International Trade Centre
UNCTAD/WTO

WORLD EXPORT DEVELOPMENT FORUM 2007
Bringing Down the Barriers –
Creating a Dynamic Export Development Agenda

Tuesday, 9 October 2007

Bringing Down the Barriers: Getting It Right at Home First

Breakout Series 2: Building Competitive Business Environments

Robert J.M. Appelboom, Principal, R.J.M. Appelboom Consulting, Brazil and formerly Managing Director of EKA and NOCAL Breweries, Angola
Françoise Foning, President, Les femmes chefs d'entreprises mondiale / General Manager, Groupe Foning, Cameroon
Anthony O'Sullivan, Head, Private Sector Division, Organisation for Economic Cooperation and Development (OECD), France
Moderator:Ricardo Melendez-Ortiz, CEO, International Centre for Trade and Sustainable Development (ICTSD), Switzerland

Speakers in this session identified some of the main non-tariff and informal barriers to trade and offered some suggestions about how to deal with them. In addition, members of the audience offered examples of best practices from around the world.

"It isn't so much a question of accords or tariff reduction. Most tariffs are already low and the agreements are signed," said Anthony O'Sullivan of OECD. "The important barriers are hidden. They are technical and administrative." One example is the new state of Montenegro, which has sanitary requirements completely different from those of the European Union, forcing it to spend scarce resources reanalyzing products already approved by the EU. "That's a burden for Montenegro," he said. "Before we deal with export generation we need to work on the plumbing."

Five domestic obstacles

Moderator Ricardo Melendez-Ortiz of ICTSD kicked off the session by noting that "developing countries spend lots of capital and time trying to open markets, but too little time dealing with their own internal barriers."

Melendez-Ortiz identified several commonplace domestic barriers:

- paperwork and other redtape
- physical impediments such as insufficient port facilities, lack of cold storage for perishables, etc.
- poor transportation infrastructure
- lack of laboratories and other facilities to test for compliance with destination country standards; and
- a culture of regulation. "Together these regulations and paperwork are costs imposed on exporters and importers," he noted.

Non-tariff barriers

Robert J.M. Appelboom of Brazil, former Managing Director of EKA and NOCAL Breweries, Angola, discussed many of the worst non-tariff barriers to trade – with an emphasis on corruption, excessive taxation and regulation, poor infrastructure, lack of financing, and poor levels of education and training.

"The anti-corruption fight is the number one issue for developing countries," Appelboom said. Chile, Costa Rica and Uruguay have begun to tackle corruption and have improved export performances partly as a result, he reported.

During the question period, members of the audience offered additional examples of countries that are beginning to make headway on the corruption front. O'Sullivan noted that in just two years Serbia reduced the number of days needed for exporters to ship their products abroad from 40 to 10. "This also reduced corruption because when there are fewer steps in the process, there are fewer opportunities for corruption," he said.

Other participants reported on progress in Asia, Africa and elsewhere in Latin America:

- Once ranked as the world's most corrupt country, Bangladesh has sent ministers to jail and recovered millions of dollars that had been siphoned from public coffers. At the same time, the country has set up public-private task forces to address trade policies.
- One participant suggested that a free press is necessary to combat corruption. Appelboom agreed: "I see this in South Africa, where he press is doing an exceptionally good job, and in places like Brazil, Venezuela and Zimbabwe as well."

Taxes and reforms

Taxes are a major issue in countries like Brazil, where companies are subject to over 40 separate levies. "Nobody can fully comply so everyone is in trouble all the time," said Appelboom.

O'Sullivan offered a list of reforms that can improve trade performance. In large part, they served as response to Appelboom's list of problems:

- investment policy
- anti-corruption efforts
- judicial reform, and
- improvements in transportation infrastructure.

He outlined key challenges for developing countries:

- align domestic legislation with international standards
- build the capacity to inspect products to ensure that they meet certification requirements, and
- training.

He suggested that governments use Aid for Trade initiatives to address some of these issues.

Law, competitiveness, women business owners

A Sierra Leone strategist recalled that her government had been able to eliminate a requirement that business people and entrepreneurs hire lawyers to open new companies. By working closely with parliament, reformers were able to push the bill through despite tough opposition from the Bar Association. O'Sullivan remarked: "To get reforms through you need to see who the stakeholders are on that issue, and hold consultations early in the process."

Another "best practice" was a competitiveness campaign in Honduras. It has reduced the number of days exporters need to send their products abroad.

Françoise Foning, President of Les femmes chefs d'entreprises mondiale/The Worldwide Network of Women Business Owners (FCEM), outlined three major challenges which her group of 60 associations in Cameroon and 6000 worldwide is trying to solve. The first is to bring the informal sector into the formal export economy. Only then can women entrepreneurs attract international partners and proper support. The second need is education and training, and the third access to IT technology and a Web presence. Her group has set up a website to promote the women's products. Women entrepreneurs, she reminded export strategists, represent "a significant power for development".