

Envoys conference: trade mission reforms

Yesterday's piece on envoy conference concluded by flagging that no formal mechanism of coordination currently exists between Pakistan's trade missions abroad and market & producers here at home. What is the current mechanism and why and how it needs to change is discussed below. (See BR Research Envoys conference: a lost opportunity, published December 31, 2018)

The current coordination mechanism is limited to the following main interactions. The first is pre-departure briefings given to commercial counselors or trade attachés, and their pre-departure and post-mission meetings with key chambers and associations. The second is their interaction with visiting business delegations who are visiting on individual firm level basis or attending trade fair/exhibitions.

During their stay in foreign missions, some commercial attaches or economic ministers rely on the services of a local analyst who understands the economic and business needs of that country and accordingly briefs Pakistani trade mission staff. This information is then passed on to the commerce ministry (directly or through foreign ministry), where the information is kept for safe keeping for the day when a grand trade policy or strategy is to be designed, by which time the information becomes useless. And that pretty much marks the end of coordination mechanism between Pakistan's trade missions abroad and market & producers here at home.

Commercial counselors of other countries spend more time surveying the market, meeting potential buyers, resolving the operational concerns of their exporters and investors, and implementing strategies for long term market development for their products. Their Pakistani counterparts are busy sightseeing the exotic lands or tasked with valeting the visiting families of top political leaders and senior government officials back home in state-funded cars driven by drivers brought from Pakistan who neither know local language nor know the routes. Many of the commercial counselors are in fact nepotistic appointments who lack the desired skills to do their job.

But even if these appointments were filled with the best of human resources available to Pakistan, it is practically impossible for trade or commercial counselors to know enough about hundreds of products that Pakistan may be exporting to a given country.

In the existing model, a commercial counselor is expected to help out in overall marketing and branding of the country and its key products, help arrange B2B meeting, identify broad areas of opportunities, have ballpark understanding of broad pricing and cost of competitors and baseline SWOT analyses. And all this not for one product but for at least 50-60 products that Pakistan is or can potentially export to a given country. These are unreasonable expectations from a resource that has not had hands-on experience in business and markets.

One of the main reasons why Soviet-era command economies are history is because they failed to understand that the state is too monolithic to understand and respond to the needs of the consumers. And therein lies a lesson for Pakistan – a lesson that is already being learnt by many countries in so far as reorganising their trade missions are concerned.

Instead of tasking the commercial staff with a long list of key performance indicators (KPI) described above, the government should ask business associations of relevant business sectors to open up their offices in markets where they are already doing business or where they see potential. If associations lack the finances to do so, the government can temporarily fund them, against a host of pre-defined KPIs and conditions,

including the vetting of the association representative abroad. Being a representative from the relevant business association, that person would have a better pulse reading of the market and report back home those ever-changing market needs.

With market scoping and marketing assigned to the association, the job description of commercial counselors instead should be confined to resolving the problems faced by Pakistani exporters and investors abroad, building brand Pakistan and helping out in B2B interactions. In the case of latter, Pakistan's performance is clearly wanting.

While Pakistan's competitors such as India, Taiwan and Bangladesh spend much time and money to take individual business firms to major industry specific exhibitions abroad, planning as early as three years in advance, Pakistan does precious little. Unlike her peer economies, it neither subsidises the cost of stall, logistics and other costs, nor does it sit with the business associations to plan the line of action well in advance. Whereas pavilions of competing economies are big, visibly branded and placed in or near the centre, Pakistan's pavilions are small, least memorable, poorly branded and placed in the corner.

Back to the idea of supporting business association's branch office abroad! When BR Research tossed this idea to Dr. Manzoor Ahmed, Pakistan's former ambassador to the WTO, he quickly reminded that Pakistan has tried already experimenting with a similar model - and failed. In mid-2000s, Pakistan had posted businessmen in consulates abroad with a hope that they would boost Pakistan's exports given their understanding of business and markets. Instead, the only exports they boosted were that of their own or family & friends' companies back home. Indeed, the flawed structure of business associations and chambers, and private sector corruption is an under-recognised subject within the broader economic discourse. (See BR Research, Empty Chambers, published January 18, 2016).

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