

## At the interface between development cooperation and foreign trade

### Interview with Dr Julia Bellinghausen – Head of Import Promotion Desk

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

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

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

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

In this situation, the work of Import Promotion Desk is more important than ever. We have reacted quickly and adapted our activities accordingly. Our work thrives on personal contacts with exporters in our 14 partner countries, on talks with importers during trade fairs and buying missions, and on connecting importers and exporters as business partners. The challenge therefore was and is to continue this work despite all the restrictions caused by the COVID-19 pandemic. We have developed many new virtual formats that allow us to carry on sourcing activities in our partner countries, connect importers and exporters in virtual b2b meetings and prepare exporters for the requirements of the EU market by means of online seminars on a wide range of topics.

Some of the international trade fairs are now also held as hybrid events. We make full use of these opportunities to present a large number of exhibitors. Many of the IPD companies have been through our presentation training for virtual negotiations and are therefore well-prepared for this format as well. Nevertheless, we are pleased that the direct and personal exchange – albeit with restrictions – is possible again, whether at trade fairs or in the local partner countries, some of which we will also be visiting again.

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

*Dr Julia Bellinghausen:* IPD works at the interface between development cooperation and foreign trade. It is our goal to better integrate developing countries into global trade and thereby contribute substantially to sustainable economic development in these countries. These two pillars – development cooperation and foreign trade – are also reflected in our organisation. IPD is implemented by the globally operating development organisation sequa gGmbH, in close cooperation with the Federation of German Wholesale, Foreign Trade and Services (BGA). Furthermore, it is funded by the Federal Ministry of Economic Cooperation and Development (BMZ).

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

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

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

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

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

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

In addition, competence building is an essential part of our work: It means that we provide export companies from developing countries and emerging nations with knowledge and skills on how to increase their competitive ability on the international market. At the same time, we work closely with local business support organisations in our partner countries.

## Cooperation with export promotion organisations in the partner countries is a focus of IPD. What projects does IPD implement together with the partners?

*Dr Julia Bellinghausen:* The joint projects differ depending on the partner country and the organisations involved there. Basically, we assist trade associations and export support organisations in expanding and optimising their range of export promotion activities. As already described, joint projects are capacity-building measures, that is, face-to-face or online seminars for export companies, for example on marketing topics. We also train the teams of the organisations. For instance, one training focus mediates knowledge of market intelligence so that the export promotion organisations can provide their member companies with market information for specific target markets and product groups. We also cooperate closely with them to promote participation in international trade fairs, for example by setting up their own country pavilion.

In the long term, the local organisations should be able to continue our work and establish export promotion activities in their structures.

With our regional offices in Abidjan (Côte d'Ivoire), Quito (Ecuador), Colombo (Sri Lanka) and Tashkent (Uzbekistan), we are expanding this cooperation even further. These IPD hubs are also responsible for the neighbouring partner countries. With the partner organisations right on our doorstep, we can implement joint projects more quickly, tailor them even more specifically to local needs, and directly contribute our knowledge of the EU market and the demand side.

One challenge will be for the organisations to develop a self-sustaining business model for their services and thus establish a sustainable offer. Coordination with other local actors, such as chambers of foreign trade and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), will also be made easier with the regional offices. This way, we can coordinate measures with each other in the shortest possible way, use synergies and avoid inefficient duplication of structures.

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

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

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

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

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

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

*Dr Julia Bellinghausen:* A good example is Egypt, one of our partner countries. Almost 60 percent of the total Egyptian population lives in rural areas. For them, agriculture is the most important source of livelihood and food security. Thus, this sector of the Egyptian economy has great potential for reducing poverty – both in terms of job creation and income generation. However, Egyptian products have a reputation for not always being of sufficient quality for the EU market, and importers tend to be reluctant to respond to their offers. Certification is an essential confidence-building measure and therefore plays an important role in IPD sourcing. For example, GLOBALG.A.P. certification is a requirement for exporting fresh produce to Europe. All producers selected by IPD meet the GLOBALG.A.P. standards or are advised on certification. Another challenge for Egyptian producers is the growing demand in Europe for agricultural products in organic quality. At present, Egypt's agriculture is dominated by conventional cultivation. IPD shows exporters the potential for organic products and advises them on the possibilities and the certification process. The Egyptian company Logistic Nuts, for example, switched to organic farming after intensive advice from IPD and discussions with European importers. Today, with four certifications, the company meets international standards for organic products, food safety and good agricultural practices. And its organic range – peanuts in shell and blanched and roasted peanuts – is in demand.

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Another company, Creatick Pro, has proved itself with its high quality and great dynamism. However, it lacked the necessary GLOBALG.A.P. certification to gain a foothold in the EU market. After consulting IPD, the company met the important export requirements and was certified according to GLOBALG.A.P. and the EU organic standards. At the first trade fairs to which IPD accompanied Creatick Pro, the company was already able to win over visitors with its organic sweet potato range. And the economic success is having an effect: Creatick is expanding its cooperation with small farmers and signing up more farmers from rural Upper Egypt.

Nepal is another example. There, IPD worked closely and very successfully with GIZ. The aim was to improve local value chains and promote the marketing of products in the European Union. The IPD's tasks included preparing producers of natural ingredients for the requirements of the European market and networking them with suitable importers. IPD was able to arrange numerous contacts for the Nepalese companies during trade fairs, "buying missions" and "selling missions", which then led to successful business deals, resulting in a sales volume of around four million euros. Most of the deals were followed by further orders and thus additional sales, which benefited businesses, small farmers and families in Nepal. In 2020, IPD ended its activities in the sector of natural ingredients, but our work bears lasting fruit: Since 2020, Nepal is now independent and successful, with its own country stand at BIOFACH.

These are just two examples from our partner countries. Basically, we can summarise:

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

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