

Integrated Trade Service Models: Best Practices in E-Trade Finance

Peter Cowan and Gilles Morin[♦]

Abstract

The emergence of global value chains (GVCs) and the growing use of electronic supply chain management techniques in the private sector presents both challenges and opportunities to traditional trade facilitation systems and trade promotion organizations (TPOs). This study highlights opportunities for TPOs to integrate their traditional trade development operations (supporting sales) with downstream trade management functions (post-sales fulfillment) on the basis of electronic platforms, the benefits in terms of diminishing traditional payment risk and accelerating cash flow within supply chains of integrating trade finance into such e-platforms, and the potential to facilitate SMEs internationalization efforts through ICT enablement. The study suggests that due to problems of attaining sufficient scale in trade facilitation networks and the presence of externalities, under-investment by the private sector may occur in trade facilitation systems. Insofar as neutral third party sponsors can overcome/reduce some of these problems, government involvement could be contemplated, especially if SMEs are to be the prime beneficiaries in terms of enhanced access to international markets.

[♦] Peter Cowan is Senior e-Global Trade Management Advisor, Export Development Canada. Gilles Morin is Vice-President, Global Trade Management, Export Development Canada. The development of this paper was supported by Sabina Ouimet-Storrs, William Ralston, Emma Fisher, Research Associates. This paper is based on a research paper (TP 01/2006T) prepared for the APEC Trade Promotion Working Group in 2007. Contact: Peter Cowan, Global Trade Management Innovation Centre, Export Development Canada, 151 O'Connor Street, Ottawa, Canada, K1A 1K3. Tel: 001 613 598 2961. Email: pcowan@edc.ca. The views expressed here are those of the authors, and not necessarily of Export Development Canada or of Foreign Affairs and International Trade Canada.