

MARKET STRATEGIES FOR LATIN AMERICAN REGION



PREPARED BY:
MARKET DEVELOPMENT DIVISION
SRI LANKA EXPORT DEVELOPMENT BOARD
JUNE, 2017

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INTRODUCTION

OVERVIEW OF LATIN AMERICAN REGION

The Latin America of today has changed fundamentally and irreversibly. The Governments of Latin America have opened up their markets and reduced import tariffs. They are privatizing their state enterprises. They are according priority to the modernization/improvement of existing infrastructure and creation of new infrastructure for the growth and development of the region. The Latin American countries have reorganized Sri Lanka's export capabilities and the advantages of doing business with Sri Lanka and look forward to countries like Sri Lanka for imports at affordable prices.

Sri Lanka remains a minor trading partner of the Latin American region - accounting for just 6.1% of the region's world imports. Similarly, Sri Lanka exports to Latin American countries represent a relatively small proportion of Sri Lanka's total export volumes. Moreover, Sri Lanka's exports to Latin America are highly concentrated within a few destination markets and products. The economic powerhouses of Latin America – Mexico, Brazil, Chile, Argentina, Colombia, Peru and Venezuela 0.04 % accounted for per cent of all Sri Lanka's exports to the region. When Panama, Colombia, Peru and Venezuela are added to this analysis.

TRADE OF LATIN AMERICAN COUNTRIES

Product demand of the Latin American region is not homogenous. Indeed, different countries within the region may import a diverse range of products depending on their own comparative advantages, level of economic development and growth rates.

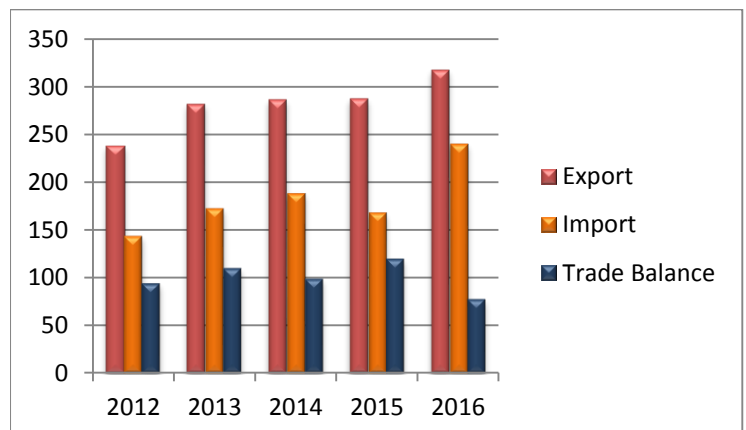
BILATERAL TRADE BETWEEN SRI LANKA AND LATIN AMERICAN REGION

Values in US \$ Mn

Year	Export	Import	Trade Balance
2012	238	144	94
2013	282	173	109
2014	287	188	98
2015	288	169	119
2016	318	240	78

Source: Sri Lanka Customs Statistics by Information

Technology Division / EDB



SRI LANKA'S MAJOR EXPORTS TO LATIN AMERICAN COUNTRIES (LAC) FOR RECENT FIVE YEARS

According to trade statistics, first 20 products exported to LAC as follows.

Value in US \$ '000						
HS Code	Description	2012	2013	2014	2015	2016
0906	Cinnamon, whole	102,265	102,229	95,938	98,385	117,065
0902	Tea	23,890	27,998	32,982	28,197	27,394
4015	Articles of apparel of rubber	16,993	38,810	17,261	15,619	16,845
4907	Unused postage, revenue or similar stamps				19,489	15,622
5305	Coconut, abaca, ramie and other vegetable textile fibers	5,773	6,206	7,196	7,753	13,287
6204	Women's suits, not knit	7,888	8,319	9,840	11,314	12,655
4012	Solid or retreaded tires of rubber	11,438	14,001	15,499	12,077	12,307
4011	New pneumatic tires, of rubber	8,440	12,124	13,238	13,711	12,224
6109	T-shirts	6,616	11,890	13,651	11,404	12,157
6116	Gloves, mittens and mitts	6,184	8,419	7,930	6,318	8,442
6104	Women's suits	5,685	6,548	7,784	7,379	7,567
6212	Brassieres and parts thereof, not knit	2,644	2,802	3,803	5,296	6,918
6203	Men's suits, not knit	3,504	4,526	4,592	5,231	5,026
8544	Insulated wire; optical fiber cables		732	2,958	2,201	4,978
6206	Women's shirts, not knit	704	2,126	2,559	2,611	4,497
5510	Yarn of artificial staple fibers	9,200	2,935	5,176	3,627	3,071
2008	Fruit, nuts and edible plants preserved with sugar	2,194	3,652	3,237	2,873	3,041
0801	Coconuts, Brazil nuts and cashew nuts	2,407	956	5,299	1,196	2,885
6108	Women's undergarments	420	502	785	2,117	2,851
6103	Men's suits	1,378	2,776	2,140	2,549	2,741

Source: Trade map

SRI LANKA EXPORTS TO LATIN AMERICAN AND CARIBBEAN BY COUNTRY WISE

Importer	2011	2012	2013	2014	2015
Latin America and the Caribbean Aggregation	244,416	240,039	283,472	287,169	288,516
Mexico	97,818	103,556	101,988	111,759	106,024
Brazil	31,472	38,102	62,929	54,747	44,222
Chile	32,445	30,576	35,272	43,913	38,404
Peru	7,744	13,451	19,066	15,000	21,775
Venezuela, Bolivarian Republic of	18,609	2,028	1,335	1,180	20,592
Colombia	11,085	9,003	12,526	13,023	9,677
Panama	6,547	7,701	9,037	7,728	8,587
Ecuador	6,574	7,307	6,867	6,385	6,903

Argentina	9,475	5,504	5,391	6,447	5,960
Guatemala	4,724	4,497	6,964	5,100	4,741
Bolivia, Plurinational State of	2,264	3,872	4,225	2,452	3,396
Uruguay	3,113	2,552	2,376	2,518	2,622
Costa Rica	1,306	1,756	2,047	2,808	2,532
Honduras	1,507	1,524	1,588	1,118	2,404
El Salvador	1,692	359	1,110	914	2,187
Trinidad and Tobago	1,460	1,694	2,112	2,507	2,063
Jamaica	1,700	1,592	2,988	2,650	1,693
Nicaragua	1,597	1,312	1,366	1,529	1,449
Dominican Republic	-	1,237	1,552	697	1,042

Source: Trade map

SRI LANKA'S TOP 10 PRODUCTS FOR LAC AND ITS TOP 3 MARKETS WITH VALUE AND SHARE

Product	Top 3 Market
Cinnamon	Mexico, \$58451 Mn, 63.5% Peru, \$11720Mn, 12.7% Colombia, \$6646 , 7.2%
Tea	Chile, \$27157 Mn, 92.7% Mexico, \$688Mn, 2.3% Uruguay, \$447 , 1.5%
Articles of apparel of rubber	brazil, \$14120 Mn, 65.2% Mexico, \$2867Mn, 13.2% Colombia, \$1321 , 6.1%
New pneumatic tires, of rubber	brazil, \$6704 Mn, 31.5% Mexico, \$6133Mn, 28.8% Chile, \$2060 , 9.7%
Women's suits, not knit	Mexico, \$10565 Mn, 73.2% brazil, \$1877Mn, 13.0% Chile, \$569 , 3.9%
Solid or retreaded tires of rubber	Mexico, \$7714 Mn, 58.3% brazil, \$3144Mn, 23.8% Argentina, \$558 , 4.2%
Coconut, abaca, ramie and other vegetable textile fibers	Mexico, \$11206 Mn, 90.6% Chile, \$440Mn, 3.6% Guatemala, \$415 , 3.4%
T-shirts	Mexico, \$3496 Mn, 29.5% brazil, \$3211Mn, 27.1% Chile, \$1624 , 13.7%

Gloves, mittens and mitts	Mexico, \$5444 Mn, 49.0% Colombia, \$1516Mn, 13.6% brazil, \$1328 , 11.9%
Men's suits, not knit	Mexico, \$4553 Mn, 55.3% Chile, \$1086Mn, 13.2% brazil, \$1057 , 12.8%

Source: Trade map

MAJOR TRADING PARTNERS

MEXICO

Mexican imports amounted to US\$395.2 billion in 2015, up 12.7% since 2011 but down -1.2% from 2014 to 2015. Mexico's top 10 imports accounted for almost three-quarters (72.8%) of the overall value of its product purchases from other countries. Mexican imports represent 2.1% of total global imports which totaled \$18.729 trillion.

From a continental perspective, 49.9% of Mexico's total imports by value in 2015 were purchased from North American Free Trade Agreement (NAFTA) fellow signatories the United States and Canada. European trade partners accounted for 12% of import sales to Mexico while 34.5% worth originated from Asia.

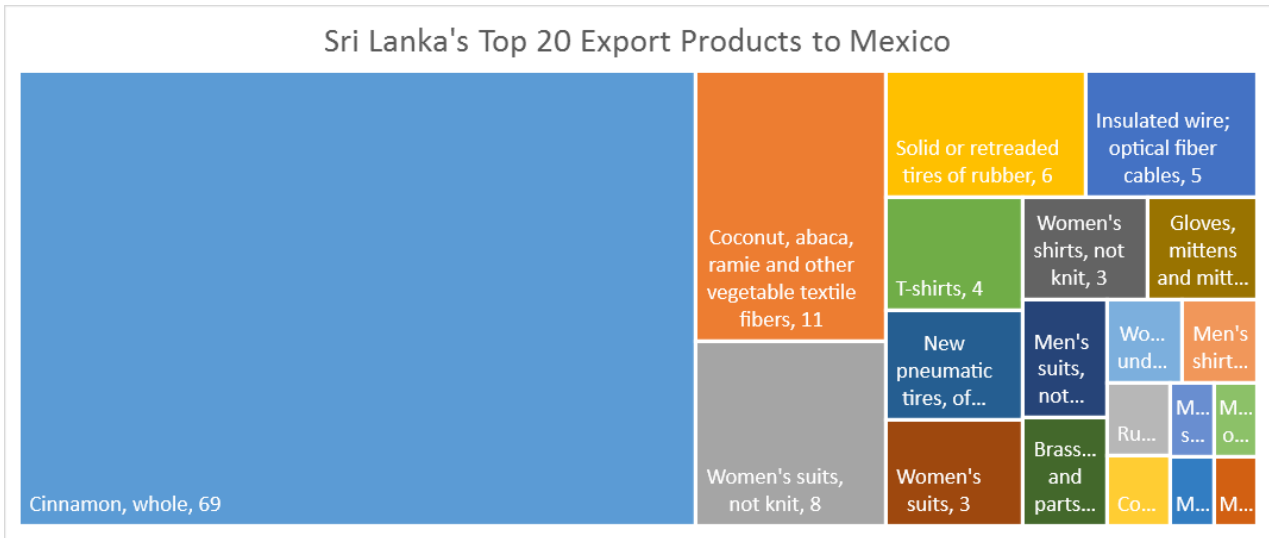
Given Mexico's population of 121.7 million people, its total \$395.2 billion in 2015 imports translates to roughly \$3,247 in yearly product demand from every person in the country.

The following product groups represent the highest dollar value in Mexico's import purchases during 2015. Also shown is the percentage share each product category represents in terms of overall imports into Mexico.

- I. Electronic equipment: US\$85.4 billion (21.6% of total Mexican imports)
 - II. Machines, engines, pumps: \$67.7 billion (17.1%)
 - III. Vehicles: \$37.3 billion (9.4%)
 - IV. Oil: \$26.5 billion (6.7%)
 - V. Plastics: \$22.3 billion (5.6%)
 - VI. Medical, technical equipment: \$15 billion (3.8%)
 - VII. Iron and steel: \$9.4 billion (2.4%)
 - VIII. Iron or steel products: \$9.4 billion (2.4%)
 - IX. Organic chemicals: \$8.1 billion (2%)
 - X. Rubber: \$6.6 billion (1.7%)
- ❖ Imported medical and technical equipment had the fastest-growing increase in value among the top 10 import categories, up 34.1% for the 5-year period starting in 2010.
 - ❖ In second place for improving import sales were vehicles, up 30.4%. Close behind were Mexican imports of machinery delivering the third-fastest gain at 25.7%.
 - ❖ Oil and organic chemicals were the laggards among the top 10 Mexican imports, posting respective -24.5% and -15.8% declines.

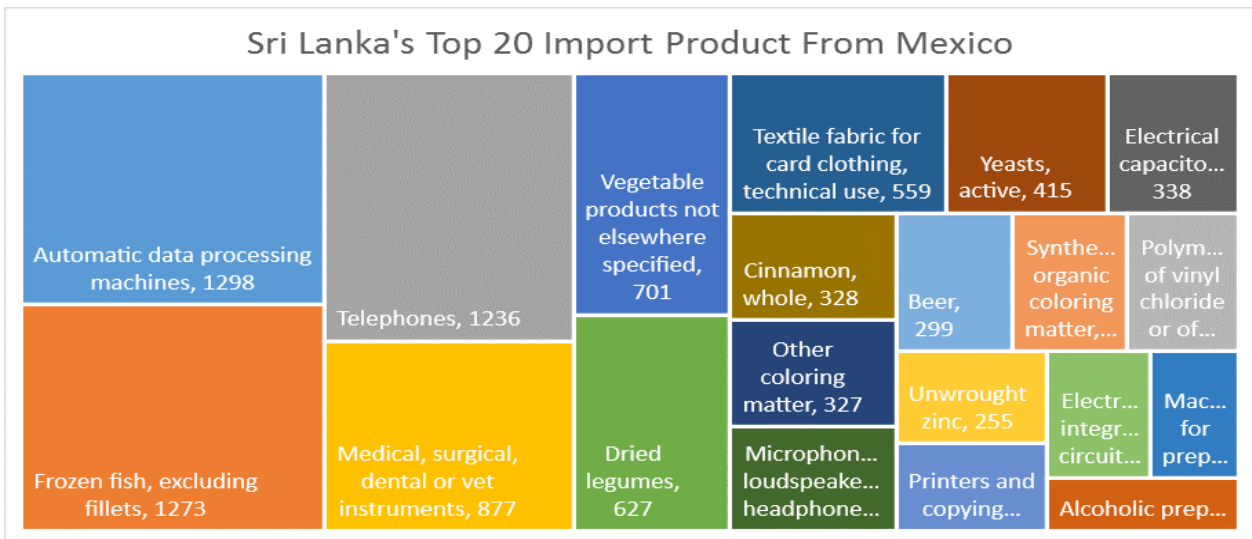
Please note that the results listed above are at the 2-digit Harmonized Tariff System code level. Information presented under other virtual folder tabs is at the more granular 4-digit level.

SRI LANKA'S EXPORTS TO MEXICO IN YEAR 2016
[US \$ 132Mn]



Source: Sri Lanka Customs

SRI LANKA'S IMPORTS FROM MEXICO IN YEAR 2016
[US \$ 12,807 Thousand]



Source: Sri Lanka Customs

POTENTIAL PRODUCTS TO BE EXPORTED FROM SRI LANKA TO MEXICO

Potential Products	US\$'000			
	Sri Lanka's exports to Mexico	Mexico's imports from world	Sri Lanka's exports to world	Trade potential
T-shirts	3,508	486,179	451,604	448,096
Women's suits, not knit	7,894	321,974	462,483	314,080
Men's suits, not knit	2,217	308,049	348,158	305,832
Women's suits	3,281	203,382	480,679	200,101
Sweaters, pullovers, sweatshirts, etc	310	334,793	198,267	197,957
Men's shirts, not knit	1,400	162,226	207,456	160,826
Petroleum oils, refined	-	18,048,805	158,206	158,206
Women's shirts, not knit	2,866	162,408	159,181	156,315
Food preparations not elsewhere specified	55	706,636	155,153	155,098
New pneumatic tires, of rubber	3,388	2,861,767	157,439	154,051

BILATERAL & MULTILATERAL TRADE AGREEMENTS:

- Trans-Pacific Partnership Agreement (TPP)
- Pacific Alliance (PA)
- Southern Common Market (Mercosur)
- NAFTA U.S.A. and Canada

BRAZIL

Brazil imported US\$137.6 billion worth of goods from around the globe in 2016, up by 7.8% since 2009 but down by -19.8% from 2015 to 2016. Brazilian imports represent 0.8% of total global imports totaling an estimated \$16.473 trillion for 2015.

From a continental perspective, 34.3% of Brazil's total imports by value in 2016 were purchased from Asian countries. European trade partners accounted for 26.2% of import sales to Brazil while 21.4% worth of goods originated from North American exporters. Smaller percentages came from Latin America (excluding Mexico) and the Caribbean (14%) with just 3.3% sold by sources in Africa.

Given Brazil's population of 205.8 million people, its total \$137.6 billion in 2016 imports translates to roughly \$668 in yearly product demand from every person in the country.

The following product groups represent the highest dollar value in Brazil's import purchases during 2016. Also shown is the percentage share each product category represents in terms of overall imports into Brazil.

- I. Machinery including computers: US\$21.1 billion (15.4% of total imports)
 - II. Electrical machinery, equipment: \$16.9 billion (12.3%)
 - III. Mineral fuels including oil: \$15.1 billion (11%)
 - IV. Vehicles: \$10 billion (7.2%)
 - V. Organic chemicals: \$8.3 billion (6.1%)
 - VI. Pharmaceuticals: \$6.4 billion (4.6%)
 - VII. Fertilizers: \$6 billion (4.4%)
 - VIII. Plastics, plastic articles: \$5.9 billion (4.3%)
 - IX. Optical, technical, medical apparatus: \$4.8 billion (3.5%)
 - X. Other chemical goods: \$3.8 billion (2.8%)
- ❖ Brazil's top 10 imports accounted for almost three-quarters (71.5%) of the overall value of its product purchases from other countries.
 - ❖ Miscellaneous chemical goods was the fastest-growing top product category, increasing in value by 57.7% from 2009 to 2016. Imported fertilizers placed second with a 53% gain followed by pharmaceuticals (up 42.7%).
 - ❖ Decliners in value were mineral fuels including oil (down -19.7%), vehicles (down -13.1%) as well as optical, technical and medical apparatus (down -2.4%).

Please note that the results listed above are at the 2-digit Harmonized Tariff System code level. Information presented under other virtual folder tabs is at the more granular 4-digit level.

SRI LANKA'S EXPORTS TO BRAZIL IN YEAR 2016
[US \$ 45Mn]



Source: Sri Lanka Customs

SRI LANKA'S IMPORTS FROM BRAZIL IN YEAR 2016
[US \$ 193MN]



Source: Sri Lanka Customs

POTENTIAL PRODUCTS TO BE EXPORTED FROM SRI LANKA TO BRAZIL

US\$'000

Potential Products	Sri Lana's exports to Brazil	Brazils imports from world	Sri Lana's exports to world	Trade Potential
Women's suits, not knit	2,724	204,617	462,483	201,893
Petroleum oils, refined	-	7,299,340	158,206	158,206
Articles of apparel of rubber	13,262	171,181	176,086	157,919
Food preparations not elsewhere specified	-	243,173	155,153	155,153
New pneumatic tires, of rubber	3,945	652,513	157,439	153,494
Men's suits, not knit	498	116,355	348,158	115,857
Women's shirts, not knit	986	96,092	159,181	95,106
T-shirts	3,943	98,770	451,604	94,827
Coconut oil crude	531	199,956	93,982	93,451
Other articles of rubber	92	409,409	88,349	88,257

BILATERAL & MULTILATERAL TRADE AGREEMENTS:

- Mercosur
- Australia-Brazil Strategic Partnership agreement
- Israel FTA
- Chile FTA
- Peru FTA

CHILE

Chile's economy is based on the export of minerals, which account for about half of the total value of exports. Copper is the nation's most valuable resource, and Chile is the world's largest producer. Agriculture is the main occupation of about 15% of the population; it accounts for about 6% of the national wealth, and produces less than half of the domestic needs.

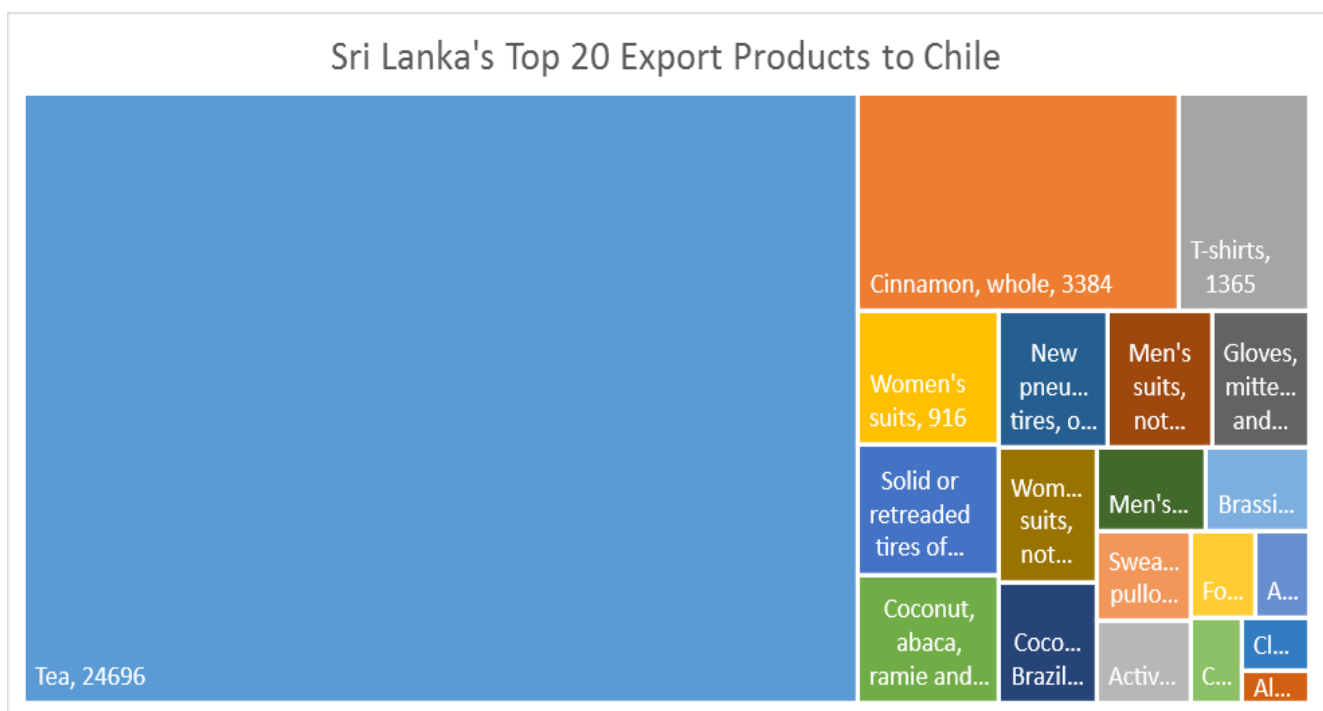
The major products are copper and other minerals, processed food, fish meal, iron and steel, wood and wood products, transportation equipment, and textiles.

The dependence of the economy on copper prices and the production of an adequate food supply are two of Chile's major economic problems.

Chile's main imports are petroleum and petroleum products, chemicals, electrical and telecommunications equipment, industrial machinery, vehicles, and natural gas. In addition to minerals, it also exports fruit, fish and fish products, paper and pulp, chemicals, and wine. The chief trading partners are the United States, China, Brazil, Argentina, and South Korea.

In 2016, Chile bought US\$53.3 billion worth of imported products down by -33.4% since 2012 and down by -15.4% from 2015 to 2016.

SRI LANKA'S EXPORT TO CHILE IN YEAR 2016 [US \$ 39,231THOUSAND]



Source: Sri Lanka Customs

SRI LANKA'S IMPORTS FROM CHILE IN YEAR 2016
[US \$ 15,475THOUSAND]



Source: Sri Lanka Customs

POTENTIAL PRODUCTS TO BE EXPORTED FROM SRI LANKA TO CHILE

US\$'000

Potential Products	Sri Lanka's exports to Chile	Chile's imports from world	Sri Lanka's exports to world	Trade Potential
Men's suits, not knit	698	302,950	348,158	302,252
Women's suits, not knit	638	295,752	462,483	295,114
T-shirts	1,365	280,492	451,604	279,127
Sweaters, pullovers, sweatshirts, etc	408	273,668	198,267	197,859
Petroleum oils, refined	-	3,252,712	158,206	158,206
New pneumatic tires, of rubber	716	751,713	157,439	156,723

Food preparations not elsewhere specified	274	226,966	155,153	154,879
Men's shirts, not knit	14	99,353	207,456	99,339
Women's shirts, not knit	68	93,523	159,181	93,455
Women's suits	916	93,649	480,679	92,733

BILATERAL & MULTILATERAL TRADE AGREEMENTS

- **Pacific Alliance:** Chile, Colombia, Mexico y Peru.
- **Transpacific Partnership**
- **P4:** Chile, New Zealand, Singapore y Brunei Darussalam
- **Mercosur**

THE TRADE OPPORTUNITIES

- According to the Economic Commission for Latin America and the Caribbean (ECLAC) Latin America and the Caribbean grew by around 4.3 % in 2011. Growth for 2012 is projected at 3.2% for the region.
- The growth projection for 2012 for major countries in the LAC region is as follows- Panama (9.5%), Peru (5.9%), Chile, Costa Rica and Venezuela (at 5% each), Colombia (4.5%), Mexico (4.0%), Argentina (2.0%) and Brazil (1.6%).
- The Latin American and Caribbean (LAC) region comprising 43 countries accounts for about 5.77% of the total world trade in 2011.
- According to ECLAC total merchandise exports of Latin America in 2011 were US\$ 1097.207 billion and their total merchandise imports were US\$ 1038.245 billion

BENCHMARKING EXPORT PROMOTION STRATEGIES

Competing in international markets requires exporters to have sufficient resources to gather the knowledge, skills and expertise to market and distribute their product in foreign markets. Moreover, the transactional costs associated with expanding the distribution and marketing value chain to foreign markets can deter potential companies from exporting. Together, these barriers can make exporting a high risk activity for businesses, for small to medium size companies.

To overcome these problems, governments around the world assist domestic companies through a myriad of export promotion initiatives. Indeed, until export subsidies were prohibited by the WTO, governments also provided generous financial assistance to support the production process of their export orientated industries.

Export promotion strategies generally comprise of a number of elements. These include:

- Educational components – targeted at training exporters or potential exporters around trading in global markets.
- Information and research services – aimed at providing exporters with information, research and sometimes ‘leads’ on export markets.
- Trade missions and related instruments - focused on providing an ‘entry’ point as well as exposure for exporters in international markets.
- Financial assistance schemes – targeted at assisting exporters with marketing their products in foreign countries.

This section reviews the export promotion strategies adopted by the comparator countries and examines how they are structured. In particular, the review seeks to understand whether the comparator countries have successfully implemented export promotion activities that are specifically targeted at Latin American markets. Whereas information from some countries, like Australia and Malaysia, is widely available, others are less transparent.

CONSTRAINTS TO EXPORTING

In order to design strategies to promote Latin American it is useful to know the constraints that firms encounter in the export market and the perceived barriers to exporting among those firms that do not export. Sri Lankan firms were asked to indicate the constraints and challenges they face. For those firms not participating in the export market or those not exporting to Latin America, they were asked to identify the factors they perceived as constraints.

There are a number of potential barriers that firms face when they engage in exporting. The first type relate to the sunk costs associated with entry. These are costs that cannot be recovered and include: making contact with potential buyers; securing the correct type of documentation for exporting; acquiring trade credit; and changing the product for the export market.

Among the group of current exporters constraints related to the sunk and fixed costs of exporting were most often mentioned. In particular, making contact with potential buyers and the costs of transport were most problematic. The volatility of the exchange rate, securing the correct documentation and marketing costs were the next most frequently mentioned constraints.

The four most frequently mentioned constraints by Latin American exporters were the: volatility of the exchange rate; costs of transport; and then jointly the costs of marketing the product and customs.

Latin American exporters were more likely than the broader pool of exporters to list the following as constraints: securing the correct type of documentation; the costs of transport; customs; costs of marketing the product; and volatility of the exchange rate.

The second comparison worth making relates to the constraints that non-Latin American exporters perceive compared to the constraints perceived by firms that are non-exporters. Making contact with potential buyers and language barriers are the two most frequently mentioned perceived constraints by firms not exporting to Latin America. These reflect areas where the EDB can play a role to reduce these barriers through activities such as trade missions.

Firms were asked how they established contact with the client in the export market. The Latin American exporters are more likely to have benefited from a EDB arranged event, particularly a trade mission, relative to firms in the general export pool.

CONCLUSION AND POLICY RECOMMENDATIONS

When designed well, export promotion strategies can help improve the export performance of a country. This report uses three analytical tools – trade analysis, benchmarking and a firm level survey to provide the EDB with an evidence-based approach towards formulating its export promotion strategy for the Latin American region.

In seeking to increase exports to the Latin American region, the EDB has a number of policy options available. It can focus its efforts on: seeking to increase the number of firms that become exporters; increasing the volumes exported by companies that already export to Latin America; increasing exports from companies that export to the rest of the world but not to Latin America; or adopting a combination of these policy options. However, whatever option the EDB chooses to adopt, the overarching consideration should be that their export promotion strategies are effective in achieving improved export performance whilst still delivering value for money.

To achieve this, we recommend a number of improvements on the current approach to export promotion. Whilst some of these improvements address specific constraints faced by exporters to the Latin American region, most recommendations are more general in nature.

Recommendation No. 1:

Use the findings of this study to prioritize certain commodity groups for export to Latin America

The trade analysis and export benchmarking provide considerable insight into the trade patterns between Sri Lanka and Latin American countries. It highlights a number of products within each of these commodity groups where Sri Lanka has both limited penetration or does not export certain products at all. It is worth noting that in both of these analyses, a large number of product lines were identified within the commodity group where Sri Lanka could possibly increase its current exports or alternatively export new products to Latin America. These product lists provide EDB with a starting point to engage with sectors and industry in order to create awareness of the potential for exporting to Latin America.

Recommendation No. 2:

Select firms for participation in Latin American trade promotion activities on the basis of their ‘export-readiness’

Firms that are successful Latin American exporters are larger, more productive, more capital intensive and more likely to produce value-added goods than the broader pool of exporters. These firms are different from the typical non-exporting firms. Export promotion strategies that are more likely to succeed would target firms that are already similar in characteristic to those that participate in the Latin American market. This study consequently suggests that the EDB should consider adopting ‘export readiness’ criteria which should be formulated to take into account:

- The firm size (reflected through the number of employees).
- The types of products exported (reflected through their exports of high value products).
- Whether the firm has exported to Latin America (even on a once-off basis).
- Whether the firm exports to ‘similar’ markets such as Eastern Europe and the Far East.

Measures by EDB:

- a. to deal exclusively with export promotion and development matters pertaining to the LAC region
 - b. organizing fairs/exhibitions as a tool of market development
 - c. Organizing Buyer-Seller Meets (BSMs).
 - d. Special promotion and publicity in the Latin American countries.
 - e. Promotion of Sri Lankan consumer products in Departmental Stores in LAC
 - f. Promotion by Sri Lankan Missions by organizing catalogue/brochure exhibitions.
 - g. Awards to leading exporters to the Latin American region.
 - h. To carry out market surveys for the items with export potential in the Latin American countries and disseminate information to their members through their publications.
- (i) To bring out promotional literature in Spanish/Portuguese.
- (j) To hold commodity specific seminars in selected industrial centers.
- (h) To prepare compendia of main importers/associations in the Latin American countries and disseminate this information to their members.

Recommendation No 3:

Improve access to and the quality of information provided to exporters

Successful export promotion strategies are built on reliable, accurate and up to date information. In deciding on whether or not to export, firms are likely to search for information on potential markets and international demand for their product.

- language barriers and making contact with buyers were perceived as the greatest constraints to entry into Latin American markets. Such constraints often lead to erratic export trends – and the data confirms that Sri Lanka firms do struggle to sustain exports to Latin America.

The experience of other export promotion agencies suggests that the EDB can assist exporters to Latin America by:

- Developing an electronic (web-based) system that houses information on Latin America country profiles, customs and tax information, contact details of Embassy representatives in Latin American countries and market intelligence.
- Publishing regular bulletins highlighting all trade related issues and events that occur in Latin America.
- Reporting and monitoring trade statistics between Sri Lanka and Latin American countries.

Moreover, by improving the quality and access to information on Latin American countries, the EDB can signal to exporters their intent to support export activities targeted at these countries.

Recommendation No4:

Reinforce capacity within the EDB to carry out export facilitation activities and provide advisory services

Engaging in successful export activities may often be hindered at the outset if firms cannot access the services and products offered by the EDB. Countries like Australia, Malaysia and Thailand have dedicated trade help desks, which are the first port of call for exporters seeking information. The role of their call center agents is to provide the information required by exporters, place them in contact with representatives in foreign markets or direct them to right person to address specific queries. Australia also employs export advisors, which have specialist knowledge of all aspects of exporting. They provide information on trade leads, country specific problems, logistical issues, customs procedures and facilitate communication between the exporter and the Austrade local representatives in foreign markets.

For firms exporting to Latin American markets, they can be a particularly valuable resource in their capacity as intermediaries but also as key informants on local conditions. It is therefore suggested that local representatives are selected on the basis of their understanding of trade issues and equipped with the required trade facilitation skills.

It is worth noting that respondents considered the inward Trade Missions (held in Sri Lanka) as a more successful mechanism for linking potential Latin American clients and local firms than outward missions. It is therefore recommended that the EDB uses this mechanism more regularly.

Recommendation No 5:**Monitor and evaluate the results of export promotion activities**

All trade promotion activities should be monitored regularly. For those targeted at Latin American markets, this survey provides baseline information on challenges and constraints faced by exporters as well as insights into the type of support they require. More generally, it is recommended that the effectiveness of trade promotion activities are monitored through (a) an annual Exporter survey to gauge the response of exporters to EDB services (b) a five-year economic impact assessment of EDB programme to assess its effectiveness in terms of improving export performance.

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