



TPO NETWORK

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FROM EXPORT PROMOTION TO INTERNATIONALIZATION The role of trade promotion organizations in the evolving global economy



مؤسسة دبي لتنمية الصادرات
DUBAI EXPORTS



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The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.

Street address: ITC
54-56, rue de Montbrillant
1202 Geneva, Switzerland

Postal address: ITC
Palais des Nations
1211 Geneva 10, Switzerland

Telephone: +41-22 730 0111

Fax: +41-22 733 4439

E-mail: itcreg@intracen.org

Internet: <http://www.intracen.org>

From Export Promotion to Internationalization

The role of trade promotion organizations
in the evolving global economy



ABSTRACT

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Proceedings of 2014 Trade Promotion Organizations (TPO) Network World Conference and Awards held in Dubai, United Arab Emirates, on 3 - 5 November 2014, addressing the theme 'From export promotion to internationalization', reflects the debates, discussions and key messages of the conference and showcases the winners of the 2014 TPO Network Awards; reviews the recent trend in the business support environment to merge trade and investment activities; discusses the benefits and opportunities for TPOs and their beneficiaries such as trade facilitation, diversifying exports towards emerging markets and integrating SMEs into value chains.

Descriptors: **Trade Promotion Organization, Export Promotion, International Trade, Investment, Trade Facilitation, Export Diversification, Value Chains.**

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ITC, Palais des Nations, 1211 Geneva 10, Switzerland (www.intracen.org)

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Foreword by Arancha González

Trade, investment and development were at the heart of the 10th Trade Promotion Organization (TPO) Network World Conference and Awards. This was the largest gathering ever for this biennial event – more than 400 leaders from 68 countries participated, bringing together TPOs, business associations, trade and development professionals and policymakers around the table.

Such diversity has enabled this event to become the world's premier platform for TPO leaders to deepen and share knowledge with each other as we explore the important role that TPOs play to support small and medium-sized enterprises (SMEs) to internationalize and connect to value chains.

Behind these SMEs are trade and investment promotion organizations that support these small businesses to grow into enterprises that thrive in international markets.

A key message that resonated across our discussions is that trade and investment are intertwined as never before.

TPOs have an essential advocacy role to play to reduce the cost of doing business across borders, and facilitate a conducive business environment. The World Trade Organization Trade Facilitation Agreement creates a legal structure to accomplish this, but TPOs need to encourage governments to implement business-friendly reforms.

SMEs need incisive trade and market intelligence to enter new markets. TPOs' *raison d'être* is to assist SMEs to obtain this expertise at an affordable cost. To remain competitive, businesses also need to ensure gender inclusiveness, adopt new technologies and extend brand identity. In each of these areas, there are models of excellence where TPOs have served as valuable intermediaries between local enterprises and global and regional markets.



Trade in services, the most dynamic segment of international trade, is emerging as an area of focus, in which the best TPOs provide specific services and trade promotion toolkits to support SMEs to take advantage of new market opportunities.

Innovation is paramount, especially for SMEs that find it challenging to keep pace with technological change. SMEs can be incubators of new technologies and a rich source of innovation. The best TPOs are helping to nurture these incubators by facilitating technological platforms and focusing on good customer service, as well as revenue-generating activities.

This is the first TPO network conference in the Gulf region. The United Arab Emirates is one of the most diversified economies in the Middle East. It was fitting that the meeting was held in Dubai, an important global and regional trade and investment hub.

I would like to congratulate the 2014 TPO Network Award winners and all those who applied. Showcasing how you make a difference helps to show how TPOs continue to be centres of excellence for SMEs.

Thank you for your active participation and your insights, and we look forward to seeing you in Morocco in 2016.

A handwritten signature in black ink, appearing to be 'Arancha González', written in a cursive style.

Arancha González
Executive Director
International Trade Centre

Foreword by H.E. Eng. Saed Al Awadi

Dubai has traditionally been a meeting ground – a city that has built its prosperity on its openness to other cultures and its ability to connect people worldwide.

It has been a pleasure to welcome more than 400 delegates from around the world. Dubai Exports is proud to be part of this vibrant TPO Network as we work together to identify new engines of growth and to help put trade to work for global sustainable prosperity.

Dubai is a crossroads, connecting East and West. For those of you who visited the Jebel Ali Port, you have experienced the technologically advanced facility and sophisticated infrastructure that have made Dubai the re-export hub of the world. Re-exports from the United Arab Emirates (UAE) grew by 11% from US\$ 109 billion in 2012 to US\$ 121 billion in 2013.

We hope that our success will serve as an inspiration. Our efforts are channelled towards accelerating the country's pace of sustainable development. After claiming a high-ranking position in the International Institute for Management Competitiveness Report, the UAE was ranked 12th in the World Economic Forum's Global Competitiveness Report – The Global Competitiveness Index 2014-2015.

The UAE Ministry of Economy works with all stakeholders, including SMEs, one of the main drivers of our economy. We pursue policies to further enhance their role – a role that is crucial for the sustainable development of the country.

More opportunities for SMEs are opening up in the wake of the World Trade Organization's (WTO) Trade Facilitation Agreement. We believe strongly in the importance of free international trade and are convinced that the global trading system can deliver prosperity. However, we need to work together to remove the barriers to trade that hamper economic growth.



TPOs can help to free international trade by assisting in simplifying procedures, formulating policies and increasing cooperation to boost exports and support WTO efforts to facilitate international trade.

This is why this event was so timely. It gave us an opportunity to take stock of how TPOs can foster trade and investment through information, networking and as a platform where small, medium and large companies can collaborate with trade development professionals. It gave us an opportunity to recognize our peers and award them for excellence in export development initiatives. Congratulations to all of the winners! Your good work is an inspiration for all of us.

We hope that this event exceeded your expectations and that you left more enriched and energized. We look forward to meeting again at the 11th TPO Network World Conference and Awards in 2016 in Marrakech.

A handwritten signature in blue ink, which appears to be 'Saed Al Awadi'. The signature is fluid and cursive, written on a white background.

H.E. Eng. Saed Al Awadi
Chief Executive Officer
Dubai Exports

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Abbreviations

Austrade	Australian Trade Commission	KAZNEX INVEST	National Export and Investment Agency
BRICS	Brazil, Russia, India, China and South Africa	KOTRA	Korea Trade-Investment Promotion Agency
CBI	Centre for the Promotion of Imports from Developing Countries (the Netherlands)	LDCs	Least developed countries
CEO	Chief executive officer	MATRADE	Malaysia External Trade Development Corporation
CINDE	Costa Rican Investment Promotion Agency	MENA	Middle East and North Africa
COMEX	The Ministry of Foreign Trade (Costa Rica)	OECD	Organisation for Economic Co-operation and Development
CRM	Client relationship management	PROCOMER	The Foreign Trade Corporation of Costa Rica
DEDC	Dubai Export Development Corporation	QDB	Qatar Development Bank
EU	European Union	RTPO	International Network for Regional Trade Promotion Organisations
ERAI	Entreprise Rhône Alpes International	S-GE	Switzerland Global Enterprise
FDI	Foreign direct investment	SME	Small and medium-sized enterprise
GCC	Gulf Cooperation Council	UAE	United Arab Emirates
GDP	Gross domestic product	TPO	Trade promotion organization
ICEX	Spain Trade and Investment	TSI	Trade support institution
ICT	Information and communication technology	WTO	World Trade Organization
ITC	International Trade Centre	ZEDEF	Zambia Export Development Fund
ITFC	International Islamic Trade Finance Corporation		
JAMPRO	Jamaica Promotions Corporation		
JEDCO	Jordan Enterprise Development Corporation		

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We would also like to thank all of the participants, panellists and staff of ITC and Dubai Exports who helped to ensure the success of the 10th TPO Network World Conference and Awards.

Overview



The 2014 TPO Network World Conference and Awards, hosted by Dubai Exports, brought together more than 400 participants from 63 countries in Dubai, United Arab Emirates. Some 40% of the world's TPOs were represented from developed, developing, and transition economies.

The conference addressed the theme: From export promotion to internationalization – The role of TPOs in the evolving global economy.

This report reflects the debates and key messages of the conference and showcases the winners of the 2014 TPO Network Awards.

This report comprises three chapters.

Chapter 1 is dedicated to the recent trend in the business support environment to merge trade and investment activities. It discusses the benefits for TPOs and their beneficiaries of building and working towards mutual objectives that attract trade and investment, both at home and abroad.

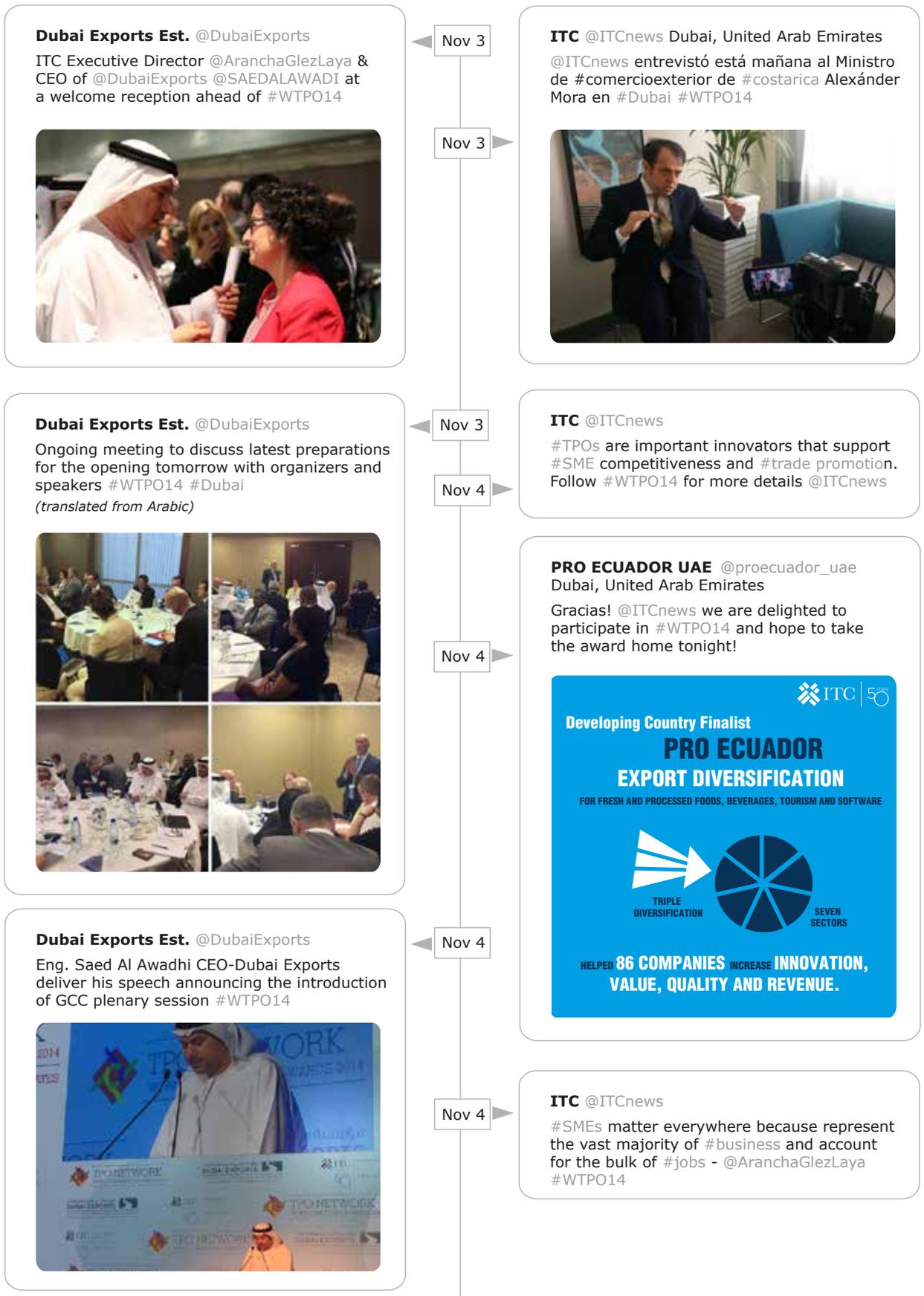
Chapter 2 summarizes related issues that TPOs address to reinforce their relevance by continually upgrading their service offers, improve efficiency and enhance their impact with policymakers and businesses. Among these opportunities are trade facilitation, diversifying exports towards emerging markets and integrating SMEs into value chains.

Chapter 3 recognizes the TPO shortlist and winners of the 2014 TPO Network Awards. These awards recognized TPOs that demonstrate outstanding performance and innovation in delivering export development initiatives.

For the full text of the speeches and presentations, consult the conference website at: www.tponetwork.net

Figure 1. Real-time reporting

For the first time, WTPO event coverage included real-time reporting via Twitter, as well as daily web stories and video news. Below are a sample of tweets sent by participants, Dubai Exports and ITC to their networks, providing updates on the Trade Promotion Network Awards and the session debates.



ITC @ITCnews
 #SMEs matter everywhere because represent the vast majority of #business and account for the bulk of #jobs - @AranchaGlezLaya #WTPO14

Nov 4

Dubai Exports Est. @DubaiExports
 High #impact and #low #budget can be achieved through #DIGITAL medium. #WTPO14 @ITCnews

Nov 5

Nov 5

Cheil Worldwide @Cheil_Worldwide
 Cheil's @helenrkn addressed that branding is about identity, culture and values. #WTPO14

Nov 6



Nov 6

Andres @SciStewart Dubai, United Arab Emirates
 Thanks so much for an amazing week, learning, discussing, talking and enjoying! @DubaiExports @ITCnews @martinrlabbe #WTPO14

Nov 6

Dubai Exports Est. @DubaiExports
 Watch our summery via @AlBayanNews today for #WTPO14 conference and ITC ED @AranchaGlezLaya Interview @ITCnews

Nov 6



Nov 12

Dubai Exports Est. @DubaiExports
 # WTPO14 successful session of the World Conference of the TPO. 400 participants from 70 countries . Thank you

Dubai Exports Est. @DubaiExports
 Watch : Closing coverage of #WTPO14 on the following link @ITCnews :
 Congratulation to Morocco the 2016 host

ICEX @ICEX
 Especial para nuestros #becarios -> aquí tenéis la gala #WTPO14 de Premios por las Becas ICEX

Premiación WTPO 2014 – Todos los focos en los logros de las OPC
 Las Organizaciones de Promoción del Comercio suelen trabajar entre bastidores, ayudando a las empresas a beneficiarse del comercio global. Sin embargo, en la..

CHAPTER 1

Aligning trade and investment promotion

Aligning trade and investment promotion



(L-R) Mr. Senen Perlada, Mr. Jalil Bulatov, Mr. Daniel Kung, Dr. Ashraf Mahate, H.E. Eng. Saed Al Awadi, Ms. Arancha González, Mr. José Prunello, Mr. Bruce Gosper, Mr. Alejandro Mora

SPEAKERS

- Mr. Bruce Gosper, Chief Executive Officer, Australian Trade Commission (Austrade)
- Mr. José Prunello, Chief, Trade Support Institution Strengthening Section, International Trade Centre (ITC)

PANELLISTS

- Mr. Jalil Bulatov, Managing Director, National Export and Investment Agency (KAZNEX INVEST) Kazakhstan
- Mr. Daniel Kung, Chief Executive Officer, Switzerland Global Enterprise (S-GE)
- Mr. Senen Perlada, Director, Export Marketing Bureau, Philippines

MODERATOR

- Dr. Ashraf Mahate, Senior Manager, Export Market Intelligence, Dubai Exports, United Arab Emirates

In today's landscape, trade promotion and investment are increasingly interlinked. Foreign direct investment (FDI) and outward direct investment are as important as trade to integrate SMEs into value chains.

The trend towards merging trade and investment promotion under one roof is growing, particularly in developed economies and small countries (figure 2).

Mergers of national trade and investment promotion services sharply accelerated since 2000. Some 65% of developed and 40% of developing countries have already combined trade and investment promotion, according to new ITC research on the services offered by trade promotion organizations.

These organizations are merging to save costs, create synergies and provide more coherent leadership and knowledge sharing.

This complementarity is especially important in developing countries where capital markets may be less developed.

Research shows that the two-way relationship is significant. With a 1% increase in investment, trade tends to increase by 0.8%; a 1% increase in trade triggers a rise in investment of 1.2%.

Trade and investment support each other

ITC research shows that more than 80% of countries have an investment promotion agency focusing on advocacy, attracting FDI, investor servicing and image building. A number of merged organizations also include promoting outward investment in their activities to support internationalizing SMEs.

'Trade and investment reinforce each other,' said José Prunello, who leads ITC's work to strengthen trade support institutions around the world. 'Investments facilitate industrial linkages, technology transfer and spill-over effects, enhancing productivity and export competitiveness.'

Organizational and economic reasons are driving the trend, as well as policy, strategy and operational objectives. 'There are clear and increasing complementarities between trade and investment, but it is necessary to learn more and collect good practices on how to take full advantage of the synergies and overcome the challenges,' he said.

Managing the investment portfolio extends beyond promotion and attraction. Investment facilitation and aftercare functions are equally important.

Managing increased organizational complexity

Because investment and trade promotion require different skills and knowledge, defining and attracting the right profiles to deliver on new outputs are critical. Tracking and reporting the impact of investment promotion activities carry an added complexity in that investment promotion activities have a longer time-frame. Integrating

outward direct investment with FDI requires clear strategies that bring added benefits to internationalizing SMEs.

Australia: Creating trade and investment synergies

Austrade merged trade and investment functions several years ago, noted Mr. Bruce Gosper, Chief Executive Officer, Australian Trade Commission (Austrade). 'Investment is affected by everything – how the economy works, labour relations, the education system and training and visas,' he said.

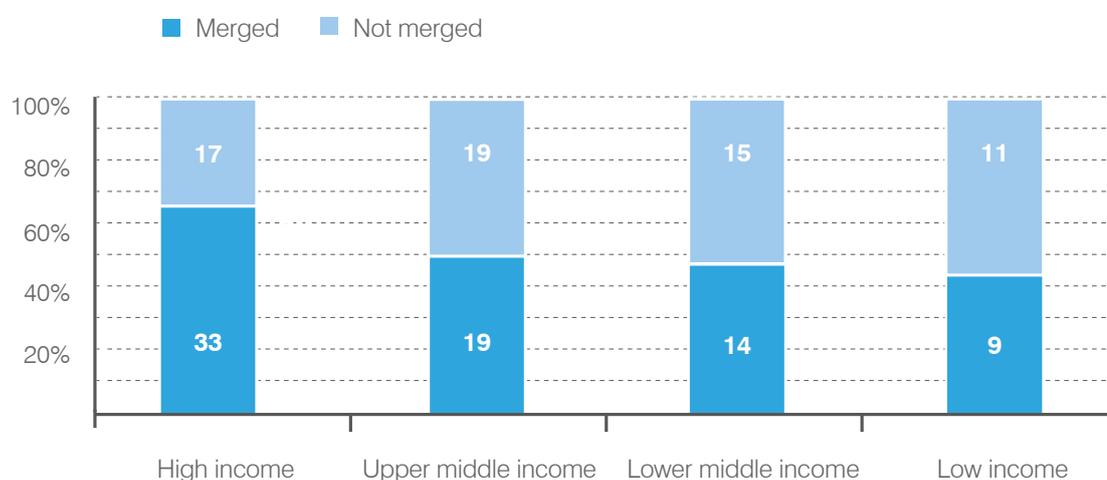
A sharper focus on investment promotion

In 2010 Austrade's management structure was centralized to better align the organization with the role set for it by the Government. This was necessary to coordinate decision-making, improve the consistency of Austrade's service delivery and sharpen the focus of investment promotion.

The distribution of work and posts across the globe did not mesh closely enough with the role set for Austrade by the Government. Mr. Gosper explained: 'We had a decentralized management structure that was leading to uncoordinated decision-making and inconsistent service delivery.'

The centralization process involved sharpening the focus in two areas. First, more attention was put on trade development in growing and emerging markets where exporting can be challenging. Second, investment promotion was directed towards global financial hubs where access to potential investors and deep pools of capital is easier to facilitate.

Figure 2. Mergers among Trade Promotion Organizations and Investment Promotion Agencies (2013)



Source: ITC (2014). *Trade Promotion Organizations and Investment Promotion Agencies: Are they merging?* Geneva, September.



Mr. Daniel Kung

Hard choices about foreign direct investment opportunities

With an FDI stock of US\$ 630 billion, Australia must make hard choices: 'We have to take a good look at what we do onshore working with companies,' said Mr. Gosper. Each year 6,000 to 8,000 investors are looking for opportunities.'

TPO investment advisers require specialized knowledge. 'Two-thirds of our employees have worked in the private sector and know how it works,' he pointed out. 'Time and time again, if we talk to a pension fund, investor or trading house, they say there is no shortage of capital. But there is a shortage of investment opportunities with good returns. They need investment-ready proposals.'

Outward investment is still largely focused on developed markets, but this is changing. Asia is climbing up the ranks for both inward and outward investment. Today, Austrade is targeting developing and emerging markets in Asia, Africa and Latin America.

'You need a clear view of the areas where you are looking to focus investment [and of] links to where future growth and jobs will come from. To increase the productivity of key sectors, you have to feed them,' Mr. Gosper remarked. 'We have done survey work with businesses to map out global value chains, for example to break into avionics opportunities in the Asian market, or perhaps in Poland, Brazil or Canada. [The investment could be in] products, services, R&D or an investment space.'

In 2013, the Minister for Trade and Investment made it clear that Australia was open for business. He conducted more than 40 major investment roundtables in 16 countries and effectively tied Austrade's investment promotion work to the broader economic diplomacy work of the

government. This focus on business missions included leading a 600-strong delegation as part of Australia Week in China.

'We've been able to track over US\$ 800 million in export sales by Australian companies that are directly attributable to this business mission,' he said. 'But an unexpected benefit has been the investment activity it generated.'

Austrade's investment work now covers promotion, attraction, facilitation and aftercare. Today, reinvestment by existing foreign investors accounts for up to 80% of investment leads in developing countries. 'We do a bit of aftercare but we could do more,' he said. 'We're looking into how we can beef up this last part of the investment promotion cycle. More aftercare work is an effective use of resources.'

Investments do not just bring new capital. With capital comes fresh ideas, expertise and new technology which has the potential to improve the competitiveness of the country's export industries.

Comparisons are difficult

There are similarities and lessons to be shared, Mr. Gosper told participants. 'But in the process of making decisions about how we allocate resources across Austrade's network, we've spent some time looking to other TPOs and investment promotion agencies. We've looked to them as benchmarks and as models to inform our own decision-making.'

He noted that there is very little related experience available. Open dialogue and sharing of practices and experience, both successful and unsuccessful, will help TPOs and merged TPOs to benefit from a shared body of knowledge.

Kazakhstan: Learning from best practices

The National Export and Investment Agency of Kazakhstan (KAZNEX-INVEST) has a mandate to support local enterprises in non-extractive industries, as well as to facilitate and attract FDI.

'When working with potential investors, we try to gain the best practices from their countries and how they support local exporters.'

Mr. Jalil Bulatov, Managing Director, National Export and Investment Agency (KAZNEX INVEST), Kazakhstan

The government has a clearly defined trade and investment strategy. A state programme run by the Ministry of Investments and Development and a network of various bodies are engaged in promoting trade and investment.

'The government understands the need to diversify the economy by focusing on key competitive sectors for new investments and exports,' explained Mr. Jalil Bulatov, Managing Director of KAZNEX INVEST. 'The mission is easy to express, but not easy to achieve.'

When working with potential investors, KAZNEX INVEST actively listens to understand best practices from their partner countries for how they support their local exporters. 'We are trying to make improvements in our local business environment and infrastructure,' Mr. Bulatov added.

'With the dual mandate of investment and export promotion, we still suffer from obstacles, including communication issues, within the organization. We are working with international agencies, such as ITC, to develop our services to best practice [standards],' he noted.

Switzerland: Keys to a seamless transition

Five years ago, Switzerland Global Enterprise (S-GE) merged its import, export and investment functions. S-GE's network of offices abroad support Swiss companies to internationalize. 'When we help our companies to internationalize, it doesn't mean import, export or investment; it means access to new value chains,' explained Mr. Daniel Kung, S-GE's Chief Executive Officer.

Mergers need focused management attention. Whenever synergies are created, anti-synergies emerge. 'We need matrix management; we have multiple stakeholder management ... this is even

more complex with investment. The answer is good management,' he said.

Mr. Kung added: 'It is the end of the age of plenty. We have to do more, feed more, and take care of more waste, so we must become more effective and efficient.'

He finds it valuable to combine trade, import and investment promotion in one agency because the interdependence is so much greater now. While a product may have a foreign origin, for example, it may be transported, insured and assessed for quality by Swiss firms.

Similarly, a Swiss export may lead to investment linkages abroad. 'If we help to find a distributor for this pen in my pocket, and it leads to a joint venture where we can provide support, our organization made a seamless transition from trade to investment promotion,' Mr. Kung added.

'We need to go deeper into sectors. This [knowledge] can be shared between export and investment promotion. We look at the potential of individual sectors and their exposure in international markets. When we notice a gap, we step in.'

Mr. Daniel Kung, Chief Executive Officer, Switzerland Global Enterprise (S-GE)

Specialized competence is essential. 'A key to success is professionals who specialize in sector knowledge and have the tools to effectively do stakeholder management,' he noted. 'We must walk the thin line between public service and payable services.'

S-GE is increasingly focusing on branding. 'Switzerland is a strong brand but we are a small country,' Mr. Kung added. 'If we want to bundle our forces and be strong in the market, we need one single brand under which we work. We can't have individual companies selling different products under different [country] brands.'

The Philippines: Strategy before structure

Globalization is the most compelling reason for TPOs to combine the trade and investment portfolios, observed Dr. Senen Perlada, Director, Export Marketing Bureau, the Philippines. Today, SMEs compete in a world dominated by global production and value chains.



(L-R) Mr. Senen Perlada, Mr. Daniel Kung, Mr. Jalil Bulatov, Mr. José Prunello, Mr. Bruce Gosper, Dr. Ashraf Mahate

Mr. Perlada noted that 68% of the country's exports are generated by Philippine special economic zones, which are essentially FDIs. 'The key export is electronics, but growth in this sector is decelerating and the non-electronics sectors are growing. As a result, local value added is growing.

'In terms of exports, [we determine] which are the investment-driven sectors. Then we do trade promotion for SMEs,' he said. 'We look at key sectors through the lens of value added, the size of the businesses and employment.'

Challenges persist, particularly as the Philippines is located in one of the fastest growing regions in the world.

Policy coherence and institutional alignment

Whatever institutional set-up a country chooses, it is crucial that the mandates of the agencies are aligned and that there is strong collaboration.

'One of the key successes [to merging trade and investment promotion] is leadership and a very clear mandate for the organization,' said Mr. Prunello, 'It is important to have a very clear strategy that is strongly endorsed by the government and understood by the whole organization.'

Speaking from the audience, Devendranath Chamroo, Chief Executive Officer, Enterprise Mauritius, focused on Mr. Prunello's point that policy coherence and institutional alignment are pre-requisites to successfully merge activities. Mr. Chamroo commented that its agency was independent, then merged with investment, and finally separated again. This sparked debate, revealing the many challenges. Each country has its own set of conditions that shape the institutional linkages between trade and investment.

Box 1. Understand trends to access new value chains

Three important megatrends affect how S-GE manages its service delivery. These trends are applicable to TPOs everywhere.

It is the end of the age of plenty; seek efficiency. With diminishing resources, TPOs must become effective and efficient in all fields of activity.

The rise of the new middle class creates interdependencies. TPOs need to adjust their world view in terms of the balance of economic power. Developing countries – and their companies – are on the rise, creating growing interdependencies.

The Internet has become a platform to facilitate value chains. The Internet is no longer just a vehicle to distribute information; it is a platform that can help to create new value chains.

Source: Panel discussion points by Mr. Daniel Kung, CEO, Switzerland Global Enterprise.



Dr. Ashraf Mahate



Mr. Perlada agreed: 'It is real work to take care of your stakeholders, but also your export markets and investors outside of the country.'

ITC is well positioned to support TPOs in charting their journeys into merging trade and investment initiatives. '[ITC] cannot prescribe an organization's shape,' said Mr. Prunello. 'We can look at clients' needs, their requests and [help] shape the organization on that basis to put it on a healthy path.'

As TPOs continue to explore and develop mergers of trade and investment functions, performance indicators need to be reconsidered, as some will overlap. Trade promotion indicators often target diversification of new markets, exporters and products, in addition to export volume. As TPOs support their clients to grow and invest abroad, outward investment has also become a key performance indicator for some organizations.

Box 2. On trade and investment

- Combining trade and investment makes sense in a world dominated by value chains. The participation in one link of the value chain could be as important as exporting the final goods or services.
- Challenges abound in making trade and investment promotion work under one roof. How each country addresses the integration depends on its own national context.
- Policy coherence and coordination among national agencies will help countries sharpen their comparative advantage, which is essential to develop priorities and allocate resources.
- Policy coherence is also critical for investors. They are looking for strong governance and policy frameworks and for well-researched proposals. Green investment proposals are especially important, attracting ever-increasing proportions of the investment market in developed countries.
- Country branding has renewed importance. Linking trade and investment promotion of goods and services to national branding brings synergy and power. This is especially important for small countries, which have much to gain by uniting forces behind a consolidated brand.
- Recruit staff with specialized and complementary knowledge. Sector experts are valuable for trade promotion, but pension fund investors also want to liaise with finance experts.
- Digital tools for stakeholder management are critical.
- Find and understand the often-blurred line between public and private service.

Costa Rica: An integrated vision boosts trade and investment



Mr. Alejandro Mora, Minister of Foreign Trade of Costa Rica

Trade and investment are closely linked. This trend has spurred many countries to merge trade and investment promotion functions into one agency. Yet Costa Rica, which has successfully integrated SMEs into value chains, does not combine trade and investment in a single agency.

The country's long-term vision to improve competitiveness, increase transparency of domestic markets and institutions, and open its economy has helped it diversify from agriculture to high-tech manufacturing and services, and enabled it to expand its geographic markets.

The World Bank ranks Costa Rica fourth globally in high-technology exports. The country has hundreds of multinational investors. The benefits are evident in the indicators for education and health, comparable to the developed world, explained Alejandro Mora, Minister of Foreign Trade of Costa Rica.

Strong integration in value chains

Today, Costa Rica is one of the main high-tech FDI recipients in Latin America. 'We are engaged

in much more sophisticated and higher-value activities,' he said. 'This is [linked] to our participation in global value chains.'

As trade and investment integration helped the country move from exports of bananas and sugar to high-technology exports, it has brought SMEs into value chains and linked them to multinationals. Since 1999, non-traditional exports have represented over 85% of total exports, covering microprocessors, aeronautics, the automotive sector, medical devices, film and broadcasting.

'We are having a second breakthrough now, as Intel transfers its research and product testing laboratory to Costa Rica. Products will be tested here before entering manufacturing processes,' said Minister Mora.

He added: 'This represents an important evolution towards higher value-added activities and participation in global value chains. Currently, 39% of goods are in global value chains. My aspiration is to see this figure rise even further.'



The country's long-term vision to improve competitiveness, increase transparency of domestic markets and institutions, and open its economy has helped it diversify from agriculture to high-tech manufacturing and services, and expand its geographic markets.

Clearly defined roles improve synergy

A key to Costa Rica's success is the synergy of activities between three implementing agencies:

- **COMEX** was established in 1986 with a mandate to define and coordinate foreign trade and investment policies. COMEX coordinates the activities of two implementing agencies, PROCOMER and CINDE, the investment agency.
- **PROCOMER** is a non-governmental public agency created in 1996 to promote exports and administer the free trade regime.
- **CINDE** was established by USAID in 1982 as a private agency mandated to promote Costa Rica as an attractive investment destination. It was declared an institution of public interest in 1984.

'The interrelation of our foreign trade and investment policies has contributed to the consolidation of Costa Rica's long-term competitiveness, openness and inclusiveness,' Mr. Mora told participants.

The independent agencies operate with a matching funds arrangement structure. They also collaborate at several levels and are fully engaged in working together to improve Costa Rica's trade and investment environment.

The new country brand – Essential Cost Rica – was launched by COMEX, CINDE, PROCOMER and ICT (the Costa Rican tourism institute). The brand provides a visual tool to attract investors, tourists and global buyers to Costa Rica and its products. Beneath the branding is the partnership of these agencies with their clearly defined roles and the coordination of the governing partner.

A solid trade platform

A set of multilateral, plurilateral and regional and bilateral agreements provides a platform for trade that covers two-thirds of the value of global gross domestic product.

The government focused on building a trade platform as a springboard to leverage the country's strengths. Costa Rica is a founding member of the World Trade Organization (WTO), a signatory to 14 free trade agreements (one is pending) and party to 14 bilateral investment treaties.

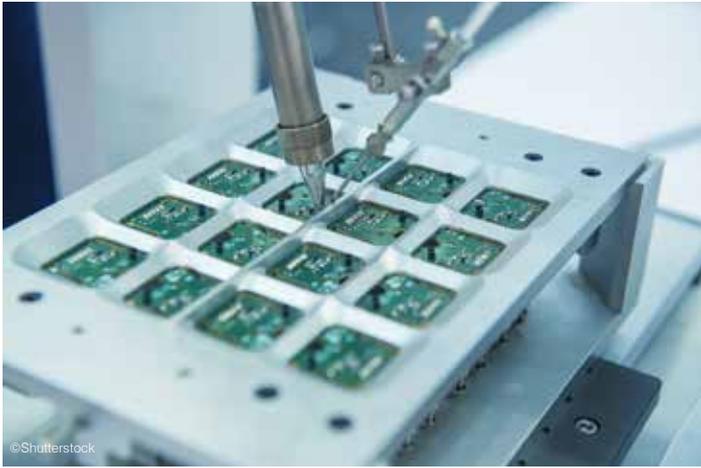
This solid trade platform offers Costa Rican firms and multinationals preferential access to 2.5 billion people, representing 63% of the world's GDP; 85% of Costa Rica's exports benefit from preferential access.

'Costa Rica boosts the design and build up of the hard and soft capacities of SMEs,' Mr. Mora said. 'SMEs take advantage of the country's foreign trade platform and are linked to international companies.'

Leveraging strengths

Costa Rica offers highly qualified human resources, an excellent business climate and a proven track record – more than 250 multinational companies are operating in the high-tech industry, with 95% as local employees. Infrastructure is in place, there is a high quality of life and the country is strategically located in the middle of the Americas.

'[Building on the country's strengths] went hand-in-hand with the process of integrating into the world economy,' Mr. Mora explained. 'Costa Rica has developed a particular position. It attracts foreign direct investment looking for top human talent, innovative domestic ecosystems, stability and a safe and friendly business environment.'



Mr. Alejandro Mora, Minister of Foreign Trade of Costa Rica

Benchmarking lessons

'ITC's recent benchmarking exercise in Costa Rica highlighted the growing interconnectedness between trade and investment promotion,' said ITC Executive Director Arancha González. This interconnectedness has reinforced ITC's work in development investment and promotion tools for TPOs.

As part of its benchmarking programme ITC evaluated PROCOMER with a composite score of 92% in leadership, resourcing, service delivery and performance measurement.

'Policymakers and institutions need to better appreciate the policy coherence gains and synergies between trade and investment promotion in terms of country branding and resource optimization,' Ms. González said. 'Firms need to better appreciate the operational business wins and business network leveraging opportunities.'

The TPO's alignment with CINDE is an excellent example of how institutions may work together for beneficiaries through combining trade and investment promotion without being under the same roof.

Box 3. Costa Rica: A snapshot of success

- Over the last three decades, Costa Rica has significantly transformed its economy, changing its export composition from primary products to high-tech manufacturing and value-added services.
- Exports of goods and services have grown at an average yearly rate of 8.3% since 2004 and have diversified in terms of products and markets.
- In the last decade, exports almost doubled, reaching US\$ 11,543 million in 2013.
- Foreign direct investment quadrupled during the same period, reaching US\$ 2,300 million in 2013.

CHAPTER 2

Optimizing opportunities for SMEs



The Trade Environment after Bali



(L-R) Mr. Won Sok Yun, Ms. Shaista Asif, His Excellency Juma Al Kait, Mr. William Gain, Mr. Rajesh Aggarwal.

SPEAKER

- Mr. William Gain, Global Product Specialist, Trade Logistics Advisory Service, Trade and Competitiveness Global Practice Group, World Bank

PANELLISTS

- His Excellency Juma Al Kait, Under Secretary, Ministry of Economy, United Arab Emirates
- Ms. Shaista Asif, Chief Executive Officer, UTrade
- Mr. Won Sok Yun, Executive Vice President for Business Information & Trade, Korea Trade-Investment Promotion Agency (KOTRA)

MODERATOR

- Mr. Rajesh Aggarwal, Chief, Trade Facilitation and Policy for Business, ITC

KEY MESSAGES

- Reducing supply chain barriers is more effective than reducing import tariffs.
- TPOs should play a key role in advancing the trade facilitation reform agenda in their countries.
- SMEs need accurate information, such as precise costing for exports of goods to various markets.

To be competitive, exporting or ready-to-export SMEs must integrate into global supply chains and internationalize their operations. The business community is increasingly looking to TPOs and other government agencies that support trade to help them internationalize and enter new markets.

This chapter outlines opportunities for TPOs to boost trade through:

- Trade facilitation opportunities stemming from the WTO Trade Facilitation Agreement;
- Diversification opportunities in emerging markets;
- Integrating SMEs into value chains, especially in the world's poorest countries;
- Empowering women in trade;
- Toolkits for growing services exports;
- New roles for digital technology;
- Branding for countries and for TPOs.

The trade landscape is constantly shifting, driven by technology innovations and trade policies, including liberalization, which offer businesses numerous new opportunities to connect to national, regional and global markets.



Mr. William Gain

'Big gains' from trade facilitation

SMEs are the biggest contributors to employment across countries, comprising two-thirds of formal, private-sector employment in emerging markets, and creating 95% of jobs in low-income countries, according to William Gain.

Yet SMEs remain unrepresented in global international trade and for the most part, do not participate in global value chains.

The landmark WTO Trade Facilitation Agreement reached in Bali in December 2013 is set to dramatically change the trade landscape and open new opportunities for SMEs, which creates important new advocacy roles for TPOs.

'SMEs need clarity and transparency and they need to know the exact costs of exporting goods from their countries.'

Ms. Shaista Asif, Chief Executive Officer, UTrade

Trade facilitation involves simplifying, standardizing and harmonizing procedures, processes and associated information flows. This allows goods to move through the supply chain in a transparent and predictable manner. Trade facilitation also relates to identifying bottlenecks in trade-related logistics and regulatory regimes that prevent the timely, cost-effective movement of goods.

A stronger TPO advocacy role

The WTO Trade Facilitation Agreement addresses issues 'most germane to developing country SMEs by addressing asymmetries and reducing transaction costs in the global trade context,' explained Rajesh Aggarwal, ITC Chief of Trade Facilitation and Policy for Business.

'TPOs have the role to advance the trade facilitation reform agenda in their countries. They can capitalize on the advantages that accrue from trade policy reforms to promote enterprise development,' he said.

'Stakeholders need to work together ... TPOs can be the connectors to increasing trade at national, regional and global levels. [They] can take on an increased role in light of the Bali [Trade Facilitation] Agreement.'

Mr. William Gain, Global Product Specialist, Trade Logistics Advisory Service, Trade and Competitiveness Global Practice Group, World Bank

TPOs are ideally placed to advise governments, promote trade reform and guide the private sector on international trade facilitation agreements. In light of the WTO Trade Facilitation Agreement, TPOs have a stronger role to play in:

- **Advocacy** – building awareness with national governments on specific concerns of the private sector to set priorities for trade facilitation measures;
- **Representation** – serving as the voice of SMEs in National Trade Facilitation committees, and reaching out to SMEs so that they can better navigate all trade facilitation measures;
- **Accountability** – being a watchdog for government throughout the implementation phases;
- **Consultation** – participating in national consultation processes to implement the agreement;
- **Business support** – working with firms to comply with simplified trade facilitation measures.



Mr. Juma Al Kait



Unlocking SME barriers

Logistics 'place a disproportionate burden on smaller firms', said Mr. Gain, creating barriers to their participation in global value chains. These barriers include:

- Fixed costs;
- Lack of economies of scale;
- Shortage of working capital to finance exports;
- Inadequate skills and training for market information; identifying foreign business opportunities; as well as management of the internationalization process, quality standards, and trade-related paperwork.

'SMEs will most benefit from the WTO Trade Facilitation Agreement and beyond,' Mr. Gain said. The agreement promotes government accountability, information access, predictability and transparency. It advocates for simplified procedures and automation, improved national quality infrastructure and competitive logistics service providers.

The effect of trade logistics reform on trade, income, productivity, private sector goods and prices is predicted to result in 'big gains' by:

- Linking countries to global supply chains and improving export performance;
- Enhancing firm productivity;
- Generating private-sector savings;
- Having a real effect on the final price for imported goods.

Mr Gain told participants that if countries reduce supply chain barriers only half the way to international best practice standards, global GDP could increase by 4.7%. This translates into US\$ 2.6 trillion, with world trade increasing by 14.5% or US\$ 1.6 trillion.

This far outweighs the benefits that could be realized by eliminating all import tariffs, according to a recent World Economic Forum report.

Studies show that each additional day a product is delayed prior to being shipped reduces trade by more than 1%, and improving physical infrastructure increases exports by more than 10%.

Trade facilitation is important for attracting foreign direct investment, and is another illustration of the close relationship between trade promotion and investment.

Next steps for TPOs

'TPOs can seize opportunities in trade facilitation to build a better trading environment by promoting trade and attracting investment,' said Juma Al Kait, Assistant Under-Secretary of the Ministry of Economy of the United Arab Emirates. 'Some obstacles' remain in terms of ratifying the WTO Trade Facilitation Agreement. We need to build on the same momentum we had in Bali,' he advised participants.

'Some obstacles' remain in terms of ratifying the WTO Trade Facilitation Agreement. 'We need to build on the same momentum we had in Bali.'

Mr. Juma Al Kait, Assistant Under-Secretary of the Ministry of Economy, United Arab Emirates

TPOs can play an effective role in making recommendations to policymakers and by making the business community aware of the benefits of free trade agreements.

'It is important to identify the barriers [businesses] face in trade and exporting. Non-tariff measures are



Ms. Shaista Asif



Mr. Won Sok Yun

extremely effective in a negative way,' Mr. Al Kait added. He noted that in the absence of a multilateral agreement at the WTO on non-tariff measures, regional agreements are a temporary solution.

A call for transparency

'Information is essential to facilitate trade,' stressed Shaista Asif, Chief Executive Officer, UTrade of Pakistan. This includes transparent production and transportation costs, as well as duties and taxes.

She provided a practical example involving automobile imports to Pakistan, noting that there is no official information available.

The new WTO Trade Facilitation Agreement will significantly contribute to reducing the arbitrariness in the decision-making process.

UTrade has set up a comprehensive database to provide market access data and online access to export and import documentation.

TPOs must step up their efforts to support the private sector on trade facilitation issues, she added, and 'bring to life' the real difficulties SMEs face in understanding the actual cost of exporting.

Republic of Korea: Single call centre addresses NTMs

The 'The [Republic of Korea's] government has introduced a single call centre to facilitate trade,' said Won Sok Yun, Executive Vice President for Business Information & Trade, Korean Trade-Investment Promotion Agency (KOTRA).

'KOTRA has a wide range of foreign offices,' he explained. 'We surveyed target markets in 35 countries and determined which issues we had to deliver to the ministry.'

As a result, 'serious changes in deliveries and payments' have been made. The Government of the Republic of Korea set up a non-tariff barriers support programme at the ministry of trade. The survey results on non-tariff barriers were shared with companies to support them in their efforts to access these markets. KOTRA partners with the Korean Agency for Technology and Standards. Together, they identified critical products and countries where particular standards are required and set up the single call centre to assist exporters on technical standards and related issues.

'Korea confirmed right after Bali that it will implement all of [the WTO Trade Facilitation Agreement]. Korean customs is best-in-class in this regard.'

Mr. Won Sok Yun, Executive Vice President for Business Information & Trade, Korea Trade-Investment Promotion Agency (KOTRA)

CASE STUDY

The Gulf Cooperation Council and the Arab Region – At the crossroads between East and West



(L-R) Mr. Abdulla Bin Damithan, Mr. Syed Habib Ahmed, Mr. Mahmood Al Bastaki, Ms. Arancha González, H.E. Eng. Saed Al Awadi, Mr. Hassan Khalifa Al Mansoori

OPENING SPEECH

- H.E. Eng. Saed Al Awadi, Chief Executive Officer, Dubai Exports, United Arab Emirates

PANELLISTS

- Mr. Mahmood Al Bastaki, Chief Executive Officer, Dubai Trade, United Arab Emirates
- Mr. Abdulla Bin Damithan, Director Commercial Department, DP World, United Arab Emirates
- Mr. Syed Habib Ahmed, General Manager, Trade Cooperation & Promotion Program, Islamic Trade Finance Corporation (ITFC)
- Mr. Hassan Khalifa Al Mansoori, Executive Director, TASDEER, Qatar Development Bank

MODERATOR

- Ms. Arancha González, Executive Director, ITC

The Gulf Cooperation Council (GCC) and the Arab Region provide a model of the benefits of mutual cooperation. The GCC countries are a hub for international business development. Exports to the GCC benefit from geographical proximity, a common language and culture, as well as common standards and the absence of customs duties.

National and cross-regional initiatives and alliances enable TPOs and businesses to work together. Initiatives towards diversification are expected to boost intraregional trade, which stands at just 3% today.

Dubai has become a trading hub, growing in new markets, while maintaining good relations with traditional GCC partners. H.E. Eng. Saed Al Awadi, Chief Executive Officer of Dubai Exports noted: 'We have achieved a number of milestones in our short but active lifespan. Dubai Exports is a pioneering agency and is opening new doors globally.'



Mr. Hassan Khalifa Al Mansoori



Mr. Syed Habib Ahmed

Dubai's trade facilitation vision

Dubai Exports has set several measures in motion to remove trade barriers and build trade in the region and beyond. For example, it has created a Dubai Export Academy to develop skills and knowledge of exporters. The Government aims to make Dubai the centre of the global halal trade, which is expected to grow to US\$ 6 trillion.

'The result is a substantial increase of inward investment, especially in the manufacturing sector,' Mr. Alwadi said. 'This will lead to a lower reliance on the hydrocarbon sector.'

The UAE ranks 22 in the World Bank's Doing Business report. The GCC rail system, to be completed in 2016, will enable exports to flow from Dubai across the peninsula. 'GCC will play an important role, linking East to West,' he concluded.

Mahmood Al Bastaki, Chief Executive of Dubai Trade, told participants that Dubai is not just talking about trade facilitation – it has done it. 'The journey was not easy,' he said. 'We keep removing trade barriers.' Dubai has contributed to almost 80% of UAE's non-oil trade.

According to Mr. Al Bastaki, the Internet has made the world a small village, but trade has made it even smaller – with technology and the Internet all people will be brought together. The goal of the Government of Dubai is to be ahead of the game. UAE has well-developed hard and soft trade infrastructure and Dubai boasts a growing logistics footprint.

The government's vision is to increase trade in e-services through automated processes, which have reduced time and costs while increasing instant accessibility, and lowering Dubai's carbon footprint.

The focus is to have hassle-free trade by promoting the transparency of procedures and regulations, providing visibility of trade transactions to traders and service providers, and making available basic import and export information such as rules and regulations.

'Best practice' indicators

'Dubai's participation in global benchmarking studies related to international trade and logistics have helped to showcase the country as a leader in best practices,' said Mr. Al Bastaki. Key drivers for trade growth include excellent logistics and infrastructure, a 'serious government' and customs that facilitate rather than suffocate exports and imports. He emphasized the importance of a 'seamless integration' between hard and soft trade infrastructure.

Abdulla bin Damithan, Director Commercial Department of DP World, said the region's exponential growth in trade over the past decade is driven by the government's economic diversification plans, with imports fuelled by consumption and growing populations. Exports have risen due to downstream industrialization and manufacturing. Dubai's 'smart port' has led it to become the world's third-largest re-export market.

'Collaboration among logistics, a smart port and other enablers are key to achieving efficiencies across supply chains,' Mr. Bin Damithan added. 'Governments and other partners [must] play a key role to facilitate trade.'



Ms. Arancha González

ITFC: Mainstream trade

'Trade mainstreaming is a tool for economic development. The Islamic Trade Finance Corporation (ITFC) supports its adoption as a national policy,' said Syed Habib Ahmed, General Manager of ITFC's Trade Cooperation and Promotion Programme.

'We exist to be a catalyst for the development of trade among the member countries of the Organisation of Islamic Cooperation and the rest of the world,' he explained. The ITFC focuses on trade promotion, capacity building, trade facilitation, strategic commodity development and trade mainstreaming.

'When we hear that ITC is 100% Aid for Trade, it is music to our ears,' he added. 'ITC is our strategic partner.'

ITFC also partners with a variety of international agencies. It has offered its full support to launch the Aid for Trade roadmap for the United Nations Special Programme for the Economies of Central Asia countries. It has also launched an Aid for Trade Initiative for Arab States.



Mr. Abdulla Bin Damithan

Qatar Development Bank – invest and inform

The Executive Director of Qatar Development Bank (QDB), Hassan Khalifa Al Mansoori, said the bank's aim is to boost intraregional trade by focusing on private sector growth through increased trade and investment flows. TASDEER, the bank's export arm, was established in 2011 following a lengthy process in consultation with the private sector.

'Within three years we have exceeded our targets for the private sector,' he said. QDB collaborates with ITC and through a market study revealed export opportunities in Tunisia and Morocco. 'Thanks to ITC we will reach our targets earlier.'

In 2013, TASDEER, in association with ITC, released *Trade Secrets: The Export Answer Book for Small and Medium-sized Enterprises*, a comprehensive guidebook for Qatari companies.

Diversifying exports towards emerging markets



Mr. Francisco Javier Garzón

SPEAKERS

- Mr. Albán Sánchez, Acting Chief Executive Officer, The Foreign Trade Corporation of Costa Rica, Costa Rica (PROCOMER)
- Mr. Hubert Escaith, Chief Statistician, World Trade Organization, Switzerland

PANELLISTS

- Mr. Devendranath Chamroo, Chief Executive Officer, Enterprise Mauritius
- Mr. Francisco Javier Garzón, Chief Executive Officer, ICEX, Spain
- Mr. Robert Scott, Vice President of Trade and Business Development, Jamaica Promotions Corporation (JAMPRO)

MODERATOR

- Mr. José Prunello, Chief, Trade Support Institution Strengthening, ITC

KEY MESSAGES

- Niche markets, value chains and a focus on services are key to new trade routes.
- Client relationship management must be embedded into the TPO culture.
- SMEs' engagement in value chains can be measured through the new international database for trade in value-added goods and services.

Many exporting SMEs sell to limited markets and buyers in traditional developed country markets. By making diversification to emerging markets a strategic priority, TPOs can connect SMEs to global trade opportunities. Panellists emphasized the importance of diversifying value chain trade and the role of investment.

Diversification is a necessity

For many countries diversification is not an option – it is a necessity. Diversification, differentiation and segmentation require a clear strategy. Market intelligence and research lay the foundation for informed decision-making. Global trade is increasingly shifting from trade in goods to trade in 'tasks'.

Diversification takes many forms, including geographic, product or industry diversification. Panellists agreed on the importance of niche markets as demand becomes increasingly sophisticated and individualized. They also emphasized the importance of services in terms of offering new trade avenues.

The experiences from Mauritius (Enterprise Mauritius), Spain (ICEX), Jamaica (JAMPRO), and Costa Rica (PROCOMER) demonstrate the



Mr. Devendranath Chamroo

roles TPOs play in making trade diversification strategies a reality. TPOs identify opportunities, advocate on behalf of business and build SME skills to exploit new opportunities.

Mauritius: 'Dare to go where you have not been'

Challenges remain as traditional exports are depressed. In this environment, TPOs must seek out niche markets, push for diversification and create readiness for diversification among exporting or ready-to-export SMEs.

Mauritius is a very small country that exports 1,500 product lines. Total exports are about US\$ 9 billion, including services and re-exports. According to Devendranath Chamroo, Chief Executive Officer, Enterprise Mauritius, other countries produce the same products as Mauritius, but more cheaply. 'This is where the importance of the niche comes in,' he said.

'Mauritius has a good brand. As competition is strong export diversification is a must,' he added.

At one time, Mauritius focused predominantly on sugar and several markets. Today, 56% of its SMEs focus on non-traditional geographic markets, while the remainder export to France, the United Kingdom and the United States. Today, 'sugar cane is everywhere', and accounts for only 1% of exports; tourism accounts for 7% and financial services for 7%.

Enterprise Mauritius 'aggressively' promotes the country as a sourcing destination. It is important to 'dare to go where you have not been', he advised. The role of TPOs is to continuously search for a 'footprint'. For example, exporters are successful with litchi fruit in China and producing winter clothing, shipping the goods to the north or to the south, depending on the season.



Mr. Albán Sánchez

Spain: Help SMEs think globally

For Spain, the need to diversify to different markets and sectors became obvious, with 75% of its exports destined to EU member states before the 2008 financial crisis.

ICEX initiated a programme to identify competitive advantages in 15 priority countries. As a result, exports to these markets – primarily from SMEs – increased from 15% to 20% and the share of exports to EU member states decreased to 62%.

Francisco Javier Garzón, Chief Executive Officer, ICEX, noted that role of a TPOs is to 'push and accompany the process'. There are some markets where companies would not try to go alone, such as Ulan Bator, the capital of Mongolia. The TPO's role is to open new frontiers for companies, support SMEs to think globally and to illustrate the benefits of diversification.

'Considering diversification from a sector point of view, services are key,' he told participants. It is important to focus on sectors with more value added, more growth prospects and higher research and development potential.

For ICEX, diversifying in terms of sectors required restructuring within the TPO. For example, highly skilled teams are required to pursue markets for services in sectors such as nanotechnology.

Jamaica: Build capacity for fledgling exporters

For many years, Jamaica was dependent on preferential trade agreements. However, diversification is increasingly important – 73% of the country's exports are services, half of which go to the United States. Tourism is a key sector.

To diversify, JAMPRO opts for trade missions, which it finds more strategic and targeted than trade shows.

'Jamaica's traditional market outlets include supermarkets, restaurants and institutions such

as the military and prisons,' explained Robert Scott, Vice-President of Trade and Business Development. For example, Jamaican sausage is being used in German army barracks. The travel market, including duty free shops, is growing exponentially.

'Street-level intelligence' is complementing macro level trade information. To boost diversification requires capacity building, a key service for fledgling exporters. However, finance remains a major bottleneck.

Costa Rica: Measuring performance

Lessons from Costa Rica, from sugar to microprocessors to research and development, demonstrate the need for TPOs to follow trends and promote diversification.

Costa Rica had to diversify. With population of 4.5 million people, the country could not compete on volume. As a result, today Costa Rica focuses on niche markets, and exports more services than agricultural products (see earlier case study on Costa Rica).

'Diversification can be measured by how many new products and how many new companies PROCOMER is bringing to the market,' said Albán Sánchez, Acting Chief Executive Officer of PROCOMER. Client relationship management is pivotal and needs to be an integral part of a TPO's culture.

'It is important to learn from failure,' he added. Successful diversification depends on having an innovation management system, a demand-driven approach and customer-centric approach to match the overall strategy.

He called on TPOs to share experiences and best practices. 'We need to change within the TPO network,' Mr. Sanchez said. 'We need to collaborate more. We not only have to share lessons but also business opportunities for our members. This is the ultimate responsibility of a TPO.'

Trade in value added: New tool to find new markets

Trade in value added helps analysts to understand the links that exist between increasing participation in value chains, and exports and imports of intermediate inputs in the process of adding value through industries in upstream countries.

Until recently, measuring SME engagement in value chains has largely been done through case studies.

Statistics have not been available to capture the inputs of goods and services that go into the final products and services that are exported around the world. The flow of goods and services within value chains, in other words, have not always been reflected in conventional measures of international trade, based on balance of payments.

A new international statistical tool is now available to help measure trade in value-added goods and services, thus offering new opportunities to analyse diversification opportunities.

Called the trade in value-added (TiVA) database, it is managed by the Organisation for Economic Co-operation and Development (OECD) and the WTO.

TiVA indicators are designed to provide new insights into commercial relations between countries, and thus serve as a tool to better inform policymakers.

Trade in value-added is a statistical approach recognizing value chains with intermediate imports that have an impact on a country's exports.

'Understanding trade in value added can help TPOs diversify into new markets,' said Hubert Escaith, Chief Statistician, WTO. Trade is moving from 'trade in goods to trade in tasks', leading to a specialization of firms in know-how linked to this new business model.

Imports of intermediate goods create exports, which creates new trade opportunities. In addition, world trade 'rebalances and new markets develop, thereby creating additional opportunities for diversifying exports.'

International outsourcing and offshoring is on the rise. Outsourcing is a business opportunity for suppliers. This trend can help boost diversification efforts.

Trade is also evolving from business-to-consumer to business-to-business, which means inter-industrial trade promotion is another area upon which TPOs can focus.

'Services are now much more prominent through the 'decomposition of value added in traded goods', he added.

'Yet another trend is the geographic diversification of foreign direct investment and intra-firm trade,' he said. 'These are underpinned by a stronger role for regional free trade agreements. The multiplication of preferential rules of origin is resulting in a "regulatory spaghetti bowl".'

Integrating SMEs into value chains



(L-R) Mr. Dick de Man, Ms. Jacqueline Mneney Maleko, Mr. Do Kim Lang, Ms. Elena Achar Samra, Ms. Marion Jansen, Mr. Michael Roberts, Mr. José Guilherme Reis

SPEAKERS

- Mr. José Guilherme Reis, Lead Economist, World Bank, Turkey
- Mr. Michael Roberts, Aid-for-Trade Coordinator, Development Division, World Trade Organization (WTO), Switzerland

PANELLISTS

- Ms. Elena Achar Samra, Head, Export Promotion, ProMexico
- Mr. Do Kim Lang, Deputy Director General, Vietnam Trade Promotion Agency (VIETRADE)
- Mr. Dick de Man, Managing Director, Centre for the Promotion of Imports from Developing Countries (CBI), The Netherlands
- Ms. Jacqueline Mneney Maleko, Director General, Tanzania Trade Development Authority, TanTrade

MODERATOR

- Ms. Marion Jansen, Chief Economist, ITC

KEY MESSAGES

- Important lessons come from understanding how value chains are governed and how value is spread from one stage to the next.
- Producers run the risk being locked into a defined production level with limited quality and diversity.
- Policy objectives need to consider the linkages and upgrading of value chains while strengthening the relevant domestic links.

Value chains are critical entry points into the export market for SMEs and can help developing countries industrialize. SMEs can be linked through multinational corporations that are already in the domestic market, creating opportunities to build capacity to meet technical standards and other international requirements.

SMEs face export risks

Exporting SMEs are generally more successful than non-exporters. The main challenge is how to sustain export participation.

Regional markets and value chains can be a good platform to build SME capacity to participate in global value chains. For some sectors, this is the best approach. There may, however, be a risk of producers getting locked into a certain level of production, with a limited variety of products and possibly lower quality requirements.

The financial crisis has rekindled development finance for SMEs as part of private sector development strategies. 'Close to 70% of formal SMEs in developing economies are facing finance constraints,' stated Mr. Roberts, WTO's Aid-for-Trade Coordinator. 'If you add the informal sector, the number is even bigger.'

Failure and exit rates for SMEs in trade operations from least developed countries (LDCs) are high. In

a sample of 17 least developed countries from the ITC-WTO study, the export failure rate was 41%, with a high of 67% in the Gambia and a low of 29% in Bangladesh.

'Most enterprises in LDCs export for just one year,' he said. 'For many SMEs, the path to internationalization begins with supplying an exporter.'

Aid for trade: Which focus for SMEs?

The policy challenge is twofold:

- How best to encourage a higher percentage of SMEs to survive?
- How to support the growth and/or internationalization of potentially successful SMEs?

Aid for Trade has a role to play here. A review of the Diagnostic Trade Integration Studies conducted in the world's poorest countries highlights that SMEs suffer from weak business environments, especially due to lack of access to finance and institutional support.

Some 55%–68% of formal SMEs in developing economies are either unserved or underserved in terms of access to financing, said Mr. Roberts. This is being taken up by the G20 SME Finance Challenge, which seeks innovative approaches to financing.

'SME development works with a large number of small beneficiaries,' he cautioned. 'The challenge is to scale up support without becoming too diffuse, to integrate the trade dimension and to determine whether internationalization is by design or by default.'

The role of trade and investment promotion

Development finance for SMEs is being complemented by e-platforms, greater corporate philanthropy and stronger engagement from South-South partners.

The findings of the ITC-WTO report underscore the importance of the role of export promotion and the role of investment promotion to bring in more multinational corporations.

'TPOs help small and medium-sized firms to internationalize,' said Marion Jansen, ITC's Chief Economist and co-author of the report. 'Businesses in the world's poorest countries need powerful TPOs to work with them to clear trade obstacles so that they can be part of regional and global value chains.'

The evidence of US\$ 40 return on US\$ 1 of investment in export promotion, which is directing more Aid for Trade towards institutional strengthening, is promising.

'TPOs help to overcome export inertia. With an increase in exports, we find an increase in investments. Should a TPO be linked to inward investment attraction?'

Dr. Ashraf Mahate, Senior Manager, Export Market Intelligence, Dubai Exports, United Arab Emirates

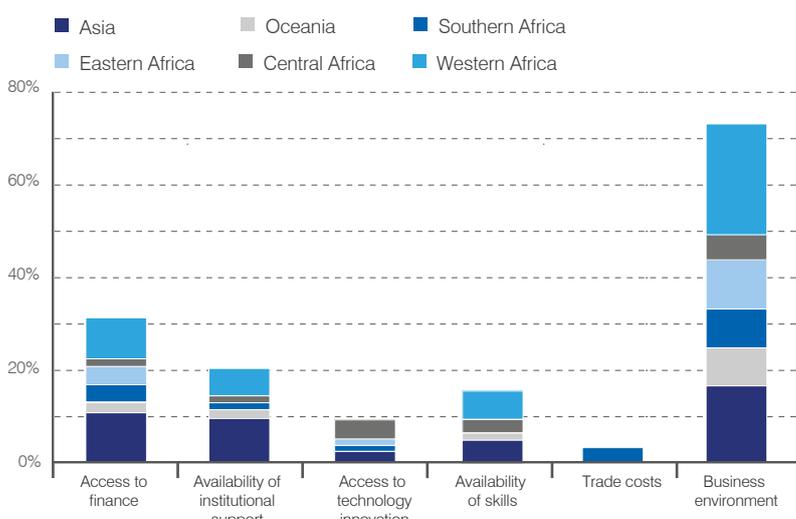
While research says that \$1 of investment in TPOs leads to some \$40 of exports, it does not specify the areas which bring the most value for money. Where should TPOs invest that dollar? Should TPOs focus on markets that face the greatest regulatory barriers or should they focus on specific sectors or markets?

'Services is one avenue to consider, as SMEs are gravitating towards the delivery of services. Companies in African, Pacific and Caribbean (ACP) countries have many SMEs in wholesale and retail trade, auxiliary transport activities, hotels and restaurants, and other services,' noted Mr. Roberts.

Large companies dominate manufacturing of textiles, food products and beverages, and chemical and chemical products. This offers SMEs a first step towards internationalization by supplying exporters, rather than exporting directly.

Do Kim Lang, Deputy Director General, Vietnam Trade Promotion Agency (VIETRADE) provided evidence that sectors with the highest investment had the highest exports, and Viet Nam introduced policies to enhance gains for local SMEs from foreign direct investment.

Figure 3. SME trade constraints in poor countries



This study shows that businesses in poor countries see access to finance and institutional support as key trade constraints. The study is based on Diagnostic Trade Integration Studies.

Source: ITC-WTO analysis, 2014.

**United Republic of Tanzania:
An LDC perspective**

Jacqueline Mneney Maleko, Director General, Tanzania Trade Development Authority (TanTrade), United Republic of Tanzania, said supply by SMEs to multinational corporations in local markets is a stepping-stone to exporting.

'But it's not that simple to link SMEs to value chains,' she observed. 'The failure rate is very high. A 'one shoe fits all' approach will not work for the informal sector, nor for the variety of micro and small businesses, nor for women facing specific cross-border trade issues, including sexual harassment.

Ms. Mneney Maleko added: 'In our case, we now have the police, customs, migration officers working to help women in cross-border trade, and it is making a difference.'

'We also need help for accreditation so that these businesses can test their products, improve them, and supply the many five star hotels in our country... We want to launch a massive campaign to encourage people to buy from women and youth, who have no access to 'who's who' in the market chain. We have people who are entrepreneurs out of necessity – not by design, but default. We want to help them so that it is not just moonlighting to bridge the income gap.'

She commented: 'Above all, there must be political will and coherent policies that offers SMEs and the informal sector access to training, market information, quality management and a conducive business environment.'

**The Netherlands:
Public-private partnerships and policies**

Identifying export market requirements should be the starting point to determine capacity building and support that needs to be provided to SMEs to ensure their participation in value chains.

TPOs should use this approach to identify the areas of service delivery they have to pursue to achieve the highest impact.

Dick de Man, Deputy Managing Director, Centre for the Promotion of Imports from Developing Countries (CBI), noted that, 'Mainstreaming private-sector involvement into SME export programmes warrants a needs-based approach. Partnerships between SME exporters and Northern buyers have proven to be instrumental, as these buyers are in a strategic position to bridge the knowledge, technology and finance gap faced by SME exporters. This, however, requires that TPOs take the role as facilitators of public-private partnerships to encourage investment in sustainable export development activities.'

Box 4. New ITC-WTO study focuses on Aid for Trade to connect least developed country (LDC) businesses to regional and global markets



To be part of value chains dominated by large global players, small and medium-sized enterprises need a sound business environment, access to finance, and support from specialized trade institutions, says the joint study launched at the World Conference of Trade Promotion Organizations.

SME Competitiveness and Aid for Trade: Connecting Developing Country SMEs to Global Value Chains, published by the International Trade Centre and the World Trade Organization, explores trade

constraints faced by businesses in 23 LDCs when they seek market opportunities abroad. Some 95% of enterprises around the world are SMEs, accounting for 60-70% of private-sector employment.

'Failure rates are high among exporting SMEs,' said Michael Roberts, WTO's Aid for Trade Coordinator and co-author of the study. Seven of every ten exporting SMEs fail within two years. In LDCs, most enterprises export for just one year. Meanwhile, the trade exposure of SMEs is on the rise, as they import, export and supply goods and services to value chains.

Aid for Trade initiatives are considered within the context of development finance for SMEs. The report also considers how to mainstream trade in SME project design and implementation, and how to scale up trade support for SMEs while maintaining high impact levels.

The study is available at: <http://www.intracen.org/publication/SME-Competitiveness-and-Aid-for-Trade/>

The CBI approach has been put in a wider context of the Netherlands New Agenda for Aid, Trade and Development to create sustainable growth and decent jobs in both developing countries and the Netherlands. It lays the foundation for an effective new partnership with developing countries experiencing economic transformation.

Mexico: Alliances with multinationals, a model to replicate

Elena Achar Samra, Head, Export Promotion, ProMéxico, noted that her organization’s alliance model with multinationals is achieving results. ProMéxico receives input and supplier profile requirements from these companies and supports suppliers to satisfy their requirements regarding certification and standards. ProMéxico’s internationalization stages model could be replicated by other TPOs.

World Bank value chain analysis

‘Better use of programmes to link SMEs to global value chains is a main challenge we face today,’ said José Guilherme Reis, who leads the Trade and Competitiveness programme for the World Bank’s office in Turkey.

He outlined the World Bank’s trade competitiveness diagnostic, based on a trade outcomes analysis and competitiveness diagnostic applied in about 40

countries from all regions. This set of tools facilitates a systematic assessment of a country’s position, performance and capabilities in export markets.

Value chain analysis seeks to examine the full range of activities involved in bringing products from concept to end user. This range of activities can take place within one firm or can be spread among various geographically separate actors.

Understanding how these chains are governed, how value is spread among the firms and the nature of transactions from one stage to the next can yield important lessons for development practitioners, he noted.

Mr. Reis said that integrating value chains in trade competitiveness assessments requires incorporating more sector-specific dimensions, including services.

From a policy perspective, countries must contemplate multiple objectives linking to value chains, upgrading value chains and strengthening domestic linkages. Taking into account the risks is also important.

Figure 4. Policy options to boost SME participation in value chains

Focus Area	Objectives	Policy Options
Entering GVCs	Attracting FDI and/or facilitating domestic firms entry into GVCs	<ul style="list-style-type: none"> Creating world class GVC linkages Entering GVCs through Special Economic Zones Attracting foreign investors Improving connectivity to international markets
Expanding and strengthening GVC participation	<ul style="list-style-type: none"> Promoting economic upgrading Strengthening domestic firms’ absorptive capacity 	<ul style="list-style-type: none"> Strengthening GVC-local economy linkages on the buyer’s and seller’s side Maximizing the absorption potential of local actors to benefit from FDI spillovers

Source: Based on Taglioni and Winkler (2014). *Making global value chains work for development*. World Bank, May 2014.

Empowering women in trade



(L-R) Ms. Virginia Littlejohn, Ms. Hana Uraidi, Ms. Elodie Journet, Ms. Zahra Maafiri



(L-R) Ms. Vanessa Erogbogbo, Dr. Wong Lai Sum

SPEAKER

- Dr. Wong Lai Sum, Chief Executive Director, Malaysia External Trade Development Corporation (MATRADE)

PANELLISTS

- Ms. Elodie Journet, Trade Commissioner, Austrade
- Ms. Virginia Littlejohn, CEO, Quantum Leaps
- Ms Zahra Maafiri, Director General, Maroc Export, Centre marocain de promotion des exportations (Maroc Export) (CMPE)
- Ms. Hana Uraidi, Acting Chief Executive Officer, Jordan Enterprise Development Corporation (JEDCO)

MODERATOR

- Ms. Vanessa Erogbogbo, Programme Officer, Women and Trade Programme, ITC

KEY MESSAGES

- Women-owned businesses have largely been excluded from public procurement and value chains.
- Lack of confidence is a common barrier for these businesses to internationalize.
- TPOs are vital to helping them connect to government and corporate buyers.

Governments are investing in women-owned businesses because of the substantial contribution that they can make to economic development and poverty reduction. Women comprise half of the world's population, but are far from having an equal share in trade and investment opportunities.

Public procurement business opportunities

Women-owned businesses are not fully capturing opportunities to integrate into corporate value chains. Public procurement accounts for over 30% of GDP in developing countries and some 10%–15% of GDP in developed countries. Yet, women-owned businesses have been largely excluded from this sizable market due to lack of access to information on bids, understanding of procedures and ability to meet requirements.

'We believe partnerships are the answer, and trade promotion organizations (TPOs) are at the root of the solution,' said Vanessa Erogbogbo, Programme Officer of the ITC Women and Trade Programme. TPOs are vital to help connect women business owners to government and corporate buyers. She urged TPOs to champion the global initiative on public procurement and use ITC's new guide, Empowering Women through Public Procurement.

Malaysia: Developing capabilities beyond access quotas

'What matters most is that women and men can work together to reach higher heights with equal opportunities,' said Dr. Wong Lai Sum, CEO of MATRADE. Of 645,000 SMEs in Malaysia, fewer than 20% are owned by women. Fewer than 12.4% of the country's current exporters are women.

MATRADE developed a Women Exporters Development Programme to build the capacity of women to compete in international markets. Starting with 10 companies, it has now assisted 1,700 women-owned SMEs to become active exporters. A key to success was a nationwide campaign to reach out to individual associations, chambers of commerce, academia and professional bodies, combined with a very strong export capacity building programme.

The focus is on developing capabilities, not in advocating for access quotas, so that they compete and win contracts on the basis of merit. 'Women are like tea bags. You will never know how strong they are until you immerse them in water,' said Dr. Wong, quoting Eleanor Roosevelt. 'Immerse them in trade, and they will be the force of tomorrow.'

Morocco, Jordan: Champion strong role models

'TPOs should champion strong role models of women in science, technology and business,' said Zahra Maafiri, Director General of Maroc Export. This should be an explicit goal and vision for the future.

'We need to reach out to rural areas and small cities to empower women to grow in these areas,'

she said. Morocco has dedicated a week to promoting women exporters, with success stories shared by radio across the country. It has hosted major international conferences on this theme and included chapters dedicated to women in its major export publications.

Jordan has a specific women's economic development strategy. Hana Uraidy, Acting CEO of the Jordan Enterprise Development Corporation, explained: 'We're all standing up and leaning in, and towards becoming smart economies, we are investing in sustainability and inclusiveness.'

Australia: Bridge the confidence gap

Measures to boost self-confidence and build networks are at the heart of Austrade's programme to increase women's share in international trade and investment. 'Research reveals a confidence gap,' said Elodie Journet, Austrade's Trade Commissioner in Dubai.

For example, Austrade reviewed academic studies noting that women would only apply for promotion if they filled 100% of the criteria, while men applied when they fulfilled only 60% of the criteria. Austrade's free networking platform offers information about financing, mentoring and trade information, a mid-career professional business scholarship programme, and a speaker series to showcase role models.

'In working with women in businesses across 100 countries, confidence came up as an issue every time,' said Virginia Littlejohn, CEO of Quantum Leaps. TPOs can partner with women's associations to ensure that outreach is a key to success.

Box 5. Empowering women: Guidelines at a glance

- Trade promotion organizations have a critical role to play between governments and multinationals to ensure that women-owned businesses are more connected to value chains.
- Mapping, capacity building and export diversification into higher growth industries should be part of TPO strategies to ensure that women, who constitute half of the world's population, are integrated in the economy.
- Confidence for women is an issue that spans all cultures. Women need role models, best practices and success stories to give them the confidence to succeed.
- Regional and international cooperation is essential: It especially helps developing countries with scarce resources; and all TPOs benefit from sharing best practices by collecting sex-disaggregated data, awards, and best practice publications.
- TPOs should work with women's organizations and networks to ensure they reach out widely and efficiently to the best partners.
- TPOs should embed promoting women in trade in national development planning, in various agencies (not just women's agencies) and in national export strategies.

Toolkits for growing services exports



(L-R) Ms. Jane Drake-Brockmann, Mr. Marcos Amadeo, Mr. Patrick Low, Ms. Hana Uraidi, Mr. Bas Pulles, Mr. Pery Fung

SPEAKERS

- Mr. Patrick Low, Vice President of Research, Fung Global Institute
- Mr. Marcos Amadeo, Director General, Ministry of Economic Development, City of Buenos Aires

PANELLISTS

- Mr. Abdulla Bin Damithan, Director Commercial Department, DP World
- Mr. Pery Fung, Regional Director, Middle East & Africa, Hong Kong Trade Development Council (HKTDC)
- Mr. Bas Pulles, Director of International Programmes, Netherlands Enterprise Agency (RVO.nl)
- Ms. Hana Uraidi, Acting Chief Executive Officer, Jordan Enterprise Development Corporation (JEDCO)

MODERATOR

- Ms. Jane Drake-Brockman, Senior Officer, Trade in Services, ITC

KEY MESSAGES

- Services are a big growth area for developing country exports, and TPOs need to share best practices on how to promote services trade.
- New toolkits need two-way investment promotion strategies.
- Analysis of value-added trade data is particularly helpful to identify opportunities for local value addition along the value chain.

Services play an important role at every link of the value chain. Yet, the export of services is underestimated because it is not visible and services are frequently bundled with goods in product offerings. Services export promotion cannot rely on traditional portfolios of tools to promote trade in goods.

TPOs need to reinvent themselves to provide service promotion toolkits. The city of Buenos Aires and the Hong Kong Trade Development Council (HKTDC) are examples of good practice in this area.

The rise of business-to-business trade in intermediates presents significant new challenges for trade promotion. Services firms conduct international business differently from goods firms. As a result, their competitiveness is driven by different factors. Developing local centres of services excellence and problem-solving expertise, as well as attracting international clients and financing partners, requires a new trade and investment promotion toolkit.

Services have become critical inputs to all export sectors of the economy – so much so that efficiency in services has become key to overall international competitiveness.

‘Servicification’ is occurring in most economies

‘Services have been historically neglected because they were deemed not to contribute to productivity growth,’ said Patrick Low, Vice-President of Research, Fung Global Institute. Today, services are more about innovation. ‘Servicification’ is occurring in most economies, both in terms of consumption and production.

Services make up 50-70% of most GDPs, and 45% of manufacturing. In consumption, they also play a major role. In reality, services are more likely to make up 46% of global trade rather than to the more widely used figure of 25%.

Services play a vital and increasingly dominant role as component inputs in goods exports. Services bundled with goods along the value chain into a single product offering offer producers opportunities for higher value-added product differentiation. It also confers a higher degree of tradeability on some traditionally non-traded services.

Value-added trade data is essential

In this context, value-added trade data is essential, as trade increasingly relies on imports with value addition along the supply chain.

Mr. Low explained that for a loaf of bread, 30 services are delivered into the supply chain from production to consumption, making up nearly 70% of its final value. Similarly, 30% of the commercial value of Australian coal consists of services.

Direct exports of services are also an important source of trade. Indeed, services have also become independently much more tradeable, as the application of information technology leads to rapid growth in business-to-business trade in services intermediates, often referred to as the services outsourcing industry.

Buenos Aires: Exploring opportunities in the global creative economy

Given the ‘invisibility’ of services, TPOs need new methods, including thematic platforms, which showcase local services talent and the potential to incubate innovation alongside efficiency and best practice in regulatory and quality assurance institutions.

‘The global creative economy represents a massive share of global GDP,’ said Marcos Amadeo, who leads the Ministry of Economic Development for the City of Buenos Aires.

Buenos Aires aims to increase its share in the global creative economy, as did New York, Helsinki, Berlin and Medellin. From 7% in 2008 the target is to surpass 20% within the next few years.

In Buenos Aires, the Ministry of Economic Development is small but highly strategic, working closely with other ministries to implement a comprehensive approach designed to stimulate a range of high-growth creative and cultural services exports.

Box 6. Connecting services SMEs to international markets

If governments are to help services SMEs internationalize, they need new trade promotion toolkits offering:

- Two-way investment promotion strategies;
- Two-way visa facilitation campaigns;
- New approaches to export financing partnerships;
- Sectoral or thematic platforms to promote clusters of services SMEs;
- Anchor events that allow for interactive regulatory and policy advocacy with international stakeholders;
- Greater orientation to business-to-business clients rather than geographic market destinations
- A focus on factors that drive services competitiveness, namely support for digital infrastructure, education, training and collaboration for innovation;
- A focus on regulatory settings that are conducive to intermediate imports, technical connectivity and internationally recognized services quality assurance;
- Domestic mechanisms for ongoing, active inter-agency coordination.



Mr. Marcos Amadeo



Mr. Patrick Low

The related creative skills sets are available, with large numbers of graduates every year. Success cases such as Mercadolibre.com and Metegol, a globally successful 3D movie, illustrate the potential of the industry. Creative districts have set up in the areas of animation, IT, gaming and graphic design.

New toolkits to promote the sector include videos, co-working spaces, hackathons (where computer experts collaborate intensively over a short time frame to develop software) and short seminars. Supporting the gaming industry required the ministry to adapt its support over the years.

National examples of best practice

In Hong Kong, dedicated events promote the business of intellectual properties. In addition, the area is positioned as a gateway to Asia, said Perry Fung, Regional Director of the Hong Kong Trade Development Council. The organization’s shift to promote services is recent.

‘We are not only organizing small events, we also organize Big Bang events, for example in Milan or Paris,’ Mr. Fung explained. ‘More than 150 delegates from Hong Kong, China, attend these cross-sectoral events.’

Services exports are vital to Western European economies, pointed out Bas Pulles, Director of International Programs, The Netherlands Enterprise Agency. In the Netherlands, 20% of exports are direct services exports; they have been increasing since the 2008 financial crisis. Services are exported to high growth markets in the Middle East. Successful growth segments are water management and creative industries.

Services are not bound by traditional export strategy models, going from the neighbouring countries to the next ones and then further on. Services can be exported directly wherever the market and whatever the maturity level of the companies.

Promoting these sectors requires talent development and support for internationalization, which can involve ministerial support during bilateral meetings. Business opportunities are also identified by commercial counsellors.

‘Bundling is an opportunity for TPOs to put together product and services offerings and establish partnerships between companies,’ Mr. Pulles commented.

‘Innovation is backed by science and research,’ said Hana Uraidi, Acting Chief Executive Officer, JEDCO, Jordan. She pointed to Apple’s Siri (an intelligent personal assistant and knowledge navigator application) as an example. The master plan of Astana, the new capital of Kazakhstan, was developed by a Jordanian architectural company, she added.

Ms. Uraidi acknowledged the importance of intellectual property rights. ‘The roar of the lion in the Metro-Goldwyn-Meyer film opening and the roar of the Harley Davidson motorbike are sounds protected by intellectual property rights,’ she said.

New roles for digital technology



(L-R) Mr. Martin Labbe, Dr. Christoph Peter, Mr. Andrés Reid, Mr. Sami Ahmed, Ms. Maria Amador-Dumois, Mr. Markus Suomi

SPEAKERS

- Ms. Maria Amador-Dumois, Export Control Officer and Associate Director, Research and Development Center, University of Puerto Rico
- Mr. Markus Suomi, Chief Executive Officer, Finpro, Finland

PANELLISTS

- Mr. Sami Ahmed, Executive Director, Bangladesh Association of Software and Information Services (BASIS)
- Dr. Christoph Peter, Head of Export Development, Global Enterprise (S-GE), Switzerland
- Mr. Andrés Reid, Plan C- Kickstarter Crowdfunding, ProChile

MODERATOR

- Mr. Martin Labbe, Senior Officer, Institutional Development, ITC

KEY MESSAGES

- Digital transformation is as much about information technology as about managing change and ensuring management buy-in.
- Find the right balance when integrating IT systems in order to avoid substantial costs, resort to off-the-shelf solutions whenever possible.
- Public-private partnerships can generate innovation in e-services.

Up to now, information and communication technologies (ICTs) have been applied to digitalize or automatize existing processes. The next steps and the great opportunities for the future will be the development of fully digitally-born processes supported by mobile and cloud technologies.

Define digital transformation priorities

While implementing IT systems it is important to check the stability of the processes and ensure the TPO has a clear outlook of where the organization wants to go. Strategy must provide focus and define digital transformation priorities.

Knowledge management solutions, in particular client relationship management, are critical tools to maintain institutional memory and the contact with clients, in particular with increasing staff turnover.

Marketing efforts can be enhanced by the use of technologies enabling TPOs to deliver the right message to the right audience – information needs to remain highly relevant to be retained by clients.

Chile: Crowdfunding can pre-finance SMEs

The Internet presence of TPOs has evolved from a merely informative type of content to more interactive and targeted e-services. Innovation in



Dr. Christoph Peter

Ms. Maria Amador-Dumois

e-services is also created through public-private partnerships. One example is ProChile.

Access to finance remains a major problem in developing countries and public subsidies only benefit a small number of companies. To meet this challenge, ProChile launched Plan C, which has enabled the organization to work with the crowdfunding platforms Kickstarter and Indiegogo to pre-finance SMEs to enter new markets and, at the same time, help them to understand the potential of their products on international markets.

ProChile's special adviser of the exporter crowdfunding Plan C initiative, Andrés Reid, said the establishment of a meta platform for crowdfunding will be a game-changer: its experience to date confirms this. He said that convincing export projects can easily get access to pre-production financing, and ProChile's role is essential to coach the SMEs in that process.

Finland: Embrace digital transformation

E-solutions – especially client relationship management (CRM) tools – are essential to increase client services, said Markus Suomi, Chief Executive of Finpro. E-tools enhance access to the public sector and partner agencies, and measure impact. A CRM programme is especially important in maintaining institutional memory, coordination and client contacts, he added.

'We have an automated marketing tool that enables us to deliver the right message to the right audience,' said Mr. Suomi. 'Information needs to be as relevant as possible to be retained by our users. Here is where the integration between the CRM and the marketing systems is vital: making sure the information is relevant to our audience.'

He added: 'As a CEO, I am a strong believer that you have to live and truly embrace the digital

transformation yourself if you want to make it happen in your organization.'

ICTs boost service and product delivery

'E-services are particularly vital for supply chain management,' said Maria Amador-Dumois of the University of Puerto Rico. Online tools are ideal for product adaptation, market selection, trade documentation and support for trade integration. Social media is also advantageous in promoting trade.

'A strategy to use online tools is important to focus and capitalize on the benefits of ICT for productivity gains and service delivery,' noted Christoph Peter, Switzerland Global Enterprise's Head of Export Development. In describing the transformational process of his organization, he noted that digital technologies enabled S-GE to become a service integrator for other public-sector players.

Migrating to cloud computing services

Sami Ahmed, Executive Director of Bangladesh Association of Software and Information Services, said his organization's migration to cloud computing services is part of the digital transformation in business communications and service delivery to meet the needs of clients. According to Mr. Ahmed, the trend is moving towards mobile applications.

ITC's Senior Officer of TSI Strengthening Martin Labbe, concluded: 'With cloud computing, social media, mobile and the paperless office, TPOs have to make difficult technology choices with substantial cost and management implication. The speed of change does not leave them much time to make these decisions.'

Branding for countries and for TPOs



(L-R) Ms. Geraldine Goh, Ms. Helen Rankin, Mr. Mohammed Al Kamali, Mr. Karl Hartleb, Mr. Alvaro Silva-Santisteban

SPEAKER

- Mr. Alvaro Silva-Santisteban, Director, Trade, Tourism and Investment Office of Peru, United Arab Emirates

PANELLISTS

- Mr. Mohammed Al Kamali, Director, Export Market Development, Dubai Exports, United Arab Emirates
- Mr. Karl Hartleb, Deputy Director General, Advantage Austria
- Ms. Rita Menon, Chief Executive Officer and Chair, India Trade Promotion Organisation (ITPO)
- Ms. Helen Rankin, Business Development Manager, Cheil MENA

MODERATOR

- Ms. Geraldine Goh, Chief, Communications and Events, ITC

KEY MESSAGES

- Country branding is a self-perpetuating cycle: as the country promotes its consumer brands, those brands eventually promote the country.
- Great opportunities are opening for TPOs to capture more market share for their clients using powerful branding tools and techniques.
- The world's top 100 brands have increased by 66% in value in the past six years – and six of them are from BRICS countries.
- Branding is a key tool to successfully promote trade and investment.

Peru: An integrated brand

Peru is an example of a logo serving as a brand, while it is also a brand serving as a logo, said Alvaro Silva-Santisteban, Director of the Trade, Tourism and Investment Office of Peru – UAE. The brand features a logo that resembles a mirror image of a stylized mixture of the ampersand and a fingerprint that spells out the word 'Peru'.

Peru's branding philosophy is to promote trade, tourism and investment as a national strategy to spur economic development. The aim is to make an indelible mark in the minds of tourists, entrepreneurs and investors by capturing the brand essence. It means creating mental and emotional appeal to the target audience.

The brand was created in 2009 when the country was emerging as a stable and vibrant destination. The process of creating the brand involved a wide range of consultations and validations to ensure it reflected the diversity of the country's multiple identities and regions.

The result is an integrated brand encompassing the trade, tourism and investment sectors. The key message conveyed by the Peru brand is: 'There is a Peru for everyone.' Survey results showed that 78% of people interviewed approved the brand, 85% perceived the brand as very important, and 98% would buy a Peru-branded product.



Mr. Mohammed Al Kamali



Mr. Karl Hartleb



Ms. Helen Rankin

**Austria:
Differentiating from the ‘Land Down Under’**

The Austrian Government faced the challenge of brand differentiation with Australia. The Deputy Director General of Advantage Austria, Karl Hartleb, said the marketing objective was to distinguish Austria from the ‘Land Down Under’.

‘The current political environment does not support a country-wide branding effort,’ he explained. As a result, Advantage Austria decided to assist the private sector in associating its own brands with an Austrian theme.

Advantage Austria encourages Austrian companies to use its toolkits of slogans and branding resources during its own commercial promotion activities. While this is a different strategy than a fully-fledged country branding exercise, it is one that has been successfully implemented in the absence of a more conducive political environment to support country branding efforts in a larger scale.

Branding: Identity, culture and values

‘Branding is about identity, culture and values,’ said Helen Rankin, the Business Development Manager for Chiel MENA of Cheil Worldwide, an advertising company in the Republic of Korea. ‘It’s who you are, how you feel and how you make somebody feel,’ she said. ‘You need to understand who you are and what your story is to export to the world.’

Ms. Rankin added that the Republic of Korea’s famous export is K-pop culture and the Gangnam style of dance moves. She added that the government has a billion-dollar investment fund to export K-pop and K-drama.

Dubai: Understand the cultural dimensions of key markets

The Director of Export Market Development at Dubai Exports, Mohammed Ali Al Kamali, stressed the importance of identifying target markets in promoting trade in goods and services so that the right media channels are used. He noted that TPOs are focused largely on marketing and exhibition management.

It is important to understand the particular needs of exporters, and develop outreach strategies targeting specific subsets of exporters according to their specific requirements. As part of this effort, Dubai Exports also used a variety of media awareness tools such as news infographics to better communicate to its target audience the role of TPOs in export facilitation.

As part of its outreach strategy, Dubai Exports conducted a series of target market studies to better understand the cultural dimensions of its key markets, such as Saudi Arabia and India. Dubai Exports then developed tailored branding strategies accordingly. It also linked all of its field offices electronically with headquarters to serve its clients better and faster from the various target markets.

For Dubai Exports it is more important to address cultural barriers than specific trade barriers.



Mr. Alvaro Silva-Santisteban

Low-budget branding with social media

Rita Menon, CEO and Chair, India Trade Promotion Organisation (ITPO), commented that a good brand should convey the essence of 'who you are, not what you are'. While some country branding efforts require a large budget, there are many options to achieve good outreach and results with fewer resources.

Young people crave more authentic and genuine experiences and are eager to share them using social media. Technology is enabling user-generated content (i.e. social media and YouTube channels), which can serve as brand ambassadors and have a significant multiplier effect in terms of exposure and outreach.

Europe: Creating a strong regional trade promotion network

The 17-member International Network for Regional Trade Promotion Organizations (RTPO) was created in 2007 with the view to increase companies' and territories' competitiveness through internationalization. RTPO also aims to create a strong network through concrete actions and partnerships. Regional organizations work within the network, ignoring geographical, physical and mental boundaries, to support SMEs to internationalize.

RTPO believes it can work more closely with the TPO Network to propose concrete services to its members, as well as to identify a common set of solutions and provide advice, including trade intelligence, to SMEs.

RTPO's Deputy CEO, Jean Baillet, said the objective is also to identify how regional TPOs can work more closely with national TPOs and to enlarge the RTPO network to other regional agencies. 'We need to create strong links together and we are open to work together with the TPO Network members,' he said. 'RTPO is an open network and we want to welcome new regional institutions, particularly from Asia and Africa.'

An example of cooperation is UbiFrance and ERAI (Entreprise Rhône Alpes International), which share offices abroad and cooperate to develop trade incubation centres. RTPO's agreement with Expansion Québec allows companies from Rhône Alpes and Québec access to the network of ERAI incubators worldwide. An agreement with Pro-Cordoba is opening the network of ERAI incubators to Argentine SMEs.

CHAPTER 3

Global awards recognize excellence in export development initiatives



Global awards recognize excellence in export development initiatives



(L-R) The 2014 TPO Network Award Winners: Mr. Francisco Javier Garzón, Ms. Simona Gailiunaite, Mr. Hiroshi Wago, Mr. Devendranath Chamroo, Ms. Aicha Pouye

KEY MESSAGES

- Successfully preparing SMEs to become export ready and to enter new markets depends on a number of factors, but most important is human capital.
- Hands-on, practical experience and a practical transfer of knowledge of export value chains are key for SMEs and for young people seeking careers in trade promotion or export businesses.
- 'Copy shamelessly' was one message. For example, Enterprise Mauritius would be ready to accommodate fellow TPOs that want to come to Mauritius and learn from the Go-Export programme.
- Individual feedback when training young people is critical to their success – and the success of TPO initiatives in this area.
- Human capital is the most precious resource in business; it must be identified, nurtured and preserved.

The TPO Network Awards recognize excellence in trade support services and celebrate TPOs that demonstrate effective, innovative and efficient performance in their export development initiatives.

The Awards were announced during a gala dinner at the 10th TPO Network World Conference and Awards, held on 4–5 November 2014 in Dubai. The event was hosted by Dubai Exports, the export promotion agency of the Department of Economic Development, in partnership with ITC.

Shortlist of TPO Network Awards applicants

The Adjudicating Panel, chaired by ITC Executive Director Arancha González, faced a difficult task to judge which of the applicants merited receiving an award. 'Of all the applicants, these TPOs have made a difference in their home countries by supporting SMEs to internationalize. They have set excellent examples for others to follow,' Ms. González said.

Winners' showcase – export success depends on human capital

The winners of the TPO Network Awards presented their innovative export development initiatives and good practices to participants at the 10th TPO Network World Conference and Awards.

The winners emphasized that their initiatives could be replicated by other TPOs aiming to achieve positive results that boost exports. They also agreed that export success depends upon – and enriches – human capital.

Aicha Pouye, Director of the Division of Business and Institutional Support, International Trade Centre (ITC), said that ITC is a 'super' TPO that counts on TPO Network members to be multipliers in the field.

'The stronger and more effective Network members become, the stronger the mandate of ITC and of the TPO Network's is enforced,' she said.

Empowering SMEs for export Enterprise Mauritius

Enterprise Mauritius, a three-time award winner, was awarded for its Go-Export project, which builds on the capacity of SMEs to become export ready. Enterprise Mauritius identified the weaknesses of SMEs that were unable to capture export markets and then designed an initiative to support them to expand their businesses.

Devendranath Chamroo, Chief Executive Officer of Enterprise Mauritius, noted that entrepreneurs were not ready, enterprises were not synchronized to meet the requirements of international buyers, and because products were not ready they lacked market adaptability.

'There are academic programmes for SMEs, but no one was doing the actual, practical handholding. Go-Export is different because it facilitates a practical transfer of knowledge in the export value chain,' he explained.

Twenty SMEs were selected to participate in Go-Export in 2013. This interactive training platform combines workshops, role-playing, factory visits and one-on-one sessions with mentors and coaches. In its first year, participants improved their products in terms of quality, standards compliance, packaging and innovation.

The programme's success led to important outcomes in government policymaking. The Government extended grants for SMEs to participate in trade fairs, introduced a freight subsidy scheme for exports to

Africa, created an export insurance guarantee scheme for SMEs exporting to Africa and decided to refund project participants 70% of their costs.

Export finance opens new markets – Zambia Development Agency

Zambia Development Agency (ZDA) created the Zambia Export Development Fund (ZEDEF) in early 2008 to help firms meet the challenge of finding pre- and post-shipment export finance.

The fund makes low-interest loans to producer associations in non-traditional export sectors, including leather, coffee, timber, organic products, gemstones and crocodile products.

The producer associations serve as monitoring mechanisms for their members and, as the borrowers, are responsible for repaying the loans.

Since 2011, ZEDEF issued nine loans valued at US\$ 1,511,938 and €285,000 to six exporting associations. The fund has propelled exporters into new markets in the region and abroad, creating employment and generating income.

Meeting new challenges – ProColombia

ProColombia developed a rigorous methodology to reboot the flagging textile and apparel industry and help the sector's 30,000 SMEs – 91% of which are microenterprises with fewer than 10 employees – to meet the challenges ushered in by a new trade landscape.

'In 2012, because of a free trade agreement with the United States, we identified new opportunities in that very competitive market,' explained Hiroshi Wago, Executive Trade Representative, ProColombia, Japan.

Markets were identified in five United States cities. Between 2012 and the first quarter of 2014, five exploratory missions were conducted with 95 companies participating. During that same period, 37 companies reported 74 United States export business opportunities, and 18 concluded deals with North American clients.

Participating companies significantly closed production gaps, which enabled them to enter securely, successfully and sustainably export markets.

ProColombia's Selling Methodology 2.0 (PSM 2.0) is based on business intelligence processes and value-added strategies to maximize the sustainable competitive advantages of companies.



Mr. Hiroshi Wago

Recognizing initiatives aimed at young people

The Adjudicating Panel awarded a Special Mention to two TPOs in the developed country category for their initiatives aimed at training young people and closing the skills gap – Enterprise Lithuania and ICEX Spain Trade and Investment.

Training export-oriented young business leaders

Enterprise Lithuania won for Wings, a training programme for young leaders in export. Wings was designed to meet the demand for trained professional export managers, particularly in rural areas. Running from July 2013 through June 2014, Wings was the first Lithuanian government-business partnership seeking to increase the country's competitiveness by developing export-oriented business leaders.

In the initial phase, 16 talented young people were selected to work with experienced, private sector export project managers and take training courses and seminars.

'It is very important to give individual feedback to the young participants,' explained Simone Gailiunaite, Head of Human Resources, Enterprise Lithuania. 'This way we can identify strengths and weaknesses and areas that the person needs to develop.'

Wings has reported successes in its first year – so much so that there is now regional interest in replicating this unique government-business partnership to attract young people to as export-oriented business leaders.

'You need people in the driver's seat'

Francisco Javier Garzón Morales, Chief Executive Officer of ICEX, told participants that the 40-year-old Young Professionals Programme has trained more than 5,500 young graduates to work at Spanish companies that are internationalizing. Currently, ICEX invests over €11 million annually in the programme.

Stage 1 of the programme consists of one year of training in the network of Trade Commission Offices in Spanish Embassies. Stage 2 provides training in international Spanish companies or multilateral organizations.

Approximately 1,800 candidates apply annually and nearly 500 companies can compete for one of the 181 available trainees.

'This programme is so successful that if we had to make budget cuts, we would cut out some buyer-seller meetings before we took funds from the Young Professionals Programme,' Mr. Garzón told participants.

Figure 5. 2014 TPO Network Awards shortlist

Least developed country category	
Afghanistan	Export Promotion Agency of Afghanistan (EPAA)
Zambia	Zambia Development Agency (ZDA)
Small island developing states category	
Dominican Republic	Dominican Republic Export and Investment Centre (CEI-RD)
Madagascar	International Trade Board of Madagascar (ITBM)
Mauritius	Enterprise Mauritius (EM)
Trinidad and Tobago	National Export Facilitation Organization of Trinidad and Tobago (exporTT)
Developing country category	
Brazil	Brazilian Trade and Investment Promotion Agency (Apex-Brasil)
Colombia	ProColombia
Ecuador	The Institute for the Promotion of Exports and Investments (PRO ECUADOR)
China	China Council for the Promotion of International Trade (CCPIT)
Kazakhstan	National Export and Investment Agency (KAZNEX INVEST)
Republic of Korea	Korea Trade-Investment Promotion Agency (KOTRA)
Oman	Public Authority for Investment Promotion and Export Development of the Sultanate of Oman (Ithraa)
Developed country category	
Spain	ICEX Spain Trade and Investment
Switzerland	Switzerland Global Enterprise (S-GE)
Lithuania	Enterprise Lithuania

Box 7. Why the award?

The TPO Network Awards are open to all trade support institutions that are officially recognized as national organizations for trade promotion. An Adjudicating Panel comprised of TPO practitioners, including senior representatives of former winners, review the applications.

The TPO Network Awards focus on outstanding performance of TPO processes and practices. Export development initiatives respond to the needs of SMEs by building their competencies to be enduring, competitive international players.

These prestigious biennial awards are recognized by TPOs worldwide as well as by the business community, governments and international agencies.

Previous winners and applicants agree the application process is a comprehensive and time-consuming task. But the benefits of winning and of applying exceed their expectations.

TPO Network World Conference 2016

Morocco is to host the 2016 edition of the Trade Promotion Organization (TPO) Network World Conference and Awards in 2016. The Centre marocain de promotion des exportations (Maroc Export) was selected following a vote by members of the global TPO Network.

The runners up were Jamaica Promotions Corporation (JAMPRO) and Tanzania Trade Development Authority (TanTrade) which also presented strong bids to host the next TPO Network World Conference and Awards.

20 Years of TPO Network World Conferences

This was the 10th in the series of biennial TPO Network World Conferences, the international networking event for TPOs. It has been hosted by TPOs for TPOs, together with ITC, since 1996:

- The 1st Conference in 1996 in Cartagena, Colombia, addressed the impact of the new multilateral trading system in the wake of the creation of the World Trade Organization (WTO).
- The 2nd Conference in 1998 in Santiago, Chile, followed with a closer look at trade promotion tools. It concluded with a declaration from the 86 participating TPOs of their commitment to promoting free trade in the new international order.
- At the 3rd Conference in 2000 in Marrakech, Morocco, participants addressed the challenges of the digital economy and began to review the challenges of public-private partnerships (PPPs) and impact assessment.
- The turbulent business environment was the theme of the 4th Conference in Beijing, China, in 2002.
- At the 5th Conference in 2004 in St. Julian's, Malta, participants focused on innovation and practical action as a response to rapid evolutions in global trade.
- The opportunities and challenges for TPOs in global trade were discussed at the 6th Conference in Buenos Aires, Argentina, in 2007.
- The 7th Conference in 2008 in The Hague, the Netherlands, explored key issues for TPOs to remain competitive in the changing international marketplace.
- The 8th Conference in 2010 in Mexico City, Mexico, addressed the theme Building Export Success: Enhancing TPO Impact in a Changing Global Environment.
- At the 9th Conference in 2012 in Kuala Lumpur, Malaysia, participants discussed the innovative practices needed to transform their operations and new services to meet the social and economic challenges of today and the future.
- Participants at the 10th Conference in 2014, Dubai, United Arab Emirates focused on the role of TPOs in facilitating the internationalization process of SMEs with a specific emphasis on linking trade and investment promotion activities.
- The 11th TPO Network World Conference will take place in Marrakech, Morocco in 2016.

Box 8. TPO Network Award Winners Booklet

Following each edition of the TPO Network Awards, ITC publishes a booklet in three languages showcasing the achievements of the winning TPOs. See the ITC website for the online version.



FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world's forests.

Printed by ITC Digital Printing Service on FSC paper, which is environmentally-friendly paper (without chlorine) using vegetable-based inks. The printed matter is recyclable.

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