TRADE PROMOTION ORGANISATIONS AND THEIR INCLUSION IN REGIONAL TRADE FACILITATION NETWORKS

Over the years Trade Promotion Organisations (TPOs) have been playing an important role by contributing to the distribution of goods and services (and, in some cases, even investment) in countries.

When we speak on this issue in the Latin American region, we must highlight the efforts made in recent times by agencies such as EXPORTAR (Argentina), CEPROBOL (Bolivia), APEX (Brazil), PROCHILE (Chile), PROEXPORT (Colombia) and PROMPEX (Peru) whose specific mandate is to promote exports through related development tools, the opening of international markets and initiatives in support of business management.

For the most part, the aforementioned agencies not only focus on "increasing total volumes" but also on "diversifying" the external sales of each country.

We must acknowledge, however, that both in the Latin American region and the space referred to as the "Greater Caribbean" there is an absence of real diversification of the exportable supply of the constituent countries.

Empirical evidence suggests that sector concentration of exports per se is negatively associated with economic growth. The main ones include:

Low export diversification may translate into increased vulnerability to specific sector-based shocks and high volatility of foreign currency earnings from exports and growth.

Reduced diversification limits growth in productivity insofar as it does not promote an increase in the efficient use of inputs or effective learning through export activity.

The question is often is raised about the relevance of TPOs or if we are creating unnecessary bureaucracy when comparing their work with that undertaken by embassies and consulates of the country in the area of trade.

The previous statements bring to mind a number of important questions:

Are all trade sections at diplomatic offices staffed with qualified persons who can assume this undertaking (which is not simple and is highly specific) of trade promotion?

Are current mechanisms for institutional co-ordination between agencies and trade attachés adequate?

Is there a structure of incentives that effectively drives the activity of trade promotion?

Recent studies by the Inter-American Development Bank (IDB) (Antonio Estevadeordal, Jessica Luna & Christian Volpe Martincus, 2007) have indicated that "export promotion agencies encourage the expansion of exports of more differentiated goods. Specifically, these overseas offices contribute to increasing both the number of exported products as well as the volume of average exports by product, particularly in the case of more complex goods."

Cognisant of trends that impact the changing world of international trade, the Network of Trade Promotion Organisations in Continental Spain was created in Madrid on 17th June 1999 as part of an initiative of Spain, the Institute of External Trade of Spain, (ICEX, acronyms in Spanish), the Spanish body responsible for trade) and the IDB. The aim was to create a space for discussion towards a deepening of relations among member organisations, the discussion of technical issues of common interest and the exchange of experiences and tools for successful trade promotion.

Since its creation, several meetings have been held among its members to examine actions taken to facilitate the advancement of joint activities to promote business among entrepreneurs from member countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Puerto Rico, Spain, Uruguay and Venezuela.

The bodies that form part of this initiative – whose characteristics vary from country to country – are responsible for spearheading action to promote exports, attract investment, and provide business

development services in support of globalisation.

Since the very inception of the Association of Caribbean States (ACS), the founding Heads of State and Government agreed that in order to strengthen the broader economic space for trade and investment, it was also necessary to create a fora for businessmen and trade promotion agencies in the Caribbean, where knowledge and business opportunities would be exchanged that would contribute to the emergence of a business culture within the Greater Caribbean.

This is how, for some 11 years, the ACS has been promoting exchanges among businessmen in the Greater Caribbean through its business fora and follow-up to the Red Interamericana de Promoción de las Exportaciones consisting of counterpart agencies responsible for these functions in each of its Member States.

Recently, Red Ibero invited the ACS to attend its Fifteenth Ordinary Meeting held in Bogota, Colombia on 31 October and 1 November this year under the auspices of PROEXPORT Colombia. As part of its objectives, this meeting sought to include the ACS in the work that has been undertaken within Latin America.

After examining the characteristics of both spaces and identifying the critical need to join forces between both regions, Red Ibero agreed to host a meeting with TPOs from the Greater Caribbean and the Central American Alliance of Export Promotion Agencies (ACAPEX, acronyms in Spanish) so as to jointly design strategies and, at the same time, share with the Caribbean network of TPOs tools and initiatives developed (i.e. best practice in the field), thereby stimulating the growth of exports between both hemispheres on the continent and their involvement in international trade.

Among those present at the meeting were María Claudia Lacouture (President of PROEXPORT Colombia), César Freund (current President of Red Ibero and Head of the international cooperation division of PROMPERU) and Alberto Durán, ACS Director of Trade and External Economic Relations.

At the ACS, we reaffirm the importance of exchanges between shared spaces in the Caribbean and Latin American region and are assured that this collaboration will contribute to strengthening the trade capacity in the region – a requirement for increasing and diversifying the goods and services produced in the Greater Caribbean region.