

Regional workshop on export competitiveness

Export growth package

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COMPETITIVENESS DEFINED

- **A nation's competitiveness is the degree to which it can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously expanding the real incomes of its citizens.**
- **Competitiveness at the national level is based on superior productivity performance and the economy's ability to shift output to high productivity activities which in turn can generate high levels of real wages.**
- **Competitiveness is associated with rising standards [of living], expanding employment opportunities, and the ability of a nation to maintain its international obligations. It is not just a measure of the nation's ability to sell abroad, and to maintain a trade equilibrium.” (PCIC, 1985, p. 1).**

“Food for Thought”

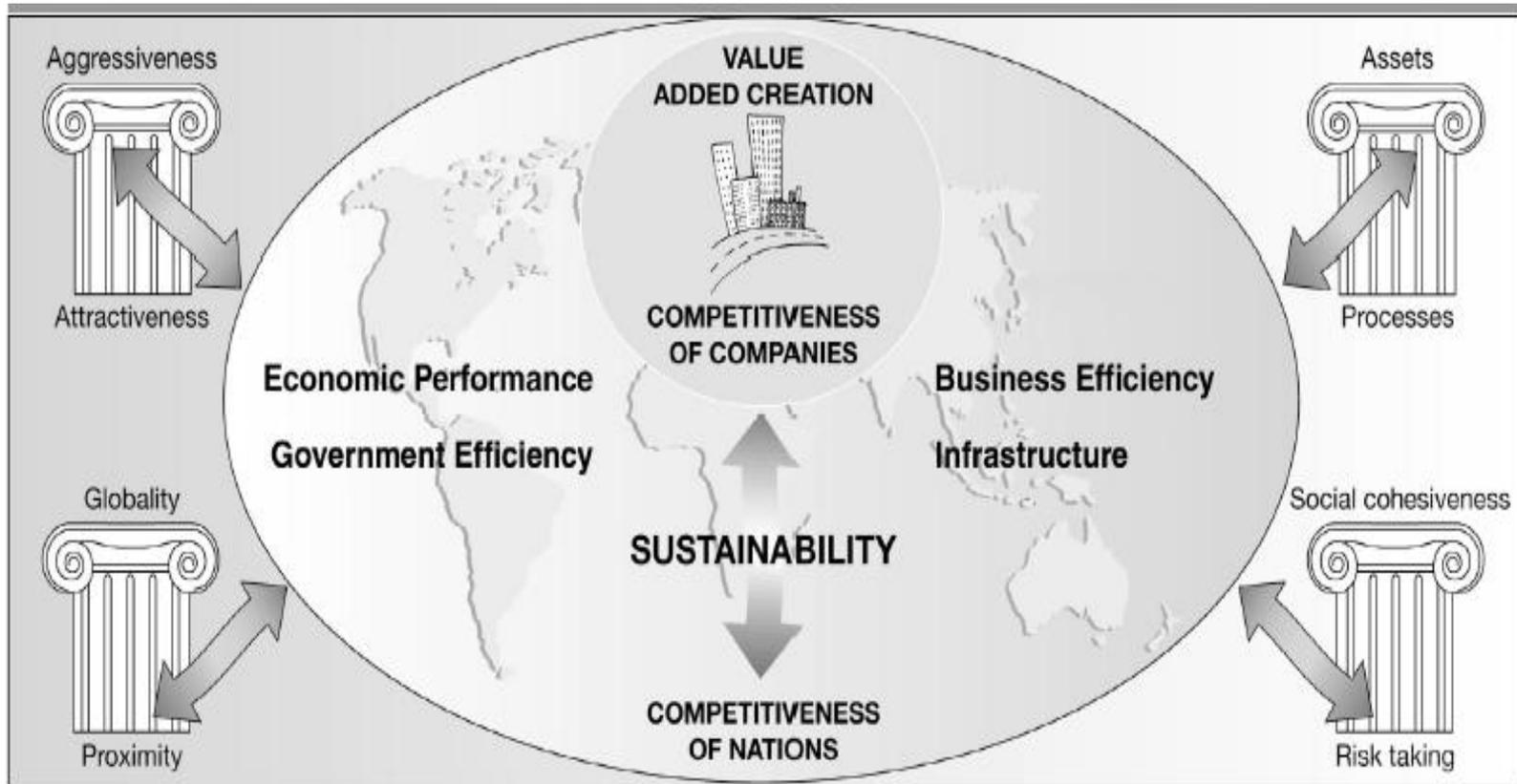
EXPORT GROWTH FOR 99 DEVELOPING COUNTRIES, 1995 to 2004

PRODUCTS

		PRODUCTS	
		Existing	New
MARKETS	Existing	↑ 105%, ↓ 20%, * ↓ 4% “Market Penetration”	↑ 1% “Product Development”
	New	↑ 18% “Market Development”	0% “Diversification”

Source: Brenton & Newfarmer

THE COMPETITIVENESS CUBE



Source: IMD Competitiveness Yearbook 2005

YOUR COMPETITIVENESS SELF ASSESSMENT

- How do you manage your relationship with the world community?
- Which 'economy' drives you?
- Do you rely on assets or processes?
- Do you promote individual risk taking or rather aim to preserve social cohesiveness?

YOUR OPTIONS?

- Aggressive or Attractive?
 - Income or jobs?
- Proximity or Globality?
 - Near to end user or anywhere?
- Hard or soft?
 - Things or people?
- Individual or egalitarian?
 - Deregulation or nationalization

10 GOLDEN RULES

- Create stability in law
- Flexible and resilient economic structure
- Invest in traditional and technological infrastructure
- Promote private savings
- Develop aggressiveness and attractiveness
- Quality, speed and transparency in Government
- Maintain a relationship between wages, productivity & tax
- Preserve the social fabric by reducing wage disparity
- Invest heavily in education
- Balance proximity and globality

THE 12 PILLARS (GCI - WEF)

Basic Requirements

- Institutions
- Infrastructure
- Macroeconomic stability
- Health & primary education



Key for

factor-driven

economies

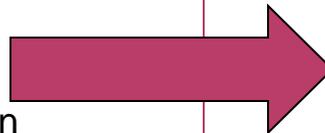
B: 60%

E: 35%

I: 5%

Efficiency enhancers

- Higher education and training
- Goods market efficiency
- Labour market efficiency
- Financial market sophistication
- Technological readiness
- Market size



Key for

efficiency-driven

economies

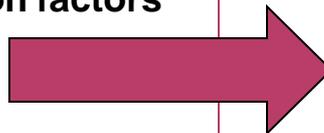
B: 40%

E: 50%

I: 10%

Innovation and sophistication factors

- Business sophistication
- Innovation



Key for

innovation-driven

economies

B: 20%

E: 50%

I: 30%

Assets vs Processes

Macro (National)
Basic Requirements

Factor
Conditions

Meso (Industry/Sector)

Micro (Firm)

Productivity

Social Cohesiveness
vs Risk Taking

Competitiveness

Strategy &
Rivalry

Demand
Driven

Market
Share

Value
Added

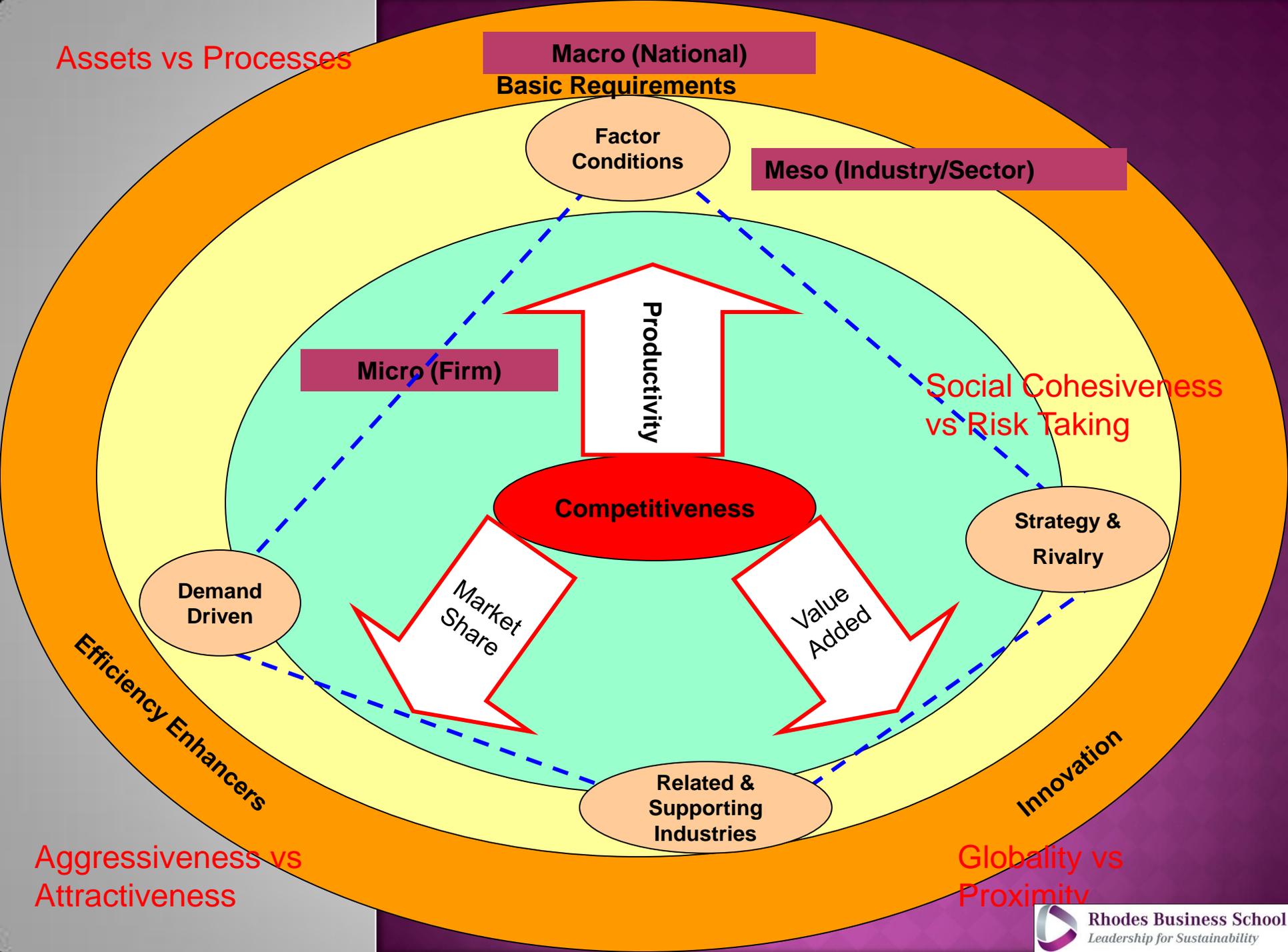
Related &
Supporting
Industries

Efficiency Enhancers

Innovation

Aggressiveness vs
Attractiveness

Globality vs
Proximity



NCED MATRIX

NATIONAL COMPETITIVENESS

Intensity of Strategic Focus

Lo

Hi

EXPORT DEVELOPMENT

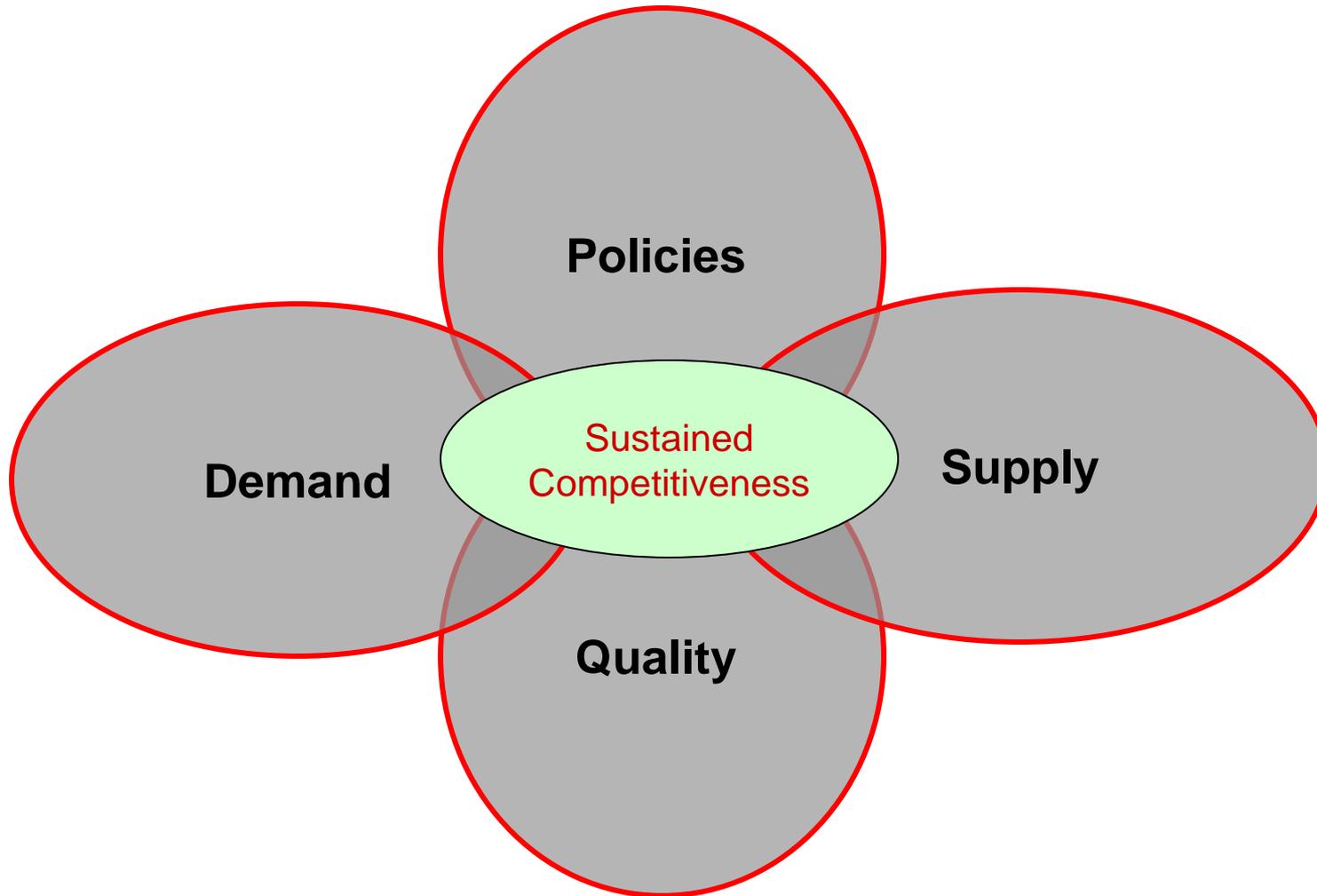
Intensity of Strategic Focus

Lo

Hi

Passive/Reactive (Individual Firm Reliant)	Largely Public Sector Reliant (Competitive firms will 'emerge')
Largely Private Sector Reliant (Public sector responds to private sector needs)	Public Private Partnership (Public Sector Led Private Sector Driven)

CREATE A CONDUCTIVE ENVIRONMENT



**“Success is to be ready when
opportunity arises”**

Disraeli

**Export success involves both seeking
opportunities and being ready....**

Most export strategies focus on seeking opportunities through:

- improved market access**
- market development and promotion**

....but are developing countries ready to exploit opportunities created through greater access and larger markets?

Test your country's readiness

For each of the following hypothetical scenarios, write down your views on:

- **What does your country stand to win?**
- **Where would your country be in terms of export performance in 3 to 5 years?**

- S1: OECD countries decide to grant preferential access to manufactures from developing countries!**
- S2: USA and the EU eliminate all agricultural subsidies tomorrow!**
- S3: Due to a external event the demand for your main export product grew overnight 25%!**
- S4: Global statistics reveal that the growth trend for business process outsourcing and tourism are 40% and 15% per year respectively**

A Tale of Two Countries

A	B
<ul style="list-style-type: none">• No preferential access to key markets until late 1990s• WTO member 2007 <p><u>Exports:</u></p> <ul style="list-style-type: none">• Coffee and other agricultural products• Clothing	<ul style="list-style-type: none">• Preferential access to major markets• Regional, bilateral and WTO agreements <p><u>Exports:</u></p> <ul style="list-style-type: none">• Coffee & other agricultural products• Clothing

Market Access ≠ Export Success

Vietnam	Nicaragua
<ul style="list-style-type: none">• Until 1994 US embargo• WTO member 2007 <p><u>Growing exports:</u></p> <ul style="list-style-type: none">• Coffee• Fishing• Clothing	<ul style="list-style-type: none">• Preferential access to US market under CAFTA-DR• WTO member 1995 <p><u>Stagnant exports:</u></p> <ul style="list-style-type: none">• Coffee & other agricultural products• Clothing

Lesson learned

Pursuing market opportunities is an essential aspect of strategy, but it is not enough.

To fully capture the benefits of better access to larger markets it is necessary to address all issues confronting national competitiveness

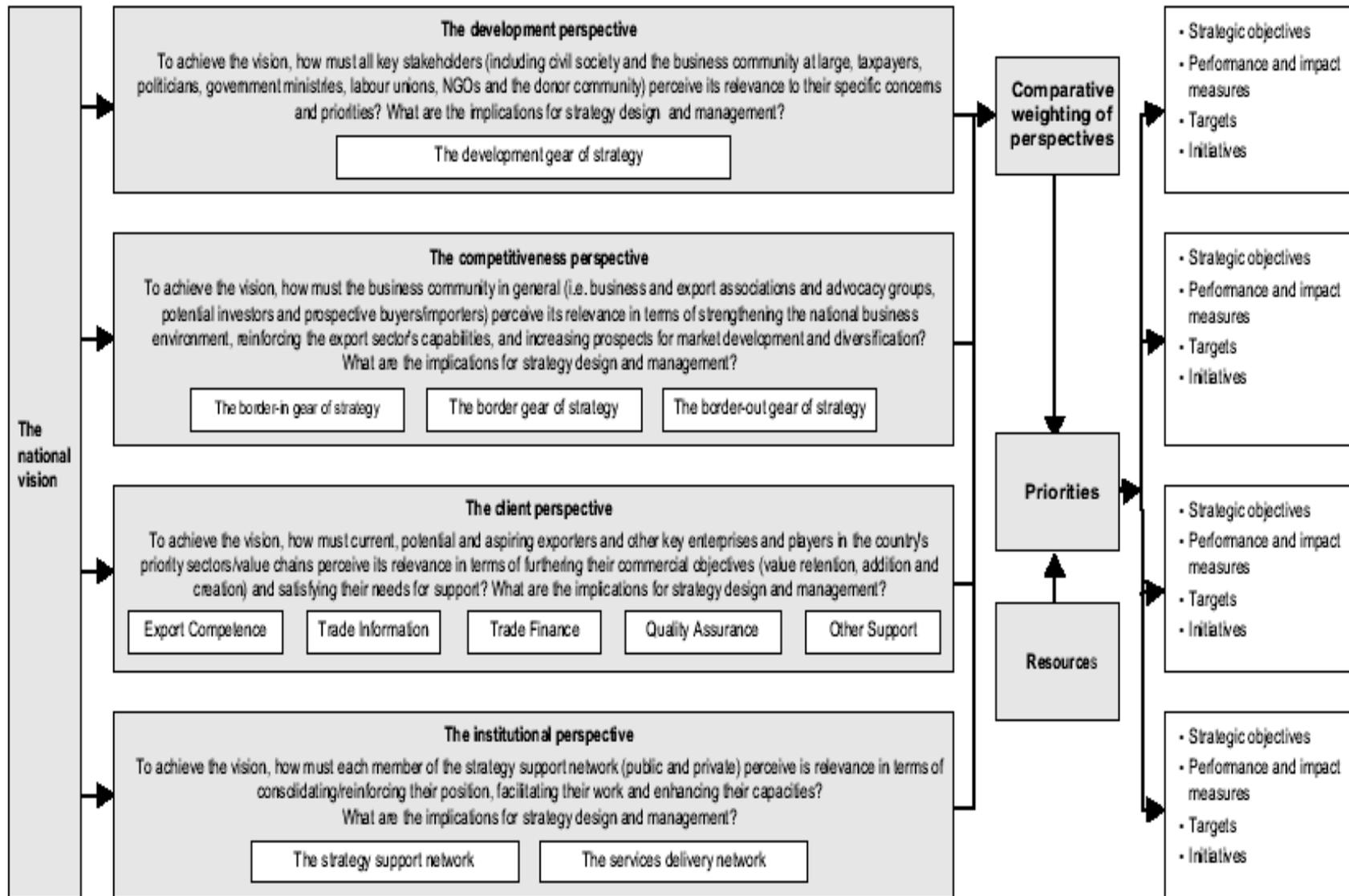
Mauritius

- **Eight economic pillars**
- **Pragmatic approach**
- **Invest in human capital development**
- **Looked after the goose**
- **Built a petite bourgeoisie**
- **Built an entrepreneurial class**

To be relevant, a strategy needs to have a comprehensive scope

It must address all three “gears” of national competitiveness

The strategy management framework



Achieving Export Push

- **Access to imports at world prices**
- **Export financing**
- **Market penetration**
- **Flexibility**