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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

SEP 28 1971

Dear Mr. Scott:

In our continuing review of the Department of Commerce's export expansion efforts, the General Accounting Office examined the possibility of increasing export sales through the dissemination of information on new products available from United States manufacturers. The following situations indicated the desirability of expanding the exposure of such information.

1. During our review of the Trade Opportunities Program, executives of Japanese trading companies representing United States suppliers told us they wanted information on new products developed in the United States. They believed these products had considerable sales potential in the Japanese market. The review also showed that trade opportunities from posts in West Germany often were in the nature of inquiries for new products or product lines from American suppliers. The responsiveness of United States suppliers was limited by the inability of the foreign firm to adequately describe the products sought.
2. While on a recent visit to the U. S. Embassy in Oslo, Norway, we learned that Norwegian businessmen frequently expressed interest in importing United States products. The Embassy told us that more information on United States products could assist in improving our trade promotion efforts in the Norwegian market.
3. In a May 1971 airgram the U. S. Embassy, in Bangkok, Thailand, advised Commerce they continued to receive requests from local newspapers and other publications for pictures of new American products and other business and industrial news from the United States. The post commented that the United States was missing out on the kind of continuing publicity that could help its reputation for technical leadership in numerous product and industrial fields. We understand Australia and Germany use the publications approach to promote products in the Thailand market.

An earlier Embassy airgram in August 1968 informed Commerce that a survey conducted by the Embassy revealed that editors of 16 daily newspapers in Bangkok welcomed a continuing flow

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of releases and graphic material from American companies on new products, research developments, and other business news of interest to readers in Thailand. Information from trade associations and similar organizations in the United States was also sought by the Bangkok newspapers.

In response to the May 1971 airgram, Commerce called attention to the fact that it already distributed some new product information to the posts through the Commercial Newsletter Service and that limited resources precluded expansion of the service. In addition, we noted that a limited amount of information on new products is published in the bi-weekly Commerce Today magazine.

The Commercial Newsletter Service published by the Office of International Commercial Relations provides new product information on about 20 items each month to 106 United States Embassies and Consulates around the world. Posts release the information to local newspapers and use it as source material for their own newsletters which are distributed to local banks, trade associations and chambers of commerce. The low profile of the Newsletter Service in Commerce is exemplified by an annual budget of \$1500, exclusive of salaries, and two part-time employees who identify new products from personal reading of trade publications and newspapers. Commerce contacts manufacturers to obtain pictures of new products and to determine what countries should receive distribution.

In our examination, we identified several sources not presently utilized by the Commercial Newsletter Service staff. These sources, we believe, would provide a more complete universe from which new product information could be selected for distribution to overseas posts. These sources are:

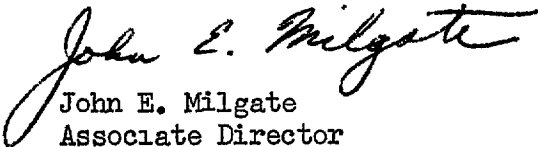
- the Business Research and Analysis staff of the Bureau of Domestic Commerce. Commodity analysts compile a variety of information gleaned from trade magazines, and other sources.
- the United States Patent Office. The publication Patent Official Gazette contains about 1,400 new products each week.
- trade associations: the National Association of Manufacturers and the Electronic Industries Association both have available new product information which their representatives would provide to Commerce.

Records of the effectiveness of distributing new product information in terms of establishing business relationships are not maintained. The program appears, however, to offer the opportunity for an inexpensive supplement to other Commerce programs for introducing small and medium-sized firms to international trade. One supplier contacted by our staff expressed gratitude for Commerce's assistance to him. Although he did not wish to divulge export sales figures, he indicated that Commerce's service assisted his substantial export business.

We therefore suggest, that Commerce solicit opinions of the overseas posts on expanding the distribution of new product information, and if warranted, prepare appropriate procedures for coordinating the flow of information from industry, commodity analysts, publications, and any other appropriate sources. Program procedures should take into account peculiarities of individual overseas market areas and situations such as the availability of free advertising in local newspapers, publication of the posts' own newsletter, and the like.

Should you wish we would be pleased to discuss these matters in greater detail with you or your staff. Also, we would appreciate your views on our observations and the course of action contemplated.

Sincerely yours,

  
John E. Milgate  
Associate Director

Harold B. Scott  
Assistant Secretary Designate  
Domestic and International Business  
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