

# SHARPENING YOUR COMPETITIVE EDGE

## CHALLENGES

Traditional approaches to **competitiveness** do not fully **address** today's business realities.

In the globalizing world of today, export constraints are diminishing: falling trade barriers; declining transport costs; new information and communications technologies; international migration; and fluid investment flows create new business prospects and bring skilled players into new markets.

At the same time, products and services – and demand for them – are changing rapidly.

New opportunities are matched by new challenges: keeping up with snappy innovation in products and services; intense price wars that squeeze out production inefficiencies and transform supplier relations; soaring quality requirements that weed out those unable to meet them; and new competition on the domestic front, with more imports and locally-based multinationals.





With fiercer competition, the winners are those with the sharpest competitive edge. What sets them apart?

In ITC's view, being competitive hinges on "supply capacity" – producing competitive goods and services, and having the ability to export them. Building supply capacity doesn't happen by itself: it requires a complete shift, away from export *promotion*, where the focus is on getting visibility for existing exports in foreign markets. Countries need to move to export *development* and look at competitiveness from a "border-in", rather than the traditional "border-out", perspective. They must help their firms develop the capacity to innovate, ensure supply to new markets, develop relations with new business partners and anticipate new opportunities.

This complements classic approaches to raising competitiveness, relying on macroeconomics

("depreciate the exchange rate"); microeconomics ("cut red tape"); comparative advantage (exports based on natural resources, labour costs and available capital); or market access, particularly for the agricultural products that many developing countries supply.

Businesses need help to process more market information than before; to grasp quickly areas with potential, such as South-South trade or services; to sharpen their use of technology; and to match new environmental, and other, standards. They also need modern legal and financial systems, business-friendly regulations and open trade regimes, which help draw business and investment partners. Finally, to be truly competitive, they need answers to development gaps in transportation, connectivity, health and education.

## SOLUTIONS

### ► **Competitiveness strategies.**

In partnership with relevant players, develop competitiveness strategies at national, sectoral and firm levels.

### ► **Improve supply capacity.**

Provide better trade support services to firms and build capacities in key areas such as trade information, finance, quality, law, management, purchasing and e-trade.

### ► **Training.** Encourage continued training, and learn and adapt export skills from more advanced business partners and returning migrants.

### ► **South-South trade.** Explore business integration and export links in other developing regions.

## How ITC Can Help

All ITC programmes and services aim to build supply capacity and improve competitiveness. Among them:

- **Capacity building and training.** ITC's programmes and tools include: strengthening institutions managing trade information centres, trade finance, packaging, quality and other issues; training of purchasers, business counsellors (Business Management System), services exporters, credit providers and others; expert assistance for sectors such as textiles and clothing, creative industries, spices, food and beverages and other sectors.
- **Strategy development.** Executive Forum on National Export Strategies for "best practice" models and templates, and assistance with sectoral export development strategies for artisanal products, coffee, organic products, wood, services and other sectors.
- **Trade information and analysis.** TradeMaps analyse trade flows for countries, sectors, investments and trade barriers; online access to trade information sources through the Trade Information Reference Centre; Market News Service reports; *International Trade Forum* magazine; bulletins on export quality, finance, packaging; *Trade Secrets* guides answer frequently-asked questions from exporters. Benchmarking and diagnostic tools for firms include Fitness Checkers for export readiness, e-competence and quality management; the Competitive Edge to identify strengths and weaknesses; and for institutions, the Trade Support Index helps assess their services.