Bringing the Poor into the Export Process: Linkages and Strategic Implications

Breakout Series A:
A Virtuous Circle – Export Development, Poverty Reduction and Empowerment

Redressing Disadvantage – Export Development, Poverty Reduction and Affirmative Action

The Issue: Affirmative action seeks to redress economic and social imbalance and past injustices. Initiatives targeting disadvantaged groups are underway in numerous developed and developing countries. All are designed to provide a special advantage to the previously disadvantaged.

In international business, success is dependent on competitive advantage and the degree of social or economic equality in a prospective supplier’s country is unlikely to influence an importer’s buying decision.

But in the final analysis, affirmative action, within the context of export strategy, is unlikely to directly bring the poor into the export process. The relationship between exports, affirmative action and poverty reduction is tenuous at best.

From the export perspective, the complicating factors are, therefore, that affirmative action (i) places responsibilities on the enterprise, which may undermine its competitiveness; (ii) places obligations on prospective investors, which may discourage them from establishing in the country; and (iii) may divert public sector resources, and support programmes, from the established business sector to enterprises and groups that possess less export capacity in, at least, the medium term.

In short, affirmative action may undermine national export performance.

The Proposition: National export strategy cannot be isolated from national development strategy and the principles that guide the latter must also guide the former. If national policy highlights affirmative action, then export strategy must do so as well.

But export strategy-makers have to maintain a pragmatic line. Programmes of affirmative action must reflect the realities of the international market and must not endanger the competitiveness of the export sector. Dialogue with the business community is essential and a new public-private partnership must be defined.

Focus of the Debate: The debate will address the following questions:

1. Is the proposition valid? How can export strategy most effectively address the competitiveness imperative, while concurrently taking a proactive approach to affirmative action?
2. Can the relationship between export development, affirmative action and poverty reduction be strengthened? How?
3. What are the key challenges that an export strategy-maker faces when developing such a strategy? In terms of (i) re-shaping the public-private sector partnership; (ii) establishing a sustainable balance between export development activities and ‘pre-export’ development activities (i.e. activities designed to equip targeted groups with the fundamental skills and resources required to enter the export process); and (iii) bringing new organizations into the trade support network?
4. What are the key challenges when managing such a strategy? What is the best means of measuring impact?
5. In practical terms, how should the export strategy-maker market such a strategy, nationally and internationally? Indeed, is there any advantage in marketing the strategy internationally?