



# KEYNOTE ADDRESSES

## CHALLENGES TO TRADE AND INVESTMENT PROMOTION IN THE CURRENT ENVIRONMENT

Speaker:

Mr. Mauricio Borges, Director, Apex-Brasil

Apex-Brasil is one of the most dynamic trade promotion organization networks. It also holds the presidency of WAIPA (World Association of Investment Promotion Agencies) and REDIBERO (Ibero-American Network of TPOs).

Mr. Borges told participants that world trade scenarios in 2010 look 'much better' than they did in 2008 and 2009. In this post-crisis scenario, major emerging markets are growing. China and Brazil have rapidly growing domestic consumption markets and other emerging economies have a high rate of consumer consumption growth due to an expanding middle class.

Today, some 60% of Brazil's population is middle or high income, and 4 million have been lifted out of poverty over the last decade. The balance of foreign direct investment has been shifting to the South since 2008-2009, seeking more stable investment opportunities.

'In this post-crisis scenario, after a very fast recovery, the emerging markets are pushing the world's growth and teaching the developed countries important lessons concerning financial and institutional stability,' he said.

China, India, Brazil and Mexico are among countries with a continuously significant growth rate. 'In the new reality, we must adapt and define a new role for TPOs with a change of strategy,' he said. 'It is no longer a question of selling a product in foreign markets in big quantities, unless we are talking about commodities. We are talking about scale, niches and specialization by adding value.'

TPOs must focus on better positioning companies within the global supply and production chain, for both products and services and in terms of added value and technology. Many companies are being forced to go global because of the competition they face from foreign companies at home. In the face of increasing international competition, TPOs need to focus on capacity building and export development services.

Focusing on supply and production chains and specialization increases the importance of regional strategies in trade and investment. The capacity of countries to act collectively in addressing the challenges of international trade is a critical factor for company competitiveness.

'Trade and investment promotion initiatives [obviously] have a national component, but a growing trend is that decisions are taken considering both local and regional characteristics,' Mr. Borges said. 'Countries within the same region benefit from building mechanisms of collective consultations and joint initiatives that strengthen economic relations, identify business opportunities with global product/supply chains and improve the position of their economies in the world market.'

This dynamic must be reflected in the ways TPOs work together. The role of TPO networks is to take joint action in export and investment promotion. This has a direct impact on policy-making at the country level. Benefits include centralizing and coordinating information on trade and investment promotion strategies that are relevant for exporters from the region.

Intra-sector trade shows that countries are working together within the same supply and/or production chain, complementarily, selling different products from the same sector. A success story is the collaboration between the automotive industries in Mexico and Brazil. The main benefits of this new dynamic include:

- Less volatility within the international trade environment;
- Reduced production costs;
- Increased specialization; and,
- Gains in efficiency, productivity and competitiveness.

Under Apex-Brasil's presidency, WAIPO has developed a number of regional cooperation projects. An example is 'Why South America?' which brought together 10 investment promotion agencies working in common strategic sectors. This only makes sense in a market of 387 million consumers and with an economy reaching US\$ 3 trillion.