

WTPO Conference, Opening remarks by Patricia Francis

Kuala Lumpur, 16 Oct 2012, 9:30

Good morning, welcome to Kuala Lumpur, and welcome to the 9th TPO Network World Conference and Awards.

I would like to especially welcome The Honourable Deputy Prime Minister of Malaysia **Y.A.B Tan Sri Dato' Hadj Muhyiddin Hadj Mohamed Yassin**, the honourable Minister of International Trade and Industry, **Y.B Dato' Sri Mustapha Mohamed**, and the Secretary General of the Ministry of International Trade and Industry of Malaysia, **Datuk Dr. Rebecca Fatima Sta Maria**, Ambassadors, representatives' of UN Organizations and representatives of TPOs from all 63 participating countries.

We have just spent three days at ITC's World Export Development Forum in Jakarta, discussing the profound changes that are taking place in the world economy, representing both a threat and an opportunity for exporters.

Growth in industrialized countries continues to be slow. As a result, many emerging economies are now experiencing flat or in some cases even declining exports to key traditional markets.

Trade patterns are already shifting, South-South trade is now a reality: many emerging economies are already diversifying their exports towards other emerging economies in order to increase their exports. All developing countries and LDCs need to do the same.

The role of TPOs in this process is plain to see. We are looking at dramatically shifting trade patterns; growth in these new areas is still challenging, and will not happen without support.

Trade promotion has a key role in conquering new markets – and requires adaptation to the needs of these new working methods.

At the same time, in traditional markets, where demand is often shrinking and competition is becoming tougher, there is a heightened need for trade promotion activities.

In the midst of these trends the need for trade promotion activities and the role for TPOs is clear. But it is through innovative approaches that TPOs can rise to these challenges and assist their clients in seizing new opportunities.

Changing trade patterns is not the only reason for expanding the services TPOs provide clients.

Global supply chains have become more complex and are taking up an increasingly larger percentage of trade. Services represent more than 50% of the economy even in the poorest countries, but only 21% of exports worldwide – presenting a major unexploited

opportunity. Understanding trade in tasks related to global supply chains, the world of creative industries and the services sectors requires new thinking and new approaches by trade promotion organizations.

It will require innovative services for TPOs to take advantage of these new opportunities. Malaysia's launch of the National Innovation Strategy and research and development work on new derivatives of palm oil, pink guava fibre and other products are illustrations of new ways of supporting innovation with the potential to grow trade and add value.

Governments all over the world increasingly realize the need for not just growth, but equitable, inclusive growth. TPOs, too, need to recognise that the industries they promote provide opportunities for women-owned enterprises (often SMEs) and producers in poor, rural areas.

Over a third of firms worldwide have female participation in ownership, but their share among exporting companies in developing countries remains low. Women-owned enterprises are often outside traditional business networks, so services, including trade promotion services, do not reach them. This is a challenge TPOs of the modern world must face up to. Economic empowerment of women is not only the right thing to do: it is also good development policy, as women reinvest 70% of their earnings in family well-being.

GE's recent conference in KL themed "We Connect, Act and Inspire" is just another illustration of how government policy and private sector initiatives can deliver opportunities for women.

Equally important is the challenge to reach potential exporters in rural areas. TPOs are not always able to expand their services to the regional level. Producers from what are often the most vulnerable groups struggle to become and remain competitive in export markets.

Meeting the needs of a larger clientele and assisting inclusive export growth requires different channels and approaches, including establishing partnerships with a network of local trade support institutions countrywide, closer to end beneficiaries. Yet again, TPOs need to identify innovative channels and appropriate business models.

Innovation is not only an opportunity, it is also a necessity. As many of you have told us, fiscal tightening by your governments has put pressure on you to provide more for less. To meet this challenge requires a paradigm shift not only in terms of services you offer but also in the way these services are delivered. So yet again, innovation it is: the theme of this year's conference.

We typically associate the word innovation with high-tech startups founded in college dormitories or in the proverbial garage.

As Tim Harford, a business writer, points out in his recent book *Adapt*, most innovations are in fact not this simple. They take a lot more than sheer genius. Cure for cancer, heart disease or the identification of an effective source of clean energy have proven elusive. Many of you have experimented with various innovative solutions, some of which will be shared at this conference. In our space, like in medicine or clean energy, research and

innovation require substantial financial resources, experimentation and – at the end of the day – determination and stamina.

Despite the inherent challenges, there are impressive examples in innovation among TPOs that we can all learn from. MATRADE, for instance, has a commendable best practice programme to reach out to SMEs with majority women-ownership.

ITC, like national TPOs, sees an opportunity in innovation. We understand that you need new services to meet the needs not only of today, but also of tomorrow. In partnership with TPOs, ITC's key constituency, we continue to introduce new products and services for our partners.

As you are going to hear in more detail in my colleague's presentation in tomorrow's session, ITC has launched a number of new products over the last couple of years. I'd like to highlight one, which we will talk about at length later today: our TPO Benchmarking initiative, which provides a great example of a programme developed with TPOs for TPOs' to measure effectiveness and efficiency while demonstrating value for money!

To use a fashionable term from the field of IT innovation, we are looking to "crowd-source" our next generation of business ideas. In order for us to meet your evolving needs, we need to hear from you and keep the conversation going during this conference and beyond.

In the meantime, my hope is that you will take full advantage of this conference, and exploit the knowledge sharing and networking opportunities it provides.

I also hope that we will all walk out of this conference with a set of actionable ideas and relationships that will help you implement the kinds of actions that will be discussed over the next two days.

Let me finally thank all who made this event possible: our co-organizer MATRADE, the Government of Malaysia, and the team at ITC.

Once again, welcome and enjoy.