

A call from the private sector

Improving Company Export Knowhow

In order to facilitate trade, through the improvement of Export Knowhow, the Arab-EU Business Facilitation Network, representing more than 330.000 companies in Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia, recommends that the following measures are taken by the governments of our region:

Summary of recommendations

- Create regional export promotion website “MENA Help Desk” to strengthen information and best practice sharing – Similar to the EU’s export help desk
- Improve/establish export promotion agencies
- Integrate export promotion strategies into a wider, comprehensive enterprise strategy covering all sectors in cooperation with exporters.
- Develop a network of trade offices in all the key export markets.
- Monitor and evaluate export promotion programmes regularly
- Facilitate access to information on procedures for and regulations on foreign trade through designated institutions
- Strengthen business organisations to assist their members on increasing export
- Improve access to export credits and guarantees
- Support specialized trade delegations, export fairs and study tours
- Improve access to import/export banks

1. Introduction

No country in the last 50 years has sustained high levels of growth and significantly increased per capita income without greatly expanding trade. Trade allows countries to exploit their comparative advantage. It permits companies to sell to customers in any country and to source goods, services and technologies from the most efficient suppliers. By doing so the enterprises generate jobs and raise household incomes and thus increasing the standard of living.

In order to reap the benefits of improved interregional trade in volumes and value, a dedicated focus on export knowhow is essential, combined with up to date information on the various requirements related to imports and exports, which should be published regularly.

For these reasons, we, the ARAB-EU Business Facilitation Network, comprising the leading business organisations in our region, representing over 330.000 private

enterprises, call on the governments of our region to facilitate the dissemination of export knowhow to all, and especially to small and medium sized, companies (SMEs).

2. Key challenges

The lack of export knowledge in our region is specifically a problem among SMEs, which often do not have the capacity, including human resources, to investigate export possibilities and subsequently sell their products on foreign markets. In order to reap the full benefits of exports, SMEs must have an institutional framework to serve as a helping hand, such as effective export promotion agencies providing advice and assisting in promoting their products abroad.

SMEs are a key driver for growth and employment – especially in our region¹. SMEs constitute more than 80% of employment in many economies (especially in countries with little to no oil). There is therefore a huge potential for our region's economies to work strategically towards increasing private sector export know-how in order to increase exports which, in turn, will create jobs and economic growth.

The most diversified countries in our region currently export around 1500 goods – most of them in low value-added sectors compared to close to 4000 goods in countries like Poland, Malaysia and Turkey. Diversification is even weaker in oil-rich countries, many of which export less than 500 goods².

Research carried out by the ARAB-EU business network, clearly shows that lack of export know-how is serious and that action need to be taken. Many of the 330.000 member companies represented by the AE-Network experience that having insufficient knowledge about how to export which limits the development of their businesses. This is confirmed by a study³ on the main obstacles to trade covering a random mixture of enterprises in our region and European headquartered businesses that are operating in our region. More than 90% of these companies identify the following main barriers to export:

- insufficient networking/matchmaking instruments,
- Insufficient export conferences and awareness activities,
- Insufficient regional business support programmes and
- Insufficient regional and international bilateral export support programmes.

According to surveys of the member companies of the AE Network, a majority have identified the following needs:

¹ <http://www.smeadvisor.com/2011/05/financing-sme-export-and-trading-beyond-your-horizon/>

²Dr. Shamshad Akhtar, Regional Vice-President, Middle East and North Africa, The World Bank (October 6th 2010)

³ <http://www.invest-in-med.eu/en/the-medalliance-consortium-24.html>

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- Improved knowledge of the international markets to identify potential clients and/or partners
 - Improved knowledge of the language, culture and customs to get easy access and contacts on international and regional markets
 - Knowledge of legislation, formalities, permits, terms of delivery and payments

If companies are already active in a foreign market and want to improve and develop these activities, our members have identified the following needs:

- Better knowledge on ways to improve distribution channels or supply chain management
- Improved knowledge on how to create a new or improved market strategy

Member companies and our organisations are aware of the need to enhance the capacity of staff to acquire the appropriate education and know-how. This could be achieved through own initiatives or collaboration with governments or other institutions:

- Develop international business courses or export know-how seminars conducted locally and taught by professionals
- Increase coordination between stakeholders (universities, private and public sector) to provide courses on export and international business within their curriculum.
- Increasing number of staff that go abroad to seminars or get enrolled in short term international programs that provide knowledge on how to deliver better export know how

3. Export Strategies and export facilitations agencies

A reliable barometer of export know-how is the extent to which a country has set up and successfully implemented an official export strategy in combination with export facilitation initiatives such as an export council or export promotion agency. Many of the countries in our region have established export promotion agencies and other trade-specialised institutions such as CEPEX in Tunisia, the ASMEX in Morocco, the Jordan Enterprise Development Corporation, the National Commission to Promote and Develop in Syria, ALGEX in Algeria, Trade point in Lebanon and the industrial chambers/export councils/foreign trade training centre/trade points in Egypt.

The most active export promotion agencies in our region are able to provide a wide range of services to exports, including personalised services of market intelligence, market research, and search of trade partners, and to maintain a presence in all the most important export markets through commercial offices.

Based on our calculations, the below tables provide an overview of the level of development within our countries region regarding export know-how:

Export Know-How Index (1 is the lowest – 5 is the highest score)							
Country	Algeria	Egypt	Lebanon	Jordan	Morocco	Syria	Tunisia
Indicator							
Export promotion strategy							
Quality of access to information on foreign trade							
Access to export credit guarantees							
Access to import–export banks							
Total Average Index Score							

Although some measures are in place, they remain broadly underdeveloped and lacking consistency and efficiency. The evidence for this lies with the large amount of companies identifying lack of export knowhow as a major barrier to growth. A strong need remains for improving the export knowhow across the region and we call for our governments – to act individually and to collaborate in improving the institutional set-up for export know-how, which will ultimately benefit the different countries, large and especially SMEs and consumers alike.

4. Recommendations

In order to meet the challenges outlined above, the AE-Network calls upon the governments of our region to take the following measures in order to facilitate regional/international trade and the creation of economic growth and jobs:

Challenge:

Lack of export knowhow among companies – especially SMEs

Recommendations:

- Create regional export promotion website to strengthen information and best practice sharing. Similar to the EU’s export help desk or Lebanese LIBNOR – a specific enquiry point for trade information
- Improve existing export promotion agencies and establishing new ones where there are currently none (including provincial agencies)

- Integrate export promotion strategies into a wider, comprehensive enterprise strategy covering all sectors in cooperation with exporters.
- Develop a network of commercial trade offices in all the key export markets.
- Monitor and evaluate export promotion programmes regularly
- Facilitate access to information on procedures for and regulations on foreign trade through designated institutions
- Create national institutions in charge of the diffusion of regulatory and procedural information to all operators
- Strengthen business organisations to assist their members on increasing export
- Increase knowledge, especially among SMEs, on how to import/export in GAFTA, including information on host country regulations
- Support specialized trade delegations, export fairs and study tours
- Organise more export conferences and awareness activities – also to Increase instruments for networking/matchmaking

5. Conclusion

The ability for a country to export its products abroad and taking advantage of its comparative advantage represents a fundamental requirement for development and economic growth. Our region has the potential to compete on the international market, but many of the companies are unaware how to tap into the profitable world of exporting.

From our side, the network will put in place information channels and procedures that will ensure early dissemination of information on changes in regulation and standards, market information etc. related to exports in the region. A website will be dedicated to this specific task. The human and if possible the financial resources necessary for carrying out this initiative will be borne by the AE-Network and the participating organizations. In case of lack of financial resources other sources of financing shall be explored.

The AE Network strongly urges the governments of our region to place export knowhow on the top of the agenda in order to create sustainable economic growth, jobs and encourage innovation.

Algeria: Forum des Chefs des Entreprises (FCE)

Egypt: Federation of Egyptian Industries (FEI)

Jordan: Jordan Chamber of Industry (JCI)

Lebanon: Association of Lebanese Industrialists (ALI)

Morocco: Confédération Générale des Entreprises du Maroc (CGEM)

Syria: Damascus Chamber of Industry (DCI)

Tunisia: Union Tunésienne de l'Industrie, du Commerce et de l'Artisanat (UTICA)