



**International Trade Centre**

**Executive Forum**



**Managing Competitive Advantage**

## **Southern Africa Trade Week**

### **Malawi contribution for session 3**

COMPETITIVE ADVANTAGE AND THE TRADE SUPPORT  
NETWORK – WHAT IS “BEST PRACTICE”?

The assertion that the trade support network should focus on competitive enhancement and not simply on market development and export promotion is correct.

- ◆ The majority of trade support network in Africa concentrates on border-out issues. This is not “best practice” because there are so many border-in issues that need to be addressed first before concentrating on border-out issues. e.g. quality, delivery, pricing, production etc.

One of the main reasons why most Africa’s TPO’s concentrate on border- out issues is the fact that they started as government departments with focus only on market and export development. Export promotion activities were handled by civil servants operating in a highly bureaucratic environment. Although this was the case exports were doing well because African countries were given preferential treatment by their colonial masters. There was no competition as African countries were guaranteed markets e.g. United Kingdom for a long time was Malawi’s major import market but now this trend has changed. Globalization has brought about changes in the trade pattern.

- ◆ We agree that the national network should consist of an export strategic support network and a service delivery network with a single organization having responsibility for overall coordination. As for the export strategy support network, the Malawi Export Promotion Council Act provides for inclusion on its various committees representation from organizations that indeed influence the “business environment” such as Chamber of Commerce and Industry in Malawi, Tea Association and Tobacco Exporters Association. The service delivery network (i.e. clearing and forwarding agents, banks, insurance companies, transporters etc). is an important area. But as it has not yet to been developed in Malawi it is indeed a constraint.
- ◆ Ideally “best practice” involves servicing the needs of all clientele segments but given the resource constraints that most export support organizations face, there is merit in giving priority to export ready firms for the following reasons:
  - i. Export ready firms are easy to identify as they are there already.
  - ii. Most African countries are in dire need of foreign exchange and the export ready firms provide part of the solution to this.

Having said this it should be the combined responsibility of both private sector and government to ensure that export support organizations are well supported financially in their task of servicing the needs of all client segments.

- ◆ Most African TPOs operate as “one stop” shop. Our own private sector has demanded that our TPO operate as “one stop” shop. Regrettably, the TPO has serious limitations in operating as such mainly because of poor funding. To operate effectively as “one stop” shop a strong financial base is needed and this requires the full cooperation of private sector and not Government alone. Working as a mere “one stop” shop is complete waste of time and money. Why should a client come to a TPO just to be referred to another organization or institution for the assistance he is seeking?
- ◆ Malawi agrees that the service delivery network should “run like a business”. Information must be treated like a commodity and must have a price. It is only through this that private sector will start attaching value to information and because of this they will learn to look for the right information and use it properly as wrong information will be costly to them for nothing.