



What can governments in Asia do to help SMEs succeed in the export market? We get our answers from the 2016 SME Competitiveness Outlook

The Outlook is an annual report of the International Trade Center—or ITC—a joint agency of the United Nations and the World Trade Organization.

The report is regarded as a compass for governments to understand the challenges that SMEs face in their quest to either penetrate the export market or expand export shipments.

A significant portion of this report contains what ITC calls regional snapshots. These snapshots should make it easier for governments—as well as managers at SMEs—to zoom in on a specific group of products and markets that are lucrative for SMEs of a specific region.

The snapshots should give governments clear ideas on where to pour resources to help SMEs tap into goods and specific markets with potential for increased exports.

Now what does it mean for Asia?

Let's hear it from Arancha Gonzalez, executive director of ITC.

When we look at Asia we see big potential for countries in the region to expand into it and electronic products. Then again the challenge is compatibility. Another big area is chemicals, which has diversification potential in terms of products.

For chemicals, the problem is not one of compatibility, but one of safety. We are telling governments in this region that whether it is about building legislation, or about building institutions, accreditations, or certification institutions, to look more closely at the potential that is not being exploited today.

When we do that, we see a big difference across countries in this region in how much SMEs meet the standards agenda. In Asia and the Pacific, SMEs are less likely to hold recognized quality certificates than in other regions.

The SME Competitiveness Outlook also takes lessons from data that ITC mined from its own studies and used these to apply to specific circumstances for Asia, Latin America, Africa, and Europe, among others.

This became the basis for the regional snapshots.

And in the case of Asia, one finding is that standards and regulations are bottlenecks for smaller firms. We're talking here of 6 in every 10 small firms that see their export transactions being hurt by standards.

Small companies in Asia also struggle with testing requirements. Medium-sized companies, on the other hand, struggle with steps to obtain product certification.

One benefit the regional snapshots provide is that for each product or market it recommends, it gives a clear picture of how intense the work is in complying with standards, and if SMEs are performing poorly.

Another benefit is that the snapshots enable governments to dovetail their interventions to the standards applicable to certain products that SMEs export.

The targets are highly specific. No broad targets. Fewer hits and misses.

This allows governments to make the most of their limited finances.

With this report, I wish to move from macro analysis and macro considerations to the micro ingredients needed to support the small and medium-sized and the micro companies in participating in international trade.

I hope that I have given you a bit of an encouragement to dive into this report; it has many different angles that I have not really touched upon. An interesting angle, for example, is on women entrepreneurship and how even the rules are for men entrepreneurs and women entrepreneurs. Women are more likely to face more procedural obstacles than men entrepreneurs when crossing borders. Interesting lessons can be gained when we look at the micro data.

I hope that this has given you a bit of ammunition to help and a bit of an appetite to dive into this world of micro analytics, which is essentially how we can assure that international trade becomes a little bit more inclusive, in the sense of becoming more sensitive to matters relating to small and medium-sized enterprises.