

"Our recipe for success is to focus on sustainability"

Interview with Dr. Julia Hoffmann – Head of Import Promotion Desk

The Import Promotion Desk (IPD) supports export trade in developing and threshold countries while simultaneously helping German importers in their search for alternative source markets. In this interview Dr. Julia Hoffmann, head of the Import Promotion Desk, explains why supporting exports is an essential instrument in international development cooperation and outlines the IPD's strategy for opening up the German and European markets to developing countries.

Dr. Hoffmann, what is the role of the Import Promotion Desk in international development cooperations?

Our goal is to integrate developing countries more effectively into global trade, and so make a substantial contribution towards sustainable economic development in these countries. In this we are acting on behalf of the Federal Ministry for Cooperation and Development (BMZ) and we advise small and medium-sized enterprises (SMEs) on how they can successfully introduce their sustainable forestry and agriculture products onto the German and European markets. This is done in close cooperation with the business support organisations which work locally within our partner countries and which are intended to continue providing our support services to the enterprises in the long term. The core competence of the Import Promotion Desk in this context is supporting exports with a focus on development. That means that we provide exporting companies in developing and threshold countries with the knowledge and competences they need to increase their competitiveness on the international market.

What is the IPD's recipe for success to enable exporters and developing countries better access to the EU market?

Our recipe for success is to focus on sustainability. The IPD selectively supports the export of products for which there is great demand on the German and European markets. A decisive factor here is that demand on the EU market is strictly regulated. That means that the exporters from developing countries have to fulfil European standards with regard to sustainable production and quality assurance. Many exporters from developing countries are only denied access to the EU market because they lack knowledge of the legal standards and import regulations, the required certifications and above all the contacts to European traders. And this is exactly where the IPD comes in: we offer exporters specifically selected information and training on export marketing and advise them on the whole quality management process and on certification of their products. And in addition, the IPD establishes valuable business contacts between the exporters and potential customers through specialist trade fairs.

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What is the value of demand-oriented export support as a development policy instrument?

Supporting export trade in developing countries creates substantial incentives for investment in the expansion of efficient business structures. But these investments must also be worthwhile for the companies. By focussing on demand, the IPD ensures that the enterprises achieve long-term sales on the export market. When selecting products to support, we check very carefully using market studies and demand analyses which products are gaining importance on the German and European markets. Products in high demand include, for instance, tropical fruits, herbs and spices, natural ingredients for foodstuffs, plant extracts, oils for cosmetics and pharmacies, and technical wood.

Why are natural products particularly relevant to development policy?

On the one hand there is increasing demand particularly for high-quality and certified organic natural products – and this also happens to be the sector in which German importers are constantly on the look-out for new purchasing markets and they consult the IPD for help in sourcing products. On the other hand the marketing of high-quality natural products is extremely important for sustainable development in the agricultural and forestry sectors. In the past developing countries were primarily suppliers of raw materials. But if those raw materials could also be processed locally, that would create totally new value chains – and also new jobs and sources of income, particularly for low-income populations. In short: the increased demand for ecologically produced, quality products acts like a catalyst for sustainable development. There is enormous potential in demand-based support of exports for developing and threshold countries to expand the processing sector and thus generate innovation and employment.

Can you give an example?

A good example is Kyrgyzstan, one of our partner countries. The planned economy in this former Soviet state had devastating consequences for the traditional farming culture. As a result valuable agricultural products were sold unprocessed at low prices. If they got to the European market at all then it was generally via Turkish intermediaries. This intermediate trade meant that Kyrgyz companies failed to exploit important value adding potential. So supporting exports is an important component of a BMZ project to support sustainable economic development in Kyrgyzstan. The IPD has been committed to this project since 2014. We have supported Kyrgyz companies in further processing their products themselves and selling them directly to the European market without intermediaries. In export seminars held in conjunction with GIZ [a government-owned provider of international cooperation services] and the Kyrgyz chamber of commerce, we find out about the requirements for the German and European markets and pass on the necessary information on market entry. Kyrgyz exporters now offer a wide range of high-quality natural ingredients for the food and cosmetics industries and satisfy the quality standards of the EU market. And we also support the Kyrgyz companies during the final stage – what is known as match-making. The IPD has facilitated their

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participation in various specialist trade fairs where they can introduce their certified products to German importers. Among other things, the IPD introduced organic walnuts from Kyrgyzstan for the first time at the food exhibition BIOFACH 2016 in Nuremberg. So products from Kyrgyzstan – as well as walnuts, particularly apricot kernel oil – have attracted the interest of German importers. The same applies to products from our other partner countries, including for instance prickly pear seed oil from Tunisia, coconut flower sugar from Indonesia, essential oils, herbs and tea from Nepal, honey from Ethiopia or super foods like quinoa, chia and maca from Peru. The IPD has a whole range of interesting new products to offer German importers.

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