



Tomorrow's TPOs Keeping Pace with the Drivers of Change

Opening Address

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Good morning distinguished guests. As Executive Director of the International Trade Centre, it is my privilege, together with Ab van Ravestein, Managing Director of EVD, to welcome you to The Hague, to the 7th World Conference of Trade Promotion Organizations. The conference coincides with EVD's hosting of the 50th anniversary meeting of the European Trade Promotion Organization network.

Ladies and gentlemen . . . The backdrop of this year's meeting couldn't be more volatile and, frankly, at times it is a little frightening. You could say that, so far, 2008 has been the year of the perfect storm of rocketing oil prices, increasing food scarcity and hunger, and accelerating climate change. Now, to top it all, we are being engulfed by a global credit crisis of epic proportions.

What are the underlying causes of this financial meltdown? It's because the fundamentals of the financial system were weak – we had weak oversight of companies' balance sheets. Now we have a lack of investor and consumer confidence.

This means the challenges faced by trade promotion organizations in 2008 and 2009 will be even more difficult. It is this lack of trust and confidence in the markets that will make our job more challenging. It means we have a tougher job ahead of us to make sure our clients are best served. This means we must take a leadership role and guide our clients in this time of crisis.

One lesson we learned at the World Export Development Forum last week is that ethical companies are outperforming their competitors in the financial meltdown. Some might question whether ethics are less important in today's economic crisis, but actually it is the opposite.

Going forward, transparency is going to be even more important to build back the trust and confidence to make the market work. Transparency, oversight and good governance. And part of good governance is being environmentally and socially responsible. The message here is that companies "doing good" are also doing well. The message is the same for countries – they will do best by promoting transparency and good governance.

The challenge for TPOs is, how do we help lead your countries businesses in the right direction? We at ITC have adopted a mantra of export impact for good and we believe this same direction will bring value to our clients and to your countries as well.

At the same time, pervasive poverty still affects all of us. We can all help to address poverty by doing good, by boosting trade and attracting foreign investors so that our developing countries are able to produce goods and services for the expanding global marketplace.

In every crisis there lies opportunity. There has been flat growth in developed countries, but today's real opportunities are in emerging markets. A very good sign is the growing number of companies from emerging markets that appear in the *Fortune 500* rankings of the world's biggest firms. It now stands at 62 – most from the BRIC economies of Brazil, Russia, India and China – up from 31 in 2003 and rapidly rising. On current trends, emerging market companies will account for one-third of the Fortune list within 10 years. There has also been a sharp increase in the number of emerging market companies acquiring established businesses and brands in the North.

This is good news. And there are opportunities in ethical trade and in taking advantage of the benefits of corporate social responsibility.

These are areas where you, national TPOs, play a critical role. You build businesses, facilitate exports and jobs that provide hope for today – and for generations to come. You have the local knowledge, connections and experience to point people in the right direction of market opportunities to grow and compete in business.

But if we are to contribute to sustainable economic growth and development, we must constantly re-invent ourselves. Our environment is changing – the lifecycle of products is getting shorter, the scope for services is broadening. Successful trade promotion organizations take the lead and communicate these trends to their clients.

To reinvent themselves, trade promotion organizations must keep pace with the drivers of change – the theme of this 7th World Conference of Trade Promotion Organizations.

What are these drivers of change? First and foremost, is globalization – the lynchpin of change. Second, technology available to businesses – small, medium and large. As a result, the needs of businesses are also constantly changing. Which is why successful TPOs have shifted gears and adapted their trade promotion service delivery to the changing environment.

Traditional outreach activities are still very important. But what we have seen recently is a strategic shift towards customer focus. Successful TPOs have translated this customer focus into strategies to increase outreach, target specific sectors, initiate and strengthen local networks, and develop partnerships.

I would argue that TPOs can go further. I believe that TPOs themselves have the power to be the drivers of change. Importantly, they can also anticipate and driver the change – and keep one pace ahead of the pack.

For example, many TPOs are already working with their clients to identify opportunities in ethical trade, keeping up with – and ahead of – the growing trend of ethical consumerism. Another message from the World Export Development Forum is that ethically grown and traded products will keep their market, despite today's volatile, unpredictable economic climate. The market for such 'fair trade' products will likely take a temporary hit, but will bounce back. In fact, the sector continues to be a good investment and holds great potential.

We at ITC know this – as do many of you – because we are already working with developing countries producing ethical fashion, food and bio-products. Together, we are encouraging a strategic approach to trade. This way, as ethical consumerism develops and expands, people in developing country enterprises will be ready.

Trade and globalization together have brought greater prosperity to millions, as well as greater stability to nations. But unfortunately, there are winners and losers on the road to economic integration. This means policymakers and businesses must do their utmost to secure the benefits of trade for society at large because all of our citizens needs and desires to benefit.

While governments can implement policies and 'hard law' to achieve this, corporate social responsibility also plays a vital role – we know that good ethics is good business. A really good example of this is what communications giant ATT has done in the area of procurement and women

owned businesses. Last year the company spent \$2 billion on women owned businesses, a spend which in turn increased ATT's revenues by \$28 billion. I would say that is a pretty good return on investment.

Rose IT Solutions was founded in 1995 by a woman in New Delhi, India, working out of her basement. By working with ATT, Rose has been able to grow into a leader, providing IT and business services worldwide. Today, it employs 500 women and reported \$120 million in revenue this year.

Proof positive that there is both a business case and a development case for doing good.

I look forward to reconnecting with old friends, meeting new ones and learning from each other over the days to come. I am especially looking forward to participating in what I am sure will be very thoughtful and successful deliberations. Thank you.