

## The Need for a Strategy – Changing the Mindset

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**The Issue:** This presentation targets national export strategy-makers. It's a small audience, smaller than it should be. For few countries have such a national export strategy – at least one that works.

Still fewer have an integrated national export strategy – one that responds adequately to the dual challenge of achieving sustained improvement in export performance and exploiting, in full, the potential contribution that the export sector can make to overall economic development.

Strategy identifies objectives, sets direction, assigns tasks and allocates resources. It not only establishes the scope of trade support programmes, but it assesses the resources (financial, institutional, and human) required to implement these programmes. In so doing, strategy determines, and justifies, *trade capacity-development* priorities. It also defines the institutional structure of the trade support network and the parameters by which the network's performance should be assessed.

In short, strategy is essential. Sustained improvement in export performance relies on the existence of a national export strategy and the capability to manage it.

So why do so few countries, and particularly so few developing countries, have a functioning national export strategy? The reason lies in a combination of three factors:

- the low priority accorded to export and trade-related capacity development at the political and planning levels of government;
- the limited understanding of what works and what doesn't (i.e. 'best practice') among public-sector decision-makers concerned with issues affecting international competitiveness; and
- the absence of an effective working relationship between putative strategy-makers in the public sector and representatives of the business community.

A fourth reason is that public-sector decision-makers and business leaders are *preoccupied* with two issues: market access and market development. The tendency is to equate the national trade support effort with the ability to negotiate effectively in international

trade forums (commercial diplomacy) and the capacity to launch targeted (and largely traditional) promotional activities, such as fairs and missions. This is a mistake.

**The Proposition:** The current *border-out* orientation of most developing countries' export development activities is inadequate. Sustained improvement in export performance will only be achieved if:

- a national export strategy is in place that addresses *border-in, border, and developmental issues, as well as border-out* opportunities; and
- the capacity exists to manage such a strategy.

In other words, the strategic focus should be on *competitiveness-enhancement*, not simply market development.

This competitiveness-based vision of national export strategy has obvious implications for the process of strategy development and for deciding who should be involved in strategy implementation and management. It influences directly the structure and modus operandi of the national trade support network and it sets broader criteria by which to assess how well the national trade development effort is doing.

As importantly, it establishes a new paradigm for determining what should be the national and, indeed, the donor community's approach to trade related-capacity building.