



International
Trade
Centre

EXPORT IMPACT
FOR GOOD

WTO Accession and the Role of the Business Community

Seminar on WTO Accessions Rules
February 8th, 2019

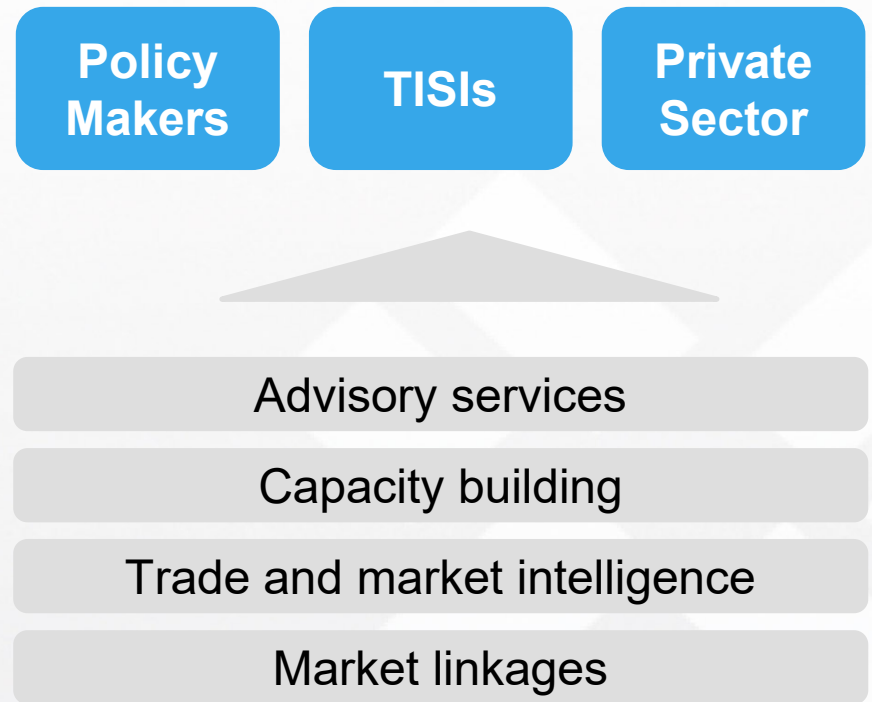
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ITC helps businesses trade

Joint agency of the UN and WTO

Fully dedicated to support the internationalization of SMEs



EXPORT IMPACT
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Agenda

- 1 Importance of private sector involvement in WTO accession
- 2 Framework for enhancing private sector competitiveness through trade policy instruments
- 3 Principles of public-private dialogue
- 4 Branding the business environment through WTO Accession

WTO Membership brings important benefits for business

- Greater **security and predictability** of access to markets
- **Protection for the private sector** against harmful trade actions by other countries
- A **more business friendly environment** that can help attract foreign investment and lift productivity
- Allows the opportunity to **safeguard interests** by participating in international trade negotiations and rule-making

The central objectives of private sector

- **Increased and more predictable market access opportunities**
- **Interest in smallest possible increase in import competition**, duly balanced against the lower prices of imported inputs or services due to increased competition, which is an essential ingredient for the overall competitiveness of domestic manufacturing



Business has potential concerns about accession



Lack of understanding of implications



Lack of comprehensive business involvement



The effects of increased import competition



Structural adjustment and loss of protection of certain sectors and enterprises

Preparing the business sector for WTO accession negotiations

- Establishing the **country's objectives** based on assessment of private sector competitiveness
- Ensuring that **private sector understands the business implications** of WTO membership
- Negotiating **policy space to cushion the blow** if import competition in sensitive, labour-intensive sectors
- Building the **policy and economic cases for reforms** while ensuring coherence between existing regional and emerging multilateral commitments

Challenges for policymakers

- **Private sector is composed of a heterogeneous aggregate of often opposing interests**
 - Governments and negotiators are well advised to carefully analyse these needs to calibrate their negotiating stances
- **Potential business misconceptions such as fears of import surges, of being displaced by foreign investors in all sectors and of being denied any government benefits**
 - A properly harnessed accession process gives governments the necessary time to address and assuage these fears and enable the private sector to undertake the needed adjustments

Challenges for policymakers

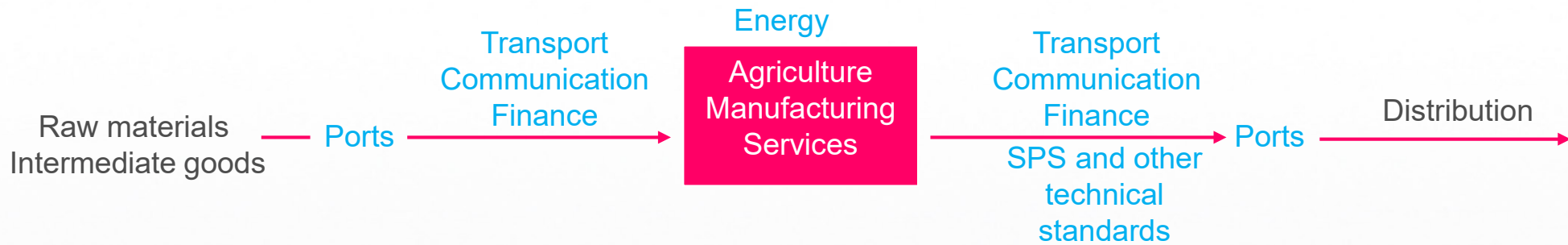
- **Private sector should be representative of the national economy and include SMEs and women in business, often representing more than 95% of economic actors in any country**
 - Comprehensive representation can contribute to speeding up the conclusion of WTO accession talks, as the Members tend to be more sensitive to well-argued positions taken
- **Lack of time to adjust to opening of trade**
 - Many acceding countries purposely extended the length of the accession process to give their private sector time to adjust to future WTO commitments. E.g. Nepal.

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Export Competitiveness - Trade Policy Interface

Trading Supply Chain



Trade Policy Instruments

COST OF INPUTS	COST OF INFRASTRUCTURE SERVICES	BUSINESS ENVIRONMENT	COMPLIANCE WITH SPS/TBT	EXPORT COSTS	MARKET ACCESS
<ul style="list-style-type: none"> • Tariffs • Duty -drawbacks • Trade facilitation • Rules of origin • Custom valuation 	<ul style="list-style-type: none"> • Regulatory Systems • Efficiency of services providers • Market access to foreign services suppliers • Competition policy 	<ul style="list-style-type: none"> • FDI openness • Export / investment links • Tariffs on capital goods • Protection of property rights • Good governance • Labour market 	<ul style="list-style-type: none"> • Conformity assessment • Mutual recognition/ equivalence agreements 	<ul style="list-style-type: none"> • Efficiency of port services • Trade facilitation 	<ul style="list-style-type: none"> • Market access <ul style="list-style-type: none"> - Agriculture - Manufactured goods - Services • Export subsidies/ domestic support in agriculture • Non-tariff measures • Preferential trade regimes/Regional integration
At the border	Behind the border			At the border	Beyond the border

Trade Policy Framework

This framework encourages the stakeholders to develop coherence between various trade policy instruments and attendant regulatory regimes to achieve the following objectives:

1. Create competitive infrastructure services
2. Promote foreign direct investment
3. Move good across borders effectively
4. Address export market issues
5. Improve inputs and capital goods

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Public-private dialogue (PPD) in trade policy is critical

(i) There are market failures, as private operators alone cannot achieve optimal allocation of resources

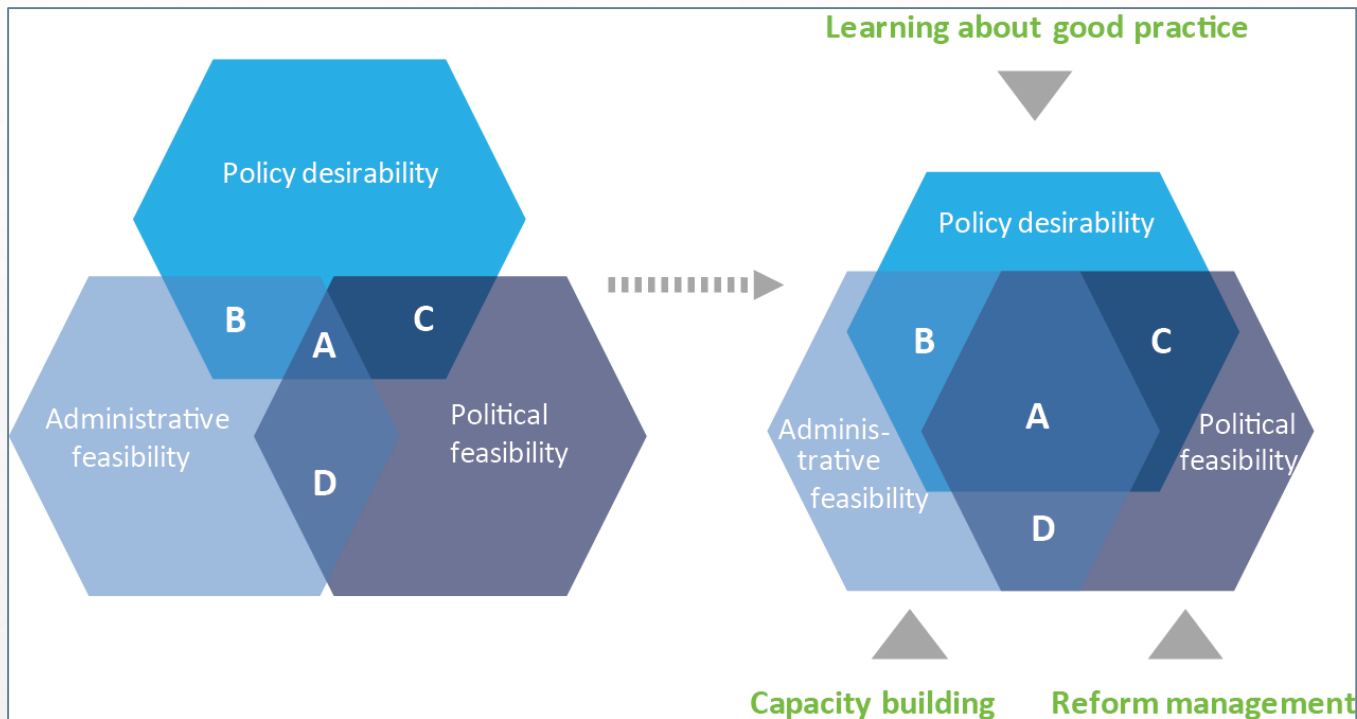


(ii) We have government failures as well, as state actors may not be able to address market failures on their own

Effective PPDs can address failures in government policy designed to overcome market failures

Effective PPDs can reduce policy uncertainty, promote innovation and create wealth

Broadening the scope and desirability for good for policy options

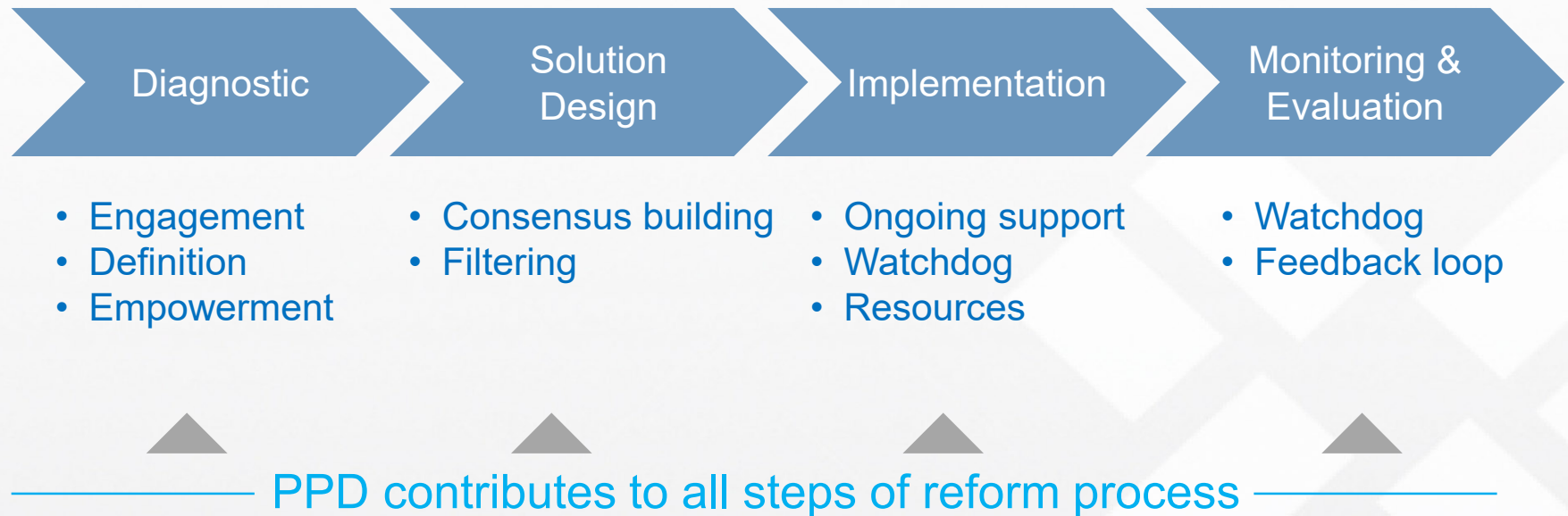


<http://wbi.worldbank.org/wbi/event/promoting-economic-development-and-good-governance-through-public-private-dialogue>

“PPD can contribute to all three elements. Its main impact is likely to be on raising the importance of issues on the government’s agenda and building a constituency for reform, and thus increasing the policy desirability and feasibility of these reforms. Through government participation in PPD, officials are exposed to exchange of experiences that contribute to capacity-building within the public sector. However, additional efforts are needed to build capacity for public sector reform processes.”

PPD contributes to all stages of reform process

Structured dialogue ▶ **Workable reforms** ▶ **Reforms that work**



PPD and building private sector support for policy reform

- Government can change the private sector's **perception of policy, gain credibility, share information and establish a reputation** for favouring private sector development
- Improve the **ownership and quality of policy making**, bringing it in line with the needs of the private sector
- Governments that pay attention to the private sector **are better placed to design and execute effective reform** programmes
- Make government policy **politically credible and sustainable** by securing buy-in from key stakeholders.
- Entrepreneurs who are involved in the reform process will be more **inclined to support policy reforms**

Challenges to effective public-private dialogue

- Avoid reinforcing vested interests
 - Unhealthy influence by an unrepresentative group of stakeholders, reinforce links between politicians and lobbyists, and provide a veneer of legitimacy for bad policies
- Fair and broad representation
 - Some groups may be well resourced and well organized while others - such as rural producers or SMEs – may be poorly resourced or poorly organized
 - Support for inclusion of all private sector
- Speaking with one voice
 - Need coordination by the different private sector participants
- Address negative attitudes to dialogue
 - High level political will and buy-in from government
- Avoid inefficient dialogue
 - Chat shows – meager outcomes
 - Reform objectives should be well defined and specific

Key success factors for effective public-private dialogue

- **Government needs political will and leadership to engage.** A strong commitment and a conscious effort by the political leadership and senior civil service officials are needed to encourage consultative processes and drive their activities
- **Will to reform.** Public and private champions investing in and driving the process promote the concept, devote time and effort and give public-private dialogue credibility, expertise and publicity.
- As the host, **government must establish a forum** where robust dialogue and knowledge sharing are supported. Champions from both the public and the private sectors need to drive the dialogue
- **Ability of the private sector** to reconcile inter-industry differences

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About nation branding

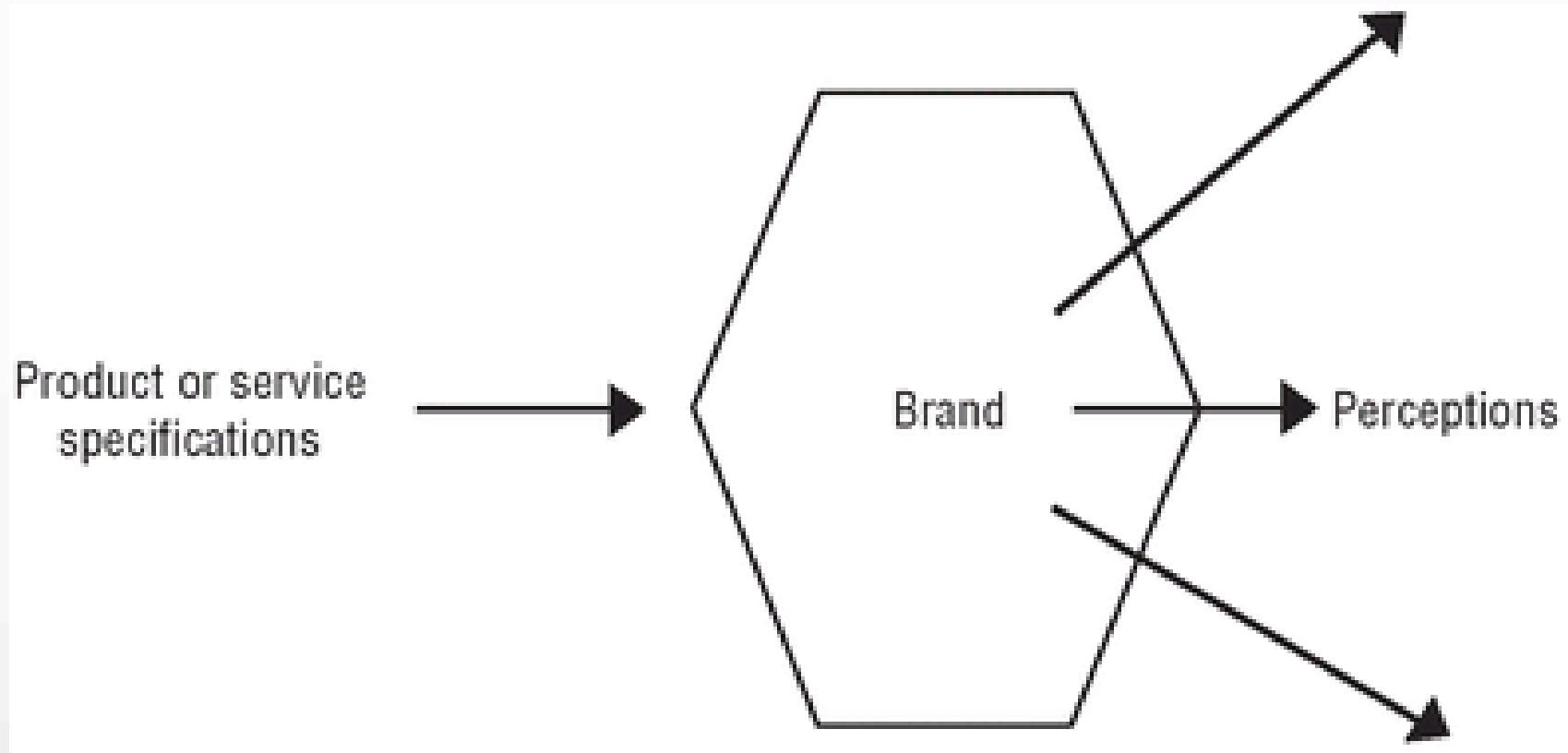
- Why are national brands important?
- What contribution do they make to the trade and investment (and tourism & attractiveness to live) for a country?
- How can WTO Accession enhance your brand for a conducive trading environment?



"Brand is not just a distinguishing name, logo term, sign or symbol intended to identify goods or services, but rather a complex mixture of tangible and intangible attributes and associations, that leads to awareness, reputation and prominence in the marketplace for an intended relationship (with consumers)"

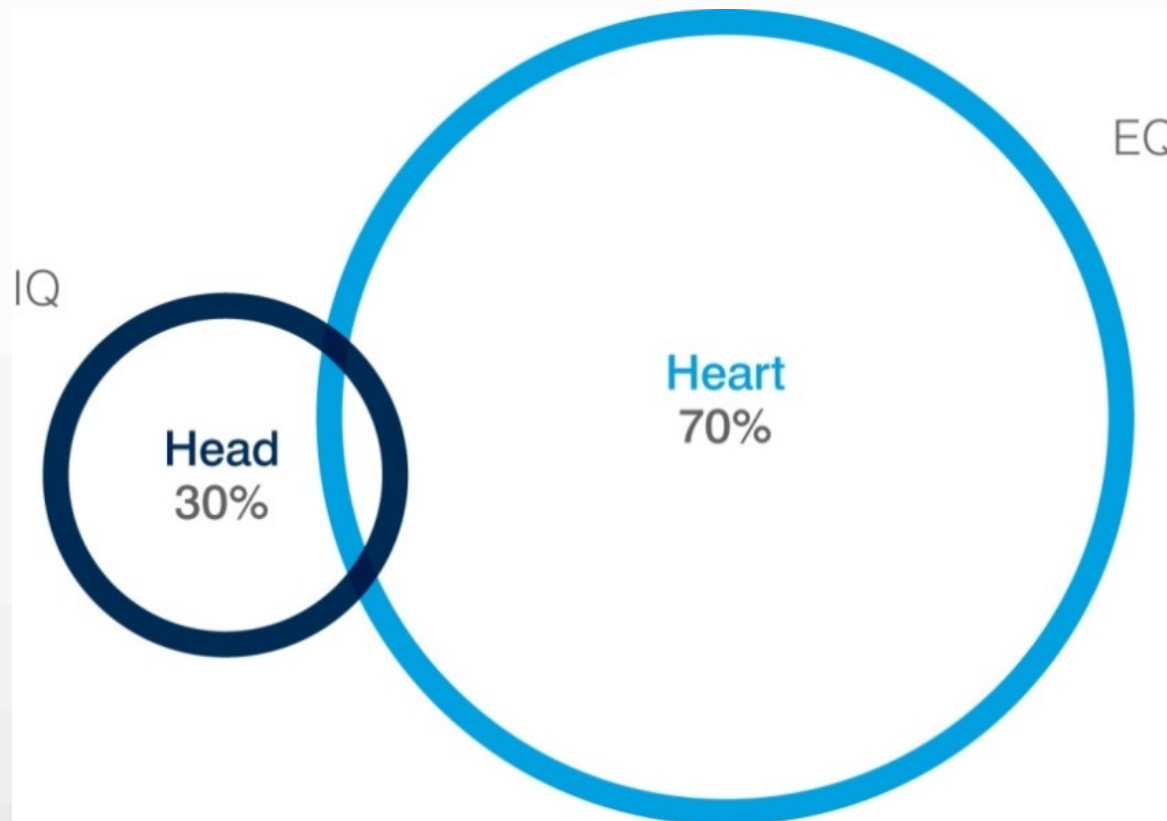
Fauziah Sh Ahmad, Omar, Zaleha, Rasid & Amin, 2012

Brands are the “prism” through which customers “perceive” the product



Influencing perceptions requires more than rational arguments

Understanding emotional drivers is essential



Definition of a national brand

Nation branding: a tool for countries to create, change or promote their image and international reputation.

- ✓ A **unique and multidimensional blend of elements** that provides the nation with a culturally and economically based differentiation and relevance for all its audiences
- ✓ A mix of core features that make a nation **distinctive, memorable and competitive**
- ✓ A **common image, perception and association** for countries by people
- ✓ A **fact-based notion** of the country's features and ability to attract investment and economic activity

Objectives of nation branding

1. Attract foreign direct investment (FDI)

2. Increase exports

- Attract tourists and workers
- Help to reaffirm international credibility and trust of investors
- Increase international political influence
- Stimulate international partnerships

Reasons to invest in branding

- The “unbranded” State is struggling to attract economic and political attention
- Image and reputation become essential elements of the strategic equity of the State
- A powerful and positive nation branding can provide a crucial competitive advantage in today's globalized economy
- A country is marketed by its citizens, business, foreign consumers, government, mass media and tourists
- Reflective brand positioning gives a country a competitive advantage over other nations
 - Creating a significant differentiation from others

Business environment and WTO accession - elements of national brand

Business environment

- **Resources:** human resources, natural resources
- **Services:** logistics, infrastructure
- **Geography**
- **Political stability**

Support with facts and international comparisons!

Indicators are a key component of assessing business environment, e.g. WB Doing Business, WB Logistics Performance, WEF Competitiveness etc.

Business environment and WTO accession - elements of national brand

WTO Accession signals

- Credibility and trust through membership in an international rules-based structure
- Commitment and ability to reform
- Evolving trading environment
- And many more..

Nation branding positioning platforms

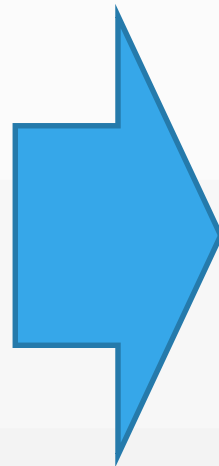


Attracting
tourism..

... and investment



Reaching the target audience by rebranding WAEMU developments in trade policy



Guides for investors

AN INVESTMENT GUIDE TO ETHIOPIA



Ethiopia – A Preferred Investment Destination in Africa



Why invest in Ethiopia?

2

Why invest in Ethiopia?

Ethiopia has become a preferred destination for foreign direct investment and emerging hub for manufacturing in Africa due to its:

Political stability and committed government

- Stable socio-economic governance with sustained peace and security.
- High level political commitment for investment promotion and protection; investment policy making is led by the Ethiopian Investment Board chaired by the Prime Minister
- Ranked 34th /138 economies for impartial public decision making (Global Competitiveness Report, 2016).
- Wide-ranging incentive packages for priority sectors and export-oriented investments.
- Bold initiative in the development of state-of-the-art industrial parks, electric-powered railway connecting the capital and other economic corridors to the port of Djibouti.

Conducive economic factors

- An average of about 11% annual GDP growth for the last 14 years, one of the fastest growing economies in the world during the same period (World Bank Global Economic Prospects).
- Stable and conducive macroeconomic environment.
- Implementing phase II of its Growth and Transformation Plan (GTP II) which aims to realize a structural transformation of the economy.
- 46% growth in FDI inflow— one of the most dynamic and largest FDI recipients in Africa (UNCTAD World Investment Report, 2017).

Favourable market factors

- Africa's second most populous nation with a population size close to 100 million.
- 54 million active labour force, trainable and available at competitive wage rate.
- Duty-free, quota-free access to the USA and EU markets through AGOA and EBA, respectively
- Duty-free, quota-free access to Japan, Canada, China, Turkey, Australia and New Zealand – covering substantially all export goods from Ethiopia. Preferential market access to India.
- Member of COMESA with preferential market access to a regional market of 400 million people.
- Strategic location with proximity to the Middle East, Europe and Asia.

Well developed infrastructure

- Newly built Addis-Djibouti electric-powered railway
- Africa's world-class and Star Alliance member Ethiopian Airlines flying to about 100 international passenger and 36 dedicated cargo destinations; also flies to over 20 domestic passenger destinations
- Huge investment potential in renewable energy including hyrdo, wind and geothermal; Grand Ethiopian Renaissance Dam – the largest hydroelectric power dam in Africa – under construction (close to 60% completed), expected to generate additional 6,000MW electricity.
- Expanding telecommunication services.
- Expansive road networks connecting national and regional markets.
- Two operational and seven upcoming government industrial parks; eight private industrial parks in the pipeline.

Evolving brand positioning and perceptions: Examples

Evolution in perceptions of brands

- Japanese, Chinese electronics

Evolution in business environment

- Rwanda: Investment in the past 25 years with an objective to attract investment from overseas. Had to provide a stable economy, desirable residential suburbs, modern road and air infrastructure, decent telecommunications and, crucially, a well-qualified, dynamic and motivated workforce.

Challenges of branding

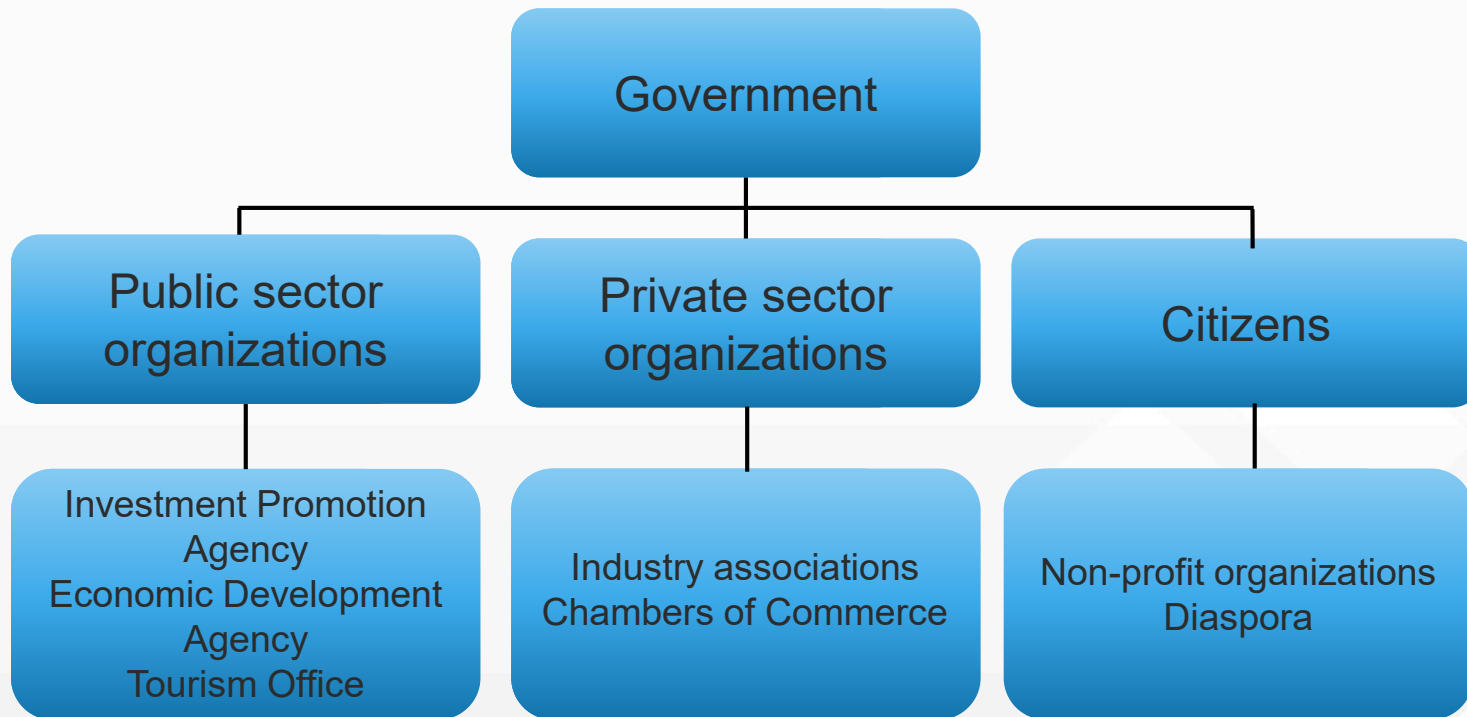
Collective feature of nation branding

- Consumer goods are tangible and the entities are well defined as a business or group of companies that have a common purpose
- The country is rather a multidimensional and complex entity
- A large number of actors with different objectives, resources and capacities
- It is a series of products and services combined with tangible and intangible characteristics of the country

Difficulties of control

- In a business, all activities are organized with one person who has the power and the right to make the decisions
- For a country, the marketer does not have a great influence on 4P (product, place, price, promotion) other than communication

Branding through an inclusive approach



Recommendations

- Branding strategy cannot only rely on a communications plan, has to be **tied with policy change**
- The 4Ps need to match, otherwise a disconnected message
- **Coherence and coordination** between different agencies and branches of government is important
- Branding based on a **continuous process of improvement**
- Promote **WTO accession as an instrument** for increasing investment and export potential
- Consider all relevant media outlets
- **Use international rankings and other sources to build commitment and credibility**

Concluding thoughts

- WTO membership not an end in itself, but a means to an end
- Competitiveness – trade policy framework serves as a tool for analysing the current sectoral constraints and establishing overarching objectives
- Making trade possible through greater trade opening needs to be synergised with hard and soft trade infrastructure investments
- Ensuring coherence between existing regional and emerging multilateral commitments is key
- Private sector involvement at all stages crucial for coherent trade policy development and presenting of thorough arguments for negotiations
- WTO Accession can enhance a country's brand of conducive business environment and increase FDI

Thank you for your attention

