



**Asia-Pacific  
Economic Cooperation**

---

**2014/ISOM/SYM/014**

Session: 5

## **SME Internationalisation: Characteristics, Barriers and Policy Options**

Submitted by: OECD



**APEC**  
PHILIPPINES  
2 0 1 5

**Symposium on APEC 2015 Priorities  
Manila, Philippines  
8 December 2014**



# **SME INTERNATIONALISATION: CHARACTERISTICS, BARRIERS AND POLICY OPTIONS**

**Dr. Alexander Böhmer,  
Head of Division,  
Southeast Asia, OECD**

**APEC Symposium on Priorities, 8 December 2014, Manila  
Session 5: SMEs and Inclusive Growth - Mainstreaming Small  
Medium Enterprises (SMEs) in Global and Regional Markets**



## **PART I: SME INTERNATIONALISATION & CHARACTERISTICS**

2



## 2014 - APEC Strategic Blueprint for Promoting Global Value Chains lists key policy priorities

**“5. Assist SMEs to benefit from GVCs:** develop and implement initiatives to assist SMEs in the areas that matter to GVCs:

- Infrastructure and supply chain connectivity,
- Innovation and skills,
- and adoption of international standards.

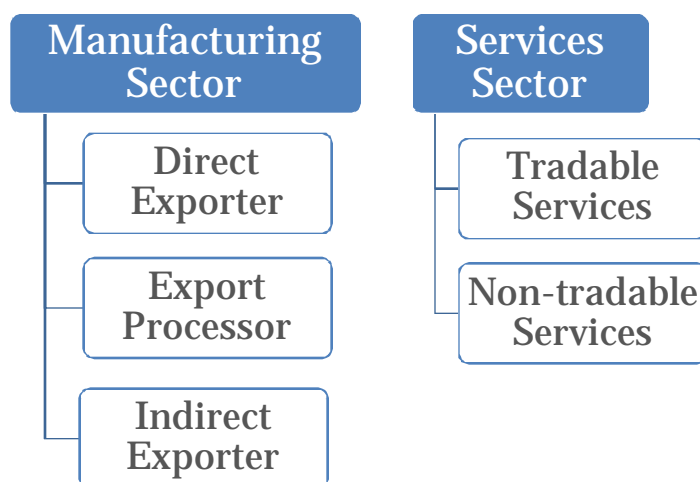
### **How?:**

- capacity building activities,
- facilitating SME access to trade and investment related information,
- enhancing intellectual property protection,
- and providing further information on tools and processes that would help them enter and move up GVCs.
- APEC should also foster linkages between SMEs and MNEs by helping our economies build an open and transparent regulatory and investment climates.”

3



## Different types of SMEs require different policies



4



### Example: Manufacturing SMEs and areas of importance for internationalisation

	Standards	Innovation	Marketing	Finance	Information
Direct exporter	✓	✓	✓	✓	✓
Export processor	✓	~	~	X	X
Indirect exporter	✓	✓	✓	X	~

✓ : Area of importance for the company operations

~ : Intermediate level of importance

X : Area of less relevance

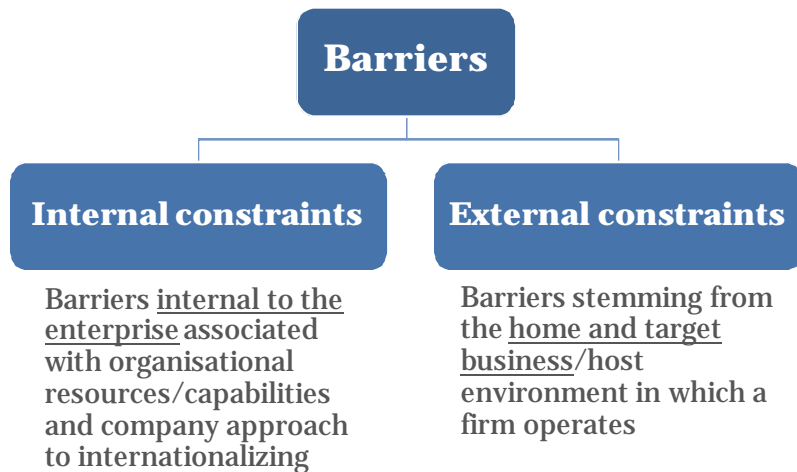


## PART II:

### BARRIERS TO SME INTERNATIONALISATION & GOVERNMENT POLICY MEASURES



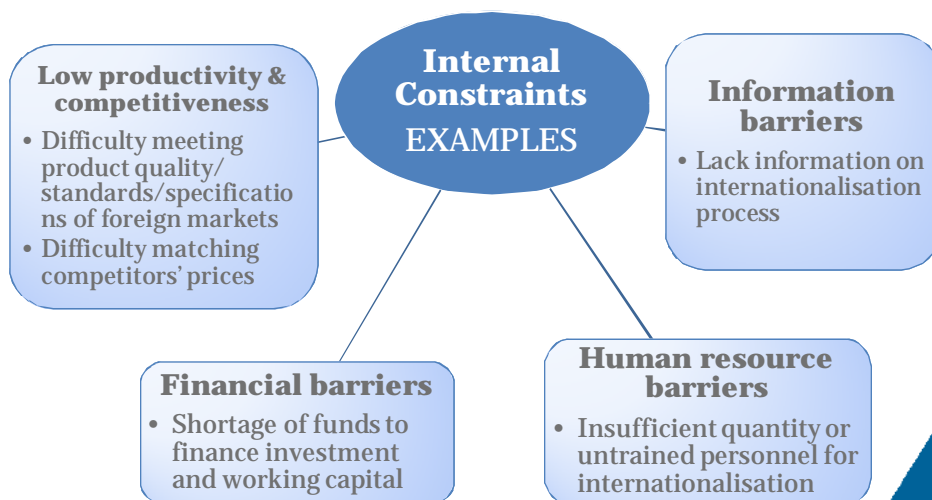
## Barriers to SME internationalisation



7



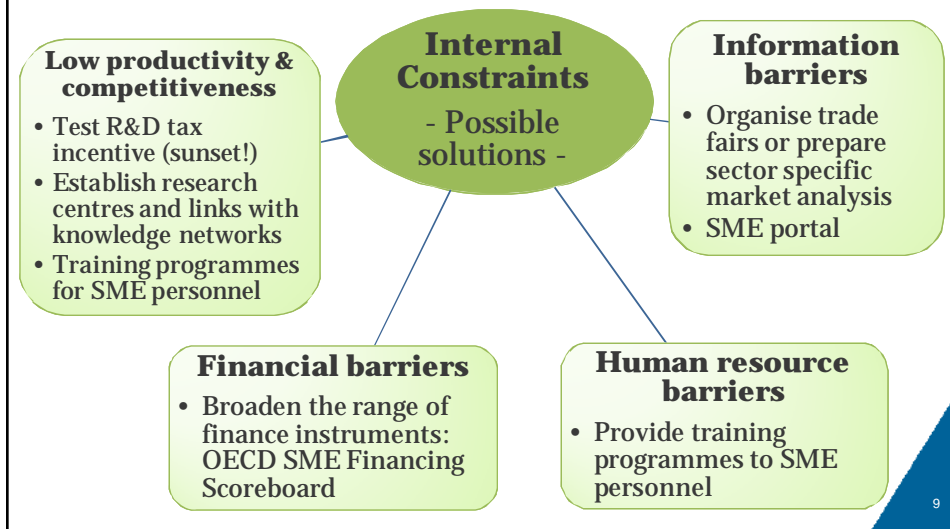
## Internal barriers to SME internationalisation



8



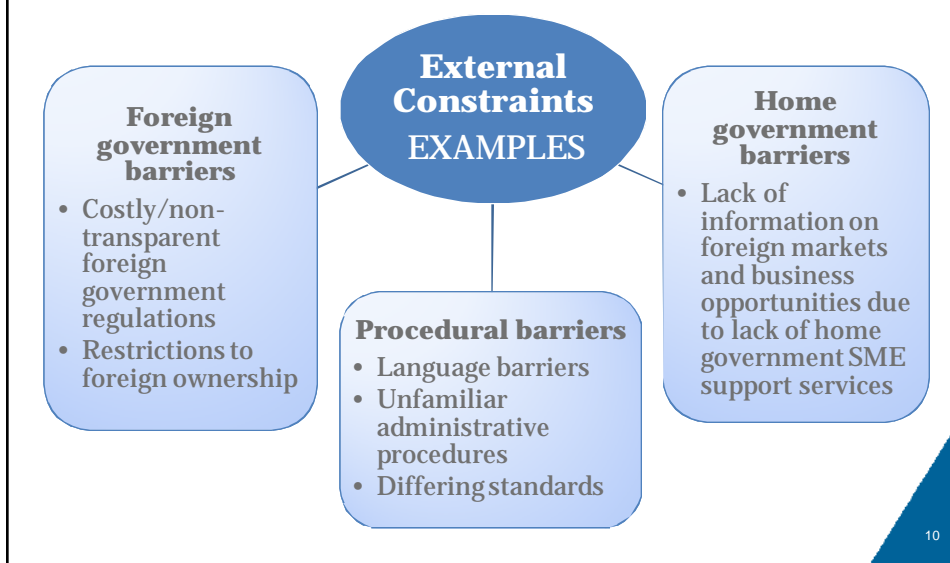
## Internal constraints: possible government policies



9



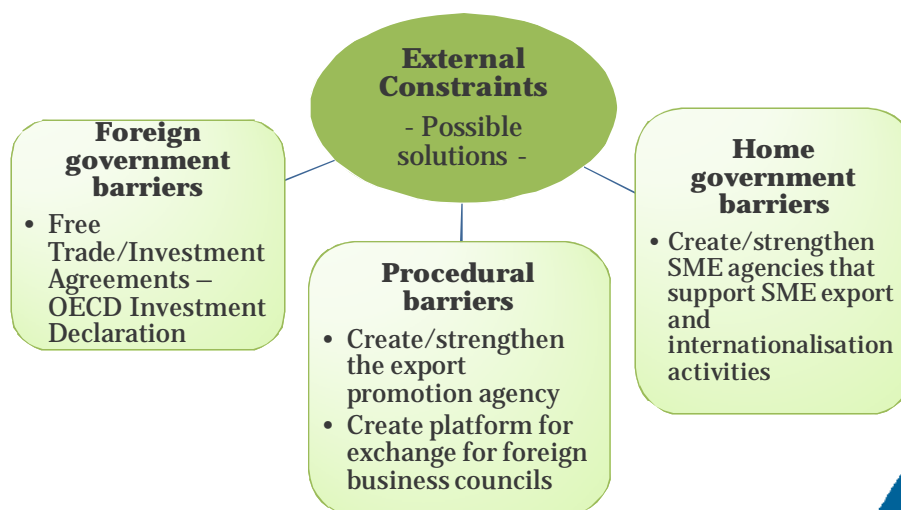
## External barriers to SME internationalisation



10



## External constraints: possible government policies



11



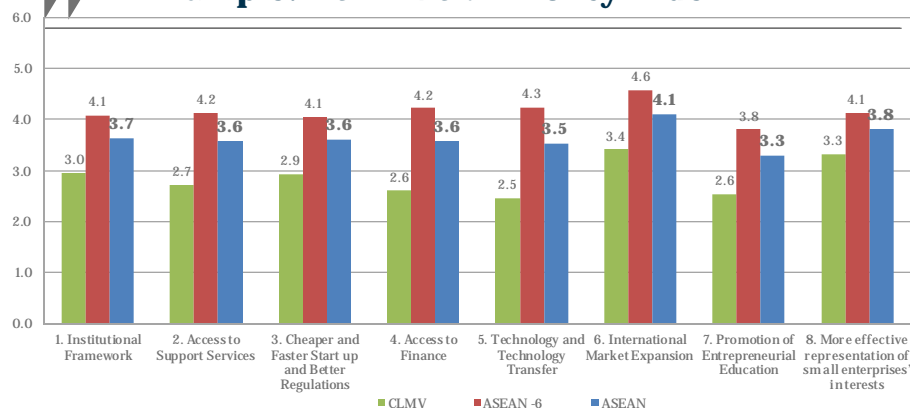
## PART III:

## GOOD PRACTICES AND A PROPOSAL

12



## Good practices: 1) Implementation measurement – Example: ASEAN SME Policy Index



- Gaps within the region.
- Specific policies and actions for individual member country and the region – to prioritize, provide mutual supports, and allocate resources, i.e., to improve 'Technology and Technology Transfer', 'Access to finance', 'Access to support service', 'Promotion of entrepreneurship', and make 'Cheaper, Faster Start-up and Better regulations', closer to good practices.



## Good practices: 2) Financing SMEs and entrepreneurs: An OECD Scoreboard

- Provides a framework to monitor access to finance for SMEs and entrepreneurs
- Provides information on relevant government policies
- Currently collects data for 10 APEC members (Canada, Chile, Japan, Korea, Mexico, New Zealand, Peoples Republic of China, Russia, Thailand, and the USA).
- **Some results for these countries**
  - Credit conditions often remain tight, but are improving
  - Compared to the Scoreboard average, credit to SMEs is expanding at reasonable pace in the APEC region
  - Alternatives to bank finance are garnering increasing attention from policy makers





## Good practices: 3) Encouraging linkages and clusters

### Cluster and linkages policies

Incentives for promoting **knowledge and skill transfer** to local counterparts



**Inter-ministerial cooperation** : Invest in Canada's works with Industry Canada to identify clusters and local partners, size and profile of structure / functions



**SME programmes and meet-the-buyer events**: supplier development programme supported by the World Bank and supervised by MNEs to upgrade participant SMEs' production and management; events to promote MNE-SME linkages (Serbian Investment and Export Promotion Agency)



Cluster support programme **subsidising cluster mapping** (surveys, studies, workshops by regional authorities, academic and R&D institutions); **cluster development** (joint projects costs, market analysis, consulting services, overhead costs)



15



## Proposal for discussion

- ***Include more APEC members in the OECD SME Financing Scoreboard***
- ***Explore the potential for an index measuring SME internationalisation policy readiness***
- ***A good practice manual for SME internationalisation support could be drafted and presented end 2015\****
- ***Building on the current OECD investment policy reviews of some APEC members, a handbook on policies to strengthen SME/FDI linkages could be drafted and presented end 2015***

\* Building on the APEC May 2014 Issues Paper No.6 on Integrating SMEs into Global Value Chains

16

