

Piloting Resilience in Trade Promotion



From Covid-19 to Green Trade Competitiveness



Project Background

The global economic consequences of the Covid-19 pandemic have seen a trend towards a green economic recovery. Building back better towards a climate-neutral resilient economy calls for a green recovery that integrates existing value chains with new resilience and sustainability, while maintaining an open, fair and rules-based trading system.

At the same time, there is a need for understanding emerging trade opportunities as demand for sustainable goods and services have emerged in key export markets, especially Europe.

This case study forms part of a broader project aimed at exploring opportunities and challenges related to South Africa's green trade competitiveness. Coordinated by GreenCape, the project includes various project partners, each looking at different aspects of a green transition for South Africa within the context of post-Covid economic recovery.

Through this project, GreenCape aims to form new partnership relationships with formal trade and investment promotion entities in South Africa, as well as EU businesses. The intention is to explore ways to create viable climate-friendly business partnerships across borders in the context of a world that is recovering from Covid-19 and to play a role in mapping, understanding and overcoming the 'new' barriers to trade that are a result of the Covid-19 pandemic.

Project partners include Wesgro, Tralac Trade Law Centre, TIPS, International Cleantech Network and TRADE Advisory.

Research by the project partners includes an analysis of the EU Green New Deal and possible opportunities and challenges arising from it, particularly for South African SMMEs.

This case study will focus on export promotion activities within the context of greening trade and changing export market demands. In particular, this case study looks at ways in which a Trade Promotion Agency (TPA) can play a greater role in supporting green trade competitiveness.

Supported by:



Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety

of the Federal Republic of Germany

This publication was produced with the financial support of the European Union's Partnership Instrument and the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) in the context of the International Climate Initiative (IKI). The contents of this publication are the sole responsibility of Green Cape and do not necessarily reflect the views of the funders.

Contents

1. Introduction	4
2. The Impact of Covid-19	5
2.1. Travel and Trade Disruptions	5
2.2. Western Cape Export Profile	6
3. Survey Results: Green SMME Exporters	8
3.1. Covid-19 effects on Businesses	8
3.2. Responses to assist SMMEs	10
3.3. Interventions by businesses	10
3.4. Sectoral Analysis: Target Market (EU) Barriers	11
4. Wesgro as Case Study of a Trade Promotion Agency	14
4.1. The Role of a Trade Promotion Agency	14
5. Building upon Covid-19 Lessons to Build Resilience and Green Trade Competitiveness	16
5.1. Database, Networks, Relationships	17
5.1.1. Exporter and Stakeholder Database	17
5.2. Exporter Development and Knowledge Sharing	18
5.2.1. Exporter Training and Mentoring	18
5.2.2. Sector Knowledge/ Research	18
5.2.3. Education and Awareness Network Sessions – Workshops, Seminars, Webinars	19
5.3. Matchmaking, Missions.....	20
5.3.1. Exporter Missions	20
5.4. Institutionalisation	22
5.4.1. Export strategy.....	22
5.4.2. Barriers to trade	23
5.5. Marketing and Investment Promotion	23
5.5.1. Region of Origin Marketing	23
5.5.2. Green Industries Investment Promotion	24
6. Conclusion	25

1. Introduction



This study will present initiatives piloted to promote and develop exports during the Covid-19 pandemic and explore the application of learnings to green trade competitiveness and resilience. The case study is presented by Wesgro, a sub-national Tourism, Trade and Investment Promotion Agency in the Western Cape Province of South Africa.

The objective of this case study is to explore ways in which Trade Promotion Agencies (TPAs) can expand upon their service offerings to provide better support to exporters, in particular SMMEs, to build resilience, adjust to changing consumer and market demands, and take advantage of emerging green economy opportunities. This includes, on the one hand, supporting existing exporters to “green” their value chains, and on the other hand, expanding their service offering to exporters and potential exporters operating in the green economy.

This case study will first look at the impact of the Covid-19 pandemic upon green SMME exporters in the Western Cape and interventions that they found useful and supportive. This is followed by an analysis of the role of trade promotion agencies, and how traditional methods of export promotion, facilitation and development have been disrupted by Covid-19 restrictions. The various functions of a TPA will be discussed, as well as initiatives piloted in response to Covid-19 in order to provide continued support to exporters. Finally, lessons learned from the pandemic will be examined in the context of building resilience and green trade competitiveness.

Trade and Investment Promotion Agencies play a crucial role in the facilitation of business across borders. With a targeted approach, such agencies can also have a significant impact in terms of executing on trade and investment policy. Trade and Investment Promotion Agencies can thus be useful tools to support a green transition.

Covid-19 restrictions have however affected almost every aspect of how these agencies operate. The pandemic has curtailed the traditional approach to business matchmaking, requiring new ways of thinking about how companies identify, validate and execute deals in foreign markets.

Initiatives and new ways of working that were piloted in response to the pandemic include the effective use of digitisation for information sharing and matchmaking, leveraging existing relationships locally and internationally and building new networks to unlock trade opportunities in new ways. These initiatives can play an important role in supporting greener trade.

2. The Impact of Covid-19



2.1. Travel and Trade Disruptions

Wesgro is the official Tourism, Trade and Investment Promotion Agency for Cape Town and the Western Cape province.

As 2020 unfolded, Covid-19 hit the Western Cape economy in various ways. As an agency dealing with trade, investment, tourism and film promotion, Wesgro was at the forefront of efforts to support businesses dealing with many of these challenges. Initially, in January and February 2020, supply chain disruptions reverberated around the world due to the first outbreak of Covid-19 in China. This also caused logistical and shipping challenges for South African exporters and supply shortages for many businesses. As the virus spread to Europe and the United States, conferences, events and leisure tourism soon became the next victims.

By late March 2020, most countries around the world, including South Africa, had started to impose restrictions on movement and economic activity to contain the spread of Covid-19. Many countries, including South Africa, imposed restrictions on large gatherings, such as trade exhibitions, and closed their borders to international travel. Restrictions severely affected cross-border trade, with ports operating on minimal staff and the movement of essential goods taking precedence. In Cape Town, almost all air cargo is belly cargo, transported in the belly of passenger flights. The grounding of passenger flights from Cape Town International Airport therefore also had a significant impact on air cargo capacity.

In South Africa, Covid-19 restrictions were lifted in a staggered fashion after an initial 6-week “hard lockdown”, slowly allowing a reopening of the economy with health protocols in place. As second and third waves of infections hit, restrictions

would again be ramped up for periods of time in order to ease pressure on the healthcare system.

By September 2021, almost 20 months after Covid-19 was declared a pandemic, international travel was still restricted although it was slowly opening as vaccination rates increased. Gatherings such as trade exhibitions also remained prohibited in many countries, although certain countries were beginning to reopen exhibitions for vaccinated participants.

South Africans were especially hard-hit by international travel restrictions due to the discovery of a new SARS-Cov-2 variant by South African scientists in December 2020, which caused international panic. (At the time there was not yet an agreed naming convention for virus variants, and the use of the damaging term “the South Africa variant” by media, combined with a second wave of infections in the country resulted in South Africa becoming the most restricted country in the world from which to travel).

Even as trade shows started to reopen in some parts of the world in the second half of 2021, South African exporters were often unable to attend due to continued travel restrictions and quarantine requirements imposed on travellers from the country. By September 2021, an increasing number of countries were, however, considering South Africa as lower risk and allowing access to vaccinated travellers. Authentication of proof of vaccination in South Africa was proving a challenge in certain countries though, causing further delays to travel for South African exporters. Notwithstanding the above, travel to other African countries became less restrictive soon after South Africa’s borders reopened.



2.2. Western Cape Export Profile

Western Cape exports showed resilience during a challenging 2020, posting a 7.4 percent increase, totalling R136.8bn in goods exported. Europe (incl. UK) overtook Africa as the largest export region from the Western Cape for the first time in ten years, with R47.1bn (+28.9 percent) of goods exported to the region, compared to R39.3bn (-16.0 percent) exported to the rest of Africa. The decline in Africa trade is mainly driven by the large fall in oil exports, however this was expected to re-balance in the next 12 months.

Primary agriculture and agri-processed products dominated the province's exports, accounting for seven out of the top 10 exports as measured by value. Citrus surpassed petroleum oils (now ranked 4th) as the largest exported product from the Western Cape, with R18.8bn exported (+55.5 percent)

in 2020. Wine ranks as the 2nd largest exported product (R9.6bn; +14.7 percent), followed by apples, pears, and quinces (R9.1bn; +30.8 percent).

Petroleum oils (R8.1bn; -55.1 percent) fell from being the top exported product from the Western Cape, to the 4th largest in 2020. This trend is not a surprise given the oil market collapse in 2020, driven by weak demand as a result of the Covid-19 crisis, and an exhaustion of storage capacity in the US.

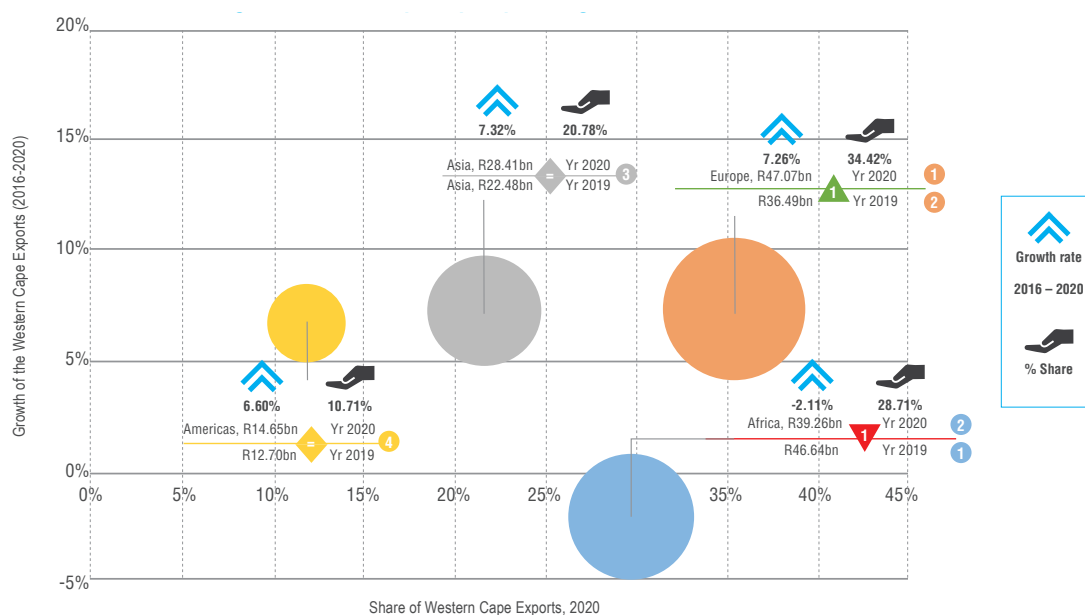
Figure 1 shows strong year-on-year growth in the value of Western Cape exports in the US and in markets across the EU, Asia and Middle East, and a decrease in exports in Africa. Figure 2 illustrates shifts in regional exports, with a marked increase in export value to the EU.

Fig 1: Change in Western Cape Top 10 Export Markets, 2019 – 2020



Source: Wesgro, Quantec, 2021

Fig 2: Change in Western Cape Top Export Regions, 2019 – 2020



Source: Wesgro, Quantec, 2021

With exports forming an integral part in South Africa's post-Covid-19 economic recovery, the Western Cape is focussing on an export-led growth economy. Wesgro's export team will play a central role and will be expanding current activities and implementing new initiatives to help scale the support already provided to Western Cape exporters.

3. Survey Results: Green SMME Exporters



A data gathering exercise¹ surveyed and interviewed SMME exporters operating in the Green Economy to assess what has changed during the months of lockdown. The key question for the assessment was to establish how restrictions that companies are facing have shaped their value propositions and appetite for trade in the Green Economy during the post Covid-19 economic recovery.

Surveyed SMMEs fell into the following industries: environmental sustainability; sustainable consumption and production; water management and sanitation; agriculture, food production and forestry; waste management practices; resource conservation and management; clean energy and

energy efficiency; sustainable transport and infrastructure; and green building and the built environment.

74 percent of respondents were direct importers or exporters. Of these, 63 percent indicated that they trade with the EU.

3.1. Covid-19 effects on Businesses

The below table shows how the Covid-19 pandemic impacted micro, small, and medium- sized businesses between March 2020 and March 2021.

The results revealed that an overwhelming majority of businesses experienced a decrease in revenue, with small businesses being hardest hit. The greatest challenge reported by all participants (86%) was not being able to participate

in international events or trade missions to promote their products or services for exporting. This was very pronounced among micro and small businesses, while medium-sized businesses indicated that disruptions to operations of logistics companies had the greatest effect on their business, followed by not being able to participate in international events or trade missions.

¹ Led by GreenCape with input from advisory partners into the design of the questionnaires. Over 300 hundred SMMEs operating the Green Economy were engaged throughout the larger project, however, for the purposes of this Wesgro case study, analysis is based upon an indicative group of 52 responses, including survey results and 10 interviews. 67 percent of SMMEs are based in the Western Cape, 19 percent in the rest of South Africa, and 14 percent in the EU.

Table 1: Covid-19 Effects on Business

Covid-19 effect on business by classification (percent)				
Factors	All (%)	Micro (%)	Small (%)	Medium (%)
Unable to participate in international events, trade missions ETC.	85,71	87,5	90,91	83,33
Decline in turnover revenue	71,43	75	83,33	33,33
Disruptions in the operation of logistics companies	69,05	66,67	63,64	100
No or low profit	64,29	70,83	75	16,67
Cash flow shortage	61,9	75	41,67	50
Decline in export orders / decrease in demand	59,52	62,5	66,67	33,33
Closures of borders or other barriers to trade in export market	57,14	58,33	45,45	83,33
Reduced or disrupted operations at sea ports	57,14	50	72,73	66,67
Difficulty in finding export partners due to travel restriction	54,76	58,33	63,64	33,33
Delayed processing of your goods at customs	52,83	45,83	63,64	66,67
Increase in the cost of production inputs	52,38	50	66,67	33,33
Reduced pricing	50	50	41,67	66,67
Lower staff productivity	42,86	45,83	50	16,67
Reduced or disrupted operations at airports	42,86	33,33	54,55	66,67
Lack of supply of inventory	38,1	37,5	41,67	33,33
Lack of trade finance or insurance	38,1	50	18,18	33,33
Reduced or disrupted operations of road freight	38,1	37,5	36,36	50
Lower staff morale	35,71	37,5	41,67	16,67
Lack of availability of production inputs	35,71	41,67	25	33,33
High accounts payable	30,95	33,33	25	33,33
High accounts receivables	28,57	25	33,33	33,33
Decrease in staff wages	28,57	29,17	41,67	0
General increase in employee related / HR issues	28,57	20,83	33,33	50
Increased staff absenteeism	26,19	25	25	33,33

Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

Moreover, the following highlights direct quotes by businesses on the impact of Covid-19 on their business:

- *“Not being able to visit customers is counterproductive, decisions are delayed”*
- *“Travel is a big part of our international business development - slow development”*
- *“We also lost critical funding that would have aided us in meeting our deadlines”*
- *“Lack of inbound airfreight delayed supply to what orders were available”*
- *“The ban on alcohol sales severely impacted the company.”*
- *“Because my target audience is tourists, my business which is a startup could not take off.”*
- *“Clients are reluctant to give online orders on larger contracts.”*
- *“Our business has long lead times for projects - potential project negotiations were put on hold, causing financial distress”*

3.2. Responses to assist SMMEs

Surveyed companies were asked which business support interventions had been the most useful between March 2020 and March 2021. Types of interventions included, for example, government finance support schemes; digital marketing or communication channels; voluntary accreditation; education webinars; virtual trade missions; and private sector support initiatives.

The majority of businesses (57 percent) found digital

marketing and/or communication channels to promote their products for export or source imported product(s) the most useful as a response to assist SMMEs to ease the impact of Covid-19 on their business. This was followed by educational webinars (41 percent). When looking at overall usefulness of interventions (“very useful” + “somewhat useful”), then virtual/hybrid trade missions ranked third.

Table 2 shows which interventions businesses found useful.

Table 2: External Interventions

Intervention responses				
Intervention	Not useful (%)	Somewhat useful (%)	Very useful (%)	Upper Echelon % (somewhat + very useful)
Digital marketing and/or communication channels to promote your product(s) for export or source your imported product(s)?	5,71	37,14	57,14	94,28
Educational webinars	18,75	40,63	40,63	81,26
Virtual/hybrid trade exhibitions and/or export missions	21,88	62,5	15,63	78,13
Voluntary accreditation (eg. SIF 1000 efficient solutions label / ISO etc.)	26,32	47,37	26,32	73,69
Private sector funding / support initiatives eg Business Partner	46,15	30,77	23,08	53,85
Government finance support schemes	51,52	24,44	24,44	48,88
Trade agency helpdesk	31,71	14,63	4,88	19,51

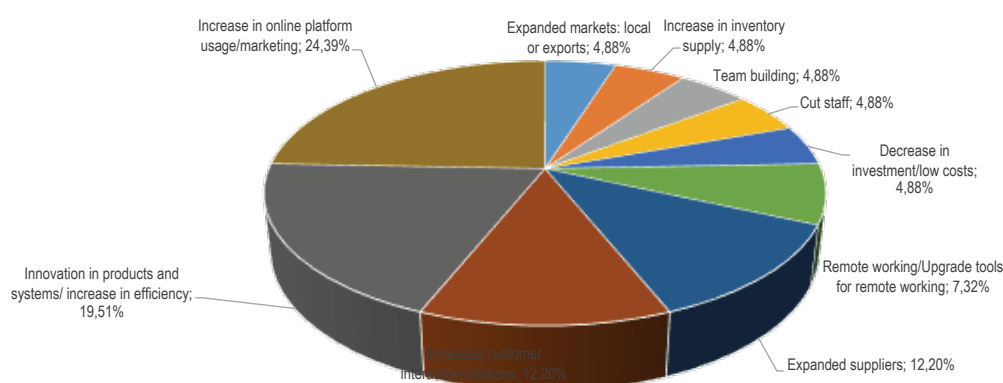
Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

3.3. Interventions by businesses

The pie-chart below shows the various successful interventions implemented by Green Economy businesses in response to the adverse effects of Covid-19. Illustrated in Figure 3, it is evident that the majority of businesses (24 percent) increased their online presence through

online marketing and increased digitisation. Following this, 20 percent claimed to have innovated products and systems to increase efficiency and thereby cut costs and 12 percent intensified customer relations and expanded their list of suppliers, respectively.

Fig 3: Successful interventions implemented by businesses



Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

3.4. Sectoral Analysis: Target Market (EU) Barriers

Companies were also surveyed on challenges faced in exporting their products to the EU. The questions related to pre-existing challenges and whether these had been exacerbated by the Covid-19 pandemic.

This question focussed on Target Market (EU) Barriers to exports in the European Union, with a specific focus on waste management; water management and sanitation; clean energy and energy efficiency; and agriculture, food production and forestry. The barriers to exports were defined as:

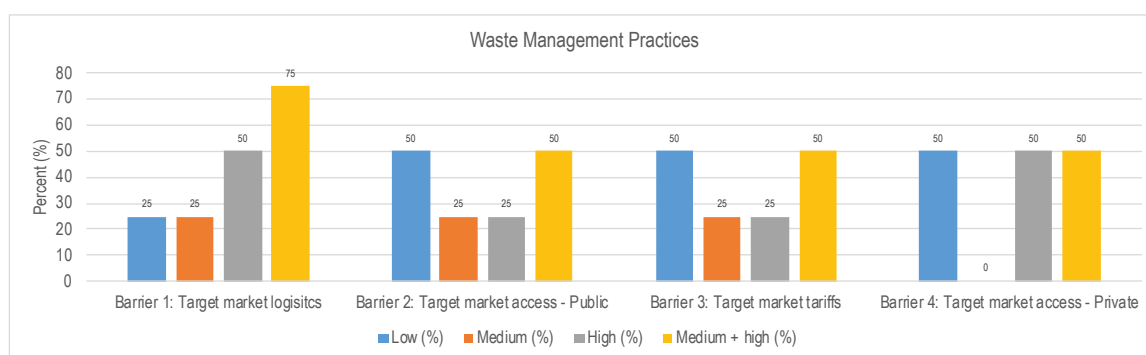
1. *Target market logistics (road, rail, ship, airplane delays from point of entry to end customers)*
2. *Target market access and costs of public sector administrative documentation and certification (e.g. phyto-sanitary, CE-mark etc.)*
3. *Target market tariffs/quotas applicable / impact on pricing*
4. *Target market access and costs of private sector administrative documentation and certification (e.g. special labelling etc.)*

Waste management

Of the 4 barriers, “*target market logistics*” had the highest impact on the waste management sector, with 75 percent of companies indicating “*target market logistics*” to have a medium to high impact on export operations in the EU. “*Target market access and costs of public sector administrative documentation and certification*”; “*target market tariffs/ quotas/ impact on pricing*”; and “*costs of private sector administrative documentation and certification*” each had an equal distribution. This is illustrated in Figure 3 below.

75 percent of respondents within this sector indicated that Covid-19 has made “*target market logistics*” worse.

Fig. 3: Destination market barriers to exports in waste management sector



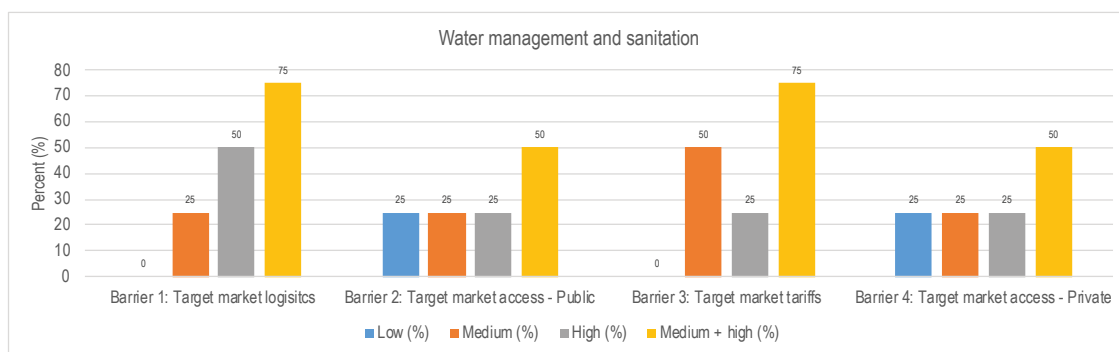
Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

Water management and sanitation

“*Target market logistics* and *target market tariffs/ quotas applicable/ impact on pricing*” had the highest impact on exports in the water management and sanitation sector (with 75 percent of respondents indicating each of these to have a medium to high impact on their export operations). The below graph illustrates the level of impact of each trade barrier according to respondents in the water management and sanitation sector.

Furthermore, 75 percent of respondents indicated that the advent of Covid-19 has worsened “*target market logistics*” and “*target market tariffs/ quotas applicable/ impact on pricing*”.

Fig. 4: Destination market barriers to exports in water management and sanitation sector



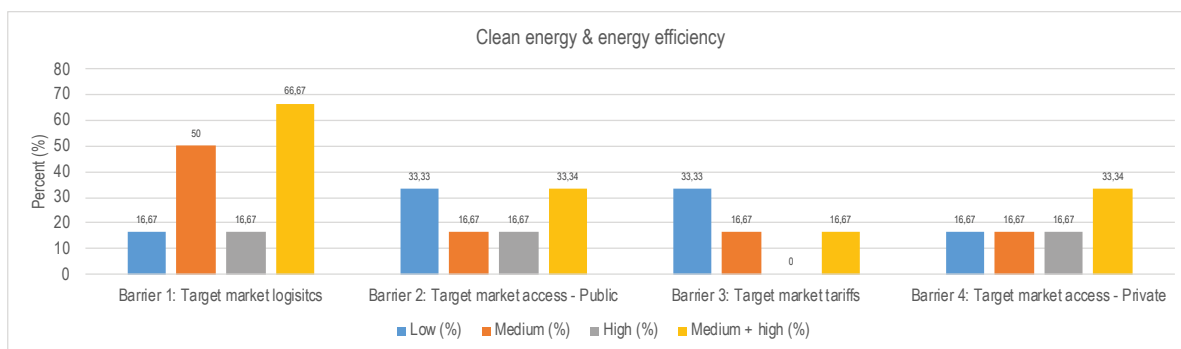
Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

Clean energy and energy efficiency

The impact of each barrier according to respondents in the clean energy and energy efficiency sector is illustrated in the graph below. “*Target market logistics*” had the highest impact according to respondents in the clean energy and energy efficiency sector, with 67 percent of companies indicated this as the greatest barrier. “*Target market access and costs of public sector administrative documentation and certification*” and “*costs of private sector administrative documentation and certification*” had an equal share with 33 percent of respondents indicating that these barriers had a medium to high impact on their business. Lastly, “*target market tariffs/ quotas applicable/impact on pricing*” had the lowest impact on business in this sector (17 percent).

67 percent of respondents within this sector indicated that Covid-19 has made “*target market logistics*” worse.

Fig. 5: Destination market barriers to exports in clean energy and energy efficiency sector



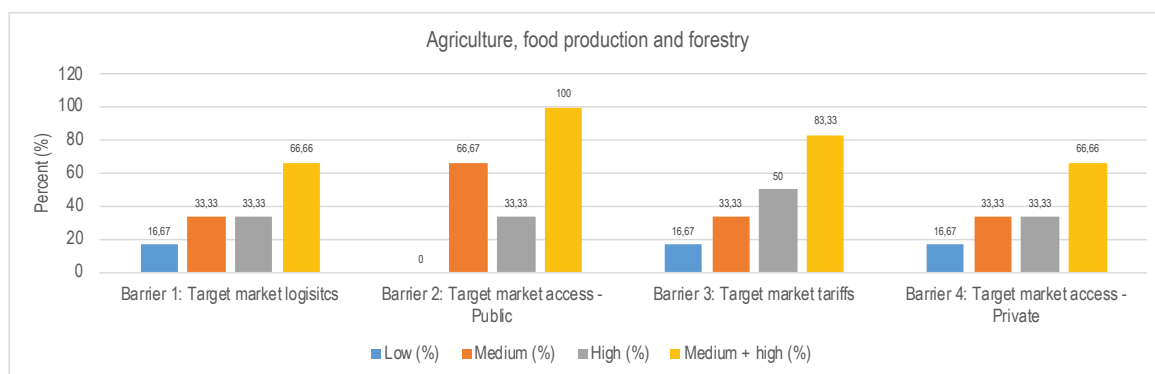
Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

Agriculture, food production and forestry

The impact of each barrier according to respondents in the agriculture, food production and forestry sector is illustrated below. Of all the barriers, “*target market access and costs of public sector administrative documentation and certification*” had the highest impact on exports in this sector according to respondents. 100 percent of respondents operating in the sector indicated that this was the greatest barrier to exports to the EU. “*Target market tariffs/ quotas applicable/ impact on pricing*” had the second largest impact, with 83 percent of respondents indicating this to have a medium to high impact on exports.

67 percent of respondents within this sector indicated that Covid-19 has made “*target market access and costs of public sector administrative documentation and certification*” worse.

Fig. 5: Destination market barriers to exports in agriculture, food production and forestry sector



Source: Exploring Post-Covid trade support for Green SMME's survey, 2021

Some direct quotes about specific challenges include:

- “Affordability of cost of administration documentation and certification is an increased challenge due to lack of increased earnings during this time”
- “Certification not possible as EU stopped all initial audits being done remotely or in combination with a local audits.”
- “Our product needs to be certified for global use. Local certification carries no recognition internationally anymore. Which means we have to retest in Europe and elsewhere.”
- “Certification with EU”



From the above results, it is evident that during the Covid-19 pandemic, exporters have faced challenges across the entire value chain. The greatest negative effect reported was not being able to participate in international events or trade missions, while the most useful interventions were online marketing and communication.

It is also evident that SMMEs operating in different sectors are affected differently when it comes to barriers to trade. In each case however, Covid-19 has exacerbated challenges.

The following sections unpack how a Trade Promotion Agency responded during the crisis to support exporters, and how lessons learned can be applied to supporting green trade competitiveness.

It is important to note that certain of the challenges identified in the above assessment fall within the mandate of a Trade Promotion Agency to address, while others do not. The following section will only speak to those challenges that might be addressed by a TPA.



4. Wesgro as Case Study of a Trade Promotion Agency



4.1. The Role of a Trade Promotion Agency

The next part of this paper sets out a variety of typical functions and/ or components of a TPA with Wesgro as case study.

This section discusses the services provided by Wesgro prior to the outbreak of Covid-19. The following section looks at how each service was impacted by Covid-19, how Wesgro adapted in carrying out its mandate, and how learnings could be applied in the context of building green trade competitiveness. We also look at what additional steps Wesgro could take

in relation to each function to further expand its offering to support green trade competitiveness.

This case study will focus mainly on the actions taken by Wesgro's Export Promotion Unit. It should be noted, however, that this team works closely with other units within Wesgro, including teams doing Research, Investment Promotion, Air Access², Film and Media Promotion, and Destination Marketing. These units also play an instrumental role in many of the services discussed below.

The core services provided by Wesgro's Export Promotion unit are:

- 1) *Promote and facilitate the exports of goods and services from qualified companies in the Western Cape;*
- 2) *Facilitate and support operations and expansion of qualified Western Cape companies into the rest of Africa through Outward Foreign Direct Investment (OFDI);*
- 3) *Increase the export capacity of companies in the Western Cape through export training facilitated through the Export Advancement Programme (EAP).*

² Cape Town Air Access is an air-route development project, responsible for establishing direct flights that connect Cape Town with the rest of the world. The project, housed within Wesgro, is an impressive collaboration between six government entities and the private sector.

The full list of services provided by Wesgro's Export Promotion Unit pre-Covid-19:

International trade missions

- *Wesgro undertakes between 40 and 50 international trade missions each financial year. These are usually in the form of attending trade exhibitions or Outward Selling Missions (OSMs). Wesgro's export unit focusses on five key regions, including Europe, Africa, Americas, Asia and Middle East. Key priority sectors include: (1) Agriculture, Agro-processing, Agribusiness; (2) Manufacturing & Value Added Products; (3) Cosmetics, Natural Ingredients, Organic; (4) Services; (5) Clothing, Textiles, Leather, Footwear; (6) Boatbuilding and auxiliary services; (7) Health Tech and Medicinal Cannabis; and (8) Aerospace & Defense*

Outward foreign direct investment into the rest of Africa

- *Wesgro assists Western Cape companies to invest and/or expand in the rest of Africa, with a focus on Angola, Botswana, Namibia, Mozambique, Zambia, Nigeria, Senegal, Cameroon, Ghana, Ivory Coast, Kenya, Tanzania, Ethiopia, Mauritius, Uganda, Morocco, Egypt, Guinea.*

Inward Buying Missions

- *Wesgro facilitates and coordinates meetings and site visits for foreign buyers and delegations visiting the Western Cape.*

Study Tours

- *Wesgro facilitates study tours upon entry to new markets.*

Export training and mentoring

- *Wesgro's Export Advancement Programme (EAP) includes technical export development training including orientation to exporting, export marketing plans, financial risk management, export costing and logistics and Incoterms. The EAP also offers an export mentoring program by South African consultants, as well as international business mentoring through the Dutch PUM programme. Export training is also an important way of expanding Wesgro's exporter database.*

Business seminars, knowledge sharing and networking

- *Wesgro hosts a series of events during the year to raise awareness and share knowledge on export opportunities and challenges per markets and/or sector, trade agreements and topical issues, for example, Brexit. The sessions also allow for networking, particularly between private sector, government and business support organisations.*

Decision Support Model (DSM)

- *Wesgro uses the DSM software tool, which analyses global trade data over a 5-year period, to assist companies to make informed decisions about which export markets to focus on.*

Market and Sector Intelligence

- *Wesgro's research unit provides market and sector intelligence, including country factsheets and sector specific research.*

Point of information: incentives, trade agreements, tariffs, certificates

- *The Export Unit at Wesgro often acts as the first port of call for exporters with questions about incentives, trade agreements, tariffs, certificates, etc.*

Advocacy and specialised advisory services

- *Wesgro's experienced export country managers support exporters with market-specific services. Wesgro also provides advocacy support where industries face regulatory or administrative challenges.*

Access to strategic networks

- *Wesgro plays a critical role in supporting exporters by creating links to the right partners and providing information to support execution on a company's export marketing plan.*

In order to provide the above services, Wesgro's Export Promotion Unit needs to maintain networks and relationships both domestically and internationally, work closely with national, provincial and local government, have a database of exporters, understand trade trends and export markets and develop strategies and implementation plans.

5. Building upon Covid-19 Lessons to Build Resilience and Green Trade Competitiveness



This section will unpack Wesgro's services and discuss how each was impacted by the Covid-19 crisis and how the Agency responded. In each instance, lessons learned will be applied in the context of strengthening Wesgro's role in supporting green trade competitiveness for a greener economic recovery.

According to the PAGE³ study **A Green Economy Industry and Trade Analysis: Assessing South Africa's Potential**, the transition to a green economy "materialises through two complementary streams, which go hand in hand: the development of new, green industries and the greening of existing, traditional industries."

The study further states: "Green trade can be defined as the import and export of goods and services that are produced

using value chains with enhanced sustainability of transport, production, use, maintenance and end-of-life cycling, although there is no internationally agreed upon definition."

The below analysis relies on this interpretation of a transition to a green economy. In doing so it looks at ways in which Wesgro can better expand its service offering to companies active in new, green industries, but also how Wesgro can support its existing database in "greening" their value chains.

³ PAGE (2018), A Green Economy Industry and Trade Analysis: Assessing South Africa's Potential.

5.1. Database, Networks, Relationships

5.1.1. Exporter and Stakeholder Database

Existing

Wesgro is not a membership-based organisation, but rather receives its mandate from the Provincial Government and City of Cape Town to support businesses across the province. In order to reach exporters and potential exporters, Wesgro needs to market its services and needs to build up a database of exporters that would benefit from the services offered. These services are provided at no cost to the companies.

Businesses on Wesgro's database will receive notifications of upcoming trade missions, inward buying missions, invitations to events or newsletters. These are mostly small and medium-sized companies, but also include some large, established companies.

In addition to exporting businesses, Wesgro also maintains a database of stakeholders and a network of relationships in South Africa and around the world. This includes government

stakeholders such as local and provincial governments in the Western Cape, South African national government officials in South Africa and at embassies and consulates abroad, and foreign diplomatic officials based in South Africa. Wesgro also works closely with business support institutions, for example sector specific Export Councils, industry bodies, chambers of commerce, and other business organisations.

The benefit of being part of a larger agency that also works in the investment promotion and tourism space means that the Export Unit is also able to leverage relationships that exist in other units, for example, Wesgro's Investment Promotion Unit works very closely with stakeholders in the green economy like GreenCape and the Atlantis Greentech Special Economic Zone (SEZ). These units are already actively driving FDI into the green economy in the Western Cape.

In response to Covid-19

During the Covid-19 pandemic it became clear that a large part of Wesgro's international network was focussed on trade shows and trade missions, and logistics related to these. A lesson learned when travel and trade shows fell away was thus to increase focus on building up direct relationships

with international buyers. Having closer direct contact with a network of buyers increases Wesgro's value proposition for exporters and enables Wesgro to play a much more direct facilitation role between exporters and potential buyers.

Building resilience and green trade competitiveness

Expand exporter database. In order to better serve and strengthen green economy trade in the Western Cape, Wesgro's Export Promotion Unit will need to broaden its current exporter and stakeholder database. Two points are important here, in the first instance, Wesgro will need to play a role in supporting all businesses already in its database to "green" their business and their supply chains; in the second instance, Wesgro will need to expand its reach to businesses operating in the green economy. In order to support export development among green industries, the Wesgro Export Promotion Unit will need to expand their service offering to more companies operating in the green economy.

Wesgro's Export Unit will need to take steps to better understand the green economy landscape in South Africa and the Western Cape, including potential exporters and their value chains and business support organisations.

Expand buyer and international stakeholder database. In order to effectively support green economy export development and connect local exporters to opportunities, Wesgro will need to take steps to build up an international network of importers of green economy products and services.

Relationships and Networks. A TPA's success depends on its relationships and networks. In order to expand support for green economy companies, new relationships will have to be forged and networks expanded, both locally and internationally. This would include expanding on its network of business support organisations, industry bodies, and government institutions.

At a local level, Wesgro's Export Unit will need to expand on existing, and build new relationships with organisations in South Africa that have a role in the green economy, for example, GreenCape, the Atlantis Greentech SEZ, relevant industry bodies, and regulatory and certification bodies.

Wesgro will also need to leverage relationships with international and development organisations that would support initiatives to strengthen green trade and enable market access for green industries in lucrative markets such as the EU. The Wesgro Export Unit will need to more actively participate in international partnerships already established to support the green economy in the Western Cape, such as the C40 Cities Solution Platform, World Energy Cities Partnership and multiple "sister cities" relationships across the globe.

5.2. Exporter Development and Knowledge Sharing

5.2.1. Exporter Training and Mentoring

Existing

Most TPAs provide exporter training as part of their service offering. This would usually be aimed at SMMEs rather than large companies. Exporter training serves to equip companies seeking to sell their products and services in foreign markets, providing training on the basics of exporting.

In response to Covid-19

Many valuable lessons were learned during the Covid-19 pandemic with regard to exporter training. Prior to the outbreak of Covid-19, Wesgro's exporter advancement course was a one-week in-person programme at Wesgro's offices in Cape Town City Centre. Not only did this limit intake to the number of people that could fit in the training room, but it also meant that participants had to travel into the City. Participants either had to fight traffic and commute into the City every day, or, if they were from further afield in the province, they would have had to take up accommodation in the City for the duration of the training.

Building resilience and green trade competitiveness

Though it seems simple, shifting from in-person to online exporter training has exponentially increased the number of exporters that can participate in Wesgro's exporter advancement programme. In particular, this makes participation easier for exporters in rural areas. It also makes it easier to curate sector specific training. Online training reduces travel, accommodation and opportunity costs for participants, making it more accessible for smaller companies. It also takes cars off the road.

Wesgro plans to add short training videos on the web-based Cape Trade Portal (details set out below), which would be easily accessible to Export Managers and to exporters to access at their own convenience.

In Wesgro's case this includes an Export Readiness Assessment, Technical Export Training, 1-1 Mentoring by local and international consultants and introductions to industry bodies and relevant organisations. It also equips new exporters to develop an export marketing plan.

Due to the national lockdown, in-person exporter training had to go virtual. This immediately increased not only the reach, but also the appeal. Participants no longer needed to set aside a week for travel into the City. By doing virtual training, and having it slightly more staggered, many more potential exporters were able to participate.

Wesgro provided 7 online courses (three in the metro, and four in district areas) between April 2020 and March 2021, training 148 companies. Additionally, 56 SMMEs received one-on-one export mentoring.

In the long-run this will all feed into building a virtual exporter ecosystem for the region, in which networking, information sharing, "going to the market", communicating and transacting will all be online. Besides reducing the need to travel, this will aid in building resilience for any future shocks.

In order to support a green economic recovery, Wesgro will begin to build awareness and understanding of various aspects of greener trade into its Exporter Advancement Programme. This will include, for example, focussing more on consumer demands related to environmental impact and sustainability, particularly also for goods transported long distances. It will also include curating an Export Advancement Programme for green industries. (This would go hand-in-hand with expanding Wesgro's database to include more green industry SMMEs.)

5.2.2. Sector Knowledge/ Research

Existing

Currently, Wesgro's Research Unit supports the Export Promotion Unit with market and sector research. The Research Unit also provides Decision Support Model (DSM) research to exporters to assist them in deciding upon focus markets, and responds to queries and bespoke research requests from Western Cape companies. Export managers also build up an understanding of the Western Cape's export sectors and competitiveness across sectors. Until recently this has largely focussed on the Western Cape's traditional export sectors such as agricultural products, food and beverages, wine, and clothing, footwear and leather goods. More recently, Wesgro has developed a services export strategy, in which

the Agency plans to expand its service offering to better support services exports.

This research and sector knowledge serves various purposes. Export Managers use country-specific factsheets when they go into a particular market to understand the trade and investment relationship between the specific country and the Western Cape. These factsheets are also shared with exporters and are freely available on Wesgro's website. Wesgro's research also informs the Export Unit's various strategies, focus markets and mission plans. DSM research serves to provide information about markets with realistic export potential for particular products.

In response to Covid-19

The way in which research is done and the content thereof did not significantly change as a result of the Covid-19

Building resilience and green trade competitiveness

In order to better support a green economic recovery and strengthen green trade competitiveness, Wesgro will need to expand upon its current sector knowledge and research offering. Wesgro will need to better understand the opportunities and challenges of green trade, whether that be the greening of traditional value and supply chains or the trading of green economy products and services. The findings of this research project, once complete, will form a knowledge base for informing Wesgro's understanding of this.

The first steps towards knowledge sharing and capacitating of the Western Cape exporter base will include the dissemination of findings from this project (including DSM work done by project partners), and future work in this field will build upon relationships and networks developed as a result of this project.

pandemic. Below, in 5.2.3, we will discuss, however, how the dissemination of some of this knowledge has changed.

This will include research needed to support and protect existing exports by understanding which sectors need to prioritise the “greening” of their production. This would include understanding whether there are any imminent regulatory barriers to market, and which consumer trends and standards need to be prioritised. Wesgro will also incorporate the identification of opportunities in the green economy via DSM in its own research offering in future.

Research will need to be made easily accessible to export managers, exporters, buyers, and stakeholders via the Wesgro website and Cape Trade Portal.

Wesgro Export Managers would need to be equipped to be able to support exporters (especially SMMEs) in understanding the impact of growing climate considerations in their markets and the importance of greening their products and supply chains.

5.2.3. Education and Awareness Network Sessions – Workshops, Seminars, Webinars

Existing

Prior to the Covid-19 outbreak, Wesgro used to host a large number of information sessions, workshops, discussions and networking opportunities. These sessions often included specialist speakers on particular trade topics. Information sessions were usually curated for a specific market and / or a specific sector, often in preparation for a trade mission; other sessions might tackle topics like Brexit or AGOA (the US African Growth and Opportunity Act), serving to inform exporters of trade developments. These sessions were always held in-person, either at the Wesgro premises or at a venue in the Cape Town City Centre. It was possible to accommodate approximately 40-50 people at Wesgro without incurring

venue hire costs. For larger groups, the hiring of an external venue was required.

These sessions often had to be scheduled to accommodate travel (flights) by speakers from Pretoria or Johannesburg, especially if speakers included national government representatives. In addition, logistics such as traffic and parking had to be taken into consideration, especially for participants travelling from outside of the City. Juggling the ever-shifting schedules of government officials with the organisation of a physical event in Cape Town was often a challenging logistical undertaking.

In response to Covid-19

Covid-19 suddenly meant that in-person sessions were no longer possible. Wesgro, together with the rest of the world, had to learn how to host discussions and events online. There were many unexpected benefits. No longer was it necessary to fly officials down to Cape Town to speak, and no longer were speakers or audience geographically limited to the proximity of Cape Town, or even South Africa.

Discussions became so much more rich and meaningful because suddenly speakers and participants could be based anywhere in the world. For example, a discussion about doing business in Africa could include speakers and audiences based in various countries on the Continent. At the same time, the reach of Wesgro's information sharing sessions increased exponentially.

At the height of lockdowns and logistics confusion, webinars were also an excellent way to communicate with business about current Covid-19 regulations, nationally and internationally, and to explain what was happening and how to find assistance.

Between April 2020 and March 2021, Wesgro hosted 42 virtual networking sessions about Covid restrictions, market / sector information, or trade developments (such as Brexit).

As restrictions have eased, Wesgro has been able to introduce hybrid sessions as well, where participants and audience can be either in-person or online.

Building resilience and green trade competitiveness

In order to support green trade competitiveness, Wesgro will expand upon the topics of its webinars to include information to equip exporters to understand the challenges and opportunities of trade in a greener international economy (beginning with the webinars organised as part of this project to disseminate the findings). Ideally, this would foster a sense

of green competitiveness among Western Cape exporters.

In order to share information about export opportunities in green industries, Wesgro would need to leverage new and existing relationships with green industry experts and market specialists in destination markets.

5.3. Matchmaking, Missions

5.3.1. Exporter Missions

Existing

One of the core functions of a TPA revolves around trade exhibitions, inward buyer missions, outward selling missions, and study tours. This also includes, in Wesgro's case, supporting exporters in accessing national government incentives and funding for participation in such missions. Wesgro also has a mandate to facilitate outward foreign direct investment (OFDI) into the rest of Africa.

Before Covid-19, Wesgro's export managers spent the majority of their energy on the organisation of trade missions and supporting exporters with participation in trade shows. This would involve identification of trade shows, or the

organisation of outward selling missions; assisting exporters in applying to participate and sending samples ahead of time. Export managers then physically travel to trade shows around the world with exporters and facilitate B2B meetings and networking sessions in market.

Wesgro would also share information about missions or trade shows with its database, even if they were not involved, and assist in arranging meetings in market.

This represents the very core of cross-border business matchmaking.

In response to Covid-19

Worldwide lockdowns struck at this core of traditional business matchmaking practices. Without being able to physically facilitate meetings between exporters and international buyers, the Wesgro Export Unit had to entirely change the way it operates.

The first way in which the Wesgro Export Unit adapted to the lockdowns and restrictions on movement was by organising virtual export and OFDI missions. Wesgro facilitated the first virtual mission in Africa in May 2020 to Botswana. Stakeholders such as Botswana Investment and Trade Centre (BITC) South Africa, Mazars Botswana, and South Africa's Department of Trade, Industry and Competition (DTIC) participated in an investment seminar that formed part of the mission. There were also a number of informative business networking sessions, all through virtual platforms. A similar export mission to Guinea followed shortly after.

Not long after this, Wesgro, working with Wines of South Africa (WoSA), and the South African Embassy in South Korea, facilitated a Virtual Wine mission to South Korea. Ten wineries presented their respective wines to an audience of 20 South Korean wine importers and distributors. Wine samples had been pre-shipped, and the audience was able to taste each wine as it was presented.

Between April 2020 and March 2021, Wesgro was involved in 40 virtual or hybrid missions, culminating in a large virtual trade exhibition, the Cape Agriculture Export Week, hosted by Wesgro.

By leveraging technology, it became possible to connect buyers and sellers once again. In addition, the use of virtual platforms has allowed Wesgro to offer more extensive market access support at reduced costs. The most significant benefit is that smaller exporters can also easily participate without having to leave their business to travel or pay excessive costs to participate.

In conjunction with online trade missions and exhibitions, Wesgro also piloted a virtual platform for wine exports. South Africa's Disaster Management (Lockdown) Regulations banned the domestic sale of alcohol for long periods at a time. The Western Cape is a wine growing region, and wine is one of the province's top exports. Usually approximately half of the wine produced is exported and half is sold domestically. When domestic sales were no longer possible, exporting became the only avenue for survival. Many wineries were, however, not export ready, or needed support with market access. In response, Wesgro, together with WoSA, established a virtual platform for wineries to list their wines. This platform was then boosted in export markets and in conjunction with export missions. Wineries participating in Wesgro's Export Advancement Programme were also able to list their products once export ready.

Building upon the online wine export platform, Wesgro is in the process of piloting a Cape Trade Portal, which will include all products and services. This will serve as both a permanent online matchmaking platform as well a resource centre for exporters. Virtual trade exhibitions will also be run through

this portal as well as marketing campaigns to strengthen the Cape Region of Origin brand.

The Covid-19 pandemic also encouraged many companies to take advantage of e-commerce and e-commerce platforms. This provides a slightly different way of exporting, and a shift from B2B to B2C. The Cape Trade Portal will also aim to list various global, regional, and sector e-commerce sites, in order for exporters to understand legitimate e-commerce solutions available for their products.

Although travel to many of South Africa's major export markets remains restricted well into 2021, travel for South Africa to much of the rest of Africa became possible by late 2020. This allowed Wesgro to pilot hybrid trade missions, whereby some companies travel while others join virtually. A hybrid mission could also be a small virtual mission to connect buyers and sellers virtually, to do introductions and 'test' appetite, prior to an in-market mission (thus ensuring the in-market mission is more successful as companies already have sense of who they want to do business with). Although this still contains an element of travel, it reduces unnecessary travel by making sure that travel is based upon a strong trade lead.

Additionally, hybrid events allow for the hosting of small trade delegations, but leveraging of technology and translation services to live stream events to a larger delegation abroad.

It is interesting to note that the number of export declarations, value of declarations, and number of jobs created remained higher when travelling in market. For the financial year March

2020 – April 2021, 89 percent of the ZAR value of export declarations were generated in-market. The majority of these declarations were however from export initiatives prior to the outbreak of Covid-19. Trade deals have a long lead, and the real results emanating from 2020's activities will only clarify with time.

It is likely that cross-border trade will always require an element "in-person" business. A shift towards hybrid trade events rather than a complete reversion to pre-Covid-type practices will however go a long way towards reducing unnecessary travel.



Building resilience and green trade competitiveness

Many of the lessons learned from the Covid-19 pandemic have direct application to building resilience and green trade competitiveness. Not only does technology provide non-travel (or less-travel) alternatives to business matchmaking, but it also allows more targeted matchmaking and is much more inclusive to SMME participation.

South Africa is long haul destination from major export markets, which already puts exporters at a disadvantage in terms of environmental impact when it comes to the transportation of goods. In addition, any travel related to business development would also increase environmental impact. Travel is also incredibly costly, especially for SMMEs. The ability to reduce reliance on travel to do business will make a significant difference to the competitiveness of South African exporters to access markets and connect with buyers.

In order to expand support to companies in green industries, Wesgro will need to incorporate more green industry trade shows into its mission plan (for example, WindEurope, Greentech Amsterdam) and generate awareness among green industry exporters about Wesgro's matchmaking services.

To this effect, Wesgro aims to partner with GreenCape in participation in at least one green trade exhibition per year in the future. Even if Wesgro does not participate in trade shows, having more green industry companies on its database will enable the Agency to share information about upcoming trade shows and missions. Wesgro will focus more attention towards supporting green economy companies to invest in the rest Africa.

Wesgro's market access support will be easily accessible via the Cape Trade Portal, where SMMEs would also be able to benefit from marketing collateral related to the Western Cape's capabilities in green industries (see 5.5. below).

The Cape Trade Portal will also aim to provide a list of global trade exhibitions, including green industry trade shows, in order to raise awareness of exporters.

In order to effectively fulfil its role as matchmaker and facilitator in the green economy space, Wesgro will need to rely on new and existing networks and relationships in international markets.

5.4. Institutionalisation

5.4.1. Export strategy

Existing

Wesgro has been working closely with the Western Cape Government in the development of a provincial export strategy. Part of the Western Cape Government's economic strategy is

to develop an export-oriented economy. The strategy sets out what work needs to be done in order to support export growth in the Western Cape.

In response to Covid-19

Many of the lessons learned during the Covid-19 pandemic are being incorporated in the Western Cape's export strategy. This means that changes made to the way that Wesgro

supports and develops exports from the Western Cape will be institutionalised.

Building resilience and green trade competitiveness

Not only will the Western Cape's export strategy institutionalise lessons learned from the pandemic, but it will also bring in a focus on green trade competitiveness.

institutionalised focus can significantly strengthen green trade competitiveness. In addition, extending the focus from investment promotion into green industries to include green trade competitiveness will ensure a strong and sustainable green business environment.

Much of the Western Cape's export production has incorporated a strong focus on environmental sustainability for decades. In the wine industry, for example, South Africa leads the world in environmental sustainability and regulated production integrity.⁴

Another focus of the Western Cape Export Strategy will be strengthening institutional support for services exports. With improvements in technology, and Covid-19 as a catalyst for digitisation, many more South African service providers are able to reach international markets online. Services provide a means of exporting without needing to transport cargo or travel as frequently (in some instances). The Western Cape is home to the Greentech Special Economic Zone at Atlantis, which incentivises investment in greentech. By supporting and developing greentech services exports, the Western Cape can also become a further hub for green services.

The South African agricultural industry works alongside the Sustainability Initiative of South Africa (SIZA), which enables the sector to be a global leader ensuring sustainable, ethical trade and environmental stewardship. Many farms have implemented best-practices such as measuring their water-use efficiencies, using satellite imagery to improve water management, implementing biological and organic farming practices, calculating their carbon footprints and making use of solar panels as an alternative energy resource.

Another step that can be taken to institutionalise support for green trade competitiveness is to include relevant KPIs for export managers or reporting requirements for the Export Unit.



⁴ For more information, visit the Wines of South Africa website (www.wosa.co.za).

5.4.2. Barriers to trade

Existing

South African exporters face a host of non-tariff barriers and competitiveness challenges, ranging from certification challenges and access to markets, to port efficiency.

The Western Cape Government, in partnership with Wesgro,

In response to Covid-19

Covid-19 related restrictions, especially during the hard lockdowns, caused immense disruptions to international trade. Wesgro, together with the Western Cape Government and City of Cape Town, established a business support website and email address for businesses in need of information or assistance. A large amount of businesses needed assistance with logistics and the Port of Cape Town. In order to be able to assist businesses effectively, officials needed to work together across departments and across levels of government. This was extremely effective, and many lasting lessons were learned in terms of breaking down silos at government level to deal effectively with challenges that businesses face.

Wesgro houses the Western Cape InvestSA One-Stop-Shop

Building resilience and green trade competitiveness

Climate compliance standards are anticipated to pose increasing barriers to trade for exporters, particularly, in the short term, to the EU. Therefore, any systems developed to deal with barriers to trade will also have application in addressing barriers that emerge as a result of climate compliance.

One challenge that is already very evident from the exporter survey is that of standards and certification requirements.

has been building institutional structures to deal with barriers to trade in a systematic manner. This also incorporates the national government's development of a trade barriers monitoring mechanism.

(OSS), a collaborative government institution aimed at the facilitation of investment. The institutionalised relationships that existed across government by virtue of the OSS made working together effectively across government levels and departments during the crisis much easier. Wesgro, together with InvestSA, is therefore in the process of expanding on the services offering of the OSS to cater not only for facilitation of investments, but also to act as an Export OSS.

While initially the InvestSA OSS was (and still is), a physical building with all the government entities required to facilitate an investment under one roof, the facility has also launched a virtual OSS. Once again, the benefits of scale are significant. The objective is to include a virtual export OSS to this offering.

As mentioned above, the Western Cape Government is institutionalising structures to systematically address barriers to trade, including a Trade Barriers IQ Team and an Ease of Doing Business Task Team focussed specifically on trade barriers (made up of officials from the provincial government and Wesgro). The effective resolution of barriers to trade does, however, require working closely with counterparts at national level, as the resolution of many challenges fall within the national, rather than provincial, spheres.

5.5. Marketing and Investment Promotion

5.5.1. Region of Origin Marketing

Wesgro's Marketing and Communications Unit works closely with all units in Wesgro to promote the destination internationally for tourism, trade, investment and film. For the first time the marketing unit will run a "Buy Western Cape" campaign, to promote the Western Cape as a quality region of origin for products and services. The campaign will bring together a unified brand logo and story that can be used by exporting businesses across the province. This brand story will include aspects of biodiversity conservation, sustainable agriculture, tech capabilities, and the Western Cape's green economy. The province is a global leader in many aspects of environmental sustainability and conservation, and it is a story that needs boosting.

The campaign will include targeted online marketing in key export markets (initially only in one or two markets), as well as "Made in the Cape" marketing collateral that will be

available for exporters to download and use. The marketing campaign will drive potential buyers to the Cape Trade Portal, where more information about the quality offering of the region will be available, and where export companies will be listed. Export managers will also use the marketing collateral, which also aims to educate foreign buyers about the value proposition of Western Cape goods and services, during trade missions.

This campaign speaks directly to the survey results showing online marketing and presence as a successful intervention. It is also based upon feedback from SMMEs indicating that they do not have large budgets to spend on online marketing. This campaign aims to promote the Cape region as an origin of quality products, thereby supporting any individual marketing efforts by SMME exporters who indicate that their products or services are from in the Cape.

5.5.2. Green Industries Investment Promotion

As mentioned above, Wesgro's mandate also includes promoting the Western Cape as an investment destination and facilitating FDI deals. The Investment Promotion Unit already works very closely with green economy institutions to drive investment in green industries. There is a shared objective among government institutions in the province to drive green investment. Strong cooperation between Wesgro, the Atlantis Greentech SEZ, GreenCape, InvestSA, the Western Cape Government and InvestCapeTown helps to drive, facilitate and incentivize investment in green technologies. Cooperation is strengthened through, for example, having cooperation agreements in place, and, in the case of Wesgro and GreenCape, sharing human resources.

This work has already paid dividends in the development of a

robust green economy in the Western Cape. The Atlantis SEZ is the only Greentech SEZ in Africa, and is expected to attract US\$3.7 billion in investments over the next two decades. Cape Town and the Western Cape's strength as a green investment destination is built on local and international partnerships through the C40 Cities Solutions Platform, World Energy Cities Partnership, affiliated membership to the International Cleantech Network through GreenCape and multiple "sister cities" relationships across the globe.⁵

The Export Unit at Wesgro is perfectly situated to become a more active participant in these already existing networks in order to foster a supportive environment for green trade competitiveness.



⁵ Atlantis SEZ Investment Prospectus. 2021.

6. Conclusion



This case study has looked at initiatives piloted by Wesgro, a regional a Trade Promotion Agency in South Africa, during the Covid-19 pandemic and the application of lessons learned for building resilience and green trade competitiveness.

The objective of this case study is to explore ways in which Trade Promotion Agencies (TPAs) can expand upon their service offerings to provide better support to exporters, in particular SMMEs, to build resilience, adjust to changing consumer and market demands, and take advantage of emerging green economy opportunities. This includes, on the one hand, supporting existing exporters to “green” their value chains, and on the other hand, expanding their service offering to exporters and potential exporters operating in the green economy

The greatest challenge reported by surveyed SMME exporters was the inability to attend trade shows and exhibitions to promote their products and services for export. The most useful intervention, both by business support organisations and by the companies themselves, was the use of online marketing and communications to overcome these challenges.

This case study has looked at the various ways in which TPAs can assist and equip SMME exporters to overcome the challenges caused by Covid-19 related restrictions and their application in the context of a green economic recovery. Many of the initiatives piloted in response to Covid-19 restrictions have significant application in supporting, promoting, and developing green trade competitiveness.

Initiatives have included strengthening strategic relationships and better targeting potential international buyers, digitisation of Wesgro's service offering, digitisation (and hybridisation)

of business matchmaking initiatives, and supporting the digitisation and digital reach of Western Cape SMME exporters.

Lessons learned have included the significant expansion of reach that comes with digitisation, whether that be in terms of services offered by Wesgro or sharing of information on digital platforms. Digitisation of trade missions has allowed for easier participation by smaller companies, and the digitisation and hybridisation of business matchmaking has allowed business to continue with far less need for travel.

Key considerations for Wesgro (and other TPAs) going forward will include ensuring green economy companies are aware of Wesgro's service offering and are included in Wesgro's database. In order to strengthen its offering to the sector, Wesgro will need to include green industry focussed market research, information sharing, exporter training and matchmaking initiatives. In addition to expanding its network to support companies active in the green economy, Wesgro will also need play a role in supporting all exporters in the “greening” of their value chains. This can be done through initiatives that connect exporters to buyers without the need for unnecessary travel. Wesgro can also play a role in establishing platforms for knowledge sharing about consumer and market demands related to sustainability and environmental impact of products and services in key export markets. Finally, Wesgro can play a role supporting exporters in tackling increasing non-tariff barriers related to climate change measures.

Editorial and Project Team

This publication was produced by a cross-divisional project team within Wesgro.

Project management:

Yaw Peprah – Chief Business Officer
Jacyntha Twynam – Head of Strategic Projects
Erica Joubert – Head of Export Promotion
Janine Botha – Head of Research
Lisa Johansson – Green Economy Finance & Investment Liaison
(Wesgro and GreenCape)
Salman Kajie – Head of InvestSA One Stop Shop, Western Cape

Research and Analysis

Morne Hoffman – Research Analyst
Joshua Palm – Assistant Export Manager
Belvana Abeli – Brownfield Portfolio Manager: Green Economy
Lona Tshongweni – Research Analyst

DTP and Layout

Grant Carelse – Senior Graphic Designer

Author

Karen Bosman – Strategic Research
and Public Affairs Manager



For more information on this publication and other Wesgro publications please contact research@wesgro.co.za or for more publications visit the Wesgro publications portal on our website at <http://wesgro.co.za/publications>

Disclaimer: Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2021.