Adapting to Post-Crisis World Trade Patterns, and Lessons for Export Development
ABSTRACT FOR TRADE INFORMATION SERVICES

ID=42436 2011 F-08.01 WOR

International Trade Centre (ITC)
World Export Development Forum 2010: Conference Report

Report based on the proceedings of the 11th World Export Development Forum (WEDF), Chongqing, China, 9-12 September 2010, devoted to the theme of adapting to post-crisis world trade patterns and lessons for export development – provides papers covering: growth through South-South trade; alternative trade finance mechanisms; trade support institutions’ best practices; global supply chain management and creating value added products; strategic partnerships; promoting private voluntary standards and certification processes; enhancing women’s business enterprise potential; ‘sustainability’ in the export oriented industries in LDCs and developing countries; and promoting technology driven development.

Descriptors: Export Promotion, Trade Development, South-South Trade, Trade Support Services, Women Entrepreneurs, Trade Financing, Value Chain, Supply Chain, Case Studies.

English

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

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the International Trade Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

© International Trade Centre 2011

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, electrostatic, magnetic tape, mechanical, photocopying or otherwise, without prior permission in writing from the International Trade Centre.

P243.E/OED/CE/11-VIII
The world economy is still recovering from its most severe downturn since the Great Depression of the 1930s, as businesses are cautiously optimistic about rebuilding trust in the new global economy. Associated with the slow pace in developed economies is a poignant change in global trade patterns marked by an upswing and robust growth led by South-South trade.

It is clear that consensus has rallied behind the desire for new thinking as we adapt to this shift in markets, with a commitment to long-term development goals replacing pervasive practices driven by short-term gains. We must collectively pursue successful approaches to mitigate economic imbalances by forging strategic alliances strengthening global partnerships amongst constituents if we are to achieve sustainable development through global trade.

But what does this mean for the future? This new era demands an emphasis on values rather than volumes, translated through an improved quality of life.

To meet the needs of the LDCs, affordable mechanisms are required to promote value added products and services integral to the global supply chain and market diversification to sustain gains from globalization and trade. To bridge the gap and move populations beyond the spectre of poverty favourable policies are fundamental to increase private sector involvement spurring entrepreneurship, stabilizing growth for SMEs, to bring about significant job creation and sustainable economic recovery. Additionally, greater effort must be taken by government and the private sector to integrate gender considerations to ensure an equitable share for women in the benefits of prosperity.

In the future we encourage more widespread adoption of partnerships and networking to enhance governance, business development and economic growth. Along with the continued focus on trade promotion we must spearhead greater levels of engagement in a new portfolio of trade development services to achieve the requisite inclusive development.

We must applaud ongoing donor support and resource commitments to obtain inclusive development through Aid for Trade, which highlights strong unity on the benefits of openness and trade. This dynamic collective leadership must also manifest itself through new financial instruments, using innovative business models and technological improvements mindful of sustainable resource utilization.

Finalizing the Doha Round is an indispensable step towards ensuring a more robust multilateral trading system responsive to the needs of globalization.

We are confident that this collaborative platform will embrace current insights as we chart a more equitable course, reducing disparities for residents in the developed and developing world through global trade.

Patricia Francis
Executive Director
International Trade Centre
The 2010 World Export Development Forum (WEDF) was held in the municipality of Chongqing, China on 9 through 12 September, and attended by over 300 government officials, representatives of trade promotion agencies, experts, scholars and entrepreneurs from 59 countries. I would like to warmly congratulate the International Trade Centre on the success of the WEDF.

At a critical moment in the gradual recovery of the world economy, it was well-focused and highly relevant to explore the strategies for the development of international trade in a post-crisis era under the theme of ‘Adapting to Post-crisis World Trade Patterns and Lessons for Export Development’. Moreover, Chongqing, an inland city in China, has maintained an annual growth rate of 18% in imports and exports in the recent decade, almost three times the average rate of world trade. The municipality per se, as host of the Forum, was therefore a good reference and an inspiration for the discussions.

Thanks to the concerted efforts of the international community, global trade has seen a strong rebound in 2010, making it a strong propeller for economic recovery. One salient feature of the current turnaround in global trade is that the drastic expansion of domestic demand in emerging markets, including China, has accelerated the recovery in the exports of investment and intermediary goods in relevant economies.

Over the past 30 years, China has responded proactively to the trend towards economic globalization. It has achieved fairly rapid growth in foreign trade with an annual rate above 17%. China stays committed to an open trade policy underpinned by coordination and benefit-sharing with other countries. In 2010, China cut its general tariff level to 9.8%, far lower than the average of 46.6% in the developing world. China’s imports in goods surged to US$ 1 trillion in 2009 from US$ 10.9 billion in 1978, some 92 times greater. As China generates more domestic demand, it is estimated that this market will reach US$ 2 trillion in 2010, which is bound to bring more export opportunities to countries around the world.

It is worthy of attention, however, that with the impact of the financial crisis still around, we must stay on guard against trade protectionism in all forms. In 2009, WTO members notified 1,489 non-tariff measures as compared to 1,272 in 2008, up by 17%. According to WTO statistics, in 2009 while accounting for 9.6% of global exports, China was subject to 40% and 75% of the world’s anti-dumping and countervailing duty investigations respectively. As a target of 43% of the world’s trade remedy investigations over the same period, China became the biggest victim of global trade protectionism. I hope that the parties can take active actions and stand firm against trade protectionism in all manifestations pursued under the pretext of promoting economic balance or tackling climate change.

At present, developing countries are faced with mounting challenges in global trade. Multiple difficulties are yet to be overcome to meet the MDGs on time. I hope that ITC can continue to draw on its advantages and play an even bigger role in helping developing nations work out effective trade promotion strategies, expand exports and improve imports and achieve sustainable development.

Yi Xiaozhun
Vice-Minister of Commerce,
People’s Republic of China
It was widely recognized that 2010 would signal a turn in the global economy as we recovered from the crisis, with emerging economies leading the world economic revival. Likewise Chongqing is regarded by us here in China, as a miniature emerging economy manifesting rapidly growing foreign trade. Chongqing is undertaking a Western Development Strategy, constantly innovating to achieve integration in national and international markets as an open highland in the hinterland. Today the city boasts investments by over one hundred Fortune 500 enterprises with foreign trade volumes increased from US$ 1.7 billion in 2000 to current levels at US$ 12 billion.

With this background, it was especially significant for Chongqing to co-host the 11th World Export Development Forum. Businesses and the government welcomed the opportunity to share in the exchange of global knowledge and penetrating insights which resulted in valuable suggestions to address challenges for world economic recovery.

We are assured that this gathering of representatives from developing and transitioning countries will play a positive role in promoting South-South cooperation, injecting the vitality to reshape world trade multi-polarization, and giving solid endorsement for the finalization of the Doha negotiations.

Chongqing has been the recipient of ITC dedication to assist countries to enhance the role of the private sector, improve women’s economic rights and interests and promote increased exports towards a sustainable economy, society and environment.

We look forward to long-term cooperation with ITC to explore new business models, expand women’s participation in trade, and broaden SME and private sector integration into the world trade system whilst strengthening the capacities and services of trade support institutions and public sector partners.

We sincerely thank the International Trade Centre for hosting the 2010 World Export Development Forum in Chongqing, allowing us to join with others in a fruitful long standing partnership, among old friends and new friends, within our vibrant city.

We wish the World Export Development Forum and ITC continued success in the coming year as we work to achieve balance, stability and sustainability in the world economy.

Mayor Huang Qifan
Chongqing Municipal Government
We would like to thank China’s Vice-Minister of Commerce, Mr. Yi Xiaozhun and Mayor Huang Qifan of the Chongqing Municipal Government for their precious collaboration both during the summit and for this publication.

We would also like to thank the other government officials, academics, entrepreneurs and business people who provided deeply relevant and interesting content for this publication: Ying McGuire, Global Supplier Diversity Officer, Dell, Inc., United States | H.E. Ambassador Darlington Mwape, Permanent Representative of Zambia to the WTO | H.E. Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, South Africa | Li Jianchun, Director, Chongqing Foreign Trade & Economic Relations Commission, China | H.E. Ambassador Ujal Singh Bhatia, former Permanent Representative of India to the WTO | Sung-Joo Kim, Chairperson, MCM Worldwide, Republic of Korea | Huang Youfang, Shanghai Maritime University, China | Sandra Abreu Ortiz, General Manager, Avia Export, Colombia | Gaurav Gupta, Head, Dalberg Asia, India | Paula Rogers, Industry Liaison to the Council of Textile & Fashion Industries, Australia | Rob Cameron, Chief Executive, Fairtrade Labelling Organizations International (FLO), Germany | Archana Bhatnagar, President, Mahakaushal Association of Women Entrepreneurs (MAWE), India | Li Shirong, Deputy Director General, Chongqing Foreign Trade & Economic Relations Commission, China | John McCarthy, Leisure Partners, Mexico | Marlene Malahoo Forte, Minister of State, Ministry of Foreign Affairs and Foreign Trade, Jamaica | Mark Linehan, CEO, Digicel Telecommunications Corporation, Jamaica | Alexander Barkawi, former Managing Director, SAM Indexes and the Dow Jones Sustainability Indexes, Switzerland.

This report was prepared under the overall direction of Micaela Daniel, ITC’s Events and Communications Chief, written by Nicole Pitter Patterson and edited by Danielle Carpenter Sprungli and Sibylle Neuhaus. Antonia Wibke Heidelmann, Lauréna Arribat, Isabel Droste and Kristina Golubic prepared its final design and layout.
List of figures

Figure 1: Adding value ...........................................................................................................................32
Figure 2: An alternative supply chain financing model .................................................................44
Figure 3: Commodity value chain ........................................................................................................44
Figure 4: India’s footwear export growth in the last decade .................................................................45
Figure 5: Features for SME Growth .......................................................................................................45
Figure 6: Uganda’s export trade over time ............................................................................................52
Figure 7: Foreign trade development best practice examples ............................................................53
Figure 8: Caravan of Moroccan Exports in Africa ..............................................................................53
Figure 9: Business perspectives on the impact of various factors on the ability to export ...............56
Figure 10: Business perspectives on the impact of services on the ability to export .......................56
Figure 11: Lifan Group at work ........................................................................................................58
Figure 12: Supply chain finance .........................................................................................................61
Figure 13: Supply chain services opportunities for globally capable SMEs ....................................67
Figure 14: SISC – A key driver of China’s export competitiveness ....................................................67
Figure 15: Shanghai as a world leader ...............................................................................................70
Figure 16: Shanghai – a world leader in sea and air freight ..............................................................71
Figure 17: Export of Chilean wine to major markets .........................................................................75
Figure 18: How the partnership works ...............................................................................................75
Figure 19: Fairtrade products ............................................................................................................82
Figure 20: Strong, consistent market growth ....................................................................................82
Figure 21: Retail members of GlobalG.A.P. .......................................................................................82
Figure 22: The Canopy .......................................................................................................................83
Figure 23: Indigreen weaver .............................................................................................................84
Figure 24: O’land tea and coffee estate in India ................................................................................84
Figure 25: Tourism-related job creation .............................................................................................105
Figure 26: Poverty reduction through tourism ................................................................................109
Figure 27: Growth in tourism, 1975-2010 .......................................................................................110
Figure 28: Opportunities – New sources and higher efficiency .....................................................114
Figure 29: Resource constraints and volatility .................................................................................119
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACP</td>
<td>African, Caribbean and Pacific States</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>CCISF</td>
<td>China Chongqing International Investment and Global Sourcing Fair</td>
</tr>
<tr>
<td>COFTEC</td>
<td>Chongqing Foreign Trade &amp; Economic Relations Commission</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>CTAP</td>
<td>Certified Trade Advisers Programme</td>
</tr>
<tr>
<td>DTIS</td>
<td>Diagnostic trade integration study</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Economic Community of Central African States</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EECA</td>
<td>Eastern Europe and Central Asia</td>
</tr>
<tr>
<td>EIF</td>
<td>Enhanced Integrated Framework</td>
</tr>
<tr>
<td>EnACT</td>
<td>Enhancing Arab Capacity for Trade</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreements</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
</tr>
<tr>
<td>GPG</td>
<td>global public goods</td>
</tr>
<tr>
<td>ICT</td>
<td>information and communications technology</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>ITC</td>
<td>International Trade Centre</td>
</tr>
<tr>
<td>LAC</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>LDCs</td>
<td>least developed countries</td>
</tr>
<tr>
<td>LLDCs</td>
<td>landlocked developing countries</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MFN</td>
<td>most favoured nation</td>
</tr>
<tr>
<td>MLS-SCM</td>
<td>Modular Learning System – Supply Chain Management</td>
</tr>
<tr>
<td>MNS</td>
<td>Market News Service</td>
</tr>
<tr>
<td>NES</td>
<td>national export strategy</td>
</tr>
<tr>
<td>NTM</td>
<td>non-tariff measures</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>RBM</td>
<td>results-based management</td>
</tr>
<tr>
<td>REC</td>
<td>regional economic community</td>
</tr>
<tr>
<td>SIDS</td>
<td>small island developing states</td>
</tr>
<tr>
<td>SMEs</td>
<td>small and medium-sized enterprises</td>
</tr>
<tr>
<td>T4SD</td>
<td>Trade for Sustainable Development</td>
</tr>
<tr>
<td>TBT</td>
<td>technical barriers to trade</td>
</tr>
<tr>
<td>TFTA</td>
<td>trade facilitation technical assistance</td>
</tr>
<tr>
<td>TPO</td>
<td>trade promotion organization</td>
</tr>
<tr>
<td>TRTA</td>
<td>trade-related technical assistance</td>
</tr>
<tr>
<td>TSI</td>
<td>trade support institutions</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>WBE</td>
<td>women-owned business enterprises</td>
</tr>
<tr>
<td>WEDF</td>
<td>World Export Development Forum</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
<tr>
<td>WTPO</td>
<td>World Trade Promotion Organization</td>
</tr>
</tbody>
</table>
THE STATE OF WORLD TRADE: GROWTH THROUGH SOUTH-SOUTH TRADE

The lesson learnt from the collapse of leading markets during the crisis is the imperative of market diversification to absorb deviations in market demand. Today South-South trade has taken on new prominence as exports by developing countries have expanded more rapidly than overall global exports. Sustainability will require shifting from a short-term focus to long-term objectives, balancing domestic market growth and inclusive development with export growth.

As South-South trade evolves, emphasis must be placed on enhancing the value added components of trade agreements rather than just increasing export volume. Although most developing countries are integrated with the global economy by trade and foreign direct investment (FDI) flows, least developed country (LDC) exports are still concentrated in primary commodities (82% in 2008). Due to the crisis, the price volatility of commodities calls for greater flexibility in LDC economies and product diversification targeting value added exports. LDCs still face a deficit of credit and trade finance, capital outflows, declining remittances, and contracting investment, leaving their economies on the margin of global economic growth.

World trade must remain alert to thwart the shadow of protectionism as countries move to take measures to stabilize their growth potential. This is a plausible concern in the face of protracted negotiations of the Doha Round, a requirement for a robust multilateral system. LDCs stand to gain important duty-free and quota-free market benefits and the major negotiating nations are encouraged to resolve their differences.

INNOVATIVE FINANCIAL MECHANISMS: ACHIEVING ALTERNATIVE TRADE FINANCE MECHANISMS

The agriculture and commodity sectors in developing countries are faced with limited traditional financing. As such there is urgent demand for creative financing tools, especially in LDCs, to respond to the needs of smaller producers, affording competitive pricing for global trade.

Experiences during the crisis intensified the importance of efficient supply chain management and the need for optimal modalities for financing, logistics and information sharing relevant to producers within the supply chain. An alternative supply chain financing model is required, focusing on five key stages in the chain: producers, warehouse/storage companies, traders, processors and end-users.

In the future, development partners should work with the banking and insurance sectors to offer tailor-made financial products for agricultural and commodity exports. Finance and insurance companies should work collectively with identified stakeholders within the domestic value chain to develop a range of appropriate export finance tools.
DEVELOPING SUCCESSFUL TRADE SUPPORT SERVICES: CONSOLIDATING EXPORT GAINS FROM TRADE SUPPORT INSTITUTION BEST PRACTICES AND INNOVATION

Trade support institutions (TSIs) today are required to broaden portfolio services to provide trade development services as well as trade promotion. The challenge is to demonstrate flexibility towards rapidly changing market opportunities beyond traditional markets, whilst using the benefits of free trade agreements to encourage expanded regional trade.

Predominant South-South trading patterns require that TSIs consider consumer tastes, Internet information access, increased sensitivities, volatility to distance, and other definitive producer to consumer market support. Accordingly, trade-related technical assistance (TRTA) must equip TSIs with the means to upgrade staff competencies, increase their knowledge of free trade through the use of ITC market intelligence tools, and enhance local capacity using public-private partnerships. Approaches to facilitate replication, lessons learnt and exchanges on optimal approaches should also be integrated to allow for the cross-fertilization of multiple best case modalities.

TSIs are encouraged to adopt an integrated model that addresses not only exports, but also imports and outward investment as gateways to new opportunities. This new orientation will assist enterprises in meeting increased quality requirements, using the domestic market for research and development (R&D), ensuring that enterprises can obtain financing, and supporting exporters’ global supply chain opportunities.

NEW REALITIES WITHIN THE GLOBAL SUPPLY CHAIN: OPPORTUNITIES AND VALUE-ADDED SCOPE FOR SMALL AND MEDIUM-SIZED ENTERPRISES

It is vital that businesses adapt to changing market situations by retrenching to optimize operations using the latest technology tools, using business intelligence to identify internal inefficiencies and reduce operational costs. Consideration must be given to incorporating changes in consumer behaviour and spending patterns into their business acumen, and altering supply chain operations whilst sustaining product innovation and high product quality.

The emphasis on bundled outsourcing presents significant opportunities for small and medium-sized enterprises (SMEs) to integrate global supply chain management into their operations, using technology-intensive systems to create real value added products. ITC products and services facilitate the development of SME supply chain services by providing support for procurement, transaction management, warehousing and warranty.

Approaches explored should provide practical business solutions, using the ITC Modular Learning System – Supply Chain Management and other resources, coupled with business exchanges that link SMEs with large enterprises.
Regional integration encounters many challenges, but successes in Association of Southeast Asian Nations (ASEAN) countries and more recently those in the East African Community (EAC) provide practical approaches to overcome them. ITC is actively engaged with a range of regional institutions to promote regional integration through its work with the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS) and the Economic Community of Central African States (ECCAS). This is linked to a network of national institutions within these regional entities and provides economies of scale through services such as value added market information.

Additionally, continued attention must be given to the critical factors that contribute to the success of public-private partnerships in export development. Public-private partnerships must explore different operational models, including collaboration on product research, private sector-led export promotion and public provision of infrastructure development for service exports. Under Aid for Trade, ITC provides a platform for private-sector representatives to share their perspectives, using trade-related technical assistance to enhance private-sector engagement. This approach must establish good governance, increased transparency and increased responsiveness to enable private-sector initiatives.

There is concern that private voluntary standards and certification processes represent non-tariff barriers to trade for many developing countries that lack the government support and information necessary to promote SMEs as viable trading partners. However, with full buy-in from both the public and private sectors, the overall gains to be made by using and promoting private voluntary standards and certification processes go beyond financial returns, extending to common societal values and improved livelihoods for beneficiaries. Voluntary labelling standards such as fair trade and organic certification systems need to go beyond the focus on consumer awareness to other aspects of corporate social responsibility, advocating a global living wage that can drive more businesses towards ethical trade even in conventional supply chains. However, more remains to be done with governments to examine ways to support cost recovery for SMEs faced with major capital outlays by promoting incentives, providing capacity building and exploring financial mechanisms.
EMPOWERING WOMEN, POWERING TRADE: HOW CAN GOVERNMENT POLICY AND BUSINESS PRACTICES ENABLE UNTAPPED WOMEN’S BUSINESS ENTERPRISE POTENTIAL?

Given the significant economic power of women, governments and multinationals must take proactive steps to implement enabling policy frameworks that encourage supplier diversity and procurement from women-owned business enterprises (WBEs). Governments and big businesses should provide attractive incentives for WBEs to expand beyond the traditional agro/food processing and textiles/clothing industries into enterprises with greater value added products higher up the value chain.

Development partners should continue international business exchanges by: using the Chongqing Platform for Action to highlight best practices among WBEs; leveraging support from international development entities; and using global networks to optimize their potential. This will be vital to forging partnerships between the diversity programmes of multinationals and SMEs in developing countries and using mentoring, training initiatives, lessons learnt and replication to enhance WBE export opportunities.

LONG-TERM POTENTIAL FOR SUSTAINABLE EXPORT-LED GROWTH: NEW DEVELOPMENT STRATEGIES

China continues to dominate export growth success in the face of sluggish demand in Europe and North America. Growth and demand from ‘southern’ markets (especially Brazil, the Russian Federation, India and China or BRIC countries) will provide a counterpoint to this and these markets will continue to increase in importance for developing country exporters. Diverse export-led growth approaches need to contribute to inclusive development.

In the future greater emphasis should be placed on ‘sustainability’ in the development of export-oriented industries in LDCs and developing countries. Tourism is important among these, providing backward and forward linkages to other industries, contributing to entrepreneurship among smallholders and increasing job creation. It is recommended that ITC foster public-private partnerships for the expansion of this export sector.

With SMEs as its key beneficiaries, ITC and development partners will continue to promote investment in education and infrastructure, and encourage entrepreneurship and innovation to address the lack of product diversification of many developing countries. This can be undertaken by collaborating with national/regional entities focused on enhancing competitiveness, such as the European Commission Competitiveness and Innovation Framework Programme (CIP), the US Council on Competitiveness, and others.
THINKING AHEAD AND PLANNING FOR TOMORROW: TECHNOLOGY-DRIVEN DEVELOPMENT REQUIRES A BALANCE WITH VALUE SYSTEMS

It is clear that technology will drive future development gains in all economies. Information and communications technology (ICT) in particular is expected to bring about more favourable trading environments, attracting FDI to accelerate development. Governments should therefore undertake strategic enabling policies to facilitate the necessary infrastructure developments. Consideration must be given to the future speed of information transfers that will power the rapid use and growing exploitation of limited natural resources, such as water and minerals, along with constraints on energy supplies.

Prudent resource use is vital, particularly given that public sector development initiatives and private sector business investment cycles still tend to be determined by a misplaced focus on short-term gains at the expense of long-term sustainable resource planning. This will be exacerbated by the pace of globalization and economic expansion in emerging markets, ongoing North-South trade and burgeoning gains from South-South trade.

Development partnerships forged with governments must provide for policies and strategies that increase the competitiveness of local firms, providing incentives for SMEs to meet market demand using better take-up of ICT and encouraging long-term use of renewable energy. Governments should also foster the introduction of clean technologies using attractive schemes that divert capital flows into new technologies, with complementary tax instruments and procurement policies.
The crisis has undoubtedly marked a turning point in global economic development towards new engines of growth spurred by widespread expansion in international supply chain operations in the South that has been matched with vigorous demand for goods and services. The internationalization of trade will remain a major driver of the changes to come, impacting economies at almost every level.

If both developed and developing countries are to be able to realize the full gains of trade, they must pursue trade in a sustainable manner, providing the means to reduce poverty and bringing benefits to consumers in the developed world.

The continuing role for ITC is to facilitate access to these gains from trade, working to bring SMEs from developing countries into the export sector. In partnership with stakeholders, ITC will explore new opportunities and rethink solutions and capacity building approaches that can contribute to the sustainable growth of globally competitive companies.

ITC will seek to:

- Promote inclusive development by shifting from short-term to long-term, sustainable strategies aimed at poverty alleviation;
- Encourage value added product development because it is more central to development prospects than increased export volumes;
- Build strategic alliances using networks and other public-private partnerships to enhance export promotion and development;
- Endorse the benefits of South-South trade and its relative importance for integration in the finalized Doha Round, which is integral to enhancing market access and strengthening the multilateral trading system;
- Mobilize businesses and governments to strengthen their commitment to expanding opportunities for women business enterprises as integral partners in trade.

These recommendations complement ITC’s strategic approach and programme delivery to stakeholders across its business lines: Business and Trade Policy; Export Strategy; Strengthening Institutions; Trade Intelligence and Exporter Competitiveness.

Initiatives will support the ITC Strategic Plan as follows:

### THE GLOBAL TRADE ENVIRONMENT

- Encourage export diversification by product and market so that countries can remain competitive and can continue to sustain the gains from trade.
- Enable exporters by supporting instruments that enhance the benefits of openness and reduce obstacles to trade, such as competition laws that address the harmonization of standards, the application of non-tariff measure data and the adoption of international certification and standards that support an effective multilateral trading system. This global trade information is already available through ITC’s online delivery of trade information, intelligence and publications, along with business analytical tools such as ‘Trade for Sustainable Development’, which provides insight into private standards and non-tariff measures (NTM).
- Promote WorldNet, Trade Map and other ITC information resources and training exchanges through the World Trade Organization (WTO) to advise governments on the detrimental effects of protectionism.
AID FOR TRADE

- Enrich the Aid for Trade debates held as part of the WTO Forum by facilitating the involvement of private sector representatives and encouraging them to share their perspectives on lessons learnt and successful approaches to furthering trade with SMEs.
- Continue capacity building support to TSIs by using ITC market intelligence tools to upgrade their knowledge of free trade agreements and global trade rules. Capacity building should also be broadened to include service offerings that explore financing for SMEs, thereby increasing access to microfinance and business delivery support services complemented by ITC TRTA. Potential ITC partners include the World Council of Credit Unions (WOCCU), which provides small businesses with high-quality, affordable financial services.
- Support TSIs in adopting lessons from inward orientation using the domestic market for R&D, thereby assisting enterprises to meet increased quality requirements, and exposing enterprises to business financing opportunities and global supply chain opportunities, such as the bundled outsourcing of procurement, transaction management, warehousing and warranty support services.
- Continue to provide TRTA to increase institutional capabilities and services at the national level for the wider benefit of the entire region.
- Forge strategic alliances within the banking and insurance sectors to offer tailor-made financial products that serve a wider net of qualified agriculture and commodity exporters, along with a mechanism to actively integrate markets with all players, including producers, warehouse/storage companies, traders, processors and end-users.
- Focus on enhancing competitiveness with national/regional entities and development partners to promote investment in education and infrastructure and to encourage innovation in product diversity and entrepreneurship. This includes the European Commission’s Competitiveness and Innovation Framework Programme (CIP), the United States Council on Competitiveness, the Organization of American States (OAS) Inter-American Competitiveness Network (promoting the creation of national competitiveness and innovation councils throughout the Americas) amongst others.

IMPORTANCE OF PARTNERSHIPS

- Place greater emphasis on public-private partnerships to ensure ‘sustainability’ in the development of export-oriented industries in LDCs and developing countries, such as tourism. Strategic partners may include the International Tourism Partnership, which has contributed to the achievement of the Millennium Development Goals (MDGs) by transferring good practices that promote the involvement of SMEs.
- Promote various modes of public-private partnerships, including collaboration on product research, private sector led export promotion and public provision of infrastructure development for service exports, supported by ITC TRTA, in order to boost private sector engagement with governments using good governance and increased transparency.
- Encourage TSIs and trade promotion organizations (TPOs) to pursue public-private partnerships using the TPO Network and other networks to facilitate exchanges. Networking with private sector leadership groups like the World Business Council for Sustainable Development (WBCSD) will identify opportunities to engage SMEs across...
the value chains of multiple industries. This information sharing will increase knowledge on strategic opportunities in the global supply chain, facilitating optimal positioning to create real value added products.

• Forge agreements with higher education practitioner programmes to broaden the application of ITC tools and to give SMEs access to corporate leadership on trade issues such as supply chain integration and ‘just in time delivery’, ICT applications to drive business exports, rebranding to increase global market share, public-private partnerships in R&D, and others.

• Expand the dialogue on ethical trade, in collaboration with businesses and advocacy groups, on the relevance of a ‘global living wage’ to meet the basic needs for workers across various industries, particularly in clothing and textiles. This fits under the agenda of ISO 26000: Guidance on Social Responsibility and should engage the International Labour Organization, World Bank and others.

• Promote research and analysis to better understand the costs and benefits of voluntary labelling and other certification that accrue to SMEs. This should be done in close collaboration with NGOs, such as the Fairtrade Labelling Organization, business organizations and governments and the United Nations Conference on Trade and Development’s (UNCTAD) Trade and Environment Programme.

• Encourage governments to provide enabling frameworks for sustainable resource use through the formulation of tax policies and subsidies that support resource efficiency, innovation and the long-term use of renewable energy, which increases the competitiveness of local firms. This should encourage the introduction of clean technologies, as advocated by the United Nations Environment Programme (UNEP) and UNCTAD, promote public procurement of clean technologies, and support government incentive schemes that divert capital flows into new technologies.

• Broaden perspectives on the role of ICT for development by encouraging government liberalization and incentives for SMEs that ensure better take-up and use of ICT. This will facilitate trade and future development gains in all economies as ICT changes the way people interact and business is conducted.

• Engage private sector leaders to promote women’s economic empowerment by leveraging support from international development entities and multinational corporations (MNCs) for international business exchanges, accessing global networks to highlight best practices among WBEs through groups such as the World Bank Global Private Sector Leaders Forum, the International Federation of Business and Professional Women (BPW International) and others.

• Use the Chongqing Platform for Action with key MNCs and government representatives to facilitate increased export production of women-owned business enterprises higher up the global value chain. Use the platform to provide business planning and leadership skills mentoring, and other training initiatives that ensure close partnerships between MNC diversity programmes with SMEs in developing countries.

MILLENNIUM DEVELOPMENT GOALS

• Expand the dialogue on ethical trade, in collaboration with businesses and advocacy groups, on the relevance of a ‘global living wage’ to meet the basic needs for workers across various industries, particularly in clothing and textiles. This fits under the agenda of ISO 26000: Guidance on Social Responsibility and should engage the International Labour Organization, World Bank and others.

• Promote research and analysis to better understand the costs and benefits of voluntary labelling and other certification that accrue to SMEs. This should be done in close collaboration with NGOs, such as the Fairtrade Labelling Organization, business organizations and governments and the United Nations Conference on Trade and Development’s (UNCTAD) Trade and Environment Programme.

• Encourage governments to provide enabling frameworks for sustainable resource use through the formulation of tax policies and subsidies that support resource efficiency, innovation and the long-term use of renewable energy, which increases the competitiveness of local firms. This should encourage the introduction of clean technologies, as advocated by the United Nations Environment Programme (UNEP) and UNCTAD, promote public procurement of clean technologies, and support government incentive schemes that divert capital flows into new technologies.

• Broaden perspectives on the role of ICT for development by encouraging government liberalization and incentives for SMEs that ensure better take-up and use of ICT. This will facilitate trade and future development gains in all economies as ICT changes the way people interact and business is conducted.

• Engage private sector leaders to promote women’s economic empowerment by leveraging support from international development entities and multinational corporations (MNCs) for international business exchanges, accessing global networks to highlight best practices among WBEs through groups such as the World Bank Global Private Sector Leaders Forum, the International Federation of Business and Professional Women (BPW International) and others.

• Use the Chongqing Platform for Action with key MNCs and government representatives to facilitate increased export production of women-owned business enterprises higher up the global value chain. Use the platform to provide business planning and leadership skills mentoring, and other training initiatives that ensure close partnerships between MNC diversity programmes with SMEs in developing countries.
The selection of Chongqing to host the 2010 World Export Development Forum highlighted the successful transformation of this landlocked city primarily serving domestic demand for goods and services into a major export centre, strategically integrated within the global marketplace. Today Chongqing has become China’s fourth largest municipality, boasting international trade of some US$ 7.7 billion, with FDI over US$ 4 billion (2009).

Mr. Yi Xiaozhun, Vice-Minister, Ministry of Commerce of the People’s Republic of China, reiterated the importance of international trade as an impetus for worldwide economic recovery. China, like many countries, has achieved sustainable economic growth through foreign trade. At the domestic level, Chongqing increased imports and exports an annual average of 18% (2000-2010), almost three times the average growth rate of world trade. Although the recent crisis did not herald widespread adoption of protectionist measures like the ‘tariff surge’ of the 1930s recession, China experienced moderate protectionism. Nevertheless, the country remains committed to open trade, not trade surpluses. Accelerated economic restructuring through increased domestic demand is also expected to create opportunities for countries to increase exports to China, thus stimulating world economic recovery.

As such, it is imperative that the multilateral trading system remains open, just and fair, and that the Doha Round negotiations be concluded. World Bank estimates that free trade will bring US$ 160 billion in benefits to the world, creating greater security within the world economy.

Mr. Wang Jinzhen, Vice Chair of the China Council for the Promotion of International Trade, pointed out that China is now focused on trying to increase the number of its export brands, with the China Council for the Promotion of International Trade (CCPIT) taking the lead on opportunities for SMEs. At the same time, economic and industrial restructuring in China, the second largest importer in the world, will boost domestic demand and create opportunities for importing. It is anticipated that the global economy will respond favourably as China moves to: reduce import tariffs to 9.8%, making them lower than most developing countries; execute a series of special policies to increase imports; cancel automatic import licenses for some mechanical and electrical products; and undertake a new zero-tariff policy to the most underdeveloped countries.

Mr. Huang Qifan, Mayor, Chongqing Municipal Government, explained that the city has had an annual growth rate of 15% over the past three years, rising to 17% in 2010. This momentum will be sustained by proactive fiscal policies and moderately loose monetary policy aimed at boosting domestic demand. Key to this growth has been annual fixed asset investment levels, above 30% in recent years. Strategic investment in infrastructure will improve airports, road linkages and ports to handle expanded foreign trade.

Dr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development, praised the efforts of ITC to help poor countries develop their capacity to export and join global supply chains. Shifting trade patterns in today’s post-crisis world have seen exports rising more than twice as fast in LDCs than in advanced economies. Today, the world economy is being driven largely by increasing domestic consumption in emerging economies through South-South trade.
In this respect, further Aid for Trade support is essential, especially for LDCs. For other developing countries, preferential market access can provide the incentive for the development of larger regional markets and cooperation. Countries in Asia have provided intermediate inputs to China’s production chains, a form of integration into global production chains that enables countries to benefit from specialization and diversify their export structure.

Government enabling policies must channel both domestic investment and FDI into skill creation, innovation, technological upgrading and physical infrastructure. Additionally, international investment policymaking must promote further liberalization balanced with regulation in finance and trade, prioritizing development benefits and environmental and governance issues.

How important is ITC for WTO endeavours? Whether in Aid for Trade, or in the specific case of the Integrated Framework, ITC has become a major actor ... fostering developing countries’ capacity to trade.

Mr. Pascal Lamy, WTO

Mr. Pascal Lamy, Director-General, World Trade Organization, endorsed the view that trade is a transformational driver of economic growth and poverty reduction. In order to benefit, all countries must have access to strong, fair, level, transparent and predictable trading conditions.

The recent financial crisis has tested the resilience of the global trading system, which has remained intact and largely avoided protectionism. But the rules of the multilateral trading system still need improvement. This is the fundamental challenge of the Doha Round: embarking on a more development-friendly system. Conclusion of the Round would help tackle the largest problems of the 49 LDCs as they are faced with supply-side constraints that prevent them from entering global supply chains.

Notwithstanding sustained OECD commitments to Aid for Trade, there needs to be a more comprehensive development approach that goes beyond TRTA to trade ministries. This approach would require a more holistic view encompassing the full range of tools to help developing countries integrate into the global economy.

By identifying trade bottlenecks in LDCs, participating agencies, like ITC, can best use their areas of expertise to respond to pressing trade development needs.

The Tata Group believes that in whichever country it is present, it must be a partner contributing to the development process of that country.

Balasubramanian Muthuraman, Tata Consultancy Services

Mr. Balasubramanian Muthuraman, Vice Chairman, Tata Consultancy Services (India), echoed views that the recent crisis has hastened the restructuring of the economic order and economic rebalancing worldwide. The world is witnessing low savings rates, high consumption and high fiscal deficits, coupled with inherent lower competitiveness due to higher labour costs and higher production costs that are resulting in lower competitive costs of production, which is impacting a very slow recovery in the developed world. This is part of the reason for the major shift in production offshore from developed countries to cheaper production locations typically located in countries in the South.

Major consumption points locations where there is significant consumption of production inputs, including resource inputs like energy, water and raw materials, and those with significant consumption patterns for both goods and services are growing in knowledge-based economies that have low labour costs, technological savvy and increasing productivity levels, like China and India.

Governments are increasingly revaluing their currency, however this situation only exacerbates global financial problems as countries move to protect export activities, and incites governments to take protectionist measures, an act which should be avoided.

CONCLUSIONS

Overall the fundamental shift in the global economic landscape shows:

• Protracted slow demand and sluggish growth in developed countries
• Restructuring towards resilient economies in the South
• Dynamic growing domestic demand led by emerging and developing markets
• Ongoing financial and other resource capital constraints in developing countries
• The need to spur a healthy global economy through a strong multilateral trading system that is responsive to trade development needs.

In recognition of this shift, it is imperative that ITC and its beneficiaries assess the impact of behaviour changes and review existing structures and systems, even in the face of the combined crises of finance, food and climate change globally. To ignore one aspect of the crisis for the benefit of another could result in only short-term gains, and the world is collectively charged to forge a common set of equitable goals and responsibilities.

The unique role for ITC is to ensure that the private sector, especially SMEs, participates in and benefits more from trade through inclusive development.
WOMEN AS VENDORS IN GLOBAL VALUE CHAINS

Participants in this senior executive roundtable, held as part of the pre-Forum activities, acknowledged that both demand and supply are being changed by the growing awareness of businesses managed by women, their decision-making and purchasing power and the significant growth of the women-based workforce.

Many multinational corporations are committed to moving towards diversifying their global supplier base to reflect this market and customer base, increase shareholder value and enhance competitive advantage. Ninety-seven per cent (97%) of Fortune 500 companies have supplier diversity programmes to source from historically underutilized businesses. With the trend toward contract bundling, over 80% of these corporations now require supplier diversity efforts from their tier one and tier two suppliers.

ITC is committed to fostering the growth of WBEs in the global value chain through multiple avenues, and as such has embarked on a partnership with WEConnect International to connect businesses with multinational corporations.

ITC and other parties at the Roundtable advocated the preparation of the Chongqing Platform for Action on Sourcing from Women Vendors, using this partnership as a base. This platform aims to facilitate the exchange of ideas and best practice on sourcing from women vendors, and to increase women's share of corporate, government and institutional procurement for the ultimate purpose of bringing greater economic benefit to women.

The Platform aims to:

- Document and articulate the benefits of sourcing from WBEs
- Share lessons learnt from policies and practices that foster sourcing from WBEs
- Mentor founding organizations to replicate good practices
- Initiate and improve services and training to integrate women vendors into value chains
- Work to increase value added production by WBEs in export industries.

Founding organizations supporting this agenda with ITC:

Accenture (Southeast Asia) | BD Import, United States | Boeing China | Business and Professional Women International, United States | China Association of Women Entrepreneurs | Chongqing Foreign Trade & Economic Relations Commission, China | CJ Trade, Canada | Council of Textile & Fashion Industries of Australia Ltd | Dell (World Wide Procurement), United States | Ernst & Young, Asia Pacific | Goldman Sachs, China | Government of India, Ministry of Micro, Small and Medium Enterprises | Government of Jamaica, Ministry of Foreign Affairs and Foreign Trade | Mahakaushal Association of Women Entrepreneurs, India | Marriott International, China | Quantum Leaps, United States | Rose International, United States | SCHSAsia, China | Tiger Management Consulting Group, United States | Walmart, China | WEConnect International, United States
EMPOWERING WOMEN ENTREPRENEURS WITH OPPORTUNITIES IN THE CORPORATE GLOBAL SUPPLY CHAIN

Ms. Ying McGuire, Global Supplier Diversity Officer, Dell Inc., United States

For the past few years, the economic crisis has forced most corporations to have a maniacal focus on creating greater value for their customers and looking for ways to control their costs across their global supply chain. As corporations emerge from the recession to confront new competitive threats and the reality of pared-down internal cost structures, they are seeking more ‘bang for the buck’ from their global supply chain.

Global supply chain realities
Manufacturing has been moved to lower cost regions such as China, Malaysia, Mexico, Poland and Brazil. Services have been moved to India and Panama. When labour rates rise or tax incentives expire on China’s east coast, for instance, corporations move west to take advantage of lower labour costs and better attrition rates. One domestic food company in Texas, United States of America, is setting up R&D centres in Vietnam. Labour intensive call centres have been relocated to India, the Philippines and Panama. Progressive corporations have started to explore English-speaking African countries with fibre optical infrastructure as their future lower cost call centre locations.

When a company manufactures parts in China with materials from Vietnam, assembles them in Mexico, and sells the finished product worldwide, risks quickly multiply, and complexity and risk management become vital. Continuing crises from supplier bankruptcies, oil price increase, political risks, fluctuating commodity prices, exchange rates, labour strikes, technology failure, Somali pirates, and swine flu outbreak remind all companies of their supply chain vulnerabilities and complexity.

Emergence of women business entrepreneurs
Women-owned businesses have emerged as valuable partners for large corporations in the global supply chain. They prove to be flexible and nimble. They are willing, able and ready to help corporations address cost challenges and manage increasingly complex global supply chains. Wintec, a United States-based woman-owned electronics manufacturer, fundamentally changed its business model from manufacturing to supply chain services, managing crucial links between manufacturers, tiers of suppliers, distribution outlets, logistics and transportation providers, and customers around the globe for Fortune 500 companies. This company provides corporations with the ability to respond quickly and flexibly to global supply chain conditions in a world where margins are much thinner, supply chains much longer, more complex and highly risky, and mistakes much more costly and harder to correct.

Dell is committed to empowering women entrepreneurs by providing access to global supply chain opportunities and by mentoring and coaching them to grow globally. The company believes that women-owned businesses provide another level of competition and innovation within Dell’s global supply chain model. They are also one of Dell’s most important current and potential customer bases.

Women-owned businesses are the most dynamic and fastest-growing economic force in the world today. There are 9 million women-owned businesses in the United States alone. They contribute US$ 4 trillion to the United States economy and create 23 million jobs. Women control over US$ 20 trillion in spending worldwide.
To put that into context, that is an economic impact larger than the economies of the United States, China and India combined.

**Woman business entrepreneur successes through mentorship**

Dell is focused on mentoring and building WBE supplier capabilities, qualifying them for integration into the procurement process. This mentoring by procurement executives is yielding positive results. In one instance, a director of global procurement’s mentorship of the CEO of Integrate Human Capital (IHC), a woman-owned business based in Texas, resulted in a joint venture between IHC and the second largest staffing company in the world. Together, they are ready to compete globally.

Dell has also designed a number of innovative programmes to make it easier for women-owned businesses to work with the company through access to near-term procurement opportunities. Through a signature programme called ‘Direct Talk’, qualified woman suppliers have direct access to procurement managers and executives. In this forum, Dell shares the roadmap for the next six to 12 months of request for qualifications (RFQ) opportunities and work with them to close any potential gaps in their business model.

**Replicating supplier diversity worldwide**

Since 2008, Dell has transformed supplier diversity from a domestic initiative in the United States to a global strategy that helps well-performing United States-based WBEs expand overseas to mirror Dell’s global sourcing strategy, supporting businesses in countries where Dell has a significant customer base.

Woman entrepreneurs are the game changers and dreamers who take bold approaches to big challenges. They ignore assumptions, expand horizons and inspire new views. They are the leaders and winners who will grow and thrive in the global economy and will continue to be the strategic growth partners for corporations like Dell.

Through women-owned businesses’ entrepreneurial spirit and their great efforts, Dell sees hope in reviving global economic prosperity.

*Ying McGuire* is Global Supplier Diversity Officer at Dell Inc, United States. In this role, she is responsible for driving the company’s three billion spend with historically underutilized businesses, including women-owned businesses.

In her current position, she and her team help empower woman entrepreneurs by providing access to procurement opportunities by offering mentoring and coaching. She is also affiliated with the Texas Asian Chamber of Commerce, the Southwest Minority Supplier Development Council and the US National Minority Supplier Development Council.
<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STATE OF WORLD TRADE</td>
<td>35</td>
</tr>
<tr>
<td>INCREASED COMPETITIVENESS THROUGH INNOVATIVE FINANCIAL MECHANISMS</td>
<td>41</td>
</tr>
<tr>
<td>DEVELOPING SUCCESSFUL TRADE SERVICES</td>
<td>51</td>
</tr>
</tbody>
</table>
**EXHIBITION IMPACT FOR GOOD**

The current shift in the global market place means there needs to be a change in the fundamental aims and outputs of organizations and businesses. Businesses and governments must be cautious in this climate, as loss of trust and confidence driven by a focus on avoiding risk can fuel short-term thinking, leading to protectionism.

To secure future opportunities and ensure sustainability, thinking must be focused on the long term, with clear and measurable outputs and impact, building on existing synergies and multiple interests harnessing the strengths of collectivism. WEDF 2010 addressed the question of how to achieve sustainable export for growth by focusing on the triple bottom line of planet, people and prosperity.

Development requires partnerships across regions, between the private and public sectors and within supply chains, with the support of strong trade institutions and financing for enterprises. Sustained trade growth has the means to facilitate inclusive and equitable prosperity. This growth must encourage mutually beneficial partnerships within supply chains and financial support for all enterprises, from Fortune 500 companies to SMEs, through dialogue and engagement for export-led growth.

**TRADE AND GLOBALIZATION IN PERSPECTIVE**

Keynote speaker Professor Pankaj Ghemawat told participants that in order for countries to make progress in trade, they must address three key issues: the real extent of globalization; the extent of barriers constraining trade; and understanding the broad gains that trade can deliver.

"Export impact is centred on positive export outcomes: making the now work for the future, and working together to achieve Export Impact for Good."

Patricia Francis, Executive Director, ITC

Professor Ghemawat also identified five features that are needed to facilitate trade not only in the current financial climate, but in times of global economic stability, as well. The five items are: a common language; membership of a regional trading bloc; a relationship between former colony and colonizer; a common currency; and a common land border.

"Countries that share all five elements," said Professor Ghemawat, "will trade significantly more than countries which do not share them."

Generally, gains from trade tend to place a significant focus on increasing volume whilst decreasing costs. However, this treatment is incomplete because of its under-emphasis on economies of scale and capacity utilization improvements. There needs to be greater focus on adding value rather than on just increasing volumes. This must be done by expanding the policy space and looking broadly towards the benefits to be gained from trade.

Businesses need to think more about factors like differentiation, intensifying competition and generating knowledge, which all bring value. This will allow global trade to reflect the wider gains to be made, particularly overseas investment.

Dr. Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD) and Mr. Pascal Lamy, Director-General, World Trade Organization (WTO) were asked to comment on the keynote address. Dr. Supachai also supported the view that a long-term approach must focus on sustainability; giving globalization a human face. As the world embraces globalization, the most beneficial way is through partnerships. UNCTAD is focusing on MDGs 6 and 7: ensuring environmental sustainability and developing a global partnership for development.
respectively. The organization is also looking to integrate different experiences at the country level along with sustainable trade, finance and investment.

The new thinking should be a combination of the state role and the role of the marketplace. FDI needs to be within a regime of domestic policy with the government role focused on protection of public interest especially in environmental and social affairs. Participation needs to be properly orchestrated through mechanisms like the Enhanced Integrated Framework (EIF) and Aid for Trade.

Mr. Lamy welcomed the shift in emphasis from volume to value in world trade. Export promotion is about finding the right slot in the global supply chain, whether for goods or services. There should be a revised system for calculating world trade that recognizes the complexities of global value chains, as the existing system tends to obscure realities.

When considering value, entrepreneurs must move from a singular focus on bilateral trade to a greater focus on elements of the global supply chains in different countries.

**CONCLUSIONS**

ITC supports enterprises within the global supply chain production system. There is no longer the old theory of one producer having a comparative trade advantage. The current climate is one where changes in comparative advantage show up faster and more often on good policy for proper competition rather than natural resource availability.

ITC affirms the need to change the way multilateral agencies and economists assess the ratio of trade to gross domestic product (GDP), with close examination of volumes related to GDP (a sample of value added). The bottom line is that world trade is expanded by added value because of greater specialization and efficiency gains; therefore multilateral agencies, and indeed economists, must collectively lean towards a different culture in policy for international trade.

This debate on ‘volumes vs. values’ should be the mainstream approach, as a shift to value has positive political implications.

Globalization is also needed across financial systems so that SMEs can access affordable capital and trade finance. Consideration must be given to the impacts of currency risk, which is an additional challenge facing SMEs.

SMEs seeking to integrate into global value chains must grow their businesses whilst constantly adapting so as to sustain their differentiation, competition, normalized levels of risk and knowledge.

Notwithstanding the constraints faced by developing states, the current open trading system is essential, but benefits must be also leveraged as a common block by entities such as Small Island Developing States (SIDS). Developing countries face the understated mercantilist mindset of most policymakers, resulting in an overemphasis on exports rather than imports. This needs to change to achieve globalization in the face of constraints, and can be greatly facilitated by Aid for Trade.
CASE STUDY

COMMERCIAL CASE FOR GLOBALIZATION
TATA CONSULTANCY SERVICES, LATIN AMERICA

Tata Consultancy Services (TCS), the largest Indian software services firm, explored a new business model for its investment in Latin America. TCS took advantage of a business opportunity with a major international banking client to create TCS Latin America. In doing so, they faced situations that challenged their past successful business model, which was based on low cost levels. However, even with higher cost levels in Latin America, a more dynamic, long-term analysis of the required FDI led to TCS being able to build a presence in the region.

Differentiating factors driving this success involve services that benefit from a common language and real-time responses to client demands, both of which enhance outsourcing capacity with immediate resolution.

The business case was driven by a clear need in the market unsatisfied by other competitors, and reduced risk for business partners with just one location in India. TCS’s presence in Latin America supports its global reach and has opened up future opportunities for expansion.

Today, TCS Latin American has achieved the same delivery performance parameters as the business model in place in India, and it can now embark on exponential global coverage.
There are different schools of thought regarding the effects of the conclusion of the Doha Round and the Doha Development Agenda (DDA). It is anticipated that the conclusion of the DDA will have a positive impact on developing countries (and LDCs) bringing:

- Elimination of tariff peaks in major developed countries
- Reduction of subsidies and domestic support in developed countries
- More focus on trade facilitation and trade in services, which will boost development.

But it remains to be seen to what extent these are achievable.

With the finalization of the Doha Round it is also important that the WTO mandate addresses the new challenges confronting the global trading system.

As yet, while traditional markets in developed countries remain sluggish, dynamic growth can only be expected in emerging markets and the developing world, and this growth is particularly emphasized in South-South trade.

A growth process increasingly tuned to meet internal demand in developing countries will inevitably lead to greater emphasis on innovation in developing countries.

“Services provide a big area for developing countries ... We need to identify the right strategy for this export sector.”

Mari Pangestu, Minister of Trade, Indonesia

H.E. Ms. Mari Pangestu, Minister of Trade, Indonesia, said that new market opportunities are arising, with China and India leading the way.

The big story of the recovery has been the diversification of markets and products. With product diversification, there is a change in trade patterns. Asia is moving from low-level products to more advanced products and services. One-third of international trade is done business-to-business. South-South trade, expanding at twice the rate of global trade, is driven by economic integration, open trade and investment policies, and WTO commitments. There is need for targeted policy, especially for agricultural products, and more needs to be done to create and facilitate value added brands. However, there is still some protectionism in South-South trade. A move towards multilateralism rather than regionalism will strengthen integration.

“The challenges remain to grow South-South trade and to enhance the quality of trade.”

Rob Davies, Minister of Trade and Industry, South Africa

According to Mr. Harry Broadman, Vice President, Albright Stonebridge Group, United States, FDI in Africa is growing spectacularly. Although FDI is still dominated by the United States and the European Union, the rate of growth in FDI coming from developing countries is very high. The crisis demonstrated to everyone the resilience of South-South trade, although many firms in the North still have not registered this potential in world, shifting sometimes over a long period, and sometimes violently. New heights are being created in parts of the developing world such as China, India, South-East Asia and Brazil, as well as in Africa, particularly South Africa. However, it is unclear whether this pace of growth will persist. This uncertainty calls for balance between domestic market growth and export growth, regional integration, and ways to enhance the value added components of South-South trading agreements. Additionally, increasing import demand from developing countries other than China may still be insufficient to offset weakened demand from the developed world.

Can we talk about sustainable development after the world crisis; is the rebound in world trade and export recovery sustainable; and are emerging countries diversifying export markets from traditional OECD markets to South-South trade?
Africa. Southern firms understand that growing African middle classes, not just in Nigeria and South Africa, represent significant investment opportunities.

South-South trade continues to exhibit signs of protectionism which effectively traps producers, pushing them to export primarily unprocessed products. The G20 has to continue to speak out against protectionism and advocate for the necessity of different economic models.

“We need to reinforce free trade policies and be against any kind of protectionism.”

Wei Jianguo, China Center for International Economic Exchanges

Mr. Wei Jianguo, Vice Chairman, China Center for International Economic Exchanges, explained that export trade recovery in Asia following the crisis was mainly due to growth in Chinese imports. With a volume of several hundred million dollars and the creation of 14 million jobs in Asia and Africa since China’s WTO accession in 2001, this works towards achieving the MDGs.

When considering how countries can move up the value chain, there must be a push towards major investment in R&D and education, spawning innovation and the creation of new products. In the future China will target the high-end export markets and move into service products and outsourcing. With its major investments in Africa, there is also the potential for China to develop new value added products. But in order to obtain significant value addition, there must be strong logistics, software investment, a healthy business environment and investment in R&D.

H.E. Mr. Ujal Singh Bhatia, Ambassador, former Permanent Representative of India to the WTO, traced the deep structural changes in the global trading system, most notably in the direction of trade flows, to changes in competitiveness over the last three decades and coinciding with the mainstreaming of China into the global economy.

Such changes have implied alterations in the structure, composition and direction of international value chains, as well as intensified deeper integration, not unlike those seen in the ASEAN region. The emergence of major demand centres like India has brought an additional dimension to value chain management as well as to regional integration.

Notwithstanding the element of protectionism in South-South trading, integration and value change drive trade liberalization. As such we are likely to witness more autonomous liberalization in developing economies, as well as through regional agreements.

The growth momentum must include steps to: ensure inclusive growth strategies; address problems of food security; manage and facilitate investment flows; assure trade financing, whose vulnerability had been exposed by the crisis; ensure proper regulation and transparency; and liberalize multilateral trade.

**CONCLUSIONS**

Governments are strongly encouraged to implement policies that help companies move up the value chain. This requires innovative approaches that allow developing countries to better integrate themselves into the global supply chain and, in this manner, obtain the investment they need to exploit trade opportunities and promote economic growth. This means taking a critical look at existing trade agreements and preference programmes and examining what works and what doesn’t.

With the proliferation of public and private standards, developing countries face the difficulty of filtering, choosing and adopting the ones best suited to their needs. Thus these standards need to be harmonized.

Additionally there are the problems of non-tariff impediments to South-South trade, particularly in Africa. Developed countries are committed by the MDGs, and under WTO communiqué issued at the Hong Kong Ministerial in 2005, to provide duty-free, quota-free (DFQF) market access for LDCs. Removing trade barriers to LDC exports lowers trade costs and expands trade, but rules of origin often raise costs and penalize exports, especially in LDCs with relatively underdeveloped manufacturing sectors. As a result, what trade preferences give with one hand, they frequently take away with the other. While many rich countries have more to do to provide DFQF market access for LDCs, many could immediately improve existing programmes by implementing more flexible rules of origin.

Government priorities must include the conclusion of the Doha Round so that the constant threat of protectionism may be abated. Additionally, governments must back a multilateral response and a strong multilateral trading system to address the transnational dimension of the financial crisis. Developed countries must make this a priority. The development community, using a common framework for a ‘global development partnership’, will complement this through dialogue and cooperation at various levels.
ARTICLE 2

CHALLENGES FOR LEAST DEVELOPED COUNTRIES TO SUSTAIN BENEFITS FROM TRADE

H.E. Mr. Darlington Mwape, Ambassador, Permanent Representative of the Republic of Zambia to the United Nations Office and other international organizations in Geneva

Least developed countries (LDCs) are among countries that continue to face multiple trade and development challenges, making them vulnerable to external shocks. Although 12% of the world’s population, of which half live below the poverty line, reside in LDCs, this category of countries accounts for less than 2% of the world’s GDP.

Little progress has been made to diversify the production and market bases of many LDCs. To date, the composition of export trade from LDCs continues to be dominated by primary commodities, with mineral and fuel exports accounting for more than 60% of export earnings. This high dependence on commodities has placed LDCs at great risk of economic deceleration, as witnessed by the recent global economic and financial crisis. Their share in global export trade in goods marginally improved over the past decade to reach a 1% mark by 2008. The picture for commercial trade in services and receipts from international tourist visits is not any different. The share of LDCs in global exports of commercial services was a mere 0.55% in 2008 yet this sector accounts for 43% of LDC GDP. The receipts from international tourist travel were 0.7% of the global US$ 698 billion received in 2000. This has since been revised downward to 0.5%, yet these are dynamic sectors where LDCs have great potential for growth.

Manufacturing GDP has stagnated over the past decade at 10%, with marginal progress recorded for Asian LDCs, where remarkable progress has been made in trade in textiles and apparels. Some LDCs have experienced declines in industrialization due to lack of sequencing in the implementation of the liberal policies embraced. Their industrial development efforts and the growth of the manufacturing sector have largely been supported by external finance and foreign technology.

Lack of affordable credit continues to be a major impediment to enhancing productivity.

Most LDCs, despite efforts undertaken to liberalize their economies, fail to bring about the structural transformation necessary to support sustained growth and development.

The positive average growth rates of 7.1% attained by most in terms of GDP in the recent past have not been matched by a commensurate level of improvement in the welfare of the general population. Much of this growth was driven by favourable market conditions for commodities, yet these countries continue to have a high proportion of people living below the poverty line.

These economies have failed to create the necessary linkages required for sustained growth and development within their domestic economies. They continue to face the challenges of a weak institutional, infrastructure and financial base, which contributes to these economies remaining at the lower end of industrial and economic development.

Many suffer from under-capitalization of their agriculture sector, whose activities are loosely linked to the manufacturing sector. Commodity exports continue to experience volatile global market prices. Where progress has been made in getting agricultural exports to foreign markets, several factors continue to impede entry of their products, including requirements relating to standards and phytosanitary measures. Other impediments include the exclusion of products of export interest from preferential schemes, rules of origin limitations and other market
requirements relating to environmental standards.

Considerations to address these issues should:

- Focus on structural impediments that continue to affect LDC capacities to produce high-value goods and services and their ability to effectively address product diversification;

- Address supply capacity constraints along the supply chain to ensure a holistic and integrated approach to enable LDC capacity to trade;

- Address factors affecting the effective utilization of market access opportunities, including rules of origin, standards, product quality and other market requirements. Assisting LDCs to access market chains for their goods and services;

- Enhance access to technology for productive sector growth and development;

- Create synergies between the goods sector and support services such as energy, communication, health and education, among others;

- Enhance the role of the State in driving economic policy planning and implementation;

- Maintain competitive prices for commodities on the international market, which can only be achieved if measures affecting the competitiveness of commodities, like trade-distorting domestic support and export subsidies, so that LDCs effectively benefit from external market conditions;

- Strengthen the finance mechanism for productive capacity building; and

- Develop an effective mechanism for coordinated delivery of support at national, regional and multilateral levels to ensure effective utilization of resources and to achieve the greatest impact in terms of sustainable benefits.

LDCs, within the context of the WTO, call for an early implementation of commitments made on enhancing market access by providing duty-free and quota-free market access to products originating from LDCs. This will create an environment that promotes preferential access for LDC services and service suppliers into developed and developing country markets, thereby simplifying transparent rules of origin.
PLENARY

INCREASED COMPETITIVENESS THROUGH INNOVATIVE FINANCIAL MECHANISMS

Mr. André Soumah, Audit Control and Expertise Global, Switzerland
Mr. Zhann Meyer, Standard Chartered Bank, South Africa
Mr. Srinivasan Sampath Kumar, Titan Leathers Pvt. Ltd, India
Mr. Gary Ho, SQW China Ltd
H.E. Ms. Tina Joemat-Pettersson, Ministry of Agriculture, Forestry and Fisheries, South Africa
The recent economic crisis has demonstrated with striking clarity that the lack of trust between financial institutions has resulted in inadequate financial resources to support global commerce: trade volumes have dropped radically and the lack of pre-export finance has resulted in a sharp reduction of trade flows from Asia to Europe and the Americas. SMEs and emerging markets have suffered the most from restricted availability of financing, including trade finance, and therefore the focus on innovative financial solutions and on structured finance and collateralized structures has been both timely and of critical importance.

The global crisis has redefined trade flows across the map, testing the resilience of traditional trading partnerships and driving nations and businesses to seek new markets and new sources of supply. As trade flows shift, trade financing mechanisms must adapt. This requires a combined understanding of the new markets/regions driving trade, as well as an intimate understanding of the mechanisms and techniques of trade finance.

Currently there is a lack of market structure and infrastructure for the agriculture and commodity sectors in LDCs. The resulting inefficiencies impact all market participants, keeping them from being competitive. There is insufficient standardization, independent verification, collateral management, and commodity financing and transaction data. The resulting illiquid and opaque markets put small producers at a serious disadvantage due to lack of financing for smaller players.

Encouraging effective public-private coalitions with governments to formulate appropriate regulatory frameworks would ensure a mutually beneficial arrangement between transnational corporations and local stakeholders. Financing SME market entry is one critical step in that direction. The agriculture and commodity sectors in developing countries, among others, need these kinds of creative solutions to help them find new markets for export.

Mr. André Soumah, Chairman, Audit Control and Expertise Global, Switzerland

Mr. André Soumah, Chairman, Audit Control and Expertise Global, Switzerland, identified the lack of trust between the various players in the supply chain as one of the primary concerns facing international trade. Lack of trust, coupled with the complexity of value chains in developing countries, makes it difficult for banks to lend on a transaction basis. As internal competition for capital within financial institutions has intensified, financing options and solutions for SMEs have generally been reduced. Financial institutions are increasingly selective of their commercial relationships – shifting away from SMEs to mid-market and corporate clients even though SMEs are widely acknowledged as key drivers of job creation, economic growth, prosperity and development, and poverty alleviation.

Mr. Zhann Meyer, Regional Head for Commodity Traders and Agriculture for Africa, Standard Chartered Bank, South Africa said the crisis had produced a major shift in the availability to banks of conventional security for loans based on balance sheet analysis. The advent of the global crisis has exacerbated the financial lending environment for developing countries as it has generated a great deal of focus on bank regulation and compliance, compounded by the notion of country risk in the computation of minimal capital requirements associated with loans. Increased capital requirements consequently increase the cost of trade finance for all categories of trade transactions. As country risks and transportation times are generally higher for developing countries, their exports are expected to be the most adversely affected.

New international banking rules limit non-collateralized loans to only 25% of...
capital requirements, as opposed to collateralized loans up to 90% of capital requirements. However, progressive banks are moving towards an approach that uses the intrinsic value of commodities as collateral. This is a positive move for local traders who are thus able to compete head-on with large international traders.

SMEs are the life line of productivity with lesser investment and high employment potential and should be promoted globally.

Mr. Srinivasan Sampath Kumar, Managing Director, Titan Leathers Pvt. Limited, India, said that India’s leather sector export performance experienced marginal reduction in the demand for higher end products going into European markets. This has highlighted the need for diverse export markets. The sector has benefited from internal liberalization and enabling steps taken by the Government of India, which provided an export-interest subsidy. Additionally, financial institutions, including rating agencies, have enabled SME access to banks and financial institutions that employ specially crafted policies to assist the growth of the SME sector. SMEs have also benefited from a cluster approach taken by the government, which promotes modernization and expansion of the manufacturing sector with promotional policies that subsidize capital expenditures. This cluster approach is highly successful and strongly recommended for replication elsewhere.

Mr. Gary Ho, Managing Director, SQW China Limited, Hong Kong, provided further evidence that globally businesses have embraced the need to increase both the value and volume of the supply chain. In Brunei initiatives are underway to help the country diversify its economy away from dependence on oil exports through the public funding of an agro-technology park and a food processing incubator. The incubator would accommodate research and innovative technology applications to support diversification for SMEs and farmers. An important element of the plan is to build up a Brunei Halal brand with a high-quality certification process. Future plans include forming production and market joint ventures with firms in the region and eventually, in a second phase, inviting private sector venture capital funds to participate in expansion through a public-private partnership.

H.E. Ms. Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, South Africa, supported ITC’s increased influence on trade finance. Recommendations centred on ITC’s engagement to motivate the banking and insurance sectors to offer tailor-made financial products for agriculture and commodities exports from developing countries.

This platform will assist in the establishment of an acceptable financing scheme for inputs from all producers. Further ITC ongoing work integrating markets with players will contribute to strengthening the identification of stakeholders and traceability in the domestic value chain, and will help foster the financing of exports.
CONCLUSIONS

It is widely agreed that ITC is uniquely positioned to be an active provider of capacity building supporting the exports of SMEs and LDCs to promote inclusive trade and poverty alleviation. ITC is indeed already doing this within the framework of Aid for Trade. Promoting the role of SMEs and micro-enterprises within the Aid for Trade initiative is essential, and particular emphasis needs to be given to the financing needs of this sector.

Thanks to its relationship with TSIs and TPOs across the globe, ITC has an opportunity to significantly advance both the intellectual dialogue around trade finance and Aid for Trade, as well as the commercial impact of well-deployed trade financing solutions in markets and in industry sectors that ITC covers through its mandate.

ITC’s focused training programmes with in-market SMEs, bankers, financiers and funders can go a long way towards a better appreciation of the risk profile of recipient markets, sectors and commercial entities, creating the necessary visibility and transparency for trade financing.

To help companies access trade finance services, strategies must focus on facilitating relationships between individual companies and the banking sector by increasing mutual knowledge and understanding of market expectations between both partners. This approach must emphasize the link between finance and logistics, focusing on the issue of supply chain management. This dialogue on logistics will also reduce unproductive and unprofitable variances within the shipping industry and reduce product costs and strengthen the competitiveness of all exports.

By linking trade finance providers with clients (countries, industry sectors and companies), ITC and its partners can help mitigate the risks related to SMEs whilst engendering trust among the players.
Following the landmark political changes in South Africa, the new democratic government adopted measures to open up its economy, embarking on extensive market deregulation and foreign trade liberalization. With its accession to the World Trade Organization, South Africa has reduced its tariffs and signed a number of major free trade agreements. The economy has shifted towards market-led supply-side support measures facilitating industrial restructuring, technology upgrading, investment and export promotion, as well as small-, medium- and micro-enterprise development.

From an inward-looking, import-substitution industrialization economy, the country has transformed into an export-oriented economy, a key factor in its impressive post-apartheid economic performance. South Africa has made its mark as a politically stable, modern and economically strong nation, supported by strong institutional foundations. With a population four times that of its southern African neighbours, and a third of sub-Saharan Africa, it is the economic powerhouse of Africa. Its dominant status on the continent is built on a strong foundation made up of physical and economic infrastructure, natural mineral and metal resources, a growing manufacturing sector, and strong growth potential in the tourism and other service industries as well as higher value added manufacturing.¹

However, challenges still remain. The recent global economic recession saw South Africa experiencing a decline in GDP of 1.8% in 2009, and a loss of employment estimated at almost one million jobs. This was a severe deterioration, despite a continued expansion in government infrastructure spending and the counter-cyclical monetary and fiscal policy response.

Recent trends and the agri-food trade profile

South Africa has traditionally been a net exporter of agri-food products overall, due to its strong primary agri-food export performance. However, it remains a net importer of processed agricultural products with a positive agri-food trade balance induced by exchange rate fluctuations.

The United Kingdom and the Netherlands are top export destinations for agri-food fruit products in the North, while Zimbabwe, Kenya and Mozambique make up the top African export destinations for agri-food products, particularly staple foods including maize, sunflower seeds and oils, maize meal, maize seeds and wheat. The export value of South Africa’s agricultural products to African markets tripled between 2001 and 2009. However, the country imports mainly manufactured goods from the rest of the world and primary goods from the Southern African Development Community (SADC).

Of South Africa’s top ten export markets, Kenya, China and the United Arab Emirates showed the highest growth. South Africa’s trade profile has not changed significantly over the years, and its commodity composition and export destinations have remained more or less the same for decades. China has, however, crept onto the list of South Africa’s major trading partners in recent years.

South Africa’s economy in wider Africa

Small-scale farming provides most of the food produced in Africa, as well as employment for 60% of working people. Agriculture remains important to achieving the poverty
targets of the MDGs in Africa and it constitutes the backbone of most economies, as the biggest source of foreign exchange and the main generator of income, savings and tax revenues.\(^2\)

As the largest economy in Africa, producing a wide variety of agricultural commodities for domestic consumption and some for export markets, the country is self-sufficient in food production, at least at the national level.\(^3\) In general, South Africa is a net exporter of maize, 4-5 million tons (2010), but a net importer of wheat.

**Diffusion of South African supermarkets in Africa**

South Africa plays a significant role in terms of diffusing its local chain store (supermarkets) brands into Africa, with over 300 supermarkets currently operational in different countries providing over 80% of all processed food products in Botswana, Namibia and Zambia. Due to their requirements, such as large volumes throughout the year, high quality and specific grades and standards, supermarkets sourced mainly from medium- to large-scale farms. Products not produced locally such as canned fruit and vegetables, powder milk, UHT milk, and breakfast cereals, are also predominantly imported from South Africa.

These chain stores play an important role in supplying food into the African markets and can potentially enhance the economic role of agriculture in these countries, i.e. through sourcing from local farmers and processors of agricultural commodities.

**South African farmers in the rest of Africa**

South African farmers have also realized opportunities in diffusing agricultural investments into African countries to unlock the potential of Africa to become food self-sufficient. More than 1,000 farmers are already producing crops in Mozambique, Botswana, Malawi, Zambia and Kenya, and others have received new land offers from 22 countries to grow crops across Africa.

These opportunities imply the mobility of important agricultural resources and skills into Africa and could potentially improve agricultural production and contribute to reducing food insecurity and poverty throughout the continent.

**Positioning in multilateral trade**

The collapse of the Doha Development Round of trade talks is seen as a blow for the developing world’s agriculture and related sectors, stalling potential agreements that would have reduced subsidies by developed countries as well as the achievement of duty-free, quota-free market access for developing countries in the developed world.

It is expected that further trade liberalization envisaged under a successful Doha Round of negotiations would benefit the South African economy, realizing net increases in employment.\(^4\) Although the exact magnitude of the economic benefits is not clear, even marginal benefits foregone mean stalled progress towards ensuring economic growth and equity.

The need for a united front in multilateral negotiations by African and developing countries becomes even more important to achieving more effective bargaining for common interests and priorities. As a result South Africa is heavily vested in forming strong alliances with African and southern partners, positioning the country for future agriculture trade liberalization negotiations.

**Beyond the financial crisis**

The recent global financial and economic crises have clearly proven the significant interdependence of economies through financial and trade linkages. With fragile global economic recovery, marred by sluggish growth prospects and, in the case of South Africa, further job losses, governments still face difficult policy decisions.

China remains the catalyst of world growth, driven by rapid industrial expansion, urbanization and modernization. India and Germany are also contributing in major ways to global growth.

Interconnected global economic activity brings real opportunities for growth and a redistribution of global income and welfare. The current global coordination efforts are therefore also focused on new sources of growth, longer term trade development and a more stable financial system.

South Africa’s view is that shared long-term goals and well-sequenced reforms are more likely to succeed than unilateral or protectionist steps.\(^5\)
Africa as the new land of opportunity

Sub-Saharan Africa is well positioned to benefit from improvement in global demand, with high growth in 2011 as commodity prices remain high, exports recover and domestic demand accelerates.

Africa has largely escaped the negative phenomenon of high household debt and weakened banking systems that has been felt in many other regions. Moreover, institutional reforms provide a positive environment for the expansion of private investment. These include a greater commitment to democracy, political stability and the strengthening of institutions of governance; the opening up of African markets to local and foreign competition through reduced trade and investment barriers; and increased investment in national infrastructure to reduce costs and facilitate trade.

Greater economic integration is necessary to harness the full potential of intraregional trade, and expansion of regional infrastructure networks is required to facilitate faster movement of goods and services between countries at lower cost. Efforts under the auspices of the New Partnership for Africa’s Development (NEPAD) seek to make inroads into the regional infrastructure investments required to take full advantage of this potential.

It is also encouraging that renewed interest in agriculture by global investment firms is bringing further opportunity for Africa, particularly in agricultural production, with the potential as an engine for much needed economic growth.

---


Evidence shows that strong regional business linkages are one of the most effective ways for firms to integrate, grow and secure footholds in emerging markets, and also to attract FDI. African regional integration offers significant potential for the continent’s economic diversification and socioeconomic growth. An expanded regional market, with free movement of goods and services, gives African producers access to a large consumer base and presents new opportunities to build and specialize along regional supply chains.

Africa’s regional economic communities have gone a long way in their regional integration agendas by establishing free trade areas and harmonizing external tariffs. Over the long term these policy and regulatory successes should fully translate into enhanced trade within and between regions. To mobilize the private sector to make use of this expanded market place, however, more needs to be done to build up export competencies at the enterprise level, encourage cross-border value chains and bring down internal barriers.

The Programme for Building African Capacity for Trade (PACT) builds on a strategic partnership between ITC and COMESA, ECOWAS and ECCAS.

The programme revolves around a strategic partnership between these integration bodies and regional private sector and TSI networks, developing priorities and frameworks for joint action that lead to increased exports. By fostering a better understanding of export markets, the programme aims to open the way for African businesses to seize vital opportunities. To this end, the regional network works together to help sectors and companies reinforce regional value chains, upgrade product quality and design, encourage compliance with standards, improve marketing skills and facilitate export linkages.

In line with regional priorities, enterprises access an integrated mix of business upgrading services, in partnership with the regional trade support institution network, including quality management, standards, exporter training and supply-chain management. SMEs also benefit from coaching to upgrade their business processes and export management skills with increased access to targeted regional and overseas markets, along with business matchmaking and other market development initiatives. Additionally, priority consideration is given under specific sectors to mainstreaming women in trade promotion by ensuring that promising women entrepreneurs are systematically targeted and supported.

The aim of the Modular Learning System – Supply Chain Management (MLS-SCM®) programme is to promote enterprise competitiveness through improved purchasing and supply chain management knowledge and skills. Since its beginnings in 2001, about 20,000 professionals have been trained. The symbol signifies the power of purchasing, which is one key element of this programme.

The MLS-SCM® consists of a modular series of training packs covering the different stages of the supply chain. The MLS-SCM® uses an interactive and participative approach to support group training as well as individual based open learning. Each module comprises a course book and workbook, as well as a trainer’s answer book and set of presentation slides. The training packs are regularly updated and additional materials and tools are made available over time to institutions acquiring it.

Exams based on the MLS-SCM® leading to an international certificate, advanced certificate or diploma in supply chain management are also available for interested institutions. The programme is currently available in English, Spanish and Chinese, and will soon be available in French, Arabic and Russian.

This course is for institutions wishing to offer training in supply chain management, for present and future managers and staff responsible for purchasing and supply chain management, particularly in private enterprises. It is used under special fee-based agreements by highly qualified ITC partner institutions, such as training institutes, universities, business sector organizations, purchasing and supply management associations, and trade support institutions, among others. The current network consists of 135 training providers in 50 countries and new institutions are welcome to join the network.

In addition to the materials themselves, ITC can assist new institutions wishing to take up this programme with training of trainers (technical training as well as training techniques), target group identification and needs assessment, course design and curriculum development, development of local complementary materials and cases, awareness creation, marketing and promotion of the programme and other related activities.
PLENARY

DEVELOPING SUCCESSFUL TRADE SUPPORT SERVICES

- Mr. Wang Jinzhen, China Council for the Promotion of International Trade
- Ms. Florence Kata, Uganda Export Promotion Board
- Mr. Li Jianchun, Chongqing Foreign Trade & Economic Relations Commission, China
- Mr. Brian Mitchell, Trade Facilitation Office, Canada
- Mr. Larbi Bourabaa, MarocExport, Morocco
Trade promotion organizations and trade support institutions must urgently adjust to the new economic realities in a multi-polar world. TPOs need to be able to provide strategic direction for investment opportunities and potential areas for export development. These opportunities represent increasing demand from emerging markets, beyond the traditional markets in the United States and Europe. Experts from TSIs and financing entities face varying challenges and must use innovative service solutions to help companies sustain competitive advantage.

The global economic crisis has profoundly transformed world trade patterns, leaving every country to cope with different, unpredicted challenges. TPOs and collaborating TSIs are faced with providing services that respond to this rapidly changing landscape whilst trying to secure fluid adjustments of its clientele, especially SMEs. Their needs are influenced and continually re-shaped by complex and multifaceted dynamics, including ever-changing trade practices, volatile markets, shifting consumer preferences, as well as the overall health of national and international economies.

Mr. Wang Jinzhen, Vice-Chairman, China Council for the Promotion of International Trade (CCPIT), China, pointed out that the crisis has had a significant negative impact on China’s exports, putting many workers in manufacturing industries out of a job. While the national economy overall is moving towards significantly increased domestic demand and buying power of consumers, measures need to be taken in the foreign trade arena to improve the system by providing information and consultation, market research, exhibitions and training.

Ms. Florence Kata, Chief Executive Officer, Uganda Export Promotion Board (UEPB), Uganda, said that the crisis came just as Eastern Africa was undergoing a transformation with the creation of the EAC. While the UEPB’s traditional markets are shrinking, demand for its services from SMEs within the newly created EAC has been increasing. UEPB has responded quickly, redirecting its focus to marketing in the region and supporting its efforts through staff training and technical support from ITC.

Mr. Li Jianchun, Director, Chongqing Foreign Trade & Economic Relations Commission (COFTEC), China, pointed out that Chongqing is now the fastest growing megalopolis in the world. Its growth is driven by rapid industrialization that was previously focused on the domestic market.

“Chongqing’s experience proves that excellent trade services and support are significant for export development.”

Li Jianchun, Director, COFTEC

During the crisis exports from Chongqing fell by 20%, the first time in ten years, and currency appreciation increased the cost of exports, making it harder for
companies to access credit. These factors highlighted the inadequacy of existing traditional trade support services to expand exports.

Today COFTEC’s services aim to: promote international exchange and cooperation for enterprises; increase competitiveness by encouraging manufacturing compliance with international standards; and promote expanded scale of production operations to increase employment and living standards. Additional measures will provide improvements in finance, taxation, customs procedures and investment resulting in significant FDI aimed at 50% growth in total foreign trade volumes.

Mr. Brian Mitchell, Executive Director, Trade Facilitation Office, Canada, said he felt not a great deal had changed for TPOs as they continue to provide the same kind of basic services to business. Canadian businesses like others have adjusted to shifts in the market place, especially those faced with high dependency on the United States market for over 75% of exports. This reinforced the need for TPOs to promote market diversification. However, many exporters are still reluctant to explore new markets.

Today Canada’s Trade Facilitation Office has expanded core services, going beyond trade promotion activities to provide trade development services by working very closely with ITC and the Canadian International Development Agency, CIDA.

Mr. Larbi Bourabaa, Acting Secretary-General, MarocExport, Morocco, said that Morocco had responded energetically to the crisis, with government funds established to support businesses affected, and a shift in strategic orientation from traditional markets to new opportunities in Africa.

MarocExport has traditionally focused on trade promotion services providing support for trade fairs, missions and buyer-seller meetings. Similar to Canada’s Trade Facilitation Office, there is a new emphasis offering trade development services, collaborating with ITC to support trade capacity building in Arab states funded by CIDA funds (ITC EnACT - Enhancing Arab Capacity for Trade).

The changed global trading landscape and South-South trade have extended trade opportunities to a new consumer base beyond the middle classes. There is increasing recognition that new consumers at the bottom of the economic pyramid represent additional consumer markets. South-South trade is marked by the need for increased analysis of distribution factors, as this trade is much more sensitive to distance than North-South trade. TSI need to provide support to enable enterprises to go the last mile to reach consumers.

TPOs and TSIs enable organizations to upgrade staff competencies, access market intelligence and establish public-private partnerships in step with rapidly changing market demand.

TPOs are encouraged to broaden their scope beyond promotion to trade development services, adding an inward orientation, assisting enterprises to better meet quality requirements and using the domestic market for R&D. Equally important is the need for strategic approaches to increase enterprise access to financing and identifying the optimal niche in global supply chains.

The importance of dialogue and partnerships among trade related entities, governments, businesses and financiers will serve to optimize access to the global supply chain. The global market needs strong, well-equipped TSIs that are responsive and agile enough to readjust and redirect export approaches to constantly changing circumstances.

The future holds new possibilities for TPOs to broaden their role, adopting an integrated trade model that addresses not only exports, but also imports and outward investment as gateways to new opportunities.
CASE STUDY

DEVELOPING MARKET ACCESS FOR TUNISIAN HANDICRAFTS - A SUCCESS STORY

EnACT – Enhancing Arab Capacity for Trade is an International Trade Centre technical assistance programme funded in large part by the Canadian International Development Agency (CIDA). The principal objective of the EnACT programme is to develop an integrated, competitive and diversified export sector within its five programme countries: Algeria, Egypt, Jordan, Morocco and Tunisia.

The key challenges addressed by ITC allow businesses to: enhance producer capability by increasing the range and quality of goods and services on offer for world markets; develop market links to buyers by securing access to those markets; and to improve the environment for trade by creating a business environment for enterprises to develop profitable export businesses.

The beneficiary countries are characterized by young populations and are endowed with industrial potential as well as a relative proximity to buyer markets in Europe. EnACT pays particular attention to strengthening skill-building activities, allowing for export-related employment creation, especially enabling women and youth to be better equipped to secure and sustain their jobs in a competitive export sector. These high-quality products are created with keen attention to environmental concerns in the design and implementation of EnACT’s activities.

ITC technical advisors provide local enterprises with expertise on market analysis and research, trade support institution networking, regional trade information networking, and product and market development. Over the long term these enterprises will continue to secure new business in target markets in Europe and Asia, building on newly formed valuable business relationships.

The programme is already yielding results. As a result of EnACT interventions, Tunisian producers are now perceived more favourably by international buyers and are able to move into the higher end market.

Source: EnACT
CASE STUDY

EXPORT QUALITY MANAGEMENT SUPPORT STRENGTHENS ENTERPRISE COMPETITIVENESS OF SMEs

Quality is the prerequisite for successful market access and for increasing revenues from export. Meeting technical requirements in the international marketplace is a tall order. Exporters must ensure that their products meet the mandatory technical specifications applicable in their targeted market as well as the ‘voluntary’ quality standards and specifications laid down by their buyers.

ITC, through its Export Quality Management Programme (EQM), aims to improve the competitiveness of enterprises in developing and transition countries by enhancing their capacity to meet technical requirements in export markets and overcome technical barriers to trade. EQM makes interventions that have a direct and immediate impact on trade, and delivers a comprehensive set of tools and products that are available to partners in developing countries. It relies on its accumulated operational knowledge and experience in the quality area and its solid network of partners and consultants for its work.

The EQM programme develops export quality bulletins such as ‘Exporting Seafood to the EU’. ITC’s Export Quality Management: An answer book for small and medium-sized exporters publication also provides managers with information on standard and conformity assessment in trade and its customization in 18 countries provides specific national information. Workshops are also conducted on specific sectors/standards, such as fisheries, management systems and on the benefits for exporters from the WTO Agreements on technical barriers to trade and sanitary and phytosanitary measures.

Once they have the right information, enterprises have to adapt their products to market requirements and to meet standards, technical regulations and sanitary and phytosanitary measures in importing countries. ITC also provides business advisory solutions through hands-on assistance to SMEs to meet technical requirements and obtain certification as appropriate. These have seen some success, especially through strengthened enterprise compliance in the Philippines, Malaysia and Indonesia to meet European Union (EU) food safety requirements for fish exports. ITC has also assisted several enterprises in Kyrgyzstan and Tajikistan to implement ISO 22000 Food Safety Management Systems and four have been certified. In order to build local capacity, ITC ensures that there is a pool of national trainers and consultants available for sustainability.

Although setting up quality and sanitary and phytosanitary infrastructure is complex, expensive and time-consuming, they are crucial elements of the export competitiveness of countries where ITC continues to provide key technical support, such as St. Lucia, Bangladesh, Kyrgyzstan and Tajikistan.
Uganda has attached growing importance to trade and export development in recent years. The country has formulated a National Trade Policy. In 2007, it also formulated a national export strategy (NES) in cooperation with ITC. The NES has a gender strategy aimed at addressing opportunities for men and women to jointly contribute to national development. Today the NES serves as a tool to coordinate and prioritize technical cooperation initiatives in the area of trade.

Uganda faces many ongoing trade challenges as a landlocked developing country (LLDC) suffering from infrastructure constraints. Yet it has recently developed strategies and policies that favour the expansion of trade, in particular exports.

In 2008, approximately US$ 310 million in Aid for Trade was directed at infrastructure, while US$ 150 million was steered towards building productive capacity. The transport, energy and agriculture sectors were the main beneficiaries.

A recent business survey highlighted the main obstacles encountered by Ugandan exporters as: transport and logistics; warehousing and storage; sanitary and phytosanitary measures; technical barriers to trade and other NTMs in developed markets, especially for coffee, tea, fruit and nuts; energy supply; communications; customs efficiency and access to finance.

Over the last five years, Aid for Trade has contributed to key changes in the export environment with improvements in communications, while transport, logistics and storage remain areas for continued improvement. High levels of Aid for Trade support for infrastructure (road, rail, logistics, storage, energy supply and communications) have also had a significant impact on the country’s capacity to export. Overall trade support services have also improved even though more remains to be done to ensure greater awareness in the private sector on the provision, content and potential benefits of Aid for Trade.

It is expected that the effectiveness of Aid for Trade will increase as ITC continues its support through the dissemination of information across the business sector. This will be complimented by dialogue between development agencies and the private sector on Aid for Trade investments to ensure that Aid for Trade resources are channelled to the areas with highest potential returns in terms of increased competitiveness.
SUCCESSFUL TRADE PROMOTION AND FACILITATION

Mr. Li Jianchun, Director, Chongqing Foreign Trade & Economic Relations Commission, China

Chongqing is the fastest growing megalopolis in the world. The city is seeing rapid rural to urban migration as populations strive for better lifestyles through higher paid jobs in the booming industrial sector. Contrary to coastal areas, this economic growth was previously focused on domestic markets.

To develop its economy rapidly, the city has taken strategic measures to integrate itself into the world economy by expanding exportation in partnership with COFTEC, the local organization in charge of promoting trade and investment in Chongqing.

In response to the global financial crisis, COFTEC launched trade and investment facilitation measures. The result of this drive and commitment is that exports in 2010 are estimated to reflect a 600% increase from 2000 levels of nearly US$ 1 billion.

Chongqing now boasts an average annual growth rate of 65.3%, with GDP growth over 17%. The city has undertaken substantial infrastructure work to attract further foreign investment for exports.

Thus far this has met with great success and a few cases of fruitful returns are highlighted here:

- **Relaxed trade controls to diversify foreign trade entities** have led Lifan Group, one of the first private enterprises to trade in 2000, to increase its exports from US$ 52 million in 2000 to an estimated US$ 400 million in 2010.

- **Infrastructure to facilitate exports** with investments in ports, railways, airports, international road access and logistics systems covering water carriage, roads, aviation, railway and postal services; port handling capacity of 2 million TEU (twenty-foot equivalent units, a unit of cargo capacity often used to describe the capacity of container ships and container terminals based on the volume of a 20-foot-long intermodal container), including direct marine liners to Shanghai, Japan and the Republic of Korea; ‘Euro-Asia Continental Bridge’ freight time to Europe reduced to 12 days.

- **Export development strategies** formulated with trade support institutions on promotion policies, to provide investment, trade facilitation measures and support enterprises’ exports.

- **Responsiveness to changes** in export standards and certification.

Hewlett-Packard Company of America has established its second comprehensive computer production base in Chongqing because the city has made such improvements in infrastructure to facilitate exports.
In November 2008, the United States Environmental Protection Agency executed a certificate identification programme for production enterprises exporting engines to the United States, driving up product costs 20%-25%. The Chongqing Association of Engines for General Purposes organized enterprises to open R&D to innovate on a lower cost structure and cooperated with banks and foreign insurance brokers to find affordable financing, thus securing export orders of US$ 100 million.

- Financial export support system with government investment providing financing guarantee for export enterprises
- Bank and trade coordination mechanism and products, engaging banks and enterprises on efforts such as overseas consumption credit, buyer’s credit and appropriate financial tools for enterprises, especially SMEs, like export credit insurance. This also reduced exchange rate risk
- Xingye Stainless Steel Product Company, a SME, expanded production scale and technology, increasing exports from US$ 1.26 million in 2006 to US$ 14 million in 2010.
- Export promotion events to build up enterprise export orders, and pair-matching meetings and industry forums to develop global sales channels
- Encouraging overseas investment by enterprises to develop overseas markets
- Legislation and regulation to protect legal rights and the interests of enterprises, and compliance with international trade standards and intellectual property rights
- Information and analysis on anti-dumping, anti-subsidy and other trade barriers
- Training for export enterprises
The economic and financial crisis, which erupted in 2008 and whose aftershocks continue to reverberate around the world, has reflected the deep structural changes taking place in the global economy. In essence, these changes have their origin in the changes in competitiveness and demand that have been taking place around the world, especially over the last three decades. It is not a coincidence that this period broadly coincides with the mainstreaming of China into the global economy. During this period, the emergence of China as a competitive producer across a range of export sectors has redefined the nature of global commerce.

The crisis has also served to highlight a curious, but understandable, role reversal in the discourse on globalization – most of the erstwhile proponents of the Washington Consensus are now witnessing a ratcheting up of protectionist rhetoric in their countries while emerging economies increasingly press for keeping markets open.

The crisis has also thrown up major challenges in the global financial system that need to be addressed through concerted multilateral action. These include the issue of currency misalignments, external account imbalances and volatile capital flows. Management of the global economic adjustment without jeopardizing growth is the biggest challenge the world economy faces today.

These developments have deep implications for the growth prospects of developing countries in general and their trade policies in particular. In my view, the most important policy challenges relate to the following areas:

- The sluggish recovery of developed countries from the crisis is emerging as a given, at least for the medium term. On the other hand, most developing countries are on course to resuming their pre-crisis growth trajectories. It is clear that developing countries will now account for a major part of new demand in the global economy. Trade flows are already adjusting to this new reality, with South-South trade emerging as the new driver of global growth. Developing countries will need to reboot their trade strategies accordingly.

- A number of developing countries, especially the smaller ones, have been depending on tariff preferences in developed country markets for their export competitiveness. The slow recovery in demand in developed countries, increasing competitiveness in non-preference receiving developing countries, along with the general reduction in tariffs around the world, is leading to the steady erosion of the advantage that such preference receiving countries enjoy. The implications for the trade strategy of such countries are obvious – they will have to diversify their export portfolios and move up the value chain to retain their presence in export markets.

- The continuing fragmentation of global production has added a fresh dimension to comparative advantage. In a number of manufacturing sectors, international production networks are the new reality. Participation in such production networks is emerging as a major determinant of export competitiveness. Harmonization of domestic policies and practices to facilitate participation in such networks will be a major concern in trade policy formulation for developing countries.
• The issue of food security has assumed a fresh dimension due to the volatility and price rises in international trading in agricultural commodities brought on by speculation. Developing countries cannot now expect efficiently functioning international food commodity markets to ensure their food security. They will need to take additional measures to develop their agricultural sectors to improve their food security.

• Capital flows will naturally go where the growth is. In recent months, a number of developing countries have witnessed a surge in capital flows and some have installed measures to control the inflows to minimize their destabilizing impact. At the same time, efficiently functioning capital markets are a prerequisite for sustained growth in developing countries. While domestic regulatory practices have to find the right balance between stability and growth, it is equally important to develop international disciplines to regulate capital flows.

• The issue of currency misalignment is another challenge to stable growth in developing countries. The competitive devaluation being promoted by some major economies can only be viewed in negative terms, as a race to the bottom. Beggar-thy-neighbour policies must be eschewed if the world is to find cooperative solutions to problems that we all face.

These challenges constitute a pretty formidable to-do list for policymakers in developing countries. However, rapid policy adjustments are imperative for success in a world in the throes of unprecedented change.

While domestic policymakers have the responsibility of aligning their trade policies to the new situation, the need for cooperative decision-making in international bodies like the G20, IMF and WTO cannot be overstated. Issues like the management of international capital flows, currency misalignment, speculation in agricultural commodities, etc. can only be addressed in such fora. Of these, perhaps the most crucial is the G20, which provides a political forum with fairly balanced representation for resolving complex issues of global financial governance in a consensual manner. The increasing participation of developing countries in the G20 is an obvious recognition of their greater heft in the world economy and adds to the legitimacy of the G20. At the same time, the absence of smaller developing countries from this forum is something that needs to be remedied.

These developments also provide a basis for mid-course corrections in the strategies that trade development organizations like ITC employ to assist developing countries in enhancing their exports. Value creation rather than export volumes should be the central preoccupation of such strategies.
When bank employees, from relationship managers to credit committee members, are fully conversant with financing and structuring techniques, transactions can be concluded much more rapidly, and a larger number of transactions and projects become bankable.

Most banks are not fully conversant with commercial engineering and structured trade and commodity financing techniques. Financial institutions require a firm understanding of how to manage transactions once a deal has been completed and this requires both training and back office/middle office systems.

Supply chain finance includes:

1. Risk assessment
   - Risks associated with financing various transactions
   - Mitigation factors for each identified risk
   - Information on database of facilities and services in various countries

2. Common banking facilities
   - Finance with warehouse receipts
   - Import finance
   - Export finance
   - Supply chain finance
   - Normal
   - Factory door
   - Commodity exchange

3. Securitization and documentation

Content based on an ACE (Switzerland) and Standard Chartered Bank (South Africa) training programme targeted at middle and senior management who influence the policy and operations of their organizations, taking a general look at one or two commodities and covering issues and techniques that broadly affect the field of structured trade and commodity finance. Participants in this finance masterclass learn the steps necessary in appraising and monitoring relevant credit facility proposals along with the corresponding trade cycles. The training highlighted different ways of offering financing while reducing risk to manageable levels.
NEW REALITIES WITHIN THE GLOBAL SUPPLY CHAIN 65
OPTIMIZING BUSINESS THROUGH STRATEGIC PARTNERSHIPS 73
TRADE CROSS-CUTTING OPPORTUNITIES: INNOVATIVE MODELS FOR SUSTAINABLE DEVELOPMENT 79
TRADE CROSS-CUTTING OPPORTUNITIES: EMPOWERING WOMEN, POWERING TRADE 91
LONG-TERM POTENTIAL FOR SUSTAINABLE EXPORT-LED GROWTH 103
THINKING AHEAD AND PLANNING FOR TOMORROW 111
PLENARY

NEW REALITIES WITHIN THE GLOBAL SUPPLY CHAIN

- Ms. Himanshu Bhatia, Rose International, United States
- Mr. Andrés Valencia, Tokyo Office, National Federation of Coffee Growers of Colombia, Japan
- Ms. Sungjoo Kim, Sungjoo Group and MCM Worldwide, Republic of Korea
- Ms. Ying McGuire, Dell, United States
- Mr. Huang Youfang, Shanghai Maritime University, China
New structures and mechanisms, being shaped by multilateral organizations, governments and trade support institutions, are aimed at meeting the demands of the new multi-polar economic world, bringing with them the need for businesses to adapt. Successful, agile businesses that are able to adapt to fluctuating markets can access new markets and the new realities faced in a fluid economic environment, especially those with strong policy frameworks that enable growth. Of equal importance is collaboration and partnership to optimize efficiencies within the supply chain.

Demand for consumer goods from more than 1.2 billion middle-income consumers in developing countries by the end of the decade – all seeking value for money – will have a huge impact on supply chain models. The big question is how SMEs from developing countries will respond to this new demand.

More agile supply chains are required to cope with the crisis. According to a 2009 Capgemini survey, more than 65% of managers involved in logistics reported that their strategy has been affected by the crisis. The main changes are reflected in changing customer requirements; sustainability, globalization and the introduction of new product/market combinations.

Ms. Himanshu Bhatia, Chief Executive Officer, Rose International, United States, runs an outsourcing operation in the United States and India that has witnessed contracted consumer spending, while banks are implementing tougher conditions for obtaining consumer credit and loan financing to SMEs. She said that businesses are facing tighter margins with tremendous pressure to grow, requiring forecasting, tracking internal inefficiencies and using technology to streamline and optimize business operations. This consolidation and adaptation by large companies to modernize their supply chains opens up opportunities for SMEs to get a foothold in global supply chains by providing business process outsourcing services. The crisis has reinforced the importance of strategic partnerships with financiers to ensure sound risk management with adequate levels of cash reserves for long-term stability.

Strategic partnerships with multinationals, such as Coca-Cola and Nestlé, on new products have afforded responsiveness to the changing consumer demographics, thus opening access to new markets.

We are not just experiencing a crisis, but the emergence of a new era with the emergence of Asia.

Ms. Sung-Joo Kim, Sungjoo Group and MCM Worldwide, Republic of Korea

Ms. Sung-Joo Kim, Chairperson and Chief Executive Officer, Sungjoo Group and MCM Worldwide, Republic of Korea, said that her luxury goods operation has taken strategic measures and adapted its business model to successfully reinvent itself as a high-end luxury leather products company with a strong link between its brand name and quality. For her, essential features for SME success involve market loyalty, specialized women and youth market segments, consistent product quality meeting consumer perceptions, technology intensive production, a focus on real value added products and on design technology, and access to a high-quality labour pool.
Ms. Ying McGuire, Global Supplier Diversity Officer, Dell, Inc., strongly advocated that SMEs should look to link in with the global supply chain as there are specific opportunities in the area of supply chain services, such as procurement, transaction management, warehousing and warranty support.

As big businesses like Dell focus on lowering the costs of their supply base, there will be a continuous shift to bundled outsourcing along with the decoupling of manufacturing components across the world. Complexity and risk management are vital to successful bundled outsourcing.

In the current climate, SMEs are encouraged to explore global linkages through organic growth and expansion, strategic alliances in manufacturing and distribution and acquisitions by bigger businesses.

Mr. Huang Youfang, Vice-President, Shanghai Maritime University, China, shared the key elements that have ensured the success of the Shanghai International Shipping Centre (SISC). Today the SISC is the third largest in the world in TEUs and tonnage following a model developed on its designation as a transportation and logistics hub.

With positive government policies and financial support, the SISC provides a concentration of services that are clustered to ensure a one-stop maritime and logistics operation, with backward linkages to integrate cargo services for various industries. Future developments will see its involvement in promoting foreign trade and offering international shipping services within a convenient, safe, secure and legal environment. This will consolidate the Centre’s comparative advantage in the global supply chain, collaborating with industry sectors to provide a ‘total services offer’ to exporters.

CONCLUSIONS

The problem of currency fluctuation due to government intervention is only one of the realities being faced in the global business supply chain in the wake of the financial and economic crisis. While companies that make the necessary adjustments rapidly are able to emerge fitter and more resilient, SMEs must also be ready to exploit new opportunities.

Regarding immediate actions, the strategy redirection must emphasize reduced inventory and logistical costs, taking priority over longer term projects such as network redesign and supply-chain strategy. Supply-chain professionals have learned greater agility in day-to-day management, going lean on inventory and processes, adapting supply and production to varying demand, whilst evaluating the possibility of strategic alliances and networking with other supply-chain professionals.

Suppliers face a new paradox, combining the need to handle smaller and varying orders with buyers who have stronger bargaining power. Sourcing practices will continue to change as buyers increasingly move from traditional sourcing channels towards Internet and trade portals.

Several countries in Asia, the BRICs (Brazil, Russian Federation, India, China) and the CIVETS (Colombia, Indonesia, Viet Nam, Egypt, Turkey, South Africa) as well as Mexico and the Middle East oil producing countries continue to offer significant business opportunities despite the crisis. It is widely expected that these changes will remain for the long term, creating a new economic order, shifting to Asia and the South.
CASE STUDY

ITC ENTERPRISE COMPETITIVENESS BRINGS SMEs MARKETING SUCCESS IN A GLOBALIZED ECONOMY

In a fast changing business environment, exporters from developing countries face strong competition from companies operating in global value chains. Becoming truly customer focused has become essential to the success and survival of any business. Doing business for these enterprises means having the ability to balance managerial skills, production capabilities and marketing expertise to meet international market demand and international standards. To be competitive, enterprises must understand end-market requirements, plan strategically, manage resources, set up robust operations, produce marketable products, and reach their target customers through the right channels. For these companies to develop and grow sustainable exports, it is critical that they have access to business development services that are adapted to their needs today and in the longer term.

ITC’s Enterprise Competitiveness services specialize in private sector development by delivering a comprehensive suite of export promotion services to enterprises through a network of strategic partners. Enterprise Competitiveness works closely with in-house sector experts to support micro, small and medium enterprises in high-potential growth sectors.

The Export Marketing and Branding (EMB) practice delivers technical assistance in this key area with development programmes tailored to help SMEs from developing countries upgrade their marketing competencies, both strategic and operational. EMB offers a comprehensive suite of capacity building modules to network partners, who can then cascade knowledge, skills and a marketing mindset across their organizations and to their respective clients locally.

Participants learn through workshops about key aspects of international marketing, including: marketing strategy, market research, product design, pricing, customer service, communications, channel management, branding and e-marketing. The goal is to build and amplify the sustainability of local business development service providers using active learning in a practical ‘how to’ mode.

As sectors evolve from commodity exporters to value added brand owners that generate more equitable and sustainable growth, it is critical to understand end-market dynamics and shifting consumer preferences with differentiated offers. Working with a network of marketing experts, EMB offers technical assistance to clusters of SMEs in high potential growth sectors. Advisory solutions include end-market analyses, packaging and brand design, pricing strategies, brand communications, e-commerce and mobile business solutions.
Established in 1990, the Sungjoo Group consists of Sungjoo Merchandising Inc. (SMI) and Sungjoo Design Tech & Distribution Inc. (SDD).

Starting out, the business faced a complex and bureaucratic system of business licensing and start-up procedures. In a culture predominantly dominated by men, this was particularly challenging for a new, woman-owned enterprise. Even today, only 19% of business owners in Korea are women. Major constraints include unwillingness on the part of banks to provide start-up capital.

However, today, much has improved, as procedures are now much shorter, more efficient and less bureaucratic. New businesses are encouraged to push for: making the use of a notary optional, thus eliminating a bureaucratic requirement that slows down the business registration process; combining steps in the registration process for greater efficiency; integrating corporate tax with VAT registration; and eliminating the minimum capital requirement for business registration.

The Sungjoo Group’s experiences reinforce the importance of transparency to business success and winning consumer loyalty. As the Korean market opens up and the world increasingly becomes a more global community, society as well as corporations will all need to keep their actions transparent and socially responsible.

In addition to strong business ethics, the Group is actively engaged in corporate social responsibility initiatives focused on empowering women, including non-profit charity and cultural functions. In May 2010, a new philanthropic initiative, the Sungjoo Foundation, was set up aiming to enable women to realize their potential through education and mentoring. The foundation will help nurture the next generation of women leaders worldwide and promote a peaceful global community in the 21st century.

From winning the Marks and Spencer franchise license in 1996 to selling off the Gucci operations in 1997 to offset local currency depreciation and rising interest rates, the company certainly has had its ups and downs. One key factor of its continued success has been the strategic focus on the long-term objective of producing high-end luxury goods for the global marketplace, combined with a flexible business model that has allowed the company to move up the supply chain, from retailing products to manufacturing products under the MCM brand.

Today, the newly rebranded MCM Worldwide, acquired by Sungjoo Group in 2005, has a distribution channel of more than 150 retailers in 30 countries worldwide, with an estimated gross annual revenue of the group of US$ 200 million in 2008, and further plans to expand in the greater China market with a target of setting up more than 30 stores across the nation.

Staying ahead of the game requires a clear understanding of the role of technology; as such the company also invests heavily in e-commerce and m-commerce technology systems, such as customer relationship management, supply chain management and enterprise resource management.

The company expects to reach US$ 1 billion in annual sales within the next few years if the Asia market continues to thrive and the luxury market does not crumble from the recent financial crisis.
The Port of Shanghai is now the world’s busiest port by cargo tonnage. Accordingly, the goal of developing Shanghai into an international economic, finance and trade centre by 2020 started with the creation of the Shanghai International Shipping Centre (SISC). Shanghai currently ranks third following New York and London as a competitive international shipping centre.

Owing to the strong recovery of China’s imports and exports, the Port of Shanghai occupied world number 1 positions in both cargo and container throughputs. In 2009, the shipping lines covered 12 global shipping zones and 500 ports in over 200 countries, topping the list with the highest ship building orders, and boasting freight of 2.5 million tons in cargo at the associated Pudong Airport.

Today this international shipping hub runs a programme offering business tax exemption for shipping companies and other stimulus measures to attract more service providers to Shanghai. Other incentives include a ship trading brokerage system, with cooperative arrangements for shippers and shipyards matched by partnerships between insurance companies and shipping enterprises.

To make Shanghai a leading shipping centre through high-clustered shipping resources, total shipping services are complemented by highly efficient logistics and dispatching services. Strategically, the central government has encouraged mergers and restructuring in the logistics industry to form larger companies better capable of competing with overseas rivals. More specifically, the plan aims to boost demand, promoting logistics services in energy, mining, automotives, agriculture and medicine and increase investment in infrastructure.

The operational policy framework for SISC development has been initiated, including:

- Design of a shipping broker market and management system to optimize the shipping trade market by facilitating transactions between carriers and shippers,
rationalizing services for members, enhancing growth of the shipping industry and building up a wide network and channel of information;

• Institutional support with arbitration courts and simplified access procedures for shipping services and improved access systems for maritime-related businesses;
• Financial services complemented by shipping tax policies affording extended tax breaks.

With the realization that port logistics play an important role in export trade, Shanghai is endeavouring to build itself into one of the largest logistics hubs in the Asia Pacific region by 2011. Plans are afoot to build an international free port by 2020 that will attract global and local customers with a bonded port and include supporting incentives for long-term favoured business partners.

The essential drivers of SISC success have encompassed:

• Cost savings to increase competitiveness by adding services to logistics chains;
• Seamless backward linkages amongst logistics activities, industrial sectors and cargo handling;
• Application of information technology systems to optimize logistics processes;
• Creative and adaptive investment policies that encourage multiple source investment; and
• Environmental responsibility to promote energy conservation, and manage pollution and safety.

These measures merge key logistics services within the shipping industry, and are recommended for other developing countries seeking to integrate into the global supply chain.

Figure 16: Shanghai – a world leader in sea and air freight
Source: Shanghai Maritime University
PLENARY

OPTIMIZING BUSINESS SUCCESS THROUGH STRATEGIC PARTNERSHIPS

- Mr. Peter Kiguta, East African Community, United Republic of Tanzania
- Mr. Soy Martua Pardede, ASEAN Competition Institute, Indonesia
- Ms. Elena Carretero Gómez, Consorcios del Vino Vinnova, Chile
- Ar. Boon Chee Wee, Malaysian Institute of Architects and National Professional Services Export Council, Malaysia
- Ms. Sandra Abreu Ortiz, Avia Export, Colombia
SMEs are a growing force in international trade. In order to succeed as exporters in today’s fast-changing environment they must be adaptable and be able to make use of the support services on offer in both their country and target markets. The most efficient ways of increasing their reach are by entering into partnerships with other SMEs or large companies in their home country, cooperating with other companies across the region, and working in cooperation with government organizations. This can be met through strategic partnerships with a focus on SMEs in large value chains, regional markets and public-private partnerships.

In a number of countries, SMEs are believed to be the engine of growth. However, successful SME integration in the global economy through global value chains implies overcoming inherent challenges, particularly in LDCs. There are various possibilities for SMEs along the value chain, for example moving into more sophisticated products with increased unit value, reorganizing the production system, introducing superior technology or moving from manufacturing to design and service delivery.

Strong public-private partnerships are essential to fostering SME development. Horizontal cooperation at different stages of the value chain will promote the design and implementation of dynamic and evolutionary policies. This involves establishing proper institutions for dialogue among SMEs, the private sector and government institutions aimed at appropriate formulation of enterprise development programmes.

Current market changes facilitate SME access to wider markets through regional integration as a major stepping stone for their growth and development. To enhance SME competitiveness in regional markets and help their integration, governments must provide an enabling framework harmonizing standards, enhancing trade facilitation and improving infrastructure.

**Regional integration is faced with the inability of national stakeholders to think regional.**

Mr. Peter Kiguta, Director-General of Customs and Trade, East African Community, United Republic of Tanzania, said the regional East African Community benefited from a customs union that is integral to the creation of a common market in 2015, allowing free movement of goods, services, labour and capital.

The customs union and region-wide customs laws have eliminated internal tariffs and reduced common external tariffs, making the region more attractive for inward investment and stimulating a sustained increase in intra-community trade amongst member states. This is supported by regional authorities on competition, quality standards and certification charged with enacting regional competition laws and a framework for harmonization and adoption of standards.
Future challenges include eliminating non-tariff barriers to trade and increasing understanding of regional integration through training and orientation programmes for stakeholders and national government employees. This will address persistent sovereignty concerns and help to rationalize rules of origin issues faced by businesses given their countries’ multiple memberships in trading blocs.

Mr. Soy Martua Pardede, Chairman, ASEAN Competition Institute, Indonesia, emphasized that businesses must adhere to competition rules to ensure that markets operate well. However, governments must be cognizant of over-ambitious export targets that jeopardize sustainable development, exploiting less developed countries.

Nevertheless, few countries actually practice competition protection beyond the actual legal and regulatory framework. The intent of competition policy and law is to maintain economic growth and support performance of businesses. As such it is recommended to integrate competition laws with free trade agreements.

Ms. Elena Carretero Gómez, Director-General, Consorcios del Vino Vinnova, Chile, provided an encouraging story of a long history of Chile’s public-private collaboration in negotiation, promotion and product innovation.

Public-private partnerships have resulted in the development of the Chilean wine industry as a major world exporter. This has been achieved by successful collaboration and government liberalization of the market, with the solid support of collective private sector organizations.

The country has built a national brand identity that creates a strong platform for individual brands in the international market. The private sector took the lead managing the development of the Chilean trademark. Recognizing that long-term success in this industry requires strong R&D and innovation, this partnership also benefits from the involvement and commitment of academia driving research and product development.

Ms. Sandra Abreu Ortiz, General Director, Avia Export, Colombia, represents a unique private sector-led export promotion operation for Colombian products. Under its parent company Aviatur, they consolidate trade related services on promotion, logistics, shipping and insurance, building linkages to potential export businesses.

The government has been a key partner, providing the country pavilion at the International Shanghai Expo, with technical support for trade fairs and business matching meetings to explore this new market for Colombian goods. This collaboration will equip enterprise and government promotion agencies with the means to guide SME product development for access to Chinese and other foreign markets.

Markets are increasingly consumer-driven and suppliers need to respond to specific demographics and demands more urgently. The success of fair trade products and the introduction of voluntary industry standards are proof of the impact that consumer awareness is making on global trade. Both demand and supply side are also being changed by the growing awareness that more women are running businesses, are decisionmakers in purchases and are a growing workforce.
CONCLUSIONS

There are multiple merits to harmonizing competition laws across countries at vastly different stages of development, like the role of exceptions and asymmetries of information.

The benefits of regional integration are exemplified by the experiences of the East African Community (EAC) and the Association of Southeast Asian Nations (ASEAN). This is in line with ongoing ITC support for regional institutions promoting regional integration. Considering the obstacles at the national level it is crucial to ensure the creation of a network of national institutions within a regional grouping. This approach is at the initial stage of implementation in the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS) and the Economic Community of Central African States (ECCAS). As a result, services will be provided for the entire region, for example with one national institution taking the lead in processing value added market information for distribution to all countries within the region.

The scope of public-private collaboration is evolving as new opportunities emerge and new challenges are encountered. Various modes of collaboration range from research to export promotion of goods and services and infrastructure development.

The critical factors contributing to the success of such partnerships are:

- A shared vision between the government and the collectively organized private sector. The credibility of the private sector actors lies in their ability to produce innovative, cost-efficient options rising above short-term interests.
- Mutual trust and transparency demonstrated by good governance, an enabling environment for effective public-private collaboration and timely response to private initiatives.

This complements ITC leadership on MDG 8 to support national efforts to forge partnerships, sharing various models of engagement between the government and the private sector, enriching the Aid for Trade debate by providing a platform for private sector representatives to share their perspectives.

The Colombian pavilion at the Expo 2010 in Shanghai
Source: Sandra Abreu Ortiz
When referring to strategies to accelerate economic development in Colombia, it is necessary to consider SMEs, which today represent 95% of all existing companies in the country. However, as is true for most Latin American countries, participation in foreign trade is limited, with only 15% of companies involved in international operations making less than 2% net income contributions from this commerce. Today most governments in the region are focused on strategies to expand exports to increase their share of goods and services within the global marketplace.

For this reason and for the purpose of contributing to the correction of this tendency and to energize the market, both the public and private sectors must come together to leverage its growth.

With this premise in mind, the Aviatur Organization provides SMEs with a range of services that go beyond tourism activities, into foreign trade, marketing, insurance, health and hospitality services, among others. The company provides consolidated services to support companies in their foreign trade processes using a model that combines public interest with corporate development.

Initially services emphasized destination countries geographically and culturally close to Colombia and familiar to Colombian businessmen, mainly in Latin America, the United States and some European countries. Nonetheless, changing political situations have compelled the private sector to look towards other markets.

**The model**

As a consulting company with an operative infrastructure, Avia Export offers end-to-end services to facilitate business participation in international fairs and commercial missions, providing support in sourcing finances, organizing logistics, and also working hand-in-hand with trade unions and binational chambers, while complementing public sector promotion entities.
Although undoubtedly one of the most distant countries, geographically and culturally, from Colombia, Avia Export found that the six-month Universal Exposition in Shanghai afforded the perfect scenario to test new products in this new market.

Working along with the national government, which spearheaded Colombia’s participation in the Expo, Avia Export acted as direct representatives, showcasing predominantly artisanal Colombian products from SMEs seeking to explore trade opportunities in China.

The technical advice and support provided through this unique opportunity has afforded mutually beneficial gains for businesses from both China and Colombia.

Strong receptivity to products by Chinese consumers reinforced the idea that both Latin America and Colombia are seen as exotic icons of an unknown and desirable world.

The store sold all sorts of Colombian artisanal crafts, from ‘sombreros vueltiaos’ (a traditional Colombian hat characterized by circular stripes) to hammocks and highly valued purses. Coffee was the best sold product, with some 150 jars of soluble coffee and 48 bags of whole coffee beans sold daily.

Another product that proved to be very popular because of its colours and presentation was tagua, natural ivory. More than 500 kilos were sold between inexpensive products made by street artisans to expensive necklaces made by renowned Colombian designers. The tagua attracted the attention of the Chinese when they discovered it was not plastic, that it was a natural seed and a product completed by hand.

Over 15,000 Chinese purchased bracelets, earrings, and purses, among others, made of caña flecha (a Latin American tall grass used in the manufacturing of hats and accessories), which are some of the most representative products of Colombian culture. The country’s pre-Colombian heritage, with its multiple depictions bathed in 24K gold, was also a hit. Altogether these products brought in more than US$ 300,000 in sales. After six months, more than a million dollars’ worth of Colombian goods from two containers were easily sold, showing a positive result of the operation.

Daily market evaluations were performed, especially regarding coffee, packaged food products and liquors, and experience was obtained in a country that, while it produces nearly everything, bestows additional value on imported products.

Without a doubt the Expo was a special situation.

This experience highlighted the gain that can be made by using public-private collaboration to enter new and unfamiliar markets, where the government opens the door, as it did in Shanghai, and the private sector takes the risk in seeking sustainable, long-term trading partnerships.
CONCURRENT INTERACTIVE SESSIONS

TRADE CROSS-CUTTING OPPORTUNITIES:

INNOVATIVE BUSINESS MODELS FOR SUSTAINABLE DEVELOPMENT

- Mr. Rob Cameron, Fairtrade Labelling Organizations International (FLO), Germany
- Ms. Paula Rogers, Council of Textile & Fashion Industries, Australia
- Mr. Nigel Garbutt, GlobalG.A.P, Germany
How important is the ethical market segment; can developing countries drive innovative standards and increase their engagement; where do these innovative business models make the biggest contribution to sustainable development?

Markets are increasingly consumer-driven and suppliers need to respond to specific demographics and demands more urgently. The success of fair trade products and the introduction of voluntary industry standards are proof of the impact that consumer awareness is making on global trade. Both demand and supply side are also being changed by the growing awareness that more women are running businesses, are decisionmakers in purchases and are a growing workforce.

The current global recession is presenting new and difficult challenges for these conscientious consumers and for producers of these ethical goods. The increased cost of living, tighter lending standards and growing unemployment have changed the economic landscape. This has brought into question whether the growth in the ethical goods market can be sustained. It has been argued that while price and value for money are major considerations for global consumers, those who are genuinely committed to ethical consumption will not readily deviate from ethical consumerism. As foreseen by the 2008 World Export Development Forum, the market for organic, fair-trade and ethical products has declined with the onset of the crisis. However, participants in the 2008 Forum were convinced that the market was a durable one and that it would bounce back.

One key element in this equation is to consider the impact of shifts in production and demand that have taken place, which the global crisis seems to have accelerated rather than reversed. On the production side, the trend is toward consolidation: new clusters of production are emerging, with tighter links in global value chains. On the demand side, the trend is toward diversification: South-South trade has benefited from the collapse of demand in the North, and emerging markets have become more attractive to domestic and foreign producers, from both North and South.

Mr. Rob Cameron, Chief Executive Officer, Fairtrade Labelling Organizations International, Germany, noted that trade and civilization had always been inextricably linked. While volume and value were important, they needed to be underpinned by common values; and fair trade can move the agenda for development stakeholders from Aid for Trade to aid to trade. Fairtrade is an independent voluntary standards and certification initiative with producers as co-owners of the system. The principle focus is on agriculture and SMEs. Benefits to producers, once certified, include market access, guaranteed minimum prices, including a fair trade premium and access to other services, such as finance and capacity building. Increasingly, major corporations such as Starbucks, Nestlé, Cadbury and Ben and Jerry’s ice cream are mainstreaming fair trade products.

Ms. Paula Rogers, Industry Liaison, Council of Textile & Fashion Industries of Australia Ltd., proposed one approach to sustainable trade through the work of BRAC, a development organization dedicated to alleviating poverty by empowering the poor to bring about change in their own lives. The organization’s income is generated through its ‘profit for purpose’ businesses, trading in agriculture, dairy and fair trade handicrafts, which has disbursed more than US$ 7 billion to seven million borrowers since 1972.

While Fairtrade, organic and sustainable labelling systems are good at building consumer awareness, they do not go far enough. There is need for development support to businesses to set a global living wage standard for each country, overseen by a global, independent agency like the International Labour Organization (ILO) and with the full support of ITC. Such a living wage has the potential to drive more ethical trade in both fair trade and conventional supply chains to a new level.

Mr. Nigel Garbutt, Chairman, GlobalG.A.P., Germany, said that G.A.P. certification creates a single standard for good agricultural practices everyone can implement. GlobalG.A.P. is a business-to-business initiative working with private retailers to mainstream sustainability in over 100 countries, with 100,000 certificates issued annually. GlobalG.A.P. sets voluntary standards aimed at promoting continuous improvement in practices at the farm level to ensure safe and sustainable food production for the benefit of consumers.
Its certification is science-based, ensuring that chemicals such as pesticides and fertilizers are correctly used and that appropriate hygiene procedures are applied to the harvest. Benefits include increased sales, timely payment, improved worker health and safety, increased smallholder incomes, and savings on inputs.

CONCLUSIONS

There is one view that the costs of obtaining certification is high and the approach is unattainable for many SMEs that lack the incentive to go organic, given that price differentials are insufficient to justify the cost. There is concern that premium prices paid by consumers in developed countries are not directly passed on to producers but are retained by retailers along with a fair trade premium paid at the farm gate.

Although the cost of transition can be relatively high since yields typically decline, production costs tend to come down after transition since fewer inputs are required. Whether or not to seek certification is really a business-based investment decision.

Firms that treat sustainability as an opportunity rather than a costly add-on are most likely to reap the long-term rewards by exploiting the opportunity for product differentiation and cost savings, building consumer trust and assisting them to make more sustainable purchasing decisions.
Social business, social entrepreneurship and impact investing are all popular buzzwords within the development community. They describe a growing trend towards business enterprises that have a stated mission to maximize more than just economic profits. It is a loosely defined space, given the challenges of measuring social and environmental impacts. Unlike money, these have no agreed value associated with them. And yet, a growing number of entrepreneurs and investors are willing to take part of their returns in the form of what can only be described as a feel good factor. This trend of course should be applauded as it attempts to address the incredibly narrow view of value that our current financial system has. However, the challenges facing the social entrepreneur, especially in scaling their business, are immense. As a serial entrepreneur myself, I wanted to share some of the challenges and trade-offs.

There are two ends of the social business spectrum. On one end is the business that has made social and environmental impact part of the value proposition to the customer and has effectively monetized this. Eco-tourism resorts for example are more attractive to a subset of consumers because they act in an environmentally responsible fashion (in theory). On the other end of the spectrum are businesses that are maximizing social impact but are having to accept a lower financial return, as the current market place does not value the additional benefits they create. In a sense, they are privatizing the costs but socializing the gains. These businesses survive on the feel good factor that the entrepreneurs and investor enjoy (this feel good factor is very real). But they can also easily become just an expensive hobby.

As a serial entrepreneur, I have businesses that span the full spectrum. Last year I started a fashion business in India called Indigreen with my friend and fashion designer Nidhi Singh. The concept was fairly quirky – design clothing using organic cotton and other eco-friendly fabrics only, decorate these with hand painted social messages and pictures using local artisans, and use local NGOs to do stitching and packaging.

The challenge of this business is cost. By using ethical standards and fair wages, our product is high quality but also genuinely higher cost. We have met this challenge by marketing the product to a niche category of consumers who value not just the design but also the social messaging and process we
use. After already selling locally what are likely India’s most expensive t-shirts, we have started to get significant overseas interest, where the market for niche ethical goods is even larger. In a sense, we have successfully monetized our ethics and created a self-sustaining business. However, I believe the real social impact will only come when such products can have a mainstream audience, which is by definition more price sensitive. Ultimately this is what will really bring benefits of scale to the organic farmers and artisans we employ. But in a market that imposes no costs on pesticides, chemical dyes and sweatshop conditions, we will never be able to compete on price. This remains an ongoing challenge for mass appeal.

On the other end of the spectrum is a business I started four years ago. Along with two friends, I co-developed an eco-resort in the Australian rainforests that tries to manage the costs of maintaining a private rainforest by allowing a select number of guests to stay in some very beautiful treehouse accommodations. While we have been recognized in the international press for our efforts, the business only breaks even at best. The reason is simple: we are determined to maintain the fragile ecological balance of the property and will therefore only allow six treehouse accommodations on over 100 acres of privately held forest. This personally applied limitation on scale lowers our economics but helps to maintain a pristine natural environment. It is not clear to me how to shift this enterprise into a growth enterprise given our own applied constraints – but the business does put a smile on my face!

Somewhere in the middle of the economic sustainability spectrum sits my most recent venture, the O’land Estate. This is a beautiful tea and coffee estate in India that has the good fortune of being right next to a large national forest, resulting in wild elephants and bears occasionally making a visit. A friend and I have spent the last two years converting it into an organic plantation and re-growing trees to encourage more wildlife. Both initiatives have poor economics attached. To help monetize these efforts, we have opened eco-friendly accommodations on the property, which gives both a wildlife and plantation experience. To our delight, the reaction from our customers has been very strong. They love the unique combination and our projections suggest that we can comfortably subsidize a loss-making organic plantation business with the profits from an eco-friendly accommodation business. In a sense, this cross-subsidy represents the symbiotic relationship between the two, as without the organic plantation the tourism venture would not flourish.

However, many of our efforts to keep our O’land Estate organic and eco-friendly are not immediately visible to customers. These are personally motivated efforts that have yet to find markets and hence lead to additional costs with no clear revenue benefits. Does anyone notice or care about how our sewage system works to maintain proper organic disposal? Unlikely. But neither my partner nor I are complaining since some of our returns are purely our own feel good factor.

Overall the social business model has to face the harsh reality that there will not always be a market for the particular impact it is trying to sell. This limits the ability to scale beyond personal capacity, although a spate of recent ‘impact investors’ have begun to deploy capital for social businesses with a willingness to take lower returns. Still, this capital is dwarfed by money that goes into standard businesses. The real hope is to grow the market for ethical products and to start pricing in the negative externalities of some of our standard business models. That is a long uphill battle. For now, personal passion remains the real driver of these businesses.
Most of us, sadly, still do not truly understand the ramifications our purchasing decisions have on our fellow human beings. Lack of regulatory enforcement in some developing countries and growing regulation in others has seen consumers emerge with the greatest benefit, without often really knowing it. Does that make us responsible? And if so, how can we drive a change towards more ethical trade? One suggestion is to develop a Global Voluntary Living Wage Standard (GVLWS)—overseen by a credible global entity, such as the International Labour Organization (ILO).

Consumers continue to demand more sustainable, responsible choices, despite the impact of the financial crisis on their hip pocket insisting that buyers be accountable for the real cost of their global supply chains. Regulated public or private standards, particularly in developed countries, appear to remain solidly focused on health and safety, and environmental improvements. In contrast, social/labour standards appear to stubbornly remain in the hands of either voluntary or private standards, like ISO26000 or Fairtrade Certification. In tackling the introduction of a global living wage, therefore, it is my view that voluntary standards provide the path of least resistance to improvement.

There is a presumption that a living wage is ‘the right thing’. However, it is important to set the parameters of this article, what it aims to achieve and what it does not. It is not intended to address how to calculate a living wage, but rather suggests that now is the right time to develop a credible mechanism to move this agenda forward. Further, it invites those wishing to pursue such an aim to contribute to and participate in the solution.

How does a fair living wage differ from a ‘global’ minimum wage?

A generally accepted definition of a minimum wage is the lowest hourly, daily or monthly amount that employers may legally pay to workers. It is estimated that more than 90% of all countries have some kind of minimum wage legislation. On the other hand, a ‘global’ minimum wage is based on the concept that a worker in China or Africa gets paid at a minimum comparable rate as their colleagues in Europe or the Americas, when adjusting for purchasing power parity (PPP). Most would agree that the living wage is enough to meet basic needs, including shelter, nutrition, healthcare, social security and childcare costs and provide some discretionary income.

In developing countries the debate surrounding a living wage stems primarily from the inadequacies of legislated minimum wages to cover the basic needs of workers.

“Whilst academics struggle to define living wage from experience in practise, workers (Fairtrade and non-Fairtrade) have a very clear understanding of what constitutes a living wage for them. For example, recently through Collective Bargaining Agreements on Kenyan Fairtrade flower farms the wages were around K Sh 220, by comparison to the minimum daily wage of K Sh 99. An educated guess by those I met put a living wage somewhere around K Sh 160.”

Chris Davis, Fairtrade Foundation, Producer Partnerships

Ms. Paula Rogers, Industry Liaison to the Council of Textile & Fashion Industries, Australia
In some cases this has been a function of governments seeking to attract and grow foreign investment. When Bangladesh experienced a food crisis in 2008 when the price of rice doubled, no minimum wage adjustments were made for workers. Earlier this year, workers embarked on a vigorous and often violent campaign, which saw an 80% minimum wage rise, from US$ 24 to US$ 43 per month. A living wage in Bangladesh is estimated to be US$ 150 per month. Described by some as ‘contemporary slavery’, the living and working conditions of many in the developing world can only be described as dire.

Contemporary slavery – the exploitation of the poor and weak – is being driven by economic influences, such as the continuing demand from consumers in developed nations for ever cheaper goods and raw materials.

Lord Rana MBE, United Kingdom

Global credibility

A growing number of buyers, whether trading in ethical or conventional supply chains, are either developing their own living wage standard or are looking to start the process, in many cases without necessarily collaborating or sharing their information or methodology, like the ETI has done.

“...It is a shame that many prominent voluntary social and ethical schemes, including Fairtrade, FLA and BSCI to name but three, still do not benchmark living wage effectively.”

Martin Cooke, Deputy Director, Ethical Trading Initiative, United Kingdom

Attempts to improve wages above minimum standards are commendable. However, duplication of efforts with no real benchmark is likely to result in confusion, taking away from resources that could more effectively be utilized implementing and enforcing a single GVLWS. Having said that, without a credible global body to coordinate and govern this effort, those who wish to progress a living wage agenda have little choice.

Arcadia Group (UK) supports the principle of a living wage...The difficulty continues to be how to measure it. Until there is a universally agreed alternative, we rely on a solid benchmark specified by the ILO convention, and that is the minimum wage set by law in the appropriate country, or local industry benchmark standards.

The Fair Labour Association (FLA), like the Arcadia group, follows ILO conventions in determining its code of conduct. At the core of the FLA remains their ‘decent work’ agenda and the fair wage approach:

The FLA Workplace Code of Conduct, which is based on ILO standards, does not include a living wage element. The FLA continues to look into the possibility of developing a living wage, including working with multi-stakeholder initiatives that have a
living wage requirement in their code of conduct [and] … held a living wage forum in 2003. We will continue to engage in further dialogue about possible ways to monitor for living wage in our efforts to protect workers’ rights around the world.

Since the FLA’s code is based on ILO standards it seems likely that their affiliated members, which reads like the who’s who of American retailing, including PVH, Adidas, Puma, Nike, Nordstrom, Liz Claiborne, H&M, would take an ILO position on a living wage seriously.

The intention of buyers to address and advocate for a living wage brings some incredible challenges. The majority of factories that a retailer or brand contracts are likely to be supplying other major international buyers who may not agree with their living wage calculations on many levels or the increase in the product cost, from higher labour rates.

It is also foreseeable that the export factories may collectively gather together to freeze the advancement of this agenda, if it is not the market/consumer that is driving this change.

It is envisaged that a credible GVLWS would clearly set a fair living wage rate for each country. Combined with the market forces established by media and consumer lobbying, this has the potential to give buyers something to push against when arguing the case for export factories to voluntarily adopt standards.

There is a frustration that there is no international definition of what a living wage is, which in turn leads to a general disagreement of the calculation of the figure and of the figures that have been suggested, therefore nothing is implementable. Even if a global living wage/fair living wage standard rate (established by country) was voluntary, the fact is it would have been established by a credible organization – the ILO – giving buyers greater strength to insist on it, after all everyone’s codes of conduct are ultimately based on the ILO conventions. Once implemented, over time this ILO Global Living Wage Standard could become the norm and help guide governments to adopt it as the legal minimum wage and thus ensure everyone would pay it as it would be law – getting back to a more level playing field.

We wholeheartedly agree with the proposal to develop a GVLWS as long as it is undertaken by the ILO. It would be even more credible if partnered by The World Bank for example."

Flora Sadler, Head of Ethical Compliance GM (Clothing & Home), Marks and Spencer plc

Perhaps not all buyers would adopt the standard. But even for those who did not, it would still provide a useful reference in making more informed decisions about where to place business.

Are consumers willing to pay the price?

Of course, the willingness of consumers to pay the price has to be a consideration. During the 2010 WEDF in Chongqing, China, WTO Director-General Pascal Lamy called for a change in unsustainable resource practices, encouraging markets to pursue growth that increased product value as the driver. The introduction of a more sustainable wage structure, such as a living wage, for developing countries, fits well with this perspective.

Most retailers would agree that the days of ‘stack it high, sell it cheap’ are fading fast, as other sustainability concerns, such as fibre security, escalate. Retailers continue to tread carefully in considering the balance between what consumers demand ethically and what they are prepared to pay. To find some middle ground, it may be necessary to look at a stepped approach in adopting any new wage structure/standard. Giving buyers more time to make progress on work already initiated, for instance to use improving factory efficiencies, as a way of sharing the burden of higher wages.

Some United Kingdom retailers have already embarked on this process through Let’s Clean up Fashion 2009 or the recently established Responsible & Accountable Garment Sector (RAGS) Challenge Fund, a grant fund established by the UK Department for International Development (DFID) and funded by UKaid focused on improving the working conditions of women and other
vulnerable workers in ready-made garment production industries in low-income countries in Asia and Africa supplying the United Kingdom market.

Let us now rally committed living wage advocacy partners from a diverse range of key stakeholder groups.

Whatever the way forward, the imperative to drive more ethical trade is strong. Consumers and the market have never been more informed, and the majority of the world’s workers have never been more in need.

The aims of the UN’s MDGs are clear about the needs of the world’s poorest – and our responsibilities to eradicate extreme poverty and hunger and develop global partnerships for development. In this regard, starting a constructive conversation on establishing a credible GVLWS sends a strong positive message that change is on the horizon for multinational corporations and governments – and a measure of dignity to the majority of the world’s workers.

7 www.icem.org.
8 The Global Living Wage Alliance. “Opposing 21st Century Indentured labour, poverty wages and slavery”.
9 Lord Rana MBE, 7 June 2007, House of Lords, United Kingdom.
10 http://www.telegraph.co.uk/finance/4425524/Sir-Stuart-Rose-on-the-ethical-spirit-of-Marks-and-Spencer.html?
12 Let’s Clean up Fashion Report 2009.
As the world’s economies struggle to recover from the global recession, growth is a hot topic – how to grow our economies, increase production, expand exports, and boost opportunities to trade in a sustainable manner. For the millions of small-scale farmers, workers, and small businesses that form the foundation of our national and global economy, growth in and of itself is not enough.

Fairtrade, an independent voluntary standards and certification scheme, was founded on the belief that through fairer terms of trade, people can transform their businesses and their lives. More than twenty years later, the thriving Fairtrade market represents over €3.4 billion in global retail sales in over 70 countries. But the biggest measure of success is the hundreds of innovative producer groups representing around one and a half million farmers and workers who have seized the opportunity through Fairtrade to build stronger businesses and a more stable future for their communities.

Fair Trade Alliance Kerala (FTAK) is one such organization. This pioneering farmer-owned cooperative was one of the first to sell Fairtrade cashew nuts upon becoming certified in 2006. They have since expanded into Fairtrade coffee, spices and coconut. From 2,500 farmer members in the early stages, FTAK now counts close to 4,000. Growth in people is carefully paced with the expanding market for their products – and new business opportunities.

These 4,000 small-scale farmers in the south of India are now part owners of a United Kingdom-based nut company, Liberation Foods. Eleven producer cooperatives including FTAK own 42% of shares in Liberation. Tomy Mathews, founder of Fair Trade Alliance Kerala, explained that ownership in Liberation Foods has allowed FTAK farmers get a higher income and capture a larger portion of the value chain.

Farming is an uncertain business, especially for small-scale farmers in poor countries systemically disadvantaged within the global trade system. These farmers have little security against tough times, so Fair Trade Alliance Kerala members have used the gains from Fairtrade to invest in a number of measures that bring more stability.

In a region where monocultures are the norm, FTAK members have invested in crop biodiversity. By farming a variety of products on their land, farmers have a stable income even if the price for one makes a sudden drop – all too common in export crops. FTAK funded the cost of organic certification and an internal control system with the result that 100% of its members are now under organic production. They can get higher prices for their organic crops and access to specialty markets. FTAK also runs an interest-free microcredit fund for the neediest farmers to diversify their incomes.

Besides bringing economic strength, initiatives such as these that protect the environment are very important for the farmers’ long-term stability. As communities in the global South struggle to adapt and overcome the impacts of climate change, healthy local ecosystems are more resilient in the face of shifting climate conditions and extreme weather.

Fair Trade Alliance Kerala has used its business success to benefit the whole community. With the Fairtrade Premium, the development funds that Fairtrade buyers pay above the price, FTAK paid for a project to bring clean...
drinking water to thirty-six families not covered by government water supply schemes. It invested in school kitchens to cook lunch for students – offering a noon meal encourages children from the poorest families to attend school. It even bought solar panels to power computers and community bicycles for children’s use.

What can we learn from Fair Trade Alliance Kerala and other Fairtrade success stories? First of all, investments at farm level allow farmers to create more immediate, widespread and sustainable gains than a trickle-down approach to growth ever could. And when farmers achieve more sustainability, everyone throughout the supply chain benefits.

Secondly, not only is a fair deal possible, but it also makes good business sense. Ethical consumerism is thriving, and Fairtrade has particularly robust grassroots support. Producer organizations like Fair Trade Alliance Kerala and business partners like Liberation Foods can capitalize on this consumer commitment.

Perhaps most importantly, in my work with Fairtrade I am reminded time and again that given the opportunity and with even minor changes in trade relationships, those who would be cut off from the gains of global trade are instead business innovators with the ability to transform entire communities and even economies.
CONCURRENT INTERACTIVE SESSIONS

TRADE CROSS-CUTTING OPPORTUNITIES:

EMPOWERING WOMEN, POWERING TRADE

- H.E. Ms. Marlene Malahoo Forte, Ministry of Foreign Affairs and Foreign Trade, Jamaica
- Mr. Madhav Lal, Ministry of Micro, Small and Medium Sized Enterprises, India
- Prof. Li Shirong, Chongqing Foreign Trade & Economic Relations Commission, China
- Ms. Archana Bhatnagar, Haylide Chemicals, India
- Ms. Monique Ward, Accenture, Australia
Trade is an underutilized vehicle for women’s empowerment. The impact of trade on facilitating women’s economic empowerment is, however, contingent on women’s ability to access the resources and opportunities needed to trade, to accumulate assets and overcome poverty, and the elimination of gender inequalities more broadly.

- Women own 1% of the world’s wealth
- Women share 10% of global income
- Women hold 14% of leadership posts in the public and private sectors
- Women represent 70% of the world’s poor
- Women are paid 17% less than men for the same work

In addition to the economic benefits, improving the status of women is one of the most critical levers of international development. When women can earn and control income, a number of good results follow: infant mortality declines, child health and nutrition improve, agricultural productivity rises, population growth slows, economies expand, and cycles of poverty are broken.

Comprehensive and well-designed initiatives are required to facilitate women’s economic mobility across sectors and occupations.

H.E. Ms. Marlene Malahoo Forte, Minister of State, Ministry of Foreign Affairs and Foreign Trade, Jamaica, presented global findings with supporting data that reflect the disparities faced by women in furthering their economic development. Women face discrimination in the business sector, which restricts access to loans and property, particularly in developing countries where cultural and societal constraints are exacerbated in the absence of enabling policy or practices.

There is a clear need for governments to provide enabling conditions by securing women’s rights legally, ensuring equal pay for equal work and property ownership, spousal rights and protection from abuse. This will create a marked multiplier effect: data on the reinvestment of economic earnings indicates that 90% is reinvested by women in family and community, whilst only 34% is reinvested by men.

"Investing in women and girls has a multiplier effect on productivity and sustained economic growth."

Ban Ki-moon, Secretary-General, United Nations

Mr. Madhav Lal, Development Commissioner, Ministry of Micro, Small and Medium Sized Enterprises, India, pointed out that major misperceptions keep WBEs marginalized. Data in India shows that the SME sector in India accounts for 80% of the country’s GDP with 60 million people employed producing 60% of manufacturing output and 40% of total exports. WBEs in this sector generate more than 10 million jobs, 18% of the total, while accounting for only 8% of companies. This is due to the highly labour intensive industries in agro and food processing, textiles and garments, gems and jewellery, and more recently IT, pharmaceutical and bio-tech, health, herbal industries and eco-technologies.

In order to move WBEs up from the lower end of the production chain, governments and businesses alike must address information asymmetries that skew information resource availability, encourage WBEs to move up the value chain in their productive enterprises, and target expansion and growth of WBEs through incentives.

With the proven success of public-private partnerships, more must be done to foster collaboration among NGOs, WBEs and government to ensure inclusion of women’s issues in policies.

Ms. Li Shirong, Deputy Director General, Chongqing Foreign Trade & Economic Relations Commission, China, said that WBEs represent 33% of businesses in Chongqing, higher than the national average of 20%. In addition to continued government support, it is critical that the focus remains on value for money and WBEs need to focus on widening their comparative advantage across industries to remain competitive.
WBEs must harness the best aspects of information sharing, partnerships and collaboration to leverage trade opportunities as part of the global value chain and optimize resource use. WBEs are encouraged to seek out successful models, with keen attention to purchasing power, but must raise awareness of available opportunities for production of goods and services.

**The Female Economy** by Michael J. Silverstein and Kate Sayre provides a compelling business case that women will hold US$ 18 trillion in buying power by 2014.

Harvard Business Review, September 2009

Ms. Archana Bhatnagar, President, Haylide Chemicals, India, provided the perspective that WBE capabilities are underestimated, reinforcing the need for preferential procurement policies from government and big business. The reality is that access to global value chains is impacted by brand resistance and multinational company procurement decisions do not widen the net to diversify suppliers. Therefore WBEs must produce higher value added goods to enter these supply chains.

WBEs must broaden their involvement in global networks and associations to gain exposure to sound business practices, technology, financing approaches and access to markets. Capacity building must be targeted to strengthen WBE associations linked to industry vendors, with corporate sponsorship to foster increased knowledge. In so doing multinationals have the opportunity to drive demand through WBEs, by influencing purchasing patterns, which increase trade and business for all – powering trade.

Ms. Monique Ward, Regional Procurement Director, China/Asia, Accenture, Australia, highlighted that corporations miss substantial business savings where WBEs are not included in their procurement practices. As a readily identifiable group WBEs are a latent supply market for corporations. Experiences at Accenture show them to be more innovative and creative, with more sustainable business practices and business models. As such, the procurement return on investment is better in organizations that have a world-class level of diversity in the supply chain.

Ninety-seven percent (97%) of Fortune 500 companies have supplier diversity programmes to source from historically underutilized businesses. Following the current trend toward contract bundling, over 80% of these corporations now require supplier diversity from tier one and tier two suppliers. Nevertheless, multinationals have to do more to build a corporate culture through hiring practices targeted at women and in strengthening WBEs. In addition, procurement processes need to facilitate access by WBEs by reviewing constraints, such as onerous requests for proposal requirements that include prohibitive public liability insurance, which preclude WBEs.

"Evidence shows that it doesn’t cost more to use WBEs as vendors in supply chains."

Monique Ward, Regional Procurement Director, China/Asia, Accenture, Australia

CONCLUSIONS

Women’s economic empowerment cannot be realized without equitable regulatory frameworks, legal protection and supportive domestic institutions and policies. As such, governments are called on to create a framework and enabling environment that includes practical ways to train WBEs for effective integration in trade negotiations.

Women’s export success can also be promoted through proactive corporate policies, such as inclusive procurement practices. Given the existing mechanisms in place, multinational corporations that consolidate their procurement diversity programmes should oblige all suppliers to have inclusive supply chains.

Research documenting the high level of reinvestment by women and WBEs in local communities should be widely disseminated to corporations, governments and NGOs, highlighting women and WBE contributions to economic and human development goals.

Given the successes in various countries where there are limited opportunities for WBEs to network, it is important that initiatives, such as the Women’s Leadership Initiative in Jamaica, the Chongqing Women’s Federation and others, provide a common platform for WBEs to access information and opportunities.
CASE STUDY

OUTREACH TO UGANDA WOMEN ENTREPRENEURS ASSOCIATION

On closer consideration of women’s role in the economy, both in production and as owners of 40% of private companies, the government of Uganda decided to revisit its National Export Strategy in 2008. The vision was to create ‘a dynamic and competitive export sector with more participation of women.’ Looking beyond what is being produced to consider who is engaged in production revealed obstacles to women’s access to and control over resources. The analysis also identified opportunities to do better.

The government invited the Uganda Women Entrepreneurs Association to share their experience and suggestions for action. The result was an 18-point plan to: create long-term export financing accessible to women, review and modernize the Land Act to reflect current thinking, enhance rural women’s capacity to increase volumes of production with better quality and prices, and develop and strengthen clusters for sectors that present high potential for women to export, among others.

Bringing a women’s association into a national consultative process brought a new focus and perspective to Uganda’s National Export Strategy. Today, the feedback is providing a basis for the opening of new training opportunities and further possibilities for businesswomen and their representatives to enter into dialogue with policymakers.

CASE STUDY

EMPOWERING WOMEN IN THE INTERNATIONAL COFFEE COMMUNITY

The ITC Women and Trade Programme, in collaboration with the International Women’s Coffee Alliance (IWCA), provides support to women in six eastern African countries in setting-up IWCA chapters. The assistance is funded through the Department for International Development (DFID), United Kingdom.

IWCA’s mission is to empower women in the international coffee community to achieve meaningful and sustainable lives, and to encourage and recognize the participation of women in all aspects of the coffee industry. IWCA also works to ensure that women have access to equal employment conditions and ownership. IWCA’s establishment of associations of women in coffee producing countries – chapters – is of significant value for women in coffee production. It helps them to:

• Share information related to the coffee sector – in production, promotion and sale;
• Share information on ways to increase family income; and
• Create a forum for exchange.

ITC supports IWCA chapters in eastern Africa.
As communities, societies and nations develop, accelerating growth for all, it is rather interesting to note that, women, who make up 50% of the world’s population and do two-thirds of the world’s work, only earn one-tenth of the income and own less than one-hundredth of the property. Empowering women through economic independence leads to the sustainable development of their families and society at large. Women spend 90% of their earnings on their children, male and female alike. Bridging gender gaps would allow women to have much in their own names, at least the amount of labour put in by them.

A woman’s challenges are many and therefore the need to support and empower her are also as many: the dual responsibility of family and children, pressure to make her business a success. She is driven hard by the fact that should she fail, she will be unlikely to be given a second chance, by family and financial institutes alike.

MAWE is located at the geographical centre of India, in Jabalpur, Madhya Pradesh. Unfortunately, in an area where mainstream entrepreneurship is lacking and we see few men taking up self-employment, encouraging and establishing women as entrepreneurs was a challenge. As founder President of MAWE, I took up this challenge in the year 2000. Ten years down the line, the MAWE team sees a sea change in the outlook of not only women, but even college girls who are eager to learn of new opportunities for self-employment. MAWE encourages commercial activity for women in the manufacturing, trading and service sector alike.

However, a woman’s exposure to business practices, technology, access to finance and markets is limited. MAWE has been striving hard, working with the Indian Government, private sector and other NGOs to help create a stimulating atmosphere and conditions conducive to the sustainable growth of women-owned enterprises. The Indian Government, recognizing the needs of small and micro industries, has a special ministry of MSME (micro, small and medium enterprises) working dedicatedly at encouraging entrepreneurs in this sector. Besides other support, special market development assistance schemes of the Indian Government support the participation of women entrepreneurs in international trade fairs, giving them opportunities for exports. MAWE has been facilitating the participation of women at such trade fairs.

Recognizing the dire need of women-owned enterprises to upgrade their products, packaging and branding, MAWE has been organizing workshops on packaging and branding and on how to export, educating members with procedures and documentation on exports and also how to seek opportunities for trade in international markets.

MAWE has always recognized that there is plenty being manufactured in India, so women should work on the possibilities of marketing innovative products and services. Experience shows that innovation is best with small entrepreneurs, but these small WBEs lack the finance, infrastructure and other necessities needed to reach out to markets outside their proximity and are unable to sell the volumes that they richly deserve. However, when other women take up the marketing of such products, it is encouraging to note that this helps the artisans, weavers, and even hi-tech producers, by having their products successfully marketed across India.
For women who wish to reach larger markets, the challenges of selling to multinational corporations (MNCs) and government agencies are immense. MNCs underestimate the capabilities of a small enterprise and especially those owned by women. Brand resistance is strong. Decisionmakers fail to familiarize their teams of the advantages of having diverse suppliers. And last but not least, women vendors find it very difficult to build healthy relationships with clients outside of working hours, a step that is very accessible to male vendors.

In the various interactions that I have had as MAWE president at national and international levels, I was delighted to be introduced to WEConnect International and their core activity of linking women-owned enterprises to MNCs, corporations and Fortune 500 companies, as vendors. WEConnect International, a not-for-profit agency created by the large corporations themselves to identify women’s business enterprises that can compete for contracts, but do not typically find success in selling to large corporations, was a unique model. In my many years of working to empower women through entrepreneurship, I recognized this initiative to be one of the finest in terms of deliverance for women entrepreneurs.

At the World Export Development Forum in Chongqing, China, a senior executive roundtable on sourcing from women as vendors in global value chains organized by ITC and WEConnect International proved to be a very enriching experience. Participants interacted with WEConnect International member companies like Accenture, Alcatel-Lucent, Boeing, Cisco Systems, Citigroup, Ernst and Young, IBM, Intel, Manpower, Marriott, and Walmart.

While making a presentation on ‘empowering women powering trade’ at the Forum, the Indian team, comprising myself and Mr. Madhav Lal, MSME Development Commissioner, Government of India, was encouraged to replicate this model in India.

Heartened and excited by this exposure and meetings, I volunteered to help establish the WEConnect International India Initiative. I foresee a great future for women entrepreneurs if they connect themselves with WEConnect and have their enterprises certified for verification of the ownership, management and control of women’s business enterprises. The WEConnect International India Initiative has created a link between large corporations and women’s business enterprises and is in the process of building relationships with Indian corporations and women entrepreneur associations, reaching out to large numbers of women entrepreneurs.

It is interesting to note that the Indian Government’s participation in the Forum and roundtable in China has provided recognition of the value that WEConnect can create for Indian women entrepreneurs. To support the cause, the MSME Development Commissioner’s office is also engaging in this activity to ensure that information dissemination takes place for the WEConnect India Initiative. All regional and state level organizations in India, like MAWE, stand to gain tremendously from the activities of the WEConnect International India Initiative. It is commendable that along with international partners like ITC, UN and World Bank, the Indian Government also recognizes the value of this initiative and endorses the efforts undertaken to help a woman entrepreneur to take her products and services to global markets.
CASE STUDY

ETHICAL FASHION PROGRAMME AND WOMEN – NOT CHARITY, JUST WORK

The Ethical Fashion Programme works directly with over 7,000 women in Kenya and Uganda who are living in conditions of extreme poverty. The programme aims to empower them in a sustainable manner, through quality work that minimizes the negative impact on the environment for the benefit of the entire community. The Ethical Fashion Programme has a holistic approach that is 100% dedicated to supporting disadvantaged communities to change their lives.

Gender equality is a top priority. This is why working with the most marginalized communities of women is a critical element. The programme operates in some of the world’s most disadvantaged areas, from urban slums to impoverished rural areas. It also provides jobs for internally displaced people, HIV/AIDS sufferers, child-mothers, victims of abuse and other groups of marginalized women.

Most of the women are the sole bread-earners in their household, and very often they are single mothers and/or widows of large families. The little money they earn is their only source of income and enables them to buy food, pay school fees and provide medical care, among others.

Working with the Ethical Fashion Programme is an opportunity to escape other forms of labour that are often dangerous, hard and barely rewarding. In some of the areas where the programme works, gender inequality is a predominant issue. The women are excluded from important decision-making processes and do not have a voice in community life.

The Ethical Fashion Programme enables distributors and designers to source fashion and lifestyle products from marginalized communities of women and groups of micro-producers in Africa. Although the programme creates the link, the core of the work is achieved by the women, who, through their outstanding skills and commitment to deliver quality products, make the system work.

The success of this programme is proof that providing employment opportunities, meaning a dignified job with fair wages, is the way forward for poverty alleviation and gender equality. Furthermore, the skills that these artisans build give them added-value and are assets that will stay with them forever.

‘Working with the Ethical Fashion Programme, I earn an income that I manage myself. This means I am the one who buys the food, the household goods and pays for school fees and medical care. This gained me a status in the community, and it’s my biggest achievement so far.’

Jackie Nayelu, from the Maasai community
Many people know about Beijing, Shanghai and Guangdong but little about Chongqing, although this city is now playing an important role in China’s economic development and has the distinction of being the largest megalopolis in the world.

Chongqing, with its 32 million people and more than 40 different districts and counties, is more like a big region. This is comparable to about half of the population of the United Kingdom and about one-third of its area.

Chongqing is situated in the centre of the country. It is traversed by the Yangtze River, which gives the city access to the sea, connects it with world trade and acts as an engine of growth with moving cargo as a formidable feature of successful business. Hence the city is strategic to the development of western China, and receives continuous government support through policies and strategies to accelerate development.

Visitors to Chongqing often try to draw parallels between the city and other well known western cities, but today it is best known for being:

- A famous historical and cultural city;
- A thriving economic centre in the upper reaches of Yangtze River;
- The most important modern manufacturing centre in China;
- A booming transportation hub in southwest China; and
- The home of premier financial and logistics centres in western China.

As the city reinvents itself into a global megalopolis, its widely touted mottoes for transforming Chongqing call attention not only to economic growth, but to the more appealing superior standard of living: ‘safe Chongqing, livable Chongqing, accessible Chongqing, healthy Chongqing, eco Chongqing’.

Strategically, the government has put in place institutional, infrastructure and other financial support, which adds to Chongqing’s many other advantages, such as location, resources and other local conditions, making the city one of the most attractive in the world in terms of economic development and investment.

### Rapid economic development in Chongqing

Economic growth in Chongqing has been very fast. Total investment has been increasing in recent years, with annual growth at 151%, the highest in history, making the city naturally attractive for foreign investment. In 2009 Chongqing grew at an annual rate of 47.7%, even while the rest of China experienced a 2.6% decline. Combined with this is rapid urbanization, bringing up to 1 million people each year to the city under the allure of better, modern lifestyles.

Hand-in-hand with these developments, the government has undertaken to boost opportunities for women businesses in the city, encouraging women to play key roles in society. This has met with great success as WBEs now account for over 33% of all enterprises in the city, higher than the national average of 20%. In addition to government support for women’s advancement in the public sector, WBEs lead the way in certain sectors, particularly restaurants, capitalizing on the famous food delights serving the gastronomic palate of locals.
Recognition is given to Chongqing women in a recent government commissioned report on their importance to the city and their strength in society. All this is well received by the women of Chongqing who are eager to move in and claim top positions in the economy.

**WBE successes**

Chongqing women play important roles in society. Business leaders work both in ‘normal’ sectors, such as services, as well as in those sectors that usually are seen as a man’s field, like property development and construction. At the 2010 women awards, about one-third of the winners were from property development and construction, and the biggest developer in Chongqing is led by a woman.

Due to their big business, they are also great contributors to employment. For instance, three famous WBEs running different restaurants employ nearly 80,000 workers, and just one of these enterprises, Tao Ran Ju, has a total annual output of around 2 billion Yuan.

Founded some 15 years ago, Tan Rao Ju, ‘Joyous Restaurants’ Group, is the biggest in Chongqing, with almost 100 restaurants around China, 20,000 workers and business supply chains covering 70,000 workers.

Owner Yan Qi spent most of her childhood living with her grandparents in a mountain village on the outskirts of what is now the world’s fastest-growing city. Today, Yan Qi works not far from where she grew up, at her company headquarters on a vast estate north of Chongqing, and is one of the richest women in the country.

When we met this spring, at her new US$ 30 million company compound, Yan Qi was modest about her good fortune. ‘In good times and bad times, Chinese people will eat,’ she told me, ‘and especially in good times.’
Milagro started Hebras Peru two years ago after leaving the ministry where she worked as counsellor to the minister of Lima. She inherited a passion for textiles and the preservation of cultural heritage from her mother. She strongly felt that this work was in her blood and decided to generate work for the women artisans of her area. Her right hand woman, Andrea, taught herself to knit when she was six years old when she cut hair off her families’ alpaca, spun it into yarn and used cactus needles to knit clothes for her dolls.

With Milagro’s assistance Andrea learnt all kinds of ancient weaving and knitting techniques. This has enabled her to train the other women who work for Hebras Peru. The company began with one old machine and a few hand knitters. Milagro did not know about exports or business management and she had to train herself in all the aspects of the textile business. Milagro wants to continue working with women who are less educated and through training give them new and better opportunities.

Milagro is also in the process of obtaining fair trade certification. Hebras Peru is already certified by the International Alpaca Association, which confirms that it uses the purest form of Alpaca yarns.

Hebras Peru makes products for women and accessories for both men and women. She has installed a system of quality control and management in her company.

ITC has worked with Milagro and Hebras Peru as part of the ‘Peru - Strengthening the export competitiveness of women entrepreneurs in the textile and clothing sector in Arequipa’ project.

Other participants in the project have also seen positive outcomes for their businesses:

“*My participation at PERU MODA was very well planned this time thanks to the inputs I received from ITC consultants. I met 45-50 buyers from Ecuador, France, Italy, Peru and the United States. I have been able to conclude at least six deals successfully with various clients across the United States, France, Peru, Italy and the United Kingdom.*”

“*With the increase in business and through my new collection and new strategy, I have now hired 90 women. I used to have only 1 woman. I also have three supervisors now.*”

“*I have generated approximately US$ 35,000 worth of business purely from the inputs I received through this project. The project has met my expectations more than 100%.*”

“*I plan to use the inputs received to open stores across Peru, improve my designs on a continuous basis.*”

“*The project inputs helped me plan my participation very well for PERU MODA. I met approximately 45 potential clients from South America, Europe and the United States and have successfully concluded six deals already.*”
PLENARY

LONG-TERM POTENTIAL FOR SUSTAINABLE EXPORT-LED GROWTH

Mr. Long Yongtu, Center for the Study of the G20, China
Mr. Ghulam Hussain, Secretary of Commerce, Bangladesh
Mr. Yang Hexiong, Huawei Technologies, China
Mr. Gregory May, US Consular Office, Chengdu, China
Mr. John McCarthy, Leisure Partners, Mexico
LONG-TERM POTENTIAL FOR SUSTAINABLE EXPORT-LED GROWTH

What are the implications for global or localized poverty reduction, given the likely scenarios of global economic growth? What will be the drivers and obstacles to export growth and economic growth, particularly for developing and least developed countries? Which products/services are likely to do well in the near future in emerging markets – and in mature markets? What are the key lessons from countries that in recent years have used export development as an engine for poverty reduction?

Competitiveness is integral to optimizing export-led development. However, there is no prescribed single model or sector for success. Innovative entrepreneurs, supported by conducive business environments, are more likely to gain a competitive edge. Export-led development requires a supportive business environment underpinned by an adequate legal and regulatory framework. Exports are particularly important in providing both the initial stimulus for growth as well as the conditions for long-term sustainability of growth.

The global economy returned to growth in the second half of 2009. The World Bank estimates that global GDP will grow by around 3% over the next three years. Developing countries are expected to grow faster, at around 6% per annum, compared with around 2% in high-income countries.

Non-oil exports from LDCs declined by more than 8.6% in value in 2009. At the same time, volumes exported grew by nearly 6%, implying significant unit price reductions in the goods exported by LDCs. LDCs’ terms of trade have deteriorated significantly with all partners analysed. The post-crisis context for LDCs is one in which they are exporting more for less. LDCs also suffer from concentration on a limited number of products and markets, making them vulnerable to shocks.

Sustained export growth is a necessary condition for long-term economic growth in developing countries. Under certain conditions, which are prevalent in the poorest countries, economic growth is a necessary condition for sustained reduction of absolute poverty, particularly on a scale envisaged by the MDGs.

Mr. Long Yongtu, Secretary-General, Center for the Study of the G20, China, highlighted that domestic consumption in China will ensure sustainable growth, enabling a balance with exports. Measures are underway to increase employment incomes to drive purchasing power through job creation and fostering entrepreneurship in the export sector. China’s intention is to gradually shift from an export-led growth pattern to one led by domestic consumption. But this will take time.

He believed that at a global level the two major thrusts for the future economy would be scientific innovation in the United States and urbanization in China. He also thought China’s economic growth would continue at 8% for the next ten years as populations move from rural to urban centres.

“Ultra-broadband and fibre-based broadband are the core trend of broadband development in future. Since huge investment is the challenge for broadband development, it is our major mission for the next decade to reduce the capital expenditure of broadband infrastructure and provide the broadband services in a fast manner.”

Sun Yafang, Chairperson, Huawei Technologies Co., Ltd

While global trade in goods fell overall in 2009 by 23% in value terms (ITC Trade Map) and 12% in volume terms, trade began to rebound in mid-2009 and has continued to grow in 2010.

Mr. Yang Hexiong, Senior Vice President, Huawei Technologies, laid out the ambitious achievements of Huawei Technologies as a major global provider of next generation technology, leading entrepreneurship and innovation with investments of 8% revenues in R&D.

The company continues its commitment to Africa by providing 14,000 jobs and six training facilities turning out 12,000 ICT professionals annually to support the growing industry. It is also one of the largest WiFi providers in Africa, bringing in FDI at US$ 500
million, along with other investments in green solar technology.

Huawei is also actively involved in international efforts to steer the development of ICT globally through policy dialogue with public and private sector entities at the United Nations, as a member of the Broadband Commission for Digital Development, aimed at optimizing higher capacity access to the Internet accompanied by mobile telephony, which will positively transform global development.

World Bank research indicates that a 10% increase in the penetration of broadband can produce a 1.4% increase in GDP and quickly help it to rise. **World Bank research indicates that a 10% increase in the penetration of broadband can produce a 1.4% increase in GDP and quickly help it to rise.**


Mr. Gregory May, Acting Consul General, US Consular Office, Chengdu, China, acknowledged that US-China relations shape the global economy, particularly the ability of LDCs to expand their exports.

With the slow recovery in the United States, he said he believed that the challenge would be to foster innovation, worker productivity and entrepreneurship to double exports by 2015. The primary market would be China where there are measures to boost domestic consumption with higher wages. This would encourage China’s exporters to move up the value chain. This has already shifted export jobs overseas to Viet Nam and Bangladesh, boosting their economies through export-led growth.

**Mr. John McCarthy, Chief Executive Officer, Leisure Partners, Mexico,** cited the benefits that tourism infrastructure developments provide for the domestic economy. The transversality of tourism is such that it impacts all sectors, through backward and forward linkages in the economy. Tourism accounts for 10% of world GDP and is expected to grow globally by 4% over the next 10 years. Today one in 12 jobs globally is related to travel tourism, and by 2020 it will be one in 10.

Long-term planning and public-private partnerships will ensure the sustainability of tourism strategies and positive spillovers to the economy and society. Today the Government is a key partner executing major investments in infrastructure with an enabling framework to finance necessary capital improvements through the Tourism Development Fund. As a result Mexico is ninth in the world in terms of tourism receipts.

Mr. McCarthy also said that tourism could also play a significant role in poverty alleviation as it is labour intensive and provides greater job opportunities for women.

Mr. Ghulam Hussain, Secretary of Commerce, Bangladesh, shared the experiences of export-led growth in Bangladesh as a LDC faced with the challenge of feeding its population, pulling citizens out of poverty. LDCs comprise 11% of the world’s population yet only share 1% of world trade.

After adopting its export-led strategy, Bangladesh has seen a substantial rise in targeted export products, increasing from US$ 7 billion in 2001 to US$ 16 billion in recent years. And with ITC’s support they are diversifying both markets and products. Some challenges are supply-side problems like the absence of a single code of conduct for industry, and sanitary and phytosanitary issues.

As the country moves forward it will focus on Asian markets for increased exports, but there is immediate need for innovation and further product diversification. Bangladesh is also exploring public-private partnerships to develop the industries to serve their domestic market.

"Figure 25: Tourism-related job creation Source: Sectur 2/05"
CONCLUSIONS

For export-led growth to bring meaningful development, it must ensure job creation across various levels of an economy. Job creation implies substantial investments in education to provide an employable, technologically adept labour pool. Governments must ensure a balance between societal benefits with economic gains and established safety nets. Trade and growth will continue to play an important role in poverty reduction as well, but monitoring income distribution and specific measures directed to the poor will become increasingly important.

What it takes to be successful in today’s international markets

Producing goods competitively is the main challenge for developing country exporters. Product price, based on production efficiency, product quality and the ability to meet required standards, reliability of supply, transport costs, speed of innovation and adaptability are some of the key factors companies and policymakers have to consider in international competitiveness.

International competitiveness has also increased the importance of the interdependence of sectors within countries. It is very difficult to remain competitive without efficient and innovative services, including financial services, logistics and telecommunications. Although services are increasingly exportable, many services are intrinsic facilitators for agricultural and manufacturing exports.

The importance of a conducive business environment

Enterprises can only be internationally competitive if they operate in an efficient business environment. Improved market access through trade liberalization does not guarantee export success, particularly if enterprises face numerous ‘behind the border’ challenges. Operating in a non-conducive business environment and being challenged by value-destroying policies and regulations, as opposed to value-creating policies, places additional demands on enterprises.

Establishing a conducive business environment is a matter of political commitment backed by public and private initiatives that are driven by a network of institutions with the capacity to deliver.
To fulfill the company’s vision of ‘enriching lives through communication’ and to achieve its goal of ‘growing with Africa’, Huawei has invested considerable resources in the development of the African economy and local telecom industry, to bridging the digital divide, and to the protection of the local environment.

As a key global market business, Huawei has established strategic partnerships with major telecom operators in Africa and is now one of the top three telecommunications equipment providers on the continent. Huawei is able to continuously meet rising market demand through its customer-centric innovation, cutting-edge technologies and customized services.

Since entering the market in 1997, Huawei has established four regional headquarters, 20 representative offices and two R&D centres across Africa. Huawei’s fixed asset investment in Africa over the past decade exceeds US$ 1.5 billion.

Advancing the local economy and telecom industry

As of January 2009, Huawei had more than 4,000 employees in Africa, 60% of them locally recruited. This has laid the groundwork for a collaborative partnership and shared technical expertise with African carriers.

Today the company has helped to create more than 10,000 jobs with approximately 1,000 local subcontractors. Local telecommunications technical resources are expanded by 12,000 trainees annually from six training centres across Africa. In 2009, Huawei invested US$ 20 million to expand its training centre in Egypt in order to provide programmes on the latest technology, including optical networks, broadband and intelligent networks. Over time, these steady technical contributions in Nigeria, Kenya, Egypt and Tunisia have helped to improve local engineers’ level of communication technology. By hiring local employees, Huawei enjoys a better understanding of the local market and contributes to the local economy while local procurement from the African market continues to expand.

Creative innovative solutions are ongoing to help African operators extend their network reach and endowed African nations with data communications, education networks and other related equipment. As part of their social outreach, operators have initiated ‘Telecom Seed for the Future’ programmes and a ‘Huawei Day’ in more than ten African countries to equip local students with a better understanding of new telecommunications technologies and trends, along with scholarship programmes to recognize outstanding engineering students in telecommunications disciplines.

Environmental partnerships with Safaricom

As part of improved environmental operations, Huawei employs renewable energy solutions, using solar, wind and a combination of solar and diesel widely deployed across Africa.

The successes for the future are positive as the company works with Safaricom, the biggest telecoms operator in Kenya, using an innovative hybrid of wind and solar en-
ergy sources and expanded use of low-emission generators for Safaricom’s operations, which results in a 95% reduction in oil consumption.

In Egypt, together with Etisalat, Huawei has undertaken solar-powered base stations in Ras Mohamed National Park, a protected area along the Red Sea with no access to the power grid, reducing the operator’s total cost of ownership and meeting the Egyptian government’s requirements for clean energy.

Huawei’s long-term commitment in Africa

Huawei is committed to sharing its expertise and innovative ideas gained from its experience in the telecoms industry with operators across Africa. Huawei will work hand in hand with its African partners to bridge the digital divide, and enrich the lives of the African people through communications.
It has long been thought that tourism is an unreachable tool for local economic development; however the truth is quite the contrary.

What is needed is the political decision and a very strong, long-term will and commitment to become a tourism-based economy.

Back in the early 1970s, when the Central Bank of Mexico was working on defining the possible routes Mexico should follow, to, on one side, populate and redistribute wealth, and on the other, bring in badly needed foreign exchange to finance its development, the country decided to bet on an industry that was still not quite measured or understood, but had shown very positive and interesting economic and social behaviour in places such as Acapulco and Mazatlan.

After creating several think tank institutions, as well as bodies focused on financing and developing tourism, it was decided that these functions should all be placed under a single umbrella: Fonatur (National Fund for the Development of Tourism).

Mexico is in the fortunate position of having a rich historical heritage, abundant natural resources of incredible beauty, a fantastic location, good weather and most importantly, a local population that has a good attitude that with very little training can be converted into outstanding service.

Taking all of this into account, it was decided upon the creation of Fonatur that its first mandate should be the acquisition of land reserves in the Mexican Caribbean and the Mexican Pacific, giving birth to what is now known as Cancun and Ixtapa.

The formula was theoretically very simple: acquire the land, create a world class master plan, build the infrastructure, invite the private sector to build hotels that would create critical mass and traffic, finance both the development as well as hotels with the help of international agencies, such as the World Bank and the Inter-American Development Bank (IADB), and promote, promote, promote…

After only 35 years, it can be said that in spite of the many challenges faced, the exercise has proven to be a very positive one. Cancun now has 35,000 rooms and hosts almost three million tourists each year. But better still, as a result of Cancun’s success, new products such as Riviera Maya and old communities such as Cozumel and Isla Mujeres have now become part of the world tourism map, with a total room count of 10,000 and 700,000 tourists per year. All of this in a region (Quintana Roo) that was so
scarcely populated that it did not qualify for statehood. Better still, this recently created state now hosts one of the highest GDPs per capita in Mexico. It also has one of the highest schooling levels, and the largest inflow of migrants from other states in the country, people who would otherwise in many cases have to look for opportunities in other countries, mainly the United States.

When Fonatur created these integrally planned resorts, it set a series of guidelines in order to accomplish its goal. Among them was the stringent ‘no speculation’ rule, which basically meant that they would sell the land at very affordable prices, but buyers were committed to build within a specified period of time.

Another key policy was the promotion of hotels with international brands. The logic was simple, the brands would attract the international and national buyers, the hotels would put ‘heads on beds’, and this would drive critical mass, which in turn would fill airplane seats, and so on and so forth.

Over the years, Cancun and now the Riviera Maya, have gone through the many challenging situations that are common to most tourist destinations. Two grade 5 hurricanes, Gilberto and Wilma, pretty much destroyed a good part of the urban and hotel infrastructure, as well as the support town. However, the destination managed to rebuild itself and rebounded in both cases looking better than before.

Cancun and the Riviera Maya are perfect examples of what tourism alone can do for a region or country. Almost 100% of all of those who live there are linked in one manner or another to tourism, whether it be the bell boy of a hotel, the disk jockey at a club, the accountant who audits the hotels or the police officer who keeps young tourists out of trouble. Better still, these same people become users of the restaurants, airplanes, supermarkets, etc. that were built for tourists.

Mexico also created a Ministry of Tourism whose mandate is to promote and facilitate the political aspects of tourism, the exchange between states and countries, promoting and simplifying regulations to make tourism easy. A tourist interacts with many sectors of society and the economy; airlines, customs, immigration, local transport, local authorities, health authorities, restaurants, stores, etc.

The Ministry of Tourism acts as the head of the tourism sector, which now includes Fonatur as well a more recently created Mexico Tourism Promotion Board, whose goal is to put the Mexico brand as well as its destinations on the world map. Of course, it also aims to promote Mexico internally. After all, Mexico has over one hundred million inhabitants.

![Figure 27: Growth in tourism, 1975-2010](source: National Tourism Development Fund (FONATUR), Mexico)
PLENARY

THINKING AHEAD AND PLANNING FOR TOMORROW

- Mr. Eric Zhang, ZTE Corporation, China
- Mr. Alexander Barkawi, formerly SAM Indexes and Dow Jones Sustainability Indexes, Switzerland
- H.E. Ms. Marlene Malahoo Forte, Ministry of Foreign Affairs and Foreign Trade, Jamaica
- Mr. Sirisamphanh Vorachith, Ministry of Industry and Commerce, Lao People’s Democratic Republic
A look into the future of world trade, and the elements that will shape it, should provide insights into the best strategies to take advantage of the latest trends and new market opportunities. The role of ICT, approaches to stimulate growth-oriented entrepreneurs that address large potential markets, and repositioning to take advantage of new development opportunities in the global market are all critical to a vibrant global economy.

The evolution of world trade in the coming decades will be the result of private decisions as well as public strategy. As trade policies and negotiations can significantly influence the evolution of world trade, some key issues should be kept in mind when tailoring public policies to benefit developing countries, including the way Aid for Trade is conducted.

However, as the world advances, greater consideration must be given to resource constraints in energy supplies and volatility in prices. The same is true of water resources and other commodities. These concerns must be integrated into business decisions, moving away from a misplaced focus on short-term gains driven by profit margins.

There is a need for efficient and sustainable resource use because current practices will increase production costs, resulting in decreased consumption. As such, businesses should be urged to invest in clean technologies, with financial support from organizations and agencies. Policies, regulations and tax incentives should be promoted to support clean technology.

H.E. Ms. Marlene Malahoo Forte, Minister of State, Ministry of Foreign Affairs and Foreign Trade, Jamaica, said that ICT is a major driver of economic growth as witnessed through the global spread of mobile technology and Internet subscriptions. Given the substantial cost of developing ICT, international organizations should assist countries with technical and financial support. Using Jamaican telecommunications liberalization as an example, Ms. Forte said that countries should strengthen their legal frameworks to manage the operations of ICT institutions, with appropriate institutional infrastructure, ensuring that voluntary standards do not become barriers to trade.
SMEs need to explore ways that ICT can enhance trade with technical assistance development partners. Governments should focus on policies and strategies to increase the competitiveness of local firms, providing incentives for SMEs to address the needs of modern consumers in terms of real time information and speedy delivery.

Mr. Sirisamphanh Vorachith, Deputy Permanent Secretary, Ministry of Industry and Commerce, Lao People’s Democratic Republic, reiterated that developing countries and in particular LDCs like the Lao People’s Democratic Republic must reposition themselves to take advantage of emerging and regional markets. Countries must put in place sound policies and strong institutions to meet the challenge of market changes. Firms in developing countries should collaborate with their governments to inform positions during negotiations in trade agreements. By trading with other countries in the subregion, Lao People’s Democratic Republic, like other countries in the same position, stands to transform itself providing linkages for export growth.

CONCLUSIONS

Building on the ICT platform trade in services holds tremendous potential for developing countries. Although trade in services is addressed in a multilateral framework with the General Agreement on Trade in Services (GATS) negotiation, it is still ongoing under the Doha Development Agenda. It should also be part of an Aid for Trade strategy, as services can be a development factor. Many tradable services require a limited capital endowment, while they can provide jobs for a growing skilled labour force.

Growth in South-South trade offers the opportunity to diversify export markets for developing countries. To allow this process to continue, developing countries have to keep their markets open.

While it is easy to measure efforts made by Aid for Trade agencies to promote developing country exports, it is not always possible to measure the benefits brought to exporters. Efforts to improve such measurement would help to identify better strategies.
H.E. Ms. Marlene Malahoo Forte, Minister of State, Ministry of Foreign Affairs and Foreign Trade, Jamaica

Continuing the WEDF discourse on the role of ICT in stimulating growth-oriented entrepreneurship, ITC held a discussion with H.E. Ms. Marlene Malahoo Forte, Minister of State in the Ministry of Foreign Affairs and Foreign Trade, Government of Jamaica. She raised key issues on the future developments that will be essential to underwriting economic growth.

Minister Forte: Allow me to say thank you to ITC on behalf of Jamaica and the governments of the Caribbean for the great work that ITC is doing providing so much assistance.

ITC: Despite the global economic crisis, further progress has been made in increasing access to ICT especially to cellular telephony and the Internet. How has this growth in ICT and improved access to broadband Internet service developments in Jamaica served as a catalyst for development across sectors?

Minister Forte: Jamaica realized the importance of the ICT sector by creating an enabling environment, so that we now have about 55% population penetration compared to a 23.2% population penetration rate in the rest of the Caribbean (this is based on data from the International Telecommunications Union).

Most recently there was a buzz of excitement with the launch of a high speed (4G) mobile broadband network rolled out by Digicel Corporation, increasing the number of Internet users, and we are sure that will be a big boost to GDP and the private sector.

The country has raised substantial revenue from the introduction of Internet and telephony bringing in high levels of consumption tax.

ITC: In your presentation you mentioned ‘the importance of government focusing on policies and strategies to increase competitiveness of local firms, providing incentives for SMEs to address information needs of consumers in real time.’ What has been the role of the government in Jamaica in this regard?

Minister Forte: The role of the government of Jamaica has been one of an enabler, providing the right environment for the industry. As far back as 2007 a draft telecommunication policy was introduced, attracting new foreign investment for the business sector by ZTE and Huawei, two leading Chinese infrastructure providers with a global presence.

It is important to recognize that this was possible because of liberalization. So I want to reinforce that governments must undertake some liberalization of the sector, as this allows us to manage the licenses and control how they are issued.

Today it is fair to say that Jamaica is ahead of the game, because we have seen dramatic growth, especially in mobile telephony, which is ubiquitous across Jamaica. Some say at about 95%!

Broadband will reduce the cost of telecom services and most importantly will stimulate other areas of the economy. That is what competition does, because of government liberalization bringing benefits of reduced telecom services to consumers.
**ITC:** So the government has provided incentives and attracted investment, but of course the bottom-line is job creation. What role has the private sector played in this regard?

**Minister Forte:** I am happy you asked, because it’s not the government doing the work, but the private sector, which recognized what can be done in the sector. They have strategically positioned themselves in the global supply chain as a convenient near-shore business service, putting outsourced services high on the radar for the private sector.

This strong private sector support is welcome by the government. This commitment is now part of the recent Economic Policy Framework completed by the Private Sector Organization of Jamaica, which identifies ICT as one of the emerging industries with potential for significant investment and employment opportunities in Jamaica.

So far we have had private sector investment of US$ 4 million to construct a new technology park with the potential to create approximately 30,000 jobs, and we all know the importance of job creation at this time.

**ITC:** Conference discussions highlighted the need for greater promotion of diversified export goods and services. How have these ICT developments impacted on the expansion of trade in services?

**Minister Forte:** ITC’s work in promoting diversification is highly commendable and is most welcome in Jamaica and the Caribbean, especially since our failure to diversify has caused our economies to suffer.

One major success of the ICT industry in Jamaica has been the investment of Affiliated Computer Services, a premier provider of business process outsourcing and information technology solutions, with over 55,000 outsourcing jobs worldwide and over 4,000 jobs in Jamaica. This is now the largest outsourcing centre in the Caribbean, handling an estimated US$ 30 million in transactions.

Earlier I was talking about the importance of an enabling environment to spur industry. ACS has in fact acknowledged the joint role of the public sector in this industry, stating that: “... one of the best things that the Jamaican government has done for the information and communication technology sector... has been telecommunications liberalization”.

So for other governments who are looking to boost their economy and stimulate growth operating in this global environment where use of technology is one of the major characteristics, they must understand that liberalization of telecommunications is crucial to growth.

We also have an international online design services company, VistaPrint, a Dutch company, which is itself an e-commerce pioneer serving more than 9 million micro businesses worldwide.

Of course it would be remiss of me if I didn’t mention the changes ICT brings to the entertainment industry, as everybody knows that reggae music has put Jamaica on the world stage, especially in the United States, the United Kingdom and more recently the EU markets. The music industry alone is estimated to have earned Jamaica some US$ 255 million in 2004, so we are talking about great potential with the positive impacts of ICT for the entertainment industry.

**ITC:** The United Nations Broadband Development Commission for Digital Development launched earlier this year supports your statements on the role of ICT for development. How do you see ICT contributing to the MDGs being addressed by ITC and others?

**Minister Forte:** For the international development community, meeting the interlinked MDG agenda on poverty, education, gender, health and environment, successful initiatives are most easily transferred from country to country through replication. The Internet has accelerated widespread dissemination of these activities, leveraging shared knowledge on self-help models instantaneously across the globe.

One major characteristic of this era in which we live is technology, and very soon this will be a marker of development as countries look for “good practice” models. What faster way is there to get this information than through the Internet?

On a practical level, mobile services are delivering some of the greatest economic benefits with just about everyone engaging in mobile banking. Now, there is an ever growing range of mobile financial services that bring in remittances, which is a vital foreign exchange earner for developing countries.

All of this tells us that future development partnerships will use technology more and more to speed up overall service delivery.

In this post crisis time, major world leaders like United States President Obama and United Kingdom Prime Minister Cameron are reaching out, travelling to India and China respectively to deepen their trade linkages, as all economies are looking to globalization to boost their economies through trade.

Especially now, we in the developing world look to ITC; Jamaica gives our pledge of support and calls on governments to continue assistance for the important export development work of the organization, which is essential to our economic development.
The benefits of access to broadband Internet are well documented worldwide. It is clear that access to broadband Internet has the power to shape and improve the lives of individuals and the prospects of entire nations. The United Nations stated in May 2010 that ‘broadband is particularly important because it delivers benefits right across every sector of society; that’s why broadband needs to reach all people, in all nations.’ A recent study by CESifo suggests that a 10% increase in broadband penetration can help to raise annual per capita GDP growth by 0.9% to 1.5%.

In Jamaica, with Internet penetration currently standing at a pretty low 17% or just 110,000 lines there is clearly room for improvement and a crucial need for investment in first-world ICT services.

Cutting edge technology matched with affordability

Better access to broadband Internet sees people being able to take advantage of better educational resources and using the spectrum of opportunities, enriched business processes and better quality entertainment. Put simply, it provides people with the tools to empower themselves and reshape their futures, all of which in turn translates to a better Jamaica.

With the myriad benefits of broadband Internet access in mind, Digicel Jamaica launched its 4G Broadband service in August 2010. The vision is to make broadband Internet accessible across Jamaica using superfast, accessible, affordable and reliable 4G Broadband. To date the company has made FDI of US$ 22.7 million in WiMAX technology in addition to existing investment of over US$ 850 million in mobile network technology in Jamaica over the last nine years.

When it comes to delivering innovative new technologies, simplicity is the name of the game. Covering 60% of the population of Jamaica (which equates to 410,000 households and 1.2 million people) the service provides leading technological services at affordable cost structures appropriate to the local consumer base. This high speed Internet access capitalizes on innovative technology from network partner ZTE Corporation (China) – a leading global provider of telecom equipment and networking solutions and one of the world’s most experienced WiMAX providers.

Business opportunities

For Jamaica, which relies heavily on foreign trade and investment, increased access to broadband Internet is expected to serve as a catalyst for further economic growth, enhancing the way business is done. Businesses can execute online sales and achieve broader revenue streams, manage costs better, and increase sales while accessing a wider range of suppliers and enjoying more favourable prices for goods and services.

Just as access to affordable mobile telephony has changed and positively influenced the way people conduct their business and social lives, so access to broadband Internet will open up a world of new experiences and endless possibilities.

These developments position Jamaica to be in the forefront, capturing its share of opportunities, as a 21st century knowledge economy.

13 CESifo: Center for Economic Studies, Institute for Economic Research, University of Munich.
A survey of 400 chief financial officers in the United States published by the National Bureau of Economic Research several years ago found that 55% of managers would avoid initiating a long-term project with a very positive net present value if it meant falling short of the current quarter’s consensus earnings. This short-term mindset is a catastrophe – both for investors and for society-at-large – and it is pervasive throughout economic decision-making worldwide. Moving away from this towards more long-term perspectives offers vast opportunities for wealth creation and profitability.

When taking a longer-term perspective, three challenges will play a crucial role:

• Growing scarcity and volatility in energy
• Growing scarcity and volatility in water
• Growing scarcity and volatility in other commodities.

Global oil demand is projected to increase to 105 million barrels per day by 2030. The largest chunk of this demand will need to be covered by oil fields that are not yet developed or haven’t even been found. Similar scarcities appear on the horizon for water. A study by the 2030 Water Resources Group estimates that world water consumption will increase to over 6,000 billion m³ by 2030. However, globally available safe water amounts to just over 4,000 billion m³. Likewise, we are reaching significant limitations with other commodities as well – limits that go hand in hand with growing volatility in prices. For example, prices for copper oscillated between US$ 1,000 and US$ 2,000 per ton for several years, then increased to US$ 9,000 in mid-2008, dropped to US$ 3,000 a couple of months later and are now back up at over US$ 8,000 per ton.

These wild swings are significant shocks for economies – in particular developing ones. In view of these constraints and volatility, markets for technologies that offer alternatives to traditional input factors and that make their use more efficient are already growing at great speed and are expected to continue to do so in the coming years. Renewable energy is an example, with annual growth rates over the last 5 years of up to 60%. Water efficiency is another case in point. The progress of Manila’s water utility, which has reduced water losses in its network from over 60% to 15% over the last years, shows the potential for more efficiency in this field. At the same time, new materials will gain in market share. As a key commodity for the growing market of electric cars, lithium is a prime example.

Seizing the opportunities of this growing market for clean technologies, new materials and higher resource efficiency will be crucial for countries and companies to enhance and sustain their competitiveness. Measures in three areas are essential in this context.

First: financial markets. Moving capital flows away from old technologies to new ones is crucial. This is already happening. Venture capital investments in the cleantech sector have grown from US$ 0.5 billion in 2001 to over US$ 5 billion in the first three quarters of 2010. This is a start, but it is not enough. It also does not reflect the opportunities in this field. It is worthwhile for asset managers to take a very close look at this sector and for investors – through personal savings, pensions and sovereign wealth funds – to push them in doing so.

Second: education. Many existing initiatives aim at integrating sustainability into research and teaching at universities. The UN
Principles for Responsible Management Education are an example. oikos, a global student initiative for sustainable economics and management, is another case in point. Again, this is a start, but it is not enough. We need more activities that push sustainability considerations into teaching and research within universities, as well as vocational training and schools.

Third: policymaking. Obviously, good stable long-term policies are essential to moving towards clean technologies, resource efficiency and a sustainable economy. Tax and subsidy policies, public procurement criteria and Aid for Trade initiatives focused on environmental goods and services are examples. Many solid concepts have already been developed to make economic frameworks more conducive to long-term thinking and decision-making. Reforming tax systems so that they provide incentives for job creation and greater resource efficiency are an example. Turning such concepts into political reality is key to the long-term success of economies.

The economic decisions we are making today depend on our time horizon. The more long-term it is, the earlier we will take the challenges of resource constraints and volatility into account. We are currently expanding our economies based on inputs that are likely to decrease and where supply will become more volatile in the years to come. Countries need to start shifting these inputs to a more sustainable resource base now. Companies have to support this shift with innovative technologies and services if they want to remain competitive. And international organizations, such as ITC, can only fulfill their mission for economic development if they help countries and companies move in this direction and thus towards long-term wealth creation and profitability.

TRADE AND EXPORTS STAND TO CONTINUE THEIR GROWTH

Ms. Patricia Francis, Executive Director, International Trade Centre

Notwithstanding the pressures faced during the crisis, there is optimism. As such trade and exports stand to continue their growth. The outlook for the future is bright, with a great deal of positive prospects regarding the contribution of technology, combined with concerns about the pressures on limited natural resources.

It helps that we are seeing positive signs of recovery. It also helps that you are all adopting the outstanding Chinese characteristic of pragmatism, which helps us to see and realize the opportunities in this crisis.

Recognizing that the world is still perhaps not as globalized as some people thought means there are opportunities for business to exploit:

• Large emerging economies will need to balance growth of domestic demand with boosting exports.
• Companies and countries should focus on increasing the value rather than the volume of exports.
• Regulatory frameworks should support this through fiscal measures and targeted subsidies, leading to enhancement of innovation.
• Regional integration is vital, particularly in Africa and small island regions such as the Caribbean and the Pacific.
• South-South trade between developing countries and emerging markets will become one of the most important drivers for trade and growth.
• Companies and countries need to think long-term and incentives should be devised to encourage this.
• Trade in services will expand, and tourism represents an easy entry for many developed countries.
• Urbanization could contribute to poverty reduction if linked to export strategies.
• All actions must be undertaken in a context of low-carbon growth.
Strategic responses would have to include:

• Trade support institutions becoming more dynamic and responsive;

• Entrepreneurs integrating themselves into global supply chains;

• Policymakers addressing standards and non-tariff measures at the multilateral level, preventing them from becoming barriers;

• The financial service industry providing greater flexibility.
FORUM DAY 3
COMPANY PERSPECTIVES

The last day of the Forum saw face-to-face meetings with Chinese company executives to get a first-hand insight into companies that have developed their businesses and increased exports during the recession. Group excursions to the companies demonstrated different business models, including local and foreign partnerships, international value supply chains, franchising, outsourcing and successful trade facilitation infrastructure for inland bonded ports.

CHANG’AN FORD MAZDA AUTOMOBILE CO., LTD

Chang’an Ford Mazda Assembly Chongqing (CFMA CQ) is a joint venture between Ford Motor Company, Mazda Motor Corporation, and Chang’an Motors and was established in April of 2003. The car assembly plant is located in the Northern Development Region, Chongqing. Ford and Chang’an owned 35% and 50% of the venture respectively, and Mazda 15%. CFMA CQ has implemented the ISO 14001 environmental management standard, including all aspects of the facility: air emissions, waste, water and energy. CFMA CQ was the first automotive company in China to report its greenhouse gas emissions.

CHINA SILIAN INSTRUMENT GROUP CORPORATION LIMITED

China Silian Instrument Group Corporation Limited (SIC group) a national, large enterprise group, is engaged in R&D, manufacturing, sales, foreign trade and finance activities. SIC group is one of 512 large enterprises that benefit from special central government support. Nationwide, SIC has 40 branches marketing a broad range of products manufactured in Chongqing, including automatic instruments and control systems, analyzers and related systems, optical instruments, special integrated circuits, instruments and accessories for vehicles and motorbikes in particular, environmental protection equipment, building automation, as well as engineering application software.

CHONGQING FREE TRADE PORT AREA

The Chongqing Free Trade Port Area has been established with a dual airport and water port function, covering a planned area of 8.37 square kilometres. The Water Port Function Zone covers an area of 6 square kilometres and includes the largest and most important container port in the upper reaches of the Yangzi river, Cuntan Port. The Airport Function Zone covers an area of 2.37 square kilometres, and is closely connected with Chongqing Jiangbei International Airport. The Chongqing Free Trade Port Area covers between 800,000 to one million square kilometres, in which 20 important cities in 6 provinces surrounding Chongqing have a combined population of 250 million people and a GDP of 1.4 trillion CNY.

IMBARK PARK OF TAIWAN FARMERS IN CHONGQING

Imbark Park of Taiwan Farmers in Chongqing, the fourth park approved by the Ministry of Agriculture and the Taiwan Offices of the State Council, was introduced to foster economic and cultural ties between Chongqing and Taiwan. The infrastructure is exemplary, with Chongqing Jiangbei Airport, the biggest train station in southwest China and the ‘golden waterway’, the Jiangling River, in easy reach. The park is also rich in natural resources. Due to its climate the location is ideal for growing plants. Continued government investment will ensure that the infrastructure enables the park to further develop.

LIANGJIANG NEW AREA

Inaugurated on 18 June 2010, the Liangjiang New Area is the only national-level new development and open area in inland China. Located within the city of Chongqing on the north of the Yangtze River and east of the Jialing River, it has a total planned area of 1,200 square kilometres. The area consists of three zones dedicated to modern services, advanced manufacturing and comprehensive urban functions respectively. It
benefits not only from similar preferential political treatment as Pudong New Area in Shanghai but also from additional measures directed at fostering economic development in Western China. With an expected GDP of 600 billion RMB by 2020, the Liangjiang New Area is set to become a ‘new engine’ in central and western China with the potential to drive the development of an area of 6.8 million square kilometres.

**LIFAN INDUSTRIAL GROUP**

LIFAN Industry (Group) Co., Ltd is a leader in engine, motorcycle and auto-mobile manufacturing and related R&D activities. For several years in a row this private enterprise has been Chongqing’s number one exporter. With 13,200 employees today, it has been listed seven times under China’s top 500 enterprises. LIFAN’s products have been sold in over 160 countries and areas in the world and the company has established motorcycle factories in Viet Nam, Thailand and Turkey. The LIFAN sedan is also being produced in Viet Nam, Egypt, the Russian Federation, Iran (Islamic Republic of) and Ethiopia. In China and abroad LIFAN holds today 4,448 patents. On social responsibility, the company matches donations and has invested in the building of 100 Glory Schools.

**MULTI-COLORFUL GARDENING (ZHEJIANG SENHE CO., LTD)**

Senhe is a company headquartered in Hangzhou, whose scope of activities includes pot flower and outdoor plant production, landscape design and engineering, and the trading of gardening materials. The business has grown steadily since its founding in 2000, and today Senhe has developed a garden centre chain and is China’s largest outdoor plants grower. The main reason behind the company’s fast development is its focus on R&D. The R&D centres work on developing new species, new technologies and new flower- and plant-related products. Multiple laboratories exist, each housing a nursing lab, molecular biology lab, biological technology lab, plant pathological lab, plant nutrition lab and tissue culturing lab, as well as test nurseries for pack trials. The R&D centres cover flowers, trees and shrubs, tissue culturing and microbiology.

**XIYONG MICRO-ELECTRONICS INDUSTRIAL PARK**

The Xiyong Micro-Electronics Industrial Park was established in August 2005 as a specialized park planned by the Chongqing Municipality with the aim of developing its high-tech and new technology industries by building a notebook PC manufacturer base. In February 2010, the State Council approved the establishment of the Chongqing Xiyong Integrated Free Trade Zone within Xiyong Park. The zone also includes the Software and Service Outsourcing Industrial Park, Integrated Circuit Industrial Park, Basic Electronic Industrial Park, Innovative and Entrepreneurship Industrial Park and Enterprise Service Park. An annual output of 80 million notebook PCs with a total output value of 700 billion Yuan, and an import and export volume of US$ 80 billion and employment of 400,000 employees is the target for 2015.
The International Trade Centre has developed the web portals Trade Map, Market Access Map, Investment Map, Trade Competitiveness Map and Standards Map to enhance the transparency of global trade and market access and to help users in their market analyses.

All users from developing countries and territories may access ITC’s market analysis tools free of charge thanks to support from donors to the ITC trust fund.

TRADE MAP

Trade Map provides users with indicators on export performance, international demand, alternative markets and the role of competitors. It covers 220 countries and territories and 5,300 products of the Harmonized System. Trade data is also available at the tariff line level for more than 120 countries and on a quarterly and monthly basis for more than 70 countries.

MARKET ACCESS MAP

Market Access Map covers customs tariffs (import duties) and other measures applied by 190 importing countries to products from 239 countries and territories. MFN and preferential applied import tariff rates are shown for products at the most detailed national tariff line level. Market Access Map has been designed to support exporters, importers, trade promoters, policy analysts and trade negotiators.

INVESTMENT MAP

Investment Map is an interactive market analysis tool that provides FDI data for 93 countries at the sector level, together with foreign affiliates, trade flows and tariffs information for over 150 countries.

TRADE COMPETITIVENESS MAP

Trade Competitiveness Map (for many known as Country Map) provides country market analysis profiles for around 240 countries and territories. Each profile provides a series of tools to facilitate strategic market research, monitor national and sector trade and macro-economic performance and design trade development strategies. For each country, Trade Competitiveness Map offers: a Trade Performance Index (TPI), a National Export Performance and National Import Profile, and The Reliability of Trade Statistics and Technical Notes on Trade Data, which provides a comparison of a selected country’s trade statistics with partner country statistics in order to identify discrepancies between the two and gauge their consistency. Technical notes provide comments on the way national trade data has been gathered and on its limitations.

STANDARDS MAP

In February 2011 ITC launched its new web-based tool on voluntary sustainability standards. Standards Map bolsters opportunities for sustainable production and exports from developing countries by presenting comprehensive and comparable information on voluntary (or “private”) standards such as Fairtrade, Forest Stewardship Council, Marine Stewardship Council, GlobalG.A.P. and others. Compliance with these standards is not legally required by governments or regulations, but it could lead to more sustainable environmental practices or potentially open up new markets. Standards map provides enterprises with information on voluntary standards for more than 60 product groups.
POSITIVE TRADE IMPACT OF ITC’S MARKET ANALYSIS TOOLS

ITC market analysis tools are making a positive contribution to fulfilling ITC’s mandate: export impact for good, according to a user survey conducted in 2010. The survey assessed the relevance, use and performance of ITC Trade Map, Market Access Map, Investment Map and Standards Map and also provided new ideas for improving these tools.

Non-enterprise users gave the tools 84 out of a maximum 100 when asked what influence they had on the service they delivered, while among enterprises the tools scored 73 for their influence on import or export activity. The survey showed all the tools performing well, with the Trade Map identified as the most useful tool.

Of the 4,500 responses received to the survey, enterprises accounted for (28%), the largest single user group, followed by governments (17%), universities (16%), students (14%) and trade support institutions (9%). Enterprises provided good feedback that these tools were useful in guiding decisions on import or export turnover of US$ 2 million, on average.

Some business perspectives on how the trade tools impacted users’ delivery of products and services included:

A user said: ‘I have used the tool to get trade data in Angola, Democratic Republic of Congo, Mozambique and other countries as part of our market survey exercise…to get a picture of where these countries source certain goods which our local producers intend to sell to them. The tool was of great help in this regard. We were also able to get a picture of the level of tariffs imposed on these products. Furthermore, we have an Information Resource Centre, supported by ITC, which assists investors to access information provided by ITC tools. Most investors use the web link to search for potential suppliers or producers of products of their interest.’

A Cuban enterprise said: ‘We conducted a study of the Russian market for export of Cubita roasted and ground coffee beans. The tools that you offer have allowed us to understand the growth of coffee imports in the Russian Federation, their main suppliers, growth trends and import duty levels. This study culminated last February in a concrete order to the value of US$ 500,000.’

A non-governmental organization in Bhutan stated: ‘Whilst negotiating a bilateral trade agreement we used ITC’s market analysis online tools to identify 18 of the most recent products to enter the Bangladesh market, allowing us to ascertain the trade advantage for both countries’.

In line with its commitment to continuous innovation and responsiveness to client needs, ITC has launched Standards Map in February 2011 and is going to release a new version of Market Access Map.
APPENDIX

- POST-FORUM ACTION AGENDA 130
- CHONGQING PLATFORM FOR ACTION ON SOURCING FROM WOMEN VENDORS 131
- LINKS TO ADDITIONAL INFORMATION 132
Cooperation framework between the Chongqing Foreign Trade & Economic Relations Commission (COFTEC), the China Council for the Promotion of International Trade (CCPIT), the Ministry of Commerce of the People’s Republic of China (MOFCOM) and ITC

1. Build the capacity of Chinese counterparts in principles, tools and methodologies for market analysis and research. Two workshops will be organized in Chongqing. The first workshop will target companies and representatives of trade support institutions and will focus on generating short, practical market profile reports on product opportunities in particular markets. The second workshop will be organized for trade support institutions and government officials and will focus more intensively on analyzing trade and market access statistics and building participants’ knowledge and confidence in presenting ITC’s Market Analysis Tools. Following the workshops ITC will host two to three persons from Chongqing for in-service training at ITC for a period of four months. As a result of the in-depth training and work experience, the individuals will be highly conversant in ITC’s tools and methodologies for export potential analysis and experienced and confident in presenting ITC tools.

2. Promote the standardization of agriculture products for expanded trade to developed countries. A seminar and workshop will be organized to create awareness among Chief Executive Officers of food enterprises and other relevant organizations about food safety standards in world trade and to inform middle managers of food enterprises and consultants about the implementation of food safety management systems as per the requirements of ISO 22000:2005.

3. Develop partnerships in the field of purchasing and supply chain management through ITC’s Modular Learning System – Supply Chain Management (MLS-SCM) methodology and network.

4. Participate in and provide support to the 14th China Chongqing International Investment and Global Sourcing Fair (CCISF) to take place in May 2011, under the ITC Women and Trade Programme, in order to realize the Platform for Action on Sourcing from Women Vendors, adopted in Chongqing in September 2010, by raising the awareness of the business case for sourcing from women vendors, and sharing ideas and best practices on sourcing from women vendors, with the aim of increasing women’s share of corporate, government and institutional procurement.

5. Build on the aforementioned activities to further explore and prioritize the needs for trade-related technical assistance in Chongqing.

Although no formal agreement exists between these organizations at this stage, at the WEDF an agreement in principle was reached for a four-party collaboration between ITC, MOFCOM, CCPIT and COFTEC.
CHONGQING PLATFORM FOR ACTION ON SOURCING FROM WOMEN VENDORS

Chongqing, China, 10 September 2010

WHEREAS the Senior Executive Roundtable on Sourcing from Women Vendors in Global Value Chains was jointly organized by the International Trade Centre (ITC) and WEConnect International, convened in Chongqing, China on 9 September 2010

AND WHEREAS those organizations that contributed to this Senior Executive Roundtable (hereinafter called the Founding Organizations) agree to the establishment of a Platform for Action

The CHONGQING PLATFORM FOR ACTION ON SOURCING FROM WOMEN VENDORS is hereby established.

THIS PLATFORM AIMS TO facilitate the exchange of ideas and best practice on sourcing from women vendors AND TO increase women’s share of corporate, government and institutional procurement, for the ultimate purpose of bringing greater economic benefit to women

AND COMMITS TO, among other things:

1. Articulate the benefits of sourcing from women vendors via development of the business case, the economic case and the development case

2. Share lessons learnt in the development, application and monitoring (including baseline measurements) of policies and practices that foster sourcing from women vendors (including development and dissemination of case studies)

3. Mentor the Founding Organizations to support the replication of good practice

4. Initiate and/or improve on programmes, services and training initiatives offered to integrate women vendors into value chains

5. Strive to move women vendors and women in export-orientated production up the value chain (including strengthening efforts taken by women-owned businesses themselves)

6. Recognise best in class contributions of these commitments through a formal awards process.

Benefits of Founding Organizations include opportunities to:

1. Link with an Action Network of thought leaders and practitioners in global sourcing who are committed to the economic empowerment of women through inclusive procurement

2. Contribute to and learn from good policies and practices of other corporations, governments, institutions and associations in the Action Network through ‘Take Action’ multimedia updates

3. Share business opportunities with other Founding Organizations, including request for proposals (RFPs).

ITC, through the Women and Trade Advisor, will work with non-corporate Founding Organizations while WEConnect will work with corporate Founding Organizations. Other Organizations that are committed to taking action in support of sourcing from women vendors can contact ITC’s Women and Trade Programme Manager, Ms. Meg Jones, at jones@intracen.org. These Non-Founding Organizations will have an opportunity to share and to learn from good policies and practices through ‘Take Action’ multimedia updates.
**WEDF 2010 Speaker and moderator profiles**

**WEDF 2010 List of Participants**

**Press releases**
http://www.intracen.org/wedf/2010/media/media.htm

**WEDF 2010 Partners**

**MOFCOM**

Ministry of Commerce, People’s Republic of China (MOFCOM)
http://english.mofcom.gov.cn/

**Chongqing Foreign Trade & Economic Relations Commission (COFTEC)**
http://www.ft.cq.cn/cqftennew/index.aspx

**China Council for the Promotion of International Trade (CCPIT)**
http://english.ccpit.org/

**China Center for International Economic Exchanges (CCIEE)**
http://english.cciee.org.cn/

**WEDF 2010 Media Partners**

**Reuters**

http://www.reuters.com

**Xinhua**

http://www.xinhuanet.com/english2010/