



34th ISBC 2007

Bangkok, Thailand
ASEAN



Roles of Trading Firms in SMEs Trade:

Strengths and Limitations



Key messages

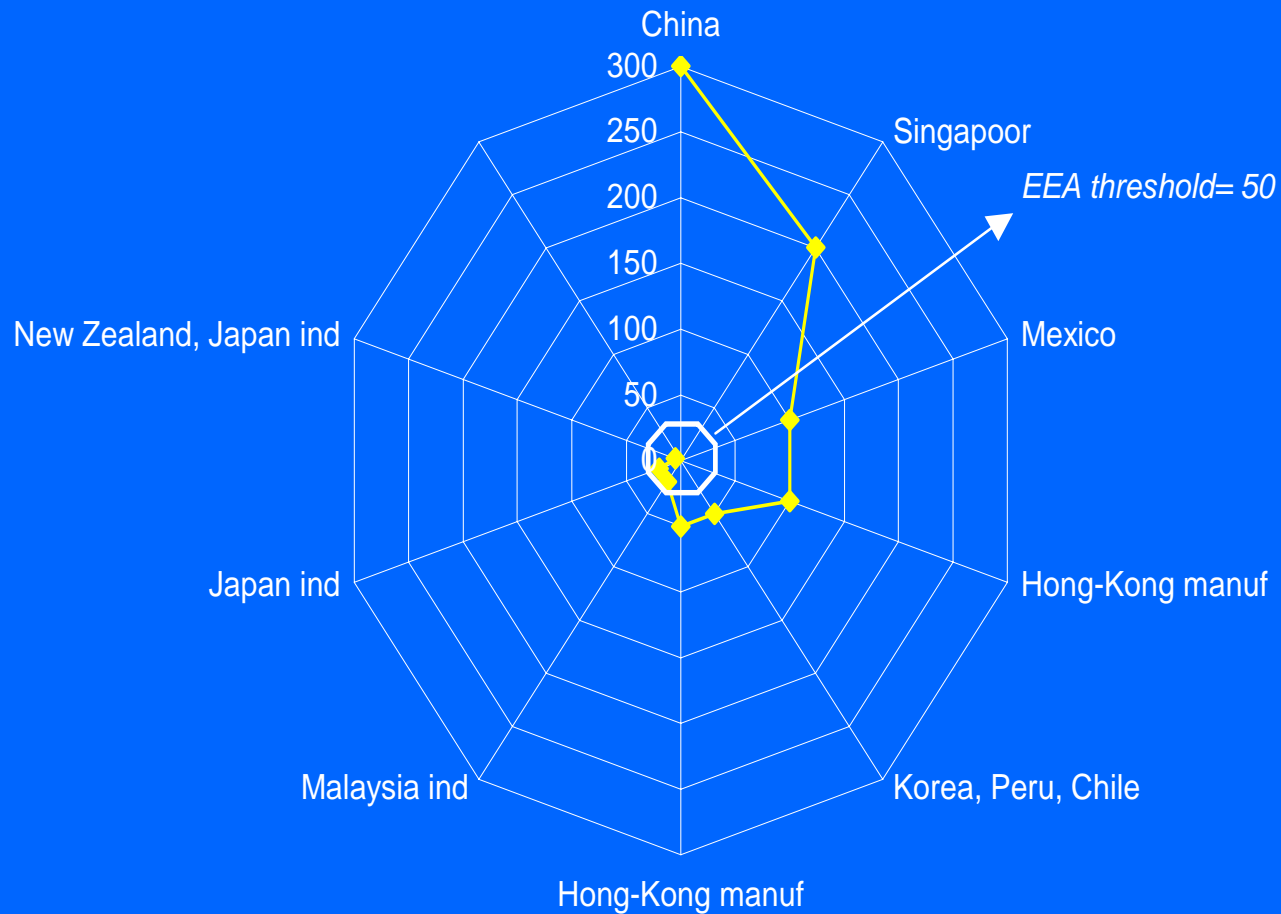
- SMEs are key entrenched drivers of economy and job creations
- Trading firms bridging the globalised SME opportunities - strengths & limitations
- A globalised SME network under free trade for long term sustained growth



Acknowledgement

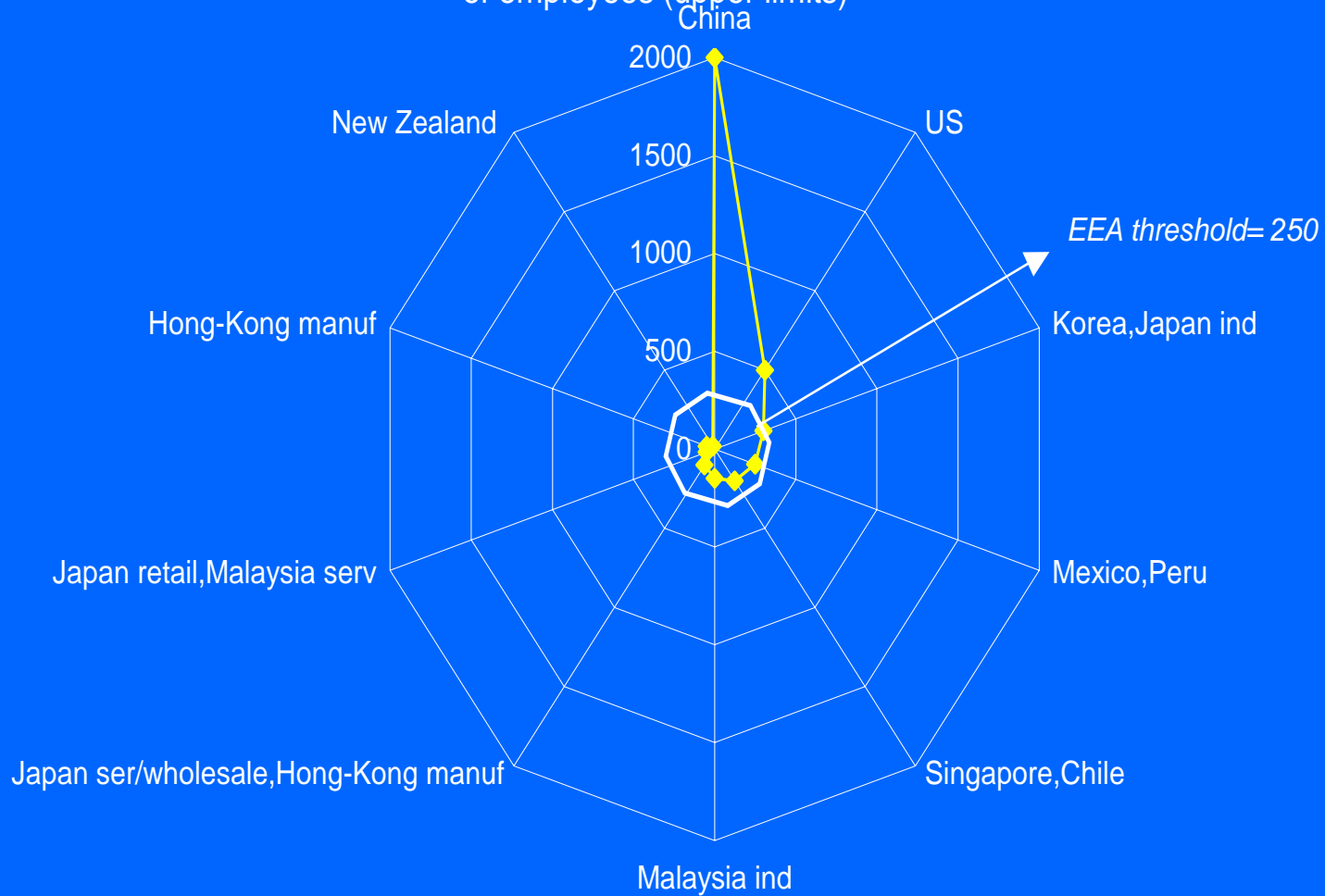
- **SME survey -**
- **Supported by APEC Business Advisory Council (ABAC)**
- **Initiated by ABAC APAR Workgroup 2007**
- **Jointly conducted by ABAC Peru/Mexico/Chinese Taipei**

Graph 2. Small enterprises, surveyed countries: number of employees (upper limits)



Source: elaborated by ABAC Mexico with ABAC SMEs survey data

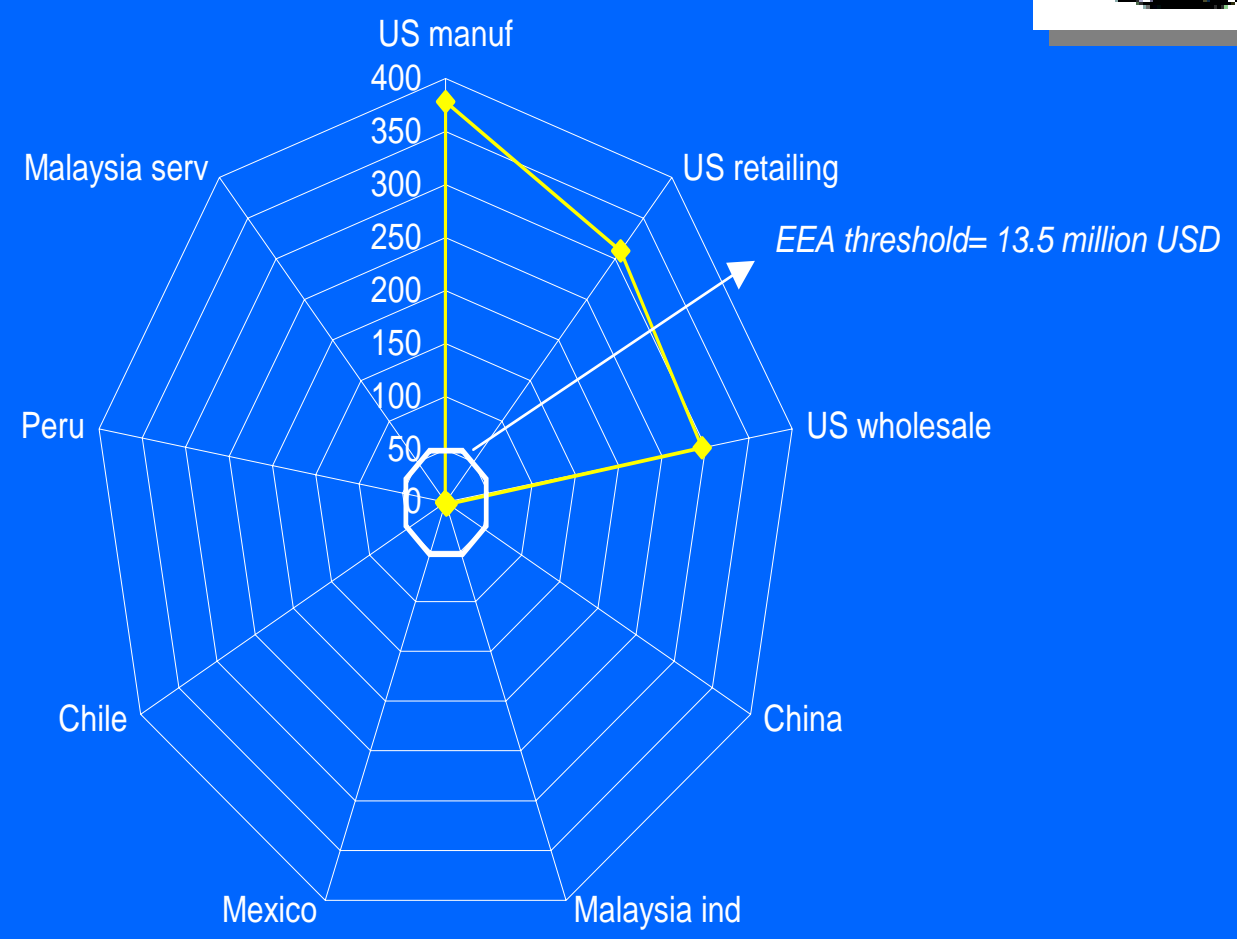
Graph 3. Medium enterprises, surveyed countries: number of employees (upper limits)



Source: elaborated by ABAC Mexico with ABAC SMEs survey data

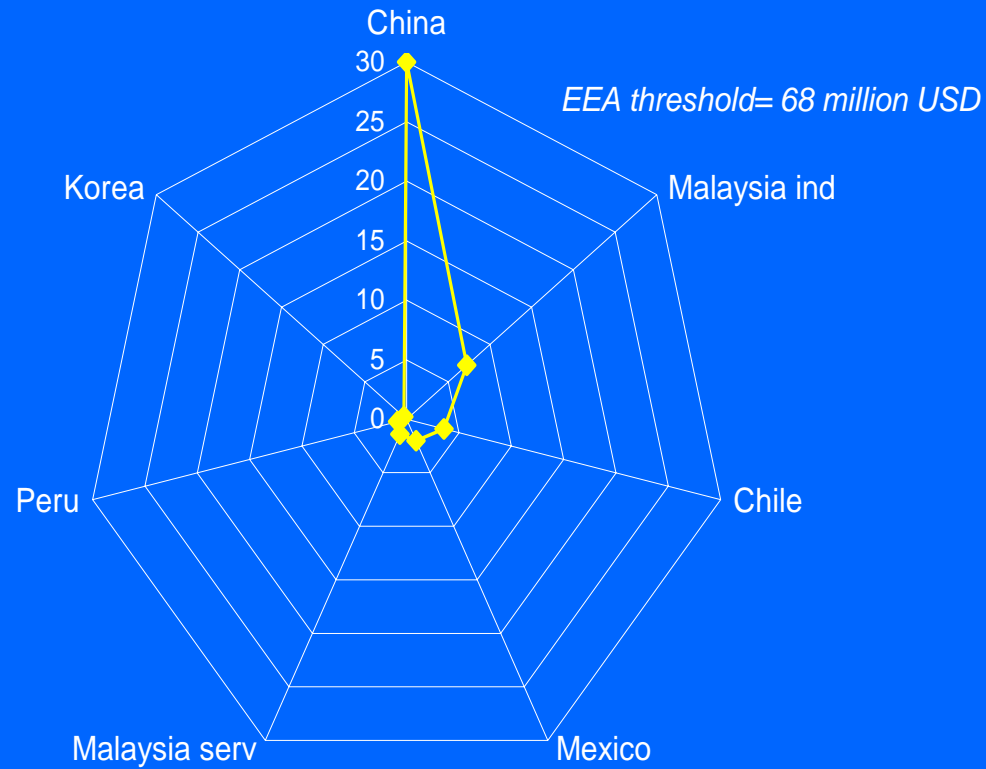


Graph 5. Small enterprises, surveyed countries:
annual sells (upper limits, million USD)



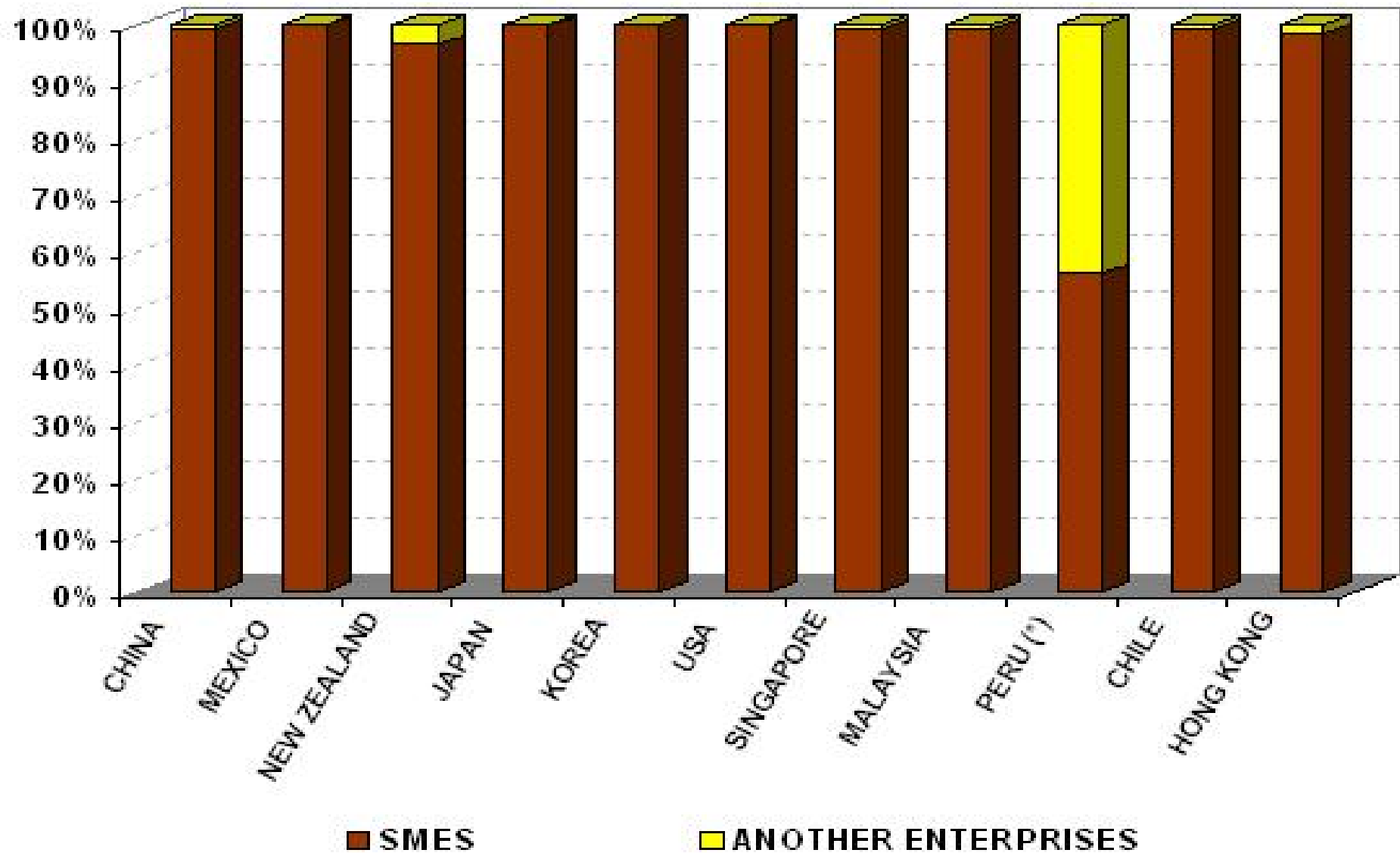
Source: elaborated by ABAC Mexico with ABAC SMEs survey data

Graph 6. Medium enterprises, surveyed countries: annual sells (upper limit, million USD)



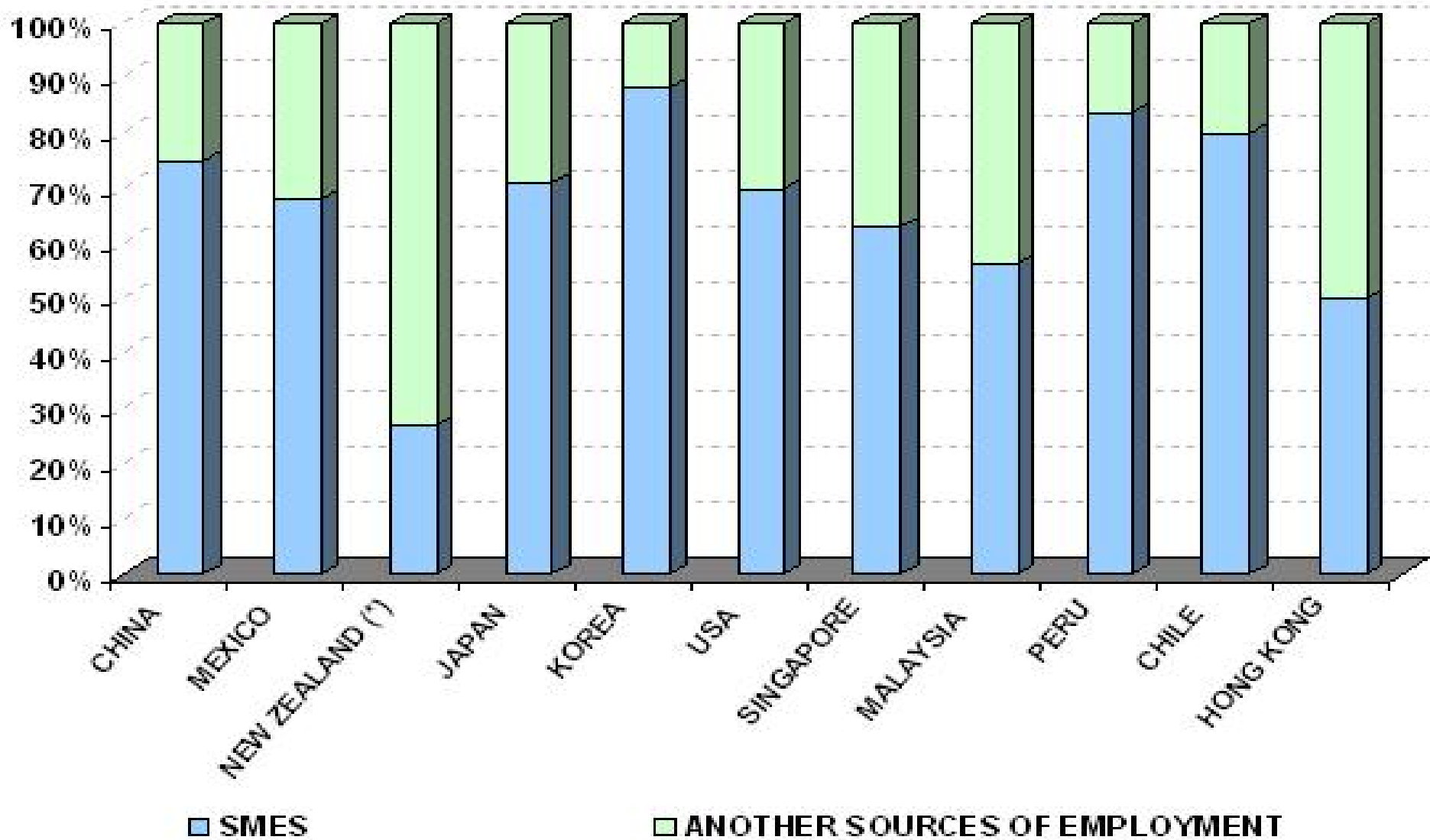
Source: elaborated by ABAC Mexico with ABAC SMEs survey data

SMES PARTICIPATION IN ENTERPRISE FIELD



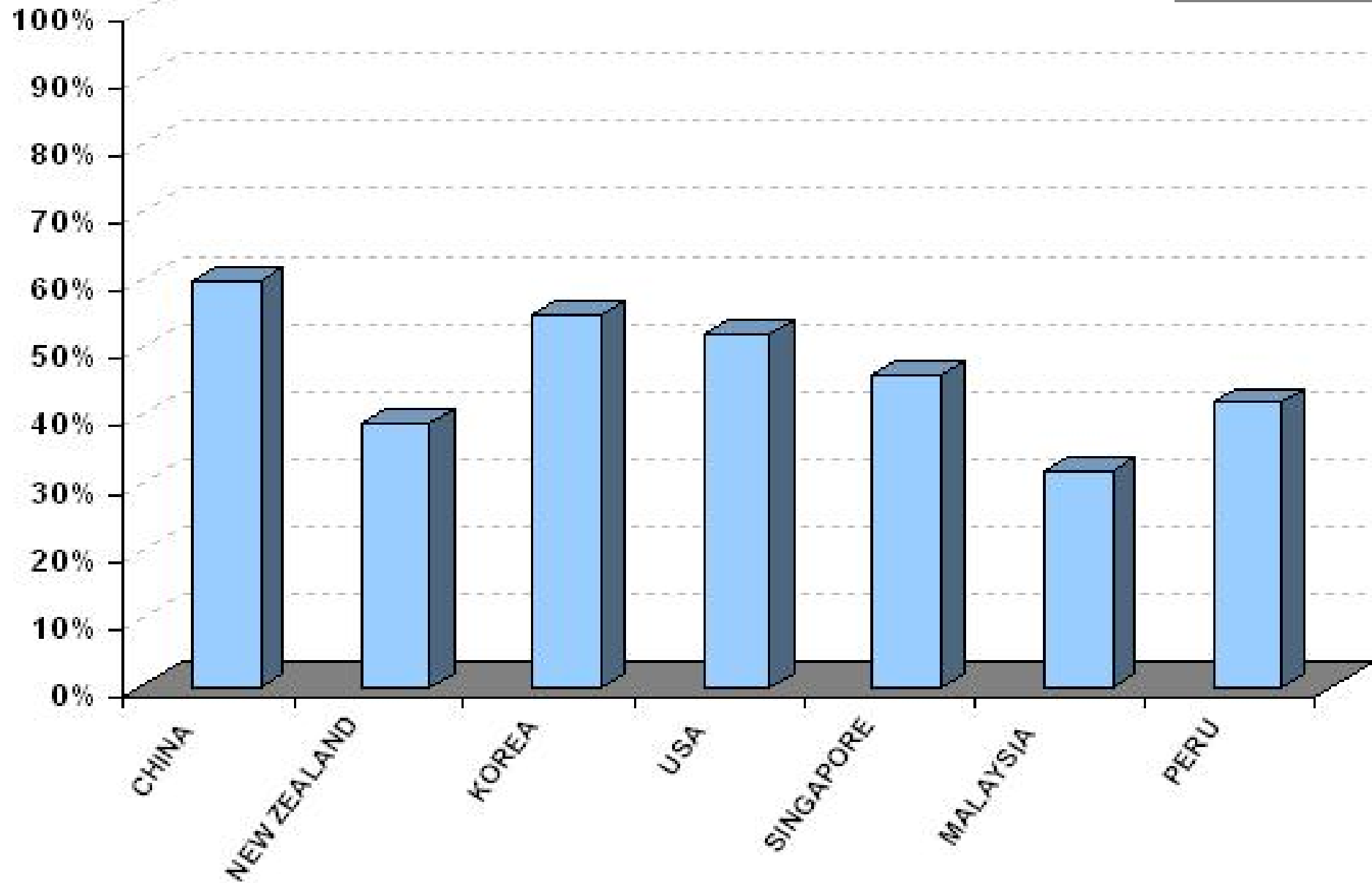
(*) Data from Peru does not include the self-employment enterprises

CONTRIBUTION OF SMES TO EMPLOYMENT

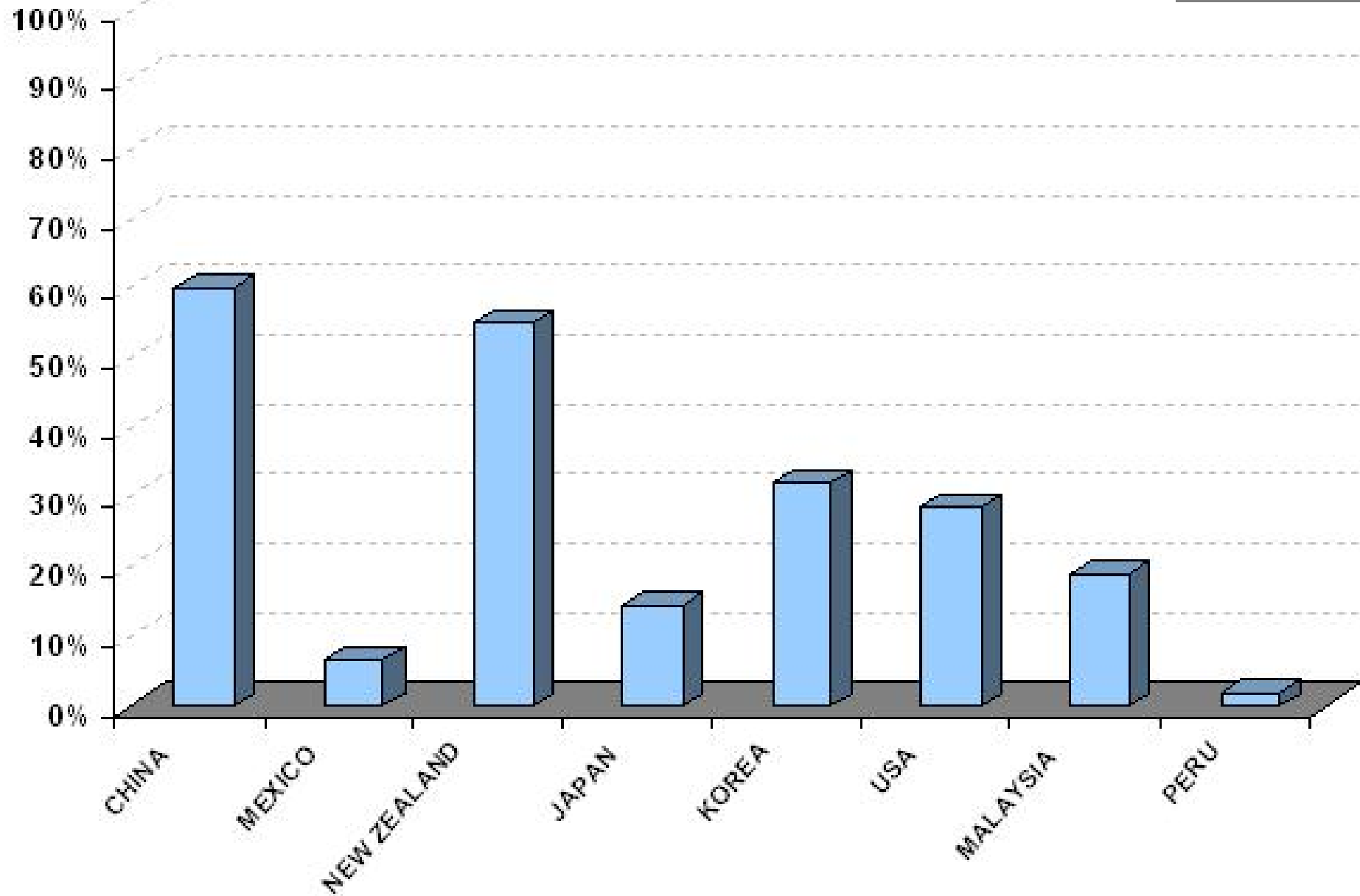


(*) The Contribution to total employment is shorter than the one of other economies because of the size of SMEs is no bigger than 30 employees

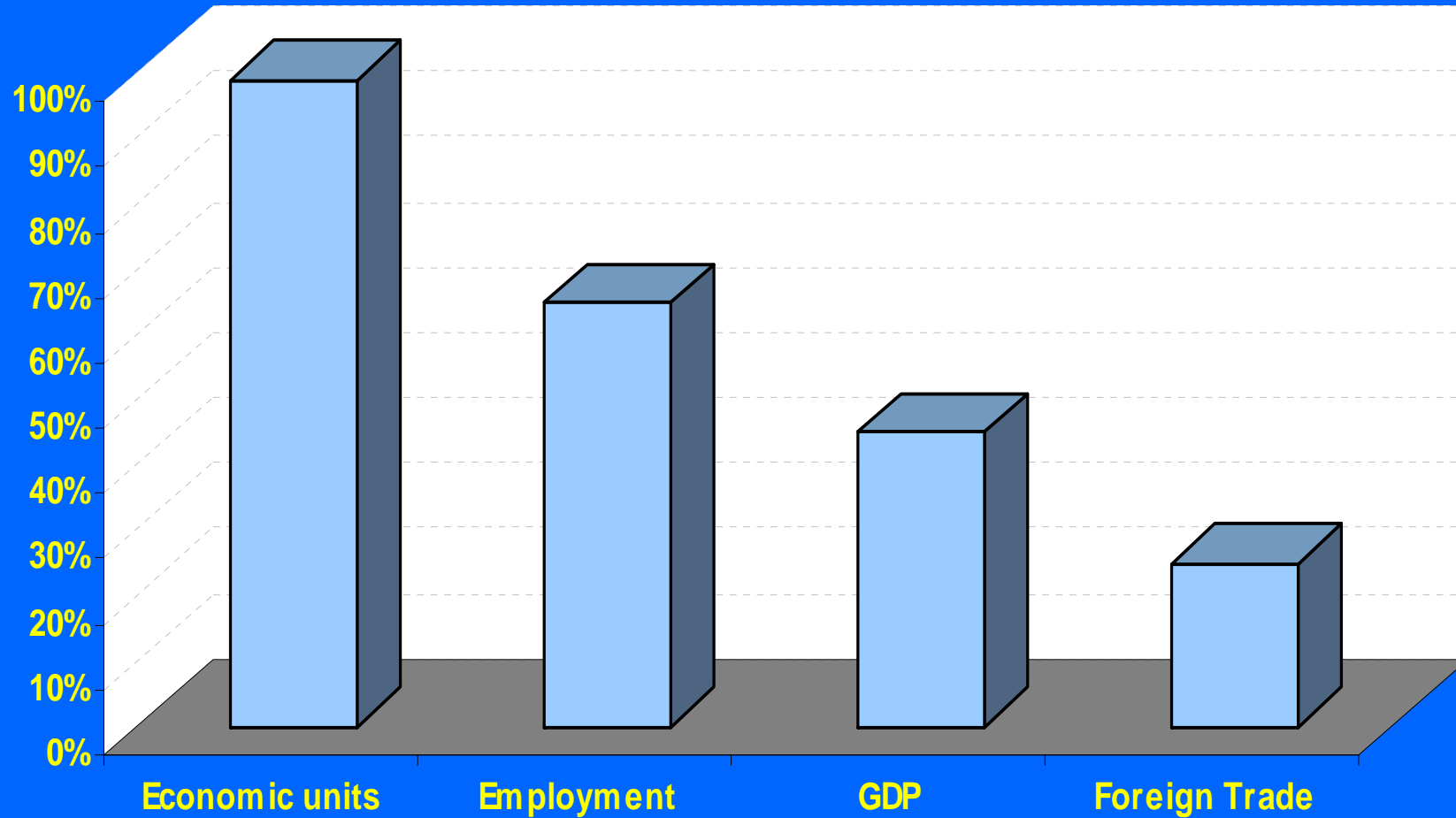
CONTRIBUTION OF SMES TO GDP



SMES PARTICIPATION IN FOREIGN TRADE



GENERAL PARTICIPATION OF SMES IN THE PACIFIC REGION





MNCs advantages

Globalised

- **Branding - Absolute competitive strength**
- **Talent pool - Shared experience & knowledge**
- **R&D - Global know-how, Local adaptations**
- **24/7 - Non-stop operations**
- **Treasury & finance costs - Cost of money**
- **Intelligence - Min risks/Max opportunities**
- **Procurement - On time, On spec, On Cost**
- **Production/costs - Volume/Unit costs (OEM)**
- **Business/Distribution network**



MNCs & MNCs clusters

- Development phases
 - 1. Export marketing
 - 2. Local assembly
 - 3. Local production
 - 4. Global supply chain/MNC clusters
 - 5. Global intellectual capacity/MNCC



Trading Firms

- Strengths:

The MNCs/MNC Clusters advantage

- Limitations:

1. Synergy, Competency, Transparency, Management discipline etc

2. Trading eco-system



SME Trade Clusters

- Supported by trading firms:

General: Partners integrity, Connect to global growth opportunities, Share global intelligence, Swap know-how, supply chain

Horizontal: Swap products, Aggregates

Vertical: R&D, supply chain



Free Trade for SMEs

- Free trade NOT only for MNC/MNC-C
- Protections further enhance MNC/MNC-C advantages
- Establish global trading clusters
- Secure GTC advantages to compete
- SMEs & MNC-C growth under free trade



The Beginning

GTC