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**Standing Committee for Economic
and Commercial Cooperation of the
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COMCEC Coordination Office

PROMOTING THE SMEs EXPORTS IN THE OIC MEMBER COUNTRIES



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IMPROVING THE SMEs ACCESS TO TRADE FINANCE IN THE OIC MEMBER STATES

The analytical study titled *“Promoting the SMEs Exports in the OIC Member Countries”* has been commissioned by the COMCEC Coordination Office specifically for the 1st Meeting of the COMCEC Trade Working Group, which was held on June 20th, 2013 in Ankara, with a view to enriching the discussions during the aforementioned Meeting.

Role of SMEs on Member States’ Economies

Small and Medium-sized Enterprises (SMEs) constitute a significant place in the economies of the OIC Member States. They contribute to production, job creation and poverty alleviation. However, they mainly concentrate on local markets and face difficulties in making exports. Over the last years, governments in OIC Member States have actively promoted trade by national firms and, increasingly, participation by SMEs to international activity. Trade Promotion Organisations (TPOs) have been an instrument of choice in many countries, to link local businesses with global markets and foster SMEs’ exports.

However, policy making in the area of SME export promotion encounters an important limitation in the lack of data and evidence. Effective SME export promotion policies demand that policy makers identify the specific barriers that SMEs encounter when planning international business and operating in foreign markets. The present study addresses this policy challenge, by focusing on the main and common barriers for SMEs to compete in export markets and on the international policy experience to overcome these obstacles. The study investigates evidence in a sample of OIC Member countries, comments on knowledge gap and defines a detailed workplan for the full-fledged assessment of SME export promotion policies in the OIC Member countries.

Internationalization of the SMEs

The report is composed of five sections. Chapter 1 of the Report discusses the key drivers and barriers to SME export activity and competitiveness in export markets and modes of SME internationalization, based on the review of the literature and on recent evidence about export trends at the international level. In particular the chapter comments on characteristics and strategies of export-oriented firms and on specific operational challenges for SMEs internationalization. It sets the conceptual analysis within the framework of current and emerging trends in global trade.

Chapter 2 reviews the international experience with policies and tools to help SMEs meet the challenge of globalization and improve their export performance. The chapter distinguishes policies that address external and internal barriers to SME exports, discusses tools, institutions and good practices in OECD economies, focusing on the role of Trade Promotion Organizations (TPOs) and comments on the lessons learnt from these broad SME export promotion practices.

Common Challenges on SMEs Exports

Based on the evidence from a sample of OIC member countries, Chapter 3 of the Report analyses key common challenges to SME export and competitiveness in export markets. Three sub-groups of countries are identified for this purpose: Sub-Saharan Africa (Burkina Faso, Uganda, Cameroon and Senegal); MENA countries (Egypt, Saudi Arabia and Yemen), and Asia (Malaysia, Indonesia and Bangladesh). For each sub-group, the chapter examines general macroeconomic conditions, nature and scope of interdependencies, and comments, for each individual country, about the role of SMEs in economic development, and about the main barriers to SME development and exports.

Chapter 4 of the Report presents a review of SME export support policies and programmes in the selected sample of OIC member countries, as implemented by different agencies, including Ministries, public financial and Trade promotion Organizations, and donors, among others. The chapter illustrates the variety of policy approaches in the countries under study and examples of policies and tools implemented to address different types of barriers to SME exports.

Chapter 5 of the Report concludes by highlighting key challenges to SME export development in the different areas analyzed and by advancing recommendations on key policy areas to foster SME export competitiveness. The Chapter also highlights important information gaps, which limit policy design, implementation and evaluation, and, based on OECD methodology, proposes a framework for further study, to conduct rigorous assessment of policies intended to foster SME export competitiveness in the OIC Member countries.

