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Cooperation for Development

Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC)

DEVELOPING & IMPROVING EXPORT STRATEGIES IN THE OIC MEMBER COUNTRIES

COMCEC COORDINATION OFFICE
Ankara, Türkiye
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ABBREVIATIONS

5G	Fifth Generation Mobile Network
ACI	Advanced Cargo Information
AfCFTA	African Continental Free Trade Area
Afreximbank	African Export–Import Bank
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Services
AFEZ	Alat Free Economic Zone
AFTA	ASEAN Free Trade Area
AGOA	African Growth and Opportunity Act
AI	Artificial Intelligence
APJII	Indonesian Internet Service Providers Association
ASEAN	Association of Southeast Asian Nations
ASAN xidmət	Azerbaijan Service and Assessment Network
ASW	ASEAN Single Window
ATM	Automated Teller Machine
AZIPS	Automated Interbank Payment System
AZPROMO	Azerbaijan Export and Investment Promotion Agency
B2B	Business to Business
BAFTA / PAFTA	Pan-Arab Free Trade Agreement
GAFTA	Greater Arab Free Trade Area
BLC	Bonded Logistics Center
BKPM	Indonesia Investment Coordinating Board (Badan Koordinasi Penanaman Modal)
BPJPH	Halal Product Assurance Organizing Body
BOT	Build-Operate-Transfer
BPE	Bureau of Public Enterprises
BPO	Business Process Outsourcing
BRI	Belt and Road Initiative
BTC	Baku–Tbilisi–Ceyhan (Oil Pipeline)
BTE	Baku–Tbilisi–Erzurum (Gas Pipeline)
CBA	Central Bank of Azerbaijan
CAERC	Center for Analysis of Economic Reforms and Communication
CAFTA	China–ASEAN Free Trade Area
CAP	Common Agricultural Policy
CBE	Central Bank of Egypt
CCS	Carbon Capture and Storage

CEPA	Comprehensive Economic Partnership Agreement
CEPT	Common Effective Preferential Tariff
CELIOS	Center of Economic and Law Studies
CFSP	EU Common Position on Arms Export Controls
CNNIC	China Internet Network Information Center
COMCEC	Standing Committee for Economic and Commercial Cooperation of the OIC
COMESA	Common Market for Eastern and Southern Africa
CO_2	Carbon Dioxide
CPC	Communist Party of China
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRMA	Critical Raw Materials Act
CSFTA	China–Singapore Free Trade Agreement
CFTC	China Foreign Trade Centre
CNY	Chinese Yuan
CIS	Commonwealth of Independent States
DDPP	Digital Decade Policy Programme 2030
DDT	Digitally Deliverable Trade
DDS	Digitally Deliverable Services
DEFA	Digital Economy Framework Agreement
DEPA	Digital Economy Partnership Agreement
DGBEB	Directorate-General for Foreign Economic Relations (Netherlands)
DFCD	Dutch Fund for Climate and Development
DOTS	Direction of Trade Statistics
DTAA	Double Taxation Avoidance Agreement
DTH	Digital Trade Hub
DSR	Digital Silk Road
ECA	Export Credit Agency
ECAs	Exim Banks/Export Credit Agencies
EDA	Export Development Authority
ECO	Economic Cooperation Organization
ECS	Egyptian Commercial Service
FTAs	Free Trade Agreements
ECOTA	ECO Trade Agreement
ECI	Export Credit Insurance
EDBE	Egyptian Bank for Export Development
EFTA	European Free Trade Association
E-Gov	Electronic Government

EIT Law	Electronic Information and Transactions Law
ECOWAS	Economic Community of West African States
EITDA	Information Technology Industry Development Agency
ESCAP	Economic and Social Commission for Asia and the Pacific
ETLS	ECOWAS Trade Liberalization Scheme
EU	European Union
EUROMED	Euro-Mediterranean Association Agreement
EV	Electric Vehicle
EXIMBANK	Export-Import Bank of China
FDI	Foreign Direct Investment
FMITI	Federal Ministry of Industry, Trade & Investment
FRA	Financial Regulatory Authority
FTZ	Free Trade Zone
FTA	Free Trade Agreement
G20	Group of Twenty
G2G	Government to Government
GAC	General Administration of Customs (China)
GACC	General Administration of Customs of the People's Republic of China
GAFI	General Authority for Investment and Free Zones
GAFTA	Greater Arab Free Trade Area
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GDI	Generic Digital Infrastructure
GNNT	Gerakan Nasional Non-Tunai (National Non-Cash Movement)
GoE	Government of Egypt
GOEIC	General Organization for Export and Import Control
Gojek	On-Demand Multi-Service Platform from Indonesia
GSP	Generalized System of Preferences
HALAL	Halal Product Certification
HC	Human Capital
HITS	Holistic, Integrative, Thematic, and Spatial
IA–CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICC	International Chamber of Commerce
ICBC	Industrial and Commercial Bank of China
ICT	Information and Communication Technology / Technologies
IDA	Industrial Development Authority

IECOTA	ECO Trade Agreement
IFC	International Finance Corporation
IETO	Indonesian Economic and Trade Office (Taipei)
IERA	Indian Ocean Rim Association (IORA)
IMF	International Monetary Fund
MTI	Ministry of Trade and Industry (Egypt)
NES	National Export Strategy
NAFEZA	National Single Window for Foreign Trade Facilitation
NCP	National Council for Payments
OIC	Organisation of Islamic Countries
QIZs	Qualifying Industrial Zones
R6D	Research and development
ISO	International Organization for Standardization
ITC	International Trade Centre
LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MLEC	Model Law on Electronic Commerce
MSME	Micro, Small, and Medium-sized Enterprises
NCC	Nigerian Electronic Commerce and Data Protection Act
NCS	Nigeria Customs Service
NDEPS	National Digital Economy Policy & Strategy
NEPC	Nigerian Export Promotion Council
NEXIM	Nigerian Export-Import Bank
NPA	Nigerian Ports Authority
NTFC	National Trade Facilitation Committee
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OTS	Organization of Turkic States
R&D	Research and Development
RFID	Radio-Frequency Identification
RTGS	Real-Time Gross Settlement
SDG	Sustainable Development Goal
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SEZ	Special Economic Zone
SITA	Supporting Investment and Trade in Africa

SME	Small and Medium-sized Enterprise
TPS-OIC	Trade Preferential System among the Member States of the OIC Countries
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNCITRAL	United Nations Commission on International Trade Law
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
USA	United States of America
WAIPA	World Association of Investment Promotion Agencies
WEF	World Economic Forum
WTO	World Trade Organization

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1. INTRODUCTION

This introductory chapter presents a comprehensive overview of the report, with particular emphasis on the study's objectives, scope, and significance. In pursuit of its stated objectives, the chapter delineates the research methodology employed and introduces the conceptual framework that underpins the analysis. Furthermore, to contextualize the structure of the report, the chapter concludes with a concise summary of the subsequent chapters.

1.1. Background

Exports help all businesses expand their markets and grow by selling to a wider variety of consumers and income sources. The ongoing development of international trade, creation of new opportunities to access markets through digitalization, and changing consumer preferences in a great way increase the export capacity of the countries and provide them with substantial potential. Opportunistic entry into fast-growing markets, with such strategic efforts as development and branding, is beneficial for export marketing success. In this sense, the design and adoption of export plans that include foreign trade policies (e.g., incentives) are essential to enhance international competitiveness and to enhance export performance.

It follows that as an institutional framework, such as the National Export Strategy (NES) can contribute significantly toward improving a country's export performance by creating a better trade and business environment and fostering the competitiveness of local firms. It brings together a range of export competitiveness-supporting initiatives in a cohesive, prioritized, and strategically focused manner.

Well-designed export framework would focus on the promotion of the export-oriented sectors and simplify the process for exporters to address bureaucratic red tape. In this context, specific interventions should also be done to strengthen critical supportive trade services like trade-related information and finance, digitalization, quality management systems, trade facilitation, branding initiatives, and aggressive trade promotion activities.

As a good example of such a framework, the NES outlines targeted actions for policymakers, institutions, and enterprises to overcome constraints and capitalize on opportunities to support resilient value chains and foster inclusive, digital, and greener trade. To achieve these goals, the strategy must trigger transformative change through a whole-of-country effort in support of sustainable economic growth. Accordingly, developing supply-side capacities in terms of quality, value addition, diversification, technology, and skills to align national productivity with international market opportunities becomes critically important. (International Trade Centre, 2000).

Global economic fluctuations, political uncertainties, trade barriers, financing requirements, and the challenges of operating in competitive markets indicate the areas in which countries need to improve their export marketing strategies. The NES can also provide guidance on how to overcome these challenges while identifying emerging opportunities.

1.2. Aim and Scope

The main objective of this study is to prepare a Guideline that will act as a comprehensive guide for the OIC Member Countries and designed to assist businesses, governments, and trade organizations in developing, implementing, where required, improving current NES. This guideline will outline the step-by-step process for assessing, planning and executing an export strategy and the tools, resource and legal frameworks required for success. Within the scope of the study, guiding principles and recommendations for the OIC Member Countries will also be prepared for an effective NES.

The Guideline will provide a current overview of export trends and strategies including NES's different elements and some insight into how this affects the OIC Member Countries' export capacity, The literature review, surveys and case studies give valuable insights for identifying strengths, weaknesses, opportunities, and threats for current export conditions and export opportunities of OIC Member Countries. Given the increasing importance of NES, this study will provide an in-depth analysis among selected OIC Member Countries with some additional lessons to be learnt from other initiatives outside the OIC Member Countries. However, the study also will identify challenges associated with export landscape. When addressed properly through this study with practical policy recommendations, such challenges and risks would help shape the prospects of export strategies including NES across the world.

The Guideline adopts a comprehensive approach to examine the export strategies of OIC Member Countries, which includes economic, structural, and policy dimensions. One of the fundamental aspects of this approach is the survey of economic environment, awareness, legislations and trade policies. Since it is crucial to analyze the current export performance, the Guideline also contains an analysis of export structure, market diversification, and competitiveness of a sample of case countries as diversification of products and markets is considered a part of long-term economic stability. (Hausmann, Hwang & Rodrik, 2007).

The Guideline is designed to assist OIC Member Countries by offering clear, practical, and reliable guidance on the development of an efficient National Export Strategy related infrastructure. It sets out benchmarks and recommended good practices covering the entire spectrum of strategic needs, from the establishment of an enabling legal framework to effective institutionalization, as well as improved access to new markets. The Guideline will be supported by statistical data and analysis, complemented with charts and diagrams, and will briefly present the rationale underlying each proposed benchmark and recommended good practice.

The guideline will include country assessments based on export capacity & diversification of exports by product and markets, it has a crucial importance to identify what the main priorities are in individual countries because many OIC members' economies rely heavily on natural resources. Under such circumstances, continuous quality improvement and production of added value require a conscious decision by the country. Developing countries need to adopt competitive export strategies, and at the same time, they must encourage invention and investment in technology. In this process, things will have gone wrong unless basic measures like increasing investment in research and development, building up the necessary technological infrastructure, and turning policy toward innovation have been adopted. AI-driven export strategies are essential if developing countries wish to integrate into global value chains (OECD, 2021).

The Guideline will also elaborate on new and emerging challenges in the development and implementation of export strategies at the national level, while outlining potential administrative, organizational, and regulatory measures to address them.

Finally, heightening environmental awareness and aligning export strategies with sustainable development principles are considered necessary ahead of time now. (WTO 2021) The Guideline will cover sustainability and green production to support environmentally friendly production and trdae which are expected to strengthen the international competitiveness of OIC Member Countries over the long term.

1.3. Significance of the Study

The purpose of this study is to offer policy recommendations for OIC Member Countries to increased awareness on the concept and impact of NES to significantly facilitate the OIC Member Countries' international trade and national export capacity. Results and recommendations of the study aim to assist policymakers in OIC Member Countries, related international community and organizations.

While we move towards a digitalizing world , the importance of the regulatory and supervisory issues becomes more significant especially in trade and export activities. E-commerce has witnessed tremendous growth with the penetration of artificial intelligence and its applications. Therefore, the need for actionable policy recommendations to help regulators and supervisors in fine-tuning respective frameworks has become an important issue. Although such measures are beneficial at the national level, it is equally imperative to develop actionable policy suggestions for regional and international cooperation among OIC Member Countries and beyond. Accordingly, the study draws on insights from existing mechanisms and incorporates practical experiences from successful national models, offering approaches that may serve as best practices for other OIC Member Countries.

1.4. Research Methodology

The methodology adopted in this study is based on a multi-layered research design that combines both qualitative and quantitative techniques to generate evidence-based findings and recommendations. The research process began with an extensive desk-based literature review, which involved the examination of academic and policy documents, statistical datasets, and case-based evidence from international and regional organizations. This phase aimed to establish a solid theoretical as well as empirical foundation for comprehending how systems of export strategy like NES work in different countries. This review includes text and visual resources from the literature, as well as statistical information gathered from internationally recognized databases.

In order to capture country-specific insights, a structured survey was conducted with government authorities and key stakeholders in OIC Member Countries. The survey was designed to assess the current state of export strategies -especially NES- implementation by exploring dimensions such as awareness activities, legal and institutional frameworks, organizational arrangements, public-private collaboration, performance indicators, and coordination mechanisms. In addition, the Guideline also discussed issues concerned with international cooperation, human and financial resources, and strategic planning processes. Survey is used to measure the attitudes and perceptions of stakeholders on a Likert scale, while open-ended questions go deep into qualitative research—this lets the interviewer also get feedback about export strategies, development scenarios, experiences in OIC Member Countries.

In selected OIC Member Countries, in addition to said survey, field visits were undertaken to on-site examination of the development and operationalization of export policies and strategies. The interviews covered both public sector and private actors directly involved in the formulation and implementation of national export strategies. Interviews were conducted with the representatives of national export strategies in public and private sector. The findings of these field studies are set out in several chapters of the report, particularly those specifically linked with selected case country.

In addition to field research, the study also included desk-based case studies covering two non-OIC countries and two OIC Member Countries. These case studies were selected based on their relevance to the issues explored in the survey and the broader objectives of the study. They offer comparative insights that help to set the policy recommendations within a global perspective and highlight transferable lessons for OIC Member Countries to improve their export strategies.

1.4.1. Case Country Selection Criteria

The case countries were selected based on a set of criteria in a transparent manner to ensure both analytical robustness and comparability of the analysis carried out in the study. The second condition stipulated that the sample was balanced, which represents intra-OIC and benchmarking across regions and, therefore, it was to include four OIC Member Countries and two non-OIC countries in the fair representation of both intra-regional and cross-regional benchmarking. Second, it was geographically diverse, that is, the participating countries of the sample were from different regions, and this contributed to the presence of various situational and regional dimensions. Third, macroeconomic structures were accounted for by conducting the analysis among countries at different levels of GDP, so therefore reflecting different level of economic development. Lastly, sectoral and market diversity were also covered because the countries were chosen to be active in different export domains (e.g., oil, energy and agriculture etc.) and to account for a wide variety of goods and services existing in foreign trade.

In addition to these primary selection criteria, the study also carried out a systematic review of national export strategies and related policy documents in these countries. This process facilitated categorizing countries by their strategic strengths, structural weaknesses, and prospective opportunities that in turn provided a richer and evidence-based approach towards the comparative analysis of export system performance and reform pathways.

Brief Analysis of Case Countries

Nigeria, situated on the west coast of Africa along the North Atlantic Ocean, shares borders with Benin to the west and Cameroon to the east. As of 2023, Nigeria's Gross Domestic Product (GDP) stands at approximately 362.81 billion US dollars, while its total exports are valued at 195.4 billion US dollars. The country's primary export commodities include crude petroleum (43.5 billion USD), petroleum gas (8.38 billion USD), gold (1.54 billion USD), nitrogenous fertilizers (1.05 billion USD), and cocoa beans (763 million USD). A member of the Organization of the Petroleum Exporting Countries (OPEC), Nigeria holds the world's 8th largest proven oil reserves and the 9th largest reserves of natural gas. Although the country's economy remains heavily dependent on hydrocarbon exports—which account for approximately 95% of total export revenue—the Nigerian government has initiated a series of reforms to mitigate the risks of over-reliance on oil and to diversify the economy. Nigeria is selected as a case country due to its **considerable natural resource** endowments and **large labor force**, which, if supported by coherent and effective policy measures, have the potential to significantly enhance its export performance. The case of Nigeria illustrates how resource-rich developing countries can leverage structural reforms to transition toward a more diversified and resilient export base.

Azerbaijan is selected as the second case country due to its **strategically important location**, placed on the eastern shore of the Caspian Sea, serving as a **critical link between Europe and Asia.** This geographic position further cements the country as a **major regional hub for trade, logistics, and energy transit.** Azerbaijan's Gross Domestic Product (GDP) is around 78 billion USD by 2024, continuing its progress of stable economic growth. The Azeri economy continues to depend on the oil and natural gas sector to some extent, and its huge energy reserves still play a key role. As of 2023, the oil and gas sector represented around 90% of Azerbaijan's export economy and has made Azerbaijan an important part of the energy supply market in the Caspian and Eurasian regions. Strategic infrastructure developments, more important of which are the Baku-Tbilisi-Ceyhan (BTC) oil route revenues and the Baku-Tbilisi-Erzurum (BTE) gas pipeline, have greatly enhanced the capacity of the country to deliver energy resources to the world markets. These pipelines are obviously not only in the interest of securing Azerbaijan's economic future but also of broader regional and geopolitical considerations. Challenges spurred on by dependence on oil and natural gas resources have prompted Azerbaijan to attempt to strengthen other areas of its economy. National policy especially has placed a high premium on the revival of the rural economy by focusing on agricultural-led development. As part of its larger diversification agenda, the government remains committed to advancing agricultural modernization and rural entrepreneurship.

Indonesia, selected as one of the case countries from the Asian region, is **the world's fourth most populous nation,** endowed with a large labor force and a **diverse range of natural resources** both above and below ground. The country's export portfolio is predominantly composed of agricultural commodities. Indonesia is the largest global producer of palm oil, followed by Malaysia; together, these two countries account for approximately 85–90% of the world's total palm oil output. Major importers of palm oil include China, India, and member states of the European Union. In addition to palm oil, Indonesia ranks as the world's second-largest producer of natural rubber after Thailand, the fourth-largest coffee producer, and the third-largest cocoa producer globally. Historically, Indonesia has played a pivotal role in the global spice trade, with the Maluku and Banda Islands serving as significant centers for clove and nutmeg production. Pepper cultivation is also of substantial economic importance, particularly in Java and Sumatra, making Indonesia the world's second-largest pepper producer after India. Indonesia's resource wealth extends beyond agriculture to include a wide array of mineral resources. The country possesses abundant reserves of coal, tin, copper, nickel, bauxite, gold, silver, iron ore, kaolin, and granite. In an effort to retain more value within the domestic economy, the Indonesian government has adopted a series of regulatory measures aimed at restricting the export of certain unprocessed raw materials—particularly minerals. Some raw materials are subject to outright export bans, while others are allowed only if processed domestically. To promote value-added production and reduce dependence on raw material exports, mining companies and affiliated industries are encouraged to invest in smelting and mineral processing facilities. This policy direction has been reinforced by regulatory frameworks designed to steer the sector toward increased domestic value retention and industrial upgrading.

Egypt, ranked as the **third-largest economy in Africa** is selected as a case country as the country presents significant trade potential within the African market. This potential is driven by a rapidly growing population, a strategically advantageous geographical location serving as a bridge between the Middle East and Africa, and a steadily expanding economy. The country is **home to the Suez Canal,** one of the **world's most critical maritime trade routes, connecting Asia and Europe** and serving as a vital artery for global commerce. Despite these advantages, Egypt currently ranks 114th in the World Bank's "Ease of Doing Business" index. With a population exceeding 100 million, Egypt is the most populous country in both the Middle East and North Africa and ranks 14th globally. The population has been growing at an annual rate of over 2% since 2010, contributing to a rapidly expanding consumer market. The labor force participation rate stands at 48%, while the unemployment rate is approximately 11%. The oil and gas sector is a cornerstone of Egypt's economy, accounting for 10% of GDP and one-third of the country's total export revenues. In addition to hydrocarbons, the textile and chemical industries—particularly the production of chemical fertilizers—play a prominent role in the national economy. Agriculture also remains a vital sector, owing to the country's fertile lands along the Nile River and a climate conducive to year-round agricultural activity. Egypt is among the world's leading producers and exporters of several agricultural commodities, including dates, figs, cotton, and strawberries.

As a non-OIC and best-practice country, **China** has been selected due to its position as the world's second-largest economy, with a Gross Domestic Product (GDP) of approximately 17.79 trillion USD by the end of 2023. By the end of 2024, China is **leading the world in exports**, reaching a value of 3.58 trillion USD. China's export success is largely attributed to its strong political commitment to industrial modernization, which has generated substantial demand for smart manufacturing products such as industrial robots, intelligent sensors, wireless sensor networks, and radio-frequency identification (RFID) chips. A cornerstone of China's industrial policy is the "Made in China 2025" initiative, launched in 2015. This strategic master plan aims to transform China into a global manufacturing powerhouse through a two-pronged approach: in the short term, by pursuing import substitution to reduce reliance on foreign technologies; and in the long term, by achieving international dominance in key technological sectors. The initiative identifies ten priority industries in which China seeks to attain global competitiveness by 2025. These include aerospace, information and communication technology (ICT), robotics, ocean engineering equipment, agricultural machinery, railway equipment, power equipment, new materials, new energy vehicles, and medical devices.

Moreover, China's **rapid digital transformation** has been bolstered by the emergence of globally influential e-commerce and internet platforms that have significantly enhanced the global visibility and sales of domestically produced goods. The Ministry of Science and Technology of China actively supports major digital firms—Tencent, Alibaba, and Baidu (collectively referred to as BAT) —as frontrunners in the development of next-generation open-innovation platforms for artificial intelligence (AI). These efforts are instrumental in positioning China at the forefront of global innovation and export-driven economic growth.

Another exemplary non-OIC best-practice country selected for this study is the **Netherlands.** As a member of the **European Union** (EU) and one of the world's most open economies, the Netherlands has been chosen primarily due to its **comprehensive and rigorous trade policy framework**. As an EU member, the country aligns its national legislation with EU regulations and participates in multiple international treaties and export control regimes, such as the UN Arms Trade Treaty and the Non-Proliferation Treaty. These frameworks regulate the export, import, and transit of strategic goods, ensuring robust compliance with international standards. Economically, the Netherlands holds a leading position in international trade. According to Statistics Netherlands, it ranked as the **third-largest exporter of goods and services** within the **European Union.** Goods exports represented a substantial portion of this figure, significantly surpassing imports and thereby making a strong positive contribution to the country's GDP. The main export categories included business services, chemical and pharmaceutical products, as well as high volumes of machinery, electrical equipment, food, and beverages. These exports comprise both domestically produced goods and services as well as re-exports, with re-exports alone accounting for over 37% of total exports. Furthermore, the Netherlands is globally recognized as the second-largest agricultural exporter after the United States in gross terms, and second only to Brazil in net agricultural export value. The country is the world's leading exporter of high-value agricultural products such as flowers, plant seeds, bulbs, potatoes, tomatoes, beer, chocolate, cheese, and cocoa. A key driver of this success is its highly developed greenhouse agriculture sector. This advanced agricultural infrastructure underpins the Netherlands' reputation as a leader in sustainable, high-tech, and value-added agri-food exports.

1.5. General Overview

The general overview of the report is organized as follows:

1. **Introduction:** This chapter presents an overview of the study, outlining its objectives, scope, significance, and methodological approach. It introduces the conceptual framework underpinning the analysis and defines key terminology used throughout the report. Furthermore, the chapter concludes by providing a roadmap for the other sections of the document.

2. **Conceptual Framework; Global, Regional and Local Trends:** This section provides an

overall perspective on global, regional, and local trends related to export strategies, especially with special emphasis on digital transformation OIC Member Countries. It spotlights leading countries which have embraced conducive policy and regulation and examines innovative efforts. It also highlights the current efforts of OIC Member Countries, and one can see the similarities and differences in policy implementation.

3. **Export Strategy Development:** This chapter contains a detailed examination of export driven growth and related strategies including National Export Strategies (NES) as a policy concept and strategy. It addresses key elements for the creation and operations of a NES, such as strategic planning, relevant stakeholders, and institutional coordination. Attention is paid to the integration of digital technologies and artificial intelligence in support of policy implementation and operational effectiveness. The chapter also examines export strategies, and the role of core institutions in promoting export diversification and competitiveness.

4. **Mapping of Good Practices:** This chapter discusses in detail the case of six countries (four OIC and two Non-OIC members) that have also been chosen based on their export and trade potentials. The country chapters focus on national trade policies in a legal and regulatory context, covering both the measures and how they are applied, as well as the main policy instruments. It deepens selection criteria and assesses the trade capacity of every country, listing technical, legal, tax, and institutional obstacles. The lessons learned and best practices from leading countries are reviewed to support the transfer of knowledge and increased collaboration among OIC Member Countries. Specific recommendations are made for the OIC countries and OIC region as a whole..

5. **Guiding Principles and Recommended Practices:** This chapter concludes with the major results, providing some guiding principles and related practices which can play an important role in the successful design and implementation of NES in OIC Member Countries. These suggestions are based on evidence from literature, survey findings, interviews with experts, and case studies.

6. **Conclusion & Policy Recommendations:** This chapter summarizes the challenges and policy recommendations based on literature survey and case countries. Recommendations are targeted at shareholder participation, digitalization, green exports, industry (including MSMEs) inclusion and infrastructure development.

7. **Annex; Analysis of Survey Results:** This section provides a summary of the results from the survey conducted among the stakeholders that include government and private sector representatives in the Member Countries of the OIC. Essay questions included in the questionnaire were instrumental in the identification of current needs, barriers, and primary knowledge in export development.

8. **References:** The final chapter includes references detailing the primary and secondary sources, documents, and datasets utilized in the preparation of this guideline.

2. CONCEPTUAL FRAMEWORK

2.1. Global Trade Environment and Trends

Recent years, it has been seen that global trade significantly influenced by a range of disruptive events, such as the Financial Crisis of 2007–2008, the outbreak of COVID-19, extensive supply chain interruptions, tariff changes and increased unpredictability in trade policies owing to escalating geopolitical tensions. Particularly, the instability created by international rivalries continues to apply mounting strain on worldwide commerce, complicating the projections of future trade patterns. At present, global trade policy stands at a critical juncture. Governmental responses to shifting economic and geopolitical conditions—through instruments such as tariffs, non-tariff measures, export controls, and investment restrictions—are imposing substantial constraints on the flow of goods and services. Since the 2007 financial crisis, these measures have escalated significantly, with 2024 alone witnessing the imposition of over 3,000 new trade restrictions worldwide (ICC, Global Trade Outlook 2025: Industry Insights). Such interventions have accelerated the erosion of the rules-based international trading system.

The weakening of this multilateral framework is expected to have far-reaching consequences for the global economy. Projections suggest that the absence of a multilateral trade system could result in a 33% contraction in global trade volumes and a 5% decline in the GDP of developed economies (ICC and Oxford Economics, 2024). Similarly, the International Monetary Fund estimates that under such conditions, world GDP could fall by approximately 2% (Gopinath, 2023).

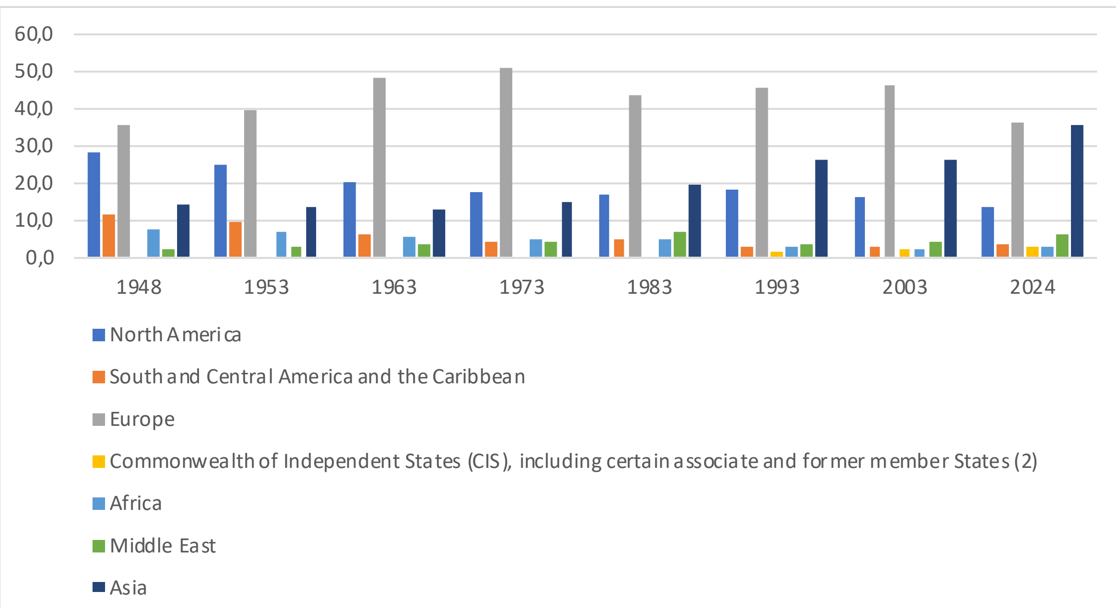


Figure 1 World Merchandise Trade Volume between 1948-2024
Source: WTO, 2025

Figure 1 outlines global trade performance and regional dynamics, showing pronounced fluctuations caused by the negative shocks described above. Regional outcomes diverge markedly:

- **Europe—**led by major economies such as Germany and the Netherlands— between 1948 and 2003, dominated global merchandise exports. However, this long-standing dominance has slowed in recent years, reflecting both the deceleration of global goods trade and structural challenges faced especially especially by Germany, the EU's principal export economy. The relatively stable post–Cold War era, characterized by U.S. economic leadership and deepening globalization, has given way to heightened competition between major powers, particularly the United States and China. This geopolitical shift is of particular concern to Europe, whose economy is highly dependent on international trade and the stability of global markets. A further challenge lies in the European Union's regulatory approach. While regulation can support sustainable trade, excessive or overly stringent measures risk undermining the EU's openness and reducing its attractiveness as a trading partner (Centre for European Reform, 2025). Such regulatory overreach can increase transaction costs and limit market access for non-EU economies, potentially weakening the EU's ability to exert regulatory influence globally.

  As shown in above graphic, the slowdown that began in 2023 has, in several sectors, developed into a structural decline, affecting both intra-EU and extra-EU exports to varying degrees. Although 2024 brought partial signs of recovery, the overall outlook remains uneven across Member States. The growing volatility of the global trade environment, combined with geopolitical fragmentation and ongoing technological transitions (notably digitalization and the green transition), represents both a challenge and an opportunity for the European economy.

  Besides these dynamics, the **transatlantic partnership** still remains a cornerstone of global trade and the most significant bilateral trade and investment relationship worldwide. On 27 July 2025, the EU and the United States reached a political—though non-binding—agreement defining key parameters for their trade relationship. This agreement represents the first stage in a process aimed at progressively expanding cooperation and improving market access. Central to the deal is the establishment of a unified U.S. tariff ceiling of 15% on nearly all EU exports currently subject to reciprocal tariffs, including automobiles and automotive parts, pharmaceuticals, and semiconductors.

  Effective 1 August 2025, U.S. tariffs on EU aircraft and parts, selected chemicals, certain generic pharmaceuticals, and specific natural resources will revert to pre-January levels, providing immediate tariff relief to strategic EU industries. Both sides committed to expanding the list of tariff-reduced products over time. In addition, the EU and U.S. pledged to coordinate efforts to protect their steel, aluminium, and copper sectors from unfair competition and global overcapacity. Tariff rate quotas for EU exports will be set at historic levels, reducing existing tariffs of up to 50% while safeguarding fair competition. Energy security also features prominently in the agreement. The EU has committed to purchasing U.S. liquefied natural gas, oil, and nuclear energy products valued at approximately USD

750 billion (circa EUR 700 billion) over the next three years, a measure aimed at replacing Russian energy supplies. Furthermore, the EU intends to acquire EUR 40 billion worth of advanced AI chips to sustain its technological competitiveness. In parallel, EU companies have expressed interest in investing at least USD 600 billion (circa EUR 550 billion) in U.S. sectors by 2029, adding to the existing EUR 2.4 trillion in mutual investments. (European Commission, 2025)

- As evidenced in the graph, **Asia** stands out as the only region exhibiting consistent export growth. This expansion is driven largely by the rapid intensification of intraregional trade, with China serving as a central hub. **The export boom** reflects the ongoing geographical dispersion of production: assembly operations are increasingly relocating to lower-wage economies, while more advanced Asian economies focus on producing high value-added components and capital goods. The export-oriented growth strategies adopted by emerging Asian economies have steadily increased their collective share in global trade (Asia and Pacific Regional Economic Outlook, 2007).

  Digitalization has emerged as another significant driver of Asia's economic performance. In the Asia-Pacific region, 79% of CEOs report plans to shift investment priorities toward digital transformation over the next three years. By 2023, it was projected that one in three companies in the region would generate over 30% of their revenues from digital products and services. (ESCAP, 2025) Recognizing this trend, governments across the region have launched national digitalization strategies to strengthen competitiveness and attract investment—examples include **Singapore's Smart Nation 2025 Blueprint, Malaysia's Digital Economy Blueprint, Indonesia's National Digital Roadmap and Hong Kong SAR's Smart City Blueprint.** These frameworks reflect a shared understanding that a thriving digital economy promotes social equity, supports resilience, and fosters opportunities for cross-border cooperation and investment (PwC, 2022). However, these gains are being tested by shifting global trade policies. For example, the United States has introduced reciprocal tariffs ranging from 10% to 50% on goods from multiple countries, including ASEAN members and China, as part of a broader effort to address trade imbalances. China is expected to bear the greatest impact, facing an estimated export loss of USD 53.36 billion. Such tariffs seem to reduce China's competitiveness, prompting global buyers to seek alternative suppliers and redirecting trade flows. In this context, ASEAN economies appear to benefit from trade diversion, collectively gaining market share as exports to the United States shift away from China. This advantage, however, arises solely from trade diversion rather than trade creation, meaning that while the overall volume of global demand remains unchanged, the distribution of supply sources is shifting. ASEAN's capacity to absorb diverted trade highlights the value of flexible supply chains and open trade policies. However, heavy reliance on imports from China, particularly in manufacturing supply chains, exposes ASEAN exports to higher costs if tariffs on Chinese-linked components are applied. To sustain growth under these conditions, ASEAN members must diversify their markets and reduce overdependence on Chinese supply chains (ESCAP, 2025).

- As illustrated in the graph, **North America**—comprising the **United States** and **Canada—** has experienced a steady decline in export performance over recent decades. Geopolitical dynamics are increasingly reshaping North American supply chains, with the United States adopting a more inward-looking trade posture characterized by rising tariffs and import restrictions. This protectionist orientation generates considerable risks for its regional partners. In particular, Canadian and Mexican economies, which remain heavily dependent on access to the U.S. market, face heightened vulnerability. To mitigate these risks, North American firms are prioritizing geographical diversification and expanding their networks of supplier relationships (Economist Impact, 2025).

Between mid-October 2024 and mid-May 2025, global trade was marked by intensified policy activity and escalating tensions among major trading powers. A surge in tariffs, growing trade policy uncertainty, regional conflicts, and deepening geopolitical rivalries contributed to a volatile and unpredictable environment. Disruptions in U.S.–China trade relations, in particular, raised concerns over market displacement, as the redirection of Chinese goods heightened competitive pressures in third markets.

Following the release of the WTO Global Trade Outlook and Statistics (GTOS) report in April 2025, trade policy developments—including a partial de-escalation of U.S.–China tensions alongside the imposition of higher U.S. tariffs on steel and aluminum—have alternately moderated and exacerbated global trade forecasts. The WTO projects a contraction of 0.2% in the volume of world merchandise trade for 2025, reflecting the cumulative effects of tariff increases and persistent uncertainty, followed by a modest recovery with 2.5% growth projected for 2026. North America is expected to bear the steepest losses, with exports expected to decline by 12.6%. Under a downside scenario, the reinstatement of suspended "reciprocal" tariffs and the wider spread of policy uncertainty—compounded by unresolved bilateral negotiations—could push global merchandise trade into a further 1.5% decline (WTO, 2025).

2.2. Trade Environment in OIC Member Countries and Trends

Representing nearly one-quarter of the global population and endowed with vast natural resources—holding approximately 65% of the world's crude oil and around 60% of natural gas reserves—the Members of the OIC possess both the strategic capacity and moral authority to influence global economic outcomes. Collectively, OIC Member Countries account for 14.5% of global production, 10.5% of global exports, and 9.7% of foreign direct investment inflows. The steady increase in intra-OIC trade, which rose from 19.16% of total trade in 2023 to 20.36% in 2024, underscores positive momentum towards deeper economic integration (Republic of Türkiye, Ministry of Foreign Affairs, nd).

The COVID-19 pandemic imposed severe disruptions on global trade and investment, with lasting repercussions for economies worldwide. OIC countries, while experiencing a relatively milder contraction during the pandemic, displayed stronger resilience during the initial recovery phase. By 2023, however, growth across OIC states had slowed to near the global average yet remained below the Organization's historical long-term growth trend of 4.3%. Forecasts suggest growth could accelerate modestly to 4.2% by 2025, though still short of the established trajectory (SESRIC, OIC Economic Outlook 2024).

Despite this recovery, persistent structural challenges remain as many OIC Member Countries continue to struggle with economic diversification, enhancing export competitiveness, and mitigating inflationary pressures. Moreover, intra-OIC trade, though increasing, continues to lag global averages. In 2023, global merchandise trade contracted by 5.1%, the sharpest decline since 2020. Trade within the OIC also conformed to this bearish pattern, with exports falling more sharply than imports, thus highlighting increased vulnerabilities as well as the challenges facing trade balance (SESRIC, OIC Economic Outlook 2024).

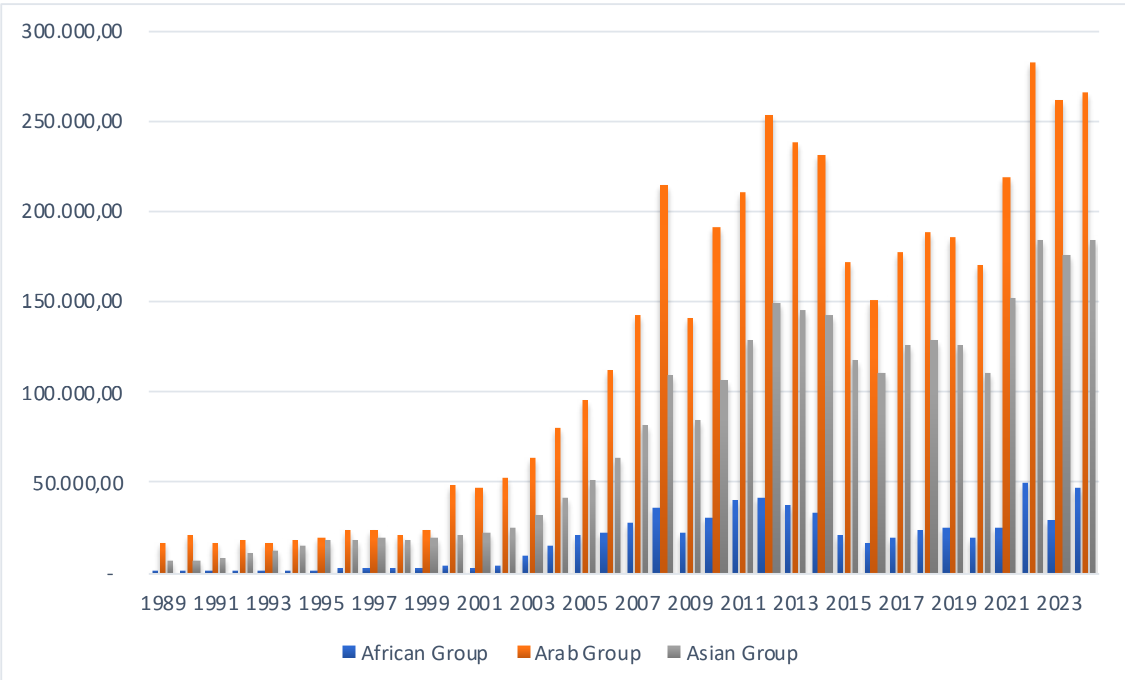


Figure 2 Intra OIC Merchandise Trade Volume between 1989-2024

Source: SESRIC, 2025

Figure 2 outlines intra OIC trade performance and regional dynamics, showing fluctuations caused by oil prices. Regional outcomes diverge markedly:

- The Arab Group of OIC Member Countries' export performance demonstrates steady growth, with visible fluctuations due to the volatility of **energy markets**. As The Arab Group includes major oil exporters like **Saudi Arabia, UAE, Qatar and Kuwait**. Their exports surge while international oil prices are high and have even exceeded the exports of the Asian Group in some years.

- The trend of the Asian Group has been quite robust and stable over the period, but its domination becomes more observable in the years after. This fact can be explained as the strong export capacity of large OIC Asian economies like **Malaysia, Indonesia, Azerbaijan** and **Türkiye,** shows more diversified production structures and stronger integration into global value chains.

- As seen from the Figure 2, African block is invariably smaller, though there is some increase over time.

Although oil exports of OIC Member Countries constitutes considerably huge portion of global energy market, the economic landscape of OIC countries, however, still remains diverse and uneven. Some countries are endowed with abundant natural resources and large populations, while others rely disproportionately on a narrow range of sectors, particularly oil production. This structural imbalance creates vulnerabilities to external market fluctuations. For instance, countries such as Saudi Arabia and the United Arab Emirates remain heavily dependent on oil exports, making them susceptible to global price volatility. Conversely, countries such as Malaysia, and Indonesia have pursued broader development strategies, diversifying their export portfolios beyond hydrocarbons (Bhatti, 2023).

In addition to that, as seen in **Figure 3,** intra OIC merchandise import figures reveal that intra-OIC trade is more import driven, highlighting a persistent trade gap within OIC economies.

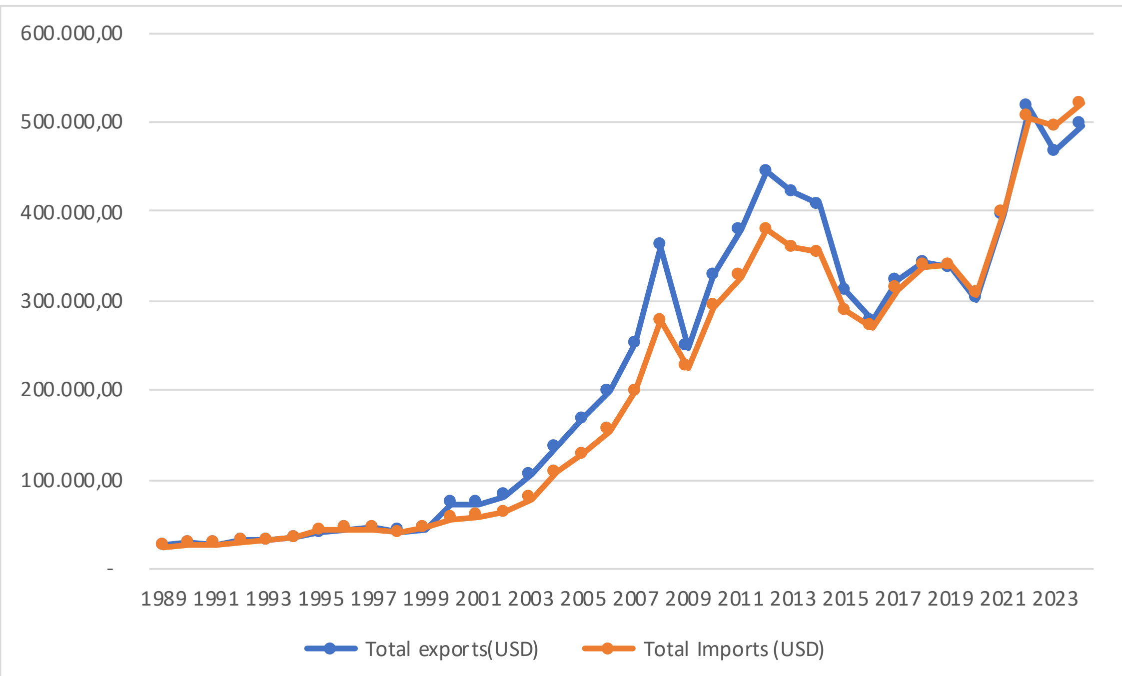


Figure 3 Intra OIC Merchandise Trade Volume between 1989-2024

Source: SESRIC, 2025

Several structural impediments still limit the trade potential in the region, as non-tariff barriers, insufficient transit infrastructure and heavy custom procedures. To cope with the challenges mentioned, the OIC has designed various institutional mechanisms seeking to foster integration. **The Trade Preferential System among OIC Member States (TPS-OIC)** constitutes the core component of this initiative, enabling Member Countries to benefit from preferential tariffs to boost trade. In parallel, the role of analytical and data-based policy advice provided by organizations such as the **SESRIC** and the **Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC)** has become essential to the displacement of policy formulation based on evidence across the region (SESRIC, OIC Economic Outlook 2024).

In alignment with its strategic objectives, the OIC has set an ambitious target of increasing intra-OIC trade to 25% of total trade by 2025. To support this goal, the Organization organizes biennial general trade fairs as well as sector-specific exhibitions, which serve as essential platforms for facilitating business linkages, promoting services, and deepening investment flows among member states (Trends MENA, 2024).

2.3. Export-Led Growth and National Export Strategy (NES)

Since the end of the Second World War, the global economy has experienced sustained and robust growth including the expansion of international trade—particularly exports. This dynamic highlight the pivotal role of exports as a principal engine of global economic expansion. **Export-led growth** has driven increased consumption in advanced economies while simultaneously **fostering investment and industrialization** in developing countries. The broader outcomes of this process have included significant **reductions in poverty**, the facilitation of **rapid urbanization**, the generation of **employment opportunities**, and notable **improvements in living standards** across both developed and emerging economies. As a result, export-led growth becomes an economic model in which a substantial share of real GDP expansion, employment creation, and rising per capita incomes is derived from the successful export of goods and services to international markets.

Over the past decades, several countries such as the Republic of Korea and Chinese Taipei in the 1960s; Southeast Asian countries such as Thailand, Malaysia and Singapore in the 1970s; China in the 1980s, and Central and South American countries in 1990s, such as Chile., have recorded rapid growth in export, which has well supported their long-term economic development. Many of these economies have also experienced a significant increase in their trade-to-GDP ratios, a metric that reflects the combined value of exports and imports as a percentage of GDP. In this context, **export competitiveness** has emerged as a term defining the ability of a country to produce, distribute, and sell goods and services as effectively or more efficiently than international competitors. Therefore, within today's highly globalized economy, competitiveness has emerged as a critical benchmark for determining the economic success of nations.

To promote export competitiveness, export policies must focus on strengthening the capacity to sell domestically produced goods and services in global markets. This requires an informed analysis of factor endowments, institutional capacities, and market opportunities, allowing governments to design strategies aligned with broader socio-economic objectives. Typically, this involves multi-ministerial cooperation alongside effective private-sector engagement (ITC, 2011).

On the other hand, **global integration and openness** to trade have acted as powerful catalysts for economic growth, enabling job creation and poverty reduction. Countries that have benefited most from export have pursued **comprehensive export policies** and **regulatory reforms** designed to foster **business-friendly environments** and enhance export capacity. However, export policy is inherently complex, requiring governments to balance competing and often divergent interests. As indicated by ITC, that is why the governments must adopt a **holistic perspective** that ensures policies, laws, and regulations are sequenced and harmonized to create a mutually **reinforcing framework** for **competitiveness** and **export success.** This requires **close coordination among ministries** and agencies to guarantee policy coherence. Furthermore, the active participation and **endorsement of all stakeholders,** particularly the private sector, is essential in order to strike the right balance and ensure **sustainability.**

A coherent and inclusive approach to export policy, supported by all stakeholders, is indispensable for the success of a export strategy on a national level. Fragmented policymaking—where different governmental bodies act in isolation—undermines the ability to formulate and implement a comprehensive framework. Conversely, integrated policymaking connects government departments, trade-related programmes, and private-sector actors into a unified framework of prioritized objectives, thereby facilitating both foreign direct investments and increased export impact (ITC, 2011).

Most of the export-oriented countries have adopted **long-term frameworks, programmes, strategies, policy or vision documents** that articulate their aspirations for political and economic sovereignty. These initiatives typically encompass not only export strategies but also broader domains such as foreign policy, industrialization, and digital transformation. While every nation designs some form of economic development plan, their export development strategies vary in their visibility and level of articulation. In some cases, countries establish explicit and comprehensive national export strategies, whereas in others, export priorities are embedded within broader economic policies and only take shape retrospectively as an implicit strategy.

Although there is no universal blueprint for building an export strategy, certain core elements are widely recognized as contributing to export success when integrated into the formulation process. These include aligning export objectives with national development priorities, ensuring coherence across policy domains, and engaging diverse stakeholders to create a shared vision. Countries that effectively incorporate such elements are better positioned to enhance their export performance and achieve sustained competitiveness in global markets. (Njoroge, 2010).

Similarly**, National Export Strategy (NES)** can be described as a vision and an action plan, while ITC makes a broader definition as a **"whole-of-country" framework** that strategically addresses both current and emerging trade opportunities and challenges. With concrete actions at the levels of the enterprise, institutional support, and government policy, to improve export performance, earn foreign exchange for growth, and create jobs. It advocates durable supply chains and trade that is not only inclusive but also ecologically sustainable. Therefore, it is sometimes called a **"strategy of strategies"** (Njoroge, 2010).

The ITC provides a different reading, asserting that the NES is also a **national vision** designed by the countries themselves through broad-based stakeholder participation from start to end. The

NES is malleable, its content molded as necessary to suit the **national priorities** of the country, such as developing targeted industries or strengthening the trade promotion mechanism or rallying behind themes like empowerment for women in economics, bringing young people onto the career ladder, and building sustainability into growth. Practically speaking, the NES gives guidance to countries so they can understand the general layout of problems in exports, provide a place and means for them to study these issues expansively and interactively, deepen integration with both regional and global markets. And it fosters the **diversification of export products and markets, encourages competitiveness of small enterprises** at home and abroad, and **promotes investment** by pinpointing growth sectors. Furthermore, the NES strengthens **public-private partnerships** to mount trade development offensives and sets up frameworks for implementation, monitoring results (ITC, 2011). Ultimately, it aims to enhance living standards and income levels by expanding export capacities, creating jobs, and reducing imports (Njoroge, 2010).

Trade digitalization is not only key to facilitating domestic trade for an NES country, but also as a support driver of goals such as ensuring seamless cross-border transactions. By streamlining border controls and trade administration procedures, digital trade significantly reduces transaction costs and strengthens the resilience of global supply chains. The integration of advanced technologies such as Big Data analytics, Artificial Intelligence (AI), and blockchain further enhance efficiency, transparency, and risk management capacities within trade processes.

Equally important, trade digitalization helps to overcome structural challenges faced by small and medium-sized enterprises (SMEs). By reducing the disproportionately high costs of trading, digital solutions enable greater inclusivity and open access to international markets.

A central component of this transformation is the **adoption of paperless trade**, which includes systems such as automated customs procedures, electronic single windows, electronic submission of customs declarations, issuance of import and export permits, electronic application and issuance of preferential certificates of origin, and e-payment of customs duties and fees. Expanding to the international level, cross-border paperless trade incorporates recognized certification authorities, electronic exchange of customs declarations and certificates of origin, and the paperless collection of payments through documentary letters of credit.

As shown in **Figure 4,** developed economies employ digital trade features in approximately 80% of their trade operations. At the country level, the Netherlands and New Zealand are leaders, with digitalization rates of 96%, followed by Australia, Belgium, the Republic of Korea, and Singapore at 93%. Among developing regions, Singapore and the Republic of Korea rank highest in South-East and East Asia at 93%, while Brazil and Peru lead Latin America and the Caribbean at 91%. In the Middle East and North Africa, Saudi Arabia is at the forefront with 91%. In South and East Europe, the Caucasus, and Central Asia, Uzbekistan achieves 89%, followed by Azerbaijan and Türkiye at 80%. In South Asia, India leads with an implementation rate of 87%. (UNCTAD, 2023)

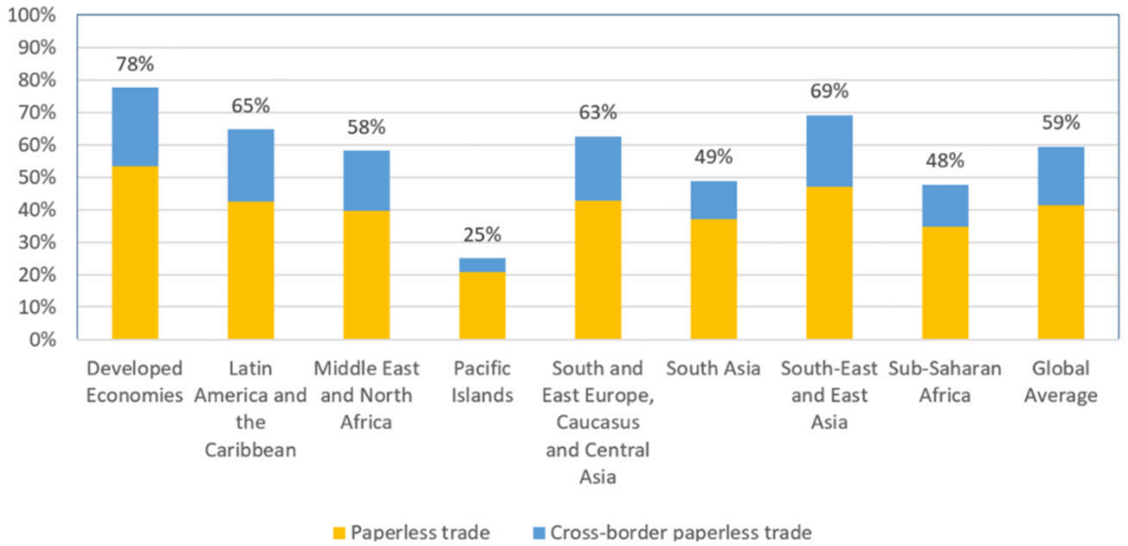


Figure 4 Trade Digitalization Index- Scores across world regions

Source: UNCTAD 2023

Overall, the evidence highlights a consistent pattern: advanced economies significantly outperform developing ones in the digitalization of trade. This disparity underscores the necessity of strong international cooperation and capacity-building measures to achieve full implementation and maximize the benefits of trade digitalization globally (UNCTAD, n.d.).

The National Export Strategy (NES) can be further enhanced through the implementation of **Free Trade Agreements (FTAs).** Despite necessitating more comprehensive documentation and compliance, FTAs offer a considerable competitive edge for local products in relation to foreign goods. As official trade agreements, FTAs define the tariffs, taxes, and duties that nations apply to imports and exports. Their key aim is to diminish or abolish trade obstacles, thus enabling increased market access and invigorating international commerce. To limit trade costs and foster a stable environment for trade, FTAs function as a crucial aid in exporting diversification and enhancing global competitiveness for domestic industries.

Guideline will analyze the countries from the perspective of examples in several interconnected dimensions. The analysis begins with an evaluation of the national export policy and strategy documents that provide an overall framework for guiding export development. It then looks at the institutional setting, including government bodies and trade-related organizations, and examines their role in promoting or implementing export activities. Also covered is the issue of export capabilities and the diversification of export products and services. It examines, in particular, the degree of sectoral concentration or breadth within individual economies. Furthermore, the Guideline touches the digitalization of trade: the digital technologies in customs, development of e-commerce and supporting infrastructure. A related aspect is the spread of digital payment systems, which have an important role in promoting financial inclusion and speeding up trade transactions. Finally, trade agreements will be evaluated as well as the regulatory regime for digital trade. Both are crucial for fostering cross-border integration and supporting the digital transformation of commerce.

3. EXPORT STRATEGY DEVELOPMENT

The National Export Strategy (NES) is a fundamental policy tool for sustainable economic growth, trade diversification and increased competitiveness. A well-designed NES allows countries to transform their comparative advantages into competitive advantages and to create a roadmap aligned with long-term development goals. The NES is based on a participatory approach. Therefore, strong public-private dialogue, collaboration with international institutions and a decision-making process based on market-based analysis are indispensable elements. Furthermore, strategies are not static; global economic fluctuations, supply chain disruptions, digital transformation and new technologies such as artificial intelligence (AI) and machine learning necessitate continuous updating of the NES. Therefore, the NES should be designed as a **"living strategy"** that is flexible and adaptable to the change.

The development and implementation process of NES may include, however not limited to, the following key elements:

1- Identification: The first step in a NES is to determine a country's current export structure and priorities as explained below:

- **Assessing the Current Export Structure (Gap and Need Assessment):** Countries should conduct comprehensive analyses to identify the strengths and weaknesses in their export structure. The traditional approach involves the use of SWOT analysis to guide strategy development. As depicted in Figure 5, this tool enables policymakers to optimize existing strengths within a given sector and overcome weaknesses, identify emerging opportunities and remain alert to potential threats.

Figure 5 The SWOT analysis framework
Source: Lessons from the Commonwealth (Njoroge, 2010)

- **Identifying Export Markets and Priority Countries:** The roadmap to a successful export strategy requires the systematic identification of market opportunities and access conditions, accompanied by the design of coordinated programs at both government and business levels to effectively use of these opportunities. The strategy should include scientific and data-based analyses of target markets.

- **Sectoral Prioritization:** Prioritizing sectors aligned with target markets ensures the efficient use of resources. The prioritization of sectors within a NES should align closely with the country's broader development priorities as stated in primary national policy documents. The NES should not be seen as a stand-alone initiative; rather, its activities and interventions must be designed to support and reinforce the overall national development vision. processing investments.

- **Developing Partnerships:** One of the most important elements of a NES is stakeholder mapping. The development and effective implementation of an export strategy requires a strong partnership between the public and the private sector. Such collaboration must be established in accordance with mutual respect and a clear understanding of the roles and responsibilities of each party. Equally important is the inclusion of non-governmental organizations, which can play a vital role in ensuring that the strategy is both inclusive and sustainable. Collaboration among ministries, export associations, SMEs, universities, and civil society organizations facilitates ownership of the strategy. Furthermore, partnerships with international institutions such as the ITC and UNCTAD provide technical expertise and financial support.

2- Implementation: After defining the strategy, together with the strategic alignment of the lead agency, implementation phase is possible with strong institutions, trained human resources, financing tools and measurable targets.

- **Human Resources and Institutional Structure:** Developing institutional capacity plays a decisive role in the success of the NES. Successful export program increases the inter-institutional harmonization by prioritizing customs modernization and SME export training.

- **Coordination Mechanisms:** For an effective NES, monitoring and steering committees and technical advisory groups should be established. It's essential to clarify responsibilities by separating lead and support institutions and has achieved success in implementation.

- **Communicating the Strategy:** The benefits of the NES process risk being undermined if the strategy is not effectively communicated. To ensure broad awareness and stakeholder engagement, NES process should be communicated through multiple channels, including high-level presentations to national leadership, publication of the strategy on government websites with links to private sector organizations. Additional measures may involve running features in printed and social media, delivering public presentations across all regions, and preparing a concise version of the document for wide dissemination through key outlets. Such a comprehensive communication plan helps to build inclusiveness, transparency, and national ownership of the NES.

- **Implementation Plan and Performance Criteria:** Defined key performance indicators (KPI) are essential for measuring the success of the strategy. These may include export diversification, the number of new market entries, the SME participation rate or the digital trade index.

- **Financial and Technical Support:** Export financing is a key challenge for developing countries. Export credit institutions, mitigate risks through insurance and guarantee mechanisms. Additionally, international funds and development agencies support SMEs in adapting to technology.

3- Monitoring: The continuity of the NES is ensured through transparent and regular monitoring, evaluation, and reporting mechanisms.

- **Monitoring:** AI-based dashboards enable real-time tracking of export flows, identification of bottlenecks, and forecasting of market trends.

- **Evaluation:** Periodic independent evaluations demonstrate the extent to which targets are being achieved. Evaluations conducted by international organizations such as the ITC increase credibility.

- **Reporting:** NES progress reports should be published annually and made publicly available. This enhances both accountability and stakeholder trust.

To increase SMEs' participation in exports, the information gap must also be addressed. Digital platforms provide exporters with easy and transparent information flow. Modern NES prioritize not only economic growth but also environmental sustainability and ethical trade principles. Exports of green products and environmentally friendly production will provide long-term competitive advantages for OIC countries. The use of new technologies offers revolutionary solutions in areas such as market forecasting, logistics optimization, and the prevention of trade fraud. Integrating these technologies into national strategies enhances competitiveness.

In conclusion, a national export strategy is not just a commercial plan but also a comprehensive development tool. When properly designed, it transforms a country's economic structure, enables SMEs to participate in global value chains, diversifies exports, and creates long-term prosperity. A flexible, inclusive, and technologically compatible definition-implementation-monitoring cycle will pave the way for OIC countries to achieve a stronger position in global trade.

Table 1 shows the examples of good practices from leading countries around the world, aligned with the abovementioned elements (identification, implementation, and monitoring), aiming to provide practical insights or innovative approaches that could inform, and guide.

Table 1 Good Practices from Leading Countries

Country	Context	Good Practice	Impact
The Netherlands	Identification / Identifying Export Markets and Priority Countries	The first pillar of the 2022 **Strategy Document**, 25 priority markets have been identified for targeted engagement through proactive economic diplomacy and trade promotion instruments. In addition, emerging markets for agricultural technologies and green products have been mapped using trade intelligence platforms, thereby broadening the country's global reach.	The Netherlands has become the world's second-largest agricultural exporter with its digital agricultural technologies and greenhouse infrastructure.
Germany	Identification / Developing Partnerships	Germany's **Strategy Paper**, published at the end of 2016, outlined four key strategic priorities: strengthening coordination among export promotion actors, ensuring more efficient use of existing export promotion instruments, improving export financing mechanisms, and placing greater emphasis on cooperation through organizations such as the OECD to uphold transparent rules governing international competition.	At the end of 2023, the Federal Government of Germany advanced its strategy paper on strategic foreign projects by defining key points in detail. The revised framework extends the scope of such projects to include those that make a substantial contribution to reducing Germany's dependence on raw materials and energy, while also supporting climate protection and the sustainable development of host countries.
Denmark	Implementation / Financial and Technical Support	Denmark's **VITUS programme** is designed to support small and medium-sized enterprises (SMEs) with strong international growth potential and market-tested products. Applicants that meet the eligibility criteria are invited to present their case before an external selection committee, which determines the companies admitted into the programme. This selection process ensures that participating firms are both motivated and committed to investing in export promotion.	A 2015 evaluation of the **VITUS programme** found that participating companies achieved stronger outcomes in turnover, exports, and personnel growth compared to other Danish SMEs. The programme was also shown to significantly accelerate the internationalization process. While results varied, the majority of firms enrolled in VITUS secured their first export sale within the 12-month programme period.
Japan	Implementation / Financial and Technical Support	The **Japan External Trade Organization (JETRO)** has developed a service known as JETRO File, which provides access to reports covering 62 countries. Each report includes valuable information such as country profiles, economic trends, comparative statistical data. The reports can be searched and viewed online, with some also available for download in PDF format. The database is offered free of charge, although user registration is required.	By the end of March 2003, **JETRO File** had registered approximately 38,000 users, with the homepage receiving an average of 16,000 visits per month—suggesting that each user accessed the system about once every two months. Registered users were able to access the database at any time and obtain the full range of information it contained. To further enhance usability, an e-mail alert system notifying users of newly added information was scheduled for introduction in June 2003.

Spain	Implementation/ Human Resources and Institutional Structure	Spain's **Master's Degree Programme in Export Promotion**, administered by **ICEX Spain Trade and Investment**, combines academic study with extensive practical training. The programme includes a year-long placement in one of Spain's overseas Economic and Commercial Offices, followed by a year in an exporting company. This structure provides students with direct, hands-on experience in export promotion while simultaneously addressing the need to strengthen language proficiency and enhance the skills and competencies required for effective participation in international trade.	Since 1974, ICEX has trained more than 6,500 professionals, who now work in multinational companies, as entrepreneurs, senior government officials, or staff of multilateral organizations.
Denmark	Implementation / Implementation Plan and Performance Criteria	Denmark applies a set of **key performance indicators (KPIs)** to assess the effectiveness of its Trade Council staff. The most important of these is the share of clients reporting that the Trade Council has delivered major or decisive value to their business. This indicator is based on feedback from companies that have utilized the Council's services.	The target value is set at a minimum of 72 percent, while in 2016 the achieved result was 82 percent, demonstrating a strong level of client satisfaction and effectiveness.
UK	Implementation / Communicating the Strategy	The **GREAT Britain & Northern Ireland Campaign** serves as the United Kingdom's flagship international communications programme. Its objective is to strengthen the UK's global reputation and stimulate economic growth by encouraging international audiences to visit, study, trade, invest, live, and work in the country. Widely regarded as one of the world's most influential nation branding and marketing initiatives, the campaign provides the UK government's international network with a unified, high-quality brand employed by 26 government departments and arms-length bodies.	Since its launch, the initiative has successfully showcased the UK's strengths across **164 countries,** generating returns of approximately **£7** billion for the national economy.
Australia	Monitoring	**Australian Trade Commission (Austrade)** was assigned a lead role in advancing a key policy objective of the Australian Federal Government: to **double the number of Australian exporters by** 2006/07. In response, Austrade revised its key performance indicators (KPIs) both to guide staff behavior toward this objective and to measure institutional success in achieving it.For 2003/04, the KPIs included the number of Australian exporters, client satisfaction levels, export impact (measured in both client numbers and export value), and outward investment impact (also measured in client numbers and investment value) and community awareness.	The **Australian Bureau of Statistics** monitors the number of exporters, which increased from a base of 25,000 in 2000/01 to 31,450 in 2001/02. The process of institutional change and the reorientation of organizational capacity toward SME export support are considered just as critical as the numerical targets themselves. While the target of doubling the number of exporters is a **whole-of-government** responsibility, Austrade has assumed the lead role in driving progress toward this goal.

Norway	Monitoring	Norwegian Trade Council (NTC) monitors all Trade Promotion Organization (TPO) activities under a single set of measurement principles, while assessing the quality and impact of each service type separately. These include general export services, government-sponsored export development programmes, client-financed consultancy services, and TPO-initiated country or sector programmes. Monitoring relies on a combination of external consultancy services, such as Gallup, and internal evaluations. The use of external experts ensures objectivity, while internal assessments provide the advantage of direct customer feedback and deeper insight.	The **NTC** has gained clearer insights into the strengths and weaknesses of export strategy, enabling the development of more effective tools for improvement. While NTC has not been able to establish a direct causal link between its services and actual increases in client export performance, it seeks to capture customer perceptions through surveys conducted by the external consultancy Gallup. These surveys aim to determine whether clients consider NTC's services to have been of significant relevance to their business success.

4. MAPPING OF GOOD PRACTICES

Analyzing and mapping good practices are critical in the development and implementation of export strategies. This process allows countries to learn from their own experiences as well as from the successes and mistakes of others. This section systematically examines selected case countries from OIC members and non-member countries and evaluates findings obtained through various methodologies such as desk review, survey, field visits, interviews.

Good practice means not only documenting successful policies and institutions but also drawing applicable lessons, ensuring policy transfer and identifying capacity-building opportunities. Therefore, the detailed country analyses are structured within the Identify-Implement-Monitor cycle and cross-cutting themes such as digitalization, artificial intelligence, sustainability, and ethical trade are also included in the discussion.

Four primary methods were used to identify good practices:

- **Desk Review: I**nternational literature, official reports, national strategy documents, and academic studies were reviewed.
- **Surveys:** Surveys conducted with public institutions and private sector representatives in OIC Member Countries reflected the opportunities and challenges encountered in implementation.
- **Field Visits:** Field studies conducted in Indonesia and Egypt included on-site observations of ports, customs, and export promotion agencies.
- **Interviews:** Interviews with both public authorities and business representatives provided in-depth information about the strategies.

These methods enabled the Guideline to cover more comprehensive mapping that reflected not only policy documents but also real-world experiences from the selected case countries.

4.1. Detailed Country Analysis of Selected OIC Member Countries

4.1.1. Nigeria

4.1.1.1. Background Information

Nigeria, the most populous nation in **Africa,** and one of its largest by land mass, holds the title of the **continent's largest economy.** It's International trade operations run in a complex global trade environment with many upsides and challenges.

The Lagos Port Complex, Complex, shown in **Figure 6**, also referred to as the **Premier Port,** is the oldest and largest port in Nigeria. Located in Apapa, Lagos State, the country's **primary commercial hub,** the port is quite central to Nigeria's maritime trade. Established in 1913, development started with the construction of the first four deep-water berths in 1921. It has become a modern port, equipped with the latest cargo-handling facilities and support benefits for staff to ensure efficient and customer-friendly operation.

Figure 6 Port Lagos, Nigeria

One of Lagos Port Complex's leading advantages is its **intermodal connectivity**. They include road, rail, and river links, making it easy for commodities to be shipped across Nigeria or further afield. In addition, the port is uniquely equipped with an eight-meter four-wheel gate specially designed to handle oversize cargo. This makes Lagos Port a leader among Nigeria's ports and raises its strategic importance in the national economy. (Nigerianports.gov.ng) As a major actor on the world energy stage, Nigeria is responsible for a large part of the world's petroleum and natural gas production. **Crude oil** alone accounts for some 90 percent of Nigeria's export trade and is the government's major source of income. (Oteh, 2020) A long-standing member of the **Organization of Petroleum Exporting Countries (OPEC),** Nigeria currently boasts the world's eighth-largest proven oil reserves. Also, quite aside from its oil, the country holds a crucial place in global natural gas marketing as the world's ninth-largest gas reserves. Moreover, Nigeria is among the top names in offshore production of **liquefied natural gas (LNG).** The Bonny LNG terminal is the nation's chief LNG export load center and through this facility, Nigeria supplies substantial volumes of LNG and other gas-related products to international markets, reinforcing its strategic significance in global energy trade.

On the other hand, the agricultural sector is a sector that accounts for a large portion of Nigeria's GDP and is also a source of employment for the country. Approximately 60% of the country's total workforce is employed in agriculture. However, despite the huge potential for Nigeria's agricultural exports, this potential is yet to be fully utilized. Agriculture is important for local consumption as well as export potential (Adeniran & Akinlabi, 2020).

4.1.1.2. Export Capacity & Diversification of Exports by Products and Markets

Nigeria's export landscape has undergone significant changes in recent years. While the country has traditionally been an oil and gas export-based economy, it has recently been making efforts to increase its non-oil exports. Nigeria's total Exports in 2024 were valued at US$52.36 Billion, according to the United Nations COMTRADE database on international trade. Nigeria's total merchandise trade stood at N31,810.59 billion (USD 21,118 Billion) in Q1, 2024. This reflects **a 46.27% increase** compared to the previous quarter and **a 145.58%** rise relative to the corresponding period in 2023. (NBS, 2025) **Figure 7** shows Nigerian exports between 2015-2025 March.

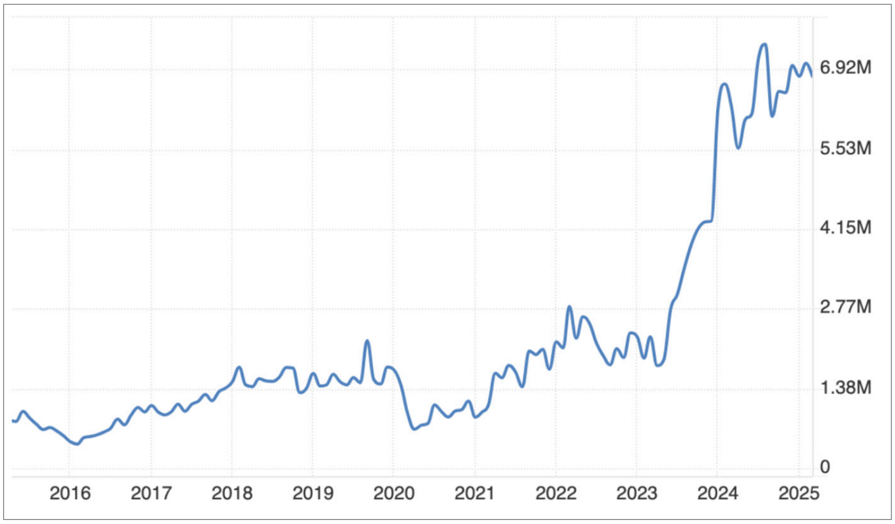


Figure 7 Nigerian Exports in between 2015-2025

Source: Tradingeconomics.com

Nigeria's main export products are crude oil, petroleum gases, nitrogenous mineral or chemical fertilizers, cocoa, oilseeds and fruits. Similarly, in the first quarter of 2024, export trade was largely dominated by crude oil, which accounted for ₦15,486.63 billion (80.80% of total exports). By contrast, non-crude oil exports were valued at ₦3,680.73 billion (19.20% of total exports), of which non-oil products contributed ₦1,778.85 billion, representing 9.28% of total exports. Therefore, Nigerian economy is sensitive to oil price fluctuations. For the Nigerian economy, when oil prices are high, the country runs a current account surplus, while when oil prices are low, the country runs a current account deficit.

Cocoa, in particular, is one of Nigeria's main agricultural exports, making the country one of the largest cocoa producers in the world. Nigeria ranks fourth in world cocoa production, with the majority of its cocoa exports destined for European and North American markets (COCOCLECTIC, 2025).

Other products such as palm oil and rubber are also a major source of exports. However, a large portion of Nigeria's agricultural exports are destined for African and Asian markets. Countries with large populations, particularly China and India, account for a large portion of Nigeria's agricultural demand (Oteh, 2020).

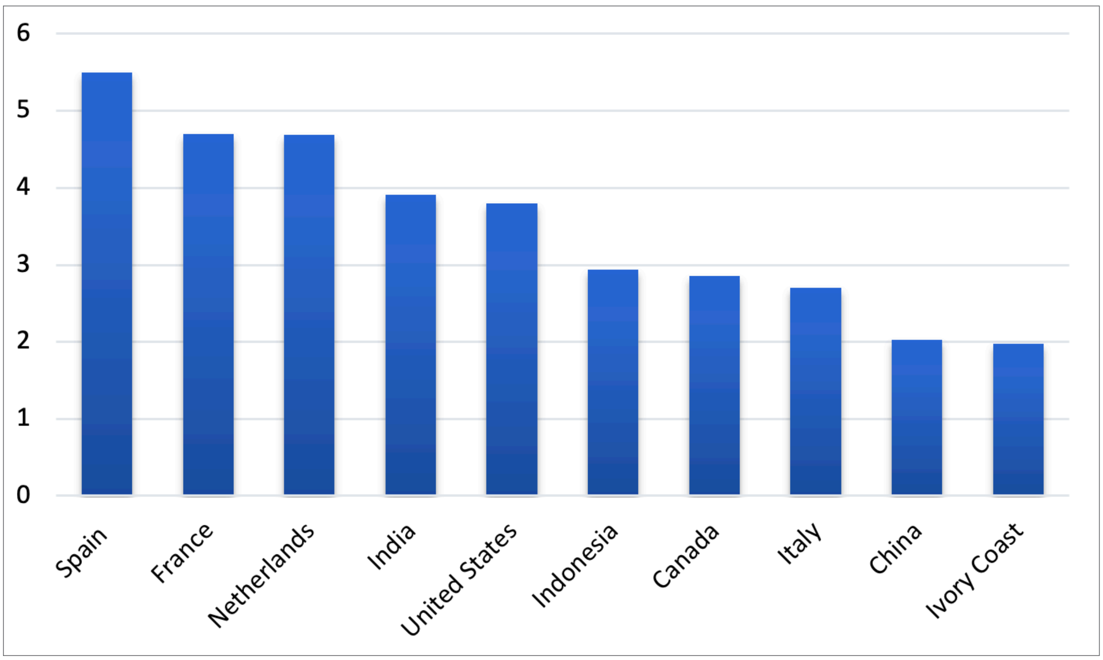


Figure 8 Nigeria Exports by Country (Top 10, 2024)

Source: Tradingeconomics.com

As illustrated in **Figure 8,** Nigeria's total exports in 2024 amounted to **US$52.36 billion,** according to data from the United Nations COMTRADE database on international trade. The country's leading export partners were **Spain (US$5.50 billion; 15.66%), France (US$4.70** billion; 13.38%)**, and the **Netherlands (US$4.69 billion; 13.35%)**. In regional terms, **43.93%** of Nigeria's exports were directed to Europe, **26.89%** to Asia, **17.51%** to the Americas, and **11.37%** to Africa.

However, the same database reports that Nigeria's exports to OIC member countries stood at only **US$8.8 million**, representing a mere **0.017%** of its total exports in 2024. The country's top three OIC export partners were **Indonesia (US$2.94 billion; 5,67%), Ivory Cost (US$1.98 billion; 3,82%), and the Malaysia (US$827.97 million; 1,60%)**. Country distribution is depicted in **Figure 9.**

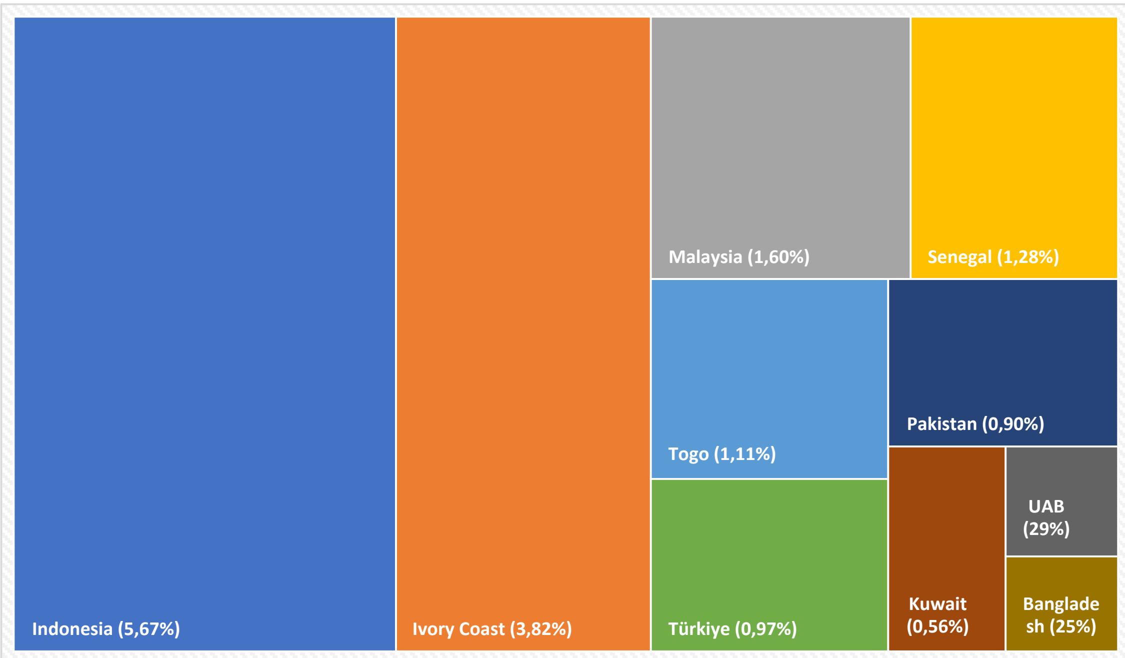


Figure 9 Nigeria Exports to OIC Countries (Top 10, 2024)
Source: Tradingeconomics.com

4.1.1.3. National Export Strategy & Institutions

National Export Strategy

Nigeria's National Export Strategy (NES) aims to diversify the national economy, enhance foreign exchange earnings, generate employment, strengthen global competitiveness, and develop value chains in key sectors. **Figure 10** shows the schematic representation of Nigerian export framework.

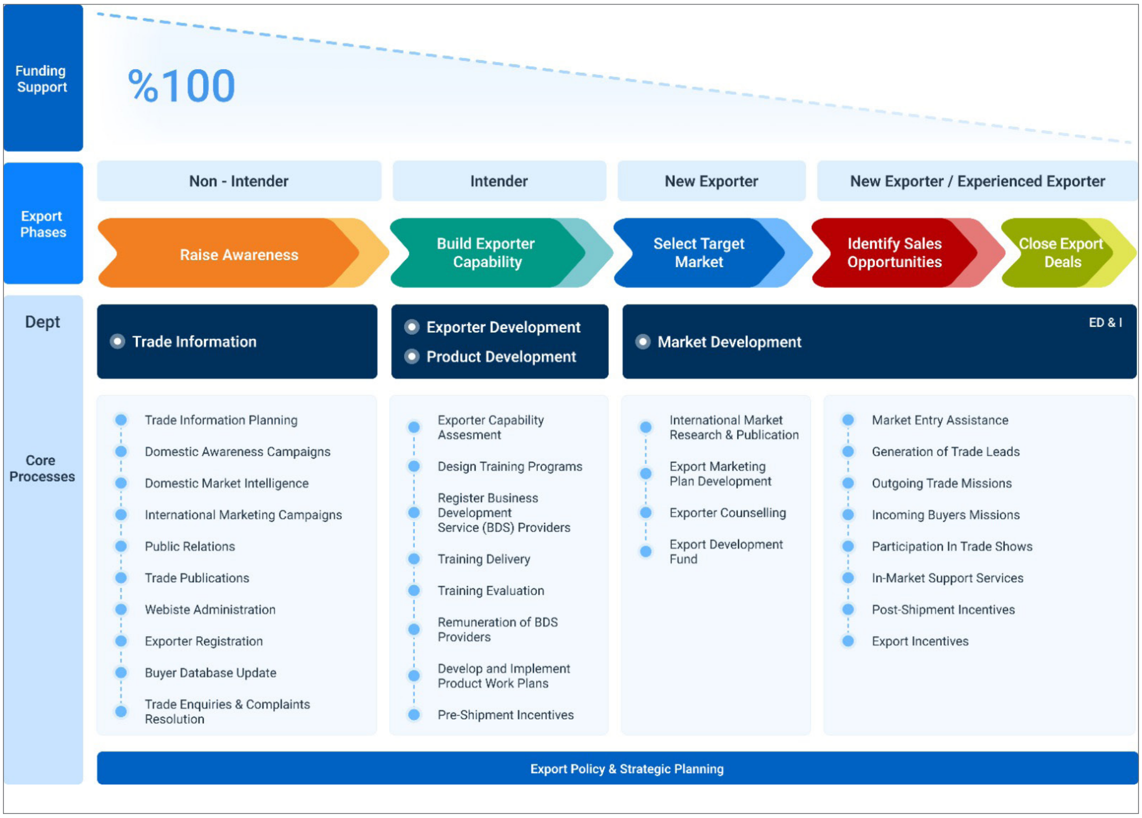


Figure 10 Schematic representation showing the value chain and activity framework for the Nigerian Export Promotion Council

Source NEPC

Building upon the initial export strategy introduced in 2011, the second phase of the strategy, NES II, serves as a five-year roadmap for the period 2021–2026, presents a comprehensive action plan that outlines sector-specific and cross-cutting initiatives. Notably, the strategy incorporates objectives aligned with the African Continental Free Trade Area (AfCFTA), such as advancing e-commerce, establishing a Single Window System, and improving cross-border logistics (Policy Development Facility Phase II, 2021). NES II also identifies institutional responsibilities and offers mechanisms for addressing previously recognized barriers to export development.

There are clear frameworks for Monitoring & Evaluation (M&E) in NES II such as performance indicators are defined for the purpose of tracking the objects, a timeline is established with the responsible institutions. The Federal Ministry of Industry, Trade & Investment (FMITI) is the chief coordinator of the strategy. Institutions such as the National Trade Facilitation Committee (NTFC) are responsible for the implementation of targets such as the Single Window (The Standards and Trade Development Facility, 2020). In addition, the activities included in the Action Plan are divided into "Leading" and "Supporting" institutions. With this structure, NES II both clearly states the strategic vision and determines concrete tools for implementation. The main objectives of Nigeria's national export strategy include diversification from oil dependency, increasing foreign exchange earnings through exports, creating employment through industrialization and export growth, improving product quality to international standards and developing comprehensive value chains (NEPC, 2023). Priority sectors for implementing this strategy were determined as agricultural products, solid minerals, manufactured goods, information and communication technologies, entertainment, financial services, palm oil and rubber, leather products and automotive and machinery components (Federal Ministry of Industry, Trade and Investment, 2022).

Institutions such as the Ministry of Industry, Trade and Investment, Central Bank of Nigeria, Nigerian Export Promotion Council (NEPC), NEXIM Bank, Nigerian Standards Authority and Customs and Ports Authority are actively involved in the implementation of the strategy (NEPC, 2023).

Institutions

The Federal Ministry of Industry, Trade & Investment (FMITI) is the driving force behind Nigeria's economic diversification, industrial growth, and global trade integration. FMITI, underwent a strategic restructuring in 2011 with the objective of enhancing Nigeria's economic performance, drawing upon successful institutional models from both advanced and emerging economies, including the United Kingdom, Malaysia, and Singapore. As things stand, the ministry's policies and measures are designed to better the investment environment, foster the growth of small and medium-sized enterprises (SMEs), and increase Nigeria's competitiveness in today's world. Another function of the Ministry is to establish a **Single Window** for trade to ease custom services through **The Nigeria Customs Service (NCS)** and to provide efficient customs clearance, anti-smuggling protection, and maximum revenue collection for trading competitiveness. Attached to market forces and modern trends, the NCS has played its part in creating trade and fiscal policies, facilitating legitimate trade, and checking the progress. In line with the vision of modern customs administration, NCS seeks to adopt from advanced management methods, make timely collection of taxes and tariffs in a fair manner, and accurately record international trade data, all by means of a transparently operated professional framework (the NCS, 2020).

The Nigerian Export Development Council (NEPC) also plays an important role in boosting the country's export performance by providing training programs, technical assistance, and project funding to exporters. (Okoye & Ogbokor, 2019). The NEPC, initially set up in 1976 and put under new functional reorganization in 1988, is Nigeria's leading public institution for the promotion, diversification, and stimulation of non-oil exports. It operates as an organ of the Federal Ministry of Industry, Trade & Investment with a mandate to broaden Nigeria's foreign trade base: it works to strengthen export capacity in order that more enterprises may serve as an export channel; it extends links into the international arena by helping open up other markets and has been giving a range of specialized consultancy services (NEPC, 2023). In recent years, NEPC has been promoting the **Zero Oil Plan**, which identifies and stimulates export of 11 key non-oil products—such as cocoa, sesame seeds, leather—and seeks to reduce the country's dependence on oil exports. In 2022, **Export4Survival Campaign** has been launched, it's a notable program that highlights the vital role played by exports in national economic growth and development. Also, NEPC is actively helping Nigerian businesses become part of regional value chains in the African Continental Free Trade Area (AfCFTA) by providing regulatory guidance for companies to handle their trade activities according to laws&regulations. It helps local enterprises adapt to particular environment and cross-border trade requirements. (World Bank, 2020; African Trade Observatory, 2023). NEPC is also working with leading international institutions such as the International Trade Centre (ITC), Afreximbank, and the European Union to increase Nigeria's global trade competitiveness.

Enhancements in infrastructure such as transport, storage, and port facilities, alongside trade facilitation initiatives like the streamlining of customs processes, agreements like the AfCFTA that broaden global market accessibility, capacity development programs that help SMEs in conforming to international norms, and export financing through organizations like **The Nigerian Export-Import Bank (NEXIM)** significantly contribute to the execution of the strategy. NEXIM was founded in 1991 as an Export Credit Agency (ECA), boasting an authorized share capital of ₦50 billion, which is jointly held by the Federal Ministry of Finance Incorporated and the Central Bank of Nigeria. It succeeded the Nigerian Export Credit Guarantee and Insurance Corporation, which was originally established under Act No. 15 of 1988. Currently, NEXIM offers short- and medium-term financing to Nigerian exporters, guarantees loans extended by domestic banks, and serves as the national guarantor for Nigeria under the ECOWAS Inter-state Road Transit program.

In 2003, the Federal Government of Nigeria commenced full port reforms with a view to improving efficiency in port services, leading to the adoption of the landlord port model. Under the new system, 25 port terminals were awarded to private operators on lease terms, bidding from 10 to 25 years, including one Build-Operate-Transfer (BOT) arrangement.

As part of the reform, the ports' arrangement was brought down from eight to six: Lagos Port Complex, Tin Can Island Port, Calabar Port, Rivers State Port, Onne Port Complex, and Delta Port Complex. The privatization process, managed by the Bureau of Public Enterprises (BPE) on behalf of the National Council on Privatization. Successful bidders entered into concession agreements negotiated with a public-sector team comprising the **Nigerian Ports Authority (NPA).** Upon execution of the agreements, a transition process was launched, transferring several operational responsibilities from the NPA to private terminal operators.

4.1.1.4. Digitalization of Trade

Custom regulations & Standarts

Nigeria's **The National Single Window (NSW)** constitutes a comprehensive trade facilitation initiative jointly implemented by twelve governmental agencies engaged in the country's customs clearance procedures. This digital platform streamlines international trade processes by enabling users to consult regulatory frameworks, submit customs documentation electronically, monitor transaction progress in real time, and execute payments through a secure online system.

In addition, the **Nigerian Ports Authority (NPA)** is responsible for developing a complementary Single Window Platform as part of its ongoing modernization agenda. This initiative aims to digitally integrate all port-related and cargo clearance operations, with the overarching objective of establishing a fully automated, paperless port management system that enhances procedural efficiency and facilitates seamless logistics operations (U.S. Department of Commerce, 2025).

E-Commerce

Nigeria has gained great momentum in e-commerce in recent years. The interest in technology, especially among the young population, and the access of the internet to wider audiences have paved the way for the rapid growth of e-commerce. Large Nigeria-based platforms such as **Jumia, Konga** and **PayPorte** offer a variety of products online to consumers within and outside the country. Jumia is one of the largest e-commerce platforms on the African continent and has made a significant contribution to the development of Nigeria's digital trade (Adeniran & Akinlabi, 2020). Jumia, founded in 2012, stands out as one of Africa's first "unicorn" companies (startups that have reached a valuation of $1 billion) and operates across the continent by bringing together e-commerce, logistics and digital payment services, and has positioned Nigeria as a pioneer in Africa's digital economy (Jumia, 2023).

The e-commerce market volume, which was approximately 2.1 billion USD in 2019, has grown nearly fourfold, approaching 9.5 billion USD by 2024. This increase is attributed to factors such as the proliferation of digital payment systems, increased internet access, and changing consumer habits after COVID-19 (eCommerceDB, 2024).

The growth of e-commerce is not limited to large platforms but has also allowed small businesses to have a presence in the digital environment. **Social media platforms**, especially **Facebook, Instagram and WhatsApp**, are opening the doors of digital commerce for small businesses in Nigeria. Product sales are made through these platforms, and small businesses are able to reach a wider customer base (Ekpo, 2020).

Nigeria, on the other hand, was named a **"Digital Trade Champion**" by the African Union, of which she is a member, under their AfCFTA initiative in 2025. After this election, Nigeria was advised in studies to aim for a leadership role in the continent's digital trade and setting strategies that would help create 10 million new digital jobs (Agarwal et al., 2025; ODI Global, 2025).

Infrastructure

Digital infrastructure is one of the most important aspects of realizing Nigeria's plan to digitize trade, and the government has invested heavily in telecommunications infrastructure. This investment has enabled wide-ranging internet access and thereby driven the rapid growth of digital trade. The big mobile network operators bringing 5G technology to Nigeria and extending internet access far and wide are the key forces behind digital infrastructure (Olufemi, 2021). In April 2025, Nigeria announced a major injection of $2 billion in digital infrastructure to improve connectivity, protect the digital identities of individuals, and drive economic growth through technological progress both locally and globally. The investment is expected to propel Nigeria's AI sector to the tune of $15 billion by 2030; support schemes include a three million technical talents campaign and partnership with Microsoft, Meta, and Nvidia.

4.1.1.5. The Proliferation of Digital Payment Systems

A key element in the digital transformation of Nigeria's trade landscape is the rise of electronic payment solutions. Mobile banking and digital payment platforms are crucial instruments driving the digital evolution of commerce in Nigeria. Local payment systems like Interswitch, Paystack, and Flutterwave significantly contribute to the modernization of trade. These services enable Nigerian businesses to engage in online sales while empowering customers to perform secure digital transactions (Olufemi, 2021).

Particularly, **Paystack** and **Flutterwave** have played an instrumental role in upgrading Nigeria's digital payment ecosystem, allowing local enterprises to tap into international markets. These solutions streamline online transactions, enhancing the speed and security of commerce.

Additionally, through mobile money services, digital payment solutions are connecting with broader populations that lack access to traditional financial systems (Oteh, 2020).

4.1.1.6. Trade Agreements & Regulatory Framework

Trade Agreements

Nigeria has been a member of **World Trade Organization (WTO)** since January 1, 1995, following prior membership to the **General Agreement on Tariffs and Trade (GATT)** since November 18, 1960. The country approved the WTO Trade Facilitation Agreement on January 20, 2017, and amended the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) on January 16, 2017. Continued negotiations in these multilateral frameworks seek to open up trading as well as to further integrate Nigeria into the world trading order.

Nigeria is also a signatory to two regional and preferential trade agreements with major implications for its trade profile: the **African Growth and Opportunity Act (AGOA) and the ECOWAS Trade Liberalization Scheme (ETLS).**

AGOA was signed into law by the U.S. Congress on May 18, 2000, in order to enhance U.S.-African economic relations and facilitate the country's access to the U.S. market. Nigeria is an AGOA beneficiary, and AGOA has been reauthorized through to 2025. In addition, Nigeria concluded bilateral investment treaties with thirty-one countries (15 of which are currently in force) and double taxation treaties with thirteen countries. The country is also a party to 21 instruments referring to investments, thus demonstrating its commitment to facilitate an open, safe, and secure investment environment.

The ECOWAS Trade Liberalization Scheme (ETLS), established by the **Economic Community of West African States (ECOWAS)**, is a regional trade mechanism that facilitates free trade among the fifteen ECOWAS member states. It provides free market access and seeks to enhance economic integration and cooperation among the sub-regions. Countries covered under the ETLS: Nigeria, Ghana, Benin, Côte d'Ivoire, Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone, Togo, Burkina Faso, and Cape Verde.

Regulatory Framework for Trade Digitalization

Nigeria has developed a comprehensive national strategy to strengthen its digital economy and align with the **African Continental Free Trade Agreement (AfCFTA)** digital trade protocol. **The National Digital Economy Policy & Strategy (NDEPS)** 2020–2030, released in 2019, is built on eight pillars focused on digital infrastructure, regulation, skills development and diversifying the economy through digital services (Nigeria Startup Act, 2022).

Further, Nigeria had a comprehensive national digital trading strategy for 2025 running to help ensure that they keep in full compliance with the AfCFTA digital trades protocol. The strategy contains policy recommendations and practical next-step implementation plans. (Agarwal et al., 2025; ODI Global, 2025). This comprehensive strategy aims to achieve modernization of regulation, open digital infrastructure standards and data management, strengthening digital infrastructure and security, digital inclusion and skills development, especially the integration of women and youth into the workforce.

With digital trade taking shape in Nigeria, regulation over e-commerce is also becoming increasingly important. The Nigerian government wants this process to take place securely and in a transparent manner and has therefore begun work on e-commerce laws and data protection regulations. The Nigerian Electronic Commerce and Data Protection Act (NCC) establish the legal framework for digital commerce and imposes an obligation on businesses to ensure the digital security of users. These regulations contribute to the sustainable growth of digital commerce (Adeniran & Akinlabi, 2020).

4.1.1.7. Conclusion

Nigeria has a unique position and resources for strong economic growth. The country is rich in agricultural and mineral resources. Although there are rich resources and suitable markets for the economic and social growth and development of the country, these resources have not been used sufficiently and properly, and have not translated into sustainable economic growth and increased welfare of the country's citizens. There are problems in the economic use of the resources that the country has. High dependence on crude oil exports contributes to increased poverty and inequality. According to World Bank data, Nigeria's oil and gas sector accounts for more than half of its revenue and nearly 90 percent of the country's exports. In this sense, diversification of production and exports seems inevitable.

Nigeria's efforts to increase its export capacity have not only been limited to national policy reforms, but have also included technical, financial and structural contributions from global actors. In particular, the infrastructure investments made by the **People's Republic of China in Nigeria** present a notable area of external intervention in this context. **The Abuja–Kaduna railway** and the **Lagos–Kano line,** built with the support of China, have the potential to increase foreign trade performance in the long term by providing time and cost advantages in the logistics chain of exports (Akinyemi, 2023). These investments are part of China's strategic engagements within the scope of the **"Belt and Road Initiative (BRI)"** and are transforming Nigeria's foreign trade infrastructure in a wide range from port infrastructure to highways. For example, the strengthening of roads and metro lines connected to the Lagos Port through the CCECC (China Civil Engineering Construction Corporation) has had a direct impact on the country's export logistics (World Bank, 2022).

Nigeria's international trade environment continues to grow and diversify, but it also faces many challenges. Factors such as global trade dynamics, local economic reforms, digitalization, and the global energy transition will affect Nigeria's trade trends. Infrastructure deficiencies are one of the main factors that prevent Nigeria's trade from being efficient. For this reason, Nigeria is making major investments in its transportation and logistics infrastructure. Nigeria has significantly increased its infrastructure investments to support its economic growth and increase its foreign trade volume. **The Port of Lagos** is one of the busiest ports in Africa, with an annual capacity of approximately 7 million TEU (Twenty-foot Equivalent Unit) as of 2023 (Nigerian Ports Authority, 2023). With the expansion projects carried out in recent years, the port capacity is aimed to be increased to 10 million TEU by 2030. In this context, new container terminals and modern loading and unloading equipment have been put into operation with an investment of 1.2 billion USD (World Bank, 2022).

However, export performance is not limited to physical infrastructure alone. At this point, support provided by international organizations such as political consultancy, digital infrastructure and quality standards come to the fore. **The Digital Trade Initiative**, led by the World Trade Organization (WTO) and the World Bank (WB), aims to increase Nigeria's digital capacity and facilitate the integration of SMEs into e-export (World Bank, 2023).

In addition, projects implemented through the **Standards and Trade Development Facility (STDF)** have improved the applicability of **SPS (sanitary and phytosanitary) standards** in agricultural products such as sesame, cocoa and black-eyed peas; thus, export opportunities to EU and Middle East markets have expanded (STDF, 2024). This is an important step that encourages market diversification through quality compliance rather than export volume.

The Supporting Investment and Trade in Africa (SITA) Program, supported by the UK within the framework of the African Continental Free Trade Agreement (AfCFTA), has provided capacity building activities in Nigeria to simplify tariffs and establish regional export strategies (ITC, 2023). These contributions reveal the impact of external support not only on physical infrastructure but also on policy-making processes.

In terms of export incentives, the **Nigerian Export Promotion Council (NEPC)** plays the most fundamental role in the national framework, while external financing opportunities have expanded with the **Fund for Export Development in Africa (FEDA)** structure established by **Afreximbank** in 2024. This development is promising in terms of increasing the private sector's export-oriented production capacity (Afreximbank, 2024).

In addition, a limited number of open "gap and need analysis" studies have been published on Nigeria's export system. However, reports by organizations such as **UNCTAD** (2023) and the **African Development Bank (AfDB, 2024)** have analyzed the country's export performance weaknesses and areas for development in detail. These documents have the nature of an indirect "needs analysis" by pointing out gaps in issues such as market access, product diversity, and digital adaptation of exporting companies. In particular, the lack of internet infrastructure in rural areas of Nigeria hinders the growth of digital commerce. Furthermore, issues such as cybercrime and data security make it difficult to conduct online commerce securely (Olufemi, 2021).

Security problems in oil fields located in the southeast of Nigeria, especially in the Delta region, can disrupt production processes. This negatively affects export volumes and the country's revenues (Adeniran & Akinlabi, 2020).

Nigeria's customs procedures can be serious obstacle to foreign trade. Analyses by various international organizations show that the complexity and uncertainty of customs procedures in Nigeria pose a serious obstacle to foreign trade (World Bank, 2023; USTR, 2019; ITC, 2021). For example, the World Bank has highlighted that trade and transport barriers in Nigeria have hindered competitiveness. The report states that difficulties stemming from customs and transportation, particularly increase shipping costs and processing times, and strengthen the competitiveness of products with their competitors (World Bank, 2023). The customs clearance of goods in certain seasons more difficult than usual. This seriously affects the efficiency of trade. Customs duties and procedures make it difficult for small and medium-sized enterprises to engage in international trade (Adeniran & Akinlabi, 2020. The Nigeria's government has implemented a number of trade facilitation reforms in order to reduce the administrative barriers to foreign trade. Particularly, various efforts are being made to improve customs clearance procedures. The digitalization and automation of customs procedures boost trade speed and cut costs. What's more, through operations such as the Nigeria Customs Service Modernization Programme, efforts are being made to bring customs procedures line with international standards (World Bank, 2019).

The country's financial system is not well-suited to making foreign trade transactions. People have very limited access to banking and financial services, especially small and medium-sized enterprises. Furthermore, the poor infrastructure in the financial system makes it hard to carry out foreign trade financing. Banks face high interest rates and bureaucratic barriers when they provide trade financing (Okoye & Ogbokor, 2019). A World Bank report, Nigeria Economic Update: Strengthening Financial Inclusion and Trade Finance, highlights the access challenges and bottlenecks in trade finance in the Nigerian financial system, particularly for SMEs (World Bank, 2022). The Nigerian Economic Summit Group (NESG) report, Improving Access to Trade Finance in Nigeria, deals with the high costs in banking, regulatory barriers, and the insufficient support of the financial system to foreign trade (NESG, 2021).

Nigeria's exchange rate poses a serious problem for foreign trade because it sometimes wavers. Exchange rate fluctuations create serious uncertainties for importing and exporting firms and increase the cost of trade. In addition, foreign exchange scarcity complicates the operations of firms that demand foreign exchange, especially for foreign trade. This situation stands out as a factor that reduces Nigeria's competitiveness in global markets (Olufemi, 2021). To address this issue, the Central Bank of Nigeria has increased control over the foreign exchange market and made adjustments to its exchange rate policies. In addition, the country is taking measures to increase its foreign exchange reserves and is trying to overcome the foreign exchange shortage. Liberalization of the foreign exchange market and strengthening of foreign exchange reserves can enable trade to take place in a more stable environment (Olufemi, 2021).

4.1.2. Azerbaijan

4.1.2.1. Background Information

Azerbaijan is located strategically on the eastern shore of the **Caspian Sea**, with abundant natural resources The country's geographic position makes it a critical link between Europe and Central Asia, allowing country being a **trade and energy transit** point.

In recent years, Azerbaijan has invested considerable efforts in expanding its transportation and logistics systems. Among them, the **Baku International Sea Trade Port and the Baku–Tbilisi–Kars (BTK) Railway (Figure 11)** are the most impressive examples. These projects have helped to make the country a regional **transportation hub linking Europe and Asia**. The BTK railway, which started operation on October 30, 2017, runs 826 km across Azerbaijan, Georgia, and Türkiye. It was designed as a strategic transportation artery and initially boasted an annual freight capacity of 6.5 million tons. After 2030, it will be ramped up to 17 million tons for cargo use as well as 3 million passengers. The BTK is a modern "land bridge", under the **"New Silk Road Initiative"**, reducing transit times between Asia and Europe to approximately 15 days—a timeline competitive with maritime routes—while bypassing Russian territory. (Eurasian Research Institute 2023). The railway includes a rehabilitated 178 km segment (Akhalkalaki–Marabda–Tbilisi) and a newly constructed standard-gauge section from Akhalkalaki to Kars (29 km in Georgia and 76 km in Türkiye), jointly financed by Azerbaijan, Georgia, and Türkiye due to the limited availability of international funding.

Figure 11 Baku–Tbilisi–Kars (BTK) Railway, Azerbaijan

Functioning as a central pillar of Azerbaijan's export infrastructure and the **Trans-Caspian Middle Corridor**, the BTK significantly enhances the country's connectivity with Central Asia, China, Europe, and Türkiye. Its expanding capacity and integrated rail system are crucial to facilitating Azerbaijan's transition from oil-dependent logistics toward a more diversified and resilient export economy.

Despite this progress, Azerbaijan's economy continues to rely heavily on the oil and gas industry. Economic indicators as well as export earnings are dominated by this basic sector. Hydrocarbon exports account for nearly 90% of Azerbaijan's foreign trade, making the country especially vulnerable to energy prices in the global market. Building on the oil price shock events of 2014 and 2020, Azerbaijan has accelerated diversification efforts for its economy. In 2016, the government initiated **"Strategic Roadmaps for National Economy and Key Sectors"** pointing out agriculture, tourism, logistics, and information technology as non-oil industries that deserve first priority in order to promote sustainable growth. Such a long-term orientation stresses the importance of enhancing export competitiveness, promoting value-added products, and reducing reliance on the extractive industry. The strategy also seeks short-term macroeconomic stability.

In line with this new focus, the **"2022–2026 Social and Economic Development Strategy"** provides detailed policy guidelines to realize the five national priorities set out in **"Azerbaijan 2030: National Priorities for Socio-Economic Development,"** approved during 2021. These priorities will be:

- Sustainable and efficient use of natural resources, supported by the development of an integrated waste management system.
- Strengthening environmental monitoring and biodiversity conservation efforts.
- Enhancing energy governance through the expansion of renewable energy, energy efficiency initiatives, and climate resilience measures.
- Promoting the use of environmentally friendly vehicles and green technologies.

These national priorities provide a detailed policy chart of the path with benchmarks and performance measures for the socio-economic development of Azerbaijan. The framework is in line with the Agenda 2030 of the UN Sustainable Development Goals (SDGs), with expected outcomes including opportunity equity, growth inclusivity, infrastructure upgrade, environmental sustainability, good quality healthcare and education, and participatory governance.

In support of this vision, UN-led policy dialogues on **"Green Transformation in Azerbaijan" and "Towards 2030: Social and Economic Inclusiveness in Azerbaijan"** have resulted in targeted recommendations to accelerate progress toward the SDGs. Within this context, the Government of Azerbaijan has underscored its commitment to expanding non-oil exports as a core objective of the 2022–2026 State Program for Social and Economic Development.

4.1.2.2. Export Capacity & Diversification of Exports by Products and Markets

As mentioned in the previous part, Azerbaijan's export capacity remains heavily concentrated in crude oil, petroleum gases, and refined oil products. Azerbaijan's total exports in 2024 were valued at US$26.55 Billion, according to the United Nations COMTRADE database on international trade. In 2024, Azerbaijan had a trade surplus of US$5.50 Billion. **Figure 12** shows exports between 2015-2025 March.

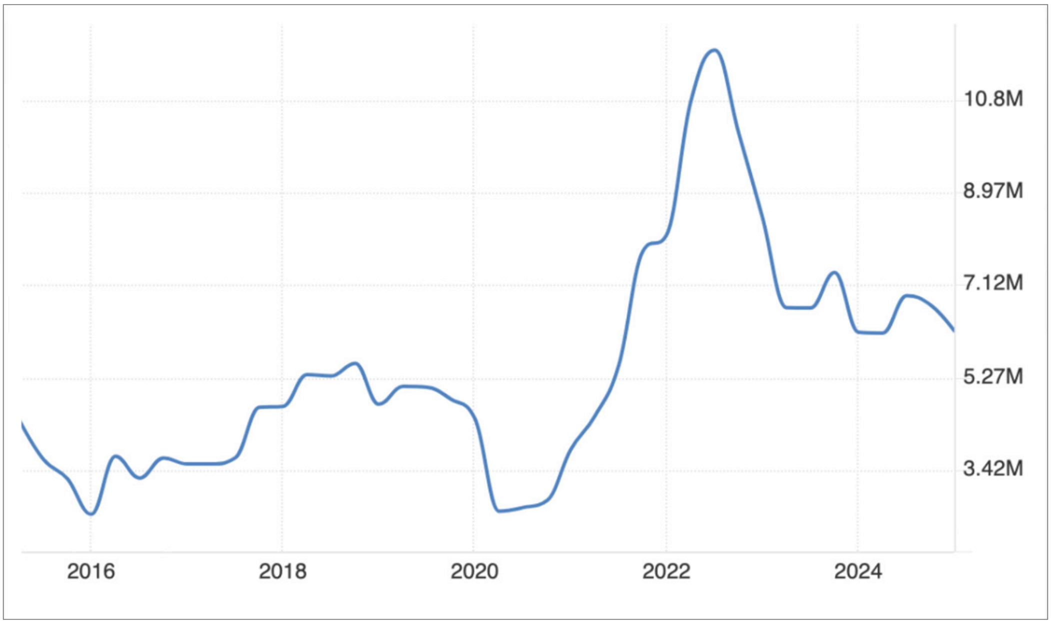


Figure 12 Azerbaijan Exports in between 2015-2025

Source: Tradingeconomics.com

The 2024 data once again underscored that Azerbaijan's economy has been heavily dependent on energy exports. Mineral fuels, oils, and distillation products alone accounted for 87% of the country's total exports, generating approximately USD 23.2 billion in export revenues. This high share has positioned Azerbaijan as one of the key energy suppliers in the region. In particular, the Baku–Tbilisi–Ceyhan (BTC) and Baku–Tbilisi–Erzurum (BTE) pipelines have enhanced Azerbaijan's capacity to deliver its energy resources to global markets. These pipelines hold strategic significance not only for Azerbaijan but also for other countries in the region.

The remaining export categories account for relatively modest shares. In terms of product diversification, the non-oil export basket includes especially agricultural products (notably fruits, vegetables, and hazelnuts), cotton, aluminum, and chemical products. The second-largest category—edible fruits and nuts—generated USD 497 million, followed by plastics at USD 369 million and precious stones and metals at USD 215 million in 2024. (Trademap.org)

In agriculture, production was previously carried out by kolkhoz and sovkhoz enterprises based on collective ownership from the Soviet era; however, under the reform and privatization programs, the system transitioned to a production structure based on private ownership. Azerbaijan possesses abundant agricultural resources, fertile soils, and favorable conditions for cultivating a wide variety of fruits and vegetables. There is considerable potential to expand fruit and vegetable processing activities for export, particularly targeting the Russian market. Additional unstructured and long-term export opportunities lie in tapping into international markets with high demand **for "green products"** those cultivated without the use of chemical fertilizers or harmful agents against plants and pests. Since a significant portion of Azerbaijan's agricultural land has remained unused, or at the very least has not been treated with any chemical agents for the past decade, crops grown on these lands qualify as "green products". (Aybar et al, 2015)

Azerbaijan has gradually developed capacity in sectors such as agro-processing, food packaging, construction materials, and light manufacturing. In the food processing sector, companies produce fruit juice, jam, and pickles, exporting a significant portion of its output to CIS countries, Germany, Israel, and the United States. (Tarım Bakanlığı AB ve Dış İlişkiler Genel Müdürlüğü Dış Pazar Stratejileri Çalışma Grubu, 2010)

The tourism sector also plays a significant role in the diversification of Azerbaijan's economy. The country attracts attention with its historical and cultural richness, natural beauty, and modern architecture. In 2023, tourism revenues accounted for approximately 3.5% of total GDP. Azerbaijan aims to further enhance its tourism potential, particularly through the modern architecture of Baku, its historic cities, and natural attractions. The government actively encourages investment in the tourism sector and is intensifying international promotional activities.

As illustrated in the figure below, Azerbaijan's total exports in 2024 amounted to **US$26.55 Billion**, according to data from the United Nations COMTRADE database on international trade. The country's leading export partners were **Italy (US$10,88 billion; 41%)**, **Turkiye (US$3,82 billion; 14%)**, the **Russia (US$1,18 billion; 4,40%)** and **Czech Republic US$1,09 billion; 4,10%).** In regional terms, **67,28%** of Azerbaijan's exports were directed to Europe, **26,26%** to Asia, **4,44%** to Europe/ Asia, **1,10%** to Africa and **0,90%** to the Americas.

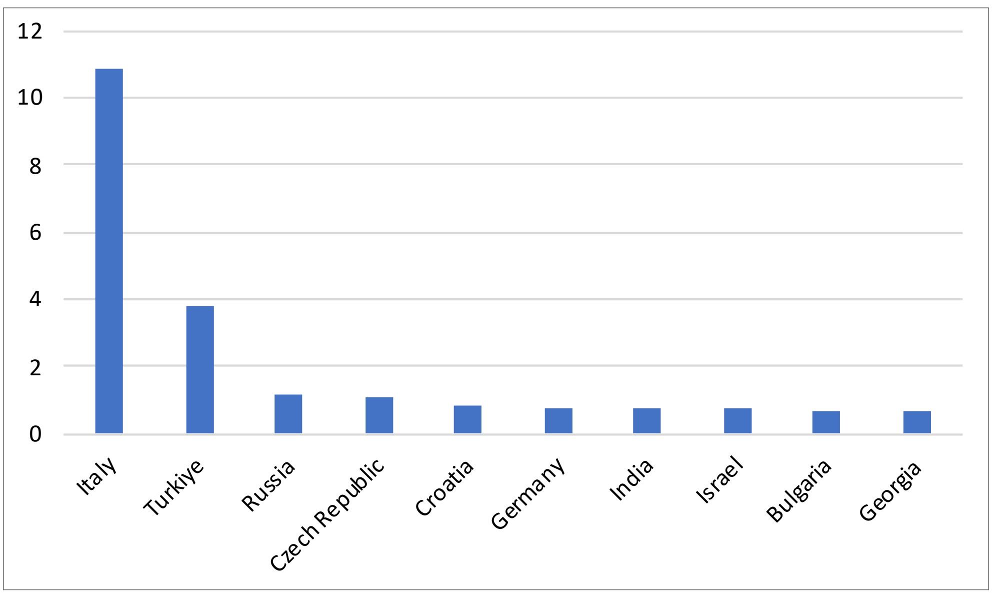


Figure 13 Azerbaijan Exports by Country (Top 10, 2024)
Source: Tradingeconomics.com

However, the same database reports that Azerbaijan's exports to OIC member countries stood at **US$4,7 billion,** representing a mere **17%** of its total exports in 2024. The country's top three OIC export partners were **Türkiye (US$3,82 billion; 14,38%), Tunisia (US$279.67 million; 1,05%),** and **Indonesia (US$179.80 million; 0,68%)**. Country distribution is depicted in **Figure 14** below.

Figure 14 Azerbaijan Exports to OIC Countries (Top 10, 2024)
Source: Tradingeconomics.com

The development of logistics corridors and special economic zones (SEZs), most notably the **Alat Free Economic Zone (AFEZ)** is expected to play a pivotal role in boosting industrial output and advancing export-oriented production. AFEZ operates under a highly favorable regulatory framework, offering full exemptions from corporate tax, value-added tax, property tax, and customs duties, along with no restrictions on foreign ownership or profit repatriation (Alat Free Economic Zone Authority, n.d.). Its strategic objective is to become, by 2030, a leading investment destination across Eurasia, contributing to the emergence of a knowledge-based, innovation-driven economy that is less dependent on extractive industries. To realize this vision, AFEZ targets investment in sectors such as advanced manufacturing, logistics, clean energy, and information technologies, while actively facilitating technology transfer and industrial upgrading (Alat Free Economic Zone Authority, n.d.). A strong emphasis is placed on environmental sustainability, with integrated green infrastructure planning, adherence to environmental and social standards, and promotion of resource-efficient production practices. From an institutional point of view, AFEZ is an autonomous system connected with the public benefit. Under this structure, it adopts a clear legal and regulatory framework to ensure transparency, legal respectability of rights, and easy business access.

As is underscored by International Finance Corporation (IFC) of the World Bank (IFC, 2023), the operational model of AFEZ follows international best practice, in particular from a number of thriving Special Economic Zone (SEZ) experiences in Singapore, the United Arab Emirates (UAE), Thailand, Korea, and the Netherlands. Strategic partnerships further undergird the above framework, especially in terms of IFC advisory services (IFC, 2023). Through this integrated approach, AFEZ is expected not only to attract foreign direct investment (FDI and foster the growth of non-oil exports, but also to serve as a pilot zone, demonstrating the potential for a competitive, private sector–driven industrial transformation within Azerbaijan's evolving economic landscape.

These figures highlight the fact that sectoral diversification in Azerbaijan's export revenues remains limited. Unfortunately, such a narrow export base limits the country's resilience to external shocks and impedes long-term economic sustainability. Although the government has made progress in modernizing export infrastructure and promoting non-oil sectors, structural constraints continue to hinder diversification.

4.1.2.3. National Export Strategy & Institutions

National Export Strategy

Azerbaijan's export strategy is firmly embedded within its broader vision to reduce dependency on hydrocarbons and promote sustainable, diversified economic growth. A central guiding framework is the **Strategic Road Map for the National Economy and Key Sectors**, approved in 2016, which outlines sector-specific policies for non-oil industries such as agriculture, light manufacturing, tourism, logistics, and ICT. Its overarching objectives are to enhance export competitiveness and deepen Azerbaijan's integration into global markets (Center for Analysis of Economic Reforms and Communication, 2017). Targets include boosting non-oil GDP by 6% annually and increasing non-oil exports per capita from USD 170 in 2015 to USD 450 by 2025. The roadmap also envisages reforms to the business environment, administrative capacity, and private sector engagement, recognizing these as critical enablers of long-term export growth.

Sector-specific strategies leverage Azerbaijan's comparative advantages and regional opportunities. The logistics and commerce programme aims to position the country as a major transit hub at the crossroads of Europe and Asia. Significant investments in the North–South and East–West transport corridors, along with upgrades to rail, road, and maritime infrastructure, are expected to attract foreign investment, reduce trade costs, and expand transit-based exports. Approximately AZN 3 billion in public and private investment is allocated for customs facilitation, intermodal transport integration, and trade digitalization.

In agriculture and agro-processing, the strategy focuses on strengthening value chains for high-potential export products such as fruits, vegetables, and dairy. Key measures include modernizing irrigation and storage systems, creating an EU-aligned electronic agricultural register, and expanding access to finance for rural producers. These initiatives aim to raise rural incomes, improve food security, and enhance the agricultural trade balance through value-added exports.

The ICT and financial services roadmaps prioritize digital transformation and inclusive finance. Objectives include expanding digital infrastructure, promoting cashless payments, supporting fintech enterprises, and improving SME access to credit. Such measures are intended to foster entrepreneurship, stimulate export-oriented innovation, and enhance long-term competitiveness.

Complementing these sectoral strategies, the **2022–2026 Social and Economic Development Strategy** operationalizes the national priorities outlined in **Azerbaijan 2030: National Priorities for Socio-Economic Development**, aligning them with the UN Sustainable Development Goals. Azerbaijan has ratified 14 UN transport agreements and conventions, joined COTIF in 2015, and acceded to the e-CMR protocol in 2022. It was among the first signatories of the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific, ranking 9th in the region for trade facilitation and paperless trade. The establishment of the Coordinating Council on Transit Freight has further improved inter-agency cooperation on transport and transit matters.

The Strategic Road Map for the Development of Logistics and Trade sets short-, medium-, and long-term policy directions through 2020, 2025, and beyond. Its long-term vision is to transform Azerbaijan into a regional logistics hub centered on the Baku Heydar Aliyev International Airport and the free trade zone within the new Port of Baku complex in Alat. The hub will host operational centers and manufacturing facilities for complementary sectors such as packaging, storage, and processing, benefiting from tax incentives and customs exemptions to boost competitiveness. The strategy targets expansion into labor-intensive goods (e.g., textiles) and high-technology products (e.g., pharmaceuticals, machinery), alongside increased private sector participation in logistics. Infrastructure will remain state-owned, but operations will be privatized to improve efficiency and value creation across the logistics chain.

Three strategic objectives guide the logistics and trade roadmap:

1. Creating a favorable environment to increase trade volumes and strengthen Azerbaijan's role as a regional logistics and trade hub.
2. Capturing higher value from transit trade by establishing Baku as a regional commercial zone.
3. Increasing private sector involvement in logistics through targeted participation programmes.

Monitoring and evaluation are based on internationally recognized methodologies, with annual work programmes approved by the lead authority in coordination with relevant stakeholders.

Taken together, Azerbaijan 2030: National Priorities and the Strategic Road Maps present a coherent and forward-looking agenda for economic diversification. By pursuing targeted reforms, strategic investments, and institutional modernization, Azerbaijan seeks to secure a stronger position in global value chains, reduce vulnerability to oil price volatility, and establish itself as a global transit hub and competitive logistics service provider.

Institutions

The implementation of Azerbaijan's export strategy is coordinated by the **Ministry of Economy**, in collaboration with relevant sectoral agencies. In accordance with the tasks set by the Presidential Decree to Ministry of Economy, trade representatives are appointed in foreign countries starting from 2017. The Trade Representatives of Azerbaijan in the countries of Central Europe, Russian Federation, China, United Arab Emirates and Türkiye have an important role to play in developing trade and economic cooperation between Azerbaijan and the said countries, in promoting the **"Made in Azerbaijan"** brand in these countries and the investment environment in Azerbaijan, and in increasing non-oil exports of our country.

The State Customs Committee (SCC) of Azerbaijan is the central government entity in charge of enforcing customs regulations, monitoring the flow of products and vehicles over the country's borders, and supervising the collection of customs charges and related taxes. Beyond its regulatory purpose, the SCC is critical to Azerbaijan's trade digitization strategy, easing the move to electronic customs procedures and assuring compliance with international trade norms.

One of the central institutions in export area is the **Export and Investment Promotion Agency of the Republic of Azerbaijan (AZPROMO),** plays an important role in strengthening Azerbaijan's international branding under ''Made in Azerbaijan' 'initiative, facilitates business missions, organizes trade fairs, supports exporters with market research and international certification processes, facilitates export and buyer missions, , supports individual participation of exporters in international exhibitions. (Azerbaijan Export and Investment Promotion Agency, 2025). The agency collaborates with over 80 investment promotion organizations and chambers of business spanning more than 37 countries, including partners like the IFC, EBRD, and WAIPA. In just one year, AZPROMO held 188 promotional events (140 domestic and 48 international) and 33 business missions under the "Made in Azerbaijan" brand. (Azerbaijan Export and Investment Promotion Agency, 2025). During 2024, 97 unique companies used the "Made in Azerbaijan" incentive mechanisms 177 times. Thus, 123 exporters used the support mechanism for participation in international exhibitions with a single country stand, 35 exporters used the support mechanism for individual participation in international exhibitions, 9 exporters used the support mechanism for participation in buyer missions, and 10 exporters used the support mechanism for researching foreign markets. In total, participation in 10 international exhibitions held in 8 different countries (Iraq, Germany, Russia, UAE, Japan, Italy, Saudi Arabia and China) was carried out with a single country stand. At the same time, support amounts were paid to exporters for individual participation in 35 international exhibitions held in 17 different countries (Turkmenistan, Germany, Russia, Uzbekistan, Kazakhstan, Türkiye, Georgia, Italy, China, Iraq, France, Switzerland, South Korea, Latvia, UAE, Saudi Arabia and Belarus) during 2024. As part of the Korean buyer mission held on March 11-16, 2024, meetings of Azerbaijani exporters with Korean buyers were organized, an exhibition of products by about 50 Azerbaijani entrepreneurs was held, and visits to production facilities located in various regions were also carried out.

Over the past 5 years, Azerbaijan's non-oil exports have increased by 72%. In recent years, measures taken to ensure the sustainable development of Azerbaijan's non-oil sector and diversify exports have significantly contributed to the recognition of the country's products in foreign markets and to increasing their competitiveness. In this process, export promotion mechanisms operating to promote the "Made in Azerbaijan" brand abroad and stimulate exports play an important role. Thus, as a result of systematic measures taken to diversify non-oil exports, implement institutional and operational support mechanisms for exporters, as well as expand access to international markets, non-oil exports in 2024 reached a historical record level of 3.4 billion US dollars. During January-July 2025, the volume of non-oil exports exceeded 2 billion US dollars, which is 11% more than the same period last year. The main non-oil export markets include Russia, Türkiye, the United States and Georgia. These results are also consistent with the goals set in the country's strategic documents and serve as a practical manifestation of a comprehensive approach aimed at promoting non-oil exports. Thus, according to the Action Plan of the "Socio-economic Development Strategy of the Republic of Azerbaijan for 2022-2026", by the end of 2026, the target of bringing the export of non-oil products of Azerbaijani origin to 4 billion US dollars has been set.

In recent years, significant institutional reforms have been undertaken to streamline export procedures and improve the business environment. A key example is the intension for establishment of the **"One Stop Shop" Export Support Center under AZPROMO**, which aims to simplify and centralize the administrative processes exporters confront (Center for Analysis of Economic Reforms and Communication, n.d.). The center consolidates services from multiple government agencies, enabling exporters to obtain required certifications- such as certificates of origin, phytosanitary and veterinary documents, and conformity assessments—through a single platform. In addition to document processing, the center provides tailored guidance on foreign market entry, helping businesses navigate legal and regulatory requirements in target countries. By reducing bureaucratic hurdles and improving service coordination, the One Stop Shop has strengthened institutional support for non-oil exporters and contributed to a more enabling trade environment.

The government has also established special support mechanisms such as export insurance through **"Azexport"** and access to finance via **the Entrepreneurship Development Fund**. The portal serves as a centralized digital gateway where local producers can list goods for both domestic and international markets (Azexport.az, n.d.). Its strategic importance lies in enabling Azerbaijani products to reach global buyers through integration with major trading platforms such as Alibaba, TradeIndia, and All.biz, without financial burden on sellers—since listing, marketing, and membership fees are state-funded (UNESCO, n.d.). It also grants the Free Sales Certificate for food and cosmetics, which extends access to over 30 countries. Between 2017 and 2020, Azexport received over 50,000 export requests from 136 countries, producing an estimated $1.6 billion in quotation value and greatly increasing Azerbaijan's visibility on global digital markets (Huseyn, Huseynov, & Museyibov, 2020). Azexport, recognized by UNESCAP as a best practice in cross-border paperless trade, directly helps to Azerbaijan's non-oil export growth and serves as a cornerstone of the country's digital trade infrastructure (UNESCO, n.d.).

The Centre for Analysis and Coordination of the Fourth Industrial Revolution, operating under Azerbaijan's Ministry of Economy, has initiated the country's **Digital Economy Strategy 2024–2030**. to drive a comprehensive transformation of the economy across business, societal, and governmental domains. It incorporates research and analytical activities to assess the current state of the digital economy ecosystem and to support its continuous enhancement. Strategic priorities include establishing a conducive environment for digitalization, fostering innovation, and encouraging the growth of new businesses. In alignment with the strategic objectives outlined in the **Strategy, C4IR Azerbaijan**, in collaboration with the World Economic Forum's Investment and Practice platform, is spearheading the **Digital FDI (Investing in the Digital Economy of Azerbaijan – IDEA)** project.

Moreover, Azerbaijan is actively working to improve its trade diplomacy through regional economic integration, primarily via platforms such as the **Organization of Turkic States (OTS)** and the **Economic Cooperation Organization (ECO).** These two regional frameworks play a pivotal role in Azerbaijan's broader strategy to enhance trade connectivity and diversify export routes (Ministry of Foreign Affairs of Azerbaijan, n.d.). The OTS has increasingly focused on deepening economic cooperation among Turkic-speaking countries by promoting trade liberalization, harmonizing customs regimes, and investing in cross-border transport infrastructure—particularly through strategic initiatives like the Trans-Caspian International Transport Route and the creation of the Turkic Investment Fund (OTS, 2024).

Azerbaijan, leveraging its favorable geography and transit capacity, plays a leading role within the OTS in strengthening regional value chains and facilitating east-west commercial linkages. In parallel, the ECO serves as a broader economic organization uniting Central Asia, the Middle East, and South Asia, with key priorities including intra-regional trade expansion, development of transport corridors, and cooperation on sustainable growth.

Azerbaijan's active participation in ECO initiatives is consistent with its policy of reducing oil dependence, as the East-West and North-South transit axes are central to Azerbaijan's non-oil export strategy. Despite these successes, institutional capacity, cooperation among authorities, and effective policy control all call out for improvements. Establishing a public-private dialogue and improving the transparency of export incentives, as well as creating a performance evaluation framework for export programmes, are indispensable if Azerbaijan's export strategy is to be implemented in full.

4.1.2.4. Digitalization of Trade

Customs Regulations & Standards

Trade digitalization in Azerbaijan has increasingly become a priority for the country and an essential part of its efforts to strengthen efficiency, increase transparency, and modernize according to international norms and standards. In the last 10 years, Azerbaijan has significantly advanced trade infrastructure modernization, most notably by the introduction of e-government services and the application of ICT tools for customs and export procedures.

The **State Customs Committee (SCC) is** responsible for overseeing the fight against smuggling and customs violations as well as the development of technology in terms of trade facilitation. One of the SCC's high-profile projects is the **"Customs Single Window System"** that allows online submission of documents for customs clearance. The system, introduced by Presidential Decree in 2008 and fully operational since 2009, unites various inspections and authorizations, e.g., customs, transport, phytosanitary, or hygiene certificates, in one digital interface (State Customs Committee of the Republic of Azerbaijan, n.d.).

This procedure significantly expedites the process time, reduces the physical interaction between traders and border officials, and enhances risk management and compliance through the use of automated risk assessment tools. Based on official information and reporting from institutions, Single Window processes over 95% of import-export procedures, which are the key modalities of Azerbaijan's trade facilitation infrastructure.

E-Commerce

Operating under the State Customs Division, **"One-Stop Shop" Electronic Portal"** addresses the need of traders to electronically submit and obtain licenses, as well as look over real-time customs clearance status online (Center for Analysis of Economic Reforms and Communication, n.d.). The digital customs system has cut processing times and lowered the administrative burdens significantly, making it easier to use for smaller dealers.

In addition, **"Azexport"** a one-stop shop platform to promote Azerbaijani products globally, was launched in 2016 under the **"Center for Analysis of Economic Reforms and Communication" (CAERC)**. Azexport provides exporters with tools for digital marketing as well as electronic transactions and is integrated with major international e-commerce platforms such as Alibaba, eBay, and Amazon. At the same time, the portal provides a compass of data-collection and analysis for trade formulation of policy.

As emphasized in the WEF's blueprint – IDEA framework, digitalization has emerged as a transformative driver for Azerbaijan's trade policy. It enables better efficiency, greater transparency, and more connectedness globally. The continued development and integration of digital tools, such as artificial intelligence, seamless platforms that interface well with one another, and investment technologies (InvestTech), will be crucial for lowering transaction costs, increasing competitiveness, and supporting the country's broader export diversification goals.

Infrastructure

The **'Online Azerbaijan'** project was launched in 2021, as part of the **"Strategic Roadmap for the Development of Telecommunications and Information Technologies."** and within four years, it expanded high-speed broadband access to nearly all households and businesses and significantly enhanced network performance across the country. Despite a rise in fiber subscriptions to 93.2% of all fixed connections, challenges like digital literacy persist, especially in rural regions. The project, based on a public-private partnership model, has been implemented by Aztelekom LLC, Baku Telephone Communications LLC, Azeronline LTD, and Smart Systems Technology. The government and ISPs are stepping up efforts to increase digital inclusion, especially in remote areas, through public awareness initiatives, localized support services, and discounted packages.

4.1.2.5. The Proliferation of Digital Payment Systems

The widespread adoption of digital payment systems in Azerbaijan has significantly enhanced the efficiency, transparency, and reliability of both domestic and international trade transactions. As part of its broader digital transformation agenda, the Azerbaijani government—under the leadership of the **Central Bank of Azerbaijan (CBA)—**has prioritized the modernization of payment infrastructure to facilitate seamless financial flows, reduce transaction costs, and strengthen the country's export competitiveness.

The development of the **Real-Time Gross Settlement (RTGS)** system and **Automated Interbank Payment System (AZIPS)** has achieved an important breakthrough. Functioning as the central RTGS platform of banks for immediate settlement, AZIPS is operated by CBA. This capability is essential for maintaining effective liquidity management, ensuring that banks can meet payment obligations without delay, particularly in large-value trade transactions. Recently, AZIPS has been transformed to conform to the ISO 20022 messaging standard, which facilitates more structured data exchanges and make them internationally compatible. This, in turn, provides more effective integration into other domestic or overseas payment infrastructures, lessens settlement risk, makes transactions increasingly transparent, and supports the modernization of export infrastructure of Azerbaijan-based companies, especially the non-oil sector.

Through the implementation of the **National Payment System Strategy 2020–2024** initiated by the CBA, Azerbaijan is trying to popularize digital payment tools and make more user-friendly ways for people to feel comfortable with new technology. They hope it will help integration between banks and non-banks, offering alternative QR code-based payment systems and cashless transactions to the private sector. This is particularly important to micro, small, and medium-sized enterprises (MSMEs), which are the mainstay of Azerbaijan's non-oil exports today.

Building on this, the **Financial Sector Development Strategy 2024–2026** incorporates a quantitative assessment of sectoral market potential and sets qualitative, risk-based regulatory requirements. It also addresses cross-border initiatives in digital finance, sustainable finance, professional development, and financial literacy. Within this framework, priority is given to expanding access to payment services, improving transparency and competitiveness in the payments market, and fostering innovation.

Measures include modernizing the national payment system, creating a supportive environment for market participants, and establishing a robust oversight framework to ensure secure, efficient payment operations. The strategy further promotes the integration of environmental, social, and governance principles, the development of advanced digital solutions, large-scale innovation initiatives, and enhanced cybersecurity.

The growth of mobile payment platforms such as **MilliÖn, E-manat,** and **Portmanat** has further advanced financial inclusion, offering accessible and low-cost channels for utility payments, taxes, and business transactions—even in remote areas. **The Digital Trade Hub** has also integrated e-payment modules, enabling exporters to settle customs duties and related fees online.

As Azerbaijan transitions toward a knowledge-based and service-oriented economy, digital payment systems are expected to play an increasingly critical role in streamlining cross-border trade, building trust in e-commerce, and integrating the national economy more deeply into global value chains.

4.1.2.6. Legal & Regulatory Framework

Trade Agreements

Azerbaijan's approach to trade agreements is shaped by its strategic geopolitical location, abundant natural resources, and commitment to regional and multilateral economic cooperation. While not a member of the World Trade Organization (WTO), Azerbaijan has been actively pursuing accession and aligning its trade-related regulations with international standards since its application in 1997 (WTO Information Center of Azerbaijan, n.d.). Bilateral and regional trade agreements form the core of its trade policy instruments, aiming to diversify markets beyond hydrocarbon exports and strengthen integration with global value chains.

Azerbaijan is a key member of the **Commonwealth of Independent States (CIS) Free Trade Area**, which facilitates trade with countries such as Russia, Belarus, Kazakhstan, and Kyrgyzstan. The agreement eliminates customs duties and quantitative restrictions on goods originating from member countries, thereby providing Azerbaijani exporters with preferential market access. For Azerbaijan, a CIS Free Trade Area membership is of great strategic importance because it gives preferential access to a more than 230 million regional consumers (Government of Azerbaijan, n.d.). In addition, by exempting transaction costs and cutting import tariffs, it may lower many artificial barriers faced by non-oil exports from Azerbaijan in neighboring economies. This is particularly important for inshore trade where the oil route has yet to be secured or brought online. Besides, engagement in corporations and trade pacts within the CIS has given Azerbaijan many opportunities to help determine local norms, rules of origin, and customs unification processes, which are all indispensable for increasing international trade across boundaries. This function is also with regard to the CIS free trade area, which not only offers some protection for Azerbaijan's geostrategic positioning of trade but can also serve as a shock absorber against fluctuations in the world market, helping to stabilize export incomes and attract investment into export-oriented industries. Although challenges remain in harmonizing technical standards and customs procedures across the bloc, the CIS framework remains a vital platform for Azerbaijan's regional trade.

Furthermore, Azerbaijan has negotiated **bilateral free trade agreements (FTAs)** with a number of nations, primarily in the post-Soviet region. These include Georgia (1996), Ukraine (1996), Moldova (1995), Uzbekistan (1996), Kazakhstan (1997), Kyrgyzstan (1996), Tajikistan (1996), and Belarus (1996), among others. With the most recent one having been signed in 1997, the majority of these agreements aim to increase trade between countries by lowering taxes, simplifying customs procedures, and canceling quantity restrictions on a broad range of goods. These FTAs are structured to provide for free trade between signatory countries on products whose country of origin is in the partner country, under specified rules of origin. In addition to tariff cuts, these agreements often include provisions for the transit of goods. This allows for quicker movement of commodities to pass through many borders—this is an especially important consideration in a transit country whose territory lies entirely landlocked like Azerbaijan. Such a framework is particularly important to ensure smooth transit via the **Middle Corridor (Trans-Caspian International Transport Route)**, which connects China with Europe through Central Asia and the South Caucasus, as well as a significant part of China's Belt and Road Initiative/framework. Thereby lowering logistical and regulatory barricades along this corridor, Azerbaijan's bilateral free trade agreements are to make it more of a hub for regional commerce and transport, to better link up with neighboring economies through enhanced connectivity and by promoting cross-border investment in infrastructure logistics.

Under the framework of the **Economic Cooperation Organization (ECO)**, Azerbaijan participates in efforts to promote intra-regional trade among ten member states, including Türkiye, Iran, and Central Asian republics. Main objectives of the organization are to contribute member states' growth by removing economic obstacles within the ECO region, developing intra-regional commerce, and encouraging the ECO region's integration with global markets, as well as fostering cultural and historical linkages among member states. In 1992, the ECO expanded to include Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan, and Afghanistan, transforming it into a regional economic organization with a population of around 500 million and an area of 8 million km2.

Although the **ECO Trade Agreement (ECOTA)** has not yet been fully implemented, it remains a promising mechanism for strengthening regional economic integration.

Azerbaijan has also signed **Double Taxation Avoidance Agreements (DTAAs)** with 55 countries, including significant trade and investment partners such as Germany, China, Türkiye, the United Kingdom, France, Italy, Russia, the Netherlands, and the UAE (State Tax Service under the Ministry of Economy of the Republic of Azerbaijan, n.d.). These agreements are intended to avoid individuals and businesses from being taxed twice for the same income in both Azerbaijan and the partner country. DTAAs eliminate legal confusion and lessen the total tax burden for foreign investors and Azerbaijani enterprises operating abroad by clearly establishing which country has the jurisdiction to tax specific categories of income, such as dividends, interest, royalties, and company profits. Furthermore, these agreements provide a more stable and transparent fiscal environment for international commerce and investment. They frequently include provisions for the exchange of tax information, dispute resolution processes, and mutual agreement procedures to improve tax cooperation and compliance between Azerbaijan and its treaty partners. As a result, the DTAA network is critical to facilitating cross-border economic activity, attracting foreign direct investment, and harmonizing Azerbaijan's fiscal structure with international standards.

Beyond formal agreements, Azerbaijan leverages its position within the **Organization of Turkic States (OTS)** to deepen economic cooperation with member countries such as Türkiye, Kazakhstan, and Uzbekistan (Ministry of Foreign Affairs of Azerbaijan, n.d.). The proposed **Turkic Investment Fund** within this context and initiatives to harmonize customs procedures and digital trade platforms may well bring about export diversification for improved regional connectivity. Azerbaijan views the OTS, founded in 2009 in Nakhichevan, as a strategic platform for regional cooperation, due its linguistic, cultural, and historical links. Azerbaijan has given this priority within its foreign policy by being one of the founder countries of the OTS, building stronger relationships with member countries like Türkiye, Kazakhstan, and Uzbekistan. Azerbaijan has put forward ways to strengthen the Turkic Investment Fund, which aims for financing joint infrastructure and industrial projects and digital trade harmonization, which seeks to streamline customs procedures and build shared digital platforms across borders.

In economic terms, the OTS gives Azerbaijan access to new markets and flows of investment, which help to support its efforts at diversifying from oil and gas exports. Azerbaijan also hosts the headquarters of key Turkic institutions like **TURKPA** and the **Turkish Culture and Heritage Foundation**, demonstrating its leadership in shaping cultural and political ties in the Turkic world. The OTS is also a diplomatic forum where Azerbaijan can draw on collective support for both its regional influence and internal development goals.

Regulatory Framework for Trade Digitalization

Azerbaijan's efforts to digitize trade were built upon the **"National Strategy for Information Society Development (2014–2020)"** which was approved in April 2014. This policy shift suggests that the establishment of an information society and inclusive digital ecosystem by promoting electronic data exchange, digital governance, and paperless trade in line with global best practices (Azerbaijan National Academy of Sciences, 2014). Coordinated by the Ministry of Communications and High Technologies and later prosecuted through a dedicated State Program (2016–2020), the strategy thus aimed to renovate basic sectors of the economy—including trade—by digitizing business registration, customs procedures, logistics systems, and payment mechanisms. It also introduced enabling reforms in e-signature adoption, broadband access, public service portals, and national ICT infrastructure, laying the institutional and technological groundwork for seamless cross-border transactions.

"Digital Trade Hub of Azerbaijan" Initiative, which aim to digitize business registration, customs procedures, logistics operations, and payment systems also reflects a policy shift toward enabling electronic data exchange and paperless trade in accordance with international best practices. The DTH initiative offers foreign investors and Azerbaijani businesses the ability to register companies, sign contracts, and access trade-related services online, all using enhanced digital signatures. It functions as the country's first government-backed e-trade and e-commerce platform, established under the supervision of the **Center for Analysis of Economic Reforms and Communication (CAERC).** Designed within a public-private partnership framework, DTH aims to facilitate regional and international trade by digitalizing key export-related procedures. It enables both domestic and foreign businesses to prepare, sign, and process legally binding trade documents in real time, fully online. By automating paperwork, payments, and certifications, DTH minimizes bureaucratic inefficiencies and ensures secure, end-to-end digital transactions. As a comprehensive trade facilitation tool, DTH supports entrepreneurial growth, enhances export competitiveness, and contributes to Azerbaijan's long-term objective of reducing dependency on hydrocarbon revenues through the promotion of non-oil sectors (Center for Analysis of Economic Reforms and Communication, n.d.).

Notwithstanding these advancements, the digital trade ecosystem still faces some barriers, such as the need for robust cybersecurity infrastructure, increased adoption of digital tools among SMEs, and interoperability among platforms used by various state agencies. Azerbaijan's "Digital Trade Development Strategy"—outlined as a fundamental policy goal in the World Economic Forum's Investing in the Digital Economy of Azerbaijan (2024) report—is now being developed to solve these shortcomings. This strategy is a comprehensive, government-led initiative to update and coordinate the country's digital trade infrastructure. Its primary goals include harmonizing fragmented state-run platforms to ensure interoperability, integrating artificial intelligence tools for more accurate trade forecasting and logistics planning, and expanding digital literacy training among exporters, particularly SMEs, to ensure greater access to e-commerce and cross-border trade systems (World Economic Forum, 2024).

Azerbaijan has also integrated its trade regulatory framework with the **Electronic Government (e-Gov)** Portal, a centralized platform that connects over 50 government institutions and allows businesses and individuals to obtain permits, licenses, certificates, and official approvals online (Abbasov, 2013). The e-Government effort, founded on the National ICT Strategy (2003-2012) and later implemented through the "Electronic Azerbaijan" programs, seeks to create a transparent, efficient, and citizen-centric digital governing system. As stressed in national strategy documents, the portal was built on the "single window" approach and was intended to lessen the administrative burden on enterprises while boosting interagency collaboration and data sharing capabilities.

In terms of legal frameworks, Azerbaijan is actively working to harmonize its trade digitalization laws with international standards such as the **UNCITRAL Model Law on Electronic Commerce (MLEC)—**adopted by the United Nations Commission on International Trade Law in 1996—and the **Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific**, which Azerbaijan signed in 2022 (United Nations Information Service, 2018). The MLEC provides a globally recognized legal structure that promotes functional equivalence, technology, neutrality, and non-discrimination between electronic and paper-based communications. It establishes the legal validity of electronic contracts, data messages, and signatures as equivalent to traditional formats, thereby removing obstacles to e-commerce and increasing legal certainty in cross-border transactions.

Azerbaijan's adoption of the UNCITRAL Model Law represents a commitment to constructing a secure and legally predictable trading environment. This convergence of local regulations with international norms allows electronic documentation, electronic signatures, and digital authentication to be put into practice. These are major conditions for implementing the 2022 Framework Agreement on Cross-Border Paperless Trade. In addition to fuller displays of such projects, both public and private, the alignment with the UN Model Law will also serve to put Azerbaijan's broader digital commerce strategy into concrete legislation and smooth over its entrance gate with regional and global commercial partners.

However, the challenge remains to fully operationalizing a paperless trade regime. Issues like private sector digital readiness, fragmented data infrastructure, and the need for enhanced cybersecurity measures require sustained attention. Therefore, capacity-building programs, particularly for small and medium-sized enterprises (SMEs), and the development of robust data governance mechanisms are key policy priorities moving forward.

4.1.2.7. Conclusion

During the recent decades, Azerbaijan's trade policy has witnessed substantial changes. The nation's strategic goal of economic diversification and development for non-oil exports, in particular, has been a fundamental force in these changes. It's seeking further integration into global and regional chains of value production. While the country's export structure remains dominated by hydrocarbons, Azerbaijan has made remarkable success in setting up institutions that support infrastructure and legal environment protecting non-oil sectors such as agriculture, food processing, and light manufacturing.

The government's proactive engagement in trade agreements, particularly within the framework of the **CIS Free Trade Area** and the **EU Eastern Partnership**, has expanded Azerbaijan's market access and facilitated tariff-free entry for select products. Moreover, the adoption of digital customs systems and electronic licensing platforms has modernized trade procedures and aligned the country with international norms on trade facilitation and digital commerce.

Azerbaijan's trade-related institutions—such as the Ministry of Economy, the Azerbaijan Export and Investment Promotion Agency (AZPROMO), and the State Customs Committee—play a central role in policy implementation and export promotion. Nevertheless, institutional coordination, private sector capacity, and value chain development remain critical challenges that must be addressed through targeted policy action and increased public-private collaboration.

In the process of moving to a knowledge-based economy, investment is needed in human resources, the interconnection of innovation systems, and digital infrastructure. Export diversification efforts should be linked with measures to raise the competitiveness of domestic industries, reduce logistics costs, and draw in quality foreign direct investment for further processing in the country. Leveraging Azerbaijan's geographic location as a trade and transit hub—especially through initiatives like the Middle Corridor—can further position the country as a regional gateway for Eurasian trade.

In sum, while Azerbaijan has made notable advances in its external trade strategy, however an integrated approach that includes promoting economic diversification and easing institutional regulations, indeed one based on close regional cooperation is needed. The continuity of strategic planning, improved data-driven policymaking, and sustainable implementation of trade agreements will be essential to ensuring long-term trade resilience and inclusive economic growth.

4.1.3. Indonesia

4.1.3.1. Background Information

Indonesia occupies a key geostrategic position that links up with both the Indian Ocean and the Pacific Ocean being the world's largest archipelago country and one of the top four most populous nations on this planet. Such a country, with its around 17,000 islands—of these, Java forms an administrative and economic hub—is situated on important maritime routes spanning many important countries in Southeast Asia. Consequently, it serves as a pivotal crossroads between East and West. Indonesia's population stood at over 275 million in 2025, with high rates of urbanization—Jakarta, Surabaya, Bandung, and Medan being its most significant urban centers.

Indonesia's largest and most important seaport, **Port of Jakarta-** also known as **Tanjung Priok-** is a major feeder port alongside Hong Kong and Singapore. It has been responsible for channeling the distribution of cargos to other Indonesian ports since about 1975. Situated in North Jakarta, this site is operated by the state-owned PT Pelindo and deals with **more than 50 percent of Indonesia's total trans-shipment cargo volume.** It is thus the key access point for the country's external trade.

As Indonesia's central maritime hub, as seen in **Figure 15,** Tanjung Priok plays a critical role not only in facilitating trade but also in advancing the country's long-term economic development goals through improved logistics, reduced shipping costs, and stronger integration into regional and global supply chains.

Figure 15 The Port of Jakarta, Indonesia

Economically, Indonesia is classified by the World Bank as an upper-middle-income country, underpinned by a diversified structure encompassing natural resources, manufacturing, and an expanding services sector. It ranks as the world's sixth-largest emerging market and the tenth-largest economy in purchasing power parity (PPP) terms. Between 1998 and 2023, the country's GDP per capita rose from $459.2 to $4,940.5, while the national poverty rate declined by more than half. Notably, the digital economy has emerged as a core driver of development and is expected to play a central role in lifting the country out of the middle-income trap and propelling it toward high-income status by 2045 (Correia, 2025, ADB Institute).

Indonesia's growing economic prominence is also reflected in its active participation in global and regional economic forums, including the G20, ASEAN, and the Indian Ocean Rim Association (IORA). As of 2024, the nation's GDP surpassed $1.5 trillion, buoyed by stable growth averaging 5% annually over the past decade—even in the face of global shocks such as the COVID-19 pandemic and geopolitical tensions (IMF, 2025). A critical enabler of this growth has been large-scale public investment in infrastructure. Over the past decade, Indonesia has completed the construction of 50 new ports and airports, 43 dams, and over 1.1 million hectares of new irrigation systems, significantly enhancing national connectivity and reducing regional disparities (Correia, 2025).

In tandem with infrastructure development, Indonesia is undergoing a structural shift in its export orientation. Historically reliant on raw commodity exports—such as coal, palm oil, nickel, and bauxite—the government is now prioritizing value-added processing and downstream industrialization. But given how critical these are to global food security and also green energy value chains, it is not surprising that Indonesia remains the world's largest exporter of palm oil and leading producer in nickel. Such a shift has favorable demographics to back them up: young people, a rapidly growing middle class, and a rapidly growing digital sector. However, there are still some sticking points—such as uneven development between districts or islands, relatively high logistics costs due to the archipelago's layout, and exposure to climate and commodity price volatility.

A critical moment for the trajectory of Indonesia's exports was when China joined the World Trade Organization (WTO) in 2001. During 2001-2007, with China's imports as their impetus, import demand grew by an average of 25% annually, and this triggered a three-fold increase in Indonesia's exports to China compared to just 10% prior to accession—triggering a threefold increase in Indonesia's exports to China relative to other markets. While much of this growth was due to commodities, the benefits in the labor market were concentrated in regions that had strong manufacturing bases, lending support to our country's uneven economic landscape story (Center for Indonesian Policy Studies, 2023).

In response to these changes in the global economy, Indonesia has formulated a long-term development strategy: the **Golden Indonesia 2045 Vision (Indonesia EMAS 2045).** It is a centennial development plan anchored in the theme "Stronger Together, through Expansive and Integrated Trade, Connected to Domestic and Global Markets.", both linked to internal markets and balanced with neighboring economies. This vision requires a comprehensive framework aimed at stabilizing the domestic market, enhancing consumer protection, adding value and upgrading the quality of exports, and raising productivity in all sectors. Four strategic pillars—sustainable economic growth, social equity, environmental sustainability, and geopolitical influence—guide future work and policy formation over the long term.

Operationalizing this vision, Indonesia has launched a series of industrialization and modernization efforts, key among them is the **National Medium-Term Development Plan (RPJMN) 2025–2029**, which aims at fitting into global value chains and developing domestic production capabilities. To ensure that trade policy matches the RPJMN, the Ministry of Trade has adopted **Strategic Plan (RENSTRA 2025–2029)**. It promotes trade internally and among adjacent regions, across national boundaries, with specified targets closely monitored in order to produce reliable results and responsible institutions.

However, despite these efforts, Indonesia is still sensitive to the various threats posed by climate change. It is experiencing more gradual, low-magnitude environmental stress as sea levels rise and average temperatures go up, and more intense cyclones are coming by. In an ambitious bid to salvage both the natural environment and the overconcentration of people living in cities, the Indonesian government plans to relocate its capital from Jakarta to Nusantara, East Kalimantan.

4.1.3.2. Export Capacity & Diversification of Exports by Products and Markets

Exports have long been a key engine of Indonesia's economic growth. The country's export framework comprises a diverse array of resource-oriented goods, manufactured items, and a growing share of services.

As of 2024, Indonesia's principal export categories encompass **mineral fuels—**chiefly **coal and palm oil**—alongside non-oil exports including electrical machinery, rubber, textiles, processed food, and automotive commodities. While agricultural sectors continue to dominate the total non-oil export landscape, the government's industrial down streaming initiative increasingly emphasizes value-added production and a broader diversification of exports.

In 2024, Indonesia's manufacturing exports made the largest contribution to non-oil and gas exports, accounting for **79.15%** of the total. The sector's performance improved compared to the previous year, with the value of manufacturing exports increasing by **5.90%,** rising from **US$187.35 billion in 2023** to **US$198.40 billion in 2024.** The manufacturing commodities that recorded export growth in 2024 included **iron and steel, nickel, electrical equipment, basic organic chemicals derived from agricultural products, sports shoes, textile-based garments, and pulp.** (Indonesia/Indonesian Foreign Trade Statistics 2024)

According to the Ministry of Trade (2025), Indonesia noted a trade surplus of USD 4.3 billion in May 2025, spurred by a non-oil and gas surplus of USD 5.83 billion, partially counterbalanced by an oil and gas deficit of USD 1.53 billion. This resulted in a cumulative trade surplus of USD 15.38 billion from January to May 2025.

According to Indonesia Foreign Trade Statistics Exports Report-2024, Indonesia's export value reached **US$266.53 billion in 2024** and raised by 2.70 percent compared to 2023. **Figure 16** shows Indonesia exports between 2015-2025 March.

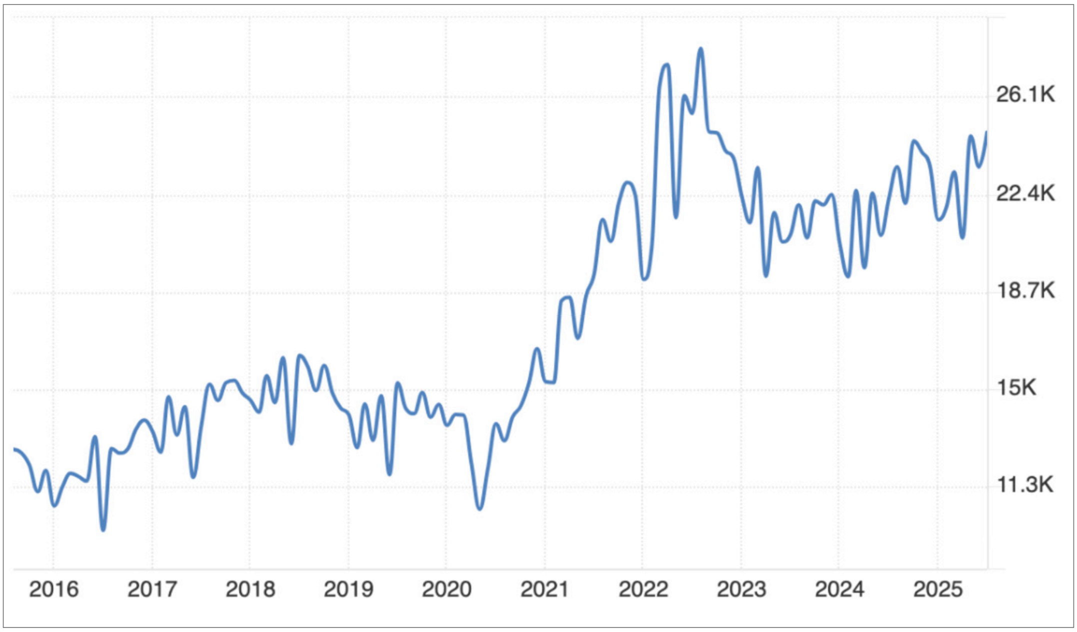


Figure 16 Indonesia Exports in between 2015-2025
Source: Tradingeconomics.com

The mineral and mining industry persists as a significant contributor to Indonesia's external commerce. The nation is endowed with extensive reserves of essential minerals such as nickel, bauxite, and copper. In 2024, coal production soared to a record high of 830 million tons, with Indonesia accounting for 54% of worldwide nickel production and ranking as the sixth-largest copper producer (S&P Global Commodity Insights, 2024). To enhance domestic value retention, the government has instituted export bans on unprocessed ores and mandated processing within the country through pivotal legislation, including Law No. 3/2020 concerning Mineral and Coal Mining and its subsequent 2025 amendment. These regulatory changes have invigorated investment in domestic smelters—especially for nickel in Sulawesi.

The 2025 modification of the Mining Law also aims to expand domestic involvement in the sector by granting priority access to small and medium-sized enterprises (SMEs) while revoking such benefits from educational institutions. Moreover, the amendment underscores the prioritization of mineral sales for domestic consumption over exports, aligning with the government's vision to foster green industrialization in sectors such as EV battery production, solar energy, and green steel. These initiatives are already bearing fruit; in July 2024, Indonesia launched Southeast Asia's first EV battery facility in West Java, achieved through a USD 1 billion investment from a consortium that includes Hyundai Motor Group, LG Energy Solution, and the Indonesia Battery Corporation, with a further USD 2 billion expansion envisioned (Asian Briefing, 2025).

Indonesia's manufacturing exports have also consistently shown growth. Principal segments encompass electronics, automotive components, and textiles. Automotive exports are predominantly aimed at Southeast Asia and the Middle East, while electronics exports mainly consist of consumer appliances and semiconductors. The textile and apparel sector remains a key employer and foreign exchange source, benefiting from favorable trade agreements and proximity to global markets.

Concurrently, service exports—especially in tourism and information and communications technology (ICT)—have surfaced as promising areas for growth. Before the COVID-19 pandemic, tourism income made up roughly 5% of GDP, with Bali and other cultural hotspots attracting international travelers. Recovery strategies post-pandemic have focused on diversifying tourism beyond Bali, increasingly emphasizing ecotourism, facilitation for Muslim travelers, and digital nomadism. Meanwhile, the digital services sector—spanning software development, fintech, and digital consultancy—continues to progress, supported by a vibrant startup landscape and enhancing digital infrastructure. Indonesia's economy has seen a distinct structural shift, with the services sector now representing nearly 60% of total value added and employment. Employment trends reflect this change, showing a diminishing share of labor in agriculture and an increasing share in services and industry. This transformation has enabled steady GDP per capita growth exceeding 3% (OECD, 2024).

On the front of market orientation, Indonesia adopts a balanced strategy that prioritizes both traditional and emerging markets. Traditional partners include China, the United States, and Japan, while developing markets extend across South and Central Asia, the Middle East, Africa, and Eastern Europe. Recently, Indonesia's exports have become more concentrated in China, which constituted 26% of total exports—equating to USD 71,05 billion—in 2024. The United States, India, and Japan also remain vital trade partners. Nevertheless, despite rapid economic growth in numerous African nations, Indonesia's exports to the continent remain relatively modest.

As illustrated in **Figure 17,** Indonesia's total exports in 2024 amounted to **US$266.53 billion,** according to Report for Indonesia/Indonesian Foreign Trade Statistics 2024. In 2024, about 73.17 percent of Indonesia's exports was shipped to APEC countries, for which the highest portion goes to **China, The United States of America, Japan, Malaysia, and Singapore with a 50.56**% contribution to Indonesia's total export. The **EU sales is 6,53%, mainly to Netherlands, Germany and Italy.**

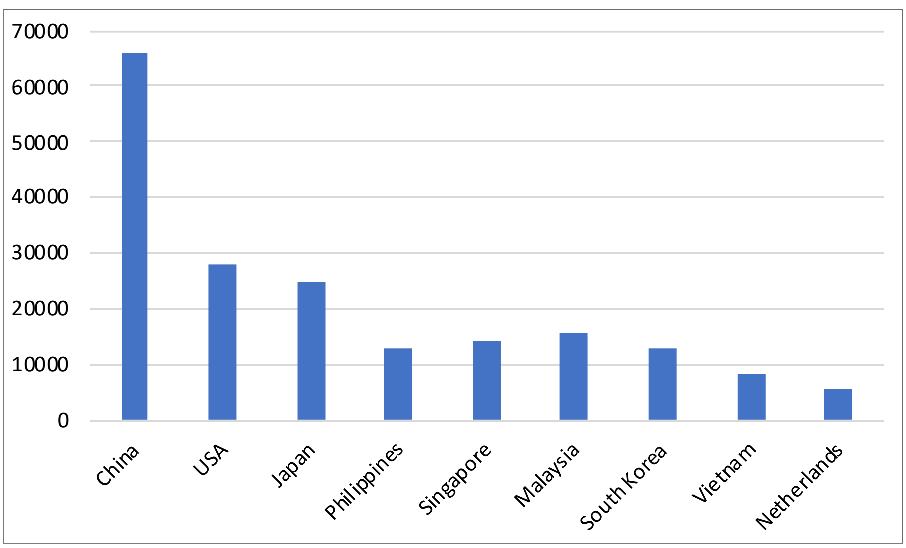


Figure 17 Indonesia Exports by Country (Top 10, 2024)

Source: Indonesia/Indonesian Foreign Trade Statistics 2024

On the other hand, total exports from Indonesia to **OIC Member Countries in 2024** is approximately **US$ 29 billion,** which equals roughly **29 %** of Indonesia's total exports. The country's top three OIC export partners were **Malaysia (US$12,02 billion; 13%), Pakistan (US$3,52 billion; 4%),** and the **UAE (US$3,06 billion; 3%)**. Country distribution is depicted in **Figure 18.**

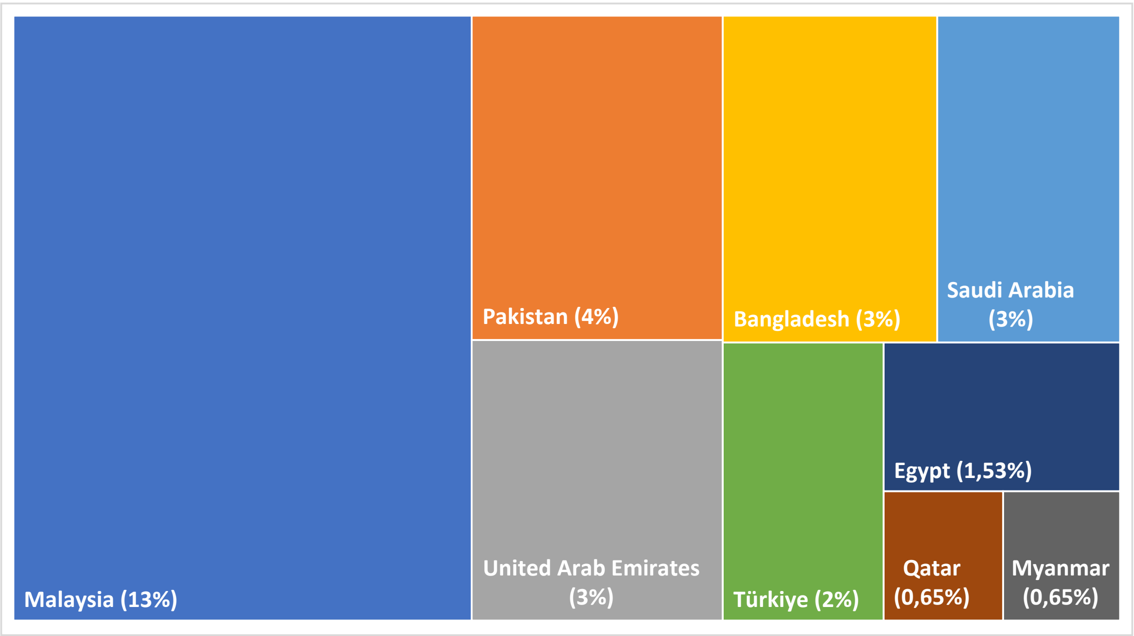


Figure 18 Indonesia Exports to OIC Countries (Top 10, 2024)

Source: Indonesia/Indonesian Foreign Trade Statistics 2024

Beyond geographic concentration, Indonesia contends with challenges arising from excessive reliance on a restricted variety of commodities—particularly mineral fuels and metals like iron. This dependence renders the economy vulnerable to global price changes, which can directly influence export revenues and macroeconomic stability. In this context, diversification—both regarding destination markets and export products—is crucial for bolstering Indonesia's trade resilience and long-term economic viability (Fadhlani, 2024).

4.1.3.3. National Export Strategy & Institutions

National Export Strategy

Indonesia's national export strategy is firmly rooted in the overarching **Vision Indonesia 2045**—a long-range developmental framework designed to promote inclusive and sustainable economic advancement. The strategy highlights pivotal pillars such as industrial growth, downstream value addition, and enhanced regional economic integration. To bring this vision into practical policies, the Ministry of Trade has developed the **Strategic Plan 2025–2029**

(RENSTRA), which is cohesively aligned with the President's developmental agenda and the objectives outlined in the **2025–2029 National Medium-Term Development Plan (RPJMN).** These strategic documents collectively emphasize industrial evolution, trade facilitation, digital economy growth, and increased involvement in global value chains (Ministry of Trade, 2025).

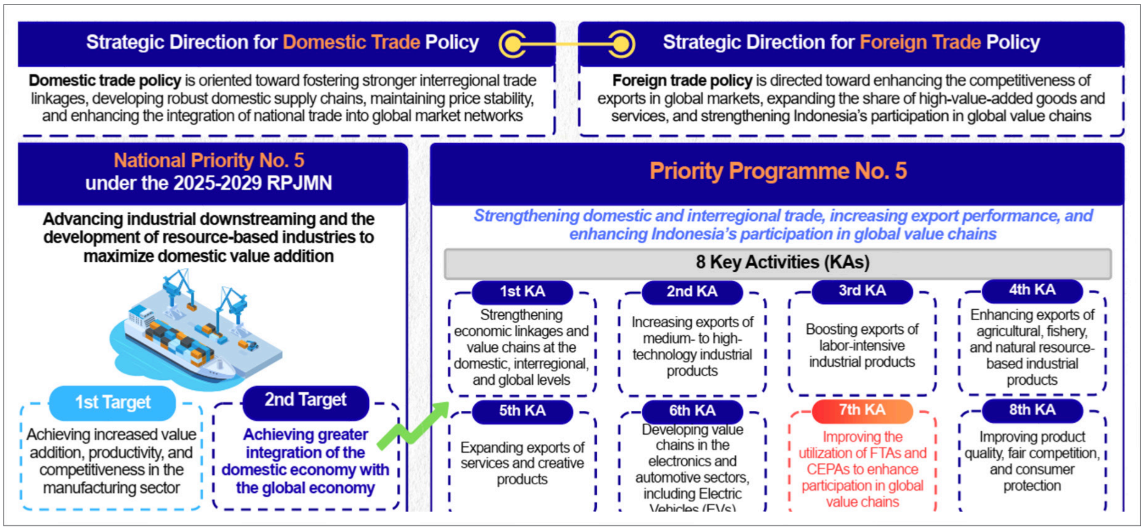


Figure 19 Priority Programs and Key Activities in the Trade Sector under the 2025–2029 National Medium-Term Development Plan (RPJMN)
Source: Ministry of Trade, 2025

In this policy framework, as seen in **Figure 19,** the RPJMN assigns a specific set of responsibilities to the Ministry of Trade, communicated through 55 performance measures. One measure relates to National Priority (PN) 2, focusing on bolstering national security and attaining self-reliance in crucial sectors such as food, energy, and water, alongside nurturing emerging sectors like the digital, green, and blue economies. The remaining 54 measures correspond with PN 5, which aims at promoting the downstream development of natural resource-based industries to generate enhanced domestic value (Ministry of Trade, 2025).

The export development ambitions set forth in the RPJMN are broken down both regionally and sectorally to tackle regional imbalances and harness localized strengths. These include targets for export values by major island groups (e.g., Sumatra, Java, Kalimantan, Sulawesi, and Papua–Maluku), indices for regional export diversification, and the global market share of specific product categories such as medium- and high-technology goods, labor-intensive items, and agricultural and resource-based commodities. Simultaneously, Indonesia tracks trade flows with key partners—including RCEP members, ASEAN, the Indonesia–EFTA CEPA bloc, and countries like Australia, Japan, the UAE, Korea, and Chile—ensuring that its export strategy remains globally responsive.

Indonesia's export policy, framed under Article 38 of the Job Creation Law, is crafted to balance external engagement with domestic economic protection. It encompasses six primary goals: (i) augmenting the quantity, variety, and value-added content of exports, (ii) aligning standards and procedures with international trading partners, (iii) enhancing institutional capacities in the foreign trade domain, (iv) investing in trade-supportive infrastructure, (v) conserving non-renewable natural resources, and (vi) safeguarding domestic interests from the adverse consequences of foreign trade liberalization. To enable integrated and regionally tailored implementation, the Ministry of Trade employs the **HITS (Holistic, Integrative, Thematic, and Spatial)** approach. This planning methodology guarantees cross-sectoral coherence and enables policy design that is attentive to localized comparative advantages and thematic national priorities. (Ministry of Trade, 2025).

The national export strategy organizes around three interconnected programmatic priorities. First, maintaining a domestic market means maintaining stability of prices. It means ensuring the availability of goods which are essential to life, upgrading trade infrastructure, processing certificates, refining certification processes, and improving legal certainty so that businesses can prosper under good conditions. **HALAL Certification** systematically integrated into the national export ecosystem constitutes a significant facet within this strategy. **The HALAL Product Assurance Organizing Body (BPJPH)**, established in 2017 under the Ministry of Religious Affairs, acts as the engine for this kind of work and is key to making inroads into halal certification and reinforcing Indonesia as the world's largest market for halal products. This is all part of a sweeping government effort to position Indonesia as a top producer of halal products on the global stage.

Secondly, protecting the export market is the result of proactive international trade diplomacy as well as active use of free trade agreements and established export promotion procedures. Thirdly, the empowerment of Micro, Small, and Medium-sized Enterprises (MSMEs) is a big part of this strategy. Initiatives such as **"Good Design Indonesia"** and the **"Design Clinic"** aim to promote product innovation, improve design quality, and allow MSMEs to engage more actively in global trade fairs and marriage market platforms. These enterprises reflect the government's commitment to stimulating domestic entrepreneurship and raising MSME export readiness.

In addition to these priorities, Indonesia has fostered a supportive investment climate through various special economic and trade zones. The largest **Free Trade Zone (FTZ),** covering Batam, Bintan, and Karimun, provides extensive economic incentives including exemptions from import duties, income tax, VAT, and sales tax on capital goods and raw materials. **Special Economic Zones (SEZs),** governed by Law No. 39/2009 and supporting regulations, offer additional benefits such as corporate tax reductions, customs and excise facilitation, and expedited processes for licensing, employment, and immigration. Other zone types—including **Industrial Estates, Bonded Warehousing Areas,** and **Integrated Economic Development Zones**—aim to attract industrial investment and bolster export-oriented production. Recently, the introduction of **Bonded Logistics Centers (BLCs)** has improved trade efficiency by providing longer storage periods, larger inventory space, and increased operational flexibility (U.S. Department of State, 2024).

Looking ahead, the Indonesian government has set a national goal of achieving 8% annual economic growth by 2029. To realize this target, the Ministry of Trade will intensify efforts to promote value-added exports based on regional specialization, deepen integration into global value chains, pursue assertive trade diplomacy, fully leverage trade agreements and safeguard instruments, and scale up export promotion and market intelligence activities. Together, these initiatives aim to position Indonesia as a globally competitive, innovation-driven, and resilient trading nation (Directorate General of National Export Development, 2025).

Institutions

The primary institution responsible for formulating and implementing Indonesia's export strategy is **the Ministry of Trade (MoT).** Through its **Directorate General for National Export Development**, the Ministry designs strategic trade policies, promotes export diversification, and facilitates access to international markets. The Ministry's Strategic Plan outlines targeted export promotion programs for priority sectors such as processed foods, textiles, footwear, furniture, automotive parts, electronics, and fisheries. In addition, the plan highlights other aspects such as today's growing interest in both Halal-Certified products and creative industries, as well as international demands of these sectors.

With Indonesia's **Overseas Trade Representation**, it is in a key position to promote national export interests. Overseas Trade Representation includes Trade Attachés, Indonesian Trade Promotion Centers (ITPCs), the Taipei Indonesian Economic and Trade Office (IETO), the Indonesian Trade Consul in Hong Kong, and the Indonesian Permanent Mission to the World Trade Organization (WTO). These representatives are responsible for providing market intelligence, maintaining trade relations, supporting promotion work, foreign market exploration, and trade intelligence activities. Through a centralized digital platform called the **"Indonesia Trade Offices,"** stakeholders can access rich information about export markets, regulations, trade exhibitions, foreign representative agencies, and also benefit from consulting directly with trade officials.

The Ministry of Industry (MoI) is the core driver in the export strategy—**National Industrial Development Master Plan (RIPIN) 2025–2045.** This policy framework seeks to revitalize eight strategic sectors:

- Agro-based industries (e.g., palm oil, cocoa, essential oils, rubber).
- Mineral and mining-based industries (e.g., nickel, copper, gold).
- Basic industries (e.g., chemicals, oil and gas, fertilizers, iron and steel).
- Technology-intensive industries (e.g., automotive, electronics, aerospace, pharmaceuticals).
- Sustainable and labor-intensive industries (e.g., food and beverages, textiles).
- Blue economy and bioeconomy industries (e.g., shipbuilding, marine minerals, ocean energy).
- Creative industries (e.g., handicrafts, jewelry).
- Service industries (e.g., design and construction, installation and commissioning, R&D, industrial design).

The Ministry of National Development Planning is responsible for preparing national development plans, formulating macroeconomic and sectoral policy directions, harmonizing inter-sectoral and regional planning, and evaluating the implementation of policies and programs.

The Coordinating Ministry for Economic Affairs ensures policy coherence across ministries related to trade, investment, industrial development, and macroeconomic governance. It also plays a critical role in integrating national export strategy (NES) priorities into Indonesia's National Medium-Term Development Plan (RPJMN).

The Ministry of Finance is tasked with formulating and executing fiscal policy, including budgeting, taxation, customs and excise, treasury management, state assets administration, fiscal balance, and financing and risk management. Under its jurisdiction, the Directorate General of Customs and Excise performs the following functions:

- Policy formulation in customs enforcement, revenue optimization, and service delivery.
- Development of norms, standards, procedures, and criteria for operational effectiveness.
- Technical supervision and guidance.
- Performance monitoring, evaluation, and reporting.
- Administrative management.
- Execution of ministerial directives.

A key institutional actor in export finance is the **Indonesia Eximbank** (Lembaga Pembiayaan Ekspor Indonesia, LPEI), a state-owned financial institution operating under the Ministry of Finance as a Special Mission Vehicle (SMV). Mandated by Law No. 2/2009, its principal mission is to support export growth through the provision of financing, guarantees, insurance, and advisory services. One flagship initiative, the **"Program Desa Devisa" (Export Village Program),** exemplifies the institution's grassroots engagement. In 2024 alone, LPEI disbursed over IDR 7 trillion in Special Export Financing (PKE) to support priority sectors. The strategic alignment between LPEI's National Interest Account (NIA) and national export objectives is ensured through research-based planning grounded in Indonesia's overarching export strategy (LPEI, 2025).

The **PKE (Penugasan Khusus Ekspor)** Program represents a selective government mandate assigned to LPEI for financing strategic sectors that commercial banks deem high-risk or low profit. The Ministry of Finance, through the Special Export Assignment Committee (with inputs from the Ministries of Trade and Industry), determines eligible sectors, products, destination markets, exporter profiles, and financing mechanisms (MoI, 2025).

The **Indonesian Chamber of Commerce and Industry (KADIN)** serve as the principal organization representing business interests across all sectors, from state-owned enterprises and cooperatives to private firms. Established under Law No. 1 of 1987, KADIN operates as a unifying body for the national business community, mediating between entrepreneurs and government institutions. It plays a strategic advisory role in strengthening the national economy. Guided by the Asta Cita and the national development vision for Golden Indonesia 2045, KADIN's initiatives are structured around four strategic pillars—self-sufficiency, economic growth, inclusivity, and sustainability—implemented through twelve priority programs and five supporting initiatives (KADIN Indonesia, 2025).

Indonesia Eximbank additionally supports exporters, particularly small and medium-sized enterprises (SMEs), by offering credit, insurance, and guarantee schemes that mitigate trade risks and enhance access to global markets. Its services also include technical assistance and capacity-building programs to enhance export readiness.

This vision of export promotion can be found in export assistance bodies such as the **Indonesia Investment Coordinating Board (BKPM). The Indonesian Trade Promotion Centers (ITPCs)** are closely involved in internationalized marketing and distribution activities.

The BKPM, operating under the Ministry of Investment, stresses securing export-oriented foreign direct investment in particular sectors of processing and manufacturing industry and streamlining licensing procedures for these sectors. Meanwhile, ITPCs provide market intelligence information, business matchmaking services, promotional activities overseas, and so on for the main markets of their respective countries.

In conclusion, Indonesia's export strategy is gradually turning outward into its surroundings, is innovation-centered, and is becoming more and more institutionally minded. However, all of that generation requires investment policy coherence to complement its ongoing penetration strategy, optimization of institutional mandates, and systematic investment in capacity development throughout the export ecosystem.

4.1.3.4. Digitalization of Trade

Custom Regulations & Standards

The **Indonesia National Single Window (INSW)** is a key element of Indonesia's trade facilitation policy. It is, in fact, a government-orchestrated digital framework that aims to streamline trade documentation procedures and bring down border transaction costs. Managed by the Coordinating Ministry for Economic Affairs, it operates as an integrated customs clearance system allowing traders and stakeholders concerned with trade in goods to interact electronically with different government authorities. In this way, the requirement for real-world interactions is greatly reduced, import and export licenses are issued, documents are processed, customs are cleared, and cargo is declared all in a completely digital environment.

INSW is founded on three basic principles:

1. Singleness of submission.
2. Synchronization of data processing and processing. In other words, the operations: collect, store, transmit, and use recipient data.
3. Single Decision-making for customs release of goods.

Administrative and technical functions of the INSW are managed by the **National Single Window Agency (LNSW).** The LNSW is responsible for managing the Indonesia National Single Window System (SINSW) which uses electronic means to administer customs declaration, quarantine declaration, license application, paperwork related to ports and airports. It also covers all the other processes associated with exporting and importing goods.

INSW is completely compatible with the **ASEAN Single Window (ASW).** In this sense, it helps to expand regional trade and achieve operational effectiveness. President's Decree No. 44 of the year 2018 officially introduces 15 government ministries and agencies into the framework of INSW. The aim is to provide joined-up and consistent export and import operations across institutional lines.

To help exporters, above all micro, small, and medium-sized enterprises (MSMEs), in addition to INSW, Indonesia has established various digital platforms. Indonesia Eximbank (LPEI) developed a digital system for export finance applications. The Indonesian Investment Coordinating Board (BKPM) online single submission (OSS) system digitalizes business licensing and investment permits. Online single submission has changed the way companies such as local companies or foreign companies succeed in obtaining essential licenses. As part of the government's efforts to rationalize regulations and improve investment conditions, the **OSS-Risk Based Approach (OSS-RBA)** facilitates the approval process making it both faster and allows more communication between companies and government departments in the process. As such, these platforms help to relieve the burden of bureaucratic complexities companies have to carry and at the same time enhance market access, especially for smaller firms engaging in international trade.

E-commerce

Indonesia has increasingly embraced the digitalization of trade as a strategic policy priority to enhance export competitiveness, improve trade facilitation, and integrate more effectively into global value chains. Historically, the development of Indonesia's digital economy underwent a significant transformation during the 2010s, marked by the rise of prominent online commerce platforms such as **Tokopedia** and **Bukalapak**, alongside the emergence of digital transportation services like **Gojek** and **Grab.** These platforms fundamentally reshaped the way Indonesians engage in shopping, mobility, and service consumption. Beyond altering consumer behavior, they also contributed to job creation and promoted broader economic inclusion by expanding access to income-generating opportunities, particularly for individuals in underserved and informal sectors.

The year 2020 marked a pivotal moment in Indonesia's digital transformation trajectory. The COVID-19 pandemic motivated a rapid transition to digital platforms across all sectors of society. Social restrictions led to a sharp increase in online commerce, as consumers increasingly relied on e-commerce for everyday needs. Simultaneously, the education sector shifted to remote learning modalities, while businesses adopted work-from-home practices supported by virtual conferencing technologies.

Within the ASEAN region, Indonesia has emerged as a regional leader in the digital economy. In 2024, the country's gross merchandise value from e-commerce reached an estimated USD 65 billion, making it the largest e-commerce market in Southeast Asia. Notably, e-commerce now accounts for approximately 70% of Indonesia's digital economy, underscoring its central role in driving national economic growth. (Huda, Digital Economy Outlook 2025, Center of Economic and Law Studies (Celios))

In recent years, the Government of Indonesia has launched several comprehensive policy frameworks and digital infrastructure initiatives aimed at modernizing customs operations, promoting digital entrepreneurship, and accelerating the growth of the e-commerce sector. Aligned with the **Vision Indonesia 2045** roadmap, the government has placed strong emphasis on utilizing e-commerce and digital platforms as alternative export channels, particularly for micro, small, and medium-sized enterprises (MSMEs). In December 2023, Coordinating Minister of Economic Affairs introduced a **White Paper for National Strategy for Digital Economy Development 2030,** outlining the policy direction and implementation strategies required to support digital transformation while protecting the interests of domestic consumers and MSMEs. This aligns with the **Digital Economy Framework Agreement (DEFA),** which Indonesia is pushing to become the only global trade agreement ecosystem in the digital sector. (Taojun, 2025)

The National Strategy for Digital Economy is organized around six foundational pillars:

1. Digital infrastructure development,
2. Human capital enhancement,
3. Business climate and cybersecurity,
4. Research, innovation, and enterprise development,
5. Access to finance and investment,
6. Regulatory and policy harmonization.

Among the flagship initiatives is the creation of **smart retail ecosystems** that leverage immersive technologies such as augmented reality (e.g., virtual try-ons), automated warehouses, and drone-based delivery systems to enhance consumer experiences and increase operational efficiency. This initiative also encourages collaboration with technology startups to accelerate the adoption of smart store solutions, with the goal of raising public awareness of the benefits of digital retail technologies. The implementation timeline includes one pilot smart store ("lighthouse") by 2025, two additional stores by 2027, and three more by 2030.

Another major initiative outlined in the White Paper is the development of an **open e-commerce protocol** that facilitates the integration of sellers across different platforms through a unified digital gateway. This protocol aims to standardize core e-commerce operations, including catalog creation, inventory management, ordering, and fulfillment. It is also expected to enhance MSME participation and expand consumer choice. Key milestones include the development of a unified payment interface and institutional framework by 2025, connection of five platforms by 2027, and expansion to ten platforms by 2030.

Complementing these national strategies, the **Ministry of Trade's E-Commerce Roadmap (2017–2030)** outlines critical reforms in regulatory, fiscal, and infrastructural domains to support the expansion of digital trade. Key priorities include setting up a national payment gateway & consumer protection via strong standards of service, digital literacy programs, and an efficient logistics network to facilitate online transactions. In alignment with the White Paper, **Minister of Trade Regulation No. 31 of 2023 (MOTR 31/2023)** enacted a new system for managing commerce licenses, advertising, and the supervision of actors in e-commerce. This ordinance helps to make the digital market fairer, more secure, and more competitive—and at the same time reinforce consumer rights and transparency.

One key component of Indonesia's digital governance framework is **Law No. 27/2022 on Personal Data Protection (PDP).** This law provides a statutory basis for protecting personal data in digital transactions and ensures that the interactions are accountable, secure, and deliberate.

In the area of financial technology (fintech), regulatory measures have also played a crucial role in encouraging innovation but at the same time preserve stability and market convergence. Notably, **Bank Indonesia Regulation (PBI) No. 18/40/PBI/2016** on the Implementation of Payment Transaction Processing and **PBI No. 19/12/PBI/2017** on the Implementation of Financial Technology serve as foundational policies to ensure the safe, efficient, and secure operation of Indonesia's digital financial ecosystem.

Infrastructure

The Ministry of Communication and Information Technology (Komdigi) is spearheading Indonesia's digital infrastructure advancement, through a series of strategic initiatives, Indonesia has been promoting its shift to an industrial chain driven by technology. These initiatives were aimed at facilitating the nation's transition to a technology-driven economy. **The Palapa Ring Project** underpins both strategic output and its implementation. This national fiber-optic network connects rural and remote communities with high-speed internet, specifically for eastern Indonesia. This project, carried out under the guidance of a public-private partnership, includes five main stages to connect seven key islands throughout Indonesia (Papua, Sumatra, Nusa Tenggara, Java, Kalimantan, and Sulawesi), establishing the foundation of the country's national telecom framework. This infrastructure is important for extending broadband access, boosting trade effectiveness among agricultural exporters at small or secondary city stages, and reducing regional differences in trade volume.

Over the last ten years, internet access in Indonesia has surged remarkably. According to the **Indonesian Internet Service Providers Association (APJII),** the internet penetration rate reached 79.50% in 2024, an astounding increase from merely 24.23% in 2013. Yet, regional inequalities remain as Java Island is responsible for almost 58.76% of total internet users, underscoring a persistent density of ICT facilities in urban zones and on Java Island (Huda, Digital Economy Outlook 2025, CELIOS).

Acknowledging the digital economy as crucial to enduring economic growth, the Government of Indonesia has unveiled several significant initiatives to fast-track digital evolution. These comprise the Smart Cities Program, a national artificial intelligence (AI) strategy, and a detailed digital infrastructure roadmap for essential economic sectors. The growth potential is significant: Indonesia's data center industry is estimated to expand from its current capacity of 150 MW to 1 GW by 2030, while the fiber-to-home sector is projected to attract investments ranging from USD 8 billion to USD 10 billion in the forthcoming years. Numerous global tech corporations have made considerable commitments to bolster Indonesia's digital transformation. Tencent Cloud is establishing its third data center in the nation as part of a USD 500 million investment strategy. Alibaba Cloud, now operating three data centers in Indonesia, aims to train 800,000 cloud computing experts by 2033. Microsoft has also pledged USD 1.7 billion to enhance cloud computing and AI infrastructure in Indonesia, anticipating annual growth of 10–12% in the local digital infrastructure market (White & Case, 2025).

In addition to commercial uses, digitalization is crucial for improving public service delivery. Komdigi is heading initiatives to create the **Electronic-Based Government System (SPBE)** and the **Satu Data Indonesia (SDI)** platform, both intended to elevate the quality of policymaking by ensuring government decisions are founded on accurate and verifiable data. These systems are built to encourage more focused, responsive, and effective governance.

Nevertheless, one of the most urgent obstacles to Indonesia's digital advancement is the lack of qualified **digital talent.** According to the Portal Informasi Indonesia, Indonesia will need an additional 9 million digital professionals to satisfy the changing requirements of the digital economy. In reaction, Komdigi has teamed up with the Ministry of Education, Culture, Research, and Technology, along with universities and training bodies nationwide. A pivotal initiative in this context is the **Digital Talent Scholarship Program,** which aims to furnish students and young professionals with the ICT skills essential to support Indonesia's digital ecosystem. The program targets both secondary and tertiary education levels and serves as a foundational element in cultivating the country's future digital workforce. (Taojun, 2025)

Despite notable advancements, various challenges still hinder the complete realization of Indonesia's digital trade potential. These encompass:

- Ongoing digital infrastructure gaps in outer provinces,
- Restricted digital literacy among small and medium exporters,
- Disjointed regulatory frameworks that impede ecosystem efficiency,
- Underdeveloped data governance systems that do not meet international best practices.

Tackling these issues will necessitate sustained efforts to ensure interoperability across digital frameworks, alignment of standards with global counterparts, and a more unified institutional strategy for digital policy execution. Digitalization has surfaced as a pivotal component of Indonesia's national trade strategy, driving export expansion, market diversification, and the inclusion of MSMEs in the international economy. However, to tap into its full potential, the country must persist in investing in infrastructure, strengthen inter-ministerial collaboration, and enhance capacity-building initiatives. Ensuring equal and balanced access to digital trade prospects across all regions will be crucial for fostering inclusive and sustainable economic growth.

4.1.3.5. The Proliferation of Digital Payment Systems

The rapid development of digital payment systems in Indonesia has emerged as a primary driver for trade digitization, financial inclusion, and export system modernization. Over the past decade, the country has undergone a transformative shift from a predominantly cash-based society to an environment based on digital finance—driven by regulatory innovation, private-sector initiative, and the widespread adoption of mobile technology. The COVID-19 pandemic has been a key accelerator, rapidly advancing the transformation from offline financial services to online ones. Under lockdown, both individuals and companies have been forced to turn towards digital payment solutions.

Bank Indonesia (BI) is one of the primary institutions that pushing this transformation ahead. BI has played vital roles both in the areas of regulation and technology development. Its early initiative was the **National Movement for Non-Cash Transactions (Gerakan Nasional Non-Tunai, GNNT)** aimed at raising awareness among citizens, businesses, and government institutions about the benefits of non-cash transactions. The GNNT focuses on convenience and safety in financial transactions (Safitri, 2017).

Building on this foundation, Bank Indonesia promulgated the **Indonesian National Payment System Blueprint 2025**, a comprehensive framework designed to modernize the country's payment infrastructure, facilitate the integration of digital financial services, and ensure that platforms are interoperable. The Blueprint is organized along five strategic pillars:

1. Development of open banking,
2. Integration of retail payment systems,
3. Regulation of digital financial innovation,
4. Strengthening of cybersecurity frameworks, and
5. Expansion of inclusive financial access.

Key supporting regulations **include Bank Indonesia Regulation (PBI) No. 18/40/PBI/2016** on Payment Transaction Processing and **PBI No. 19/12/PBI/2017** on Financial Technology. These policies aim to ensure that digital payment services are conducted in a secure, efficient, and transparent manner, thereby reinforcing trust in the digital economy while protecting user data (Bank Indonesia, 2016; 2017; Huda, Digital Economy Outlook 2025, CELIOS).

In 2021, Bank Indonesia introduced **BI-FAST,** a real-time retail payment infrastructure that enables 24/7 fund transfers across banking institutions. BI-FAST significantly reduces settlement times and transaction costs—factors that are particularly critical for enhancing the speed and reliability of cross-border trade payments, which in turn strengthen export competitiveness.

A central feature of Indonesia's digital payment ecosystem is **QRIS (Quick Response Code Indonesian Standard),** a standardized national QR code launched in 2019. QRIS enables micro, small, and medium-sized enterprises (MSMEs) to adopt affordable, interoperable, and cashless payment solutions. Initially focused on domestic use, QRIS is increasingly being adopted for international e-commerce transactions. As of 2024, more than **30 million merchants** across Indonesia had adopted QRIS, marking a significant milestone in digital financial inclusion.

Complementing QRIS are a range of **e-money platforms—**including **OVO, GoPay, DANA, and LinkAja**—which have experienced exponential growth, particularly among urban populations and younger demographics. These platforms provide services such as peer-to-peer transfers, bill payments, e-commerce transactions, and microloan access. Their widespread adoption has helped reduce transaction costs and increased operational efficiency for SMEs seeking to participate in digital export markets.

Indonesia is also actively promoting **cross-border payment integration** to enhance regional trade flows. In 2022, the country signed bilateral agreements with central banks in Thailand, Malaysia, Singapore, and the Philippines to enable **QR interoperability** and real-time retail payment connectivity across ASEAN. These agreements align with the broader **ASEAN Regional Payment Connectivity Initiative,** which aims to facilitate seamless, efficient, and secure transactions within the regional bloc. As digital payments now account for over **50% of total transactions** in ASEAN and are projected to reach **USD 416.6 billion by 2028**, these developments are expected to promote financial inclusion and strengthen intra-regional e-commerce (Mahusin, 2025).

The growing adoption of digital payment systems also contributes to the **formalization of exports** and **data-driven policymaking**. As more merchants conduct transactions through traceable digital channels, trade authorities and financial institutions gain enhanced capabilities to monitor export performance, manage risks, and develop targeted support programs. This is particularly beneficial for previously informal or unbanked enterprises, which can now enter the formal economy through digital pathways.

4.1.3.6. Legal & Regulatory Framework

Trade Agreements

Indonesia's active participation in bilateral, regional, and multilateral trade agreements constitutes a fundamental element of its broader trade and investment policy. These agreements are instrumental in expanding market access, dismantling trade barriers, and promoting the diversification of export markets. Moreover, they align with the country's economic diplomacy goals of Priority Programs and Key Activities in the trade sector under the 2025–2029 National Medium-Term Development Plan (RPJMN) that boosts international competitiveness, attracting foreign direct investment and strengthening integration into regional and global supply chains.

At the multilateral level, Indonesia has been a member of **the World Trade Organization (WTO)** since 1995, and formerly a contracting party to the **General Agreement on Tariffs and Trade (GATT)** since 1950. In 2017, Indonesia ratified **the WTO Trade Facilitation Agreement (TFA),** signaling its commitment to bringing border management and customs procedures in line with international standards to reduce bureaucratic barriers and commercial transaction expenses. Category C measures are obligations in the TFA that a member must first build up its capacity to implement with technical assistance and support. For Indonesia, one example of a Category C measure is National Single Window (NSW) system compliance with TFA provisions.

At the regional level, Indonesia occupies a central position in ASEAN's economic architecture. Through mechanisms like the **ASEAN Trade in Goods Agreement (ATIGA)** and the **ASEAN Economic Community (AEC)**, it benefits from reduced trade barriers—both tariff and non-tariff—across Southeast Asia. Under the **ASEAN Free Trade Area (AFTA**) and its **Common Effective Preferential Tariff (CEPT)** scheme, it is provided with better access to regional markets. Trade in services and investment flows have also increased through the **ASEAN Framework Agreement on Services (AFAS).**

The ratification of **Indonesia of the Regional Comprehensive Economic Partnership (RCEP)** in 2022 stands as a major breakthrough. RCEP—the world's most comprehensive free trade agreement—covers nearly one-third of global GDP and includes partners such as China, Japan, South Korea, Australia, and New Zealand. The present agreement is expected to simplify rules of origin, liberalize trade in services and investments, and consolidate regional production networks—thus giving Indonesia an opportunity to boost participation in key areas such as electronics, automotive parts, and agricultural products.

In the bilateral context, Indonesia has made notable progress in expanding trade relations with strategic partners. As of 2024, the country has established **19 Free Trade and Comprehensive Economic Partnership Agreements (FTA/CEPA)** encompassing ASEAN member states, China, Japan, South Korea, Australia, New Zealand, Hong Kong, Pakistan, Chile, the United Arab Emirates, Iran, the D-8 group, and the Organization of Islamic Cooperation (OIC). Between 2018 and 2023, Indonesia's exports to FTA partner countries grew at rates ranging from 6.29% to 31.02%, with their share in total exports increasing to 71.22% in 2023, up from 69.24% in the previous year.

Among Indonesia's most impactful bilateral agreements is the **Indonesia–Australia Comprehensive Economic Partnership Agreement (IA–CEPA),** which came into effect in 2020. This agreement grants duty-free access for over 99% of Indonesian exports to the Australian market and facilitates collaboration in skills training, vocational education, and liberalization of the service sector. As of 2023, the **Indonesia–Korea Comprehensive Economic Partnership Agreement (IK–CEPA)** not only gives the green light to Indonesian goods—especially in agricultural products and manufacturing—preferential treatment but also leads in such emerging fields as e-commerce, creative industries, and information technology systems.

Indonesia is also expanding its trade footprint beyond Asia. The latest agreement is with the **Indonesia–European Free Trade Association CEPA (IE–CEPA)** states of Switzerland, Norway, Iceland, and Liechtenstein, with which it gives IMSs such as palm oil, textiles, footwear, and furniture preferential access in addition to promoting environmental protection and intellectual property rights together.

Ongoing negotiations over the **Indonesia–EU CEPA (IEU–CEPA)** signify an attempt strategically to find more markets for exports and to conform with EU regulatory standards more fully. This agreement, once concluded, is expected to improve Indonesia's market access in electronics, rubber products, processed foods—especially animal and fishery foods—and sustainable commodities by using before long EU-quality sustainability norms and product safety standards.

Indonesia has also expanded its foreign economic alliances by joining BRICS. It is the first Southeast Asian country to do so. BRICS, which was originally made up of Brazil, Russia, India, and China and later joined by South Africa in 2010, has been enlarged to take in Egypt and Ethiopia in 2024 and then Iran and the United Arab Emirates. Indonesia's membership is a strategic turn towards greater involvement in developing nations and the global south. At the same time, Indonesia enjoys benefits under the **Generalized System of Preferences (GSP)** schemes of the United States and the European Union. However, as there is increasing emphasis on transitioning from unilateral trade preferences to mutual, rule-based trade agreements aimed at securing long-term trade security and competitiveness for all trading partners.

Regulatory Framework for Trade Digitalization

Indonesia has made substantial strides in developing a regulatory framework to support the digitalization of trade, aiming to enhance transparency, operational efficiency, and competitiveness in international commerce. These efforts align with the country's broader economic modernization agenda and its commitment to improving the ease of doing business through digital governance. A fundamental plank of this regulatory framework is the **Indonesia National Single Window (INSW),** established under Presidential Regulation No. 76 of 2014 and operated by the National Single Window Agency (LNSW) within the Ministry of Finance. Functioning as an all-in-one digital platform that simplifies the input, verification, and processing of documents related to trade and customs, it now links up 18 ministries or government departments. Exporters and importers can use a single electronic system to handle all the necessary formalities. This has brought about considerable savings in administrative costs, processing time, and compliance fees.

However, in order to firm up the legal basis for digital trade, the **Electronic Information and Transactions Law (EIT Law No. 11/2008)** amended in 2016 and again in 2023 — explicitly admits the existence of electronic documents and digital signatures. Such provisions not only ensure the legality of electronic contracts and transactions, which are fundamental to cross-border e-commerce and paperless trade.

To reinforce the legal underpinnings of digital trade, Government Regulation No. 80 of 2019 on **Trade through Electronic Systems (PMSE)** is defined as the buying and selling process which involves a host of electronic equipment and procedures. The regulation sets out an all-encompassing legal framework for both domestic and cross-border e-commerce, specifying the duties of digital platforms, putting in place data protection and cybersecurity requirements, and defining consumer rights in digital commerce.

But Indonesia is unique within the ASEAN economies for its integration of digital trade within a **broader Digital Economy Framework.** Under policies outlined in the **Indonesia Digital Roadmap 2021-2024,** the country attaches utmost importance to the creation of infrastructures which can support trade in tomorrow's digital world, as well as stiffer implementation of cyber regulations, a universal standard of interoperability, and the development of digital payment systems. In accordance with this arrangement, the Ministry of Trade and Ministry of Communication & Informatics have initiated a series of **"Export Schools" (Sekolah-Ekspor) and a Digital Market-Access Program,** targeting small and medium-sized enterprises.

In addition, Indonesia's involvement with international trade facilitation initiatives demonstrates the continued progress of regulatory reform. By participating in the ASEAN Single Window (ASW) and acceding to the World Trade Organization's Trade Facilitation Agreement (TFA), Indonesia has brought key aspects of its trade laws up to universally accepted global standards. Through the ASW, ASEAN's Trade in Goods Agreement (ATIGA) documents in electronic form are exchanged between member states, expediting border clearance procedures and simplifying intra-regional trade.

However, several regulatory challenges continue to hinder the full-scale adoption of digital trade practices. These include:

- Fragmented regulatory oversight across ministries and agencies,
- Inconsistent implementation at the subnational level
- Limited digital capacity and literacy among SME certainty in areas such as cross-border data flows, digital taxation, and cybersecurity compliance.

These challenges have raised concerns among digital exporters and multinational e-commerce platforms regarding the predictability and coherence of Indonesia's digital trade regime.

To address these issues, the government—through the Coordinating Ministry for Economic Affairs—is currently formulating a National Digital Trade Strategy. This strategy seeks to consolidate digital infrastructure, streamline inter-agency coordination, and harmonize regulatory frameworks governing digital commerce. Its success will depend on sustained collaboration among government institutions, proactive engagement with the private sector, and robust capacity-building initiatives targeting both SMEs and customs authorities.

4.1.3.7. Conclusion

Indonesia's trade policy exemplifies a vibrant and intricate strategy designed to enhance the nation's engagement in global value chains while promoting equitable and sustainable economic advancement. The government's emphasis on diversifying exports, advancing industrial capabilities, digitizing trade processes, and active participation in bilateral and regional trade agreements indicates a clear objective to mitigate reliance on raw commodities and amplify domestic value-added production. In recent decades, Indonesia has experienced significant economic progress, marked by substantial enhancements in infrastructure, increasing per capita income, and wider access to healthcare and educational services. The country's international standing, particularly within the Asia-Pacific region—has also substantially improved. However, Indonesia currently finds itself at a crucial junction. Although its accomplishments are commendable, ongoing structural challenges threaten to hinder further development, placing the nation at the crossroads of a possible economic breakthrough and the imminent risk of the middle-income trap. (Correia, 2025).

Indonesia's trade framework is generally divided into two primary categories: oil and gas (migas) and non-oil and gas (non-migas). The performance of these sectors has historically been influenced by global economic shifts. The COVID-19 pandemic in 2020 led to a significant decline in export values for both sectors. Nevertheless, by 2022, exports rebounded sharply due to renewed global demand and a notable surge in oil prices, driven by production restrictions imposed by OPEC. These limitations constrained global oil supply, resulting in higher commodity prices and boosting Indonesia's oil and gas exports. Still, the country's substantial dependence on global market dynamics and key trading partners continues to affect its export stability. While trade with developed nations offers considerable advantages, it also creates vulnerability—especially during economic downturns, political instability, or other disruptions in those relationships. Overreliance on a narrow range of products presents a potential challenge to Indonesia's export effectiveness (Correia, 2025).

Recently, Indonesia's exports have become increasingly focused on a few dominant markets—most prominently China, which represented 26% of total exports in 2023. This growing dependence has led to a decrease in export diversification, despite escalating export volumes. While this concentration might initially appear to signal improved trade performance, ensuring sustained long-term export growth will necessitate enhanced diversification of markets to mitigate external risks and guarantee more robust trade flows (Correia, 2025).

On the other hand, Indonesia's long-term development agenda, detailed in the RPJPN 2025–2045 and aligned with the Golden Indonesia 2045 Vision, provides a more cohesive and forward-thinking framework than previous planning stages. This vision encourages a development model that is inclusive, eco-friendly, resilient, and globally competitive. A central focus within this strategy is the modernization of the country's trade infrastructure—both physically and digital. Through strategic initiatives such as the Indonesia National Single Window (INSW), the Online Single Submission (OSS) system, and specially designed national export financing programs, the government has enhanced logistics performance, lowered transaction costs, and improved the participation of micro, small, and medium-sized enterprises (MSMEs) in global markets. These institutional reforms are vital in strengthening trade transparency, competitiveness, and operational efficiency (MoT, 2025).

Deeper integration of Indonesia in international and regional economic linkages is a sign of stronger dedication to free trade. Whether it be participation in institutions like RCEP (the Regional Comprehensive Economic Partnership), BRICS, and ASEAN in addition to the WTO, or establishment of new relationships, the concerted effort demonstrates Indonesia's determination to broaden access to markets and harmonize her stances with international practices of trade.

In summary, Indonesia's external trade approach is evolving to be more outward-looking and adaptable, striking a balance between national development aims and strategic international cooperation. By using trade as a tool for structural economic change, the country is expanding upward and towards sustainable patterns of growth.

4.1.4. Egypt

4.1.4.1. Background Information

Egypt, as one of civilization's ancient cradles with roots extending back to the Pharaonic era, occupies a special geopolitical position and a compelling location – where it **interfaces North-East Africa with the Middle East.** Egypt's territory stretches along the coast of the Mediterranean in the north and against the Red Sea on the east. Along the Nile River Valley is where its population is concentrated—approximately 95% of Egyptians reside there, and this distribution pattern also roughly parallels arable land, with several large agricultural areas lying southward of sparsely populated Sahara Desert sections. Urbanization has followed a steady path, with a growing proportion of the population living in cities or near them. According to one estimate, 43% are now city dwellers in cities such as Cairo and Alexandria. The Nile Delta region, which contains many other urban centers, accounts for the bulk of this urban growth. In terms of its geographical location, Egypt enjoys strategic significance: it is the **crossroads to Africa, Asia, and Europe as well as the Middle East.** This positioning has historically enabled Egypt to serve as a pivotal conduit for trade, cultural interchange, and geopolitical engagement between Eastern and Western spheres.

An important cornerstone of Egypt's economic and geopolitical power is the **Suez Canal**, seen in **Figure 20,** a major maritime corridor completed in 1869, which **connects the Mediterranean Sea with the Red Sea.** The canal facilitates approximately 12% of global trade, generating crucial revenue and enhancing Egypt's leverage in international logistics and commerce (World Bank, 2025). In 2023, it produced annual revenues more than $10.25 billion, but recent security problems in the area have affected shipping volumes. Control of this critical infrastructure not only generates substantial economic revenues for Egypt but also affords it considerable geopolitical influence.

Figure 20 Suez Canal, Egypt

Egypt is also a significant player in the energy sector, specifically in natural gas and petroleum. It ranks as Africa's fifth-largest oil producer, holds the continent's highest refinery capacity, and the third-largest natural gas producer in Africa. The discovery of offshore gas fields- most notably the Zohr gas field– has boosted Egypt's liquefied natural gas (LNG) exports and reinforced its position in global energy markets. In 2022, energy products accounted for more than 40% of Egypt's total exports (IMF,2025).

In addition to energy, Egypt has a diverse manufacturing sector, contributing around 25% of GDP. The country leads Africa in terms of manufacturing value-added output, particularly in refined petroleum, fertilizers, chemicals, and textiles. Nonetheless, Egypt's export basket remains concentrated in low-to medium-technology products, and high-value added exports are limited.

The agricultural sector, while declining in share of GDP, still employs over 20% of the workforce and plays an essential role in national food security and rural livelihoods. Egypt is a leading exporter of citrus, onions, potatoes, and grapes, though export potential is constrained by SPS regulations, logistics, and infrastructure gaps (World Bank, 2025).

Despite steady reforms, Egypt faces persistent economic challenges. High debt levels– approaching 90% of GDP – coupled with inflation exceeding 30%, currency depreciation and heavy reliance on external financing (IMF,2025; Trading Economics, 2025) have strained the economy. Nearly one- third of the population lives on less than $2 per day, while another third is vulnerable to poverty.

Efforts toward economic diversification and digital transformation are underway, including broadband expansion, investment in new industrial zones, and increased venture capital inflows to the startup ecosystem. However, these efforts are constrained by macroeconomic volatility and the dominant role of the military in the economy, which limits private sector development and competition.

In summary Egypt's economic profile reflects a nation with considerable structural potential and strategic advantages, yet disrupted by internal governance issues and external shocks. Its continued efforts for integration into global trade depend on institutional reforms, more inclusive economic model, a strong strategy to combine and use its geographic, industrial, and human capital strengths.

4.1.4.2. Export Capacity and Diversification of Exports by Products and Markets

The oil, gas, and extractive sectors continue to dominate Egypt's export structure. Recent policy reform has also been aimed at increasing non-oil exports and promoting value-added production in key industries. Today, while hydrocarbons still totally overwhelm the national trade balance, it is possible for some diversified exports to dribble through: manufactured goods, agricultural produce, and service industries.

With its historical richness and Red Sea resorts, tourism is one of Egypt's leading economic sectors. Numbering 15.7 million people in 2024, this is a record for the tourist industry (State Information Service, 2024). But despite such achievements, the industry is still very fragile and susceptible to external shocks. For example, recent events—such as the Gaza conflict and maritime disruptions in the Red Sea—have showed the fragility of Egypt's tourism sector and its exposure to regional volatility.

Egypt's total exports in 2024 were valued at US$44.85 Billion, according to the United Nations COMTRADE database on international trade. In 2024, Egypt had a trade deficit of US$49.85 Billion. **Figure 21** shows Egypt's exports between 2015-2025 March.

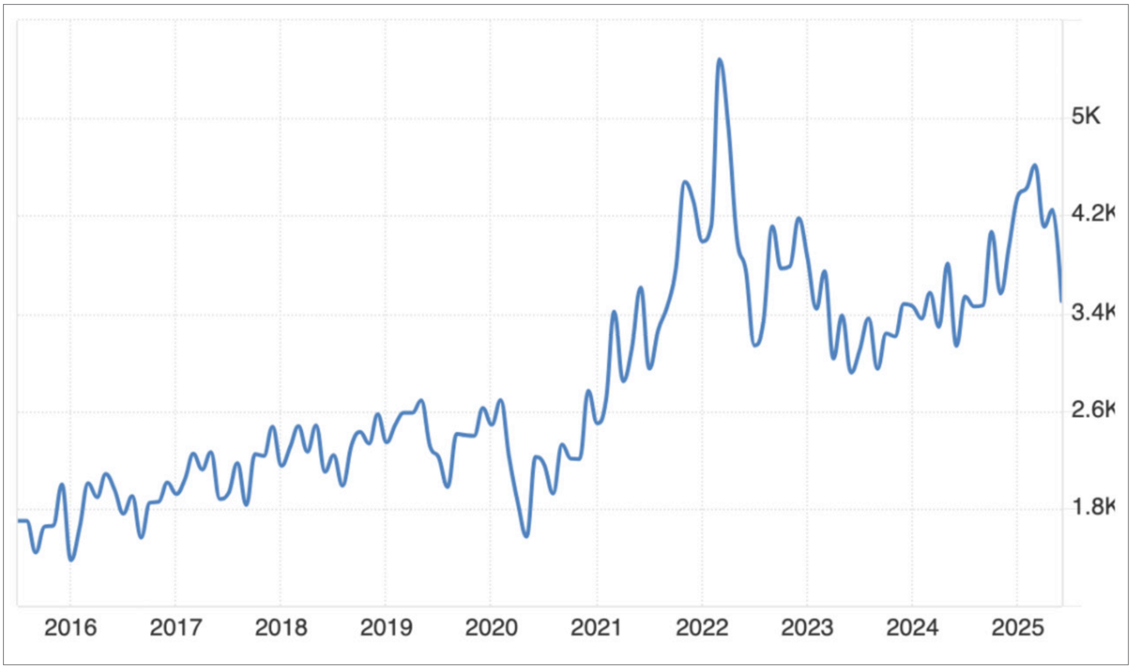


Figure 21 Egypt Exports in between 2015-2025
Source: Tradingeconomics.com

Primary export commodities include crude oil, refined petroleum products, natural gas, fertilizers, textiles, ready-made garments, and various agricultural products. The hydrocarbon sector alone accounts for over 40% of total export revenues, positioning it as the cornerstone of Egypt's external trade. This significant dependence, however, leaves Egypt's trade balance highly susceptible to global energy price volatility. Periods of elevated prices bolster export earnings and foreign reserves, whereas downturns intensify fiscal and current account deficits (IMF, 2025).

In agriculture, Egypt holds a competitive advantage in citrus fruits, onions, potatoes, and grapes—particularly in exports to Europe and Gulf countries. Citrus exports in 2022, for instance, represented a major share of the country's agricultural output, highlighting Egypt's favorable agro-climatic conditions and production capabilities. Nevertheless, the sector continues to face structural constraints, including limited water availability, underdeveloped logistics infrastructure, and difficulties in complying with international sanitary and phytosanitary (SPS) regulations—especially in stringent markets such as the European Union and the Gulf Cooperation Council (World Bank, 2025).

Manufacturing exports include fertilizers, chemical intermediates, building materials, and textiles. The textile and garment sector remains a key contributor to non-oil exports, benefiting from Egypt's premium long-staple cotton and duty-free access to the U.S. market through Qualifying Industrial Zones (QIZs).

As illustrated in **Figure 22**, Egypt's total exports in 2024 amounted to **US$44.85 Billion,** according to data from the United Nations COMTRADE database on international trade. The country's leading export partners **were Italy (US$3.38 billion; 11,57%), Saudi Arabia (US$3.36 billion; 11.51%), and Turkiye (US$3.32 billion; 11.37%).** In regional terms, **39.10%** of Egypt's exports were directed to Asia, **36.30%** to the Europe, **14.60%** to Africa and **9.90%** to the Americas.

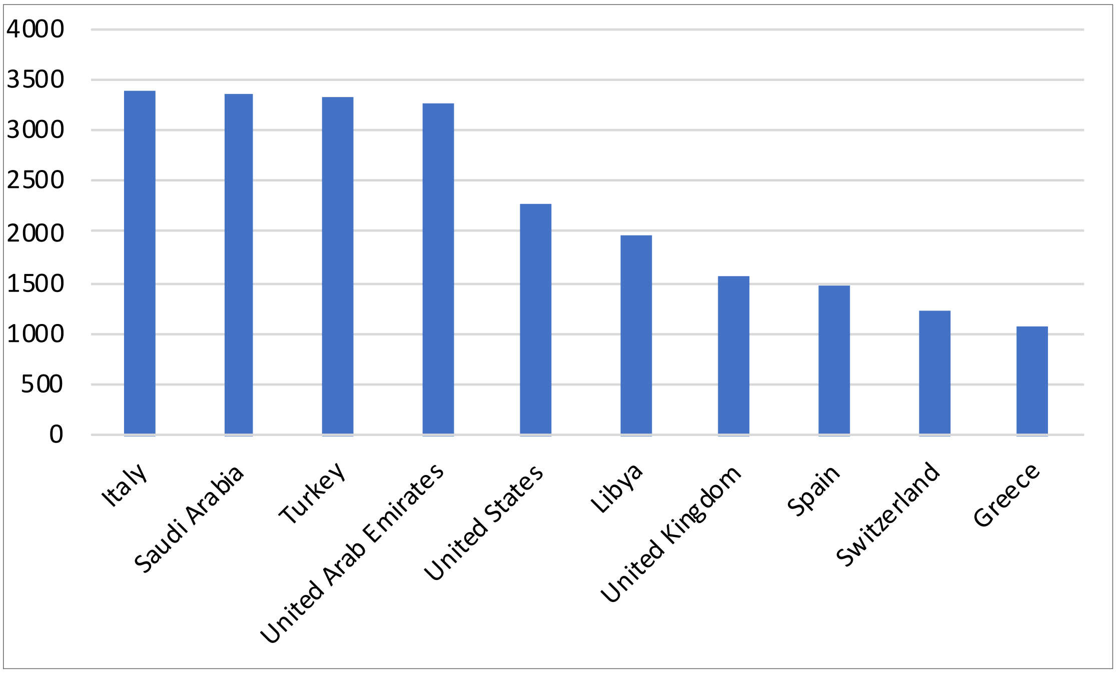


Figure 22 Egypt Exports by Country (Top 10, 2024)
Source: Tradingeconomics.com

In addition, the same database reports that Egypt's exports to OIC member countries stood at **US$20.57 billion,** representing a **45 %** of its total exports in 2024. The country's top three OIC export partners were **Saudi Arabia (US$3.36 billion; 11.51%), Turkiye (US$3.32 billion; 11.37%),** and the **United Arab Emirates (US$3.27 billion; 11.20%).** Country distribution is depicted in **Figure 23.**

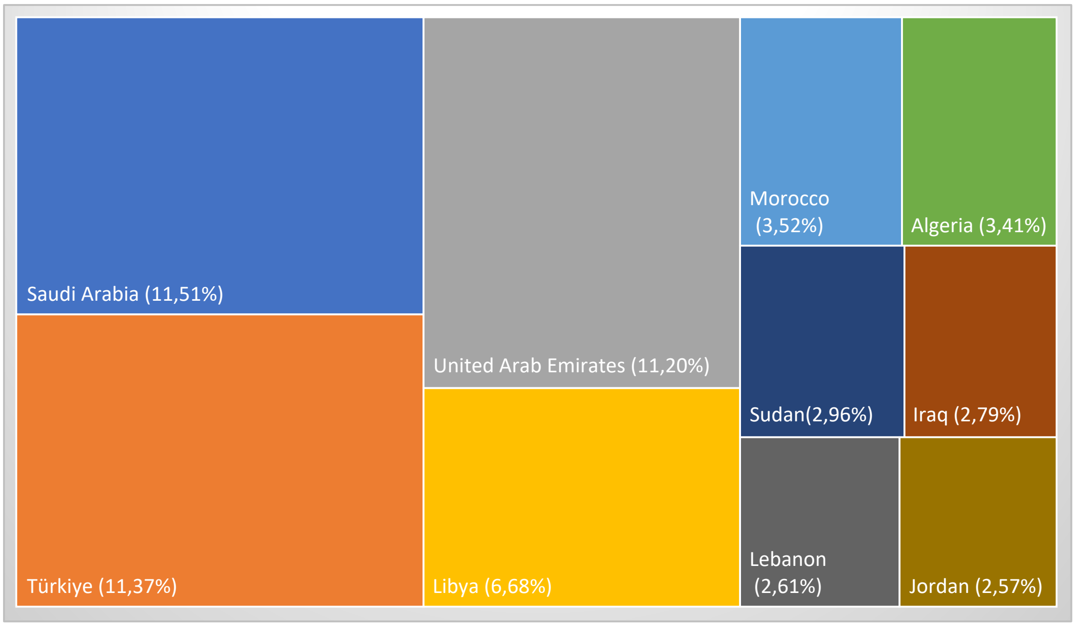


Figure 23 Egypt Exports to OIC Countries (2024)

Source: Tradingeconomics.com

Despite some developments, Egypt's export base still remains inadequately diversified. In 2022, over two-thirds of Egypt's exports to the EU originated from primary industries. The marginal share of high-tech and innovation-intensive products underscores the country's ongoing reliance on traditional export sectors.

Generally speaking, change in Egypt's macro-economic outlook still affected from the global headwinds. As regional conflicts are ratcheted up, global money gets tighter, overseas demand and FDI falls away, newly imposed U.S. tariffs and the extended effects of Russia and Ukraine continue to weigh on Egypt's trade performance.

All the same, the Egyptian economy demonstrated resilience during fiscal year 2023–2024, growing its gross national product by 2.4% as it sped up to 4.3% in the second quarter of 2024–2025. At present, Egypt's export diversification strategy is built on three pillars:

- Expanding value-added production, particularly in manufacturing and agribusiness.
- Enhancing competitiveness through improved access to export financing and digital trade tools.
- And strengthening the capacity of SMEs to engage in international trade, particularly in the technology and creative sectors.

While meaningful strides have been made in recent years, achieving comprehensive export diversification remains a long-term endeavor, necessitating sustained investments in innovation, infrastructure, enhancing human resources in terms of trainings and trade facilitation.

4.1.4.3. National Export Strategy & Institutions

National Export Strategy

The foundation of Egypt's national export strategy comprises its broader economic change program elucidated in Egypt's **Vision 2030 – Sustainable Development Strategy** (MPED, n.d.), and raises the strategic goal of integrating its economy more fully into global value chains. In 2016, Egypt issued its first such document with the aim of providing an overall framework for sustainable development across economic, social, and environmental dimensions. This strategy highlights government plans and measures with particular emphasis on promoting fair growth, sustainability of the environment, and balanced regional development. Egypt's Vision 2030 envisages that by 2030 the country will have built a competitive, balanced, diversified economy underpinned by knowledge and innovation. It also points to the development of an equitable, inclusive, and participatory society based on sustainable development and a resilient ecosystem.

To reflect global, regional, and national developments and challenges over the past years, the Egypt's Vision 2030 has been revised. This revision process took place through a participatory approach that brought into consideration the input from a wide cross-section of stakeholders, including representatives from government institutions, the business community, and civil society. Furthermore, the process engaged a multidisciplinary panel of scholars, experts, and practitioners to ensure that the national development framework was both up-to-date and rooted in scientific research.

The updated Vision 2030 for Egypt is based on four guiding principles that collectively underpin the country's pursuit of its developmental targets. Crucial to this structure is the belief that **human-centered development** is fundamental for achieving success in any strategy of transformation. The Vision contends that its achievement will be subject to fostering **equity, accessibility**, and that carrying out implementation must show endurance in the face of rapidly evolving situations. Ultimately, such endeavors seek sustainable development over the long term in all sectors concerned. The Vision identifies seven enabling factors necessary for the successful attainment of sustainable development goals by 2030. They are financing on an expanded scale, technology and innovation, digital revolution, creation and use of data, supportive legal and institutional framework, the cultivation of an enabling culture, and restraint of population growth. Taken together, these add up to Egypt's comprehensive plan for development.

From an economic perspective, the fourth strategic goal, "**A Diversified, Knowledge-Based, and Competitive Economy,**" aims to enhance Egypt's capacity to generate revenue, manage resources, and create jobs across industry, agriculture, and services. It emphasizes reducing reliance on any single sector and ensuring balanced development. The active involvement of the private sector is encouraged through improving the business climate, enhancing competitiveness, formalizing the informal economy, and investing in human capital. In this context, Egypt began in November 2016 to implement a comprehensive national program for economic and social reform, as depicted in **Figure 24,** the first stage aimed at achieving the economic reform, structural reforms to enhance investments and social inclusiveness all poor & low-income locals.

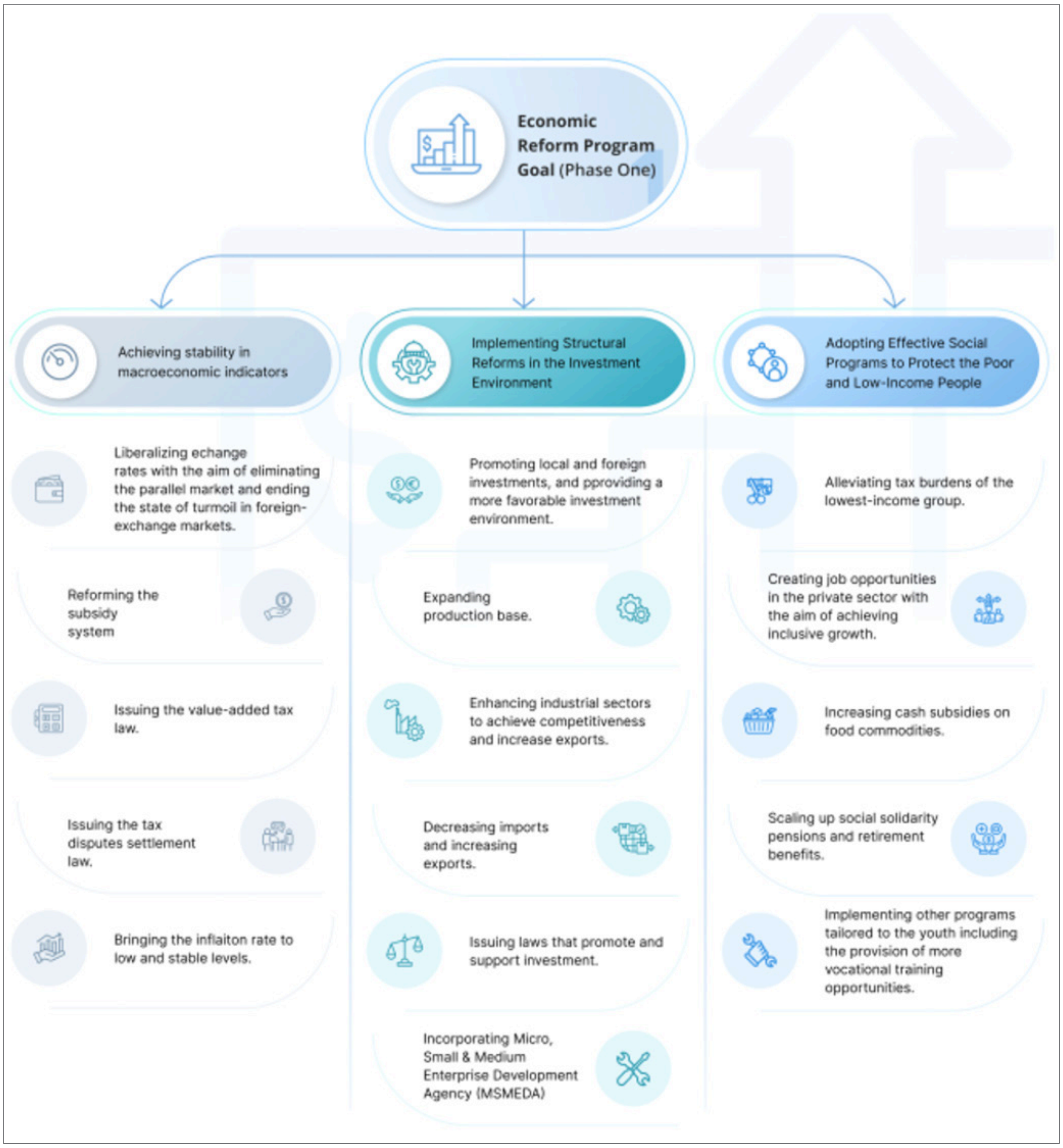


Figure 24 Goals of The Economic Reform Program

Source: investegyptcom

In April 2021, Egypt initiated the second phase of its Economic Reform Program, focusing primarily on structural reforms. This phase, which is planned to span three years, follows the successful completion of the first phase that addressed imbalances in monetary and fiscal policies.

As seen in **Figure 25**, unlike the earlier stage, the second phase directly targets the real sector through comprehensive and targeted structural reforms. These reforms are designed to enhance the resilience of the Egyptian economy, strengthen its capacity to absorb both external and internal shocks, and shift the economy towards a more productive model with competitive advantages.

Ultimately, the program aims to support balanced and sustainable growth, positioning Egypt on a trajectory of long-term economic transformation.

Figure 25 Economic Reform Program Positive Outcomes
Source investegyptcom

These efforts are supported by national projects and a conducive legislative environment. On the other hand, the fifth strategic goal, **"Well-Developed Infrastructure"** focuses on ensuring access to essential services such as energy, water, and sanitation, while advancing sustainable and efficient transport networks, including the Suez Canal, railways, and ports. It also highlights the importance of digital infrastructure to attract investment, support public-private partnerships, and strengthen Egypt's industrial base.

Institutions

Ministry of Trade and Industry (MTI) is the primary institution responsible for coordination and implementation of Egypt's export strategy. **NAFEZA** is also Egypt's only trade facilitation portal that allows all parties to submit necessary documents for importing, exporting, or transferring goods through a single-stop interface. NAFEZA and its **Single Window System** are congruent with generally accepted international trade facilitation standards and are supported by leading organizations such as the United Nations Economic Commission for Europe (UNECE), the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), and the World Customs Organization (WCO). (NAFEZA, 2025).

The Ministry of Trade and Industry (MTI) works in coordination with several specialized agencies, including:

- **The General Organization for Export and Import Control (GOEIC):** In accordance with the provisions of the Presidential Decree, the General Organization for Import and Export Control (GOEIC) operates as a service and executive authority under the direct supervision of the Minister of Economy and Foreign Trade. Established by presidential mandate, GOEIC is tasked with overseeing the regulation of import and export activities, maintaining registration systems, issuing certificates of origin for Egyptian and Egyptian-acquired goods, and classifying agricultural products. It also prepares statistics and reports of foreign trade and works with the sectors of the Ministry of Investment and Foreign Trade as a cooperative system whose main objective is to facilitate trade movement, encourage Egyptian industries and develop exports of all kinds and raise their competitiveness. In 2023, GOEIC launched a Center of Excellence, marking a significant advancement in institutional innovation and capacity development. The Center embodies a forward-looking approach to excellence, aimed at strengthening the Egyptian economy by supporting national exports and domestic industries, thereby fostering enhanced performance and competitiveness. The Center offers targeted training programs to support Egyptian exports and enhance the skills of exporters, importers, and business professionals. It also provides training for university students as part of GOEIC's community engagement efforts.

- **The Export Development Authority (EDA):** serves as a **Consolidated Export Hub** for promoting Egyptian exports. It coordinates export-related entities to implement the Ministry of Trade and Industry's strategy, focusing on export growth through digital marketing, trade fairs, missions, and B2B events. EDA also increases export potential through specific training and technical assistance. EDA identifies and collaborates in promulgating export-related legislation that will improve the transmittal of exports. It also works to simplify exporting processes and cut through the red tape. Through partnerships with financial institutions and banks, EDA helps design a variety of financing programs aimed at stimulating exports, especially for small and medium-sized businesses. The Authority is also mandated to undertake a regular review and monitor the performance of export operations to perfectly match national projections.

- **The Industrial Development Authority (IDA):** was established under Presidential Decree as a general economic authority mandated to implement the industrial policies formulated by the Ministry of Trade and Industry. The role of the IDA is a general economic authority responsible for implementing the industrial policy that the Ministry of Trade and Industry formulates. Its central duties are encouraging investment in the industrial sector; administering the growth and allotment of industrial land; and facilitating industrial licensing. To achieve these aims, the IDA carries out regulatory analysis and policy development and develops and monitors sectoral and regional industrial development plans and works as a partner with local authorities to manage land for industrial use. It also sets the parameters for private sector involvement in the construction and management of industrial zones, such as offering land and facilities to investors. The IDA conditions industrial activities and ancillary services with environmental, local authority, and the technical conditions and pricing, distributing and regulatory arrangements for land in industrial estates through operation of the Industrial Land Support Fund. It also designs the incentive regime tied to performance indicators including production, exports, and generation of employment to make investment proposals more attractive to the investors. The Authority is further responsible for issuing industrial licenses and permits, including those outside designated zones, and monitors project compliance with operational standards.

- **The General Authority for Investment and Free Zones (GAFI), which** was established in 1997, is an important economic regulator. It operates autonomously. Besides undertaking relevant duties and functions of the organization, GAFI has adopted its mission to support Egypt's national strategy for economic development. GAFI has been empowered to set up branches or representative offices in other parts of Egypt and overseas as may be decided by the board, in consultation with commercial missions.

- **Egyptian Corporation for Export Guarantee:** Mandated by the Egyptian government, the **National Program for Guarantee** was set up in place of an export credit agency as early as 1992. Registered under Egyptian law, it is a **joint-stock company** that owns its own assets. With the amount of 250 million Egyptian pounds authorized and paid-in capital, this annual limit is coincidentally a very significant benchmark level for liability insurance coverage held by both banks and finance companies. The primary task of the national credit guarantee program is to implement the **Export Credit Guarantee Scheme** on behalf of Egypt. The target of the program, therefore, is to promote development in Egypt. It offers a complete range of services to help both business operations and increase exports: credit information, debt turnover, trade finance, and trade receivables management like insurance and so on. The export credit guarantee system sets out to offset the risk of non-payment by compensating exporters for losses arising from commercial or political risks.

- **The Egyptian Bank for Export Development (EDBE):** has begun operations in 1985, as a specialized financial institution with the primary objective of promoting and boosting Egyptian exports. The Bank plays a critical role in supporting Egyptian exporters and enhancing the global presence of Egyptian products by providing financing for both export activities and import substitution projects which aims to strengthen the domestic production. In addition to its direct financing services, the Bank actively participates in syndicated loans and equity investments to support strategic development initiatives. Since its inception, the Bank has managed to maintain its identity as a commercial and investment bank, rather than a deposit collecting retail commercial bank.

- **The Egypt Expo & Convention Authority (EECA):** EECA operates under the Ministry of Trade and Industry, serves as the official governmental body responsible for organizing conventions, fairs, and exhibitions both domestically and internationally. As this Authority was created by Republican Decree, EECA may also issue permits to the applicable private sector for the organization of these events. As the key business events destination for the region, Egypt Expo & Convention Authority operates the **Cairo International Conference Centre (CICC),** which is conveniently located in the heart of Cairo's business district. EECA actively stimulates manufacturers and exporters to arrange public, specialized, and investment exhibitions and take part in international fairs where Egypt is not represented officially. To assist the efforts, EECA offers studies and strategic information that help stakeholders in implementing their activities in a manner that is efficient and complies with regulations for successful activities in the country and abroad.

In Egypt, the economy has completely turned around from a centrally planned system featuring extensively controlled production by the state. The goal during the reform process that has occurred since the turn of the century in Egypt—with repeated waves of change seeking to liberalize fiscal and monetary policies, improve taxation systems, and accelerate privatization—has navigated a course between two fundamental extremes. **The Export Rebate Program** was introduced by the Government of Egypt (GoE) in 2002 as a major policy tool designed to increase the value added of Egyptian exports and expand the country's international market share. In 2019, the program underwent a major transformation by introducing new systems that are expected to improve efficiency, enhance strategic targeting sectors, and bring its operations into closer line with national export priorities. (American University in Cairo, 2020)

The program provides direct cash transfer to exporters, settlement of exporters financial obligations such as taxes and improving export infrastructure (e.g., export capacity building, technology transfer, and trade fairs). Accordingly, The Ministries of Investment and Foreign Trade, in coordination with the Ministry of Finance, have launched an enhanced **Export Burden Rebate Program** for the 2025–2026 fiscal year. This updated program features expanded support mechanisms and a restructured framework aimed at strengthening the competitiveness of Egyptian exporters. A key element of the program is a substantial increase in financial allocations, with the total budget rising to LE 45 billion. (State Information Service, 2025).

4.1.4.4. Digitalization of Trade

Custom Regulations & Standarts

Aligned with the broader goals of Egypt Vision 2030, which identifies digital transformation as a key enabler of economic growth and trade competitiveness, Egypt has made significant strides in the digitalization of trade, driven by strategic investments in ICT infrastructure, a growing startup ecosystem, and government-led reforms to streamline customs and cross-border procedures.

In Egypt's drive to digitalize its economy, a landmark achievement was reached when the **National Single Window for Foreign Trade Facilitation (NAFEZA)** was commissioned. Managed by the Ministry of Finance and the Egyptian Customs Authority, NAFEZA is a single digital platform on which importers and exporters can submit all commercial documents electronically. NAFEZA is also connected to the **Advanced Cargo Information (ACI)** system for cargo clearance. It uses electronic verification of shipping manifests and invoices prior to goods reaching Egyptian ports so as to achieve clearance before arrival rather than on-site. Together, these two tools have drastically cut customs clearance times, minimized corruption, and promote fair commercial transactions in general. (Ministry of Finance, 2024).

E-Commerce

Egypt is home to a rising number of indigenous e-commerce companies and logistics startups. All of these startups (including **MaxAB, Fatura, and ShipBlu)** serve businesses with goods along the last mile: both business-to-business customers (B2B) and those who provide domestic delivery of goods from abroad.

They even provide the entire B2B communication infrastructure for businesses in contexts of both inventory management and payment processing; and thanks to all these logistics integration functions, small and medium enterprises can acquire not only local but also regional markets.

Meanwhile, the growth of **mobile banking** and **digital payment systems** like **Meeza** and **InstaPay** has allowed consumers to use online commerce and digital transactions in trade-related services more broadly. The setting of small businesses and young merchants also needs this infrastructure; they have increasingly resorted to platforms such as Facebook and Instagram for business marketing and cross-border trade.

Infrastructure

Egypt's efforts in this domain have been further supported by growing investments in digital infrastructure. Since 2018, broadband speeds have increased sixfold, and the expansion of fiber-optic networks and mobile internet access has improved connectivity nationwide. These improvements have laid the groundwork for the emergence of a vibrant digital services economy and boosted the digital capacity of both public and private actors involved in trade (World Bank,2025)

4.1.4.5. The Proliferation of Digital Payment

Over the past decade, Egypt has made substantial progress in fostering a digital ecosystem, with particular acceleration during the COVID-19 pandemic. This transformation has been driven by the growing adoption of mobile technology, strategic public-private initiatives, and a gradually evolving legal and regulatory environment that supports financial inclusion and fintech innovation. The shift towards digital payments in Egypt is rooted in widespread mobile usage.

E-commerce in Egypt is still dominated by cash networks, accounting for 53% of transactions. However, digital wallets have recorded remarkable growth, with the rate of growth suggesting that in the future this type of transaction will become more popular among consumers who migrate from cash-based trading settlements online. Credit cards remain largely peripheral to daily life but are central to international purchases, particularly online, which account for 70% of all such transactions.

Egyptian fintech firm **Fawry** has played an important role in building the country's payment infrastructure. A leading player in the Middle East fintech industry, according to Forbes, Fawry offers innovative payment solutions for clients ranging from individuals through to businesses. Last year, it became Egypt's very first unicorn, proving to be so valuable at more than 1 billion USD. This fact illustrates its enormous impact on both the banking industry and payment technology. Other major companies such as **Aman** and **Paymob** have also participated in the rapid digitization of retail service providers.

Egypt has taken big steps to expand the country's digital payment infrastructure. That includes the establishment and development of the **Egyptian National Payment System (ENPS),** which is currently located at the center of the country's financial system. It has a few vital components: the **Real-Time Gross Settlement (RTGS)** system for high-value transactions, a book-entry system for government securities, and **the Cheques Clearing House** where cheques are settled. There is also a **National Switch (branded 123)** that connects ATMs everywhere, an **Automated Clearing House** operated by the **Egyptian Banks Company (EBC),** and **a Central Securities Depository** managed by **Misr for Central Securities Depository (MCSD).** On this foundation, many kinds of bank-provided payment services are available, including internet, mobile, and telephone banking. More than just one level of institutional machinery, the system also includes government payments and collections as well as electronic bill payment services that provide both the public and private sector with the necessary framework to transact money in line with global best practices (Central Bank of Egypt, n.d.).

The national **Meeza** card system is Egypt's national payment scheme, developed under the supervision of the **Central Bank of Egypt**, to support financial inclusion and reduce cash dependency. It provides secure and convenient payment solutions, such as debit cards, prepaid cards, and mobile wallets, enabling users to manage their finances anytime and anywhere. Meeza operates a reliable and widely accepted payment network across all ATMs and POS terminals in Egypt, ensuring efficient and secure financial transactions aligned with the country's digital transformation goals. On the other hand, smart phone applications like InstaPay, allows direct access to bank accounts and transfer instantly using the mobile device 7/24.

4.1.4.6. Legal and Regulatory Framework

Trade Agreements

Egypt benefits from a wide range of free trade agreements (FTAs), currently serves about 1.5 billion consumers—which includes not only its domestic market of over 100 million but also overseas. Egypt's geographic position gives it key advantages in transportation. It functions as a gateway bridging the three continents and contributes 8% to global trade by volume via the Suez Canal. Shipping by sea from Egypt is 7 days faster to the U.S. than from China, and 50% cheaper than from the United Arab Emirates. Major agreements include:

- **Pan Arab Free Trade Agreement (PAFTA/GAFTA):** Signed by 17 Arab League members, it eliminated tariffs and non-tariff obstacles by 2005. It promotes intra-Arab trade by more than offsetting these negative factors and offers preferential terms to member countries least developed.

- **COMESA:** As part of this bloc for eastern and southern Africa, Egypt gives full exemption from customs taxes to goods meeting a 45% local value-added threshold. The COMESA customs union started functioning in 2009 with plans for monetary integration in 2025.

- **Agadir Agreement:** Enforced in 2006 by Egypt, Jordan, Morocco, and Tunisia, this agreement has made the EU market more accessible through different rules of origin in association with cumulation. It increases regional investment and cooperation.

- **EU-Egypt Association Agreement:** In force since 2004, this deal liberalizes trade in both industrial and agricultural goods. A gradual reduction of tariffs has been introduced to encourage EU-Egypt trade.

- **EFTA Agreement:** Signed in 2007 with Iceland, Liechtenstein, Norway, and Switzerland, the agreement will result in complete liberalization of industrial product trade by 2020.

- **Qualified Industrial Zones (QIZs):** Located in such key areas as Cairo, Alexandria, and the Suez Canal, QIZs enable duty-free access to U.S. exports if input rules with Israel are followed. They offer low labor costs, preferential trade terms, and have attracted substantial FDI.

- **Egypt-Türkiye FTA:** In force since 2007, this agreement gives immediate duty-free access for Egyptian industrial exports to Türkiye, putting a progressive reduction schedule on certain sensitive items. It also consolidates Egypt's informal access to the EU market.

Together these FTAs make Egypt a strategic trade hub, raising its export potential, attractiveness for investment, and integration into both regional and global markets.

Regulatory Framework for Trade Digitalization

In Egypt, export activities are governed by Import and Export Law No. 118 of 1975 and its Executive Regulation No. 770 of 2005. In accordance with these legal frameworks, the **Egyptian Organization for Export and Import Control (GOEIC)** is responsible for issuing, amending, and renewing export licenses. From the said Article 4, no foreign individual or legal personality may engage in export activities without registering with the Ministry of Commerce in its Exporters' Register. This is a legal obligation that applies to each and every export activity.

In addition, Egypt actively seeks to align its digital transformation programs with other regional initiatives, especially in the context of the African Continental Free Trade Area (AfCFTA). This has led the country to show strong interest in **the AfCFTA Protocol on Digital Trade**, embedding harmonized digital standards and a paperless trading environment within all countries of Africa. Consistent with its commitment, Egypt, represented by the **Ministry of Communications and Information Technology (MCIT),** participated in the 8th Meeting of the AfCFTA Committee on Digital Trade. This commitment, at the invitation of the Ministry of Trade and Industry, is an indication of Egypt's continuing efforts to implement the AfCFTA Agreement and deepen regional digital integration in cooperation with other countries.

In accordance with the Egypt Vision 2030 and the national digital transformation strategy, the Ministry of Communications and Information Technology (MCIT) has launched **Digital Egypt** to move forward towards a unified digital society. A nationwide intranet now connects over 33,000 government buildings, which has facilitated coordination among them and introduced Government-to-Government (G2G) system. This involves collaboration with a number of key ministries such as Justice, Supply and Internal Trade, and Interior Affairs. **The Information Technology Industry Development Agency (ITIDA)** plays a key role in aiding the development of the IT industry and managing **Egypt's Root Certificate Authority (Root CA)**, established under the Electronic Signature Law. This enables secure digital transactions and is part of a more general digital ecosystem.

In parallel with national digital transformation strategies and Egypt Vision 2030, Egypt has created a legal and institutional support system for digital finance. **The Central Bank of Egypt (CBE)** takes a leading role, promulgating regulations on mobile payments, fintech licensing, and consumer protection. Egypt's Central Bank Law 194 of 2020 contains provisions on payment systems and services. It is a flexible legal framework, implemented through mechanisms like the regulatory sandbox.

Other regulating bodies such as the **Financial Regulatory Authority (FRA) and National Council on Payments (NCP)** micro- credit, digital insurance, and promote financial inclusion. Ministries like the Ministry of Finance and Ministry of Communications and Information Technology regulate e-signatures, public service digitalization, and digital tax collecting.

4.1.4.7. Conclusion

Egypt Vision 2030's intermediate goal is to grow the export competitiveness of products with high added value and technical sophistication that open up international markets. The roadmap's efforts in this area are intended to add more countries where Egyptian goods prevail over others into global value chains, thus increasing resilience against external shocks and benefiting both trade balances generally speaking and also individually for specific trades.

Vision 2030 similarly stresses integrating into world production chains, particularly within modern innovative and technology-driven sectors, so as to catch hold of advances in technology and dip into emerging regional international markets. At the heart of this aspiration is an ambition to enable the national economy along three lines described as "Diversified, Knowledge-Based, and Competitive Economy." This objective reflects the capacity for producing goods that meet domestic needs and are able to compete well in global markets. Key forces behind competitiveness are quality infrastructure, a stable macroeconomic environment, and those elements of efficiency responsible for education, training, research, technology cooperation, and innovation. Competitiveness is also the driving engine of economic growth and global integration.

In alignment with Egypt's Vision 2030, this goal is also in harmony with recent economic developments, such as the implementation of the National Program for Economic and Social Reform. This all-embracing program covering fiscal, monetary plus structural reforms is a concerted action to reverse current imbalances, restore confidence in the future process of investment and general growth; create an environment for consensus-driven development that benefits all sections of society together. Its ultimate aim is to produce outcomes that are visible to ordinary people's eyes: improved efficiency, higher cash income levels where they work for their money; ensuring a way out for all our citizens through means without huge cost or debt crisis.

Therefore, the Egyptian government attaches strategic significance to industry as a key propeller of economic progress. Industrial progress is held as the basis for broadening the sources of production, income, and export while raising overall productivity. Egypt will strive to make use of its advantageous geographical location in the world, hoping to expand international trade and attract investment both from home and abroad. To this end, it will build and develop modern logistics bases and manufacturing firms, aided by upgraded infrastructure in selected governorates and relatively new urban zones.

One of these is the Qualified Industrial Zones (QIZ) program, which specifies geographical areas in Egypt that are entitled to duty-free access mainly to the United States market. Under this system, companies located within these zones are permitted to enter the U.S. for all restricted or contents-free items provided they conform with pre-selected regulations. Egypt's economy has benefited substantially from the establishment of QIZs permitting local businesses (and foreign investors) to get QIZ status and set up within these zones. Presently, QIZ money-making regions are located in Alexandria at the Mediterranean Sea end of the Suez Canal, in Greater Cairo and Central Delta districts (where there have been recent extensions) and recently established areas like Minya; and also, in the highly populated Beni Suef City area. (General Authority for Investment and Free Zones, n.d.).

Inland waterway transport has seen strategic upgrades along four primary corridors—Cairo-Alexandria, Cairo-Damietta, Cairo-Aswan, and Cairo-Ismailia—alongside the modernization of navigation locks. Future plans include the development of a logistics hub on Lake Nasser to link the Lake Victoria–Alexandria navigational corridor with the Mediterranean Sea, thus increasing the role of river transport through integrated information systems and port networks.

Significant progress has also been made in maritime transport. Egypt's 15 commercial ports, alongside specialized ports in mining, petroleum, tourism, and fisheries, have been expanded with 35 km of new quays at depths of 15–18 meters, bringing the total to 76 km. These developments aim to enhance cargo handling efficiency, reduce vessel wait times, and promote the use of logistics zones and digital platforms for freight movement.

The Suez Canal, a vital artery of global trade, has undergone major expansion, enabled the passage of large vessels and supporting the establishment of industrial zones tailored to transit operations. Five tunnels have been built between the Nile Delta and the Sinai Peninsula to enhance domestic communications. The Canal added USD 7 billion to Egypt's balance of payments (reserves to balance the deficit), or 2.4% of GDP, in the 2021 and 2022.

Enhancing digital transformation is a major lever to realize the goals of Egypt's Vision 2030 in all economic, social, institutional, and environmental sectors. It encourages the implementation of an agile and adaptive institutional framework that is able to keep pace with fast technological movements and evolution in the world. Furthermore, digital transformation leads to lower transaction costs and better governance by stimulating innovations and enhancing public service delivery.

The Information and Communications Technology (ICT) sector has emerged as the fastest-growing sector in Egypt, primarily due to large-scale digital transformation programs and continued expansion of technological service centers in urban and rural regions. However, several challenges hinder progress. These factors include a lack of mature digital infrastructure, especially in remote areas; poor digital capabilities and awareness of cybersecurity; continued use of manual-based processes in some government agencies; a lack of disaster recovery readiness; and poor data governance frameworks caused by the weak enforcement of data security legislation and lack of capacity to ensure data is protected.

4.2. Good Practices from OIC Member Countries

Nigeria's NES II (2021–2026) strategy is a concrete demonstration of the country's efforts to reduce its dependence on oil and diversify its economy. As part of the "Zero Oil Plan," 11 priority products (e.g., cocoa, sesame, leather, palm oil) have been identified. Target markets have also been prioritized within the framework of the AfCFTA. In institutional coordination, the Ministry of Industry, Trade and Investment is the main coordinator; NEPC, NEXIM Bank, and the Customs Administration are supporting institutions. NEXIM Bank provides financing through export credits and insurance mechanisms. Customs procedures have been streamlined through the Single Window system in digitalization. Performance indicators (number of new markets, number of exporting SMEs) have been identified for monitoring, and independent evaluation reports have been prepared. The Nigerian example demonstrates the importance of sectoral diversification and institutional coordination in reducing natural resource dependency.

Azerbaijan has focused on agriculture and digitalization with the goal of reducing energy dependency.

The agricultural and food processing sectors have been selected as priority areas. In practice, the ASAN Xidmət platform provides exporters with a single-point service for digital services. Infrastructure-wise, the Baku–Tbilisi–Ceyhan and Baku–Tbilisi–Erzurum lines have increased logistics capacity. Agricultural export performance is monitored through regular statistical reports. Digital service infrastructure and logistics investments play a critical role in export diversification.

Indonesia has transformed its vast natural resource base to create added value.The export of unprocessed minerals, including palm oil, rubber, and coffee, has been banned, thus encouraging domestic industry. In practice, the export of unprocessed minerals has been banned, making domestic smelter investments mandatory. E-commerce platforms and digital payment systems have facilitated SMEs' access to global markets. Goals are integrated into development plans are regularly announced in government reports. Value-added export policies are critical to long-term industrial transformation.

Thanks to its strategic location, Egypt has strengthened its commercial advantages. Non-petroleum chemicals and agricultural products have been identified as priority sectors. Customs modernization is being implemented, and the NAFEZA single window system has been implemented. Specialized training programs have been organized to encourage small businesses to participate in exports through SME Programs. The Ministry of Trade's performance reports are being shared with the public.

Customs modernization and single window applications provide significant convenience for exporters by shortening processing times.

Table 2 Good Practices from OIC Case Countries

Stage	Context	Country	Good Practice
Identification	Identifying Export Markets and Priority Countries	Nigeria	NEPC has been promoting the Zero Oil Plan, which identifies and stimulates export of 11 key non-oil products—such as cocoa, sesame seeds, leather—and seeks to reduce the country's dependence on oil exports.
Identification	Identifying Export Markets and Priority Countries	Indonesia	Indonesia has formulated a long-term development strategy: the Golden Indonesia 2045 Vision (Indonesia EMAS 20459 with a theme "Stronger Together, through Expansive and Integrated Trade, Connected to Domestic and Global Markets.", both linked to internal markets and balanced with neighboring economies. This vision requires a comprehensive framework aimed at stabilizing the domestic market, enhancing consumer protection, adding value and upgrading the quality of exports, and raising productivity in all sectors. Four strategic pillars—sustainable economic growth, social equity, environmental sustainability, and geopolitical influence—guide future work and policy formation over the long term.
Identification	Sectoral Prioritization	Azerbaijan	The government initiated "Strategic Roadmaps for National Economy and Key Sectors"in 2016, pointing out agriculture, tourism, logistics, and information technology as non-oil industries that deserve first priority in order to promote sustainable growth. Such a long-term orientation stresses the importance of enhancing export competitiveness, promoting value-added products, and reducing reliance on the extractive industry. The strategy also seeks short-term macroeconomic stability.
Identification	Developing Partnerships	Azerbaijan	The development of logistics corridors and special economic zones (SEZs), most notably the Alat Free Economic Zone (AFEZ) is expected to play a pivotal role in boosting industrial output and advancing export-oriented production. As is underscored by International Finance Corporation (IFC) of the World Bank (IFC, 2023), the operational model of AFEZ follows international best practice, in particular from a number of thriving Special Economic Zone (SEZ) experiences in Singapore, the United Arab Emirates (UAE), Thailand, Korea, and the Netherlands.

Implementation	Human Resources and Institutional Structure	Egypt	Egypt's export program has increased inter-institutional harmonization by prioritizing customs modernization and SME export training. GOEIC launched a Center of Excellence, marking a significant advancement in institutional innovation and capacity development. The Center embodies a forward-looking approach to excellence, aimed at strengthening the Egyptian economy by supporting national exports and domestic industries, thereby fostering enhanced performance and competitiveness. The Center offers targeted training programs to support Egyptian exports and enhance the skills of exporters, importers, and business professionals. It also provides training for university students as part of GOEIC's community engagement efforts.
Implementation	Human Resources and Institutional Structure	Indonesia	According to the Portal Informasi Indonesia, Indonesia will need an additional 9 million digital professionals to satisfy the changing requirements of the digital economy. In reaction, Komdigi has teamed up with the Ministry of Education, Culture, Research, and Technology, along with universities and training bodies nationwide. A pivotal initiative is the Digital Talent Scholarship Program, which aims to furnish students and young professionals with the ICT skills essential to support Indonesia's digital ecosystem. The program targets both secondary and tertiary education levels and serves as a foundational element in cultivating the country's future digital workforce.
Implementation	Coordination Mechanisms	Azerbaijan	Azerbaijan Export and Investment Promotion Agency (AZPROMO), plays an important role in strengthening Azerbaijan's international branding under ''Made in Azerbaijan' 'initiative, facilitates business missions, organizes trade fairs, and supports exporters with market intelligence and international certification processes.
Implementation	Communicat-ing the Strat-egy	Nigeria	In 2022, Export4Survival Campaign has been launched, it's a notable program that highlights the vital role played by exports in national economic growth and development.

Implementation	Communicating the Strategy	Indonesia	Indonesia's Overseas Trade Representation is a key to promote national export interests. Overseas Trade Representation includes Trade Attachés, Indonesian Trade Promotion Centers (ITPCs), the Taipei Indonesian Economic and Trade Office (IETO), the Indonesian Trade Consul in Hong Kong, and the Indonesian Permanent Mission to the World Trade Organization (WTO). These representatives are responsible for providing market intelligence, maintaining trade relations, supporting promotion work, foreign market exploration, and trade intelligence activities. Through a centralized digital platform called the "Indonesia Trade Offices," stakeholders can access rich information about export markets, regulations, trade exhibitions, foreign representative agencies, and also benefit from consulting directly with trade officials.
Implementation	Implementation Plan and Performance Criteria	Indonesia	Ministry of Trade has developed the Strategic Plan 2025–2029 (RENSTRA), which is cohesively aligned with the President's developmental agenda and the objectives outlined in the 2025–2029 National Medium-Term Development Plan (RPJMN). These strategic documents collectively emphasize industrial evolution, trade facilitation, digital economy growth, and increased involvement in global value chains. In this policy framework, the RPJMN assigns a specific set of responsibilities to the Ministry of Trade, communicated through 55 performance measures. One measure relates to National Priority (PN) 2, focusing on bolstering national security and attaining self-reliance in crucial sectors such as food, energy, and water, alongside nurturing emerging sectors like the digital, green, and blue economies. The remaining 54 measures correspond with PN 5, which aims at promoting the downstream development of natural resource-based industries to generate enhanced domestic value.

Implementation	Financial and Technical Support	Azerbaijan	The government has also established special support mechanisms such as export insurance through "Azexport" and access to finance via the Entrepreneurship Development Fund. The portal serves as a centralized digital gateway where local producers can list goods for both domestic and international markets. Between 2017 and 2020, Azexport received over 50,000 export requests from 136 countries, producing an estimated $1.6 billion in quotation value and greatly increasing Azerbaijan's visibility on global digital markets. Azexport, recognized by UNESCAP as a best practice in cross-border paperless trade, directly helps to Azerbaijan's non-oil export growth and serves as a cornerstone of the country's digital trade infrastructure.
Implementation	Financial and Technical Support	Indonesia	A key institutional actor in export finance is the Indonesia Eximbank (Lembaga Pembiayaan Ekspor Indonesia, LPEI), a state-owned financial institution operating under the Ministry of Finance as a Special Mission Vehicle (SMV). Mandated by Law No. 2/2009, its principal mission is to support export growth through the provision of financing, guarantees, insurance, and advisory services. One flagship initiative, the "Program Desa Devisa" (Export Village Program), exemplifies the institution's grassroots engagement. In 2024 alone, LPEI disbursed over IDR 7 trillion in Special Export Financing (PKE) to support priority sectors. The strategic alignment between LPEI's National Interest Account (NIA) and national export objectives is ensured through research-based planning grounded in Indonesia's overarching export strategy
Monitoring	Monitoring	Nigeria	There are clear frameworks for Monitoring & Evaluation (M&E) in NES II such as performance indicators are defined for the purpose of tracking the objects, a timeline is established with the responsible institutions. The Federal Ministry of Industry, Trade & Investment (FMITI) is the chief coordinator of the strategy.

4.3. Detailed Country Analysis for Non-OIC Countries

4.3.1. China

4.3.1.1. Background Information

China is currently the world's second-largest economy in terms of nominal GDP. Over the years, it has emerged as the largest manufacturing economy and the leading global exporter of goods. Frequently referred to as **a "manufacturing powerhouse," "the world's factory,"** and a **"manufacturing superpower"** (Wang & Li, 2017), China plays a pivotal role in global production networks.

The country's administrative structure is organized under the principle of **"One Country, Two Systems."** While **Mainland China, Hong Kong**, and **Macao** together constitute the People's Republic of China, the latter two regions are designated **as Special Administrative Regions (SARs).** Unlike the mainland, Hong Kong and Macao operate under a free trade regime, enabling them to serve as key gateways for international trade and investment.

One of the most significant infrastructure projects linking these regions is the **Hong Kong–Zhuhai–Macao Bridge (HZMB),** seen in **Figure 26.** This 35-kilometre bridge-and-tunnel system, supported by two artificial islands, connects the major economic centres of Hong Kong, Macao, and the Chinese mainland. By significantly reducing travel time between these hubs, the HZMB strengthens regional economic integration and facilitates trade flows among the three centres.

Figure 26 Hong Kong–Zhuhai–Macao Bridge (HZMB), China

China has undergone a remarkable transformation from a poor, predominantly rural country into one of the world's leading economic powers, largely due to the economic reforms initiated in the late 1970s. A key driver of this success has been the strategic utilization of foreign capital to modernize the national economy, coupled with the exploitation of its comparative advantage—namely, an abundant supply of low-cost labor.

China's process of opening up to the global economy formally began with the enactment of the 1979 Joint Venture Law, followed by the establishment **of Special Economic Zones (SEZs)** in 1980. Prior to these reforms, the country's foreign trade system was governed by a rigid centrally planned model. The Ministry of Foreign Trade restricted trading rights to a limited number of large state-owned corporations, with import and export quantities strictly determined by the central authorities. Additionally, the exchange rate was deliberately overvalued to make imports more affordable while simultaneously discouraging exports. Within this autarkic framework, China's share of global trade was a mere 0.6 percent by 1977. (Shalupayeva, 2021)

Under the leadership of President Deng Xiaoping, China initiated its **"Reform and Opening Up"** policy in 1978, signifying a strategic transition from a centrally planned economy to a market-oriented model. A core objective of these reforms was to expand the country's export capacity by promoting export-oriented and foreign-invested enterprises. To facilitate this transformation, China undertook extensive trade liberalization measures, including the decentralization of trade administration, expansion of trading rights, price liberalization, substantial reductions in tariff and non-tariff barriers, and a marked devaluation of the renminbi (RBI). Additionally, the government advanced current-account convertibility and actively encouraged foreign direct investment (FDI), particularly by offering incentives to multinational corporations to offshore lower-value segments of their production to China. This policy framework underpinned an export-led growth strategy that frequently prioritized exports over domestic consumption and import liberalization.

Launched in August 1988 by the State Council of China, the **Torch Program** marked a pivotal step in integrating technological advancement with industrial development through market-oriented reforms. Its primary objective was to foster the growth of high-tech industries across China. To oversee this initiative, the Torch High Technology Industry Development Center—an independent legal entity under the Ministry of Science and Technology (MOST)—was established in October 1989. For over three decades, the Torch Program has served as a cornerstone of China's innovation-driven industrial policy. Through mechanisms such as **National High-Tech Industry Development Zones,** technology business incubators, certification programs for high-tech enterprises, and entrepreneurship competitions, the program has created a dynamic ecosystem for innovation. It has significantly contributed to optimizing the national innovation environment, improving the allocation of scientific and technological resources, and enhancing regional innovation capacity. (Torch High Technology Industry Development Center, n.d.)

China has become a member **World Trade Organization (WTO)** in 2001. Even prior to WTO accession, China had significantly lowered trade barriers and enhanced market access. Post-accession, China aligned its trade regulations with WTO rules, revising key laws such as the **Foreign Trade Law and Import and Export Regulations.** These reforms integrated China into the global economy, enabling specialization based on comparative advantage and allowing consumers to benefit from global trade. (Shalupayeva,2021)

The 2008 global financial crisis exposed the vulnerabilities of China's export-driven growth model, prompting a strategic shift toward fostering domestic demand. One major concern was China's position in the global value chain, where its export-oriented model—importing raw materials for processing and re-export—kept the country in mid-tier roles. In response, Chinese policymakers launched a series of structural reforms aimed at achieving more sustainable and innovation-led growth. These included supply-side structural reforms introduced in 2015 and the **"Made in China 2025"** strategy announced by Premier Li Keqiang. The overarching goal was to transition from an export- and investment-led economy to one driven by domestic demand and innovation. The strategy emphasized concepts such as **"indigenous innovation" and "self-sufficiency,"** aiming to boost the domestic market share of Chinese suppliers in areas such as **"basic core components and key foundational materials"** to 70% by 2025. To realize these objectives, government bodies across all administrative levels in China initiated substantial financial resources into the country's industrial advancement. The newly established **Advanced Manufacturing Fund,** for instance, amounts to 20 billion CNY (approximately 2.7 billion EUR), while the **National Integrated Circuit Fund** has received an even more substantial allocation of 139 billion CNY (roughly 19 billion EUR). In comparison, the scale of China's investments significantly exceeds that of countries like Germany, where the federal government has allocated only around 200 million EUR to support research in Industry 4.0 Technologies to date. (Wübbeke, 2016) The strategy encompasses nearly all high-tech sectors that are key drivers of economic growth in advanced economies. These include the automotive and aviation industries, advanced machinery, robotics, high-tech maritime and railway equipment, energy-efficient vehicles, medical technologies, and information and communication technology.

Made in China 2025 also includes an outward-oriented component, characterized by the growing trend of Chinese investors acquiring high-tech companies abroad. This strategy aims to accelerate China's technological advancement and enable domestic firms to bypass intermediate stages of development by obtaining critical technologies through foreign direct investment. As a result, the primary engine of China's economic growth has shifted from low-cost factory labor to an increasingly dynamic technology and services sector. This transformation is largely propelled by substantial increases in research and development investment and a comparatively cost-effective engineering workforce relative to countries such as Japan, South Korea, the United States, and those in Europe. The era of growth driven by abundant cheap labor is drawing to a close, as the supply of unskilled workers diminishes and statutory minimum wages continue to rise significantly. Consequently, many low value-added manufacturing activities are relocating to other countries. In their place, high-tech industries and the service sector are emerging as the principal drivers of economic expansion.

In light of the structural vulnerabilities exposed by the COVID-19 pandemic, the Chinese government adopted an inward-oriented economic approach aimed at bolstering domestic resilience. In May 2020, **President Xi Jinping** unveiled the **Dual Circulation Strategy (DCS),** a comprehensive policy framework designed to simultaneously strengthen internal demand while reinforcing China's global economic engagement. The first is built on expanding inner demand and fostering new technologies, while the second aims to continue China's integration into the global economy through opening markets and actively participating in foreign trade and investment regimes. This dual-track model signifies China's broader transition toward a consumption- and innovation-driven growth paradigm. Referred to by Chinese analysts as a **"double inversion"** strategy, its steps aim, in fact, to re-orient the economy with domestic consumption on top of national GDP.

China's **14th Five-Year Plan (2021–2025),** adopted by the National People's Congress in March

2021, reflects a comprehensive program of economic modernization, technical advancement, environmental improvement, and institutional change. Of particular note: the strategy also unfolds an outlook that takes the future into account, with plans stretching to 2035.

Among the regional initiatives included in the plan is the **Guangdong-Hong Kong-Macau Greater Bay Area (GBA)**. Covering an area of some 56,000 square kilometers, the GBA is a priority zone for regional integration, innovation-led development, and global competitiveness. Through initiatives such as building clusters of industries and integrating industrial parks, the area seeks to gain an advantage on the international front. In order to achieve deeper economic integration throughout the region and boost intercity cooperation, this initiative will draw on the complementary strengths of the various cities. It also aims to build a well-known global hub for living, business, and tourism.

In parallel, the **Yellow River Basin Green Farmland and High-Quality Agricultural Development Project** aims to enhance ecological sustainability and agricultural productivity across the basin. In view of the scarcity of resources, we believe that priority must be given to research and implementation in such fields as setting up green farmland, ecological protection, sewage disposal and water-saving technologies, pollution control, and adding value to agricultural products. Through these efforts, the project aspires to raise resource-use efficiency, increase agricultural output, and advance rural development—ultimately contributing to poverty alleviation and environmental restoration throughout the region.

4.3.1.2. Export Capacity & Diversification of Exports by Products and Markets

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China, and is a key year for achieving the goals and targets outlined in the 14th Five-Year Plan covering the years 2021-2025 and which highlights high-quality green development and emphasizes innovation as the core of modern development, relying on the dual circulation strategy as the growth paradigm coupled with reforms to increase living standards.

According to the National Bureau of Statistics of China, the gross domestic product (GDP) in 2024 is 134,908.4 billion Yuan ($18.78 trillion), up by 5.0 percent over the previous year. China's foreign trade achieved a historic milestone in 2024, with the total import and export volume reaching a record RMB 43.85 trillion (US$5.98 trillion), marking a 5 percent year-on-year increase. This growth reflects a steady rebound in global demand and highlights China's resilience amidst a challenging global economic landscape.

In RMB terms, exports increased by 7.1 percent, reaching RMB 25.45 trillion, while imports rose by 2.3 percent to RMB 18.39 trillion. The significant growth in exports of high-tech products—such as electric vehicles, industrial robots, and 3D printers—highlights China's shift towards an innovation-driven trade model. For example, electromechanical goods comprised 59.4 percent of total exports, achieving an 8.7 percent growth rate, while exports of high-end equipment surged by more than 40 percent. In 2024, exports of high-tech goods experienced notable growth, with electric vehicles increasing by 13.1 percent, 3D printers by 32.8 percent, and industrial robots by 45.2 percent. Furthermore, the total volume of cross-border e-commerce trade reached 2.63 trillion yuan, reflecting an increase of 1 trillion yuan compared to 2020. (National Bureau of Statistics of China, 2025)

China's total Exports in 2024 were valued at US$3.58 Trillion, according to the United Nations COMTRADE database on international trade. Total Imports were valued at US$2.59 Trillion. In 2024, China had a trade surplus of US$991.41 Billion. **Figure 27** shows China exports between 2015-2025 March.

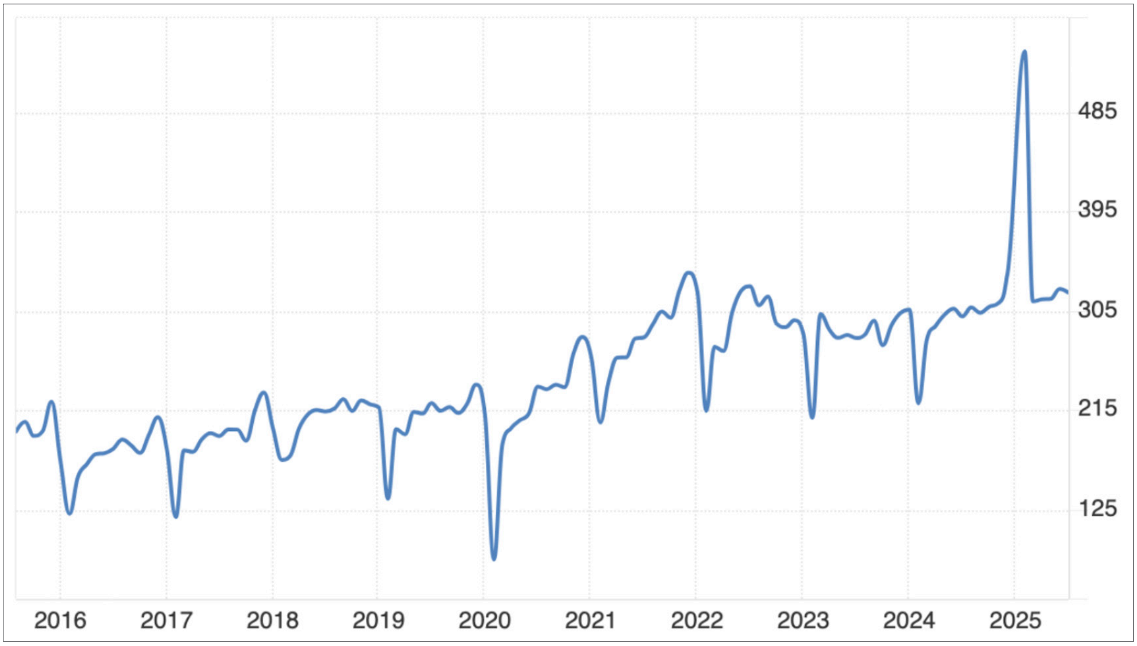


Figure 27 China Exports in between 2015-2025

Source: Tradingeconomics.com

According to data released by the General Administration of Customs (GAC), China also reinforced its role as the world's largest trader in goods and a pivotal partner for over 150 economies. Trade with **Belt and Road Initiative (BRI)** countries expanded by 6.4 percent, surpassing half of China's total trade for the first time. ASEAN remained China's largest trading partner for the ninth consecutive year, while trade with the EU and US grew by 1.6 percent and 4.9 percent, respectively. The total value of imports and exports between China and other Regional Comprehensive Economic Partnership (RCEP) member countries is 13,164.5 billion yuan, up by 4.5 percent over that of the previous year.

On the other hand, as illustrated in **Figure 28,.** the country's leading top three export partners were **US (US$525.65 billion; 16.60%), Hong Kong (US$290.87 billion; 9.20%),** and the **Vietman (US$161.85 billion; 5.10%).** In regional terms, **49.50%** of China's exports were directed to Asia, **25.20%** to Americas, **20.50%** to the Europe and **2.60%** to Africa. (Trading Economics, 2024).

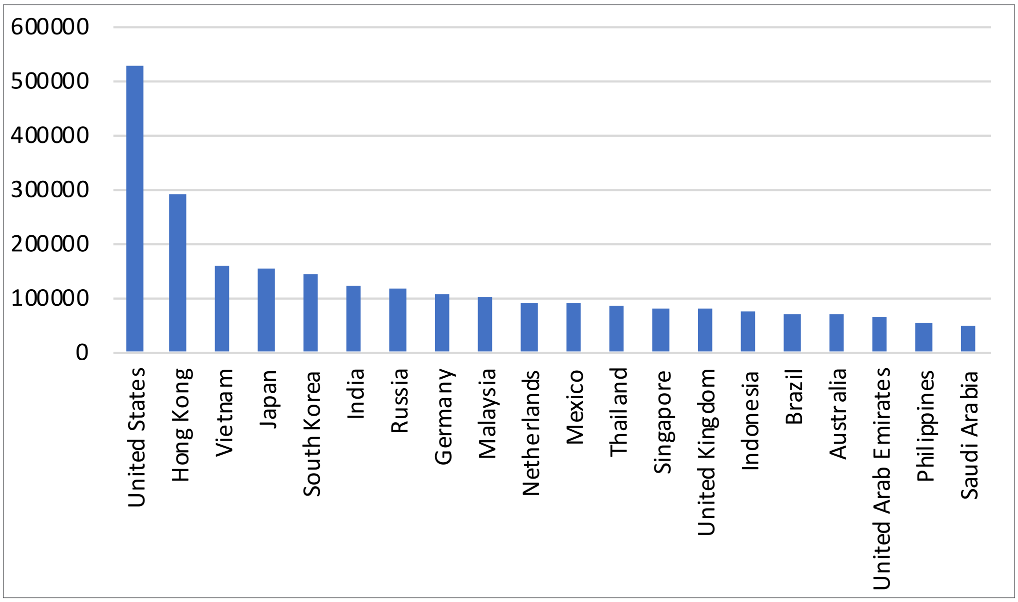


Figure 28 China Exports by Country (Top 20, 2024)

Source: Tradingeconomics.com

The same database reports that China's diversified exports to OIC member countries stood at **US$517** billion, representing a mere **16%** of its total exports in 2024. The country's top three OIC export partners were **Malaysia (US$ 101.46 billion; 5,67%), Indonesia (US$ 76.67 billion; 3,82%), and the United Arab Emirates (US$ 65.59billion; 1,60%).** Country distribution is depicted in **Figure 29.**

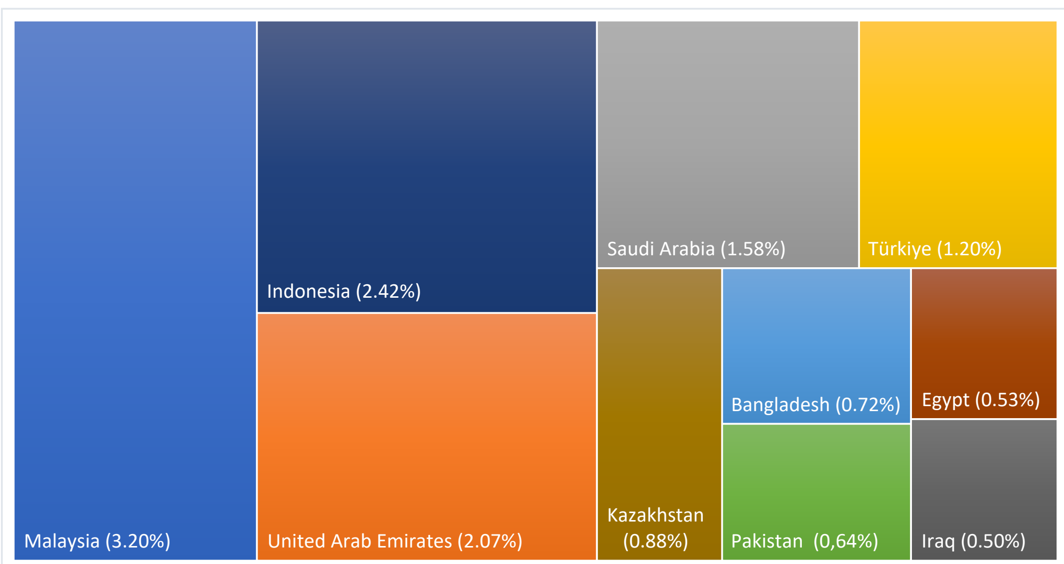


Figure 29 China Exports to OIC Countries (Top 10, 20242024)

Source: Tradingeconomics.com

On the other hand, against China's total exports at US$3.58 Trillion, country's total imports in 2024 were valued at US$2.59 Trillion, according to the United Nations COMTRADE database on international trade.

Nearly one-fifth of China's imports in 2024 originated from **OIC Member Countries, with Malaysia and Indonesia alone accounting for over 7.6%.** Figures has revealed that while China's exports to OIC member countries stood at **US$ 517 billion**, OIC countries have exported **US$ 449.5 billion** to China. Creating a trade deficit of **US$ 67.48 billion**.

China's imports from OIC Member Countries in 2024 is depicted in **Figure 30.**

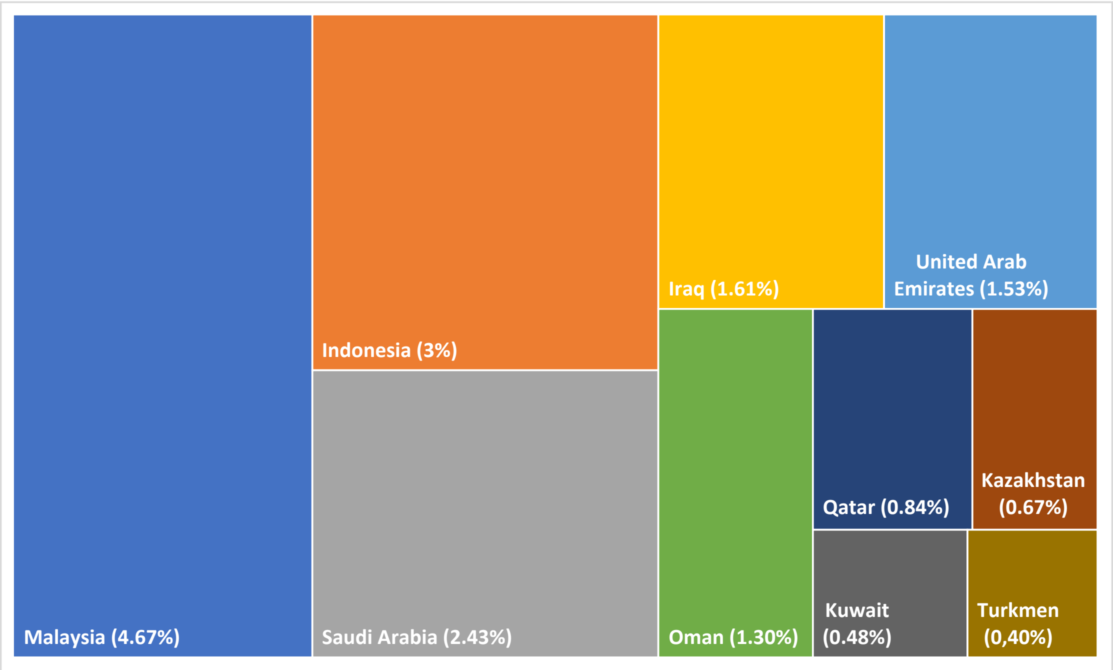


Figure 30 China Imports from OIC Countries (Top 10, 20242024)
Source: Tradingeconomics.com

The transformation of China's trade strategy has been underpinned by a range of policy measures aimed at **enhancing productivity** and economic resilience, including substantial **investments in technology and innovation.** To accelerate growth in the manufacturing and services sectors, generate **employment opportunities, and promote economic diversification**, the Chinese government has prioritized **industrialization and urbanization.** The transition toward **innovation-driven manufacturing** has led to greater diversification in China's export structure. This shift is evidenced by the increasing share of exports in electronics, machinery, and high-tech products, which have gradually replaced the previously dominant low value-added commodities.

By broadening its export portfolio, China has significantly reduced its vulnerability to external shocks and the vagaries of world demand, building up an economic resilience that is much more than nominal.

Export diversification, as seen in both **Made in China Initiative** products and afterwards under the **Dual Circulation Strategy**, has had an effect in enhancing actual export capacity. The facilitation of this transition can be attributed to **successful knowledge transfer**, improvement in productive efficiency and the development of technological capabilities. A more diversified export structure did not only encourage the establishment of new industries but also facilitated old ones with advantageous conditions, elevating production techniques and making valuable contributions to long-term economic growth. (Ul-Haq, Visas & Krivins, 2025)

In addition to exploring how the export product diversification took place from a producer perspective, some in China have taken up environment recognition tasks. Rising **exports of green products**—such as wind turbines and photovoltaic systems—show that China is now one of the main contributors to a global change in energy structure. But with mounting external uncertainties—from the growth of protectionist measures in international trade to geopolitical tensions—this is still far from easy. In reaction, China has adopted a series of policies to stabilize foreign trade, foster cross-border e-commerce, and extend into new and emerging markets. Concurrently, businesses are diversifying their export destinations and increasing overseas investments as a strategy to mitigate these risks. Export controls are also imposed on critical raw materials such as rare earth elements. Permits are being expedited with **a "green line"** to Europe.

In light of ongoing transformations in the global trade landscape, Chinese leadership has increasingly underscored the critical importance of **digital commerce**. Notably, **e-commerce** has been officially recognized as the **"future direction of trade development,"** reflecting the government's strategic commitment to harnessing digital platforms to stimulate economic expansion and augment its influence within the international trading system (Xinhua, 2001).

4.3.1.3. National Export Strategy & Institutions

National Export Strategy

Every five years, the General Committee of the Communist Party of China formulates and disseminates a **Five-Year Plan** that serves as a strategic blueprint for national development, including foreign trade policy. Until the adoption of the Twelfth Five-Year Plan, China's trade strategy was predominantly export oriented. This orientation enabled both foreign investors and domestic producers to capitalize on the country's comparative advantages, notably its abundant low-skilled labor force and relatively low energy costs. Originally positioned as an export-led economy, China progressively transitioned towards a more domestically anchored growth paradigm, placing substantial emphasis on investments in national infrastructure. **The Belt and Road Initiative (BRI),** introduced under the Twelfth Five-Year Plan, represents a landmark policy aimed at enhancing economic connectivity and regional integration across more than 100 countries spanning Asia, Europe, and Africa. This ambitious initiative encompasses a wide spectrum of collaborative undertakings, including the development of railway and highway networks, maritime corridors, energy pipelines, special economic zones, and various infrastructural investments. The BRI is designed not as a geopolitical or military alliance but as a platform for peaceful development and economic cooperation (Ahmad, 2021). Although it primarily targets Asia, Europe, and Africa, the BRI remains open to participation from all countries. Its implementation has significantly contributed to the expansion of China's global economic footprint.

With the 13th five-year plan, titled **"Made in China 2025",** China has introduced a strategic plan that aimed to alter country's stance of "world's manufacturer" due to cheap labor to leader of high-tech industry. Investments have been allocated to ten technology-related sectors considered as future-oriented, including vehicles, aerospace, semiconductors, and 5G. This shift demonstrates China's transition in trade strategy from a position based on cheap labor to one focused on investment-driven growth.

In recent years, this approach has evolved into a more integrated development model that seeks to combine robust domestic growth with strategic international investments in infrastructure and advanced technologies. New Development Paradigm **– Dual Circulation** is provided in the fourt part of the **National Plan for Economic and Social Development** and the **Long-Term Vision up to 2035 (14th five-year plan),** titled **"Forming a Strong Domestic Market and Building a New Development Model"**, focused on increasing domestic consumption, achieving more balanced economic growth and transforming into a more science and innovation-driven economy. This economic strategy is structured around two interrelated components:

- **Internal circulation,** which encompasses domestic economic activities within China by boosting domestic consumption and investments to reduce dependency on exports and foster more balanced economic growth oriented towards internal demand. This includes measures such as tax reductions, increased social spending, and efforts to stimulate private sector investments. Also, strategy promotes the development of domestic industries, particularly high-tech and advanced manufacturing sectors including investments in research and development, infrastructure and human capital to support the growth and competitiveness of these sectors. Strengthening internal supply chains is another key point to enhance the resilience and competitiveness of Chinese industries and supply chains, reducing dependence on imports and increasing the country's self-sufficiency.

- **International circulation,** which refers to the country's economic engagement with the global market.

Under the dual circulation framework, these two spheres are envisioned to function in a mutually reinforcing manner, with the domestic market serving as the principal pillar and foundational driver of growth. The 14th Five Year Plan places significant emphasis on research and development. As shown by the **Figure 31,** it elevates technological self-reliance and development to a strategic support position for national development.

Figure 31 Targets for China's 14th Five Year Plan

By strengthening internal circulation and production, China aims to bolster the resilience and sustainability of its economic development while simultaneously creating more favorable conditions for international trade and investment flows. (Bairam A, Omarova M, Aldabek N, Yem N., 2025)

In response to escalating U.S. tariffs in 2025 and shifting global trade dynamics, Chinese exporters are urged to pursue diversification strategies by expanding into new international markets. (Reuters) In alignment with this national directive, local governments such as Shenzhen introduced a comprehensive package of 24 measures aimed at enhancing automotive export performance. These initiatives include the development of new maritime trade routes, strategic investments in logistics infrastructure, and regulatory approval for the export of second-hand vehicles. (Financial Times).

Institutions

The Ministry of Commerce (MOFCOM) serves as the principal authority responsible for devising trade and international economic cooperation strategies in China. Its mandate includes drafting and implementing legislation governing both domestic and foreign trade, regulating inbound and outbound investment, and overseeing foreign economic cooperation and aid initiatives. For international projects exceeding USD 100 million, MOFCOM is required to consult with the Ministry of Foreign Affairs (MFA) and the Ministry of Finance (MOF) before the State Council finalizes decisions related to medium- and long-term export credit insurance.

The Ministry of Finance (MOF) on the other hand, executes the fiscal policies of the Communist Party of China (CPC) Central Committee and adheres to its centralized leadership on matters of public finance. The ministry's core functions include developing and implementing fiscal strategies, tax policies, and reform programs, in addition to macroeconomic forecasting, financial legislation, and managing central government revenues and expenditures.

The China Foreign Trade Centre (CFTC), operating under MOFCOM, plays a pivotal role in trade promotion. Its commercial arm, China Foreign Trade Centre Group, Ltd., is responsible for organizing large-scale exhibitions such as the China Import and Export Fair (Canton Fair). It also manages key exhibition venues including the Canton Fair Complex—the world's largest comprehensive exhibition facility—and the National Convention & Exhibition Center (Tianjin). The Centre's operations encompass the entire exhibition industry chain, including construction, hospitality, catering, advertising, business travel, and trade services.

The Export-Import Bank of China (EXIMBANK) is a state-funded policy bank reporting directly to the State Council. As an independent legal entity, it is mandated to support China's foreign trade, outbound investment, and international economic cooperation.

The Industrial and Commercial Bank of China (ICBC), established in 1984, underwent restructuring into a joint stock limited company in 2005 and was subsequently listed on both the Shanghai Stock Exchange and Hong Kong Stock Exchange in 2006. It plays a significant role in China's domestic and international banking landscape.

The China Export & Credit Insurance Corporation (Sinosure), founded in December 2001 and administered by the Ministry of Finance, is the leading provider of export credit insurance in China. Sinosure was created through the consolidation of the Export Credit Insurance Department of the People's Insurance Company of China (PICC) and the export credit division of China EXIMBANK. Following China's accession to the World Trade Organization (WTO), Sinosure has played a key role in facilitating Chinese enterprises' exports and overseas expansion, with a particular focus on high value-added goods.

4.3.1.4. Digitalization of Trade

Custom Regulations & Standarts

The General Administration of Customs of the People's Republic of China (GACC) serves as the central agency responsible for overseeing China's customs operations as well as border management. Its official title is General Administration of Customs of the People's Republic of China, and its network covers ports around the country where teams work around the clock to facilitate international cargo. With the administrative restructuring of 2018, the responsibilities of GACC greatly widened. With approximately 100,000 personnel nationwide, the agency now oversees not only traditional customs enforcement but also border health inspections, animal and plant quarantines, imported and exported food safety, comprehensive commodity inspection, and so on. To respond effectively to the increasing complexity of international trade, GACC has stepped up regulatory oversight through institutional cooperation with equivalent authorities in foreign countries and by using advanced digital technology. These include cloud computing, artificial intelligence (AI), blockchain, big data analytics, and machine learning. The way in which these technologies are integrated makes for more efficient data management, stronger surveillance, and greater mechanisms of compliance.

A cornerstone of GACC's modern regulatory framework is its integrated **risk management system**. It is using comprehensive risk management means, centers for intelligence collection, real-time analysis of data, and then making informed decisions. This plays a key role in combating industrial fraud, intellectual property infringement, evasion of taxes, dealing in refuse drugs, and wildlife products. Moreover, it has warded off potential pests that could otherwise have been let loose on a transboundary scale, together with their associated diseases.

In line with national goals to improve the efficiency of cross-border trade, GACC focuses on the **digitalization and simplification of customs procedures.** Digitalization covers almost all steps from entry to exit. In a nutshell, "digitized" not only means that all incoming declarations and exit declarations are handled electronically; it also implies that one can call up one's clearance status at anytime, anywhere. Central to this effort is the nationwide implementation of the **Single Window System**, which facilitates fully electronic customs and quarantine declarations and allows stakeholders to track clearance statuses in real time. The way that the papers and documents are exchanged seamlessly across all ports in China enhances information transparency, cuts down on administrative work for authorities, and makes it easier to coordinate among regulatory bodies.

Guangzhou has played a pioneering role in China's cross-border e-commerce ecosystem since its designation as a **pilot city in 2013.** For four consecutive years, it has ranked among the top cities in China for cross-border e-commerce volume. In 2017 alone, Guangzhou Customs processed over 220 million e-commerce declarations, covering nearly 800 product categories destined for more than 180 countries and regions.

As the first regional customs authority to apply a unified management system for the product inspection of cross-border e-commerce, Guangzhou Customs has promoted China's trade facilitation reforms. By 2025, this new system is expected to help accommodate emerging e-commerce models, including:

- Cross-border bonded warehouses combined with direct-purchase imports.
- Global cross-border e-commerce distribution centers; and
- Integration of cross-border e-commerce with new retail formats in physical stores.

Complementing these developments is the **"Internet + Customs" platform**, an integrated digital interface launched by GACC. This platform consolidates a range of services—such as pre-declaration data entry, export rebates, administrative approvals, IPR registration, and hotline consultations—into a single portal. This reduces redundancy in data submissions and enhances the efficiency of interactions between enterprises and port authorities.

In March 2025, **Qingdao Customs** launched an advanced **"Intelligent Control" system**, which comprises four modules—**Intelligent Inspection, Intelligent Logistics, Intelligent Bulk Cargo**, and **Intelligent Services**—and includes 27 digital applications. By integrating systems, equipment, and departments, the platform captures real-time logistics data, simplifies operational processes, lowers transaction costs, and enhances trade efficiency. As a pioneering model of intelligent customs management, it reflects China's commitment to modernizing logistics governance through digital innovation. (The General Administration of Customs of the People's Republic of China (GACC))

E-Commerce

China's e-commerce landscape has been evolving with digital transformation. Spearheaded by visionary executives, leading platforms such as Alibaba, JD.com, Pinduoduo, and Douyin (TikTok China) are revolutionizing consumer behavior with seamless AI-driven personalization, livestream selling, dynamic pricing and hyper-efficient logistics by merging artificial intelligence, social media, influencer marketing, and advanced logistics into an immersive, hyper-personalized shopping experience.

A hallmark of China's e-commerce model is the seamless integration of mobile platforms. Applications like WeChat and AliBaba offer users an all-in-one ecosystem where browsing, purchasing, and payment occur within a single interface. This integration is supported by government-led digital infrastructure investments in 5G, AI, and big data, accelerating innovation across the sector. As a result, China has cultivated a digital-first middle class that demands convenience, interactivity, and tailored consumer experiences.

Short-form video content has emerged as a major driver of impulse purchasing, with platforms like Douyin turning product endorsements into viral sales phenomena. Simultaneously, leading e-commerce firms Alibaba and JD.comare are already experimenting with metaverse applications, including virtual storefronts, 3D product try-ons, and live-stream shopping events, signaling the future of immersive retail.

Statistical data from China's National Bureau of Statistics highlights this momentum. In 2024, China's total online retail sales reached 15.52 trillion yuan (approximately USD 2.15 trillion), marking a 7.2% year-on-year increase. Sales of physical goods through online platforms accounted for 13.08 trillion yuan—26.8% of total retail sales. Furthermore, the online tourism sector has seen substantial expansion, with the number of digital travel service users reaching 548 million by the end of 2024, nearly 50% of China's internet users. Trip.com Group reported Q3 2024 net revenue of 15.9 billion yuan, a 16% rise from the previous year.

In sum, China's e-commerce ecosystem exemplifies a digitally advanced, consumer-driven market model that increasingly serves as a global benchmark for retail innovation.

Infrastructure

The Chinese government has implemented a wide range of policies to support the development of e-commerce and the digital economy, particularly by expanding internet infrastructure and fostering entrepreneurship. China's advanced mobile technology and extensive internet connectivity have made e-commerce both accessible and widely available to consumers and businesses across the country. In addition, residents benefit from diverse mobile payment platforms, such as Alipay and WeChat Pay, which enable convenient and secure online transactions. The younger generation of Chinese consumers, in particular, are digitally literate and demonstrate a strong preference for the efficiency and variety offered by online platforms compared to traditional retail channels.

Starting from the 1990s and continuing through the mid-2000s, the Chinese government embarked on a large-scale infrastructure development agenda. As part of this initiative, three foundational projects—collectively referred to as the "Golden Projects"—were launched: the Golden Bridge Project, the Golden Card Project, and the Golden Customs Project (CNNIC, 2012, E-governance 2012). The Golden Bridge Project focused on creating a robust digital backbone to support national informatization. The Golden Card Project, initiated in 1995, aimed to establish a unified national payment system to enable the widespread use of credit and debit cards. The Golden Customs Project sought to create an integrated data communication system among foreign trade companies, banks, and regulatory authorities to lay the groundwork for e-business in China. The success of these initiatives led to additional projects such as the Golden Sea Project—establishing a secure data network for government leaders—and the Golden Tax Project, which aimed to modernize China's tax collection system (L Lan, 2004, E-Government: A Catalyst to good Governance in China)

Further digital infrastructure development was promoted through the Broadband China Project, launched in 2013 under the 12th Five-Year Plan. This initiative not only aimed to accelerate the expansion of network infrastructure but also to stimulate internet applications, facilitate the integration of digital technologies with traditional industries, and foster the growth of new sectors (China Academy of Telecom Research, MIIT).

In 2015, the Chinese government introduced the Digital Silk Road (DSR) as part of the broader Belt and Road Initiative (BRI). Outlined in a white paper entitled "Internet Plus", the DSR is designed to finance and support digital connectivity infrastructure to promote the global expansion of China's technology sector. The initiative includes investments in both hard infrastructures such as telecommunications networks—and soft infrastructure, including applications, cloud services, and mobile payment systems. Through the DSR, China has positioned itself as a key technology supplier to developing economies across Africa, Asia, and Latin America. This state-backed initiative—supported by policy banks and diplomatic agreements—aims to enhance China's commercial and geopolitical influence, establish favorable norms and standards for emerging technologies, and support domestic economic growth, including the military-industrial sector. However, it also poses strategic challenges to the rules-based international order, democratic norms, and civil liberties (Xinhua, 2019).

To foster cross-border e-commerce among partner countries, China has signed bilateral Memoranda of Understanding (MoUs) that have led to the creation of Silk Road E-commerce Cooperation Pilot Zones. These zones facilitate online trade, harmonize e-commerce regulations and customs procedures, and encourage the participation of small and medium-sized enterprises (SMEs) in BRI countries. Furthermore, China has promoted knowledge exchange with partner nations to improve their digital ecosystems. By 2018–2019, Chinese companies had executed 1,324 overseas projects, 57% of which were associated with the DSR (Reddy K, nd)

In parallel, the **Internet Plus Strategy**—unveiled in 2015—emphasized the integration of internet technologies with traditional industries to foster economic modernization and innovation. This policy supports China's transition towards "Industry 4.0" by promoting the **industrial internet**, which aims to connect people, data, and machines to optimize manufacturing and service processes (State Council, 2015a; 2015b). The strategy also sought to create new industries and trade models to reinforce domestic economic growth.

The development of China's digital infrastructure was further reinforced through the establishment of strategic internet platforms such as **CHINANET, CERNET, CSTNET,** and **CHINAGBN**, which played critical roles in the early stages of China's internet evolution (Chinese Academy of Sciences, 2015). According to a 2024 report by the **China Internet Network Information Center (CNNIC),** internet penetration in China reached 78.6%, three decades after the country's full connection to the global internet. This expansion has been supported by the rapid deployment of 5G and broadband networks, extending connectivity to both urban and rural regions. As of November 2024, China had installed 4.19 million 5G base stations, and the number of gigabit broadband users had reached 209 million. Improved connectivity has expanded online retail access to a broader demographic, including older adults and rural populations. CNNIC data indicates that nearly 70% of internet users aged 60 and above, and over 76% of rural users, actively participate in online shopping—highlighting the inclusive impact of China's digital transformation.

4.3.1.5. The Proliferation of Digital Payment Systems

Driven by China's expanding domestic consumption, digital payment systems—such as mobile payments and card transactions—have significantly enhanced the convenience of financial transactions for Chinese citizens. The COVID-19 pandemic further accelerated the adoption of digital payments. In February 2020, the Payment and Clearing Association of China launched an initiative to promote contactless digital payments as a means to reduce the risk of virus transmission. This initiative received a positive and widespread response from the public.

China's digital payments industry remains largely dominated by private sector actors, particularly **Alipay (operated by Ant Group)** and **WeChat Pay (operated by Tencent),** which have established themselves as the leading platforms in the sector (Orcasia, 2024).

Despite the growing digitalization of payments, structural barriers remain, particularly for foreign visitors. The Chinese yuan continues to be a currency with limited convertibility, complicating foreign exchange for travelers prior to their arrival. Moreover, registering for mobile payment applications such as Alipay and WeChat Pay traditionally required proof of identity, a local phone number, and a Chinese bank account—requirements that pose significant challenges for short-term visitors. However, recent reforms have sought to address these limitations by allowing foreign users to register using international phone numbers and email addresses.

In parallel with the expansion of digital wallet systems, changes have also occurred in the card payment landscape. For many years, global payment networks such as Visa and Mastercard were effectively blocked from expanding their operations within China, despite regulatory reforms in 2017 that nominally opened the market to foreign participation. This situation began to shift in May 2024, when a Mastercard joint venture commenced processing domestic transactions in China—marking a significant step towards the internationalization of the country's payments ecosystem.

4.3.1.6. Legal & Regulatory Framework

Trade Agreements

China has strategically enhanced its global economic role through the negotiation and implementation of numerous free trade agreements (FTAs). These agreements, which offer tariff and tax reductions, have supported China's rise as a global manufacturing hub. As of 2024, China has engaged in 24 FTAs—16 of which are in force—covering 30 countries and regional blocs, including ASEAN (MOFCOM, 2024).

Among these, the **Regional Comprehensive Economic Partnership (RCEP)**—signed by 15 Asia-Pacific nations including China, Japan, South Korea, New Zealand, Australia, and the 10 ASEAN member states—stands as the world's largest free trade agreement. RCEP serves as a landmark achievement in regional economic integration, offering a framework that consolidates existing FTAs and harmonizes trade rules across participating countries.

A foundational pillar of China's regional engagement has been the **China–ASEAN Free Trade Area (CAFTA).** First established in 2010 and upgraded in 2015, CAFTA has served as a critical instrument for deepening China–ASEAN economic ties. At the 27th ASEAN–China Summit held in Vientiane, in 2024, China and ASEAN member states announced the substantive conclusion of negotiations for CAFTA Version 3.0. This latest upgrade builds on previous agreements and the RCEP framework to advance trade liberalization, deepen cooperation, and modernize trade governance. CAFTA 3.0 introduces comprehensive reforms across nine strategic areas: digital economy, green economy, supply chain connectivity, standards and conformity, competition and consumer protection, trade facilitation and customs procedures, SME support, sanitary and phytosanitary measures, and economic and technical cooperation.

Besides, on October 9–10, 2024, mainland China signed Annex II to the Agreement on Trade in Services among Guangdong, Hong Kong, and Macao under the **Closer Economic Partnership Arrangement, CEPA.** The revised protocols took immediate effect on signing that day and are slated to be fully implemented by March 1, 2025. Major policy adjustments include a reduction in market entry barriers, the ending of operational period restrictions, and new legal and arbitration arrangements to establish "Hong Kong Invested, Hong Kong Law" as well as "Hong Kong Arbitration." All of these are critically important improvements that will make service sector investment in the Greater Bay Area still more attractive and autonomous.

The **China–Singapore Free Trade Agreement (CSFTA),** originally concluded in 2008, marked China's first comprehensive bilateral FTA with an Asian country. Following earlier upgrades in 2011 and 2018, a new protocol entered into force on December 31, 2024, coinciding with the 35th anniversary of diplomatic relations between the two countries. The 2024 protocol presents significant refinements such as national treatment in all sectors except those specifically prohibited by a negative list and reduced requirements of equity and professional control in industrial activities like manufacturing, engineering, environmental, construction, and maritime services that further enhance the market access and investment environment.

The same will be true with the **China–Republic of Korea (ROK) Free Trade Agreement** through increasing two-way investment and bilateral trade, facilitating trade, and making investment rules more stable and transparent. The agreement is intended to promote a greater flow of goods, capital, and people between the two nations, in addition to helping build an open, transparent, and fairer trade and investment regime.

Outside of FTAs, China has a network of 68 Bilateral Investment Treaties (BITs). By 2024, an estimated 110 BITs will be in effect regulating conditions and promoting protection of private actors' activities with host countries. China's BIT partners include major economies such as, Austria, Canada, France, Germany, Italy, Japan, South Korea, Spain, Thailand, and the UK. More recent additions to China's BIT framework are based on an agreement with Angola (in force since mid-2024) and Venezuela (effective 2025). In addition, some 17 BITs are currently under negotiation or have been signed but are not yet in force to date, further demonstrating China's continuing ambition to modernize and enlarge its investment protection system.

Regulatory Framework for Trade Digitalization

China has built an all-round legislative system for the digital economy with the **E-Commerce Law, Cybersecurity Law, Data Security Law, and Personal Information Protection Law (PIPL)** as the backbone. Together, those statutes protect data participant rights and improve the accuracy of, and efficiency of, transactions; however, they also have several, at times different, compliance requirements between jurisdictions, introducing operational difficulties and higher administrative costs for businesses, particularly in a cross-border data flow setting.

The Law on Electronic Signature (2004), in line with UNCITRAL recommendations, and further regulations on e-banking, e-invoicing, and cybersecurity were among the initial legal efforts. The **Cybersecurity Law** (2017) and the **E-commerce Law** (2019) reflected a change in the style of regulation, from administrative decree to codified regulation. The **Civil Code** (2020) provided additional provisions on electronic contracts and electronic evidence, and both the **Data Security Law** and **PIPL** (2021) imposed rigorous requirements for data transfer and safeguarding of personal information.

China has further set up trial regulatory grounds, like the **Hainan Free Trade Zone**, as a 'sandbox' for the governance of digital trade. Based on Regional Framework Agreements, and consistent with the principles of The United Nations Commission on International Trade Law (UNCITRAL), these regimes are being developed to produce regulatory models conducive to being replicated and relatively quickly adapted for use worldwide.

In November 2024, China established its **Digital Trade Development Framework**, in which it set the target that **Digitally Deliverable Trade (DDT)** should account for 45% of the whole of service trade by 2029, and for 50% by 2035. The framework classifies DDT into four categories:

1. **Digital products** (e.g., games, films, and cultural content),
2. **Digitally deliverable services** (e.g., finance, education, healthcare),
3. **Digital technologies** (e.g., telecom, IoT, AI, cloud computing, blockchain),
4. **Cross-border data flows.**

While the first three categories are advancing rapidly, cross-border data transfers remain underdeveloped due to regulatory constraints. Recognizing these limitations, China is progressively relaxing market access restrictions in key digital sectors—including telecom, internet services, cultural exports, and data flows—by establishing pilot zones and free-trade ports with more flexible rules. These initiatives are aligned with high-standard frameworks such as the **Digital Economy Partnership Agreement (DEPA)** and the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** (He A., 2025, Italian Institute for International Political Studies).

Furthermore, China actively engages in international rulemaking through platforms like **RCEP** and DEPA, using its domestic digital legislation as a foundation to influence global digital trade norms.

4.3.1.7. Conclusion

China retains a leading role in global trade, driven by its extensive manufacturing base, technological ambitions, and diversified international partnerships. However, this position is increasingly shaped by a complex mix of geopolitical rivalries, legal uncertainties, and environmental imperatives. Ensuring the sustainability of China's economic model thus requires not only continued progress in industrial modernization and digital transformation, but also enhanced transparency, regulatory alignment, ecological accountability, and commitment to multilateralism.

The country's strategic trajectory, articulated through policy frameworks such as **Made in China 2025** and the **Dual Circulation Strategy,** reflects an integrated vision prioritizing technological self-sufficiency, sustainable development, and deeper integration into global value chains (Xinhua, 2023). China's continuing investments for the next-generation technologies, the green economy, and diversified trade relations under the Belt and Road Initiative (BRI) exemplify this multidimensional approach (IMF, 2024; Reuters, 2025).

Nonetheless, several structural challenges persist. The growth of overall public and corporate indebtedness, demographic deterioration, and escalating global trading disputes mean that China's policy space is constrained, and macroeconomic risks are increased. As the recent World Bank and WSJ (2024–2025) analyses underscore, true long-term sustainability depends on managing the tension between growth and sustainability—grounded in inclusive development, care for the environment, and external adaptability.

A central weakness in China's present economic structure is its growing reliance on imported crude oil. After overtaking the United States as the world's top oil buyer in 2017, the domestic production-consumption gap has only grown substantially. While China has tried to diversify its sources of imports, it still depends on volatile areas like the Middle East and Africa. This dependence also exposes energy security vulnerabilities as some 84% of oil and 61% of natural gas imports travel through strategic chokepoints such as the South China Sea and Strait of Malacca. The disruption of these sea routes, particularly under intensified geopolitical tensions, could pose a major risk to China's access to crucial energy supply.

China's digital trade has grown rapidly thanks to its large market scale and technological progress, but it still faces challenges. One of the main issues is the lack of a comprehensive legal and regulatory framework. The increasing impetus of digital trade has intensified the urgency for coherent policies that address the flow of data, privacy, and cross-border e-commerce.

Another bottleneck is the relatively unsound cross-border payment and settlement system. Although domestic apps like Alipay and WeChat Pay are widely used in China, they are less effective for international connections. Chinese payment systems are either severely restricted in some countries or are replaced by obligatory local ones, with their cross-border capacity minimized. Furthermore, the high cost of transactions, exchange rate volatility, and onerous compliance burdens are significant risks and costs for businesses that have the potential to derail the sustainability and scalability of China's digital trade ambitions. (Zhan S., 2024).

Intellectual property (IP) protection is yet another important issue. Even if China has introduced measures to improve IP governance—including the roll-out of a series of sector-specific blacklists in e-commerce—many international IP conflicts are still to be resolved. Poor enforcement, however, harms both Chinese companies' reputations and the internationalization of new digital products. (Zhan S., 2024).

Additionally, U.S.-China trade friction has also laid bare key shortcomings in China's supply chain, particularly in high-tech components like semiconductors. In consequence, China has initiated a full-scale campaign to foster indigenous innovation and incentivize localization of crucial industrial inputs. Efforts to promote supply chain resilience have been developed independently of, but in parallel with, endeavors to liberalize high-end manufacturing markets supported by the creation of liberalized foreign direct investment, in an attempt to both reduce external dependencies and to strengthen China's place in the global production network.

In sum, while China's trade strategy is evolving in response to both internal imperatives and external pressures, its future effectiveness will hinge on the country's ability to adapt flexibly, promote sustainable competitiveness, and maintain its leadership role amid a rapidly changing global economic landscape.

4.3.2. The Netherlands

4.3.2.1. Background Information

The Netherlands ranks as the fourth most densely populated country globally and holds the position of the 16th largest economy in the world, as well as the sixth largest within the European Union (EU). According to the World Economic Forum's Global Competitiveness Index, it is the eighth most competitive economy internationally. This strong economic position can be attributed to a combination of structural and historical factors, including the country's long-standing tradition as a trading nation, its strategic maritime location, limited landmass, restricted agricultural space, homogeneity in agricultural production, and reliance on the import of raw materials and semi-processed goods. These characteristics have contributed to the formation of an open and internationally oriented economy.

Aligned with its open economic model, the Netherlands pursues export policies that emphasize trade liberalization and global economic integration. As a firm advocate of free trade, the country fully aligns with the EU's common commercial policies and maintains strict compliance with World Trade Organization (WTO) regulations. Moreover, it actively engages in bilateral and multilateral free trade agreements with non-EU countries, thereby strengthening its global trade network and enhancing access to foreign markets.

The Netherlands' robust logistical infrastructure further reinforces its trade performance. Home to the Port of Rotterdam **(Figure 32)**—the largest in Europe—and Schiphol Airport, the country has developed a highly efficient and integrated global logistics system.

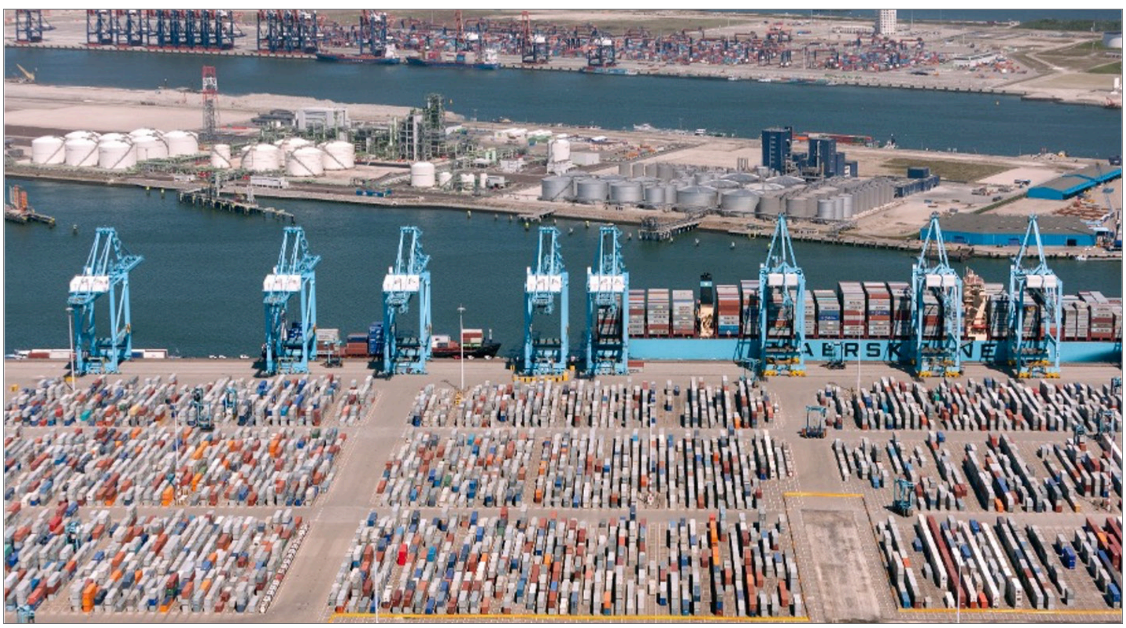


Figure 32 Port of Rotterdam, The Netherlands

These strategic assets have reinforced the Netherlands' position as the "Gateway to Europe," enabling the seamless movement of goods across international markets. A significant portion of this trade involves re-exports, particularly of goods that are imported, processed within the country, and subsequently exported to other destinations. For instance, in 2022, more than half of all goods imported into the Netherlands were intended for re-export. Notably, approximately two-thirds of imported intermediate goods—those that undergo further processing by Dutch enterprises—were ultimately destined for foreign markets. This underscores the centrality of the Netherlands in global supply chains, particularly as a hub for value-added logistics and distribution within Europe and beyond. (Dutch Trade in Facts and Figures, 2024)

Economically, the Netherlands is the second-largest importer and exporter of goods within the EU after Germany. It serves as a vital logistics and trade hub in Europe, a role supported by its persistent trade surplus, stable industrial relations, and low unemployment rate. Although the agricultural sector employs a relatively small portion of the workforce, its high degree of mechanization has enabled the Netherlands to become the second-largest agricultural exporter in the world in terms of value.

The country's consistent trade surplus indicates that exports significantly exceed imports, meaning that international trade contributes positively to its Gross Domestic Product (GDP). The Dutch economy is centered on a set of priority sectors characterized by international competitiveness, knowledge intensity, high innovation potential, and significant value added to both the economy and society. These key sectors include:

- Agriculture and Food Products including flowers and plants, and fruits and vegetables.
- Chemicals (including pharmaceutical) and Petrochemicals.
- Machinery, Electronics, and High Technology — particularly semiconductor equipment and medical devices
- Service Exports — services especially in the fields of transportation, telecommunications, and information and communication technologies

In recent years, the Netherlands has placed increasing emphasis on exporting innovative solutions in areas such as sustainable agriculture, energy transition, and water management. Export promotion strategies frequently focus on themes such as **"green technology"** and **"digital transformation,"** reflecting the country's commitment to climate resilience and technological advancement.

According to 2024 trade data, Dutch exports are concentrated in a limited number of key markets. Germany stands out as the Netherlands' largest export destination, accounting for $160.84 billion in exports. The top five export markets—Germany, Belgium, France, the United Kingdom, and the United States—together account for approximately $389.59 billion, representing a substantial share of total exports. European countries dominate Dutch trade relations; among the top ten export partners, eight are European countries, with the United States and China being the only exceptions. The United States is the largest non-European trading partner, with an export volume of $41.47 billion. Among Asian countries, China ($22.30 billion), South Korea ($10.20 billion), and Türkiye ($8.60 billion) are notable export destinations, although their trade volumes remain significantly lower than those of European markets.

The Dutch economy and society derive significant advantages from their deep integration into international trade networks. This openness facilitates specialization, fosters innovation, enhances the accessibility of goods, supports the exchange of scientific knowledge, and strengthens purchasing power. However, this high degree of global interconnectedness also renders the Netherlands substantially dependent on imports. Many **critical raw materials** for the manufacture of other products are not available or are inadequately available to meet domestic requirements. While such dependencies are frequently the result of globally integrated economies, they take on a strategic relevance when there are products, services, or technologies that are key to protecting public interests either for the Netherlands or the European Union as a whole. There is a special concern with strategic dependencies if they compromise essential operations or allow interfering factors to influence information or facilities of strategic importance.

Recent events around the world have compounded these weaknesses. The pandemic showed how international supply chains were vulnerable and supply chains were disjointed. At the same time, changing geopolitics, growing government interference in strategic value chain direction, and changes in tariffs and an increasingly uncertain business climate increasingly challenge the role of the Dutch in the global economy. These developments underscore the urgent need to reassess and fortify economic resilience, especially in sectors deemed vital to national security and public welfare.

4.3.2.2. Export Capacity & Diversification of Exports by Product and Markets

Business services, chemical and pharmaceutical products made up the largest share of Dutch exports. The Netherlands also exported a high volume of food and beverage products, machinery and electrical equipment. This includes both products and services that were produced in the Netherlands and re-exports. Goods re-exports make up over 37 percent of Dutch exports of goods and services. (Dutch Trade in Facts and Figures 2024)

The top ten export product categories of the Netherlands accounted for nearly two-thirds (63.2%) of the country's total global exports. Among these, pharmaceuticals recorded the strongest growth, increasing by 14.9% between 2023 and 2024. Dairy products, eggs, and honey ranked second in terms of export growth, advancing by 4.8%. Shipments of optical, technical, and medical apparatus followed closely, registering a 3.9% rise in value. By contrast, vehicles represented the most significant decline among the top ten categories, contracting by 19.2% year-on-year.

The Netherlands is the third-largest exporter within the Euro Area and derives more than two-thirds of its Gross Domestic Product (GDP) from merchandise trade. The country's export portfolio is highly diversified, with a strong emphasis on industrial and high-value-added goods. According to Dutch Trade in Facts and Figures Exports, imports & investment 2024 Report, the main export categories include machinery and transport equipment, followed by mineral fuels, food products, clothing and footwear and pharmaceuticals.

The Netherlands' total exports in 2024 were valued at US$722.29 Billion, according to the United Nations COMTRADE database on international trade. Total Imports were valued at US$635.41 Billion. In 2024, The Netherlands had a trade surplus of US$86.89 Billion. **Figure 33** shows the Netherlands' exports between 2015-2025 March.

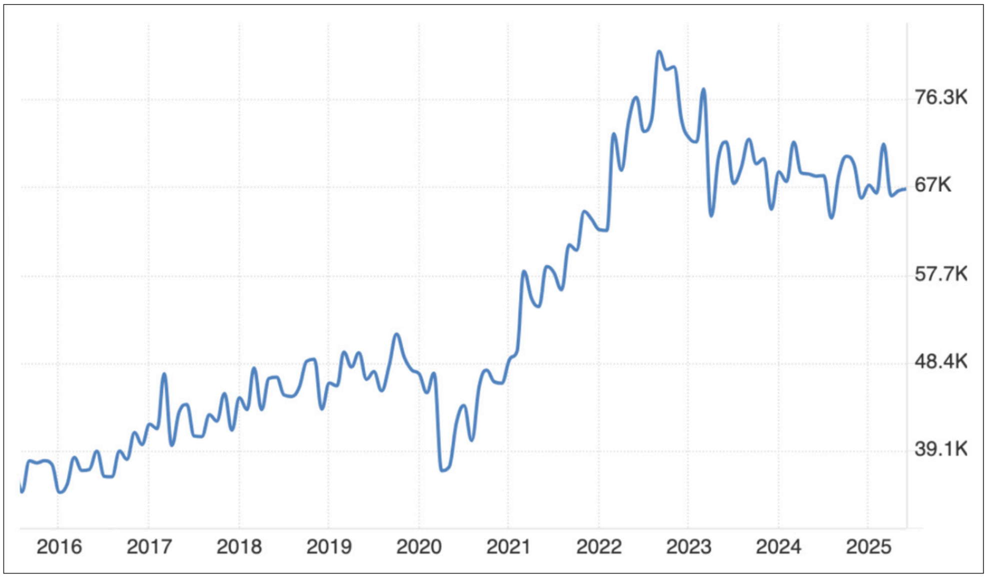


Figure 33 The Netherlands Exports in between 2015-202
Source: Tradingeconomics.com

Majority of Netherlands' total exports are directed to countries within the European Union. The distribution of exports by destination is illustrated in **Figure 34.** The country's primary top three export partners include **Germany (US$160.50 billion; 23%), Belgium (US$ 85.66 billion; 12%), and France (US$ 56.55 billion; 8.10%).** In regional terms, **81.60%** of the Netherlands' exports were directed to Europe, **9.60%** to Asia, **7.90%** to the North America, and **2.10%** to Africa.

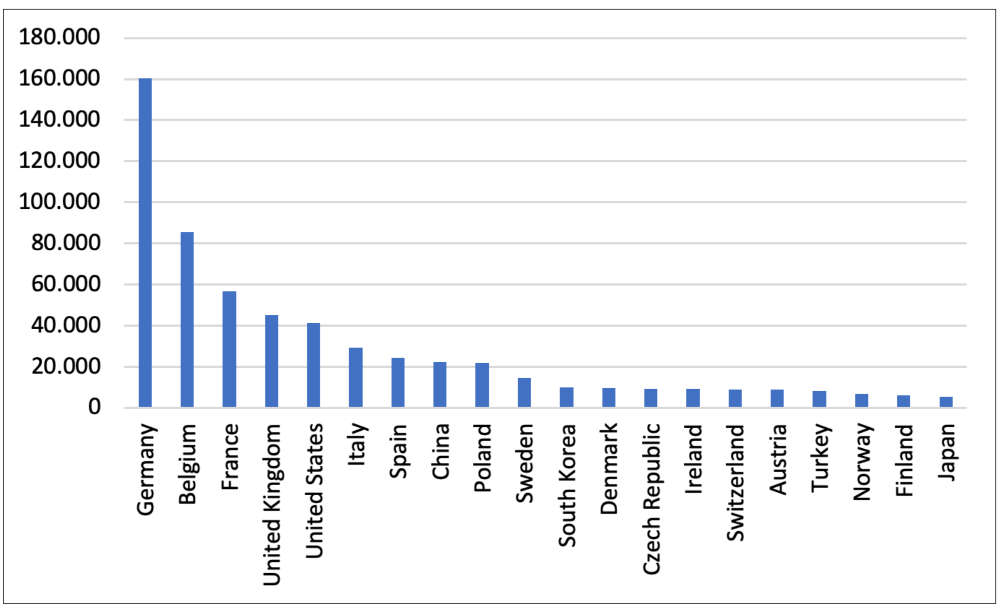


Figure 34 The Netherlands Exports by Country (Top 20, 2024)
Source: Tradingeconomics.com

On the other hand, the same database reports that the Netherlands' exports to OIC member countries stood at only **US$36.1 billion,** representing a only 5% of its total exports in 2024. The country's top three OIC export partners were **Türkiye (US$8.12 billion; 22%), Saudi Arabia (US$4.78 billion; 13%), and the United Arab Emirates (US$4.64 billion; 13%).** Country distribution is depicted in **Figure 35.**

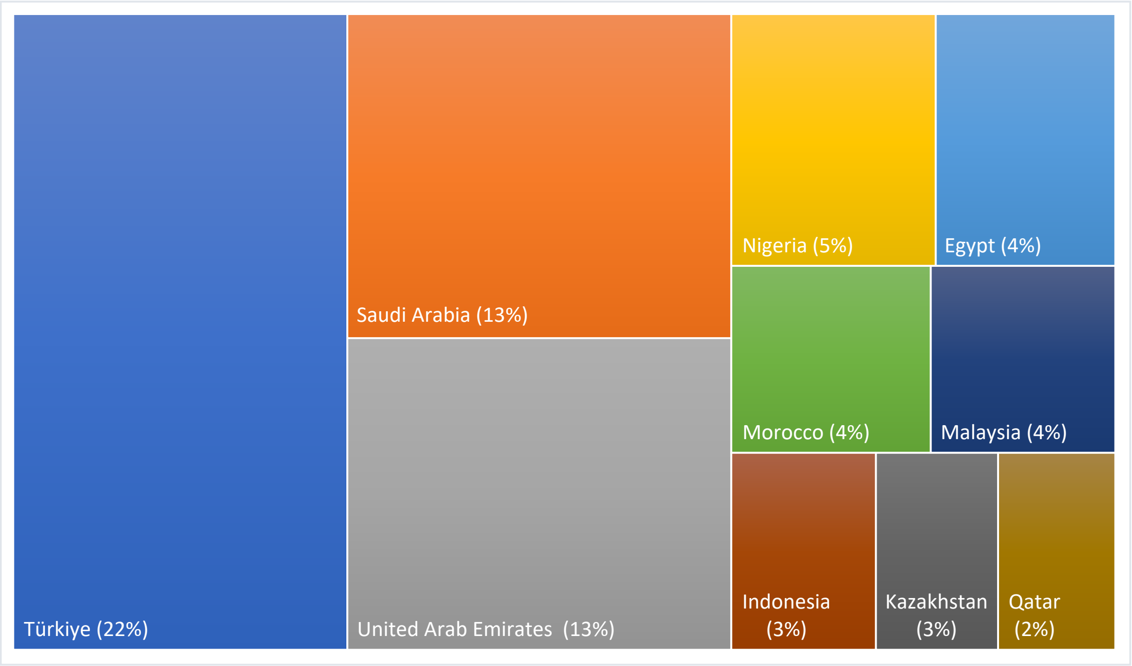


Figure 35 The Netherlands Exports to OIC Countries (Top 10, 2024)
Source: Tradingeconomics.com

According to the United Nations COMTRADE database on international trade, the Netherlands' total imports in 2024 amounted to US$635.41 billion. The country's leading import partners were Germany (17%), the United States (10%), Belgium ((9.9%) and China (8.9%). The principal import commodities included mineral fuels and oils, machinery as well as electrical and electronic equipment.

In 2024, the Netherlands' **total imports from OIC member countries** amounted to approximately **US $ 45.76 billion.** Nearly 7.2% of the Netherlands' imports in 2024 originated from **OIC Member Countries,** with **Turkiye and Malaysia alone accounting for over 16%.**

Figures has revealed that while the Netherlands' exports to OIC member countries stood at **US$ 36.1 billion,** OIC countries have exported **US$ 45.76 billion** to the Netherlands, creating a trade surplus of **US$ 9.66 billion**The Netherlands' imports from OIC Member Countries in 2024 is depicted in **Figure 36.**

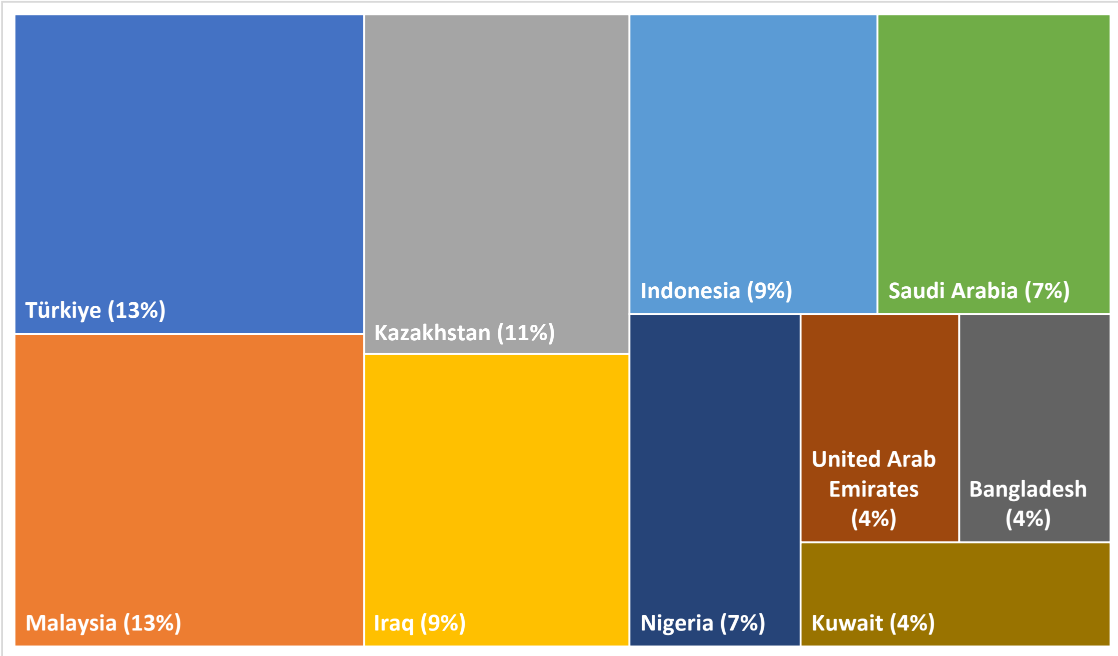


Figure 36 The OIC Exports to the Netherlands (2024)
Source: Tradingeconomics.com

4.3.2.3. National Export Strategy & Institutions

National Export Strategy

The Netherlands possesses a strong and innovative business sector that operates globally and enjoys a solid international reputation. According to Dutch Trade in Facts and Figures 2021 (Statistics Netherlands, 2021), foreign trade accounts for one-third of the country's Gross Domestic Product (GDP). The Netherlands advocates for an open, rules-based global economy in which trade is conducted based on mutual interests and benefits. Moreover, the evolving geopolitical landscape and the growing use of economic resources for political purposes have heightened the Netherlands' awareness of the need to strengthen its economic resilience.

According to the policy document **"A Strategy for Foreign Trade and Development Cooperation"** published by the Dutch Ministry of Foreign Affairs in 2022, the country's efforts to enhance its economic resilience are structured around three strategic pillars:

1. Protecting entrepreneurs from unfair competition by promoting smart EU legislation, particularly in areas such as public procurement and distortive foreign subsidies within the Single Market.

2. Promoting open strategic autonomy leading to the development of new EU-level instruments, including tools to counter economic coercion from third countries and initiatives such as the Important Projects of Common European Interest (IPCEI).

3. Reducing strategic dependencies on raw materials by establishing a raw materials strategy and policies at EU and national level.

At the EU level, the Netherlands participates in a customs union and common external trade policy among Member States. Since trade policies and relevant regulations are determined at the EU level, all Member States, including the Netherlands, are required to adopt these rules either directly or through their national legislation. Non-tariff barriers and anti-dumping measures are also regulated at the EU level as part of the common trade policy. As a result, unified rules apply to imports from third countries under the Customs Union Framework.

On the other hand, at the national level, the Netherlands develops and implements trade policies in alignment with EU principles. The 2022 Strategy Document published by the Ministry of Foreign Affairs outlines the country's current strategic orientations in foreign trade and development policy, organized under three main headings: the Netherlands' trade policy, development cooperation, and the Dutch response to contemporary global challenges.

The strategy document emphasizes a more concentrated focus on a limited number of markets and aims to align Dutch trade instruments more closely with sustainability and digital transformation goals. It also seeks to strengthen economic resilience, protect entrepreneurs from unfair competition, and promote high standards in EU trade agreements while ensuring the implementation of both EU and national legislation on Responsible Business Conduct (RBC).

The first pillar of the strategy focuses on enhancing the Netherlands' economic earning capacity. In this context, 25 priority markets have been identified for targeted engagement through proactive economic diplomacy and trade promotion instruments. These countries include Germany, Belgium, France, the United Kingdom, Ireland, Italy, Spain, Poland, Sweden, Switzerland, Türkiye, the United States, Canada, Mexico, Brazil, China, India, Japan, Indonesia, South Korea, Taiwan, Vietnam, Singapore, Saudi Arabia, and the United Arab Emirates. These markets were selected based on objective criteria such as the total size of the economy, bilateral trade volume with the Netherlands, and the added value of economic diplomacy. Additional considerations included geopolitical trends, security concerns, innovation potential, opportunities for strategic partnerships, and sustainability commitments.

The policy document further emphasizes the EU's need to strengthen its open strategic autonomy and increase investment in the continent's energy transition. In this regard, sustainability constitutes a core pillar of the strategy. The Dutch government pledges to actively support developing countries in adopting green economic growth models.

Additionally, the policy highlights the aim of reducing strategic dependencies on goods, services, and raw materials—many of which are currently sourced from outside the EU. The Dutch government plans to raise awareness among entrepreneurs about these dependencies and actively disseminate relevant information. One example is critical raw materials, a key topic on the agenda of the EU–US Trade and Technology Council agenda. The Netherlands is committed to developing a comprehensive raw materials policy aligned with the EU Action Plan on Critical Raw Materials and closely linked to the National Circular Economy Implementation Programme.

Export control on critical goods, including sensitive technology, is an important part of the national and international security policy of the Netherlands as well as its foreign trade policy. The primary objective is to avoid the diversion or misuse of dual-use items and advanced technologies while safeguarding transparent and trade-friendly regulations. Strategic sectors include technology areas such as AI, quantum computing, photonics, semiconductors, as well as biotechnology. The Netherlands is increasingly concentrating its policy on the protection of high-value strategic commodities and technology. Recent geopolitical realignments have also impacted the policy arena.

The Netherlands applies its export control within the framework of the EU legislation. Moreover, as the strategy paper points out, the Netherlands has comparative strengths in water, energy, sustainable travel, food security and agriculture, life sciences, and health. Continuing its longstanding investment in research and innovation in these sectors, the government confirms that it will help Dutch entrepreneurs who are working internationally in these top sectors. In addition to that, over the next few years, the Netherlands will concentrate its main efforts on enhancing trade relations with the so-called 25 priority markets with the greatest potential.

In the policy document, special attention is given to **Public-Private Partnerships (PPPs)**, acknowledging that strategic forms of cooperation between the government, knowledge institutions, and industry can speed up important transitions, e.g., digitalization and sustainability. This commitment to working together in finding solutions is encapsulated in the Netherlands' international positioning strategy, **"Solving Global Challenges Together."** The government seeks to preserve, reinforce, and as required, adjust partnerships that have shown concrete effectiveness or value for money.

Further, the strategy underlines the need to ensure that the private sector is open and responsive to the needs of entrepreneurs, including support to SMEs, start-ups, scale-ups, and women entrepreneurs. In order to achieve this objective, Dutch government commit the development and implementation of specialized programmes and initiatives that improve the access of these groups to world markets and reinforce their international competitiveness.

Institutions

Ministries are crucial to deliver these policies. In that role, the **Ministry of Foreign Affairs (MoFA)** is the essential one in the Dutch Government's engagement with foreign governments and international organizations. It prepares, coordinates, and carries out the foreign policy of the Netherlands. Its principal functions are representing the Country, promoting cooperation with the international community, and supporting the social and economic development of partner countries through the implementation of development assistance activities.

The aim of the **Directorate-General for Foreign Economic Relations (DGBEB)** is to strengthen the international earnings capacity of the Netherlands and its security, while also working for a more sustainable global order. It supports Dutch companies expand their businesses overseas, ensures the protection of Dutch economic interests in European Union trade agreements, and monitors the responsible export of strategic goods and technologies. DGBEB also supports the Dutch private sector in align with the framework for Responsible Business Conduct (RBC). It watches global economic developments and translates these into strategic policy advice tailored to Dutch economic and foreign trade priorities.

The other is the **Policy and Operations Evaluation Department (IOB)**, the independent evaluation unit of the Ministry of Foreign Affairs of the Netherlands. It conducts structured research to evaluate Dutch foreign policy, with the double aim of accountability and enabling future policy development. IOB evaluates the full range of the Ministry's activities, from foreign relations and international trade to development cooperation. All IOB reports are publicly available and presented in both houses of the Dutch Parliament.

The Ministry of Economic Affairs stimulates the Netherlands as a country with a strong international competitive position and an eye on sustainability. Its purpose is to create a world-class entrepreneurial and business environment — one that makes it easy to start and grow a great business. This means taking due account of environmental sustainability and the quality of life while simultaneously promoting assisted exchanges between the world of research and the private sector. The Netherlands is working on this in order to strengthen its position at the front of the pack in the following key areas: agriculture, industry, services, and energy. This approach, in the final analysis, signifies a continuing investment in developing a resilient, creative, and sustainable national economy.

The Netherlands Foreign Investment Agency (NFIA) is a division of the Dutch Ministry of Economic Affairs and part of the national government of the Netherlands. Its core task is to draw, retain, and/or support foreign enterprises that invest in the Netherlands. The network of Invest in Holland (consisting of regional development agencies), NFIA provides streamlined assistance and can more extensively support companies interested in the Netherlands and/or a location choice within the country.

The Central Import and Export Office of the Customs (CDIU) takes care of licensing and information processes for the import and export of goods as well as services subjected to a license. Among its responsibilities are advising on how to apply for approval, how to deal with applications for licenses, and issuing the licenses themselves, as well as keeping records of all licenses issued. Into the bargain, the CDIU is responsible for the export control of strategic goods (military equipment and weapons of mass destruction) that are subject to export, import, or transit restrictions according to security laws and international agreements.

The Netherlands Environmental Assessment Agency (PBL) is the national institute for strategic policy analysis in the field of the environment, nature, and spatial planning. PBL is an independent agency of the Dutch government that brings scientific and social expertise to bear on policy processes. Operating under the Ministry of Infrastructure and Water Management, it supplies policymakers, civil society, and the public with knowledge and insights. Its main tasks are to monitor the state of the natural environment and the quality of the spatial and of the national urban system and to assess relative policies; to investigate future social trends and policy options; to identify new issues for public debate; to advise on strategic pathways for the achievement of national goals in the field of the environment and of spatial planning.

Export Credit Insurance (ECI) is essentially intended for export of capital goods (often the scenarios where the level of financial investment is high) export of capital-intensive services to non-EU countries. The sectors that are frequently at high risk are shipbuilding, contracting, dredging, glasshouse construction, and medical equipment.

The Dutch Entrepreneurial Development Bank (FMO), founded in 1970, functions as a public-private organization, since 51% of its shares are held by the Dutch state and 49% of the shares are owned by commercial banks, trade unions, and other private sector partners. FMO has been awarded a triple-A rating by Standard & Poor's and Fitch Ratings. The institution's central purpose is to create development impact in line with United Nations Sustainable Development Goals (SDGs), largely by financing the private sector in developing countries.

The Dutch Fund for Climate and Development (DFCD) is a climate-adaptation fund to finance prevention projects and projects for vulnerable areas and people. Sponsored by the Dutch government, the DFCD is implemented by a consortium of partners, consisting of the Dutch Entrepreneurial Development Bank (FMO), Climate Fund Managers (CFM), SNV (Netherlands-based international development organization), and WWF Netherlands. The DFCD is designed to improve access to funding for early-stage ventures with strong business cases, so that they can develop into strong climate businesses that are commercially viable at scale. In order to further the investment value, a fund utilizes a de-risk strategy via its Origination Facility. It would be a mix of financial products, such as debt and equity, and customized technical assistance to develop these initiatives and make them investor-ready and sustainable in the long term.

4.3.2.4. Digitalization of Trade

Custom Regulations & Standards

In line with the EU's Digital Government drive, the **Company Dossier (Ondernemingsdossier)** was presented by the Dutch government as an electronic secure environment for organized data exchange in 2012 (European Commission, n.d.). Such a platform lets businesses record critical operational data only once and submit it to relevant government authorities as and when required. In the process, it minimizes the redundancy in administrative regulation and contributes toward retooling the government's role—from a proprietor to a passive regulator to an activator and standard setter that stimulates compliance and reduces regulatory burden. The Company Dossier example is indicative of the more general trend toward 'intelligent' governance systems that focus on effectiveness, trust, and transparency.

In parallel with internal administrative reform, the Netherlands has begun facilitating the reform process by launching the **Single Window for Trade and Transport Initiative**. This system enables companies to upload trade-related data once to be used by various public agencies, increasing the convenience of cross-border logistics. Platforms such as **Gateway.nl** and **SGS** facilitate the simplification of the digital submission of customs declarations, trade permits, and other essential documents. As a result, the challenge increases the competitive position of the Dutch logistics sector and enhances its position in the worldwide supply chain.

Beyond efficiency gains, digitalization in the Netherlands also supports environmental sustainability. **The Lean and Green Programme**—launched in 2008 by the Ministry of Infrastructure and the Environment—exemplifies this dual commitment to innovation and sustainability. As a public-private partnership with more than 400 participants across Europe, the programme promotes continuous improvement in CO_2 reduction, aligned with the **Paris Climate Agreement** and the EU's **Fit for 55** targets. Here, digital technologies act as key enablers by facilitating real-time data exchange, emissions monitoring, and coordinated action across the logistics value chain. (Lean & Green Europe, 2022)

E-Commerce

As of 2025, the Netherlands boasts approximately 17.5 million online shoppers—virtually the entire population, projected at around 18 million (Statista, 2025). This high level of participation underscores the country's status as a mature digital economy, supported by near-universal internet penetration, which exceeds 98% according to Eurostat. The Dutch e-commerce market is both advanced and dynamic, characterized by robust online retail activity and dominated by leading domestic platforms such as **Bol.com, Coolblue,** and **Wehkamp.** While international players like Amazon have entered the market, local platforms continue to maintain a competitive edge.

The growth of e-commerce in the Netherlands is underpinned by widespread digital literacy and excellent infrastructure, enabling smooth and secure online transactions. Notably, 68% of Dutch consumers engage in cross-border online shopping. Within Europe, Germany is the top destination, accounting for 30% of such purchases, while China leads globally. The United States and the United Kingdom remain relevant markets, albeit with less dominance. This high level of openness to international e-commerce is driven by consumer demand for greater variety and competitive pricing. It is further supported by the European Union's Single Market, which facilitates frictionless trade and regulatory alignment across member states (Landmark Global, 2025).

Infrastructure

While these advancements have positioned the Netherlands as a digital leader, continued investment in infrastructure remains essential. Although the country benefits from a robust broadband network and hosts one of the world's largest internet exchanges—the Amsterdam Internet Exchange—rising demand requires further expansion. In response, the government prioritizes the nationwide deployment of **Next Generation Access (NGA) networks**, with particular emphasis on improving connectivity in underserved rural regions. Policy measures also include advancing mobile spectrum auctions and reducing barriers to private investment in telecommunications infrastructure. Simultaneously, the Dutch government remains committed to preserving net neutrality and ensuring open access to digital infrastructure for content and application providers, thus safeguarding fair competition in the digital economy. (Digital Agenda, nd) According to data from Trade.gov, the Netherlands is internationally recognized for its highly developed digital infrastructure, ranking second globally in terms of online connectivity. Approximately 98 percent of Dutch households have access to broadband internet, supported by some of the fastest broadband speeds in Europe and an expansive fiber-optic network that ensures consistent and high-speed internet access nationwide. The World Economic Forum's Global Competitiveness Index ranks the Netherlands third globally in technological readiness, underscoring its advanced digital capabilities. Furthermore, the country serves as a significant European hub for data centers, with numerous transatlantic internet cables landing on its shores. Amsterdam, in particular, is considered one of Europe's leading data center locations, providing critical infrastructure for services such as cloud computing, data storage, and web hosting. However, due to current energy deficits, however, the Dutch authorities have introduced a temporary freeze on new data center construction.

In order for the Netherlands to protect its digital ecosystem, which is increasingly vital, it has formed a complete framework around cybersecurity. Meanwhile, the **National Cyber Security Centre (NCSC)** operates as chief protector of the critical infrastructure and coordination point for responding to cyber threats. The Netherlands has worked throughout its business and institutions to give data security and privacy top priority. Under the **General Data Protection Regulation (GDPR), Dutch Data Protection Authority** (the Autoriteit Persoonsgegevens) is responsible for overseeing compliance, enforcement of the regulations, and providing guidance on good data governance practice.

When put together, these many-pronged initiatives demonstrate the ongoing commitment of the Netherlands to digital leadership. Leading the way in the **Digital Gateway to Europe**, their integrated public investments and innovative regulatory environment adapted to EU-level interests are consolidating rapidly. This comprehensiveness in approach scales up from competitiveness on the one hand to technical sovereignty on the other, combines economic efficiency and sustainability, and offers a model for digital transformation that is both holistic and future oriented.

4.3.2.5. The Proliferation of Digital Payment Systems

The European Commission presented a draft legislative proposal for a possible **Digital Euro** on June 2023. It is important that the digital euro enjoys political support, so the negotiations are currently underway in Brussels, where the Netherlands being one of the discussion partners. The digital euro is also a topic of debate in the Dutch parliament. However, it seems that the digital euro will only be introduced if both the European Parliament and the European Council approve the legislative proposal.

The European Central Bank's (ECB) wants to make through preparations, together with the euro countries' national central banks such as **Dutch National Bank (DNB),** in case European legislators decide that there will be a digital euro. The ECB will make its preparations in two separate stages. After the first stage, which will last two years, the **ECB Governing Council** will decide whether to move to the next stage. It will decide if and when the digital euro will be introduced once the European Union's legislative process has been completed.

In terms of digital payment infrastructure, the Netherlands exhibits a mature and efficient system. The leading payment method is **iDEAL**—a domestic online banking solution—accounting for approximately 70% of online transactions. In contrast, credit card usage remains relatively limited, comprising only 8% of online purchases. (International Trade Administration, 2023)

iDEAL is a system exclusive to Dutch banks; however, there are ongoing discussions about its eventual integration into a broader EU-wide payment system in the coming years.

4.3.2.6. Legal & Regulatory Framework

Trade Agreements

The trade agreements in which the Netherlands is a party are largely shaped within the framework of the EU's common trade policy and agreements. The Netherlands does not negotiate or sign trade agreements at the national level; instead, it is a party to the agreements negotiated and concluded by the EU. Therefore, the Netherlands confers with its partners about existing EU legislation, and it is also a member of various international partnerships centered on particular issues such as nuclear technology, biological/chemical technology, ballistic-missile and drone technology and conventional military technology. The Netherlands is also party to a number of treaties, such as the UN Arms Trade Treaty, the Convention on Cluster Munitions and the Non-Proliferation Treaty. The most important legislation and rules that apply to the Netherlands when it comes to strategic goods and services are:

- **EU Regulation 428/2009 (Dual-Use Regulation):** This regulation establishes a uniform legal framework for the control of exports, transfers, brokering, and transit of dual-use items within the European Union. It is directly applicable to individuals and businesses across all EU member states and is commonly referred to as the Dual-Use Regulation.

- **EU Common Position on Arms Export Controls (2008/944/CFSP):** Adopted on 8 December 2008, this policy sets out a unified set of minimum criteria for national export control systems among EU Member States. The Common Position is based on eight guiding principles that aim to ensure responsible arms exports.

- **Strategic Goods Decree:** This national legal instrument complements the Dual-Use Regulation with more specific provisions and explanations on the control of dual-use and military goods. For example, it contains certain provisions concerning ad hoc licensing requirements.

- **Strategic Services Act:** This act defines the legal boundaries of services that may be provided, particularly in the context of arms embargoes. If a recipient country is subject to an EU arms embargo, then Dutch legal entities will also be unable to provide this kind of technical assistance according to this law.

- **Strategic Services Implementing Regulations:** These regulations operationalize the Strategic Services Act by listing specific countries for which additional compliance obligations apply to brokers and intermediaries.

- **General Customs Act:** This law is a national legal provision regulating the importing and export of the goods, etc., and cross-border moves of goods.

- **Economic Offences Act:** This act deals with offences related to illegal exporting of strategic items and the punishment/penalties for non-compliance.

- **General Customs Regulation (in connection with the Anti-Torture Regulation):** This regulation makes it a crime to import, export, and transfer in transit goods that have been created for torture or for the death penalty, as stipulated in the EU Anti-Torture Regulation.

Regulatory Framework for Trade Digitalization

Digitalization is an important aspect in achieving economic growth and national welfare in the Netherlands. With the **Dutch Digital Agenda**, the Dutch government is pursuing the ongoing digitalization of the Dutch economy. This strategic commitment is informed by the European Union's Digital Decade Framework, setting out that digital progress needs to be rooted in core European values – inclusion, personal freedom, safety, and fairness. Against this background, the **Digital Decade Policy Programme 2030 (DDPP)** offers a comprehensive roadmap for the EU's digital transformation. The European Commission is tracking this change year by year in its reports on the **State of the Digital Decade.** This report for 2025 also considers the nature of potential drivers and barriers, including evolving global geopolitics, the emergence of generative artificial intelligence, and opportunities and challenges in economic competitiveness and energy sustainability. Moreover, the report stresses ongoing strategic dependencies, including semiconductors, cloud infrastructure, and cybersecurity, which will continue to jeopardize the EU's technological sovereignty. It also emphasizes the need to develop social commitment in a more hybrid and dynamic digital environment.

In line with these European-level developments, the Dutch government's national digitalization agenda prioritizes four strategic sectors: industry (e.g., smart robotics), healthcare (e.g., remote cardiac monitoring), energy (e.g., optimization via digital controllers), and mobility (e.g., digital consignment documentation). These focus areas exemplify the government's commitment to embedding digital technologies across both public service delivery and the private sector, thereby ensuring that digital innovation contributes to broad-based socio-economic development.

A crucial driver of this innovation-oriented digital transformation is the dynamic start-up and scale-up ecosystem. Small and medium-sized enterprises (SMEs), which generate nearly half of the country's gross added value and over 50% of employment, play a particularly significant role. Through initiatives such as **StartupDelta,** the Netherlands has positioned itself as a leading hub for entrepreneurial activity, ranking as the third-fastest growing start-up ecosystem in Europe after London, Berlin, and Paris. According to the *Global Startup Ecosystem Report (2015),* these developments have considerably enhanced the innovation environment and contributed to the Netherlands' global competitiveness in digital entrepreneurship.

In addition to the private-sector-led innovation, the Dutch government itself has also put digital technologies high on its agenda to improve public administration and service delivery. ICT minimizes the transaction cost and makes the transaction process smoother so that a company can concentrate on its main activities. At the heart of this work is the ambition for a **Generic Digital Infrastructure (GDI)** – a common framework that allows digital services to interoperate between government and its users. GDI facilitates smooth collaboration between public service providers, on one hand, and citizens and businesses on the other, and helps public administration work faster, more efficiently, and more transparently.

Building on this infrastructure, and in accordance with the 2017 coalition agreement, the Dutch government enshrines the right of all citizens and businesses to conduct official interactions digitally. The GDI—composed of modular, reusable digital components—forms the backbone of this right and underpins the country's comprehensive digital government framework. To ensure its ongoing modernization, the Dutch government launched the **Long-Term Programme for Digital Government Infrastructure (MIDO)** in 2022. This cross-governmental initiative brings together national, regional, and local authorities and aligns closely with the **European Commission's eGovernment Action Plan (2016–2020),** which seeks to accelerate the digital transformation of public administrations throughout the EU. (NL Digital Government, n.d.).

To facilitate implementation, the **Dutch Digital Commissioner** oversees the consistent application of GDI standards across all public service providers. This includes platforms for accessing **government information (e.g., overheid.nl, answersforbusiness.nl), authentication systems (e.g., DigiD, Idensys, iDin), secure communication infrastructure (e.g., digital message boxes), and standardized data formats (e.g., Standard Business Reporting, e-invoicing)**. Notably, the Answers for Business portal—launched in 2014—serves as a single digital interface through which entrepreneurs can manage regulatory obligations, access information, and engage with public authorities more efficiently. (NL Digital Government, n.d.).

4.3.2.7. Conclusion

The Netherlands has been a member of the WTO since 1995 and previously of the GATT since 1948. As part of its proactive trade policy, the Netherlands supports trade and investment agreements as essential tools for advancing global commerce. EU-negotiated bilateral trade agreements, such as the CEPA with Indonesia, aim to reduce tariffs and non-tariff barriers while reflecting Dutch national interests. The Dutch government actively advocates for a fair global trading system and emphasizes the importance of a well-functioning EU Single Market.

In response to evolving geopolitical dynamics, the Netherlands also promotes EU–U.S. dialogue on tariff reduction and trade cooperation. These diplomatic efforts complement the country's broader strategy of maintaining open and rules-based trade relations.

The Netherlands' advanced logistics infrastructure has established it as a vital hub within the EU. A large share of exports is directed toward EU markets, with re-export activities playing a key role. It is also the EU's leading agricultural exporter and the world's second largest, with agricultural exports totaling approximately €123.8 billion in 2023. This success is rooted in the EU's Common Agricultural Policy (CAP), which provides price support, market regulation, and rural development funding. However, intensive agricultural practices have caused environmental issues, including nitrate accumulation in soil. In response, the Netherlands has introduced reforms and adopted technologies aimed at reducing nitrate pollution and carbon emissions.

Environmental sustainability is a national priority. The 2019 Climate Law sets targets to cut emissions by 55% by 2030 and achieve climate neutrality by 2050. The National Climate Plan outlines sectoral policies to meet these goals, in line with the EU's climate framework (OECD, 2025).

To ensure secure access to critical raw materials, the Netherlands is implementing a National Raw Materials Strategy, aligned with the EU Critical Raw Materials Act (CRMA). The aim is to reduce foreign dependency in sectors such as renewable energy and the digital economy (de Haes & Lucas, 2024). In parallel, the Netherlands supports EU-led initiatives like the "Semicon Coalition" to strengthen Europe's semiconductor industry and reduce dependence on foreign technology (T.C. Ministry of Trade, 2025). This reflects a broader strategic commitment to innovation and industrial resilience. The Netherlands' foreign economic relations focus on high-potential countries and strategic partnerships. A range of government programs support

SMEs, start-ups, and women entrepreneurs, helping integrate them into global value chains and enhance competitiveness (T.C. Ministry of Trade, 2025).

As a leading digital economy, the Netherlands boasts widespread high-speed internet, robust digital infrastructure, and a thriving e-commerce sector. While digital payment systems and data centers are well established, challenges remain, including strict data protection laws, skilled labor shortages, and energy constraints. Nonetheless, rapid growth in AI, fintech, IoT, and quantum technologies presents major investment opportunities (International Trade Administration, 2024).

Finally, Dutch trade policies are shaped by the EU's legal framework. Non-tariff barriers, anti-dumping measures, and strict export controls are implemented in accordance with EU rules. The Netherlands maintains strong oversight of military goods, dual-use items, and sanctioned products, ensuring compliance with international standards (T.C. Ministry of Trade, 2025).

4.4. Good Practices from Non-OIC Countries

China has initiated a high-technology-based transformation in exports with its "Made in China 2025" initiative. Ten priority sectors have been identified (AI, biotechnology, next-generation vehicles, etc.).

In this initiative, billions of dollars in support have been provided for R&D investments through government funds. Platforms such as Alibaba, Tencent, and JD.com have accelerated the entry of SMEs into global markets. Export targets are measured through 5-year development plans, and success rates are disclosed in annual reports. Technology investments and e-commerce integration have propelled China to the next level in the global value chain.

The Netherlands is the world's second-largest agricultural exporter. High-value-added agricultural products (greenhouses, seeds, dairy products) have been prioritized. Agricultural technology, high-tech greenhouses, and sustainable production systems have been utilized in the implementation. The Port of Rotterdam has been integrated as Europe's largest logistics hub. Transparent reporting mechanisms aligned with EU standards have been developed. High-tech agriculture and a strong logistics infrastructure demonstrate that a small country can achieve global export leadership.

Table 3 shows good practices of non-OIC case countries.

Stage	Context	Country	Good Practice
Identification	Identifying Export Markets and Priority Countries	China	China has significantly reduced its vulnerability to external shocks and the vagaries of world demand, building up an economic resilience that is much more than nominal. Export diversification, as seen in both **Made in China Initiative** products and afterwards under the **Dual Circulation Strategy,** has had an effect in enhancing actual export capacity. The facilitation of this transition can be attributed to **successful knowledge transfer**, improvement in productive efficiency and the development of technological capabilities
Identification	Identifying Export Markets and Priority Countries	The Netherlands	The policy document **"A Strategy for Foreign Trade and Development Cooperation"** emphasizes a more concentrated focus on a limited number of markets and aims to align Dutch trade instruments more closely with sustainability and digital transformation goals. The first pillar of the strategy focuses on enhancing the Netherlands' economic earning capacity. In this context, 25 priority markets have been identified for targeted engagement through proactive economic diplomacy and trade promotion instruments.
Identification	Sectoral Prioritization	China	The "Made in China 2025" strategy's overarching goal was to transition from an export- and investment-led economy to one driven by domestic demand and innovation. The strategy emphasized concepts such as **"indigenous innovation"** and **"self-sufficiency,"** aiming to boost the domestic market share of Chinese suppliers in areas such as **"basic core components and key foundational materials"** to 70% by 2025. As a result, the primary engine of China's economic growth has shifted from low-cost factory labor to an increasingly dynamic technology and services sector.

Stage	Context	Country	Good Practice
Identification	Developing Partnerships	China	**The Belt and Road Initiative (BRI),** introduced under the Twelfth Five-Year Plan, represents a landmark policy aimed at enhancing economic connectivity and regional integration across more than 100 countries spanning Asia, Europe, and Africa. This ambitious initiative encompasses a wide spectrum of collaborative undertakings, including the development of railway and highway networks, maritime corridors, energy pipelines, special economic zones, and various infrastructural investments. The BRI is designed not as a geopolitical or military alliance but as a platform for peaceful development and economic cooperation.
Identification	Developing Partnerships	The Netherlands	In the policy document **"A Strategy for Foreign Trade and Development Cooperation",** special attention is given to **Public-Private Partnerships (PPPs),** acknowledging that strategic forms of cooperation between the government, knowledge institutions, and industry can speed up important transitions, e.g., digitalization and sustainability. This commitment to working together in finding solutions is encapsulated in the Netherlands' international positioning strategy, **"Solving Global Challenges Together."** The government seeks to preserve, reinforce, and adjust partnerships that have shown concrete effectiveness or value for money.
Implementation	Human Resources and Institutional Structure	The Netherlands	A crucial driver of this innovation-oriented digital transformation is the dynamic start-up and scale-up ecosystem. Through initiatives such as **StartupDelta,** the Netherlands has positioned itself as a leading hub for entrepreneurial activity, ranking as the third-fastest growing start-up ecosystem in Europe after London, Berlin, and Paris. According to the Global Startup Ecosystem Report (2015), these developments have considerably enhanced the innovation environment and contributed to the Netherlands' global competitiveness in digital entrepreneurship.
Implementation	Human Resources and Institutional Structure	China	The **14th Five-Year Plan** emphasizes the critical need to **upgrade human capital** as a foundation for sustained economic transformation. While the Plan prioritizes extending years of schooling, particular attention is given to expanding tertiary education, since technological upgrading will reduce demand for low- and medium-skilled labor while significantly increasing the need for highly skilled workers. The anticipated rise in digitalization, alongside improvements in health and education services, will further intensify this demand for advanced human capital. To meet these challenges, learning methods should be reoriented to encourage **lifelong learning, creativity, innovation, and problem-solving skills.** Firms should be incentivized to provide **on-the-job training,** thereby ensuring that skills development aligns with evolving labor market requirements. In addition, promoting the wider use of **English language proficiency** will enhance the capacity to absorb knowledge and maximize the benefits of technology transfer and innovation.

Stage	Context	Country	Good Practice
Implementation	Coordination Mechanisms	The Netherlands	Digitalization in the Netherlands also supports environmental sustainability. **The Lean and Green Programme**—launched in 2008 by the Ministry of Infrastructure and the Environment—exemplifies this dual commitment to innovation and sustainability. As a public-private partnership with more than 400 participants across Europe, the programme promotes continuous improvement in CO_2 reduction, aligned with the **Paris Climate Agreement** and the EU's **Fit for 55** targets.
Implementation	Financial and Technical Support	China	**Guangzhou** has played a pioneering role in China's cross-border e-commerce ecosystem since its designation as a **pilot city in 2013.** For four consecutive years, it has ranked among the top cities in China for cross-border e-commerce volume. In 2017 alone, Guangzhou Customs processed over 220 million e-commerce declarations, covering nearly 800 product categories destined for more than 180 countries and regions.
Implementation	Financial and Technical Support	China	In March 2025, **Qingdao Customs** launched an advanced **"Intelligent Control" system,** which comprises four modules—**Intelligent Inspection, Intelligent Logistics, Intelligent Bulk Cargo,** and **Intelligent Services**—and includes 27 digital applications. By integrating systems, equipment, and departments, the platform captures real-time logistics data, simplifies operational processes, lowers transaction costs, and enhances trade efficiency. As a pioneering model of intelligent customs management, it reflects China's commitment to modernizing logistics governance through digital innovation.
Implementation	Financial and Technical Support	The Netherlands	**The Dutch Entrepreneurial Development Bank (FMO),** founded in 1970, functions as a public-private organization, since 51% of its shares are held by the Dutch state and 49% of the shares are owned by commercial banks, trade unions, and other private sector partners. FMO has been awarded a triple-A rating by Standard & Poor's and Fitch Ratings, which is directly linked to the last mentioned's sovereign triple-A credit rating.
Implementation	Financial and Technical Support	The Netherlands	**The Dutch Fund for Climate and Development (DFCD)** is a climate-adaptation fund to finance prevention projects and projects for vulnerable areas and people. Sponsored by the Dutch government is designed to improve access to funding for early-stage ventures with strong business cases, so that they can develop into strong climate businesses that are commercially viable at scale. In order to further the investment value, a fund utilizes a de-risk strategy via its Origination Facility. It would be a mix of financial products, such as debt and equity, and customized technical assistance to develop these initiatives and make them investor-ready and sustainable in the long term.

Table 3 Good Practices From non-OIC Case Countries

4.5. Comparative Analysis and Cross-Sectional Findings

Mapping good practices is a powerful learning tool for OIC member countries. The general policy recommendations emerging from this review include:

- **Diversification of products and markets** is a key element for successful NES. Alternative sectors should be developed to reduce dependence on a single sector.
- **Digitalization in trade** is inevitable. Single-window systems at customs, e-commerce platforms, and digital payment solutions should be rapidly expanded.
- **Institutional Coordination** also plays a vital role. The roles of leading and supporting institutions should be clearly defined.
- **Supporting SMEs** is an important factor in NES. Cost-effective credit and insurance mechanisms should be established for SMEs.
- **Sustainability is** a fact. **Green products** and environmentally friendly production should be central to export strategies.
- **Integration of new technologies** like AI is essential and to be used for market analysis, logistics optimization, and trade intelligence.

From the anaysis made through selected case countries, three overarching findings can be drawn:

1- **Data-driven analysis and sectoral prioritization** constitute a critical role in the strategy definition phase.

2- The **integration of digitalization, accessible financing mechanisms, and effective public–private partnerships** significantly enhances the success of the implementation phase.

3- **Transparent reporting, independent evaluation, and the systematic use of performance indicators** are essential for ensuring the long-term sustainability of the strategy throughout the monitoring phase.

Furthermore, digitalization and artificial intelligence stand out as common transformation tools across all countries. Integrating these technologies into OIC countries' strategies will enhance their competitiveness.

Consequently, OIC countries can develop more effective, inclusive, and sustainable National Export Strategies by taking into account both their own good practices and the experiences of global leaders such as China and the Netherlands.

5. GUIDING PRINCIPALS & RECOMMENDED PRACTICES

For most of the countries, expanding to international markets is a critical step toward economic success. However, this ambition comes with a certain set of challenges that they often encounter while conducting cross-border transactions in the competitive world of international trade.

5.1. Road Map for Effective NES

The results of the case country studies show that an effective NES has some common components:

- **A data-based, sector-specific identification process:** Export priorities should be informed by robust data analysis, including trade statistics, global demand trends, and domestic production capacities.

  China, for example, identified particular high trajectory sectors (i.e., semiconductors, machinery, biotechnology) in the area of either foresighted studies or industrial roadmaps, thereby deploying targeted policy interventions that could be more readily mobilized for aligning the development of those sectors with world market dynamics.

  In Azerbaijan, a central guiding framework is the Strategic Road Map for the National Economy and Key Sectors, approved in 2016, which outlines sector-specific policies for non-oil industries such as agriculture, light manufacturing, tourism, logistics, and ICT. Its overarching objectives are to enhance export competitiveness and deepen Azerbaijan's integration into global markets

- **Strong institutional capacity and clear coordination mechanisms** – Successful strategies rely on competent institutions with clear mandates, and interministerial and interagency coordination is imperative.

  In the Netherlands, for example, such an approach is exemplified in their 2022 Strategy Document, which sees government, academia and private sector actors working together within more clearly defined sectoral platforms to bring trade promotion, innovation and skills development policies into closer relations than elsewhere.

  Similarly, Ministry of Trade (MoT) of Indonesia, is the primary institution responsible for formulating and implementing Indonesia's export strategy through its Directorate General for National Export Development and designs strategic trade policies, promotes export diversification, and facilitates access to international markets.

- **Affordable financial and technical assistance support:** SMEs and small-sized firms, in particular, have access to low-cost credit, export credit guarantees, and compliance support, which stimulate export growth.

In Indonesia, for instance, the Indonesia Eximbank (Lembaga Pembiayaan Ekspor Indonesia, LPEI), offers export credit, insurance, and low interest-rate loans to reduce the financial risk of exporters, as well as guarantee programs that enable firms to meet international certification and quality standards through technical supports.

- **Digitalization and technological integration –** The automatic process of digital technology in trade facilitation and production process is already inevitable.

  NEFEZA in Egypt and INSW in Indonesia are best practice examples in point of a digital single window which facilitates customs processes, lowers transaction costs, and improves transparency of supply chain networks.

  Likewise, China's digital "Intelligent Control" system captures real-time logistics data, simplifies operational processes, lowers transaction costs, and enhances trade efficiency. Likewise, Indonesia's QRIS enables micro, small, and medium-sized enterprises (MSMEs) to adopt affordable, interoperable, and cashless payment solutions.

- **Clear monitoring and independent evaluation** – The development of objectives and involving independent evaluators provide mechanisms both for accountability and learning.

  For example, China proceeds systematically to the evaluation of the sectoral programs and adjusts the program adequately with the market in every five years.

  In Nigeria, there are clear frameworks for Monitoring & Evaluation (M&E) in NES II such as performance indicators are defined for the purpose of tracking the objects, a timeline is established with the responsible institutions.

5.2. Guiding Principles and Recommended Practices

Principle 1: Data-Based Needs Analysis

Export strategies should be grounded in comprehensive needs and gap assessments. Such analyses clarify the existing export structure, competitive sectors and potential opportunity areas.

Recommended Practices:

- National statistical organizations and ministries of trade should issue regular reports on export competitiveness.
- Target market analysis should be carried out using international trade databanks such as ITC Trade Map and UNCTADstat.

Principle 2: Transparent Prioritization of Sectors and Markets

Priority areas and destination markets should be determined based on transparent and objective criteria, which include value-added potential, employment generation, and support for sustainability.

Recommended Practices:

- Provide sectoral road maps to inform investment and policy interventions.
- Take advantage of the opportunities that have arisen from free trade agreements and regional economic integrations.

Principle 3: Public–Private Partnerships

The engagement of the private sector and private institutions is necessary. SMEs, exporters' associations, and academia should play a key role in shaping and implementing the strategy.

Recommended Practices:

- Establish exporter advisory boards or public–private dialogue platforms.
- Utilize a stakeholder map to ensure large and representative involvement.

Principle 4: Institutional and Human Resource Development

Export strategies require well-functioning institutions and competent human resources as vital execution mechanisms.

Recommended Practices:

- Provide continuous training for companies and SMEs through export academies.
- Involve customs personnel, logistics experts, and trade officials in capacity-building initiatives.

Principle 5: Clear Coordination Mechanisms

To avoid duplication and inefficiency, roles and responsibilities among institutions should be clearly defined within a structured coordination mechanism.

Recommended Practices:

- Set up a National Export Committee or a Monitoring and Steering Board.
- Allocate responsibilities between "lead institutions" and "supporting institutions" transparently.

Principle 6: Readily Available Financial and Technical Assistance

Exporters, particularly under SME categories, may have difficulty in obtaining export finance. Support structures, therefore, need to be widely available.

Recommended Practices:

- Set up export credit banks or insurance programs.
- Offer SME-specific grant schemes and digitalization assistance.

Principle 7: Integration of Digitalization and Technology

Technology and digitalization are key drivers of competitiveness and efficiency in trade.

Recommended Practices:

- Implement Single-Window Systems to expedite customs processes.
- Use artificial intelligence–based tools for market analysis.
- Broaden exporters' access via online marketplaces.

Principle 8: Transparent Monitoring and Reporting

There should be an ongoing schedule of tracking and reporting on the implementation of the NES to the public.

Recommended Practices:

- Publish annual NES progress reports.
- Use digital dashboards to automatically pull in real-time monitoring tools.

Principle 9: Independent Evaluation

In addition to self-assessments, another key aspect for maintaining independence is periodic assessment.

Recommended Practices:

- Commission ITC, UNCTAD or the World Bank to conduct evaluations.
- Do interim assessments every so often and optimize the approach accordingly.

Principle 10: Sustainability and Ethical Trade

Modern export strategies should prioritize sustainability, social responsibility, and ethical trade practices.

Recommended Practices:

- Design specific incentives to promote exports of green products.
- Support compliance with social standards, including the elimination of child labor and protection of workers' rights.

Principle 11: Awareness and Information Sharing

Exporters are often unable to fully capture strategies due to a lack of information. That is why awareness and information are of crucial importance.

Recommended Practices:

- Make exporter information portals a centralized knowledge library.
- Carry out national and regional awareness-raising activities for all actors involved.

To summarize, the findings from the country's studies indicate that the common denominator of successful export strategies is the following:

- A data-driven and sector-focused identification process.
- Strong institutional capacity and clear coordination mechanisms.
- Accessible financial and technical support.
- Integrating digitalization and technology into strategies.
- Transparent monitoring and independent evaluation mechanisms.

The formulation of effective National Export Strategies requires a coherent set of principles and practices. To this end, **Table 4** summarizes these principles and practices, providing a practical reference for the development of robust and future-oriented strategies.

Table 4 Guiding Framework for OIC Countries

Stage	Guiding Principle	Recommended Good Practices
Identification	Evidence-based needs assessment	Regular competitiveness reports; target market analyses using ITC/UNCTAD data
	Clear prioritization of sectors and markets	Sector-specific roadmaps; leveraging opportunities from FTAs and regional integration
	Public-private sector collaboration	Exporter advisory councils; stakeholder mapping and inclusive consultation
Implementation	Strengthening institutional and human capacity	Establishment of export academies; continuous training for SMEs and trade officials
	Well-defined coordination mechanisms	Creation of National Export Committees; clear division between lead and supporting institutions
	Accessible financial and technical support	Export credit and insurance agencies; SME supports funds and grants
	Digitalization and technology integration	Single Window customs systems; AI-driven market analysis; development of e-commerce infrastructure
Monitoring	Regular monitoring and transparent reporting	Annual NES progress reports; digital dashboards for real-time tracking
	Independent evaluation mechanisms	External assessments by ITC/UNCTAD; mid-term evaluations with recommendations
Cross-cutting	Sustainability and ethical trade principles	Green product incentives; compliance with social and labor standards
	Awareness raising and knowledge sharing	Export information portals; national and regional awareness campaigns

6. CONCLUSION

In global trade environment, while OIC Member Countries face a rapidly evolving set of pressures, globalization and deeper international integration have create new opportunities. However, OIC Member Countries have also exposed structural vulnerabilities within their economies, particularly in relation to external shocks, environmental constraints, technological transformations, and the limited resilience of SMEs and MSMEs.. Therefore, it becomes essential to identify the critical challenges confronting OIC Member Countries and to formulate comprehensive policies that can both mitigate risks and solutions for inclusive and sustainable growth.

6.1. Challenges

The principal challenges faced by OIC Member Countries in developing and improving their export strategies arise from both structural and systemic constraints that hinder competitiveness and sustainable trade performance.

Many OIC countries remain heavily dependent on imported strategic commodities, leading these countries to be vulnerable to fluctuations of prices and supplies, as well as instability caused by volatile export revenues. Export earnings' volatility often feeds directly into growth variability, which affects macroeconomic stability and resilience. At the same time, the rise of protectionist measures in traditional markets, along with ongoing geopolitical challenges, environmental pressures, and technological disruptions, highlighted structural vulnerabilities that underpin many of export-led growth-based models. These developments highlight the urgent need for enhanced stakeholder coordination and robust public–private partnerships to strengthen institutional capacity, ensure long-term sustainability, and enhance competitiveness.

In addition, non-harmonized quality infrastructure policies and lack of uniform technical regulations among OIC Member Countries are restraining firms, including SMEs and MSMEs, from meeting international certification such as ISO or Halal. The differences between the various global Halal Standards also constitute trade impediments, for imports and exports alike, as well as market access and consumer trust. Furthermore, structural and commitment barriers such as certification of ISO or Halal constraints restrict the international credibility of SMEs and MSMEs and their international penetration. The financial strength of SMEs and MSMEs is weak, due to which they are not able to grow international linkages.

Trade illiteracy is also among the most important constraints still facing a large number of developing and emerging OIC economies in their way forward to achieve full participation in global markets. Budgetary constraints restrict SMEs and MSMEs from investing in training and capacity-building activities essential for global value chain participation.

Limited R&D investment, poor academia–industry integration and inadequate financial support instruments inhibit innovation and reduce engagement in high-technology sectors. The rapid evolution of digital technologies has generated a pronounced skills mismatch, with a shortage of qualified professionals in areas such as artificial intelligence, data science, cybersecurity, and blockchain development.

Insufficient digital infrastructure, and excessive licensing fees also limit the uptake of e-commerce platforms and digital trade facilitation tools while undermining firm integration into global value chains. New green trade restrictions—and climate-related frameworks such as the EU Green Deal—are exposing fundamental weaknesses in many OIC economies. More stringent environmental criteria have been an additional compliance load and cost pressure and thus challenge the competitiveness of companies and their export possibilities.

No less important are problems of digital reindustrialization. There is a heavy burden of digital infrastructure costs on SMEs and MSMEs that reduces their efficiency and potential to actively engage in international trade. Paper-based and fragmented systems have slowed processes, causing delays, higher overheads, and increased risk of errors and fraud. The lack of transparency and ongoing worries over data security continue to dissuade smaller companies from adopting digital trade solutions.

Finally, high shipping costs and limited access to competitive logistics and transport services further constrain export expansion and the integration of OIC economies into global value chains.

6.1. Policy Recommendations

Given the challenges and problems discussed above, the following set of policy recommendations shall be organized by national trade ministries and export promotion agencies, in cooperation with chambers of commerce and relevant OIC institutions, are as follows:

1. Encouraging to develop/implement a comprehensive trade facilitation framework within OIC Member Countries to streamline cross-border processes, reduce transaction costs, and enhance the efficiency of export and import operations.
2. Organizing collaborative regional strategic planning activities in collaboration with specialists from OIC Member Countries, while encouraging the transfer of practical technical knowledge, through information sharing, trainings, workshops, personnel exchange programs, where applicable
3. Utilization of services provided by SMIIC to facilitate trade between OIC Member Countries
4. Making use of IFHAB services for mutual recognition of halal certificates by exploring to develop and implement Multilateral Recognition Arrangement (MRA) and Mutual Legal Agreements (MLAs) among the national halal accreditation bodies of the Member Countries to facilitate and remove technical barriers.
5. Publishing and sharing policy briefs, newsletters, and guidance notes to OIC Member Countries' Ministries accreditation bodies and Halal Certification Authorities of Member Countries, for acceleration of the use of IFHAB services.
6. Raising awareness and strengthening knowledge of exporters and marketing professionals about international market trends, compliance requirements, and risk management especially in less developed OIC Member Countries
7. Promoting the use of digital marketing, e-commerce platforms, and successful international marketing practices to enhance the competitiveness of companies and strengthen the trade and marketing skills of their staff.

8. Supporting public awareness campaigns to foster greater visibility of trade opportunities and success stories.
9. Encouraging the development of targeted innovation policies, R&D incentive programs and establishment of technology transfer centers, science parks, incubators, and innovation hubs through public-private partnerships, to support innovative entrepreneurs, start-ups, SMEs and MSMEs.
10. Developing/Improving dedicated supporting mechanisms for internationalization of SMEs and MSMEs and providing technical support to improve their credibility in overseas markets.
11. Promoting targeted programs to support firms, particularly in developing countries, in achieving compliance with sustainability related trade standards
12. Encouraging trade policies that foster a business-friendly environment by simplifying standards, alignment of environmental requirements across regions of OIC Member Countries and reducing non-tariff barriers related to sustainability compliance.
13. Promoting the adoption of National Single Window (NSW) system through encouraging adaptation of legislation and regulations that provide legal recognition of electronic documents, e-signatures, and digital certificates in trade related transactions.
14. Developing/Improving robust data security, cybersecurity, and privacy laws related with the use of National Single Window (NSW) system, in accordance with national laws by outlining the roles and responsibilities of public administrations and private users.
15. Encouraging to provide a legal basis for regional interoperability which allows mutual recognition of electronic certificates of origin, sanitary and phytosanitary (SPS) documents, and other trade-related licenses in cross border transactions.

7. ANNEX

7.1. Analysis of Survey Results

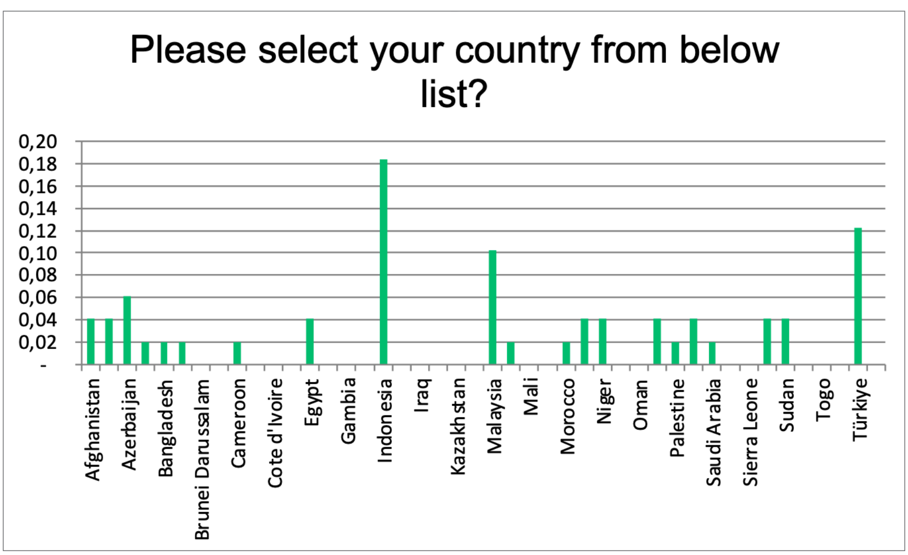
This chapter outlines the empirical results obtained from the online questionnaire carried out as a component of the research. The survey results are used to gather knowledge to structure the mapping of good practices and preparation of guiding principles and recommended good practices sections. Below the detailed information is given to ensure deep analysis for interested parties.

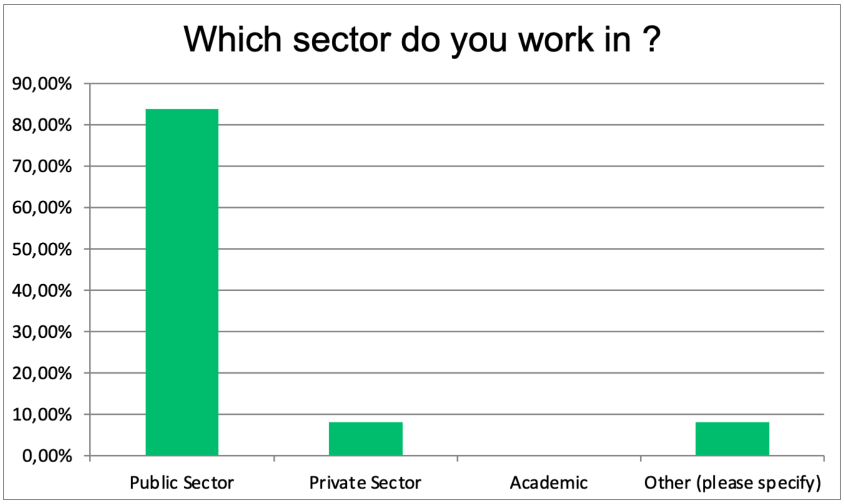
The questionnaire aimed to gather stakeholder viewpoints on the design, execution, and oversight of the National Export Strategy (NES) across the nations involved. It delved into a wide array of thematic topics, encompassing awareness-raising efforts, the legal and regulatory framework, institutional structures, stakeholder participation mechanisms, public-private partnerships, performance evaluation systems, and the impact of digitalization on strategy implementation. The insights collected offer a detailed understanding of both the successes and the difficulties in NES execution, emphasizing areas where tangible progress has been made as well as sectors that necessitate focused policy action.

- Awareness Activities

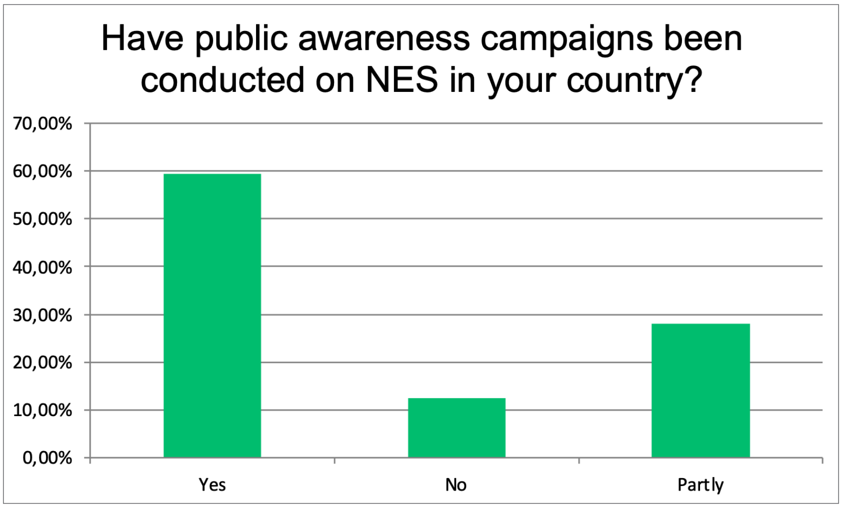
In this section, a total of four questions were asked. These questions addressed the following topics: "Have public awareness campaigns been conducted on NES in your country?", "Who conducted these campaigns?", "Which of the following were used in awareness campaigns?", and "To what extent has the level of awareness increased?"

In this section, participants were asked questions regarding awareness-raising activities conducted within the scope of the National Export Strategy (NES).

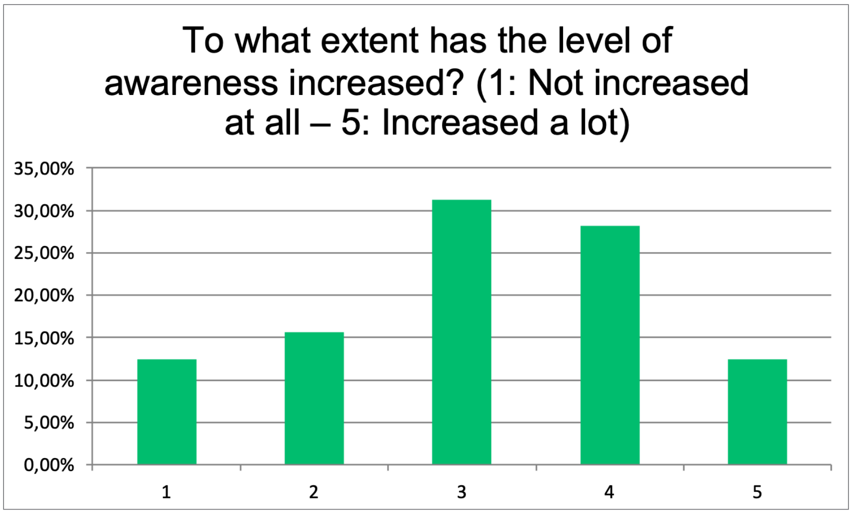




- Total of 21 countries has responded the questionnaire. Indonesia, Malaysia and Turkiye records the highest participation rate.
- Approximately 83% of participants work in the public sector.



- Around 60% of survey respondents stated that public awareness campaigns on the National Export Strategy (NES) have been conducted in their countries. In some countries, however, public outreach remains limited, with the rate of such activities as low as 13%.
- Most campaigns are led by the government, particularly the Ministry of Trade and relevant economic ministries.
- Regarding the tools used in the campaigns, seminars and workshops were by far the most commonly employed method, accounting for 68.75% of responses. This was followed by social media campaigns at 50%, and traditional media (TV, radio, newspapers) at 46.88%. Seminars and workshops are the most commonly used methods in awareness campaigns, with face-to-face interaction proving to be highly effective.

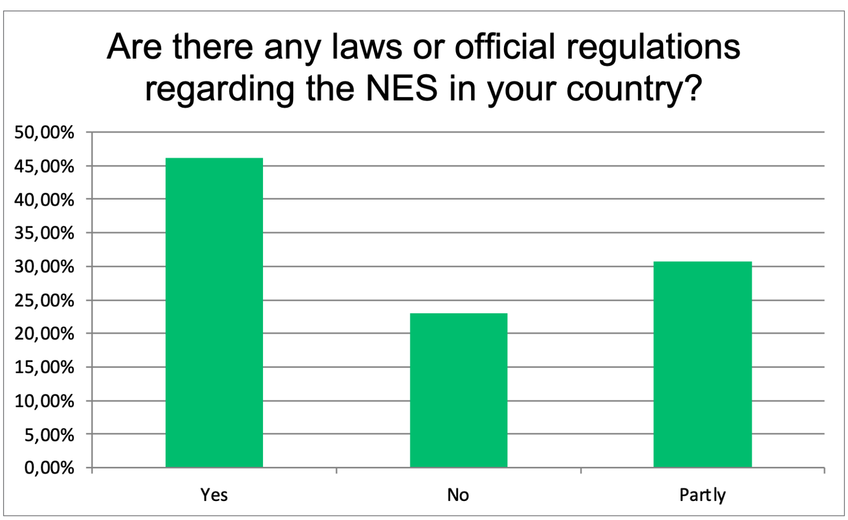


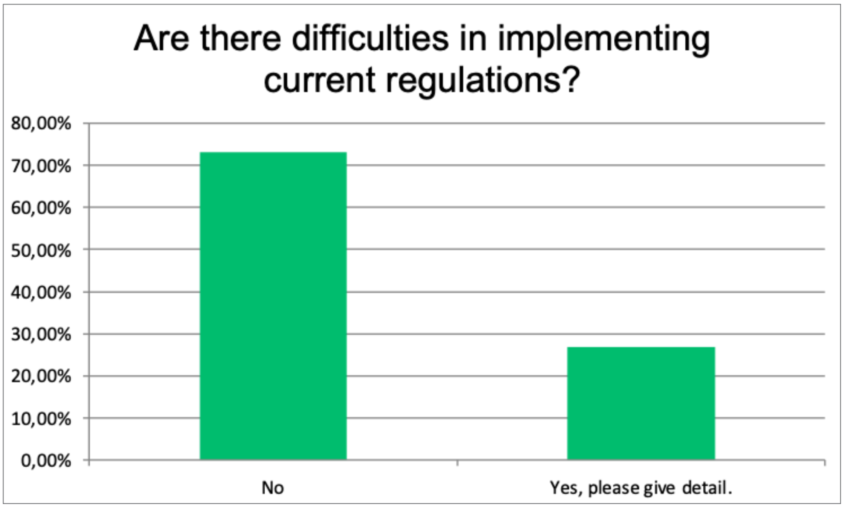
- The vast majority of participants believe their awareness level has increased to a moderate or moderately high level. This suggests that while efforts have been effective, awareness has not yet reached its peak.

• Legal or Administrative Framework

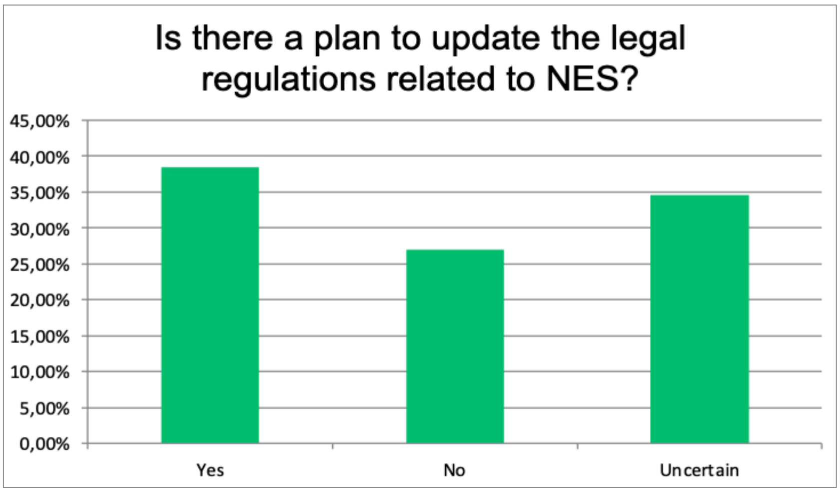
In this section, a total of five questions were posed. These questions covered the following topics: “Are there any laws or official regulations regarding the NES in your country?”, “What are the names of these regulations?”, “Which institutions have legal authority for the implementation of the NES?”, “Are there difficulties in implementing current regulations?”, and “Is there a plan to update the legal regulations related to NES?”

This section evaluates participants’ knowledge, perceptions, and national practices regarding the legal and administrative framework related to the National Export Strategy (NES).





- 46.15% of participants indicated that there is official legislation regarding the NES in their country. However, this proportion also suggests that while there is a belief in the existence of legal provisions related to the NES, these regulations are not widely known.
- The responses to open ended question about the names of these regulations indicate that most participants lack clear knowledge regarding the names of relevant legislation. Instead of referring to specific laws, they mention general strategies, plans, or regulations. Moreover, the high rate of unanswered questions suggests the presence of either an information gap or uncertainty on this topic.
- The Ministry of Trade is most frequently identified as the institution responsible for implementing the NES. However, it is apparent that the process is generally carried out through the coordination of multiple institutions. The ambiguity and gaps in the responses indicate a lack of institutional clarity in this area and suggest that participants do not have sufficient knowledge about the authorized bodies involved.
- In response to the question regarding difficulties in implementing current regulations, 73.08% of participants indicated that no difficulties were encountered.

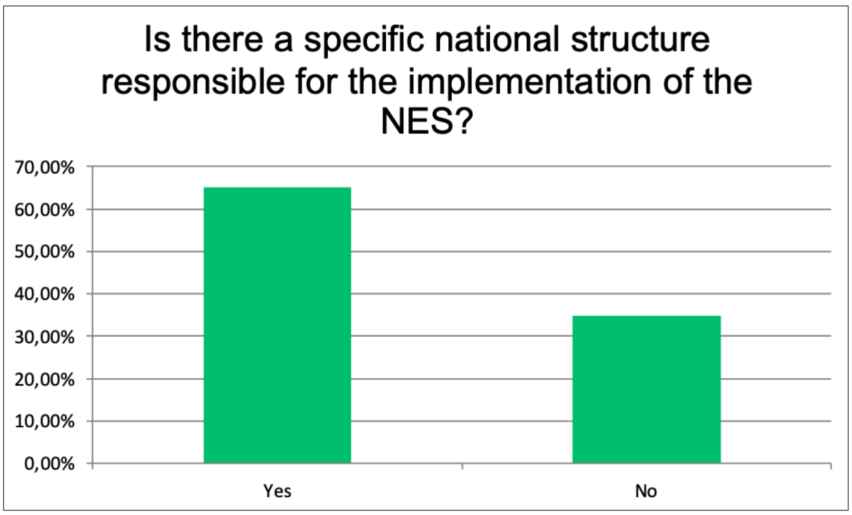


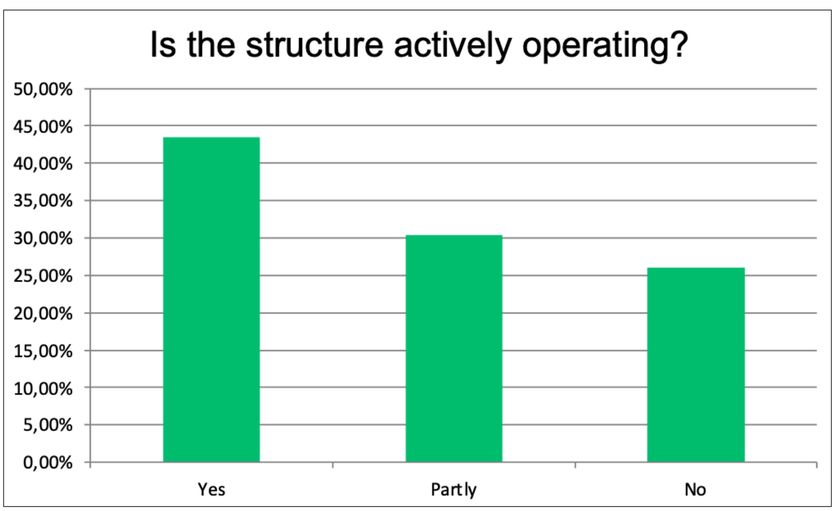
- There is a lack of public, stakeholder, and participant knowledge about updates to NES-related regulations. Responses were distributed as follows: 38.46% answered "Yes," 26.92% answered "No," and 34.62% responded "Uncertain." This distribution indicates a low level of participant knowledge concerning the future of the process

• National Organizational Structure

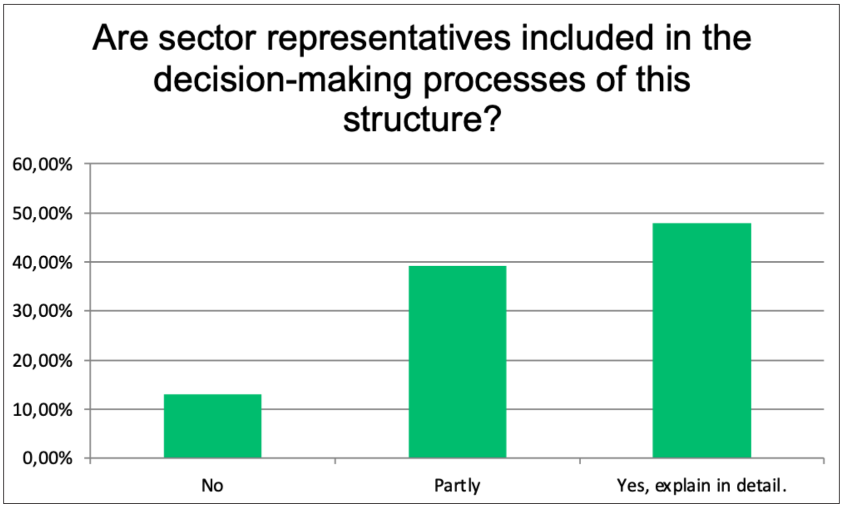
In this section, a total of five questions were asked. These questions covered the following topics: "Is there a specific national structure responsible for the implementation of the NES?", "What is the name, legal status, and duties of this structure?", "Is the structure actively operating?", "Are sector representatives included in the decision-making processes of this structure?", and "What are the areas of expertise of the expert personnel working in the NES structure?"

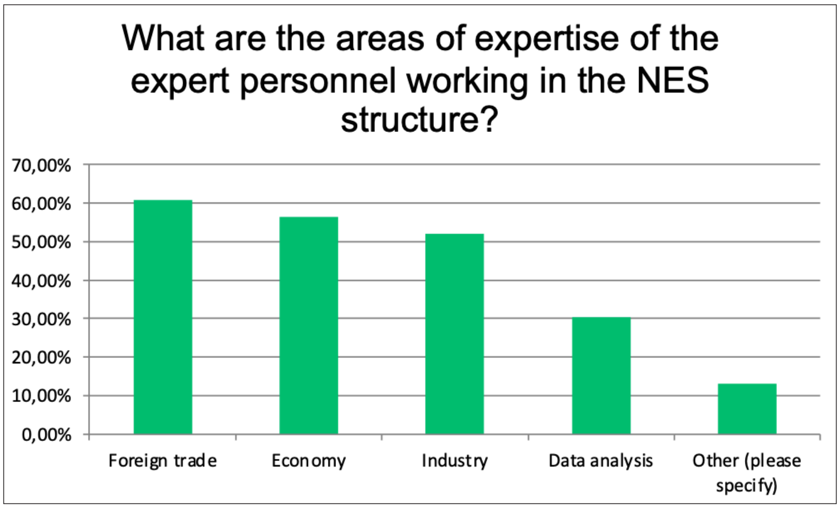
This section evaluates the existence, functionality, and internal operations of national structures responsible for the implementation of the National Export Strategy (NES).





- A large majority believe that there is a specific national institution responsible for NES implementation. However, over one-third of participants state that this institution is either not widely known or not clearly defined.
- There is a significant information gap regarding the name, legal status, and responsibilities of the entity tasked with NES implementation, with respondents referring to different structures or mechanisms indicate the absence of a shared understanding. Participants' references to different entities suggest that the system is multi-stakeholder and complex, yet not fully comprehended by the involved parties.
- Only 43.48% of participants responded "Yes" to the question regarding whether the structure is actively operating. This suggests that, in many countries, the structure either operates at a limited capacity or, although it exists, is not utilized effectively.



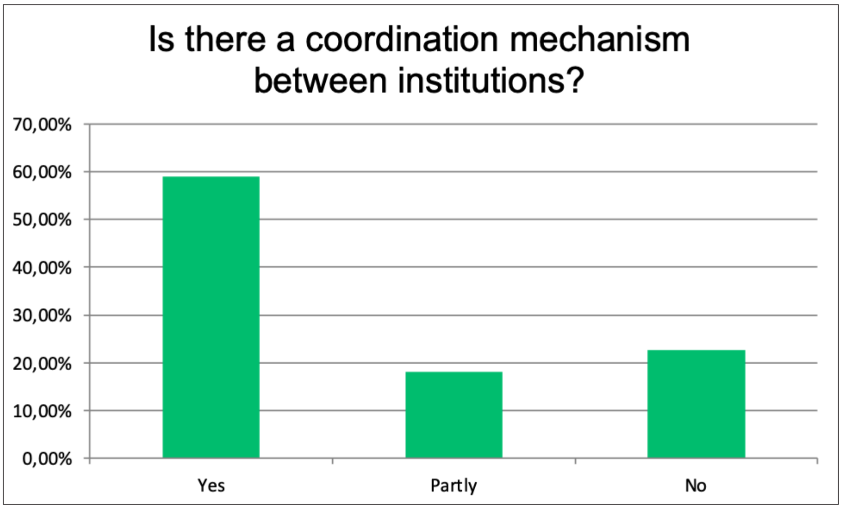


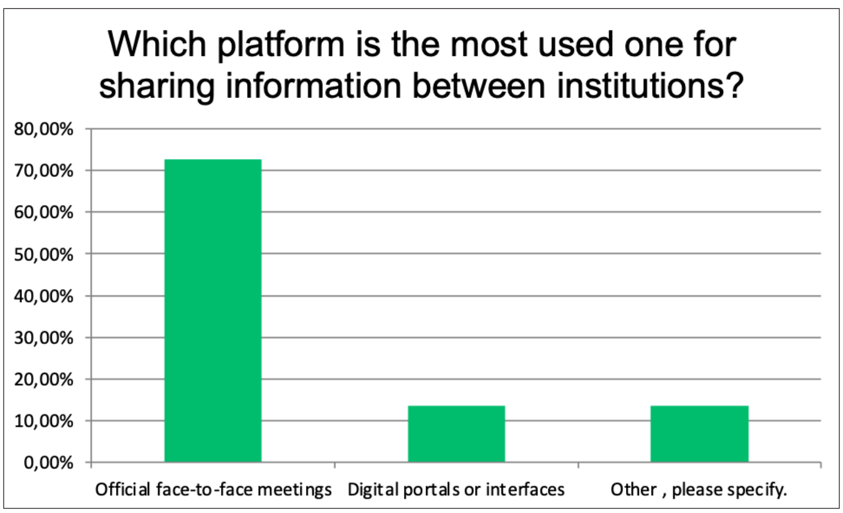
- The participation of industry representatives in NES-related decision-making processes is generally viewed positively.
- Experts within the NES structure are predominantly specialized in foreign trade, economics, and industry—three fields that form the foundation of the export strategy.

• Role of Public Institutions

In this section, a total of three questions were asked. These questions covered the following topics: "Which are the main public institutions involved in the NES process?", "Is there a coordination mechanism between institutions?", and "Which platform is the most used one for sharing information between institutions?"

This section analyzes participants' perceptions regarding the roles of public institutions in the NES process, the existence of inter-institutional coordination, and the methods used for information sharing.





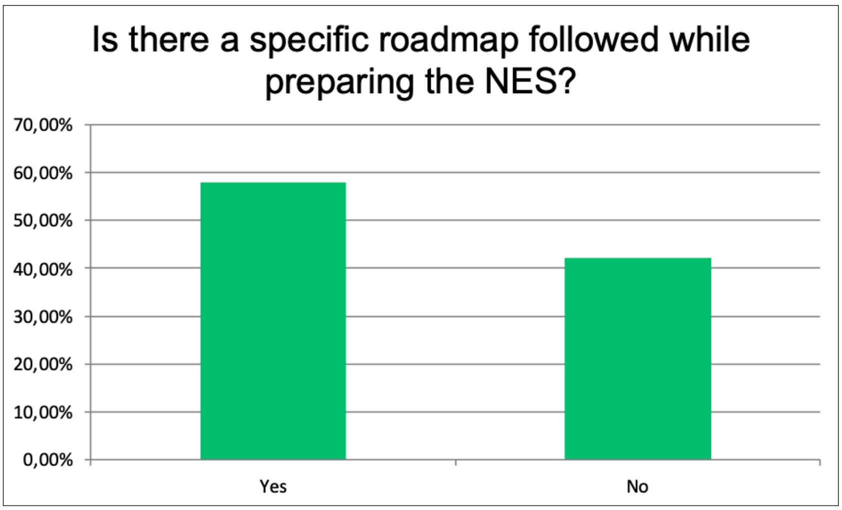
- Open ended question about responsible organisation is answered mostly as The Ministries of Trade and Industry. However, effective implementation of the process requires strong coordination between these institutions. The diversity of responses reflects structural differences across countries and suggests that a unified public narrative has yet to emerge.

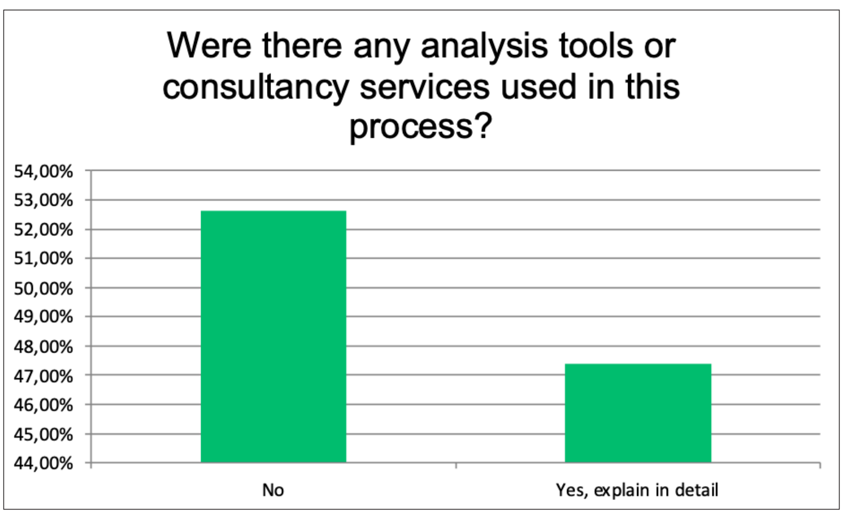
- Fifty-nine point zero nine percent (59.09%) of participants indicated that a coordination mechanism exists between institutions. Although the majority perceive coordination to be in place, this result highlights significant differences among countries and suggests that adequate integration has not been achieved in some systems.
- The most frequently used platform for sharing information was reported to be formal face-to-face meetings (72.73%) by a wide margin. This finding reveals that digitalization remains limited and traditional methods continue to dominate information exchange.

• NES Development Process and Roadmap

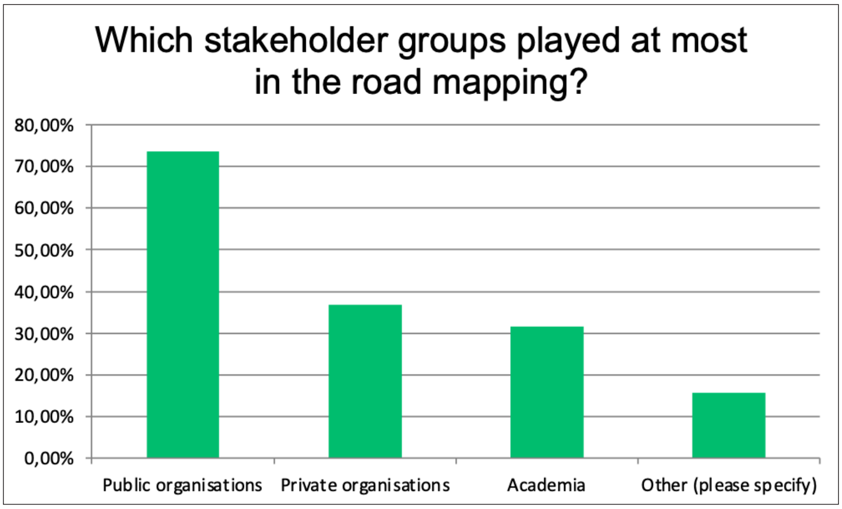
In this section, a total of four questions were asked. These questions addressed the following topics: "Is there a specific roadmap followed while preparing the NES?", "What were the main stages of the roadmap?", "Were there any analysis tools or consultancy services used in this process?", and "Which stakeholder groups played the largest roles in the road mapping?"

This section discusses the roadmap utilized during the preparation of the National Export Strategy (NES), the stakeholders involved in the process, and the technical support elements employed.





- 57.89% of participants indicated that a specific roadmap was followed during the preparation of the NES. While there is a general roadmap for NES development, it seems that it is not widely disseminated.
- The answers to open ended question “What were the main stages of the roadmap?” reveal a significant knowledge gap and a lack of clear consensus among participants regarding the key stages of the National Export Strategy (NES) roadmap. The high omission rate and insignificant responses highlight a general lack of understanding of the roadmap’s content. This suggests a lack of transparency or adequate disclosure of stakeholders regarding the strategy’s development process.
- No external resources were used during the NES preparation process, and there is no consensus on whether analytical tools or consultancy services were employed.

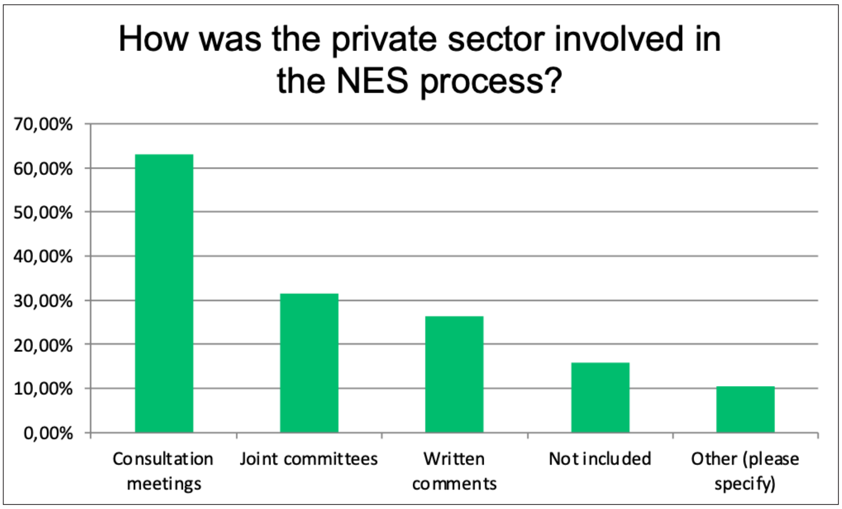


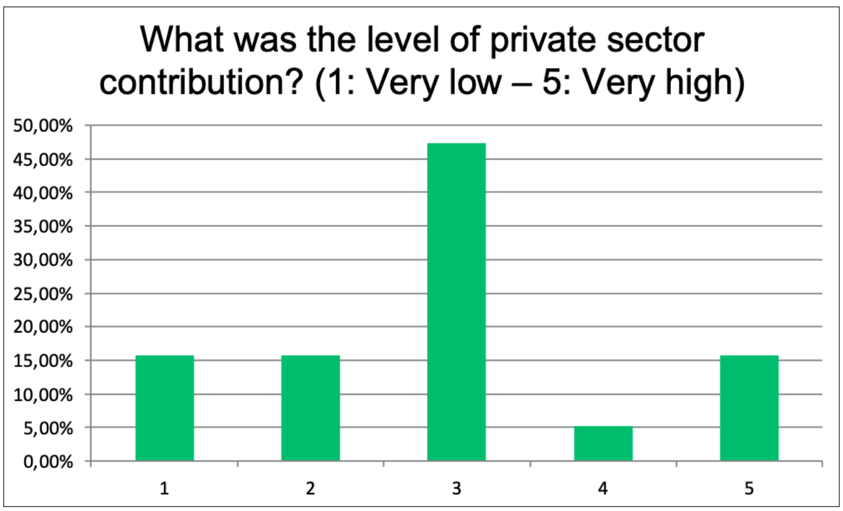
- The stakeholder group contributing most significantly to the NES roadmap process was, by a wide margin, public organisations(73.68%). This finding suggests that the NES development process is predominantly government-driven, with more limited involvement from private organisations and academia.

• Role of the Private Sector

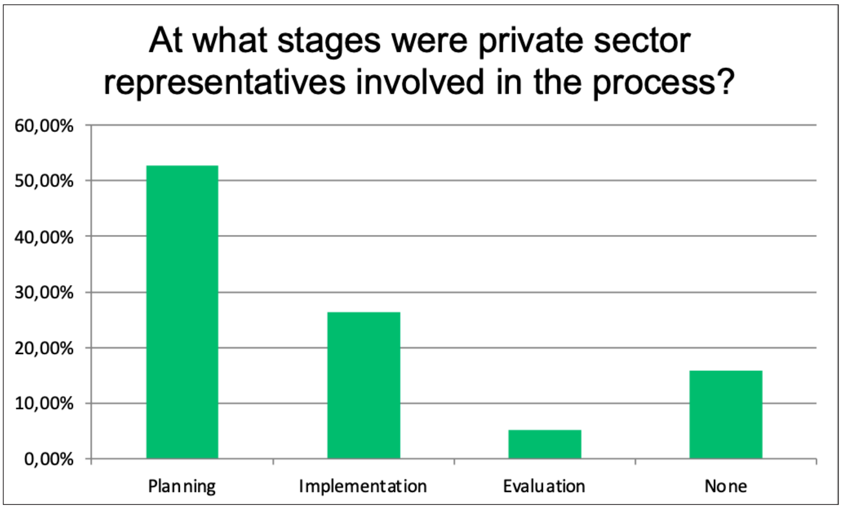
In this section, a total of four questions were asked. These questions covered the following topics: “How was the private sector involved in the NES process?”, “What was the level of private sector contribution?”, “At what stages were private sector representatives involved in the process?”, and “How was the private sector contribution evaluated?”

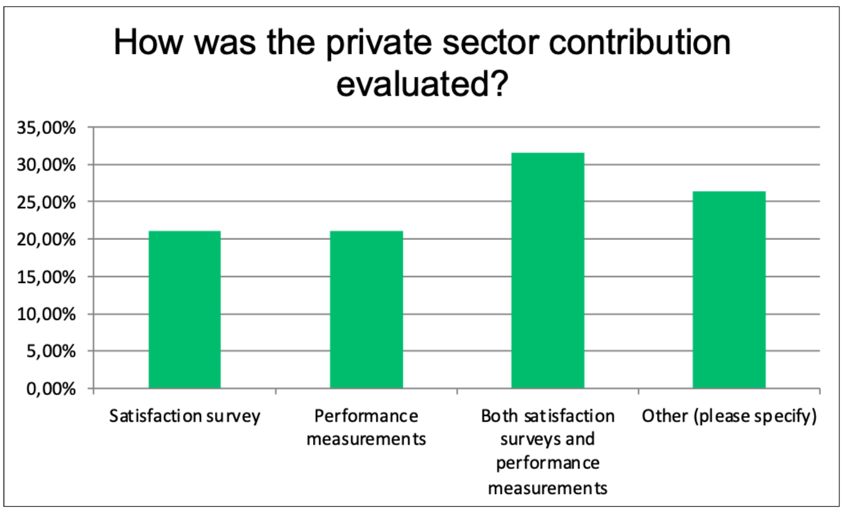
This section addresses the manner of private sector participation in the NES process, the extent of its contribution, the stages at which private sector representatives were involved, and how their contribution was assessed.





- Consultation meetings accounting for 63.16%. are the most common form of private sector participation in the NES process. This was followed by “joint committees” at 31.58% and “written feedback” at 26.32%.
- The private sector’s contribution level is 47.37% selecting level “3.” However, 31.58% indicated that the contribution was “very low” (levels 1 and 2). This suggests considerable variability in contribution levels across countries, with the private sector’s influence remaining weak in some systems.



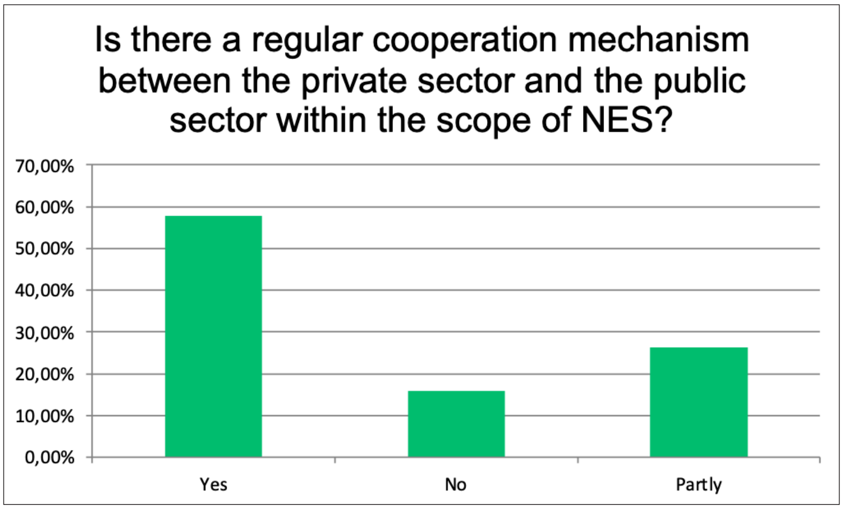


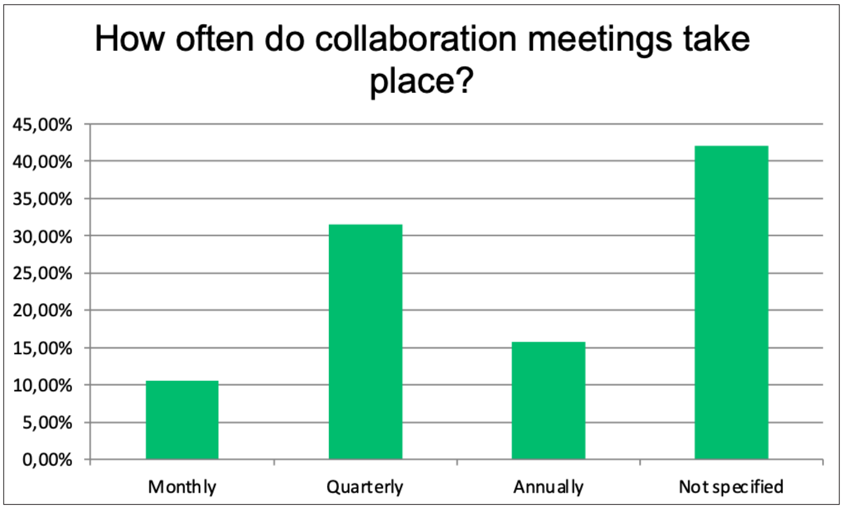
- Private sector representatives are most active during the planning phase, with participation declining in the implementation phase and becoming minimal in the evaluation phase.
- The most common method for assessing private sector contributions to NES is the combined use of satisfaction surveys and performance measurements.

• Public–Private Sector Cooperation

In this section, a total of three questions were posed. These questions addressed the following topics: “Is there a regular cooperation mechanism between the private sector and the public sector within the scope of NES?”, “How does this mechanism work? / How often do collaboration meetings take place?”, and “How are jointly made decisions implemented and monitored?”

This section examines the existence of cooperation mechanisms between the public and private sectors, their operational procedures, and the monitoring of decisions made jointly.





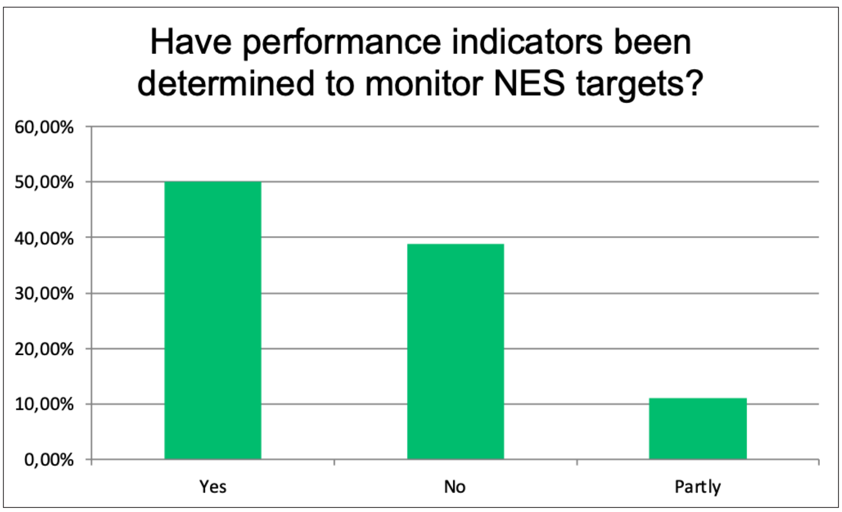
- More than half of participants believe there is a regular cooperation mechanism between the public and private sectors under the NES framework. This suggests that, while such collaborations are institutionalized in some countries, they remain limited or nonexistent in others.
- Despite belief in the existence of such a mechanism, there is uncertainty about concrete examples and details.
- There is no clear consensus on the frequency of cooperative meetings, although quarterly meetings are the most common. Open-ended responses reveal that, while there is a general perception of how the mechanism operates, a widespread lack of concrete knowledge persists. The answers tend to revolve around abstract concepts such as "Public-Private Dialogue" and "Coordination Meeting Strategies," yet the majority of participants fail to provide clear examples of how the mechanism functions in practice
- Implementation and monitoring of jointly made decisions involve various stakeholders, with a governance structure "appointed by the government" cited as the leader, though details of this process are not well known.

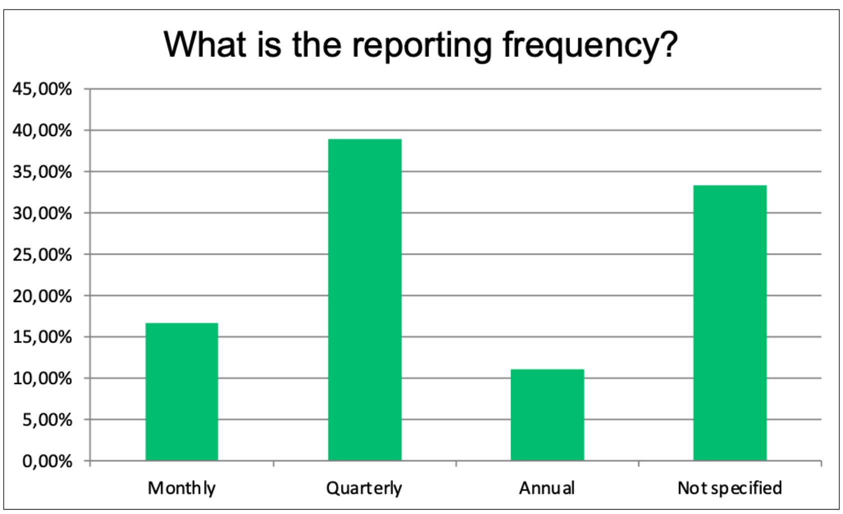
- Responses regarding the implementation and monitoring of jointly made decisions indicate that the process is generally guided by a structured framework. However, participants appear to lack sufficient knowledge about the specifics of this framework. Expressions such as "everyone contributes within their own area" and "it is monitored by a committee" were commonly used. Nonetheless, the high rate of non-responses to this question further reinforces the notion of limited awareness among stakeholders.

• Performance Criteria and Indicators

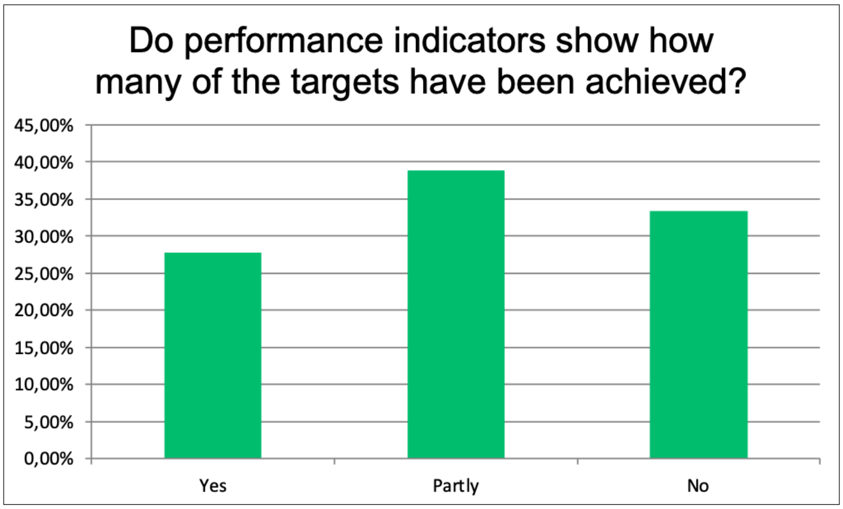
In this section, a total of four questions were posed. These questions addressed the following topics: "Have performance indicators been determined to monitor NES targets? What indicators are used?", "What is the reporting frequency?", "Do performance indicators show how many of the targets have been achieved?", and "Is performance data shared with the public?"

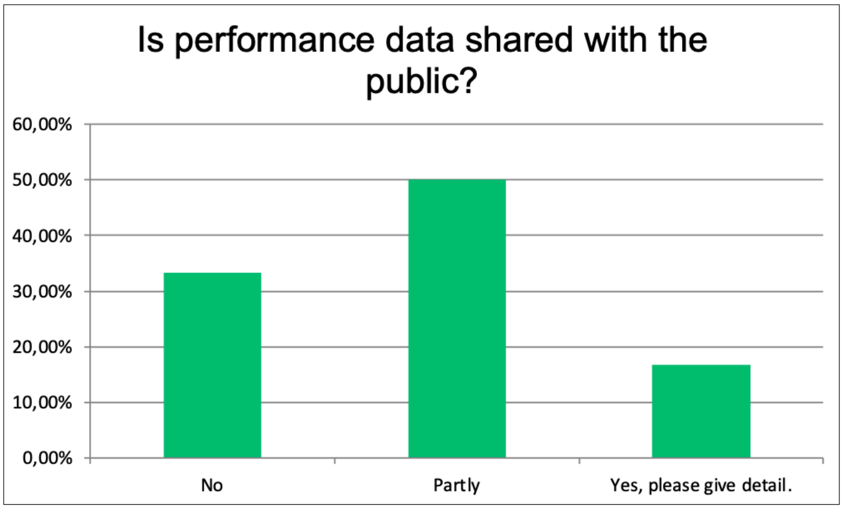
This section evaluates the structures, knowledge levels, reporting practices, and transparency related to performance measurement systems used to monitor the targets of the National Export Strategy (NES).





- 50% of the participants indicated that performance indicators have been established to monitor NES targets.
- According to the open-ended responses, the most commonly used indicators are export performance, foreign trade balance, and the implementation of strategic recommendations. However, the fact that more than half of the participants left this question unanswered reveals a low level of awareness regarding these indicators and indicates a lack of effective communication.
- The most common reporting frequency is quarterly, but many respondents are unaware of or unsure about reporting schedules, suggesting a possible communication gap in monitoring. This suggests that a systematic reporting discipline has not been fully established across all contexts.



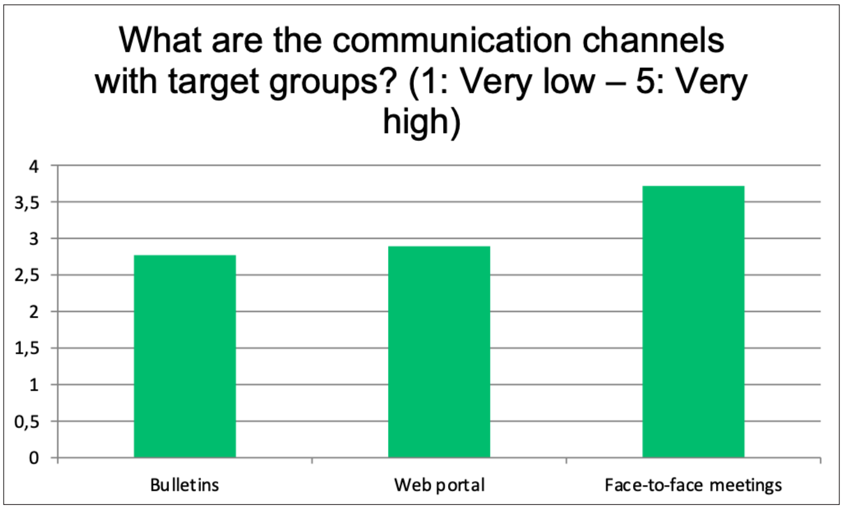


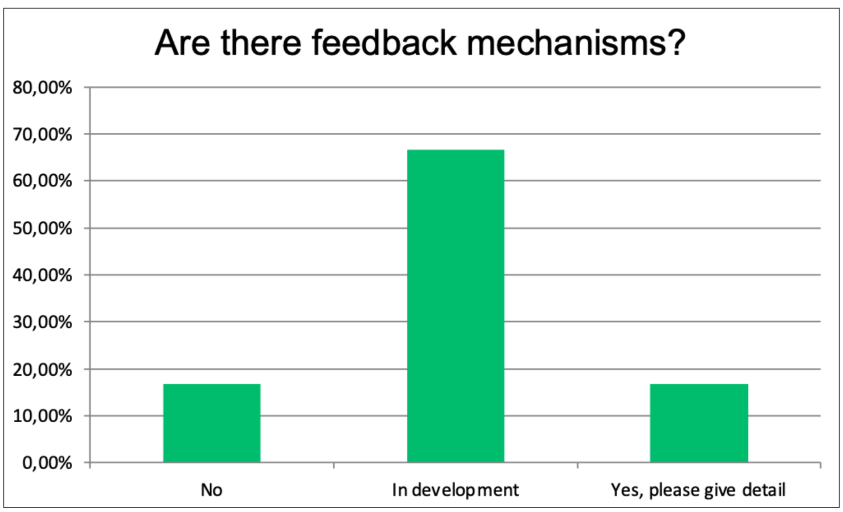
- Performance indicators are perceived as reflecting NES goals only partially or not at all, indicating a need for more comprehensive and transparent evaluation mechanisms.
- Performance data is partially shared with the public, with widespread perceptions of incomplete accessibility and transparency.

• Coordination with National Beneficiaries

In this section, a total of two questions were asked. These questions covered the following topics: “Are there feedback mechanisms?” and “What are the communication channels with target groups? (1: Very low – 5: Very high).”

The questions in this section evaluate the status of feedback and communication mechanisms with national beneficiaries.



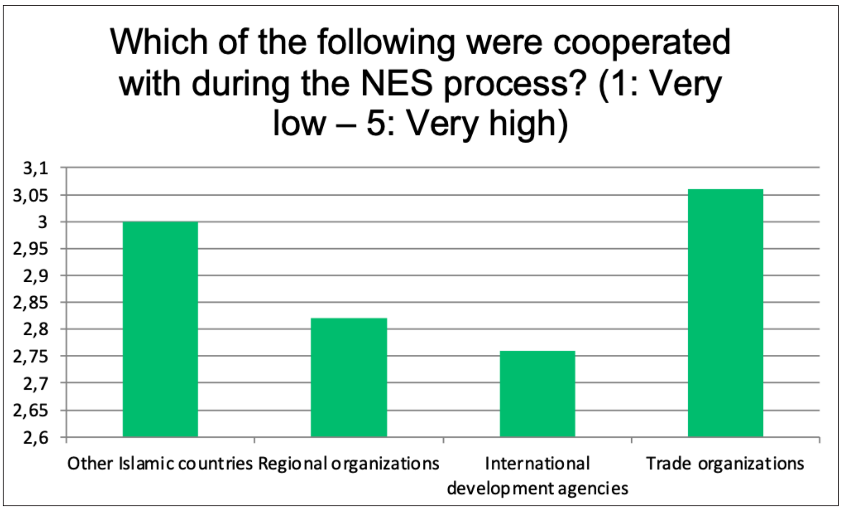


- The majority of participants (66.7%) indicated that feedback mechanisms are still under development. Only 16.7% reported the existence of an established feedback system.
- Face-to-face meetings were evaluated by participants as the most effective method (weighted average: 3.72). Web portals (2.89) and newsletters (2.78) received relatively lower scores. This suggests that face-to-face communication is perceived as a stronger channel compared to digital tools.

• International Cooperation

In this section, a total of three questions were posed. These questions addressed the following topics: "Which of the following were cooperated with during the NES process? (1: Very low – 5: Very high)", "What were the contributions of these cooperations?", and "What concrete outputs were achieved as a result of international collaboration projects?"

This section examines the level, contributions, and tangible outcomes of international collaborations. Participants' cooperating actors and the impacts of these collaborations were evaluated.

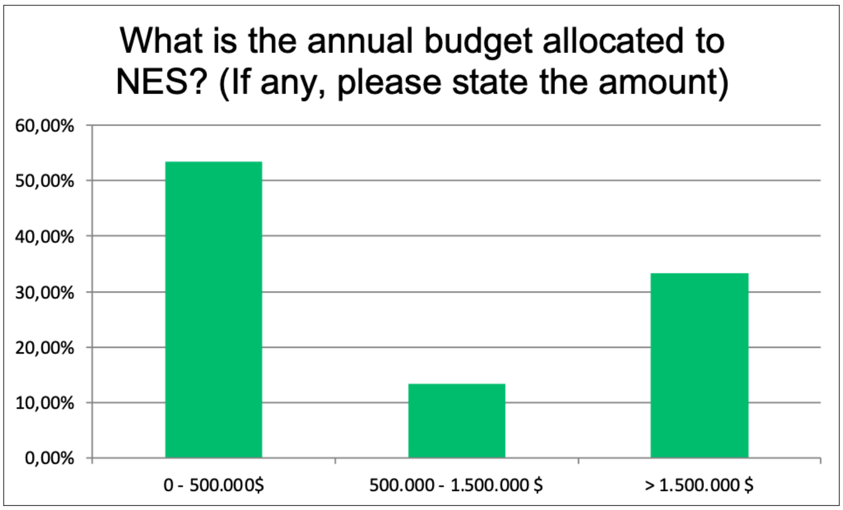


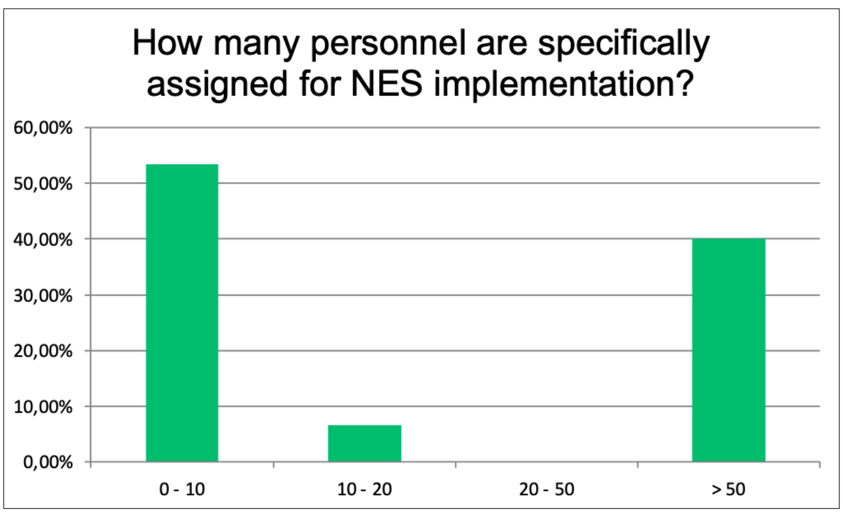
- In terms of cooperating organizations, the highest evaluation was directed towards Trade Organizations (3.06). This was followed by Other Islamic Countries (3.00), while International Development Agencies (2.76) and Regional Organizations (2.82) received lower scores.
- In terms of contributions, open-ended responses indicate that collaborations under the NES have provided multifaceted benefits in areas such as resource and capacity development, strategy and policy formulation, and the implementation of export mechanisms. However, the fact that the majority of participants did not respond to this question suggests a lack of awareness or insufficient information regarding these contributions.
- In terms of tangible outcomes, the most frequently emphasized themes were the development of SMEs and the enhancement of their export capacities. Responses such as "technical and financial resources," "owning the strategy," and "support for implementation" indicate that the collaborations have been effective not only at a strategic level but also at an operational level. However, the high rate of non-responses to this question suggests that perceptions regarding these outcomes are not equally shared among stakeholders

• **Budget and Personnel**

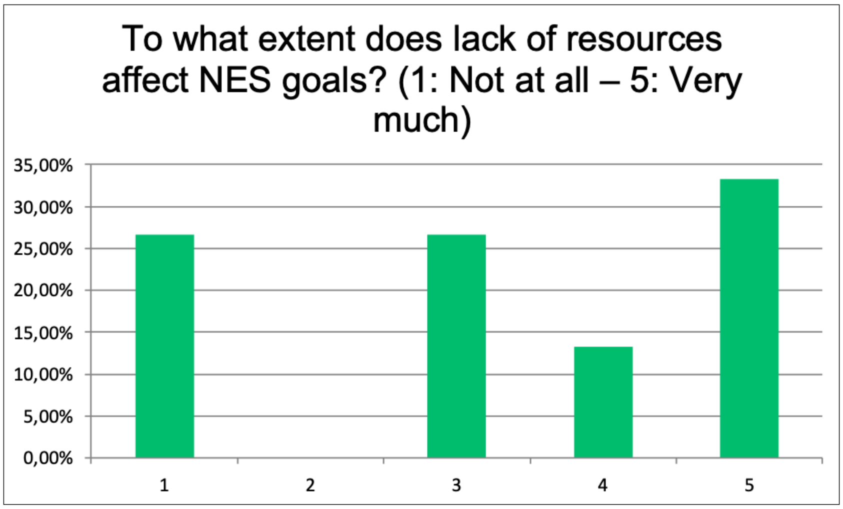
In this section, a total of five questions were posed. These questions addressed the following topics: "What is the annual budget allocated to NES?", "How many personnel are specifically assigned for NES implementation?", "What are the difficulties encountered in terms of budget and personnel adequacy?", "To what extent does lack of resources affect NES goals?", and "Is financing provided from external sources?"

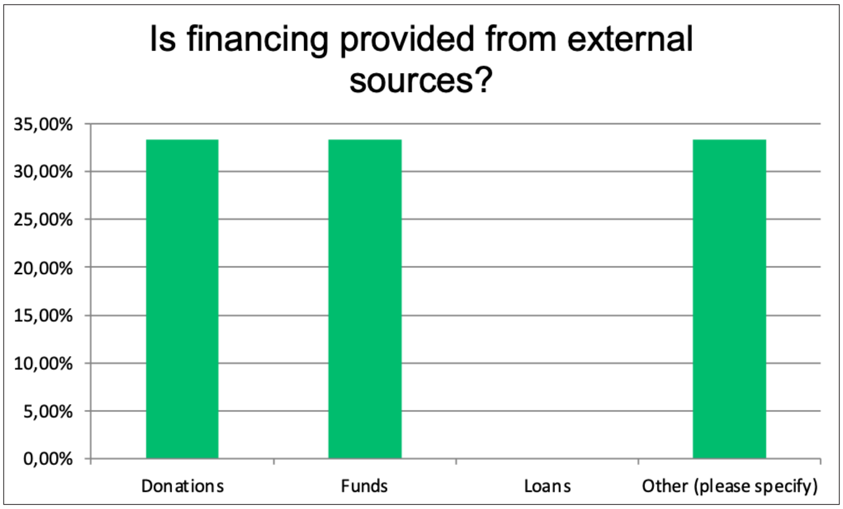
This section evaluates critical resource management issues such as the budget allocated for NES implementation, the number of personnel assigned, encountered difficulties, and the impact of resource insufficiency.





- Budget allocation remains at low levels, with 53.3% of participants reporting an annual NES budget of $0–500,000. However, 33.3% indicated that a budget exceeding $1,500,000 was allocated.
- A similar situation exists in terms of personnel numbers: 53.3% of participants reported that 0–10 personnel are specifically assigned to NES implementation, while 40% indicated that more than 50 personnel are involved.



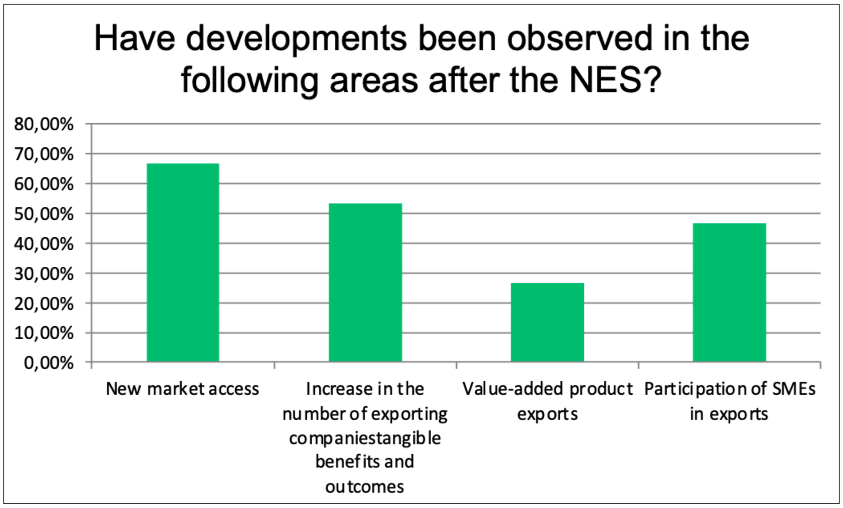


- In the section on challenges, participants' open-ended responses highlighted the following themes: insufficient budget and lack of resources, inadequate personnel numbers and skills, lack of strategic planning and investment, and the misalignment of institutional priorities with budget allocations. This indicates that not only resource scarcity but also structural and managerial issues adversely affect the process.
- Financial and resource constraints, including insufficient budget allocation, are cited as key challenges.
- Perceptions of the impact of resource shortages on NES goals vary: some see them as significant, others as negligible or moderate, highlighting a lack of consensus.
- NES external financing sources are reported to be diverse. 33.3% of participants indicated donations, 33.3% funds, and 33.3% selected "other." Notably, no participant reported the use of loans, suggesting that financing primarily relies on non-repayable support.

• Evaluation of Impacts (Results-Based Monitoring)

In this section, a total of two questions were posed. These questions addressed the following topics: “Have developments been observed in the following areas after the NES?” and “What is the most concrete success achieved thanks to the NES?”

This section aims to evaluate the tangible impacts and achievements of NES implementations. Participants indicated both developments in specific areas and the most concrete successes.

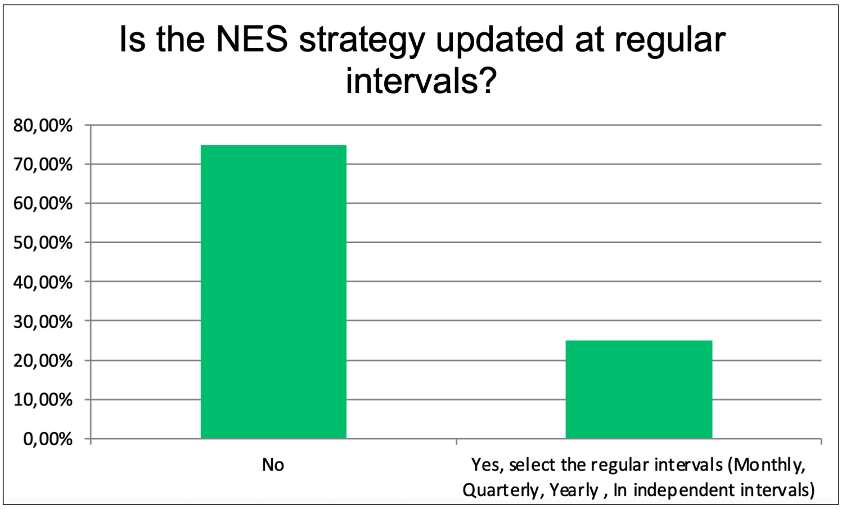


- In response to the question about observed areas of development, the highest proportion (66.7%) indicated “New Market Access.” This finding demonstrates that NES implementations have provided tangible benefits in terms of market entry. This was followed by “Increase in the number of exporting companies tangible benefits and outcomes” at 53.3% and “Participation of SMEs’ in exports” at 46.7%. Export of value-added products exports only 26.7%. NES is credited with enabling access to new markets and increasing the number of exporters, as well as positively influencing SME participation in exports. However, less progress has been made in increasing value-added exports, suggesting a stronger focus on volume and market expansion than on export quality and value.
- The most prominent themes emerging from the open-ended responses regarding concrete achievements include:
  - Progress made in the areas of electric vehicle technology and support for SMEs,
  - T he establishment of institutional and collaborative mechanisms that enable the implementation of joint decisions.

• Sustainability and Continuity

In this section, a total of two questions were posed. These questions addressed the following topics: “What efforts have been made to institutionalize the NES implementation?” and “Is the NES strategy updated at regular intervals?”

This section aims to evaluate the sustainability and level of institutionalization of the NES. Both open-ended feedback and quantitative data have been analyzed to assess the longevity of the strategy and whether it is regularly updated.

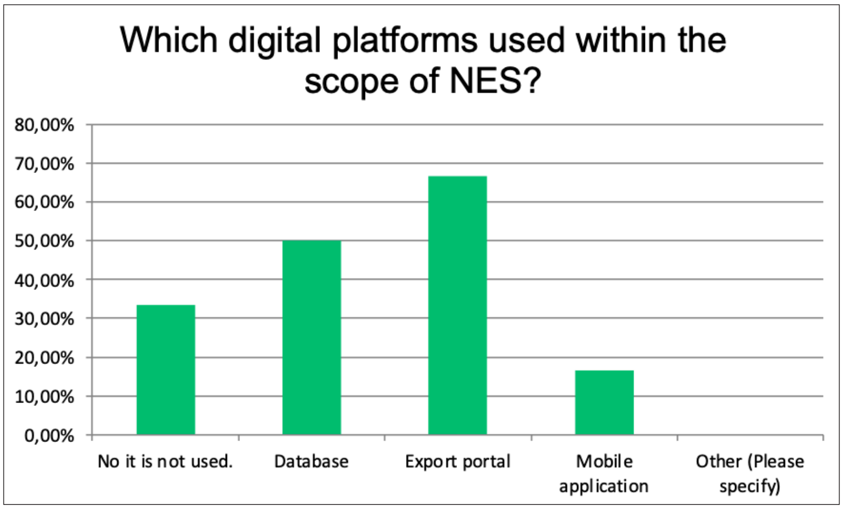


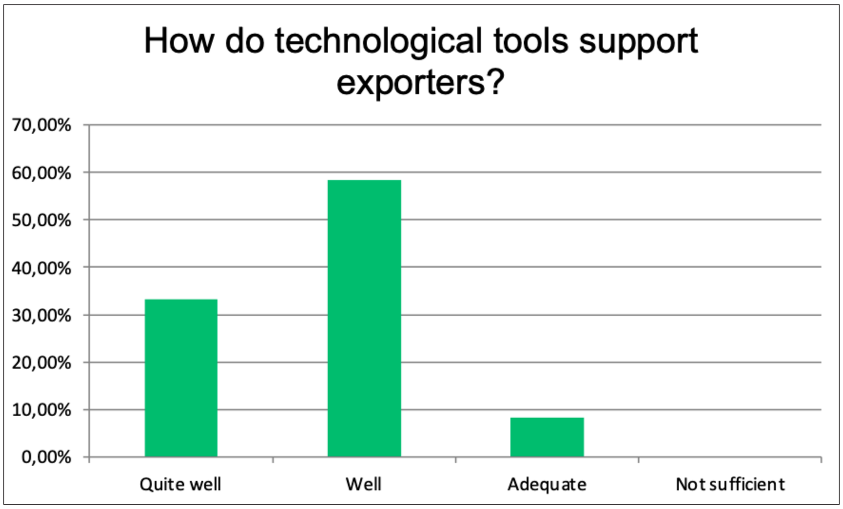
- The responses related to institutionalization efforts reveal that the implementation of the NES is being carried out through robust governance structures and institutional frameworks. Participants referred to terms such as "National Export Strategy Governance," "Governance Structure," and "Legal and Regulatory Framework," indicating that the process is supported not only by planning but also by legal and administrative infrastructures. This demonstrates that the NES is being developed not as a temporary project, but as a systematic and institutionalized framework.
- In response to the question of whether the strategy is regularly updated, 75% of participants answered negatively, while only 25% indicated that it is updated periodically. This result suggests that although the strategy has been institutionally defined, it is not sufficiently updated through dynamic processes.

- Digitalization and Use of Technology

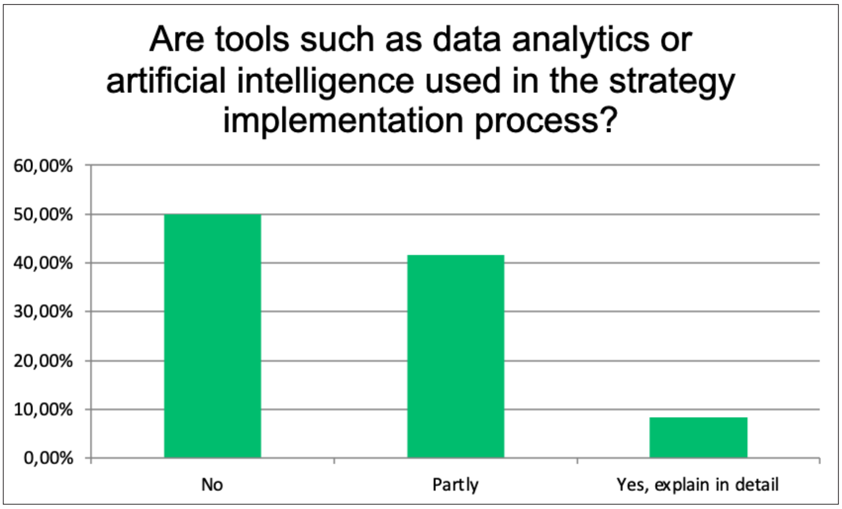
A total of three questions were included in this section. These questions addressed the following topics: "Which digital platforms are used within the scope of the NES?", "How do technological tools support exporters?", and "Are tools such as data analytics or artificial intelligence used in the strategy implementation process?

This section evaluates the use of digital tools in NES implementation, the level of technological support, and the integration of advanced technologies such as artificial intelligence and data analytics.





- The most frequently used platforms under the NES are the Export Portal and the Database, indicating that digitalization efforts focus largely on information management and centralized management of export processes.
- The export portal serves as a one-stop information and transaction center for exporters, aiming to reduce bureaucracy and increase accessibility. The database is critical for functions such as data collection, analysis, and reporting.
- Technology tools are reported to contribute positively to exporters and are applied successfully.

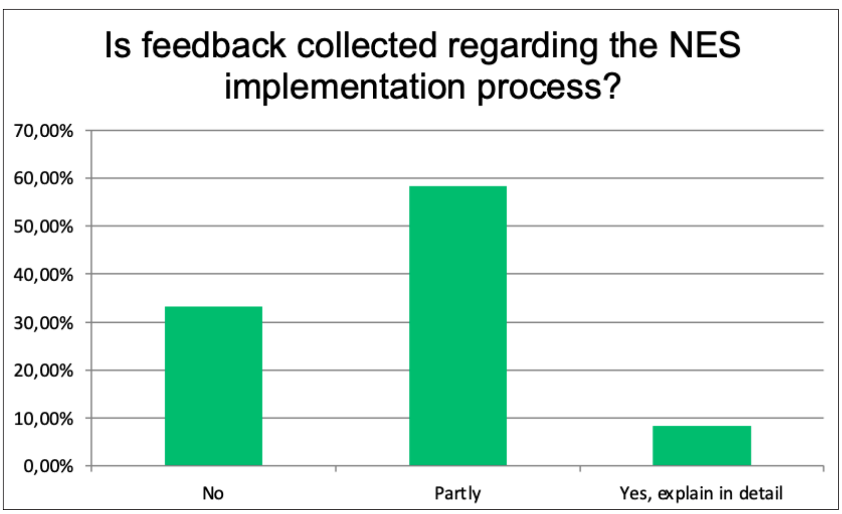


- However, advanced technologies such as data analytics and artificial intelligence are not yet widely used, suggesting that the NES is still in the early stages of digital transformation. Greater integration of advanced technologies is needed to make the strategy more proactive, predictive, and competitive.

• Monitoring and Feedback Mechanisms

A total of two questions were included in this section. These questions addressed the following topics: "Is feedback collected regarding the NES implementation process?" and "What changes have been made in line with the feedback?"

This section evaluates the existence of feedback collection mechanisms within the NES implementation process and how this feedback is reflected in the strategy.



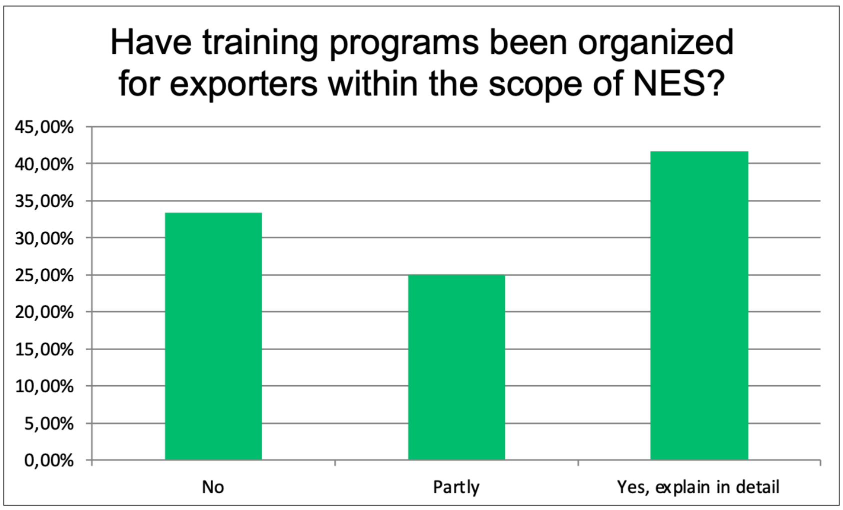
- In response to the question "Is feedback collected?", 58.3% of participants answered "partially," 33.3% responded "no," and only a small minority of 8.3% stated "yes, in detail." These findings indicate that feedback processes are limited or irregular in most countries.

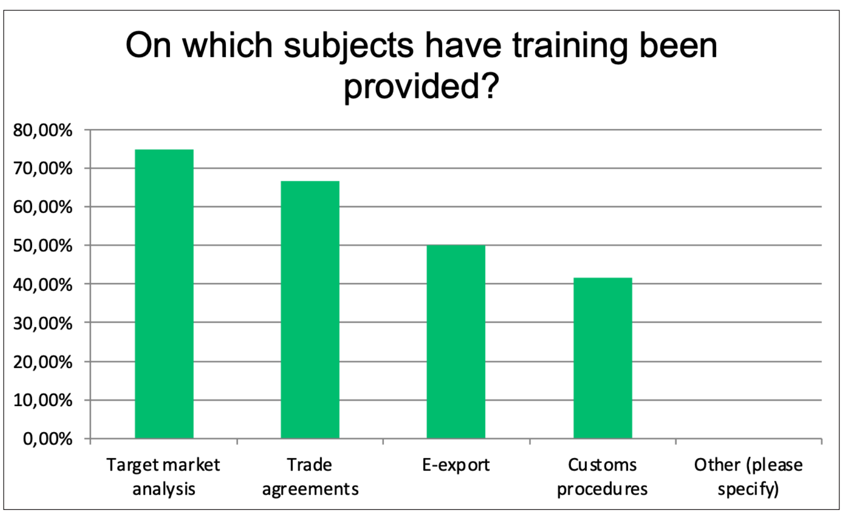
- Open-ended responses regarding "changes made based on feedback" suggest that this process is not merely superficial but has led to strategic and operational impacts. Key emerging themes include: adjustments based on targeting issues, strategy modifications for local adaptation, improvements in market access and collaboration, revisions within the legal and policy framework, and enhancements in performance management and business development processes.

• Training and Capacity Building

A total of two questions were included in this section. These questions addressed the following topics: "Have training programs been organized for exporters within the scope of the NES?" and "On which subjects have training been provided?"

This section evaluates whether training activities have been conducted for exporters under the NES and identifies the subjects on which training has been provided.



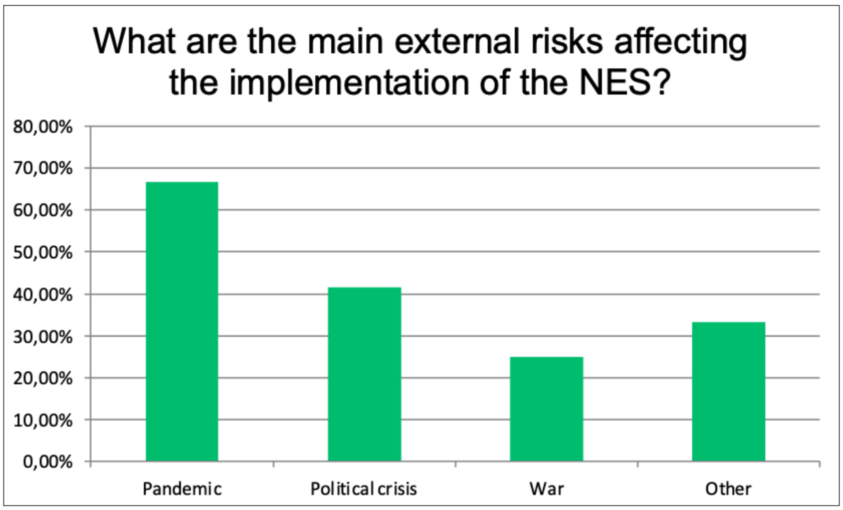


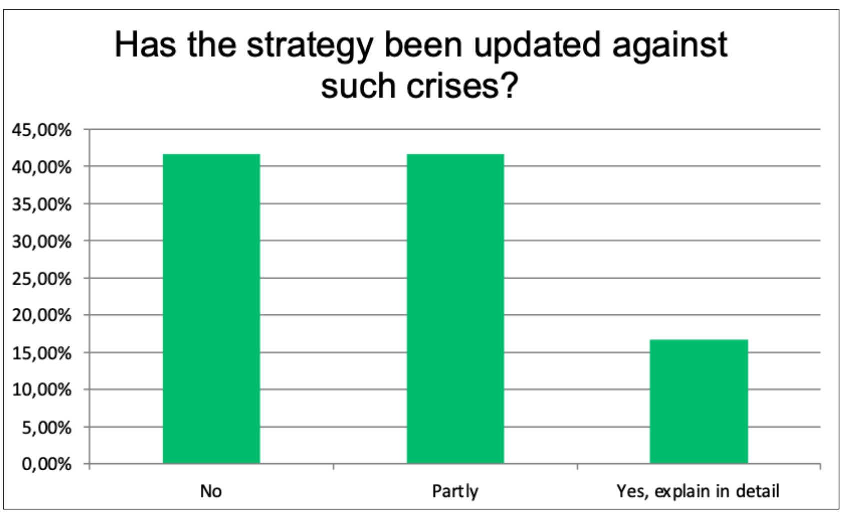
- In response to the question of whether a training program has been organized, 41.7% of participants answered “yes,” while 25% responded “partially,” and 33.3% stated “no.”
- Among the training topics, the most prominent was target market analysis, mentioned by 75% of respondents. This was followed by trade agreements (66.7%), e-export (50%), and customs procedures (41.7%)

• Risks and Crisis Resilience

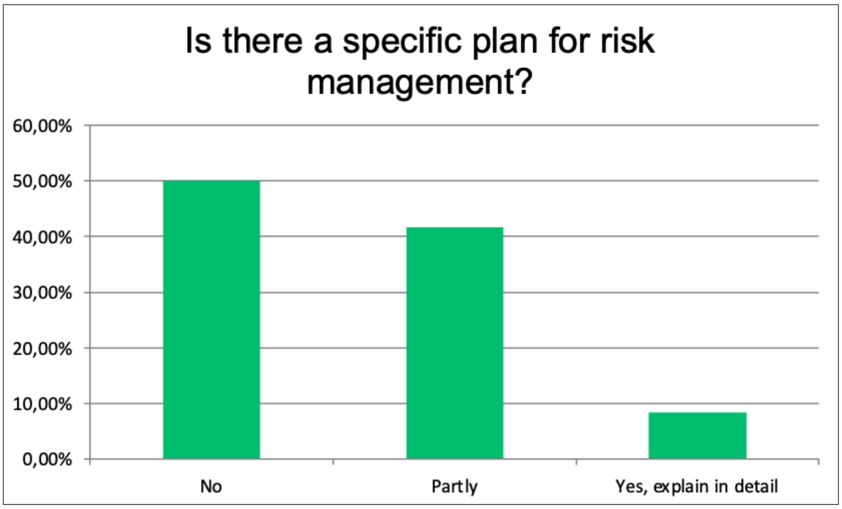
A total of three questions were included in this section. These questions addressed the following topics: “What are the main external risks affecting the implementation of the NES?” and “Has the strategy been updated against such crises? Is there a specific plan for risk management?”

This section evaluates the external risks influencing the implementation of the NES and the measures taken in response to these risks. The data indicate varying levels of resilience and preparedness against crises.





- The most significant external risk affecting NES implementation is the pandemic, followed by political crises and wars. Economic conditions and local factors are also cited as external risks.
- The strategy is not consistently or comprehensively updated to account for crises, or such updates are not universally accepted by stakeholders.



- When asked whether there is a risk management plan in place, half of the participants (50%) stated that no such plan exists. Meanwhile, 41.7% reported that a plan exists partially, and only 8.3% affirmed the presence of a detailed risk management plan.

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