

performance risk (e.g., on-time delivery). At the same time, by building trust amongst the participants, ETF enhances the stability of the network. The ETF model stands in contrast to the traditional, adversarial procurement model in which the more powerful buyer seeks to extract concessions on price, payment terms and delivery from the weaker supplier. In fact, this “cost shifting” to the weaker participants actually increases the cost to the buyer as the supplier incorporates its higher cost of capital into the cost of the goods. Moreover, in extracting such concessions, the buyer weakens the overall strength of the supplier thereby increasing the long-term risk of GVC disruptions.

Analytical Approach

To gain a better understanding of the emerging trends in the area of integrated electronic trade-related services, to assess the leveraging effect that the emerging linkages between upstream and downstream trade facilitation may have on trade development and promotion activities, and to evaluate the capacity to innovate in this area, a survey was conducted in 2006 of well-established trade service leaders, with a particular focus on electronic trade finance.

The institutions that participated in the survey represent a wide range of institutional types¹². That being said, not all institutional types are equally well represented—in particular private sector institutions are less well represented than hoped for, which represents a limiting factor for the results. Moreover, certain institutional types are represented in some economies but not in others. This reflects either inability to identify an institution of a given type for the economy in question, or if identified, a failure to elicit agreement from the institution to participate.

The level of representation for the survey meetings ranged from middle management to the most senior executive level. Participants represented themselves as having both the authority

¹² Attached, as Appendix A, is a list of all the institutions that agreed to be interviewed for the study.