



# THE WHAT AND HOW OF TPO SERVICES

## HOW TO DISTRIBUTE TPO SERVICES?

THURSDAY 14 OCTOBER 2010

### Speakers:

- Mr Mauricio BORGES, Director, APEX-Brasil
- Mr YU PING, Vice Chairman, China Council for the Promotion of International Trade – CCPIT
- Mr Noharuddin NORDIN, Chief Executive Officer, MATRADE, Malaysia

Moderator: Mr Friedrich von KIRCHBACH, Director, Division of Country Programmes, ITC

TPOs face the challenge of deciding if and how to distribute their services in a proactive manner. In some cases, and based on their mandate, resources and position, TPOs decide to take a passive role and wait for requests to come in. In other cases, TPOs decide to take a more proactive stance and establish mechanisms to distribute their services to their target clients through different paths. Three TPOs described their strategic decisions to cope with the crisis and shared views on how best to distribute services across challenging environments and heterogeneous client bases.

In Malaysia, for example, MATRADE recently restructured to sharpen its focus on export promotion activities, exporter development, trade and market information (its most important service), and trade advisory services and support. Importantly, MATRADE is now focused more on needs and expectations and is concentrating on the supply side rather than the market side.

'Our presumption of who are clients are has changed,' Mr Nordin explained. 'They come to us knowing what they want to export. They ask us, "What do I need to do to export?" Under the new structure we service different companies with different levels of export readiness. We restructured by sectors and are no longer market oriented.'

This client-centric approach is expected to support MATRADE in realizing the government's ambition to become a developed country by 2020 under Malaysia's New Economic Model and Economic Transformation Programme. In addition, MATRADE is focusing on new clients. For example, MATRADE is supporting women entrepreneurs under its exporters' development service. Development grants are being given to SMEs, which can recoup 50% of the cost of export initiatives.

As Malaysia develops and diversifies, MATRADE faces the challenge of the government's creation of more entities.

As for China, the country has not come through the global financial crisis unscathed. It has experienced shrinking external demand, over-capacity in some sectors and unemployment.

CCPIT responded by intensifying its current services, designing new services and engaging in a market research. The organization is also aggressively pursuing trade fairs and sector exhibitions to help companies in integrated sectors such as textiles and electronics diversify export markets. It has worked with domestic regions, helping them focus on exports in key sectors according to the region's economic characteristics. A series of road shows in targeted regions has exposed domestic consumers to products – an exercise that has boosted domestic consumption and paid huge dividends. China is also focusing intensely on African markets.

'We took serious measures and achieved remarkable results,' said Mr Yu Ping. China's trade volume in 2009 was US\$ 2.2 trillion (down 14% from 2008 figures). From January to July 2010, China's trade hit US\$ 1.62 trillion, up 40% from 2009. China is the world's number two trading and importing country – proof that CCPIT measures have been effective.

However, Mr Yu Ping recognized that there are still many problems in China's trade. For example, the structure of export products should be further optimized, foreign-invested enterprises occupy too great a share of total export volume, the core competitiveness of export enterprises must be increased, export markets are too concentrated, and SMEs lack market development ability.

'I say China is a trading giant in quantity rather than quality,' he said. To solve these problems, it is important to improve China's trade service system and assist export enterprises in improving their competitiveness in the international market. China's policy support for trade has taken firm shape, but the service support system for trade is still in need of perfection, particularly for services in market information and research, financing, assistance in dispute solutions, professional counselling, and intellectual property rights protection.

'In this regard, CCPIT would like very much to learn from other TPOs their successful experiences and practices,' he added.

Brazil is another example. Apex-Brasil was created in 1998 as a public-private partnership. Mr Borges noted that Apex-Brasil is 'the most important partner of Brazilian companies' when it comes to internationalization at all levels. The Agency supported 10,363 companies and 74 sectors in 2009, and works in many complementary areas:

- Promotion of exports of Brazilian products and services;
- Support for the internationalization of Brazilian companies;
- Strengthening the image of Brazil; and,
- Attracting foreign direct investments into Brazil.

Mr Borges described the Agency's 'client focused vision', noting that its new institutional vision focuses on structure, products and client needs. A multi-channel, integrated communication initiative links business centres abroad, project managers, regional offices and partners in Brazil, a call centre, website industry associations and institutional actions.

However, Mr Borges noted that services delivered via the website or call centre are typically a first contact. 'Sometimes there is no need to make further contact; however, once we understand their needs and want to move forward, eye-to-eye contact is very important,' he said. 'Most important is the function of listening.'

Apex-Brasil deploys project managers for sectors, regions and countries. The service is delivered by 'cross information', starting by sectors, and then by countries and regions. 'It's a mixture of information and project management,' Mr Borges explained. Brazil is moving from client-oriented service distribution to providing differentiated packages that respond to the needs of the target group.

The three TPOs - MATRADE, CCPIT and Apex-Brasil - have different business models but share certain characteristics, including:

- Identifying a client base that is export ready, rather than SMEs in general;
- Being client-centric – it is essential to be in ‘listening mode’;
- Having a clear focus on market development;
- Streamlining operations by cooperating with other institutions to achieve economies of scale;
- Having a primary focus on sectors rather than markets and within sectors to help companies move forward; and
- Tending to move towards quality rather than quantity.