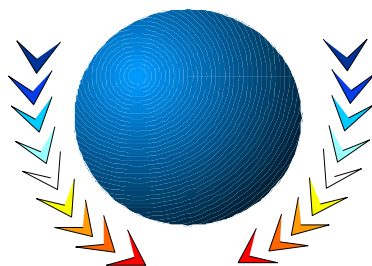


**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**



# **Trade Point Review 2001-2002**

**September 2002**



**UNITED NATIONS**

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## Note

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## Abbreviations

APTPF	Asia/Pacific Trade Point Forum
ATPF	Arab Trade Point Forum
ATPI	African Trade Point Initiative
BOAD	West African Development Bank
CARICOM	Caribbean Community
CAF	Andean Corporation for Development
CBI	Centre for the Promotion of Imports from Developing Countries
CEDOPEX	Dominican Centre for Export Promotion
CEPROBOL	Bolivian Promotion Centre
CIS	Commonwealth of Independent States
ECOSOC	Economic and Social Council of the United Nations
ETO	Electronic Trading Opportunity
EU	European Union
GTDS	Global Trade Directory Service
GTPNet	Global Trade Point Network
HS	Harmonized System
IATPF	Inter-American Trade Point Forum
IT	information technologies
ITC	International Trade Centre UNCTAD/WTO
LDCs	least developed countries
JITAP	Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries
NAICS	North American Industry Classification System
NGO	non-governmental organization
PROPARAGUAY	General Direction of Export and Investment Promotion
SIC	Standard Industrial Classification
SMEs	small and medium-sized enterprises
TACIS	Technical Assistance to the CIS Countries
UEMOA	West African Economic and Monetary Union
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UN/ECE	United Nations Economic Commission for Europe
UN/EDIFACT	United Nations Directories for Electronic Data Interchange for Administration, Commerce and Transport
UNISTE	United Nations International Symposium on Trade Efficiency
UN/LOCODE	United Nations Code for Trade and Transport Locations
UNOPS	United Nations Office for Project Services
WTO	World Trade Organization
WTPF	World Trade Point Federation

## Foreword

The year 2002 marks 10 years of the existence of the Trade Point Programme. This is a suitable opportunity to assess the pioneering nature of a Programme that in 1992 anticipated the dramatic entry of the Internet onto the scene and acknowledged the importance for developing countries of increasing the efficiency of their trade procedures in order to be competitive and be able to take full advantage of the benefits of globalization. Moreover, the Programme subsequently provided a practical platform for electronic commerce to companies in those countries that would otherwise have been left behind. The Programme's original objective of assisting SMEs, in particular those in developing and least developed countries, to trade more effectively using information technologies is now more relevant than ever.

At the same time, the fierce competition in international markets and rapid technological developments are driving the global Trade Point operations to adapt to the new environment. Trade Points have thus decided to set up an international non-governmental organization, the World Trade Point Federation, which will take over the Programme from UNCTAD and manage it on behalf of its beneficiaries. Since its creation in 2000, the Federation has proved its commitment to further development of the Programme and to the values that it represents. UNCTAD will officially transfer the Programme to the Federation in November 2002. As this date is fast approaching, I would like to wish the Federation success and assure it, as well as its member Trade Points, of UNCTAD's continuing support of their work on behalf of SMEs worldwide.

Rubens Ricupero  
Secretary-General  
United Nations Conference on Trade and Development

The World Trade Point Federation, established in November 2000, originates from UNCTAD's Trade Point Programme that was launched 10 years ago. It was created by Trade Points, in close coordination with UNCTAD member States. The Federation aims to become a global trade facilitator and trade information provider for small and medium-sized enterprises. Our services are available through our website ([www.wtpfed.org](http://www.wtpfed.org)), as well as the human network of 121 Trade Points, one-stop-shops with local know-how, located in 80 countries on the 5 continents, where around 1,200 persons are at your disposal for assistance.

Uniquely placed to combine the forces of the private sector and international organizations, we also aim to serve as a practical tool for the intergovernmental organizations dealing with trade efficiency and trade facilitation.

We are committed to making sure that our organization continues promoting and implementing those basic principles and values that have been inherent to the Programme since its inception, and propagating them among the Trade Points worldwide so that they become a standard in business.

Bruno Masier  
President  
World Trade Point Federation

## **Chapter 1: Ten years of the Trade Point Programme**

### ***1992-1994: The beginnings***

The Trade Point Programme was launched in 1992 as part of a larger initiative to improve trade efficiency. Its main objective was to open international trade to new participants – especially small and medium-sized enterprises (SMEs) – by simplifying and harmonizing trade procedures worldwide, disseminating knowledge about best practices in this regard and giving traders access to advanced technologies and information networks.

The Trade Point Programme was designed to establish, operate and interconnect Trade Points in all regions of the world. These Trade Points comprise three key elements:

- They are trade facilitation centres, where all participants in foreign trade transactions (e.g. customs, banks, insurance companies, freight forwarders, transport companies, Chambers of Commerce) are grouped together under a single physical or virtual roof.
- They serve as a source of trade-related information, which provides actual and potential traders with data about business and market opportunities, potential clients and suppliers, trade regulations and requirements, etc.
- They act as a gateway to global information networking. It was decided that all Trade Points would be interconnected through a worldwide network, and equipped with efficient telecommunication tools to link up with other global networks.

During the first two years after the creation of the Programme, UNCTAD concentrated on a pilot implementation of the Trade Point concept in a limited number of countries. Activities focused on:

- The development of the Trade Point concept, including the drafting of guidelines on how to establish a Trade Point, and promotion of this concept at intergovernmental and institutional meetings;
- The preparation of several Trade Point project documents and their submission to different donors in order to facilitate the establishment of Trade Points in developing countries, more particularly the least developed countries (LDCs), and countries with economies in transition;
- The regional coordination of government requests and advisory assistance in the implementation of the Trade Point concept and development of Trade Points.

The Trade Point Programme was started with the modest ambition of establishing 16 Trade Points around the world. Between February 1992 and October 1993, the secretariat received requests from 40 countries interested in establishing Trade Points. By October 1993, 17 pilot Trade Points had been set up in 14 countries. By May 1994, other governments had requested the establishment of Trade Points, bringing the total number of countries to 51. The establishment of Trade Points was facilitated by substantive support provided by Trade Point experts and regional coordinators, who went to visit the relevant countries.

At the same time, work began on the setting up of the Global Trade Point Network (GTPNet). GTPNet aimed at interconnecting an increasing number of Trade Points through electronic means. In order to promote products through the Trade Point network using the most advanced communication techniques available, UNCTAD developed in June 1993 a service to distribute offers and demands for products, services and investment via e-mail and news groups. The service was named the Electronic Trading Opportunities (ETO) system.

### ***1994-1996: Consolidating the Trade Point Programme***

Between 1994 and 1996, Trade Point experts and regional coordinators were mainly involved in consolidation activities. The Trade Point concept was further promoted and the establishment of new Trade Points pursued. UNCTAD trade efficiency and telecommunications experts contributed to the development of the GTPNet and facilitated access to it for the LDCs. In January 1995, ETOs started to be disseminated using the World Wide Web.

As of March 1996, UNCTAD had granted operational status to 39 Trade Points in 25 countries, with 89 Trade Points still in the process of being established. At the end of 1996, the GTPNet had expanded to

over 100 Trade Points at different stages of development and had become a major global pre-transactional network for electronic commerce. It was therefore ready to move to its next objective, which was to become an instrument for worldwide participation in electronic commerce.

1995 saw the beginning of enhanced regional cooperation among Trade Points in Latin America. The first Latin American Trade Point meeting took place in Colombia in March 1995, a second meeting followed in September and a third one in April 1996. At the fourth Inter-American Trade Point meeting, held in Peru in November 1996, Trade Point representatives from North, Central and South America and the Caribbean laid the foundations for the establishment of the Inter-American Trade Point Forum. Its main objective was to be the strengthening of the Trade Point network on the continent through regional cooperation and mutual assistance.

Between 1994 and 1996, several conferences of considerable importance to the future of the Trade Point Programme took place. Some of them anticipated new approaches to the Trade Point concept, especially with respect to enhanced self-sustainability.

- **United Nations International Symposium on Trade Efficiency (UNISTE) (Columbus, Ohio, October 1994).** In the framework of the symposium, Trade Point representatives from over 30 countries met to share ideas and discuss administrative and organizational issues necessary for the Programme's transition to a fully operational status. Furthermore, United Nations Secretary-General Boutros Boutros-Ghali announced the official launch of the GTPNet, which would formally interconnect Trade Points around the world. A coordinated programme of the United Nations in the area of trade facilitation and efficiency was jointly launched by UNCTAD, the International Trade Centre UNCTAD/WTO (ITC) and the United Nations Economic Commission for Europe (UN/ECE).
- **Third World Meeting of Trade Point Directors (Tampere, Finland, September 1995).** Two important messages resulted from the discussions. First, quality should be given preference over quantity as far as information circulating on the GTPNet and services provided by Trade Points were concerned. Second, all efforts made to improve the operation of the GTPNet should keep in mind the Trade Points' main target group, SMEs.
- **UNCTAD IX Ministerial Conference, National Executive Symposium on Trade Efficiency and the Fourth World Meeting of Trade Point Directors (Midrand, South Africa, May 1996).** Participants in these events issued a series of important recommendations for the Trade Point Programme, namely to consolidate the Trade Point network, to enhance the capacity of Trade Points to function as information and training centres for SMEs and to explore the means to make them financially sustainable. In addition, the move from "contacts to contracts" was announced as the next stage in the development of the Trade Point Programme. This would allow enterprises to conduct electronic commerce on an open but secure network.

#### *1997-1999: In search of new directions of action*

By 1997, the Trade Point Programme had achieved a very broad distribution of Trade Points both geographically and between the developing and developed world, which put it in an excellent position to facilitate global trade and to serve as a unique tool for broadening the emerging opportunities related to electronic commerce. As of January 1998, 117 countries were involved in the GTPNet, of which 21 were LDCs. There were 138 Trade Points, including 44 fully operational. An average of 200 ETOs were disseminated daily to over 10,000 subscribers.

While pursuing its activities according to its original strategy, the Trade Point Programme was also involved in a process of reorientation. To this end, a number of events and activities were undertaken in 1998 and 1999 with the aim of assisting this process. The following were among the most significant:

- **Fifth World Trade Point Meeting (Lyon, France, November 1998).** During this meeting, extensive discussions took place with regard to future orientations of the Programme. The emphasis was on the quality of services provided, creation of trust among customers and enhancement of cooperation among Trade Points within the framework of regional and national Trade Point forums.

- **In-depth evaluation of UNCTAD's Trade Point Programme (December 1998).** In 1998, the Trade Point Programme was selected for evaluation by an independent team led by PriceWaterhouseCoopers. The evaluators concluded that the Programme appeared to be valued quite highly by Governments, Trade Point managers and users of Trade Points and that the original concept of the Programme continued to be valid. Suggestions were made in a number of areas relating to both the concept of the Programme and its implementation, including the GTPNet, the ETO system, product and service development, Trade Point certification, a Trade Point Federation and fundraising activities.
- **Expert meeting on the Trade Point Programme (Geneva, May 1999).** It was suggested that value-added services, including those in the area of trade facilitation, should be further developed, as well as capacity building to assist in bringing Trade Points to the operational stage. In addition, existing experience accumulated in more advanced Trade Points should be used more extensively for the benefit of other Trade Points and the Programme as a whole. The need to focus on quality in the further development of the ETO system was also stressed as a matter of priority.
- **New Trade Point Programme strategy (Geneva, September 1999).** UNCTAD member States adopted a new Trade Point Programme strategy aimed at reducing the dependence of the Programme on UNCTAD resources by externalizing it to a suitable outside non-profit entity. It focused on a limited number of objectives, which aimed essentially at consolidating the core services of the Programme and strengthening individual Trade Points as well as the Trade Point community so that they could take over the Programme at a later stage.

#### *2000-2002: Towards the transfer of the Programme to the World Trade Point Federation*

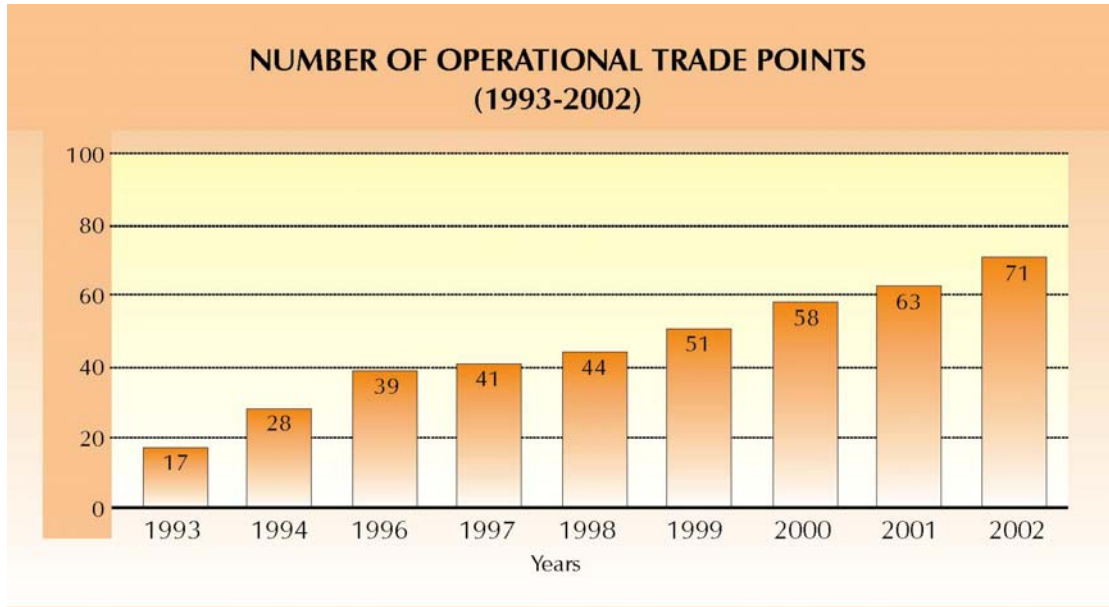
In 2000, at the Sixth World Trade Point Meeting in Geneva, Trade Points decided to set up the World Trade Point Federation (WTPF) and committed themselves to taking over the Trade Point Programme by the end of the three-year implementation period of the strategy. The Seventh World Trade Point Meeting/Second General Assembly of the Federation in November 2001 in Geneva adopted the institutional, strategic and operational frameworks of the Federation, namely statutes, a strategic business development plan, an operational plan for the year 2002 and general principles of cooperation within the Trade Point community. As a first step in line with the externalization of the Trade Point Programme to the Federation, UNCTAD transferred the Electronic Trading Opportunities system to the Federation in May 2001. In November 2001, UNCTAD also officially transferred the ownership of the names, trademarks and logo of the Trade Point Programme to the Federation.

Since its formal establishment, the Federation has made considerable progress in the enhancement of the self-management capacity of the Trade Point community and in approaching public and private sector partners. Work is now under way with regard to the creation of its new website, which will be officially launched in mid-October 2002. The Federation is also negotiating with strategic partners for the enhancement of current services and the development of new value-added services, such as the Global Trade Directory, certification of companies and credit rating.

With regard to the development of Trade Points, the objective under the new Trade Point Programme strategy was to consolidate the membership of the Programme. In fact, the share of operational Trade Points increased from 32 to 59 per cent of the overall membership between 2000 and 2002. As of 1 September 2002, there were 71 operational Trade Points in 49 countries. The Federation thus disposes of a strong core of solid Trade Points on which it can rely in the development of its future activities.

The Trade Points also strengthened their cooperation at the regional level. In addition to the already existing Inter-American Trade Point Forum founded in April 1999, an Africa Trade Point Initiative was launched in August 2001 and regional Trade Point Forums were set up in the Asia/Pacific region in November 2001 and in the Arab countries in December 2001.





After the completion of the externalization strategy in October 2002, UNCTAD will maintain a strong link with the Federation by retaining a seat on its Steering Committee and providing assistance to its secretariat, as well as capacity-building support to its member Trade Points within the resources that will be available. Thus it will assist the Federation in realizing its long-term objective, namely to become a global business facilitator for small and medium-sized companies.

## **Chapter 2: Completion of the new strategy**

### **2.1 Strengthening the World Trade Point Federation**

2002 was the last year of implementation of the Trade Point Programme strategy adopted in 1999. The main thrust of work was therefore on supporting the World Trade Point Federation on its way to becoming fully operational and making preparations for the final transfer of the Trade Point Programme to the Federation in October/November 2002. UNCTAD also continued its efforts in the area of capacity building for Trade Points, using all internal and external resources that could be mobilized for this purpose.

In order to ensure the sustainability of the Trade Point Programme once it has been transferred to the Federation, it was indispensable to continue assisting the Federation in becoming fully operational and ready for self-management. The Federation faces a twofold challenge in this endeavour: (a) development of services for the Trade Point community that would be competitive in relation to the private sector; and (b) generation of sufficient financial resources to maintain the operation of the Federation at the central level, in particular as it relates to its secretariat and the conduct of its operational activities. It was considered that the development of strategic partnerships was the best way to meet this challenge.

#### ***Defining strategic directions and operational priorities of the Federation***

Following this line of thinking, the first step was the definition of the Federation's strategic goals and ways of achieving them through cooperation with competent interested partners. To that end, UNCTAD assisted the Federation by mobilizing the necessary funds for the development of its strategic business plan. Thanks to the support of the Governments of France and Belgium, this plan, prepared by an international consultancy company in cooperation with UNCTAD and the Federation, was finalized in October 2001. It defined the vision, mission and strategic objectives of the Federation, and the services that it should develop in order to better serve Trade Points and their client SMEs, provided an initial analysis of potential partners and prepared the necessary background documentation for approaching such partners.

On the basis of a priority-setting exercise, the three-year strategic plan (2002-2005) was complemented by a more detailed and broadly oriented operational plan of the Federation for the year 2002 which defined the activities that the Federation should undertake as a follow-up to the strategic plan, as well as in areas beyond the scope of this plan, in order to prepare for the transfer of the Programme in October/November 2002.

The table below specifies the services that were recommended for development or enhancement during the three-year period covered by the strategic business plan. Services marked in italics are those that the Federation included in its operational plan for 2002 for full or partial implementation during the first year. Some of the services are directed at Trade Point clients in the SME sector, while others are meant to provide central institutional support for the functioning of Trade Points and their network.

Both the strategic and the operational plan were unanimously approved by Trade Points at the Second General Assembly of the World Trade Point Federation, held in Geneva from 19 to 21 November 2001. The Federation thus received a strong mandate from Trade Points to proceed with the planned activities, in particular in the area of negotiations with potential partners and development of the agreed services. UNCTAD was providing the necessary support to the Federation in this process. The Third General Assembly of the Federation (Beirut, 4-6 November 2002) will review the progress achieved in the implementation of the strategy and adopt a new operational plan for 2003.

## Services proposed for development by the World Trade Point Federation

Trade information services	Trade transaction services	Trade facilitation services
<i>Trade information portal</i>	<i>Electronic Trading Opportunities (ETOs)</i>	<i>Investment opportunities</i>
<i>Trade directory</i>	<b>Business document exchange</b>	<b>International procurement</b>
<i>Publications database</i>		<b>Qualification and certification of companies</b>
<i>Trade Point directory</i>		<b>Training</b>
<i>Reference to other content providers</i>		<b>Online payment</b>
<b>Newsletter</b>		<b>Translation tools</b>
<b>Frequently asked questions</b>		<i>Customized and personalized access</i>
<b>Discussion forums</b>		<b>Standard procedures and rules</b>
		<i>Guidelines and tools</i>
		<b>Marketing and communication support</b>

The strategic business plan of the Federation also focused on the financial aspects related to the operation of the Federation. It suggested that, like any newly created non-governmental organization (NGO), the Federation would still be, at the beginning of the three-year period covered by the plan, to a great extent dependent on public funding. However, as the services developed in cooperation with strategic partners gradually become operational and generate revenue, this source of revenue should prevail at the end of the plan's implementation period. This conclusion is confirmed by the actual situation. The Federation relies so far on contributions from international organizations (UNCTAD, ITC) or directly from member States for the funding of its activities. Services are nevertheless being developed that should diversify financial sources at the disposal of the Federation. In June 2002, the Federation submitted a request to the Swiss authorities for a fiscal agreement that would exempt it and its staff from cantonal and federal taxes. Such an agreement is subject to strict conditions and, so far, only five NGOs with a predominantly quasi-governmental character have been granted this status.

### *Strengthening the management team*

Over the past year, the Steering Committee and its Bureau<sup>1</sup> have been working closely together with the objective of consolidating the Federation and preparing it for future challenges. The personal commitment of the Steering Committee members, especially the President of the Federation, and the support provided to them by their Governments are particularly worth noting in this regard. Since September 2001, four meetings of the Steering Committee or its Bureau have taken place in Geneva – in September and November 2001, and February–March and May–June 2002. These meetings prepared strategic decisions on future directions of the Federation and the selection of partners for the services that it intended to develop for the Trade Points and their client SMEs. Participation in these meetings was to a great extent sponsored by the Governments of the Steering Committee members' countries and international organizations.

<sup>1</sup> The Steering Committee of the Federation and its Bureau have executive power and are responsible for the conduct of the activities of the WTPF. They also supervise the secretariat, which carries out the everyday activities of the Federation. The members of the Steering Committee are elected to represent, on a proportional basis, the five regions in which the WTPF is present, namely Africa, the Americas, Arab countries, Asia/Pacific and Europe. Each region has one representative in the Bureau, which consists of a President, Vice-President, Treasurer, Technical Director and Marketing Director.

### *The Federation as a credible partner for Governments and clients*

The WTPF is unique of its kind and occupies a niche position in the market by complementing the work undertaken at the international level within intergovernmental organizations in the areas of trade efficiency and trade facilitation by practical assistance that it provides to the business community.

Over the last few years, many organizations started to undertake activities in the areas of trade efficiency and trade facilitation and others initiated assistance in these fields to the business community. For example, a mandate on trade efficiency and trade facilitation was implemented by UNCTAD over the last ten years. In addition, it is currently considered that the issue of trade facilitation will become one of the topics on the agenda of the new multilateral trade negotiations at the WTO. As regards the provision of assistance in trading to companies, the number of websites providing information and services has been growing rapidly. What therefore is the added value of the WTPF in relation to Governments and SMEs?

The Federation has a privileged position as it can count on ten years' experience accumulated by the Trade Point Programme, one of the pioneers in these areas and one of the first global networks with local one-stop-shops for SMEs. Also, there is no other organization that can claim to have originated from the United Nations, to have full government support at the international and local levels, and to have a direct impact on, and knowledge of, the business community.

- **Goodwill Ambassadors**

To strengthen the credibility of, and the support to the Federation, the latter has approached several well-known international personalities, inviting them to become its Goodwill Ambassadors and provide advice for the Federation's policy and activities related to trade, development, information technology and regional integration. The American region has taken an active role in this regard.

**Mr. Enrique García Rodríguez**, President of the Andean Corporation for Development (CAF), one of the most important multilateral financing organization in the Americas, has been the first to confirm his willingness

CAF's mission is to support the sustainable development and regional integration of its 14 member countries, which include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru, Spain, Uruguay and Venezuela. CAF promotes the real integration of economic, environmental and social variables in the planning and development of its operations.
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to serve as a Goodwill Ambassador of the Federation. Having served as President of CAF since 1991, Mr. García has recently been re-elected for an additional period of five years until 2005.

In addition, the WTPF is currently engaged in discussions with other prominent personalities who are considering the invitation to become Goodwill Ambassadors.

- **Relations with other international organizations**

Since its inception, the Federation has been making significant efforts to maintain the good relations that the Trade Point Programme had established with international organizations in the areas of trade, development and e-commerce. The Federation and its Trade Points can provide a channel through which the other organizations can reach out to countries that participate in the Programme. Consequently, the Federation and other international organizations, while pursuing a common goal, work on a basis of complementarity. In order to be able to maintain close contact with the United Nations and contribute to the achievement of its objectives, the Federation has applied for consultative status with the Economic and Social Council of the United Nations (ECOSOC), which is open to non-governmental organizations. Such a status would give the Federation the right to attend public meetings of the United Nations, submit written statements, conduct consultations and be accredited to international conferences. The Federation could thus be aware of all decisions made at the intergovernmental level and share its knowledge of the local business communities with the United Nations.

In addition, the Federation has submitted a request for an agreement of a fiscal nature with its host country, Switzerland, in which it also requested that its status as an international organization in the country be recognized. This is of particular importance as many intergovernmental and other international organizations dealing with trade, development and e-commerce are based in Geneva and such recognition would enhance the status of the Federation as a credible partner.

Some organizations actively support the Federation in the implementation of its activities. In addition to the capacity building and secretariat support provided by UNCTAD, active cooperation is being pursued with ITC in the organization of workshops and seminars addressed to Trade Points and SME clients. In addition, partnerships have been established and are being negotiated with other international organizations, as mentioned in chapter 3, for the provision of services to SMEs.

- **Relations with Governments**

The development objective of the Federation, which is to help SMEs to participate in international trade, coincides with government policies to promote the development of the most dynamic segment of their national economies – small and medium-sized enterprises. Therefore, the Trade Point concept benefited from its inception from support by Governments. Governments issue letters of request for the establishment of Trade Points, frequently host Trade Points in government-related organizations and provide access for Trade Points to government trade-related information.

Besides the political support that Governments provided for the creation of the Federation, frequent meetings took place between the permanent representatives of Governments based in Geneva and the members of the Bureau of the Federation's Steering Committee to discuss the latter's progress. At such meetings, Governments expressed their satisfaction with the Federation's achievements and reiterated their continued support for its objectives.

Governments from developed and developing countries also assisted the Federation by funding travel of Steering Committee members to meetings held on four occasions in Geneva over the last year. In addition, Governments funded the travel of many Trade Point Directors to the Second General Assembly meeting of the Federation in Geneva in November 2001, and the organization and hosting of regional Trade Point forum meetings. Three Governments have also offered to host the Third General Assembly in November 2003. Participation in the funding of the Federation's activities by Governments was even extended to the development of its services, more particularly the ETO system, through a contribution from the Government of Spain.

- **Relations with clients**

To be a credible partner for the provision of trade-related services to SMEs and a reference for those who wish to trade internationally, the Federation needs to fulfil certain conditions. To this end, it has been developing services and entering into agreements with leading partners in the different trade-related areas for the delivery of a wide range of services. The objective is to respond to the needs of SMEs in this area in a flexible manner and to create a long-term relationship with its clients.

Although some of the services are offered through the Federation's website, a personalized approach to SMEs by the member Trade Points is applied in order to establish trust and confidence in business. Importance of credibility is also reflected by the fact that the Federation intends to introduce a code of conduct on its website by which all customers will be requested to abide, and that Trade Points are implementing the Federation's core values, i.e. integrity, communication, knowledge, quality, efficiency and effectiveness, diversity, development and people, in their everyday work.

### *Creating a brand name of the Federation*

The ultimate objective of the Federation is to contribute in a significant manner to the efforts made by international organizations in the areas of development, trade and e-commerce. This is a real challenge that the Federation intends to meet by becoming a global trade facilitator and trade information provider for SMEs through its human network with local know-how and its global e-business marketplace, with particular attention to those located in developing countries and LDCs.

A strong brand is one of the biggest assets for reaching this objective since it illustrates what the Federation is, what it believes in and why SMEs should make use of its products and services. A strong positive brand image might lead to: (a) the setting up of new high-quality partnerships, both locally and worldwide, and thus, additional opportunities to offer SMEs additional products and services; (b) an increase in the number of Trade Point clients; (c) establishment of new Trade Points; (d) increased revenue, both for the Federation at a central level and the Trade Points; and (e) an effective possibility for the Federation to contribute to the above-mentioned efforts of international organizations.

A uniform branding strategy is in preparation that will need to be implemented by the Federation at a central level, as well as by regional Trade Point forums at the regional level and the Trade Points at the local level. The Federation and its Trade Points aim to create a branding image in which they are known for their personalized and competent advice and assistance to SMEs with which they have established long-term relationships, as well as for the large range of products and services that they offer. In this regard, keywords such as “SMEs” and “your local one-stop-shop” will be used in a more energetic manner and greater emphasis will be placed on the “act local, go global” principle in the presentation of products and services. The advantage of using such keywords is that they are international but that at the same time a local interpretation can be given to them based on the language and culture of each business community. Clients would need to wish to use the services of the Federation and its member Trade Points because they help them enhance their business internationally by acting locally.

An easily recognizable image in relation to clients will also need to be created by the Federation and its Trade Points that will make it clear that the client has access to a minimum number of quality services with a high level of confidentiality, trust and personalized advice in each Trade Point. Such a look should be created for the websites of the Federation and Trade Points, as well as for Trade Point logos, their letterheads, business cards and so forth.

## **2.2 Capacity building**

Despite the shortage of funding from donors, UNCTAD has co-organized capacity-building activities (regional trade information workshops) for Trade Points using the resources provided by ITC since September 2001. One event of this type took place in 2001 in Cairo, Egypt (November) and three in 2002 - in Dakar, Senegal (January), Santo Domingo, Dominican Republic (March) and Shanghai, China (April).

Moreover, thanks to funding from the Government of Japan made available under the project “Narrowing the digital divide for SMEs in international trade and electronic commerce – strengthening Trade Points in Asia/Pacific for regional cooperation”, financed through UNDP, the Asia/Pacific region was able to benefit from enhanced capacity-building support. The first UNDP/UNCTAD training workshop for Asia/Pacific Trade Points was held in Geneva in November 2001 and a second one is scheduled for September 2002 in Chiangmai, Thailand. After this workshop, UNCTAD will organize an on-the job training session for Nepali and Bhutanese delegates at Trade Point Chiangmai, financed by the above project.

UNCTAD continued to assist Bulgaria in the establishment of a Trade Point under a technical cooperation project funded by the Swiss Government. The Trade Point became fully operational as of 1 September 2002. New Trade Points were launched under technical cooperation projects in Pakistan and Nepal. A capacity-building mission to Pakistan by an UNCTAD consultant is planned for October 2002. It will provide on-the-job training to the staff of the Trade Point.

Besides training, all the events were geared to creating an appropriate framework and building the capacity for more intensive regional cooperation among Trade Points. With support from UNCTAD, in addition to the already existing Inter-American Trade Point Forum, an African Trade Point Initiative was launched in August 2001 and regional Trade Point Forums were set up in Asia (November 2001) and the Arab countries (December 2001). The Japanese-funded project made it possible for the Asia/Pacific Trade Point Forum to meet in November 2001 in Geneva and in April 2002 in Shanghai, China. All these regional initiatives have defined objectives that they wish to attain for the benefit of their members and client SMEs, and elaborated work programmes required for achieving them. This represents an important step towards closer cooperation among Trade Points for the purpose of strengthening commercial ties within and ultimately also among the different regions.

### **2.3 Transfer of the Trade Point Programme to the World Trade Point Federation**

During the process of transfer, the first priority set in the new Trade Point Programme strategy was to externalize the segments of the Trade Point Programme that were of a business nature and therefore the least compatible with UNCTAD's status as a United Nations body, but most likely to benefit from operating in a business environment.

Following a specific request by UNCTAD member States, the flagship business-oriented service of the Trade Point Programme – the ETO system – was transferred to the World Trade Point Federation in May 2001. Subsequently, UNCTAD also officially transferred, in November 2001, the ownership of the names, trademarks and logo of the Trade Point Programme to the Federation. This now enables the Federation to launch the process of filing applications for the protection of the intellectual property rights of the Programme worldwide.

The next step was the transfer of the Trade Point Programme's remaining web-based activities provided through the GTPNet website. In order to be able to take over these activities, the Federation decided to develop its own website, which is intended to become a gateway to all the web-based services of the Federation and to provide information about the Federation and its members, and access to the websites of individual Trade Points.

During the development process, individual elements of the current GTPNet website have gradually been transferred to the Federation and incorporated into its new website. At the beginning of September 2002, UNCTAD transferred the last segment of the GTPNet site, the database of Trade Point clients, to the Federation. The database comprised almost 44,000 companies from 89 Trade Points (47 per cent from Europe, 26 per cent from the Americas, 12 from the Arab countries, 9 from Africa and 6 from the Asia/Pacific region). In addition, more than 3,000 companies had registered through the central facility on the GTPNet website, mainly from China, the Republic of Korea, India, Turkey, the United States and Pakistan.

It is expected that when the first version of the new website is launched in mid-October 2002, the GTPNet site operated by UNCTAD will be closed. At that time, UNCTAD will have completed the transfer of all web-based and business-oriented activities of the Trade Point Programme to the Federation.

It is planned that the formal contract between UNCTAD and the Federation regarding the transfer of the entire Programme will be signed at the Third General Assembly Meeting of the Federation, to be held in Beirut, Lebanon, from 4 to 6 November 2002. After the contract has been signed, ownership of the Trade Point Programme, including all the related rights and obligations, will have passed from UNCTAD to the Federation. The Trade Point Programme strategy of 1999 will thus be fully implemented.

### Chapter 3: Building strategic partnerships for online value-added services

The World Trade Point Federation is committed to enhancing its services on a continuous basis in order to keep up with technological developments in the electronic commerce area and to respond to the evolving needs of its clients. In order to achieve this goal, it has established and still seeks to establish strategic alliances with international organizations, private sector partners and non-governmental organizations that share its values and objectives.

The Federation recognizes the competence of private sector players, as well as international organizations, in many fields of activity that are of direct relevance to its operations. Rather than developing its own products in these areas, the Federation has decided to offer the advantages of global coverage and first-class image to competent partners who would develop and operate such services in partnership with the Federation.

#### Categories of potential partners of the Federation

**Technology partners**, who would provide hardware (e.g. web servers), software (e.g. content management) and professional services (e.g. design, implementation, integration) to support the Federation's web-based services. Technology partners can also supply ongoing operational support services, from web hosting to applications or IT staff outsourcing.

**Content partners**, aiming to provide targeted content for a specific use, to be either published on the website of the Federation or distributed by other means. By moving this content to the site of the Federation or supporting it through a WTPF-branded link on the provider's site, the contractor makes available information that the Federation cannot provide by itself. These partners enhance the value of the service offered by the Federation, making it a one-stop destination.

**Industry partners**, representing one or many direct or indirect segments of the value chain, would offer access to customers, suppliers, specialized industry knowledge, management expertise or capital.

**Financial partners**, to provide access to capital and assistance in the development of the Federation's services and to bring expertise that is useful to support the long-term viability of the project.

**Governmental institutions** at a local, regional or international level, which would provide the Federation with funding, different types of services (i.e. information services, facilitation services) or national and international credibility and thus contribute to the Federation's efforts to assist in the international trade development of the SMEs in developing countries.

**Non-governmental institutions**, which could cooperate with the Federation in delivering services to SMEs for the development of their international business.

**Professional services partners**, such as consultancy firms in fields like tax or legal consulting or accounting, or organizations that would provide international trade advice or certification expertise.

**Academia**, which could provide capacity-building and consultancy services.

#### 3.1 Current services

The mission of the World Trade Point Federation is to “become a global trade facilitator and trade information provider for SMEs, particularly those located in developing and Least Developed Countries, through its unique human network and local know-how combined with its global e-business marketplace”.<sup>2</sup> This mission statement reflects the two main modes of delivery of services envisioned by the Federation, namely through the network of physical Trade Point offices in individual countries and through a central website – the e-business marketplace. In order to be able to fulfil its mission, the Federation decided to develop its own website.

A first temporary interface was made available in May 2001 to provide access to the ETO system after its externalization to the Federation. Subsequently, financial support from ITC made it possible to

<sup>2</sup> “World Trade Point Federation: Strategic Business Development Plan”, p. 6, Geneva, October 2001; approved by the Second General Assembly of the Federation (Geneva, November 2001).



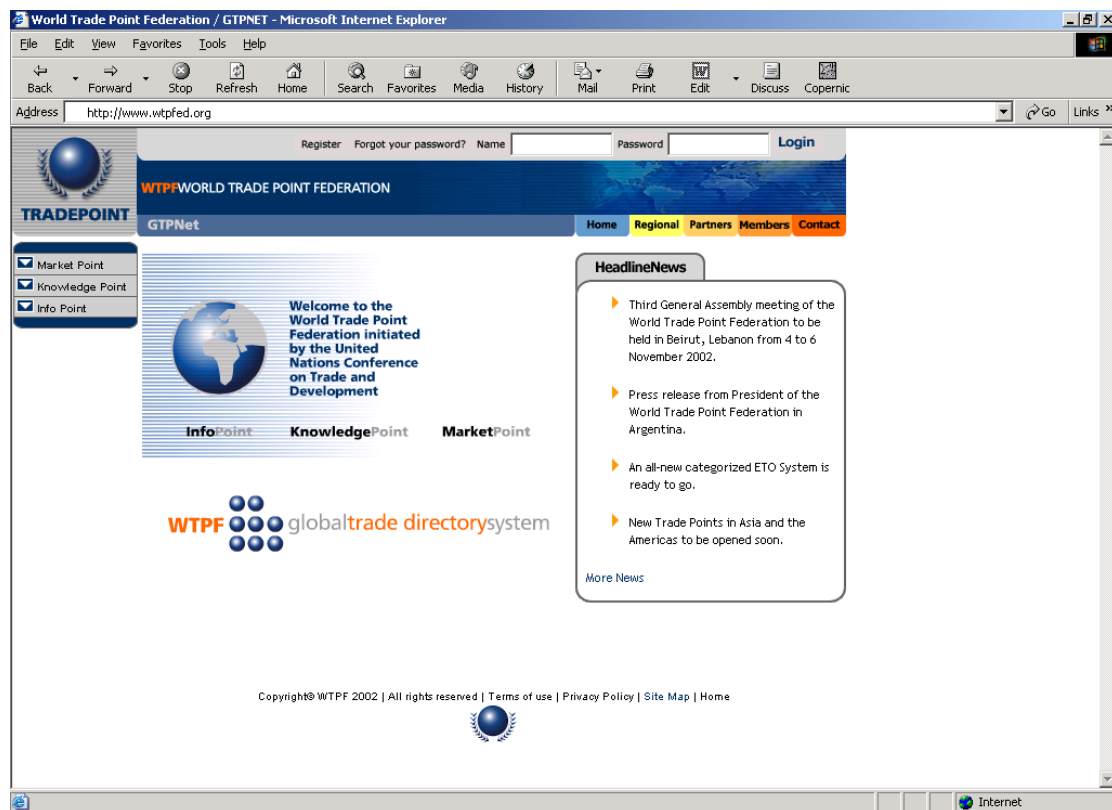
commission the preparation of a conceptual report and a prototype of a completely new website. Both of them were approved by the Second General Assembly of the Federation in November 2001. On the basis of the thoughts contained in the report, a first version of the new Federation's website was then developed for official launching in mid-October 2002, using funding from ITC and UNCTAD, as well as voluntary in-kind contributions from a number of Trade Points. All the technical development and construction of the website was undertaken free of charge by Trade Point Castilla La Mancha, Spain, and the company Consultor-e.com, a consultancy firm associated with Trade Point Monterrey, Mexico.

Website of the Federation available at  
[www.wtpfed.org](http://www.wtpfed.org)

The ultimate objective is to turn the website of the Federation into an internationally recognized site of reference for trade information and trade support services worldwide being provided through a single point of access. The website should also help build the identity and image of the Federation and its members with regard to the outside world (clients, partners, sponsors/donors). In relation to the Trade Points, the website aims to become a prime tool for their daily work, a tool that will increase their capacity to generate business for their client SMEs, help reinforce the sense among Trade Points of belonging to the same network and provide them with tools for intra-community communication.

The Federation is not in a position to achieve these ambitious objectives on its own. The information on its website is meant to come essentially from a combination of three types of sources, namely the Federation itself, the Trade Points and outside partners. The prime source of content for the site should however be competent outside partners that could provide specialized information and first-class trade support services for Trade Points and their clients, as well as technological support. During the first year of implementation of its strategic business plan, the Federation therefore devoted major efforts to negotiations with strategic partners with regard to online services that could be incorporated into the new Federation's website. Partners with whom the Federation has reached agreements so far include content partners – providers of trade-related information. These partners, as well as the nature of their cooperation with the Federation, are specified in the text that follows, in sections that deal with the respective services. In addition, however, negotiations are under way also with providers of professional services and technological and financial partners.

The first page of the new website of the Federation is shown below.



On the basis of the objectives that the Federation has in relation to its website, the decision was taken to structure it around three main modules:

- MarketPoint, which is a gateway to the online services and trade information of the Federation. The objective is to provide Trade Points and SMEs with information and services that they need in order to take decisions with regard to their international trade activities.
- KnowledgePoint, a capacity-building module which contains reference and training material. The objective of the module is to enhance the capability of Trade Points and SMEs to understand international trade and e-commerce issues and export/import efficiently. Therefore, it focuses on international trade matters, such as trade policy, trade terms or standards and codes for international trade. A trade library is also envisaged with documents relating to trade facilitation, electronic commerce, information technologies and business cooperation. Moreover, it will contain information aimed at assisting Trade Points in building their trade information services.
- InfoPoint, which provides information about the Federation, its mission, values and objectives, organizational structure and activities, and acts as a gateway to the Global Trade Point Network (GTPNet), a directory that provides information on the 121 Trade Points that are members of the Federation, their details and services, and links to their websites. It also provides interested organizations or companies with advice on the modalities of establishing a Trade Point. The objective is to promote the Federation and Trade Points in relation to clients and potential new members.

In addition, a prominent place within the structure of the website will be given to regional portals - gateways to trade information/services concerning the five regions represented in the Federation (Africa, the Americas, Asia/Pacific, Arab countries, Europe). For this purpose, each region appointed a Trade Point that would act as a regional web coordinator in charge of the development of the respective portal, under the general guidance, framework and image provided by the Federation. A meeting sponsored by ITC was organized in Geneva in April 2002 in order to advance the work on the website and its regional portals. The prototype developed as a free-of-charge contribution to the Federation by Trade Point Chiangmai, Thailand, was adopted as a basic model for the development of regional portals in other regions.

The core of the website is MarketPoint, the content of which should directly contribute to decisions about international trade deals and facilitate their realization. This module is therefore of the most immediate use and interest to the business community. The main services currently available through MarketPoint are the Trade Information Service and the Electronic Trading Opportunities (ETO) system. In addition, negotiations are already under way with the selected partner (Siemens Business Services) with regard to the transformation of the former client database featured on the GTPNet into the Global Trade Directory Service.

### *Trade Information Service*

The main objective of a Trade Point is to assist in the generation of transactions for the local business community. Having access to the most recent and accurate information is a prerequisite for commercial success. MarketPoint will therefore provide market information structured per country and per sector, information about world trade events and trade-related sites, and information about useful contacts. With regard to country information, the focus will be on data about the country's economy, trade statistics, trade-related regulations, investment and tax regime. Guides to doing business in individual countries will also be included, as well as investment guides wherever available. Sectoral information will cover trade statistics and a variety of information about different sectors of industry and agriculture, such as food and agricultural products, minerals, metals, chemical products, plastics, leather and footwear, wood and paper, textiles and clothing, glass, stones and jewellery, transport equipment, instruments and information technology (IT) equipment, furniture, and handicrafts.

In order to be able to make this information available through its website, the Federation had mostly to resort to external sources and providers, from international organizations and from the private sector. Among the content partners of the Federation are UNCTAD, ITC and UN/ECE, which have been jointly supporting the Trade Point Programme since 1994 in the framework of the coordinated

programme of the United Nations for trade facilitation and efficiency and with which cooperation goes beyond the scope of a content partnership, as well as the World Bank, the World Trade Organization and the Centre for the Promotion of Imports from Developing Countries (CBI) based in the Netherlands. In the private sector, the prime content partner is the international consultancy firm Ernst & Young. Trade Points will also be called upon to contribute to the generation of information so that the Federation can start offering its own information products. Special management modules have been developed to enable Trade Points to post and update information on the Federation's website.

#### **Main content partners of the World Trade Point Federation**

##### ***United Nations Conference on Trade and Development (UNCTAD)***

UNCTAD is the principal organ of the United Nations in the field of trade and development. Its objective is to maximize the trade, investment and development opportunities of developing countries, to help them face challenges arising from globalization and to integrate into the world economy on an equitable basis. In addition to hosting the secretariat of the Federation and providing technical assistance and advisory services to individual Trade Points, UNCTAD has contributed to content development of the Federation's website by providing information on investment (country investment fact-sheets, investment policy reviews and investment guides), trade (Generalized System of Preferences handbooks) and electronic commerce (E-commerce and Development Report).

##### ***International Trade Centre UNCTAD/WTO (ITC)***

ITC is a technical cooperation organization whose mission is to support developing and transition economies, and particularly their business sectors, in their efforts to made full use of their export potential and to improve their import operations. Besides assisting the Federation in capacity building for trade information and developing trade information tools for Trade Points, ITC participated in content development of the website through provision of advice and its trade statistics and publications on different aspects of trade information services, as well as guides for companies on electronic commerce.

##### ***United Nations Economic Commission for Europe (UN/ECE)***

UN/ECE is one of the five regional commissions of the United Nations. Its primary goal is to encourage greater economic cooperation among countries in the European and North American region. It focuses on economic analysis, environment and human settlements, statistics, sustainable energy, trade, industry and enterprise development, timber and transport. With regard to the website of the Federation, it contributed information about standards and codes for international trade (UN/LOCODE, country and currency codes, UN/EDIFACT), and publications about trade facilitation (such as the Compendium of Trade Facilitation Recommendations).

##### ***World Bank***

The World Bank Group is one of the world's largest sources of development assistance. It works in more than 100 developing economies, the primary focus being on helping the most needy people and countries. As the result of a recently concluded agreement, the World Bank has granted the Federation a licence to reproduce and disseminate several World Bank publications relating to the economic situation of different countries (such as the Country Data Profiles and Country-at-a-Glance Tables) on the Federation's website.

##### ***World Trade Organization (WTO)***

The WTO is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the member countries and ratified in their parliaments. The WTO has contributed to the website of the Federation by providing information about multilateral trade policy rules and agreements, and trade regulations and laws in different countries of the world, as reflected in its country Trade Policy Reviews.

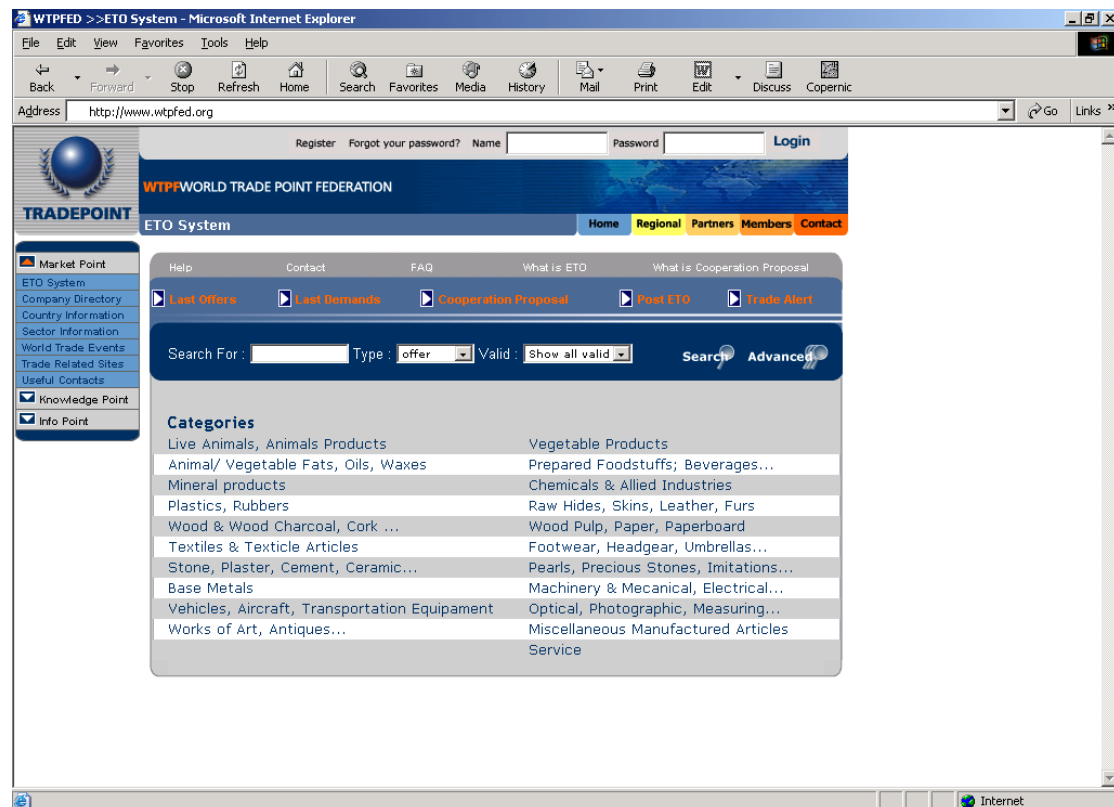
##### ***Ernst & Young***

Ernst & Young is one of the world's leaders in the provision of audit, tax, corporate finance and transaction services. Its 84,000 staff serve as trusted business advisers in more than 130 countries. As a content partner of the Federation, Ernst & Young has provided business and tax information about individual countries, in particular the "Doing Business In..." guides, the "Worldwide Corporate Tax Guide" and the "TaxNews International" quarterly review.

##### ***Centre for the Promotion of Imports from Developing Countries (CBI)***

CBI is an agency of the Dutch Ministry of Foreign Affairs which aims to strengthen the competitiveness of companies from developing countries on international markets, primarily the Western European market. It is cooperating with the World Trade Point Federation by providing access to several types of market information, such as sector-oriented EU market surveys and marketing guides, and extensive information on EU non-tariff trade barriers available in the CBI online database AccessGuide.

## Electronic Trading Opportunities (ETO) system



In line with its operational plan for the year 2002, the Federation launched in December 2001 a Request for Proposals (RFP) for the management and further development of the ETO system, together with basic requirements for the contracting partner. The Trade Point community, as well as private firms with competence in this relevant sector, have been approached during this process.

### Criteria for the selection of the operator of the ETO system

- **Adequacy of the proposal to the RFP issued for the ETO system** (pertinence of the solution, feasibility, reliability and personalization of the proposal made by the partner)
- **Involvement in the Internet industry** (expertise and potential reliability)
- **Demonstrated capacity to operate the ETO system** (previous record of work in the same or similar area)
- **Capacity to enhance the ETO system** (in-house expertise)
- **Marketing alliances** (well-known partners with sound knowledge and practical experience)
- **Alliances with trade and business** (alliances with multiplier effect with regard to access to a wider market)
- **IT alliances** (quality/level of alliances)
- **Political support** (government support to the work of the Federation)
- **Current and expected position in the market** (presents a strong potential for further development of the system)
- **Adequacy of the financial proposal** (proposal must contain a financial mechanism)
- **Audit and management tools proposed** (measures the capacity of the partner to provide an accurate and up-to-date overview of the current and expected situation of the ETO system)
- **Business culture** (demonstrates a good grasp of the private sector environment)

The bidding process was successful as the Federation received proposals from China, Spain, the Republic of Korea, Canada and Senegal, together with expressions of interest from the United States, Egypt, Italy and South Africa.

The Steering Committee of the Federation has carefully considered all the proposals, as well as the general context in which the ETO system was operating, in particular the need to further enhance the participation of Trade Points in the system. On the basis of these elements, it decided to extend the contract with Trade Point Castilla La Mancha, Spain, for a further year, on new conditions that included an obligation by the operator to carry out enhancements of the ETO system aimed at improving the functionality of this service. In addition, this Trade Point was entrusted with the design and launching of a new service, the Cooperation Proposals Service, a broader version of the Electronic Investment Opportunities service envisaged in the operational plan of the Federation for the year 2002.

### **New functionalities of the ETO system**

The new ETO system, comprising offers and demands for goods and services, has a number of new technical and functional features designed to make the service more competitive and responsive to international trade requirements.

The new ETO system is database-driven, allowing the information to be stored in one single database that supports the Federation's strategic and operational decisions with regard to the service. This feature facilitates the location of relevant proposals by the client, maintenance of customer records and information feedback, and enhances the service and relationship management. Through an advanced search tool, clients have the possibility to search the database of the ETOs posted (by Offers, Demands, categories and subcategories of products, country and date of posting).

Categories of products in the ETO system have been defined using the existing international nomenclature used for trading, namely the Harmonized Commodity Description and Coding System (HS). This contributes to the standardization of product classification in offers and demands circulated in the ETO system, as well as international harmonization of trade standards in countries using the system.

The new ETO system includes an automatic verification e-mail sent to all the companies that register for posting ETOs. The aim is to eliminate non-existent users and invalid ETOs. This is an important improvement that reinforces the level of quality of the information circulating in the system.

Another distinctive feature of the new ETO system is the Trade Alert System, a service that informs registered users about ETOs matching their specific needs and interests and thus significantly reduces the time and costs for SMEs of locating relevant proposals. Clients can subscribe to this service in order to receive exclusively the ETOs related to the sectors of interest to them.

One more functional enhancement is related to the translation of information in ETOs. Every ETO can be translated into German, Spanish, French, Italian and Portuguese by simply clicking on the translation tool integrated into the new ETO system. This feature will help to overcome the trade barrier related to language.

### **Cooperation Proposals Service**

This new service has been temporarily integrated into the ETO system while its own critical mass of users is being built up. It allows registered Trade Points and SMEs to post and search financial, commercial and technical requests for business cooperation. Search in the database of proposals posted can be made by (sub) categories and the date of posting of the proposal. Translation of the text is also possible using a built-in translation tool.

The new ETO system containing the Cooperation Proposals Service will be launched in mid-October 2002. The operator will run both services free of charge for the users and the Federation, with the possibility of recovering the costs through publicity in the ETOs.

#### **Categories of cooperation proposals**

- **Financial** (takeover, merger, joint venture, investment, loan)
- **Commercial** (distribution agreements, marketing agreements, franchising)
- **Technical** (research and development, transfer of technology and subcontracting)

### *Global Trade Directory Service*

The GTPNet already contained a company/product database consisting of records of Trade Point clients, as well as companies that could register on the website directly. This database was transferred to the Federation in early September 2002. The Federation intends to enhance this service in cooperation with a strategic partner under the name of Global Trade Directory Service (GTDS).

The Federation therefore issued, in February 2002, a Request for Proposals, which was circulated to the Trade Point community and to private firms that are leaders in this sector. The Directory will aim to enable Trade Points and their clients to promote their businesses, products and services globally, to increase sales of their goods and services in world markets, save time and costs in negotiating trade deals and, by comparing offerings of global products and services, to adapt and fine-tune their marketing and pricing strategies.

#### **Main requirements for the strategic partner**

- Full integration of the existing Trade Point client database into the new system
- Provision of mechanisms for the local management of data by Trade Points
- Horizontal indexing of all the industries, mapping to SIC, HS Code and UN/SPSC
- Appropriate search engines (search by company, country/region, and a more detailed search within these criteria)
- Easy navigation and use of the service
- Excellent level of support, performance and reliability
- Access to it through a personalized interface set up on the Federation's website
- The directory to be branded "WTPF"
- Provision of training
- Possibility of linking the GTDS to the ETO system in the future
- Inclusion of an appropriate payment mechanism
- Possibility of integrating the GTDS as a front-end search engine of a possible transaction platform in the future

The Federation's Request for Proposals attracted the interest of well-known firms worldwide. Offers were received from firms located in Argentina, Canada, France, Germany, Turkey, the United Kingdom and the United States, as well as Trade Points from Egypt and Sudan. After carefully assessing the proposals, the Steering Committee of the Federation approved the launching of negotiations with Siemens Business Services for the development of this product. At the same time, it reserved the right to revert to the second-best bidder if an agreement is not reached with the first one. Siemens is expected to contribute its technical expertise and financial resources to the development and operation of the service and thus play the role of the technology and financial partner of the Federation with regard to the GTDS. If an agreement is concluded before the Third General Assembly of the Federation in November 2002, the product will be presented at that meeting.

The GTDS service should provide a search and browse system allowing users to search by companies/products and eventually also by offer/demand. It should use international classifications such as the HS (Harmonized System), NAICS (North American Industry Classification System) or SIC (Standard Industrial Classification).

In addition, a Trade Point module should be developed in order to permit Trade Points to approve new registrations, manage company accounts, and renew or cancel company subscriptions. Users should have the possibility to register themselves on the website or modify their information, after which their record would be approved by a Trade Point. Additional personalized applications or services would be made available to approved users.

A Contact Centre Service is envisaged, to be available 24 hours a day, 7 days a week, to support the users of the GTDS. Training sessions for Trade Points on the use of the GTDS should be organized on the occasion of annual meetings of the Trade Point regional forums or in the context of the annual General Assembly meeting of the Federation.

### **3.2 Plans for the future**

Trust is the prerequisite for international trade transactions to take place, and increased credibility of Trade Point member companies could substantially improve their chances of concluding deals with partners from other countries. For this reason, the Federation started the search for suitable partners that would provide this type of services to Trade Point clients. Negotiations are already well advanced with one of the world's leading providers of credit rating and export credit insurance covering 99 countries. This company is expected to become the Federation's first partner from the category of providers of professional services.

In the same vein, after offering SMEs the possibility of gaining more visibility and credibility on the market by using the above-mentioned services, the Federation intends to go one step further and provide them with access to e-marketplaces where they could register as suppliers and find buyers for their products. It is therefore seeking to set up partnerships with leading private e-marketplaces. At present, it is at an advanced stage of negotiations with one of Europe's leading marketplaces for packaged consumer goods in which around 20 multinationals participate as buyers. Trade Point clients would be entitled to register in the marketplace and upload their virtual catalogues. More such partnerships should follow in the future.

In addition, the Federation intends to set up a partnership with a competent partner for the provision of online payment on its website. This would provide a mechanism for a direct payment of services by customers visiting the website. Also, additional partnerships will be entered into for the provision of other services from which SME clients could benefit. Information about all the new services of the Federation will be published regularly on its website.

## Chapter 4: Making Trade Points stronger – ingredients of success

A very first, obvious question asked by anybody interested in Trade Points, be he/she a candidate for a Trade Point, a government representative, potential donor or journalist, is about the impact of Trade Points and material evidence of their success. In a similar vein, Governments, donors and the press are inquiring about success stories that they could showcase, and Trade Points that are about to be established wish to know about successful Trade Points from which they could learn.

For this reason, and also taking advantage of the 10-year existence of the Trade Point Programme and the experience accumulated over this period, we have decided to dedicate a special chapter to factors that can make Trade Points a success. This issue is also very relevant in the light of one important objective of the Trade Point Programme strategy 1999-2002, which is the consolidation and strengthening of the Trade Point community.

### 4.1 Measuring Trade Points' success

It is not easy to define how the success of Trade Points could be measured and even less so to define the magic mixture of factors that would ensure this success. The task is further complicated by the fact that Trade Points are not purely commercial ventures where profit would be the sole and undisputed indicator, but rather an undertaking that attempts to reconcile the interests and motivations of the private and the public sector. The objective is to make them work together to help small and medium-sized companies to participate more efficiently in international trade, in particular by using advanced information and communication technologies. As such, Trade Points are called upon to play a unique, essentially developmental role. This orientation is also reflected in the legal framework of Trade Points – they are required to operate as non-profit entities.

Bearing this in mind, one could perhaps think of two possible criteria or a combination thereof for assessing the success of a Trade Point, namely:

- Usefulness of its services for clients (measured by the number of clients and/or the number/volume of deals generated with the assistance of the Trade Point, for instance);
- Financial indicators (turnover of the Trade Point, percentage of coverage of operating costs through the sales of services, attainment of the break-even point, etc.)

Several methods of data collection were used to supply information for this chapter, including annual Trade Point reports for the year 2001,<sup>3</sup> documentation provided by Trade Points (reports prepared for various meetings, promotional brochures<sup>4</sup>) or Trade Point websites. All Trade Points were provided with the opportunity to participate in the collection of data, and personalized interviews via e-mail or by telephone took place with most of those Trade Points that expressed interest in sharing their experience for the purpose of this report.<sup>5</sup>

The most representative set of data able to be used in a statistical analysis was obtained from annual Trade Point reports. A number of conclusions, set out below, can be made on the basis of these data.

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<sup>3</sup> Reports from 70 Trade Points have been analysed, 61 of which from operational Trade Points. A total of 22 reports came from European Trade Points, 19 from the Americas, 15 from the Arab countries, 8 from Asia and the Pacific, and 6 from Africa.

<sup>4</sup> Documentation about the following Trade Points has been used: Trade Point Santa Cruz, Bolivia; Trade Point Shanghai, China; Trade Point Cali, Colombia; Trade Point Santo Domingo, Dominican Republic; Trade Point Addis Ababa, Ethiopia; Trade Point New Delhi, India; Trade Point Beirut, Lebanon; Trade Point El Salvador; Trade Point Kampala, Uganda.

<sup>5</sup> The following Trade Points offered to share their experience through written contributions and personalized interviews: Trade Point Mendoza, Argentina; Trade Point Baku, Azerbaijan; Federal Trade Point Brussels, Belgium; Trade Point Sofia, Bulgaria; Trade Point Beijing, China; Egyptian International Trade Point, Cairo; Trade Point Teheran, Islamic Republic of Iran; Trade Point Chisinau, Republic of Moldova; Trade Point Bucharest, Romania; Trade Point Madrid, Spain; Trade Point Chiangmai, Thailand; Trade Point Ankara, Turkey.



- **Number of Trade Point clients**

Almost 70 per cent of Trade Points answered the question relating to the number of their clients. On average (excluding the potentially distorting highest and lowest values), a Trade Point assists 816 clients a year. The majority (77 per cent) of Trade Points have fewer than 1,000 clients, this percentage being almost equally divided between fewer than 10 clients (26 per cent), 100-500 clients (28 per cent) and 500-1,000 clients (23 per cent). In contrast, 15 per cent of Trade Points can rely on a customer base of more than 2,000.

**Who are Trade Point clients?**

- **Trade Point Beirut, Lebanon**

In 2001, the Trade Point served more than 700 clients, most of them (90 per cent) small and medium-sized companies. Seventy per cent of the clients are permanent customers/subscribers, while 25 per cent visited the Trade Point on an ad hoc basis. The Trade Point also provides services to foreign clients – in 2001 these came from Cyprus, France, Germany, Greece, Italy, Jordan, Pakistan, Saudi Arabia, Turkey, the United Arab Emirates and the United Kingdom.

- **Trade Point Baku, Azerbaijan**

Among the more than 1,000 customers that used the services of the Trade Point in 2001, 80 per cent were national clients, almost equally divided between the private and public sector. The majority of foreign clients are donor/aid agencies that use the services of the Trade Point to conduct their projects in the country. Foreign companies (from Europe, the United States and China) were mostly interested in information services and matchmaking. The Trade Point has a long-term contract for the provision of information services with a company in Greece whose clients, in addition, also use Trade Point Baku to facilitate their business in Azerbaijan.

- **Trade Point Addis Ababa, Ethiopia**

In the past two years, the Trade Point assisted 340 clients. Most of them (65 per cent) were exporters, including 15 women's enterprises, but the Trade Point also provides services to importers, manufacturers and agents.

- **Number of transactions concluded with the assistance of the Trade Point**

Most Trade Points do not have information relating to the business deals resulting from the provision of their services. One reason for this situation is the reluctance of companies to report back to the Trade Point, whether because of the perceived confidentiality of the information or simply because of lack of motivation in case no further Trade Point services are required to facilitate the transaction. Another factor can be the time-consuming nature of such a follow-up on the part of the Trade Point and the perhaps not very obvious direct usefulness for future activities of the Trade Point, which makes it the exception rather than the rule that the Trade Point maintains systematic files on all its customers.

For these reasons, only a limited response from Trade Points (26 per cent response rate) was obtained to the question about transactions concluded thanks to the services of the Trade Point. Hence, the representativity of the conclusions thereafter can only be limited. Fifty-six per cent of respondents report fewer than 100 deals concluded with the assistance of their Trade Point in the year 2001 and only two of them claim a number of transactions exceeding 500.

Financial data are difficult to obtain even from Trade Points that sell their services, because many of those located in a hosting institution do not have separate accounting. Trade Points that were able to report on these issues account for 59 per cent of Trade Points that charge for their services.

- **Trade Point turnover**

Only a limited number (45 per cent) of Trade Points that charge for their services provided information about their annual turnover in 2001. The amount ranges from less than USD10,000 to USD 500,000, with an average of USD 135,941. Sixty-nine per cent of Trade Points, however, report a turnover of USD 100,000 or less. The average figure for the Trade Point turnover is on the increase as compared

with the year 2001, when it stood at USD 42,945, but this conclusion should be treated with caution given the rather small sample of Trade Points used.

- **Percentage of operating costs recovered through sales of services**

The analysis shows that, on average, Trade Points recover 38 per cent of their operating costs, with three Trade Points claiming to cover all their costs. This figure is more positive than the one recorded in the survey conducted for the year 2000, when it stood at 20 per cent, and also compares well with the average of rarely more than 20 per cent that is common even in highly advanced trade information services in developed countries.<sup>6</sup> An explanation can be the tendency in Trade Points to make systematic efforts to increase their self-sustainability, but also the fact that the successful Trade Points do not depend only on the sales of purely trade information services.

- **Break-even point**

Whereas the operating costs appear to be covered in a relatively high number of Trade Points, it will obviously take longer to recover the cumulative investment made in the Trade Point. Twenty-two Trade Points (i.e. 78 per cent of respondents to this question) report that they have not yet reached the break-even point, while for five of them all the costs have already been covered and one was in a position to generate profit that was subsequently invested in further development of its services.

#### **4.2 Essential ingredients of success**

As emerges from the analysis of the information sources above, as well as the experience accumulated in the Programme over the 10 years of its existence, the success of a Trade Point is conditioned by a number of factors, the weight of which naturally varies from one case to another. Their enumeration and explanation do not exactly come as a surprise since they are equally valid for any venture of a more or less similar nature. Consequently, the Trade Point experience reaches out beyond the relatively narrow scope of the Trade Point Programme as such.

The factors described below seem to emerge as those that contribute to the successful establishment and operation of individual Trade Points. It should however be borne in mind that there is no universal recipe for the success of a Trade Point and that there will always be a need for an individual strategy that would take into account local conditions and the business environment.

#### ***Identification of a market niche and development of competitive services***

Over the past several years, the Trade Points have been facing increasing competition from a growing number of national and international providers of similar services. In order to withstand this competition, it is therefore very important for them, before starting to develop services, to identify a market niche where they can effectively compete and where they will be able to gather a critical mass of customers for their particular services. While analysing the market and defining potential services, they should take into account the recent market trends, namely:

- Despite frequent expectations regarding the elimination of trade intermediaries as a result of electronic commerce, we are witnessing instead the redefinition of their role. Faced with a syndrome of “information overflow”, i.e. an excessive amount of unorganized information available on the Internet, the companies need the services of a specialized intermediary, called an “infomediary”. The infomediary helps companies locate and extract the information that is crucial for their business and systematically keeps an eye on the information of relevance to the particular company. The concept can also be extended so as to include not only the provision of information, but also other e-services across the integrated value chain (from production to the delivery of products to the customer). In this sense, there is a need for a service provider (“e-services broker”) that will not only provide information, but also accompany the client throughout the entire international transaction.

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<sup>6</sup> T. Butterly and B. Jocteur-Monrozier, “Approaches to charging for trade information services”, ITC/DPMD/98/300, ITC, Geneva, November 1998, p. 3.

### **E-services broker – Trade Point Sofia, Bulgaria**

In Bulgaria, only few enterprises use e-marketplaces for commercial transactions. The main reason is not technology (Internet access, etc.), but the lack of skills and suitable software packages on the one hand, and the heterogeneity of platforms, application procedures and presentation of data in different e-marketplaces on the other hand.

To address this problem, Trade Point Sofia, through funding made available by a technical cooperation project financed by the Government of Switzerland, developed a one-stop-shop service that aims to integrate Bulgarian companies into the global vertical marketplaces. A company that wishes to use this service can, through a single interface at <http://www.bia-bg.com/tp>, interact with a wide range of e-marketplaces classified into 10 categories (chemicals, metallurgy, machinery, constructions, wood and furniture, energy, food, textile, footwear and leather, health care). The customized services from which it can benefit cover inclusion in the company/product catalogue of the selected e-marketplace(s), participation in forward and reverse auctions, receiving of offers and demands posted on the marketplace and fitting the company's profile, posting the company's own offers/demands, price information, facilities for transport and freight forwarding, etc.

The service currently has over 50 subscribers, but as soon as the technical system behind is fully operational, it will be able to accommodate all the interested companies. Positive results have nevertheless been already achieved as a number of companies have concluded deals using the service. These deals were related to the delivery of semi-automatic welding machines and plasma cutting machines to India, delivery of skiwear to a Russian company owner of a chain of stores in six cities, delivery of several thousand electric motors to Italy and procurement of equipment for industrial production of ice cubes and flakes from the United States.

- Customers are increasingly looking for services that present “ready-to-use” solutions for a particular need they experience. Bearing this consideration in mind, the services need to be conceived as comprehensive (addressing the entire problem and not only its individual parts) and flexible (the service may need to be customized to suit the specific need of each individual customer). The provider should approach the design of its services from the point of view of the customer and the problem that he needs to solve.
- A number of “basic” services, in particular in the area of information, have become difficult to sell since customers can find them easily on the Internet. A case in point is addresses of exporters or business opportunities. What becomes more important, however, is the trustworthiness of such information. A company is not interested in getting information about a thousand anonymous partners of potentially doubtful standing, it wants even a limited number of partners that can be trusted. There is therefore scope for designing services in a way that addresses this particular need. Also, in relation to third parties, the Trade Point may need to be perceived as working with/for credible clients. If Trade Point clients are looked upon as trustworthy, this can increase their chances of concluding business deals.

In relation to the global vertical e-marketplaces, Trade Point Sofia, Bulgaria, had to provide certain guarantees with regard to the correctness of information about the subscribers to their e-marketplace service and their loyal participation in the auctions. In order to be able to make such a commitment, the Trade Point checks on every company that wishes to use the service. Each company is physically visited during this verification process.

The analysis of annual Trade Point reports 2001 shows an interesting correlation between the value added by a particular service and its success, including financial success, with the customers.

### **Defining a market niche – experience of Trade Point Chisinau, Moldova**

Before designing its services, the Trade Point conducted market research, interviewed permanent customers of the hosting institution about their needs and expectations, and used the experience of other Trade Points in the region, in particular Trade Point Bucharest, Romania, and tips with regard to “best-sellers in trade information” obtained at the ITC/UNCTAD trade information seminar in St. Petersburg, Russian Federation (June 2001). The offer of competitors was also studied in order to determine a competitive level of prices for the services of the Trade Point.

Following this preparatory work, Trade Point Chisinau launched the following services in January 2002:

- Internet Business Cards and Web Solutions

Both these services are related to the development of online company presentations. The Web Solutions package (one or several web pages consisting of company profiles, activities and presentations of products/services) is targeted at companies with limited budgets, whereas the Internet Business Card offers a richer presentation and comprehensive accompanying services (translation of the presentation into two additional languages, hosting and maintenance of the company website, promotion through search engines and banner advertising on the Trade Point website). Since the launching of this service, four online presentations have been developed, two are under development and eight more companies are on the waiting list.

- Exporter’s Bulletin

The Bulletin includes a synthesis of information selected from various sources (periodicals, online sources). It informs readers about world business news, describes world trade trends, and provides trade statistics, economic analysis and practical advice and tips for exporters. Since it was first published in January 2002, the Bulletin has become a key source of information for the business community of the Republic of Moldova and a guide for local businessmen in the world of international trade. Currently, the Bulletin is fully self-funded. An electronic version is planned for 1 January 2003.

- Market research services

This service includes provision of customized value-added information, such as market studies or country profiles. Market reviews are carried out using secondary information stored in the Trade Point library, as well as primary data. During the first six months of 2002, the Trade Point has prepared five market studies on wine products (Romanian and Russian markets), juices, dairy products and fresh fruit.

### **Trade Point services – best-sellers**

Number 1	International trade consultancy (trade procedures and regulations; trade negotiations) Web pages and electronic company catalogues ETO services
Number 2	Internet-related services (Internet access, e-commerce)
Number 3	Training

Successful Trade Point services were extensively presented in the 2000-2001 issue of the Trade Point Review.<sup>7</sup> For that reason, this report will not provide an exhaustive list of such services, but rather mention several cases that correspond to the notion of a value-added service and/or have clearly had commercial success.

Advice on international trade transactions is a typical value-added and solution-oriented service that clearly addresses the client’s need and is therefore often requested. This can be documented by statistical data from a number of Trade Points. For instance, in the first six months of 2002, Trade Point Bucharest, Romania, received almost 500 queries from clients, 447 of which related to trade regulations and procedures. In the course of 2001, the Egyptian International Trade Point, Cairo, received 2,425 inquiries concerning trade procedures, in particular in the area of customs, international payments, packaging, controls and trade procedures. The Federal Trade Point Brussels, Belgium, has

<sup>7</sup> UNCTAD/SDTE/Misc.44, New York and Geneva, October 2001.

received 618 queries relating to information about exporting to that country from 79 mostly least developed and developing countries.

Many Trade Points provide an inquiry/reply service for matters of this kind. Information about trade regulations can also become a source of income. For instance, Trade Point Habana, Cuba, sells publications with trade and business-related legislation of the country to foreign clients. Comprehensive consulting is, however, less frequent, given the need for highly qualified personnel and good cooperation with other parties involved in international trade transactions. There are nevertheless already good examples in this regard, as shown below.

#### **International trade consultancy in Trade Point Teheran, Islamic Republic of Iran**

In 2001, the Trade Point considerably expanded its consultation services regarding export and import procedures and regulations. To offer a higher-quality service and to meet the specific demands of traders at different stages of trade transactions, the Trade Point hired additional trade consultants specialized in different trade fields. This made it possible to cut the response time from 72 hours to 48 hours, excluding, of course, complex queries that required in-depth research or acquisition of so far unavailable data.

#### **Customs clearance in China**

In order to expand the range of services by adding more value to them, Trade Point Shanghai, China, offers a one-stop-shop for customs clearance aimed at expediting the clearance process. The service also includes consulting on taxes, tariffs and customs laws, and is experiencing a growing demand from customers.

A number of Trade Points, in particular in Latin America, are about to launch consultancy services to assist their clients in the conduct of international trade transactions. Trade Point Cali, Colombia, for example, intends to support new exporters through a package of advisory services, including assistance in the definition of the export product, selection of the target market, study of this market, preparation of an export plan, and support in trade missions. Trade Point Santa Cruz, Bolivia, plans to offer specific consultancy services in different areas related to exportation (preparation of offers and contracts, quality norms, packaging for exports, logistics, trade negotiations, electronic commerce), as well as management of international trade operations on behalf of the client. Export fitness assessment and formulation of export plans already appear on the list of services provided by Trade Point San Salvador.

#### **Virtual exhibitions and electronic catalogues in Romania, Egypt and Argentina**

**Trade Point Bucharest, Romania**, has been successfully developing virtual exhibitions for local companies. As compared with competitors offering ad hoc web page development at often uncompetitive prices, the Trade Point has adopted a sectoral approach. In cooperation with interested industry associations, it produced virtual exhibitions for handicrafts, construction materials, glasswork, and machinery and tools. Recently, the offer has been enriched by undertaking the first virtual presentation of a region, including its economic potential, tourism, export offer and investment opportunities. The service, offered for the first time on the Romanian market, met with considerable interest and several requests for virtual presentations have already been received from other regions.

**The Egyptian International Trade Point, Cairo**, promotes national companies by developing and disseminating electronic catalogues for the most important export sectors of the economy. Such catalogues have so far been produced for processed food, the electrical and electronics industry, furniture, leather products and ceramics. A continuously updated version of the catalogues is posted on the Trade Point website, while the CD-ROM version is disseminated to potential interested partners, in particular during trade events and seminars.

**Trade Point Mendoza, Argentina**, launched in June 2002 a service of company websites that are conceived as user-friendly templates and therefore allow clients to personalize them according to their wishes and upload them on the website of the Trade Point. Thirty-five companies have so far expressed interest in this service.

The ETO service in its current form is open to every interested company. In order to add value and make the product successful, Trade Points have to invest time and labour in manual screening of the business proposals circulated in the system and select those that could be of interest to local companies. Such ETOs, translated into the local language if necessary, are then disseminated to potential users, most frequently without personalized matchmaking for individual clients. The dissemination means range from faxes or e-mails, bulletins (Trade Point Addis Ababa, Ethiopia, for instance) through CD-ROMs (Trade Point New Delhi, India) to interactive online databases available on the Trade Point website (Trade Point Santo Domingo, Dominican Republic).

#### **Value-added ETO services in Trade Point Beijing, China**

Companies can subscribe to different sets of value-added ETO services developed by the Trade Point. Among them are:

- Receive ETO – Members receive ETOs via e-mail according to the sector of their choice (25 sectors available).
- Publish ETO – Members can post ETOs on the Trade Point server using a standard online form. The Trade Point subsequently forwards this information to the World Trade Point Federation's ETO system.
- Search ETO – Members can search the latest ETOs in a password-protected section of the Trade Point website.
- Search the ETO database - ETOs posted during the past two months can be searched in a password-protected section of the Trade Point website.
- Homepage link – The company logo is put on the first page of the Trade Point website, with a link to the website of the client.
- RTO (Real Trading Opportunity) – The Trade Point selects interesting “Demand” and “Misc” ETOs and checks whether the demand is real. Such verified ETOs are called Real Trading Opportunities.
- ETO translation – The Trade Point translates the entire text of the ETO from English into Chinese according to members' requirements. Generally, only the subject line is translated in the first stage.
- SMS dissemination – Clients can receive three ETOs per day by a message on their mobile phone.
- CD-ROM – A collection of ETOs posted over a longer period of time, with a strong search function, can serve users as a company and product database.

Internet-related services provided by Trade Points have to be tailored to the needs of local companies. A highly sophisticated transactional service would be of no use in a setting where most companies do not have Internet access or the required skills. In such conditions, a cybercafé and Internet courses can do much more to introduce the businesses to the e-commerce world. Cybercafés are successfully operated by a number of Trade Points in Africa (such as Addis Ababa, Ethiopia, or Dar-es-Salaam, United Republic of Tanzania) and are even quoted as a revenue-generating service. As the Internet becomes more accessible and skills become more solid, there is scope for more complex e-commerce services, including transactional ones. However, it should be borne in mind that the market for such services has to be built gradually, including through promotion and training, and that a quick return on investment is the exception rather than the rule. E-commerce services provided by Trade Points include the above-mentioned e-marketplace service in Trade Point Sofia, Bulgaria, the B2B and B2C electronic commerce portal in Trade Point Slovakia, the digital signatures service in Trade Point Slovenia and electronic lodging of trade documents in Trade Point Beijing, China.

According to the survey of annual Trade Point reports for the year 2001, 24 per cent of Trade Points provide training courses to their customers. Among the topics most in demand are the Internet/e-commerce (76 per cent of Trade Points reported on providing training as one of their services), sometimes specifically oriented towards the services of the World Trade Point Federation (ETO system, for instance) or trade information in general; the use of information technologies in marketing, trading or logistics; international trade and its different aspects (35 per cent of respondents); and general business and management issues such as business planning, marketing and human resources management (24 per cent of respondents). One Trade Point provides English courses and another offers product- and country-specific trade-related seminars.

### **Internet and e-commerce training in China**

Given its technological focus, Trade Point Shanghai, China, has been providing training courses centred on computer applications, the Internet and electronic commerce. So far it has trained more than 5,000 companies. In order to better serve its customers, it has set up a training department and allocated a fully equipped computer room for the organization of courses.

The Trade Point services should constantly evolve in response to technological and market developments and clients' needs. The feedback from customers is very important since it makes it possible to adjust the offer of services to the demand. It is therefore highly recommendable that Trade Points set up customer relations management systems which, among other things, make it possible to keep track of customers' comments, wishes and needs. In Trade Point Bucharest, Romania, each customer has a file, which also provides information about the services that are of interest to this client. The system also makes it possible to identify issues that may merit a training event or a seminar. A system recording customer information is also in place in Trade Point Addis Ababa, for instance.

### ***Local partnerships***

Trade Points are conceived as one-stop-shops where companies can have access to the entire range of trade-related services required to successfully complete international trade transactions. It is obvious that no single institution would ever be in a position to offer all these services on its own – partnerships with other specialized providers therefore become essential. An international trade transaction implies involvement and action on the part of both the Government (customs, licences, foreign exchange regulations, etc.) and the private sector (freight forwarders, transporters, banks, insurance companies, etc.). For this reason, the Trade Point should seek partners in the two camps and make them work together, which is not always an easy undertaking.

In the original concept of the Trade Point, all providers were meant to work together in the formal framework of a legal non-profit entity called the Trade Point Association. Later on, the Trade Points gained more freedom with regard to the legal organization of their partnerships. Therefore, having a separate legal entity to serve as a basis for cooperation is no longer mandatory and Trade Points generally cooperate with providers of trade-related services on a contractual basis.

The partners can contribute to the success of a Trade Point by making it possible to offer a comprehensive range of services, most frequently those going beyond traditional trade information, and thus attract clients that are interested in more value-added and solution-oriented services. Partners can also bring in technological solutions that are not within the reach of the Trade Point, or help it make its services available to a wider range of clients, using either the physical offices of the partner or his promotional capacity.

In the survey of annual Trade Point reports for the year 2001, 59 per cent of Trade Points indicated that they cooperated with partners in the provision of their services. The number of partners ranged from 2 to 32, with an average of eight.

### **Examples of Trade Point partners**

The partners of **Trade Point Kampala, Uganda**, cooperate with the Trade Point in the provision of its services. These partners include the Uganda Investment Authority, the Uganda Bureau of Statistics, the Uganda Bankers Association, the Uganda National Bureau of Standards, the Clearing and Forwarding Agency, the Private Sector Foundation, the Uganda Fishers Association and the Uganda Flowers Association.

In the provision of its services, **Trade Point Beirut, Lebanon**, cooperates with public and private sector partners such as the Lebanese customs, different ministries involved in trade issues, the Investment Authority of Lebanon, the Association of Lebanese Industrialists, the Union of Chambers of Commerce, the Association of Banks, the Professional Computers Association and universities in Lebanon.

## Examples of services developed with partners

### *Trade information websites in China*

In partnership with different government agencies, Trade Point Shanghai, China, has developed several websites with information of interest to the trading community. Among them are the Foreign Exchange Management Net ([www.waiguan.tpsa.gov.cn](http://www.waiguan.tpsa.gov.cn)), developed together with the State Administration Foreign Exchange Control Shanghai Branch, which provides information about foreign exchange-related regulations and is used by more than 250 companies; and the Trade Promotion Net ([www.lbn.trade.sh.cn](http://www.lbn.trade.sh.cn)), the fruit of collaboration with the Shanghai Foreign Economic and Trade Committee, which provides information about exhibitions and inspection services, as well as trade promotion news.

### *e-Basket of Trade Point Jamaica*

e-Basket, one of the key current projects of Trade Point Jamaica, is an online facilitation service for the trading of agricultural produce within Jamaica based on the Global Trade Point Network's Electronic Trading Opportunities. The Trade Point has developed it with the cooperation of local government and private sector umbrella groups such as the Rural Agricultural Development Authority (RADA), the Agri-Business Council of Jamaica (ABC), the Jamaica Manufacturers' Association (JMA) and the Jamaica Hotel and Tourist Association (JHTA). Produce information verified by RADA officials is posted on the website and buyers have the possibility to request specific products and make contact with relevant sellers. In linking buyers with farmers, e-Basket acts as an online agricultural information gateway, allowing purchasers easy access to farmers and farm-gate prices. In early 2002, a four-month pilot of the e-Basket project using hoteliers as purchasers was completed, and has now paved the way for the inclusion of additional purchaser groups. The new additions will be agri-processors, exporters, wholesalers and supermarkets.

## Getting closer to clients through cooperation with partners

**The Russian National Trade Point in Moscow** intends to set up branches in different regions of the country. The first branch is being established in Barnaul, Altay region, in a partnership with the trading and consultancy company STEMCO.

**Trade Point Ankara, Turkey**, has established close relations with Exporters' Unions, Chambers of Commerce, their regional offices and local representatives for both the collection and dissemination of information and access to Trade Point services. This network has resulted in better awareness and wider use of Trade Point services.

**Trade Point Tunis, Tunisia**, has developed a comprehensive system of support to exports for SMEs (le Réseau d'encadrement et d'assistance aux exportateurs). This system is operated in cooperation with different government departments, providers of trade-related services and commercial representations of the country abroad. The services are delivered to the clients, in addition to the central Trade Point (Bureau d'intervention rapide à l'exportation), through "Export Points" established in partnership with Chambers of Commerce and Industry in eight regions of the country.

**Trade Point Teheran, Islamic Republic of Iran**, makes its services available in different regions of the country through a joint programme with provincial offices of the Ministry of Commerce.

**Trade Point Beijing, China**, concluded a strategic partnership with a major media company, Qianlong News Net. Mutually advantageous cooperation makes it possible, among other things, to disseminate Electronic Trading Opportunities to a wider clientele using the website of the partner, which receives on average three million hits a day. Negotiations are under way also with other partners, such as SOHU.COM, China's premier online brand quoted also in the Nasdaq. With its 52.6 million registered users (March 2002), the company has the largest online user base and the most visited portal in the country. SOHU.COM is interested in disseminating ETOs through its newly developed platform "Enterprise online" and its network of 300 sales agents around the country.



In order to reach clients in underserved parts of the State of Rio Grande do Sul, the third exporting State of Brazil, Trade Point Porto Alegre came up with an original initiative of regional Trade Point desks, which are extension of the mother Trade Point. So far, three regional desks have been opened, namely for engineering, shoe manufacturing and food products. The selection of sectors reflects the presence of export potential, and the need for related support services in each region of the State.

**Trade Point Porto Alegre's regional desk for car components in Caxias,  
Rio Grande do Sul**  
[www.tradepoa.com.br/caxias](http://www.tradepoa.com.br/caxias)

Since the opening of the regional desk in Caxias on 10 April 2002, 63 companies have joined, with an average of 150 commercial opportunities being exchanged. For instance, the office has managed to open the African market to local car components manufacturers in Caxias. It is also in the process of organizing an export/import programme for local companies to facilitate international trade, in particular in the car components sector. The Caxias regional desk is hosted by the municipal authority of Caxias do Sul and supported by the Development and International Business Association, the Chamber of Industry and Commerce of Caxias do Sul, the University of Caxias do Sul and local trade unions.

***National Trade Point network***

In the majority of cases, the first Trade Point in the country is set up in the capital. The reason for this can be the presence of various government agencies and private sector actors that play a role in export promotion and trade-related services, a higher degree of infrastructural development or concentration of economic activities.

As soon as the first Trade Point becomes operational, the next natural step in many countries is the creation of a network of Trade Points outside the capital. This network can be informal, or it can be formalized through the establishment of a national Trade Point forum. To date, such forums have been established in Argentina, the Russian Federation and Spain. Different forms of national cooperation also exist in Egypt, Senegal and South Africa, for instance.

The motivation for participating Trade Points to cooperate with their colleagues in other parts of the country can be multiple.

First, the Trade Points can divide the work according to their respective comparative advantage and share the results with other Trade Points in the country. This makes it possible to achieve important economies of scale, as the activity is only performed once and by the Trade Point most competent in this particular regard.

An example of such specialization can be found in Argentina, where Trade Point Mendoza translates the ETOs into Spanish for all the members of the national Trade Point forum. Also, two Trade Points in Spain are using their respective comparative advantages to mutual benefit. Trade Point Castilla La Mancha is technologically very advanced and therefore hosts the website of Trade Point Madrid. The latter has in turn considerable experience in marketing and conducts promotional activities for both. As a result of this cooperation, the website gained 3,000 new users in the first six months of this year.

Second, the already established Trade Points can assist newcomers and help them develop their operations more quickly and efficiently so that they can start contributing to the network as soon as possible. Such assistance usually involves extensive capacity building, including on-the-job. An example of this approach is Egypt, where the Egyptian International Trade Point in Cairo significantly facilitated the creation of nine additional Trade Points in regions with export potential. As a result, Egypt is currently the country with the highest number of operational Trade Points in the world. In addition, the Egyptian International Trade Point provided assistance at a regional level. Trade Point Khartoum, Sudan, benefited from material support, advice in the setting up of the Trade Point and a free 10-day training course for its staff in Egypt.

Third, having a network of Trade Points in different regions makes it possible to reach clients in more remote parts of the country and exploit the potential that is beyond the reach of a Trade Point located in the capital.

Fourth, the Trade Points are able to join forces to conduct projects of common interest or negotiate partnerships and agreements, be it with private sector providers, government or international partners.

Experience shows that the Trade Point networks can fully benefit their members only if they are able to identify the reason for their existence, i.e. to bring their members added value as compared with the situation where they would operate separately. If this is not the case, any framework for cooperation among Trade Points in a country will only remain theoretical.

The same role can be played by regional associations of Trade Points, the regional Trade Point Forums that already exist in the Americas, Asia and the Pacific, and Arab countries. In addition, an initiative in this regard has also been launched in Africa. An example of such cooperation is the development of regional web portals within the new website of the Federation. Regional forums agreed that the portals would be developed by one Trade Point with good technological expertise and infrastructure. The development of the portal would be conducted on behalf of members of the regional forum and in close cooperation with them.

### ***Government support***

The Trade Point Programme was initiated by the United Nations Conference on Trade and Development, which is an intergovernmental body that reports to the Governments of its member countries. UNCTAD can provide assistance only if so requested by the country concerned. Therefore, the prerequisite for the establishment of a Trade Point is a letter from the Government expressing interest in the setting up of a Trade Point and recommending a national counterpart with which UNCTAD should cooperate on the project. Governments have thus traditionally - and crucially - provided political support to Trade Points.

In addition, since the very outset, the development of Trade Points has been mostly funded by national resources, with the exception of a limited number of technical cooperation projects supported by donors. According to the data from the 70 annual reports for 2001 received, 50 per cent of Trade Points are located in the public sector (mostly government-sponsored institutions), with an additional 19 per cent in entities with mixed public/private ownership. Governments thus make an important, if not crucial, contribution to the establishment of Trade Points (through an initial investment) and their operation (by covering operating costs, such as offices, salaries and/or telecommunications costs).

Another important area in which the Trade Point can benefit from government support is access to government-owned trade information. As stated in the section on services, information about trade regulations and procedures is crucial for the provision of advisory services on international trade transactions. Governments also “own” statistical information, at times information about prices of exported and imported products, and other data that are most relevant for international trade.

The Government, or in broader terms the public sector, can also provide revenue-generating opportunities to Trade Points by commissioning specific assignments.

#### **Government as a Trade Point client**

**Trade Point Chiangmai, Thailand**, in cooperation with Maejo University, an academic institution in Chiangmai, has been conducting a government-sponsored project (Business and Community Development Promotion Project for Chiangmai, Phrae and Chumporn Provinces) to promote local products in international markets. The Trade Point is responsible for the collection of information on local projects with export potential and development of the virtual exhibition for these products.

**Trade Point Shanghai, China**, has built a website called the Shanghai Investment Net which contains useful information for foreign partners interested in investing in the Shanghai region, about investment opportunities, regulations and statistics, as well as an investment guide. The site ([www.investment.gov.cn](http://www.investment.gov.cn)) was commissioned by the Shanghai Foreign Investment Committee.

### *Global Trade Point Network/website of the World Trade Point Federation*

A major asset of the World Trade Point Federation is its network, in terms of both the human network (see the section below), and the central website/e-marketplace and the services provided through it.

Nowadays it is relatively easy for companies to produce promotional web pages or have them developed. However, this is only the first step towards effective promotion of their business on the Internet. What is much more important is to make this particular web page known to potential clients. In this sense, the website of the Federation, with its high visitor turnover rate, has provided unprecedented visibility and exposure for companies registered with Trade Points in their individual countries, free of charge or at very low cost.

Trade Point Bucharest, Romania, reports on a glasswork company for which it developed a virtual exhibition. Six months after uploading the exhibition on the Trade Point website, the Trade Point was contacted by another two companies working in the same sector with a request that virtual exhibitions be also developed for them. It appeared that the first company had obtained important contracts thanks to promotion on the GTPNet and it was in the process of transforming its small glass-producing workshop into a factory.

The possibility of disseminating their business opportunities worldwide and receiving offers and demands posted by thousands of mainly small companies across the globe significantly increases the usefulness of Trade Points for their client companies. Through the Trade Point, they get access to concrete possibilities of concluding business deals for their products. ETOs are an important service provided by 87 per cent of Trade Points surveyed.

The Egyptian International Trade Point, Cairo, uses the ETO system both to enhance the export opportunities of local companies and to help them import raw materials or equipment on more competitive terms. Examples of deals that were generated in 2001 using the ETOs include exports of camomile flowers to Romania worth USD 30,000, sea cucumbers to Singapore worth USD 60,000, fruit juices to Benin, t-shirts to Jordan, cutlery to Yemen and air filters to Algeria. On the import side, the Trade Point facilitated the import of a packaging line for food products.

Finally, the connection to the GTPNet and the website of the World Trade Point Federation, which present a critical mass of information about a great number of countries in the world, has provided free publicity for Trade Points and attracted clients that may not have been able to locate the Trade Point otherwise.

### *Cooperation with Trade Points in other countries*

Trust is crucial when it comes to trade, in particular cross-border trade, and local know-how and contacts are invaluable when dealing with countries that speak different languages and have different cultures. The network of Trade Points represents therefore a unique asset of the World Trade Point Federation that no other competitor can offer on a similar basis.

Trade Points can act as local ambassadors in different countries for other Trade Points belonging to the Federation. Several models of cooperation have emerged, triggered by the interest of the Government or Trade Point clients in developing trading relations with partners in other countries.

The first model, launched and successfully used by the Federal Trade Point Brussels, was extensively described in the Trade Point Review 2000-2001.<sup>8</sup> It consists of a reciprocal virtual presentation of interested companies on the websites of the two cooperating Trade Points, and a subsequent trade mission for those companies that wish to follow up by personally meeting the partner identified during the virtual matchmaking phase. The missions receive high-level political support in Belgium since the Belgian delegation is traditionally headed by His Royal Highness Prince Philippe. The model was used in relation to Hungary, Argentina and Uruguay in 2000, and the Russian Federation in 2001. A virtual presentation of companies was also organized with Chile, yielding very positive results: after the

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<sup>8</sup> See section "Matchmaking service in Belgium", pp. 39-40.

launching of the joint project in March 2002, visits to the website in Brussels by Chilean entrepreneurs more than doubled as compared with earlier numbers; they almost tripled in the course of the actual trade mission to Chile in May and interest has not faded since then. A virtual presentation of companies is now also under consideration in relation to Azerbaijan.

The second model, largely utilized in Latin America, consists of trade missions offered by Trade Points to their client companies to trade events organized or co-organized by Trade Points in other countries. Among such events<sup>9</sup> aimed at facilitating business contacts among the entrepreneurs in the region are the Business Rounds sponsored by the hosting institution of Trade Point San José, Costa Rica.

A new model has recently been shaping up in the Asia/Pacific region, under the name “Asia/Pacific Free Trade Point Agreement”, within which the interested Trade Points would conclude “Bilateral Free Trade Point Agreements”. The model consists of reciprocal assistance to the clients of each Trade Point in the country of the other Trade Point participating in the agreement. The text of a memorandum that would set a framework for this type of cooperation is in preparation.

### *Contribution from donors*

The establishment of a Trade Point requires an initial investment, as well as ongoing coverage of operating costs. Whereas the latter can mostly be funded by the Trade Point itself or its hosting institution, the initial investment is often beyond their means. It is true that the size of this investment may to some extent have decreased as compared with the early stages of the Trade Point Programme owing to the lower prices of computer hardware and software. On the other hand, however, the need to train the Trade Point staff and keep their knowledge up to date has not only remained, but perhaps also become even more pressing in view of the increasing competition in the market of Trade Point-like services.

Therefore, in the absence of a source of initial funding, the Trade Point project may either take off very slowly and in a less conceptual manner, or not be feasible at all. This is particularly true for the least developed countries, where the potentially qualified hosting institutions may not abound and the skills to operate a Trade Point may not be present in sufficient quantity. In such cases, the Trade Point may need to be built from a zero basis and the donor contribution becomes a vital prerequisite of the undertaking.

At the same time, the availability of donor funding can also increase the likelihood of success of Trade Points in relatively better-off developing countries and countries in transition. The Trade Point projects can be implemented more speedily and follow a more strategic vision as compared with the situation where limited amounts of money become available in a more or less haphazard manner for smaller components of the project.

In recent years, funding for technical cooperation projects was provided by the Governments of Belgium, France, Italy, Japan, Switzerland and the United States. Some Trade Points have also benefited from UNDP funding, multi-donor projects (Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries – (JITAP), WTO accession projects) or country loans from the World Bank. The following were provided with technical assistance in the establishment of their Trade Points: Armenia, Bulgaria, Egypt, Ethiopia, Hungary, Jordan, Lebanon, Morocco, Mozambique, Nepal, Pakistan, the Palestinian Territory, Romania, Tunisia, the United Republic of Tanzania and Zambia. Sponsorship was at times provided to African Trade Points to attend the World Trade Point meetings.

There is also a permanent need to train the Trade Point staff to keep their knowledge and qualifications up to date with regard to technological and market developments. Donor funding can considerably facilitate this task. The most cost-effective way is to maximize economies of scale by organizing regional events (see chapter 1 of this report) or even better to create regional or local capacity for training through training-of-trainers programmes.

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<sup>9</sup> For details and other events of a similar nature see “Regional business events in Latin America”, Trade Point Review 2000-2001, pp. 41-2.

### **Swiss-funded project for Trade Point Bucharest, Romania**

The establishment of the Trade Point was co-financed by the Governments of Romania and Switzerland. The availability of the initial source of funding from Switzerland significantly reduced the time required for the development of Trade Point services and attainment of the operational stage. More particularly, the project made it possible to elaborate the business plan as a road map for the establishment of the Trade Point, purchase equipment, develop the first software applications and databases, undertake a mission to become familiar with the functioning of the ETO system, train staff in the development of web pages and, in particular, meet with other Trade Points and learn from their experiences. The project has significantly contributed to the fact that Trade Point Bucharest has become a model to be followed by other Trade Points.

### ***Committed and competent Trade Point team***

Experience shows that, other conditions being equal, the staff and the manager of the Trade Point can make a decisive difference with regard to the success of the project. Enthusiastic and committed people can make it work even under difficult conditions where others would fail. For this reason, the importance of good personnel policy for the Trade Point cannot be overemphasized.

The work in a Trade Point requires multiple skills and talents. The manager/director, for instance, should ideally have a solid practical knowledge of international trade, some acquaintance with information technologies, marketing skills, leadership qualities, the capacity to generate new ideas, and speak at least English. Good contacts with the Government and the private sector are also a most welcome asset. The members of the team can already be more specialized in a particular area related to the promotion of trade using electronic commerce tools. There is also a need for ongoing development skills to keep staff updated on the latest developments in their area of work.

It is obvious that in many cases it is not easy to find qualified staff and to keep them with the Trade Point. The reason often is of a financial nature. According to the survey of Trade Point annual reports 2001, 50 per cent of Trade Points are hosted by public sector institutions where the salary levels are frequently not competitive and may not be entirely related to the performance of the person concerned. Judging by the cost recovery levels in most Trade Points, one could deduce that even salaries in private Trade Points (31 per cent of the total number of Trade Points surveyed) may not be fully competitive. The consequence may sometimes be that good and qualified people, who in addition may have seen their qualifications enhanced through training in the Trade Point, leave for more lucrative positions in trading companies or software houses. On the other hand, countries where well-paid posts are not readily available may still have enough qualified candidates.

The conclusion is therefore that quite often the staff of successful Trade Points consists of individuals for whom money is less important than interesting assignments, possibilities to continuously acquire new skills and knowledge, and take on challenges and responsibilities. Given the fact that the incentives at work are usually not financial, it is also important to take this into consideration during the selection process where a preference may need to be given to people who show interest and an innovative spirit and want to learn over those who may have impressive CVs but not the personality that would cope with the particular context of work in the Trade Point.

### ***Effective marketing***

A very important but equally often not fully met precondition for success of a Trade Point is good marketing. This fact is also recognized by Trade Points themselves since they often call for assistance or training in this area. For instance, responding to the questionnaire on training needs circulated to them prior to the 6<sup>th</sup> World Trade Point Meeting (Geneva, November 2000), the Trade Points ranked training in Trade Point marketing as the second priority after training in the development of Trade Point services. This indicates that Trade Points have clearly come to understand that availability of good and relevant services is not enough and that the clients also have to know about them. If not, the service will remain underutilized and the resources dedicated to its development will be to no avail.

Promotional activities need to be conducted not only at the launching of the Trade Point, but should become an ongoing exercise and part of the Trade Point's everyday work. The promotion strategy should be aggressive, well planned and tailored to each target group – be it the management of the hosting institution that needs to be convinced of the added value of the Trade Point, the Government that should provide support to the Trade Point, the partners that the Trade Point needs in order to develop a fuller set of services, or the Trade Point clients that should in the end use and pay for these services.

### **Marketing in Trade Point Ankara, Turkey**

#### ***Marketing to the business community***

- For the launching of its services in 1999, Trade Point Ankara, Turkey, organized a press conference held by the minister responsible for foreign trade. The event attracted the attention of the media to the Trade Point Programme and, consequently, articles about the Trade Point services were published in the most popular Turkish newspapers and economy-related periodicals.
- A special brochure in Turkish was prepared to inform the business community about the Trade Point services. In order to attract also companies without an Internet connection, a form was included in the brochure enabling them to provide information about their offer/demand, which was then forwarded to the ETO system by the staff of the Trade Point.
- Another channel for the promotion of the Trade Point was courses and seminars organized by the Trade Point for the Turkish exporting community.
- Direct mailing to Turkish companies has also helped raise awareness within business circles and resulted in registration and uploading of profiles of nearly 3,500 companies onto the GTPNet. Turkey has thus become one of first countries to provide the country information for the GTPNet website.

#### ***Marketing to the hosting institution and the Government***

Trade Point Ankara realized the importance of the hosting institution's support, as well as that of the Government in broader terms, for its effective work and provision of maximum benefits to Turkish companies. Therefore, several presentations about the Trade Point Programme and its usefulness for exporters were made to the management of the hosting institution. A separate presentation was also organized for members of Parliament in order to draw their attention to, and gain their support for, the Trade Point.

Among the possible channels for promotion are direct mailing, presentations at seminars and meetings, participation in trade fairs and exhibitions, the press ("spontaneous" press coverage makes a much better impact than paid advertisements), TV and radio, and word of mouth. Trade Points should also have a set of marketing material and stationery that project a consistent image and brand.

It is obvious that the use of many marketing channels is costly and/or time-consuming and that the means available in Trade Points for this type of activity are limited, especially when it comes to paid publicity/advertisements. Therefore, it may be worthwhile to use to the fullest the potential of public relations activities, i.e. communication and good contacts with the press and business associations whose members could become Trade Point clients.

### **Public relations in Trade Point Madrid, Spain**

Trade Point Madrid has established direct contacts with journalists specialized in covering economic and trade issues; it supplies them with press releases and maintains regular phone and personal contacts with them. At the same time, the representatives of the Trade Point visit persons responsible for communication in Chambers of Commerce, support agencies for SMEs, etc. to make them aware of the Trade Point services. This is a relatively cost-effective means of marketing. It should, however, be borne in mind that journalists will only report on the Trade Point if they consider the information of sufficient interest to their audience. Also, contact with the press needs to be maintained on a regular basis.

Effective marketing does not only aim at attracting customers, but can also contribute to the creation of a loyal customer base. This philosophy has an economic background since keeping an existing customer is much less costly than acquiring a new one. Also, a permanent client base provides the Trade Point with a more predictable environment for its activities. According to the data in annual Trade Point reports 2001 (the response rate to this question was 69 per cent), more than a half (53 per cent) of Trade Point customers are permanent clients. Twelve per cent of respondents have only permanent clients, whereas another 8 per cent report working only with ad hoc customers.

In relation to permanent customers, many Trade Points use the model of a membership that gives clients the right to benefit from a set of services on a yearly basis, without having to enter into a contractual agreement every time they need a Trade Point service.

#### **Membership in Trade Point Shanghai, China**

Trade Point Shanghai is conceived as a membership organization. Consequently, its members can benefit from access to the web-based Trade Point services (ETOs, national and international company directories, trade regulations database) through an Internet-based network, subscription to a weekly bulletin called “Economic Analysis and Reference”, promotion of their products on the Internet in the form of company web pages, and seminars on topical business issues. The Trade Point currently has 400 member companies.

#### **Creating a loyal customer base in Trade Point Baku, Azerbaijan**

In order to create an atmosphere of trust and keep clients on a permanent basis, Trade Point Baku, Azerbaijan, sometimes offers small additional services, “extras”, free of charge, to its longer-term clients. Such services can include secretarial support, preparation and sending of documents, Internet access and printing.

At the same time, Trade Points, if they wish to expand, enhance their usefulness for the business community and improve their financial results, have to seek new clients. Some methods of approaching potential new clients are described below.

#### **Trade Point Baku, Azerbaijan, attracting new clients**

The Trade Point works systematically with current clients but also has a strategy to attract new clients. Two methods are used in this regard. The first one is called “Tele-Marketing” – any staff member that has an idle moment at work is requested to use it to contact potential clients on the phone. The clients are selected from an available database of companies and priority is given to those with a stable position in the market. The second category contacted comprises newly developed companies with a promising potential. The method yields about 15 per cent of new clients among the companies contacted. Another method is the “Open Door Days” under which invitations go both to current clients and to prospective target groups. Such events usually boost sales in the subsequent three months.

## Chapter 5: Towards increased self-sustainability of Trade Points

Trade Points are set up with the objective of providing services that would facilitate the participation of small and medium-sized companies in international trade and electronic commerce. The provision of any such services naturally has a cost that needs to be covered. Potential sources of funding for the establishment and operation of a Trade Point include:

- Contributions from the Government, which considers the services of the Trade Point to be part of its policy in support of SMEs or export development;
- Contributions from the hosting institution, which perceives the Trade Point as a useful complement to its own services;
- Sales of Trade Point services.

Most often, Trade Points resort to a combination of different sources of funding. As documented in the previous chapter, the 41 per cent of Trade Points that charge for their services recovered on average 38 per cent of their costs by selling services in 2001. This means that the remaining 62 per cent had to come from other sources, such as contributions from the Government, the hosting institution or, in exceptional cases, international donors. The diversification of sources of funding can make the Trade Point less vulnerable as compared with a situation in which it would depend solely on one of them.

The share of contributions from the Government or the hosting institution in individual Trade Points' budgets can be to some extent influenced by the environment in which the Trade Point operates. For instance, Trade Points that are located in the public sector may be providing their services free of charge more frequently than private sector ones that may be under more immediate financial pressure. As a matter of fact, 62 per cent of Trade Points that stated in their annual reports 2001 that they were not charging for their services were public institutions, as compared with 18 per cent of private sector Trade Points and 20 per cent of Trade Points with a mixed ownership. Similarly, Trade Points located in a hosting institution can be cross-subsidized by other services of this institution and therefore be less pressured to generate immediate revenues. According to the same source of data as above, 79 per cent of Trade Points not charging for their services are hosted by an already established organization.

### **Foregoing charges for services under special circumstances for a limited period: Trade Point Bahía Blanca, Argentina**

This Trade Point, inaugurated in December 2001, is hosted and funded by the administrative body of the local free zone, which is a public-private institution. Its clients are mostly small and micro-enterprises from the informal sector of the economy, with extremely limited previous exposure to foreign trade and without access to financial credit through the formal banking system. The depressed domestic economy has led many of them to turn to foreign markets. Under these circumstances, the Trade Point plays a business incubation role helping the companies to advance from a pre-exporting to the exporting stage. Given the fact that selling services is not a matter of immediate survival, that the most needy Trade Point clients would not be in a position to afford to pay for the services and that there is a need to foster the export potential in the region, the Trade Point decided to offer its services free of charge for the first year of its operation to all those interested. Charging should, however, start in 2003.

Selling of Trade Point services has nevertheless gained importance over the past years, both in Trade Points that already charge for their services and in those that still provide them free of charge. The share of paid services in the overall budgets of a number of Trade Points has been growing, making the funding generated by selling services an increasingly important source of income. Also, many Trade Points that so far offer services free of charge have been seriously considering requesting their clients to pay for at least some of them, particularly those for which the inputs have to be procured on a paid basis.

The issue of self-sustainability has also become part of Trade Point expectations with regard to the World Trade Point Federation. The Federation should help generate revenue opportunities for Trade Points through the provision of new value-added services developed in cooperation with strategic



partners, which UNCTAD was not in a position to deliver owing to legal constraints inherent to a United Nations body. Such revenue would then be shared with Trade Points that have contributed to its generation.

#### Potential revenue models for services provided by the Federation<sup>10</sup>

- **Offline referral fees.** The Federation would collect offline referral fees when a client purchases a partner's services through the World Trade Point Federation.
- **Online referral fees.** Those revenues would be collected when a user of the Federation's website either visits a website sponsored by the partner or purchases an item from the partner's site. Types of revenue generated include: (a) click fees, received each time a unique site user passes through to a partner site, and (b) purchase fees, activated when the site user purchases an item from the partner's site.
- **Transaction fees,** collected for any completed commercial activity through the Federation's website. Those fees could be applied when operating a digital marketplace.
- **Licensing fees,** collected for using services or products developed by another company.
- **Subscription fees,** earned by charging either the buying or the selling party, or both parties. The WTPF could offer services on a "use" basis (e.g. product/service fees) or bundle them together into different service offers (i.e. standard offering versus premium offering) for which the users would pay a subscription fee.
- **Offline advertising,** fees for promoting and communicating the image of a partner through the World Trade Point Federation. These fees cover direct marketing, i.e. sending a promotional message directly to the clients of the Federation (such as direct mail, print publication).
- **Online advertising,** fees for providing space for a company's products and services on the Federation's website. These fees relate to (a) banners: advertisements prominently placed on the Trade Point's website or on the WTPF's website; (b) sponsorships: a partner may sponsor an event organized by the Federation (i.e. a training session or seminar on international trade) or some specific content on the website; (c) product listings: offering priority placement among peer product groups; (d) storefronts: providing the ability to purchase an advertiser's products direct from the site or providing a seamless link to the advertiser's purchase site; and (e) content participation opportunities, which allow other firms targeting the Federation's customers to provide their own content to its site.

The fact that self-sustainability is of major concern to Trade Points can be evidenced by a relatively high rate of response<sup>11</sup> to the questionnaire on selling Trade Point services disseminated in the framework of a recent joint initiative of ITC, UNCTAD and the World Trade Point Federation. The objective of this undertaking is to gather and analyse information about Trade Point experience in this area and to prepare recommendations about best practices that could in turn be useful for other Trade Points. To this end, authors of the most valuable contributions will be invited to an expert group

<sup>10</sup> Based on "Strategic Business Development Plan", World Trade Point Federation, Geneva, September 2001, pp. 38-40.

<sup>11</sup> The questionnaire was circulated to all Trade Points irrespective of their stage of development (feasibility, development, operational) and whether they sold their services or not in order to also understand the reasons for not charging for services and the intentions in this regard for the future. The Trade Points that had declared in their annual reports 2001 that they were selling at least some of their services were approached in particular. A total of 20 responses have been received from the officially registered Trade Points in different stages of development – 7 from the Americas, 6 from Europe, 4 from Asia and the Pacific, 2 from Africa and 1 from the Arab countries. Among the contributing Trade Points were Bahía Blanca, Argentina; Mendoza, Argentina; Baku, Azerbaijan; Santa Cruz, Bolivia; Sofia, Bulgaria; Beijing, China; Cali, Colombia; Habana, Cuba; Egyptian International Trade Point, Cairo; San Salvador, El Salvador; New Delhi, India; Ragusa, Italy; Nairobi, Kenya; Chisinau, Moldova; Kathmandu, Nepal; Moscow, Russian Federation; Slovakia; Johannesburg, South Africa; Rivera, Uruguay; and Tashkent, Uzbekistan. Fifteen Trade Points from the sample were selling services, while five were considering such an option.

meeting organized by ITC in Geneva in October 2002. The findings of this questionnaire are also largely used in this chapter.

### **5.1 Selling Trade Point services – expectations and results**

Trade Points' growing interest in selling their services results from the combined influence of several factors both outside and inside the Trade Points, and the related expectations.

#### ***Generation of revenue for the Trade Point***

All Trade Points that have responded to the questionnaire on selling Trade Point services stated that one of the reasons, and very often the main one, for providing or considering the provision of their services against a payment was the need to generate revenue.

This can be explained by the fact that other sources of revenue for Trade Points have become scarcer. In particular, government budgets have been getting tighter in recent years, with a resulting drop in government funding for trade support services and pressure on at least a partial cost recovery. With regard to the private sector and Trade Points with a mixed ownership, growing competition on the market makes it more difficult for them to attract clients and puts prices under strain. This is further aggravated by the cost associated with the provision of a competitive service – inputs in terms of paid information that may need to be acquired and staff time spent on the assignment.

#### **Need to generate revenue – examples from Azerbaijan and Kenya**

**Trade Point Baku, Azerbaijan**, is hosted by an SME Development Agency set up by a European Union TACIS project. When, in 1996, the project funding stopped flowing in, the organization had no other choice than to start charging for its services. Currently, the Trade Point covers 89 per cent of its costs by selling services and the agency even generates some surplus which it reinvests in the development of its services.

**Trade Point Nairobi, Kenya**, is hosted by the Kenya National Chamber of Commerce and Industry. This is a membership-based organization that collects annual subscription fees. However, owing to the rise in the cost of delivery of services they had to resort to charging for most of their services in the early 1990s.

In evaluating their experience with charging for services the Trade Points participating in the survey generally state that it has helped them to improve their financial self-sustainability and independence. Five of the 15 Trade Points selling services cover all their costs and another three are getting closer to this objective, with 70-90 per cent of their costs covered. Two Trade Points that started to operate in only 2002 have already achieved 25-28 per cent sustainability during the first months of their operation.

Two important facts should however be stressed with regard to these results. First, trade information services often show a lower percentage of cost recovery than some other services of the Trade Points surveyed. Second, several respondents made the point that trade information services could not ensure the self-sustainability of their Trade Point and recommended that they be complemented by other value-added services.

#### ***Improved quality of service***

The fact that services are provided against a fee often has a positive impact on their quality. This was recognized by almost three quarters of respondents, in particular those who have already been charging for their services. First and foremost, only good and competitive services meeting customers' needs can be sold. Providers are therefore obliged to pay more attention to the client in the design and delivery of their services. Several Trade Points pointed out that the interaction with paying clients had made it possible for them to perfect their services or add new ones reflecting evolving customer needs. It also created a deeper relation with the clients and understanding of their business, and hence the possibility to provide them with a better service in the future. The staff also had to pay more attention to the packaging and the presentation of the service.

The correlation between fees and quality of services can be observed both in the private Trade Points and in the Trade Points in the public sector, along with penetration by the private sector spirit and increased pressure on the efficiency of government services.

*“A business information provider should not concentrate on selling information and services which he has, but on developing and offering information and services which the clients demand.”*

*Trade Point Tashkent, Uzbekistan*

### **Customer-driven design of services in Trade Point Beijing, China**

In order to successfully compete for customers, the Trade Point redesigned its services to better suit the needs of local users. Each client can compose its own menu out of the services provided by the Trade Point. Information is disseminated through the preferred means indicated by the client – online, e-mail, a printed publication or newspaper, a CD-ROM or an SMS. International information is classified, processed and translated into Chinese and local information designed for international markets is tailored to suit requirements abroad, including translation into English. New value-added services have been developed on the basis of ETOs, such as verification of the offer/demand, alert to ETOs of the client’s interest (classification into 25 sectors is available), etc. A more detailed description of ETO services in Trade Point Beijing is to be found in section 4.2 of this report.

Several respondents mentioned that the revenue generated by sales of services had permitted them to invest in an enhancement of the existing or the development of new Trade Point services, acquisition of technical tools and information sources, and staff training. This subsequently allowed for provision of Trade Point services at a higher level. Some Trade Points went as far as affirming that the improved quality of services achieved through charging for their provision had made it possible for them to withstand the ever-increasing competition and stay in operation or even extend their scope.

The need to offer quality services is emphasized by almost all Trade Points participating in the survey. Since it is virtually impossible for a Trade Point to cover the entire market, it is recommended that its efforts be concentrated on a selected range of products and services where it has a clear comparative advantage. The most cost-effective way for the Trade Point to offer a range of services demanded by its clients is to complement its own information and other resources by the formation of business alliances with outside service providers.

The fact that the services of the Trade Point find paying clients is in some instances reported to have enhanced the confidence and motivation of the staff, who felt proud to be generating resources for the organization. In some cases, it was even possible to provide financial incentives for the most deserving staff.

### ***Perception of a higher value of the service by customers***

Most Trade Points surveyed note the reluctance of clients to pay for Trade Point services. This can stem from a historically conditioned mentality that underestimates the value of trade information, from the expectation that such services should be provided free of charge, particularly if the Trade Point is a public sector institution or if the client already pays a membership fee, or from the low purchasing power of clients. Very often all these factors are present at the same time. The reluctance to pay is reportedly more frequent in the case of local clients, whereas foreign customers generally accept the fact that Trade Point services have to be purchased.

Customers are in general more willing to pay for information and services that they cannot easily find elsewhere or which they perceive as helping them make decisions leading to new or enhanced business. In other words, they will pay for the service if they believe that the benefits justify the expenditure. In such instances, they are even likely to come back to the Trade Point for additional information and services.

*“Companies that would be willing to pay (for Trade Point services) are those that: (a) perceive the service as efficient, and (b) cannot obtain it on their own and thus consider the involvement of the Trade Point as essential.”*

*Trade Point Rivera, Uruguay*

Trade Points should therefore attempt to raise the quality of their services to a level at which it would

be more advantageous for the user to pay for guaranteed trustworthy information than to look for it himself on the Internet or get it from sources of doubtful reliability.

#### **Client attitude to paying for services – experience of Trade Point Beijing, China**

The main paid service of the Trade Point are Electronic Trading Opportunities. Before 1999, the Trade Point was re-sending the ETOs received from the GTPNet to end-users without processing. This service was free of charge. Since then, an enhanced value-added service has been developed involving processing of the information, its translation and verification. The users have welcomed this new service that they perceive as useful and cost-effective. For instance, hiring an information expert for information processing would cost them at least eight times more compared with buying processed ETOs from the Trade Point.

The provision of a service free of charge also frequently creates a perception with the clients that it is of bad quality and cannot be trusted. By the same token, if the customer has to pay, he is more likely to consider the service to be of value. Charging therefore improves the perception and image of the Trade Point and its services and adds status to the information/service provided.

Some Trade Points participating in the survey maintain that it is very difficult, if not impossible, to

*“It is not good to give the services away for free because the entrepreneur will think that they are not of a good quality.”*  
Trade Point Cali, Colombia

start charging for a service that was previously provided free of charge. It is therefore recommended that services be offered on a paid basis from the very beginning or at least that it be made clear that they will be free only for a limited initial (trial) period, after which a charge will be introduced. If the decision is nevertheless taken to start charging for a previously free service, it is indispensable that this service be substantially enhanced and repackaged before asking clients to pay for it.

The general conclusion drawn from the Trade Point questionnaires is that clients, despite their overall reluctant approach to paying, are still willing to spend money on what they perceive as quality value-added services. One Trade Point stated that clients are not opposed to being charged for information that is validated, and recommended that Trade Points should always guarantee a professional validation of information as part of the service that should be paid for. Another one even reported that some companies were asking for more complex and expensive information. The introduction of charging for services can thus be beneficial both for the Trade Point (improved quality of service, enhanced sustainability) and the client (better support for his business). As Trade Point Ragusa, Italy, put it, “it is a win-win situation where the client and the service provider work as a team”.

At times, clients perceive free provision of services as an invitation for unlimited use. This places on the Trade Point the unnecessary strain of having to attend to queries that are not well defined or even tend to abuse the free service. Providing services against a fee may deter such customers since it is unlikely that they would continue

approaching the Trade Point with futile requests if they had to pay. As paying clients only come when they have a precisely defined query in order to avoid unnecessary payments, the Trade Point is then able to focus on those that are serious and in real need of assistance. Several Trade Points surveyed have thus reported that charging had helped them in the selection of clients and consolidation of their customer base.

*“Putting a cost on services acts a filter to deter those who express a mild interest in exporting but who have neither the capacity nor the concrete intention of doing so, information mongers with a commercial interest looking for anything free of charge, people seeking simply to bolster their personal curriculum, and those who disproportionately exploit anything free.”*

Trade Point Bahía Blanca, Argentina

## **5.2 Charging policies**

Most Trade Points that participated in the survey stressed that the leading principle in their charging policies was flexibility. Therefore, 16 out of 20 respondents have put or are considering putting in place differentiated charging schemes. Such schemes have been applied for (a) different groups of services and (b) different groups of clients.

The majority of Trade Points provide at least some services free of charge. These services are classified as standard or general, as compared with the specialized services that are sold at a price. Free services are often those that do not require additional costs for the Trade Point in terms of the staffs/consultant's time or purchase of information input. They may include information without value addition that is often also available on the Trade Point website, or initial consultancy services requiring a limited amount of staff time. The rationale for the provision of a limited range of free services is that if the client is satisfied with the quality and usefulness of the free service, he may come back and ask for more complex paid services. Free services thus become an instrument that the Trade Point can use to attract new clients.

*“A positive aspect of providing some services free of charge is that many times a client is evolving and passes from free-of-charge services to paid ones.”*  
Trade Point Ragusa, Italy

Trade Points have also developed a wide array of schemes that differentiate the charging policy according to the groups of clients. In a number of Trade Points, some clients receive services free of charge, whereas others have to pay. The former most frequently include government bodies, foreign embassies, international organizations, academia or the Trade Point partners. The fact that the Government often benefits from free provision of services may stem from the fact that Trade Points offering such treatment are hosted by government-sponsored organizations.

Differentiated policies can also apply to paid services, depending on the nature of the client. The most frequent distinctions between groups of clients quoted by the participants of the survey have been (a) size of the company; (b) members and non-members; and (c) foreign and national clients.

The target group of the Trade Point Programme has traditionally been the micro, small and medium-sized enterprises that currently constitute almost 90 per cent of the Trade Point clientele.<sup>12</sup> This selection was made deliberately because of the developmental role of the Programme and the identification of SMEs as a group which was particularly in need of assistance. It was also meant to differentiate Trade Points from other service providers that cater more to the needs of larger and wealthier companies.

Consequently, Trade Point charging policies often reflect the specific character of clients and try to accommodate their limited capacity to pay. Trade Points surveyed have judged the overall price level for Trade Point services to be generally lower than the prices charged by the competition, and hence affordable even for small clients. In addition, they often specifically mentioned the practice of trying to find acceptable terms for small clients and/or new exporters matching their financial situation. Some Trade Points have specific preferential tariffs for SMEs and one indicated that it provided services to SMEs in principle for free while generating revenue from larger clients.

Several Trade Points work with a membership concept, especially where they are hosted by a membership-based institution such as the Chamber of Commerce, or when they find this system attractive for work with permanent clients. Members receive a defined package of services “free” against payment of a membership fee and are quite often provided with preferential treatment, such as discounts, with regard to the services outside the membership package.

#### **Example of a membership package in China**

In Trade Point Beijing, China, membership applies to the use of ETO services. ETO members can select from four types of subscription:

- Golden (receive, search and post ETOs; receive verified ETOs, so-called Real Trading Opportunities)
- Silver (receive, search and post ETOs)
- Bronze (receive and search ETOs)
- General (search ETOs)

The price of the individual packages varies depending on whether the client is a final user or an agent.

<sup>12</sup> Trade Point Review 2000-2001, UNCTAD/SIDTE/Misc.44, p. 18.

Trade Points have developed a variety of pricing schemes. In addition to the packages of services provided for a specific price, be it under a membership model or not, they use price lists for different individual services. If the client decides to order several services at a time, he or she can sometimes obtain a special price or a volume discount. For services of a more personalized nature, prices are calculated on an ad hoc basis taking into account the cost of inputs (consultant's time, information purchased, etc.). Some services, in particular those relating to assistance in concluding international transactions, are charged for on a commission basis, with the percentage of the commission varying according to the volume of the deal.

#### **User-oriented charging scheme in the Russian Federation**

The Russian National Trade Point, Moscow, has adopted a flexible approach in its charging policies based on the principle that the same modalities cannot be applied to all users. Therefore, the issue is discussed with each client individually with the objective of reaching a mutually agreeable price and modalities of payment. As a basis for discussions, the Trade Point proposes a range of different service levels and pricing schemes. The final price is influenced by factors such as urgency of the delivery, time required for the assignment, volume of information and level of detail requested, format of the submission and the client's capacity to pay. A flexible system of discounts depending on the volume of the contract has also been introduced.

The most frequent modalities of payment used include cash (17 out of 20 respondents), bank transfer (15 respondents) and cheque (11 answers out of 20). Payment by credit card was only possible in four cases, whereas two Trade Points have already been using online electronic payments and another one is planning to do so soon. Most Trade Points do not allow deferred payments; rather, clients are requested to have settled the bill on the submission of the assignment. Some Trade Points ask for a partial or full advance payment prior to starting work on the task. This also applies to membership fees that need to be paid in advance.

#### **Examples of payment modalities in Colombia and Azerbaijan**

In **Trade Point Cali, Colombia**, the work on the client's inquiry only starts when he submits a receipt of payment. For more complex queries, the Trade Point makes an initial investigation of the cost of delivery and submits an offer to the client, who can then decide whether he accepts the terms and wishes to obtain the service or not. If for any reason the final product should not correspond to the client's expectations, the Trade Point offers to enhance it free of charge or to select another service that would be delivered as a replacement. So far, no client has used this possibility. For seminars and business meetings, the registration fee has to be paid prior to the event.

In **Trade Point Baku, Azerbaijan**, the client is requested to make a down payment of 50 per cent of the contract. The remaining 50 per cent is settled upon full completion of the assignment and satisfaction of the client's requirements with regard to the service. In exceptional cases, the full payment can be made after the completion of the task.

## Chapter 6: Ways forward

2002, the last year of the implementation of the Trade Point Programme strategy adopted in 1999, has undoubtedly been very productive. Concerted efforts by the Federation and UNCTAD have yielded positive results in terms of:

- Consolidation of the Federation's management team and building of the capacity to negotiate with strategic partners, as well as to address other issues related to the management of the Federation. The Federation has currently in place decision-making mechanisms that allow it to take responsibility for the future of the Trade Point Programme.
- Development of value-added services for Trade Points and their clients. The level and quality of services provided centrally to the members of the network have significantly increased with the new website of the Federation. The enhanced ETO system with additional functionalities, the re-engineered Trade Information Service offering trade, investment and tax information about 80 countries, and information about 15 industrial and agricultural sectors of interest to traders, as well as the company validation service, considerably improve the competitiveness of the Federation's service offering on the market.
- Building of a solid membership consisting of 71 operational Trade Points in 49 countries of the world.
- Continuing interest in and support to the Programme. This is evidenced by the fact that UNCTAD and the Federation continue to receive new requests for the establishment of Trade Points – 14 since the publication of the last Trade Point Review in October 2001.
- Restored credibility of the Programme. The results achieved in cooperation between UNCTAD and the Federation have made it possible to obtain funding for technical cooperation or assistance to the building of the Federation from Belgium, France, Japan, Spain and Switzerland. In addition, a number of Governments have supported members of the Federation's Steering Committee from their countries to attend management meetings of this body. In addition to UNCTAD, ITC and UN/ECE have provided support to Trade Points and the Federation. Last but not least, the Federation has received offers, including financial commitments, from Jamaica, Lebanon and Thailand to host the coming General Assembly Meeting in their countries.

Aware of the financial challenge faced by the Federation if it had to immediately fund its own secretariat and respond to requests for the establishment and strengthening of Trade Points, and taking into account the positive results achieved, UNCTAD member States, decided in September 2002 to extend the mandate of the organization in support of the Federation and Trade Points. This mandate will be reviewed at the next UNCTAD conference (UNCTAD XI), scheduled for 2004. After the externalization of the Programme from UNCTAD in November 2002, the Federation will thus be able to benefit from UNCTAD's support in precisely defined areas, namely support to its secretariat, and capacity building for Trade Points.

The extension of UNCTAD's support should enable the Federation to achieve financial sustainability to fund its operations, including a secretariat. The challenges ahead in the coming year are therefore essentially the following:

- To increase the number of agreements with strategic partners about the development of services for Trade Points that comprise an income-generating element and have the potential to improve sustainability of both Trade Points and the Federation.
- To implement these services in individual Trade Points so that the income-generating potential materializes and brings the desired financial results. The Federation will need to market these services to Trade Points and provide them assistance in their provision and promotion to local companies. Commitment of Trade Points will therefore become the vital prerequisite for the success of the Federation in the years to come as it relates to the generation of income through cooperation with partners. The Federation will also depend on the cooperation of Trade Points for the development of new services of its own, and contributions to the new website of the Federation.

- To further consolidate and extend the Federation's membership to countries, especially the developed ones, where it is not yet present. The hope is that the new service offering will attract competent Trade Point candidates in these countries and make it possible for the Federation to strengthen its image as a truly global facilitator of trade for SMEs.

The new services of the Federation and the modalities of their implementation by Trade Points in their respective countries will be presented at the Third General Assembly of the Federation in Beirut in November 2002. After a first year of building the basis of the Federation and a second year of starting negotiations with partners and launching the first value-added services, the third year of the Federation's existence will focus on implementation of these services and building of financial sustainability.

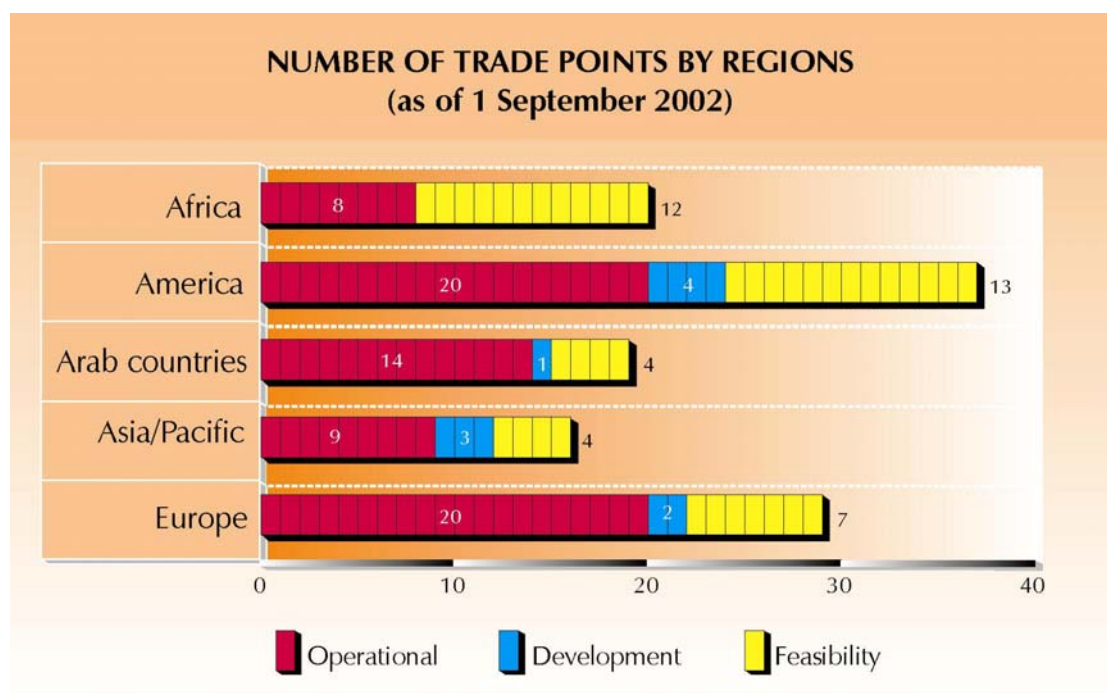


### Annex: Development of Trade Points in regions

In the course of the last year of implementation of the 1999 Trade Point Programme strategy, efforts continued to focus on further consolidation of membership, assistance to Trade Points in becoming fully operational and support to regional cooperation among Trade Points.

Consequently, the number of operational Trade Points, or "active members" according to the statutes of the Federation, further increased from 63 in September 2001 to 71 in September 2002, to represent 59 per cent of the total number of 121 Trade Points. Another 50 Trade Points are in the process of development – 40 in the initial feasibility stage and 10 in the more advanced development stage.

As regards geographical distribution, the Americas have remained the leading region in terms of the total number of Trade Points (37, of which 20 are operational, 4 in the development stage and 13 in the feasibility stage), followed by Europe with a total of 29 Trade Points, but the same number of operational Trade Points as the Americas – 20, with another 2 in the development stage and the 7 in the feasibility stage. The differences in the total number of Trade Points in the other regions are minimal – 20 in Africa (8 operational, 12 in the feasibility stage), 19 in the Arab countries (14 operational, 1 development stage and 4 feasibility stage) and 16 in Asia/Pacific (9 operational, 3 development stage and 4 feasibility stage). Member States continued to show interest in Trade Points by sending requests for the establishment of new Trade Points. Fourteen such requests have been received since September 2001, namely 2 from the Americas, 1 from the Arab countries, 7 from Asia/Pacific and 4 from Europe.



#### *Africa*

With regard to last year, there are minor changes in the number of Trade Points in sub-Saharan Africa and their development stage. As of 1 September 2002, there were 20 Trade Points in 18 countries in the region. Eight of them were fully operational (in Burkina Faso, Côte d'Ivoire, Ethiopia, Mauritius, Senegal, South Africa-Pretoria, Uganda and Zambia), whereas 12 more (one each in Angola, Benin, Eritrea, Gambia, Ghana, Kenya, Mali, Mozambique, two in South Africa – Cape Town and Johannesburg - and one each in the United Republic of Tanzania and Zimbabwe) were still in the feasibility stage.

Despite the lack of funding for the implementation of projects aimed at setting up new Trade Points or strengthening the existing ones, the region showed energy and commitment to move forward. The 9 Trade Points that participated in the Second General Assembly of the Federation in Geneva in November 2001 held a regional meeting in which recommendations were made concerning cooperation among African Trade Points. Participants from Benin, Burkina Faso, Ethiopia, Guinea-Bissau,

Mozambique, Senegal, South Africa, the United Republic of Tanzania and Zambia agreed that (a) African companies should trade with each other using Trade Points as a mechanism; (b) bilateral cooperation between Trade Points should be promoted; and (c) Trade Points needed to work together to build their capacity to provide services to SMEs. Also, client databases should be exchanged and successful Trade Points should share their experience with other Trade Points in the region. It was also reiterated at the meeting that the regional Trade Point forum - African Trade Point Initiative (ATPI), launched in Pretoria in August 2001 and introduced in the last issue of the Trade Point Review - was open to all African Trade Points and that subregional cooperation was also possible. With regard to capacity building, Trade Points emphasized the importance of raising funds for projects, including the development of a regional web portal.

These recommendations were further strengthened at the regional meeting for the French-speaking Trade Points of West Africa, "Atelier Régional pour les Trade Points Francophones de l'Afrique de l'Ouest", which took place in Senegal from 21 to 25 January 2002. Those Trade Points participating were Benin, Burkina Faso, Côte d'Ivoire, Mali and Senegal. Cameroon was also present with two representatives of the Guichet Unique des Opérations du Commerce Extérieur (Gie). The meeting was co-organized and funded by ITC and Trade Point Dakar, Senegal, with the support of UNCTAD, the World Trade Point Federation, the West African Economic and Monetary Union (UEMOA) and the West African Development Bank (BOAD).

### *The Americas*

Despite the economic difficulties faced by many countries, the region continued to occupy a leading position during the last year, with 37 Trade Points in 19 countries. As of 1 September 2002, the total number of operational Trade Points stood at 20 (four in Argentina, one in Bolivia, three in Brazil, one each in Costa Rica, Cuba, Dominican Republic, El Salvador and Jamaica, three in Mexico, one in the Netherlands Antilles, two in the United States and one in Venezuela), while four remained in the development stage (one each in Canada, the United States, Uruguay and Venezuela) and 13 were in the feasibility stage (2 in Argentina, 1 in Bolivia, 3 in Brazil, 1 in Canada, 1 in Chile, 1 in Colombia, 1 in Haiti, 1 in Guatemala, 1 in Mexico and 1 in Trinidad and Tobago).

UNCTAD also received two government requests for the establishment of Trade Points during this period, namely from Bolivia and Mexico. In addition, despite the lack of financial resources available in UNCTAD to promote the Programme, the Trade Point concept is of interest to other countries as well. This can be documented by visits from representatives of trade and investment authorities from the region, namely the Bolivian Promotion Centre (CEPROBOL) from La Paz, Bolivia, and the General Direction of Export and Investment Promotion (PROPARAGUAY) in Asunción, Paraguay, interested in hosting a Trade Point within their organizations. Expressions of interest were received from Guatemala (Guatemala City) and from Venezuela (State of Lara).

As in the previous years, regional cooperation remained dynamic in the region. This was reflected in the current Plan of Action of the Inter-American Trade Point Forum, approved by the Steering Committee of the Forum in Los Angeles in May 2001. In this plan, Trade Points commit themselves to the principle of cooperation and reciprocity. Examples of such cooperation are presented below.

Trade Point Santo Domingo, Dominican Republic, under the auspices of the Dominican Centre for Export Promotion (CEDOPEX), organized, jointly with the Caribbean Export Agency, ITC, UNCTAD and the World Trade Point Federation, a workshop to foster regional cooperation for the exchange of trade information and electronic commerce. The meeting took place from 5 to 8 March 2002 and was attended by Trade Points from Argentina, Costa Rica, Cuba, Colombia, El Salvador, Haiti, Mexico, the Netherlands Antilles, Nicaragua and Venezuela. Among the topics presented and discussed were tools developed by ITC in the area of trade information, techniques for trade information search on the Internet, sources of market information and trade contacts, methods of dissemination and selling of trade information services, regional experiences with information systems and offers for regional cooperation. A presentation was also made about the current activities and future projects of the World Trade Point Federation. The seminar provided an excellent opportunity to share experience and information sources on different markets in a region where international agreements such as the Caribbean Community (CARICOM) and the Central America Free Trade Agreement are being implemented.

From 13 to 15 September 2001, Trade Point Maracaibo, Venezuela, and Trade Point Curaçao, Netherlands Antilles, co-hosted a seminar on eliminating bottlenecks in trade between the two countries. The seminar was held on the occasion of the Curaçao Chamber of Commerce and Industry's Meeting of Entrepreneurs 2001, and took place at the World Trade Center Curaçao, which had outsourced its business and investment information functions to the Chamber of Commerce and Industry/Trade Point Curaçao. Thirty-two representatives of the State of Zulia, Venezuela, flew to Curaçao for the occasion. The Venezuelan delegation included companies from sectors such as textiles, stainless steel products, handicrafts, oil industry and food products, and met with partners from corresponding fields of activity from Curaçao.

Trade Point Curaçao also has cooperation agreements with Trade Point Santo Domingo, Dominican Republic, and with organizations in the Netherlands to assist entrepreneurs in identification of business and investment opportunities.

The Inter-American Trade Point Forum has continued its bi-weekly virtual meetings on the Internet. These virtual meetings, initiated by the Trade Points of Detroit, Monterrey and Curaçao, take advantage of the WTPF website's facility for Trade Points to get together online and exchange views and information. Participating Trade Points agree that these encounters have greatly enhanced the cohesion and cooperation between the Trade Points in the region.

The ninth regular meeting of the Inter-American Trade Point Forum, hosted by Trade Point San José, Costa Rica, was held on 9 and 10 September 2002. The focus of the meeting was on the presentation and discussion of the new website of the Federation and the enhanced ETO system, and ways in which the region could contribute to further development of this new portal. All participating Trade Points agreed on an action plan that stipulates steps that they commit themselves to taking in order to contribute to the development of several web-based trade information services that the Federation intends launching with the assistance of Trade Points. The meeting also elected the new IATPF Steering Committee.

**Steering Committee of the IATPF**

Secretary-General:  
Mrs. Marlene Li Salazar

Directors:  
Paul Hofmann  
Jorge Nelson Ripa  
Paul Comenencia

Alternate Directors:  
Juan Manuel Arias  
Gloria Coste  
Ben Hum

***Arab countries***

Arab countries represent a region with a very solid membership. Of the 19 Trade Points established in the 10 participating countries, 14 (i.e. 74 per cent) are fully operational. This is the highest indicator among all the regions and is largely due to the strong position of the Programme in Egypt, which in itself has 10 operational Trade Points. A number of Trade Points are hosted by well-reputed national trade promotion organizations, and provide a wide range of services to their clients. In addition to Egypt, operational Trade Points are located in Jordan, Lebanon, Sudan and Tunisia. Trade Point Tunis, as mentioned in chapter 4, set up a partnership scheme which allows it to reach clients in 8 regions of the country, and the Government of Sudan has recently announced its intention to open new Trade Points in 7 regions across the country. Trade Point Beirut, Lebanon, generously supported by its Government, extended an invitation and was selected to host the Third General Assembly of the Federation in November 2002.

Trade Points are also being established in 5 additional countries of the region. The Trade Point in Riyadh, Saudi Arabia, is in the development stage, whereas Trade Points in Algeria, Mauritania, Morocco and the Palestinian Territory are in the feasibility stage. Trade Point Casablanca, Morocco, is very close to becoming operational and Trade Point Algiers has recently reconfirmed its commitment to working towards this status as well. A business plan was recently developed for Trade Point Ramallah, Palestinian Territory, and its implementation in the Trade Point hosting institution should start as soon as the conditions permit. Oman, which had already expressed interest in the Trade Point project in 2000, identified a hosting institution for the Trade Point and an advisory mission to this country is scheduled to take place later this year.

Trade Points in Egypt, under the leadership of the Egyptian International Trade Point, Cairo, hosted two capacity-building events for local companies and for Trade Points in the Arab and COMESA (Common Market for Eastern and Southern Africa) countries. The first seminar, on "E-commerce for the development of SMEs", was organized under the auspices of the Minister of Economy and Foreign Trade and attended by about 100 participants from the Government and the private sector. The second seminar on e-commerce for COMESA and Arab countries was targeted at Trade Points in these regions. It was organized on the premises of the 6th of October Trade Point and attended by participants from Trade Points in Ethiopia, Morocco, Mozambique, the Palestinian Territory, Senegal, Sudan, Tunisia, Uganda, the United Republic of Tanzania and Zambia, as well as eight Egyptian Trade Points.

During the last year, Trade Points in the Arab countries have also taken an important step in reinforcing cooperation in the region. The Arab Trade Point Forum (ATPF) was formally established on 3 December 2001. It currently comprises 17 members from 8 Arab countries.

#### **Executive Committee of the Arab Trade Point Forum**

Secretary-General:

Mr. Aziz Bushra Habib, Trade Point Assiut, Egypt

Members:

Mr. Farouk Al-Hadidi, Trade Point Amman, Jordan

Ms. Rafif Kobeissi Berro, Trade Point Beirut, Lebanon

Mr. Elfatih Elzein Eltayeb, Trade Point Khartoum, Sudan

Mr. Hédi Ben Romdhane, Trade Point Tunis, Tunisia

The ATPF has also adopted an ambitious work programme for the year 2002 comprising the following elements:

- The organization of two regional meetings – the first one in conjunction with a major trade-related event held in the region, and the second one in parallel with the next meeting of the WTPF's General Assembly;
- The setting up of a regional web portal for the Arab Trade Points;
- The provision of on-the-job training for interested Trade Points, available free-of-charge;
- The production of regional electronic catalogues for companies from the Arab region, the first of which will cover agro-industry;
- The identification of donors for funding projects related to Trade Points in the Arab region.

#### ***Asia and the Pacific***

As of 1 September 2002, there were 16 Trade Points established in 13 countries of the region. Nine Trade Points were operational (one in Australia, two in China, one each in India, the Islamic Republic of Iran, the Republic of Korea, the Philippines, Thailand and Uzbekistan), three were in the development stage (Kyrgyzstan, Mongolia and Thailand), and four in the feasibility stage (two in Nepal, and one each in Pakistan and Sri Lanka).

The operational Trade Points in the region are backed by strong hosting institutions and provide a range of competitive services. Last year saw further considerable progress of Trade Points in the region. Thanks to the joint efforts of UNCTAD and the Trade Points, Trade Point Cebu, Philippines, and Trade Point Tashkent, Uzbekistan, became fully operational, and Trade Point Ulanbaatar, Mongolia, is at the highest level of the development stage and expected to achieve operational status soon. In addition, the region continues to show strong interest in setting up new Trade Points. Since the publication of the last Trade Point Review in October 2001, UNCTAD has received 7 official requests from Governments in the region (Bhutan, Cambodia, Kyrgyzstan, Nepal - two Trade Points - Sri Lanka and Thailand) for the establishment of new Trade Points. It is important to note that four of these requests come from the least developed countries. This ranks Asia/Pacific by far as the first region in the world in terms of new Trade Point requests last year. All the new Trade Point candidates, except the two for which the request only reached UNCTAD in summer 2002, have already made progress and attained the feasibility or development stage.

The Asia/Pacific region was also privileged in terms of the capacity-building assistance that it received from UNCTAD. This was made possible by the provision of funding by the Government of Japan (through UNDP/UNOPS) for the project "Narrowing the digital divide for SMEs in international trade

and electronic commerce - strengthening Trade Points in Asia/Pacific". This project was approved in November 2001 and gave rise to a range of activities in support of Trade Points in the region, in the area of both capacity building and regional cooperation.

The following capacity-building sessions have already taken place or are being planned:

- The First UNCTAD Training Workshop for Asia/Pacific Trade Points (Geneva, 22-23 November 2001), in close cooperation with ITC. The workshop was attended by 17 participants from 9 Asia/Pacific Trade Points and representatives from 7 diplomatic missions, provided training on e-business opportunities and trade information management tools. Upon completion of the workshop, UNCTAD produced a CD-ROM on the workshop which includes presentations made by resource persons, as well as useful software and publications offered by ITC. The CD-ROM will be used for local training purposes in Trade Points in Asia/Pacific.
- The Second UNCTAD Training Workshop for Asia/Pacific Trade Points is to be organized in Chiangmai, Thailand, from 24 to 26 September 2002, in close cooperation with Trade Point Chiangmai. The workshop will provide training on e-business issues, Trade Point management and marketing. After the official training workshop, personalized consultancy and on-the job training will be provided to Trade Point managers from LDCs by UNCTAD and Chiangmai Trade Point on 27 September 2002.
- A Trade Information Workshop was organized by ITC, UNCTAD and Trade Point Shanghai in Shanghai, China, from 23 to 26 April 2002. It provided training for 20 Trade Point managers and staff from 7 countries in Asia/Pacific, as well as two observers from Viet Nam.

The project also made it possible to enhance cooperation among the Trade Points in the region and to put it into a formal framework. The following regional Trade Point meetings were thus organized:

- The First Asia/Pacific Trade Point Forum Meeting (Geneva, 16-19 November 2001) on the occasion of the Second WTPF General Assembly. During this meeting, the Asia/Pacific Trade Point Forum (APTPF) was formally established on 16 November 2001 and its agreed legal framework and internal rules were formally signed on 20 November 2001. The Forum currently has 16 members from 12 different countries, namely Australia, China, India, the Islamic Republic of Iran, Japan, the Republic of Korea, Mongolia, Nepal, Pakistan, the Philippines, Sri Lanka and Thailand, and is open to all Trade Points in the region. Interregional action plans were also discussed and agreed.

**Executive Committee of the Asia/Pacific Trade Point Forum**

Secretary-General:

Mr. Zhang Zhi Wen, Trade Point Beijing, China

Members:

Mr. Nopphol Mongkolsoot, Trade Point Chiangmai, Thailand

Mr. Efren S.Valiente, Trade Point Cebu, Philippines

Members of the Asia/Pacific Trade Point Forum Cooperation Committee:

Mr. Mahmoud Reza Ettefaghian, Trade Point Teheran,  
Islamic Republic of Iran

Mr. Li Yue, Trade Point Shanghai, China

- The Second Asia/Pacific Trade Point Forum Meeting (Shanghai, China, 23-26 April 2002), on the occasion of the Trade Information Workshop mentioned above. Concrete modalities for regional cooperation were fully discussed and new action plans were adopted. New suggested cooperation frameworks include "Asia/Pacific Free Trade Point Agreement", within which the interested Trade Points would conclude bilateral "Free Trade Point Agreements". The agreements would consist of reciprocal assistance to the clients of each Trade Point when they visit the country of other Trade Points in the Asia/Pacific. The text of a Memorandum of Understanding for the Agreement is currently in preparation.

### *Europe*<sup>13</sup>

Europe is, together with the Americas, the strongest region in terms of the number of operational Trade Points. It also has the highest number per region of countries participating in the Programme. As of 1 September 2002, 29 Trade Points had been set up or were in the process of establishment in 20 countries of Europe. Twenty of them, i.e. two-thirds of the membership, have reached operational status. These Trade Points are located in Azerbaijan, Belgium, Bulgaria, Greece, Israel, Italy (2 operational Trade Points), Malta, Poland, the Republic of Moldova, Romania, the Russian Federation (2), the Slovak Republic, Slovenia, Spain (3), Switzerland and Turkey. Four of them have become operational during the last year. The Trade Points are often hosted by reputed national trade promotion organizations, but a number of them are also located in the private sector. This provides Europe with an interesting possibility to take advantage of the strong points of each Trade Point setting.

Additionally, 9 Trade Points are in the process of being established. Two of them (in Italy and the Russian Federation) are in the development stage and another 7 in the feasibility stage (Belarus, Belgium, France (2), Hungary, Poland and Former Yugoslav Republic of Macedonia). The Trade Point concept still continues to appeal to the countries in Europe. This can be evidenced by the fact that 4 new requests (the second highest number per region after Asia) have reached UNCTAD during the last year. These requests come both from transition countries (Former Yugoslav Republic of Macedonia, Russian Federation) and from Western Europe (Italy, Spain).

The challenge for the coming year is twofold: (a) to bring as many Trade Points as possible to operational status; and (b) to expand the membership of the Federation towards countries that do yet not participate, especially countries of Western Europe and more developed countries in transition. Good progress in this regard has been achieved particularly concerning the request from Italy received in March 2002 – the Trade Point is already in the development stage.

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<sup>13</sup> For the purpose of this document, Israel is included in the European region.



# THE GLOBAL TRADE POINT NETWORK

As of 1 September 2002

