

Breakout Session 1

Exporting Business and Professional Services – Exporting Solutions

The Issue: All developing / transition economies possess the capability to deliver business and professional services, i.e. accounting, legal, market research and translation services, among others. What's more, these capacities exist within the segment of the business community of greatest interest to strategy-makers – the small and medium sized company (SME). And, international trade in this service sub-sector is growing rapidly. It appears to be the perfect scenario for success.

In fact, however, the share of developing / transition economies in the international market has been in decline for the past five years. Why?

Strategy-makers in most developing / transition economies have either (i) failed to develop a suitable strategy to take maximum advantage of export opportunities for business and professional services, or (ii) failed to effectively implement the strategy, or (iii) got the strategy wrong by taking too narrow a view of how business and professional services can be exported. In fact, many strategy-makers are unaware that business and professional services can be, and in fact are, exported.

In short, the significant international market development opportunities that are available to the key "client group" of national export strategy – the SME – are under-exploited due to the neglect of strategy-makers.

The Proposition: It is essential that a national export strategy contain a separate and distinct strategy for the business and professional services sub-sector. Such a strategy has to address the principal constraint to developing the international market, specifically awareness (a) among strategy-makers of existing service exporters and their potential (b) among enterprises of international market opportunities, (c) among prospective foreign buyers of local service capabilities.

While there are significant challenges facing this sub-sector (e.g. recognition of professional credentials in target markets), the commercial opportunities are enormous. In fact, the business and professional services sub-sector is one of those few sub-sectors that presents equal export potential through all four modes of supply (i.e. Mode 1: cross-border supply; Mode 2: consumption by foreigners in the supplier's market; Mode 3: commercial presence abroad, Mode 4: temporary movement of people). At the sub-sector level the strategy should thus aim to exploit all four modes. Moreover, for each mode, strategy-makers should adopt a unique and differentiated approach that targets individual categories of exporters according to their size, level of sophistication and export experience.

The operative words are "awareness" (at all levels), "unique" (for each mode) and "differentiated" (for each category of service provider).

Focus of the Debate: It is proposed that the debate focus on the following:

1. The above proposition, if acted upon, will require strategy-makers to develop separate strategies for each type of business and professional service, by mode, by category of supplier. Is this realistic? Is it necessary? Why, or why not?
2. What are the essential features of a "global" export development strategy for the business and professional services sub-sector?
3. Where does the responsibility for designing and managing implementation of the strategy lie, the public or the private sector, and what is the justification? Specifically, what is the role of the public sector and what is the role of the private sector? What management structures are required to ensure effective implementation of the strategy?