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Bringing Down the Barriers –
Creating a Dynamic Export Development Agenda

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Get On My Turf: Coordination in the Trade Support Network

Breakout Series 4: Building Institutional Capacities

Jim Tanburn, Coordinator, The Donor Committee for Enterprise Development, United Kingdom

Daniel Salcedo, Founder, PEOPLink and CatGen, USA

Humberto Goyen, Head of Planning and Corporate Development, CSI Ingenieros, Uruguay

Moderator: Seppo Laine, Senior Vice President, Finland Trade Promotion Organization (Finpro), Finland

Trade support institutions (TSIs) include private businesses, chambers of commerce, government agencies, and educational institutions, noted Humberto Goyen at CSI Ingenieros in Uruguay. Most of those angles, except educational institutions, were discussed during this institutional capacities session.

Lessons from how CSI Ingenieros grew without TSI support

CSI Ingenieros is an engineering company based in Uruguay. Motivated by a domestic crisis in 1982, the company began looking abroad for business – first in neighbouring countries of South America, later around the globe. Goyen told the story of how his company grew without the help of TSIs – thus demonstrating how such organizations could operate differently to help domestic firms that want to go international.

“CSI would be an easy client for a TSI,” said session moderator Seppo Laine. “They know exactly what they want.”

Yet the firm didn’t get much help when it first began to bid on foreign contracts. Both public and private support institutions in Uruguay were focused on products rather than services, and when they did promote services their priorities were tourism, banking and finance, and software development. “We didn’t fit under any umbrella,” said Goyen.

Several lessons for TSIs can be gleaned from CSI’s experience:

- Trade promotion involves support for companies in international business development – that goes beyond exports.
- One size does not fit all:
- Manage expectations – “TSIs are not going to make everyone happy.”
- Improve communications.
- Integrate and work together with other TSIs.
- Set goals and measure results.
- Be flexible.
- Single windows of entry can be important points of reference.

For the private sector, Goyen sent a simple and direct message: “The TSI is not your marketing department.”

Government role

When they call for a good business environment, one camp of business advocates defends less government intervention, noted Jim Tanburn, Coordinator of the Donor Committee for Enterprise Development (UK). “The totem for this approach is the Doing Business Survey of the

World Bank (which measures bureaucratic barriers to doing business),” he said. “The implication is that less regulation is better.” Many of the poorest countries rank poorly on the index.

Often pointing to China, others argue that national governments should develop and implement strong industrial policies, noted Tanburn.

This disconnect among the business community confuses some public servants. “I’m in government, and we have a dilemma,” said a woman speaker. “The chamber of commerce comes to us, and we tell them they should provide services to their members. They say, no, that we should do things for them.”

Business: promoting exports via e-commerce

Daniel Salcedo, Founder PEOPLink and CatGen, USA, outlined the e-commerce tool (CatGen) created and marketed by the development organization (PEOPLink) that he runs to assist small and medium-sized enterprises. “It is a tool that can help the coordination of trade networks,” he said.

It is also a tool to promote fair trade. “I have always been sensitive to the fact that the final producer only gets 7-9% of the final retail price,” he said. “That has always bothered me.”

E-commerce was supposed to help the little guys when it first emerged a decade ago, but that didn’t happen. Salcedo offered some reasons why:

- Early e-commerce tools were expensive.
- Reliable online payment schemes were not available
- With so much clutter on the Internet, visibility and credibility are hard to achieve and honest entrepreneurs have trouble standing out from the crowd.

“The main issue is no longer technical,” he said. “It is one of trust. Every business transaction is based on a relationship of trust.”

Metamarkets and coordination

CatGen allows small entrepreneurs to establish online stores cheaply and efficiently. It also allows institutions like the National Chamber of Exporters of Sri Lanka to cobble together “metamarkets” consisting of members and perhaps other relevant vendors. “Trade promotion organizations can use this tool to provide services to their members and tap into regional and global markets,” said Salcedo.

Panellists and commentators from the floor agreed that greater coordination is needed. “Networking is part of institutional growth, that’s why I came into this session,” said a Brazilian businessman in the audience. “In South America, we have Mercosur (a regional trade pact). If business people work together within Mercosur we will be heard.”

“Sometimes actors get involved in things that are not part of their core businesses,” said Goyen, “as when chambers of commerce run training programmes instead of partnering with educational institutions.”

“This is a dangerous subject,” said Tanburn. “Everybody agrees that there should be more coordination and then they go off and do their own thing.”