Integrating Trade Support and Investment Attraction

1. Are they merging?
2. Frequently Asked Questions
3. Evaluating Investment Promotion
4. Case Study: UKTI Double Hatting

This document combines several different papers and is designed to support the strategic thinking of senior executives of combined Trade and Investment Agencies
# Contents

Introduction .................................................................................................................. 4

SECTION 1: Background: Trade Support Institutions and Investment Promotion Agencies: are they merging? .................................................................................................................. 5

PURPOSE ....................................................................................................................... 6

WHAT IS AN IPA? ......................................................................................................... 6

WHAT ARE IPA’S MAIN SERVICES? ............................................................................. 6

Are IPAs and TPOs merging? ....................................................................................... 7

Why are they merging? ............................................................................................... 11

  Reasons related to organizational aspects ............................................................... 12
  Reasons related to economic goals ........................................................................... 13
  Reasons related to policy, strategy and operations ................................................ 13

Case study of successful merger ............................................................................... 14

Conclusion .................................................................................................................. 14

ANNEX I: Database of 137 TPOs ............................................................................... 15

ANNEX II: Services of seven combined agencies ................................................... 21

Bibliography ................................................................................................................ 22

SECTION 2: Frequently Asked Questions .................................................................... 23

Introduction ................................................................................................................ 24

Question 1: Why should we merge Trade and Investment Activities? ...................... 26

Question 2: How does investment support trade? .................................................... 27

Question 3: Will combining the agencies also help to save money? ......................... 29

Question 4: What is the risk of conflict between the activities? ............................... 30

Question 5: What tools and services does an Investment Promotion Agency need to deliver? Do these differ from Trade Promotion Tools? ............................... 32


Question 7: What sort of investment attraction activities should we focus on? .......... 38

A note on generic country branding ......................................................................... 39

Question 8: What do I need to consider in terms of strategy, structure, performance measurement and partnerships? ................................................................. 40

  Strategic Parameters ............................................................................................... 40

  Structure .................................................................................................................. 40

  Portfolio and pipeline management ....................................................................... 41

  Performance measurement for investment attraction activities .......................... 42

  New partners for delivery and outreach ................................................................. 44

Question 9: How does the skill set change for front line staff? ................................. 45

Question 10: How might corporate culture be affected by a merger or closer collaboration between Trade and Investment? ......................................................... 47

Stories from the Customer Perspective ..................................................................... 48

  Case Study 1: ODI support in Spain ....................................................................... 49

  Case Study 2: Capital raising skills development in New Zealand ....................... 50

  Case Study 3: Sector promotion for strategic growth ........................................... 51
Concluding Comments ........................................................................................................... 52
Definition of FDI (Wikipedia) ................................................................................................. 53
Suggested Reading and References ....................................................................................... 53

SECTION 3: Evaluating Investment Promotion - The Global Investment Promotion Best Practice
Report ........................................................................................................................................ 56
Rationale .................................................................................................................................. 57
What is GIPB? ......................................................................................................................... 57
GIPB 2012: Eyes on Africa, the Caribbean and the Pacific ....................................................... 59
Monitoring & Evaluation of an IPA - Investment Generation Toolkit MIGA ........................... 60
Conclusion ................................................................................................................................ 60

Section 4: UKTI Case Study “Double Hatting” Combining Trade and Investment Roles .......... 61
Introduction: The purpose of the case study ........................................................................... 62
International context: Brief review of the trend to merge trade promotion and investment
organizations ............................................................................................................................ 63
UK Trade and Investment: An overview .................................................................................. 64
UKTI’s US network ................................................................................................................... 66
The origins of double-hatting of trade and investment roles in the US .................................. 68
Extent of double-hatting ........................................................................................................... 69
What are the benefits and challenges of double-hatting? ....................................................... 69
  Sector knowledge ..................................................................................................................... 69
  Synergies ............................................................................................................................... 70
  Efficiencies .............................................................................................................................. 72
  Risk of investment or trade work being squeezed out ............................................................. 72
  Different skill sets .................................................................................................................. 72
How far should double-hatting be applied? ............................................................................ 74
Cultural issues .......................................................................................................................... 74
Training and upskilling requirements ...................................................................................... 75
Measurements of the results / impact on performance .............................................................. 75
The customer experience ........................................................................................................ 77
Views of staff ............................................................................................................................ 78
Lessons learned ....................................................................................................................... 79
Applicability of double-hatting to other markets and other agencies .................................... 79
Conclusion ............................................................................................................................... 80
Bibliography ............................................................................................................................ 81
Introduction

Globally, there is a trend to integrate Investment Attraction and Trade Promotion activities. This can take the form of informal or formal partnerships between agencies, the extension of the mandate for an existing agency, the merging of two different agencies, or the creation of a single new organisation with both roles.

This integrated approach brings with it many benefits, including shared costs, shared networks, more strategic prioritisation of resources, and more opportunities to ensure that foreign direct investment delivers sustained value to the economy by supporting the participation of local firms in global value chains.

However, combining the two mandates also presents challenges, including different time frames for success, different skill sets for staff, and conflicting objectives (for example, the potential for increased competition from investors to crowd out local business).

This document seeks to be a guide to maximising the benefit and minimising the challenges of an integrated approach. It is a combination of four different papers prepared by ITC over the last three years. Each brings a slightly different perspective to the role of Investment Promotion Agencies and their integration with Trade Promotion. Together they provide a useful guide for Trade or Investment Agency executives, policy makers and consultants.

Section 1 confirms the trend of amalgamation between Trade Promotion and Investment Attraction and discusses the reasons why this integration is occurring. It includes a detailed list of merged organisations and a review of services.

Section 2 dives deeper and responds to 10 frequently asked questions. It offers practical insights to managers on skills sets, tools, organisation structure and performance measures, and offers some light-hearted examples of the benefits of an integrated approach from the perspective of a customer.

Section 3 summarises an approach to evaluating Investment Promotion using the Global Investment Promotion Best Practice Report.

Section 4 is a detailed assessment of the challenges facing the management of a network of international representatives who are required to support both investment and trade mandates. This case study of the “double hatting” model of UKTI offers practical insights that are applicable to a number of integrated models.

The International Trade Centre works closely with Trade and Investment Support Institutions (TISIs) around the world. We count on these organisations to act as multipliers for our work to help SMEs participate in international markets. With this partnership for SME success in mind, our TISI strengthening programme supports improvements in TISI management and operational performance. The programme offers a comprehensive set of tools and expertise, to help TISIs understand their strengths and weaknesses, plan and prepare for change, refresh their strategy, build a results framework, segment customers, design services, deliver Business to Business meetings, support a network of foreign representatives, improve governance and develop knowledge management. More information is available at http://www.intracen.org/itc/trade-support/ and on the benchmarking platform http://www.tisibenchmarking.org/benchmarkredesign/.
SECTION 1: Background: Trade Support Institutions and Investment Promotion Agencies: are they merging?
PURPOSE
This paper addresses some of the provocative questions related to investment promotion and trade promotion synergies. Primarily it seeks to establish whether Trade Promotion Organizations and Investment Promotion Agencies are merging.

To begin with, in order to comprehend the roles of Investment promotion agencies (IPAs) and if their services and goals present similarities with those of Trade Promotion Organizations (TPOs), this paper presents the best practices of Investment Promotion Agencies. Four major roles of an IPA are identified: advocacy within the government, image building, investor servicing or facilitation and investment generation.

After understanding the functions and mission of an IPA, this paper recognizes that joint investment and trade promotion is a way to rationalize financial resources and maximize FDI and export promotion efforts. Accordingly, a considerable number of high-income countries are merging TPOs and IPAs. However, it seems that combined investment and trade promotion can also have side effects due to management challenges. Through the research of the services of seven combined agencies (annex II), ITC detected that most combined agencies have an umbrella structure, centralizing administration and overseas office structure, along with market intelligence and image building, while operating separate technical teams for each promotion stream. There would appear to be strong differences between performance measurement indicators from both types of Agencies.

Finally, using data collection based on indicators such as: income level, foreign direct investment and size of the country, ITC identified the “category” of countries that are merging their TPO with IPA.

WHAT IS AN IPA?
ITC defines an Investment Promotion Agency (IPA) as an institution whose purpose is to attract investment to a country, region or city. The attraction of investment is done by presenting investors with local real estate developers and other commercial service companies, providing useful statistical information such as average wages and by managing any investment incentives that the country may offer to companies that invest there.

According to the World Bank, the direct relationship between an IPA and a TPO is that “Investment promotion plays a key role in attracting foreign direct investment (FDI) and thus in improving the export competitiveness of developing countries by providing capital, technology, industry expertise as well as access to international markets and MNC supply chains”.

WHAT ARE IPA’S MAIN SERVICES?
Generally, there are four main roles for an Investment Promotion Agency:

Advocacy: Influencing the government in order to facilitate the entrance of investments and remove possible barriers to investment.

Image building: Improving the public image of the country as an investment destination.

Investor servicing: Supporting an investor while the project is established. It aims to facilitate the process by providing information, advice, and guidance.

---

**Investment generation:** Targeting investors based on the country's economic plans and strategies and running campaigns to promote investment.

According to OECD the roles of an IPA “should all be reflected in the IPA’s mission, internal structure and funding. Image-building – including advertising, producing promotional materials and attending trade fairs – can be very expensive, as can efforts to target particular investors owing to the high cost of research and incentives to induce the business to invest”.²

Measuring the performance of the functions is also important. In order to verify if the IPA has contributed to the increase of overall FDI inflows an effective monitoring is highly recommended. Besides the overall evaluation/assessment, each role of the IPA should be evaluated separately using one or many indicators.

Currently, the main goal of IPAs is to attract inward investment rather than outward investment. However, WAIPA Organization provides a list with the Investment Promotion Agencies that also promote Outward investment. Matching this list with ITC’s database of merged TPOs, ITC recognized some successful combined agencies promoting both types of FDI, such as JETRO (Japan), AUSTRADE (Australia), Promexico (Mexico) and NZTE (New Zealand).

The services provided for SME internationalization are mainly:

- Market research, global business trends, growth industries and in-market support for market development.
- Organizing foreign business missions and seminars and consulting services.
- Mentoring: Mentors can help identifying strengths, weaknesses, opportunities and threats that may have been overlooked by SMEs.

SMEs wanting to invest abroad normally face big challenges due to limited resources. Combined agencies with outward investment services could provide assistance (e.g. in strategic planning or market research) capitalizing on their expertise in both investment and trade matters.

**Are IPAs and TPOs merging?**

According to UNCTAD³, combining investment and trade promotion may have adverse consequences in terms of results. However, joint organizations may be able to benefit from some partially integrated functions, as administration and technical areas, such as research, image building and overseas representation. The emergence of global value chains linking trade and investment may present new opportunities to modernize their promotion.

---

³ UNCTAD (2013), Optimizing government services: A Case for Joint Investment and Trade Promotion?
UNCTAD presents the main promotional operational differences between TPO and IPA. These differences should be well understood by both agencies before merging:

<table>
<thead>
<tr>
<th>Domaine</th>
<th>Trade promotion</th>
<th>Investment promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>Public/Private</td>
<td>Mostly public</td>
</tr>
<tr>
<td>Resources (if joint)</td>
<td>Often largest share of the budget</td>
<td>Smaller share of the budget</td>
</tr>
<tr>
<td>Support</td>
<td>Full support of local industry</td>
<td>Partial support of local industries fearing foreign competition</td>
</tr>
<tr>
<td>Business intelligence</td>
<td>Country production &amp; suppliers</td>
<td>Investment climate, operational conditions &amp; suppliers</td>
</tr>
<tr>
<td>Client targets</td>
<td>In-country exporters (often SMEs)</td>
<td>Global/regional TNC HQs</td>
</tr>
<tr>
<td>Business cycle</td>
<td>Purchase decisions (short term)</td>
<td>Strategic decisions (longer term)</td>
</tr>
<tr>
<td>Mode of engagement</td>
<td>Trade shows/exporter missions</td>
<td>One-to-one company meetings</td>
</tr>
<tr>
<td>Staff skills</td>
<td>Sales and marketing officers</td>
<td>Location and industry advisers</td>
</tr>
<tr>
<td>Performance indicators</td>
<td>Export volume/access to new markets/number of clients</td>
<td>FDI volume/jobs/project numbers, type &amp; sector</td>
</tr>
</tbody>
</table>

Even though FDI inflows decreased by 18%, from $1.65 trillion in 2011 to $1.35 trillion in 2012, during the past decades the promotion of FDI has substantially grown.

According to UNCTAD “81 per cent of countries have a national IPA (almost all developed countries have a national IPA). Regarding the number of joint agencies, it “has tended to remain stable over time: 34 % in 2002, 25 % between 2008 - 2012. The number of joint bodies has decreased everywhere except in OECD countries, 43%.”

---

4 Ibid.
5 Ibid.
6 Ibid.
UNCTAD states the pros and cons for a joint organizational set-up of investment and trade promotion:\footnote{UNCTAD (2013), Optimizing government services: A Case for Joint Investment and Trade Promotion?}

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better policy coherence in investment and trade issues</td>
<td>Often different objectives and core activities. Risk of fragmented responsibilities and loss of focus in the agency</td>
</tr>
<tr>
<td>Shared support services (IT, human, resources accounting, legal services, public relations, research and analysis), shared office accommodation</td>
<td>Possible problems in coordinating investment and trade promotion activities and managing staff with different mind-sets. Risk of increased bureaucracy</td>
</tr>
<tr>
<td>Knowledge-sharing, to benefit strategy development</td>
<td>Different time frames, with generally a longer time perspective in investment promotion</td>
</tr>
<tr>
<td>Potentially more continuity in service delivery. A single point of contact in government, e.g., for export-oriented investors</td>
<td>Often different clients and contact points in companies</td>
</tr>
<tr>
<td>Potential synergies in overseas promotion, especially country branding</td>
<td>Largely different skills requirements for staff</td>
</tr>
<tr>
<td>Common ground for policy advocacy in the area of national competitiveness</td>
<td>Risk of less attention being paid to investment promotion and FDI-related policy issues</td>
</tr>
</tbody>
</table>

This paper attempts to highlight the categories of countries that are merging TPO and IPA. Therefore, a data collection (annex I) was carried out based on the World Trade Promotion Organization (WTPO) database maintained by the ITC and through selected indicators such as income level, foreign direct investment and size of the country.

WTPO database provides the names of 178 TPOs, which 41 are Ministries. As the purpose of this study was to analyze the type of countries merging TPO and IPA, the ministries were not considered in this analysis. Thus, the findings of this paper are based on 137 TPOs.

Out of 137 TPOs, 75 are merged

\[ \text{Merged: 55\%} \quad \text{Not merged: 45\%} \]
Regarding the indicator of **Population size** (Large/Medium-large/Medium small/small), Medium-small and small countries are the ones with more merged TPOs. Out of 33 TPOs coming from medium-small countries, 22 are merged (67%) and out of 14 TPOs coming from small countries, 9 are merged (64%).

In relation to the **income level** indicator (High income/Upper middle income/Lower middle income and Low income – World Bank classification), high-income level countries are the ones which present more merged TPOs. Out of 50 TPOs coming from high-income level countries, 33 are merged (66%).
Finally, with reference to foreign direct investment indicator (High/Upper middle/Lower middle/Low): In 2010, TNCs accounted for around 80% of global trade in goods and services. Fifty percent of global trade was generated through global value chains. However, through data collection, it was possible to recognize that the degree of FDI of a country is not a requisite for merger.

In order to confirm if there is a recent trend of mergers, the database provides the date of creation of 26 TPOs of countries from the different categories presented above, such as Brazil, Kazakhstan, Sierra Leone, Portugal, Honduras, New Zealand, etc. Out of these 27 merged TPOs, 17 have merged in the last 10 years.

Why are they merging?
The objective of this section is to consider why some countries have chosen to merge their investment and trade promotion agencies.

According to the World Bank, Trade and Investment promotion have different functions and demand therefore staff with different qualifications⁸:

---

**SHOULD EXPORT AND INVESTMENT PROMOTION BE LOCATED IN ONE ORGANIZATION?**

Investment promotion and trade promotion approach the same company differently. Different techniques must be used, and different units and individuals must be targeted, depending on whether a foreign company is approached as a potential investor or as a potential purchaser of a nation's exports. Combining these functions into a single agency can dilute the IPA's focus on its message and its market, and can mean that the agency performs both functions poorly. Investment promotion involves persuading a company's top management to commit resources to a foreign country for the medium to long term. This decision requires input from senior management and approval from the chief executive and board of directors, and a decision to go ahead can take many months or even years to obtain. By contrast, middle or junior managers typically make the decision to import goods from a new source. Export promotion activities generally target these individuals, who usually do not need top management approval except for very large purchases, and have a quick decision-making process. They also operate within much tighter time constraints. The efforts of the investment promotion and trade promotion personnel in a combined agency are often directed at the same market, but the techniques, businesses and individuals targeted are generally different.


The organization of investment and trade promotion differs across countries, depending on a number of economic, geographical and political factors. Consequently, the reasons for merging or unmerging differ.

Since the fusion is less expensive than maintaining two separate agencies, it can be advantageous for government officials.

Despite the risk that the merger may present, the most popular reasons that tend to be motors for integration are: possible synergies, image building and cost efficiency. UNCTAD presents a range of reasons for merging the Organizations.\(^9\):  

**Reasons related to organizational aspects**

- **Cost efficiency:** for example by cutting down on double staff functions and by the sharing of office space
- **Creation of synergies:** increased opportunities for knowledge-sharing or combining investment and trade promotion in overseas offices
- **Efficient leadership:** belief that policy coherence and coordination would be more easily achieved with a single agency instead of two (or, in one case, as many as five) separate agencies

---

\(^9\) UNCTAD (2009), Promoting investment and trade: practices and issues.
Reasons related to economic goals
The economic strategy of a country also influences the merge of TPOs with IPAs. For example, if a country aims to increase export-oriented FDI inflows, trade analysis can be advantageous for planning export-oriented investment targeting enterprises.

According to UNCTAD a small domestic market requires investment promotion strategies on enterprises that manufacture goods for export:

**The Dominican Republic may serve as an example. Due to its small domestic market, most of the foreign investment coming to the country is export-oriented. For many years, the Dominican Republic marketed itself as a low-cost location and a gateway for the United States market, taking advantage of the preferential tariff treatment it enjoyed due to the Caribbean Basin Initiative. This served to attract major textile manufacturers to the country, but growing international competition prompted the Dominican Republic to adopt a new strategy to diversify its economy. In order to implement this strategy, the country’s IPA and TPO were merged into a single agency.**

Source: UNCTAD.

Generally, small countries have limited financial and human resources, the combination of both agencies might help the country to achieve a better impact in trade and investment promotion overseas.

Reasons related to policy, strategy and operations

---

10 Ibid.
Another important reason for combining both agencies is knowledge sharing. In this case, the database used by each Organization could be shared. Especially in areas such as market intelligence, trade promoters could offer convenient inputs to investment promotion strategies.

It is crucial to explore where activities overlap once the decision is taken to merge the two functions. Before creating a combined agency, it will be useful to draw out “process maps” for each function in order to identify where real overlaps do or could occur.

**Case study of successful merger**

**Swedish Trade and Invest Council (STIC), also called Business Sweden:**

Business Sweden is a merger of the Swedish Trade Council and Invest Sweden, founded on 1 January 2013. STIC is jointly owned by the Swedish government and the industry, represented by the Ministry for Foreign Affairs and the Swedish Foreign Trade Association. The shared ownership offers access to contact information and networks at all levels. With offices in 57 countries and in every region in Sweden, STIC aims to strengthen Sweden as an attractive and competitive business partner and FDI destination. An important part of their mission is to provide Swedish SMEs in reaching export markets with their goods and services in order to grow in the international field. STIC’s support consists of advisory services, events, targeted campaigns and skills development for companies. Business Sweden’s aim is also to facilitate for foreign actors to invest in Sweden. The business community sees the merger as an opportunity for domestic companies to benefit from new forms of FDI through international partnerships, strategic alliances and other forms of cross-border business cooperation. STIC takes the form of a private non-profit organization run by a public-private board. It plans to maintain stable the government participation on the budget and increase revenue from the private sector to two thirds of the total budget.

**Conclusion**

In 2010, the Inter-American Development Bank stated that “in most countries, placing two responsibilities under one entity is a relatively recent and growing phenomenon”. This research and database collection confirmed the recent mergers between IPAs and TPOs around the globe. However, since the organization of investment and trade promotion differs across countries, depending on a number of economic, geographical and political factors, it was possible to identify that the actual trend of merging is more prevalent in high-income countries and in small (population) countries. Out of 50 TPOs coming from high-income level countries, 66% are merged and 67% of TPOs coming from medium-small countries are merged. Despite the difficulty of collecting data concerning the dates of mergers, from the 27 merged TPOs with this information available, 17 have merged in the last 10 years.

12 IDB (2010), Export Promotion Organizations in Latin America and the Caribbean: An Institutional Portrait.
### ANNEX I: Database of 137 TPOs

<table>
<thead>
<tr>
<th>Country</th>
<th>TPO/IPA</th>
<th>Merged</th>
<th>Date of creation/merging</th>
<th>Income level</th>
<th>Population</th>
<th>Population Classification (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Export Promotion Agency of Afghanistan (EPAA)</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>29.8</td>
<td>Large</td>
</tr>
<tr>
<td>Algeria</td>
<td>Agence Nationale de Promotion du Commerce Extérieur (ALGEX)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>38.5</td>
<td>Large</td>
</tr>
<tr>
<td>Andorra</td>
<td>Camara de Comercio y Industria i Serveis d'Andorra (CCIS)</td>
<td>no</td>
<td></td>
<td>High income: nonOECD</td>
<td>0.1</td>
<td>Small</td>
</tr>
<tr>
<td>Angola</td>
<td>INAPEX</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>20.8</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Argentina</td>
<td>Fundación Export Argentina</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>41.1</td>
<td>Large</td>
</tr>
<tr>
<td>Armenia</td>
<td>Armenian Development Agency (ADA)</td>
<td>yes</td>
<td>1992</td>
<td>Lower middle income</td>
<td>3</td>
<td>Medium - Small</td>
</tr>
<tr>
<td>Australia</td>
<td>Australian Trade Commission (AUSTRADE)</td>
<td>yes</td>
<td></td>
<td>High income: OECD</td>
<td>22.7</td>
<td>Large</td>
</tr>
<tr>
<td>Austria</td>
<td>Wirtschaftskammer Oesterreich (WKO)</td>
<td>no</td>
<td></td>
<td>High income: OECD</td>
<td>8.4</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Azerbaijani Export and Investment Promotion Foundation (AZPROMO)</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>9.3</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Economic Development Board (EDB)</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>1.3</td>
<td>Medium - Small</td>
</tr>
<tr>
<td>Belarus</td>
<td>National Centre for Marketing and Price Study</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>9.5</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Belgium</td>
<td>Agence pour le Commerce Extérieur (ACE)</td>
<td>no</td>
<td></td>
<td>High income: OECD</td>
<td>11.1</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Benin</td>
<td>Agence Béninoise de Promotion des Echanges Commerciaux (ABePEC)</td>
<td>yes</td>
<td></td>
<td>Low income</td>
<td>10.1</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Promueve Bolivia</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>10.5</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Botswana</td>
<td>Botswana Export Development and Investment Authority (BEDIA)</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>2</td>
<td>Medium - Small</td>
</tr>
<tr>
<td>Brazil</td>
<td>Brazilian Trade and Investment Promotion Agency (Apex-Brasil)</td>
<td>yes</td>
<td>2003</td>
<td>Upper middle income</td>
<td>198.7</td>
<td>Large</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Bulgarian Small and Medium Enterprises Promotion Agency</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>7.3</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>Agence de Promotion des Exportations du Burkina Faso (Apex-Burkina)</td>
<td>yes</td>
<td></td>
<td>Low income</td>
<td>16.5</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>Cabo Verde Inversiontos</td>
<td>yes</td>
<td></td>
<td>Lower middle income</td>
<td>0.5</td>
<td>Small</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Centre National de Promotion des Echanges (CNPE)</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>21.7</td>
<td>Large</td>
</tr>
<tr>
<td>Canada</td>
<td>Department of Foreign Affairs and International Trade (DFAIT)</td>
<td>no</td>
<td></td>
<td>High income: OECD</td>
<td>34.8</td>
<td>Large</td>
</tr>
<tr>
<td>Chad</td>
<td>Agence Nationale des Investissement et des Exportations (ANIE); Ministère de l'Economie, du Plan et de la Coopération Internationale</td>
<td>yes</td>
<td>2007</td>
<td>Low income</td>
<td>12.4</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>Chile</td>
<td>Dirección de Promoción de Exportaciones (PROCHILE)</td>
<td>yes</td>
<td></td>
<td>High income: OECD</td>
<td>17.5</td>
<td>Medium - Large</td>
</tr>
<tr>
<td>China</td>
<td>China Council for the Promotion of International Trade (CCPIT)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>1350.7</td>
<td>Large</td>
</tr>
<tr>
<td>Colombia</td>
<td>Promoción de Turismo Inversión y Exportaciones (PROEXPORT)</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>47.7</td>
<td>Large</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>--------------</td>
<td>------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Congo, Rep.</td>
<td>Centre Congolais du Commerce Extérieur</td>
<td>no</td>
<td>Lower middle</td>
<td>4.3</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Promotora de Comercio Exterior de Costa Rica (PROCOTEC)</td>
<td>no</td>
<td>Unmerged</td>
<td>4.8</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>Association pour la Promotion des Exportations de Côte d'Ivoire (APEX-CI)</td>
<td>no</td>
<td>Lower middle</td>
<td>19.8</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Cuba</td>
<td>Centro para la Promoción del Comercio Exterior de Cuba (CEPEC)</td>
<td>yes</td>
<td>Upper middle</td>
<td>11.3</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Czech Trade Promotion Agency (CzechTrade)</td>
<td>no</td>
<td>High income: OECD</td>
<td>10.5</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Dominica</td>
<td>Dominica Export Import Agency (DEXIA)</td>
<td>no</td>
<td>Upper middle</td>
<td>0.1</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Centro de Exportación e Inversión de la República Dominicana (CEI-RD)</td>
<td>yes</td>
<td>Upper middle</td>
<td>10.3</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>Instituto de Promocion de Exportaciones e Inversiones (PROECUADOR)</td>
<td>yes</td>
<td>Upper middle</td>
<td>15.5</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>Export and Investment Promotion Agency of El Salvador (PROESA)</td>
<td>yes</td>
<td>2005</td>
<td>6.3</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td>Enterprise Estonia (EAS)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>1.3</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Fiji</td>
<td>Investment Fiji</td>
<td>yes</td>
<td>Upper middle</td>
<td>0.9</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Finland Trade Centre (FINPRO)</td>
<td>no</td>
<td>High income: OECD</td>
<td>5.4</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>French Trade Commission (UBIFRANCE)</td>
<td>no</td>
<td>High income: OECD</td>
<td>65.7</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Gambia, The</td>
<td>Gambia Investment and Export Promotion Agency (GIEPA)</td>
<td>yes</td>
<td>2010</td>
<td>1.8</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>Trade with Georgia</td>
<td>yes</td>
<td>2002</td>
<td>4.5</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Germany Trade &amp; Invest (GTI)</td>
<td>yes</td>
<td>1991</td>
<td>80.4</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>Ghana Export Promotion Council (GEPC)</td>
<td>no</td>
<td>Lower middle</td>
<td>25.4</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>Hellenic Foreign Trade Board - HEPO</td>
<td>yes</td>
<td>High income: OECD</td>
<td>11.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Grenada</td>
<td>Grenada Industrial Development Corporation</td>
<td>yes</td>
<td>1985</td>
<td>0.1</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td>Asociación Guatamalteca de Exportadores (AGEXPORT)</td>
<td>no</td>
<td>Lower middle</td>
<td>15.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>MOC</td>
<td>no</td>
<td>Low income</td>
<td>1.7</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Haiti</td>
<td>Centre d’appui à la promotion du commerce (PROMOCOM)</td>
<td>yes</td>
<td>Low income</td>
<td>10.2</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Honduras</td>
<td>Fundación para la Inversión y Desarrollo de Exportaciones (FIDE)</td>
<td>yes</td>
<td>1984</td>
<td>7.9</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Hong Kong SAR, China</td>
<td>Hong Kong Trade Development Council (HKTDC)</td>
<td>no</td>
<td>High income: nonOECD</td>
<td>7.2</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>Hungarian Investment and Trade Agency (HITA)</td>
<td>yes</td>
<td>2011</td>
<td>9.9</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Iceland</td>
<td>Trade Council of Iceland</td>
<td>yes</td>
<td>High income: OECD</td>
<td>0.3</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>India Trade Promotion Organisation (ITPO)</td>
<td>no</td>
<td>Lower middle</td>
<td>1236.7</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>National Agency for Export Development (NAFED)</td>
<td>no</td>
<td>Lower middle</td>
<td>246.9</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Organization Name</td>
<td>Active</td>
<td>Status</td>
<td>Income Level</td>
<td>Size</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------</td>
<td>--------</td>
<td>-------------------</td>
<td>-----------------------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td>Iran, Islamic Rep.</td>
<td>Iran Trade Promotion Organization (ITPO)</td>
<td>no</td>
<td>Unmerged</td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>Enterprise Ireland</td>
<td>no</td>
<td>Unmerged</td>
<td>High income: OECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>Israel Export and International Cooperation Institute (IEICI)</td>
<td>no</td>
<td>Unmerged</td>
<td>High income: OECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>Italian Trade Commission (ICE)</td>
<td>yes</td>
<td></td>
<td>High income: OECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td>Jamaica Promotions Corporation (JAMPRO)</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Japan External Trade Organization (JETRO)</td>
<td>yes</td>
<td></td>
<td>High income: OECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Jordan</td>
<td>Jordan Enterprise Development Corporation (JEDC)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>National Export and Investment Agency (KAZNEX INVEST)</td>
<td>yes</td>
<td>2007</td>
<td>Upper middle income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>Export Promotion Council (EPC)</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Korea, Rep.</td>
<td>Korea Trade-Investment Promotion Agency (KOTRA)</td>
<td>yes</td>
<td>1995</td>
<td>High income: OECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>Latvia Investiciju un attistibas agentura</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Liberia</td>
<td>Liberia Chamber of Commerce</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>Enterprise Lithuania</td>
<td>no</td>
<td></td>
<td>High income: nonOECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Luxembourg for Business</td>
<td>yes</td>
<td>2008</td>
<td>High income: OECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Macao SAR, China</td>
<td>Macao Trade and Investment Promotion Institute (IPIM)</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Macedonia, FYR</td>
<td>Invest Macedonia- Agency for foreign investments and export promotion</td>
<td>yes</td>
<td>2004</td>
<td>Upper middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Madagascar</td>
<td>International Trade Board of Madagascar (ITBM)</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>Malawi Investment and Trade Centre</td>
<td>yes</td>
<td>2010</td>
<td>Low income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Malaysia External Trade Development Corporation (MATRADE)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Mali</td>
<td>Agence pour la Promotion des Exportations (Apex-Mali)</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>Malta Enterprise</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Mauritius</td>
<td>Enterprise Mauritius</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>ProMexico</td>
<td>yes</td>
<td>2007</td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Moldova</td>
<td>Moldovan Investment and Export Promotion Organisation (MEPO)</td>
<td>yes</td>
<td>2000</td>
<td>Lower middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Monaco</td>
<td>Chambre de développement économique de Monaco (CDEM)</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Mongolia</td>
<td>Mongolian National Chamber of Commerce and Industry (MNCCI)</td>
<td>yes</td>
<td>1960</td>
<td>Lower middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Montenegro</td>
<td>Directorate for Development of Small and Medium-Sized Enterprises (DDMSE)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Organization Name</td>
<td>Status</td>
<td>Status Year</td>
<td>Income Category</td>
<td>Size Category</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>--------</td>
<td>-------------</td>
<td>--------------------------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>Moroccan Center for Export Promotion (MAROC EXPORT)</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td>Instituto para a Promoção de Exportações (IPEX)</td>
<td>yes</td>
<td></td>
<td>Low income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Nepal</td>
<td>Trade and Export Promotion Centre (TEPC)</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>Netherlands Enterprise Agency</td>
<td>yes</td>
<td></td>
<td>High income: OECD</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>New Zealand Trade and Enterprise (NZTE)</td>
<td>yes</td>
<td>2003</td>
<td>High income: OECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Nicaragua</td>
<td>Centre For Exports And Investment Nicaragua (CEI)</td>
<td>yes</td>
<td></td>
<td>Lower middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Niger</td>
<td>Agence Nigérienne de Promotion des Exportations dénommée ANIPEX</td>
<td>no</td>
<td></td>
<td>Low income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Nigerian Export Promotion Council (NEPC)</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>Innovacion Norge - Innovation Norway</td>
<td>no</td>
<td></td>
<td>High income: OECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td>The Public Authority for Investment Promotion &amp; Export Development (PAIPED)</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>Trade Development Authority of Pakistan (TDAP)</td>
<td>yes</td>
<td>2006</td>
<td>Lower middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Panama</td>
<td>Proinvex Panama</td>
<td>yes</td>
<td>2009</td>
<td>Upper middle income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Paraguay</td>
<td>Red de Inversiones y Exportaciones (REDIEX)</td>
<td>yes</td>
<td></td>
<td>Lower middle income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>Peruvian Exports &amp; Tourism Promotion Organization (PROMPERÚ)</td>
<td>no</td>
<td></td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>The Bureau of Export Trade Promotion (BETP)</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>Agencia para o Investimento e Comercio Externo de Portugal (AICEP)</td>
<td>yes</td>
<td>2007</td>
<td>High income: OECD</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>Office for Panama and Latin America</td>
<td>no</td>
<td></td>
<td>High income: nonOECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Qatar</td>
<td>Qatar Development Bank</td>
<td>yes</td>
<td></td>
<td>High income: nonOECD</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>Romanian Trade &amp; Invest</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Russian Federation</td>
<td>Moscow Investment and Export Promotion Agency (MIEPA)</td>
<td>yes</td>
<td>2006</td>
<td>High income: nonOECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Rwanda</td>
<td>Rwanda Development Board Trade and Manufacturing Department</td>
<td>yes</td>
<td></td>
<td>Low income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Saudi Export Development Authority (under ministry of commerce and industry)</td>
<td>no</td>
<td></td>
<td>High income: nonOECD</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Senegal</td>
<td>Agence de Promotion des Exportations du Sénégal (ASEPEX)</td>
<td>no</td>
<td></td>
<td>Lower middle income</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>Serbian Investment and Export Promotion Agency (SIEPA)</td>
<td>yes</td>
<td></td>
<td>Upper middle income</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Seychelles</td>
<td>Seychelles Investment Bureau</td>
<td>yes</td>
<td>2004</td>
<td>Upper middle income</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>Sierra Leone Investment and Export Promotion Agency (SLIEPA)</td>
<td>yes</td>
<td>2008</td>
<td>Low income</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Enterprise Name</td>
<td>Inactive</td>
<td>Region Type</td>
<td>Income</td>
<td>Size</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>----------</td>
<td>----------------</td>
<td>---------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>International Enterprise Singapore</td>
<td>yes</td>
<td>High income: nonOECD</td>
<td>5.3</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>Slovak Investment and Trade Development Agency (SARIO)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>5.4</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>2.1</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>Department of Commerce, Industries and Employment</td>
<td>yes</td>
<td>High income: OECD</td>
<td>0.5</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>Trade and Investment South Africa (TISA)</td>
<td>yes</td>
<td>Upper middle income</td>
<td>52.3</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>ICEX (Spanish Institute for Foreign Trade)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>46.8</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>Sri Lanka Export Development Board (EDB)</td>
<td>no</td>
<td>Lower middle income</td>
<td>20.3</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>St. Lucia</td>
<td>Saint Lucia Trade Export Promotion Agency (TEPA)</td>
<td>no</td>
<td>Upper middle income</td>
<td>0.2</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Suriname</td>
<td>Suriname Business Development Centre</td>
<td>no</td>
<td>Upper middle income</td>
<td>0.5</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Swaziland</td>
<td>The Federation of Swaziland Employers and Chamber of Commerce</td>
<td>no</td>
<td>Lower middle income</td>
<td>1.2</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Business Sweden - The Swedish Trade &amp; Invest Council</td>
<td>yes</td>
<td>High income: OECD</td>
<td>9.5</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>Switzerland Global Enterprise</td>
<td>yes</td>
<td>High income: OECD</td>
<td>8</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>Export Development and Promotion Agency (EDPA)</td>
<td>no</td>
<td>Lower middle income</td>
<td>22.4</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>Tanzania Trade Development Authority (TANTRADE)</td>
<td>no</td>
<td>Low income</td>
<td>47.8</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>Department of Export Promotion (DEP)</td>
<td>no</td>
<td>Upper middle income</td>
<td>66.8</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Tunisia</td>
<td>Centre de Promotion des Exportations (CEPEX)</td>
<td>no</td>
<td>Upper middle income</td>
<td>10.8</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>Uganda Export Promotion Board (UEPB)</td>
<td>no</td>
<td>Low income</td>
<td>36.3</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>Dubai Exports</td>
<td>no</td>
<td>High income: nonOECD</td>
<td>9.2</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>UK Trade &amp; Investment (UKTI)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>63.6</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>U.S. Department of Commerce</td>
<td>yes</td>
<td>High income: OECD</td>
<td>313.9</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td>URUGUAY XXI - Instituto de Promoción de Inversiones y Exportaciones</td>
<td>yes</td>
<td>High income: nonOECD</td>
<td>3.4</td>
<td>Medium - Small</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Chamber of Commerce</td>
<td>yes</td>
<td>Lower middle income</td>
<td>29.8</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Venezuela, RB</td>
<td>Banco de Comercio Exterior (BANCOEX)</td>
<td>no</td>
<td>Upper middle income</td>
<td>30</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>Vietnam Trade Promotion Agency</td>
<td>yes</td>
<td>Lower middle income</td>
<td>88.8</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>COMESA Busines Council</td>
<td>yes</td>
<td>Lower middle income</td>
<td>14.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Organization</td>
<td>Membership</td>
<td>Income Level</td>
<td>Score</td>
<td>Size</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>---------------------------------------------</td>
<td>------------</td>
<td>--------------------</td>
<td>-------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>ZimTrade</td>
<td>no</td>
<td>Low income</td>
<td>13.7</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>Austrian Federal Economic Chamber</td>
<td>no</td>
<td>High income: OECD</td>
<td>8.4</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>Bruxelles Inverst &amp; Export</td>
<td>yes</td>
<td>High income: OECD</td>
<td>11.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>Flanders Investment &amp; Trade (FIT)</td>
<td>yes</td>
<td>High income: OECD</td>
<td>11.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>Wallonia Foreign Trade &amp; Investment Agency</td>
<td>yes</td>
<td>High income: OECD</td>
<td>11.1</td>
<td>Medium - Large</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>DIHK Deutscher Industrie- und Handelskammertag e.V.</td>
<td>no</td>
<td>High income: OECD</td>
<td>80.4</td>
<td>Large</td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX II: Services of seven combined agencies

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>AGENCY</th>
<th>SERVICES</th>
<th>WEBSITE</th>
</tr>
</thead>
</table>
| Botswana               | Botswana Investment and Trade Centre        | Separate services  
Investors:  
- Business facilitation  
- Key partners liaison  
- Value proposition  
- Investors Handbook  
Exporters:  
Trade intelligence (market and sector analysis), export development and investment promotion advice, training offers, link to ITC market access tool | [http://www.bitc.co.bw/](http://www.bitc.co.bw/) |
| Brazil                 | APEX                                        | Separate services  
Investors:  
- Inquiry handling  
- Key partners liaison  
- Intelligence analysis  
- Value proposition  
- Aftercare  
- Leads generation  
Exporters:  
Trade intelligence (market and sector analysis), export development and training offers. | [http://www.apexbrasil.com.br](http://www.apexbrasil.com.br) |
| Colombia               | Proexport Colombia                          | Separate services  
Investors:  
- Information that addresses specific needs  
- Contacts in the public and private sector  
- Organization of agendas and accompaniment during the visit to Colombia  
- Service for investors residing in the country  
Exporters:  
- Specialized advisory  
- Export Training  
| Dominican Republic     | Centre for Export and Investment of the Dominican Republic (CEI-RD) | Two separate branches working supported by CEI-RD:  
- Invest in the DR: Investment Guide, Inquiry handling, Key partners liaison, Intelligence analysis.  
- Dominicanana Exporta: E-commerce service, training (courses, seminars, workshops related to international trade), fairs and events, trade information, etc. | [www.cei-rd.gov.do](http://www.cei-rd.gov.do) |
| Estonia                | Estonia Enterprise                          | Two separate branches working supported by Enterprise Estonia:  
- Estonia Investment Agency: investment consultancy services, key partners liaison, information about business environment in Estonia, assistance in setting up a business.  
<table>
<thead>
<tr>
<th>Country</th>
<th>Agency</th>
<th>Separate services:</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>Hungarian Trade and Investment Agency</td>
<td>Investors:</td>
<td><a href="http://www.hita.hu/">http://www.hita.hu/</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Tailored information packages on the economy, industrial sectors, incentives, business environment, supplier network</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Assistance in location search and evaluation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Organisation of site visits and partner meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Supplier search, supplying information on permitting procedures</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- After care services</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Intermediary body between the government and the companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exporters:</td>
<td><a href="https://www.gov.uk/government/organisations/uk-trade-investment">https://www.gov.uk/government/organisations/uk-trade-investment</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Trade intelligence</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>UKTI</td>
<td>Investors:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Business facilitation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Key partners liaison</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Value proposition</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Investors Handbook</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exporters:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- “Open to Export” service which is the place where UK businesses come together to help each other become better doing business abroad.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Trade intelligence (market and sector analysis), export development and investment promotion advice, training offers.</td>
<td></td>
</tr>
</tbody>
</table>

**Bibliography**


IDB (2010), Export Promotion Organizations in Latin America and the Caribbean: An Institutional Portrait.


UNCTAD (2013), Optimizing government services: A Case for Joint Investment and Trade Promotion?

UNCTAD (2009), Promoting investment and trade: practices and issues.

Database of merged TPOs available on: H:\DBIS\DBIS-TS\11---R & D\Investment Promotion
SECTION 2: Frequently Asked Questions

A quick and practical response to the challenges faced by leaders of merged and merging organisations.

The case studies and quotes included in this report are fictitious and designed to be illustrative only. They are based on known cases, but are adapted for the purposes of this document and are entirely non-attributable. Any resemblance to actual cases or actual statements is entirely co-incidental.
Introduction

The International Trade Centre (ITC) is the joint agency of the United Nations and the World Trade Organization and is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs) which are proven to be major job creators and engines of inclusive growth.

ITC places strong emphasis on strengthening Trade and Investment Support Institutions (TISIs) so they are able to better support their SME clients to internationalise. High performing institutions are critical partners for ITC interventions, acting as multipliers for increased reach, and a vector for a legacy of sustained changes bringing long-term economic and social impact.

In our interactions with Trade and Investment Support Institutions (TISIs) around the world we see the same questions being asked and the same problems being grappled with.

This document supports the strategic thinking of senior executives of combined Trade and Investment Agencies, or those seeking to better connect the trade promotion and investment attraction functions either formally or informally.

There is a large body of knowledge about Foreign Direct Investment decision making, investment flows and econometric modelling. The suggested reading list annexed highlights some of these for further information. In order to bring something new to the discussion, this document focuses exclusively on the overlapping aspects of strategy and operation for merged or co-operative trade and investment activities. It is set out as frequently asked questions, with some practical examples and case studies that are derived from publicly available information. Knowledge is harvested from relevant papers and academic research, but also, and most importantly, from the experience of senior Trade and Investment executives who have faced and resolved these challenges.

So, if you are leading or merging a Trade Promotion and an Investment Attraction agency, read on…. here are the answers to some of your questions.

---

13 The definition of TISIs covers many institutions, which may differ in function, form and funding. Official TISIs are key vehicles through which Governments implement their export and investment strategies alongside other development objectives. Private sector TISIs provide advocacy for as well as useful services to their SME members and beneficiaries. All TISIs enable and encourage exporters to engage with and survive in international markets. Public or private, TISIs can be placed into one of three categories:

- **General**: Trade and Investment Promotion Organisations (TPOs, TIPOs), Economic Development Agencies, Chambers of Commerce, Regional Economic Groupings, etc.
- **Sector-specific**: Exporter/Business Associations, Women Associations, Sector Chambers and associations, etc.
- **Function-specific**: Export credit and Financing bodies, Standard and Quality Agencies, Export Packaging Institutes, Training Institutions, etc. All of these categories of TISIs are potential direct beneficiaries of the programme.
Question 1: Why should we merge Trade and Investment Activities?

Question 2: How does investment support trade?

Question 3: Will combining the agencies also help to save money?

Question 4: What is the risk of conflict between the activities?

Question 5: What tools and services does an Investment Promotion Agency need to deliver? Do these differ from Trade Promotion Tools?


Question 7: What sort of investment attraction activities should we focus on?

Question 8: What do we need to consider in terms of strategy, structure, performance measurement and partnerships?

Question 9: How does the skill set change for front line staff?

Question 10: How might corporate culture be affected by a merger or closer collaboration between Trade and Investment?

Case Study 1: ODI support in Spain

Case Study 2: Capital raising skills development in New Zealand

Case Study 3: Sector promotion for strategic growth

Concluding comments

References and websites
**Question 1: Why should we merge Trade and Investment Activities?**

Increasingly, investment attraction and trade promotion organisations understand the need to work very closely together.

This makes sense because the right sort of FDI can help overcome export constraints:

Some of the systemic barriers to export growth (eg poor local infrastructure) require significant investment (eg PPPs) to resolve (see table in Question 2 below).

Globally competitive sectors and businesses benefit from access to growth capital, technology and management expertise, participation and global value chains, brand credibility and international networks that can be derived from strategic foreign investment at the business or sector level.

Equally, some investors will be more attracted to invest where there is a strong supply chain of companies with scale, meeting international standards, and ready to engage in global value chains. An effective TPO is often working to build this ecosystem of capable and committed internationalising businesses.

This also makes sense because there are economies of scale in working together and improved coherence in the management of key relationships and potential conflicts:

The expertise in understanding and researching the financial models that justify FDI are equally useful to support a local company that is internationalizing (also referred to as Outward Direct Investment or ODI) (offshore production, joint-ventures etc.)

The marketing and communication projects designed to attract potential investors, are equally useful to build the international brand story for exporters (innovation, sustainability, political and economic stability etc.)

The individual multi-national companies that are targets for investment attraction are also potential buyers of exported products and services. It helps to have an integrated key account approach, (including for local investment aftercare)

The physical and network resources required for investment attraction and trade promotion are very similar e.g. good local consultants attached to Embassies, global IT networks, contact databases, market intelligence etc.
Question 2: How does investment support trade?

One of the principal reasons for connecting investment attraction and export development activities is the ability to target specific investments that will overcome constraints and create additional competitive advantage for exporters. This can take a variety of forms, some of which are set out below:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Constraint for exporters</th>
<th>Investment-led solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>Market information and access to buyers: distant markets, foreign languages and unfamiliar regulatory systems all create barriers for exporters obtaining the information they need about potential market opportunities.</td>
<td>Smart foreign investment brings with it knowledge of global markets and value chains along with established relationships to procurement managers and influencers.</td>
</tr>
<tr>
<td>Access</td>
<td>Access to global value chains: Increasingly international trade operates along global value chains, with established supply partnerships and complex planning and logistics. Barriers to entry into the value chain are high.</td>
<td>A multi-national corporation that is part of a global value chain will integrate local suppliers into the value chain. As potential exporters in their own right, these suppliers will acquire credibility, experience, and knowledge of the collaborative and competitive landscape.</td>
</tr>
<tr>
<td>Scale</td>
<td>Scale and scope economies. Unless a new exporter benefits from a sizeable domestic market, they may initially be uncompetitive because of a relative lack of scale.</td>
<td>Good investment helps to grow businesses and sectors. With greater size and more sector collaboration, existing businesses benefit from economies of scale and scope, facilitating penetration into new markets and increasing profits.</td>
</tr>
<tr>
<td>Capital</td>
<td>If a new exporter experiences rapid growth in demand, they may be faced with a need for growth capital (either debt or equity)</td>
<td>Some investment agencies offer matchmaking services to connect potential investors with individual businesses. This can bring much needed capital at a crucial stage of expansion.</td>
</tr>
<tr>
<td>Leadership</td>
<td>Rapid export-led growth may require a new strategy and a new set of leadership skills for an emerging business</td>
<td>Smart investment also benefits the economy through the transfer of governance practice, leadership skills and experience.</td>
</tr>
<tr>
<td>Talent and innovation</td>
<td>For some sectors in some countries, increasing supply to meet international demand is limited by the local supply of skilled workers e.g. IT sector.</td>
<td>Smart investment attraction priorities support for investors that will mitigate this problem through training programmes and skilled expatriates.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Some businesses are constrained by a lack of good roads, inadequate port and cool chain infrastructure, inadequate access to electricity, inefficient irrigation systems or poor internet connectivity.</td>
<td>Seeking foreign investment into well prepared public-private partnership projects can resolve the infrastructure barriers more quickly than fully private or fully public options.</td>
</tr>
<tr>
<td>Advanced technology and research</td>
<td>To compete internationally, businesses sometimes require access to advanced technology (e.g. large 3D printers) or specialized research</td>
<td>The arrival of a large foreign investor can justify further investment in technology or research either within a business that is benefiting from the growth of the value chain, or in some kind of partnership model.</td>
</tr>
<tr>
<td>Brand profile</td>
<td>International buyers are influenced by the country brand associated with a potential supplier, as well as the company and product brand. A poor brand, or a poorly understood one, will make it harder for exporters to reach and engage with buyers and influencers.</td>
<td>The marketing and communication projects designed to attract potential investors, are equally useful to build the international brand story for exporters (transparency, innovation, sustainability, political and economic stability etc.)</td>
</tr>
</tbody>
</table>
Ecosystem of supporting industries

Exporters have greater chance of success when their supply chain has scale and internationally competitive prices

A major cornerstone foreign investor can be the catalyst for the development of a hub of expertise and niche production, creating a stronger ecosystem benefiting all parties.

General business conditions

For some exporters the biggest constraint is an unsupportive general business environment in their own country

Advocacy to improve business conditions for potential investors will generally also benefit local businesses (unless a special deal or zone is established).

International standards

Obtaining international accreditations and meeting recognized standards can be a pre-requisite for export success.

A multi-national company, investing in a local value chain, will require all participants in the chain to meet the standards that their stakeholders and customers require. This prepares potential exporters well for their own export growth.

When Trade and Investment functions are well connected and collaborative these synergies can be taken into account when prioritizing different potential investors, investment projects or investment attraction approaches. (See Question 4 for a discussion of these different approaches.)
Question 3: Will combining the agencies also help to save money?
As well as these synergies in terms of outcomes, a combined and collaborative approach to
Investment and Trade allows for better alignment and management of resources and networks. This
extends to shared computer networks, shared people networks, common alliances and contractual
agreements, shared staff development programmes, shared brand strategies, combined projects,
and information sharing on targeted international businesses and visit plans.

“In the space of 3 weeks I was asked for meetings by the
Ambassador, the investment attraction agency and the
export promotion agency of the same country. I knew more
about their joint plans then they did! It goes without saying
that I refused all the meetings”. (CEO of a major US retailer)

When trade and investment functions are housed within a single agency or connected through
formal and informal alliances, there is greater opportunity for excellence and efficiency in the
delivery of both functions. Although there are some negative implications of combined or
collaborative investment and trade functions (see Question 4 for further discussion on this),
 Improved effectiveness and efficiency of these tax-payer supported functions benefits investors,
local businesses, workers and communities alike.
**Question 4: What is the risk of conflict between the activities?**

Discussed above are the ways in which combining investment and trade promotion activities together creates synergies for improved effectiveness and efficiency. There are times however, where investment attraction activities and export development activities need to be kept isolated, or where decisions need to be made about potential conflicts. Some examples of these issues are set out below:

- Competition for domestic market share:
- Competition for international market share
- Competition for scarce resources, including talent, land, access to infrastructure
- Unfair tax advantages and scale economies
- Country brand damage

<table>
<thead>
<tr>
<th>Potential conflict</th>
<th>Nature of the conflict</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic market share</td>
<td>Brand value and cost advantages allow foreign investors to capture market share in the host country</td>
<td>A major international retailer opened new stores selling branded products mostly manufactured in China. Local retailers and suppliers suffered from increased competition</td>
</tr>
<tr>
<td>International market share</td>
<td>If for some reason overall international demand for products for the host country is constrained, then more players in the market, means less market share and more pressure on margins for everyone.</td>
<td>A large international hotel chain bought several boutique luxury lodges, benefiting from government-funded tourism marketing. Because of their international network they were able to undercut other lodges and capture both international and domestic market share. Profits were reinvested in other countries.</td>
</tr>
<tr>
<td>Access to scarce resources</td>
<td>Where there are resource, labour, or skill constraints, the introduction of a large international player puts up prices or reduces access to resources for local players.</td>
<td>In a winegrowing nation, several vineyards operating on land with unique characteristics were bought by a foreign investor. Profits from this high value land were repatriated abroad, and local producers lost the ability to add a premium offering in their range.</td>
</tr>
<tr>
<td>Unfair fiscal and scale advantages</td>
<td>In countries where regulatory and fiscal constraints are high, governments often propose special regimes or geographic zones to attract international investment, creating an unfair competitive disadvantage for locals.</td>
<td>A special tax exemption to attract a large multi-national meant that home gown businesses in the sector became less competitive</td>
</tr>
<tr>
<td>Country brand damage</td>
<td>Exporting businesses benefit from a positive country brand. A high-profile investment in a controversial sector can damage the brand for everyone.</td>
<td>A major investment in a carbon-based extractive industry undermined a clean, green country brand.</td>
</tr>
</tbody>
</table>
In macro-economic terms, foreign direct investment is to be encouraged. However, on a case-by-case basis, relevant government agencies need to manage the effects on local business profitability and growth potential. It is worth noting, however, that the need to manage these potential conflicts is one more reason why it is important to house both investment attraction and export development within a single agency or to establish very strong working relationships between them. It is also the reason why a deliberate strategic approach is needed to exclude from the pipeline of potential investment projects, any opportunity for which the potential tangible and intangible costs to local businesses outweigh the benefits to the economy.

The other issue that crops up in this regard is the need to manage the confidentiality of information. The investment facilitation process means that a lot of commercially sensitive information about potential investors is shared with agency staff. It is sometimes necessary to create information walls, including restricted access to CRM data, in order to mitigate the risk of inappropriate use of this information either to provide competitor information to export customers, or for personal gain.
**Question 5. What tools and services does an Investment Promotion Agency need to deliver? Do these differ from Trade Promotion Tools?**

Investment agencies call on a similar set of tools, which they combine in creative ways, to achieve their goals. Once the potential investors have been identified, the agency will accompany the project as the advocate and advisor of the potential investor. This involves smoothing the passage through any regulatory hurdles, advocating for any special conditions or law changes, supplying data to support decision-making, creating connections into the value chain, and supporting media outreach.

Despite these similarities in the tools applied and the service offerings once a potential investor has been identified, there are a number of different paradigms under which investment opportunities are described and marketed. The agency must make a high-level strategic decision to select the right approach or approaches (see Question 6).

<table>
<thead>
<tr>
<th>WHAT</th>
<th>WHY</th>
<th>DIFFERENCE WITH TRADE SUPPORT APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy</td>
<td>Before considering the details of an investment opportunity, an investor will take into account the nature of the business and political environment and access to any special advantages (eg fiscal), along with a broad set of other advantages including access to skilled labour, infrastructure, trade agreements, and the lifestyle and security needs of expatriates. A good Investment Promotion Agency or combined TISI will be in a position to gather information from confirmed or potential investors about real or perceived barriers to investment because of these general political, economic and lifestyle conditions. They have a role to obtain consensus from stakeholders about any regulatory or policy changes that might be required to improve the investment advantage for the country, and lead and support lobbying efforts to government. <strong>In this respect, they are the informed and credible bridge between business needs and government actors.</strong> Research suggests that advocacy to improve business conditions offers the best return in terms of the impact by agencies on investment outcomes.</td>
<td>Effective trade promotion also requires an awareness of internal barriers to business success. It is likely that the constraints to business that discourage investment are also holding back potential exporters. The difference is that the perspective changes, the type of action and the issues to be resolved are likely to be the same.</td>
</tr>
</tbody>
</table>
| Information | One reason for imperfect outcomes in the flow of international investment is a **lack of correct information about the investment opportunities and the potential benefits for the investors.** Information for investors needs to be available at several levels  
1. Generic information about the general political, economic and lifestyle advantages (see Advocacy comments)  
2. Targeted information about the approval and regulatory processes for foreign investment based on strategic sectors or regions.  
3. Targeted information about priority sectors or value chains, identifying what makes these sectors globally competitive  
4. Specific information about a particular opportunity | Gathering, analysing and sharing information about business opportunities is also a central part of the value proposition of a Trade Support Institution. Although the perspective changes, the skill sets required will be similar, although for investment propositions deeper financial analysis would be needed. |
<p>| <strong>Image building and country branding</strong> | For countries that are not well known, or who struggle to overcome a negative perception, investment in generic country branding helps to set the scene for further discussions. This image building is a visible sign of investment attraction activity, but it requires a significant budget to have an effect on investor behaviour, and it is very difficult to measure impact and effectiveness. At the generic level of overall country branding it is difficult to find a compelling and unique proposition, that works equally well for all sectors of activity. A TISI is well placed to <strong>run the consultation process with all stakeholders</strong> to help build the brand. A heavy investment in untargeted marketing and publicity does mean that the agency will need to hire good front line staff to deal with the additional inquiries. A TISI should also supply appropriate content to support media coverage of successful investment stories. |
| <strong>Lead generation and matchmaking</strong> | With a platform of a supportive business environment and a positive country brand, the TISI can be more effective at identifying specific sectors, projects or businesses that are investment ready, and potential foreign investors. Matchmaking foreign investors to local opportunities require networks, business acumen, credible and expert staff. Traditional B2B events can be one method of generating leads, but it is important to recognise that investment intentions by multi-nationals are often highly confidential. This means that matchmaking is often the result of lengthy discussions and needs analysis behind closed doors. The credibility and integrity of the Investment Agency staff is paramount. Lead generation can take the form of a pipeline of potential investors, moving through a funnel towards matchmaking, proposal and confirmation. As the funnel narrows, and the number of leads moving to the next stage decreases, the quality of the information of potential economic impact improves, as does the likelihood of a positive outcome. Managing this pipeline and maximising the return requires excellent customer relationship management practices, behaviours and tools. |
| <strong>Facilitation</strong> | This refers to the assistance to an investor in obtaining information to support decision-making, establishing a business, building networks, accessing suppliers, obtaining approvals, finding and evaluating sites etc. This sometimes takes the form of a “one stop shop” designed to provide a single point of entry for all government related investment approval and execution processes. This saves time and money for investors but to do this well requires a willingness by the other actors in the process to work alongside the One Stop Shop (eg. Independent government departments may find they lose the ability to charge additional fees) Investment decisions are often made based on the ease of doing business, so this can justify the establishment of facilitation processes, collaboration agreements, special zones, international treaties etc. But in many cases, these can also significantly |</p>
<table>
<thead>
<tr>
<th>Capacity building of investment partners and suppliers</th>
<th>Traditional FDI involves “greenfields” investment in large infrastructure projects or production facilities, or a multinational expanding its distribution and retail network. However, when growth capital (either equity or debt) is in short supply locally, it makes sense to also target potential investors interested in partnerships or joint ventures with local businesses for mutual benefit. This approach can bring significant non-monetary benefit to the local company through leadership experience, international networks, technology and IP, credibility, governance, ambition and risk appetite. This partnership or equity based approach (see Question 6) will only succeed if the Investment Attraction Agency is also able to build the investment-readiness of potential local partners. This might involve training in the different types of capital, improving the balance sheet, carrying out due diligence, preparing and investment business case, perfecting the pitch, protecting intellectual property, legal checklist etc.</th>
<th>Benefit local companies seeking to grow and internationalise.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aftercare</td>
<td>Even once the investor has moved and begun production there is still plenty of follow up and support work that is required. It requires less effort to maintain or increase the investment of an existing investor, than to identify and convert a new one. Furthermore, it is important to keep a meaningful and trusting relationship with investors for years after the investment has taken place in order to obtain data and attribution to support impact reporting. Furthermore the long term economic and social gains may not accrue unless the Investor is well supported with competent local suppliers, has support to deal with any conflicts or arbitration needs, and benefits from supportive international trade, investment and tax treaties.</td>
<td>The aftercare support of an existing investor requires similar service offering, tools and staff competencies as the TSI support to highly capable exporting companies. Investors using the host country as a base for further export can become the trail-blazers for locally grown businesses in the same sector. They provide credibility, profile and networks that support the ambitions of the sector as a whole.</td>
</tr>
<tr>
<td>Access to international networks and reciprocated service offerings</td>
<td>There is a logical reciprocity between investment attraction and trade promotion agencies across borders. A company in Spain seeking to expand into Africa may be interested in setting up production in Morocco. This company is of equal interest to the TISI in Spain as an export considering Outward Direct investment, and to the Investment Attraction Agency in Morocco keen to support the investment in Morocco and the further sales expansion into Africa. There is therefore value in formal and informal agreements between Trade Support and Investment Promotion Agencies of different countries. IPAs compete, but TSI and IPAs can collaborate.</td>
<td>Across borders IPAs often compete for the same potential investors. But it makes sense for trade Support Institutions with ODI in their mandate to build collaborative networks with the Investment Promotion Agencies globally</td>
</tr>
</tbody>
</table>

The investment attraction tools listed in Question 5 can be combined, organised and delivered differently depending on the context, strategy, structure, resources and competency set of the agency. A TISI can select the combination of approaches that makes sense for them, aligned with their strategy and the high level government goals. Most of the examples set out below would require the application of all of the tools identifies in Question 5.

<table>
<thead>
<tr>
<th>What</th>
<th>Detail</th>
<th>Example or further reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internationalisation Services for ODI – Internationalisation</td>
<td>Supporting companies to make investments abroad to improve competitiveness and engage in global value chains. Doing this well is a critical success factor for business internationalization and integration in global value chains, but is often discouraged by government policy makers who see it as offshoring with possible loss of local jobs and value creation.</td>
<td>An ODI service line providing information, partner identification and legal support to local companies seek to grow by investing abroad. This would be appropriate for an economy with a number of mature exporters, ready to develop a multinational footprint, while repatriating profits and supporting local suppliers. Some TISIs have cost calculators for companies considering this next step. <a href="http://www.icex.es/icex/es/navegacion-principal/exportadores-habituales/mercados/simulador-costes-de-establecimiento/index.html">http://www.icex.es/icex/es/navegacion-principal/exportadores-habituales/mercados/simulador-costes-de-establecimiento/index.html</a></td>
</tr>
<tr>
<td>Broad marketing campaigns</td>
<td>Broadly based promotional campaigns based on policy and fiscal position for greenfield investment. Where overall awareness of a country is low, or where there have been changes to the investment conditions that are not widely known it may make sense to invest in a broad-based media campaign with global reach</td>
<td>Macedonia and Turkey, among many others, have invested in this way with very high profile marketing campaigns. <a href="http://www.balkaninsight.com/en/article/cnn-launches-eye-on-macedonia">http://www.balkaninsight.com/en/article/cnn-launches-eye-on-macedonia</a> <a href="https://www.youtube.com/watch?v=zO">https://www.youtube.com/watch?v=zO</a> fmEcq3c38</td>
</tr>
<tr>
<td>Sector or Value Chain based promotion</td>
<td>Building information and promotional activities that focus on competitive advantage in specific sectors or activities, including regions. The approach implies targeting investment that brings value addition, new technology or infrastructure to support increased export capacity of priority sectors.</td>
<td>Marketing material profiling global competitive advantage in specific sectors. These are used in Embassies, at sector trade fairs and to supply content media inquiries or campaigns. These sector based approaches are the standard way of organizing information on TISI websites. <a href="http://www.international.gc.ca/investors-investisseurs/secteursecteurs/industriels.aspx?lang=eng">http://www.international.gc.ca/investors-investisseurs/secteursecteurs/industriels.aspx?lang=eng</a></td>
</tr>
<tr>
<td>Targeted Account Management of Multi-nationals</td>
<td>More specific still this approach adopts account management of targeted multinational. Investment propositions are made based on a deep understanding of the MNC needs and a strong relationship built at senior levels.</td>
<td>Research into a pipeline of MNCs looking for specific opportunities to pitch investment as a solution to a identified need. This detailed research by MNC is kept out of the public domain, but this article about MNC decision-making is of interest in this regard. <a href="http://www.turkishweekly.net/2010/03/16/article/factors-of-investment-decision-for-multinational-corporations-the-case-of-turkey/">http://www.turkishweekly.net/2010/03/16/article/factors-of-investment-decision-for-multinational-corporations-the-case-of-turkey/</a></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| Project-based PPP – Infrastructure Investment | Actively seeking investment partners for specific fully costed projects. This is a valid and popular approach when foreign capital is needed for major infrastructure projects. These may be influenced by geo-political and broader economic partnership ambitions of the governments of both the investor and the host countries. Government involvement at very high levels is normally a pre-requisite for success. | [www.mckinsey.com/~/media/McKinsey/dotcom/.../Infrastructure/.../UsingPPPs.ashx](http://www.mckinsey.com/~/media/McKinsey/dotcom/.../Infrastructure/.../UsingPPPs.ashx)  
| Real estate and property management Special Zones | Establishing and operating special duty free zones for re-export. This approach is needed when local regulations on business ownership and fiscal policies are dis-incentives to investment. | [http://www.tangerfreezone.com/](http://www.tangerfreezone.com/)  
[http://www.uae-embassy.ae/Embassies/ca/Content/1151](http://www.uae-embassy.ae/Embassies/ca/Content/1151) |
| B2B Business matchmaking: Capital attraction for individual businesses | Actively seeking and matchmaking early stage or growth capital for specific companies. Smart investment is preferred bringing money, but also management skills, international networks and a willingness to accept risk. May involve specific outreach to diaspora. This approach is used when local sources of equity capital are thin, and growth capital for businesses has become a major constraint for export growth. | [http://www.calvertfoundation.org/blog/483-engaging-diasporas-in-development-through-investment](http://www.calvertfoundation.org/blog/483-engaging-diasporas-in-development-through-investment)  
| Representation and Advocacy: Lobbying to improve the Macro-economic conditions | Understanding investment decision-making criteria, acting as a bridge between investors, local business and local and national government, and delivering a plan of action to improve the attractiveness of the country as an investment destination. | Positioning papers and contributions to investment attraction strategies provide TISIs or local economic development agencies an opportunity to represent the interests of their business constituencies. [http://www.melton.vic.gov.au/Services/Business/Investment-Attraction-Strategy](http://www.melton.vic.gov.au/Services/Business/Investment-Attraction-Strategy) |
Question 7: What sort of investment attraction activities should we focus on?

A study carried out in 2004 by the Foreign Investment Advisory Service\footnote{FIAS Occasional Paper 16. Jacques Morisset and Kelly Andrews-Johnson, 2004, The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment. The World Bank \url{http://elibrary.worldbank.org/doi/abs/10.1596/0-8213-5606-2}} was the first empirical study on the effectiveness of investment promotion activities. Their conclusions can be summarized as follows:

Investment promotion works – it is correlated with increased FDI flows in most countries

Government funding to support the promotion activities has to be sufficient, with recognition that the payback time lag may be long

Investment success is dependent on the investment climate in the country and income per capita. Before investing in promotion, governments should improve the investment climate.

Different types of investment attraction activity have different levels of effectiveness. Most effective and often under-resourced are policy advocacy activities. Least effective and often expensive is investment generation activities, especially when these are not well targeted.

\url{http://elibrary.worldbank.org/doi/abs/10.1596/0-8213-5606-2}

So the key is to begin by advocating for an attractive investment and business environment, then to bring in other activities. ITC experience would suggest that investment generation activities deliver an improved return when they are well prepared and well targeted, including building the investment readiness of investment and supply chain partners, creating bankable investment projects and spending many years building knowledge of and trusted relationships with potential investors. A possible approach is set out below:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Year 1-2</th>
<th>Year 2-3</th>
<th>Year 3 - 5</th>
<th>Year 4 -7</th>
<th>Year 6 - 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODI</td>
<td>Depends on number and readiness of internationalising firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic campaigns</td>
<td>Preparation</td>
<td>Priority</td>
<td>Replace with targeted promotions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector or Value Chain</td>
<td>Preparation</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi nationals</td>
<td>Preparation</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project-based PPP</td>
<td>Preparation</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Zones</td>
<td>Preparation</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2B Business matchmaking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lobbying</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building</td>
<td>Preparation</td>
<td>Priority</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A note on generic country branding

A well-considered nation branding campaign can build curiosity about a largely unknown country, or correct misconceptions about a known one. When seeking investment, government agencies benefit by the gentle “warming up” of knowledge and interest in a country delivered via an effective country brand strategy whether specific to investment attraction (Invest in Macedonia) or a broader fit with tourism, migration, trade and investment (I feel Slovenia).

However, untargeted branding carries a number of risks:

It is very difficult to deliver a generic message that works equally well for all sectors. There will need to be recognition that a brand based on a low carbon footprint will not encourage investors in the mining sector.

Promoting an attribute that cannot be backed up with evidence carries reputational risk. (See graph). This can be mitigated by building into the brand story the idea of a journey of improvement, but this must still be based on reality not aspiration.

A brand strategy involves not just a tag line, but also the complex positioning of a country as a complex product. However, it is almost impossible to “tweak” a country the way you would a product to align with a brand positioning. (eg you might have to change laws, history, place names…)

http://www.brandingstrategyinsider.com/2010/05/countries-are-not-brands.html#.V7rpiT_RaUk

A brand strategy with enough reach to have any impact at all can be extremely expensive, with a high opportunity cost. And the benefits are almost impossible to measure with any real attribution, except by a shift of a place or two in a country brand index. http://fbwebsite-staging.futurebrandlabs.com/cbi/2014/
Question 8: What do I need to consider in terms of strategy, structure, performance measurement and partnerships?

In merging any major new function into an existing organisation a number of shifts need to take place with implications for existing and new parts of the business.

**Strategic Parameters**

Before embarking on investment attraction activities it is important to understand what sort of investment should be prioritised for maximum economic and social impact. This means incorporating investment into the broader organisational strategy, and, given that a new set of strategic trade-offs will be in the mix, probably means re-writing the strategy. As a result of the strategic process of segmenting and prioritising businesses, sectors, markets, projects, stakeholder objectives etc it should become clear to all staff with investment responsibilities how they should be focusing their attention. This will require clear criteria defining strategic or “smart” investment. It is likely that these criteria will include:

- Investment into priority sectors for diversification
- Investment into sectors with a high multiplier effect, ie highly integrated into local supply chains and with good levels of profit retention
- Investment in priority regions
- Investment that brings skills, infrastructure, networks or technology to improve global competitiveness and build export capacity.
- Investment from countries aligned with geo-political objectives
- Investment that will enhance the country brand and reputation
- Other criteria based on broader government objectives (eg job creation, infrastructure requirements etc)

**Structure**

Integration of investment and trade functions can take many forms. The structure of a TISI should reflect its strategy, and facilitate cross team co-operation. TISIs often find themselves working across three dimensions as follows:

Customers: This includes several segments of current or potential exporters, as well as segmented potential investors. People, services and activities offered by the TISI differ by the level of maturity or specific need of the business customers.

Sectors: Grouping activities and business support by sector, building coalitions or clusters based on sectors, industries and/or value chains.

Geographies: Managing activities and people based their location both domestically and regionally and segmenting activity by target international market, or by regions within the country that need support or offer specific competitive advantage.
Within these organising alternatives, investment activities are often grouped into a separate division. Although this may be justified on some grounds (e.g. for the protection of confidential information) the advantages of combining trade and investment activities are maximised when investment knowledge, networks and resources are more profoundly integrated into the other divisions. This means having investment people working in regional and international teams, alongside exporting businesses in customer teams, and contributing and building expertise in sector teams.

These three dimensions and the hybrid structures that derive from them, mean that most projects need to combine resources and work across teams. In essence then, the final structure is less important than the quality of project team engagement and the overall culture of shared knowledge and shared resources.

Our strategic priority was to export more value added food to the Middle East. We built a project team from across our organisation: sector experts, business capacity building advisors, Middle East market experts. We planned a stand and B2B meetings at Gulf Food to profile the high quality products from our country. A week out, we realized that many of the Multi-nationals signing up for meetings with our exporters were also very interested in investing in food production in our country. We quickly brought in some specialists from the investment team. As well as delivering great results against both our trade and investment objectives, all members of the project team benefited from the chance to learn from each other. We should have bought the investment specialists in from the beginning! (TISI Agribusiness Sector Director and Project Manager)

Portfolio and pipeline management

A strategy for a TISI needs to consider the time frame required for results. Is it more important to work with capable exporters in mature sectors in familiar markets in order to deliver economic results fast, or is the role of the TISI to pave the way into emerging markets, build the capacity of future exporters, and grow competitive advantage in new sectors? This latter choice implies taking on risk, and delaying results. Of course, a TISI will end up trying to do both and will operate like a private sector firm across the three strategic horizons described by McKinsey. 15

Implied within the three organising dimensions (customer segment / sector / geography) outlined in the previous section are decisions about prioritisation of resource across the three horizons. The segmentation of investment targets and the portfolio and pipeline management of the Investment team also need to reflect this.

Investment leads need to be identified, reviewed for strategic fit and levels of commitment, then as engagement builds, reviewed again to test the likelihood of conversion, size of the investment and score against the parameters defining “smart investment” (see previous section). Good portfolio management will seek to maximise return at a given appetite for risk, and may imply diversification or concentration of effort along with a regular review and rebalancing.

Over time, the conversion rate from lead to investor will guide thinking about the necessary size of the pipeline to meet targets, the resources necessary to do this, and the factors (internal and external to the TISI) that enable success. This is classic sales pipeline management and there are a number of guides, tools and knowledge resources that can be applied to attracting investors.\(^{16}\)

On the supply side of the equation an Investment Attraction agency also needs to build a pipeline and portfolio of investable projects. This involves identifying sectors with global competitive advantage, infrastructure projects ripe for PPP, thriving business seeking equity capital, and supply chains ready to step up the value chain. Then by shaping and refining the investment offering, and filtering the pipeline for investor matches, and providing opportunities for B2B, the agency successfully creates the double pipeline, matches supply and demand, and effective matchmaking can occur.

**Performance measurement for investment attraction activities**

Measuring the performance of the pipeline, the direct and indirect benefits of investment and the efficiency and effectiveness of internal processes are critical scorecard elements allowing an organization to learn, demonstrate results, improve credibility and motivate staff. Based on the strategic horizons discussed above, a balanced set of indicators are required that demonstrate progress towards long term goals with longer lead times as well as evidence-based attributable results with a social and economic impact. If resources are available, formal econometric studies done by objective experts can provide credibility to the internally collected metrics and additional insights for continuous improvement.

Over many years of working in and with TISIs, ITC has identified a set of 66 performance indicators that are in common use.\(^{17}\) Most of them are common to all parts of a TISI, but some are specific to investment attraction. The table below sets some of these out as an example.

---


17 ITC has developed a toolkit and methodology to support TISIs to implement a comprehensive performance measurement system. Contact us for more information. [http://www.intracen.org/itc/trade-support/impact-assessment/](http://www.intracen.org/itc/trade-support/impact-assessment/)
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Intent</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td># new potential foreign investment partners identified</td>
<td>Ensure that there is a pipeline of investment partners</td>
<td>Count of new potential foreign investors identified and added to the pipeline</td>
<td>Quality control is necessary. Check that data in the pipeline is to required standard. Use with indicator #FDI completed, to provide a pipeline conversion rate.</td>
</tr>
<tr>
<td># FDI investments completed</td>
<td>Mark progress towards creating new wealth and jobs through the successful completion of investment projects.</td>
<td>Count of investment projects fully signed off by the investor including information on pledged jobs and investment value</td>
<td>Use with indicator # new potential FDI partners to provide a pipeline conversion rate. Balance with an indicator on $ value of investments to drive impact and provide average deal value information</td>
</tr>
<tr>
<td>$ FDI</td>
<td>Demonstrate results from FDI activities, identify and reward effective projects and teams.</td>
<td>Value of confirmed investment by foreign investors as a result of assistance from the TISI over a given time period or for a specific project. Use local current or a standardised equivalent (eg USD)</td>
<td>Claims of financial outcomes must be backed up with objective evidence justifying the claimed amount e.g. business case from the investor, signed declaration. There should also be evidence of attribution of success to the support offered by the TISI.</td>
</tr>
<tr>
<td># jobs pledged by foreign investors</td>
<td>Track the likelihood of impact on job creation as a result of investment attraction activities</td>
<td>Count of Full Time Equivalent (FTE) jobs pledged by investors as a result of TISI assistance</td>
<td>Use with indicator # jobs created due to investment activities to provide a conversion rate of pledged to actualised jobs.</td>
</tr>
<tr>
<td># jobs created due to investment activities</td>
<td>Demonstrate the impact of investment on job creation</td>
<td>Count of FTE jobs created as a result of investment attraction activities by the TISI</td>
<td>Use with indicator # jobs pledged to provide a conversion rate of pledged to actualised jobs. Obtaining quality data for this indicator is difficult, costly and has a built in lag. Some kind of checking process should be evident to confirm actual job numbers and contribution by the TISI to this outcome. Good data is often dependent on good quality aftercare. This indicator should therefore be supported with an indicator on aftercare visits and quality.</td>
</tr>
<tr>
<td># aftercare visits</td>
<td>Recognise the importance of existing investors remaining and growing their investment. Support the maintenance of strong relationships with completed investment projects to capture and attribute ongoing direct and indirect benefits.</td>
<td>Count of visits paid by investment staff or senior representatives of the TISI to existing foreign investors with a view to maintaining or growing investment</td>
<td>Visit defined as in person, teleconference or video. A quick email is not sufficient. Balance with an indicator about the quality of aftercare derived from a regular investor satisfaction survey.</td>
</tr>
<tr>
<td>% satisfied in specific investor</td>
<td>Demonstrate the role that the TISI has in % of investors responding satisfied or</td>
<td>Use to balance the indicator on # aftercare visits to ensure both</td>
<td></td>
</tr>
</tbody>
</table>
satisfaction surveys supporting investment outcomes. Learn and improve service offering based on disaggregated results. Balance indicators that drive quantity with a check on quality.

very satisfied with the overall work of the TISI or with a specific service (e.g. information, matchmaking, lobbying, aftercare...)

quality and quantity of visits are considered.

New partners for delivery and outreach
Taking on new responsibilities in investment attraction is an opportunity to review the partners providing information, outreach and delivery support. As with trade promotion activities, banks are likely sources of new customers and sponsorship. Investment attraction often involves targeting large multi-national companies, involving a different set of banks and at a different level. Also worth specific consideration is the value that can be derived from a network of Trade and Investment Support Institutions working together. The internationalising firm, seeking support for ODI from their national TIPO, is, after all the potential FDI investor for a TISI in the destination country.

The breakthrough to achieving our strategic objectives for trade growth in Europe came when we signed an agreement with a Trade and Investment Promotion Agency in Europe. Businesses that we helped to set up operations in their country then became export clients of the host agency, able to call on all their resources to expand further. (CEO of a Trade Promotion Agency)
Question 9: How does the skill set change for front line staff?

TISI staff members engaging with potential investors need to have a set of competencies that may differ slightly from those required by trade promotion teams and export development teams. Success in investment attraction will require 3 different types of skills sets involving strategic identification of opportunities, long term engagement at senior levels of very large organisations, a solid understanding of business strategy, finance and decision-making, and the ability to understand business needs, and shape and describe a solution in terms that are meaningful. These are senior sales roles, which require a degree of technical expertise across several sectors, high levels of cultural intelligence, and the patience and persistence to work within a long lead time for results.

Depending on the size of the organisation and the skills available these competencies may all be required in a single person, or available within a project or account team.

Sorting the Korn Ferry Leadership Architect™ competencies against this job description results in a set of mission critical and other important attributes. The table below sets these out (with a few adaptations) along with some suggestions of competency-based interview questions.

<table>
<thead>
<tr>
<th>Skill set description</th>
<th>Competency</th>
<th>Adapted Definition</th>
<th>Interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDERSTANDING</td>
<td>Mission Critical: Business Insight</td>
<td>Applying knowledge of business and the marketplace to advance the organisation’s goals and those of potential investors</td>
<td>Tell us about a time when you had to understand quickly what was driving the business you worked for, or the business of one of your customers. What was the situation, what did you do to improve your knowledge and what was the result?</td>
</tr>
<tr>
<td></td>
<td>Strategic Mindset</td>
<td>Seeing ahead to future possibilities and translating them into breakthrough strategies to attract FDI</td>
<td>How do you keep up with international trends and global competition?</td>
</tr>
<tr>
<td></td>
<td>Global Perspective</td>
<td>Understanding global trends and taking a broad view when approaching issues, using a global lens.</td>
<td>Can you provide an example where your global perspective helped to solve a problem?</td>
</tr>
<tr>
<td></td>
<td>Financial Acumen</td>
<td>Interpreting and applying understanding of key financial indicators to identify opportunities and support investor decision-making</td>
<td></td>
</tr>
<tr>
<td>ENGAGING</td>
<td>Mission Critical: Customer Focus</td>
<td>Building strong customer relationships and delivering customer-centric solutions</td>
<td>When was the last time you had to deal with a customer complaint? How did you handle it and what was the outcome?</td>
</tr>
<tr>
<td></td>
<td>Builds networks</td>
<td>Effectively building formal and informal relationship network inside and outside the organisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Instills trust</td>
<td>Gaining the confidence and trust of others through honesty, integrity and authenticity</td>
<td>Tell us about a time when you had to persuade others to change their position on an important issue. How did you go about it? How was the relationship impacted?</td>
</tr>
<tr>
<td></td>
<td>Interpersonal savvy</td>
<td>Relating openly and comfortably with diverse</td>
<td></td>
</tr>
<tr>
<td>Competency</td>
<td>Description</td>
<td>Example</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>-------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td><strong>Groups of people</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Persuades</strong></td>
<td>Using compelling arguments to gain the support and commitment of others</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DELIVERING</strong></td>
<td>Marshalling resources, solving complex problems and satisfying both investor and organisational objectives</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mission Critical:</strong></td>
<td>Taking on new opportunities and tough challenges with a sense of urgency, high energy and enthusiasm</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Action Oriented</strong></td>
<td>Anticipating and balancing the needs of multiple stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balances Stakeholders</strong></td>
<td>Making sense of complex, high quantity and sometimes contradictory information to effectively solve problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Manages complexity</strong></td>
<td>Securing and deploying resources effectively and efficiently</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Resourcefulness</strong></td>
<td>Describe an occasion when you shared resources (people, money, contacts) for a greater good? How did you go about it? What was the outcome?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note that new skills may also be required in corporate support roles, in particular knowledge of international investment law and arbitration, tax treaties, co-production agreements, capital regulations, intellectual property laws etc.

In comparison with the competencies required for a traditional trade support customer-facing role supporting small and medium sized businesses to grow and internationalize we find that investment staff need to be:

- More persuasive
- More strategic
- Better at building networks
- Better financial skills
- Better interpersonal skills
- Better at balancing stakeholders

If transferring existing trade staff to investment roles, look for those who have particular strengths in these and similar competencies.
Question 10: How might corporate culture be affected by a merger or closer collaboration between Trade and Investment?

Merging two functions into a single organisation always brings with it the risk of conflict between organisational cultures. For a merger between Investment and Trade functions the conflict is likely to come from the following challenges, which can mean that export-focused staff perceive investment-focused staff as privileged:

Balancing a requirement for shared knowledge and transparency with the need to respect confidentiality requirements for sensitive information. This may result in parts of the CRM or other knowledge management system being accessible to a limited user set.

The specific set of competencies and the level at which they must be present, can lead to a remuneration differential between export-focused and investment-focused staff. This can also undermine the ability of different team members to work in projects as peers.

The types of activities used to attract investors, especially high net worth individuals, are often high profile, highly engaging and bring personal benefit to those involved (eg corporate boxes at major sporting events). To make things worse, it is very difficult to prove the return on investment from these activities.

The long lead times for major investment projects mean that investment-facing staff may not be held to account for outcomes at the same rhythm as export facing staff.

If these issues are not recognised and resolved, they can lead to internal conflict, reduced information sharing, lower levels of innovation and a drop in employee engagement.

*It was all very well for the Investment team; they went off to football games and superyacht regattas to chat up the rich and famous, with nothing to show for it. We were the ones grappling with logistics in India or regulations in the USA on behalf of exporters who were struggling to survive. We were the ones making a difference to our country.* (Export development advisor)
Stories from the Customer Perspective

The stories on the following pages describe existing offerings from Trade and Investment Promotion Organisations from the point of view of the business beneficiary. It is noteworthy that in all three examples the decision to invest was based on both financial and non-financial elements, including some elements that are highly personal, or emotional rather than rational.

*Information about the service offering is gathered from information in the public domain, but the examples are fictitious and for illustrative purposes only. Any resemblance to real companies or real investment cases is entirely co-incidental.*

**Case Study 1: ODI support: Spain and Morocco**

http://www.icex.es/icex/es/navegacion-principal/exportadores-habituales/informacion-de-mercados/simulador-costes-de-establecimiento/index.html

http://www.invest.gov.ma/?lang=en

**Case Study 2: Capital-Raising in New Zealand**


**Case Study 3: Sector promotion for strategic growth**

http://www.zda.org.zm/?q=content/agriculture


Case Study 1: ODI support in Spain
José runs a large Spanish company making home furnishings using traditional designs and colours from Andalusia. His main market is high quality tourism sales within Spain including museum and gift shops, airports and hotel boutiques. By catering to the tourism market he is contributing valuable foreign exchange to the economy.¹⁸

And lately he has seen his market growing beyond Spain with a very large order placed recently from a department store in Japan. He has already taken on some more designers and sales staff, and he may have to expand his small factory.

Despite this growth, he is struggling. Margins are already very tight, and his buyers are pressuring him to lower prices still further. Unless he can reduce his production costs as part of this expansion, he may have to go out of business altogether, adding 40 more people to the already high list of unemployed in his community.

José raises this issue with his contact at ICEX, the Spanish Trade Promotion Agency, who have already been very helpful in the process of securing the order from Japan. He is directed to a user-friendly cost calculator, available for registered users on the ICEX website. http://www.icex.es/icex/es/navegacion-principal/exportadores-habituales/informacion-de-mercados/simulador-costes-de-establecimiento/index.html.

This suggestion completely changes Jose’s thinking. He could keep his 40 staff in Spain, focus them on design, logistics, sales and small run customised production. Then invest in a new factory in a lower cost environment, maybe even opening up a new market at the same time. But how could he reconcile off-shoring production with the authenticity of Spanish-made product for the tourism market?

But in scrolling through the countries in the cost calculator he has an idea. The production costs and tax advantages in Morocco seem to be interesting, and it is such a short flight away that he would be able to manage two locations easily. http://www.invest.gov.ma/?lang=en. Better still; given the history of the Andalusian region, he could rebrand his Andalusian range as a modern reflection of that history and a collaboration between Morocco and Spain. And why not branch into a new range for the North African market?

The cost calculator supports his financial modelling to check whether this could be a reasonable option. Morocco isn’t necessarily the cheapest, but there are other compelling factors. And it makes enough of a difference to his production costs to give him real hope for the future of his business.

Luckily ICEX has a good relationship with the Moroccan Investment Agency. José is quickly referred to a local investment facilitator in the north of Morocco, who helps with an initial fact finding mission, provides detailed information on local taxes, regulations, labour standards, logistics and potential suppliers, identifies some possible sites, and introduces him to other Spanish companies that had made the same choice. Within 12 months, his new production unit is up and running. He keeps all his team in Spain, and hires 20 more in Morocco, including a local designer to create the new range. Problem-solved!

¹⁸ The case studies and quotes included in this report are fictitious and designed to be illustrative only. They are based on known cases, but are adapted for the purposes of this document and are entirely non-attributable. Any resemblance to actual cases or actual statements is entirely co-incidental.
Case Study 2: Capital raising skills development in New Zealand

Penny has a good problem. Her start up business designing and delivering yoga and gym sessions for dogs and their owners is growing much faster than she expected!

Her latest video went viral and she has been getting requests from all around the world to buy licenses or set up franchises. This was intended to be some fun with a group of friends and now it is becoming a real business. Her marketing degree and work experience in the IT sector are paying off, and she believes that she might be onto something great. But while she is investing in building the business, she is not earning income, so cash flow is suffering. And frankly, what does she know about selling franchises in California?

At a barbecue, a fellow guest tells her that they have signed up for a capital skills course with NZTE. Penny checks out the website, and phones up the business development agency the very next day!


After filling out a questionnaire to confirm her details and the size and capacity of her business, Penny is sent information about the first stage of the programme. She leaves the course knowing that she needs some growth capital fast, and ideally capital that will also bring management and financial skills with it. And maybe some international connections... She also comes to terms with the fact that if equity capital is the answer, then she will have to give up a degree of ownership in the business. So the relationship will have to be a good one....

The second step, with the help of NZTE advisors, is to prepare a capital plan to improve the business as much as possible and to present it in terms that are meaningful to a potential investor. She realises also that investors are as interested in the people behind the business as the business itself, so she takes care to update and improve her LinkedIn profile.

The third step is to use the NZTE connections to identify potential sources of investment, prioritise these and prepare specific pitching material. Specialists help with practicing the pitch until it is perfect. She is connected by NZTE into Angel networks in New Zealand, and has a skype meeting with the NZTE Investment attraction team in San Francisco and Los Angeles. The very next week she gets an email from San Francisco. Within the contact list of the New Zealand Consulate General is a self-made tech billionaire with a kiwi husband who is mad about both dogs and yoga. As a sign of commitment to his new husband he is keen to invest in a New Zealand start up, and wants to find out more. The first conversation is positive and a few weeks later Penny is on a plane to meet them both.
Case Study 3: Sector promotion for strategic growth.
Miyoba is enjoying life in Europe especially her work in product development and marketing for a large functional food company based in Switzerland.

Competition in the sector is getting tight, and Miyoba is constantly seeking new product lines to strengthen the range. The trouble is that the really innovative products using unique local ingredients are often sourced from remote places where logistics is difficult, and where European production and quality standards are hard to meet.

Miyoba regularly searches online and in social media to see what is trending in functional food. The best source of information about functional food businesses, clusters or ingredient suppliers seems to be government agencies promoting investment opportunities in their countries. She scrolls through the information on Zambia, to see what her own country is suggesting in this area. Canada and Turkey also catch her eye.

http://www.zda.org.zm/?q=content/agriculture

But the breakthrough comes when a cousin comes to stay with her, bringing a gift of honey from Zambia. This rare 100% organic honey is found in the remote Miombo forests located at the head of the Zambezi River in Zambia. The indigenous people use wildcrafting traditions dating back 500 years to produce this tropical blossom honey rich in bioflavanoids.


Miyoba contacts ZDA to find out more about the honey sector, as honey is not covered in the sector profiles. She discusses her need to find capable export suppliers meeting European standards and realises that it may be necessary to get more involved in order to guarantee good quality and regular supply. With ZDA’s help, Miyoba prepares a detailed business case for her employer with a number of options. The company decides to do full due diligence on one of these, again with ZDA in support.

The outcome is very satisfactory for all parties – a honey co-operative is established with support from UN donor funding, and a testing, processing and packaging plant is built close to the Miombo forest. The functional food company invests in the plant along with the co-operative and supports the UN Donor with safety equipment for use by the honey gatherers. This means that they build strong relationships with the suppliers, control the quality of the finished product, improve the vertical integration of their supply chain, and deliver on Corporate Social Responsibility objectives.

Miyoba, of course, is delighted. She is the proud owner of a new product line that touches her heart and supports her country.
**Concluding Comments**
Whatever the context, creating and leading change is difficult and disruptive. Experience tells us that combining Trade and Investment functions can require a shift in culture, new recruitment, new strategic decisions, and additional performance indicators.

Yet in so many examples, the positive synergies derived from combining trade and investment activities effectively and efficiently, easily outweigh the cost of a more complex organisation. From the perspective of the customer, the different functions are meaningless. They simply want the solution that works for their business, or for their personal objectives.

Organisational tools for changing behaviour

[Diagram showing organisational tools for changing behaviour]

Definition of FDI (Wikipedia)
Broadly, foreign direct investment includes "mergers and acquisitions, building new facilities, reinvesting profits earned from overseas operations and intra company loans". In a narrow sense, foreign direct investment refers just to building new facility, a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. FDI is the sum of equity capital, other long-term capital, and short-term capital as shown the balance of payments. FDI usually involves participation in management, joint-venture, transfer of technology and expertise. Stock of FDI is the net (i.e., inward FDI minus outward FDI) cumulative FDI for any given period. Direct investment excludes investment through purchase of shares. FDI is one example of international factor movements. A foreign direct investment (FDI) is a controlling ownership in a business enterprise in one country by an entity based in another country. Foreign direct investment is distinguished from portfolio foreign investment, a passive investment in the securities of another country such as public stocks and bonds, by the element of "control". According to the Financial Times, "Standard definitions of control use the internationally agreed 10 percent threshold of voting shares, but this is a grey area as often a smaller block of shares will give control in widely held companies. Moreover, control of technology, management, even crucial inputs can confer de facto control."

Suggested Reading and References
Trade regimes and spillover effects of FDI: Evidence from Uruguay - Ari Kokko, Mario Zejan, Ruben Tansini
How does FDI affect a host country's export performance? The case of China - KH Zhang - International conference of WTO
Foreign direct investment and exports The experiences of Vietnam - NT Xuan, Y Xing - Economics of transition, 2008 - Wiley Online Library
Industrial linkages and export spillovers from FDI - R Kneller, M Pisu - The World Economy, 2007 – Wiley
Export Growth in India: Has FDI played a role? - K Sharma - 2000 - aida.wss.yale.edu Online Library
Foreign direct investment: determinants, trends in flows and promotion policies - JW Cho
Trade, foreign direct investment, and international technology transfer: A survey - K Saggi - The World Bank Research Observer, 2002 - World Bank

Best-Practice Guide for a Positive Business and Investment Climate. OSCE, 2006
http://www.osce.org/eea/19768?download=true

Website pages referenced
www.mckinsey.com/~/media/McKinsey/dotcom/.../Infrastructure/.../UsingPPPs.ashx
http://www.icex.es/icex/es/navegacion-principal/exportadores-habituales/informacion-de-mercados/simulador-costes-de-establecimiento/index.html

https://en.wikipedia.org/wiki/Foreign_direct_investment


http://www.waipa.org/


http://www.invest.gov.ma/?Id=23

http://www.osce.org/eea/19768?download=true
Rationale

According to the Global Investment Promotion Best Practices 2012 report provided by the World Bank “the responsiveness of investment promotion intermediaries to investor inquiries is low with 80 percent of Investment Promotion intermediaries (IPIs) not responding to sector-specific investor inquiries. This translates into IPIs missing out on investment opportunities, even when investors come knocking on their doors. On the positive side, significant improvement in facilitation leading to winning new investment opportunities is possible even with limited resources”.19

Considering the low performance of many Investment Promotion Agencies (IPAs), several international Organizations and governments see the importance of measuring IPAs. To evaluate IPAs performance, governments often compare what they spend on promotional efforts against what they gain in FDI: numbers of projects established, jobs created, and dollars invested. In order to assess the performance of IPIs the World Bank developed the Global Investment Promotion Benchmarking (GIPB).

What is GIPB?

Piloted in 2005 by the Multilateral Investment Guarantee Agency (MIGA), GIPB was rolled out for the first time in 2006 covering 96 national economies. For GIPB 2009, the number of economies covered was increased to 181. For GIPB 2012, the number of economies has expanded to 189.

To evaluate IPI performance, GIPB mirrors the process commonly followed by foreign companies: it evaluates IPI Web sites for their usefulness in obtaining the information needed at the beginning of the site selection process, and it contracts site selection consultants to approach IPIs with potential investment projects and assess the quality of their responses.

GIPB provides a customized, confidential evaluation report to each IPI participating in the survey, with insights into their performance and tips for improvement. A copy of the report is e-mailed to each IPI CEO and the Ministry to which it reports. IPIs pursue their mission to promote FDI and facilitate the investment process through a range of activities—some proactive (e.g. advertising campaigns and promotional tours) and some reactive (e.g. problem-solving during project implementation). GIPB does not cover all IPI activities. However, its findings about how well IPIs provide information to prospective investors, one of their most critical functions, have broad implications for every aspect of investment promotion.

GIPB scores are presented as an index, with 100 percent being the highest possible score (Best practice: 81-100%. Good: 61-80%. Average: 41-60%. Weak: 21-40%. Very weak: 0-20%). The two components of the evaluation are:

- A Web site review, worth 50 percent of the total score, assesses the content, promotional effectiveness, design, and information architecture of each IPI’s Web site.
- Two investment project inquiries, each worth 25 percent of the total score, were simulated, one in the tourism sector and one in agribusiness. Using a mystery shopper approach, a site selection consultant asked IPIs for information about two investment projects on behalf of

an unnamed potential investor. IPI responses were then evaluated for their information provision and relationship management with foreign companies.

GIPB looks at four main characteristics of IPI Web sites:

Top 10 IPIs Best-Practice Web Sites in the World:
- ABA - Invest in Austria
- CzechInvest (Czech Republic)
- Austrade (Australia)
- Germany Trade and Invest
- Invest in Denmark
- Invest in Spain
- Investment Promotion Support and Promotion Agency of Turkey
- PRONicaragua (Nicaragua)
- Department of Investment Services (Taiwan, China)
- Hungarian Investment and Trade Development Agency

Providing best practice handling of project inquiries is generally more challenging for IPIs than getting a Web site right. But it is at the core of investment promotion and gives an IPI its best opportunity to directly influence investment decisions. To gauge how effectively IPIs respond to inquiries from potential foreign investors, GIPB looks at four main characteristics of their inquiry handling:

Top 10 IPIs at Inquiry-Handling:
- PRONicaragua (Nicaragua)
- Hungarian Investment and Trade Development Agency
- Invest in Greece Agency
- Invest in Finland
- Cyprus Investment Promotion Agency
- InvestHK (Hong Kong, China)
- ABA–Invest in Austria
- Invest in Sweden Agency
- Aicep Portugal Global
- Invest in Denmark
GIPB 2012: Eyes on Africa, the Caribbean and the Pacific

In accordance with the “GIPB 2012: Eyes on Africa, the Caribbean and the Pacific”, although on average higher than in ACP (African, Caribbean, and Pacific) economies, global IPI performance in GIPB 2012 mirrored ACP trends, with performance improving in Web sites but slipping in inquiry handling compared to GIPB 2009. As shown below, the overall average score of 31 percent for ACP economies was 10 percentage points below the world average.

Breakdown of GIPB 2012 Average Scores per ACP subregion compared to OECD High-Income and the World:

GIPB 2012 also found 10 ACP IPI Web sites that were very weak, plus 9 IPIs with no online presence at all. IPIs without a Web site were: Cameroon – Agence de Promotion des Investissements; Central African Republic – Ministry of Industry; Commerce and Promotion of Small and Medium Sized Business and Industries; Chad- Office de Promotion Industrielle du Tchad, Comoros; Eritrea Investment Center, Guinea-Bissau – Direcção de Promoção de Investimento Privado; Nauru – Commerce & Business Development Division, Department of Commerce, Industry and Environment; Palau Foreign Investment Board; and Tuvalu-Ministry of Finance and Economic Development.

In fact, 71 of the 77 ACP IPIs assessed (92 percent) did not submit a response to at least one of the two project inquiries. Only seven IPIs received a rating of average (41-60 percent). For the agribusiness inquiry, only 9 IPIs performed at an average level or above. With such poor facilitation, ACP IPIs will find it hard to advance to the next stage of consideration when competing against the world’s higher performing IPIs. Finally the GIPB 2012: Eyes on Africa, the Caribbean and the Pacific realized that since GIPB 2006, progress is slow. IPI scores in the Pacific, after improvement from GIPB
2006 to GIPB 2009, fell in GIPB 2012. This is of particular concern, as the remote locations of most Pacific economies make them particularly reliant on IPIs to raise their visibility with investors.  

**Monitoring & Evaluation of an IPA - Investment Generation Toolkit MIGA**

MIGA’s Investment Generation Toolkit states that “results or "outcomes" are usually quantified as economic benefit, for example, the value of the capital invested, the number of jobs created, or the increase in tax revenues. Quantified economic benefits are the strongest measure of an IPI’s performance. Other results, such as policy or regulatory changes in the investment climate, can also demonstrate performance if they result from the investment promotion intermediary’s policy advocacy”.  

It is not possible, however, to use such economic benefit calculations to measure these interim activities or inputs. As a result, IPI managers need to design and use other means to monitor the cost-effectiveness, quality, and utility of individual initiatives, as well as the organization’s overall efficiency. In this context, qualitative assessments are at least as important as quantitative measures.

Tracking which is integrated into the day-to-day practices of IPI employees minimizes demands on resources. It also means that tracking is more likely to be performed. There are many ways that monitoring functions can be incorporated into the day-to-day activities of the IPI’s staff. For example, when an inquiry is received, the staff should be trained to ask what promoted the inquiry. This question, if asked routinely, will yield valuable information about which promotional activities are - and are not - generating results.

**Conclusion**

IPA’s performance impacts the country’s ability to attract foreign direct investment. Several IPAs coming from the Caribbean, East and Southern Africa, West and Central Africa still have weak performance. According to the brief research presented above, currently, there are no available mechanisms to measure the overall performance (including all main investment promotion activities) of such agencies. Internationally, the World Bank provides the Global Investment Promotion Benchmarking, a mechanism that works for this purpose. However, it examines only one activity of investment promotion: "providing investors with the detailed, accurate, and timely information they need to select an investment location".

---

22 Ibid.
Section 4: UKTI Case Study “Double Hatting” Combining Trade and Investment Roles

COMBINING TRADE AND INVESTMENT ROLES

THE UKTI EXPERIENCE

The designations employed and the presentation of material in this document do not imply the expression of any opinion whatsoever on the part of the International Trade Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

This document has not formally been edited by the International Trade Centre.
Introduction: The purpose of the case study

There is an increasing trend to merge trade and investment promotion organizations (TPOs or TIPOs). This was a central topic at the World TPO conference in Dubai in November 2014. A recurrent message from the discussion, however, was that the required skillsets of trade and investment staff differed, and that agencies needed to consider and adjust accordingly.

It has been more than 10 years since separate national trade and inward investment organizations in the United Kingdom were brought together as UK Trade & Investment (UKTI). The new organization encountered and addressed the barriers that are typical in this kind of merger, including the pervading challenge of overcoming the cultural differences between the two organizations.

The International Trade Centre in Geneva (ITC) commissioned John Doddrell, a former director of strategy at UKTI (2002–2006) and head of UKTI’s Brazil network (2010–2014), to develop a case study about UKTI’s experience in managing dual trade and investment roles.

This case study is focused on the dual roles of ‘double-hatting’ (i.e. staff work on both trade and inward investment issues within their sector) that has been adopted by UKTI trade and investment staff, in their American network, and examines how effective this is in practice using the experience of UKTI’s New York and Atlanta offices. It will explore:

- The benefits and challenges of double-hatting in terms of sector knowledge, synergies, efficiencies and risks
- Differences in skill sets required
- Extent of double-hatting in the organization
- How the culture change was handled
- The training and upskilling that was required
- Impact on performance
- The overall customer experience
- Views of staff
- Lessons learned
- Applicability to other markets / other agencies

The information has been collected through interviews, observation and document review in UKTI’s New York and Atlanta offices, supported by desk-based research and further interviews in London. A range of key UKTI directors (and former directors), sector leads, staff, business representatives, customers and key stakeholders have been interviewed to ensure a well-rounded perspective of the successes, challenges and lessons learned.
The enthusiastic contribution to this study of UKTI and their stakeholders is acknowledged with gratitude.

**International context: Brief review of the trend to merge trade promotion and investment organizations**

As highlighted in a paper recently published by the ITC, there has been an undeniable trend in recent years of merger between Trade Promotion Organizations (TPOs) and Investment Promotion Agencies (IPAs). The paper identifies that this trend is more present in high-income countries and in small-population countries. Out of 50 TPOs coming from high-income countries, 66% are merged while 67% of TPOs from medium-sized and small countries are merged.

**Figure 1: TPOs from high-income countries**

![TPOs from high-income countries](source)


**Figure 2: TPOs from medium-sized / small countries**

![TPOs from medium-sized / small countries](source)

Mergers are seen as a way to rationalize resources while maximizing trade promotion and inward investment efforts. However, the paper notes that there is a key challenge in unifying the ‘diverse mentalities’ of the two types of organizations. For this reason, most mergers take the form of an umbrella structure with technical teams continuing to function separately. The ITC paper cites a view from the World Bank that ‘trade and investment promotion have different functions and demand therefore staff with different qualifications.’ The World Bank has also expressed concern that combining functions into a dual agency can dilute the IPA’s focus, while commenting that the techniques, timeframes, businesses and individuals targeted are generally different. The United Nations Conference on Trade and Development (UNCTAD) is cited as identifying possible pros and cons of merger, with the major advantages seen as cost saving, creation of synergies particularly in overseas offices and image building.

The ITC paper does not comment extensively on the business community’s perception of the benefits of merger except to note, in the context of the Swedish Trade and Invest Council, that merger is seen as an opportunity for Swedish companies to benefit from new forms of foreign direct investment (FDI) through international partnerships, strategic alliances and other forms of cross-border business cooperation.

UK Trade and Investment: An overview

UKTI is a government department working with businesses based in the United Kingdom to ensure their success in international markets, and also encouraging the best overseas companies to look to the United Kingdom as an investment destination. UKTI was formerly known as British Trade International, launched in May 1999 and comprising two parts:

- Trade Partners UK (for export) and
- Invest UK (for inward investment – FDI)

In October 2003, British Trade International became UK Trade & Investment.

UKTI uses a network of international trade advisers to provide support and assistance to new and existing exporters of goods and services, while staff in more than 100 markets overseas are available to support businesses in-market. It also leads an inward investment network, supported by strong

---


25 UNCTAD (2013), Optimizing government services: A Case for Joint Investment and Trade Promotion?
private sector expertise with sector specialists, to help overseas-owned firms locate and build their business in and from the United Kingdom.

Although the United Kingdom is the sixth-largest exporter in the world and the second-largest exporter of services, UKTI operates in a complex and challenging economic environment. Global trade has remained weak since the economic crisis of 2008–2009, which has affected many of the UK’s traditional developed-market partners. According to the International Monetary Fund (IMF), the annual rate of growth of global trade volumes slowed from 6.2% in 2011 to 2.8% in 2012 and remained almost flat in 2013 at 3%.

Against this challenging backdrop, the United Kingdom Government has set out to achieve ambitious trade targets that are seen as key to economic recovery. These include:

- Doubling the value of exports to GBP1 trillion.
- Getting 100,000 more United Kingdom companies exporting by 2020; and
- Developing an economic roadmap for 20 priority markets.

UKTI plays a central role in helping the Government to realize these goals. It works across government, together with strong regional and overseas networks and external partners, to provide companies with the help and support they need to enter new markets and aid them once they are there.

The Government’s plans to double exports go hand-in-hand with a push to increase inward investment. UKTI aims to contribute towards increasing the value of the United Kingdom’s inward FDI stock to GBP1.5 trillion by 2020. This includes export-focused investment to strengthen supply chains and create a virtuous circle in which FDI is translated into export activity. Its goal is to ensure that the UK remains the leading FDI location in Europe and becomes the leading FDI location in Europe for high-growth markets.

UKTI attracts, creates and sustains a pipeline of high-quality inward investment projects in business sectors key to the United Kingdom’s long-term competitiveness, and helps win investment for major domestic infrastructure and regeneration projects. Like export promotion, attracting FDI is critically important to the strength of the British economy. According to UNCTAD, the United Kingdom is the top country for inward FDI stock in Europe, with the value of inward FDI stock estimated to have passed the GBP1 trillion level in 2014. FDI stock is a stable measure of FDI, and demonstrates the long-term interest of foreign investors, and their confidence and commitment to the British economy. The United Kingdom rose in the 2015 AT Kearney FDI Confidence Index to become the third most sought-after country in the world for investment. This is the third consecutive year in which the United Kingdom has improved its ranking, further confirming the confidence and trust that the global business community places in the country, and signalling that this strong performance will continue in 2015–2016.
UKTI is working to combine the previously separate trade and investment teams in headquarters. All sector teams now cover both trade and investment, while joint teams have been in place for some time in the financial and professional business services and automotive sectors.

UKTI’s Strategic Relationship Management (SRM) programme, was created in 2011 to improve the coherence and focus of the United Kingdom’s relationship with both major investors and exporters that are crucial to the British economy. The SRM approach recognizes the complex and diffuse relationships that large companies have with government ranging across trade, investment, innovation and regulatory issues. It has, for the first time, brought together teams of officials from across Whitehall to form networks, led by a designated contact minister, that work with each company. These networks help to consider the interests and priorities of the individual companies involved, and to agree on a long-term strategy for generating continued economic benefit, regardless of whether that is achieved through further inward investment or trade.

UKTI directors in different countries around the world have been left to their own discretion as to how far and how quickly they wish to bring trade and investment operations together. Most teams are double-hatted at the top, i.e. director and deputy director level, but beyond that, and with the major exceptions of the United States of America and China, have not moved forward on this agenda.

**UKTI’s US network**

UKTI has one of its largest overseas networks in the United States, reflecting the size and sophistication of the economic relationship between the United Kingdom and the United States.
Both countries are each other’s single largest foreign investors, and the United States is the United Kingdom’s top export destination.

The UKTI team in the United States comprises a joined-up trade and investment operation based on a matrix of geography and sectors. Nominally, there are around 60 FTE (full time equivalent) staff allocated to FDI and a similar number to trade. But for any one individual, the split in time spent on trade or investment work varies – some are 50/50 while others are 70/30 – and a small number focus solely on trade or investment.

There are nine geographic trade and investment delivery teams based in the following posts:

- Atlanta
- Boston
- Chicago
- Houston
- Los Angeles
- Miami
- New York
- San Francisco
- Washington DC

There are also trade and investment sector teams covering:

- Advanced engineering and manufacturing (AEM)
- Biopharma
- Infrastructure
- Healthcare
- Information economy (IE)
- Financial professional and business services (FPBS)
- Creative and media (CM)
- Environment energy and infrastructure (EEI)

Additionally there is a catch-all Consumer and Industrial Trade Team and a Network Management Team.

Each individual who works for UKTI in the United States belongs to a geographical region and one or more sector teams.

On the trade side, they are measured by business wins (contracts won by British exporters that UKTI helped to facilitate measured in pounds sterling), and on service deliveries (number of services
provided to British exporters). Business wins is by far the most important of these measures. Each sector team is given a target that is then divided between the posts. They also have targets on inward investment successes, again divided between sectors and regional teams.

On the inward investment side, UKTI Headquarters in London sets targets for the United States network broken down by sector. It has recently moved to the same approach for the trade side. At the start of the planning cycle, there is an initial discussion between London and the UKTI management in New York leading to agreement on overall sector targets. It is then up to the sector leads within the United States network to figure out how those targets are achieved for both trade and inward investment. This involves a discussion with each of the regions in the American network to carve up the targets between the regions. Essentially, the regions provide a bottom-up offer designed to deliver the targets for each sector. Any shortfall between the bottom-up offer and the London target is resolved through a process of iteration. Overall, it is felt that the balance of this process is about right, and it seems to work. The key to a successful outcome is seen as involving the sector leads early, so they feel ownership of the process.

UKTI’s American network consistently delivers on both trade and investment targets. An example of an inward investment success story, supported by UKTI, is American technology company Nvidia, which opened its British mobile technology-engineering facility in Bristol last year. This is where Nvidia designs and develops its modem technology for smartphones and tablets. The company has been investing in research and development and highly skilled engineering jobs in the area since 2011. The Bristol-based team has doubled in size to nearly 200 people, with plans to recruit dozens more in 2015.

The UKTI team in the United States is headed by a director general, Danny Lopez, who is also British consul general in New York. In practical terms, the operation is managed by the UKTI director, Martin Cook, also based in New York. He is supported by two regional directors, one covering the West Coast and the other the East Coast, with heads of trade and investment (HOTIs) in each of the nine posts. Trade and investment officers (TIOs) report to the HOTIs, and are in turn supported by business development managers (BDMs) or business development associates (BDAs). Some of the TIOs are also sector leads, who coordinate the activity within their sector across the country and are responsible for delivery of sector targets and for dividing up sector targets between members of their sector team. While UKTI retains a separate leadership structure at managing director level in its London headquarters (there are still a managing director for trade and a managing director for investment), the sector teams in headquarters have recently moved to a merged, double-hatted structure. This merger has helped to simplify reporting lines between overseas networks and the London headquarters.

The origins of double-hatting of trade and investment roles in the US

The trade and investment teams were separate until 2006–2007. Staff who were there at the time commented that the two teams ‘never spoke to each other and did not know what each other was doing’. Synergies between trade and investment activities were neither recognized nor exploited. The first step in the change process was to merge the two director posts and then the HOTIs. This was followed by the creation of sector teams for a limited number of priority sectors, comprising
one trade and investment officer and one business development associate. Trade and investment teams were thus brought together through a process of rationalization, with officers able to apply for the merged posts.

Some staff who experienced the change considered double-hatting as a way to spread the limited UKTI resource further in the context of a very large economy with a lot of interest on both trade and investment activities.

**Extent of double-hatting**

Most staff in UKTI’s American network are double-hatted. There is some debate within UKTI, and different approaches among sector teams, as to whether double-hatting should be rolled out though all grades to include junior staff. In some sectors, such as financial services, the more senior trade and investment officers are double-hatted. However, they are supported by two business development associates – one for trade and one for investment. The CM and information and communications technology (ICT) teams work closely together and have three business development associates. One is double-hatted in the ICT sector, one is trade only for the CM sector and the other is investment only for Creative and ICT.

**What are the benefits and challenges of double-hatting?**

The following sections examine the potential benefits and challenges of double-hatting, in the context of the experience of UKTI’s American network.

When the policy of double-hatting in the American network was reviewed in August 2012, staff argued strongly for its retention, stressing:

- the enhanced sector knowledge derived from covering both activities
- synergies between trade and investment work that created opportunities which might otherwise not have emerged
- efficiencies derived
- benefits for the client and job satisfaction

**Sector knowledge**

Staff say double-hatting has deepened sector knowledge, which has served to increase professionalism and credibility with both trade and investment clients.

By looking at a sector from both the investment and trade perspectives, staff generally felt that they had a broader understanding of the issues. The energy sector was quoted as an example. Because it is a policy-driven sector, up-to-date knowledge and understanding of policy developments on both sides of the Atlantic were key to being able to help investment and trade clients. Arguably, policy developments in one country make more sense when considered in the context of policy in the home country. So, for example, the inward investment proposition to invest in renewable energy in the United Kingdom is greatly enhanced when the UKTI representative is able to explain British
energy policy not only on its own terms, but also in terms of how it differs from the United States with the consequent commercial implications that such differences might have.

**Synergies**
There is synergy in that the judges who assess the various potential investors are also used by UKTI to advise British companies entering the American market. Arguably, without the contact with the judges on an investment matter (i.e. competition), the relationship would not have developed to the point where such people would be willing to brief an incoming British trade delegation about opportunities in the American market. Other examples have been cited where a senior investment contact has been willing to take part in mission briefings, including in the energy and ICT sectors.

Another example is how trade missions are increasingly used to raise the profile of the United Kingdom as an inward investment destination. A reception held for a trade mission, at the Consul General’s residence, would include potential and current inward investors on the guest list. Such guests can be readily identified and welcome the invitation because the UKTI staffer organizing the trade mission is already known to the investor through investment work. One specific example was quoted about an American company, and potential inward investor, who was so impressed by how UKTI used a reception to promote British exports that he is now talking about investing in the United Kingdom himself to take advantage of that trade support from UKTI in entering third markets. The argument here is that, because the UKTI officer is responsible for both trade and investment services, the potential investor has become more aware of the trade services benefits that will benefit him if he invests in the United Kingdom.

Examples were given of how major American companies investing in the United Kingdom offered supply-chain opportunities to British small and medium-sized enterprises (SMEs). Having a strong relationship with American companies as investors in the United Kingdom has enabled UKTI to make introductions to them as clients for British exporters. Wall Street banks, for example, are large investors in the UK, but are also important customers for British financial-tech companies.

Arguably, UKTI would have struggled to get British fin-tech companies into these banks without the close relationships built up through inward investment work. American cyber companies offer a similar example. Here again, UKTI has built up relationships in the context of inward investment.
opportunities, but then turned this to advantage on the trade side when a mission of British cyber companies visited the United States and UKTI was able to obtain access to major American companies in the field because of its relationship with them as investors or potential investors in the United Kingdom. Examples were cited from the energy sector, too. Of course, the UKTI officer making the introduction needs to do some due diligence on the exporter before making the introduction to avoid introducing anyone who might jeopardize the relationship with the investor.

Sometimes a business win for an exporter can lead directly to an inward investment success. This can be the case with the London Stock Exchange, for example, which ‘exports’ the service of a listing in London, while the company that becomes listed is then highly likely to establish a British office.

Arguably, this kind of win-win outcome is much easier to achieve when the same individual within UKTI is handling both trade and investment aspects.

The fact that the same officer was responsible for both trade and investment in the space sector enabled him to put together an opportunity that combined inward investment and trade. The timing of NASA’s decision to close the shuttle programme, and the consequent launch by the governor of Florida of his ‘Space Florida’ initiative to save jobs, happened to coincide with a British announcement that it would set up an International Space Innovation Centre at Harwell.

Space Florida and UKTI signed a Memorandum of Understanding (MOU) to promote next-generation technologies for space. UKTI undertook a mission to Florida to present British expertise, while also hearing presentations from Florida about the opportunities there. Space Florida companies returned to the UK, resulting in investments in both directions. For example, British company CELLA Energy, received a US$1 million investment by Space Florida to open a new hydrogen-storage facility at the NASA Kennedy Space Center in Florida. At the same time, American company Florida Turbine Technologies announced its decision to open a facility in Derby in the United Kingdom in July 2014.

Another example of this is Atlanta-based company UPS, a significant investor in the United Kingdom that is working with UKTI on possible expansion. UPS worked with The Guardian newspaper to sponsor 10 British SMEs on a trade mission to Atlanta in March 2015. The initiative was designed to help SMEs that are looking to export overcome the challenges of the American market.
Synergies are particularly strong in the creative sector, selling British creative skills internationally while at the same time persuading Disney and others to use British studios.

Involved UKTI staff believe that few, if any, of these initiatives would have been identified had they not been double-hatted. Being double-hatted means that all conversations can be win-win, of benefit to both American and British companies.

**Efficiencies**

The rationalization of resources is a principal benefit of double-hatting. Interviewees are convinced that it made no sense for trade and investment organizations to maintain separate centres of sector expertise, saying such duplication was unnecessary and a waste of resources.

It is also argued that double-hatting helps officers build more contacts within their sector and simplifies the communication process. Staff reported that, by wearing both hats, all their conversations with clients automatically covered both messages. The people they spoke to often covered both trade and investment within their companies. Previously, the need to deal with two separate people, at two separate meetings, on trade and investment had been confusing for the client as well as an inefficient use of time.

**Risk of investment or trade work being squeezed out**

One anxiety, captured in the 2012 review of the American network, was the risk that slower-burn FDI work could potentially get squeezed because of the more reactive nature of trade work at that time, particularly in sectors with a high volume of mission/exhibition work. The fact that trade customers often pay fees for their services might mean that they took priority. And it was felt that in some investment-rich sectors, the potential was not fully tapped because of the trade focus.

The review concluded that double-hatting should be retained on the basis that the front-line knows best. However, pressure points were identified by sector and geography, where trade work, due to high demand and/or peaks of work, crowded out FDI work. Energy, clean tech, life sciences, creative and media, financial services and ICT are investment-rich sectors and are also high volume on the trade side. The conclusion was taken to reinforce these teams to enable an enhanced focus on FDI.

The view of senior management in the American network is that this danger of one work stream squeezing out the other is reduced because of the roughly equal balance between trade and investment work in the American market. The risk may be greater in countries like Brazil, where UKTI’s trade effort is much bigger than its inward investment activity.

In a similar vein, it has been argued that the timelines are longer for investment work, again making investment work easier to postpone because of tighter deadlines on the trade side. There was no evidence of this. But staff commented that they naturally gravitated to their preferred area of work. Sometimes this was investment work where they felt that they had particularly good training and strong support from headquarters and private sector contractors such as PA Consulting.

**Different skill sets**

An argument voiced against merging trade and investment work is that the skill sets are different: a more transactional, service-delivery role on the trade side compared to more of a marketing/sales
approach on inward investment. There is a strong research element to a trade role, which contrasts with the selling skills needed on investment.

And it is argued further that investment staff need to be able to operate with companies at chief executive/board level, while trade counterparts often deal with export managers, for example, as their point of contact. This latter point was disputed by some UKTI teams in the United States, which argued that they always sought to engage at a senior level on both trade and investment issues.

The traditional approach to combining trade and investment roles is that they are too different to be combined successfully in one individual. On the trade side, we have ‘farmers’, while on the investment side we need ‘hunters’.

While the traditional model of delivery of trade services is very different from the proactive, marketing role of inward investment colleagues, recent developments on the trade side within UKTI have served to make trade work much more strategic and more closely aligned with investment work. For example, routine service delivery, including basic market reports, market research and finding agents etc., is increasingly being outsourced to British Chambers of Commerce around the world or, as in the case of the United States, private sector providers. This frees up UKTI staff to focus on high-value campaigns and opportunities (HVOs) and target business wins.

Work on HVOs consists of identifying large-scale supply-chain opportunities for British companies, then proactively engaging with those companies at a senior level about their strategy for engagement in relation to those opportunities. This high-level, proactive, strategic work is more akin to investment work, being much more demanding and less of a routine service-delivery sort of role. However, it should be noted that while the United States has 10 HVOs, not all markets have them; France, for example, has none.

A few years ago, inward investment and trade promotion were very different types of activity in the American network. Investment was proactive and strategic, while trade promotion was reactive and transactional. The activities required different types of behaviours by different types of people. As made clear by UKTI leadership in the United States, this has changed because the nature of the work has changed. The targets are driving different behaviours. UKTI on the trade side needs to achieve ‘business wins’, measured in terms of the value of the orders that they helped companies win. This requires UKTI to seek out opportunities and focus on the customers with the most potential rather than simply responding to a high volume of customers. There is no doubt that this change of strategy has both supported, and been helped by, double-hatting. If UKTI had been driven by targets relating only to number of clients assisted, the double-hatting policy might have been less relevant and the ‘hunter/farmer’ distinction would have remained.

The current UKTI director in the United States has introduced a policy of market segmentation for exporters, which identifies three basic segments:

a) ‘Explorers’ with fewer than two years of export experience

b) ‘Market ready’

c) ‘Market present’
Figure 4: Market segmentation for exporters

UKTI in the United States has basically outsourced – under strict quality-control arrangements – elements of the work with explorers, and is likely to move to outsource more of that. This works well where the need of the customer is to understand the logistics of market entry, cultural differences and how they sit in the competitive landscape. The work with the other two segments is more bespoke, involves strategic analysis of the opportunities and developing relationships with clients. There is a big overlap between the nature of this type of trade work and inward investment.

How far should double-hatting be applied?

A key question is how far down the staff grades double-hatting should be applied.

In most UKTI teams across the world, directors and deputy directors cover both trade and investment. In the American network, UKTI has taken the view that sector leads and trade and investment officers should also be double-hatted because their conversations are similarly strategic/relationship-building on both channels. At a level below, business development associates, officers are sometimes single-hatted because their roles are more focused, but in other sectors have been given a double-hatted role. This issue is also addressed in the section below on ‘Views of Staff’. There does not seem to be a right or wrong answer here. Much depends on the type of work being done in different sectors, how much resource is available in the sector or the geographic team, and on what works well for the types of client served.

In the event, UKTI directors in overseas markets have been left with discretion on whether to adopt double-hatting and, if they did, how far they rolled it out within their teams. They are contracted by headquarters to deliver against targets, without any rigid instructions as to how they organize their teams.

Cultural issues

Some American network staff have adapted more easily than others to the double-hatted roles. Team managers had the important responsibility of ensuring that staff gave the right amount of attention to each function, against a background of concern in the early days that the investment
activity would get squeezed out. In the event, that issue was well managed and the fear did not materialize.

One observation was that it can be easier to position the merger of trade and investment as part of a wider shift in approach. In the case of UKTI, the move is to a matrix model around campaigns, with much more flexibility, rather than simply trying to weld together separate trade and investment teams.

However, it is clear that in a double-hatted environment, staff right through the grades need a different mindset that embraces the concept of client relationship management. The UKTI officer becomes client driven, without any preconceived agenda favouring either trade or investment.

Double-hatting can therefore be viewed in the context of the changing nature of UKTI. Trade work has become more strategic and teams are targeted in different ways, all of which has supported the double-hatted model and made it easier than it might have been under more traditional models of trade and investment work.

**Training and upskilling requirements**

Training had a vitally important role to play in the transition of the American network to double-hatting. Staff involved in the transition reported that there was a steep learning curve for the first couple of years.

All members of staff taking on an inward investment role for the first time were sent back to the United Kingdom to fully understand the British proposition in their sector, including industrial strategies and incentives available, etc.

In the run-up to the introduction of double-hatting, staff working on trade or investment did job swaps to learn about the other activity. They sat in on each others’ team meetings within their sector and held a joint annual conference.

UKTI has developed a tailored training programme to enable trade staff to take on investment work. This training was taken to post at the time of the transition to include training on the customer journey, identification of potential investment clients, managing FDI meetings with open-ended questioning, etc.

Staff said the investment training had been very good and now, with the contracted service provided by PA Consulting, staff are able to undertake external accreditation as well as on-line induction. It remains the objective of UKTI in the American network to send all staff back to the United Kingdom within their first six months as part of their induction training.

**Measurements of the results / impact on performance**

Globally, UKTI recorded 1,988 FDI projects landing in the United Kingdom in 2014–2015, up 12% from 1,773 in the previous record-breaking year of 2013–2014. These projects are estimated to bring with them over 85,000 new jobs, while UKTI and its partners supported 1,610 of those projects.26

---

26 UKTI Inward Investment Report (June 2015)
This achievement must be viewed in the context of a reduction in FDI globally, with UNCTAD figures showing a drop of 14% in developed countries.

As expected, the United States led the way as the largest source of FDI projects for the United Kingdom, generating 564 projects, up 12% from the previous year and signifying at the very least that double-hatting is not negatively affecting the delivery of FDI. This is consistent with the FDI stock figures, which also confirm the United States as the largest source of British inward FDI.

On the trade side, UKTI has also exceeded targets. So, there is no suggestion that double-hatting has in any way compromised UKTI’s ability to hit targets in the American network.
In this context, it is worth noting, however, that a significant fear among UKTI directors in the field is that the introduction of double-hatting can lead to a dip in performance in the year of implementation. In a relentless, target-oriented environment, there is an understandable reluctance to take that risk.

**The customer experience**

Results of UKTI’s American customer feedback surveys do not show any significant difference, in terms of customer satisfaction, from UKTI’s other large networks. It is therefore difficult to draw conclusions about double-hatting from the surveys themselves.

Clients are told at the start of any meeting that UKTI staff are double-hatted. Feedback suggests that the client likes this and values the ability of staff to have a comprehensive knowledge of their business and their sector from both a trade and an investment perspective. On the whole, they are therefore signed up to the policy of double-hatting. The head of international services at a British financial-services company commented that all his conversations with UKTI were about trade and investment in both directions, so it made perfect sense from his perspective to be able to speak to one person about both aspects. Other clients reinforced this. Companies the world over think about international business development and do not compartmentalize trade and investment into separate boxes. They wanted to talk about business without any pre-set trade or investment agenda.

The wider changes on the trade side are also appreciated by clients. UKTI tries harder to build relationships with trade clients, who now view UKTI more as a partner than a mere service provider. On the investment side, new investors generally have no background against which to compare the changes, while feedback from established investors such as GE show that they believe UKTI has a better understanding of their business by virtue of the relationship management activity.

Views were also sought from British American Business (BAB), the largest trans-Atlantic business association, which grew out of the British Chamber in New York and the US Chamber in London. The two merged in 2000 after recognizing that the same companies (e.g. KPMG, Santander) were often members on both sides of the Atlantic. BAB now has a membership of some 300 companies across 25 sectors and runs around 50 events in each city every year. Many members are clients of UKTI, and the view of BAB was that the double-hatting structure of UKTI worked well and served the interests of their members. BAB itself did not draw a distinction between trade and investment services, but engaged with its members across the whole spectrum of business activity. It was recognized that in many senses, including at a business level, there is a special relationship between London and New York. Many companies have a presence in both cities. There is a feeling of mutual trust between the two cities, and this provides a helpful backdrop against which the double-hatting of UKTI staff can work effectively.

A similar picture emerged from discussions with the Economic Development Agency of Savannah, a city in the state of Georgia. It does not distinguish between trade and investment roles, and valued the similarity of the UKTI approach. The alignment derived from double-hatting was seen as helpful in this respect.
By contrast, staff at the Georgia Department for Economic Development are generally not double-hatted, though the trade and investment teams work closely together.

Their perspective is that it is difficult to have the knowledge base to do both roles well.

A former senior executive from Atlanta-based media giant Turner Broadcasting provided a very useful case study to illustrate the benefits of double-hatting. Turner worked with UKTI to establish an office in the United Kingdom to seek new technologies. On the back of that investment-based relationship, UKTI worked with Turner to expose the company to British businesses. They organized three events with pitches from British entrepreneurs to executives from across the wider Turner Group and organized a competition to take a group of the most promising to Atlanta. The fact that the same person who had helped with the inward investment was also able to introduce Turner to British companies on the trade side was seen as greatly facilitating this seven-year partnership. From Turner’s perspective, everyone to which the company was introduced was relevant and ‘it was the understanding of both investment and trade that made the difference’.

**Views of staff**

Staff argued strongly to retain double-hatting in the American network when the policy was reviewed in August 2012. There is no doubt from interviews with UKTI staff in the American network that they still feel passionately that double-hatting is right in principle and certainly the right approach for the trade and investment officers. At that level, the ability to take a broad view of a sector and make connections is highly valued.

At the more junior business development manager and business development associate level, the argument is less clear-cut. Some BDAs in the American network are double-hatted while others are single-hatted. One BDA commented that double-hatting increased the interest and job satisfaction, but she felt that the broader spread of her work was at the expense of developing in-depth knowledge in either the trade or investment area. This issue is recognized by UKTI management in the network, which would ideally like to support each TIO with two BDAs, one covering trade and another covering investment. This model is also seen as helping to ensure that neither investment nor trade is neglected by the double-hatted TIO. Arguing in the other direction, one TIO commented
that the main BDA role is to organize events, and events work best when trade and investment clients come together.

**Lessons learned**

A view was expressed that if a country were setting up a trade and investment operation from scratch, it should adopt double-hatting at the outset. Another comment was that there were benefits of making teams double-hatted, even if individuals were not. By co-locating and sharing information on their work, some synergies can be identified. As a minimum, staff need to understand both sets of issues and be on the lookout for synergies.

One former UKTI director in the United States said the synergies and the savings were massive, greatly exceeding his expectations. Although the UKTI director in the United States is allocated separate budgets for trade and for investment that he then allocates to sector leads, this has not led to any significant complications. Events can be funded from either or both budgets depending on whether they are designed to deliver results against trade or inward investment objectives or both. The process is facilitated by a significant degree of flexibility in the use of the trade and investment budgets, and there is also a third budget available in the form of a ‘local budget’ to supplement the separate trade and investment budgets where necessary. The local budget is allocated to geographic leads (the heads of trade and investment), who can use it to address any issues relating to the use of the other two budgets within their area of geographic responsibility.

**Applicability of double-hatting to other markets and other agencies**

A former director of UKTI in the United States who is now a director in a smaller market said that in some ways, the arguments for integrating trade and investment teams in smaller – but still sizeable – networks are even greater. Smaller organizations cannot afford duplication when resources are scarce. This is, in itself, a powerful argument for double-hatting.

Another private sector stakeholder who works closely with UKTI said double-hatting is the right way to go, certainly for UKTI. He argued that the correlation between trade and investment has become very tight, with many inward investments linked to the potential to trade out of the United Kingdom. That said, his experience was that the model did not work well outside the United States. In his view, the scale of the American operation was a big advantage. It is also true that the even balance between trade and investment work helps to make sure that neither is squeezed out. If a network was 90% trade, for example, it is difficult to see how justice would be done to the much smaller investment effort without a dedicated team. On balance, it seems that moving to the full integration of teams makes most sense where there is a significant investment opportunity in a market that is reflected in the resources devoted to inward investment work.

While the American network generally seeks to recruit staff who have the right skills for both roles, it can be more difficult in some developing markets to recruit very commercially minded staff. The experience of the UKTI China network is that trade staff, particularly if they come from an administrative rather than a commercial background, can find it hard to make the shift from trade to investment work. By contrast, the shift from investment to trade is not seen as presenting the same challenges. More generally, openness to change is necessary for a successful switch to double-hatting.
A further consideration for agencies other than UKTI would be the type of trade work that they do. If they maintain a traditional reactive model of support for exporters, targeted around volume of companies helped, the case for double-hatting would be less convincing because of the different skills required for the different roles.

**Conclusion**

Double-hatting clearly works well for UKTI in the United States network. The staff enjoy, and are motivated by, the two roles. Performance against targets is good and external stakeholders, including customers, are happy. Efficiencies and synergies are derived from double-hatting, while the changes in UKTI's approach to trade promotion mean that the work has become closer to investment work in the sense that it is more proactive and strategic.

Cultural and training needs were associated with the move to double-hatting, but these appeared to have been well managed. Fears that investment work (or potentially trade) would be squeezed out, turned out to be unfounded.

The fact that the United States and the United Kingdom are such close trade partners, combined with the even split between trade and investment and the overall strength of the UKTI team in the United States, have given significant advantages to a double-hatting model. The efficiency benefits may, however, be even more important for UKTI operations in other markets or indeed for other national agencies operating with less resource than is available to UKTI in its most important overseas market. Those national agencies will need to consider carefully whether double-hatting works for them, taking particular account of the nature of their trade-promotion work. A more strategic, proactive trade agenda undoubtedly provides a better fit with inward investment work and minimizes the concerns about different cultures and skill sets, which have been expressed in the context of combining the traditional, reactive trade work with the challenges of actively seeking out and attracting inward investment.
Bibliography

*Trade Promotion Organizations and Investment Promotion Agencies: are they merging?* A paper published by the International Trade Centre, 2 May 2015

*UK Trade & Investment (UKTI) annual report and accounts 2013 to 2014*. Ordered by the House of Commons to be printed on 26 June 2014

*UKTI inward investment report 2014–2015*. Published by UK Trade and Investment (UKTI) 17 June 2015


*Inward Investment Report, UNCTAD* (June 2015)

**Identified Sources of Information**

Desk research and interviews with UKTI staff in London, five days between 11 May and 5 June 2015

Study visit to New York and Atlanta, 8–12 June 2015 – meetings with management, staff, clients and stakeholders

Interviews with stakeholders and clients in London 15–24 June 2015