The region: A door to global trade for SMEs
Session at the Trade and Sustainable Development Symposium (TSDS)

Venue
Bolsa de Cereales Building, Avenida Corrientes 123, Buenos Aires

Time
Wednesday 13 December 2017, 17.00 - 18.30

Session Description
The trade landscape continues to transform and many companies are exploring how to remain profitable and operate in this changing scenario. One response has been to strengthen operations where the policy environment is most stable and where trade costs are lowest. For many companies, ‘their region’ represents such a place.

For small and medium-sized enterprises (SMEs) regional trade has always been the most common form of internationalization. This is particularly important in the context of value chains, which are often more regional than global in reach.

This session will explore how SMEs can benefit from participating in value chains – both international and regional – and how regional trade agreements (RTAs) may create and support greater value chain operations and ensure that SMEs can enter them, operate successfully and upgrade.

Regional and multiregional value chains, including South-South, offer SMEs lower entry barriers than international value chains. However, the extent to which SMEs benefit depends on their position within the value chain, which is in turn determined by their bargaining power and competitiveness.

Both the behavior of companies – lead firms and suppliers – and the shape of international value chains are intertwined with regional trade agreements. Indeed, regional trade agreements increase value chain driven trade, while value chains shape the design of trade agreements. Evidence suggests that it may be useful to look at value chains operations, the distribution of trade benefits and the design of RTAs in a holistic manner.

The 2017 edition of the SME Competitiveness Outlook “The region: A door to global trade” will have its Latin America launch at this session.

Scope of the Session
Understanding the determinants of successful integration into international value chains is key for policymakers and entrepreneurs.

For those seeking to get on the radar screen of foreign investors and draw maximum benefit from openness to trade, main issues to analyse are:

- The reasons why some countries manage to integrate into international value chains and others do not.
- The sectors with the greatest potential to attract foreign investors.
• The positioning of national suppliers within the value chain and the factors that determine whether they can move up the value chain.

For lead firms and investors developing expansion strategies, it is necessary to consider:

• The best locations to source supplies and place assembly and research centres, as well as regional headquarters.
• The most suitable target countries and companies.

Success insertion on value chains is a mix of:

• The strength and nature of individual firms involved in the deal;
• The ecosystem in which those firms operate;
• The national policy environment.

Objectives and target audience

Regional trade is the most common form of trade for small and medium-sized enterprises (SMEs). SMEs typically look at neighbouring countries for their first international operation.

In this context, SMEs are likely to be confronted with the presence of international value chains. The large majority of international trade takes place within such value chains, which tend to operate mainly at a regional level.

The target audience for this session are all those interested in regional value chain activity. These include:

• policy makers interested in strengthening value chain activity in their region or in connecting local companies to regional value chains;
• private sector representatives interested in strengthening the regional set-up of value chain they lead or interested in connecting to regional value chains;
• representatives of trade and investment support institutions, chambers of commerce or other bodies interested in setting up regional networks.

The objective of the session is to identify which national policies, aspects of the business ecosystem and/or characteristics of the private sector can contribute to strengthening regional value chain activity and the integration of SMEs in such chains.

Guiding Questions

(1) How can SMEs join and benefit from international value chains?
(2) What is the nexus between trade agreements and international value chains?
(3) What is the role of hard and soft investment/infrastructure for international value?
(4) What can governments do to attract international value chains and make them work for development?
(5) Why have some regions been more successful than others in generating regional value chain activity?
Panel Composition

Moderator:
Mr. Adrian Fognini, Managing Director for IberoAmerica, Thomson Reuters

Panellists:
Ms. Arancha González, Executive Director, ITC
Ms. Marion Jansen, Chief Economist, ITC
Ms. María Lorena Gutiérrez, Minister of Trade, Industry and Tourism, Colombia (TBC)
Mr. Francisco Cabrera, Minister of Production, Argentina (TBC)
Mr. Alan Kyerematen, Minister for Trade and Industry, Ghana (TBC)
Mr. Marcos Pereira, Minister of Industry, Foreign Trade and Services, Brazil