Policy Brief

Dealing with Changing Obstacles in Trade Promotion

PB25A | December 2025

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Summary

The challenges faced by Export Promotion Organisations (EPOs) have changed drastically. New issues have emerged over the past year while existing priorities have shifted. This Policy Brief provides a whole-of-industry view of how the landscape for EPOs has evolved since 2024. Upcoming briefs based on our extensive research with EPO executives will address the effects of US tariffs and how EPOs respond to the new patterns in international trade on a strategic and operational level.

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Changing Landscape for Export Promotion Organisations

Earlier this year, the tariffs imposed by the US administration on countries around the world further disrupted already fragile patterns in international trade. With geopolitical uncertainties and trade conflicts on the rise, it has become increasingly difficult for decision-makers in international trade and export finance to interpret wider developments and anticipate change.

Export Promotion Organisations (EPOs), encompassing Export Credit Agencies (ECAs), trade and investment promotion bodies, and other hybrid public-private institutions, play a vital role in supporting firms' internationalisation and their country's economic competitiveness. EPOs do this not only through export finance and trade credit insurance but also through trade promotion instruments such as market intelligence, business matchmaking, and investment facilitation. Despite the significant annual volume of officially supported export credits and the growing political relevance of EPOs as trade catalysts or trade creators, there is limited evidence on how these organisations anticipate and respond to the recent changes in the global risk landscape.

Our research shows how the challenges facing EPOs have shifted, how US tariffs have influenced these developments, and how EPOs are adapting their mandates, strategies, and product portfolios. This briefing focuses on how organisations have re-prioritised challenges in their environment and what new issues have emerged over the past year. Understanding these developments is essential for trade and industrial policymakers to align export, investment, and public finance strategies. It is also crucial for EPO decision-makers to gain a clearer, whole-of-industry view of their operating environment and to reposition their trade promotion activities accordingly.

Key Insights

- **Four distinct new challenges emerged for EPOs:** Global uncertainty, tariffs, internal organisational issues, and competition between EPOs (see Figure 1).
- **Existing challenges have been re-prioritised:** Geopolitical tension, while important in 2024, is now considered the most dominant challenge. The growing political influence on EPOs and increasing regulatory demands in export finance remain relevant issues, while other challenges, such as balancing commercial success and social impact, have substantially lost importance.
- **Issues raised by EPOs are interconnected** and influence each other. Addressing challenges thus requires a holistic approach.

Figure 1: Key Challenges of Export Promotion Organisations
Source: Authors



New Challenges in Detail

UNCERTAINTY has emerged as a stand-alone challenge that cuts across all other risks in the environment of EPOs. In principle, greater uncertainty could be expected to increase demand for export finance and political risk insurance. In practice, our interviews indicate that heightened geopolitical, regulatory, macroeconomic, and climate-related uncertainty depresses overall investment volumes, as firms delay or cancel projects rather than committing capital under opaque conditions. Executives report that it has become significantly harder to form robust views on country, sector, and counterparty risk, which complicates mandate delivery and portfolio steering. Uncertainty therefore does not simply generate more business for EPOs but undermines the project pipelines on which their operations depend.

TARIFFS, particularly the measures introduced by the US administration in 2025, are perceived as a contributor to this volatility. Many interviewees highlighted how the sudden and politically motivated tariff changes have disrupted trade flows, slowed transactions, and contributed to project delays, thereby weakening the financial health of EPOs. At the same time, there is no single view on the magnitude of these effects. Some executives regard tariffs as a catalyst that has intensified pre-existing trends in supply chain reconfiguration and regionalisation, while others consider the direct impact on their portfolios to be limited so far or too early to quantify. This divergence underscores the need for systematic monitoring and scenario analysis rather than reactive, case-by-case responses.

INTERNAL ORGANISATIONAL ISSUES increasingly reflect the accumulation of external pressures over the past year. Respondents describe organisations that are expected to do more while simultaneously managing tighter resource constraints, higher risk, and stricter efficiency requirements. Capacity limits, funding questions, governance arrangements, and diverging views on risk appetite or business models all surfaced as central concerns. Several interviewees noted that, amid rapid change, staff and management are unsure how to reconcile evolving mandates with legacy processes and structures. Without clearer direction and better alignment between political expectations, governance frameworks, and operational capabilities, these internal frictions risk undermining the effectiveness of EPOs.

COMPETITION has become a prominent concern as well. EPOs increasingly benchmark themselves not only against peer agencies but also against other organisations. Interviewees emphasise that firms now have more choice in accessing finance and support, and that traditional 'last resort' positioning is no longer sufficient for EPOs. This pressure is prompting a re-examination of fundamental approaches: Executives argue that EPOs must move from predominantly responding to corporate demand towards actively creating and shaping new business opportunities. The emerging competitive agenda is thus not about lowering prices, but about competing on value: Speed, sectoral and regional expertise, sustainability capabilities, and the ability to mobilise coordinated offers that make EPOs preferred partners rather than providers of commodity products.

Recommendations

For governments and policymakers, we recommend the following actions to increase resilience and competitiveness:

Clarify mandates:
Position EPOs explicitly as trade creation institutions, aligned with export, industrial, innovation, and climate strategies.

Match ambition with governance:
Translate political priorities into clear, stable objectives and avoid ad hoc interference.

Establish geopolitical coordination mechanisms: In line with a whole-of-government approach, create inter-agency task forces linking EPOs with foreign affairs, defence, and intelligence services to provide early warning on geopolitical risks and coordinate responses.

Implement ‚Team' approaches:
Strengthen cooperation between EPOs, trade ministries, investment agencies, innovation funds, and development banks through joint country and sector strategies, as well as enhanced coordination.

Develop tariff response frameworks:
Implement rapid market diversification support programmes and compensatory mechanisms to help businesses pivot when tariff barriers emerge, including fast-track procedures for new markets.

Create uncertainty buffers:
Establish contingency funds and flexible mandate adjustments that allow EPOs to respond quickly to unexpected global shocks without lengthy approval processes.

For EPO boards and management, the main strategic priorities should be:

Shift from facilitator to creator:
Move upstream to originate opportunities and shape project pipelines, not just support deals brought by firms.

Strengthen geopolitical intelligence:
Establish dedicated geopolitical risk units with early warning systems, country risk dashboards, and clear escalation protocols.

Build adaptive capacity for uncertainty:
Develop dynamic risk assessment systems with strategy reviews, multiple scenario planning, and flexible product portfolios that can be rapidly adjusted to changing market conditions.

Develop tariff mitigation services:
Create specialised advisory units to help clients navigate tariff complexities through supply chain restructuring, rules of origin optimisation, and alternative market identification.

Address internal organisational challenges: Invest in digital transformation, streamline decision-making processes, and build change management capabilities to improve speed of decision-making and efficiency.

Compete on value, not price:
Differentiate through speed, sector expertise, sustainability capabilities, and strong partnerships.

Research context:
This project looked at how the risk landscape for EPOs has changed over the past year and what new challenges have emerged. Our research includes interviews with 29 EPO executives in 2024 and 22 follow-up interviews one year later in 2025, applying a comparative analysis. Interviewees include, in particular, representatives from government agencies, state-owned enterprises, private agents, multilateral organisations, and development banks. The qualitative data was analysed both deductively and inductively. Further details about the methodology are available here.



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The lill Institute for Public Value is a dynamic academic hub for innovation and a catalyst for change. With our Oxford Research Hub in the United Kingdom and our Research Home in the Black Forest, Germany's economic powerhouse, we are dedicated to promoting public policy, public administration, and public finance leadership that responds to the complexities of today's economic landscape with innovative and sustainable solutions. At a time of shifting geopolitical dynamics, economic uncertainty, and climate change, our focus on public policy, digital innovation, and economic competitiveness, as well as export, development and climate finance, is driven by a fundamental commitment: To lead in transforming global challenges into actionable strategies that deliver tangible public value.

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