10 Essential Elements for a Successful National Export Strategy

A COUNTRY PAPER CONTRIBUTED BY
THE URUGUAYAN STRATEGY TEAM
Advancing toward the establishment of a National Export Policy

Uruguay, although having a growing export sector since the mid 70s that has been able to overcome regional and worldwide crises (namely Argentina) has serious unresolved matters in terms of a national export policy.

Government and private sector efforts to support exports have lacked several essential elements for a national policy of exports.

As we used to say, Uruguay is not a country where everything must be built from scratch. However, by not having guidelines for foreign trade organization, many participants throughout history have supported certain sub sectors or exports in general, but have not had the coordination and protection that a national strategy could offer.

In this sense, Uruguay XXI, the Investment and Export Promotion Institute, within the legal framework approved by the current government, presented a project in July 2003 to rectify the major shortcomings and establish an organization that serves to define and coordinate this national export policy on an executive level. This project is enclosed in the Appendix. Since Uruguay XXI, a government agency, was created as a company adhering to private law, it has both government and private sector representatives on the board. This is the proper framework in which to lead this process and underscores the already existing vision of taking actions to advance the support to the export sector that must consist of all participants.

Actions that define a 'country strategy'

Although this project has not yet been approved, both before and after the presentation, projects have been undertaken to move in that direction. Even though the definition of a national export strategy is clear, its implementation presents aspects that impede advancement by remaining unresolved. Nevertheless, some actions go beyond this implementation and the Institute decided to move forward in the understanding that any other scenario, these actions will benefit the export sector.

'Uruguay Natural' Brand

In 2002, the 'Country Brand' was developed. This was an arduous project where corporate image consulting companies worked in conjunction with the Institute and finally a brand was found: 'Uruguay Natural.'

The final stage of this project was the development of a 'usage manual' that determined the scope and conditions for use of the brand as to preserve the values that it tries to communicate.

The study and the selection of elements for the brand came about from a strict process that consisted of taking reference brands, applying verbal and visual symbolic elements that represent us to arrive at a successful final product. In the usage manual, sections specify details such as how the brand should be used and who has the right to use it.

The brand is administered by the Ministry of Tourism, which is in charge of its management and authorizes permission to those who wish to utilize it.

Going deeper into existing markets

One of the characteristics of a lack of an export policy is the discontinuity of work on the various markets where the country does business. Here, the Institute has decided to establish continual redefinition and focus for market tasks since they are the objective of our exports. Projects to go deeper into the markets have gradually been developed to grow business, particularly considering geographic sector variables.

The work done for Uruguayan wine in the city of Chicago is an example. In accordance with the manner of work that has been put in practice, actions were taken in this order:
In Uruguay, a group of providers of a similar product was identified. 
The market in Chicago was investigated, with emphasis on the 'distribution chain.'
An agent was identified as a 'strategic partner' in Chicago.
Agreements between the exporter group, the agent (or 'strategic partner') and Uruguay XXI were made.

This action has resulted in the agreement that triples the amount of wine currently exported to the entire US.

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<th>Exports in USD</th>
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<td>Wine exports in 2003</td>
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<td>Wine exports in 2004 (to June)</td>
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<td>Agreed sales for first year of contract</td>
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1 Statistical information

As above, projects to make up a solid statistics base are necessary to properly define an export policy. The Institute's recent acquisition of Trade Map, Access Map and Product Map have resulted in the solidification of this base. At the same time, the continuous study and performance evaluation of our export sector is performed by the Institute's statistical studies area and closes the circle to make data available for decision making on export and investment promotion.
INVESTMENT AND EXPORT PROMOTION
RESTRUCTURING PROPOSAL

2 July 2003
JUSTIFICATION

“Offer consulting services to the Executive Branch in all aspects that could improve investment and export conditions” is one of the objectives assigned by law to the Investment and Export Promotion Institute (from here on “the Institute.”)

Today, the multitude of organizations involved in foreign trade and the lack of coordination are causing a disintegration of efforts and are making the optimal use of resources impossible.

Restructuring support for foreign trade is desirable along with a wide participation of the government and private sector.

The dynamics of foreign trade demand that support coordination is brought forward by a structure capable of fulfilling that need.

Article 115 of the Budget Law approved last year establishes the need to restructure foreign trade promotion, particularly its coordination. The Institute, therefore, is the ideal tool for this restructuring process.

The Institute and its Board of Directors are subject to private law, and adapt to the needs of the two preceding paragraphs. Nevertheless, the current situation of the country makes it necessary to increase participation and implement modifications needed to achieve a higher level of efficiency.

EXECUTION PROPOSAL

To be able to correctly assume the role of coordinator of foreign trade promotion activities, the Institute proposes certain changes. First, foreign trade policy must be defined. Second, resource management requires reorganization but without incurring higher costs, furthermore, changes should be made to organization and responsibilities.

Financial resources

The Institute must be financed with permanent funds to permit the development of action plans in the short, medium and long term. Therefore, a redistribution of all funds collected by various state organizations (LATU, INAVI, INAC, BROU, Ministry of Foreign Relations, FIS, etc.) is proposed. Total investments to the Institute must not be lower than 0.2% of all foreign trade transactions (exports and imports.)

It must be established that no more than 12% will be available for expenses in fixed salaries, social expenses and rent. A maximum of 2% should be available for equipment renewal and a maximum of 1% for unforeseen operational expenses. The intention is that the majority of the budget be dedicated exclusively for investment and export promotion activities.

Of the budget, 3% will be for continual training of the Institute's staff, for those working abroad in offices of the country, for staff in various areas of the government in jobs linked to foreign trade and for staff hired for specific projects.

Financial resources linked to the Institute, such as those dedicated to country promotion and hiring for various State organizations (whatever their nature) should be made through the Investment and Export Promotion Institute. For example, when a government organization decides to carry out an activity abroad (fairs, congresses, publicity, etc.) and does not use the suggested method, the country will lose the opportunity to promote sectors that are not linked to this organization and therefore resources will not be used optimally.
Human Resources

As mentioned earlier, the legal status of the Institute gives the desired flexibility to have results-based human resource management. Contributing to an internal policy of continual training will be the right tool to have a highly specialized group for attracting investment and promoting trade.

It must be clearly established in the procedures that the Institute will be able to hire personnel domestically or abroad, with compensation subject to the results of established goals. Termination of personnel must not generate any other costs.

General Considerations on the Role of the Institute

The Institute must have a dynamic, efficient and flexible structure and be directed toward promotion and protection of commercial interests the country has overseas. This means actions supporting exports and investment and services for organizations both domestically and abroad. For this, the Institute must adopt a structure according to the “minimum efficient size” principle. Likewise, both the State and the private sector must be involved. Giving particular attention to dynamics, efficiency and flexibility, the Institute should be under the domain of private law.

To be able to execute this task, coordination with key players in the country is essential. Equally important is participation as “listeners” during international negotiations for our country, representing the private sector without substituting the role of the Executive Branch.

Information offered by the Institute must include analysis of data obtained, as opposed to simply offering raw data. As such, continuous search, analysis and follow up of information for Target Markets (TM) must be performed.

The keys to access the TM must be found for each location. For this reason, continuous study will be a priority, including internal aspects such as business structure and internal logistics. In this point, the search for strategic partners must be considered as a proactive element of the organization.

Internal training will be the fundamental factor for the Institute's work force, given that teams must be formed according to their specific activity and with criteria of practicality and the ability to execute. When working with Ministries, a training plan must be developed throughout the entire Administration to offer excellence in service that the country must provide.

External training should be the developmental instrument for the export sector, ranging from companies that have had no experience in foreign trade to companies already selling abroad. Specific programs should be designed as well for offices the country has overseas. Working with the Chambers of Industry and Education Institutes, training programs will be created for businesspersons with the objective of getting more companies to export.

Investment promotion must be developed proactively to identify the particular needs of the country for the development of the various business sectors. It must be integrated, comprising of a support mechanism for the investor throughout all steps of the process, from expression of interest to the completion of the project. It must act as a communicator for the process, solving any problems along the way.

Country image and overseas recognition will be the continual concern of the Institute to improve the Country Brand and Uruguayan products overseas.
Organizational chart

Foreign Trade Advisory Board

This Advisory Board will have the following objectives:

- Set Foreign Trade Policy.
- Establish Target Markets (TM) for investment and exports.
- Approve action plans and budgets brought forward by the Executive Board.
- Evaluate results of Institute objectives.

Members will include: Secretary of the Presidency of the Republic (who will represent the President), Minister of Foreign Relations, Minister of Economy and Finance, Minister of Industry, Energy and Mining, Minister of Livestock, Agriculture and Fishing, Minister of Transportation and Public Works, Minister of Tourism, Minister of Education and Culture, President of the National Congress of Governors, Executive Director and Vice Director of the Institute. Meetings will be held at least every 60 days.

Institute Executive Board

The Executive Board has the following objectives:

- Approve action plans and budgets to pass on to Foreign Trade Advisory Board.
- Evaluate results
- Control expenses
- Collaborate in coordination with all participants in foreign trade.

Members will include: Presidents of Industry Chambers, representatives of the private sector, Vice Ministers of Foreign Relations, Economy and Finance, Industry, Energy and Mining, Tourism, Livestock, Agriculture and Fishing and the Executive Director and Vice Director of the Institute.

For this new stage, the Union of Exporters of Uruguay and the Association of Marketing Directors to the Advisory Board should be incorporated, eliminating the Association of Banks, which does not participate in practice.

This Board will be presided by the Undersecretary of Foreign Relations. The Undersecretary of Economy and Finance will act as Vice President. It must meet once per month at a minimum.
Institute Management

Management of the Institute will be the responsibility of the Executive Director and Vice Director.

Management objectives will include:
- Develop annual plans, programs, budgets, annual reports and annual balances for consideration.
- Execute plans, programs and Executive Board decisions.
- Administer Institute resources.
- Complete all tasks inherent to the general administration of the Institute, taking all actions necessary for efficient performance.
- Represent the Institute both domestically and abroad (but not by the president of the organization personally.)

The aim is to establish flowing communication with other State organizations whose activity affects foreign trade. Work groups will be formed to meet established objectives in this area.

Export Promotion Area

Responsible for assisting Management with the development and execution of annual action plans for export promotion after approval by the Executive Board. This proposal will be in line with the 5-year strategic plan defined by the Executive Board.

This area should create a roadmap that defines the real possibilities for TMs for Uruguayan exports while seeking strategic partners in each market.

Particular emphasis must be placed on:
- Training as the main tool to develop the export sector.
- Support Uruguayan companies to sell internationally through specific programs or a package of programs.
- Export quality evaluation to integrate in promotion activities.
- Attention and Consulting Services for Uruguayan exporters, importers and overseas consumers of Uruguayan products (toll free number).
- Export verification and overseas complaint attention (Country Image.)
- Support for Uruguayan representatives overseas.
- Trend monitoring of target markets.
- Detection of stumbling blocks for exporters and suggestions for corrective actions.
- Strategic information gathering for exports (market studies, market access, etc.)
- Exporter guide development.
- Development of export assistance line (toll free number.)

Investment Area

Responsible for assisting Management in the development and execution of annual action plans after approval by the Executive Board. This proposal will be in line with the 5-year strategic plan defined by the Executive Board.

This area must be proactive in the identification and capture of new investment, attending to sectors of interest and TM for investment defined by the Foreign Trade Advisory Board and identified by the Institute ("go out and find the investor").

Particular emphasis must be placed on:
- Attention and consulting services for foreign investors throughout all stages of company setup in the country.
- Complaint reception, evaluation and follow up.
- Detection stumbling blocks for the investor and corrective actions.
- Investment project design consulting and identification of possible investors.
- Company relocation services.
Logistics and Systems Area

This area will be in charge of two fundamental needs of the organization.

Logistics
Committed to supporting various activities that encompass:
• Publicity material management
• Event logistics

Systems
Responsible for computer network maintenance (software and hardware) and supplies.
Included are tasks specifically related to programming of web page, purchase databases, etc.

Marketing and Communications Area

Responsible for assisting Management with the development and implementation of the annual action plan for the area after approval by the Executive Board. This proposal will be aligned with the 5-year strategic plan as defined by the Executive Board.

The following functional aspects of the Institute will be coordinated:
• Trade mission, fair and event coordination both locally and abroad, specifically in terms of advertising management, support material and other aspects linked to image and promotion management of these events.
• Management of all communication tools used by the Institute.
• Campaign design coordination, which requires appropriate image, message and contact with the public.
• Support unit for the client service area in areas including personnel training and efficient claims handling.

Products and Services

Other than product manufacturing and design, the following items are of constant importance to a company and should be continually carried out by the Institute:
• Trade missions and business meetings.
• Assistance in fairs, congresses and other events abroad.
• Market studies for TM, import and export statistics, changes in trends, import databases, ports of entrance, etc.
• Market access problem identification, studies and execution of possible solutions.
• Exporter start-up programs.
• Exporter assistance (toll free number.)
• Exporter training programs.
• Investment and export promotion materials.
• Exporter Guide.
• Investor Guide.
• Customer service for clients abroad (toll-free number.)
• Business plan consulting.
• Analysis and follow-up of exportable supply capacity.
• Analysis and follow-up of TM purchase capacity.
• Analysis and follow-up of promotion programs.