

Editorial

Developing countries face numerous problems in the realization of their trade potentials. Common obstacles are deficiencies in trade strategies, export promotion, international standards, or export industries' technical skills. GFA Consulting Group has established itself as a renowned provider of consulting services and training for tackling these bottlenecks. The Group's core competence is characterized by its ability to enhance the respective stakeholders' capacities and overcome the barriers mentioned.

Though GFA is contracted in trade assistance programs world-wide, the experiences in Central and Latin America presented in this newsletter well illustrate different demands for consultancy and training at different intervention levels. The first article provides an overview of past and present GFA contributions to trade development in Latin America where trade capacity building was tailored to specific bottlenecks or to a comprehensive reform of a national trade system. The second article illustrates GFA's efforts in a regional integration program in Central America. Here, quality infrastructure modernization and customs reform proved important program elements.

As national and regional trade potentials become better utilized through an enhanced business environment, developing countries yet call for more differentiated capacity building, e.g. regarding social and environmental standards. GFA keeps answering those calls by means of its C³ - Creation of Competence for Competition trainings and private sector development expertise.



Klaus Altemeier
Managing Director
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Trade Assistance in Latin America

GFA Consulting Group provides trade related assistance worldwide. In Latin America, GFA has successfully implemented trade projects for more than a decade.

GFA's expertise covers a wide spectrum of topics ranging from export and investment promotion via trade law and facilitation to regional integration. The latter is usually related to the harmonization of policies and customs reform. The reduction of technical barriers to trade by strengthening national quality infrastructure systems is part of GFA's core expertise as well. In addition, GFA is regularly entrusted with evaluating European Commission (EC) trade programs in the African, Caribbean and Pacific Group of States (ACP).

In Latin America, GFA completed projects in Argentina, the Caribbean and Ecuador. GFA teams supported small and medium-sized enterprises (SMEs) in strengthening their international competitiveness in Argentina. This was achieved by improving business development services (BDS) offered by the Córdoba Chamber of Foreign Trade (CCEC).

A GFA team also helped establish mechanisms to better represent SMEs' interests within CCEC, an important step to better formulate industry demands regard-

ing trade policies and regulations. GFA experts, in close cooperation with the Argentinean and German National Institutes for Meteorology, also improved the quality infrastructure system. This was expected to reduce technical barriers to trade and enhance the industrial sector's export competitiveness.

The program activities were focused on adopting international norms and standards. Consequently, adjusting the legal framework and sensitizing consumers as well as the public and the private sector was required. In the Caribbean, GFA evaluated two EC export promotion programs for ACP states and provided recommendations for the further course of those programs.

GFA also conducted mid-term evaluations of two EC programs in Dominica and Grenada which aimed at strengthening agricultural diversification and exports. In Ecuador, GFA recently completed EXPOECUADOR, a project that supported the country's integration into regional and international markets. GFA provided policy advice on major issues related to regional integration, for example the facilitation of trade negotiations and the execution of international trade agreements.



Trade fairs showcasing trade potentials

Trade Assistance in Latin America (continued from page 1)

GFA Trade Assistance Projects in Latin America

Completed

Argentina

BDS for SME improved; quality infrastructure system advanced

Caribbean

Two export promotion programs for ACP states evaluated

Dominica/Grenada

Two programs strengthening agricultural diversification and exports evaluated

Ecuador

Country's economy integrated into regional and international markets

Current

Colombia

Strengthening regional competitiveness

Caribbean

Evaluating a program that aims at improving the competitiveness and profitability of the region's rum sector

Nicaragua

Improving business and investment climate

Central America

Fostering regional economic integration

climate as well as upgrading BDS are central program issues. The project seeks to prepare Nicaragua for its further incorporation into the Central American Integration System (SICA) and international markets. Hence, establishing social and environmental standards in the production process is of paramount importance. Moreover, activities are strongly targeted towards SMEs which constitute more than 80% of the country's private sector. In the Caribbean, GFA is evaluating a program that aims at improving the competitiveness and profitability of the region's rum sector by enhancing the marketing performance of the industry. In Central America, GFA is counseling the Secretariat for Central American Economic Integration. Details about this project are outlined overleaf in this newsletter.

A Look Ahead

Trade-related projects will remain on the agenda of international donors and national governments in Latin America. The improvement of national quality infrastructure systems to eliminate technical trade barriers and to gain a better international market position will continue to be a crucial issue. Hence, upgrading the quality of national institutions such as laboratories, accreditation and certification bodies etc. will persist. This will require adjustments to the legal framework in order to adopt and harmonize international norms and standards.

Capacity building in trade-related public and private sector institutions, and the reform and modernization of public poli-



Coffee for international markets

cies will play an important role in export and investment promotion. Regional integration in Latin America and the integration of Latin American countries into the global markets will likewise remain on the agenda. Consequently, technical assistance will be required further for the creation of customs unions and a common legal basis.

Promoting export-oriented SMEs is another field in which donors and governments will carry on working together. Finally, strengthening corporate social responsibility in the private sector may gain more importance within trade-related development cooperation, especially as far as social and environmental standards are concerned. GFA Consulting Group with its extensive range of trade-related competences is well prepared to meet these future challenges.

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GFA at Work

Currently, GFA is implementing four trade-related EC projects in Colombia, the Caribbean, Nicaragua and Central America. In Colombia, GFA teams foster regional competitiveness and commerce via economic development strategies that work through cooperation networks of public and private actors. In cooperation with Nicaragua's Ministry for Industry and Commerce, GFA seeks to increase private investment and to make exports more competitive, in order to create jobs and reduce poverty. Modernizing the legal framework to improve the business



Rum production in the Caribbean

Strengthening Regional Economic Integration in Central America

Negotiations for a free trade agreement between the European Union (EU) and Central America began in 2007. The objective is two-fold: promoting trade between Central America and the EU and establishing a common regional market among Central American countries. The agreement is regarded as a powerful instrument to bring these countries together, but considerable challenges are yet to be overcome.

Against this background, the EU co-finances ADAPCCA - Design and Application of Common Central American Policies, a regional program involving Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. The program aims at strengthening the Central American economic integration process. GFA Consulting Group in cooperation with Equinoccio Ltd. has been providing technical assistance to ADAPCCA since January 2009. The consulting services contribute to the formulation, application and adaptation of common policies linked to the progress of the Central American Customs Union (UAC). Producers, employees and workers, exporters, importers as well as customers in the five countries are expected to benefit directly from such policies. The project also focuses on strengthening decision making and policy implementation capacities of the Council of Ministers for Economic Integration and the Central American Economic Integration Secretariat (SIECA). These institutions lead both the economic integration process and the EU negotiations for the UAC.

The GFA Approach

GFA's intervention approach structures the process of economic integration policy development distinguishing six iterative stages from exploration and analysis via agreement and adoption to balance and adjustment. These stages mark a cyclical and open process: With integration advancing, adjustments to implemented measures require updated diagnosis and analysis. The iterative character of the processes suggests that the successful integration policies depend most on sustaining interventions and strengthening regional and national institutions.

As in other processes of economic integration, the ADAPCCA program differentiates two policy areas. Priority poli-



Merchant vessel passing through the Panama Canal

cies are essential to the customs union, e.g. customs, fiscal, investment and trade policies, sanitary, phytosanitary and other quality standards, or settling trade disputes. Complementary policies take account of competition, migration, intellectual property, transport, commerce and environmental aspects. These policy areas constitute two crucial fields of intervention for the project. The associated services provided by the GFA team comprise specific studies to support decision-making processes as a basis for policy proposals and action plans. For example, deficiencies with sanitary and phytosanitary standards have been analyzed in all countries. Consequently, staff members of institutions responsible for testing laboratories' accreditation were trained.

As part of complementary policies, a regional mechanism for the settling of trade disputes between Central Ameri-



Training staff for the accreditation of a testing laboratory

can countries has been developed, mostly through trainings and seminars. A third field of intervention is enhancing regional and national institutions related to the UAC so that harmonized standards and coordination can be achieved. Currently, a training program on EU-CA negotiations is underway for country negotiators, public officials and private sector representatives. These are examples of how GFA expertise helps Central American authorities formulate, apply and adjust policies and mechanisms related to the Customs Union improvement process.

A recent, positive project evaluation has led SIECA to consider prolonging the consulting services made available by the GFA-led consortium into 2010. Trade negotiations and quality infrastructure (QI) may well be tasks for additional short and long term consultants. Also, the next trade facilitation program PRACAMS, co-financed by the EU, needs to be prepared. The latter is meant to accelerate quality control and the application of sanitary and phytosanitary measures in the five countries. GFA's long-standing experience in the field of QI and its intervention approach for economic integration policy processes should provide this new program with practical bottom-up methods in selected priority sectors and value chains.

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GFA German Top Performer in ADB

In the period from 2004 to 2008, GFA Consulting Group was granted the highest contract volume of ADB technical assistance projects of all German consulting companies. The contract volume for GFA in this period amounted to 8.29 million US Dollars. This accounts for more than one third of the total contract volume awarded to German consulting companies.

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Conference on Urban-Rural Linkages and Migration

In mid September 2009, GFA co-organized a conference in Dortmund, active in its capacity as a member of the working group Regional and local Development (ReKomEnt). The conference looked into urban-rural linkages, migration and the potential for poverty alleviation in developing countries. The main organizers were the Department of Spatial Planning in Developing Countries (REL) at Dortmund Technical University, the German Agency for Technical Cooperation (GTZ) and ReKomEnt. More than 80 researchers, policy makers and practitioners from 13 countries discussed the implications for governance and development cooperation. GFA Consulting Group contributed to the topic "Local and Urban Policies towards Migration", reflecting the experiences gained in supporting the South African Urban Renewal Program (more information: www.gfa-group.de/publications).

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ASEAN Secretariat Supported in Competition Policy and Law

ASEAN recognized that a common profile in competition policy is crucial for promoting a highly competitive economic region. It is also understood that effective enforcement of such a competition policy and law (CPL) can be achieved through well-functioning national competition regulative bodies that cooperate throughout the whole economic community. In June 2009, GFA was awarded two contracts to support the efforts of the ASEAN Secretariat to assist ASEAN member states in strengthening competition policy and law in the ASEAN region. These projects are funded by InWEnt – Capacity Building International. GFA will contribute to these projects by means of its extensive knowledge in capacity building methods and its longstanding experience in facilitating regional integration. Top-level experts will closely cooperate with the ASEAN Secretariat. The objective of both projects is capacity building among top and senior management staff of competition regulative bodies and other competition-related authorities concerned with the enhancement of regional cooperation in competition policy and law. In the first project, a GFA team will be in charge of conceptualizing a series of high-level policy workshops and providing advice and suggestions for their implementation. In the second project, GFA will take responsibility for conceptualizing and providing advice in support of policy dialogue.

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FSC Certificate for Tchibo

GFA awarded Tchibo GmbH the FSC Chain of Custody certificate in September 2009. In the future, various certified wooden articles ranging from garden furniture to kitchen tools will be available – marked with the FSC Label and coded "GFA-COC-001876". The certification was a result of Tchibo offering wood only from well-managed and controlled sources. Tchibo GmbH, with headquarters in Hamburg, is the world's fourth largest producer of coffee but also offers a wide range of consumer goods in its shops and through a weekly catalogue. The company has more than 12,500 employees and 3.9 billion Euros in annual sales.

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Energy Efficiency Export Initiative

Since January 2008, GFA Consulting Group has been supporting the German Ministry of Economics and Technology in the realization of the "Energy Efficiency Export Initiative" (www.encyency-from-germany.info). The Ministry held a conference to welcome the 1,000th company that registered with the Export Initiative on 15 September 2009. Addressing more than 250 representatives from the private sector, science and politics, State Secretary Mr. Homann underlined the huge export potential of energy-efficient technologies, despite the global economic crisis. Mr. Homann invited companies to make use of the marketing assistance from the Export Initiative and to utilize the trade mark "Efficiency – Made in Germany".

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GFA Consulting Group is a growing consulting organization active in economic development. The main sectors of the company comprise agriculture and rural development, natural resource management, environmental investment, water supply and sanitation, private sector development, decentralization and public sector management, financial systems development and health. GFA Consulting Group presently works in more than 70 countries and collaborates with selected, specialized partner companies both nationally and internationally.

GFA vision – to be the partner of choice for clients in our core service areas.

GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.