	124.6	176.2	283.4	7.0	65.1
Ssangyong Corp	127.0	142.7	117.1	264.5	6.6	40.1
Samhwa Co.	28.1	106.0	167.1	260.6	6.5	130.3
Hyundai Corp.	–	–	323.3	259.7	6.4	−19.7
Kumho Inc.	34.2	99.4	135.0	256.0	6.3	105.3
Hanil Co.	137.3	218.1	127.1	188.3	4.7	21.8
Korea Inc.	11.9	18.2	23.8	31.3	0.6	38.4

Note: 1) Export values in 1975 and 1976 are on a Negotiation Basis and those of 1977 and 1978 are on a Customs Clearance Basis.

Source: Korean Exchange Bank Monthly Review: March 1979, Vol. XIII, No. 3 (p. 12)

General Trading Companies' Growth Record.

In million won

	Net Worth			Total Assets			Net Sales		
	1975	1976	1977	1975	1976	1977	1975	1976	1977
Daewoo Industrial Co., Ltd.	10,797	20,914	36,294	69,049	107,411	140,909	63,062	12[illegible],289	188,633
Samsung Co., Ltd.	1,884	5,443	9,071	35,957	62,505	75,714	79,200	123,346	232,907
ICC Corporation	7,308	8,952	15,598	24,431	37,776	58,876	31,802	78,105	102,051
Hyosung Corporation	2,993	3,293	6,562	8,698	19,262	45,268	19,591	54,337	89,293
Bando Sangsa Co., Ltd.	1,051	2,006	2,761	7,794	16,544	29,804	15,990	67,047	111,498
Sunkyong Ltd.	1,063	4,125	6,978	28,562	49,181	71,050	32,697	50,429	120,674
Ssangyong Corporation	1,418	2,724	2,800	7,170	16,442	30,407	2,819	3,676	45,869
Samhwa Company Ltd.	4,906	5,245	6,044	18,553	31,482	47,132	16,982	29,215	67,309
Hyundai Corporation	–	–	4,408	–	–	9,187	–	–	177,100
Kumho & Co., Inc.	3,175	4,409	4,838	7,701	15,697	34,128	17,005	32,113	73,1[illegible]
Hanil Synthetic Fiber Ind. Co., Ltd.	17,631	22,884	57,065	129,847	139,403	192,226	106,488	138,898	169,530

Source: Company Yearbook 1978

Source: Korean Exchange Bank Monthly Review: March 1979, Vol XIII, No. 3 (p. 3)

TABLE B: 3

General Trading Companies' Exports by Product Category (1977)

Note: 1) On a Negotiation Basis.

	Nation's Total Exports	Exports of General Trading Companies	share (%)	Daewoo Co	Samsung Co.	ICC Corp	Hyosung Co.	Bandosangsa Co	Sunkyong Ltd	Ssangyong Co	Samhwa Co	Hyundai Co	Kumho & Co	Hanil Co	Korea Inc
Agricultural & Marine Products	1,121.2	192.[illegible]	17.2	5.7	51.0	17.3	11.0	14.7	28.1	2.7	18.7	3 0	18.3	11.0	4.1
Mineral Products	242.2	57.2	23.6	1.8	0.8	0.1	0.02	41.9	0.3	4.3	0.2	0.1	5.0	0	1.4
Industrial Products	9,110.6	2,880.8	31.6	472.1	392.7	318.2	180.6	155.1	203.7	159.2	185.9	313.6	175.9	147.1	18.9
Heavy and Chemical Industry Products	3,992.2	1,319.8	33 1	141.0	166.1	93.8	39.9	101.4	75.6	136.6	26.5	305.8	79.2	9.7	5.3
(Non-Metallic Mineral Manufactures)	376.6	250.2	66.4	2.6	11.2	3.6	0.08	2.0	18.2	105.0	8.5	9.4	13.8	0.06	0.7
(Transport Equipment)	707.2	228.3	32.3	5.9	20.4	0.4	0.5	0.1	0.4	8.9	0.1	181.2	0.3	0.1	0.01
(Iron and Steel Products)	573.0	241.6	42.2	23.7	27.1	58.9	20.5	0.8	27.9	7.5	1.8	5.1	33.1	0.9	0.1
(Electrical and Electronic goods)	1,229.5	222.7	18.[illegible]	45.0	70.0	2.0	5.4	59.3	11.5	7.4	4.3	1.4	10.5	3.6	1.1
Light Industry Products	5,118.4	1,561.0	30.5	331.1	226.6	224.4	140.7	53.7	128.1	22.6	159.4	7.8	96.7	137.4	13.6
(Textile Yarn and Fabrics)	1,102.9	294.4	26.7	41.1	48.1	15.4	34.1	3.1	53.2	2.0	15.6	0.7	7.0	70.6	2.0
(Clothing)	2,202.0	584.1	26.5	214.9	119.4	49.0	28.5	33.0	42.0	9.8	23.8	0.4	15.0	45.2	3.0

Note: 1) On a Negotiation Basis.

Source: Korean Exchange Bank Monthly Review: March 1979, Vol XIII. No. 3 (p 6)

Business Scale of the General Trading Companies
(As of the end of 1978)

In million dollars

Companies	Capital Stock[1]	Net Sales[1]	No. of Employees (thousand)	Trade Volume[2]	Major Export Items
Daewoo Industrial Co., Ltd.	84.30	809.9	12.0	557.7	Clothing, Textiles, Synthetic Resin, Electronic Goods, Footwear.
Samsung Co., Ltd.	24.79	574.6	3.7	572.6	Garments, Textiles, Electronic Goods, Cement, Iron and Steel Products.
ICC Corporation	13.80	310.1	20.0	403.7	Footwear, Manufactures of Metal, Clothing, Agricultural and Marine Products, Synthetic Resin.
Hyosung Corporation	10.33	404.8	2.7	233.3	Tires, Clothing, Textiles, Footwear, Sporting Goods.
Bando Sangsa Co., Ltd.	8.26	401.4	4.5	259.7	Electronic Goods, Garments, Textiles, Synthetic Resin, Petro-Chemicals.
Sunkyong Ltd.	15.50	342.6	5.8	309.1	Clothing, Textiles, Electronic Goods, Miscellaneous Manufactures, . Footwear.
Ssangyong Corporation	6.20	246.1	0.5	220.9	Cement, Iron and Steel, Textiles, Mineral Materials.
Samhwa Co., Ltd.	11.36	211.2	13.0	230.2	Footwear, Agricultural and Marine Products, Clothing, Silk Fabrices, Cement.
Hyundai Corporation	16.53	365.9	0.6	321.0	Transport Equipment, Manufactures of Metal, Non-Metallic Mineral Manufactures, Machinery (excluding electrical)
Kumho & Co., Inc.	10.33	230.8	0.3	219.3	Tires, Iron and Steel Products, Clothing, Miscellaneous Manufactured Articles.
Hanil Synthetic Fiber	41.65	350.2[3]	30.0	354.1	Fibers, Fibrous Yarn, Textile Fabrics Clothing, Marine Products.

Note: 1) Capital Stock and Net Sales are converted into dollars at the rate of US$1:₩484

2) Figures denote trade volumes by the companies during 1977

TABLE B: 4

Financial Indicators of General Trading Companies

In Percent (%)

Indicators	1976	1977
Total assets growth rate	70.34	55.10
Net worth growth rate	63.61	65.52
Net sales growth rate	99.64	66.97
Number of employees growth rate	28.67	14.84
Ratio of income before income taxes and extraordinary items to total assets	7.11	3.60
Ratio of financial expense & income before income taxes and extraordinary items to total assets	13.20	10.11
Ratio of income before income taxes and extraordinary items to net sales	3.30	1.32
Ratio of financial expenses to total loans	17.15	18.48
Accumulated earnings ratio	56.02	48.49
Ratio of net worth to total assets	16.6	17.0
Current ratio	98.5	99.9
Fixed ratio	170.5	169.4
Ratio of fixed assets to fixed liabilities & net worth	101.6	98.1

Source: Financial Statements Analysis for 1977

Source: Korean Exchange Bank Monthly Review: March 1979 - (Vol XIII, No. 3 p. 10)

TABLE B: 5

Business Results of General Trading Companies

In Million Won

Title of Account	1976	share (%)	1977	share (%)
Total Assets	35,978	100.0	48,261	100.0
Current Assets	25,572	71.1	34,062	70.6
Fixed Assets	10.183	28.3	13,904	28.8
Deferred Assets	222	0.6	294	0.6
Liabilities & Net Worth	35,978	100.0	48,261	100.0
Current Liabilities	25,956	72.1	34,080	70.6
Fixed Liabilities	4,051	11.3	5,971	12.4
Net Worth	5,972	16.6	8,210	17.0
Capital Stock	3,794	10.5	5,057	10.5
Net Sales	61,588	100.0	108,380	100.0
Cost of Sales	53,944	87.6	98,240	90.6
Gross Profit from Sales	7,645	12.4	10,139	9.4
Operating Profit	2,644	4.3	2,432	2.2
Income before Income Taxes and Extraordinary Items	2,030	3.3	1,429	1.3
Net Profit	1,392	2.3	1,473	1.4

Note: 1) Results of 1976 are the average for 10 General Trading Companies while those of 1977 are the average of 12 General Trading Companies.

Source: Financial Statement Analysis for 1977 and 1978

Source: Korean Exchange Bank Montly Review: March 1979 (Vol XIII, No. 3 p. 9)

TABLE C: 1

INDIRECT AND DIRECT EXPORTS FROM BRAZIL

YEAR	Total Exports (U.S.$)	Exports by Brazilian Trading Companies (U.S.$)	Percentage of exports by Brazilian Trading Companies
1976	10.1	.9	9.0
1977	12.1	1.5	12.0
1978	12.7	1.7	13.2
1979	15.2	2.4	15.8
1980	20.1	3.7	18.5
1981	23.2	4.5	19.3

Source: Embassy Cable: May 1982

TABLE: D: 1

THE 25 LARGEST "TRADING COMPANIES" IN EUROPE, 1980

Company	Headquarters	Sales (Millions of Dollars)	Exports (Millions of Dollars)	Employees
NV Netherlands Gas	Groningen, Netherlands	6 404	2 850	1 596
CAMPSA	Madrid, Spain	6 296	n.a.	9 878
Karstadt AG	Essen, West Germany	5 892	n.a.	67 162
Stinnes AG	Muelneim, West Germany	5 629	858	—
Aral AG	Bochum, West Germany	5 189	n.a.	—
Thyssen Trading Group AG	Düsseldorf, West Germany	4 871	1 758	11 300
Foerbundet Cooperative	Stockholm, Sweden	4 781	554	70 832
Migros Cooperative	Zürich, Switzerland	4 617	n.a.	36 469
A.C. Toepfer	Hamburg, West Germany	4 381	n.a.	1 900
German Savings Center	Frankfurt, West Germany	4 372	n.a.	37 200
SHV Holdings NV	Utrecht, Netherlands	4 365	n.a.	29 000
Raab Karcher AG	Essen, West Germany	4 313	n.a.	11 218
Kloechner & Co.	Duisburg, West Germany	4 285	1 609	8 596
Edekea Central AG	Hamburg, West Germany	3 956	n.a.	1 427
Grand Metropolitan Ltd.	London, England	3 776	134	107 152
Kaufhof AG	Koeln, West Germany	3 711	n.a.	57 694
Carrefour	Evry, France	3 474	n.a.	10 678
Inchcape & Co. Ltd.	London, England	3 391	222	35 000
Cavenham Ltd.	Berkshire, England	3 383	17	29 000
Swiss Cooperative	Basel, Switzerland	3 229	n.a.	27 895
Co-op Wholesale Society, Ltd.	Manchester, England	3 148	30	29 000
Hertie GMBH	Frankfurt, West Germany	3 130	n.a.	49 358
Schickedanz Quelle	Fürth, West Germany	3 022	n.a.	23 950
Central Cooperative AG	Frankfurt, West Germany	2 933	n.a.	26 472
East Asiatic Co. A/S	Copenhagen, Denmark	2 919	n.a.	32 200

n.a. = not available.

Source: Dun & Bradstreet, International

Source: Stanford Research Institute Report on Trading Companies: December 1981 (p. 5)

TABLE D: 2

THE UNITED KINGDOM'S LARGEST INTERNATIONAL MERCHANTS, 1979

Company	Turnover* (Thousands of Pounds)
Inchcape & Co.	1 593 692
Dalgety	945 000
Harrisons & Crosfield	639 000
Louis Dreyfus & Co.	333 957
Paterson, Zochonist & Co.	192 014
United City Merchants	114 058
Z.G. Cornelius & Co.	96 172
James Finlay & Co.	85 139
European Grain & Shipping	83 624
Corrie MacColl & Son	78 307
United Baltic Corporation	70 854
George Wills & Sons Hldgs.	68 900
A. Oppenheimer & Co.	52 904
London Export Corp.	32 095

*Total turnover year ending December 1979.

Source: *The Times* (London)

Source: Stanford Research Institute Report on Trading Companies: December 1981 (p. 6)