



INVESTMENT COMPACT FOR  
SOUTH EAST EUROPE



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# Issues and Challenges in Exporting



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# Overview

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**II. Main Barriers to SME Internationalisation**

**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**

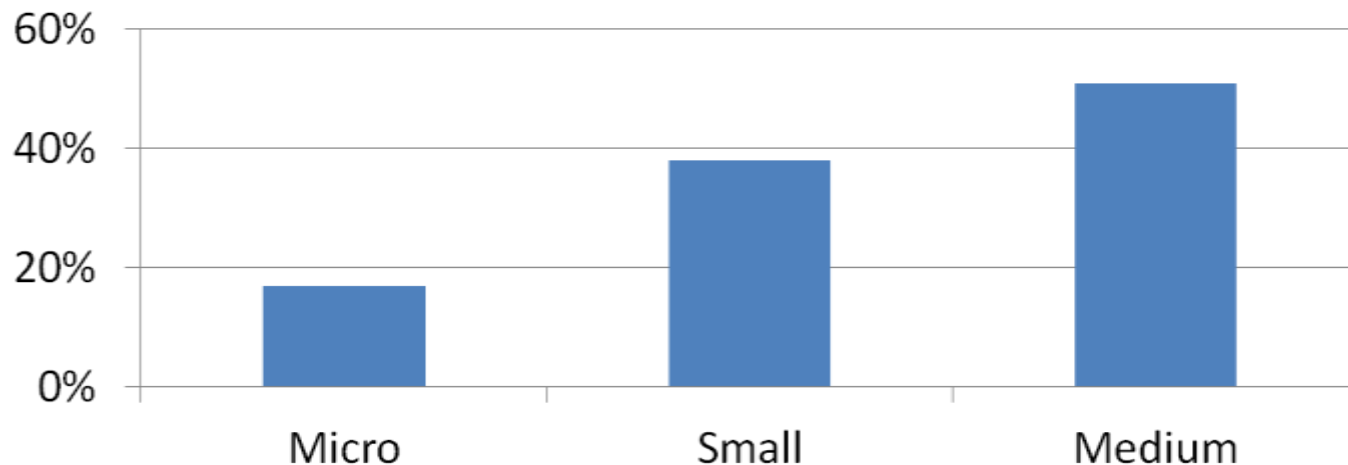
## Participate in the Global Value Chain

- 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

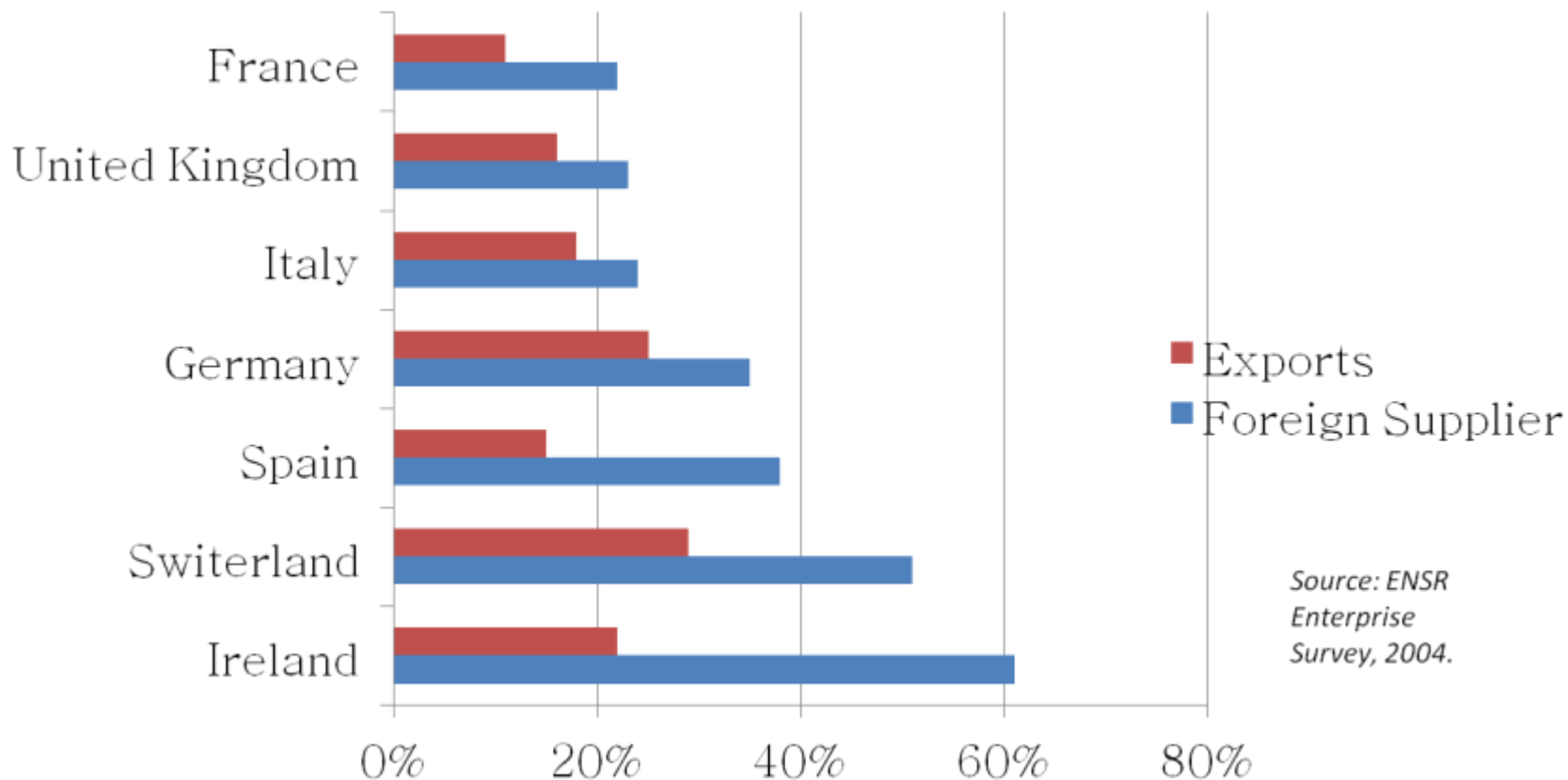
Export activity increases with firm size. Medium sized firms have more resources at their disposal to help access foreign market.



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# Does country size affect SMEs export activity?

Percentage of SMEs with foreign suppliers or exports

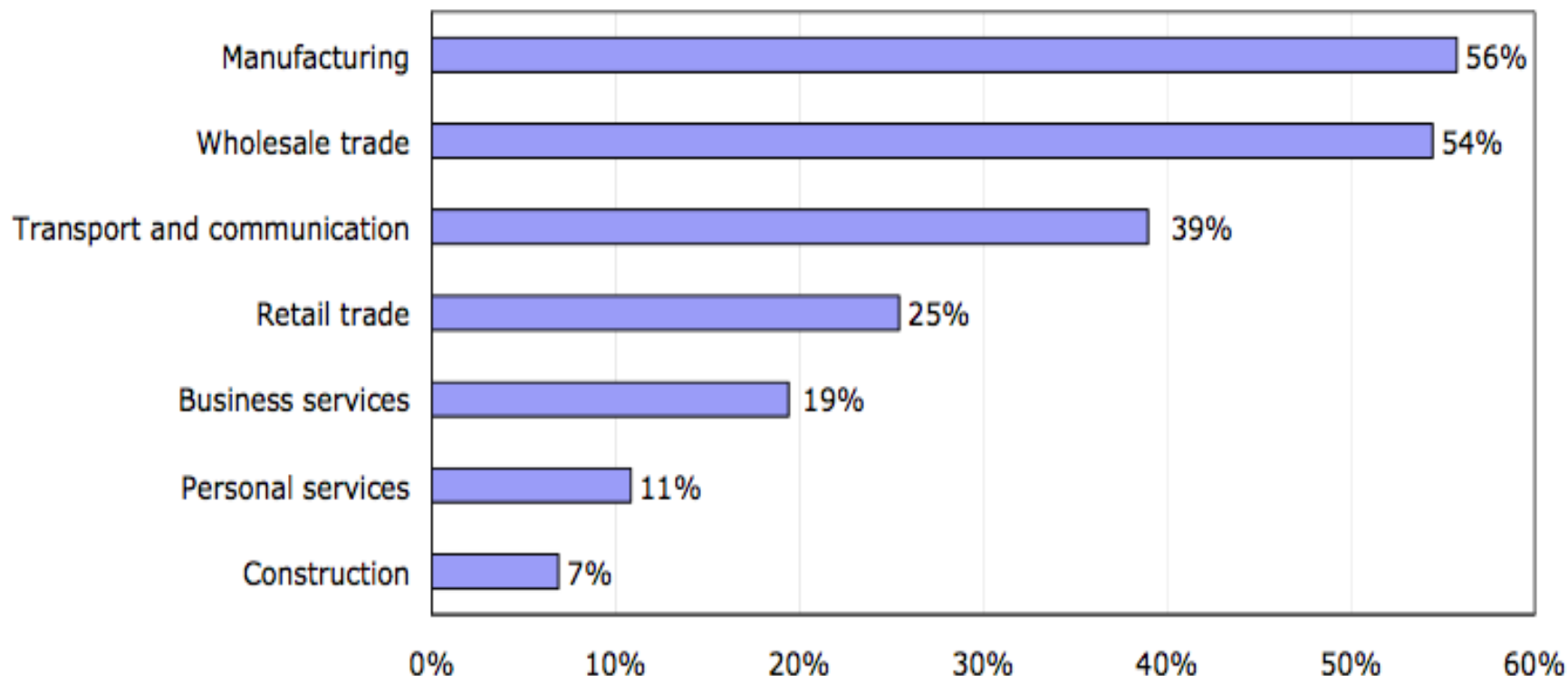


Export promotion programs are highly relevant for small and medium-sized countries. Larger countries can be more selective.



# 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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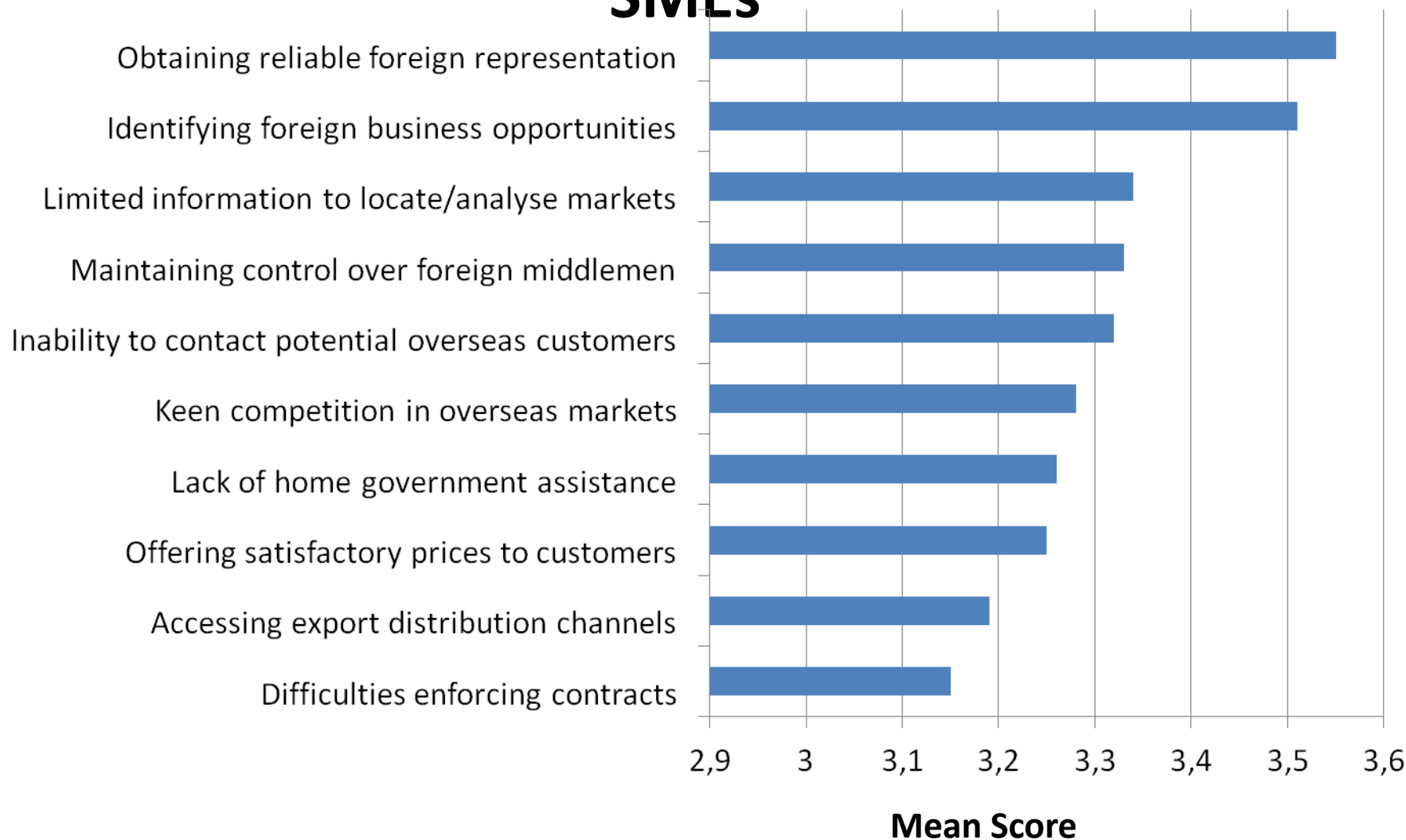


# MAIN BARRIERS TO SME INTERNATIONALISATION



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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.





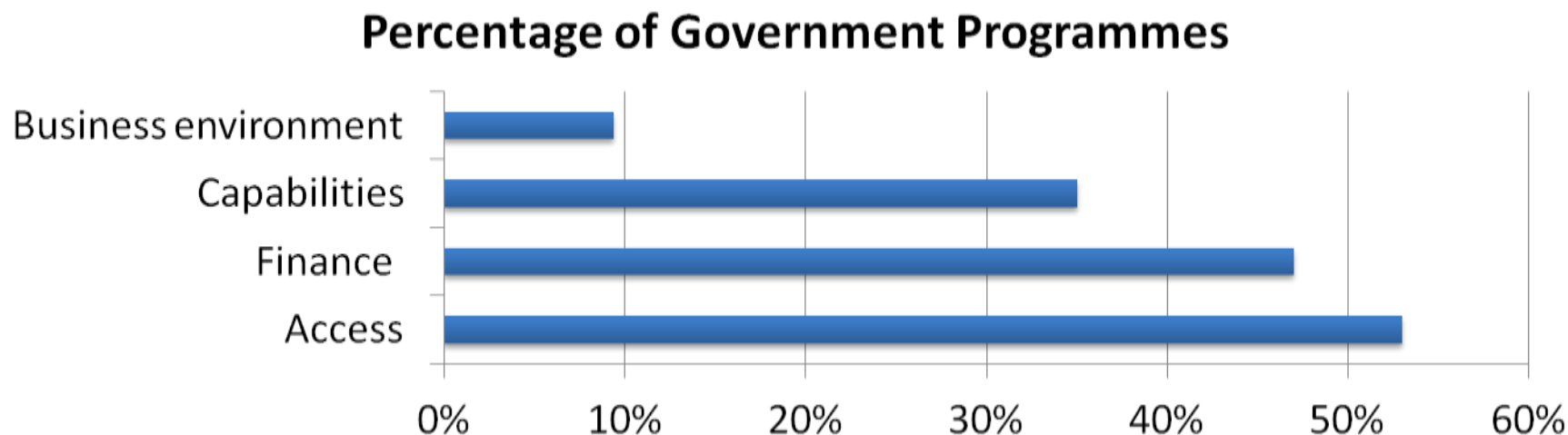
# Top barriers and their relation to possible export promotion programmes

**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	
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?



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 coivering all the business life cycle



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Thanks for your attention

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