



INVESTMENT COMPACT FOR
SOUTH EAST EUROPE



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EUROPEAN UNION

Issues and Challenges in Exporting

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Overview

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III. Best Practice and Government Support Programmes

IV. Feed Back from Exporting SMEs in Turkey



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BACKGROUND



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The Organisation for Economic Cooperation and Development

- International organisation based in Paris
- 34 members representing advanced and open economies
- Main activity: policy coordination and cooperation, policy dialogue, elaboration of policy guidelines and harmonisation of the statistical data base;
- Increasing engagement with the emerging economies: key role in the G20, cooperation with the BRIICS, range of regional cooperation programmes;
- Among those the MENA Investment Programme



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The OECD activity in the SME policy area

- Working party on Entrepreneurship and SMEs
- Centre for Entrepreneurship
- Programme for Local Development, Entrepreneurship and Employment
- The SME Policy Index: a tool to assess the level of SME policy implementation across countries



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The channels for SMEs to export

Direct

- Product is exported directly to other countries without passing through intermediary processes.

**FOCUS of
PRESENTATION**

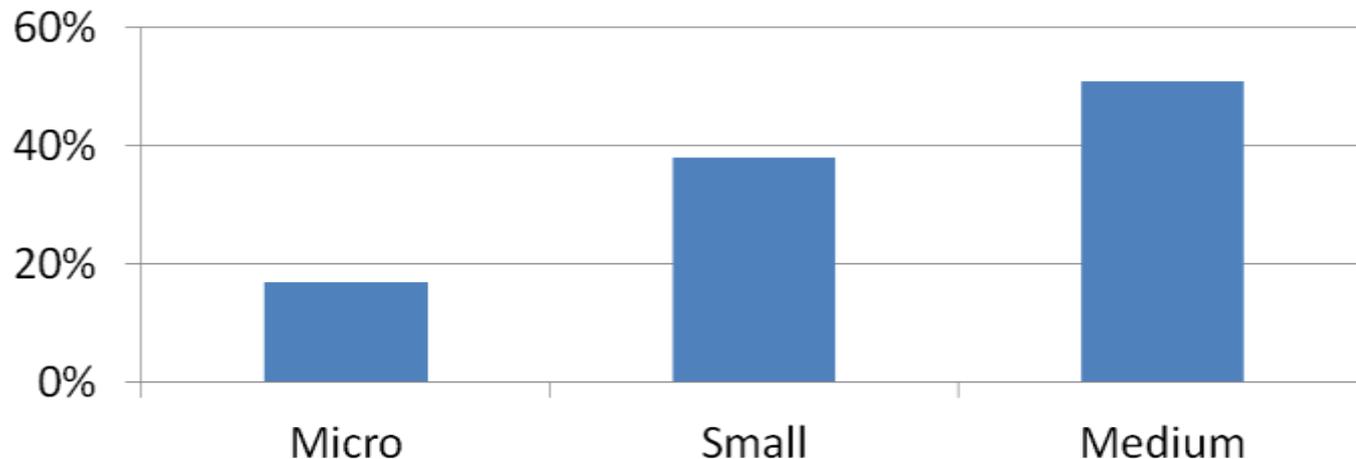
Participate in the Global Value Chain

- Process of producing goods, from raw materials to finished product, has increasingly been “sliced.”
- Each process can now be carried out wherever the necessary skills and materials are available at a competitive cost.



Impact of firm size on internationalisation

Percentage of EU firms with exports or exports in combination with international business



Source: ENSR Survey, 2004

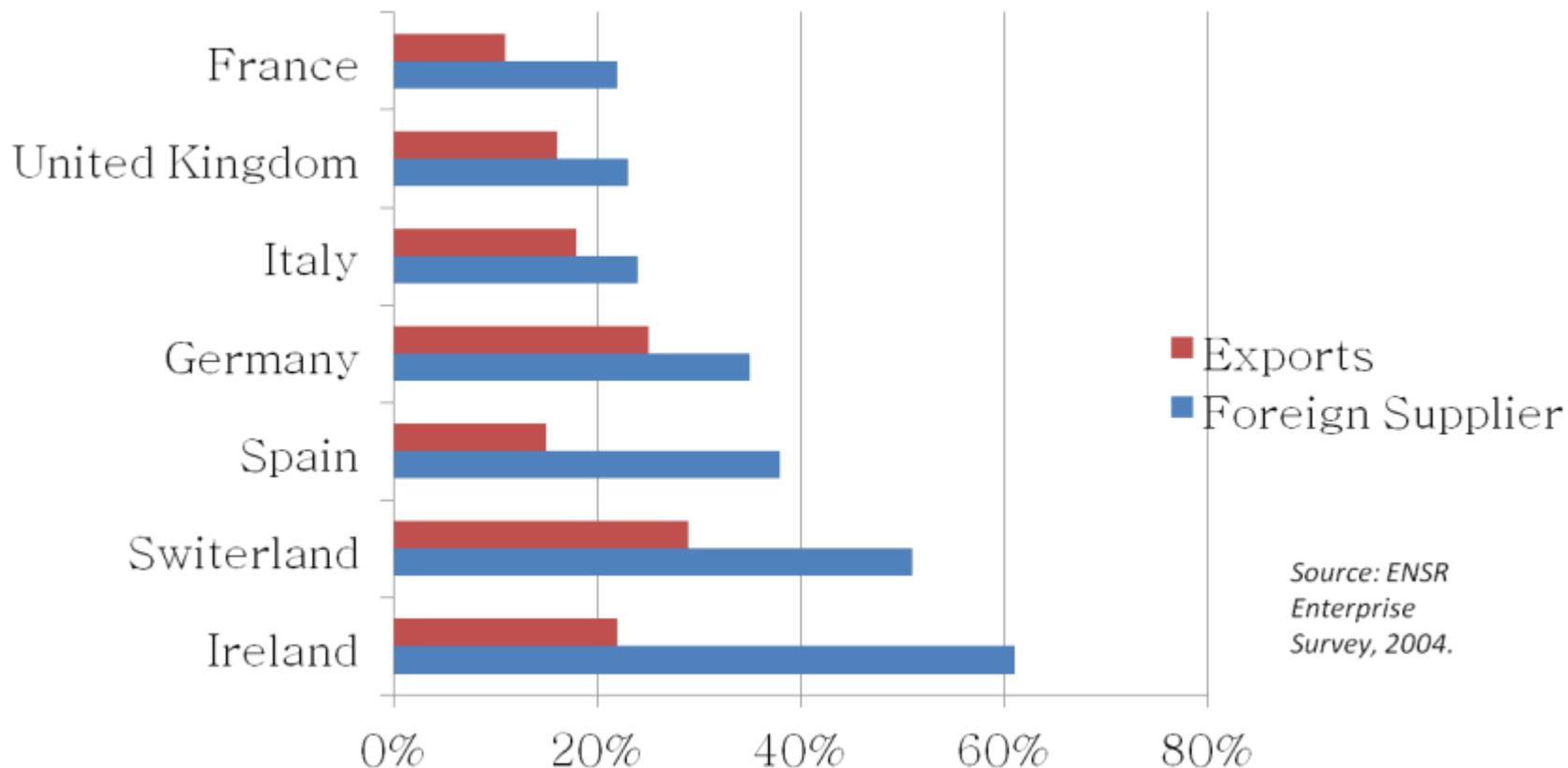
Export activity increases with firm size. Medium sized firms have more resources at their disposal to help access foreign market.



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Does country size affect SMEs export activity?

Percentage of SMEs with foreign suppliers or exports

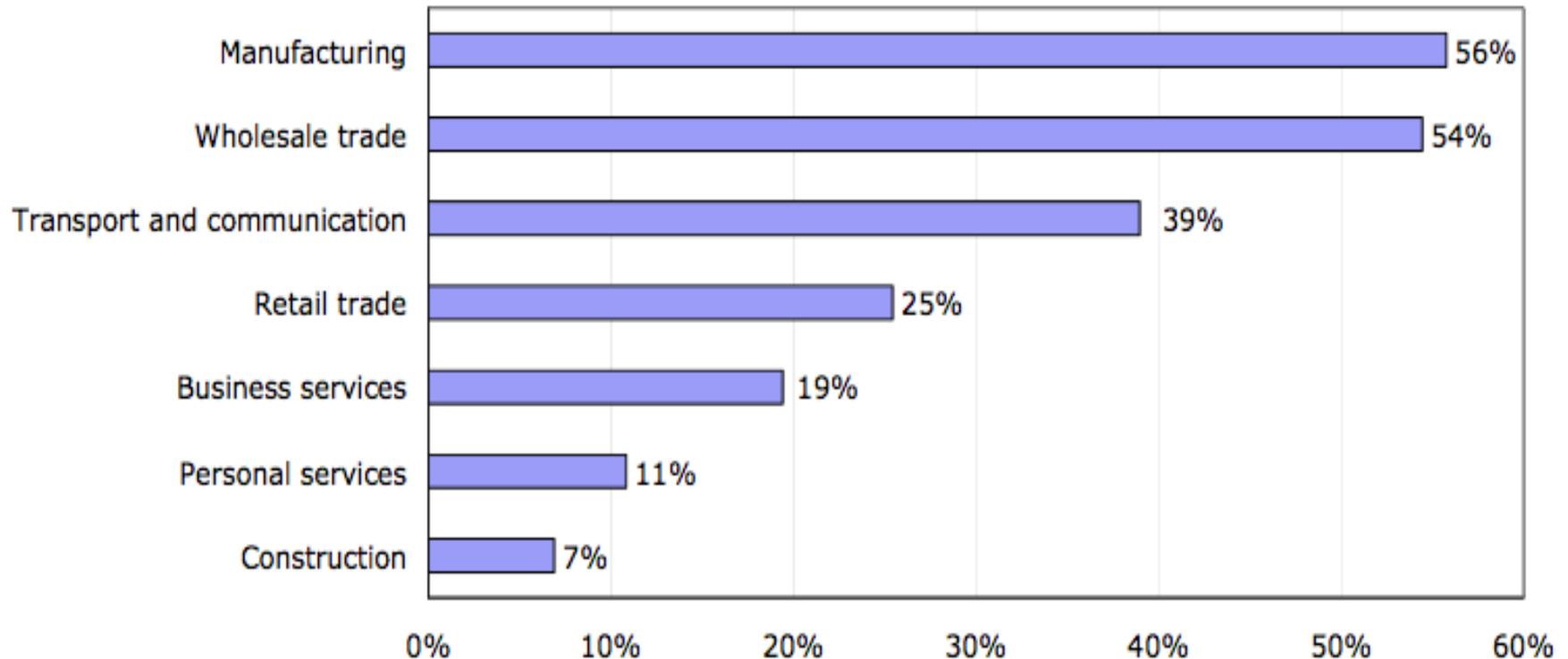


Export promotion programs are highly relevant for small and medium-sized countries. Larger countries can be more selective.



Certain sectors experience greater export activity

Figure 6 Percentage of SMEs with export in 2006-2008 by sector



Source: Survey 2009, Internationalisation of European SMEs EIM/GDCC (N=9480).



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Typology of exporting SMEs

Three categories:

- Occasional exporters
- Systemic exporter, but activity still focused on the domestic market;
- Export oriented companies: exports account for a very large share of total turnover



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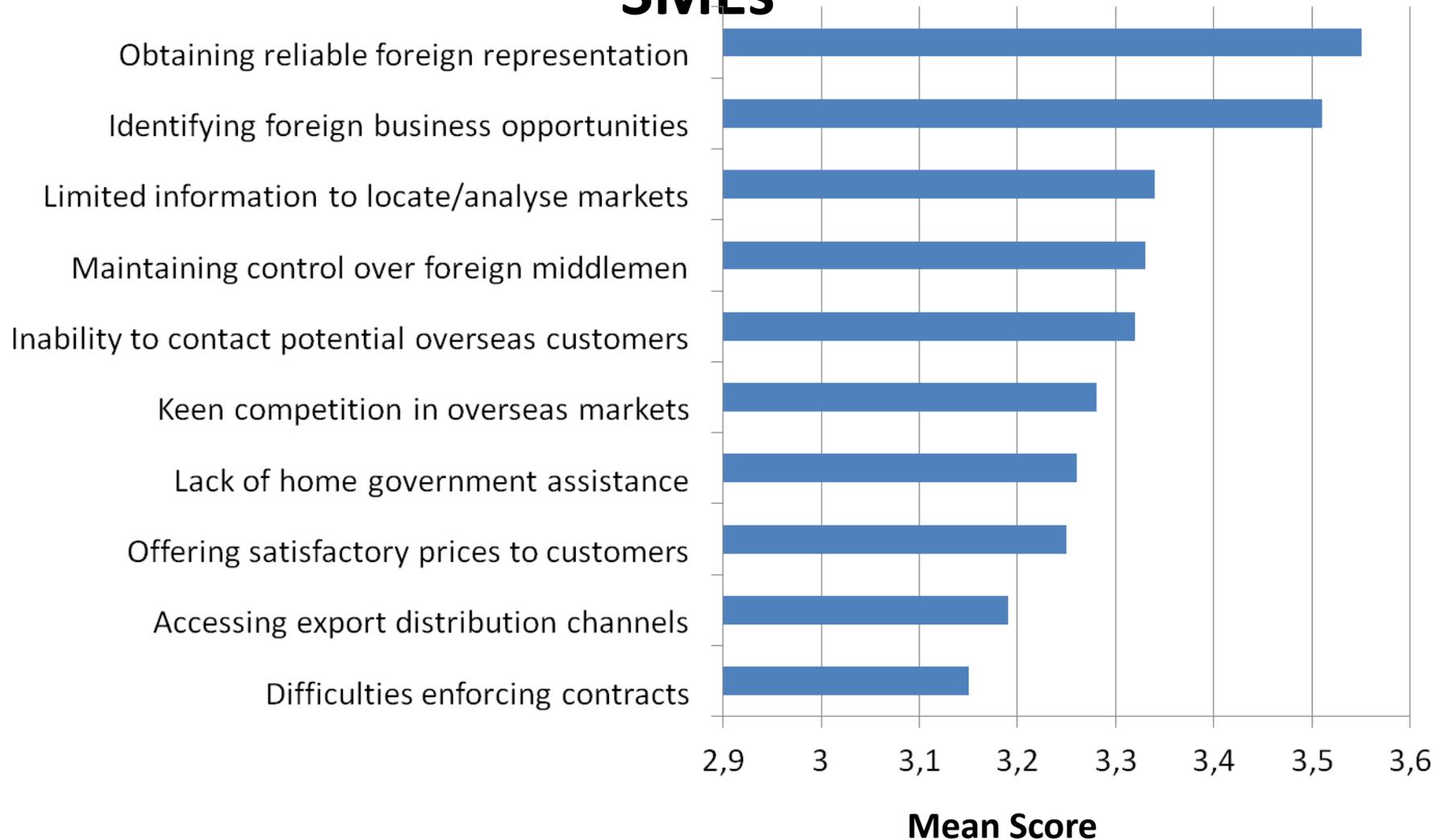


MAIN BARRIERS TO SME INTERNATIONALISATION



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Obstacles to internationalisation as perceived by SMEs



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Source: OECD Member Economy Policymaker and SME Survey, 2006



BEST PRACTICE AND GOVERNMENT SUPPORT PROGRAMMES



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The different types of export support programmes

Export Promotion

- Participation in trade fairs, missions, marketing campaigns, etc.

Export Intelligence

- Market research
- Information on commercial intermediaries
- Regulations and technical standards

Export Financing

- Pre-financing of export orders
- Export credits
- Export credit insurance

Market Access

- Trade policy and trade agreements (tariff and non tariff barriers)
- Conformity to technical standards and regulations

Skills for Export

- Training on foreign trade, international marketing, foreign languages and technical standards.



Top barriers and their relation to possible export promotion programmes

Table 1.4. Top ten barriers to SME access to international markets as reported by member economies

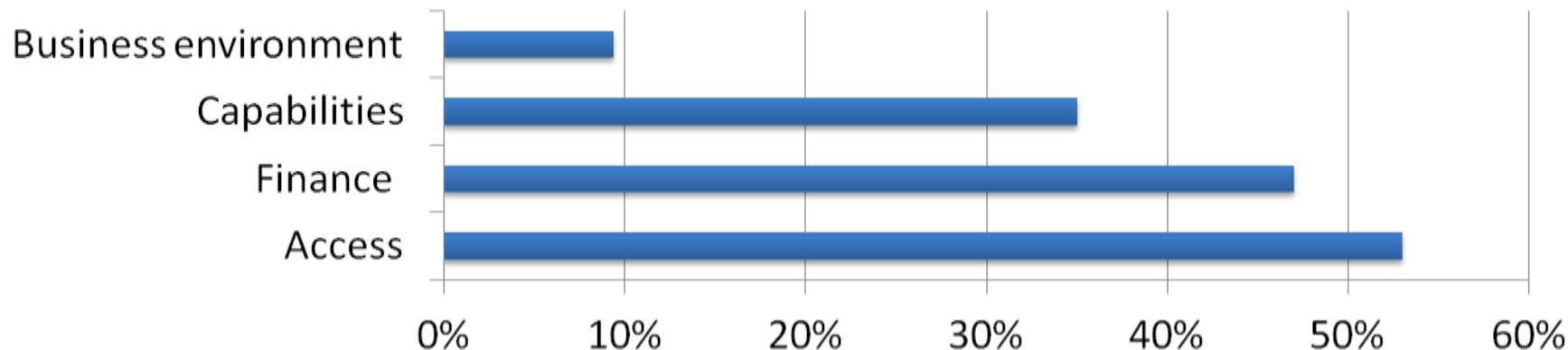
Rank – weighted factor	OECD 1997 classification	Description of barrier	Export Promotion Programme
1	Capabilities	Inadequate quantity of and/or untrained personnel for internationalisation	Skills for Export
2	Finance	Shortage of working capital to finance exports	Export Financing
3	Access	Limited information to locate/analyse markets	Export Intelligence
4	Access	Identifying foreign business opportunities	Export Promotion
5	Capabilities	Lack of managerial time to deal with internationalisation	Skills for Export
6	Capabilities	Inability to contact potential overseas customers	
7	Capabilities	Developing new products for foreign markets	
8	Business environment	Unfamiliar foreign business practices	Market Access
9	Capabilities	Meeting export product quality/ standards/specifications	
10	Access	Unfamiliar exporting procedures/paperwork	Export Promotion

Source: OECD Member Economy Policymaker Survey and SME Survey, 2006.



What do the majority of export support programmes focus on?

Percentage of Government Programmes



Although the majority of export promotion programmes concern **Access to Markets**, the majority of the top barriers reported by member countries were related to **Capabilities (skills for export)**.



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Note: Percentage adds up to >100% because some support programmes focus on more than one area of support.

Source: OECD Member Economy Policymaker Survey and SME Survey, 2006



Best practice examples

International Primo Program

- France
- Project consists of allowing businesses with little or no export volume to examine together their capacity to export. The programme is based on the experience of clusters.
- The success can be explained by the **originality** of the approach, which aims **to let businesses discover their export capacities for themselves** and choose which support measures they need, depending on their objectives.

"Go international" export drive

- Austria
- The support consists of information, organising events on internationalisation and direct financial help. Much of the support is particularly relevant for **small firms**: **intelligence-gathering** trips to neighbouring markets, **individual export training** for small businesses branching into exports for the first time, and a “getting started with exporting” package tailored especially to **small firms**.



Future Cooperation

- Application of the SME Policy Index
- Programme under way in the Western Balkans and Turkey, in Eastern Europe (Belarus, Ukraine, Moldova) and the South Caucasus
- In the second half of 2012 it will be extended to the ASEAN countries, North Africa and the Middle East
- Large data base on SME policy practices covering all the business life cycle



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Thanks for your attention

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