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Speakers:

- Mr. Alfonso CERVANTES SÁNCHEZ NAVARRO, Acting General Director, ProMéxico
- Ms. Patricia FRANCIS, Executive Director, ITC

A deep transformation in investment and trade worldwide

Mr. Alfonso CERVANTES SÁNCHEZ NAVARRO, Acting General Director, ProMéxico

Over the past few years, there has been a “deep transformation in investment and trade worldwide”, Mr. Cervantes told participants. He described “new scenarios” where ITC is being summoned to play a major international role in the global transformation.

“Exchanging views and meeting the challenges [that come with this] are core issues for the success of this event. To this end, the TPO Network Awards are key.”

TPOs foster the free exchange of products and good worldwide. Only through these activities can economic development take place, resulting in a better quality of life for citizens. “TPOs must establish efficient and effective measures that encourage economic growth for the benefit of our countries,” Mr. Cervantes told participants.

Understanding to and responding to the complexity of international markets is key. Mexico has known how to face the challenges of the past two years. The country is moving into a pattern of economic growth and has made important progress. “Mexico is one of the best options to invest and conduct business worldwide.”

The outlook for growth in GDP is 5% for 2010; international reserves have reached historical levels at US \$ 109 billion. “We are taking Mexico worldwide and taking Mexico to the world,” he said. To date, exports have experienced a growth rate of 36% over 2009.

“We are firmly convinced that with coordination and promotion of trade we will be the driving force of integration globally,” Mr. Cervantes added. “We are strengthening our institutional cooperation and are building a more prosperous and fair trade . . . [ProMéxico is developing an] “important vision to anticipate challenges and opportunities for the future.”

He concluded that ITC is the ideal forum to build consensus on strategy for trade, especially for those addressing SMEs. “I invite all of you actively participate on this dialogue to exchange views and to achieve the expected results from this event.”

A more dynamic role for TPOs

Ms. Patricia FRANCIS, Executive Director, ITC

Two years ago, at the 7th World Trade Promotion Organization conference in the Hague, the Netherlands, participants worked together against the backdrop of the “perfect storm” of rocketing oil prices, increasing food scarcity and hunger, and accelerating climate change. “The world was at the start of the global credit crisis but no one knew quite how much it would impact the world as we knew it,” Ms. Francis reminded participants. Since then the world has changed dramatically. Several trends have emerged since 2008, including:

- The rising importance of emerging markets;
- The need for global governance;
- An urgent need for sustainable behaviour; and,
- Solutions coming from new sources and not only from the old pattern of North to South and West to East.

However, amidst this volatility there is both opportunity and dynamism. Signs of regeneration are appearing and sometimes in unlikely places. “There is cautious optimism, particularly in the developing world,” said Ms. Francis. “Many businesses, particularly SMEs have failed as some traditional markets have collapsed. There is confusion about how to get back in the game, how to regain lost ground and how to potentially grow.”

In today’s multipolar world, what is most important and how do TPOs best tackle their role in this climate? Ms. Francis outlined the outcomes of the World Export Development Forum (WEDF), which took place in Chongqing, China, where more than 300 participants addressed the theme, ‘Adapting to Post-Crisis World Trade Patterns, and Lessons for Export Development’. A number of key messages emerged, including:

- It is important to think with a long-term perspective.
- Businesses need to strive for value rather than volume.
- Entrepreneurs must integrate themselves into global supply chains.
- Policy-makers must address standards and non- tariff measures at the multilateral level, thereby preventing them from becoming the new trade barriers.
- The financial service industry must provide greater flexibility.
- Technology will help some businesses leapfrog and transform. This will lead development into a “new space” in a more competitive environment.
- The private sector must speak with a single voice to be effective.
- Public- private partnerships are critical for success.

There is nothing new about these dynamics, Ms. Francis noted, but what is new is how to play them out for the long-term and sustainably rather than focusing on short-term gains. “This means the role of TPOs needs to be far more dynamic than in the past,” she said. “They must be fact acting and adaptable in this market, which is more demanding and is shifting quickly. They need to both look inward and explore regional and global markets for new opportunities.”

Trade Strengthening Institutions (TSIs) and TPOs have a vital role to play: to guide SMEs and give them cohesive, “big picture” information, which means consolidating and selecting information targeted at both the country and sector level. “Clearly, knowledge is power,” Ms. Francis told participants.

TSIs and TPOs have a responsibility to regenerate SMEs, give them new direction and tools to enable them to get back to where they were, and to achieve more in this new environment. Companies and TPOs that have been thinking ahead and are able to respond to new market opportunities are likely to emerge stronger from the global financial crisis.

Few businesses can afford to regenerate in a vacuum. Ms. Francis underscored the importance of partnerships and networks because of economies of scale, pooling resources and minimizing risk, which leads to increased opportunities and competitiveness. Business needs information and advice, whether it

is how to become part of a supply chain to move up the value chain or to better understand policy and standards.

TPOs must also understand important market shifts if they are to advise their clients. Ms. Francis pointed to the research from (WEDF) keynote speaker Professor Pankaj Ghemawet of IESE Business School, showing that in 1820, China and India controlled 45% of global GDP and the G7 controlled 25%. In 2000, China and India controlled just 5% of GDP and the G7 45%. By 2050, the pendulum will shift back to 1820, with China and India controlling 45% of GDP and the G7 down to 25%.

“Today is the most important time for TPO networks to learn from each other and translate opportunities for our economies going forward,” Ms. Francis concluded. “Many of you have been facing a key issue that businesses have also been facing – the need to prove your relevance and effectiveness. This conference gives you the opportunity to measure yourself against others, especially in this environment, build sustainable business – business for the long term.”