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Article 04 – If You Can’t Beat Them, Join Them – Five Ways SMEs Can Partner with MNEs

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IF YOU CAN'T BEAT THEM, JOIN THEM – 5 WAYS SMES CAN PARTNER WITH MNEs

Sometimes small and medium sized enterprises (SMEs) take a narrow perspective about their larger counterparts – they don't always have to be a competitive threat!

There can be significant value in small businesses working co-operatively or collaboratively with larger businesses, especially with multinational enterprises (MNEs), when looking to go global.

SMEs can leverage the resources and distribution channels of partner MNEs to gain access to new markets and customers, as well as pick up new innovations and skills.

There are several ways SMEs can partner with MNEs, including through:

01 Supplier arrangement

SMEs can provide inputs or components that contribute to the manufacture of a much larger or complex product, or SMEs can provide final products for sale to consumers through the MNEs' physical or online stores.

02 Subcontracting

Similar to the supplier arrangement, the SME uses its capabilities or expertise to produce or deliver a service on behalf of the MNE.

03 Joint venture

Together, the SME and MNE jointly develop and market new products or services, or enter new markets.

04 Distribution partnerships

In this context, it is through SMEs (stores or channels) that the MNEs distribute their products or services, or engage with customers.

05 Licensing

SMEs can license MNEs to use their trademarks, patents, or other intellectual property to take advantage of the latter's production resources, distribution channels and brand reputation.