



# Spring Singapore

Study on SME Internationalisation Best Practices  
Across Selected APEC Economies

June 2011



# DISCLAIMER

This Report (“the Study”) has been prepared according to the research requirements of the Standards, Innovation and Productivity Board (hereafter referred to as “Spring Singapore” or “the Client”) supported by the Asia Pacific Economic Cooperation (APEC) and compiled by BDO Consultants Pte Ltd (hereafter referred to as “BDO”). Its objectives are to:

- Provide comprehensive mapping and evaluation of the various types of trade facilitation services available in eight selected member economies;
- Highlight best practices, gaps and key programme drivers in the promotion of SME internationalisation; and
- Recommend viable strategies to enhance best practices and address gaps

Information provided by Spring Singapore via its directors, officers, employees, agents, officials, advisors, and representatives (hereafter referred to as “the Information Providers”) sets the foundation for this Study. Additionally, the Study is further enhanced by information obtained from the participating government agencies, SMEs and other stakeholders via secondary and primary research.

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## Australia

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1. Fini Olives
2. Zeolite Australia Pty Limited
3. Jak Max Pty Ltd
4. Boyle Industries Pty Ltd
5. Nordon Pty Ltd
6. Griffiths & Beerens Chainsaw Bars

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4. Topchoice
5. Avec-Design
6. Toy 2 R
7. Appotech

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5. Okinawa Tea Factory
6. DMC Co Ltd
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4. Prodac SA
5. Creaciones Chabuca
6. Fashion Line S.R.L.
7. Reprind SAC
8. Samer's E.I.R.L.
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10. Alianza Metalurgica

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3. Odyssey Technical Solution (S) Pte Ltd
4. SPINN Pte Ltd
5. VYY Pte Ltd
6. Proline Pte Ltd
7. Prima Food Pte Ltd
8. SLS Bearings (S) Pte Ltd

### Agency:

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### Respondent/Designation:

Ms. Audrey Tan/Divisional Director

## Chinese Taipei

### SME:

1. Bothhand Enterprise Inc
2. Bottle-Top Development Co.
3. Hamastar Technology Co. Ltd
4. Martas Precision Slide Co., Ltd
5. FineArt Technology Co., Ltd.
6. TCI co., Ltd.
7. Gsharp Corporation

### Agency:

Ministry of Economic Affairs, Bureau of Foreign Trade

### Respondent/Designation:

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## United States

### SME:

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2. Dixon Schwabl
3. Primo Water
4. The Integer Group
5. Lusive Décor
6. Dtproductions LLC
7. The Bicycle Business
8. Military Advantage
9. EZ Graphics & Signs
10. NRG Electric Co.

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# EXECUTIVE SUMMARY

## 1. Introduction

There are numerous benefits from internationalisation yet small and medium enterprises (SMEs) in the Asia Pacific Economic Corporation (APEC) region generate only around 30 percent of exports, despite accounting for 90 percent of businesses and employing as much as 60 percent of the work force.

In tandem with its mission to encourage SME development and increase their capacity to engage in international trade, the Small and Medium Enterprises Working Group (SMEWG) of APEC, led by Spring Singapore, commissioned a study on trade facilitation and SME internationalisation best practices across eight selected member economies. The study's objectives are to:

- Provide comprehensive mapping, evaluation and comparison of various trade facilitation services available;
- Highlight best practices/gaps that promote/impede on SMEs at various stages of the internationalisation process; and
- Recommend viable strategies to enhance best practices and address gaps

This study encompasses both primary and secondary research and was duly completed over five months.

## 2. Literature Review

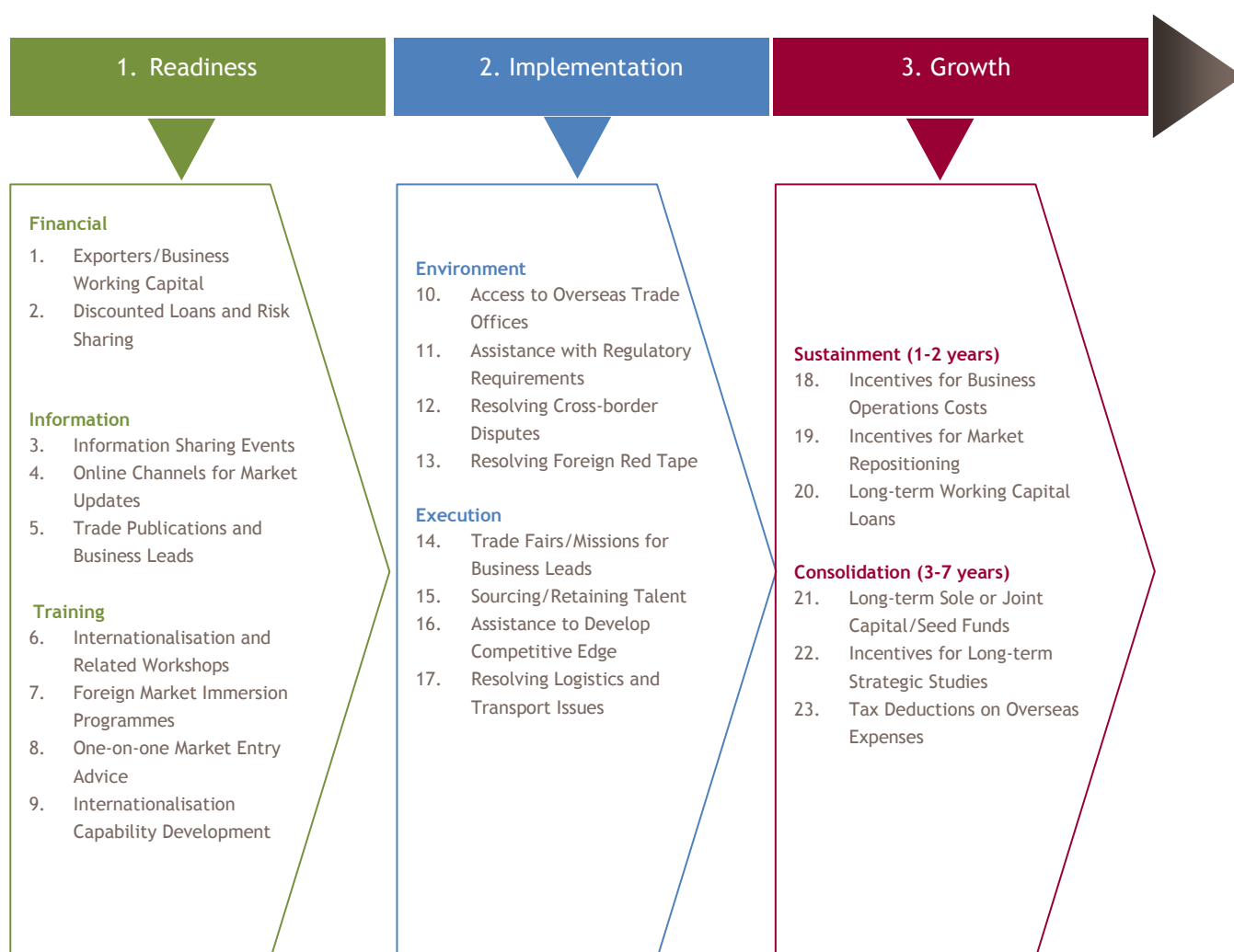
Before embarking on the development of a holistic and viable method to map and evaluate the incentives, an initial literature review was undertaken. Its findings are:

- Internal (e.g. lack of organisational resources, capabilities and management approach) and external (e.g. business environments of the current and potential overseas markets) internationalisation barriers exist
- Internal barriers are perceived as greater impediments to internationalisation
- Top five main barriers to internationalisation are:
  - Limited financial resources
  - Limited access to capital
  - High costs of selling abroad
  - Limited knowledge of overseas market opportunities; and
  - Limited government assistance
- Barriers differ at various internationalisation stages
- There are varying criteria for the identification of best practices

### 3. Methodology

#### Concept

Taking into account findings from the literature research, a time-based model was developed to categorise internationalisation into three sequential components of Readiness, Implementation and Growth of which they are further segmented into seven factors and 23 indicators as shown here.



#### Selection of Economies

Eight member economies of Australia; Hong Kong, China; Japan; Malaysia; Peru; Singapore; Chinese Taipei; and the U.S were selected based on their economy openness, export-dependency and trade size within their respective regions.

#### Fieldwork

Initial research findings on key initiatives for the former four economies were shared at an APEC SME Working Group Workshop titled “SME Internationalisation Policies and Best Practices across APEC Economies” in September 2010 in Gifu, Japan.

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Key insights gathered from the workshop were:

- Pull factors feature prominently as key drivers to internationalisation
- Financing-related challenges pose the foremost threat to firms
- Effective utilisation of ICT is a major internationalisation enabler
- Aspiring and active SMEs require differing areas of assistance
- Pooling of knowledge and networks

In Phase 2 of the research, all eight economies were covered and a total of eight policy makers and 66 SMEs were interviewed, with the latter group chosen based on prevalent SME definitions in each respective economy.

## 4. Mapping

In preparation of the primary research with both public and private stakeholders, a preliminary mapping of the internationalisation programmes according to BDO's 23 indicators was undertaken.

Overall, it was observed that all economies displayed a strong emphasis on helping their businesses ready themselves for internationalisation in terms of supporting their financial, information and training needs while areas that the economies may wish to address would be implementation and growth-related aspects. In terms of helping companies address issues related to the foreign environment or with setting up processes, common practices across economies would be:

- Setting up overseas trade and related offices to
  - Provide market/industry intelligence and updates
  - Source for business opportunities
- Organising local or overseas trade fairs and missions
- Assist companies in building their firm-level competitive edge
  - Formation of strategic alliances
  - Help companies showcase their products
  - Promote industry-wide awareness and growth
  - Provide resources for companies to enforce their trademarks, patents and copyrights
  - Reimburse the cost of procuring and exporting product samples
- Financial incentives for the long-term sustainment and consolidation of operations

Also, many approaches involve the engagement of associations and local private sector experts, as well as private sector multipliers that offer services for varying amounts. Some leading policies are cross-economy initiatives that share market/industry knowledge.

## 5. Needs of SMEs

Surveys were conducted to enhance our understanding on the various issues concerning SMEs in each of the eight economies with key findings presented below.

Issue		Key Findings
1	Most initiatives required for overseas expansion	<ol style="list-style-type: none"> <li>1. Long-term financial and practical assistance are important</li> <li>2. Training and finance-related indicators are most required</li> <li>3. Pre-market financial assistance is less crucial for services SMEs</li> </ol>
2	Awareness of current government initiatives	<ol style="list-style-type: none"> <li>1. Level of awareness is generally stronger in Hong Kong, China; Malaysia and Peru, although results were based only on a limited number of SMEs for each economy</li> </ol>
3	Perceived effectiveness of these programmes	<ol style="list-style-type: none"> <li>1. Respondents who applied for the schemes generally found them effective</li> </ol>
4	Commonly utilised government support areas	<p>Key programmes are:</p> <ul style="list-style-type: none"> <li>- Export Market Development Grant Scheme (Australia)</li> <li>- Consultation &amp; Enterprise Asia 2009 (Hong Kong, China)</li> <li>- Structural Repair Manual Creation of Other Countries, Nozomi Tamotsu Export Projects &amp; JETRO Overseas Briefing Service (Japan)</li> <li>- Government Subsidies and Trade Missions (Malaysia)</li> <li>- Double Tax Deduction, Internationalisation Capability Development Programme, International Partners Programme &amp; Overseas Marketing Office (Singapore)</li> <li>- Subsidy for International Marketing of Digital Learning Content &amp; Flagship Programme of Information Services (Chinese Taipei)</li> </ul>



## 6. Government Initiatives

Surveys and phone interviews were also conducted with eight trade and related agencies to understand the perceived required initiatives for overseas expansion. Major findings are:

- Agencies' current strategies seem more catered towards "Internationalisation Infants"
- Greater consensus among agencies on Top 10 indicators
- Less focus on growth initiatives

## 7. Best Practices and Gaps

Analysis of both stakeholder groups allowed identification of the best practices, gaps and low focus areas as illustrated below, where their respective definitions are:

- **Best Practice**
  - Regarded as an important focus area for both SMEs and the government
  - Concept easily replicable and localised across all economies, industries and firm sizes
  - Efficient and requires less effort to administer and monitor
- **Demand & Supply Gaps**
  - Perceived as highly important for SMEs while it is of lesser importance to the government agencies, and vice versa for supply gaps
- **Low Focus**
  - Both governments and SMEs attach less importance



Source: BDO Findings and Analysis

## 8. Recommendations

### Economy Level

On the whole, to better cater to SME needs, it is opined that economies should allocate resources to address the areas of best practices and demand gaps. With limited resources, priority may be given to address certain issues over others. The proposed order based on SME Average Weighted Factor scores is as follow.

Rank	Best Practices	AWF Score	Overall Rank	Demand Gaps	AWF Score	Overall Rank
1	Discounted Loans and Risk Sharing	6.22	1	Tax Deductions on Overseas Expenses	5.88	6
2	Internationalisation and Related Workshops	6.20	2	Incentives for Business Operations Costs	5.86	7
3	Exporters/Business Working Capital	6.03	3	Resolving Logistics and Transport Issues	5.55	9
4	Assistance with Regulatory Requirements	5.97	4	Online Channels for Market Updates	5.53	10
				Long-term Sole or Joint Capital/Seed Funds	5.53	10
5	Assistance to Develop Competitive Edge	5.96	5			
6	Foreign Market Immersion Programmes	5.81	8			

Source: BDO Findings and Analysis

### APEC Platform

While implementation of various schemes on the economy level is vital, their effects may be enhanced should they be supported on a regional level, via the APEC platform. As such, five key recommendations are proposed for APEC's consideration:

1. Greater access to cross-border financing options
2. Incentivise cross-economy programmes
3. Establish an extensive online portal
4. Involve key industry representatives in initial APEC discussions
5. Consider a holistic APEC best practices centre

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# 1. INTRODUCTION

## 1.1 Background

Internationalisation is increasingly common among businesses as the world advances towards increased trade liberalisation, greater integration and economic development.

As such, businesses are embracing the concept of global operations as it brings with it a myriad of advantages such as lower costs of production, the ability to tap on economies of scale, and a potentially untapped market space.

Despite the likely benefits for internationalising businesses, small and medium enterprises (SMEs) in the Asia Pacific Economic Corporation (APEC) region only generate about 30 percent of exports, despite accounting for 90 percent of businesses and employing as much as 60 percent of the work force.

Hence, the Small and Medium Enterprises Working Group (SMEWG) of APEC serves to encourage the development of SMEs and to build their capacity to engage in international trade.

In August 2010, a comprehensive study on trade facilitation and SME internationalisation best practices across eight selected member economies was commissioned by Spring Singapore and APEC. The proposed study's objectives are to:

- Provide comprehensive mapping, evaluation and comparison of various trade facilitation services available;
- Highlight best practices/gaps that promote/impede on SMEs at various stages of the internationalisation process; and
- Recommend viable strategies to enhance best practices and address gaps

The study is anticipated to benefit three stakeholder groups (Table 1.1.1).

Table 1.1.1: Potential Benefits of the Study

Stakeholders	Benefits
APEC	<ul style="list-style-type: none"> <li>• Closer collaboration</li> <li>• Identify innovative ways towards a more integrated approach in helping SMEs build capabilities and internationalise</li> </ul>
Government Agencies and Multipliers	<ul style="list-style-type: none"> <li>• More aware of internationalisation needs of SMEs</li> <li>• Obtain a comprehensive mapping of key trade facilitation services</li> <li>• Acquire possible strategies to enhance best practices and address gaps</li> </ul>
SMEs	<ul style="list-style-type: none"> <li>• Avenue to share success factors</li> <li>• Create greater awareness of other internationalisation challenges and needs</li> </ul>

Source: APEC SME Working Group and BDO Inputs

## 2. LITERATURE REVIEW

### 2.1 Initial Review

Before embarking on the development of a holistic and viable method to map and evaluate the SME incentives, its best practices and gaps, an initial literature review was undertaken by leveraging on previous research from the following sources:

- APEC SME working papers
- Government agency websites and publications
- Media releases and newspapers
- Magazines and industry papers
- Academic journals and articles

### 2.2 Insights

Despite differences across the economies, the rise in the number of SMEs venturing into the international arena over the past decade is notable. This is due to a mix of pull and push factors influencing the internal and external environment of a firm such as the liberalisation of trading systems, expansion of regional economic integration, growing awareness of market opportunities, unsolicited demand from overseas consumers, increasing competition in the current markets and stagnating sales.

More SMEs adopting a global business perspective has led to increasing evidence of the barriers that they face when internationalising.

#### 2.2.1 Finding 1 - Internal and External Internationalisation Barriers Exist

A 2004 study by Leonidou on “An Analysis of the Barriers Hindering Small Business Export Development” classified internationalisation barriers as being internal and external where the former referred to the lack of organisational resources, capabilities and management approach, while the latter referred to business environments of the current and potential overseas markets. They are further defined into various areas as listed in Table 2.2.1.

Table 2.2.1: Internal and External Barriers to Internationalisation

Barrier		Factors
Internal	Informational	<ul style="list-style-type: none"> <li>Limited information to locate/analyse markets</li> <li>Problematic international market data</li> <li>Identifying foreign business opportunities</li> <li>Inability to contact overseas customers</li> </ul>
	Functional	<ul style="list-style-type: none"> <li>Lack of managerial time</li> <li>Inadequate/untrained personnel</li> <li>Lack of excess production capacity</li> <li>Shortage of working capital</li> </ul>
	Product	<ul style="list-style-type: none"> <li>Developing new products for foreign markets</li> <li>Adapting export product design/style</li> <li>Meeting export product quality standard/specs</li> <li>Meeting export packaging/labelling requirements</li> <li>Offering technical/after-sales service</li> </ul>
External	Marketing	<ul style="list-style-type: none"> <li>Offering satisfactory prices to customers</li> <li>Difficulty in matching competitors' prices</li> <li>Granting credit facilities to foreign customers</li> </ul>
	Distribution	<ul style="list-style-type: none"> <li>Complexity of foreign distribution channels</li> <li>Accessing distribution channels</li> <li>Obtaining reliable foreign representation</li> </ul>
	Logistics	<ul style="list-style-type: none"> <li>Unavailability of warehousing facilities abroad</li> <li>Excessive transportation/insurance costs</li> </ul>
	Promotion	<ul style="list-style-type: none"> <li>Adjusting export promotional activities</li> </ul>
Internal	Procedural	<ul style="list-style-type: none"> <li>Unfamiliar exporting procedures/paperwork</li> <li>Problematic communication with overseas customers</li> <li>Slow collection of payments from abroad</li> </ul>
	Government	<ul style="list-style-type: none"> <li>Lack of home government assistance/incentives</li> <li>Unfavourable home rules and regulations</li> </ul>
	Task-oriented	<ul style="list-style-type: none"> <li>Different foreign customer habits/attitudes</li> <li>Keen competition in overseas markets</li> </ul>
External	Environmental: Economic	<ul style="list-style-type: none"> <li>Poor/deteriorating economic conditions abroad</li> <li>Foreign currency exchange risks</li> </ul>
	Environmental: Political/Legal	<ul style="list-style-type: none"> <li>Political instability in foreign markets</li> <li>Strict foreign rules and regulations</li> <li>High tariff and non-tariff barriers</li> </ul>
	Environmental: Socio-Cultural	<ul style="list-style-type: none"> <li>Unfamiliar foreign business practices</li> <li>Different socio-cultural traits</li> <li>Verbal/nonverbal language differences</li> </ul>

Source: Leonidou, "An Analysis of the Barriers Hindering Small Business Export Development", 2004

### 2.2.2 Finding 2 - Internal Barriers are Perceived as Greater Impediments

An OECD-APEC study on “Removing Barriers to SME Access to International Markets” undertaken in 2006 outlined that both policymakers and SMEs identified the following four barriers below as serious impediments to international markets:

- Shortage of working capital to finance exports
- Difficulty in identifying foreign business opportunities
- Limited information to locate or analyse markets; and
- Inability to contact potential overseas customers

These above are internal constraints and additionally, others identified as important to SMEs were the political, legal and fiscal environment (business environment) and regulations, communication and representation (market access).

### 2.2.3 Finding 3 - Barriers Differ at Various Internationalisation Stages

Reinforcing these findings is another research by the University of Otago on “Barriers to Internationalisation: A Study of Entrepreneurial New Ventures in New Zealand” which studied the perceptions of the barriers to internationalisation of 561 New Zealand Entrepreneurial New Ventures (ENV). This study found that four out of five main barriers to internationalisation are internal. The top five barriers are:

- Limited financial resources
- Limited access to capital
- High costs of selling abroad
- Limited knowledge of overseas market opportunities; and
- Limited government assistance

Of them, those relating to financial resources and capital were of higher concern. Interestingly, this also highlighted that different barriers can exist at any stage in the internationalisation process and its perceptions vary in intensity depending on businesses’ degree of internationalisation.

Furthermore, a report by the APEC Policy Support Unit on “SME Market Access and Internationalisation: Medium-term KPIs for the SMEWG Strategic Plan” undertaken in 2010 supported the notion that barriers differ depending on the international experience of the SME. For e.g., as a business moves from its internationalisation planning stage towards active engagement in international activities, financial and access barriers decrease in importance while environmental barriers and lack of capabilities pose greater challenges.

### 2.2.4. Finding 4 - Varying Criteria for Identification of Best Practices

While numerous studies highlight the challenges faced by SMEs internationalising, few provide meaningful cross-comparisons of best practices across economies. This is possibly due to the differences in trade and internationalisation policies, economic structure and needs, SME definition

and the involvement of private sector multipliers. Also, different studies use various methods for identifying best practices.

For instance, an OCED study on “Globalisation and Small and Medium Enterprises” in 1997 that classified programmes into four categories of Finance, Business Environment, Capability and Access, found that the most common programmes were in the final category of providing access to information and markets. In terms of best practices, the five considerations were:

- Cost-effectiveness in delivery
- Able to address market/non-market failures
- Encourage the mobility of resources
- Help SMEs contribute to the economy
- Reflect the needs and capabilities of SMEs

Another study adopting a more macro perspective as to what constituted a best practice was in terms of its support infrastructure for the formulation of initiatives. This study, undertaken by the Boston Consulting Group on “Export Development and Promotion: Lessons from Four Benchmark Countries” in 2004 commissioned by the government of New Zealand proposed that supporting infrastructures that would aid best practice formulation were:

- External government agency with an independent board drawn largely from the private sector
- Single agency leading the promotion of trade
- Integration of on and offshore activities via a single agency
- Delivery of services according to needs
- Close interactions between trade promotion organisations and the private sector

Finally, the OCED-APEC study on “Removing Barriers to SME Access to International Markets” highlighted good programmes as those determined to be working effectively and most useful to SMEs, as determined through a survey.

## 2.3 Model Implications

Having reviewed these studies and understood their key findings, we opine that a comprehensive tracking model would have to possess the following:

- Able to track and monitor initiatives by both function and time
- Systematic and progressive
- Easy to understand and use

Hence a model incorporating programmes addressing the areas of financial, information, training, environment, execution, sustainment and consolidation, was formulated for different stages of internationalisation, i.e. Readiness, Implementation and Growth. This was deemed as a relevant model and used for the analysis undertaken.

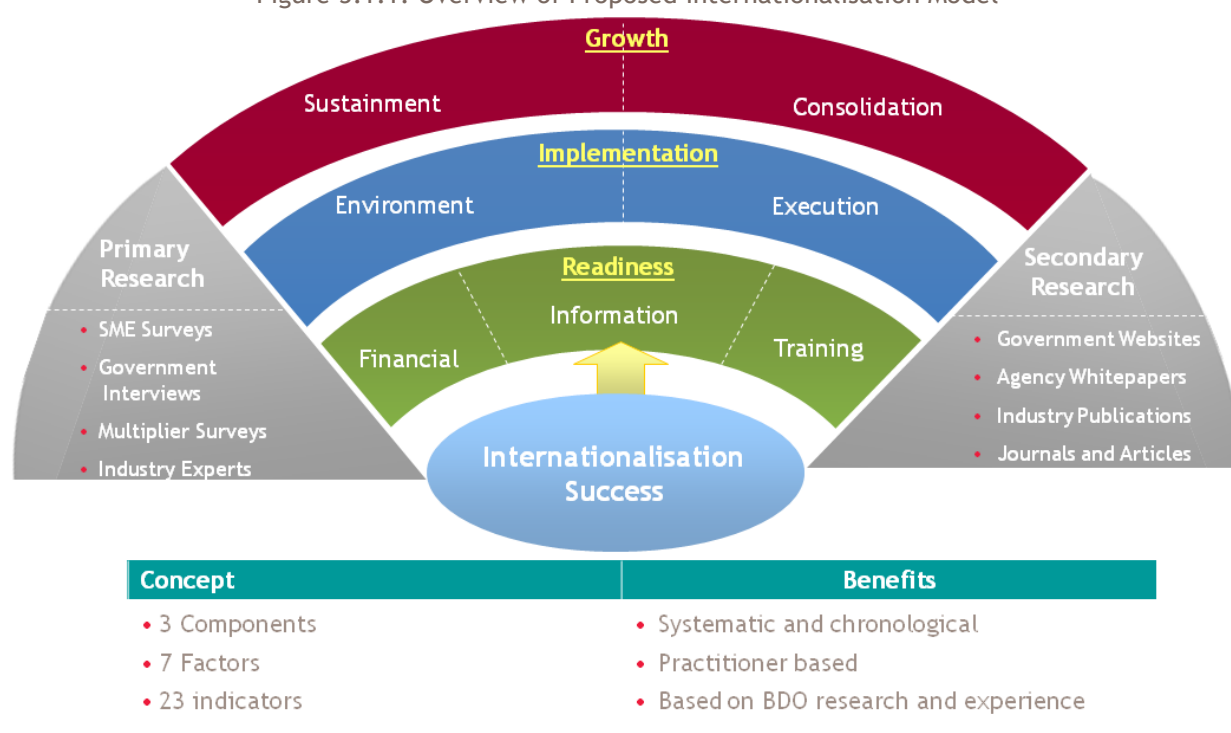


## 3. METHODOLOGY

### 3.1 Concept

As explained earlier, this study aims to identify, evaluate and measure within its best endeavour, gaps in APEC programmes at different phases of an SME's internationalisation journey. Thereafter, a time-based model was developed to categorise internationalisation into three sequential components of Readiness, Implementation and Growth (Figure 3.1.1).

Figure 3.1.1: Overview of Proposed Internationalisation Model



#### 3.1.1 Readiness

Readiness highlights pre-internationalisation issues in terms of the available assistance and policies that provide SMEs with the necessary financial help, market knowledge and human resources to effectively venture overseas.

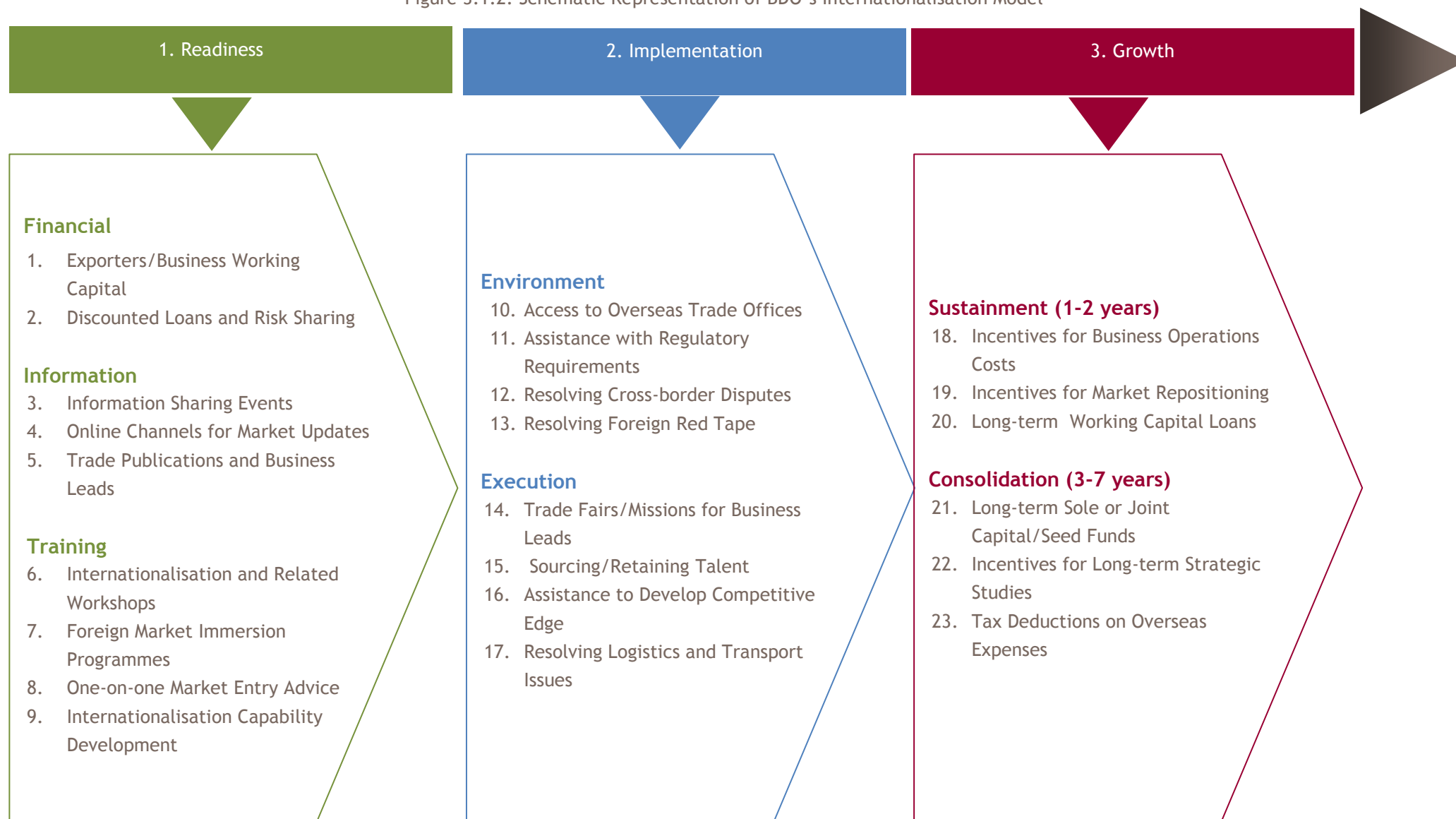
#### 3.1.2 Implementation

Implementation evaluates the effectiveness of the “actual implementation” and its necessary procedures in establishing a presence in foreign markets by focusing on both environment and implementation issues that will either expedite or impede on the internationalisation process.

#### 3.1.3 Growth

Finally the growth component entails the mapping and analysis of available programmes necessary to sustain and consolidate SMEs' operations on both short and long-term basis during the post-internationalisation phase. Thereafter, these three components are further segmented into seven factors and 23 indicators (Figure 3.1.2).

Figure 3.1.2: Schematic Representation of BDO's Internationalisation Model



Source: BDO Concept

(Please refer to Annex A for more detailed definitions of the 23 indicators).

## 3.2 Selection of Economies

Eight member economies from the Americas, Asia and Oceania were selected based on the criteria provided in Table 3.2.1. It represents a spectrum of both developed and developing economies with common characteristics such as:

- Economy openness
- Significant reliance on exports
- Major trade players within respective regions

Table 3.2.1: Selection Basis for APEC Economies

Economy	Criteria
Australia	<ul style="list-style-type: none"> <li>• Open economy with many implemented trade agreements</li> </ul>
Hong Kong, China	<ul style="list-style-type: none"> <li>• Ranked first as the most open economy in University of Melbourne's Measures of Trade Openness Using CGE Analysis</li> <li>• Ranked 13<sup>th</sup> worldwide in merchandise exports and 12<sup>th</sup> in export of commercial services in 2008</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• One of leading economies in terms of world trade in 2008</li> <li>• 4th in merchandise exports &amp; 5th in export of commercial services</li> <li>• 5% of world total merchandise exports and 4% of commercial service exports</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Large trade-driven economy with trade surplus for 13 consecutive years since 1997</li> <li>• Active in the promotion of internationalisation</li> </ul>
Peru	<ul style="list-style-type: none"> <li>• One of the most dynamic economies of Latin America</li> <li>• Government emphasises on trade-led economic growth and increased market access for micro and SMEs to assist in poverty reduction</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Open economy</li> <li>• Ranked first in EY Globalisation Index 2010 in terms of capital movement, cultural integration, openness to trade and exchange of technology</li> </ul>
Chinese Taipei	<ul style="list-style-type: none"> <li>• Increasingly open economy</li> <li>• Exports equivalent to 72% of GDP in 2008</li> </ul>
United States	<ul style="list-style-type: none"> <li>• One of leading economies in terms of world trade in 2008</li> <li>• 3rd in merchandise exports &amp; 1st in export of commercial services</li> <li>• Accounts for 8% of world total merchandise exports and 14% of commercial service exports</li> </ul>

Source: World Trade Organisation Databank

(Please refer to Annex B for further details of the definitions and profile of SMEs in the various economies).

## 3.3 Fieldwork

### 3.3.1 APEC SME Working Group Workshop

Initial research findings on major initiatives for the Phase 1 economies of Japan, Singapore, Chinese Taipei, and the U.S were shared at an APEC SME Working Group Workshop titled “SME Internationalisation Policies and Best Practices across APEC Economies” in September 2010 in Gifu, Japan. Objectives of the workshop were to:

- Provide preliminary insights on common internationalisation initiatives and highlighted programmes undertaken by economies that are not focused on by the others;
- Gather feedback from participants on the validity of the overall study approach, i.e. methodology and scope of work, and make adjustments wherever necessary; and
- Obtain collective inputs on the major challenges encountered by the SMEs within APEC and identification of solutions towards closer collaboration between member economies

Key insights gathered for the workshop were:

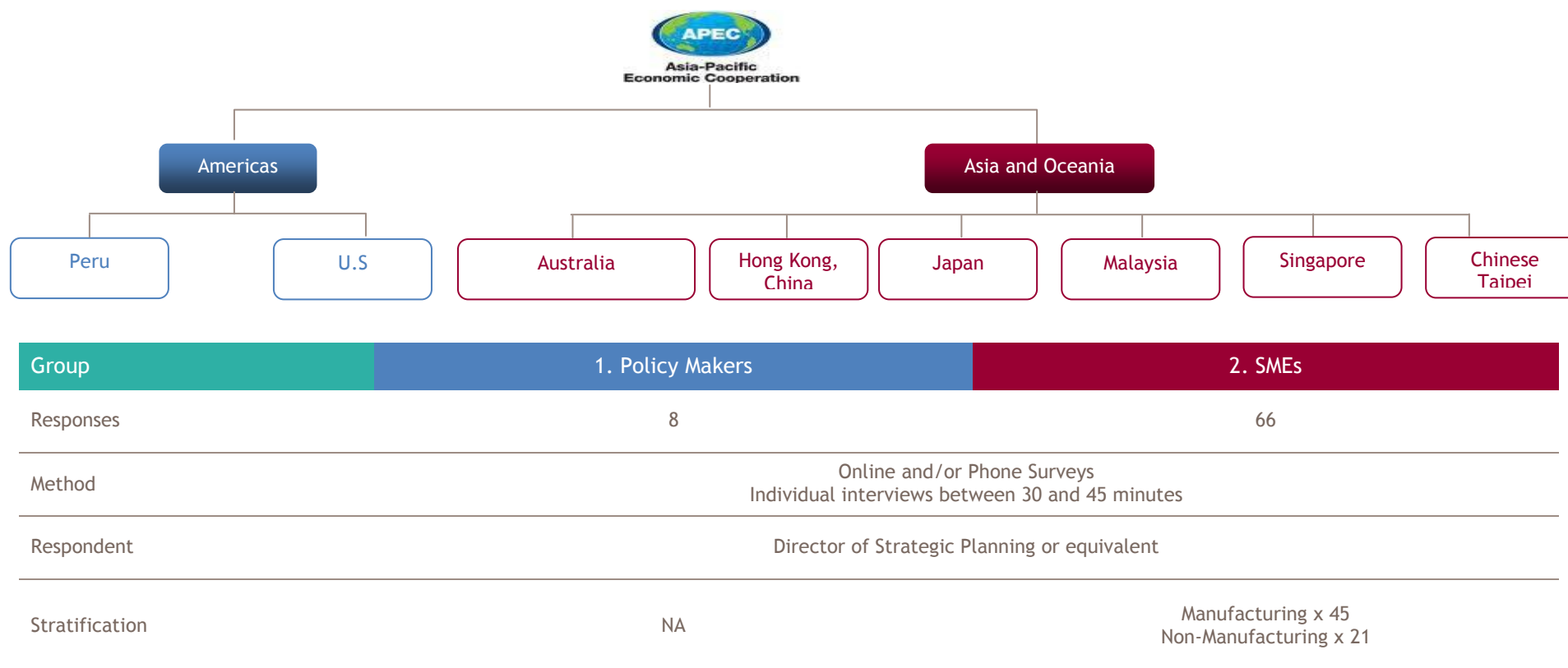
- Pull factors feature prominently as key drivers to internationalisation
- Financing-related challenges pose the foremost threat to firms
- Effective utilisation of ICT is a major internationalisation enabler
- Aspiring and active SMEs require differing areas of assistance
- Pooling of knowledge and networks is essential

(Please refer to Annex C for further details of the workshop in terms of its findings).

### 3.3.2 Stakeholder Sampling

Consequently, a total of eight policy makers and 66 SMEs (manufacturing and services) were identified and interviewed with the latter group chosen based on prevalent SME definitions in each respective economy<sup>1</sup> (Figure 3.3.1).

Figure 3.3.1: Stakeholder Sampling for APEC Economies in Study



Source: BDO Inputs and Analysis

Note: "NA" denotes Not Applicable

(Please refer to Annex D for further details of the various sample questionnaires used for the government agencies, internationalisation multipliers and SMEs).

<sup>1</sup> Targeted and related participants were based on Spring Singapore and the respective economy's recommendation on the most relevant SME agency to participate in the discussions. Consequently, the SME participants were based on the database provided by the respective government agencies and BDO's own international network.

### 3.3.3 Stakeholder Interviews

In-depth interviews and discussions were held with trade promotion agencies, internationalisation multipliers and SME stakeholders from each economy to gain insights on the following issues:

- Verification on current trade facilitation and SME internationalisation policies
- Objective feedback on the importance of various internationalisation aspects such as readiness, implementation and growth
- Perspectives on best practices and gaps in SME internationalisation programmes
- Information on future SME policy trends and development

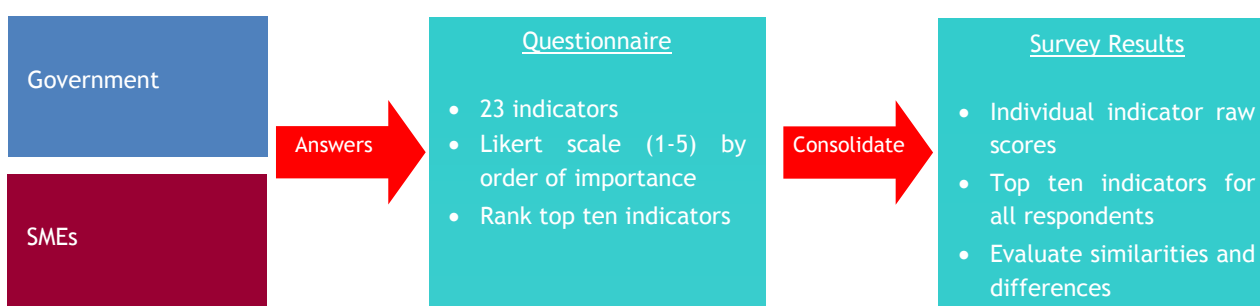
The similarities and differences in opinions between the government and SMEs were then evaluated to understand the underlying best practices and potential gaps prevalent for the eventual formulation of viable strategies to address them.

### 3.3.4 Data Consolidation and Analysis

In outlining the importance of prevalent gaps between various stakeholders, a three-step approach was adopted.

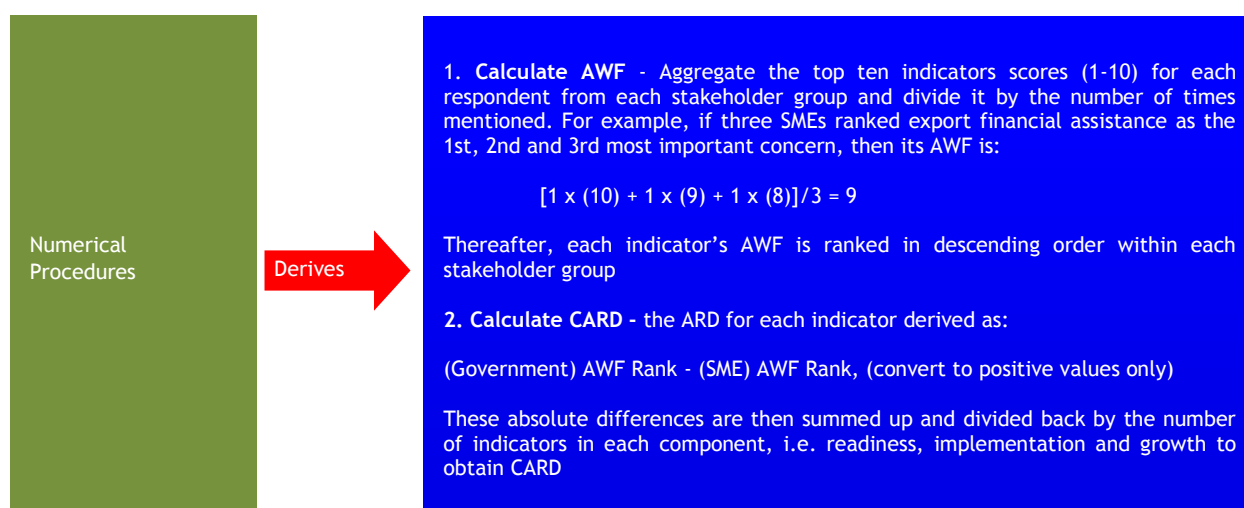
#### i. Step 1 - Weighted Indicator Ranking

Respondents will assign scores ranging from one to five by increasing importance for each indicator (see methodology) listed in the questionnaire. They will then proceed to rank their individual top 10 barriers in descending order by assigning a score of 10 and 1 for the most and least important indicator respectively.



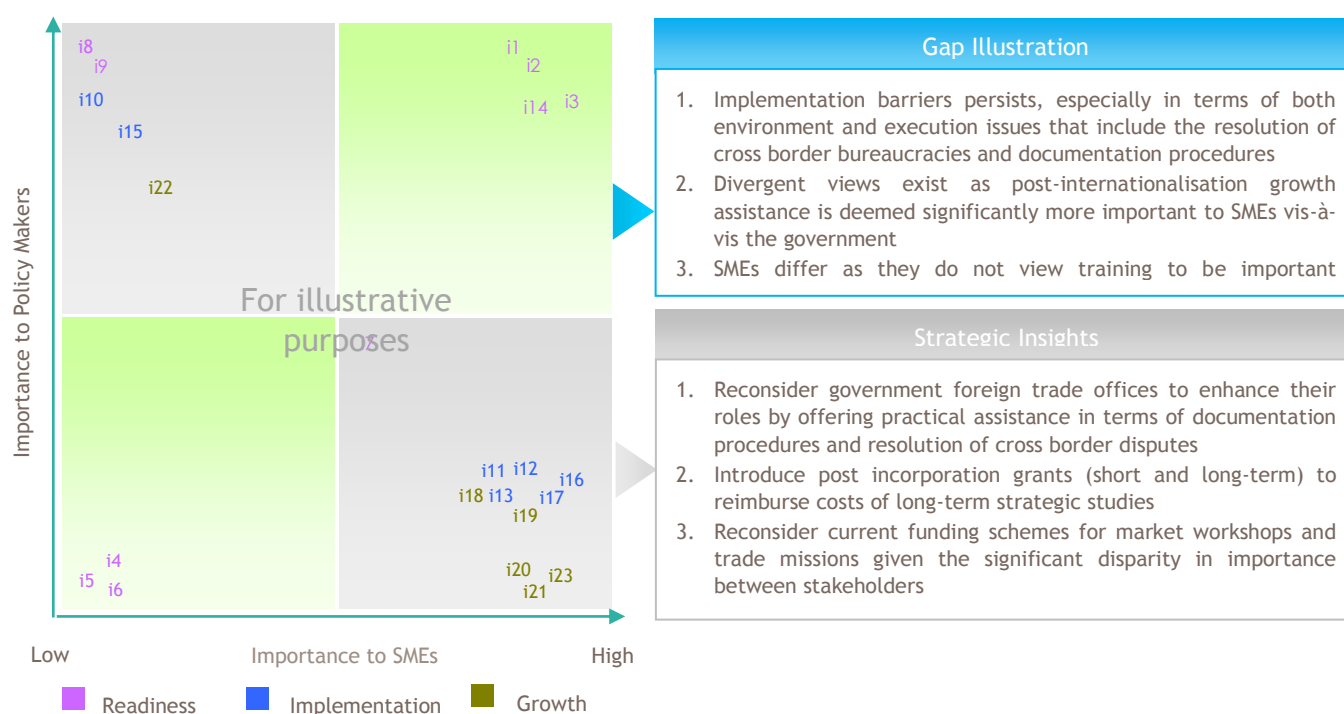
#### ii. Step 2 - Derivation of AWF and CARD

Firstly, the average weighted factor (AWF) is derived for each indicator and its absolute rank difference (ARD) is tabulated, aggregated and averaged to obtain the absolute rank differences for each internationalisation component, i.e., readiness, implementation and growth.



### iii. Step 3 - Conduct Gap Analysis

Indicators are then segmented into their respective areas to highlight the major issues of “consensus and contention” between different stakeholder groups where the former represents convergence of opinions at various levels and vice versa for contention as illustrated below.



### 3.3.5 Strategic Formulation

Pursuant to the gap analysis, viable strategic recommendations will be developed to fulfil the following objectives:

- Insights into further improvements for prevalent best practices
- Highlight possible steps to address major gaps identified from current initiatives
- Future directions on how APEC member economies can collaborate further in helping their SMEs

## 4. MAPPING

### 4.1 Overview

In preparation of the primary research with both public and private stakeholders, a preliminary mapping of key internationalisation programmes according to BDO's 23 indicators was undertaken for each of the eight economies.

Table 4.3.1 presents a summary of the mapping for each of the economies. Overall, it was observed that all economies displayed a strong emphasis on helping their businesses ready themselves for internationalisation in terms of supporting their financial, information and training needs.

### 4.2 Key Insights

However, areas that the economies may wish to address would be implementation and growth-related aspects. This can be seen from Table 4.3.1 where the largest proportion of government initiatives was pertaining to Readiness aspects as compared to the other two components.

In terms of helping companies address issues related to the foreign environment or with setting up processes, common practices across economies would be:

- Setting up overseas trade and related offices to
  - Provide market/industry intelligence and updates
  - Source for business opportunities
- Organising local or overseas trade fairs and missions
- Assist companies in building their firm-level competitive edge
  - Formation of strategic alliances
  - Help companies showcase their products
  - Promote industry-wide awareness and growth
  - Provide resources for companies to enforce their trademarks, patents and copyrights
  - Reimburse the cost of procuring and exporting product samples
- Financial incentives for the long-term sustainment and consolidation of operations

Also, many schemes involve the engagement of associations and local private sector experts, as well as private sector multipliers that offer services for varying amounts. Some leading policies are cross-economy initiatives that share market/industry knowledge.



## 4.3 Comparison Matrix

Table 4.3.1 provides a summary of the available internationalisation incentives across the selected eight economies.

Table 4.3.1: Available Internationalisation Incentives

Indicators		Economies								
		Australia	HK, China	Japan	Malaysia	Peru	SG	CT	U.S	
Readiness	No. of Initiatives									
	Financial									
	1.	Exporters/business working capital	2	1	6	-	4	1	5	2
	2.	Discounted loans and risk sharing	8	3	3	-	2	3	10	6
	Information									
	3.	Economy and industry information sharing events	2	2	1	-	3	3	1	1
	4.	Online channels for market information/updates	3	6	2	1	5	1	3	1
	5.	Publications, business leads and consultancy	6	2	5	5	4	1	7	9
	Training									
	6.	Internationalisation and related workshops	1	2	2	3	3	3	4	1
	7.	Foreign market immersion programmes	1	-	1	-	-	2	-	1
	8.	One-on-one market entry advice or assistance	8	4	5	1	-	1	1	3
	9.	Internationalisation capability incentives	5	-	1	1	-	1	2	1
	Sum of Readiness Initiatives		36	20	26	11	21	16	33	25
	% of Total Initiatives		61%	67%	76%	45%	60%	50%	75%	55%

Note: “-” suggests that such initiatives may not have been put into place yet based on the research undertaken till date

Table 4.3.1: Available Internationalisation Incentives Cont'd

Indicators			Economies							
			Australia	HK, China	Japan	Malaysia	Peru	SG	CT	U.S
Implementation	No. of Initiatives									
	Environment									
	10.	Access to overseas trade and related offices	2	1	1	-	1	2	1	2
	11.	Assistance with regulatory procedures and requirements	-	1	-	-	3	3	-	4
	12.	Cross-border business-to-business disputes	-	-	1	-	-	-	-	1
	13.	Addressing foreign bureaucracy and red-tape	-	-	-	-	-	-	-	1
	Execution									
	14.	Trade fairs and missions	7	3	4	5	5	5	5	2
	15.	Sourcing and retaining human resources	-	-	-	-	-	-	1	-
	16.	Assistance to develop competitive edge	5	4	1	4	4	3	2	6
	17.	Resolving logistics and transportation issues	-	-	-	-	-	-	-	-
		Sum of Implementation Initiatives	14	9	7	9	13	13	9	16
		% of Total Initiatives	23%	30%	20%	37%	37%	40%	20%	35%

Note: “-” suggests that such initiatives may not have been put into place yet based on the research undertaken till date

Table 4.3.1: Available Internationalisation Incentives Cont'd

Indicators		Economies								
		Australia	HK, China	Japan	Malaysia	Peru	SG	CT	U.S	
Growth	No. of Initiatives									
	Sustainment									
	18.	Incentives for reimbursing the cost of business operations	-	-	-	-	-	-	1	1
	19.	Incentives for conducting market repositioning	-	-	-	-	-	-	-	-
	20.	Working capital loans	-	1	-	-	-	-	1	2
	Consolidation									
	21.	Long-term sole or joint government working capital or seed funding	-	-	1	-	-	1	-	1
	22.	Incentives for conducting long-term strategic growth studies	2	-	-	-	1	-	-	-
	23.	Tax deductions on overseas expenses	7	-	-	4	-	2	-	-
	Sum of Growth Initiatives		9	1	1	4	1	3	2	4
	% of Total Initiatives		15%	3%	2%	16%	2%	9%	4%	8%

Note: “\_” suggests that such initiatives may not have been put into place yet based on the research undertaken till date

### 4.3.1 Readiness

Table 4.3.2 provides a snapshot of the various readiness initiatives along with the relevant agencies for each indicator across the eight economies.

Table 4.3.2: Readiness Incentives

Indicators		Economies			
		Australia	HK, China	Japan	Malaysia
Readiness	Financial				
	1. Exporters/Business Working Capital	Direct Loans	<i>Export Finance &amp; Insurance Corporation (EFIC)</i>	Tokyo Loan Prog	<i>SMRJ</i>
				Overseas Fund	<i>JASME</i>
				Enhanced Energy Loan	
			SME Loan Guarantee Scheme (SGS)	Overseas 21	<i>Shoko Chukin Bank</i>
				Int Trade Assistance	
				Bank Loans for BD and O/s Investment	<i>JBIC</i>
	2. Discounted Loans and Risk Sharing	Documentary Credit Guarantees			
		Export Payments Insurance			
		Bond Insurance	SME Loan Guarantee Scheme (SGS)	<i>TID</i>	Small Biz Credit Insurance
		Export Finance Guarantees			<i>JASME</i>
		Foreign Exchange Facility Guarantee	<i>EFIC</i>		
		Headway Working Capital Guarantee			
		Export Working Capital Guarantee		<i>ECIC</i>	Foreign Inv-related Credit Guarantee Prog
					<i>National Federation of Credit Guarantee</i>
		Political Risk Insurance	Comprehensive Cover Policy	Overseas Investment Insurance	<i>NEXI</i>

Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies									
		Peru		SG		CT		U.S			
Readiness	Financial										
	1. Exporters/Business Working Capital	Microglobal Resources	Banco Interamericano de Desarrollo-BID & La Corporación Financiera de Desarrollo S.A - COFIDE		Enterprise Fund	IE	Machinery & Equipment Export Financing Prog		Enterprise Devt Netwk		OPIC
		Productive Habitat	Secretario de Estado de Cooperación Internacional y para Iberoamérica -SECIPI & COFIDE				O/s Investment Financing Prog		National Devt Fund		
		Microfinance Development Fund-FONDEMI	Ministerio de Trabajo y Promoción del Empleo - MTPE & COFIDE				ST Export Credit		Export Working Capital Prog		SBA
		FIEX for Pre and Post Shipping, Working Capital and Investments	Japan Bank for International Corporation, BID & COFIDE				O/s Construction Credit				
							Int Accounts Receivable Factoring		Exim Bank of ROC		
	2. Discounted Loans and Risk Sharing	Export Credit Insurance Programme for SMEs Sepymex	Seguros de Crédito y Garantías -SECREX, Ministerio de Comercio Exterior y Turismo-MINCETUR & COFIDE	Export Coverage Scheme	IE	O/s Investment Credit Insurance		Biz Loan Guarantee Prog		U.S Dept of Agri	
						Comprehensive Open Acc Export Credit Insurance		Biz and Ind Guarantee Loan Prog			
						Globalsure Credit Insurance		Export Credit Guarantee Prog			
				Internationalisation Finance Scheme		Med & LT Credit Insurance					
						O/s Construction Credit Insurance		Exim Bank of ROC	Facility Guarantee Prog		
		Trade Financing-FIMEX	COFIDE	Loan Insurance Scheme	IE & Spring	Comprehensive D/P, D/A Export Credit Insurance		Wking Capital Guarantee Prog		Exim Bank of the U.S. & SBA	
						Safety Export Credit Insurance for SME					
						Shipbuilding Guarantee					
						Turnkey Plant Export Guarantee					
						Chinese Taipei ICDF Credit Guarantee		Export Express Prog		SBA	

Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies								
		Australia		HK, China		Japan		Malaysia		
Readiness	Information									
	3. Information Sharing Events	Australia Commission (Austrade) Seminars	Trade		World SME Expo	HKTDC	Seminars by Nagoya Chamber of Commerce, METI, JETRO & OVTA & Overseas Development Institute	Various agencies	-	-
		Australian Technology Showcase		Austrade			HKTDC Market Seminars			
	4. Online Channels for Market Updates	e-business Australian Exporters	for	State government departments	Online portals - Market intel reports from HKTDC website - E-forums	HKTDC	Database with Info on Trade & Investment Projs (J-File)	JETRO	MATRADE Online News	MATRADE
		Export Navigator	Finance	EFIC and Austrade	- Traders Club - Import and Export knowledge from TID website					
		Market Information Service	Information	Department of Foreign Affairs and Trade	- Regulations and tariff rules from TID website - HKTDC Forum		Institute of Developing Economies			
	5. Trade Publications and Business Leads	Australian Suppliers Directory			Business Matching Portal	HKTDC	Small Business Assistance Prog for O/s Mkt	METI	MATRADE Business Library & Publications	
		Agribusiness Development Project		Austrade	Product Magazines					
		Winning Exports: A Planning Guide								
		TradeConnect		Business & Industry Devt			SME Data Collection Proj & International Survey of SMEs	JETRO & SMRJ	Services Sector Bulletin	
		Industry Capabilities Network		Commonwealth Department of Innovation, Industry, Science and Research(DISR)			Info Services Consulting	Shoko Chukin Bank	Trade Statistics	MATRADE
		Partnerships Alliance Facilitation Programme (PAFP)		Queensland Government			O/s Devt Asst Projs	Central Fed of Soc of Comme & Ind	Trade Enquiries	
							Consultation on Trade Insurance	JTIO	Trade Leads and Tender Notifications	



Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies			
		Peru	SG	CT	U.S
Readiness	5. Trade Publications and Business Leads	PROMPERU Documentation Centre	PROMPERU	Int Sourcing Centre Proj Commodities Sourcing Svcs for Chain Stores Int Mkt Devt Assist Coy with M&A of Int Brand and Channel Proj	Trade Leads Databases Gold Key Service Int Company Profile Int Partner Search
		EU Project Co-Peru	MINCETUR	Int Trade Biwkly & Chinese Taipei Pdts	Video Gold Key
		Business Intelligence Reports	MRE	Sourcing & Trade Info	Trade Fair Certification Prog
		ADEX Advisory	ADEX	Customised eProcurement Sourcing Svcs and	Virtual Trade Mission Minority Biz Enterprise Centre Prog Native American Biz Enterprise Centre Prog
			Malaysia Singapore 3rd Country BD Fund	IE	CS
				MOEA (TAITRA)	Minority Biz Devt Agency



Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies											
		Australia			HK, China			Japan			Malaysia		
Readiness	Training												
	6. Internationalisation and Related Workshops	Practitioner Development	Screen Tasmania	Pro-Act Training and Development Centre (Global Business)			HKTDC	Globalisation Workshop			SMRJ	Training for Export	
								Briefing & Consultation		MATRADE			
				HKTDC SME Start-up Programme		Int Devt Biz Conf		Development Programme for New Exporters					
	7. Foreign Market Immersion Programmes	Business Immersions	Victoria Government and Design Victoria	-		-	Int Fed of Training Proj		Nat Fed of Small Biz Assoc	-		-	
		Women in Global Business Programme	Austrade	Customised business matching service		HKTDC	SME Globalisation Support and Advice		SMRJ				
		Trade Start		HKTDC SME Centre			Int Mini-Investigation Svcs						
		Enterprise Connect: -Creative Industries Innovation Centre - Researchers in Business	DISR	Support and Consultation Centre for SMEs		TID	Promising Export Support Svc Proj		JETRO				
		Export Network		DISR Victorian Government			Various Biz Advisory			SMRJ, JBIC, OVTA, J-SMECA	Trade Advisory Help Desk		MATRADE
		Export Skills Development	Trade and Investment Queensland										
		Industry Capabilities	Queensland Government	HKTDC Business Advisory Services		HKTDC	Expert Programme		Dispatch	JODC			
		Aboriginal business development	NSW Government										
Growth Programmes & Services Model		Innovate SA											

Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies									
		Australia			HK, China			Japan		Malaysia	
Readiness	Training										
	9. Internationalisation Capability Development	Export Development Grants (EMDG)	Market Development	Austrade							
		Commercialisation Australia									
		First Exporter	Step	DISR		-	-	Counterfeiting Damages Consultation	JETRO	Market Development Grant	MATRADE
		The Manufacturing Centre									
		Small Online	Business	AusIndustry							

Table 4.3.2: Readiness Incentives Cont'd

Indicators		Economies									
		Peru		SG			CT		U.S		
Readiness	Training										
	6. Internationalisation and Related Workshops	The Exporter's Wednesday seminars and other specialised workshops		Exporter Devt Prog			Int Biz Admin Prog (IBAP)				
		EXPORTAPERU Programme		FTA Resources			Int Trade Prog		MOEA (TAITRA)	Rural Biz Opp Grant	Dept of Agri
		Peru Exports Programme Best Practices of Marketing and Manufacturing - BPMM	PROMPERU	Internationalisation Workshops: - Branding for Overseas Market - Due Diligence for Foreign Partners - Intellectual Property Protection	Capability	IE	Post-Master's Int Mktg Prog				
							Short Courses				
7. Foreign Market Immersion Programmes	-	-	Int Mkt Immersion Prog		IE	-	-		Special Internship Prog	Am Biz Training	ITA
			Manpower and Int Biz Fellowship								
	8. One-on-one Market Entry Advice	-	-	IE's Advisory Centre Consultations		IE	Small Biz Centre	Counseling	MEASME	Export Assistance Network	Legal
									Service Corps of Retired Executives		
									Video Mkt Briefing		CS
9. Internationalisation Capability Development	-	-	Int Capability Devt Prog - Brandpact - Mkt Feasibility - IP& Design - Manpower - Ecommerce		IE	Branding Taiwan Plan		MOEA (TAITRA)	Incentives for State Governments to promote trade and outreach		SBA
						O/s Brand Promotion		Council for Econ Plan and LT Funds			

### 4.3.2 Implementation

Table 4.3.3 provides a snapshot of the various types of implementation initiatives for each indicator across the selected eight economies.

Table 4.3.3: Implementation Incentives

Indicators		Economies									
		Australia		HK, China			Japan			Malaysia	
Implementation	Environment										
	10. Access to Overseas Trade Offices	Access America, China, India & The Middle East Programme Victorian Government Business Offices (VGBOs)	Business Victoria	HKTDC's overseas offices	HKTDC	Int Coordinator of Counseling Svcs Export Assistance	JETRO	-	-		
	11. Assistance with Regulatory Requirements	-	-	Comply with Global Sourcing Buyers' Requirements on Green and Ethical Procurement	HKTDC	-	-	-	-		
	12. Resolving Cross-border Disputes	-	-	-	-	Research Cost Subsidy Infringement	JETRO	-	-		
	13. Resolving Foreign Red Tape	-	-	-	-	-	-	-	-		

Table 4.3.3: Implementation Incentives Cont'd

Indicators		Economies												
		Peru		SG			CT		U.S					
Implementation	Environment													
	10. Access to Overseas Trade Offices	CREA, Peru Commercial Offices	Software Overseas Commercial Offices	(Asociación Peruana de Productores de Software- APESOFT, PROMPERU & MINCETUR)	IE and IDA Overseas Networks		IE & IDA	Provisional Branch (POB)	Overseas	MOEA (TAITRA)	ITA and CS Overseas Networks	CS & ITA		
	11. Assistance with Regulatory Requirements	Market Advisory Services	Access Services	PROMPERU & MINCETUR)	SME Market Access Programme			IE	Environmental Verification Prog				Tech	U.S. Envl Protection Agency
					iAdvisory Programme				Safe Framework				Harbour	ITA
		International Trade Single Window	MINCETUR						-	-	Technical Asst for Specialty Crops Prog		FAS	
		ADEX Certification and Textiles Visas	Textiles and	ADEX	REACH Scheme	Registration Asst Pilot	SPRING	Seafd Inspection Prog				National Oceanic and Atmospheric Administration		
12. Resolving Cross-border Disputes	-	-	-	-	-	-	-	-	Office of Advocacy	Dept of Commerce				
13. Resolving Foreign Red Tape	-	-	-	-	-	-	-	-	Office of Energy, International Prog	Fossil U.S Dept of Energy				

Table 4.3.3: Implementation Incentives Cont'd

Indicators		Economies										
		Australia			HK, China		Japan			Malaysia		
Implementation	Execution											
	14. Trade Fairs/Missions for Business Leads	Local and Overseas Trade Fairs and Missions: - Austrade - DISR			Various Agencies	Trade Fairs	HKTDC	Venture Fair Japan			Overseas Trade Fairs	
		Trade Support Scheme			Dept of the Chief Minister, Northern Territory Government	SME Export Marketing Fund	TID	SME Expo, “Sougoten”			SMRJ	Trade and Investment Missions
		ICT Trade Events and Exports Assistance Programme			Multimedia Victoria	HKEA Assistance Package	HKEA	New Support	Mkt Fair	Start-up	Specialised Missions	Mkting
		Biotechnology International Partnering Programme			DIRJ							
		Arts Victoria - International Programme			Business Victoria						Inward Missions	Buying
		Designer Fashion Grants Programme - Fashion Flight			Dept of Culture and the Arts, WAustralia			Int Biz Support Svc			Osaka Chamber Comm	
		Export Scheme			Market Assistance	Dept of Economic Devt, Tourism & the Arts (Tasmania)					Overseas Trade Fairs	
	15.Sourcing/Retain ing Talent	-			-			-		-	-	-

Table 4.3.3: Implementation Incentives Cont'd

Indicators		Economies									
		Australia			HK, China		Japan		Malaysia		
Implementation	Execution										
	16. Assistance to Develop Competitive Edge	Industry Innovation Programme	Cooperative	AusIndustry	Service Industry Promotion	HKTDC	Business Alliance for Promoting SMEs	METI	In-Store Promotion		
					Product Industry Promotion						
		Promotion of Indigenous Visual Arts and Crafts		Queensland Indigenous Arts Marketing and Export Agency (QIAMEA)	HKTDC Design Gallery (Beijing and HK)			Information Booths			
		Business and Industry Transformation Incentives		Queensland Government				Exhibition Centres			
		Designer Fashion Grants Programme - Marketing		Dept of Culture and the Arts, WAustralia	SME Development Fund (SDF)	TID		Promotion of Services			
		Promoting Australian Produce		Department of Agriculture, Fisheries and Forestry							
	17. Resolving Logistics and Transport Issues	-	-	-	-	-	-	-	-	-	

Table 4.3.3: Implementation Incentives Cont'd

Indicators		Economies																	
		Peru			SG			CT		U.S									
Implementation	Execution																		
	14. Trade Fairs/Missions for Business Leads	CREA, Software Peru Trade Fairs and Missions			PROMPERU, APESOFT & MINCETUR		Int Mkting Activities Prog		Int Trade Show		Mkt Devt Coop Prog		ITA						
		Participation in International Fairs Exports					Int Missions and Fairs Prog		IE	Trade Mission									
		Participation in Exporters Trade Missions			PROMPERU		Working with Int Orgs		Biz Alliance Prog		MOEA (TAITRA)								
		Foreign Markets Programme					Local Enterprise and Assoc Devt Prog		IE & SPRING	Intl Mktg of Agri Products		Trade Shows		CS					
		Al-Invest Regional Aid Programme			European Commission		Int Devt Grants		National Arts Council		Govt-sponsored O/s Exhibitions								
	15.Sourcing/Retaining Talent											-	-	-	-	Emerging Markets Trade Pioneer Project	MOEA (TAITRA)	-	-
	16. Assistance to Develop Competitive Edge	Export Business Wheels			PROMPERU		Int Partners Programme		IE	Int Brand Alliance (IBA)		Emerging Mkts Prog							
		Export Quality Programme										Foreign Mkt Devt Prog							
		Promotion of Export Consortia			Comisión para la Promoción Exportaciones Perú-PROMPEX		Market Devt Scheme		MDA			Mkt Access Prog		FAS					
		Andean Trade Capacity Building Programme, and Peru Micro and Small Enterprise Facilitation Programme			Agencia de Estados Unidos para el Desarrollo Internacional-USAID		O/s Partnership Prog		Promotion	DesignSingapore Council	Taiwan Machinery Distribution Channel Promotion Project (TMP)		Quality Samples Prog						
													Export Trade Certificate of Review Prog		ITA				
											Strategy Targeting Organised Piracy								
17. Resolving Logistics and Transport Issues											-	-	-	-	-	-	-	-	



### 4.3.3 Growth

Table 4.3.4 provides a snapshot of the various types of growth initiatives for each indicator across the selected eight economies.

Table 4.3.4: Growth Incentives

Indicators		Economies							
		Australia		HK, China		Japan		Malaysia	
Growth	Sustainment								
	18. Incentives for Business Operations Costs	-	-			-	-	-	-
	19. Incentives for Market Repositioning	-	-			-	-	-	-
	20. Long-term Working Capital Loans	-	-	SME Loan Guarantee Scheme	TID	-	-	-	-



Table 4.3.4: Growth Incentives Cont'd

Indicators		Economies			
		Australia	HK, China	Japan	Malaysia
Growth	Consolidation				
	21. Long-term Sole or Joint Capital/Seed Funds	-	-	Overseas Loans Investment JBIC	-
	22. Incentives for Long-term Strategic Studies	Global Competitiveness Programme	Rural Industries Research and Development Corporation	-	-
		Grow Your Business Programme	DIRJ	-	-
	23. Tax Deductions on Overseas Expenses	R&D Tax Concession	AusIndustry and the Australian Taxation Office (ATO)		Double Deduction for:
		Section 23AF Tax Exemption			- Promotion Of Export
		Input tax credits (GST credits)	ATO		- Promotion Of Malaysian Brands
					- International Quality Standard
		Tradex Scheme	AusIndustry		- Export Credit Insurance Premiums
					- Freight Charges
		Certain Inputs to Manufacture			- Cost Of Registration Of Patent, Trade Mark And Product Licensing Overseas
		Duty Drawback	Australian Customs and Border Protection Service		- Tourism Industry
		Producer Offset Loan	EFIC		

Table 4.3.4: Growth Incentives Cont'd

Indicators		Economies							
		Australia		HK, China		Japan		Malaysia	
Growth	Consolidation								
	21. Long-term Sole or Joint Capital/Seed Funds	-	-	-	-	-	-	-	-
	22. Incentives for Long-term Strategic Studies	-	-	-	-	-	-	-	-
	23. Tax Deductions on Overseas Expenses	-	-	-	-	-	-	Exemptions for: - Tour Operators - Fair Organisers - The Value Of Increased Exports - Malaysian International Trading Company (MITC) <hr/> Investment Tax Allowance For Halal Food Production	MATRADE

Table 4.3.4: Growth Incentives Cont'd

Indicators		Economies							
		Peru		SG		CT		U.S	
Growth	Consolidation								
	21. Long-term Sole or Joint Capital/Seed Funds	-	-	Scheme for Co-investment in Exportable Content (SCREEN)	MDA	-	-	Various working capital schemes	SBA, Exim Bank of the U.S, TDA, OPIC
	22. Incentives for Long-term Strategic Studies	CREA, Software Programme of External Markets in the Services sector	Peru	PROMPERU, APESOFT & MINCETUR)		-	-	-	-
	23. Tax Deductions on Overseas Expenses	-	-	Double Tax Deduction for Market Devt Scheme		-	-	-	-
				Double Deduction for O/s Investment Devt Scheme	IE	-	-	-	-

## 5. NEEDS OF SMEs

Surveys were conducted with the SMEs in each of the eight economies to enhance understanding on the following issues:

- Most required initiatives for overseas expansion
- Awareness of current government initiatives
- Perceived effectiveness of these programmes
- Commonly utilised government support areas

A total of 66 respondents participated and the key findings are outlined below.

### 5.1 Profile of SME Respondents

As reflected in Table 5.1.1, the average SME respondent across both Manufacturing and Services has been in operation for 21 years, employs 142 staff, has a paid-up capital and annual turnover of USD 3.5 million and USD 13.6 million.

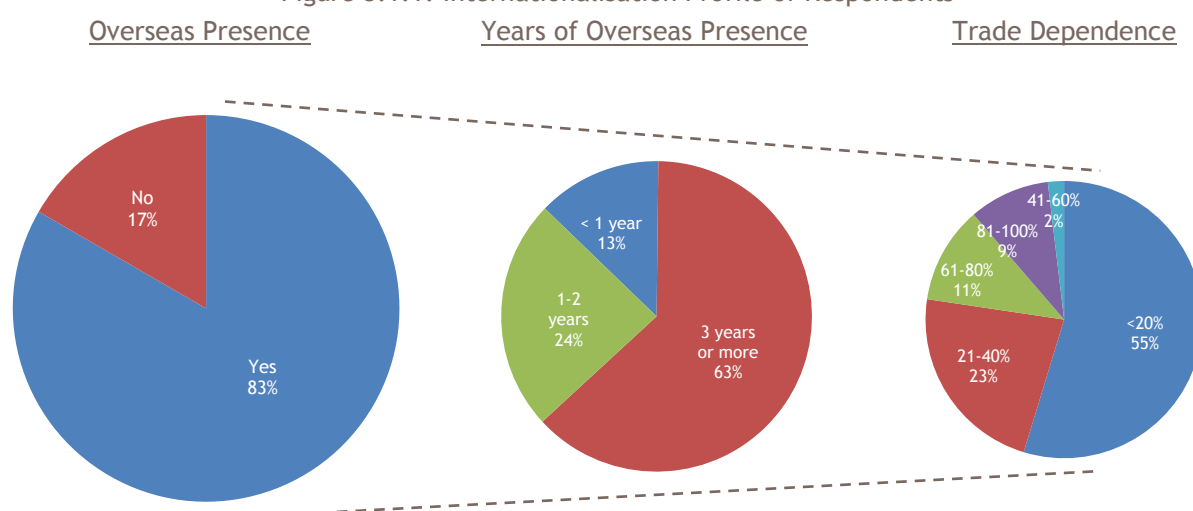
Also, 83% of respondents have overseas presence and among them, 63% have 3 years or more internationalisation experience while 78% have fairly low dependence on trade with 40% or less in overseas sales (Figure 5.1.1).

Table 5.1.1: Business Profile of Average Respondent

Type	Average	Standard Deviation
Years of Operations	21	17
Employment	142	243
Paid-up Capital (USD Million)	3.5	7.7
Turnover (USD Million)	13.6	22.9

Source: BDO Findings from SME Surveys

Figure 5.1.1: Internationalisation Profile of Respondents



## 5.2 Top 10 Initiatives

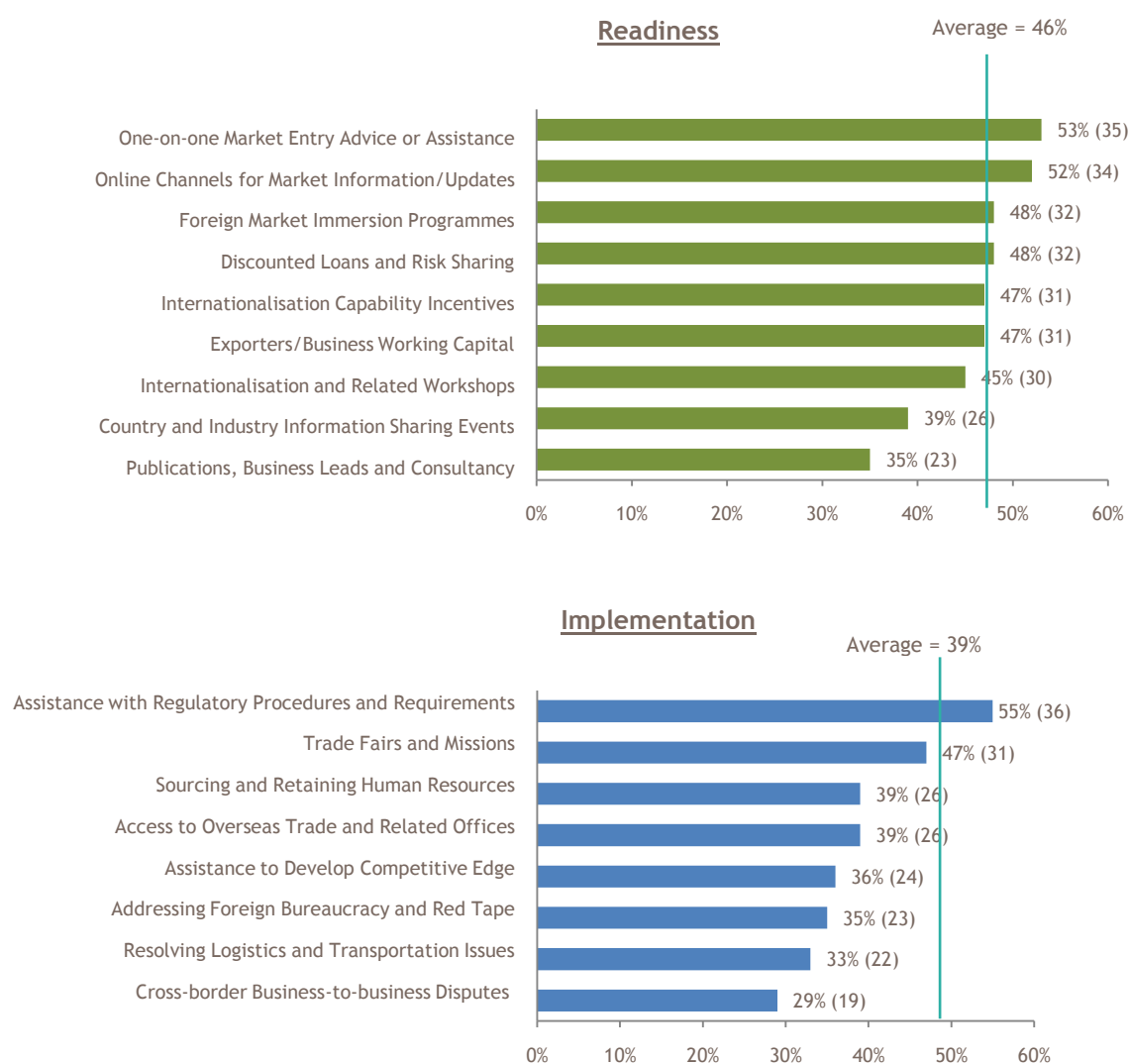
To gain a deeper understanding of the relative importance of initiatives to the SMEs, respondents were asked to rank the top 10 most important pertaining to their specific business.

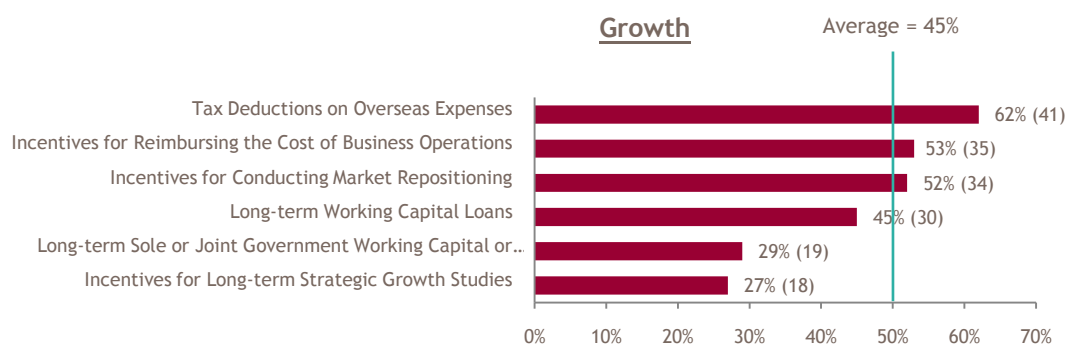
Subsequently, two forms of analysis were conducted. Firstly, a comparison of the frequencies of each of the 23 indicators being listed in the top 10, followed by a review of their Average Weighted Factor (AWF). For the latter, the results were stratified according to internationalisation experience, industry and turnover.

### 5.2.1 Frequency of Mentions

Figure 5.2.1 shows that readiness and growth-related initiatives are the most frequently mentioned by SMEs as important to them. At the same time, indicators that had the most number of mentions include long-term financial-related indicators during sustainment and growth such as tax deductions and reimbursing cost of operations. As well, the firms require practical assistance in terms of regulatory procedures and documentation.

Figure 5.2.1: Frequency of Being Ranked Within Top 10





Source: BDO Findings from SME Surveys

Note: Other initiatives cited are “setting up a legal system for tax benefits for exporting companies” and a “legal system for overseas investment”. Also, the average scores reflected refer to the average rate at which the particular component is cited within the top 10 most important.

## 5.2.2 Average Weighted Factor Analysis

Table 5.2.1 presents the top ten indicators ranked by AWF scores. Financial initiatives, regardless of components are important to SMEs. In addition, training followed by practical assistance in setting up overseas operations is also necessary.

Table 5.2.1: Ranking of Indicators by Overall AWF Scores

Rank	Initiative	Factor	Component	AWF Score
1	Discounted Loans and Risk Sharing	Financial	Readiness	6.22
2	Internationalisation and Related Workshops	Training		6.20
3	Exporters/Business Working Capital	Financial	Implementation	6.03
4	Assistance with Regulatory Procedures and Requirements	Environment		5.97
5	Assistance to Develop Competitive Edge	Execution		5.96
6	Tax Deductions on Overseas Expenses	Consolidation	Growth	5.88
7	Incentives for Reimbursing the Cost of Business Operations	Sustainment		5.86
8	Foreign Market Immersion Programmes	Training	Readiness	5.81
9	Resolving Logistics and Transportation Issues	Execution	Implementation	5.55
10	Online Channels for Market Information/Updates	Information	Readiness	5.53

Source: BDO Findings from SME Surveys

Next, Table 5.2.2 presents a ranking of the 23 indicators by their AWF scores, with the top five in each category highlighted.

It is interesting to note that financing is constantly highlighted as a requirement across most groups except the Services industry. This could be due to perceived lower market set-up costs while more emphasis is placed on training or resolving market-specific operational challenges.



Table 5.2.2: Ranking of Indicators by AWF Scores

Indicator	AWF Rank								
	Factor	Overall	Internationalisation Experience			Industry Sector		Turnover	
			Intending to Internationalise	2 Years or Less	3 Years or More	Manufacturing, Construction and Engineering	Services	Less than USD 5 Million	USD 5 Million or More
Exporters/Business Working Capital	Financial	3	3	18	3	3	9	7	9
Discounted Loans and Risk Sharing		1	2	3	9	1	23	3	2
Economy and Industry Information Sharing Events	Information	22	18	12	22	17	19	16	14
Online Channels for Market Information/Updates		10	1	5	21	11	14	16	5
Publications, Business Leads and Consultancy		21	14	22	16	18	16	19	23
Internationalisation and Related Workshops	Training	2	12	1	15	7	2	4	6
Foreign Market Immersion Programmes		8	5	13	11	8	10	2	12
One-on-one Market Entry Advice or Assistance		15	15	8	17	14	14	6	19
Internationalisation Capability Incentives	Environment	17	21	6	10	8	21	8	13
Access to Overseas Trade and Related Offices		17	7	16	20	20	3	20	21
Assistance with Regulatory Procedures and Requirements		4	9	9	5	4	12	14	3
Cross-border Business-to-business Disputes		19	22	19	13	19	1	22	10
Addressing Foreign Bureaucracy and Red Tape	Execution	16	11	23	1	13	18	21	11
Trade Fairs and Missions		14	23	4	14	15	5	15	8
Sourcing and Retaining Human Resources		13	18	17	4	16	7	10	18
Assistance to Develop Competitive Edge		5	16	14	1	2	17	1	17
Resolving Logistics and Transportation Issues	Sustainment	9	10	20	7	12	11	12	6
Incentives for Reimbursing the Cost of Business		7	6	11	7	10	6	12	1
Incentives for Conducting Market Repositioning		18	8	15	18	21	4	18	16
LT Working Capital Loans	Consolidation	19	20	2	19	22	8	9	15
Long-term Sole or Joint Government Working Capital or		11	16	10	12	5	20	5	20
Incentives for Conducting Long-term Strategic Growth		23	3	21	23	23	22	22	22
Tax Deductions on Overseas Expenses		6	13	7	6	6	12	11	4

Source: BDO Findings from SME Surveys

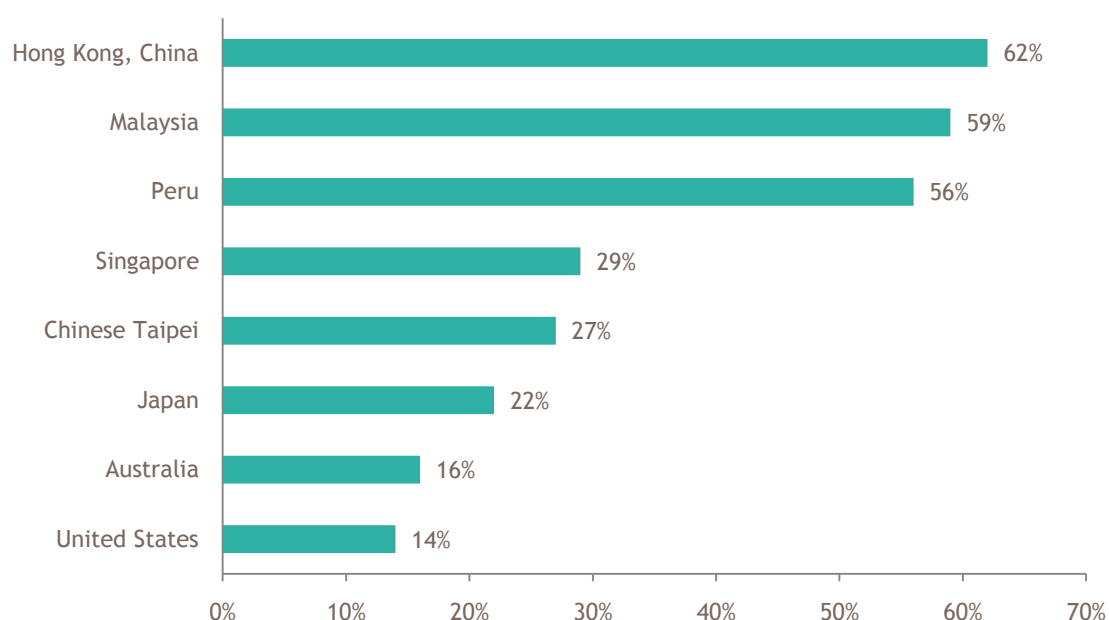
## 5.3 Perception of Current Programmes

### 5.3.1 Awareness of Current Government Initiatives

As part of the SME survey, key government programmes were listed for each economy and respondents were invited to indicate whether or not they were aware of them.

From the responses, it is believed that awareness is generally stronger in Hong Kong, China; Malaysia and Peru. However, it should be also noted that these results were based on a limited number of SMEs for each economy as indicated in Figure 5.3.1.

Figure 5.3.1: Awareness of Key Internationalisation Initiatives



Source: BDO Findings from SME Surveys

Note: Average awareness score is derived by taking the average respondent awareness scores for all schemes in each economy, where each scheme's awareness score is based on the percentage of respondents who are aware of the scheme. For example in Singapore, respondents were asked to indicate whether or not they were aware of each of the 32 internationalisation initiatives available. Singapore's average awareness score was derived by taking the total percentage awareness of each scheme divided by the total number of schemes. On average, respondents were aware of 29% of the schemes.

### 5.3.2 Commonly Utilised and Perceived Effectiveness of Programmes

Table 5.3.1 presents the list of utilised government internationalisation programmes and the corresponding effectiveness of these programmes, as ranked by the SMEs in each economy. Despite the low response rate towards the schemes, it appears that respondents who applied for the schemes generally found them effective.

Table 5.3.1: Usage and Effectiveness of Initiatives

Economy	Scheme	No. of Applicants	Average Effectiveness Score (out of 5)
Australia	Export Market Development Grant Scheme (EMDG)	2	4.5
Hong Kong, China	Consultation	1	5
	Enterprise Asia 2009	1	4
Japan	Structural Repair Manual Creation of Other Countries	1	5
	Nozomi Tamotsu Export Projects	1	4
	JETRO Overseas Briefing Service	1	4
Malaysia	Government Subsidies	1	3
	Trade Mission	1	3
Peru	-		
Singapore	Double Tax Deduction Scheme	1	4
	Internationalisation Capability Development Programme	2	4
	International Partners Programme	1	4
	Overseas Marketing Office	1	4
Chinese Taipei	Subsidy for International Marketing of Digital Learning Content	1	5
	工業局數位學習產品國際行銷補助		
	Flagship Programme of Information Services	1	4
	工業局資訊服務旗艦計畫		

Source: BDO Findings from SME Surveys

Note: Average effectiveness score is derived by taking the average respondent scores of how effective they perceived the programme to be, where 1 means least effective and 5 means most effective. For e.g. in Australia, two respondents utilised the EMDG scheme and one rated it as most effective (5) while the other, somewhat effective (4). As such, the average effectiveness score was the average of these scores which is 4.5.

## 6. GOVERNMENT INITIATIVES

Surveys and phone interviews were also conducted with trade and related agencies in eight economies to obtain an in-depth perspective and understanding on the following issues:

- SME demographics and minority groups
- Key trade and internationalisation initiatives
- Required initiatives for overseas expansion

### 6.1 SMEs by Economy

Table 6.1.1 presents the estimated number of SMEs within the various economies via the agencies.

Table 6.1.1: Demographic Profile of SMEs

Economy	Estimated SMEs (millions)	Year
Australia	2.05	2010
Hong Kong, China	0.29	2010
Japan	4.21	2006
Malaysia	0.72	2009
Peru	2.35	2010
Singapore	0.16	2007
Chinese Taipei	1.23	2009
United States	29.0	2009

Source: BDO Findings from Government Agency Surveys and Discussions

Note: Government agency definitions of SMEs may differ from APEC

### 6.2 Ranking of Required Initiatives

Similar to the SME surveys, the Government agency interviews included a section that sought their views on the perceived top 10 programmes required by SMEs.

This question addressed SMEs as a whole and garnered a variety of answers, driven by the possible justifications below.

- Past SME surveys on internationalisation challenges or needs
- Collaborative discussions with other trade or internationalisation experts
- Years of experience in working with SME organisations
- Perceived needs of SMEs new to internationalisation or trade

The same two methods of analysis were repeated with the results presented below.

## 6.2.1 Frequency of Mentions

In comparison to SMEs' requirements, the agencies more frequently cited readiness indicators like the provision of information resources to be most required by SMEs. Conversely, the 3 most frequently mentioned by SMEs, i.e. growth indicators such as tax deductions, reimbursing cost of operations and assistance with regulatory procedures, were less cited.

One reason for such a difference could be that the governments' strategies are more catered towards SMEs new to internationalisation.

Table 6.2.1: Frequency of Being Ranked Within Top 10

Indicator	Component	Frequency	%
Trade Fairs and Missions	Implementation	8	100
Publications, Business Leads and Consultancy	Readiness	7	88
Exporters/Business Working Capital		6	75
Economy and Industry Information Sharing Events		6	75
LT Working Capital Loans	Growth	6	75
One-on-one Market Entry Advice or Assistance	Readiness	5	63
Assistance to Develop Competitive Edge	Implementation	5	63
Internationalisation and Related Workshops	Readiness	5	63
Assistance with Regulatory Procedures and Requirements	Implementation	4	50
Access to Overseas Trade and Related Offices		4	50
Online Channels for Market Information/Updates	Readiness	4	50
Internationalisation Capability Incentives	Growth	4	50
Tax Deductions on Overseas Expenses		3	38
Incentives for Reimbursing the Cost of Business Operations		2	25
Foreign Market Immersion Programmes	Readiness	2	25
Sourcing and Retaining Human Resources	Implementation	2	25
Discounted Loans and Risk Sharing	Readiness	1	13
Addressing Foreign Bureaucracy and Red Tape	Implementation	1	13
Resolving Logistics and Transportation Issues		1	13
Incentives for Conducting Market Repositioning	Growth	1	13
Incentives for Conducting Long-term Strategic Growth Studies		1	13
Cross-border Business-to-business Disputes	Implementation	0	-

Source: BDO Findings from Government Agency Surveys and Discussions

Note: Maximum frequency is based on N = 8

## 6.2.2 Average Weighted Factor Analysis

Half of the top ten indicators ranked by the agencies are similarly reflected by the SMEs (Table 6.2.2). Key differences would be the absence of growth-related indicators as mentioned previously.

Table 6.2.2: Ranking of Indicators by Average Weighted Factor Scores

Rank	Initiative	Factor	Component	AWF Score
1	Exporters/Business Working Capital	Financial	Readiness	8.83
2	Discounted Loans and Risk Sharing			8.00
3	Internationalisation and Related Workshops	Training		7.80
4	One-on-one Market Entry Advice or Assistance			6.80
5	Trade Fairs and Missions	Execution	Implementation	6.75
6	Foreign Market Immersion Programmes	Training	Readiness	6.50
7	Access to Overseas Trade and Related Offices	Environment	Implementation	6.00
	Assistance with Regulatory Requirements and Procedures			6.00
	Sourcing and Retaining Human Resources	Execution		6.00
10	Economy and Information Sharing Events	Information	Readiness	5.67

Source: BDO Findings from Government Agency Surveys and Discussions

## 6.3 Minority Groups

### 6.3.1 Finding 1 - Majority of Economies Have Programmes Catered to Women Entrepreneurs

Table 6.3.1 provides a snapshot of available incentives for minority groups where most had programmes catered for women entrepreneurs followed by micro enterprises.

Table 6.3.1: Summary of Available Minority Initiatives

Economy	Cottage Industries	Programmes Micro Enterprises	Women Entrepreneurs
Australia	-	-	✓
Hong Kong, China	-	-	-
Japan	-	✓	✓
Malaysia	-	-	✓
Peru	✓	✓	-
Singapore	-	-	-
Chinese Taipei	✓	✓	✓
United States	✓	✓	✓

Source: BDO Findings from Government Agency Surveys and Discussions

(Please refer to Annex E for details on the schemes.)

## 7. BEST PRACTICES AND GAPS

### 7.1 Overview

Under BDO's approach, indicator AWF scores were tabulated and then ranked by importance across government and SME respondents. Thereafter, corresponding Absolute Rank Differences (ARDs) for each indicator was derived to compare differences in perceptions between the two groups. The overall objectives of all these numerical procedures were to highlight specific insights on the following:

- Systematic identification of perceived internationalisation gaps and best practices
- Plausible explanations for the observed findings
- Possible strategies to overcome gaps and enhancement of best practices

### 7.2 Proposed Definitions

#### 7.2.1 Best Practices

It is opined that the definition of a best practice encompasses three aspects.

- Consensus as an important area of focus by both SMEs and government
- Concept can be easily replicated across different economies, industries and firm size, enabling its major advantages to be effortlessly proliferated
- Efficient and requires minimal effort for administration

#### 7.2.2 Demand and Supply Gaps

There are two types of expectation gaps identified, i.e. demand and supply gaps as outlined in Figure 7.2.1. Demand gaps arise based on an issue that the SMEs have perceived to be highly important while it is less important to the government agencies, and vice versa in terms of supply gaps.

#### 7.2.3 Low Focus Areas

Finally, there are current issues of lower importance to both governments and SMEs. By concurrence that these areas are not as important vis-à-vis the others, they have been deemed as low focus areas.

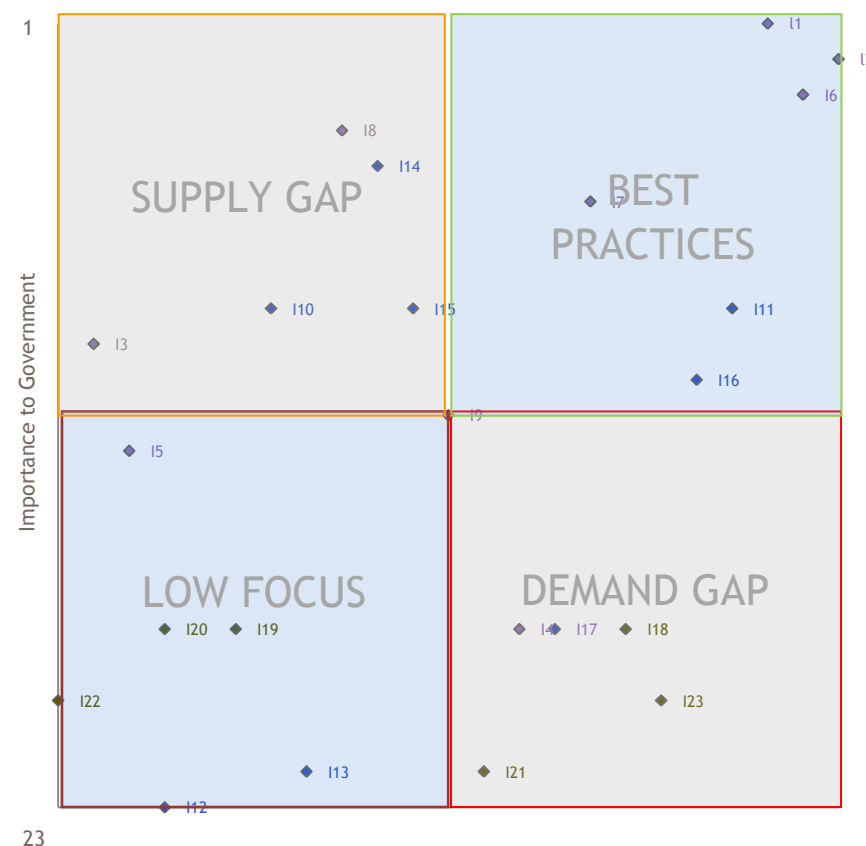
#### 7.2.4 Summary

Based on above definitions, Figures 7.2.1 and 7.2.3 have been formulated to reflect the overall segmentation into the abovementioned areas, while Table 7.2.1 further stratifies them by various SME profiles. In subsequent sections, these areas will be analysed on an overall level. However, should economies wish to cater their programmes to particular groups of SMEs, differences in needs of the various groups should be taken in consideration. At the same time, it should be noted that these findings were based on the profile of the respondents, a large proportion of which consists of companies with substantial internationalisation experience.



Figure 7.2.1: Level of Importance by AWF for both Government and SMEs

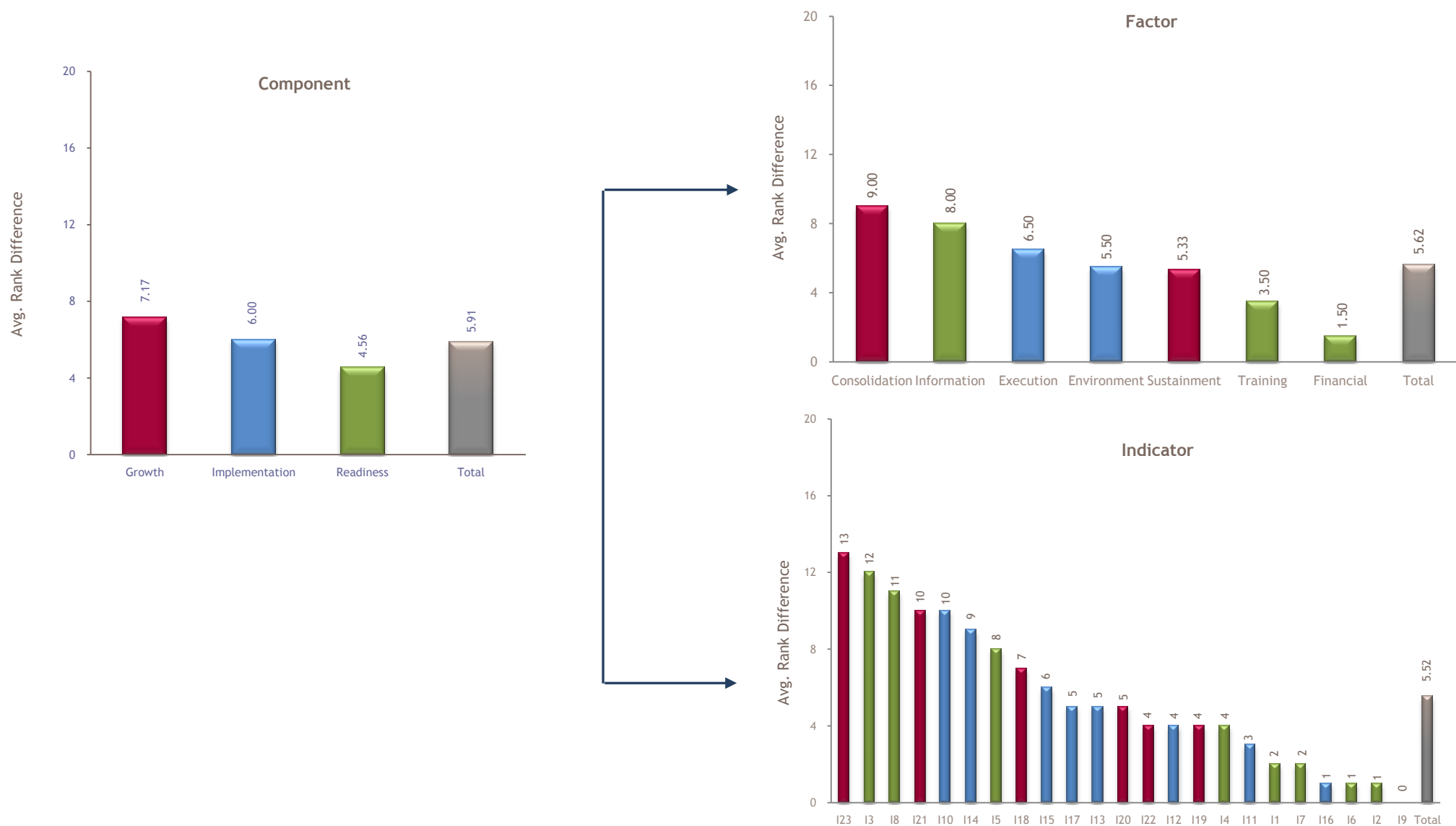
Indicator	Description	AWF Rank	
		SMEs	Government
I1	Exporters/Business Working Capital	3	1
I2	Discounted Loans and Risk Sharing	1	2
I3	Information Sharing Events	22	10
I4	Online Channels for Market Updates	10	14
I5	Trade Publications and Business Leads	21	13
I6	Internationalisation and Related Workshops	2	3
I7	Foreign Market Immersion Programmes	8	6
I8	One-on-one Market Entry Advice	15	4
I9	Internationalisation Capability Development	12	12
I10	Access to Overseas Trade Offices	17	7
I11	Assistance with Regulatory Requirements	4	7
I12	Resolving Cross-border Disputes	19	23
I13	Resolving Foreign Red Tape	16	21
I14	Trade Fairs/Missions for Business Leads	14	5
I15	Sourcing/Retaining Talent	13	7
I16	Assistance to Develop Competitive Edge	5	11
I17	Resolving Logistics and Transport Issues	9	14
I18	Incentives for Business Operations Costs	7	14
I19	Incentives for Market Repositioning	18	14
I20	Long-term Working Capital Loans	19	14
I21	Long-term Sole or Joint Capital/Seed Funds	11	21
I22	Incentives for Long-term Strategic Studies	23	19
I23	Tax Deductions on Overseas Expenses	6	19



Legend	AWF Rank/Analysis	AWF Rank
	Best Practices	SME - High, Government - High
	Low Focus	SME - Low, Government - Low
	Demand Gap	SME - High, Government - Low
	Supply Gap	SME - Low, Government - High

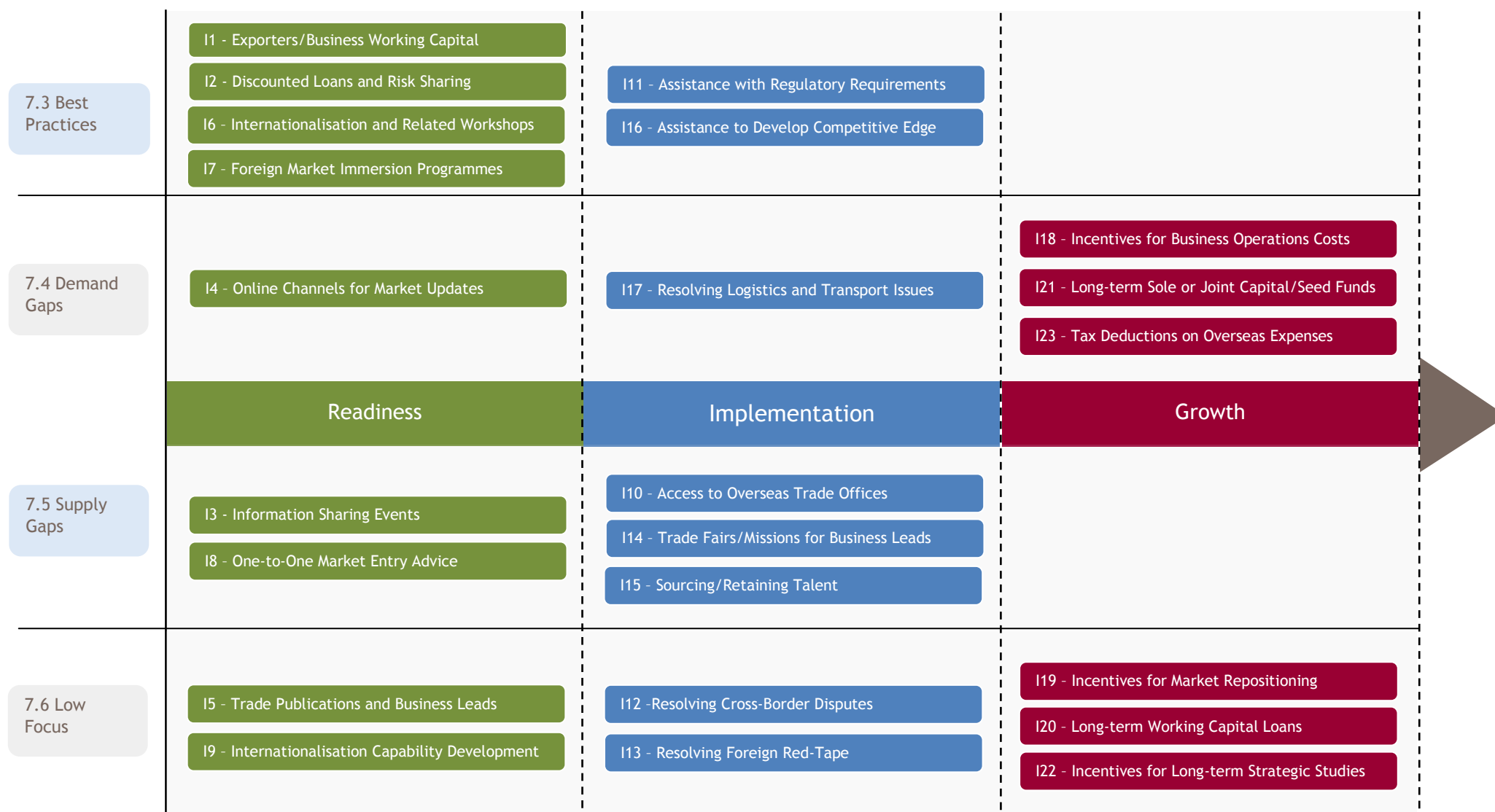
Source: BDO Findings and Analysis

Figure 7.2.2: ARD Analysis by Various Levels



Source: BDO Findings and Analysis

Figure 7.2.3: Schematic Overview of Overall Best Practices, Gaps and Low Focus Areas



Source: BDO Findings and Analysis

Table 7.2.1: Summary of Best Practices, Gaps and Low Focus Areas by Various Categories

Indicator	Description	Overall	Overseas Experience			Industry		Turnover	
			Intending	2 Years or Less	3 Years or More	MCE	Services	< USD 5 million	≥ USD 5 million
I1	Exporters/Business Working Capital	★	★	□	★	★	★	★	★
I2	Discounted Loans and Risk Sharing	★	★	★	★	★	□	★	★
I3	Economy and Industry Information Sharing Events	□	□	□	□	□	□	□	□
I4	Online Channels for Market Information/Updates	●	●	●	x	●	x	x	●
I5	Publications, Business Leads and Consultancy	x	x	x	x	x	x	x	x
I6	Internationalisation and Related Workshops	★	★	★	□	★	★	★	★
I7	Foreign Market Immersion Programmes	★	★	□	★	★	★	★	□
I8	One-on-one Market Entry Advice or Assistance	□	□	★	□	□	□	★	□
I9	Internationalisation Capability Incentives	x	□	●	●	●	x	●	□
I10	Access to Overseas Trade and Related Offices	□	★	□	□	□	★	□	□
I11	Assistance with Regulatory Procedures and Requirements	★	★	★	★	★	□	□	★
I12	Cross-border Business-to-business Disputes	x	x	x	x	x	●	x	●
I13	Addressing Foreign Bureaucracy and Red Tape	x	●	x	●	x	x	x	●
I14	Trade Fairs and Missions	□	□	★	□	□	★	□	★
I15	Sourcing and Retaining Human Resources	□	□	□	★	□	★	★	□
I16	Assistance to Develop Competitive Edge	★	□	□	★	★	□	★	□
I17	Resolving Logistics and Transportation Issues	●	●	x	●	x	●	x	●
I18	Incentives for Reimbursing the Cost of Business Operations	●	●	●	●	●	●	x	●
I19	Incentives for Conducting Market Repositioning	x	●	x	x	x	●	x	x
I20	LT Working Capital Loans	x	x	●	x	x	●	●	x
I21	Long-term Sole or Joint Government Working Capital or Seed Funding	●	x	●	x	●	x	●	x
I22	Incentives for Conducting Long-term Strategic Growth Studies	x	●	x	x	x	x	x	x
I23	Tax Deductions on Overseas Expenses	●	x	●	●	●	x	●	●

Source: BDO Findings and Analysis

**Legend**

★ Best Practice   ● Demand Gap   □ Supply Gap   x Low Focus

## 7.3 Best Practices

Six areas have been suggested as best practices based on reasons highlighted here:

Best Practices			Reasons
1	Exporters/Business Working Capital		<ul style="list-style-type: none"> <li>SMEs and government have attached high importance for these areas (Figure 7.2.1)</li> <li>Considered to be easily replicable</li> <li>Allows for the involvement of public stakeholders which would translate to efficient administration of the programmes</li> </ul>
2	Discounted Loans and Risk Sharing		
3	Internationalisation and Related Workshops		
4	Foreign Market Immersion Programmes		
5	Assistance with Regulatory Requirements		
6	Assistance to Develop Competitive Edge		

Source: BDO Findings and Analysis

Four are within the Readiness component while the other two belong to Implementation.

### 7.3.1 BP1 - Adequate Working Capital is Necessary

Businesses expanding overseas require working capital to fulfil short-term obligations such as inventory or advertising. These are elements in the business cycle that swiftly drains cash resources.

Constant cash flow is of utmost importance and commonly a rare asset for small businesses. Hence, the availability and accessibility of business financing or small business loans which serve as fast cash options are extremely important for buffering against difficult times.

Most businesses and government agencies recognise this, especially in the aftermath of the global economic crisis, and have ranked this indicator as important. Their respective AWF scores are reflected below.

Stakeholder	AWF Score	AWF Rank
SME	6.03	3
Government	8.50	1

Source: BDO Findings and Analysis

Examples of such exporter/business working capital loans are provided in Table 7.3.1.

Table 7.3.1: Exporters/Business Working Capital

Economy	Scheme	Agencies/ Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia	Direct Loan	Export Finance & Insurance Corporation (EFIC)	<ol style="list-style-type: none"> <li>1. Exporter enters into an export contract with the overseas buyer</li> <li>2. The buyer enters into a loan agreement with EFIC</li> <li>3. EFIC pays exporter in accordance with buyer's instructions when he fulfils his export contract obligations</li> <li>4. The buyer repays EFIC in accordance with the terms of the loan agreement</li> <li>5. The loan disbursements that the exporter receives from EFIC provide working capital to finance export production</li> </ol>	<ul style="list-style-type: none"> <li>- Australian exporter producing goods or services with substantial Australian content</li> <li>- Export contract to be supported to have minimum value of AUD 5 million</li> <li>- Maximum amount is limited to 85% of the export contract value</li> <li>- Loan repayment may be available for a period of up to 18 years</li> <li>- Fees and charges vary</li> <li>- No security required from exporter</li> </ul>	N/A
Hong Kong, China	SME Loan Guarantee Scheme (SGS)	Trade and Industry Department (TID)	<ol style="list-style-type: none"> <li>1. The SGS aims to help individual SMEs in HKC secure loans from the participating lending institutions (PLIs), with the Government acting as the guarantor. The loans may be used for: <ul style="list-style-type: none"> <li>- acquiring business installations and equipment</li> <li>- meeting working capital needs</li> </ul> </li> <li>2. The amount of guarantee for an SME is 50% of the loan approved by the PLIs, subject to a maximum amount of HKD 6 million (USD 0.77 million)</li> <li>3. Maximum guarantee period is up to 5 years. Each SME is allowed to recycle the guarantee once after it has fully paid up the loan backed up by the guarantee</li> </ol>	<ul style="list-style-type: none"> <li>- SMEs that are registered under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) and with substantive business operation in HKC</li> </ul>	As at 31 October 2010, about 12 200 SMEs from both manufacturing and non-manufacturing industries have benefited from the SGS

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.1: Exporters/Business Working Capital Cont'd

Economy	Scheme	Agencies/ Administrators	How it Works	Qualifying Criteria/Terms	Results
Japan	Overseas Investment Loans	<ul style="list-style-type: none"> <li>- Japan Finance Corporation (JFC)</li> <li>- Japan Bank for International Cooperation (JBIC)</li> </ul>	<p>Direct and indirect financing may be provided for projects undertaken by firms incorporated in developing countries and regions in which Japanese firms have equity shares. This includes:</p> <ul style="list-style-type: none"> <li>- Direct loans to foreign entities</li> <li>- Loans to domestic firms for the projects contributing to securing access to stable supplies of resources to Japan (including acquisition of interests)</li> </ul> <p>JBIC provides loans in co-financing with other financial institutions (usually the loan applicant's bank(s)) to meet the client's financial needs</p>	<p>Loan terms and conditions are determined following the loan appraisal with respect to individual projects while taking account:</p> <ul style="list-style-type: none"> <li>- Loan Amount, Currencies and Interest Rates</li> <li>- Repayment Period and Method</li> </ul>	N/A
Malaysia			-		
Peru	Programas Mypes	<ul style="list-style-type: none"> <li>- Inter-American Development Bank (IDB)</li> <li>- Eximbank of Japan</li> <li>- La Corporacion Financiera de Desarrollo S.A (COFIDE)</li> </ul>	<p>Finances the purchase of fixed assets, investments and capital replacement of structural work from IDB countries</p> <p>It will also finance working capital by ordinary single mode line of credit</p>	<ul style="list-style-type: none"> <li>- Loan amount for fixed assets purchase is limited to USD 300,000 with a repayment deadline between one to ten years while loans for working capital are capped at USD 70,000 and to be repaid within three years</li> <li>- Final repayment and grace periods will be agreed between the intermediary financial institutions and the Sub-Borrower</li> </ul>	N/A
Singapore	Enterprise Fund	<ul style="list-style-type: none"> <li>- IE Singapore</li> <li>- Hong Leong Finance</li> <li>- Crest Capital Asia</li> </ul>	<p>The funding solution is customised to fit each SME situation, assuming equity risk alongside the entrepreneur and his business.</p> <p>It minimises equity dilution for entrepreneurs by exiting when the funding problem is resolved and provides smart money, i.e. funding plus specific management resources.</p>	<ul style="list-style-type: none"> <li>- Singapore-based companies with annual revenue of SGD 1 million onwards</li> <li>- Profitable traditional and/or asset-light businesses with a proven cash-flow generation record</li> <li>- Privately-owned businesses with sound management</li> </ul>	Supported 11 SMEs from various industries make use of SGD 20 million in 2007

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.1: Exporters/Business Working Capital Cont'd

Economy	Scheme	Agencies/ Administrators	How it Works	Qualifying Criteria/Terms	Results
Chinese Taipei	Overseas Construction Credit	National Development Fund (NDF)	Credit may be used for: <ul style="list-style-type: none"> <li>- Purchase of construction equipment and machinery from abroad</li> <li>- During construction</li> <li>- Installment payments upon work completion</li> </ul>	<ul style="list-style-type: none"> <li>- Local companies, joint ventures with more than 40% local share or foreign project owners, limited to loans for installment payments upon work completion</li> <li>- ≤30% of the contract amount</li> <li>- Maximum tenor = 3 years</li> <li>- ≤80% of the amount of locally-provided technologies, labour, facilities, and equipment, or ≤40% of the project contract amount</li> <li>- Maximum tenor = 5 years</li> <li>- ≤80% of the amount of locally-provided technologies, labor, facilities, and equipment, or ≤60% of the construction contract amount</li> <li>- Maximum tenor = 15 years</li> <li>- The borrower shall provide bank guarantee, collateral, or guarantor approved by Eximbank</li> <li>- Fees and charges vary</li> </ul>	N/A
United States	Export Working Capital Programme	Small Business Administration (SBA)	SBA guarantees short-term working capital loans for acquiring of inventory, payment of manufacturing costs of goods for export, purchase of goods or services for export, to support standby letters of credit; for pre-shipment working capital and for post-shipment foreign accounts receivable financing.	<ul style="list-style-type: none"> <li>- Loan maturities may be for up to three years with annual renewals</li> <li>- Proceeds can be used only to finance export transactions</li> <li>- In business for one full year at the time of application</li> <li>- Borrower must give SBA a first security interest sufficient to cover 100 percent of the EWCP loan amount and collateral must be located in the United States</li> </ul>	N/A

Source: BDO Findings and Analysis  
 Note: "N/A" denotes Not Available



### 7.3.2 BP2 - Risk Sharing Facilitates Bank Borrowing

Financial institutions may find a greater risk exposure in lending to smaller businesses for their overseas ventures. As such, government intervention through default risk sharing will provide greater assurance and increase lending tolerance.

Another way to facilitate lending is through loan insurance. Government assistance in this area would be to share part of the insurance premium costs. Its importance is reflected in the SME and government AWF scores below.

Stakeholder	AWF Score	AWF Rank
SME	6.22	1
Government	8.00	2

*Source: BDO Findings and Analysis*

Examples of such risk sharing loans are provided in Table 7.3.2.

Table 7.3.2: Discounted Loans and Risk Sharing Programmes

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia	Political Insurance	Risk EFIC	<ol style="list-style-type: none"> <li>1. Company invests in an overseas company or project.</li> <li>2. EFIC provides political risk insurance to help protect the company from losses on overseas investment due to specified political events such as: <ul style="list-style-type: none"> <li>- Expropriation</li> <li>- War damage</li> <li>- Political violence</li> <li>- Inability to convert local currency or transfer currency out of the host economy</li> <li>- Deprivation</li> <li>- Forced project abandonment</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>- Company carrying on business in Australia (or its subsidiary) that is investing in an overseas company or project</li> <li>- Covers up to 90% of the loss insured</li> <li>- Maximum of ten year term</li> <li>- EFIC's premium depends on factors including the location and type of the investment or project, the term of the policy and the risks insured</li> </ul>	N/A
Hong Kong, China	SME Guarantee Scheme (SGS)	Loan Scheme TID	<ol style="list-style-type: none"> <li>1. The SGS aims to help individual SMEs in HKC secure loans from the participating lending institutions (PLIs), with the Government acting as the guarantor. The loans may be used for: <ul style="list-style-type: none"> <li>- acquiring business installations and equipment</li> <li>- meeting working capital needs</li> </ul> </li> <li>2. The amount of guarantee for an SME is 50% of the loan approved by the PLIs, subject to a maximum amount of HKD 6 million (USD 0.77 million)</li> <li>3. Maximum guarantee period is up to 5 years. Each SME is allowed to recycle the guarantee once after it has fully paid up the loan backed up by the guarantee</li> </ol>	<ul style="list-style-type: none"> <li>- SMEs that are registered under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) and with substantive business operation in HKC</li> </ul>	As at 31 October 2010, about 12 200 SMEs from both manufacturing and non-manufacturing industries have benefited from the SGS

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.2: Discounted Loans and Risk Sharing Programmes Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Japan	Small Business Credit Insurance	JFC	<ul style="list-style-type: none"> <li>- Promotes the development of SMEs by insuring guarantees for SME loans and similar liabilities</li> <li>1. There are two ways for SMEs to apply to CGCs for credit guarantees. One is to apply through financial institutions and the other is to apply directly</li> <li>2. Upon receipt of an application, CGC carries out credit checks on the enterprise</li> <li>3. If CGC approves the application based on the credit checks, it issues a credit guarantee certificate to the financial institution. In the case where CGC receives an application for a credit guarantee directly from an SME, CGC arranges for a financial institution to extend a loan to the company. After obtaining loan approval from the financial institution, CGC issues a credit guarantee certificate</li> <li>4. The financial institution extends a loan to the enterprise based on the credit guarantee certificate. The enterprise pays a guarantee fee to CGC</li> <li>5. SME makes loan repayments to the financial institution in accordance with the terms and conditions of the loan. In the event that SME is not able to make all or part of the repayments within the term, the financial institution requests CGC for payment under guarantee. CGC makes repayments on the loan to the financial institution on behalf of the enterprise. Because payment has been subrogated, CGC obtains a right of indemnity against the enterprise CGC recovers the right of indemnity from the enterprise, while assisting SME to rebound.</li> </ul>	<p>Paid-up Capital/Manpower Requirements:</p> <ul style="list-style-type: none"> <li>- Manufacturing, etc.: Up to JPY 300 million/300 or less employees</li> <li>- Wholesale: Up to JPY 100 million/100 or less employees</li> <li>- Retail: Up to JPY 50 million/50 or less employees</li> <li>- Services: Up to JPY 50 million/100 or less employees</li> <li>- Excluded industries are agriculture, forestry, fisheries, financial industry, religious, and non-profit organisations</li> </ul>	Guarantee approvals in fiscal 2009 were 1.18 million cases, with the amount of the guarantee totaling JPY 16.63 trillion

Source: BDO Findings and Analysis  
Note: "N/A" denotes Not Available

Table 7.3.2: Discounted Loans and Risk Sharing Programmes Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Malaysia					
				Funds up to 100% of the Sub-Borrower, in accordance with the provisions of the Credit Regulations of each component.	
Peru	Trade Financing - FIMEX	COFIDE	Supports the growth of Peruvian exports through full funding of the investment requirements, working capital and foreign trade of natural persons or legal entities domiciled in Peru, which export goods or services. Assistance will be provided in 3 aspects: 1. Pre and Post Shipping (FIEX EPP) 2. Working Capital (FIEX-CT) 3. For Investment (FIEX-INV)	Payment Terms: - FIEX-PPE: Up to one (1) year - FIEX-CT: Up to three (3) years, this may include a grace period of up to one (1) year - FIEX-INV: The repayment terms must be at least one (1) year and a maximum of fifteen (15) years, which may include a grace period to the needs of each project Maximum Amount: - FIEX-PPE: As required - FIEX-CT: Maximum amount of sub-loans granted to the same Sub-Borrower may not exceed USD 3 million - FIEX-INV: Maximum amount per project cannot exceed USD 20 million	N/A
Singapore	Internationalisation Finance Scheme (IFS)	IE Singapore	Assists Singapore-based companies to expand overseas. Companies can tap on IFS to acquire fixed assets for use overseas and/or to finance the working capital expenses of secured overseas projects	Turnover caps - Non-trading SGD \$300 million for both listed and privately-held - Trading Listed: < SGD 300 million Privately-held: No change - Maximum loan quantum up to SGD \$50 million per borrower group	The Loan Insurance Scheme, IFS and the Enterprise Fund supported 747 companies in 2008 to achieve a projected incremental overseas sales of SGD 834.7million
Chinese Taipei	Globalsure Insurance	Credit Import Export Bank of Republic of China	1. Covers payment risk resulting from the delivery of goods and services 2. Insures company's accounts receivable from loss due to insolvency	- Covers on average 90% of granted credit limit, depending on insured risk profiles, such as payment terms, insured amount, insurance period, and an appraisal of the buyers countries, together with the credit standing of the buyers - Policy period is generally valid for one year	N/A

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.2: Discounted Loans and Risk Sharing Programmes Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
United States	Working Capital Guarantee Programme	<ul style="list-style-type: none"> <li>- Import Export Bank of the United States</li> <li>- U.S. Small Business Administration (SBA)</li> </ul>	These working capital loans, made by commercial lenders and backed by Import Export Bank of the United States and SBA's guarantee, provide the exporter liquidity to accept new business, help grow international sales and compete more effectively in the international marketplace	<ul style="list-style-type: none"> <li>- Firm must be located in the U.S. with at least a one-year operating history</li> <li>- Must have a positive net worth</li> <li>- Exports must be shipped from the U.S. and have at least 50% U.S. content</li> <li>- If exporting services, they must be performed by U.S.-based personnel</li> </ul>	N/A

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

### 7.3.3 BP3 - Targeted Internationalisation Workshops are Preferred to Seminars

Training was highlighted as an area of importance by SMEs and similarly acknowledged by the government agencies. It is probable that training in the form of workshops are believed to be more essential compared to seminars as they tend to consist of smaller groups and are more targeted and specific.

Both SMEs and governments ranked them highly out of the entire list of indicators.

Stakeholder	AWF Score	AWF Rank
SME	6.20	2
Government	6.67	5

*Source: BDO Findings and Analysis*

All economies have workshop programmes to help businesses in various aspects of internationalisation. These programmes address wide areas such as:

- Internationalisation or export strategies
- How to tap on financial grants
- Export documentation

Examples of workshops in each economy are provided in Table 7.3.3.

Table 7.3.3: Internationalisation and Related Workshop Programme

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia	Practitioner Development	Screen Tasmania	<p>This programme funds Tasmanian screen practitioners to attend national and international markets, festivals, conferences and seminars, in order to:</p> <ul style="list-style-type: none"> <li>- Raise finance for a production</li> <li>- Market produced content</li> <li>- Obtain market intelligence</li> <li>- Build networks</li> <li>- Gain industry exposure for their company and projects</li> <li>- Create a consistent profile</li> <li>- Presence in the marketplace</li> </ul>	<ul style="list-style-type: none"> <li>- Must be an Australian citizen or permanent resident and over 18 years of age possessing an Australian Business Number (ABN)</li> <li>- Projects of the following nature are restricted: purely educational, advertising projects, infotainment; lifestyle, travel, magazine, sports, education, game shows, current affairs, news programs, community television programmes</li> <li>- Demonstrated commitment to a professional career in the screen industry and appropriate level of experience and track record</li> <li>- Previously invited to attend a significant Australian or international festival can apply for travel to that festival</li> </ul>	N/A
Hong Kong, China	Pro-Act Training and Development Centre (Global Business)	HKTDC	<ul style="list-style-type: none"> <li>- Provides practical training in the areas of import/export and shipping document practices, China and international trades, and merchandising training for in-service employees in the industries</li> <li>- Also provides training programmes under the Skills Upgrading Scheme and corporate training for individual companies to meet their specific needs</li> </ul>	<ul style="list-style-type: none"> <li>- Accepts applications for part-time and skills upgrading courses all year round</li> <li>- Application form must be completed together with a crossed cheque to finalise application</li> </ul>	N/A
Japan	Globalisation Workshop	Organisation for Small & Medium Enterprises and Regional Innovation Japan (SMRJ)	<ul style="list-style-type: none"> <li>- Experts in management support, together with experts in globalisation support, and also managers of SMEs who have entered overseas markets, are invited to lecture at seminars held across Japan on the globalisation of SMEs</li> <li>- Lecturers offer concrete steps and advice on how to develop business in overseas markets</li> </ul>	<ul style="list-style-type: none"> <li>- Open to all SMEs who are looking to globalise their business</li> <li>- Following the completion of a seminar, it is possible to receive individual advice and the lectures are free</li> </ul>	N/A
Malaysia	Development Programme for New Exporters	Malaysia External Trade Development Corporation (MATRADE)	<ul style="list-style-type: none"> <li>- Provides the recipient with valuable advice, information and assistance in selected overseas markets</li> <li>- Participants are expected to complete a 3-year programme that will expose them in export promotional activities, trainings, seminars and visitation programmes</li> <li>- Limited to 12 businesses per intake per year</li> </ul>	<p>To be eligible, the business should be:</p> <ul style="list-style-type: none"> <li>- A Sendirian Berhad (SDN BHD) company with at least 51% of its equity owned by Bumiputera entity and registered in Malaysia</li> <li>- In business for at least 4 years with experience in both domestic and export markets</li> <li>- Has Malaysia as its main place of business</li> <li>- Never previously been signed on to MATRADE Trade Outreach Programme (MTOP) or Women Trade Outreach Programme (WTOP) either directly or indirectly through their stake holders</li> </ul>	N/A

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.3: Internationalisation and Related Workshop Programme Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Peru	The Exporter's Wednesday Seminars	Comisión de Promoción del Perú (PromPerú)	<ul style="list-style-type: none"> <li>- Provides information on services offered by PromPerú and strengthen the export culture of the participants</li> <li>- Seminars on the operational process of export and export business management will be presented by specialists from PromPeru and other institutions related to the export chain</li> </ul>	Open to all companies who wish to develop and strengthen employees' knowledge in the export and foreign trade field	The Exporter's Wednesday Seminar concluded with more than 20,000 attendees in 2010.
Singapore	Internationalisation Capability Workshops such as: <ul style="list-style-type: none"> <li>- Branding for Overseas Market</li> <li>- Due Diligence for Foreign Partners</li> <li>- Intellectual Property</li> </ul>	IE Singapore	<ul style="list-style-type: none"> <li>- Supports the development of a broad range of firm-level capabilities for the purpose of overseas expansion including branding, design, intellectual property (IP), manpower, franchising and licensing, financing, joint venture (JV), market studies, overseas marketing office (OMO), bidding and e-commerce</li> </ul>	Must be based in Singapore with: <ul style="list-style-type: none"> <li>- a turnover of at least SGD 500,000</li> <li>- a total business spending of SGD 250,000</li> <li>- a minimum paid-up capital of SGD 50,000</li> <li>- employ at least three managerial staff</li> </ul>	N/A
Chinese Taipei	International Business Administration Programme (IBAP)	<ul style="list-style-type: none"> <li>- Ministry of Economic Affairs (MOEA)</li> <li>- Taiwan External Trade Development Council (TAITRA)</li> </ul>	<ul style="list-style-type: none"> <li>- Established to meet the demand of young professionals trained with the two-pronged approach in the local business community</li> <li>- University or college graduates looking for a career in international trade are recruited for two-year intensive training in the International Trade Institute (ITI)</li> </ul>	<ul style="list-style-type: none"> <li>- Republic of China, Chinese Taipei citizens who are university graduates</li> <li>- Obtained a pass in the entrance examination held in March</li> </ul>	N/A
United States	Rural Opportunity Business Grant Programme	Department of Agriculture	<p>Aims to promote sustainable economic development in rural communities with exceptional needs by focusing on communities that have experienced:</p> <ul style="list-style-type: none"> <li>- trauma due to natural disasters or fundamental structural changes</li> <li>- persistently poor</li> <li>- long-term population decline or job deterioration</li> </ul> <p>Grant provides technical assistance, training, and planning activities to improve economic conditions in rural areas. Such as identifying, training, and assisting existing or prospective rural entrepreneurs</p>	<ul style="list-style-type: none"> <li>- Must be a reasonable prospect project that will result in economic development</li> <li>- Must be consistent with any local and area strategic plans and Rural Development State Strategic plan, coordinated with any other economic development activities within the project area</li> <li>- Must be doable in two years or funded one year at a time. Maximum of USD 50,000 per grant is authorised</li> </ul>	N/A

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available



### 7.3.4 BP4 - Immersion Programmes Help Firms Gain Practical Market Insights

Each economy has its distinct set of business conditions and traits. Familiarisation of market conditions and business environment can enhance a firm's effectiveness in operations overseas. One way is to send employees for structured training attachments overseas. They will be able to gain practical on-the-ground knowledge in a comprehensive and systematic manner, and upon completion of their overseas immersion, may be deployed to the market to help expand their firms' overseas businesses. At the same time, enterprises that have successfully developed and implemented these immersion programmes will have a framework for subsequent staff training overseas and over time, the firm will be able to develop a larger pool of talent with in-depth market expertise

Despite all these advantages, there are substantial initial costs involved which deter smaller firms from reaping the benefits. Hence, government assistance (cost-sharing) in this programme appears to be well-received by the SMEs as supported in the table below.

Stakeholder	AWF Score	AWF Rank
SME	5.81	8
Government	6.50	6

*Source: BDO Findings and Analysis*

Cost-sharing commonly includes:

- Training allowances
- Airfare to the targeted market
- Training cost of the trainers

Examples of such foreign market immersion programmes are provided in Table 7.3.4.

Table 7.3.4: Foreign Market Immersion Programmes

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia	Business Immersions	- Victoria Government - Design Victoria	Design Victoria's Business Immersions programme provides funding and facilitation support for small and medium enterprises (SMEs) to assist in the engagement of professional design services for a business development project	Eligible sectors: Retail, energy, defense, financial services, food, ICT, science, tourism, manufacturing, aviation and automotive	Over 30 Victorian businesses have participated to date, working on a range of projects including the expansion of international markets
Hong Kong, China			-		
Japan	International Federation of Training Project	National Federation of Small Business Association	Arranges overseas study tours for young owners/successors and outstanding employees of small and medium enterprises	-	N/A
Malaysia			-		
Peru			-		
Singapore	Manpower and International Business Fellowship (iBF)	IE Singapore	<p>Supports companies in training company executives to acquire business knowledge and build networks in Central Asia, China, India, the Middle East, Latin America, Russia and Vietnam. The training programmes supported are:</p> <p>1. Postgraduate programme</p> <p>Assists companies in grooming high-potential candidates by sending senior executives for part-time and full-time study on approved business-related post-graduate programmes at top universities in the supported markets</p> <p>2. Executive Programme</p> <p>Sends CEOs or senior management on IE-organised short courses (maximum of 10 days) at top universities and training institutes to help middle and senior management companies gain a better understanding of their targeted overseas markets</p>	<p>Singapore-based businesses that have:</p> <ul style="list-style-type: none"> <li>- Substantial operations in Singapore (e.g. with regional operations that benefit Singapore)</li> <li>- A credible business plan for existing or future plans to conduct business in the economy of training</li> </ul> <p>Company executives sent for training on iBF funding must:</p> <ul style="list-style-type: none"> <li>- Be a Singapore Citizen or Permanent Resident</li> <li>- Be independent, resourceful, business savvy</li> <li>- Be interested in learning more about the economy, where they will be trained, i.e. Central Asia, China, India, Latin America, the Middle East, Russia or Vietnam</li> </ul>	N/A
Chinese Taipei			-		

Source: BDO Findings and Analysis  
Note: "N/A" denotes Not Available

Table 7.3.4: Foreign Market Immersion Programmes Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
United States	Special American Business Training Programme (SABIT)	International Trade Administration (ITA)	<ul style="list-style-type: none"> <li>- Helps American companies create new relationships and strengthen existing ties with Eurasian partners and customers from each of the former Soviet republics</li> <li>- Provides U.S. companies with innovative training programmes that reduce market access barriers and minimise commercial risks while entering the Eurasia market</li> </ul>	<ul style="list-style-type: none"> <li>- Any profit or nonprofit U.S. corporation, association, organisation or other public or private entity</li> <li>- Agencies or divisions of the Federal government are not eligible</li> </ul>	<ul style="list-style-type: none"> <li>- SABIT has facilitated more than USD 220 million in export revenues and overseas investment</li> <li>- SABIT has helped more than 1,000 organisations develop relationships with potential customers, distributors, and partners in Eurasia</li> </ul>

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

### 7.3.4 BP5 - Assistance with Regulatory Requirements is Important to Manufacturing Firms

Assistance to fulfil regulatory requirements is especially important for manufacturing companies trying to sell their products in foreign markets with different standards, testing, and conformity assessment procedures.

These technical barriers may delay a product's entry into the market or increase its cost till it becomes non-competitive. In fact, differing standards may prevent products from reaching a market entirely.

Non-manufacturing firms may also find general legal and business registration or certification procedures in the new market complex and time-consuming. This is why firms value government assistance in working through these areas, reflected by the relatively high AWF ranks.

Stakeholder	AWF Score	AWF Rank
SME	5.97	4
Government	6.00	7

Source: BDO Findings and Analysis

Typical avenues for the resolution of such barriers include:

- Interventions to reduce procedures through:
  - Multilateral negotiations under the World Trade Organisation's Technical Barriers to Trade Agreement
  - Exchanges on technical barriers to trade with free trade agreement partners
- Subsidising the cost of hiring third-party specialists to assist companies in completing necessary registration and compliance procedures or documentation
- Providing accessible manuals or guides to complete registration procedures

Examples are provided in Table 7.3.5.

Table 7.3.5: Assistance with Regulatory Requirements

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia			-		
Hong Kong, China	Comply with Global Sourcing Buyers' Requirements on Green and Ethnical Procurement	HKTDC	This is a current project by the HKTDC to find ways to assist SMEs in the Electronic and Electrical Industry to Comply with Global Sourcing Buyers' Requirements on Green and Ethical Procurement	-	N/A
Japan			-		
Malaysia			-		
Peru	International Trade Single Window (VUCE)	<ul style="list-style-type: none"> <li>- MINCETUR</li> <li>- Superintendencia Nacional De Administracion Tributaria (SUNAT)</li> <li>- Peruvian Tax Collection and Customs Administration</li> </ul>	<ul style="list-style-type: none"> <li>- An integrated system that allows parties involved in international trade to submit documents and information for import, transit and export-related regulatory requirements</li> <li>- Allows a faster clearance with simple and standardised procedures, utilising mainly electronic means and thus allowing electronic integration among agencies of the public sector</li> </ul>	<ul style="list-style-type: none"> <li>- The services are virtual and can be accessed through a website of the Peruvian State</li> <li>- Open to all importers and exporters</li> </ul>	N/A

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.5: Assistance with Regulatory Requirements Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Singapore	REACH Registration Assistance Pilot Scheme	SPRING Singapore	<p>Helps companies comply with the European Union (EU)'s REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals)</p> <ol style="list-style-type: none"> <li>Under REACH, all manufacturers and importers of chemicals in the EU are required to provide information on the properties and potential risks of substances in their products and register them with the European Chemicals Agency (ECHA)</li> <li>Under the scheme, companies can obtain partial support for third party consultancy costs to help them with the preparation of technical dossiers required for the registration of chemicals with the ECHA</li> </ol>	<p>Open to all Singapore-registered businesses involved in 1 or more of the following activities:</p> <ul style="list-style-type: none"> <li>- Trading &amp; exporting of chemicals</li> <li>- Manufacturing or producing of chemicals</li> <li>- Using chemicals as raw material/component in their manufacturing/</li> <li>- production process</li> </ul> <p>Scheme is applicable only to those intending to register their chemicals with the ECHA</p> <p>Applicants are assessed on:</p> <ul style="list-style-type: none"> <li>- Scope of project proposal</li> <li>- Intended registration timelines</li> <li>- How the project will benefit the applicant's business</li> </ul>	N/A
Chinese Taipei			-		
United States	Safe Harbour Framework	ITA	<p>Developed to bridge the different privacy approaches and provide a streamlined and cost-effective means for U.S. organisations to satisfy the adequacy requirement of the European Commission's Directive</p> <ul style="list-style-type: none"> <li>- Offers a simpler and cheaper means of complying with the adequacy requirements of the Directive, particularly benefiting SME</li> <li>- Companies participating in the Safe Harbour will be deemed adequate and data flows to those companies will continue</li> </ul>	<p>The decision by U.S. organisations to enter the Safe Harbour is entirely voluntary. To qualify, an organisation can:</p> <ul style="list-style-type: none"> <li>- Join a self-regulatory privacy programme that adheres to the safe harbour's requirements</li> <li>- Develop its own self regulatory privacy policy that conforms to the safe harbour</li> <li>- Be subject to a statutory, regulatory, administrative or other body of law (or rules) that effectively protects personal privacy</li> </ul>	N/A

Source: BDO Findings and Analysis  
Note: "N/A" denotes Not Available

### 7.3.5 BP6 - Small Firms Require Assistance to Build Competitive Edge

In today's marketplace, there are numerous products and services available to fulfill the needs of individuals and businesses. A firm's ability to identify and leverage the features of its product or service and demonstrate how it is different from the competition will provide them with market staying power. This is particularly important for small manufacturing companies who may be unable to leverage on economies of scale to lower costs and compete through prices.

This is why companies value government assistance in either proactively helping them distinguish themselves from foreign competition or providing incentives to help them do so, as reflected by their high AWF scores.

Stakeholder	AWF Score	AWF Rank
SME	5.96	5
Government	5.20	11

*Source: BDO Findings and Analysis*

Common ways for the governments to help companies develop their competitive edge are:

- Promoting the formation of strategic alliances
- Tapping on foreign trade events to showcase the companies' products overseas
- Supporting industry brand promotion on an economic level
- Providing resources for companies to enforce their trademarks, patents and copyrights
- Reimbursing the costs of procurement and export of product samples to potential customers

Examples are provided in Table 7.3.6.

Table 7.3.6: Assistance to Build a Competitive Edge

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Australia	Industry Cooperative Innovation Programme	AusIndustry	Encourages B2B cooperation on projects both within Australia and internationally that enhance productivity, growth and international competitiveness of Australian industries		
			<p>Two funding streams:</p> <ol style="list-style-type: none"> <li>Stream A: Small scale cooperative projects aimed at identifying the strategic planning of future innovation in an industry, such as project scoping or innovation mapping. Funds up to AUD 150,000 for up to 18-month project</li> <li>Stream B: Extensive cooperative projects aimed at progressing strategic innovation for an industry, such as research and development (R&amp;D), proof of concept, implementation activities and demonstration and adaptation. Funds up to AUD 3 million for up to three-year projects</li> </ol>	<ul style="list-style-type: none"> <li>- Australian-based entity or industry association</li> <li>- Applicant must be 'lead' consortium member</li> <li>- Comprise of at least three entities</li> <li>- Contain at least two Australian businesses and must not exclusively comprise of only industry associations.</li> <li>- Able to demonstrate that the costs of the project not met by the Programme funding can be collectively met by the consortium</li> <li>- Application must be accompanied by a signed letter of intent from each member of the consortium</li> </ul>	Australian Government provided AUD 25 million to deliver the Industry Cooperative Innovation Program between June 2005 and June 2011
Hong Kong, China	SME Development Fund	TID	Provides financial support to non-profit-distributing organisations to implement projects to enhance the competitiveness of SMEs		
			<ul style="list-style-type: none"> <li>- Examples of eligible projects include seminars, workshops, conferences, publicity campaigns, codes of best practices, databases, and industry support facilities and services</li> <li>- The maximum amount of funding support for each approved project is 90% of the total project expenditure, subject to a ceiling of HKD 2 million (or USD 0.26 million). Approved expenditure generally includes manpower, equipment and other cost directly arising from the approved project</li> </ul>	N/A	As at 31 October 2010, the SDF has approved 154 applications, involving funds of over HKD 168.7 million (or USD 21.63 million)

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available



Table 7.3.6: Assistance to Build a Competitive Edge Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Japan	Business Alliance for Promoting SMEs	Ministry of Economy, Trade and Industry (METI)	Promotes and supports business alliances between Japan and Chinese Taipei SMEs which may take the form of joint ventures, technology partnerships, OEM and other production.	N/A	
Malaysia	Exhibition Centres	MATRADE	<p>The Malaysia Export Exhibition Centre or MEEC is a permanent display centre designed exclusively to promote Made-In-Malaysia products and services to foreign buyers and incoming trade delegations.</p> <ul style="list-style-type: none"> <li>- With exhibition space of 2,514 sqm, MEEC currently accommodates more than 400 companies showcasing products and services from 35 industry sectors ranging from agro based products, automotive &amp; auto parts, biotech products, building materials, chemicals, electrical and electronics products, rubber based products, plastic products, pharmaceutical, food and beverage to wood based products as well as services</li> <li>- MEEC also provides products and services sourcing solution to foreign buyers by offering the assistance of experienced and friendly staff to answer and handle all trade related enquiries</li> </ul>	N/A	
Peru	Promotion of Export Consortia	Comisión para la Promoción de Exportaciones del Peru (PROMPEX)	PROMPEX promotes the creation of export consortia. The Peruvian Asparagus Institute, PROVID, PROHAAS, IPAC, APEM, and PROCITRUS have all been created under the direction of PROMPEX, which has laid the foundation for agro-export value chains managed by the private sector	N/A	

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.6: Assistance to Build a Competitive Edge Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
Singapore	International Partners Programme	IE Singapore	<ul style="list-style-type: none"> <li>- Encourages international alliances between Singapore-based companies</li> <li>- Facilitates and supports the formation, developmental and go-to-market phases of the alliances</li> </ul> <ol style="list-style-type: none"> <li>1. An iPartners alliance consists of one Anchor Company and several Alliance Partners</li> <li>2. The companies in the alliance will formulate an alliance business plan and contribute resources and management support to execute the plan</li> <li>3. An iPartners Business Development Manager will champion the goals of the alliance and lead in the execution of the alliance business plan</li> </ol>	<p>To qualify for grant support, must be a Singapore-based company with clear internationalisation plans, and have:</p> <ul style="list-style-type: none"> <li>• For Anchor Company: <ul style="list-style-type: none"> <li>- A turnover of at least SGD 10 million</li> <li>- At least three strategic functions in Singapore</li> </ul> </li> <li>• For Alliance Partner: <ul style="list-style-type: none"> <li>- A turnover of at least SGD 250,000</li> <li>- At least three strategic functions in Singapore</li> <li>- Total business spending of SGD 100,000</li> <li>- Employment of at least three managerial staff</li> </ul> </li> </ul> <p>Grant allows:</p> <ul style="list-style-type: none"> <li>- Up to 70% of supportable costs such as Market Research/Strategy etc</li> <li>- Cost sharing support for the strategic business development activities of the alliance</li> </ul>	N/A
Chinese Taipei	International Brand Alliance	<ul style="list-style-type: none"> <li>- MOEA</li> <li>- TAITRA</li> </ul>	<p>This project brings international brand manufacturers from the same industries and consumer groups with top Chinese Taipei manufacturers together.</p> <ol style="list-style-type: none"> <li>1. TAITRA assists Chinese Taipei manufacturers to acquire licensing agreements with well-known international brands, helping them diversify from original equipment manufacturing (OEM)</li> <li>2. Effectively utilising widely recognised, cross-industry brand alliances, this project also provides sales connections for Chinese Taipei products and international brands</li> </ol>	N/A	Within the year that it was rolled out, about 20 successful cases were completed

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

Table 7.3.6: Assistance to Build a Competitive Edge Cont'd

Economy	Scheme	Agencies/Administrators	How it Works	Qualifying Criteria/Terms	Results
United States	Quality Samples Programme	Foreign Agricultural Service (FAS)	<ol style="list-style-type: none"> <li>Each year, USDA announces an application period for participation in the QSP, publishing it in the Federal Register. Trade organisations and private firms can submit QSP proposals to USDA as part of the Unified Export Strategy (UES)</li> <li>Participants who are approved for QSP funding obtain commodity samples, export them and provide the importer the technical assistance necessary to use the sample properly</li> <li>When a project is finished, USDA reimburses the participants for the costs of procuring and exporting the samples</li> </ol>	<ul style="list-style-type: none"> <li>Priority is given to projects targeting developing nations or regions with a per capita income of less than USD 10,725 and a population greater than one million. Priority is also given to projects designed to expand exports where a U.S. commodity's market share is ten percent or less</li> </ul>	In 2009, USDA provided allocations totaling over USD 2 million to trade associations and state agricultural organisations under this programme

Source: BDO Findings and Analysis

Note: "N/A" denotes Not Available

## 7.4 Demand Gaps

An observation of the ARD results in preceding Figure 7.2.2 suggests that on average, expectation gaps exist in the following descending order:

- Growth
- Implementation
- Readiness

As previously stated, the identification of demand gaps is important as these are areas for improvements where SMEs have attached much higher importance than their government counterparts.

### 7.4.1 DG 1 - Online Channels for Market Updates is Perceived to be More Important by SMEs

A majority of the SME respondents opined that online market channels to obtain market information was important compared to their government counterparts.

Factor	Indicator	Net Rank (SME - Government)*	Initiatives
Information	I4	-4	- Online channels to obtain market updates

Source: BDO Findings and Analysis

Note:

- Net rank for each indicator is derived by deducting the SME rank and the government rank.
- Negative net rank indicates a demand gap and vice versa for a supply gap.

### 7.4.2 DG 2 - Implementation Assistance in Logistics and Transportation is Vital

A majority of the SME respondents polled that practical assistance with supply chain management issues during the execution phase of internationalisation is useful.

Factor	Indicator	Net Rank (SME - Government)	Initiatives
Execution	I17	-5	- Facilitating and resolving logistics and transportation challenges

Source: BDO Findings and Analysis

Given the enormous challenge in both financial and human resources faced by an SME when internationalising, they require an even greater degree of specificity in terms of implementation assistance, thereby translating into a “For Each Business” type of mindset. This is evident in the need for increased specific help in addressing logistics and transport issues. These concerns may be due to key business considerations below:

- **Lack of Market Knowledge** - Given the lack of in-depth knowledge, particularly with regards to the transportation system and logistical issues concerning the new target market, a majority of SMEs require greater assurance that help is at hand pertaining to their particular business
- **Unfamiliar with Supplier Networks** - Obtaining local contacts on reliable suppliers of logistical services may be a barrier for companies during their initial entry into the market, hence obtaining suitable referrals is useful

### 7.4.3 DG 3 - Short-Term Sustainment Assistance in Terms of Cost Reimbursement for Overseas Expenses is Needed

At the start of the post-internationalisation phase, one notable area where SMEs would require further assistance is for the government to consider developing incentives that reimburses the short-term cost of operations, for e.g. for 2 years.

Generally, it is opined that going overseas entail substantial resources, even more for SMEs which lack the financial resources available to large international companies. Therefore, they look forward to a significant portion of major expenditure items to be reimbursed, for e.g. the cost of setting up and running an overseas representative office.

Factor	Indicator	Net Rank (SME - Government)	Initiatives
Sustainment	I18	-7	- Incentives for reimbursing the short-term cost of overseas operations

Source: BDO Findings and Analysis

### 7.4.4 DG 4 - Post Internationalisation Assistance Will Defray Long-term Operational Costs

As for longer-term initiatives (more than three years), SMEs may still require assistance in gradually expanding its foreign market presence and two areas are clearly highlighted where new/current initiatives could be developed.

This would necessitate the government agencies adopting a greater role via defraying the SMEs long-term operational costs after they have established a foothold in foreign markets.

Factor	Indicator	Net Rank (SME - Government)	Initiatives
Consolidation	I21	-10	- Long-term sole or joint government working capital, seed funding, or investments in overseas markets
	I23	-13	- Tax deductions on expenses incurred by companies in overseas markets

Source: BDO Findings and Analysis

Viewing a SME's progressive internationalisation journey may offer plausible insights on both the existence and degree of unmet demands pertaining to the funding incentives during the sustainment and consolidation phase.

- **Local Repercussions** - Given the uncertainty of the overseas business at the initial stage, a majority of SME owners will be concerned on the adverse impact of an unsuccessful venture on its local business, for e.g. using local profits to sustain the losses incurred in the foreign branch office
- **Market Uncertainty** - Sustaining real growth also means that continuous investments is necessary as such expenditures constitute a significant portion of an SME's own internal resources. Hence, it becomes intuitive that they would ideally like to have some form of cost-sharing financial assistance from their government agencies

It may be further postulated that the level of funding at the initial stage (sustainment) may be greater when uncertainty is at its highest, i.e. significant reimbursement for the 1<sup>st</sup> two years. Thereafter, it should decrease as SMEs are more willing to accept a lower cost sharing in the form of joint seed funding or attractive tax deductions instead when it becomes more evident whether the foreign business is a success.

## 7.5 Supply Gaps

Contrary to demand gaps, supply gaps are highlighted to identify issues that may require reconsiderations in either improving the current programmes or diverting resources to other issues with greater needs, for e.g. addressing demand gaps and strengthening existing best practices.

### 7.5.1 SG1 - SMEs Places Less Importance on Market Seminars, Events and Market Entry Advice than Government Agencies

During the pre-internationalisation phase and within the readiness component, there are supply gaps under the factors of information and training as highlighted below.

Factor	Indicator	Net Rank (SME - Government)	Initiatives
Information	I3	12	- Seminars and events to share economy and industry specific information
Training	I8	11	- One-on-one market entry advice or assistance

Source: BDO Findings and Analysis

Possible explanations include:

- **Numerous Alternatives** - In a globally competitive economy, broad-based market information on different industries is easily available in the form of competing alternatives listed below, and this may serve to reduce the demand for agency information and events
  - Competing workshops and seminars from private players
  - Market research publications
  - Informal networking sessions among SMEs owners in the same industry
  - Do-it-oneself desktop research
- **Advice Extent** - One-to-one market entry advisory serves as a precursor and tends to be provided by either the agency and/or private advisory firms on a top-level basis covering

market conditions, legal regulations, allowable business entities and general taxation. However, market entry entails a multi-perspective approach which requires in-depth analysis after thoroughly understanding the individual SME's business over a period of time, often via separate and customised market entry projects.

### 7.5.2 SG2 - Implementation Assistance in Terms of Overseas Office Access, Trade Fairs and Retention of Right Talent is Deemed Less Useful to SMEs

During the implementation stage, areas deemed less useful to SMEs under the environment and execution factors are overseas trade offices, capabilities to source for overseas manpower and trade fairs and missions as summarised below.

Factor	Indicator	Net Rank (SME - Government)	Initiatives
Environment	I10	10	- Access to overseas trade and related offices
	I14	9	- Assistance to developing capabilities in sourcing and retaining the right talent for spearheading overseas operations
Execution	I15	6	- Trade fairs and missions to source for business leads

Source: BDO Findings and Analysis

- **Broad Coverage** - Generally, it may be opined that overseas trade fairs and missions are organised on a more general level that may not fully address the specific needs of the individual businesses
- **Domestic Convenience** - Even though the agencies can extend their networks by establishing stronger alliances with other countries' overseas trade and related offices, it remains likely that the SME would seek convenience by visiting its own local trade agency and letting them assume the liaison role with other overseas offices

## 7.6 Low Focus Areas

Table 7.6.1 outlines seven areas that are not of immediate concern to both SMEs and government agencies. Similar to the supply gaps, these issues warrant reconsiderations in either improving them or diverting resources to more important needs.

Table 7.6.1: Low Focus Areas

Factor	Indicator	Initiatives
Information	I5	- Trade publications and business leads
Training	I9	- Guidance/incentives to cultivate internationalisation capabilities
Environment	I12	- Assistance to resolve cross border business-to-business disputes
	I13	- Help to resolve foreign economy bureaucracy and red-tape
Sustainment	I19	- Incentives for conducting market positioning of brand/product/service
Consolidation	I20	- Long-term loans for working capital
	I22	- Incentives for conducting long-term strategic growth studies

Source: BDO Findings and Analysis



## 8. RECOMMENDATIONS

This section consolidates the preceding findings and proposes policy recommendations at both economy and APEC platform levels.

### 8.1 Resource Allocation

To better cater to SME needs, it is opined that economies should allocate resources to address the areas of best practices and demand gaps (Table 8.1.1).

Table 8.1.1: Proposed Resource Allocation

Area	Definition	Indicator	Proposed Allocation
1 Best Practices	Believed to be important by both stakeholders	I1 Exporters/Business Working Capital	<ul style="list-style-type: none"> <li>- Programmes addressing these issues should be continued</li> <li>- If there are no existing programmes, resources should be allocated to address them</li> </ul>
		I2 Discounted Loans and Risk Sharing	
		I6 Internationalisation and Related Workshops	
		I7 Foreign Market Immersion Programmes	
		I11 Assistance with Regulatory Requirements	
		I16 Assistance to Develop Competitive Edge	
2 Demand Gaps	Important to SMEs and not perceived as important by Government	I4 Online Channels for Market Updates	
		I17 Resolving Logistics and Transport Issues	
		I18 Incentives for Business Operations Costs	
		I21 Long-term Sole or Joint Capital/Seed Funds	
		I23 Tax Deductions on Overseas Expenses	
3 Supply Gaps	Perceived as important by Government but not important to SMEs	I3 Information Sharing Events	<ul style="list-style-type: none"> <li>- Less resources should be allocated to address these issues, unless they have been deemed to be of long-term strategic importance by the government</li> </ul>
		I8 One-on-one Market Entry Advice	
		I10 Access to Overseas Trade Offices	
		I14 Trade Fairs/Missions for Business Leads	
		I15 Sourcing/Retaining Talent	
4 Low Focus	Not issues of immediate concern to both stakeholders	I5 Trade Publications and Business Leads	
		I9 Internationalisation Capability Development	
		I12 Resolving Cross-border Disputes	
		I13 Resolving Foreign Red Tape	
		I19 Incentives for Market Repositioning	
		I20 Long-term Working Capital Loans	
		I22 Incentives for Long-term Strategic Studies	

Source: BDO Findings and Analysis

## 8.2 As-Is Analysis

Based on the mapping of key government initiatives in section four, and the findings from sections five to seven, the following observations were deduced:

- Most economies cater programmes to help SMEs during their early stages of internationalisation
- Focus has been on readiness and as they are broad-based, facilitates outreach to a larger pool of firms, which may have led to its popularity
- While readiness remains a core focus for SMEs today, the demand for certain readiness programmes outweighs others. Economies could consider further customising their programmes to suit the current needs of these SMEs
- Demand gaps distinctly outline financial initiatives helping a company sustain and consolidate its growth, such as incentives for reimbursing the costs of business operations, long-term government funding and additional tax deductions
- Implementation-wise, most economies are increasingly exploring such programmes. Therefore, incentives helping businesses in trade or internationalisation documentation, registration and certification, logistics or competitive enhancement, whether by economy, industry, or firm-level, will be useful
- Much can be done to augment the awareness of existing internationalisation programmes through increased publicity and greater collaboration with internationalisation catalysts such as trade and related associations, commerce chambers and private sector consultants

## 8.3 Prioritisation

With resource constraints, priority should be given to address certain challenges more than others. Table 8.3.1 summarises its suggested order based on the SMEs' AWF scores. However, it should be advised that should economies wish to cater their programmes to particular groups of SMEs, differences in needs should be thoroughly considered.

Table 8.3.1: Prioritisation Plans

Rank	Best Practices	AWF Score	Overall Rank	Demand Gaps	AWF Score	Overall Rank
1	Discounted Loans and Risk Sharing	6.22	1	Tax Deductions on Overseas Expenses	5.88	6
2	Internationalisation and Related Workshops	6.20	2	Incentives for Business Operations Costs	5.86	7
3	Exporters/Business Working Capital	6.03	3	Resolving Logistics and Transport Issues	5.55	9
4	Assistance with Regulatory Requirements	5.97	4	Online Channels for Market Updates	5.53	10
				Long-term Sole or Joint Capital/Seed Funds	5.53	10
5	Assistance to Develop Competitive Edge	5.96	5			
6	Foreign Market Immersion Programmes	5.81	8			

Source: BDO Findings and Analysis

## 8.4 APEC Platform Initiatives

While implementation of various schemes at the economy level is paramount, their benefits may be enhanced if they can be supported on a regional level, via the APEC platform. The justifications for such collaborations are:

- Tap on economies-of-scale for resources and funding deployment
- Facilitate extensive co-sharing of knowledge on grants/schemes, business opportunities, market information and regulations, etc.
- Develop culture of a tripartite partnership within member economies between businesses, catalysts and government agencies to augment the growth of the Asia-Pacific region
- Increase awareness to regularly assess the needs of APEC SMEs to enhance best practices and resolve demand gaps

Moving forward, five key recommendations are proposed for APEC's consideration, where the specific mechanics need to be developed in future APEC projects.

### 8.4.1 Recommendation 1: Greater Access to Cross-Border Financing Options

Similar to the concept of the APEC Business Travel Card scheme that was designed to facilitate the travel of business persons between member economies, it is believed that easier and expedited flows of loans and credit guarantees will encourage greater flow of funds. This is especially so given that inter-APEC trade already constitutes a significant proportion of total trade between members. Easier flow of funds will also bolster the financial stability of the SMEs' overseas businesses.

Lastly, with this facilitation in place, it may encourage SMEs to position other APEC economies as their first choice for new market ventures, thereby further boosting inter-APEC trade.

### 8.4.2 Recommendation 2: Incentivise Cross-Economy Programmes

As practical initiatives such as internationalisation workshops and market immersion programmes are sought after by SMEs, more of such programmes should be included via the APEC platform. In terms such programmes, it is understood that there is an existing APEC Business Fellowship launched in 2010 through the co-sponsorship of Chile, New Zealand, Peru and Russia.

### 8.4.3 Recommendation 3: Establish an Extensive Online Portal

To reduce knowledge barriers and allow greater sharing of market information, it is proposed that an APEC-wide business-centric portal be developed.

Areas covered by the online portal could encompass:

- Overview of market and industry trends
- Project opportunities and business leads
- Business matching portal spanning across APEC
- Full listing of existing businesses segmented by various industry clusters to facilitate cross-economy partner selection

- Comprehensive information on legal, regulatory restrictions and procedures
- Overseas set-up incentives, and internationalisation-related programmes, including common APEC initiatives, in-depth description and qualifying criteria
- List of APEC-approved multipliers, including consultants that may aid SMEs in various areas, e.g. overseas business registration and set-up, logistics solution providers, etc.

#### 8.4.4 Recommendation 4: Involve Key Industry Representatives in Initial APEC Discussions

In addition to having numerous insightful forums to resolve cross-economy differences in product or service certifications, registrations or customs clearances, coupled with the reviewing and devising of existing free trade agreements with better tax reliefs, it would be forward looking to have greater involvement of both industry representatives and multipliers during the initial discussions.

This enables APEC to be more aligned with the needs of the SME community and attain insights on how certain issues may be addressed. Simultaneously, it also builds a positive culture of a tripartite partnership that may ease policy or programme implementation in future.

#### 8.4.5 Recommendation 5: Consider a Holistic APEC SME Best Practices Centre

There have been many Best Practices studies that have been initiated and conducted by various APEC fora. During the course of this Study, the theme of internationalisation was discussed across a number of them:

- Canadian Women's Leaders Network's (WLN) Four-Phase Study on Models for Supporting Women's Micro-Enterprise Development: Best Practices and Guidelines (2006-2008)
  - The research team formulated guidelines for actors and institutions contemplating the implementation of micro-enterprise support programs in the APEC region
  - Includes Guidelines to Increase Market Access Opportunities for Micro-Enterprises
- Japan's APEC Global One Village One Product (OVOP) Support Measure Best Practices Study (2011)
  - The research team will study the various types of OVOP support programmes available in APEC economies and highlight the best practices, focusing on methodologies and practices which generate higher value-added products which can be successfully sold more widely in global markets
  - Aim to build capacity of people in both the government and private sector who are involved in development of local and cottage industries, via the sharing of experience and know-how; and bring together APEC SME policymakers via a Seminar to discuss how to enhance international cooperation on OVOP
- United States' Addressing Barriers to Trade for SMEs in APEC Initiative (2011)
  - Propose launching an initiative in the APEC Committee on Trade and Investment (CTI) and the APEC SME Working Group (SMEWG) under which APEC economies would agree to take a series of actions to tackle the top barriers confronting SMEs trading in the Asia-Pacific
  - Aim to seek agreement on specific projects to address each of the barriers identified

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The APEC SME Best Practices Centre could be a receptacle to hold such information. Easy accessibility to such information will enable APEC member economies to review their own practices and consider adoption of these best practices to optimise their own SME development strategies; thereby ensuring continuous development of capabilities to better enable cross-market internationalisation.

## 9. CONCLUSION

SMEs play a pivotal role in APEC economies as they comprise about 90 percent of all enterprises and employ as much as 60 percent of their workforce. Notably, a 2003 APEC study found that SMEs could potentially add about SGD 1 trillion and SGD 150 billion in annual trade and foreign direct investments respectively via a more conducive and business-friendly environment both at home and in markets abroad<sup>2</sup>. With such potential growth currently untapped, APEC's SME Working Group (SWG) is keen to identify plans to accelerate expansion. An important first step is to understand the needs of these businesses.

The conclusion of this study identified the following areas of importance to SMEs:

Area	Definition	Indicator		Priority
1 Best Practices	Believed to be important by both stakeholders	I1	Exporters/Business Working Capital	3
		I2	Discounted Loans and Risk Sharing	1
		I6	Internationalisation and Related Workshops	2
		I7	Foreign Market Immersion Programmes	8
		I11	Assistance with Regulatory Requirements	4
		I16	Assistance to Develop Competitive Edge	5
2 Demand Gaps	Important to SMEs and not as perceived important by Government	I4	Online Channels for Market Updates	10
		I17	Resolving Logistics and Transport Issues	9
		I18	Incentives for Business Operations Costs	7
		I21	Long-term Sole or Joint Capital/Seed Funds	10
		I23	Tax Deductions on Overseas Expenses	6

In light of the above findings, APEC economies may reconsider whether they have programmes covering these issues, or reallocate resources to resolve them. Additionally, the effects of such scheme enhancements may be amplified via the APEC platform through the following recommendations:

- Greater access to cross-border financing options
- Incentivise cross-economy programmes
- Establish an extensive online portal
- Involve key industry representatives in initial APEC discussions
- Consider a holistic APEC best practices centre

<sup>2</sup> <http://app.mti.gov.sg/default.asp?id=148&articleID=20461>, "Ministerial Keynote Address by Mr Lee Yi Shyan, Minister of State for Trade and Industry and Manpower at the APEC SME Summit 2009", November 2009

# ANNEX A – DEFINITION OF INDICATORS

## A.1 Readiness

Financial		
1	Exporters/Business Working Capital	Programmes that make it easier for a firm to maintain its overseas operations, especially at the start of its business due to maturing short-term debt and upcoming operational expenses. This includes loans to purchase fixed assets/equipment & machinery
2	Discounted Loans and Risk Sharing	Some banks may be wary of providing loans or export credit to businesses. Hence, it is more palatable if these loans are covered by insurance like export credit insurance and guarantees. The government helps by covering a portion of the costs of these insurances and share risk
Information		
3	Economy and Industry Information Sharing Events	Events such as seminars and networking events
4	Online Channels for Market Information/Updates	Information websites that share market updates such as changes in legal frameworks and market set up regulations
5	Publications, Business Leads and Consultancy	Research papers, market feasibility studies, one-to-one consulting by professionals or government officials on partner selection
Training		
6	Internationalisation and Related Workshops	Training sessions such as: <ul style="list-style-type: none"> <li>- Export know-how</li> <li>- How to tap on FTAs</li> <li>- Legal aspects on overseas office set-up</li> </ul>
7	Foreign Market Immersion Programmes	Programmes where executives or graduates are sent overseas to familiarise themselves with the overseas working culture and how to do business overseas
8	One-on-one Market Entry Advice or Assistance	Advice on internationalisation provided at business advisory centres or through professionals via mentorship programmes. These typically constitute top-level advice on market conditions, legal regulations, allowable business entities and general taxation, and act as precursors to more in-depth studies
9	Internationalisation Capability Incentives	Grants to build capabilities/competencies required for internationalisation such as: <ul style="list-style-type: none"> <li>- Branding</li> <li>- E-Commerce</li> <li>- Manpower Training</li> <li>- Design</li> <li>- Intellectual Property</li> </ul>

## A.2 Implementation

Environment		
10	Access to Overseas Trade and Related Offices	Overseas offices that provide market updates and overseas business or government contacts for businesses
11	Assistance with Regulatory Procedures and Requirements	Systematic programmes to help companies meet regulatory requirements for e.g. requirements for exporting chemicals into Euro
12	Cross-border Business-to-business Disputes	Subsidies for investigations or advice for businesses if they were to face problems with local companies while in the overseas market, for e.g. intellectual property issues
13	Addressing Foreign Bureaucracy and Red Tape	Government representation in the overseas market to resolve or expedite any issues related to red-tape
Execution		
14	Trade Fairs and Missions	Local or overseas missions and trade fairs for business leads and potential projects
15	Sourcing and Retaining Human Resources	Helping companies by providing grants or advice on how to attract or retain manpower required for the overseas business
16	Assistance to Develop Competitive Edge	<p>Programmes that help companies develop a sustainable competitive edge through:</p> <ul style="list-style-type: none"> <li>- Formation of strategic alliances</li> <li>- Showcase of products overseas</li> <li>- Allow companies to conduct studies or training to resolve short-term time-sensitive market access issues</li> <li>- Industry promotion overseas</li> <li>- Provide resources for companies to enforce their trademarks, patents and copyrights</li> <li>- Reimburse costs of procurement and exported product samples</li> </ul>
17	Resolving Logistics and Transportation Issues	Helping companies by providing grants or advice on how to resolve overseas logistical delivery issues



## A.3 Growth

### Sustainment

18	Grants for reimbursing the cost of business operations	Operating and running costs to sustain the venture for the first two years
19	Grants for conducting market repositioning	Assess feasibility of targeting new consumers or adjustment of short-term pricing and marketing strategies
20	Working capital loans	More long-term support in terms of working capital

### Consolidation

21	Long-term sole or joint government working capital or seed funding	Government partial investment in the overseas venture/project
22	Grants for conducting long-term strategic growth studies	Encompass long-term strategies such as relooking at working processes and business plans
23	Tax deductions on overseas expenses	Marketing or investment expenses for overseas operations which may be doubly deducted for tax purposes

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## ANNEX B - DEFINITION AND PROFILE

### B.1 Definition of SMEs

There is no standard definition of SMEs and classification is generally dependent on major indicators such as:

- Business Activity
- Turnover/Operating Revenue
- Number of Employees; and
- Paid-In Capital/Investment

Some economies define SMEs based on a single criterion while others use a combination of criteria (Table B.1.1).

Table B.1.1: Definition of SMEs in the Eight APEC Economies

Economy	Business Activity	Criteria		
		Turnover	Employees	PUC/Investment
Australia	General	-	Less than 199	-
Hong Kong, China	Manufacturing	-	Less than 100	-
	Non-Manufacturing		Less than 50	
Japan	Manufacturing, Construction and Transportation	-	Less than 300	Less than JPY 300 million
	Wholesale Trade		Less than 100	Less than JPY 100 million
	Retail Trade		Less than 50	Less than JPY 50 million
	Services		Less than 100	
Malaysia	Manufacturing, Manufacturing-related Services and Agro-based Industries	MYR 250,000 to MYR 25 million	5 to 150	-
	Services, Primary Agriculture and ICT	MYR 200,000 to MYR 5 million	5 to 50	
Peru	General	UIT 1,700 (or approximately S/ 6.04 million)	11 to 99	
Singapore	Manufacturing	-	-	Less than SGD 15 million in fixed assets
	Non-Manufacturing		Less than 200	-

Table B.1.1: Definition of SMEs in the Eight APEC Economies Cont'd

Economy	Business Activity	Criteria		
		Turnover	Employees	PUC/Investment
Chinese Taipei	Manufacturing, Construction Mining and Quarrying	-	Less than 200	Less than TWD 80 million
	Other Sectors	Less than TWD 100 million	Less than 100	-
U.S.	Most Manufacturing and Mining	-	Less than 500	-
	All Wholesale Trade		Less than 100	
	Most Retail and Services	Less than USD 6.5 million	-	
	Most General and Heavy Construction Industries	Less than USD 31 million		
	All Special Trade Contractors	Less than USD 13 million		
	Most Agricultural Industries	Less than USD 0.75 million		

Source: APEC Policy Support Unit, "SME Market Access and Internationalisation", June 2010

## B.2 Profile of SMEs

SMEs remain a significant economic contributor within APEC in terms of the following:

- Number of establishments
- National employment
- Gross Domestic Product (GDP)

Table B.2.1 provides an overview of the SMEs' profiles in various economies. Generally, they account for more than 90 percent of total establishments although their relative GDP and employment contribution differ. For instance, SMEs from Chinese Taipei, Japan and Korea on average, employ more than 60 percent of total workforce workers while their counterparts from Hong Kong, China; Japan; Korea and Singapore contribute more than 50 percent of GDP.

These differences seem to indicate that SMEs in these economies differ in terms of:

- Industry composition
- Stage of growth
- Level of innovation

Table B.2.1: Profile of SMEs in the Eight APEC Economies

Economy	SMEs			
	Number (Million)	% of Enterprises	% of Employment	GDP Contribution (%)
Australia	2.05	99.7	N/A	N/A
Hong Kong, China	0.28	>98.0	48.0	50-60
Japan	5.80	99.3	79.0	56.8 <sup>1</sup>
Malaysia	0.55	99.2	56.4	32.0
Peru	0.88	98.7	83.7	12.0 <sup>4</sup>
Singapore	0.17	99.1	60.0	51.0
Chinese Taipei	1.23	97.7	76.6	34.2
U.S.	27.57	99.9	50.2	45.0 <sup>5</sup>

Source:

1. APEC Policy Support Unit, "SME Market Access and Internationalisation", June 2010
2. <http://www.mb.com.ph/>, "Looking at some SME successes in developed countries", March 2010
3. Korea Credit Guarantee Fund, "Korea Credit Guarantee Fund and its Service", June 2010
4. 2009th APEC Study Centre Consortium Conference, "SME Development and Regional Economic Integration", July 2009
5. Thomson Reuters, "Innovation Business Partnering in Europe and USA", October 2005

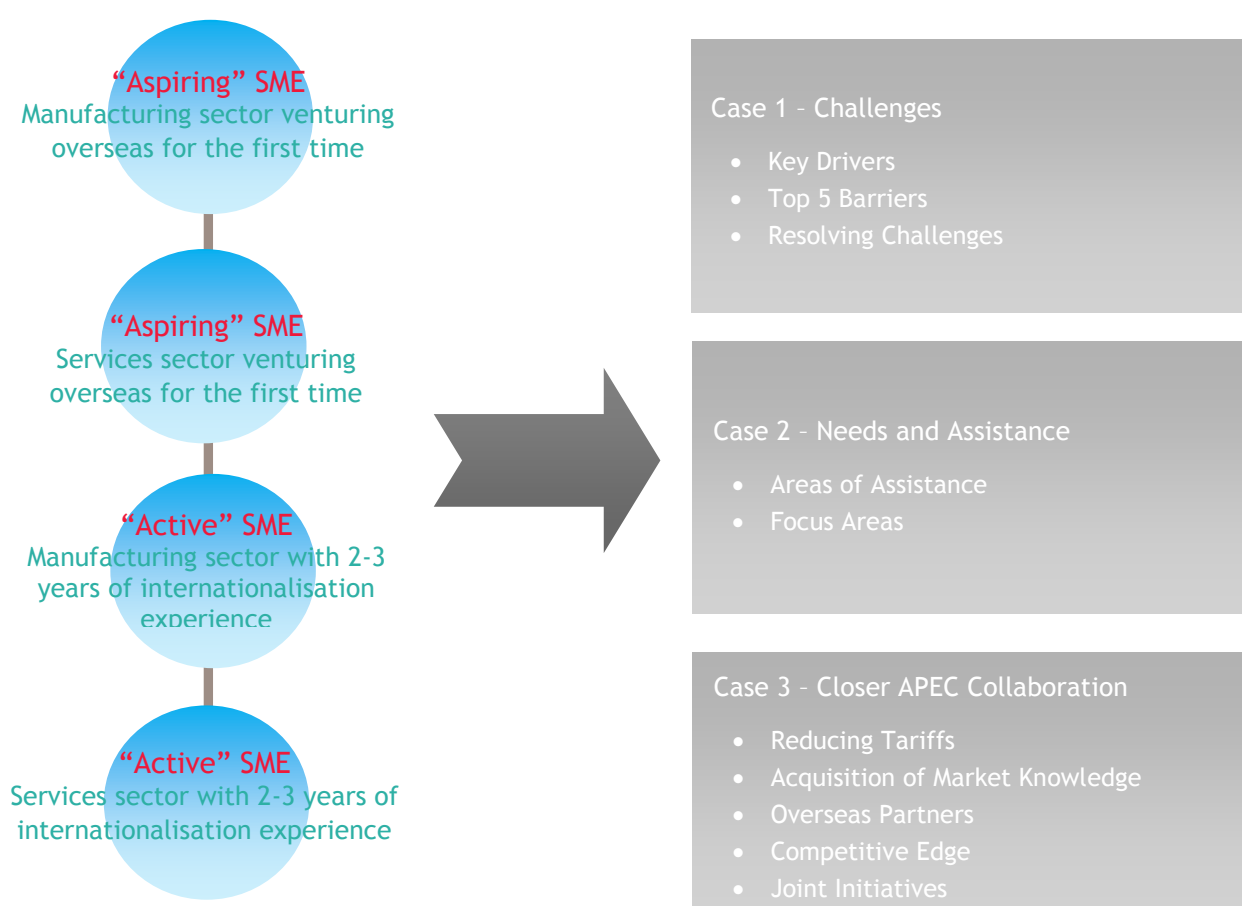
At the same time, this model was shared at the platform of the SME Working Group Workshop in Gifu, Japan. Breakout discussion sessions were also held to examine the challenges faced and their needs for internationalisation. The findings also sought to reaffirm the model that was proposed.

# ANNEX C - APEC SME WORKING GROUP WORKSHOP

## C.1 Open Ended Discussions

At the open-ended discussion sessions, participants were divided into four groups, each given a different scenario and asked to discuss on three major issues in terms of:

- Challenges
- Needs and assistance
- Closer APEC Collaboration



Full details of the participants’ responses are provided from Tables C.2.1 to C.2.3.

## C.2 Participant Perspectives

### C.2.1 Challenges

Table C.2.1: Internationalisation Challenges

Issues	Group 1	Group 3	Group 2	Group 4
a) What are the key drivers that made you decide to venture overseas?	<ul style="list-style-type: none"> <li>Market to capitalise on</li> <li>Better (tax) incentives from overseas</li> <li>More transparent business environment</li> <li>In-depth information through e-channels, seminars, publications and successful exporters</li> <li>Enabled by success stories</li> </ul>	<ul style="list-style-type: none"> <li>Increase sales growth/profits</li> <li>Expanding market share</li> <li>Expanding the business as a whole</li> <li>Reducing cost (production and distribution, etc.)</li> <li>Partners overseas</li> <li>Venturing into new market</li> <li>Following customers</li> </ul>	<ul style="list-style-type: none"> <li>Ambition</li> <li>Expanding market share</li> <li>Strength of the company (capabilities, financial resource, HR, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Key drivers for design company:               <ul style="list-style-type: none"> <li>Reach out to more customers</li> <li>FTA with other countries</li> <li>Product quality</li> <li>Reasonable pricing</li> <li>Culture demand</li> <li>Focus on innovation (products)</li> </ul> </li> </ul>
b) What are the top 5 barriers that you believe your business will face in the overseas market?	<ul style="list-style-type: none"> <li>Lack of certification-meeting global standards</li> <li>Lack of financing schemes</li> <li>Lack of knowledge on regulations/procedures (bureaucratic red tape)</li> <li>Competition from overseas market/global suppliers</li> <li>Lack of soft/hard infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Government regulation/procedures (domestic/foreign)</li> <li>Quality standards</li> <li>Stiff competition</li> <li>Non-tariff barriers (unexpected)</li> <li>Lack of information</li> </ul>	<ul style="list-style-type: none"> <li>Language and culture difference</li> <li>Financial resource limitation</li> <li>Business contacts (networking)</li> <li>Law and regulations</li> <li>Experience</li> <li>Limited market information</li> </ul>	<ul style="list-style-type: none"> <li>Awareness of foreign law/regulation</li> <li>Lack of market information</li> <li>Difficult to find suitable partners</li> <li>Difficult requirements in foreign countries e.g. selling beef in India will be difficult</li> <li>Languages (limitation)</li> <li>Lack of knowledge in new technology to serve the customer</li> <li>Financing</li> </ul>
c) How would you resolve these challenges?	<ul style="list-style-type: none"> <li>Capability programmes for enablers, policy makers and SMEs</li> <li>Access to business consultancy/mentorship</li> <li>Better access to finance               <ul style="list-style-type: none"> <li>Guarantees/investment funds</li> </ul> </li> <li>Information dissemination (better access to information, training, expertise and mentoring)</li> <li>Business alliances, clustering, networking, matching</li> </ul>	<ul style="list-style-type: none"> <li>Harmonise regulations</li> <li>Product accreditation</li> <li>Productivity and quality improvement programmes</li> <li>Improving use of ICT</li> <li>Develop marketing strategy</li> </ul>	<ul style="list-style-type: none"> <li>Get a local partner/staff</li> <li>Get info from local SME agency</li> <li>Bank loan</li> <li>Participation in outside experts/through internet</li> <li>Market research</li> </ul>	<ul style="list-style-type: none"> <li>Improve management capability</li> <li>Providing market information on permanent basis</li> <li>Training (constant in house on the job training for all levels)</li> <li>Support from government to devise suitable supporting policies (facilitation not subsidies)</li> <li>Trade financing</li> <li>Support networking</li> </ul>

## C.2.2 Needs

Table C.2.2: Internationalisation Needs and Assistance

Issues	Group 1	Group 3	Group 2	Group 4
a) Identify 3 key areas of assistance that you would like the agency to help your business with.	<ul style="list-style-type: none"> <li>• Trade, financing and assuming guarantee</li> <li>• Market information for e.g. prospects, market advice, market price and level of competition</li> <li>• Business matching</li> <li>• Capacity building, training and entrepreneurial skills</li> </ul>		<ol style="list-style-type: none"> <li>1. New Company           <ul style="list-style-type: none"> <li>• Market information/market research</li> <li>• Access to capital/resource sharing</li> <li>• HRD (Human resource development -leadership)</li> </ul> </li> <li>2. Existing Company           <ul style="list-style-type: none"> <li>• Market research/analysis on ICT</li> <li>• Branding/PR</li> <li>• Access to overseas partners (networking)</li> <li>• HRD (consistency)</li> </ul> </li> </ol>	
b) Explain why these areas are considered the most important for your business.	<ul style="list-style-type: none"> <li>• Enhanced promotion strategies through trade fairs and expos</li> <li>• Info on non-tariff agreements/education internet via internet</li> </ul>		<ol style="list-style-type: none"> <li>1. New Company           <ul style="list-style-type: none"> <li>• To understand the market better in terms of requirements</li> <li>• Access to market</li> <li>• Working capital (to kick start the business)</li> <li>• Entrepreneurship mindset/leadership</li> </ul> </li> <li>2. Existing Company           <ul style="list-style-type: none"> <li>• Market research</li> <li>• ICT</li> <li>• Branding/PR</li> <li>• Access to overseas partners (networking)</li> <li>• HRD (consistency)</li> </ul> </li> </ol>	



### C.2.3 Closer APEC Collaboration

Table C.2.3: Closer APEC Collaboration

Issues	Group 1	Group 3	Group 2	Group 4
<p>a) Suppose that you were interested in doing business in one of the APEC economies, how do you think APEC can help you in terms of:</p> <ul style="list-style-type: none"> <li>- Reducing tariffs and trade barriers</li> <li>- Your acquisition of market knowledge</li> <li>- Finding overseas partners</li> <li>- Equipping you with a competitive edge</li> <li>- APEC-initiated programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Uniform database for each member economy's info               <ul style="list-style-type: none"> <li>- Info</li> <li>- Procedures</li> <li>- Trade info</li> <li>- Relevant trading activities</li> </ul> </li> <li>• Comply to FTA and WTO</li> <li>• Negotiating trade facilitation</li> <li>• Network tradeshows</li> <li>• Information sharing in tradeshows APEC focal point</li> <li>• Strengthen APEC best practices/training from countries specialised in a certain trade</li> <li>• Online training/webinars/teleconferencing</li> <li>• Capacity building</li> </ul>		<ul style="list-style-type: none"> <li>• Reducing tariffs and trade barriers               <ul style="list-style-type: none"> <li>- FTAs in AP regions via bilateral agreements</li> <li>- Availability of info-based on existing market studies in APEC (portal)</li> </ul> </li> <li>• Acquisition of Market Knowledge               <ul style="list-style-type: none"> <li>- Single info, resource pooling in APEC</li> <li>- Networking</li> </ul> </li> <li>• Develop uniform database on market information:               <ul style="list-style-type: none"> <li>- Business procedures</li> <li>- Market information updates</li> <li>- Regulations</li> </ul> </li> <li>• Capacity building:               <ul style="list-style-type: none"> <li>- Sharing best practices (SME Champions)</li> <li>- Success stories</li> <li>- Studies that have already been completed</li> <li>- Seminars</li> <li>- Online training</li> <li>- Teleconferencing</li> </ul> </li> <li>• Trade facilitation               <ul style="list-style-type: none"> <li>- APEC business travel card</li> <li>- Voluntary arrangements</li> <li>- Adhere to new trade agreements among APEC economies</li> </ul> </li> <li>• Single resource/info pool</li> <li>• Networking among APEC</li> <li>• Involve private sector (PPP)</li> <li>• Strategic alliance</li> </ul>	

## C.3 Major Insights

### C.3.1 Finding 1 - Pull Factors Feature Prominently as Key Drivers to Internationalisation

Pull factors are key reasons driving SMEs to venture overseas. Factors suggested could be grouped into a few areas (Table C.3.1).

Table C.3.1: Drivers to SME Internationalisation

Areas		Drivers
Pull	Demand	<ul style="list-style-type: none"> <li>• Availability of overseas market opportunities</li> <li>• Numerous success stories supporting the attractiveness and viability of the market</li> <li>• Following customers into the new market</li> <li>• Available overseas partners</li> </ul>
	Capability	<ul style="list-style-type: none"> <li>• Ability to increase profit margins as prices may be higher overseas</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>• Attractive incentives in the overseas market</li> <li>• Transparent business environment</li> </ul>
	Accessibility	<ul style="list-style-type: none"> <li>• Tapping on trade liberalisation through FTAs or other multilateral arrangements</li> <li>• Readily available information on the market</li> </ul>
	Price	<ul style="list-style-type: none"> <li>• Leveraging company's capabilities and resources</li> <li>• Belief in the readiness of the company's product for export</li> </ul>
Push	Management	<ul style="list-style-type: none"> <li>• Pressure to increase growth of sales/profits</li> <li>• Fulfilling management's long-term goals of expanding</li> </ul>
	Cost Control	<ul style="list-style-type: none"> <li>• Reducing cost of production and distribution</li> </ul>

Source: APEC SME Working Group Workshop

### C.3.2 Finding 2 - Financing-related Challenges Pose the Foremost Threat

Across the groups, it was believed that SMEs face both internal and external barriers at every stage of internationalisation. At the same time, the consensus was that the foremost consideration for a firm when internationalising is its financial and resource capacity. Subsequently, information and the stringency of government regulations are important.

Table C.3.2: Barriers to Internationalisation

Areas		Barriers
Internal	Financial	<ul style="list-style-type: none"> <li>• Lack of financial resources</li> <li>• Need for financing schemes</li> </ul>
	Product/Service Offering	<ul style="list-style-type: none"> <li>• Product/service unable to meet overseas standards</li> <li>• Difficulty obtaining relevant certification</li> </ul>
	Experience	<ul style="list-style-type: none"> <li>• No/limited experience in market/internationalisation</li> </ul>
External	Information	<ul style="list-style-type: none"> <li>• Difficulty accessing knowledge on regulations/procedures/red-tape</li> <li>• Lack of market information</li> <li>• Acquiring knowledge of new technology required to serve customers</li> <li>• Finding suitable partners</li> </ul>
		<ul style="list-style-type: none"> <li>• Competition (price and non-price) in the overseas market</li> <li>• Language and cultural differences</li> </ul>
		<ul style="list-style-type: none"> <li>• Infrastructural needs</li> </ul>
	Business Environment	<ul style="list-style-type: none"> <li>• Difficulty in adhering to governmental regulations/procedures, including non-tariff barriers</li> <li>• Difficulty in adhering to quality standards</li> </ul>

Source: APEC SME Working Group Workshop

### C.3.3 Finding 3 - Effective Utilisation of ICT is a Major Internationalisation Enabler

To resolve these challenges, the following approaches were proposed:

- Appoint third party consultants or mentors to guide the firm (e.g. develop market strategy, share experience, etc.)
- Turn to financial institutions
- Engage in training or research to build the necessary capabilities
- Form strategic business alliances to strengthen business proposition
- Utilise information technology (ICT) as an enabler for internationalisation
- Obtain government support in terms of facilitation of meetings

Of these, it was highlighted that ICT is the major enabler for internationalisation.

### C.3.4 Finding 4 - Aspiring and Active SMEs Has Distinctively Different Needs

Both aspiring and active SMEs would find the provision of market information, which may range from information on customer needs, competitor analysis, updates on legal regulations, license requirements, and business opportunities, to be an important area of assistance. This is possibly due to the presence of various governments' overseas trade offices that SMEs would like to tap on.

However, there are subtle differences in perceived help required by SMEs at varying stages of their venture overseas. For an aspiring SME, facilitating access to capital and resources and the training of leadership for the overseas operations are important, while for an already active international business, further developing the business through assistance on brand building or communication and translation of human resource policies consistently to all staff globally are areas that they would like help.

### C.3.5 Finding 5 - Member Economies can Collaborate by Pooling Common Knowledge and Networks

Finally, an in-depth discussion was held on how APEC as a whole can collaborate to help their SMEs build a global business. Below are the three points that were raised. Also, it was suggested that involvement of the private sector in brainstorming for the formulation of programmes and in administering "APEC-endorsed" initiatives may be viable options.

- Possess a single common resource/database to pool knowledge of each APEC economy in terms of trade statistics, regulatory procedures, market information, business practices and relevant APEC reports
- Administer joint capability-building through:
  - Combined seminars involving SMEs of each economy
  - Multilateral SME networking events
  - Sharing of best practices and success stories across economies
  - Joint online training platform and teleconferencing
- Facilitate market access through:
  - Voluntary measures to help businesses accelerate internationalisation procedures
  - Agreements to adhere to new trade agreements
  - Encouraging the formation of strategic alliances amongst APEC economies for market entry into other APEC economies or third-countries

## ANNEX D - SURVEY INSTRUMENTS

### D.1 Government Survey

The objective of this survey is to identify the challenges faced by SMEs amongst the APEC economies, in the area of trade facilitation and market access, and the various help available to them in terms of SME internationalisation initiatives and programme offerings by government agencies and private sector service providers.

This survey directly relates to the Priority Area of “SME Internationalisation & Market Access” as guided by the APEC Strategic Action Plan for SME 2009-2012 adopted by SME Ministerial Meeting 2009 in Singapore.

#### Government Agency Survey

BDO Consultants is conducting the study on behalf of APEC and Spring Singapore.

We believe that you would be in a good position to share knowledge in this area. We would be extremely grateful for your participation in this survey, which will require approximately 15 minutes of your time.

Your inputs will be invaluable in helping us to:

- Understand your perspective on government internationalisation policies and needs of SMEs
- Identify best practices in terms of government policies for internationalisation

Thank you for your time.

#### Respondent's Particulars:

Name:

Economy:

Designation:

Department:

Organisation:

Tel:

Email:



## Section 1: Internationalisation Needs of SMEs

1. What is your economy's definition of SMEs?

	Turnover	Paid-up Capital (PUC)	Employment	Other, pls specify:
	(Local Currency)		(No.)	
Small	<input type="text"/>			
Medium				
Large				
Other, pls specify:			<input type="text"/>	

2. What is the estimated number of SMEs in your economy?

--

3. Based on research, we have shortlisted 23 initiatives that we believe are important in helping SMEs venture overseas across different stages of their internationalisation. From your agency's standpoint, which are perceived as the top 10 most required programmes/initiatives needed by SMEs internationalising? (*See next page*)

<b>Readiness - <i>Pre-Internationalisation</i></b>	
<b>Financial</b>	
1. Programmes that enhance working capital for exporters/businesses	2. Loans at a discounted rate or risk sharing initiatives
<b>Information</b>	
3. Seminars/events to share economy/industry information	4. Online channels to obtain market updates
5. Trade publications, business leads and consultancy advice	
<b>Training</b>	
6. Market research or other internationalisation-related training workshops	7. Market immersion programmes to develop practical understanding of the foreign economy
8. One-on-one firm-specific market entry advice or assistance on developing market entry business studies	9. Guidance/incentives to cultivate internationalisation capabilities
<b>Implementation - <i>Internationalisation</i></b>	
<b>Environment</b>	
10. Access to overseas trade and related offices	11. Assistance with export and regulatory procedures and requirements
12. Assistance to resolve cross-border business-to-business disputes	13. Help to resolve foreign economy bureaucracy and red-tape
<b>Execution</b>	
14. Trade fairs/missions to source for business leads	15. Assistance to develop capabilities in sourcing and retaining the right talent for spearheading overseas operations
16. Assistance for local companies to develop a competitive edge	17. Help to facilitate or resolve logistics and transportation issues
<b>Growth - <i>Post-Internationalisation</i></b>	
<b>Sustainment (1-2 years)</b>	
18. Incentives for reimbursing the cost of operations of the business for a period of time	19. Incentives for conducting market repositioning of the brand/product/service
20. Loans for working capital	
<b>Consolidation (3 years or more)</b>	
21. Long-term sole or joint government working capital, seed funding, or investments in overseas companies	22. Incentives for conducting long-term strategic growth studies concerning mergers and acquisitions, joint ventures with foreign partners, etc.
23. Tax deductions on expenses incurred by companies in the overseas market	

Other, pls specify and rank:

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## Section 2: Internationalisation Initiatives for SMEs

4. We would be extremely grateful if you could provide details on the internationalisation initiatives currently implemented by your economy. You may copy and paste the below table and fill in the required details for subsequent initiatives.

1. Name of Programme/Initiative:	2. Year Implemented:
----------------------------------	----------------------

3. Description:
-----------------

4. Agency/Private Company Responsible	5. Role
---------------------------------------	---------

6. Objective(s) of Programme:	7. Target(s)
-------------------------------	--------------

8. Funding Nature: Grant/Guarantee/Loan/Subsidy/ Other, pls specify:	9. Government Funding Amount Per Application (Local Currency):
--	---

10. Total Funding Amount Allocated to the Programme Per Year (Average Over Last 3 Years in Local Currency)
---

11. Criteria for Application
------------------------------

i. Industries Covered
-----------------------

ii. Areas/Regions Coverage
----------------------------

iii. Turnover (Local Currency)
--------------------------------

iv. PUC (Local Currency)
--------------------------

v. Employment
---------------

vi. Other, pls specify
------------------------

12. Benefits of This Programme
--------------------------------

-
-
-

13. Ways that You Think Programme Can Be Improved
---

-
-
-

14. Other Comments
--------------------



### Section 3: Assistance for Minority Groups

5. Besides these programmes, does your economy have any internationalisation initiatives aimed at helping:

a) Cottage industries/home-based production businesses?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b) Micro enterprises?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c) Rural enterprises?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d) Women entrepreneurs?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e) Other minority groups, pls specify <div style="background-color: #cccccc; height: 15px; width: 300px;"></div>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

6. If you have answered yes for any of the above options, please elaborate. You may copy and paste the below table and fill in the required details for subsequent initiatives.

1. Name of Programme/Initiative:	2. Year Implemented:
3. Description: <div style="background-color: #cccccc; height: 20px; width: 100px;"></div>	
4. Agency/Private Company Responsible	5. Role
6. Objective(s) of Programme:	
7. Target(s) <div style="background-color: #cccccc; height: 20px; width: 100px;"></div>	
8. Funding Nature: Grant/Guarantee/Loan/Subsidy/ Other, pls specify:	9. Government Funding Amount Per Application (Local Currency):
10. Total Funding Amount Allocated to the Programme Per Year (Average Over Last 3 Years in Local Currency) <div style="background-color: #cccccc; height: 20px; width: 100px;"></div>	
11. Criteria for Application	
i. Industries Covered	
ii. Areas/Regions Coverage	
iii. Turnover (Local Currency)	
iv. PUC (Local Currency)	
v. Employment	
vi. Other, pls specify	
12. Benefits of This Programme <div style="background-color: #cccccc; height: 20px; width: 100px;"></div> <div style="background-color: #cccccc; height: 20px; width: 100px;"></div> <div style="background-color: #cccccc; height: 20px; width: 100px;"></div>	13. Ways that You Think Programme Can Be Improved <div style="background-color: #cccccc; height: 20px; width: 100px;"></div> <div style="background-color: #cccccc; height: 20px; width: 100px;"></div> <div style="background-color: #cccccc; height: 20px; width: 100px;"></div>

---

#### 14. Other Comments

---

---

#### 7. Please share the estimated numbers of these minority groups in your economy.

---

a) Cottage industries/home-based production

---

b) Micro enterprises

---

c) Rural enterprises

---

d) Women entrepreneurs

---

e) Other minority groups, pls specify

---

#### Section 4: Other Initiatives

8. Besides these initiatives that have been implemented, are there any other areas that you believe are important for SMEs and minority groups that your agency is currently planning on addressing? If yes, what are they?

☐ Yes

☐ No

Description, if any:



9. Are there any other areas of assistance are essential for SME internationalisation but currently lacking? If yes, what are they?

☐ Yes

☐ No

Description, if any:



10. Any other comments?



We have come to the end of the survey. Once again, thank you for your time and have a good day.

## D.2 SME Survey

The objective of this survey is to identify the challenges faced by SMEs amongst the APEC economies, in the area of trade facilitation and market access, and the various help available to them in terms SME internationalisation initiatives and programme offerings by government agencies and private sector service providers.

This survey directly relates to the Priority Area of “SME Internationalisation & Market Access” as guided by the APEC Strategic Action Plan for SME 2009-2012 adopted by SME Ministerial Meeting 2009 in Singapore.

### SME Survey

BDO Consultants is conducting the study on behalf of APEC and Spring Singapore.

Given your vast experience with the company, we believe that you would be in a good position to share knowledge in this area. We would be extremely grateful for your participation in this survey, which will require approximately 15 minutes of your time.

Your inputs will be invaluable in helping us to obtain a perspective on the needs and challenges of SMEs which will subsequently lead to the identification of policies that may better address the challenges encountered when internationalising.

Thank you for your time.

#### Respondent's Particulars:

Name:

Tel:

Email:

Economy:

Designation:

Department:

Organisation:

Industry:

Product(s)/Service(s) Provided:

## Section 1: Profile of SMEs

1. Would you consider your company to be an SME?

☐ Yes

☐ No

2. Please provide an indication of the size of your company.

- Turnover range:  (Local currency)

- PUC:  (Local currency)

ii. Year of Incorporation

- Employment:

- Other, pls specify:

3. Does your company have any presence overseas? If yes, please indicate the percentage of revenue derived from overseas.

☐ Yes

☐ No

☐ <20%

☐ 21-40%

☐ 41-60%

☐ 61-80%

☐ 81-100%

4. Please indicate the mode of entry that your company has used to internationalise.

☐ Export/Re-export

☐ Licensing/Franchising

☐ Distributorship

☐ Overseas Subsidiary/Branch

☐ Joint Venture/Partnership/Strategic Alliance

☐ M&A

☐ Set Up of Production Facility

☐ Other, pls specify:

5. In which countries does your company have presence in?

6. How many years has it been since your company established its presence overseas (by any methods indicated in question 4)?

☐ <1 year

☐ 1-2 years

☐ 3 years or more

## Section 2: Internationalisation Challenges of SMEs

7. Based on research, we have shortlisted 23 programmes/initiatives that we believe are important in helping SMEs venture overseas across different stages of their internationalisation.

With reference to your overall internationalisation experience in various markets, please indicate on a scale of 1 to 5, how important you perceive each of these 23 programmes/initiatives are in aiding your growth overseas. (1=Not Important at All; 5=Very Important)

Programme/Initiative	Not Important at All				Very Important
	1	2	3	4	5
<b>Readiness - Pre-Internationalisation</b>					
<b>Financial</b>					
1. Programmes that enhance working capital for exporters/businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Loans at a discounted rate or risk sharing initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Information</b>					
3. Seminars/events to share economy/industry information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Online channels to obtain market updates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Trade publications, business leads and consultancy advice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Training</b>					
6. Market research or other internationalisation-related training workshops	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Market immersion programmes to develop practical understanding of the foreign economy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. One-on-one firm-specific market entry advice or assistance on developing market entry business studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Guidance/incentives to cultivate internationalisation capabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Programme/Initiative	Not Important at All					Very Important				
	1	2	3	4	5	1	2	3	4	5
<b>Implementation - Internationalisation</b>										
<b>Environment</b>										
10. Access to overseas trade and related offices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Assistance with export and regulatory procedures and requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Assistance to resolve cross-border business-to-business disputes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Help to resolve foreign economy bureaucracy and red-tape	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Execution</b>										
14. Trade fairs/missions to source for business leads	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Assistance to develop capabilities in sourcing and retaining the right talent for spearheading overseas operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Assistance for local companies to develop a competitive edge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Help to facilitate or resolve logistics and transportation issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Growth - Post-Internationalisation</b>										
<b>Sustainment (1-2 years)</b>										
18. Incentives for reimbursing the cost of operations of the business for a period of time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Incentives for conducting market repositioning of the brand/product/service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Loans for working capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Consolidation (3 years or more)</b>										
21. Long-term sole or joint government working capital, seed funding, or investments in overseas companies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Incentives for conducting long-term strategic growth studies concerning mergers and acquisitions, joint ventures with foreign partners, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Tax deductions on expenses incurred by companies in the overseas market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other, pls specify:</b>										
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Among these 23 programmes/initiatives, which do you perceive to be the top 10 most required programmes/initiatives needed by your company?

<b>Readiness - Pre-Internationalisation</b>	
<b>Financial</b>	
1. Programmes that enhance working capital for exporters/businesses	2. Loans at a discounted rate or risk sharing initiatives
<b>Information</b>	
3. Seminars/events to share economy/industry information	4. Online channels to obtain market updates
5. Trade publications, business leads and consultancy advice	
<b>Training</b>	
6. Market research or other internationalisation-related training workshops	7. Market immersion programmes to develop practical understanding of the foreign economy
8. One-on-one firm-specific market entry advice or assistance on developing market entry business studies	9. Guidance/incentives to cultivate internationalisation capabilities
<b>Implementation - Internationalisation</b>	
<b>Environment</b>	
10. Access to overseas trade and related offices	11. Assistance with export and regulatory procedures and requirements
12. Assistance to resolve cross-border business-to-business disputes	13. Help to resolve foreign economy bureaucracy and red-tape
<b>Execution</b>	
14. Trade fairs/missions to source for business leads	15. Assistance to develop capabilities in sourcing and retaining the right talent for spearheading overseas operations
16. Assistance for local companies to develop a competitive edge	17. Help to facilitate or resolve logistics and transportation issues
<b>Growth - Post-Internationalisation</b>	
<b>Sustainment (1-2 years)</b>	
18. Incentives for reimbursing the cost of operations of the business for a period of time	19. Incentives for conducting market repositioning of the brand/product/service
20. Loans for working capital	
<b>Consolidation (3 years or more)</b>	
21. Long-term sole or joint government working capital, seed funding, or investments in overseas companies	22. Incentives for conducting long-term strategic growth studies concerning mergers and acquisitions, joint ventures with foreign partners, etc.
23. Tax deductions on expenses incurred by companies in the overseas market	
<b>Other(s), pls specify and rank:</b>	



### Section 3: Internationalisation Initiatives for SMEs

Has your company applied for any internationalisation programmes/initiatives or contacted your government agency or government-appointed private organisation for any form of help when internationalising? If yes, please state all the programmes/initiatives/help requested and rate their effectiveness in helping you venture overseas.

☐ Yes

☐ No

Assistance Requested	Year	Effectiveness of Assistance				
		Very Ineffective				Very Effective
		1	2	3	4	5
i.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. BDO has compiled a list of the programmes/initiatives available in your economy as shown below. Please indicate whether you are aware of these assistance schemes.

Internationalisation Programmes/Initiatives/Resources	Awareness	
1.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

---

10. Other than these programmes/initiatives, are there any other assistance schemes that you believe will be useful for overcoming barriers and building capabilities for internationalisation? If yes, what are they?

---

☐ Yes

☐ No

---

Description, if any:

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11. Any other comments?

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We have come to the end of the survey. Once again, thank you for your time and have a good day.

## ANNEX E - SURVEY RESULTS

### E.1 SME

#### E.1.1 Respondent Profile

Characteristics			Respondents	Valid Percent
Economy		Australia	6	9
		Hong Kong, China	7	11
		Japan	11	17
		Malaysia	7	11
		Peru	10	15
		Singapore	8	12
		Chinese Taipei	7	11
		United States	10	15
Industry		Manufacturing, Construction and Engineering	45	68
		Services	21	32
Years of Operation		<10 years	17	26
		10 - 19 years	27	41
		≥20 years	22	33
Turnover		< USD 5 million	24	47
		≥ USD 5 million	27	52
		Non-respondent	15	-
Employment		<50	29	44
		50 - 99	13	20
		100 - 249	12	18
		≥250	12	18
Paid-up Capital		< USD 1 million	31	58
		USD 1 million - Less than 5 million	14	26
		USD 5 million - Less than 20 million	5	9
		≥ USD 20 million	3	5
		Non-respondent	13	-
Overseas Presence		Yes	55	83
		No	11	17
Years Since First Overseas Establishment		<1 year	7	13
		1-2 years	13	24
		≥3 years	34	63
		Non-respondent	1	-
Overseas Dependence	Trade	<20%	29	
		21-40%	12	
		41-60%	1	
		61-80%	6	
		81-100%	5	
		Non-respondent	2	-

## E.1.2 Component Importance

Table E.1.1: Overall

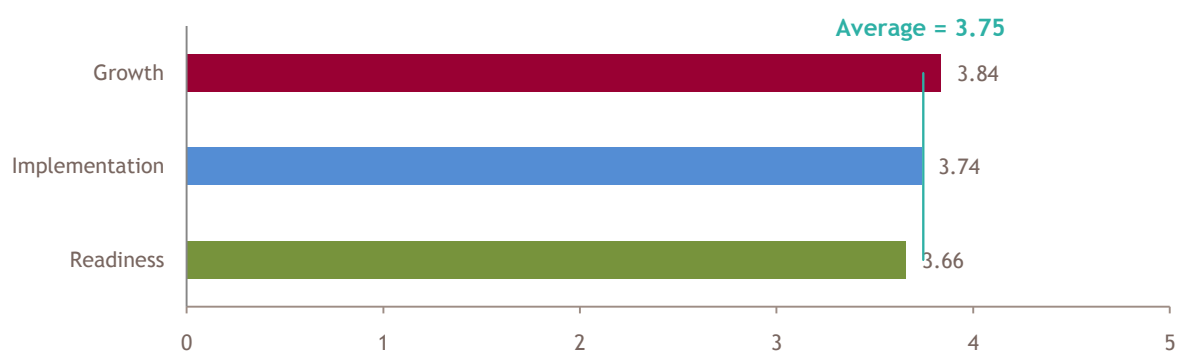


Table E.1.2: Intending to Internationalise

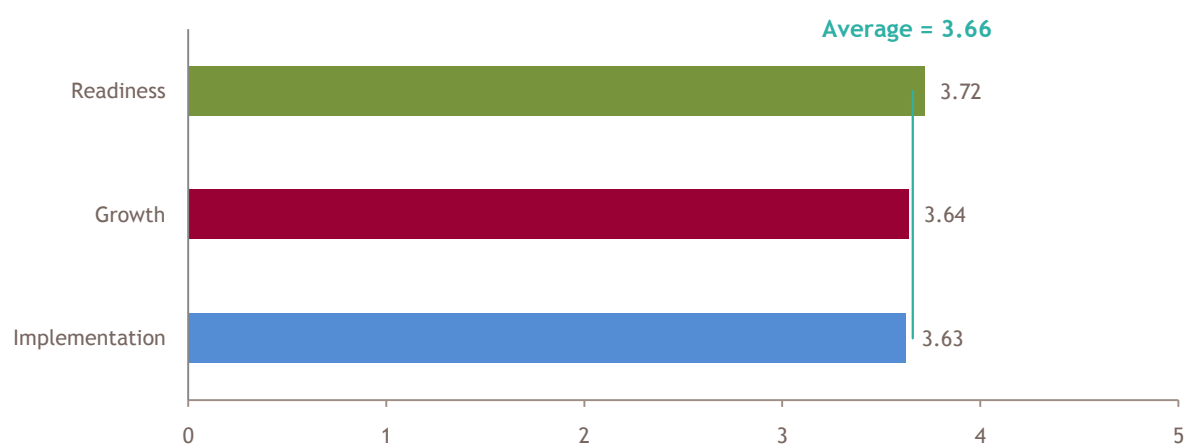


Table E.1.3: Overseas Experience  $\leq 2$  years

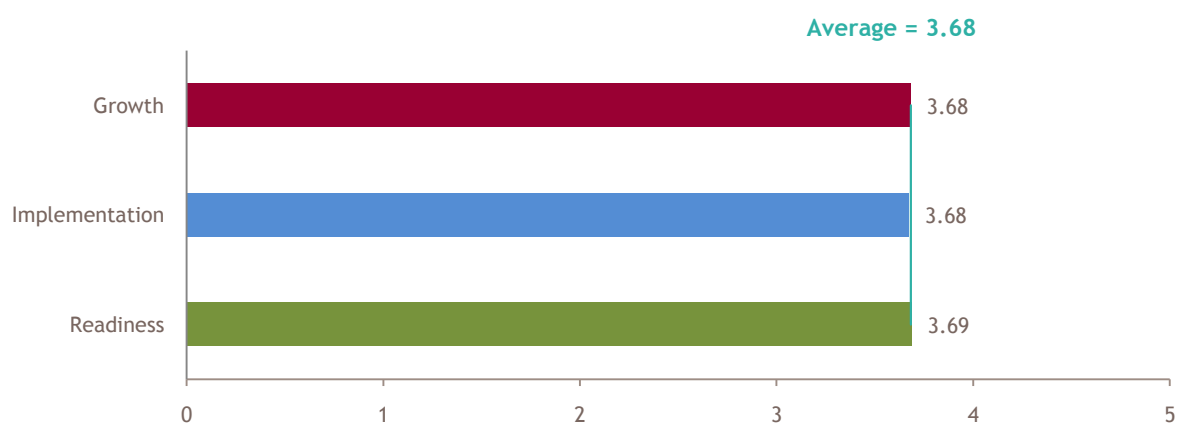


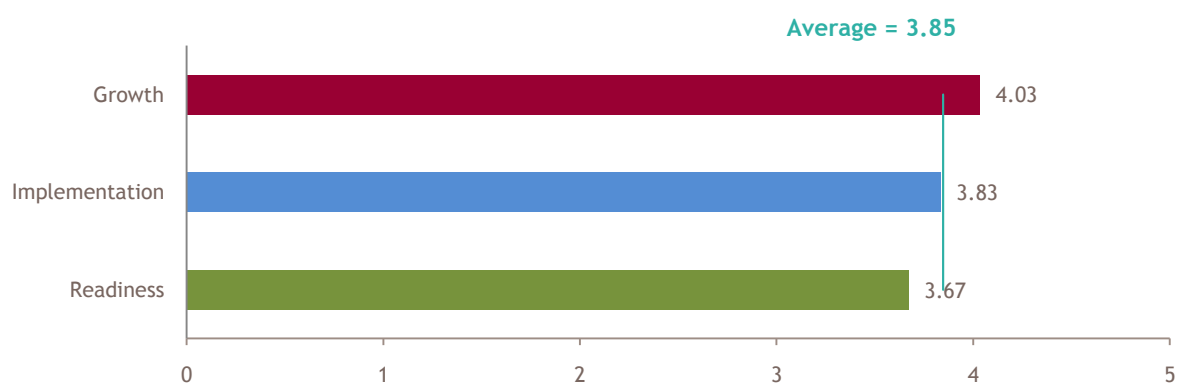
Table E.1.4: Overseas Experience  $\geq 3$  years

Table E.1.5: Manufacturing, Engineering and Construction

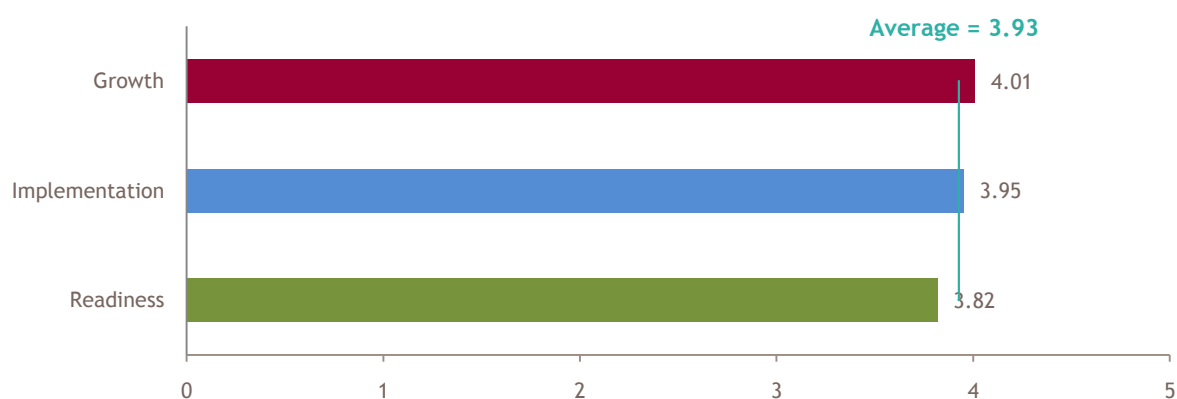


Table E.1.6: Services

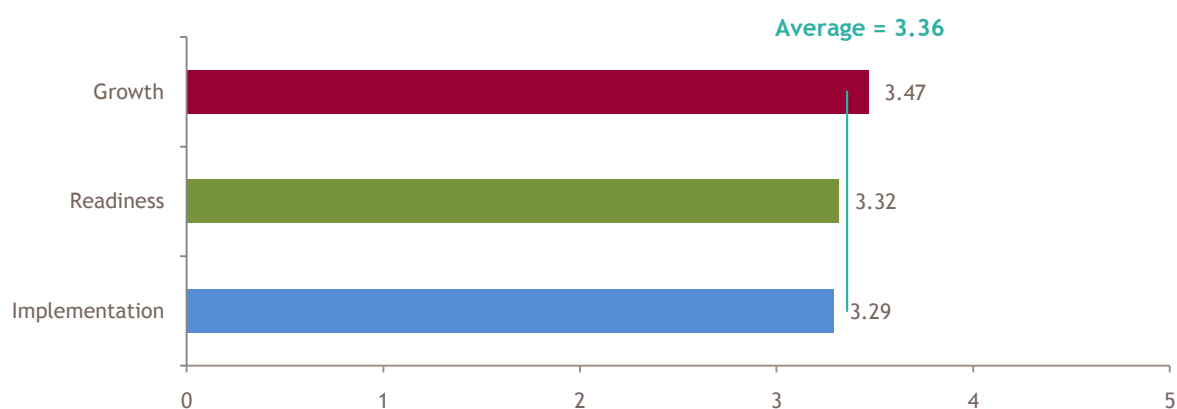
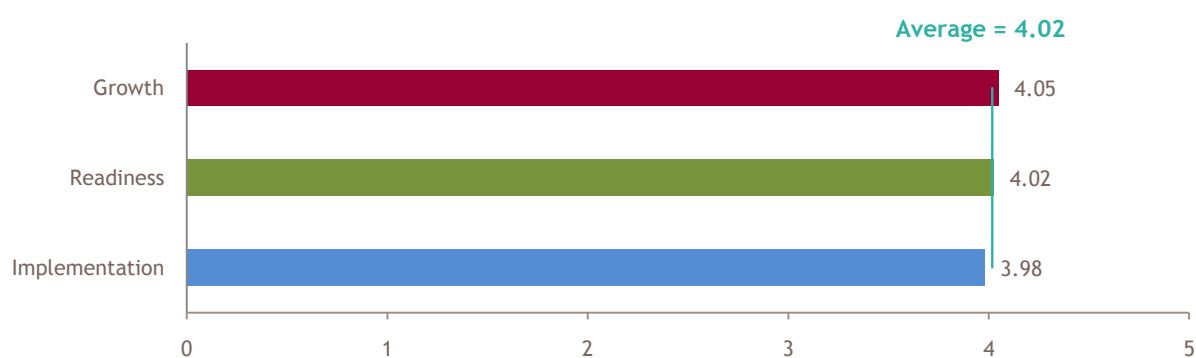
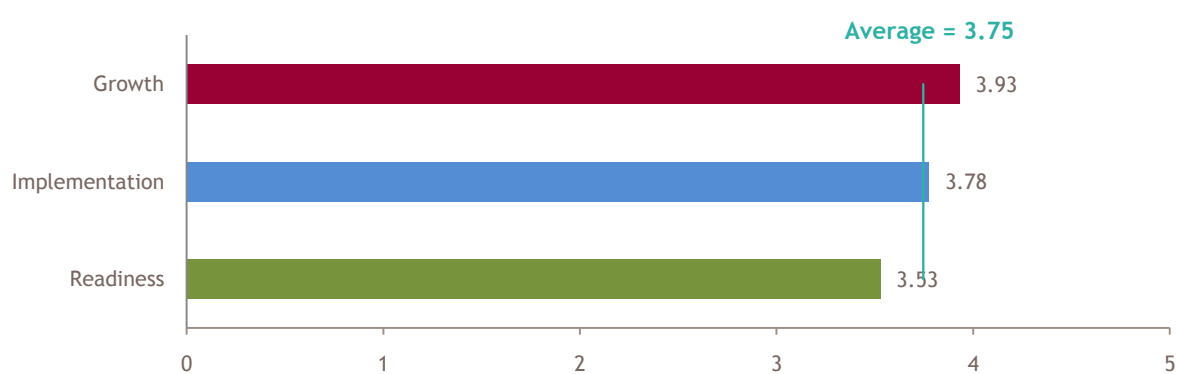


Table E.1.7: Turnover &lt; USD 5 million

Table E.1.8: Turnover  $\geq$  USD 5 million

### E.1.3 Factor Importance

Table E.1.9: Overall

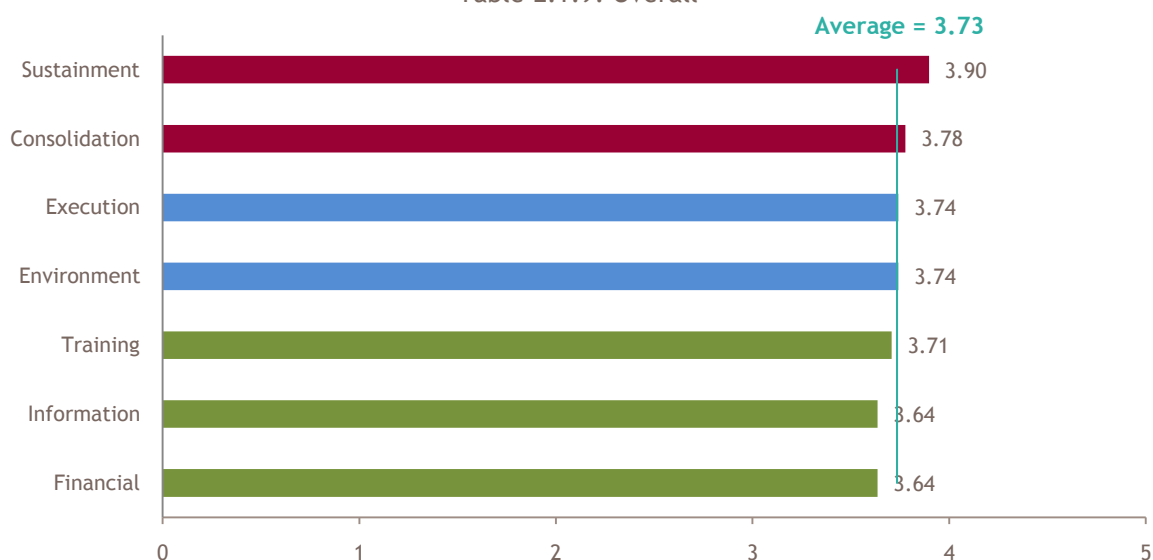


Table E.1.10: Intending to Internationalise

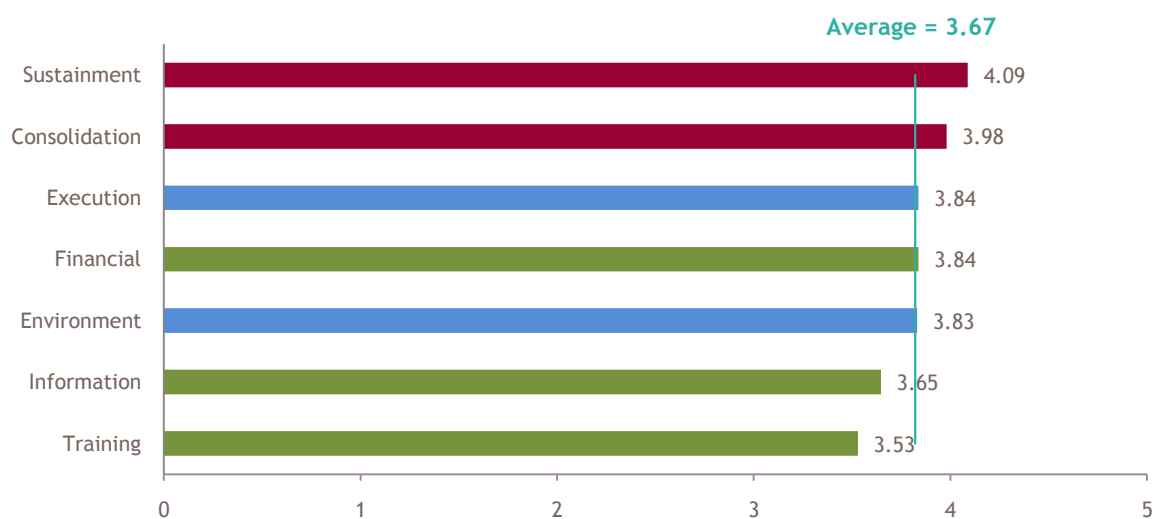


Table E.1.11: Overseas Experience  $\leq 2$  years

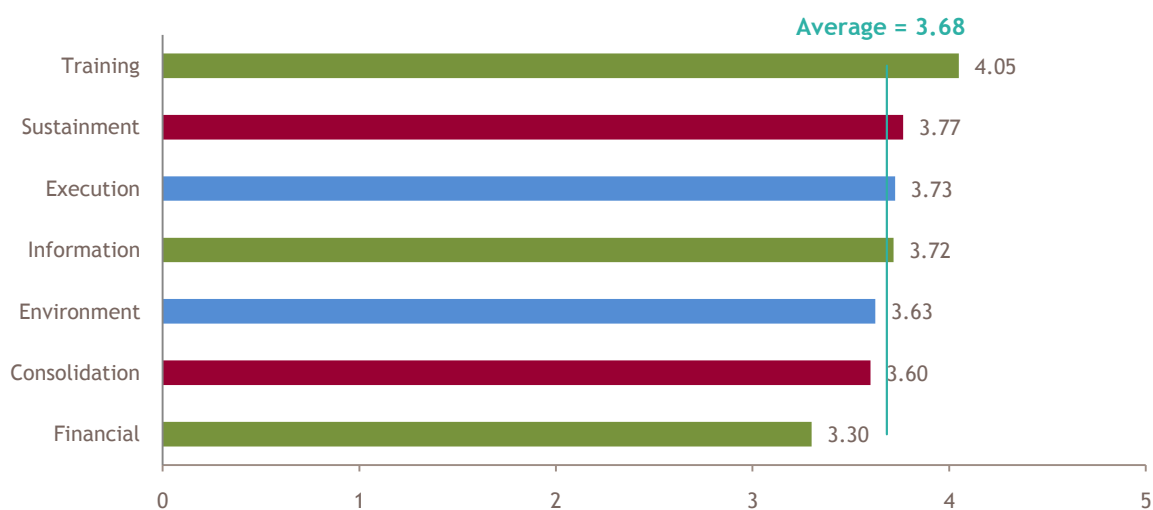


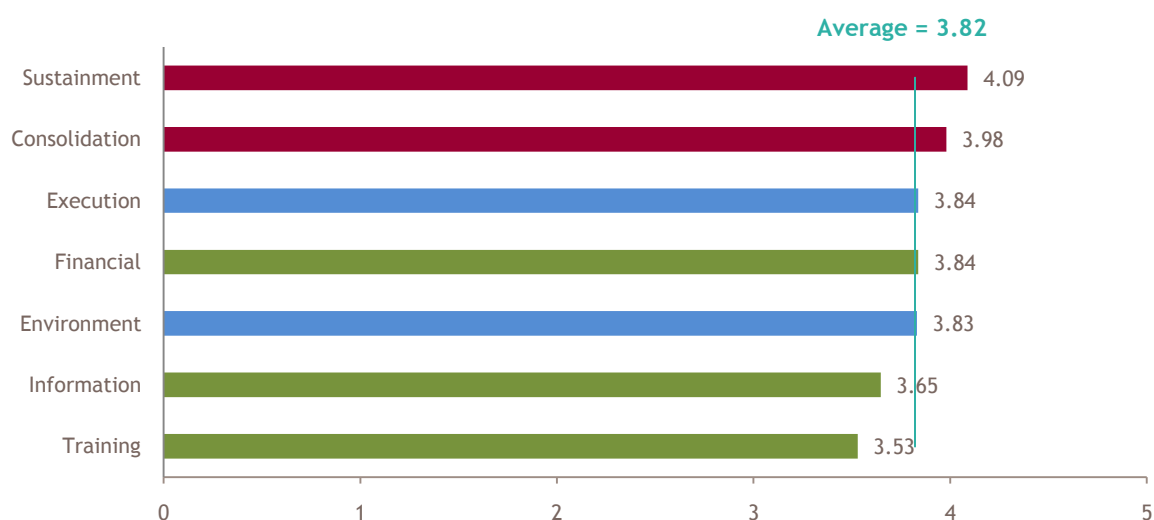
Table E.1.12: Overseas Experience  $\geq 3$  years

Table E.1.13: Manufacturing, Construction and Engineering

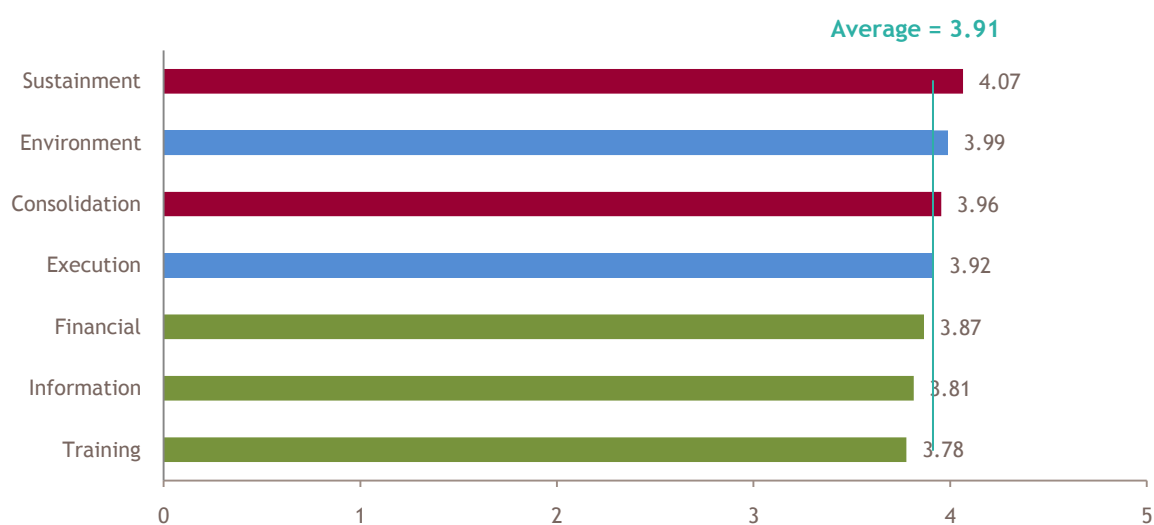


Table E.1.14: Services

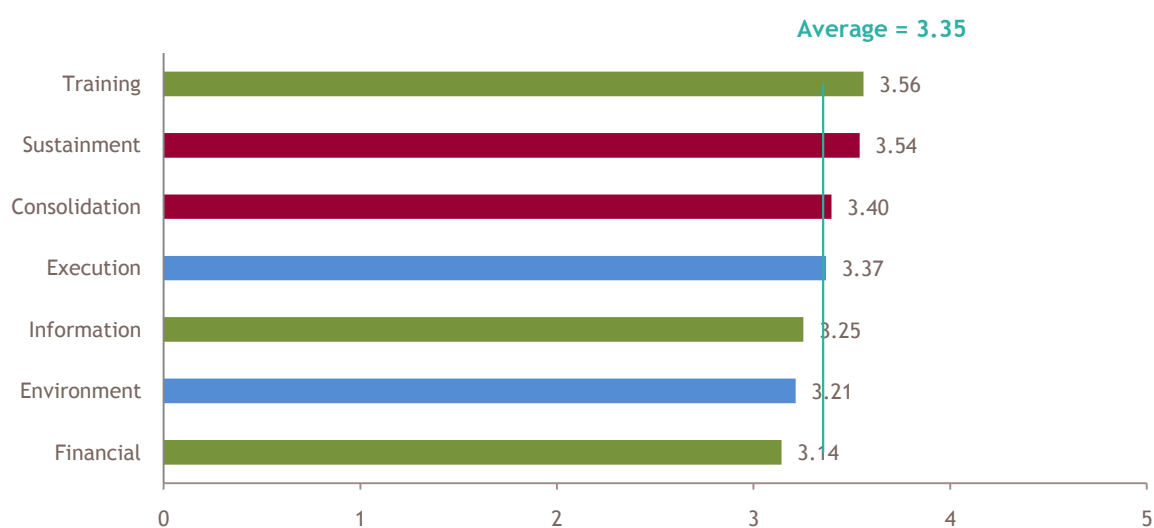
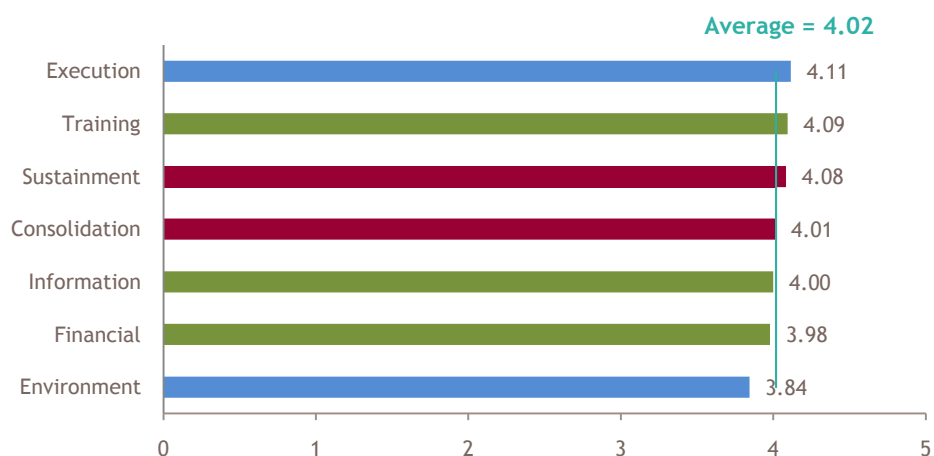
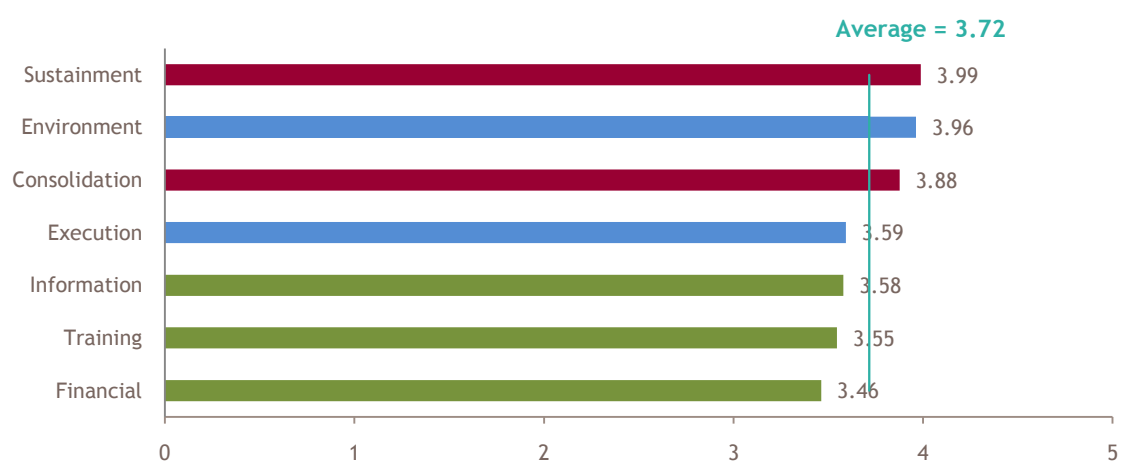




Table E.1.15: Turnover &lt; USD 5 million

Table E.1.16: Turnover  $\geq$  USD 5 million

## E.1.4 Indicator Importance

Table E.1.17: Overall

Average = 3.74

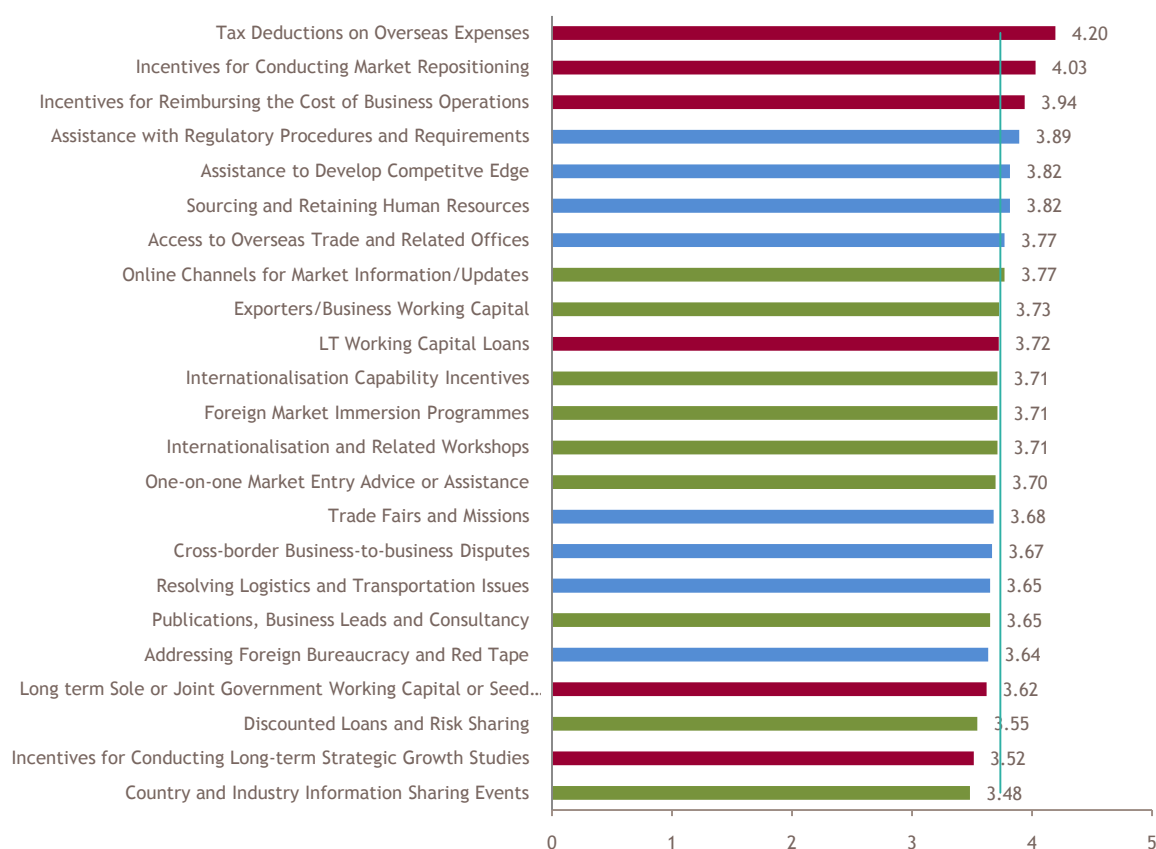


Table E.1.18: Intending to Internationalise

Average = 3.66



Table E.1.19: Overseas Experience  $\leq 2$  yearsTable E.1.20: Overseas Experience  $\geq 3$  years

Table E.1.21: Manufacturing, Construction and Engineering

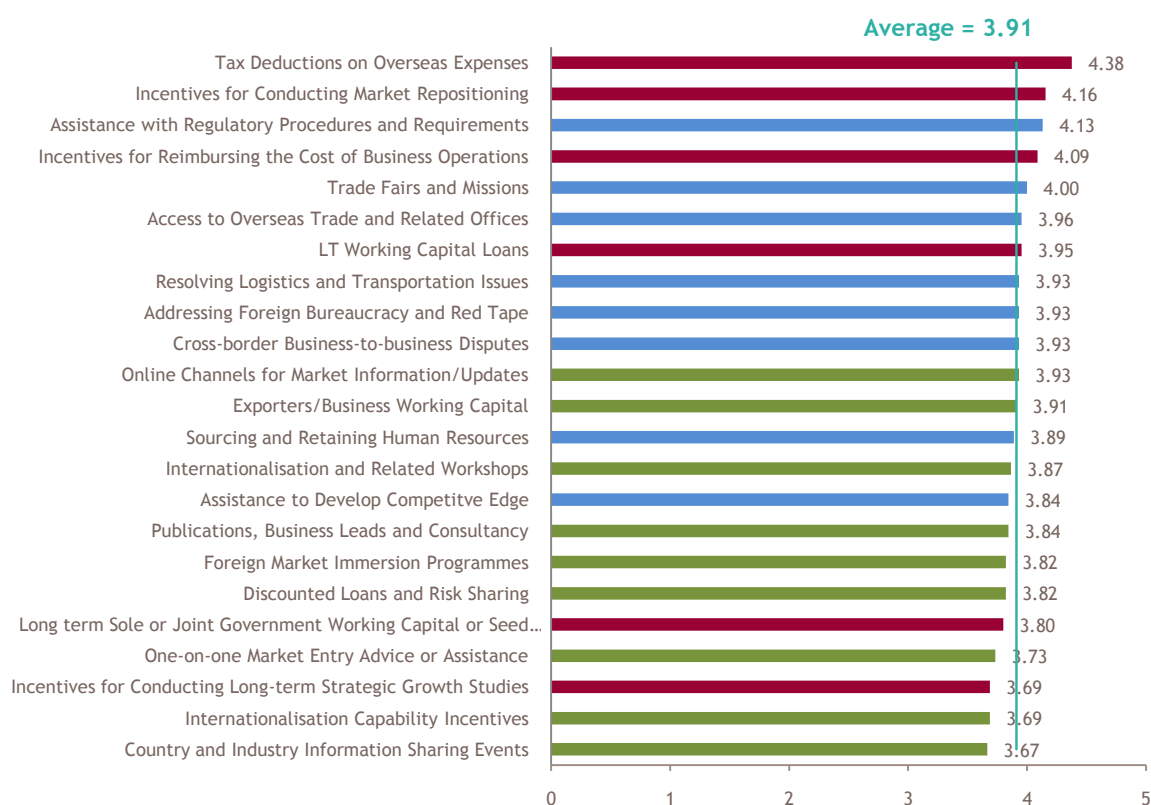


Table E.1.22: Services

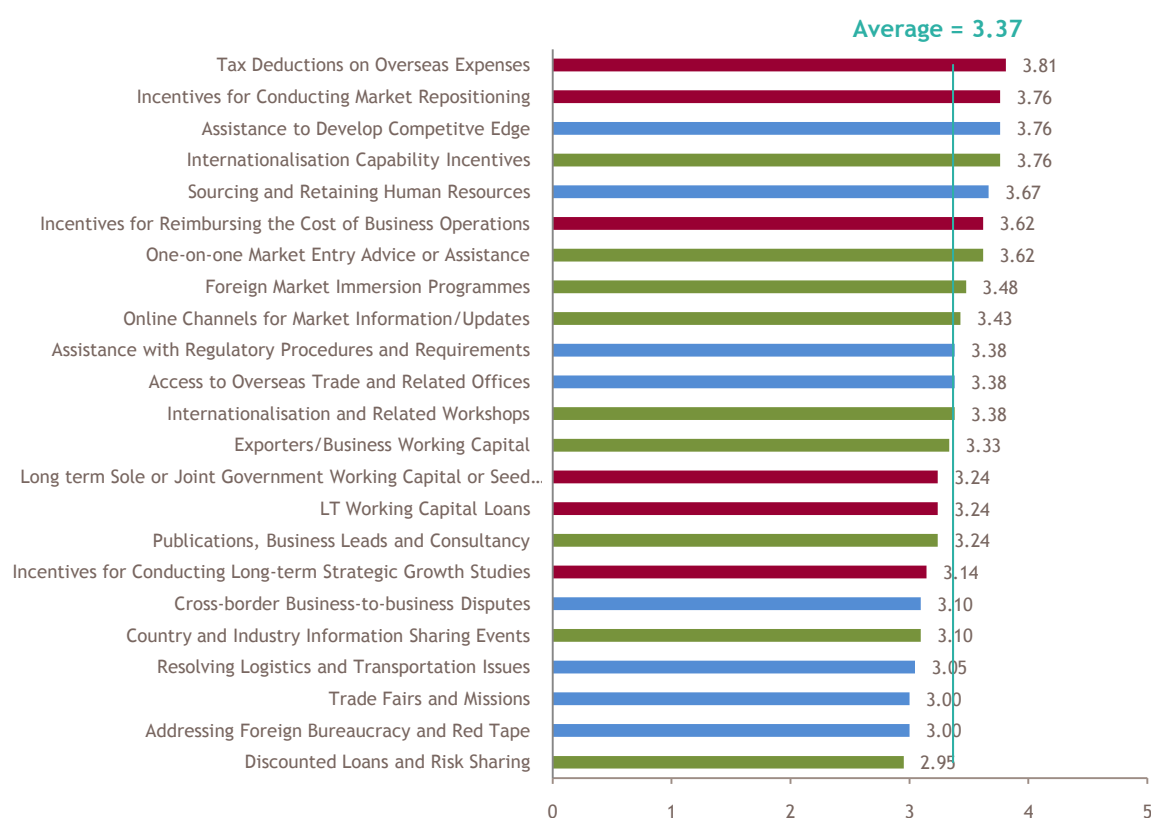


Table E.1.23: Turnover &lt; USD 5 million



Table E.1.24: Turnover ≥ USD 5 million



### E.1.5 Top 10 Initiatives

Indicator		Times ranked within top 10 by SMEs	Times ranked within top 10 by Govt	Fraction of total SMEs	Fraction of total Govt
I1	Exporters/Business Working Capital	31	6	47%	75%
I2	Discounted Loans and Risk Sharing	32	1	48%	13%
I3	Economy and Industry Information Sharing Events	26	6	39%	75%
I4	Online Channels for Market Information/Updates	34	4	52%	50%
I5	Publications, Business Leads and Consultancy	23	7	35%	88%
I6	Internationalisation and Related Workshops	30	5	45%	63%
I7	Foreign Market Immersion Programmes	32	2	48%	25%
I8	One-on-one Market Entry Advice or Assistance	35	5	53%	63%
I9	Internationalisation Capability Incentives	31	4	47%	50%
I10	Access to Overseas Trade and Related Offices	26	4	39%	50%
I11	Assistance with Regulatory Procedures and Requirements	36	4	55%	50%
I12	Cross-border Business-to-business Disputes	19	0	29%	0%
I13	Addressing Foreign Bureaucracy and Red Tape	23	1	35%	13%
I14	Trade Fairs and Missions	31	8	47%	100%
I15	Sourcing and Retaining Human Resources	26	2	39%	25%
I16	Assistance to Develop Competitive Edge	24	5	36%	63%
I17	Resolving Logistics and Transportation Issues	22	1	33%	13%
I18	Incentives for Reimbursing the Cost of Business Operations	35	2	53%	25%
I19	Incentives for Conducting Market Repositioning	34	1	52%	13%
I20	LT Working Capital Loans	30	6	45%	75%
I21	Long-term Sole or Joint Government Working Capital or Seed Funding	19	1	29%	13%
I22	Incentives for Conducting Long-term Strategic Growth Studies	18	1	27%	13%
I23	Tax Deductions on Overseas Expenses	41	3	62%	38%

## E.2 Government Agency

### E.2.1 Featured Programmes

Economy	Australia		
Featured Programme	Export Market Development Grants (EMDG)		
Year	1976		
Description	Reimbursement fund designed to encourage small and medium sized Australian businesses to develop export markets. The scheme supports a wide range of industry sectors and products, including inbound tourism and the export of intellectual property and know-how outside Australia		
Agency 1	Export Finance & Insurance Corporation (EFIC)	Agency 2	Australian Trade Commission
Role	Administrator	Role	Administrator & Promoter
Objectives	Australian Government's initiative to support SMEs and encourage them to enter into international trade		
Target	Australian SMEs		
Funding Nature	Reimbursement		
Government Funding Amount	Reimburses up to 50% of expenses incurred on eligible export promotion activities, above a AUD 10,000 threshold (i.e. AUD10,000 of eligible export expenses under the scheme where first-time applicants can combine two years expenses)		
Total Funding Allocated	AUD 150.4 million		
Criteria	<ul style="list-style-type: none"> <li>• All industries supported except sensitive areas e.g. arms and pornography</li> <li>• Turnover income not more than AUD 50 million for the past 3 years</li> <li>• To qualify for an EMDG grant, your business must have promoted your product for export and your product must be one of the following: <ul style="list-style-type: none"> <li>- a good made in Australia; or</li> <li>- a good made outside Australia where Australia will derive a significant net benefit from its sale overseas; or</li> <li>- all services except those specified as ineligible in the EMDG Regulations; or</li> <li>- a tourism service (including accommodation, passenger transport or tours); or</li> <li>- a conference or event held in Australia; or</li> <li>- an intellectual property right that mainly resulted from work done in Australia; or</li> <li>- a trademark that was owned, assigned or first used in Australia; or</li> <li>- know-how that mainly resulted from work done in Australia</li> </ul> </li> </ul>		
Benefits	Offsets financial expenses for companies		
Suggested Improvements	Increase total funding amount		
Comments	For year 2008-2009 grants which were reimbursed in 2010, Austrade received 5,400 applications of which 4,700 were successful claims		

Economy	Hong Kong, China
Featured Programme	SME Export Marketing Fund (EMF)
Year	2001
Description	<p>EMF was first introduced in December 2001 to help SMEs in HK expand their businesses through active participation in export promotion activities for marketing their goods and services to overseas buyers. Such activities include exhibitions, business missions outside HK and advertisements on printed trade publication or eligible trade websites targeting export markets. Currently the cumulative grant ceiling for each SME is HKD 150,000 (or USD19, 231), and the sub-ceiling for each application is HKD 50,000 (or USD 6,410), or 50% of approved expenditures, whichever is less.</p> <p>Approved expenditures generally include:</p> <ol style="list-style-type: none"> <li>1. Rental charges for the exhibition stand/booth or registration fee of a business mission</li> <li>2. Construction and design fee of the stand/booth</li> <li>3. Advertising fees</li> <li>4. Travelling expenses</li> <li>5. Hotel accommodation fees directly related to the overseas exhibitions or business mission</li> </ol>
Agency	Trade and Industry Department (TID)
Role	Administration of EMF
Objectives	To help SMEs in HKC expand their businesses through participation in export promotion activities for marketing their goods and services.
Target	SMEs registered in HKC
Funding Nature	Grant
Government Funding Amount	The grant ceiling for each application is HKD 50,000 (or USD 6,410), or 50% of the approved expenditure, whichever is the less. The cumulative grant ceiling for each SME is HKD150,000 (or USD 19,231).
Total Funding Allocated	HKD 319 million (or USD 40.9 million)
Criteria	<ul style="list-style-type: none"> <li>• All manufacturing and non-manufacturing businesses               <ol style="list-style-type: none"> <li>(i) Manufacturing business which employs fewer than 100 persons in HKC; or</li> <li>(ii) Non-manufacturing business which employs fewer than 50 persons in HKC</li> </ol> </li> <li>• Businesses which are registered in HKC under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) <i>(Please refer to <a href="http://www.legislation.gov.hk/blis_ind.nsf/Webview?OpenAgent&amp;vwpg=CurEngOrd*310*100*_310.1#310.1">http://www.legislation.gov.hk/blis_ind.nsf/Webview?OpenAgent&amp;vwpg=CurEngOrd*310*100*_310.1#310.1</a> for details of the Ordinance.)</i></li> <li>• SMEs must have substantive business operations in HKC</li> <li>• Non-profit-distributing organisations are not eligible for EMF</li> </ul>
Benefits	As at 31 October 2010, about 30,400 SMEs have benefited from the EMF
Suggested Improvements	We will consider enhancement to EMF having regard to business development of SMEs
Comments	-



Economy	Hong Kong, China
Featured Programme	SME Loan Guarantee Scheme (SGS)
Year	2001
Description	SGS is a loan guarantee scheme whereby the Government acts as the guarantor for individual SMEs in HKC to facilitate them in securing loans from participating lending institutions (PLIs) for acquiring business installations and equipment or meeting working capital needs. The Scheme covers two types of loans: (i) Business Installations and Equipment Loan; and (ii) Working Capital Loan
Agency	TID
Role	Administration of SGS
Objectives	To help SMEs in HKC secure loans from PLIs. The overall objective is to assist SMEs in enhancing productivity and competitiveness
Target	SMEs registered under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) and with substantive business operation in HKC
Funding Nature	Guarantee
Government Funding Amount	The amount of guarantee for an SME is 50% of the loan approved by the PLIs, subject to a maximum amount of HKD 6 million (or USD 0.77 million). The average amount of loan guarantee issued over the past 3 years is HKD 1.87 million (or USD 0.24 million) per year
Total Funding Allocated	Total guarantee commitment of HKD 20 billion (or USD 2.56 billion)
Criteria	<ul style="list-style-type: none"> <li>All manufacturing and non-manufacturing industries               <ul style="list-style-type: none"> <li>(i) Manufacturing business which employs fewer than 100 persons in HK; or</li> <li>(ii) Non-manufacturing business which employs fewer than 50 persons in HK</li> </ul> </li> <li>SMEs registered under the Business Registration Ordinance (Chapter 310, Laws of Hong Kong) with substantive business operation in HK</li> </ul>
Benefits	As at 31 October 2010, about 12,200 SMEs have benefited from the SGS
Suggested Improvements	Since the introduction of the SGS in 2001, the HK Government has from time to time reviewed its parameters taking into account the needs of SMEs. They will continue closely monitor the utilisation of the Scheme as well as the needs of the trade, so as to provide continual support to SMEs
Comments	-

Economy	Hong Kong, China
Featured Programme	SME Development Fund (SDF)
Year	2001
Description	SDF was first introduced in December 2001 to provide financial support to non-profit-distributing organisations, such as trade and industrial organisations, professional bodies and research institutions, to implement projects which aim at enhancing the competitiveness of SMEs in general or in specific sectors. Examples of eligible projects include seminars, workshops, conferences, publicity campaigns, codes of best practices, databases, and industry support facilities and services. The maximum amount of funding support for each approved project is 90% of the total project expenditure, subject to a ceiling of HKD 2 million (or USD 0.26 million). Approved expenditure generally include manpower, equipment and other cost directly arising from the approved project
Agency	TID
Role	Administration of SDF
Objectives	To provide financial support to non-profit-distributing organisations to implement projects which aim at enhancing the competitiveness of SMEs in general or in specific sectors
Target	Non-profit-distributing organisations, such as trade and industrial organisations, professional bodies and research institutions, which shall either be a statutory organisation, or a registered organisation under the Laws of Hong Kong
Funding Nature	Grant
Government Funding Amount	The maximum amount of funding support for each approved project is 90% of the total project expenditure, subject to a ceiling of HKD 2 million (or USD 0.26 million). The average amount of grant approved under the SDF over the last three years is HKD18 million (or USD 2.3 million) per year
Total Funding Allocated	N/A
Criteria	N/A
Benefits	As at 31 October 2010, the SDF has approved 154 applications, involving funds of over HKD 168.7 million (or USD 21.63 million)
Suggested Improvements	We will encourage more eligible applicants to apply for the Fund to address the needs of SMEs
Comments	-

Economy	Hong Kong, China
Featured Programme	Internationalisation Programmes of HKTDC
Year	1966
Description	<p>A Statutory body established in 1966, HKTDC is the international marketing arm for HK-based traders, manufacturers and service providers. With more than 40 global offices, including 11 on the Chinese mainland, the HKTDC promotes HK as a platform for doing business with China and throughout Asia. The HKTDC connects millions of international buyers and sellers through a variety of integrated services, including its trade fairs, online marketplace and product magazines.</p> <p><u>Trade Fairs</u></p> <p>One of the world's major trade fair organisers, the HKTDC holds more than 30 international trade fairs annually in HKC. Ten of these are the biggest of their kind in Asia and three are largest in the world.</p> <p><u>Website and Services Portal</u></p> <p>The HKTDC website, <a href="http://www.hktdc.com">www.hktdc.com</a>, features more than one million registered buyers and 120,000 quality suppliers from HKC, the Chinese mainland and beyond. Users can browse through nearly 8,000 clearly defined product categories to find products and services quickly and efficiently.</p> <p><u>Publications</u></p> <p>With 15 specialised product magazines and dozens of supplements and more than five million readers around the world, the HKTDC is a major publisher. The HKTDC also produces about 150 trade reports, sector-specific updates and business newsletters a year, providing timely market intelligence on HK, the Chinese mainland and international markets.</p> <p><u>Business Matching</u></p> <p>Supporting these services is HKTDC Business Matching which helps companies find the right partners.</p> <p><u>Seminars and Workshops</u></p> <p>The HKTDC also produces more than 160 seminars, conferences, workshops and forums a year to help HK companies develop new markets for their products and services.</p> <p><u>Promotional Events</u></p> <p>As well, it organises about 600 HKC promotional events around the world, reaching nearly 100,000 business people in key markets each year, and receives about 600 international business missions a year</p> <p><u>Global Network</u></p>

	The HKTDC's international reach is reflected in the six bilateral committees it serves. These high-level business forums promote economic ties between HK and the European Union, France, Japan, Korea, the United Kingdom and the United States. The HKTDC also serves as Secretariat for the Federation of Hong Kong Business Association Worldwide
Agency	HKTDC
Role	Administrator
Objectives	-
Target	For all traders, manufacturers and service providers based in HKC
Funding Nature	-
Government Funding Amount	-
Total Funding Allocated	-
Criteria	-
Benefits	During the financial year of 2009/10, HKTDC recorded a total of 22,500 paying Hong Kong customers who had mainly engaged in its programmes of local trade fairs, trade publications, online sourcing platform, customised business matching, commercial delegations to overseas trade fairs and business missions, etc. and another 65,000 Hong Kong companies visiting to our local fairs, networking events, seminars and conferences
Suggested Improvements	Regular communication with local SMEs to identify and assess their promotional needs
Comments	-

Economy	Japan		
Featured Programme	Supporting Overseas Development by SMEs		
Year	2010		
Description	<p>With the Minister of Economy, Trade &amp; Industry taking the lead, launching a meeting for supporting overseas development by SMEs. Establishing a team that is capable of providing adequate support to meet the requests of SMEs in each region. The core members of this team shall be the regional bureaus of economy, trade and industry, JETRO, and the Organisation for Small &amp; Medium Enterprises and Regional Innovation (SMRJ) with participation from the Ministry of Agriculture, Forestry and Fisheries of Japan, local governments, local business groups, and financial institutions.</p> <p>Under the new system, METI established a contact window in each regional bureau of METI. Regional branches of JETRO and SMRJ can share information to provide comprehensive support for SMEs. Each regional bureau of METI exchange views with SMEs directly and also through SME authorities and regional governments to know SMEs' needs to develop global markets</p>		
Agency 1	Japan External Trade Organisation	Agency 2	Organisation for Small & Medium Enterprises and Regional Innovation
Role	1) Offering information on overseas markets 2) Supporting for business matching 3) Supporting for exhibitions at trade shows	Role	1) Offering information on overseas markets 2) Supporting for the formulation of overseas marketing strategies
Agency 3	Japan Finance Corporation (JFC)	Agency 4	Credit Guarantee Corporation
Role	1) Providing low interest loan	Role	1) Providing credit guarantee
Agency 5	Nippon Export and Investment Insurance		
Role	1) Providing insurance service for export and foreign investment		
Objectives	To enhance SMEs' access to global markets		
Target	All sectors of SMEs		
Funding Nature	Guarantee, Loan, Subsidy and Insurance		
Government Funding Amount	N/A		
Total Funding Allocated	JPY 3.5 billion		
Criteria	<ul style="list-style-type: none"> <li>SMEs</li> </ul>		
Benefits	<ul style="list-style-type: none"> <li>Enhance SMEs' access to global Markets</li> </ul>		
Suggested Improvements	None, because this programme is still on-going		
Comments	-		

Economy	Malaysia
Featured Programme	Market Development Grant
Year	2002
Description	Financial assistance (50% matching grant) to Singapore SMEs
Agency	MATRADE
Role	Manage, process and grant disbursement
Objectives	Develop new exporters
Target	730 companies per year
Funding Nature	Grant
Government Funding Amount	MYR 30,000 per company
Total Funding Allocated	MYR 24 million
Criteria	<ul style="list-style-type: none"> <li>• Manufacturing &amp; trading companies</li> <li>• Turnover not exceeding MYR 25 million</li> <li>• Employs no more than 150 full-time staff</li> <li>• At least 51% owned by local</li> </ul>
Benefits	Encourage SMEs to venture overseas Increase skills and capabilities and international networks
Suggested Improvements	-Simplify administrative procedures -Online services and customisation -National wide campaign to increase awareness
Comments	-

Economy	Peru
Featured Programme	Programa Exporta Peru (Planex)
Year	2009
Description	Strategic programme which facilitates the analysis, evaluation and crafting of export plans
Agency	PROMPERÚ
Role	Increase exports and develop new markets
Objectives	Identify strengths, weaknesses and anticipate treats and opportunities of exporters or potential exporters
Target	Disseminate and position Peru in the priority markets and potential as a tourist destination multiversity, safe and accessible, a leader in South America
Funding Nature	Loan
Government Funding Amount	S/ 1.05 million
Total Funding Allocated	N/A
Criteria	<ul style="list-style-type: none"> <li>Industries covered include garments, leather and footwear, wood, miscellaneous manufactured articles</li> <li>Regions/Areas that qualify are Lima, Arequipa, Chiclayo, Huancayo, Trujillo</li> <li>Qualifying companies must be formal enterprises with at least 2 years of continuous operations</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>Identify a more suitable market for the products and potential of the company</li> <li>Facilitates realisation of economic and financial analysis of the business idea</li> <li>A technical paper supports funding applications to banks, development agencies and national and international cooperation</li> <li>Organise marketing activities as targets</li> </ul>
Suggested Improvements	Increase awareness of the programme
Comments	-

Economy	Singapore		
Featured Programme	Exporter Development Programme		
Year	June 2009		
Description	Designed to develop the export competencies of promising local companies with limited or ad-hoc exporting experience. This 5 - 7 month programme will equip companies with a sustained and systematic approach to penetrating overseas markets through exports		
Agency 1	IE Singapore	Agency 2	Individual Export Coaches
Role	Organisation and coordination of the entire programme	Role	Help with the appropriate expertise
Agency 3	Kaplan Financial		
Role	Conducting the Export Training Course		
Objectives	Provides holistic and structured customised programme to help promising SMEs with limited/adhoc exporting experience to: - Develop export competency - Be equipped with a sustained and systematic approach to penetrate overseas markets		
Target	Assist 250 exporters over 3 years		
Funding Nature	Grant		
Government Funding Amount	70% of supportable costs		
Total Funding Allocated	N/A		
Criteria	<ul style="list-style-type: none"> <li>• All exporters</li> <li>• Turnover at least SGD 500,000 annually</li> <li>• Paid-up capital at least SGD 50,000</li> <li>• At least 3 managerial staff</li> </ul>		
Benefits	<ul style="list-style-type: none"> <li>• Holistic assistance for companies</li> <li>• Capability development</li> </ul>		
Suggested Improvements	Customised to industry specifics		
Comments	-		



Economy	Singapore
Featured Programme	International Capability Development Programme
Year	2007
Description	The iCDP adopts a holistic view of the overall capabilities required for overseas growth on a project basis. Companies may apply to develop multiple capabilities per project as long these capabilities are intended for the purpose of new market entry or to expand presence in existing overseas markets. Examples of such capabilities include branding and design
Agency	IE Singapore
Role	Management
Objectives	Cost sharing support with the company for the development of a broad range of firm-level capabilities for the purpose of overseas expansion
Target	Projected to benefit 350 companies (over 2 years)
Funding Nature	Grant
Government Funding Amount	Up to 50% of strategic supportable costs
Total Funding Allocated	N/A
Criteria	<ul style="list-style-type: none"> <li>• Turnover at least SGD 500,000 annually</li> <li>• Paid-up capital at least SGD 50,000</li> <li>• At least 3 managerial staff</li> <li>• Total Business Spending of SGD 250,000 per annum for last 3 years</li> <li>• Clear internationalisation plans</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Helps companies with strategic skills development</li> <li>• Does not support operational costs which would make the companies non-competitive</li> </ul>
Suggested Improvements	Customised to industry specifics
Comments	-

Economy	Singapore
Featured Programme	International Partners Programme
Year	October 2003
Description	<p>International alliances between Singapore-based companies. By banding together while abroad, companies can combine their resources, complement their product offerings, achieve economies of scale, reduce time-to-market and pursue bigger projects; thus sharpening their competitiveness and maximising the chances of success. To promote such win-win partnerships between Singapore-based companies, the iPartners programme facilitates and supports the formation, developmental and go-to-market phases of the alliances.</p> <p>An iPartners alliance consists of one Anchor Company and several Alliance Partners. The companies in the alliance will formulate an alliance business plan and contribute resources and management support to execute the plan. An iPartners Business Development Manager will champion the goals of the alliance and lead in the execution of the alliance business plan</p>
Agency	IE Singapore
Role	Conceptualisation of the programme
Objectives	Increase overseas sales and market access of Singapore based companies through their synergistic partnerships with industry leaders
Target	No specific target
Funding Nature	Grant
Government Funding Amount	<ul style="list-style-type: none"> <li>-Up to 70% of supportable costs such as Market Research/Strategy etc</li> <li>-Cost sharing support for the strategic business development activities of the alliance</li> </ul>
Total Funding Allocated	SGD 9 million (over 2 years)
Criteria	-
Benefits	Encourage companies to come together in venturing overseas
Suggested Improvements	-
Comments	-

Economy	Singapore		
Featured Programme	Export Coverage Scheme		
Year	March 2009		
Description	The Export Coverage Scheme (ECS) is designed to provide eligible Singapore-based companies with a market-based solution to provide additional capacity of insurance against buyers default to promote Singapore's exports		
Agency 1	IE Singapore	Agency 2	Aon Singapore
Role	Overall management	Role	Programme Manager
Objectives	Provide additional capacity of insurance against buyers default to promote Singapore's exports		
Target	Expected to cover about SGD 4 billion worth of trade turnover insured and to benefit 1,000 Singapore-based companies		
Funding Nature	Guarantee		
Government Funding Amount	Type of coverage: Insolvency and protracted default of end buyers for 90% of net insured loss for export and/or domestic sales. Policy period is 1 year.  Supported amount: 50% of premium subsidy, subject to maximum premium subsidy of SGD 100,000 per qualified Singapore-based company  Cost sharing with companies for insurance premium		
Total Funding Allocated	N/A		
Criteria	-		
Benefits	-		
Suggested Improvements	-		
Comments	-		

Economy	Singapore		
Featured Programme	Loan Insurance Scheme		
Year	2007		
Description	The Loan Insurance Scheme helps Singapore-based companies to secure working capital and trade financing facilities by providing private insurance against default risks. The Government's involvement is in the co-sharing of the insurance premiums between SPRING Singapore and International Enterprise Singapore (IE Singapore), and the borrower		
Agency 1	IE Singapore	Agency 2	DBS, GE Commercial, Hong Leong Finance, Maybank, OCBC, Standchart, Bank of East Asia, HSBC, UOB
Role	Management	Role	Participating Financial Institutions for Approving and Implementation
Agency 3	Coface Singapore and ACE Insurance		
Role	Underwriter		
Objectives	Help Singapore-based companies secure loans by getting them insured against insolvency risks, thereby encouraging financial institutions to take on the risk of loans to them		
Target	N/A		
Funding Nature	Subsidy		
Government Funding Amount	Risk Share Risk share for LIS -Insurer: 75%; PFI: 25% Risk share for LIS+ -Government: 75%; PFI: 25% Insured Areas: - Inventory/Stock Financing - Structured Pre-delivery working capital - Factoring/Accounts receivable discounting Government will pay for 90% of the 1.5% p.a. insurance premium for LIS and 75% of the 0.5% p.a. additional premium for LIS+		
Total Funding Allocated	To insure up to SGD 0.6 billion of loans through LIS To insure up to SGD 2 billion of loans through LIS +		
Criteria	- At least 30% local shareholding - Incorporated in Singapore - At least 3 strategic business functions in Singapore		
Benefits	-		
Suggested Improvements	-		
Comments	-		

Economy	Singapore
Featured Programme	Local Enterprise and Association Development (LEAD) Programme
Year	
Description	<p>LEAD is a joint effort by IE Singapore and SPRING to enhance industry and enterprise competitiveness. Through partnerships with industry associations, business associations and chambers of commerce, LEAD provides customised support at the industry level across all industries.</p> <p>Support will be provided to develop SME's capabilities and industry development. The development areas can cover, but are not limited to Technology &amp; Infrastructure, Expertise &amp; Managerial Competence, Business Collaboration, Intelligence &amp; Research and Advisory &amp; Consultancy</p>
Agency	IE Singapore and Spring Singapore
Role	Management
Objectives	Support is provided to Singapore Industry Associations to encourage them to undertake more projects that develop the industry and/or help their member companies develop internationalisation capabilities
Target	N/A
Funding Nature	Grant
Government Funding Amount	<p>Cost sharing support of up to 80% of eligible costs for qualifying projects as part of the enhanced support under the Build package. These eligible costs include:</p> <ul style="list-style-type: none"> <li>- Manpower-related costs</li> <li>- Equipment and materials</li> <li>- Professional services</li> <li>- Business development costs</li> <li>- Intellectual property costs</li> </ul> <p>Training grants of up to 90% will also be available to the secretariat of LEAD Associations to enhance their abilities to execute their respective LEAD Programmes</p>
Total Funding Allocated	N/A
Criteria	<p>Singapore industry associations, business associations and chambers of commerce that</p> <ul style="list-style-type: none"> <li>- represent a key industry (i.e. an industry that contributes significantly to the economy and has good growth potential)</li> <li>- have a sizeable membership representing the industry</li> <li>- have a strong track record in helping Small and Medium Enterprises (SMEs)</li> </ul>
Benefits	-
Suggested Improvements	-
Comments	-

Economy	Singapore
Featured Programme	Double Tax Deduction for Market Development Scheme
Year	N/A
Description	The DTD Scheme supports market development expenses incurred by Singapore-based companies for new markets, products and/or customers. It covers a range of market development activities along key stages of a company's overseas expansion process from market preparation to market presence, allowing the company to enjoy tax savings, i.e., deduct twice the eligible expenses incurred against taxable income
Agency	IE Singapore
Role	Management
Objectives	The DTD Scheme encourages Singapore-based companies to expand their overseas market presence by supporting their market development activities for new markets, products and/or customers
Target	N/A
Funding Nature	Reduction in Taxes
Government Funding Amount	<p>Deductible Expenses:</p> <ul style="list-style-type: none"> <li>- Engaging external consultant/professional for: <ul style="list-style-type: none"> <li>• Design of packaging for overseas markets</li> <li>• Products/services certification for overseas markets</li> <li>• Overseas market survey/feasibility study</li> </ul> </li> <li>- Participating in overseas business/market development trips or missions</li> <li>- Exhibiting in overseas and approved local trade fairs</li> <li>- Overseas advertising and promotions <ul style="list-style-type: none"> <li>• Printing of corporate brochures for overseas distribution</li> <li>• Advertising in approved local trade publications</li> </ul> </li> <li>- Establishing overseas marketing offices</li> <li>- Promoting the company's master license and franchise overseas</li> <li>- Tax deduction</li> </ul>
Total Funding Allocated	N/A
Criteria	Singapore-registered company with permanent establishment in Singapore
Benefits	-
Suggested Improvements	-
Comments	-

Economy	Singapore		
Featured Programme	International Business Fellowship		
Year	2007		
Description	The Executive Programme organised by IE and top training institutes in the supported markets, consists of short-term programmes designed to help middle and senior management of Singapore-based companies gain a better understanding of their targeted overseas markets		
Agency 1	IE Singapore	Agency 2	Top Local Universities in Central Asia, China, India, Latin America, the Middle East, Russia and Vietnam
Role	Management	Role	Implementation
Objectives	Supports Singapore-based companies in the training of company executives to acquire business knowledge and build networks in supported markets of Central Asia, China, India, Latin America, the Middle East, Russia and Vietnam		
Target	N/A		
Funding Nature	Grant		
Government Funding Amount	Eligible Costs for grant support - Executive Programme <ul style="list-style-type: none"> <li>• Up to 70 per cent of the course fees</li> <li>• Up to 50 per cent of return economy airfare and accommodation expenses for selected markets (with effect till 31 January 2011)</li> </ul> -Cost sharing of the programme with the companies		
Total Funding Allocated	N/A		
Criteria	- Singapore-based company - For Executive and Postgraduate Programme, applicants must be nominated and supported by Singapore-based companies		
Benefits	Helps companies to develop in-house market expertise through short market immersion programmes		
Suggested Improvements	-		
Comments	Very useful platform to understand a market first without plunging in immediately		

Economy	Singapore
Featured Programme	<p>Various Broad-based Assistance</p> <ul style="list-style-type: none"> <li>• IE advisory centre</li> <li>• IE Singapore workshops/seminars</li> <li>• IE's iAdvisory Portal</li> <li>• IE's portal about upcoming Missions and Trade Fairs</li> </ul>
Year	2008
Description	<p>IE Singapore's Advisory Centre provides personalised, face-to-face advisory support from both IE Singapore's in-house consultants and private sector partner consultants on a wide range of internationalisation issues and IE assistance programmes. Services provided are Business Matching, Enterprise Advisory, Trade Statistics and Print and Online Resources (ieShop)</p> <p>Various workshops and seminars on various topics relating to trade/internationalisation are conducted regularly by various agencies</p> <p>At <a href="http://www.iadvisory.com.sg">www.iadvisory.com.sg</a>, companies can identify and access the know-how of experts or iadvisors from all around the world. Companies can contact these iadvisors directly and post them questions about overseas expansion or access relevant IE programmes and initiatives that would enhance their overseas expansion.</p> <p>A calendar of upcoming missions and trade fairs is available on the <a href="http://iesingapore.com">iesingapore</a> website. This website provides a venue for companies to obtain information about internationalisation-related missions and trade fairs organised by various government agencies or business associations</p>
Agency	IE Singapore
Role	Management
Objectives	Provides free resources along with in-market contact databases
Benefits	<p>-Skills building</p> <p>-Knowledge sharing and networking</p> <p>Free preliminary advice by experts in their fields</p> <p>Companies can take part in the activities for their interested markets</p>
Suggested Improvements	More focused and targeted programmes
Comments	-



Economy	Chinese Taipei
Featured Programme	Branding Taiwan Plan
Year	2006-2012
Description	<p>The plan has 6 dimensions:</p> <ol style="list-style-type: none"> <li>1. Administering venture capital funds for branding</li> <li>2. Creating a favourable environment for brand development</li> <li>3. Conducting brand valuation surveys</li> <li>4. Expanding the branding talent pool</li> <li>5. Establishing a branding consultation and information platform</li> <li>6. Raising the international image of Chinese Taipei products and brands</li> </ol>
Agency	Taiwan External Trade Development Council (TAITRA)
Role	Chinese Taipei's major trade promotion agency
Objectives	To enhance the branding image and boost the competitiveness of Chinese Taipei enterprises in world markets, as well as facilitate them in overcoming obstacles and difficulties in the development of their own international brands
Target	In year 2012, there are 5 Chinese Taipei brands with each brand value exceeding USD 1 billion, 2 among the 5 brand value exceeds USD 1.5 billion; and top 20s' total brand value exceeds USD 10 billion
Funding Nature	Funds
Government Funding Amount	Varies with application
Total Funding Allocated	TWD 240 million
Criteria	<ul style="list-style-type: none"> <li>• All industries</li> <li>• All regions/areas</li> <li>• No turnover criteria</li> <li>• No paid-up capital requirement</li> <li>• No employment requirement</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Stimulate Chinese Taipei brands to increase brand value</li> <li>• Encourage Chinese Taipei SMEs to move towards branding</li> <li>• Bring more renowned brands into the world markets, and become the pride of Chinese Taipei</li> </ul>
Suggested Improvements	Provides continuous assistance from 5 dimensions: funding, talents, information, environment and promotion
Comments	-

Economy	United States
Featured Programme	National Export Initiative (NEI)
Year	2010
Description	US President, by Executive Order, declared in February 2010 to double exports from the U.S. and create 2 million new jobs
Agencies	20 US Federal Agencies that support trade, policy, international affairs
Role	All agencies have specific and overlapping roles for the NEI
Objectives	Counsel and train new-to-export SMEs; provide working capital
Target	SME manufacturers, suppliers and distributors
Funding Nature	guarantee loan programmes and technical assistance by resource partners in private sector
Government Funding Amount	Undetermined
Total Funding Allocated	
Criteria	<ul style="list-style-type: none"> <li>• All industries</li> <li>• All regions/areas</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Increase exporting SMEs</li> <li>• Create new jobs</li> <li>• Increase U.S. production</li> </ul>
Suggested Improvements	-
Comments	-

### E.2.1 Minority Group Programmes

Economy	Japan		
Featured Programme	“Marukei” loan		
Year	1990s		
Description	“Marukei” loan programme is joint programme between Japan Finance Corporation (JFC) and Japan Chamber of Commerce and Industry (JCCI). In this programme, JCCI provides consultation service and JFC provides low interest loan to small companies which has already received consultation service from JCCI.		
Agency 1	JFC	Agency 2	JCCI
Role	Providing low interest loan	Role	Providing consultation service
Objectives	Enhancing micro companies’ access to finance		
Target	Small companies		
Funding Nature	Loan		
Government Funding Amount	15 mil JPY for “Marukei” loan		
Total Funding Allocated	-		
Criteria	<u>Manufacturing, Construction, Transport &amp; Other Industries</u> <ul style="list-style-type: none"> <li>• ≤ 20 employees</li> </ul> <u>Wholesale, Retail and Services</u> <ul style="list-style-type: none"> <li>• ≤ 5 employees</li> </ul>		
Benefits	<ul style="list-style-type: none"> <li>• Enhancing micro companies</li> </ul>		
Suggested Improvements	-		
Comments	-		

Economy	Malaysia
Featured Programme	Women Exporters Developments Programme (WEDP)
Year	2005
Description	Facilitate and grow women-led SMEs to become exporters
Agency	MATRADE
Role	Groom and coach women entrepreneurs
Objectives	Increase participation of women in export business
Target	N/A
Funding Nature	Grant
Government Funding Amount	MYR 100,000 per annum per company
Total Funding Allocated	MYR 1.2 million
Criteria	<ul style="list-style-type: none"> <li>• Manufacturing and services</li> <li>• Turnover not exceeding MYR 25 million</li> <li>• Employs no more than 150 full-time staff</li> <li>• At least 51% owned by local</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Increase skills, knowledge and networks</li> </ul>
Suggested Improvements	<ul style="list-style-type: none"> <li>• Increase number of coaches</li> <li>• Increase duration from 3 years to 5 years</li> <li>• Widen scope of eligible activities</li> </ul>
Comments	-

Economy	Peru
Featured Programme	Support Programme Rural Productive Sierra - Allies of the Ministry of Agriculture - AGRO RURAL
Year	2009
Description	Conteste Rural Business Project 2010-II was held for groups of producers (GOP's) and producer associations of 211 districts of 36 provinces
Agency	Ministerio de Agricultura - AGRORURAL
Role	Development of Peruvian agriculture
Objectives	Improving assets and economic conditions of rural families in the intervention area of the programme, it has prioritised a set of poor rural districts in six departments of Peru
Target	Strengthening producer organisations and promote their integration under approaches to watershed management and production chains
Funding Nature	Grant
Government Funding Amount	S/ 33,000 to 99,000 per application
Total Funding Allocated	S/ 7.37 million
Criteria	<ul style="list-style-type: none"> <li>• Rural agro producers only</li> <li>• Regions/Areas covered are Apurímac, Ayacucho Huancavelica, Huánuco, Junín y Pasco</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Improving assets of rural families</li> <li>• Identify new potential markets</li> </ul>
Suggested Improvements	-
Comments	-

Economy	Chinese Taipei
Featured Programme	One Town, One Product
Year	Two stages are the first period is from Jan. 1, 2008 to Dec. 31, 2009, and the second stage is from Jan. 1, 2010 to Dec. 31, 2011.
Description	Taipei's local cultural industries, helping the firms concerned to develop both the domestic market and overseas markets, while also promoting tourism industry development in the regions where these firms are located
Agency	Small and Medium Enterprise Administration, Ministry of Economic Affairs
Role	Gives SMEs the fresh impetus not only to supervision, but also implementation
Objectives	The four-year plan on local industries is aimed to use managerial guidance to help the enterprises that make up Chinese Taipei's local cultural industries to expand from the local market into national market and ultimately overseas markets, creating clusters of SMEs that they are globally competitive and that possess real vision
Target	Three Targets are selected: thematic, potential-based (targeting firms that have significant development potential but which not previously received guidance), and regional (focusing on the integration of regional resources by firms that have previously received guidance) industries
Funding Nature	-
Government Funding Amount	-
Total Funding Allocated	-
Criteria	<ul style="list-style-type: none"> <li>• Thematic, potential-based and regional industries</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• build up the Local features of industrial clusters</li> <li>• Develop the worldwide awareness for local brands</li> <li>• Sell to the local and overseas target markets</li> <li>• Encourage SMEs to make use of ICT to improve the innovation ability</li> </ul>
Suggested Improvements	-
Comments	-

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