

At the interface between development cooperation and foreign trade

Interview with Dr Julia Hoffmann – Head of Import Promotion Desk

Import Promotion Desk (IPD) enables small and medium-sized companies from selected developing countries and emerging nations to gain access to the European market. IPD supports exporters over what is known as the “last mile”: It assists producers on the European market and provides them with contacts to suitable buyers. At the same time, IPD supports importers with their search for alternative supply markets.

In the interview Dr Julia Hoffmann, Head of IPD, explains why export promotion is an essential tool for international development cooperation and which strategy IPD uses to open the gates to the European market for developing countries.

Dr Hoffmann, the COVID-19 pandemic has turned the world upside down. How is IPD dealing with the current challenges?

Dr Julia Hoffmann: The COVID-19 pandemic is hitting the economy worldwide: Production is being throttled back, the exchange of goods restricted and trade relations severely reduced. Developing and emerging countries are particularly vulnerable to such global destabilization. And people in rural regions, smallholder farmers and processing companies struggle particularly hard due to the restrictions in production and exports.

In this situation, the work of Import Promotion Desk is more important than ever. We have reacted quickly and adapted our activities accordingly. Our work thrives on personal contacts with exporters in our 13 partner countries, on talks with importers during trade fairs and buying missions, and on connecting importers and exporters as business partners. The challenge therefore was and is to continue this work despite all the restrictions caused by the COVID-19 pandemic. We have developed many new virtual formats that allow us to carry on sourcing activities in our partner countries, connect importers and exporters in virtual b2b meetings and prepare exporters for the requirements of the EU market by means of webinars on a wide range of topics.

Which role does the Import Promotion Desk play in international development cooperation?

Dr Julia Hoffmann: IPD works at the interface between development cooperation and foreign trade. It is our goal to better integrate developing countries into global trade and thereby contribute substantially to sustainable economic development in these countries. These two pillars – development cooperation and foreign trade – are also reflected in our organisation. IPD is implemented by the globally operating development organisation sequa gGmbH, in close cooperation with the Federation of

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German Wholesale, Foreign Trade and Services (BGA). Furthermore, it is funded by the Federal Ministry of Economic Cooperation and Development (BMZ).

Our experience shows that this development-oriented import promotion supports sustainable economic development in the partner countries: it fights poverty, establishes effective employment and income as well as future prospects for families in rural areas. Sustainable business relations and integration into global trade promote investments and innovation and sensitise to the importance of local natural resources. The economic success brings most benefit to people in rural areas: the companies expand the cultivated area and production, they contract more smallholder farmers and hire more employees.

What is IPD's recipe for success in enabling developing countries to gain access to the EU market?

Dr Julia Hoffmann: Our recipe for success is demand orientation. IPD promotes the export of products for which there is high demand on the German and European market. An important factor in this process is that demand on the EU market is highly regulated. It means that the exporters from developing countries have to fulfil European standards on sustainable production and quality assurance.

Many exporters from developing countries are unable to access the EU market simply because they lack knowledge on legal norms and import regulations as well as the required certifications and - especially - contacts with European buyers. It is here that IPD gets involved: we offer exporters tailor-made information services and trainings and we provide them with advice during the whole process of quality management and product certification. Furthermore, at key trade fairs in Europe IPD connects the exporters directly to potential consumers.

How do you achieve a sustainable impact in the IPD partner countries?

Dr Julia Hoffmann: By demand orientation IPD ensures that the companies achieve long-term sales on the export market. This is the necessary basis to ensure that on the one hand companies invest in their manufacturing facilities and on the other hand that developing countries and emerging nations invest in the establishment of efficient economic structures. When selecting the products we promote, we use market studies and demand analyses to check very carefully which products are gaining importance on the German and European market. Demand orientation is therefore a prerequisite for a sustainable impact on export promotion.

In addition, competence building is an essential part of our work: it means that we provide export companies from developing countries and emerging nations with knowledge and skills on how to increase their competitive ability on the international market.

At the same time we work closely with local business support organisations from our partner countries. We support them in enhancing their services for export promotion and in building sustainable structures in the respective countries. In the long term, local trade associations and export organisations continue our work and therefore intensify export promotion activities.

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In which sectors does IPD operate? And why are they so relevant to development policy?

Dr Julia Hoffmann: One focus of IPD is the forestry and agricultural industry. This includes the sectors of natural ingredients for foods, pharmaceuticals and cosmetics, fresh fruit and vegetables, cut flowers and technical wood.

The commercialisation of high-quality natural products is enormously significant for sustainable development in the forestry and agricultural sectors within the IPD partner countries. In the past, developing countries were mainly suppliers of raw materials. But if the raw materials are processed in the countries themselves this creates completely new added value chains – and therefore new workplaces and sources of income too, especially for the low-income population.

Furthermore, there is increasing demand for particularly high-quality and organically-certified natural products – especially in this sector European importers are constantly looking for new source markets and they consult the IPD for support with this.

Another industry in which IPD operates is the tourism sector. We promote sustainable tourism in selected partner countries like Ecuador, Nepal and Tunisia. As a labour-intensive sector, this industry makes a major contribution to efficient economic development. By promoting sustainable tourism, the IPD supports the partner countries in improving their infrastructure, creating workplaces, and increasing income. In addition, sustainable tourism contributes to the preservation of natural resources.

Can you give some examples to illustrate the IPD's approach of development-oriented export promotion?

Dr Julia Hoffmann: A good example is Kyrgyzstan, one of our partner countries. The planned economy in this former Soviet state has had devastating effects on traditional agriculture. As a consequence, valuable agricultural products were sold unprocessed at low prices. If they gained access to the European market at all, then usually through Turkish middlemen. This intermediate trade meant that Kyrgyz companies missed important value-creation potential. Export promotion is therefore an essential part of a BMZ project in order to support sustainable economic development in Kyrgyzstan.

IPD has been committed to this project – in close collaboration with the international cooperation organisation GIZ – since 2014. We encouraged Kyrgyz companies to process their products themselves and sell without any intermediaries directly into the European market. Now Kyrgyz retailers provide a wide range of high-class natural ingredients for the food and cosmetics industries and fulfil the quality standards of the EU market. And also on the last mile – what is known as matchmaking – we support the Kyrgyz exporters. IPD has enabled them to take part in different trade fairs where they could present their certified products to European importers.

In Nepal, too, IPD works closely and successfully with GIZ. The aim here is also to improve value creation chains in the country and to promote commercialisation of the products in the European Union. One of the tasks of IPD is to prepare the producers of natural ingredients for the demands of the European market and to connect them with suitable importers. IPD has been operating in Nepal since

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2015. It has provided Nepalese companies with over 1,150 contacts through trade fairs, “buying missions” and “selling missions”. This has led to more than 65 business transactions with a sales volume of around 4 million Euros. Half of these transactions were followed by further orders and therefore additional turnover, benefitting the companies, smallholder farmers and families in Nepal.

If a business deal is concluded between exporter and importer, it is a win-win situation for both business partners. On the one hand, importers are looking for reliable suppliers with high-quality products. On the other hand, there is a lot of undiscovered potential in the developing countries and emerging nations. We connect the two. It is our goal to create this win-win situation and thus satisfaction on both sides. This ensures long-term business relationships with sustainable effects for the people in our partner countries.

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