SME COMPETITIVENESS OUTLOOK 2017

The region: A door to global trade

5 Thought leaders

3 Case studies

50 Country profiles

International Trade Centre

TRADE IMPACT FOR GOOD

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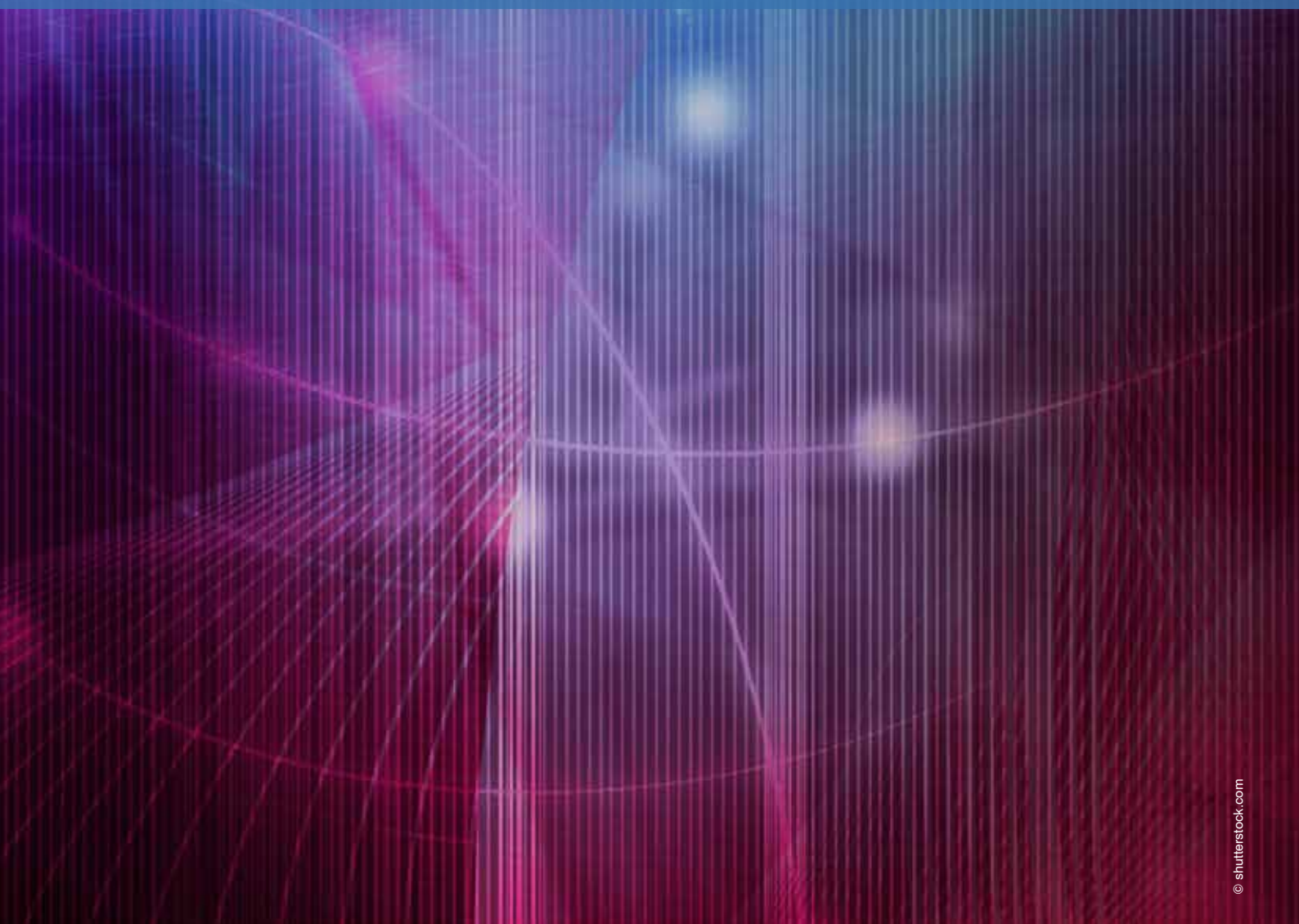
The region:
A door to global trade



This year's report focuses on regional trade, the most common form of trade for small and medium-sized enterprises (SMEs). It finds that deep regional trade agreements help deliver inclusive growth. These agreements attract value chain activity and narrow the competitiveness gap between large and small firms. When investment is part of such agreements, the impact is stronger.

The report provides targeted advice for policymakers, businesses, and trade and investment support institutions. It combines data analysis, case studies, academic insights and opinions by thought leaders.

Policymakers, investors, exporters and importers receive key information on how to identify new partners and market opportunities. The publication contains 50 country profiles, featuring detailed SME competitiveness assessments and information on each country's export potential within and outside their geographical region. Success stories of value chain integration are provided for Ghana, Hungary, Indonesia, Kenya and Morocco.

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Acronyms

ASEAN	Association of Southeast Asian Nations
BIT	Bilateral investment treaty
DTT	Double Taxation Treaty
EAC	East African Community
ECOWAS	Economic Community of West African States
EPI	Export Potential Indicator
EU	European Union
FDI	Foreign direct investment
FTA	Free trade agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
ICT	Information and communications technology
IPA	Investment promotion authority
ISO	International Organization for Standardization
IT	Information technology
IVC	International value chain
LDC	Least developed country
MENA	Middle East and North Africa
MERCOSUR	Common Market of the South
NTM	Non-tariff measure
OECD	Organisation for Economic Co-operation and Development
PTA	Preferential trade agreement
R&D	Research and development
RTA	Regional trade agreement
SITA	Supporting Indian Trade and Investment for Africa
SME	Small and medium-sized enterprise
TISI	Trade and investment support institution
TPO	Trade promotion organization
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

Foreword

The world of trade is changing. Traditional defenders of open markets now seem hesitant. Meanwhile, new major players in global markets are speaking up to defend open trade. Trade negotiations have been put on hold in some parts of the world. In others, integration efforts have intensified.

In this shifting context, companies will not stop doing business; they will change the way they do business. One response to protectionist rhetoric is to shorten supply chains to reduce vulnerability to future trade restrictions. This means strengthening operations in places where the policy environment is most stable and trade costs are lowest. As a consequence, lead firms are likely to reinforce their regional operations as a key coping strategy.

As an agency dedicated to the internationalization of small and medium-sized enterprises (SMEs), we at the International Trade Centre (ITC) have therefore chosen 'the region' as the theme for this year's *SME Competitiveness Outlook*. This is not done out of a preference for regional as opposed to global integration. ITC remains firmly convinced that a strong, effective rules-based multilateral system is essential for trade-led development that is sustainable and inclusive.

Yet, the region has always been the door to global trade for SMEs, and we expect this to be even more so in coming years. With this report, we want to help SMEs and policymakers to better tap the potential offered by growing regional markets.

The potential of SMEs to connect to regional or global markets greatly depends on the extent of value chain activity within their geographical proximity. As this report shows, most value chain activity takes place within regional value chains, with suppliers in the region serving lead firms in the regional hub. Some regions, countries, institutions and companies are more successful than others in generating regional value chain activity. This report provides insights into why this is the case.

Some regions generate more value chain activity. Regional integration turns out to be a major success factor. Stronger regional transport infrastructure and regional technical institutions relevant for standards and regulations help reduce trade costs, thus smoothing value chain activity. These regions also have formal trade agreements including policy areas relevant for value chain activity – most notably investment and services. This spurs value chain activity, which in turn is good for SMEs, and for inclusive development. Evidence in this report shows that if a country covers one additional policy area through trade agreements, its integration into value chains increases by 2.5%, decreasing the competitiveness gap (that is, the difference in performance) between large and small firms by 1.25%.

Some countries are more successful than others in connecting their companies to regional value chains and making them work for development. These countries typically draw the attention of foreign investors or regional lead firms. Where countries demonstrate relevant supply capacity, the resulting business deals can place a sector, cluster, or region on a growth spiral of increased investment and trade. This report shows how a combination of export potential assessments, value chain analysis and benchmarking through systematic SME competitiveness assessments can help policymakers prioritize actions and investment to help companies grow in value chain trade.

Some business ecosystems are more conducive to connecting companies to regional and global markets than others. Regional networks of trade and investment support institutions (TISIs) can play an important role in transmitting regional policy changes to the ecosystem that immediately surrounds firms. This report describes how TISIs like chambers of commerce, trade promotion organizations and standard-setting bodies have become organized in regional networks to strengthen their region's position in global trade. We highlight five areas of collaboration: information sharing (e.g. business databases, export and investment potential); strategies on value chains, branding and more; lobbying and advocacy to bring business views into policies; trade promotion events; and capacity building and mentoring.

Some companies operate more successfully within international value chains than others. The 'SME Guide to Value Chains' in this report provides actionable guidance on how to get selected by regional or global buyers; operate successfully within international value chains; and upgrade or expand within these chains.

It is the combination of deep integration, smart national policies, a vibrant business ecosystem and strong company capacity that will help SMEs to flourish in regional – and ultimately global – markets. This is good for SMEs. It is also good for those working in SMEs, who represent the majority of any country's workforce and often the most vulnerable parts of society.

In order for SMEs to offer their workers decent wages and working conditions, they must be able to negotiate decent deals with their buyers. The more competitive SMEs are, the stronger their bargaining power will be within international value chains. The guidance in this report is of direct use to SMEs. It also provides TISIs and policymakers with tools and guidance to assist SMEs in their efforts to strengthen their positions within value chains.

Deep integration appears to be more conducive to SME competitiveness than shallow integration. This report therefore invites policymakers to see the current 'globalization crisis' as an opportunity for integration. Deeper integration, rather than less integration, is one answer to urgent public demands for social equity and environmental sustainability. As lead companies turn to regions, if governments and their partners deepen regional economic integration policies and governance, this would be good for value chains, good for SME competitiveness and good for their employees.

SME competitiveness may not be enough to reduce poverty and increase the number of decent jobs; but it is, in our view, a requirement. We are confident this report will help you find ways to address trade's contribution to the United Nations Sustainable Development Goals amidst the deep changes in today's political economy.

Arancha González
Executive Director,
International Trade Centre

About this report

Regional trade is the most common form of trade for small and medium-sized enterprises (SMEs).

SMEs typically look at neighbouring countries for their first international operation. In this context, SMEs are likely to encounter international value chains. Most international trade takes place within such value chains and – as shown in this report – many value chains operate mainly at a regional level. For most SMEs, value chains represent an entry point into internationalization. The discussion of regional value chains therefore takes a central stage in this report.

Part I

Part I of this report describes the environment in which SMEs are most likely to act at a regional level. It provides guidance for SMEs on how to benefit from value chains and for policymakers on how to shape policies that put SMEs on a road to success. Understanding the decision-making processes within value chains is a prerequisite for successful SME internationalization – and for any region to be a door to global trade.

- **Chapter 1** describes the relevance of regional value chains for international trade, and what they can offer to SMEs. The report finds that regional value chains are more prevalent and easier to access than global ones.
- **Chapter 2** provides insights into the policy environments that are most conducive for value chain activities. It assesses regional trade agreements and other regional integration initiatives from this perspective. In recent years, regional trade agreements have imbedded value chain imperatives into their design.
- **Chapter 3** represents a guide for SMEs on value chains. It provides actionable guidance on how to get selected by regional or global buyers; operate successfully within international value chains; and upgrade or expand within these chains. SME capacities are key to success.
- **Chapter 4** describes how different types of trade and investment support institutions operate at the regional level – often within regional networks – and how this can contribute to SME integration into regional value chains.

Part II

Part II gives policymakers, investors, exporters and importers key information on how to identify new partners and market opportunities:

- **Chapter 5** assesses why some regions are better positioned to participate in regional value chains than others. This assessment is based on ITC's SME competitiveness scores.
- **Chapter 6** illustrates how quantitative export potential assessments, value chain analysis, benchmarking against competitors and systematic SME competitiveness assessments can support decision-making around value chain integration. It does so through success stories of value chain integration in five countries: Ghana, Hungary, Indonesia, Kenya and Morocco.
- **Chapter 7** highlights five SMEs that became regional or global leaders in their line of business. The chapter examines the steps these companies took on their road to success and the role played by regional integration and policies.
- **Chapter 8** presents 50 country profiles, featuring SME competitiveness assessments and information on each country's export potential within and outside their geographical region.

To address the key question of the report – the role of the home region – this report separates value chains based on geographic scope.
International value chain (IVC) *is the broadest term, encompassing regional, multiregional and global value chains.*
Global value chain (GVC) *in this report differs from a more generic use of the term. Here a value chain is considered global if it covers three or more of five geographic regions.*
Value chain *and* **supply chain** *are used interchangeably.*

Executive Summary

Regional integration, value chains and SMEs

Deep integration is good for value chains.

Deep integration is good for value chains. This report provides new evidence that deep regional integration is linked to greater value chain activity. What's more, preferential trade agreements with investment provisions have a stronger effect on value chain integration than stand-alone bilateral investment treaties.

The world of trade is changing. With it, companies are changing the ways they do business

As the landscape of the world of trade changes, companies are changing their ways of doing business. One response to increased protectionist pressures is to strengthen operations where the policy environment is most stable, and trade costs are lowest. For many lead firms, this may imply strengthening their regional operations.

For SMEs, an increase in value chain activity around them provides new opportunities to enter international markets

For small and medium-sized enterprises (SMEs), this can be good news. Greater regional value chain activity provides new opportunities to enter international markets. Greater regional value chain activity is also linked with a reduced competitiveness gap between small and large firms, this report shows.

Action points for policymakers in this report can help them make their region more attractive for value chain activity, especially by deepening integration. The report also includes an 'SME guide to value chains' with insights into how SMEs can make the most of increased value chain activity in their region. Finally, the report assesses how regional collaboration among trade and investment support institutions can foster SME integration into regional or global value chains.

The virtuous spiral: Deep integration and value chain activity

International value chains are mostly regional. Very few span the globe.

Truly global firms are rare. Most international firms turn out to be regional or multiregional. International value chains mostly function within a single region, or across two regions, to benefit from nearby suppliers. Limited geographic scope also helps firms get around the cost of moving people, which remains high.

Africa is an exception. Regional value chain activity has struggled to take off.

Africa appears to be the exception to the rule that value chains are clustered around regional activities. African firms are more likely to join production networks outside of the continent. ITC data for East African firms in international value chains confirms that they typically export intermediate inputs to firms in East Asia, Europe or North America.

The position of SMEs within a value chain determines the benefits they receive and their potential to scale up.

Moreover, the firms themselves generally engage in business functions of low complexity, suggesting that they only capture a small share of value added in the chains. This matters because the position of SMEs within a value chain determines the benefits they receive and their potential to scale up in quantity, diversification or quality.

One reason why regional value chain activity is lower in Africa then elsewhere may be related to lack of regional integration. Regional integration lowers transaction costs and smoothes the functioning of regional value chains, presenting an opportunity for development.

Regional integration agreements generally build on existing multilateral agreements by deepening multilateral commitments further (so called 'WTO-plus' provisions, such as further reductions in tariffs). Increasingly, they contain provisions that are currently not in WTO rules (called 'WTO-extra' provisions, such as those related to investment, capital movement or competition policy).

Deepening the integration matters for value chain activity as a whole, and for SMEs.

By exploiting existing databases on trade agreements, it becomes clear that deepening integration matters for value chain activity and for SMEs.

When a country covers an additional policy area in its relations with partners (by signing new agreements or deepening existing ones), there is a 2.5% increase in the country's integration into value chain trade. This benefits both small and large firms. Small firms benefit even more, which leads to a 1.25% reduction in the competitiveness gap (that is, the difference in performance) between large and small firms.

For example, increasing Ecuador's commitments by one policy area would result in a reduction of the competitiveness gap between large and small firms, with the reduced gap being similar to the competitiveness gap of Slovakia.

Making policies more coherent

Services are the glue that holds value chains together. Services provisions in trade agreements matter.

That deep integration spurs value chain activity is likely to stem from greater policy coherence, bringing more conducive cross-border trade and investment. Recent regional initiatives have progressed on services, investment and infrastructure. All three are relevant to value chain activity.

Services are the glue that holds value chains together, in both developed and developing countries. Higher value is associated with segments of the chain that trade services, not goods. Moving into higher value-added goods segments, like component production, also requires services capabilities in areas like engineering.

Both developed and developing countries aspiring to a lead role in value chains need to emphasize services. Services are also critical to supply labour and production capacities. Even in manufacturing value chains, services represent a significant share of value added. Services enable competitive manufacturing and an efficient business environment.

Dealing with trade and investment under one legal umbrella, instead of signing bilateral investment treaties, has a greater effect on the level of domestic value added in exports through value chains.

Services markets are dynamic and technology changes. Effective, efficient regulation is necessary to support productivity upgrades in services and boost opportunities for SMEs, thus helping all firms join and move up in regional value chains.

Countries aiming to increase exports through value chains do well to consider investment provisions. Interestingly, this report finds that it matters how countries deal with investment provisions. Separate bilateral investment treaties have traditionally been the preferred form of regulating cross-border investment. Thousands of bilateral treaties are currently active.

This report shows that these treaties indeed matter to integrate buyers, as the treaties are associated with higher imports for exports. Including investment provisions into a preferential trade agreement, however, boosts integration for both buyers and sellers. In other words, the impact on domestic value added exports through value chains is greater when investment and trade happen under one legal umbrella.

Infrastructure investment is associated with increased regional integration.

Infrastructure is another policy area that has been affiliated with increased regional integration efforts. Regional infrastructure approaches have played an important role within the European Union. The emergence of new types of intergovernmental integration frameworks, such as China's Belt and Road Initiative, have led to a renewed interest in the role of hard infrastructure for regional integration.

Inclusiveness and sustainability through the lens of integration initiatives

SME integration and gender equality are important for the distribution effects of trade.

The new generation of regional trade agreements often includes provisions for inclusiveness objectives, such as gender equality or SMEs. For example, the share of preferential trade agreements entering into force that include gender references has more than tripled since the late 1990s. The same holds true for the share of preferential trade agreements including references to SMEs. While such provisions are not often legally binding, they raise awareness to reduce the gender gap in the labour force or integrate SMEs in international markets.

The share of preferential trade agreements with gender references has tripled since the 1990s. The same holds true for SME references.

Taxation is another relevant policy area to address public concerns about distribution effects of globalization.

Taxation is another policy area with inclusiveness objectives. Bilateral double taxation treaties have been on the rise in recent years. The recently concluded 'Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting' modifies the application of those double taxation treaties. The convention is multilateral in nature, yet– like the double tax treaties – has been concluded outside of trade agreements. While supply chain managers look at trade policies, investment policies and tax policies as one package, policymakers do not.

Supply chain managers look at policies for trade, investment and taxation as one package; trade negotiators do not. Tax treaties are still concluded outside of trade agreements.

Regulation, especially related to the environment, matters for sustainability. Multilateral trade rules under the World Trade Organization contain relevant provisions for environmental sustainability, notably under the Agreements for Technical Barriers to Trade (TBT). While these provisions have been deepened within preferential agreements, more remains to be done. The TBT Agreement encourages international collaboration among standard-setting or certification bodies. Such collaboration is underway in a number of regions.

Taking advantage of value chain activity: A guide for SMEs

More regional value chain activity can ease the internationalization of SMEs.

More regional value chain activity can ease the internationalization of SMEs. While integration provides many opportunities, many raise concerns that SMEs may remain stuck in low value added activities in such chains, particularly those in developing countries. Captive relationships are also a concern. Where SMEs have little room to negotiate their contracts with lead firms, space for offering decent working conditions is also reduced.

This report's SME guide to value chains advises SMEs on how to become more attractive partners for lead firms, as well as on how to strengthen their bargaining power within value chains. The guide contains concrete suggestions on how to:

Market know-how and resources are critical to enter value chains. Success hinges on managerial and operational capacities. Upgrading depends on a proactive search for opportunities.

- get selected by regional or global buyers;
- operate successfully within international value chains;
- upgrade or expand within value chains.

To plug into a value chain, SMEs require both market know-how and access to adequate resources. Once they join, their priorities shift to managerial and operational capacities. Successful SMEs design their upgrades to higher-value tiers of the chain. They proactively seek market opportunities. Any firm-level effort in this direction is more likely to succeed if supported by national and regional systems.

An SME's bargaining power in value chains determines its benefits. Bargaining power depends on competitiveness and client base.

Like many things in life, attaining a progressive path within a value chain comes down to a catch-22 problem. Low profitability rates and a stagnant position in a chain are often associated with SMEs stuck in a hierarchal or captive governance structure. So-called modular or relational governance structures give more leverage and bargaining power to an SME, and are more conducive for upgrades or expansion within the value chain. Yet, only competitive SMEs can successfully negotiate balanced contractual arrangements with lead firms.

Supporting regional value chains and SMEs: The role of trade and investment support institutions

Trade and investment bodies are merging.

Value chains that tie investment flows to goods and services in different regions have implications for trade and investment support institutions (TISIs). Trade promotion organizations and investment promotion agencies have been consolidating their operations through mergers, particularly in high-income countries and sparsely populated countries. The trend is logical. Connecting to value chains requires both trade and investment promotion, often with the same partners abroad. Merging can make them more agile in a fast-moving environment.

Together, they can support regional value chains and SME internationalization.

TISIs have considerable scope to support regional trade and investment policy initiatives. Regional networks of national trade and

Collaboration among trade and investment support institutions can strengthen a region's global trade position.

investment support institutions can influence regional policies and transmit regional policy changes to the ecosystem that immediately surrounds firms.

These five areas of collaboration among trade and investment support institutions can strengthen a region's position within global trade:

- Regional information exchange (e.g. business databases, export and investment potential analyses);
- Regional strategies (including joint value chain strategies and regional branding strategies);
- National policies coherent with regional strategies;
- Joint capacity building at the regional level;
- Joint trade and investment promotion.

Regional institutions are diverse.

Other regional institutions – chambers of commerce, regional standard-setting institutions, coalitions of services industries and regional tourism associations – support SME internationalization by providing a discussion platform and representing business interests at the global, regional, national, sub-national and sector level.

A network is only as strong as its participating organizations. Strong individual players are necessary. To function well, networks depend on collaboration at all levels. Coherence among the different levels is necessary to avoid overlapping functions, which reduces the effectiveness of these services.

Regional roads to success

Systematic assessment of a region's potential for value chain activity is possible with ITC's SME competitiveness framework.

The extent to which regional value chains are present helps determine whether SMEs connect to regional and global markets. Policies, institutions and business activity in neighbouring countries make a difference. They affect a region's capacity to attract lead firms, establish regional value chains or link suppliers to lead firms in other regions.

Research based on trade flow data has shown that some countries are more integrated in value chains than others. ITC's competitiveness framework makes it possible to explain why this is the case.

The framework explains in a systematic way why some countries are better integrated in value chains than others, and why some regions have been more successful in developing regional value chains than others.

Connect, compete, change

Competitiveness is based on the capacity to connect, compete and change. The capacity to compete is static. It centres on firm operations and efficiency in cost, time, quality and quantity.
The capacity to change centres on the ability of firms to change in

Assessing the capacity of firms to compete, connect and change makes it possible to identify weaknesses and to design policies to address them.

response to, or in anticipation of, dynamic market forces, and to innovate through investments in human and financial capital. The capacity to connect links the static and dynamic part of competitiveness. It centres on collecting, processing and communicating information and knowledge, crucial for the digital economy and for services.

The strength of each of these three pillars is assessed at three levels of the economy: the firm, the business ecosystem and the national environment.

Distance matters

An additional factor related to the value chain context is the distance of countries and their competitors from headquarter economies (home countries of lead firms that manage value chains and provide technology and know-how).

Regional analysis: SME competitiveness

An analysis of SME competitiveness scores for a sample group of countries in four regions reveals that:

Companies in Asia and Central and Eastern Europe benefit from the proximity of headquarter economies. Both regions have a strong potential to develop lead firms, as SME competitiveness is high in several countries.

- Asia and Central and Eastern Europe sample countries appear well-placed for regional value chain activity.
  - They are close to headquarter economies such as Germany and France in Europe, and Japan and the Republic of Korea in Asia.
  - Top performers are strong enough to be, or soon become, headquarter economies themselves. The region is thus able to provide the full value chain ladder. In China, many firms are becoming lead firms. The role of a country like China in international value chains is twofold: it supplies labour to production networks linked to more advanced economies, and provides know-how and technology to firms in other developing and least developed countries, generally in Asia.
  - Top performers in Asia are China, Thailand and Turkey. Top performers in Central and Eastern Europe are Estonia, Slovakia and Slovenia.

Top competitiveness performers in Latin America are weaker than those in Asia and Central and Eastern Europe. They are also often further away from headquarter economies.

- In Latin America and the Caribbean, the top performers are Barbados, Colombia and Chile. They are weaker than Asia's and Europe's top performers, and thus may not be fully suited to act as headquarter economies. The alternative headquarter economy, the United States, is geographically remote for many Latin American countries. In this context, it is difficult to develop regional value chains.

Competitiveness is relatively high in Northern Africa, where countries are connected to European value chains.

Sub-Saharan Africa is missing a lead economy.

- Africa remains a continent split in two for its potential to integrate into value chains.
  - Some of its strongest performers (Morocco, Tunisia) are north of the Sahara, in a position to serve headquarter economies in the European Union. They are, however, in a tough competitive position vis-à-vis Eastern and Central European countries.
  - Sub-Saharan Africa lacks a clear headquarter economy. South Africa leads the SME competitiveness score in Africa, but lies significantly behind top performers in other regions.

Success factors, country stories, potential paths to growth

Among the three pillars of competitiveness, the capacity to connect drives cross-regional differences. Connectivity therefore deserves a closer look to strengthen regional value chain activity, especially in Africa. Asia's performance is trailing due to its capacity to connect, which is low compared to its capacity to compete and change. The Americas' and Europe's strengths are connecting to markets, customers and stakeholders.

The gap between the connectivity of large firms compared to medium-sized or small firms is much narrower in Europe. The connectivity gap between large and medium-sized firms is smaller in the Americas than in Africa and Asia.

Within regional contexts, some countries integrate more into international value chains than others. Multiple factors determine where durable matches between lead firms and suppliers occur.

Smart entrepreneurs are typically behind the final decisions, supported or not by policymakers. While their mix of decision-making factors differs, these always involve:

- the strength and nature of individual firms in the deal;
- the ecosystem in which those firms operate;
- the national policy environment.

This report contains stories of value chain integration for various sectors in five countries: Ghana, Hungary, Indonesia, Kenya, and Morocco. The narratives illustrate how quantitative export potential assessments, value chain analysis, competitor benchmarking and systematic SME competitiveness assessments can be used to enhance business-to-business matches, SME performance or national export strategies.

Ghana: Competitive firms in a challenging business environment

Firms in Ghana compare well to competitors in similar value chains. To strengthen SME competitiveness, the focus should be on interest rates, reliable electricity supply and adoption of international standards.

Ghana is an integral part of the international cocoa value chain. Yet its export potential in this sector remains underexploited. In terms of SME competitiveness, Ghana is ahead of its regional partners. Ghanaian firms make more use of e-mails, websites, financial auditing and foreign technology licences than counterparts in Côte d'Ivoire, Nigeria and Senegal. Ghanaian firms are also strong in adopting domestic certificates and standards. Among surveyed firms, 90% reported that they adhere to an official domestic certificate or standard – though this dropped to about half for internationally recognized certificates or standards. Reliable electricity supply remains a challenge for Ghanaian firms. So does the high interest rate, which discourages firms from seeking finance in the formal banking sector.

Services, a key to electronics from Indonesia

Indonesia is active in fiercely competitive value chains. The services sector is proving to be dynamic. If supported, this can give Indonesian value chain activity the necessary competitive edge.

Indonesia participates in the complex, fiercely competitive value chain of electronic products. The potential to increase exports exists. However, several Asian countries are a step ahead; Indonesian firms have room for improvement in competitiveness.

There is a mismatch between the relative strength of the national environment and the relative weakness of firm capacity. This has not prevented individual companies or sectors from progressing. An ITC survey of women-owned services companies, for instance, revealed that most firms use mobile phones, e-mails and business websites for day-to-day business. Similarly, a large majority of women-owned services firms have business bank accounts and a solid knowledge of loan application procedures.

Hungary, a major automotive supplier

Hungary has become a major supply hub into high value added industries.

Hungary has established itself as an important European centre of the automotive industry. The country's investment in infrastructure, research and development centres and its tailored education system make it a prime destination for foreign direct investment.

At the firm level, the country scores highly in management experience and international quality certification. Strong capacity to compete comes partly from firms' ability to deliver products and services on time. Among surveyed firms, 90% have a business website and 98% have a business bank account, contributing to high scores in the capacity to connect and change.

In their business ecosystem, firms benefit from the low cost to implement international quality certificates, facilitated by ready access to high-quality information about standards. They also report easy access to financial institutions. Firms, however, regard the cost of sector associations to be too high and the level of information exchange within clusters to be too low.

Services, also a key to horticulture from Kenya

Kenyan firms score better than the average African firm in competitiveness. Areas to improve: quality certification, market information.

Horticulture dominates Kenya's agricultural sector, employing a large share of the total workforce. It accounts for a staggering 80% of SMEs, with a relatively high female labour participation rate of 35%. A small player in a growing but competitive market, Kenyan horticulture has unexploited export potential. Kenyan firms score better than the average African firm in competitiveness. Compared with others in the East African Community, Kenyan firms perform well in international quality certification.

Areas to improve include the spread of quality certification and market information. Stronger linkages between the horticulture sector and the nascent but vibrant services sector could address this. An ITC survey among women-owned services companies reveals that almost all of the surveyed firms use mobile phones and e-mails for their business activities, and 70% have a business website. Surveyed firms score strongly in meeting finance and skill-related requirements – almost 90% of surveyed firms have a business bank account, and more than 80% of firms have a hiring plan.

Morocco, an automotive and aerospace supplier

Moroccan firms perform well compared to counterparts in their home regions, but are active in value chain sectors with strong competition from non-Africans.

Morocco has established itself as a manufacturing exporter, particularly in automotive and aerospace sub-assembly. Its location and cultural, linguistic and historical links with Europe explain only some of this success. Constant investments are required to maintain and expand its position, notably in light of competition from countries such as Tunisia and Turkey. At the firm level, Morocco and Tunisia perform more strongly than their average African counterparts. Both Morocco's and Tunisia's large firms, however, struggle to keep up with counterparts in Turkey, in particular in using foreign technology licences.

Greater access to information on patents and stronger linkages to research networks could help.

Greater access to information on domestic and foreign patents could help Moroccan firms of all sizes to overcome innovation weaknesses. A recent survey found that less than one in five of firms have a foreign patent. Better labour force skills may help address this, and large firms are making efforts in this direction. While almost all of the large firms surveyed (93%) have staff hiring plans, only 57% of small enterprises do. There is also scope to strengthen firms' linkages to research hubs. Less than a third of surveyed small firms engage in research networks, whereas almost 60% of large firms do.

Competitive SMEs can become regional or global leaders in their line of business.

While there is no single blueprint for SME success, the region often serves as a springboard, and deep integration helps.

Deep regional integration spurring value chain activity is good for SMEs.

Deep integration: Part of a blueprint for SME success

SMEs take a variety of paths to international success. Five company success stories in this report show how small SMEs grew to become regional or global leaders. The company stories also examine the role of regional integration and policies in their success.

These examples illustrate that there is no single blueprint for success. While every success story is unique, they illustrate that a start-up in a developing economy can become a global lead firm. Some capitalized on their home region. Others used it as a springboard to expand globally.

Governments' regional policies often played a role in their success. The five company examples are very much in line with this report's econometric finding: deep regional integration that spurs value chain activity is good for SMEs.

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PART I.

Regional strategies and SMEs

CHAPTER 1

Trade today: Accent on regional value chains

International trade today is dominated by international value chains (IVCs), where the stages of the production process take place in different countries. Up to 75% of global trade is now comprised of intermediate inputs, capital goods and services.[1]

There are numerous examples of global value chains, which are present in all regions, but most chains operate within a geographical region and around a regional hub. This tendency may be reinforced in the context of increased protectionist pressures, as refocusing on region-based structures may represent a coping strategy for lead firms.[2]

SMEs typically look at neighbouring countries for their first international operations. They also find it easier to export as suppliers to a value chain than as producers of a final good. The extent to which value chains operate within the home region of SMEs therefore matters to them, and any strengthening of region-based value chain operations is likely to be of interest.

Yet, the benefits for SMEs and their home region from joining international value chains largely depend on the position SMEs take within the chain and the nature of the inputs they contribute.

This chapter offers new insights into how such chains operate in developing countries and emerging market economies. The analysis takes into account two main dimensions: the countries where the value chain operates and the complexity of business functions performed by various suppliers. This chapter therefore sets the stage for a subsequent discussion on how to make the best of regional integration for SMEs.

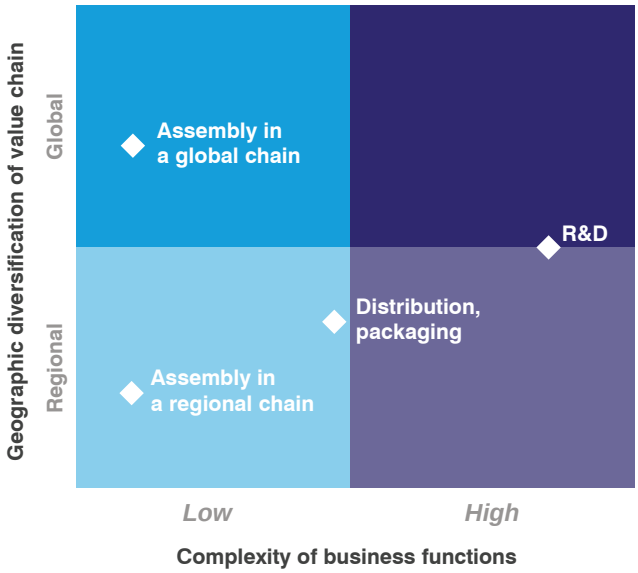
Regional value chains dominate

It is possible to divide the modern history of globalization into two stages. The first started with the emergence of steamships and railroads early in the 19th century. These improvements in transportation allowed for goods to be produced in one place and consumed in another. The second stage in globalization started about 40 years ago, as technology drastically reduced transportation and communication costs. This allowed individual production stages to take place in different geographic locations, leading to trade in intermediate goods and business functions (sometimes referred to as 'trade in tasks') rather than trade in final goods.[3] Indeed, due to the growth of international value chains, the majority of goods trade is now in intermediates.[4]

Geographically fragmented production opens significant options to internationalize for firms and countries. Key among these is the chance for firms to focus on one part of the value chain rather than producing a good from start to finish. This is particularly useful for less productive or smaller firms, which can tap into international markets and benefit from learning by doing, without taking on all the business functions in the value chain. It reduces the costs of internationalizing, such as regulatory compliance, and the costs of searching for profitable markets and reliable partners.[5]

IVCs serve as a stepping stone to more advanced modes of internationalization, such as direct exporting or foreign direct investment (FDI). Moreover, firms can specialize and play to their strength more than was possible in the past. SMEs can join an international value chain at different points and provide a variety of inputs. More complex business functions, such as research and development or marketing, usually provide better opportunities to capture value added than less complex functions, such as assembly. SMEs may

FIGURE 1 International value chains: Who provides what to whom?



Note: Diamonds represent business functions executed by firms within different types of international value chains. Any business function, such as assembly or R&D, can take place in a regional or global value chain. The geographic diversification of the chain depends on where the remainder of the chain's value is added: within or outside of the home region.
Source: ITC.

provide intermediate inputs or execute a particular business function in international value chains active in their home region or in chains that are active in multiple regions or globally. They also may be part of several value chains. Figure 1 provides an illustration of different scenarios.

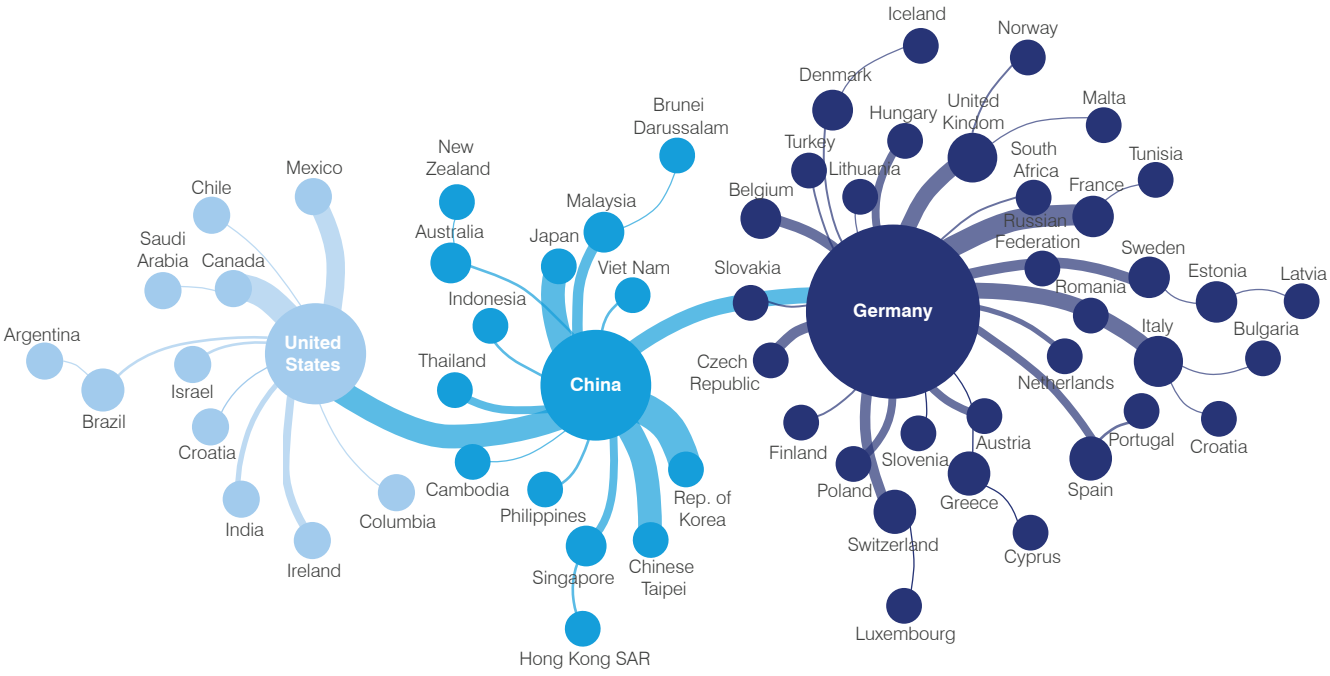
Clusters around regional hubs

Despite common perceptions that value chains act at the global level, many international value chains function around a regional hub. This is particularly true in China and Europe, giving rise to the terms 'Factory Asia' and 'Factory Europe'.

International value chains are mostly regional, as shown in Figure 2, where IVCs are measured by the share of trade in parts and components in bilateral trade. According to Figure 2, global trade in parts and components is mostly centred around three hubs: Germany, China and the United States. The connections of these hubs tend to be strongest within regions, giving rise to the notion of regional value chains.

There are many reasons for this regional dominance. The main one is that the additional costs of doing business abroad, such as complying with regulations, market research, transportation and production, tend to be much

FIGURE 2 Network analysis demonstrates the regional nature of value chains



Note: The lines between countries represent the bilateral share of trade in parts and components, with thicker lines representing greater shares.
Source: Santoni, Gianluca, and Daria Taglioni (2015).

higher when venturing further from home than when expanding within a region. There are also political and cultural factors. Countries that are geographically close often share similar policies, institutions, languages and common histories, which lowers the fixed costs of internationalization.[6] In addition, regional trade agreements can reduce the cost of internationalizing at the regional level. Finally, the cost of moving people around is lower within a geographical region.[7]

Another factor in the regional nature of IVCs is that lead firms tend to prefer suppliers located close by.[8] This is particularly the case in industries where components and final goods are low in value related to volume, such as the automotive sector. As a result, such industries tend to have regional value chains, while industries with high value per volume, such as electronics, tend to be globally diversified.[9] Furthermore, lead firms active in industries that require products to be customized for regional or national markets, such as in the services sector, want their suppliers nearby to facilitate flexible product development.

Nonetheless, some value chains operate globally, as shown by the Apple iPhone production. Some experts argue that technological advances have reduced the cost of fragmentation and transport to such a degree that lead firms are now truly dispersing their production processes globally.[10]

Africa is an exception

While international value chains tend to be regional in Europe, Asia and North America (Figure 2), the situation is different in Africa. Research shows that Africa is predominantly engaged in global value chains. Most of the domestic value added is exported outside Africa, as illustrated in Figure 3.[11]

Patterns differ for services

Analysing patterns of regional and global integration is more difficult for services than for goods, particularly in developing countries. Many developing countries do not maintain data on bilateral trade in services, making it hard to draw solid conclusions about regional trade patterns. Partial information is available, however.

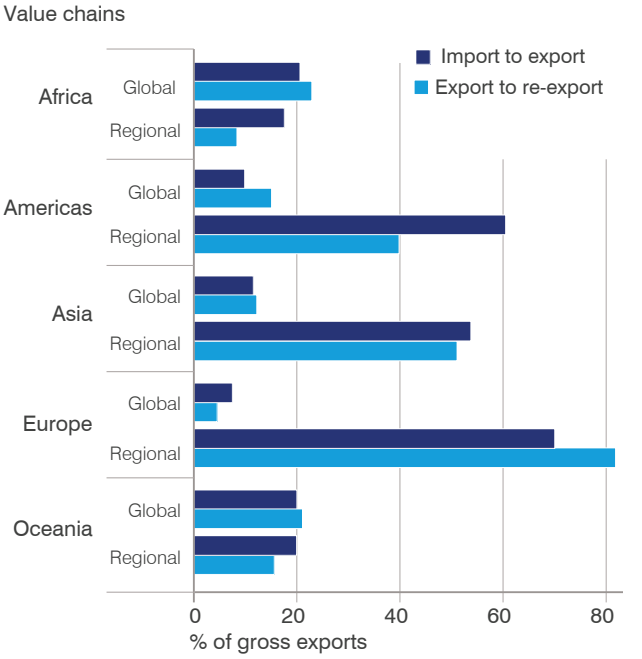
In Africa, for example, research shows that cross-border sourcing is relatively limited, with most firms preferring to supply services in-house.[12] One reason for this may be that firms are small in scale; another could be the cost of getting information on foreign providers and linking up with them.

Regional sourcing is not more prevalent than global sourcing in Africa, with the exception of countries in the Southern African Customs Union (SACU). The situation in SACU likely reflects the role played by the South African economy. As it is by far the largest and most developed market, many firms in neighbouring countries have substantial trade and investment links with South Africa.[13]

Another source of information on services within value chains is the OECD-WTO Trade in Value Added database. By using this database to track the origin of value added in gross exports, it is possible to look specifically at the contribution of services to exports of manufactured goods (as shown in Figure 4 for selected emerging markets).

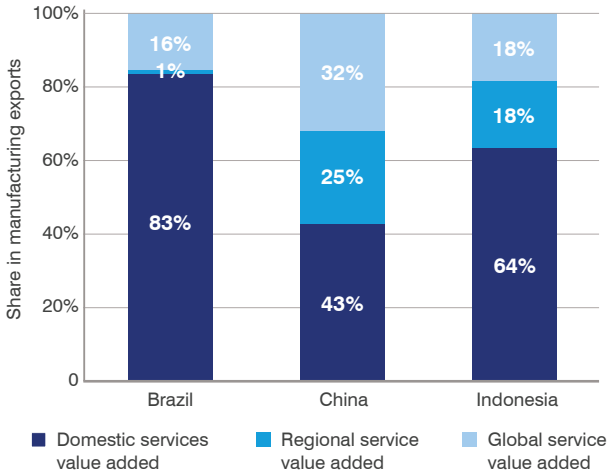
The sourcing strategies vary markedly. Brazilian manufacturers tend to source services inputs from global suppliers rather than regional ones. In China and Indonesia, however, the role of regional suppliers is much more significant. A shared characteristic of all three markets is the key role played by domestic services suppliers. This underlines the importance of international trade costs in determining services trade. Yet, it may also reflect the imperfect way in which the statistics capture trade in services. For example, services exported under GATS Mode 3 (commercial presence) are recorded as domestic origin value added.

FIGURE 3 International value chains tend to be regional, except in Africa



Note: Import-to-export, also known as vertical specialization (VS), can be seen as a buyer measure for value chain integration because it measures the amount of foreign value added that is exported. Export-to-re-export measures domestic value added that is exported for further processing before being re-exported, and is referred to as VS1. It can measure value chain integration as a seller. Data refers to 2013.
Source: Boffa, Jansen and Solleder (2017a).

FIGURE 4 Regional and global integration in services varies by country



Note: The contribution of services to exports of manufactured goods, broken down by origin (2011 data).
Source: ITC calculations, based on OECD-WTO Trade in Value Added Database.

Easier to access for SMEs

The regional nature of international business is well documented by academic research and publications.[14] The main reason why businesses often look to their region when they internationalize is that regional integration entails lower costs than global integration. Specifically:

- Regional value chains tend to demand less rigorous certification(s) and are more accessible.
- Regional value chains allowing for a large number of suppliers to participate tend to be less consolidated.
- Regional trade agreements reduce trade costs.[15]
- The region can be used as a learning platform for further internationalization.

Apparel value chain suppliers in sub-Saharan Africa demonstrate the link between certification and consolidation in value chains.[16] Suppliers in the region face two main value chains: a global one, driven by final demand from the United States, with FDI from

BOX 1: SMEs and the next technological revolution

This report has many references to the impact of technological advances on international business. Such changes provide numerous opportunities for firms to internationalize.

Examples include:

- Breaking supply chains into individual business functions that can be separated geographically (the focus of this chapter);
- The advent of digital trading platforms.

These platforms allow firms of all sizes to internationalize early and can help to overcome gender barriers to trade (Box 4: Women exporters – regional or global traders?).

Such developments have contributed to 'the retreat of the global company' in favour of companies with region-based structures. Furthermore, a growing number of small firms use e-commerce to sell on a global scale, competing directly with the largest multinationals.

While the effects of automation and digitization are still being felt, the next wave of technical developments is already being anticipated. What some refer to as the fourth industrial revolution (after the steam engine; the ICT revolution; and the automation of production and digitalization of trade), will affect entire systems of production, management and governance.

Intelligent robots will soon be able to execute not only routine manufacturing jobs, but also more complex business functions. In addition, 3D printers have the potential to compress supply chains completely, with production executed at the place of consumption.

While this fourth industrial revolution is sure to have wide-ranging economic impact, its precise consequences for countries and sectors are not yet clear.

Source: James Manyika et al., (2016), and Economist (2017).

THOUGHT LEADER

Promoting strategies to ensure MSMEs gain more from value chains

Susana Malcorra

Minister Advisor, and Former Minister of Foreign Affairs of Argentina

Internationalization of MSMEs creates benefits beyond economic gains, with the prospect of larger revenues from expanded markets encouraging investment in technology and innovation.

Developing country participation in global value chains tends to be low, particularly in Latin America.

Micro, small and medium-sized enterprises (MSMEs) play a key role in economic growth that is socially inclusive, as they are main sources of employment and income. This puts them at the core of strategies to fulfill the United Nations 2030 Agenda on Sustainable Development.

Argentina has sought to promote MSMEs across the board. It has championed their cause at the United Nations, leading to the designation of 27 June as the International Day of MSMEs. It has also promoted several initiatives at MERCOSUR to enhance MSME internationalization and has passed a new national law improving MSME regulatory framework.

Value chains can boost productivity

Analytically and practically, MSMEs should be viewed from the perspective of their contribution to integrating a country into regional and global value chains. While internationalization traditionally has been a strategic way for MSMEs to expand, the development of international value chains has created a new scenario for these companies. Participation in international production networks can boost their productivity – by transferring knowledge, expanding and exploiting economies of scale and reinforcing growth and employment.

MSME internationalization creates benefits beyond economic gains, with the prospect of larger revenues from expanded markets encouraging investment in technology and innovation. Interconnections between companies of different sizes also can ensure technological knowledge is disseminated, leading to productive innovation.

Developing country participation in global value chains tends to be low, particularly in Latin America. This is especially true for developing country MSMEs, although their involvement in such chains has expanded greatly in the past 20 years. Participation is mainly in the agricultural sector and labour-intensive, low value-added manufacturing and services activities. MSMEs that do take part in international value chains usually contribute indirectly to exports, by acting as domestic suppliers to exporters. Direct export participation is limited, especially in the goods sector. Internet-enabled MSMEs are an exception, with very high exporting rates.

In Argentina, 30.5% of exports are linked to global value chains. This is mainly driven by downstream links, with other countries using Argentine agricultural and mining resources as intermediate products in their exports. Although MSMEs account for 99% of total firms and 64% of employment, only about 20% of industrial MSMEs are engaged in international trade.

Moreover, while exporting MSMEs represent 88% of all exporters, they account for only 9% of Argentina's exports. Even though there is evidence that industrial SMEs are strongly integrated in local value chains, just 6% have their principal supplier abroad and 2% have their key customer overseas. Consequently, enhancing MSME internationalization is a main aim for our country.

MSMEs face obstacles

When given the chance to enter new markets, smaller firms are likely to respond in a more rapid and flexible way than large ones, playing a key part in the creation of new exports.

Access of MSMEs to global value chains depends on factors at a micro level, such as productivity, compliance with standards and lack of skills and technology, and at a national level, such as infrastructure, connectivity, business environment and taxes. Logistics and access to finance and knowledge often represent obstacles for MSMEs. It is a challenge to develop strategies for moving from less qualified and lower production integration stages to segments that are more knowledge-intensive and promote greater integration with internal production chains.

There are important initiatives at the regional level, such as MERCOSUR projects aimed at strengthening competitiveness and improving export performance of MSMEs in regional production chains, which include auto parts, software, and gas and petroleum. These initiatives facilitate access to business opportunities through technological training, and incorporating professional marketing instruments. In addition, the MERCOSUR–Pacific Alliance Dialogue has included MSMEs among the issues for joint work, alongside considerations on regional value chains and regional accumulation.

Despite the many challenges MSMEs are facing, there are opportunities to create a dynamic and competitive sector. MSMEs that succeed in joining global value chains tend to be more productive and innovative than those that do not. When given the chance to enter new markets, smaller firms are likely to respond in a more rapid and flexible way than large ones, playing a key part in the creation of new exports.

Efforts needed to remove barriers

It is necessary to intensify efforts to remove barriers to MSME internationalization, specifically lack of access to credit and related financial tools, international contacts and relevant managerial knowledge. Strategies to improve human resource training and access to technology and knowledge are needed. Emphasis on quality and standards certification, as well as technical assistance, may also be important for upgrading.

In this vein, the new Argentine Law on SMEs provides smaller firms with a simplified regulatory framework that includes incentives for investment, assistance for productive recovery, productivity promotion and better access to finance.

In particular, e-commerce offers huge potential benefits for MSMEs and can help ensure developing countries gain more from trade, economic growth and development. Such benefits depend on a supportive, transparent and predictable environment. The role the World Trade Organization (WTO) is to play to outline the parameters governing electronic commerce is essential. The WTO Ministerial Conference in Buenos Aires in December 2017 is an opportunity to address issues related to MSMEs and e-commerce as new topics for further work.

transnational producers in Chinese Taipei; and a regional one driven by final demand, and FDI from South Africa. A key finding is that SMEs are better able to enter regional than global value chains because regional ones tend to demand less rigorous certification and are not as consolidated.

Certification

ITC data from firms in Ethiopia, Kenya, the United Republic of Tanzania and Uganda provide further evidence that certification and standards within the chain are significant factors. Figure 5 shows that geographically diversified firms have greater awareness, understanding of, and compliance with international quality standards. This implies that firms that want to connect to internationally diversified value chains need to increase their awareness and understanding of, and ultimately their compliance with, international quality standards.

Standards also affect value chains indirectly, by providing lead firms with an incentive to consolidate power along the value chain to ensure the standards are met.

Competition less fierce

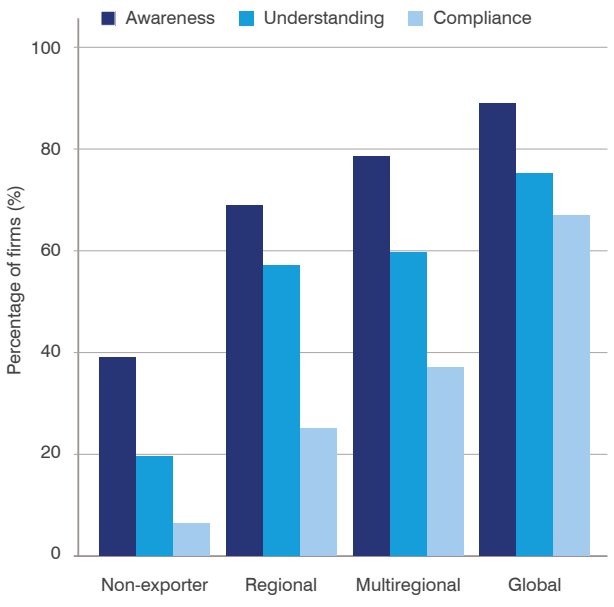
Some international buyers set their own private standards to increase their governing power over the value chain. In doing so, these international buyers tend to rely on an ever-smaller base of suppliers, which must demonstrate a strong capacity to supply high-quality products consistently, based on established product and process specifications, on schedule and at a competitive cost.[17]

Competition is fierce for these limited positions. To retain their place in the chain, suppliers must show that they consistently meet the requirements set by lead firms. This generates significant barriers to enter these value chains. As regional lead firms are less likely to set private standards, regional chains are usually easier to enter than global value chains.[18]

Buyer-led value chains tend to be more consolidated than producer-led value chains. These chains, which tend to be found in retail or consumer products, involve large international firms that subcontract production. The lead firms focus on high value added such as design and marketing. Because buyer-led IVCs tend to rely less on individual suppliers, they are more likely than producer-led IVCs to reduce the number of suppliers to save costs. As a result, it is harder for local suppliers, including SMEs, to connect to buyer-led IVCs than to producer-led ones.

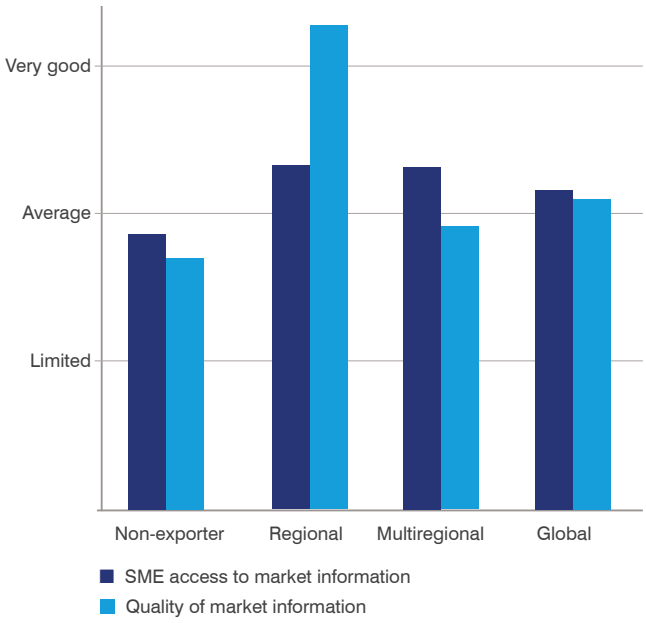
In contrast, producer-led value chains usually are in high-tech manufacturing industries, such as the automobile, aircraft or electronics sectors. Lead firms often own their suppliers, either through long-term contracts or FDI.

FIGURE 5 Global markets require more international quality standards than regional markets



Note: Based on the responses provided by 515 firms, located in Kenya (96), Uganda (131), Ethiopia (183) and United Rep. of Tanzania (105), in 2015.
Source: ITC calculations, based on ITC SITA firm-level surveys.

FIGURE 6 Information on regional markets is of higher quality than for global markets



Note: Based on the responses provided by 515 firms, located in Kenya (96), Uganda (131), Ethiopia (183) and United Rep. of Tanzania (105), in 2015.
Source: ITC calculations based on ITC SITA firm-level surveys.

Trade is more open

Regional trade agreements (RTAs) make it easier for international value chains to spread within the region covered by the agreement.[19] RTAs can be particularly useful in alleviating problems linked to rules of origin. For example, the pan-Euro-Mediterranean system of cumulation of origin aims to replace a network of about 60 bilateral protocols on rules of origin with a single document.[20] Doing so enlarges the area available for sourcing of components without having to consider local content requirements of the European Union.

Learning platform

Finally, the region can serve as a learning platform for further internationalization, acting as an extension of the domestic market. Firms in developing countries that lack the ability to integrate into global value chains can focus on engaging with regional value chains first.[21] Such firms can upgrade their processes via regional cooperation, with the potential to attain internationally acceptable productivity and quality standards that subsequently allow them to participate in global value chains.[22]

Research for the United Nations in Africa recognizes this stepping stone function. The *Economic Report on Africa*[23] emphasizes the role played by strong regional value chains in preparing for participation in global chains given that regional value chains offer a learning platform and are easier to penetrate.

Export market information from ITC surveys regarding buyers, trends, prices and requirements support these findings (Figure 6). The surveys of a set of East African firms show that firms connected to regional value chains tend to have access to foreign market information that is of higher quality than firms connected to multiregional or global markets. This implies that foreign market information is typically superior for regional value chains, which lowers the entry barrier for firms wishing to connect with these chains. Once connected to these regional value chains, firms can gain additional information about other export markets, opening the door to further geographic diversification.

This role of regional value chains as a platform for entering global chains underlines that the two types of value chains can coexist. Both provide diversification opportunities for firms. To that end, it is useful to look more closely at the differences between regional and global value chains.

South-South value chains present opportunities

This report identifies three levels of geographic diversification, with multiregional diversification being the intermediate layer between the regional and global levels. Like regional value chains, multiregional value chains are typically easier to enter than global ones. This is partly because the second region often shares common features with the home region, related to history, culture, language and development status.

One example is East Africa and India. While they are located in different geographic regions, they share common values that can lower the entry barriers to trading. In addition to a common history, as evidenced by the Indian diaspora, these regions are at a similar level of economic development. Trade among such developing countries or regions is often called South-South trade.

South-South trade has increased in recent years, due in part to the emergence of 'southern' end markets.[24] Such trade can be key to strengthening the technological and innovative capacity of developing countries, and offers SMEs numerous benefits. SMEs can learn from each other by sharing technology that tends to be less complex, more affordable and more adaptable than that of more developed nations. Developing country SMEs also have expertise and knowledge in building new technologies, increasing productive capacities and achieving value addition that is relevant for other countries pursuing a similar development path.[25]

South-South value chains are easier to enter. They tend to emphasize competitive prices rather than standards, and may have lower requirements on product quality.[26] For example, regional manufacturing chains in Asia, combined with the regional near-shoring models of Indian service providers,[27] have helped many developing countries participate in the global market.

Nonetheless, companies in developing and least developed countries, particularly SMEs, may not benefit fully from South-South trade, investment and technology transfer. South-South value chains are still underdeveloped, while value added trade remains limited.[28] On the one hand, it is necessary to reduce the barriers to entering South-South markets that SME suppliers continue to face. On the other hand, a firm's main focus should be on improving its capacity to absorb new technologies that improve productivity and add value.

CASE STUDY

South-South cooperation: Indian spice company grows new chilli varieties in Rwanda

Rwanda's fertile soil and weather conditions are ideal for growing the most pungent chillies in the world. This is attractive to Indian companies seeking to diversify sourcing to satisfy the Indian market's fast-growing demand. Akay Flavours & Aromatics is among such companies.

In July 2016, the company distributed premium quality chilli seeds to eight selected Rwandan spice cooperatives, which were seeking to expand their chilli production. This introduced six new chilli varieties in Rwanda.

Shibu Anandarajan, Vice President at Akay Flavours, says: 'The performance of the crop is satisfactory. The availability of fertile land, water for irrigation and the young farming community are major strengths of our chilli cultivation project.'

With technical support from India and a buy-back guarantee arrangement with Akay Flavours, the trial plot produced the first batch of chillies in March 2017. The companies are considering expanding chilli production, and Akay plans to introduce more varieties. It is also considering setting up primary processing facilities in Rwanda.

Promoting South-South trade and investment through SITA

Akay Flavours linked up with Rwandan farmers through 'Supporting Indian Trade and Investment for Africa' (SITA), an ITC project funded by the United Kingdom's Department for International Development (DFID). SITA is fostering South-South businesses ties such as this one by promoting trade, investment and technology transfer among developing countries.

In recent years, countries such as India, China, Brazil and Turkey have emerged as important actors in South-South cooperation. They encompass fast-growing markets for trade, are sources of new foreign

investment, and often have unique expertise in appropriate technologies and know-how. They play an important role in strengthening the technological and productive capacity of other developing countries, as their technology is often more affordable or more suited to challenges faced in other developing countries.

However, many SMEs in developing and least developed countries are unable to benefit from South-South trade, investment and technology transfer. This is often due to lack of export market information, or the ability to identify the relevant business or knowledge partner. ITC can offer assistance by acting as a bridge builder between regional players.

In its first years of implementation, SITA's results have been promising, with achievements in a number of sectors across the project's five beneficiary countries – Ethiopia, Kenya, Rwanda, Uganda, and the United Republic of Tanzania. Within the spices sector alone, three leading Indian spice exporters that participated in a business networking event indicated that about $3 million in business was discussed, and by December 2015, orders for more than $2.5 million had been placed.

Source: ITC SITA Programme.

Complex business functions: The key to value

Within international value chains, less competitive firms tend to engage in the low complexity business functions, while more competitive firms specialize in more complex functions. Firms performing more complex business functions usually capture a higher share of the value addition and have greater negotiating power within the chain.

Complexity depends on the extent to which business functions can be standardized, computerized and codified.[29] The more a firm can standardize a particular business function, e.g. through use of computer programmes, the less complex it becomes. Therefore, a lead firm faces less risk when outsourcing or offshoring these functions to a third party. The electronics industry provides a good example of how business functions amenable to standardization have allowed the global diversification of value chains. Standardized business functions are usually outsourced to contract manufacturers, which produce parts, components and final products that they provide to the lead firm, which has the brand name.

Standardizing frees the brand name or lead firm to focus on more complex activities such as product R&D and form design. The lead firm outsources, and often offshores, lower value-added activities such as manufacturing, testing and packaging. There is a link between the extent to which a function can be standardized (codified) and value added, with more codifiable business functions having the lowest value added. This relationship is apparent in Table 1, which ranks business functions according to complexity. This same ranking was used for the horizontal axis of Figure 1, shown earlier in this chapter.

The most common way to look at the relationship between complexity and value added is using the so-called smiling curve of international value chains.[30] This curve represents the relationship between upstream, midstream and downstream value chain activities and their value added (Figure 7). Here, upstream and downstream activities tend to be of high value-added services.

Services are critical to value chains, either as the glue that holds chains together or as direct inputs for production. For example, professional services such as engineering contribute directly to the production of goods; transport services allow firms to move intermediates and final goods within an IVC. Case study evidence from Asia and the Pacific suggests that services account for, on average,

TABLE 1 Business functions in apparel value chains

Business function	Functional capabilities	Skills required	Supplier tier	Country/region examples
Assembly: cut, make, trim	Suppliers focus on production alone; suppliers assemble imported inputs following buyers' specifications.	Understand foreign buyers' preferences and requirements, including international standards for price, quality, and delivery.	Marginal suppliers	Cambodia, Viet Nam, sub-Saharan Africa and the Caribbean
Original equipment manufacturer	Suppliers take on a broader range of tangible, manufacturing-related functions, such as sourcing inputs, packaging and inbound logistics, in addition to production.	Production expertise on different activities. Understand the upstream and downstream segments of the chain from buyers.	Preferred suppliers	Bangladesh and Indonesia
Original design manufacturer	Suppliers carry out part of the full production package, including pre-production processes, design or R&D.	Innovative skills in new product development.	Strategic suppliers	European Union, Turkey, India and China
Original brand manufacturer or lead firm	Suppliers acquire post-production capabilities and are able to develop products under their own brand names.	Innovative skills in marketing and consumer research.	Chain coordinator	
Service providers	Firms no longer rely on buyers for any functions and establish their own distribution channels.		Foreign investor	Hong Kong SAR, Chinese Taipei, Singapore, Malaysia, Republic of Korea

Source: ITC, adapted from: Gereffi, G. and Frederick S. (2010).

about half of total costs in manufacturing value chains, although the exact figure varies considerably across firms.[31]

Services activities are often key to the ability of firms to upgrade along the value chain. A regulatory stance that favours services activities can help reduce economic isolation, by boosting transport and communications connectivity, in particular for landlocked countries.[32]

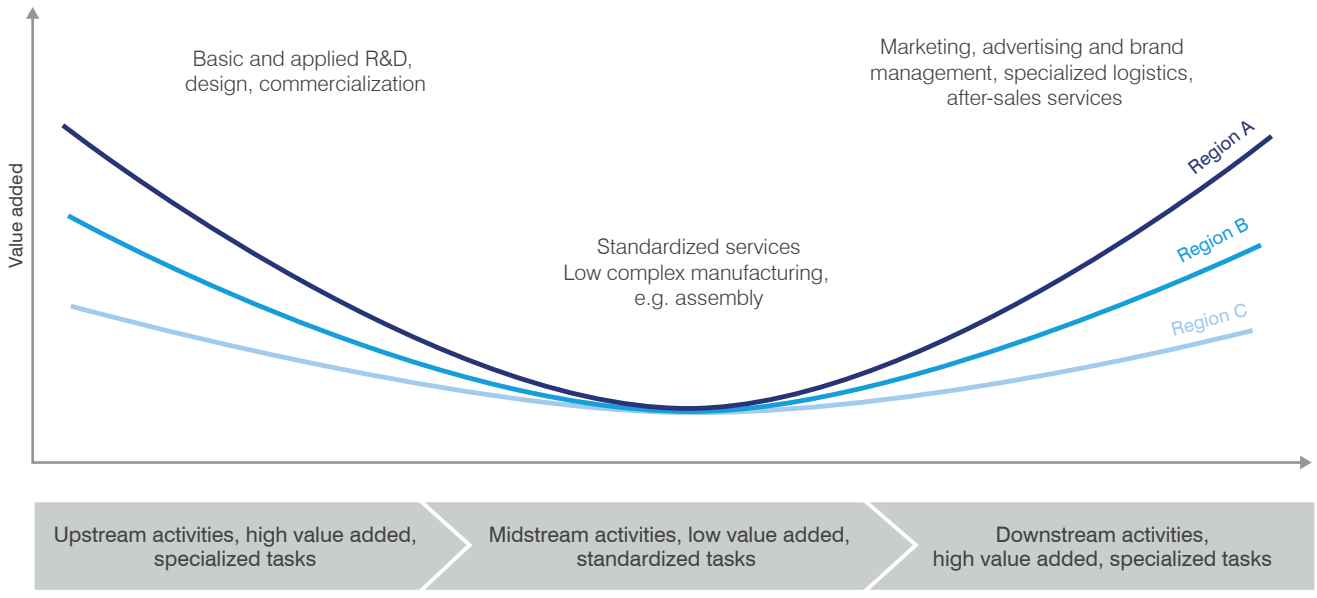
IVCs that only provide services, however, do not follow a linear chain in which the output of one stage is the input of the next one. Moreover, it is not possible to generalize about where services are located in the chain based on their value added.

Human capital inputs, such as skills and experience, mainly determine value creation in services, as do institutions, such as a legal system to enforce contracts.[33] The higher the educational requirements or human capital needed, to carry out business functions, and the greater the number of contracts that must be executed to complete it, the higher the value added by that function and the salary earned by employees performing it.

Midstream activities, such as manufacturing and standardized services, tend to be lower value added. This is partly because they can be easily codified and standardized. Advances in information and communications technology (ICT) have made midstream activities ever more standardized and therefore lower value added, deepening the smiling curve (Figure 7).[34] On the other hand, upstream and downstream activities continue to be specialized and must be customized per region. This explains why the three lines in Figure 7 converge at the midstream activities, but diverge upstream and downstream.

Given that business functions related to goods and those related to services are interlinked in value chains, countries have the scope to move away from the middle of the smiling curve by developing service sector activities. In Viet Nam, for example, while the ICT sector is booming, most employment growth has been in low value-added assembly activities.[35] At the same time, the country has started developing very successful activities in software services and business process outsourcing, primarily for export. The government has provided a supportive environment for this kind of growth and cross-pollination, but more work is needed. A top priority in improving the business environment is fostering a dynamic start-up ecosystem, with effective links among universities, the private sector, and technology-intensive foreign firms.[36]

FIGURE 7 The smiling curve of international value chains



Source: ITC, adapted from Stan Shih (1992).

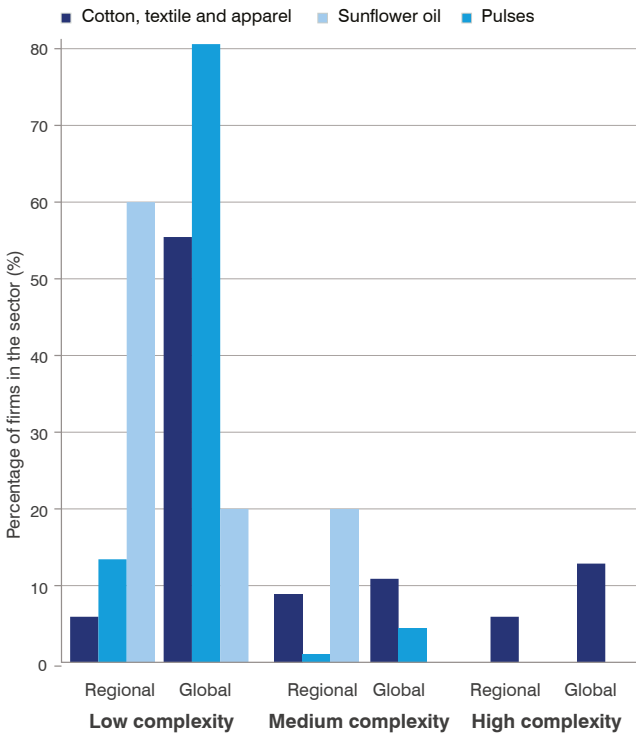
The case of East African firms

Based on a dataset on 515 East African firms connected to international value chains, it is possible to map out their activities in a way that illustrates value chain dynamics. Figure 8 is based on information from the dataset on the complexity of business functions and on the nature of the firms and value chains.

Figure 8 provides a snapshot of the engagement of East African firms in regional and global value chains in three sectors, namely cotton, textiles and apparel; pulses; and sunflower oil. It plots separately the share of firms engaged in business functions of low, medium or high complexity.[37]

The complexity of business functions ranges from codifiable operations, such as contract manufacturing, to more specialized higher value-added functions. For example, in the pulses value chain, low complexity business functions include cleaning, peeling or colour sorting the pulses, while higher complexity business functions involve complex processing stages, such as retail packaging and branding.

FIGURE 8 East African firms' engagement in international value chains, per industry



Note: Based on the responses provided by 515 firms, located in Kenya (96), Uganda (131), Ethiopia (183) and United Rep. of Tanzania (105), in 2015. The bar lengths show the share of firms engaged in business functions of low, medium or high complexity.
Source: ITC calculations based on ITC SITA firm-level surveys.

Figure 8 shows that the surveyed East African firms are mostly supplying to global value chains and are less integrated in regional value chains. The situation is opposite to that of all other regions of the world, where regional value chain trade is prevalent. In addition, the Figure indicates that these firms provide business functions of low complexity. Products and services of low complexity are generally associated with low value added and low bargaining power of SME suppliers. Both results suggest that African firms can better capitalize on their home region: regional value chains present opportunities for SMEs to expand and upgrade by supplying more complex business functions

International value chains make it easier for firms to sell their outputs abroad as they no longer have to produce a full product from start to finish. Regional, as opposed to global value chains, have lower entry barriers, as the regional market shares many commonalities with the home market. In addition, regional value chains tend to have lower certification requirements and are less consolidated than global value chains, making it easier for firms to connect to them.

For these reasons, international value chains tend to form regional clusters. This is true in Europe, Asia and North America. African firms typically export outside their region, but perform low complexity functions of the value chain. These findings suggest that there is scope for African firms to reap the benefits that the region can bring in their internationalization process.

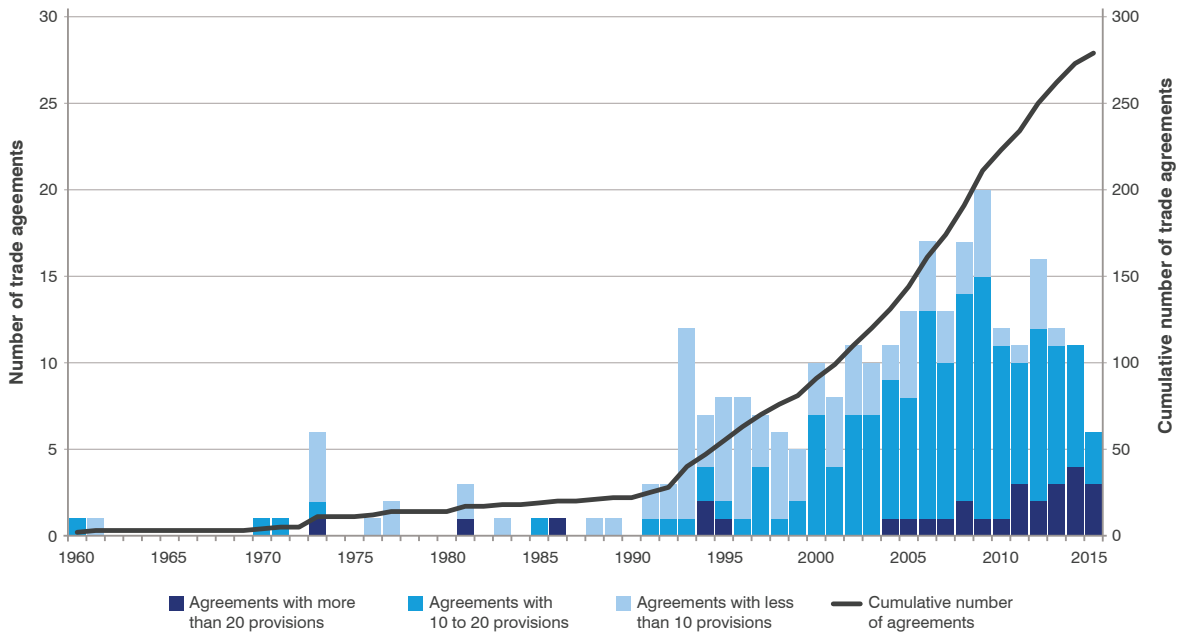
CHAPTER 2

Regional integration, value chains and SMEs

The landscape of international trade has changed in the past three decades. In addition to the rise of international value chains (IVCs), the world has seen a new wave of trade integration initiatives. While trade negotiations at the multilateral level have slowed down, there has been a proliferation of trade agreements at the regional level as well as a new generation of integration initiatives with wider and deeper policy coverage. Two phenomena – the growth of international value chains and deeper regional integration – are the defining elements of contemporary trade policy. They are also likely to have been mutually reinforcing.

The number of preferential trade agreements (PTAs) has increased steadily since the 1990s (Figure 9), with a coverage that is mostly regional. Nowadays, they are the dominant expression of international governance in trade policy for many WTO members.

FIGURE 9 Trade agreements become deeper



Note: The depth of an agreement is defined as the number of policy areas covered by legally enforceable provisions in the agreement. Based on 279 agreements covering 52 different policy areas.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).

The new generation of regional trade agreements (RTAs) has a coverage that has no equivalent at the multilateral level. These 'deep' trade agreements go beyond market access provisions and tariff commitments. Their provisions aim to deepen commitments covered by WTO rules, such as on technical barriers to trade and sanitary and phytosanitary measures. They include behind-the-border policies, covering policy areas such as public procurement, SMEs and gender equality, and go beyond the existing WTO mandate to areas such as visa and asylum and labour market regulations.

These treaties cover substantially more provisions than traditional (or shallow) RTAs, which focused mostly on tariff reduction, as shown in Figure 10. The number of policy areas covered by legally enforceable provisions included in PTAs went from an average of about nine in the 1990s to more than 17 in the past five years.[38] Figure 10 loosely maps the relation between the geographic scope of trade agreements and their depth.

Another development is renewed interest in the role of soft and hard infrastructure for trade. To reap greater benefits from trade and investment, regional integration initiatives increasingly seek to capitalize on the complementarity between soft and hard infrastructure. Examples of this are the Belt and Road Initiative launched by China and the initiative for the Integration of Regional Infrastructure in South America.

Spurring sustainable value chain activity

The national policy environment is critical in determining the extent to which a country participates in international value chains. Supportive policies span multiple fronts, from trade and investment to areas such as social policy, taxation and infrastructure. The type and scope of adjustments needed in these policies are linked to a country's position in international production networks. For developing economies, a central concern is ensuring that involvement in value chains works for the overall development of the country, from jobs to sustained growth.

Although the list of policy actions that can be conducive to value chain activity is long, it is most likely to include the following:

- Leverage trade with investment, and infrastructure.
- Attract value chains and make them work for development.
- Capitalize on the home region's value chains, institutions and innovation capacity.

Leveraging trade

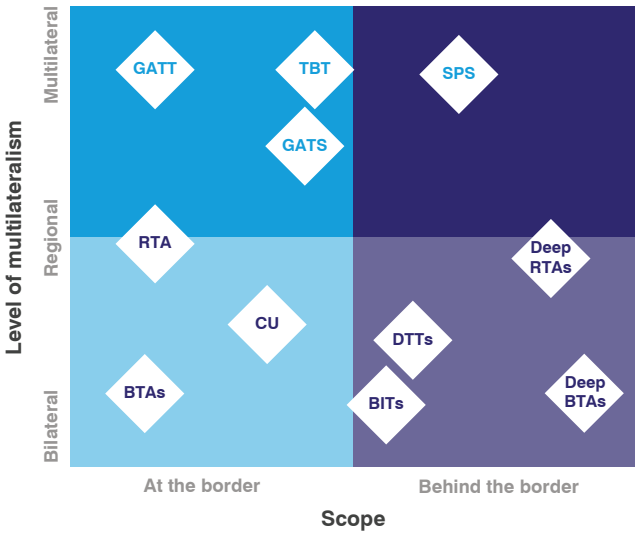
Past regional economic integration focused almost exclusively on trade. This is no longer the case. Investment and infrastructure are growing in importance, in part because of the way in which regional integration is entwined with the expansion of international value chains.

To integrate successfully into value chains, countries need to score well in a variety of areas. Sharing in international production places bigger demands on trade policies and infrastructure than traditional trade in final goods. As global investment sees a modest recovery, and projections for 2018 are close to $1.8 trillion, developing countries will have more opportunities to attract foreign investment.[39]

For developing economies, attracting value chains often means ensuring that lead firms invest in the country. The investment climate is a key factor in decisions by such firms about whether to produce or sell in a country. This puts the spotlight on investment protection.

In the world of fragmented production networks, the level of investment necessary to start production is lower than to build an entire product or sector, but guarantees to investors are ever more important. Furthermore, for many developing countries, foreign investment is the primary source for financing soft and hard infrastructure.

FIGURE 10 Geographic scope and depth of different types of agreements



Note: GATS: General Agreement on Trade in Services; GATT: General Agreement on Tariffs and Trade; SPS: WTO Agreement on the Application of Sanitary and Phytosanitary Measures; TBT: WTO Agreement on Technical Barriers to Trade; BIT: bilateral investment Treaty; BTA: bilateral trade agreement, CU: Customs Union; DTT: Double Taxation Treaty; RTA: regional trade agreement.
Source: ITC.

Investment in soft and hard infrastructure is critical because of its impact on the cost of production and transport. Research shows that each additional day goods are in transit is equivalent to facing an ad-valorem tariff of between 0.6% and 2.3%.[40] Moreover, each additional day of shipping decreases trade potentials by 1%.[41] Given the importance of parts and components in value chains, it is of concern that they are the goods most affected by time delays. In addition, delays affect South-South trade relations.[42] Timely delivery of goods is essential in international value chains. Delays can multiply through the entire production network, jeopardizing customer orders and increasing production costs. Coordinating production networks on a global scale requires world-class connectivity.

Connectivity needs to involve soft and hard infrastructure. Examples of soft infrastructure are efficient customs clearance procedures, simple investment laws, clear standards and human capital. Soft infrastructure is especially critical for services providers. For example, choices on locations for offshoring are likely to be driven by considerations related to the education and language abilities of the workforce.

Hard infrastructure requirements are usually linked to transport, including efficient air and naval ports, as well as the ability to circulate with ease inside the country. Investments in hard infrastructure, however, are unlikely to bring full benefits unless deficiencies in services markets are addressed simultaneously.

Upgrading services such as transport, which can be achieved through greater competition, supports productivity upgrading in goods markets. Other services, including engineering and research and development, produce knowledge that can benefit the wider economy. Existing growth models suggest that supporting such activity can be important in promoting medium to long-term economic growth.

Making value chains work for development

While attracting value chains provides opportunities for economic gains, these are not automatic. A recent World Bank report provides an insightful policy framework for entering value chains, expanding and strengthening such participation and ensuring that it contributes to sustainable development. The report also offers strategic questions and specific policy options.[43]

Entering IVCs hinges on the capacity of a country to attract foreign investors and the capability of domestic firms to join IVCs. Expanding IVC participation requires promoting economic upgrading and densification, and strengthening firm-level capabilities.

If the benefits of value chains are to be harnessed for economic development, there must be transfer of technology and know-how across borders. Moreover, SMEs in developing economies must be competitive, able to join IVCs, operate successfully, and upgrade or expand their operations.

A services agenda

Upgrading within value chains depends on access to high-quality, reasonably priced services inputs. This underlines the significance of servicification of production, even in goods markets. For example, a goods manufacturer moving from assembly into component production requires substantial engineering services. Some of the high value-added activities of value chains, such as research and development or marketing, are services.

Upgrading to higher value-added activities is therefore in part a services agenda. It is difficult or even impossible if services markets are not performing well. To promote upgrading, governments need to provide a supportive business environment and investment climate. Above all, though, the private sector itself is responsible for this agenda.

Human capital and regulation are also important in stimulating upgrading. Inefficient regulation increases costs and decreases variety and quality, ultimately holding back goods exports. The most significant step governments can take in regulating services markets is to reduce discrimination favouring incumbent firms over new ones, whether domestic or foreign.

In addition to cutting formal costs of entering the market, it is vital to address other barriers. While these may serve useful purposes, they can restrict competition in some circumstances. Standards are one such example. Although they are necessary for regulating the market, large incumbents can use standards to prevent the entry of new firms with alternative technologies.

Governments need to establish a broad-based pro-competitive regulatory stance in services, including by restricting the anticompetitive use of instruments such as standards or intellectual property. This is particularly important for SMEs, which can be blocked from entering markets. A dynamic start-up ecosystem, that includes technology and services, helps SMEs get into the market, grow and develop into larger firms.

South–South partnerships

When attracting value chains, developing economies can aim to harness South-South opportunities. With a growing middle class, high demand for resources, updated

technology and know-how, large emerging economies host suitable lead partner firms for enterprises in most developing economies.

For example, the technology of emerging economies is more relevant to the specific needs of other developing countries. It is easier to adapt, less complex and usually more affordable. Emerging countries can share their experience with countries that follow a similar development path, and benefit from a lead role in value chains.

Durable value chain relationships

Another factor in determining whether value chains bring economic development is the degree to which lead firms develop ties with suppliers that lead to upgrading and competitiveness. Governments and other bodies can help to ensure that lead firms do not operate as islands, but rather form durable relationships with domestic suppliers of both goods and services.

One area for government action involves institutions and contract enforcement. Lead firms will only develop a local supplier base if they can be sure that the local firms will stick to their commitments, so it is crucial that there is a reliable and cost-effective enforcement of contractual obligations. Business support institutions, meanwhile, can facilitate information flow between lead firms and local suppliers. In many cases, it is necessary to coordinate firms of different sizes, from large tier one suppliers to SMEs in tiers two or three.

Moreover, governments can work in partnership with the private sector to help local firms, particularly SMEs, to establish a reputation for quality and reliable supply. When local firms are competitive, their proximity gives them an advantage over foreign suppliers, producing an incentive for lead firms to invest in local relationships.

The overall investment climate also helps to nurture the relationship between lead firms and local suppliers. A strong investment climate provides firms with an incentive to invest in local capacity development over the medium term; a weak one makes lead firms reluctant to do so. Instead they are likely to focus on making use of a single resource, such as low-cost labour. Improving the investment climate is therefore crucial as part of the drive to develop and upgrade suppliers.

Turning IVC participation into sustainable development requires promoting social upgrading and cohesion as well as environmental sustainability.[44] Complementary policies are important for upgrading in services and goods value chains, and for joining them. Among such related policies, social policies take precedence. The impact of globalization is 'more sudden, more selective, more unpredictable, and more uncontrollable' and tends to be caused by a fast-paced technological change and the fragmentation of production.[45] As such, ensuring social safety is a necessary precaution to take when expanding regional integration and the country's presence in IVCs.

Capitalizing on the home region

This report's regional analysis (Chapters 5 and 6) indicates that unrealized export potential frequently lies in the home region, presenting opportunities for trade expansion. The home region is a safer testing ground for domestic companies aspiring to sell abroad. Joining regional value chains is easier and acts as a stepping stone to internationalization.

By pooling resources and undertaking coherent joint policies, developing countries can become more attractive to value chain players, drawing and developing larger

TABLE 2 Cross-border innovation policy instruments

Strategy and policy development	Analytical exercises and mappings
	Benchmarking and policy learning
	Joint branding of the cross-border area
Technology transfer and innovation support	Cross-border innovation advisory services
	Advisory services to spin off and knowledge-intensive start-ups
	Other technology transfer centres and extension programmes
Science and technology parks and innovation networks	Cross-border science and technology parks
	Cluster or network initiatives
R&D Support	Joint public research programmes
	Joint research infrastructure, shared access to research facilities
	Cross-border private R&D funding programmes (generic and thematic)
Educated and skilled workers	Scholarships/student exchanges
	Joint university or other higher education programmes
	Talent attraction and retention or mobility schemes
	Cross-border labour market measures
Other instruments	Financing
	Public procurement/border as a source of innovation/ innovation awards

Source: OECD (2013).

segments of value chains. Regional institutions play a key role in such a scenario. If TISIs view integration as making sense economically, they may seek to work with other TISIs in a number of domains. This type of collaboration may mean giving up a degree of competitive advantage for individual businesses in return for improved effectiveness and efficiency, and overall economic gains in the long run.[46]

Becoming an innovation hub requires that the host country has world class research infrastructure and skilled labour, as well as a high degree of interaction between firms and organizations that produce and diffuse knowledge, such as universities, research centres and industrial organizations.[47] Other important factors include the presence of other multinational enterprises active in research and development, public incentives to encourage research and development, and the enforcement of intellectual property rights. Market size can also be a significant element.

These requirements can be hard to obtain for a single country, especially a developing one. Well integrated regions can work towards becoming a regional know-how hub. Innovation ties can span regional borders. An OECD report provides practical guidance on innovation-driven economic development, types of governance and policy tools to facilitate cross-border collaboration for innovation (Table 2).[48]

Working across borders can complement other regional interactions. Innovating with a cross-border partner requires a degree of openness, which can be a first step towards internationalization. This is especially relevant for SMEs, which often lack capacity to engage in innovation and knowledge sourcing activities on a global scale.

From shallow to deep integration

For over 70 years, GATT/WTO, facilitated gradual trade opening through eight rounds of multilateral trade negotiations, reducing the average ad-valorem tariff on industrial goods from about 40% in the late 1940s to below 4% currently and expanding membership in the multilateral trading system from 23 to 164 economies.[49]

While the elimination of import tariffs is at the core of the GATT/WTO mandate, efforts to reduce trade barriers have also focused on non-tariff measures (NTMs). Despite difficulties in measuring the trade consequences of NTMs, these are estimated to be large, with some studies suggesting double the impact of tariffs.[50] SMEs are likely to be hit particularly hard. A 10% increase in burdensome regulations is associated with a 3.2% decrease in the export value of small firms and 1.6% decrease in the export value of large firms.[51]

While member governments did not negotiate directly over the level of NTMs as they did over tariffs, the GATT contains several provisions to prevent countries from substituting alternative forms of import protection for tariffs. There are also several provisions to protect the erosion of negotiated market access agreements through behind-the-border NTMs.[52]

A number of separate WTO agreements have specific rules affecting NTMs. The WTO Agreements on Technical Barriers to Trade and Sanitary and Phytosanitary Measures strengthen obligations on non-discrimination and national treatment regarding certain domestic regulations. In addition, the WTO Agreement on Subsidies and Countervailing measures goes beyond the scope of the GATT on domestic subsidies.

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights outlines new commitments for the treatment of intellectual property, and is viewed as the most constraining of WTO deep integration initiatives. The WTO's General Agreement on Trade in Services extends the market access focus of GATT to trade in services and goes 'behind the border', notably in members' schedules. The Agreement on Trade-Related Investment Measures is an effort to establish rules on the treatment of foreign investment.[53]

In spite of progress through multilateral negotiations, for many countries the WTO has not moved fast enough. In the context of IVCs, countries may wish to deepen their commitments so that crossing borders for international shared production is seamless. This has contributed to the new generation of deep PTAs.

The scope of trade agreements now goes beyond tariff commitments. In current bilateral, regional and multilateral negotiations, the focus is on intellectual property rights, services, public procurement, sanitary and phytosanitary regulations, competition policy and investment. Regional integration in such areas is being promoted by PTAs that have become known as deep agreements because of their large scope.

Main elements in these PTAs correspond closely with policies that are conducive to spurring value chain activity. Indeed, the design of the newest generation of integration agreements appears to be geared towards facilitating value chain integration. According to IMF, 'the pattern of deep agreements is shaping and is shaped by global value chains'.[54]

Deep PTAs are likely to stimulate the creation of IVCs, and countries already involved in IVCs may be more likely to sign deep PTAs. Some analysts find that the emergence of

production networks in Asia has encouraged and shaped the region's trade agreements.[55] Recent empirical studies show that higher levels in production network trade between member countries increase the probability of signing deeper agreements, especially for countries with different income levels.[56]

The spreading of production across multiple borders creates pressure for governance relating to behind-the-border policies, not just low tariffs. Supply chain trade involves 'the whole trade-investment-service-intellectual property nexus' and requires smooth two-way flow of goods, services, people, ideas and investments.[57] Deep bilateral and regional trade agreements seem to be narrowing the gap in supply chain governance by including disciplines and commitments that often go substantially further those of the multilateral trading system.

PTAs have emerged as negotiating forums to discipline IVCs and help capture this increasing demand for deeper integration.[58]

Trade and investment under one roof

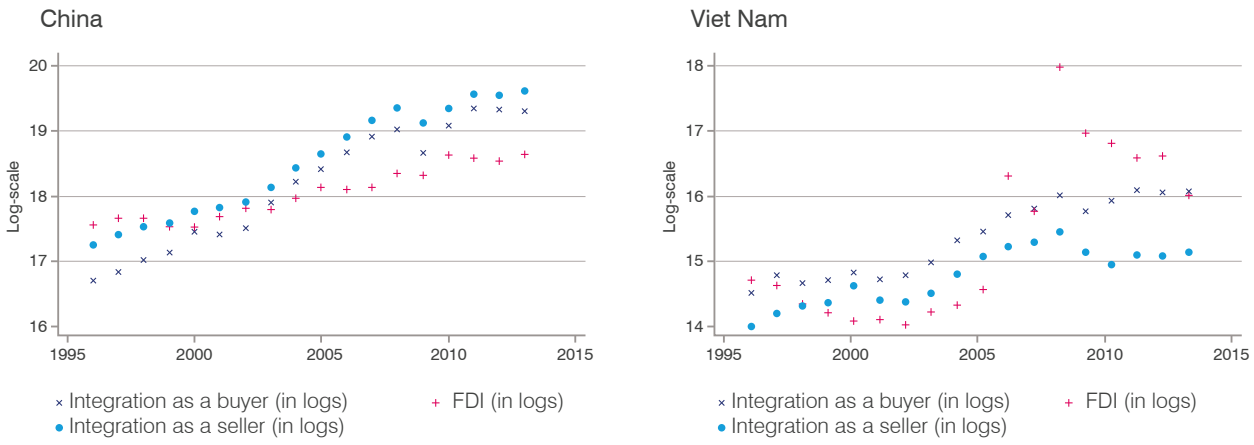
Over past decades, multinational companies have expanded their value chains through intra-firm trade, greenfield investments and mergers and acquisitions. As a consequence, fragmentation of production has created a strong trade and investment nexus. Figure 11 shows, for instance, a close complementarity between FDI and trade in China and Viet Nam through production sharing. This relationship also holds across countries within a given year (Figure 12).

Given that trade and investment are increasingly intertwined, whether a country is included in IVCs hinges on regulations regarding FDI as well as trade policy. The surge in bilateral investment treaties, or BITs, (also referred to as international investment agreements and investment guarantee agreements) in the 1990s appears to have helped emerging markets to attract offshored manufacturing jobs and factories, contributing to the spread of international production networks.[59]

More recently, countries have increasingly incorporated investment into their PTAs. Following the trend set by the North American Free Trade Agreement (NAFTA) in 1994, most PTAs now combine provisions on protecting and promoting investment, as traditionally found in BITs, with provisions on investment and comprehensive trade in services coverage.[60]

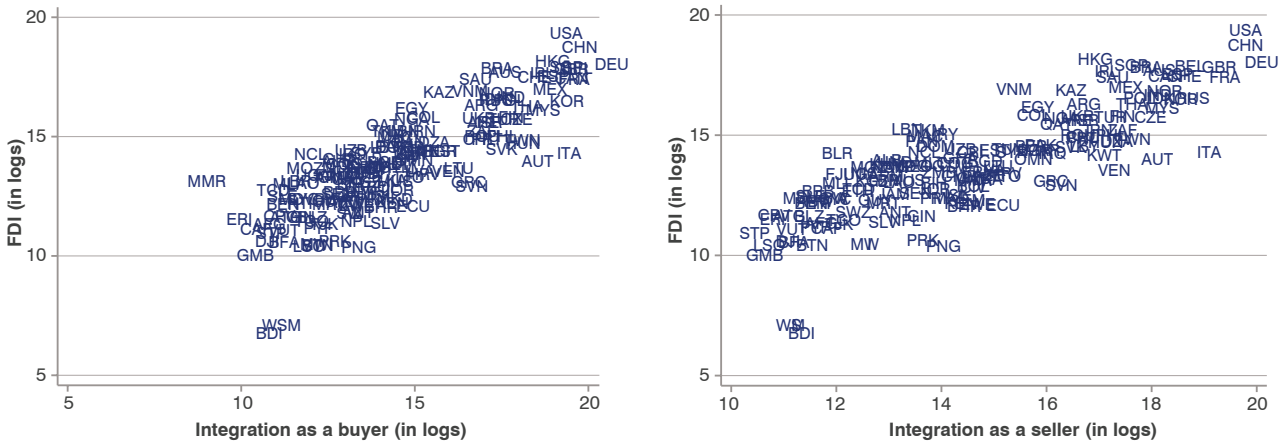
This inclusion of investment provisions in PTAs has led to a new type of trade agreement that has no equivalent at the multilateral level.[61] The WTO covers investment only partially, with rules limited to those in the GATS on the supply of services following an investment (commercial presence, Mode 3), and in the Trade-Related Investment Measures Agreement. By adding market access and regrouping trade and investment provisions under the same agreement signed for an indeterminate period, some experts contend that PTAs with investment provisions offer a better package of disciplines for investors than BITs.[62]

FIGURE 11 Linkages between foreign direct investment and value chains – China and Viet Nam



Note: FDI data is based on ITC's investment map. As an indicator of integration as a buyer, we use foreign value added in exports. For integration as a seller, we take domestic value added in intermediate exports re-exported to third countries.
Source: Boffa, Jansen and Solleder (2017a).

FIGURE 12 FDI and value chains go together



Note: FDI data is based on ITC's investment map. As an indicator of integration as a buyer, we use foreign value added in exports. For integration as a seller, we take domestic value added in intermediate exports re-exported to third countries.
Source: Boffa, Jansen and Solleder (2017a).

Since the turn of the century the number of newly concluded BITs has been falling, while the inclusion of investment chapters in PTAs has maintained momentum (Figure 13). Of course, one reason behind the slowdown in concluding new BITs is that nearly 3,000 BITs are already signed, and most bilateral relationships are already covered.

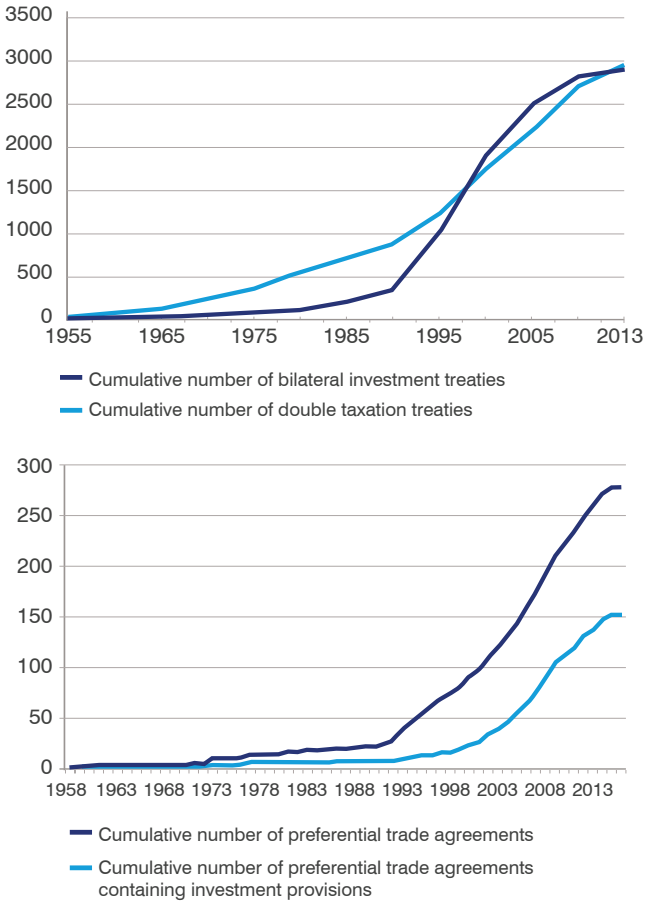
Coherence when integrating trade and investment is a key to attracting value chains

Bilateral investment treaties are making a difference.[63] In a 2007 survey of 602 multinationals, 67% said that these treaties influence their investment decisions in developing and transition economies.[64]

These FDI flows have an impact on value chains. ITC research shows that both bilateral investment treaties and regional trade agreements with investment provisions attract value chains.[65] BITs encourage lead firms to outsource business operations and contract services from suppliers in the countries where the treaties are signed. Thanks to the legal guarantees these treaties offer to investors, they tend to set up foreign affiliates and work with local suppliers.

Deep regional trade agreements with investment provisions go even further – in addition to the benefits of BITs, they allow local firms to join value chains by exporting their business operations to firms abroad, which are engaged in value chains.

FIGURE 13 Evolution of the framework of investment rules



Source: ITC calculations based on: Double Taxation Treaties (IBFD, compiled by Martin Hearson); Bilateral Investment Treaties (UNCTAD, compiled by Lauge Poulsen); Content of Deep Trade Agreements (World Bank, Hoffman, Osnago and Ruta 2017).

Taxation kept outside

Double Taxation Treaties (DTTs), which prevent excessive or double taxation of multinational companies, also affect trade flows. For countries hosting transnational corporations or participating in IVCs, tax coordination is a key concern. DTTs have emerged as international legal instruments concluded between two or more countries primarily to relieve juridical double taxation, considered one of the most visible obstacles to FDI.[66]

Double taxation is when two or more countries levy tax on the same declared income, placing a considerable financial burden on firms with a cross-border presence and hindering the regional movement of capital. In such cases, a multinational company pays tax on the same corporate income twice, in two different countries – once to the tax authorities of the foreign country that is host to the economic activity, and once to the tax authorities of the home country, where the parent company is headquartered.

Bilateral DTTs, now totalling more than 3,000 worldwide, have remained outside of the network of PTAs and mega-regional trade pacts.[67] Only half of DTT relationships are also covered by a BIT.[68] Mirroring the spread of BITs around the world,[69] DTTs first grew quickly between developed countries and then expanded in the 1980s and 1990s to accords between developing and developed countries. By 2008, these accounted for more than 50% of DTTs signed.[70]

Most bilateral DTTs are based on either United Nations or OECD Model Tax Conventions. While the OECD model treaty favours residence taxation that benefits countries with net positive foreign assets, the United Nations model treaty provides more scope for taxing at source. This is more favourable for developing countries, which are usually net capital importers.

In practice, DTTs can mitigate legal and fiscal uncertainty for foreign investors about how overseas profits from their investments will be taxed.[71] In addition, the conclusion of DTTs can allow the developing country to signal it is willing to accept internationally accepted tax rules and is open to attracting FDI.[72]

While among developed countries FDI flows more or less equally in both directions, FDI patterns are highly asymmetric between developed and developing countries, with developing countries usually net recipients.[73]

There are growing fears that DTTs will lead to major tax revenue losses, especially for developing countries, although such losses could be offset by attracting more FDI. However, there is mixed empirical evidence about whether DTTs significantly attract new inward investment. Earlier studies showed that tax treaties could have both positive and negative effects on FDI in developed and developing countries, and most studies did not find any positive impact on FDI in low-income countries.[74] More recent cross-country findings, however, show DTTs playing a strong positive in attracting FDI.[75]

Nonetheless, if such agreements reduce tax intake, they can pose a significant threat to the ability of developing countries to finance development and social infrastructure. In addition to the potential asymmetric distribution of revenues, some undesirable practices are often attributed to DTTs. These include 'grey' capital accumulation, such as tax evasion, mispricing of activities to bloat operating costs (and generate tax rebates), and transfer pricing (to benefit from low taxes on profits and high tax deductions on costs, based on differences in tax structures between jurisdictions).[76]

Moreover, the complex network of DTTs at a global level may offer the opportunity for multinational companies to avoid taxes. A multilateral legal platform for the taxation of transnational corporations' income is currently being explored by the OECD's BEPS (base erosion and profit shifting) Project, whose recommendations had been published in October 2015. The United Nations, Interntational Monetary Fund, World Bank and OECD are developing toolkits to assist lowest income countries in implementing the outcomes of the BEPS Project.

In June 2017, over 70 countries signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. The so-called 'Multilateral Instrument' includes signatories from all continents and all levels of development. The Multilateral Instrument offers concrete solutions for governments to close the gaps in existing international tax rules by applying the results from the OECD/G20 BEPS Project into bilateral tax treaties worldwide. It modifies the application of thousands of bilateral tax treaties concluded to eliminate double taxation.[77]

Services provisions: The glue for value chains

Services are important for the functioning of value chains, and are sometimes viewed as glue that holds supply chains together.[78] Services provisions in PTAs are therefore of particular importance for IVCs.

Studies find that services commitments in PTAs go beyond current commitments under WTO's GATS.[79] This is true for sectors and for modes of supplying services, with little differences between countries of differing levels of

development.[80] Partners secure the deepest commitments in North-North PTAs, improving their commitments by an average of 49.5%. In North-South PTAs, developed countries improved commitments on average by 43.5% and developing countries by 45.4%. In South-South PTAs, the commitments were on average 49.5% greater than those in GATS.[81]

Analysis of 30 South-South PTAs in services shows a tendency to liberalize aspects of investment and the temporary movement of natural persons (known as supply Mode 4) beyond the GATS level.[82] These PTAs are relatively liberal regarding the right to establishment and FDI, as well as labour migration.

In addition, geographic and cultural proximity support the effectiveness of services trade. Currently, South-South PTAs in services are mostly in Central and Latin America (Figure 14). Some of the services subsectors with the greatest impact on economic development, such as business services and education, along with Mode 4, support economic growth more when integrated at regional, rather than at global, level.[83]

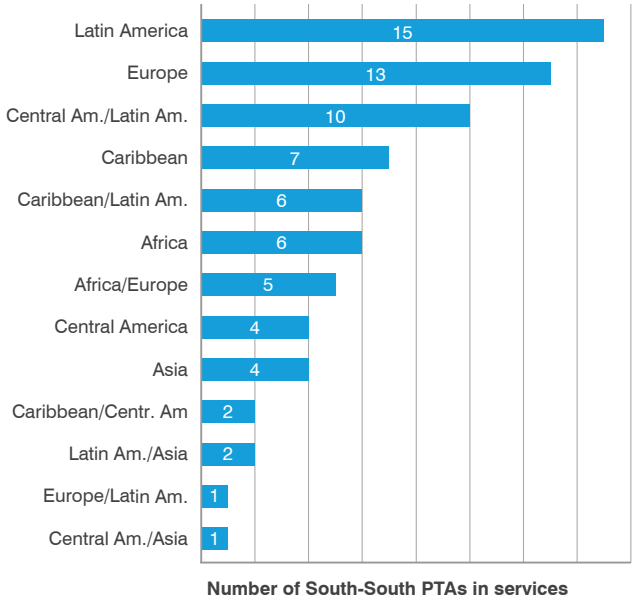
Regulatory measures are at the heart of trade opening in services. Although regulatory issues are also increasingly important in goods trade, trade opening for goods historically has been about lowering tariffs. There is no equivalent to the ad valorem tariff in services markets. The only policies restricting market access and the ability to do business are regulatory measures that may have significant non-trade objectives.

As a result, there are political and economic complexities in liberalizing trade in services. Simply removing all regulation is not an option. Many regulations cover key policy objectives, such as financial stability and consumer protection. Policymakers need to concentrate on enacting regulatory measures that are effective in achieving such goals, while also efficient, in that they entail minimal economic cost.

Because of the role of regulation in market access for services, regional trade opening of services has a tendency to be less discriminatory than regional trade opening of goods trade.[84] Genuine regulatory reforms in services, even if prompted by a PTA, are often de facto on a most-favoured nation (MFN) basis.[85] Discrimination in favour of one or more trading partners is more complex in services than in goods.[86]

Although the regional dimension is important in services trade, evidence suggests this is not primarily due to preferential policies toward neighbouring countries. Rather, institutional similarities, shared languages and legal systems, and other factors that reduce trade costs appear more effective regionally than globally. 'Soft law' measures can also stimulate trade. These include regulatory cooperation and transparency, which do not necessarily remove regulations, but can significantly improve their operation from the point of view of traders.

FIGURE 14 Regional distribution of South-South preferential trade agreements in services



Note: The original source counts Turkey in Europe, Jordan in Africa.
Source: Innwon Park and Soonchan Park (2011).

Services trade agreements can also serve as anchors for regulatory reform that helps countries develop their services economy. China's accession to the WTO has been cited as an example of this.[87] Its accession agreement required real changes to policies on services, which significantly improved market conditions, reduced discrimination against new and foreign firms and spurred improvements in performance over subsequent years.

Rules of origin in PTAs are another area where there is a substantial difference between services and goods. For goods, it is a particular product that receives a designation of origin. In contrast, in services it is usually a service provider. As a result, a third party service provider can establish a local presence in one party to the PTA, and supply services across borders to all other members under preferential rules. Although there are threats to move away from this liberal approach, and temporary movements of natural persons are typically subject to tougher restrictions, the general outlook is relatively positive. Maintaining a relatively liberal approach will help to ensure compatibility between the multilateral and regional trading regimes.

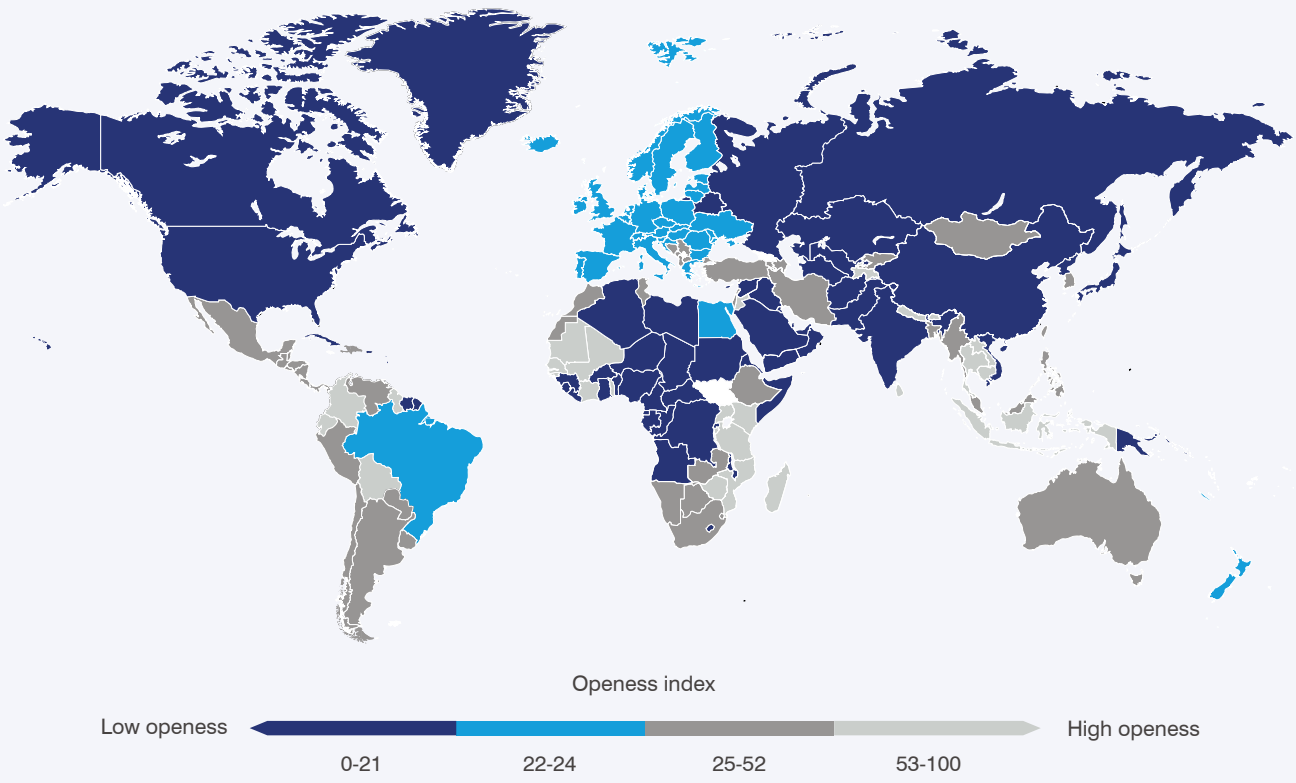
BOX 2: Visa and travel policies unlock tourism potential

Because tourism entails consuming at the point of production, access to the tourist destination is key. For international tourism, this makes visa policies a critical factor.

Governments set up visa policies for several reasons: to ensure security by controlling immigration and limiting the entry, duration of stay and activities of travelers; to generate revenues; to apply measures of reciprocity; and to ensure a destination's capacity is not exceeded and control tourism demand.[88] Restrictive visa policies, however, can act as a barrier to travel and tourism.

In 2015, destinations around the world required that, on average, 61% of the world's population obtain a visa before initiating their international journey. Another 6% of the population was allowed to apply for an eVisa, while 15% was able to apply for a visa on the spot. Only 18% of the world's population did not require a visa at all when traveling for tourism purposes.

Tourism visa openness index by country, 2015



Note: Openness indicates to what extent a destination is facilitating tourism. Data refers to 2015. The maps elaborated by UNWTO are for reference only and do not imply any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries. The software generating maps does not apply United Nations definitions of national borders.

Source: UNWTO, based on information of national official institutions.

In the case of African countries, visa openness remains limited. The African Development Bank recently launched the Africa Visa Openness Index, which shows how Africa remains largely closed off to African travelers. On average, Africans need visas to travel to 55% of other African countries, can get visas on arrival in only 25% of other countries and do not need a visa to travel to just 20% of other countries on the continent. Africa's upper-middle income countries as a group have low visa openness scores. Africa's small, landlocked and island states are more open, promoting trade links with their neighbours.

Reciprocity strongly influences visa policies. Regional and economic blocs show a high degree of reciprocity, and hence open travel. For example, all members of the Schengen Area have complete reciprocity, followed by regional blocs such as ECOWAS (93%), ASEAN (89%) and OECD (83%).

Significantly, the benefits of visa and travel facilitation are not strictly limited to members within these blocs. In 2014–2015, seven regional and economic blocs increased open reciprocity between members and non-members according to the World Tourism Organization's *Visa Openness Report 2015*: Schengen, OECD, G20, OSCE, CAFTA-DR, APEC, and PAFTA.[89]

Visa policies are mainly applied at individual country level, but in regional organizations or blocs, countries can issue travel visas valid for entry into some or all of the member states of grouping. The table below illustrates examples of regional agreements and their specific visa policy.

Tourism visa openness index by country, 2015

Regional Bloc	Member States	Visa Policy
Schengen Area	26 members: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Liechtenstein.	The Schengen Agreement allows visa free travel among its 26 European members. Nationals from non-members of the Schengen area that possess a visa from one of the members are allowed to travel freely within the Schengen area.
Central America-4 (CA-4)	4 members: El Salvador, Guatemala, Honduras, Nicaragua.	CA-4 Border Control Agreement allows tourists admitted to one of the four member countries to travel freely inside the CA-4 Area.
Economic Community of West African States (ECOWAS)	15 members: Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.	Nationals of an ECOWAS country are allowed to cross borders without visa when holding a valid ID.
Gulf Cooperation Council (GCC)	6 members: Bahrain, Kuwait, Oman, Saudi Arabia, United Arab Emirates, Yemen.	Nationals from countries belonging to the GCC are allowed visa free travel within the GCC Member States.
Association of South East Asian Nations (ASEAN)	10 members: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.	ASEAN Travel Agreement allows nationals from member countries visa free travel within the area.

Source: UNWTO and WTTC (2012).

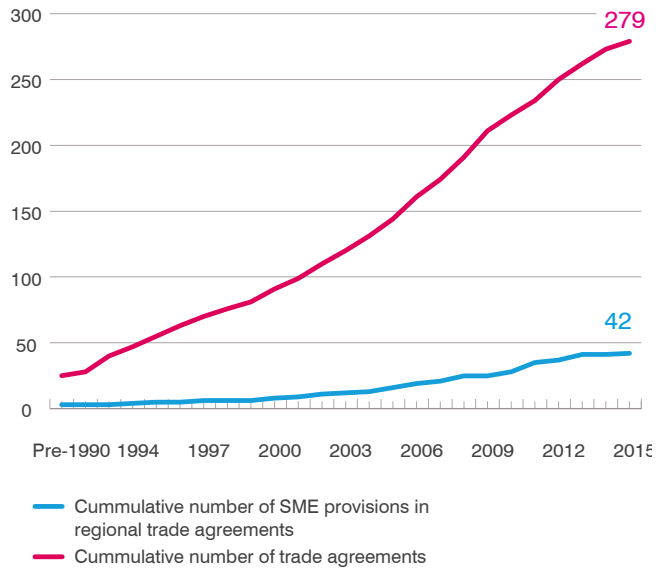
Integrating SMEs and women in trade agreements

This section explores the trend towards 'inclusive and responsible regionalism', highlighting the opportunity to use e-commerce and digital trade provisions to reduce the competitiveness gap between small and large companies as well as the gender gap.

Explicit references to SMEs and gender equality – two cross-cutting issues – are gradually being mainstreamed into the texts of deep PTAs, often within cooperation chapters. Several PTAs involving advanced, emerging and developing economies have set a precedent by dedicating specific chapters to such aspects.

A growing number of PTAs incorporate provisions explicitly mentioning SMEs. WTO's 2016 *World Trade Report* provides information on this trend.[90] In the past 15 years the number of PTAs that include a dedicated chapter provision on SMEs increased substantially, reaching 42 agreements, or one-sixth of the agreements covered by the database (Figure 15). This is the case, for example, for the free trade agreement (FTA) between Colombia, El Salvador, Guatemala and Honduras, which contains comprehensive SMEs-related provisions in the chapters on electronic commerce, cooperation, administration of the treaty and annexes to the chapters on government procurement and cooperation. Unfortunately, no study to date has quantified benefits of having direct provisions on SMEs in PTAs.

FIGURE 15 Evolution of trade agreements with provisions on SMEs



Note: Based on 279 agreements covering provisions in 52 policy areas.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).

According to the *World Trade Report*, the two most common categories are provisions that:

- Promote cooperation on SMEs in general or in a specific context, such as e-commerce and government procurement.
- Exempt SMEs and/or programmes supporting SMEs from the RTA obligations.

Trade opening and ensuing economic development have improved the income, livelihood and employment opportunities for large segments of the population. Nonetheless, current research on trade and poverty shows that trade opening can affect countries, and groupings of countries, differently. The effects of trade opening can vary depending on economic activity and sector.[91]

Even though trade policies may be designed as gender neutral, trade agreements can have direct or indirect gender effects. A growing body of research finds that while trade opening can reduce poverty by creating jobs for women,[92] trade agreements and policies affect women and men differently.[93]

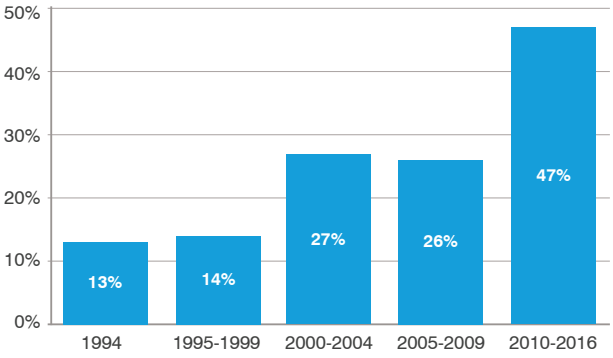
The effects depend on the sectors involved and the level of economic development, as well as social norms regarding gender, lower skill levels among women and gender inequalities in access to resources. This includes access to ICT and e-commerce. So far, research on gender aspects of trade opening does not provide clear-cut answers as to whether trade opening leads to higher incomes and empowerment for women everywhere.[94]

Trade agreements are usually viewed as gender neutral, with no differentiated treatment of men and women. Still, the inclusion of provisions on gender issues is increasingly common in such accords, whether in trade policies, impact assessments or specific considerations. The share of PTAs entering into force that includes gender references has more than tripled since the late 1990s (Figure 16).[95]

Gender considerations in PTAs are generally included in labour provisions. Research shows that trade agreements with labour provisions have a positive impact on labour force participation rates, increasing the female labour force in particular. A study by the International Labour Organization (ILO) finds that PTAs with labour provisions boost the labour force participation rate by 1.6 percentage points more than agreements without such provisions. As the impact is stronger for women, the gender gap in the labour force participation rate is reduced by 1.1 percentage points.[96]

Some labour provisions emphasizing gender equality through the principle of non-discrimination in employment

FIGURE 16 Preferential trade agreements that address gender equality



Source: International Labour Organization (2016).

and occupation may have a positive impact on closing gender gaps.[97] There is also country evidence of the impact of labour provisions on the narrowing of the wage gap between women and men. According to the ILO study, labour provisions encourage the development of labour market institutions, which in turn contributes towards positive outcomes.

More than half of the agreements with gender references include advanced economies – the European Union (30%), the United States (13.8%) or Canada (10%).[98] For instance, the EU's strategy for Equality between Women and Men (2010–2015) calls for the integration of gender dimensions in EU trade policy as part of a wider framework of sustainable development. Sustainable Impact Assessments (SIAs) are the main tools the EU uses to address the issue of gender equality in trade negotiations.

The approach is not systematic, however. A few SIAs devote considerable space to women's issues, such as those on free trade agreements between the EU and Chile (2002), Central America (2009) and Armenia (2013). Others barely mention gender impacts, including the SIA on the EU–China Partnership and Cooperation Agreement (2008). There is the opportunity for a more comprehensive approach based on new guidelines for evaluation of policies within the 'Better Regulation Toolbox' developed by the European Commission. These provide specific instructions on questions regarding gender equality impacts.[99]

Negotiations between developing and emerging economy countries also address gender issues, as in the 2016 FTA between Chile and Uruguay. The FTA calls for the countries to work together in two key ways to ensure women share in the benefits of trade:

- Cooperative activities, such as implementing programmes, to develop the skills and competencies of working women. Specifically, countries will consider women's access to technology, science and innovation and promote female entrepreneurship, through workshops, seminars, discussions and other forums to exchange knowledge, experiences and best practices.
- Institutional arrangements to implement the accord's provisions. Countries will create a gender committee made up of representatives of governmental institutions from both countries. This committee facilitates exchange of information on formulating and implementing national policies to integrate the gender perspective in trade. It also discusses future joint activities to support development policies related to gender and trade; and invites international donors, private sector entities, non-governmental organizations or other relevant institutions to assist in developing and implementing cooperation activities.

Regional infrastructure initiatives

Domestic and trade infrastructures help countries benefit fully from a more open trade and investment regime. For instance, a study by Donaldson provides evidence that the vast network of railroads built in colonial India – one of history's great transportation infrastructure projects – led to substantial reductions in trade costs, stimulating interregional and international trade.[100]

Transportation is the largest component in infrastructure-related trade costs. Transport routes require significant investment and their success and shape hinges on economic, geopolitical and technological factors. For example, most important trends in maritime transport are determined by trade developments. This includes growing South-South trade, new trade routes opened by the Belt and Road Initiative and the Partnership for Quality Infrastructure, as well as the expanded Panama Canal and Suez Canal. Furthermore, the advent of the fourth industrial revolution, big data and e-commerce brings challenges and opportunities for countries and maritime transport.[101]

A number of recent regional integration initiatives have broken new ground by embracing issues traditionally neglected in trade negotiations, recognizing explicitly the interaction between infrastructure, trade and regional integration. This is the case for the Chinese-led Belt and Road Initiative, and the Initiative for the Integration of Regional Infrastructure in South America.

One of the most dynamic regional integration initiatives worldwide, meanwhile, is the Pacific Alliance.[102] After eliminating tariffs on over 92% of goods, integrating their national stock markets and removing intra-Alliance visa restrictions, the Pacific Alliance countries plan to establish

BOX 3: Strategic trade-related development projects

The number of strategic trade-related development projects has grown worldwide at a considerable pace over the past two decades. In an effort to help policymakers, businesses and researchers navigate the complexity of these initiatives, ITC has developed the Trade Strategy Map, a repository of almost 1,200 documents from 167 countries. These documents are legitimate policy instruments that focus on trade and development and are tools for strategic policy planning.

As illustrated in the figures, most of the collected strategies focus on one specific country. Between 2000 and 2015, only 33 out of the 1,165 (about 2.8%) documents had a regional rather than country-specific focus. Less than 3% of strategic trade-related development projects have a regional focus.

Spotlight on African countries

Most trade-related development strategies focus on African countries. Between 2000 and 2015, the average number of strategies per African country was 16, followed by the Americas, with an average of nine strategies per county. Africa is the only region where the number of strategies focusing on trade in goods exceeds those concerning services trade. Regional strategies play a qualitatively important role in Africa, though their number remains small. About 4% of the continent's strategic trade-related development projects aim to work with a sub-region rather than a single specific country. In the Americas and Asia, only about 2% and 1% of strategies have a regional focus.

Similar emphasis, except for trade information

Both regional and country-specific strategies put a similar emphasis on trade-related issues. About 41% of the strategies deal with trade facilitation. This includes improving transport and logistics services, enhancing efficiency and transparency of customs procedures and removing any other barrier to the circulation of goods across borders.

About 44% of the strategies focus on trade finance and/or general access to credit. This includes promoting microfinance initiatives, facilitating access to financial services, setting up specialized institutions for export credit and trade finance and strengthening existing ones.

About 37% of the collected strategies emphasize trade promotion. This includes participating in fairs and other exhibition events abroad to promote domestic products, organizing visits by delegations of buyers and setting up marketing and branding activities.

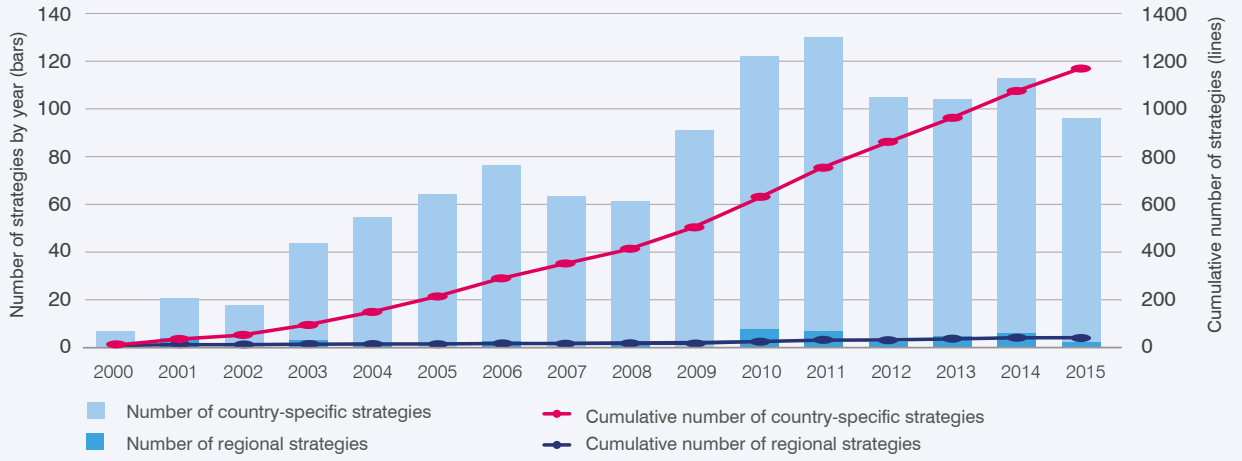
There is a gap, however, between regional and country-specific strategies when it comes to trade information and market intelligence. This includes information about potential export markets and products, customs procedures, import requirements, tariffs and other barriers to imports, international certifications and requirements, foreign buyers, business and investment opportunities, statistical evidence and information. About 36% of the regional, but only 22% of the country-specific, strategies focus on this topic.

Disparity on sustainability

The difference in the thematic emphasis between regional and country-specific strategies is considerably larger when it comes to non-trade issues such as environment, gender, poverty, the United Nations Sustainable Development Goals (SDGs), SMEs and youth. On average, 65% of regional, but only 46% of country-specific, strategies emphasize these sustainability issues.

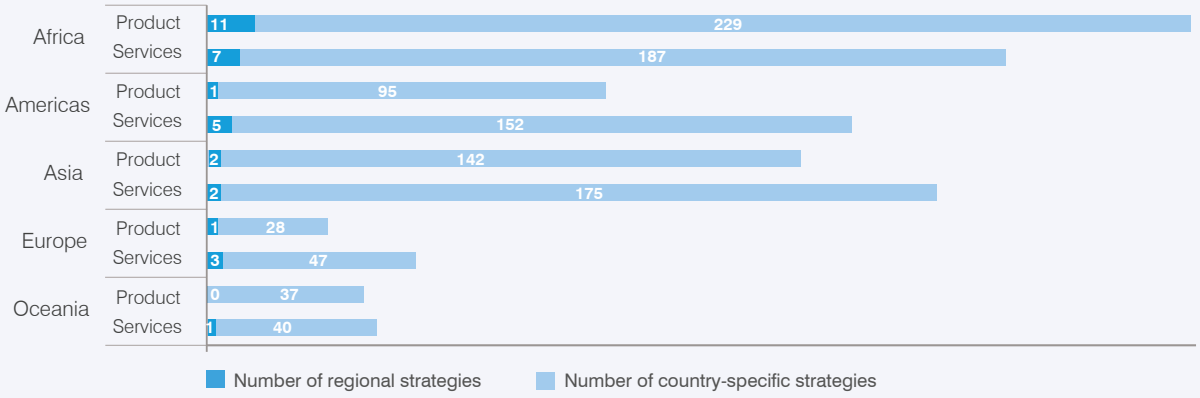
This gap is particularly large for issues linked to youth integration and gender equality. The former includes providing specific technical and vocational training to young people, ensuring access to general education and other social services or improving well-being, safety and security of children and youth. About 64% of regional, but only 34%, of country-specific strategies focus on youth integration. Gender issues include integrating women into national economic activity and trade, guaranteeing equal treatment in the labour market, ensuring equal access to social services and improving women's well-being, safety and security. About 76% of regional, but only 53%, of country-specific strategies emphasize gender equality.

Evolution of regional and country-specific strategies



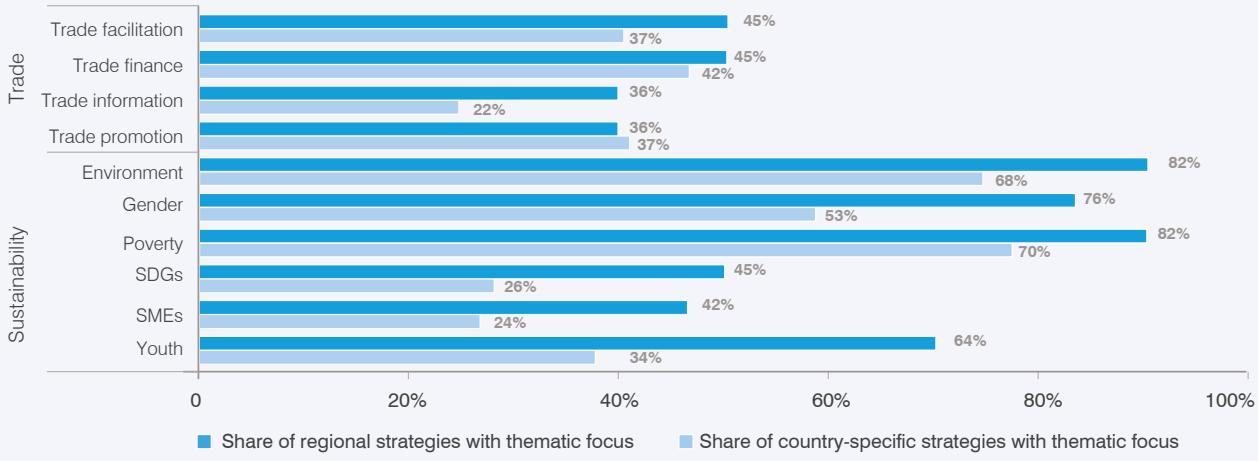
Note: The figure includes all active and inactive strategies. *Source: Based on data from ITC Trade Strategy Map.*

Regional and country-specific strategies by region



Note: The figure includes all active and inactive strategies in the period 2000–2015. *Source: Based on data from ITC Trade Strategy Map.*

Regional and country-specific strategies by thematic focus



Note: The figure includes all active and inactive strategies in the period 2000–2015. *Source: Based on data from ITC Trade Strategy Map.*

a regional infrastructure investment fund to address the large transport costs impeding trade in the region.[103]

Infrastructure investments have also contributed significantly to EU integration and are being discussed as a way to strengthen the economic links between the EU and Africa.

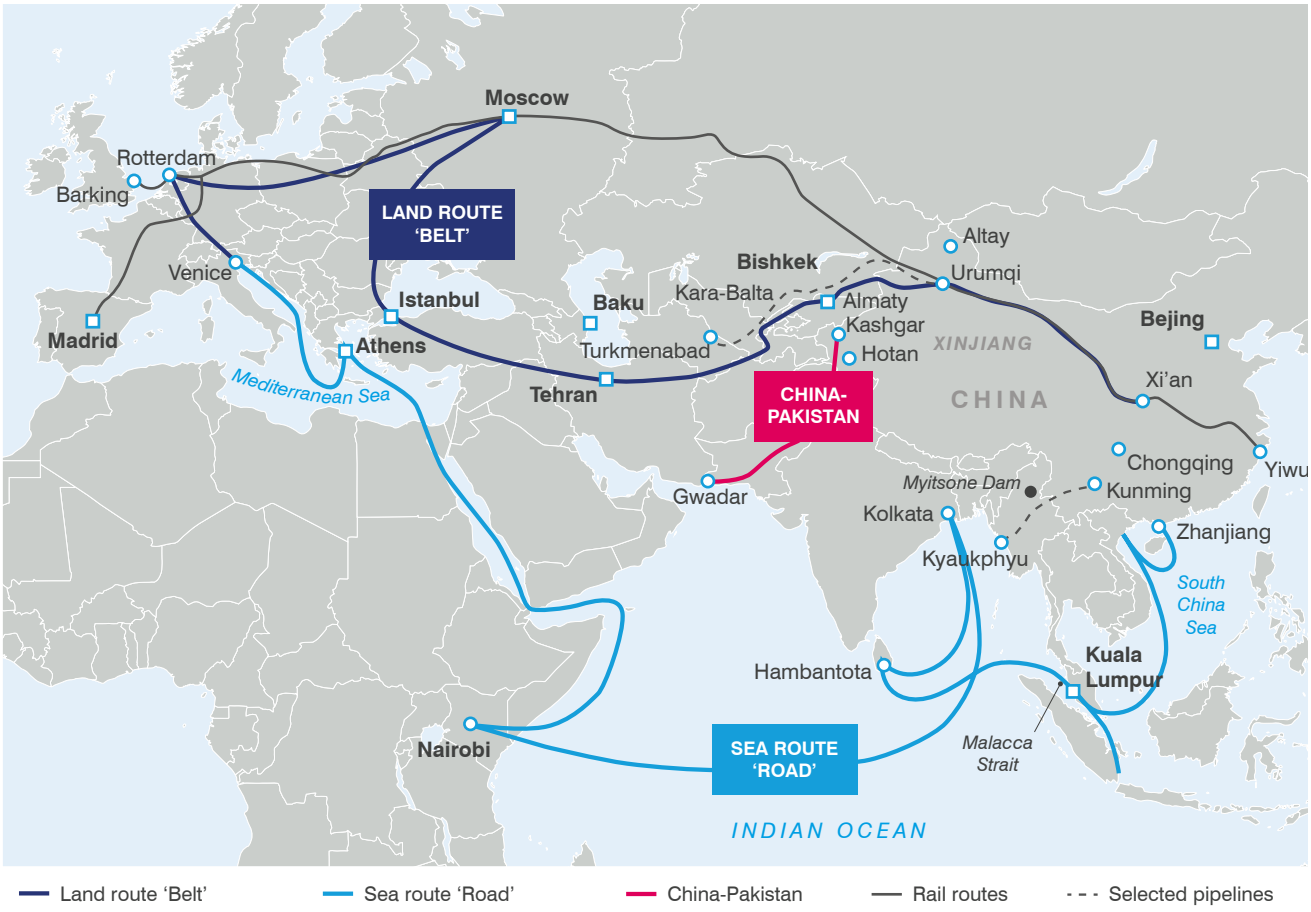
These initiatives, while different, share the goals of promoting regional integration and closing the large infrastructure investment gap. With a wider scope, the G20 in 2016 launched the Global Infrastructure Connectivity Alliance. It aims to enhance cooperation and synergies of global infrastructure and trade facilitation programmes seeking to improve connectivity within, between and among countries. The following section provides more details on two regional initiatives: The Belt and Road Initiative, and the Integration of Regional Infrastructure in South America.

The Belt and Road Initiative

The Belt and Road Initiative (BRI) is an ambitious plan for greater regional integration without predefined rules. Representing a political vision to foster cooperation and connectivity between BRI members, the initiative is different to conventional trade agreements or regional cooperation mechanisms. The emphasis is on strengthening physical infrastructure (railways, ports, energy pipelines and special trade zones) as well as soft infrastructure (such as institutional foundations for trade and investment flows, i.e. easing customs processes).[104] While BRI is not a free trade agreement, the expansion of infrastructure, finance and IT links across countries is likely to facilitate trade further, provided that soft (regulatory) infrastructure is upgraded simultaneously with hard (physical) infrastructure.

Invoking historical imagery of ancient China's naval expeditions and trading routes, BRI aims to establish two new routes. The land-based 'Silk Road Economic Belt' links China and Europe via Central Asia and the Russian Federation; China and the Middle East via Central Asia; China and South-East Asia via South Asia and the Indian Ocean. The sea-based '21st Century Maritime Silk Road' connects China with Southeast Asia, the Middle East, Europe and Africa (Figure 17).

FIGURE 17 Routes under the Belt and Road Initiative



Source: The Economist (4 May 2017).

China's President Xi Jinping unveiled the initiative in 2013 during his visits to Central Asia and ASEAN. In 2015, China's National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce jointly issued the Vision and Actions Plan on BRI.[105] The aim is for BRI to be a flexible, open and inclusive cooperation framework that is mutually beneficial.

BRI can potentially enhance interconnectivity in a geographical area accounting for roughly 70% of the world's population, 55% of world's GDP and 75% of known energy reserves.[106] However, the geographic composition of BRI has not been defined officially. Any country with an interest in the initiative can potentially join it. This contrasts sharply with existing treaty-based integration efforts, where the geographical scope, partner countries, strategy, principles and rules were clearly defined at the outset.[107]

BRI calls for a massive infrastructure push to enhance the connectivity among the countries on the proposed Belt and Road routes. It aims to deliver greater energy and power interconnections as well as a more secure and efficient network of land, sea and air passages across the key routes.[108] Its influence is already evident in China's overseas investment flows, with investment related to BRI rising twice as fast as total outward FDI in 2015.

BOX 4: Women exporters – regional or global traders?

ITC's SheTrades Initiative provides women entrepreneurs around the world with a unique network and platform to connect to markets. Through the SheTrades app, women entrepreneurs are able to share information about their companies, increase visibility, expand networks, connect and internationalize. SheTrades, which aims to connect one million women entrepreneurs to market by 2020, also helps corporations to include more women entrepreneurs in their supply chains.

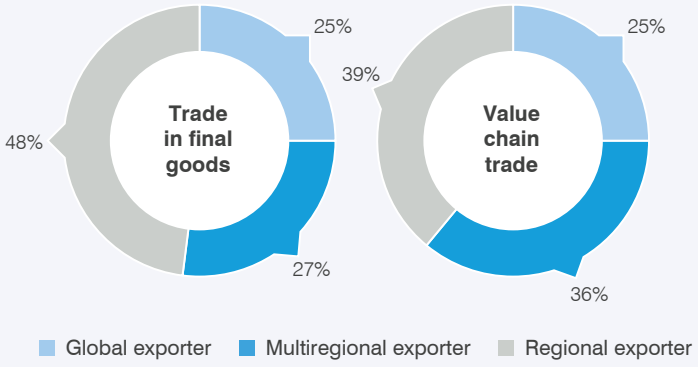
In addition, the data can be analysed for insights into where female exporters trade, and how value chain participation affects them.

The figure on the top shows that half of women-managed firms on the SheTrades platform trading in final goods export within their region. However, women-owned firms in a value chain are more likely to trade to two or more regions.

In addition, if the enterprise is women-led, the proportion of women's employment is higher, indicating that getting more women-led enterprises to trade internationally may help boost female participation in the labour force to a greater extent than doing so for other types of companies.

Furthermore, the firm-level data collected in East Africa show that firms expanding their global reach employ proportionately more women. The figure on the bottom juxtaposes the percentage of women employees in a firm against whether it trades in its home region, in multiple regions, or globally.

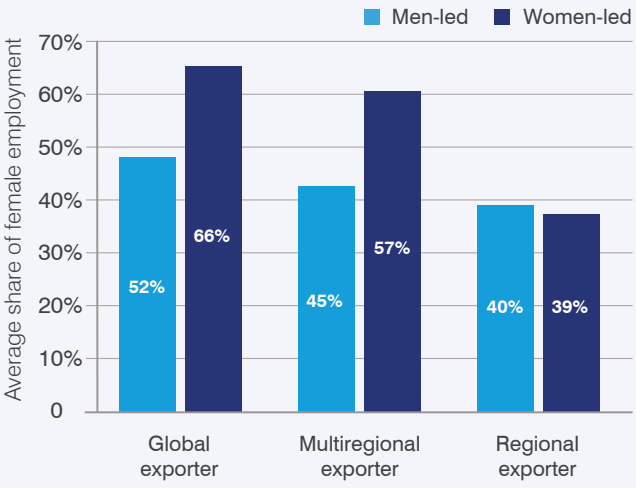
Exporting beyond the home region



Note: ITC calculations based on SheTrades firm-level data across 80 different countries. Value chain trade is defined as trade in intermediates.

Source: ITC SheTrades.

East African firms trading globally employ more women



Note: ITC calculations based on firm-level surveys executed amongst 515 companies located in Kenya (96), Uganda (131), Ethiopia (183) and United Republic of Tanzania (105).

Source: Data is based on firm-level surveys done within ITC's project 'Supporting Indian Trade and Investment for Africa'.

According to the China Development Bank, some 900 projects at an estimated cost of $890 billion are currently under way or planned. For instance, in January 2017, the first direct train from China to the United Kingdom arrived in London carrying 44 containers of clothes and consumer goods. It took 15 days to travel 12,000 km across 10 countries, half the time it would have taken by sea.[109]

China and its neighbouring countries have an urgent need for basic infrastructure. New data from the Asian Development Bank show that developing countries in Asia will need to invest $26 trillion from 2016 to 2030, or $1.7 trillion per year, to maintain its rapid growth and respond to climate change.[110]

Of the total investment needs over the period, $14.7 trillion costs will be for power, $8.4 trillion for transport, $2.3 trillion for telecommunications and $800 billion for water and sanitation. The Asia-Pacific region's infrastructure investment gap is estimated to equal 2.4% of projected GDP in 2016–2020, with the gap at 5% of projected GDP when China is excluded.

A number of government and multilateral funds were created recently to reduce this funding gap and finance Silk Road projects, although some of these are not exclusively directed towards BRI. They include: the Asian Infrastructure Investment Bank with a capital stock of $100 billion; the $100 billion BRICS New Development Bank and the $40 billion Silk Road Infrastructure Fund; China Development Bank, with a capital stock of $16.3 billion; ASEAN Infrastructure Connectivity Fund, with a capital stock of $20 billion; and Maritime Silk Road Bank with a capital stock of $810 million. The Export-Import Bank of China is also expected to make major contributions – it lent more than $80 billion in 2015.

But even taken together, these official and multilateral financing channels will not be able to meet the funding needs of BRI projects and, more broadly, bridge the investment gap in the Asia-Pacific region. Hence, it is critical to facilitate participation of the private sector and institutional investors, such as international pension funds, insurers and sovereign wealth funds, to complement public funds.[111]

So far, private investors appear hesitant to invest in more complex, longer-term and riskier infrastructure projects in emerging markets, with only $63 billion invested in infrastructure around Asia by the private sector each year.[112] Chambers of commerce, such as the Silk Road Chamber of International Commerce, can play a crucial role in connecting business communities of different countries and in helping companies – especially SMEs – acquire a thorough understanding of local conditions, regulators, market players and ways of doing business in host jurisdictions.

Regulatory and institutional reforms are also needed to make infrastructure more attractive to private investors. In this vein, the G20 has been trying to develop new investor-friendly PPP models for infrastructure development in emerging markets.

Challenges for investors in BRI will be as diverse as the BRI countries covered by the initiative, which range from Singapore to Syria. A web of investment treaties overlay the route and provide a robust source of potential investor protections. Thus, a critical challenge will lie in the governance framework for cross-border investments linked to BRI. The quality of infrastructure projects along the BRI routes requires equal attention.[113]

BRI does not simply trace a path for developing overland and maritime transport, and energy and communication infrastructure. According to its vision document, the BRI initiative goes well beyond infrastructure to include closer coordination of economic development policies, harmonizing technical standards, removing investment and trade barriers, establishing free trade areas, deepening financial integration and 'people to people bonds'. To date, this part of the agenda has arguably not received the attention it deserves.

Chinese firms have developed significant experience in large infrastructure projects during the country's own development, but the ability of governments in the region to cooperate on issues such as regulating transport services and harmonizing customs and border procedures remains an open question. For countries in Central Asia, trade costs have long been high – in part because of restrictive policies in the transportation and logistics sectors that prevent local firms from connecting better to world markets. An ambitious integration agenda with a group of relatively high trade cost partners suggests that many challenges may need to be addressed as the project is rolled out.[114]

There are no barriers to entry and no preconditions to join the BRI. Instead, it is open and inclusive, focusing on the market's operation that is mutually beneficial to all countries. Nevertheless, the path to success for BRI is likely to be both rewarding and challenging.

Integrating regional infrastructure in South America

With regard to the infrastructure and trade nexus, Latin America is no different from the rest of the world. Empirical evidence is available for several countries demonstrating that domestic transport costs shape the level and diversification of countries' overall and subnational exports and the regional distribution of production networks.[115] For

example, Chile's 2010 earthquake provided researchers with a 'natural experiment' to determine to which extent changes in the internal road transport network cause changes in exports. They find that between February 2010 and February 2011, Chile's total industrial exports would have been 6.3% higher without domestic road infrastructure re-routings triggered by the earthquake.[116] For Peru, a study on the impact of the Peruvian road network's expansion between 2003 and 2010 on firms' exports estimated that total Peruvian exports would have been roughly 20% lower in 2010 without the road development programme.[117]

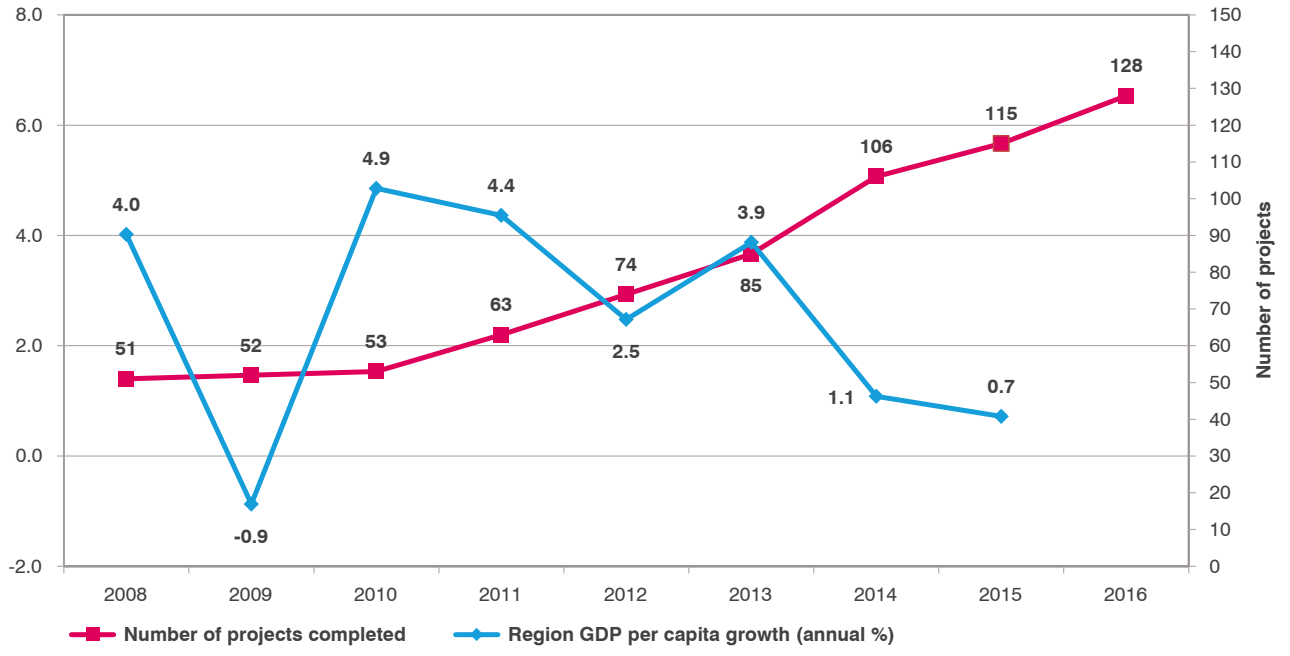
The most comprehensive regional Integration initiative in South America, the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA), has physical integration as a major pillar. Launched in 2000, the initiative is a bold effort by the 12 South American countries to spur investments in transportation, energy and telecommunications, with the aim of creating interconnected networks of infrastructure at regional level. It is a mechanism for cooperation and dialogue between governments, multilateral financial institutions and the private sector, enabling them to exchange information and coordinate policies and sectoral investment plans.

IIRSA is set to play a major role in creating a fully integrated regional market, and ensuring that the gains from deeper regional integration are fully realized and unconstrained by high transport costs. According to the 2016 IIRSA portfolio, the initiative is composed of 581 infrastructure projects, with an estimated investment of $191.4 million. Of these projects, 22% (128) have already been completed, 31% (178) are in the execution stage, 26% (152) are in the pre-execution phase and 21% (123) are being profiled.[118] The overwhelming majority of projects are in transport, with 258 projects in roads, accounting for 70% of estimated investments.

For instance, the 13.9 km Agua Negra binational road tunnel through the Andes Mountains is considered one of the most important infrastructure projects in Argentina and Chile. The current road, located at 4,765 metres, is not suitable for freight transport and is passable little more than half of the year. With an estimated investment of almost $1.6 billion, and expected to commence in early 2019 and be completed in 2027, the binational tunnel aims to improve integration between the two countries and develop the transport corridor between the Pacific coast and the Atlantic.[119]

Figure 18 shows the degree of progress on the projects in the portfolio during the 2008–2016 period. Notwithstanding the slowdown of growth in the region, the development of infrastructure progresses. The initiative has received technical and financial support from the Andean Development Corporation, the Inter-American

FIGURE 18 Integration of the Regional Infrastructure of South America project portfolio in spite of slow regional growth



Note: Annual percentage growth rate of GDP per capita based on constant 2010 US dollars and refer to the average annual changes for the 12 IIRSA countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Peru, Suriname, Uruguay, Paraguay and Venezuela) between 2008 and 2016.
Source: ITC calculations based on COSIPLAN-IIRSA (2016), 'The COSIPLAN Project Portfolio 2016'; and from World Development Indicators.

Development Bank, the Financial Fund for the Development of the Rio de la Plata Basin, the United Nations Development Programme, and others.

IIRSA predominantly helps countries on an individual basis, with only 20% of its projects binational or multinational. This demands the direct participation of the parties involved in their design and future implementation. Still, it produces regional public goods, as many endeavours within a national jurisdiction contribute to the interconnection of infrastructure systems within the region.

With successful expansion comes the challenge of ensuring sustainability and considering possible negative environmental impact, as well as safeguards. Its largest project raises environmental concerns, the Madeira–Mamoré–Beni–Madre de Dios hydroelectric and hidrovia (channelization) complex in the Amazon.[120] This includes construction of four large dams, at a total cost of more than $20 billion, expected to generate about 11,000 MW of electricity and create a 2,600-mile industrial waterway. Its ecological impact may be profound, contributing to deforestation, threatening the river's unique biodiversity and adversely affecting indigenous people.

Figure 19 shows that the South American continent is divided into Integration and Development Hubs, with ten strategic subregions.[121] The hubs are reference spaces for intraregional or international trade, and specific reference spaces in which to concentrate all efforts towards infrastructure development.[122]

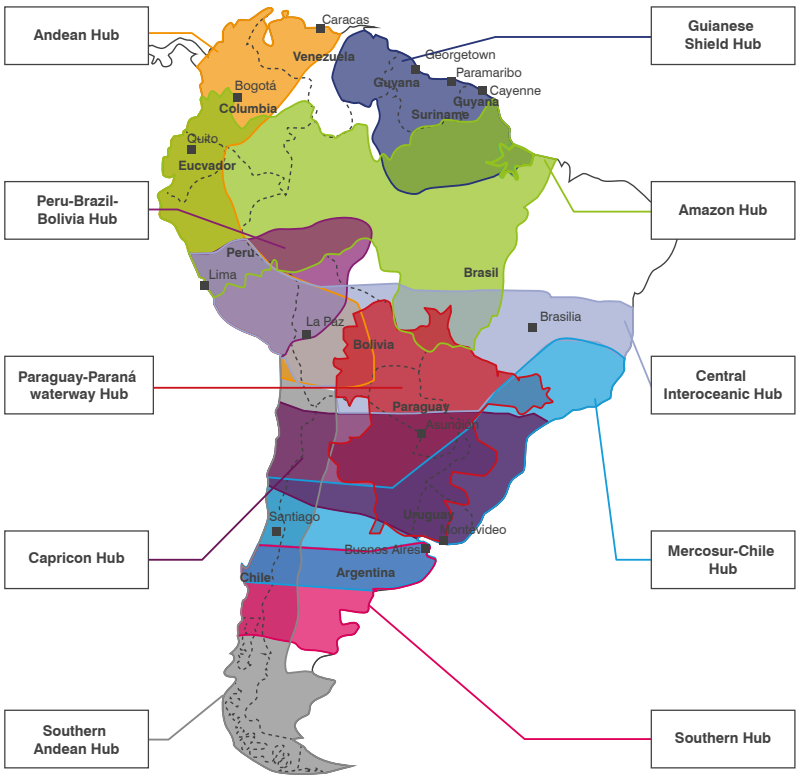
Deep integration and value chains

The number of PTAs has surged in the last quarter century, growing more than fivefold. From 51 agreements in force and notified to the WTO in 1990, PTAs grew to 286 in 2017. Alongside their increasing number, the content of PTAs has also changed.

How deep are regional agreements?

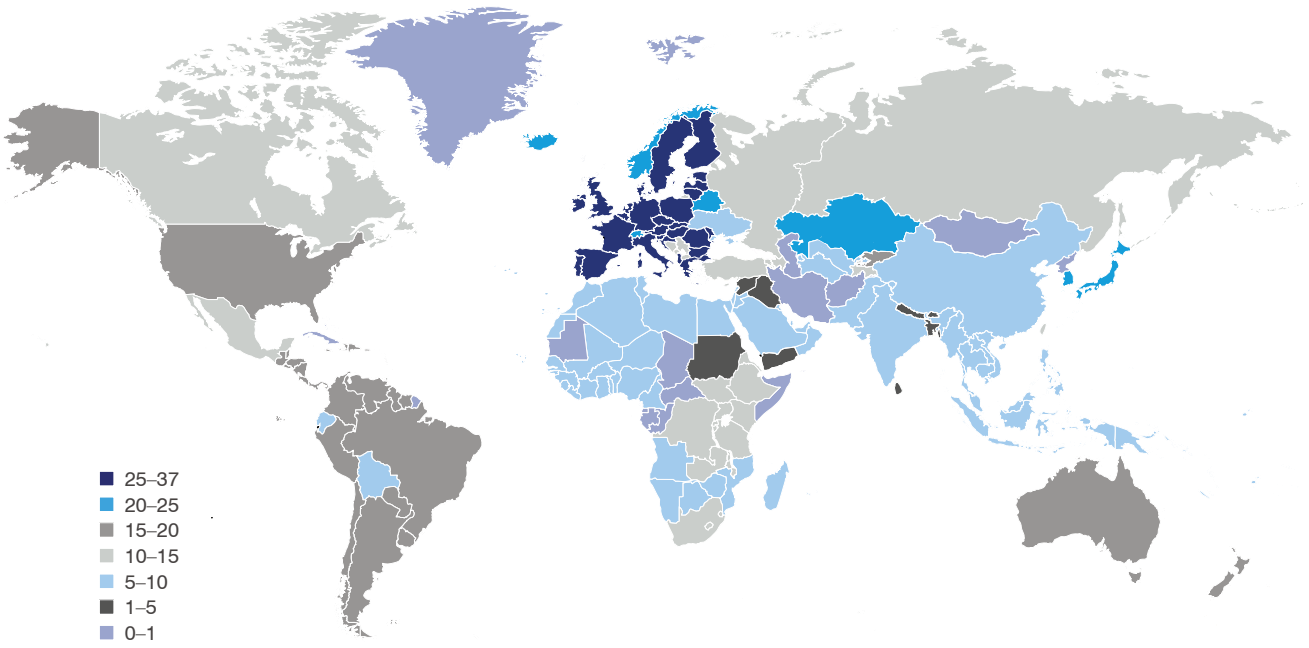
To assess the impact on trade of this new generation of PTAs, researchers classified and counted the policy areas and provisions contained in the accords. Many new agreements include legally enforceable provisions – through dispute settlement or other mechanisms – that go

FIGURE 19 Development Hubs under the Initiative for the Integration of the Regional Infrastructure of South America



Source: The Initiative for the Integration of the Regional Infrastructure of South America (2011).

FIGURE 20 Deep trade agreements: Average number of policy areas covered, by country



Source: ITC calculations based on 279 agreements and 52 policy areas. World Bank database on Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).
Note: The software generating maps does not apply United Nations definitions of national borders.

beyond WTO commitments and regulate policy areas not covered through the WTO.[123] They differ from their predecessors in two aspects:[124]

- **WTO-plus:** commitments in policy areas that are deeper than the traditional provisions negotiated in multilateral agreements. The researchers analysed 14 areas covered by WTO agreements. The policy areas covered include customs regulations, trade-related investment measures, trade-related intellectual property rights, services, public procurement and anti-dumping.[125]
- **WTO-extra:** issues beyond directly trade-related matters. The policy areas involve domestic regulations (or behind-the-border measures). They cover 38 areas outside the WTO mandate.[126] The areas covered by the provisions include competition policies, movement of capital, intellectual property rights, investment, environmental laws, regional cooperation, labour-market regulations, e-commerce and SMEs.

PTAs have become deeper, in that the policy areas they cover have been widening and deepening over time.[127] European countries are the most integrated, based on the number of provisions their agreements cover (Figure 20). In contrast, South-East Asian and North African countries do not seem to be involved in very deep agreements.[128]

Figures 21A and 21B show how often the agreements include all 52 WTO-plus and WTO-extra policy areas, expressed through provisions in legally binding language. While a large proportion of PTAs cover policy areas that fall under the current mandate of the WTO, only a few WTO-extra provisions are included and legally enforceable in a

FIGURE 21A Share of agreements covering WTO-plus policy areas

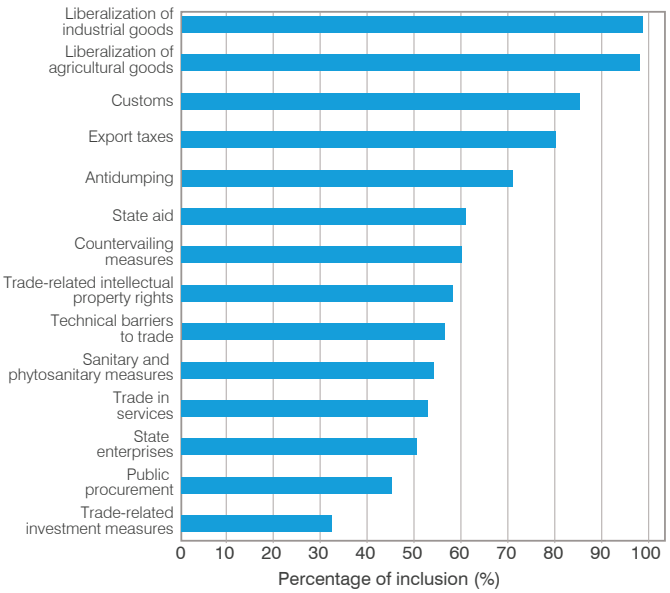
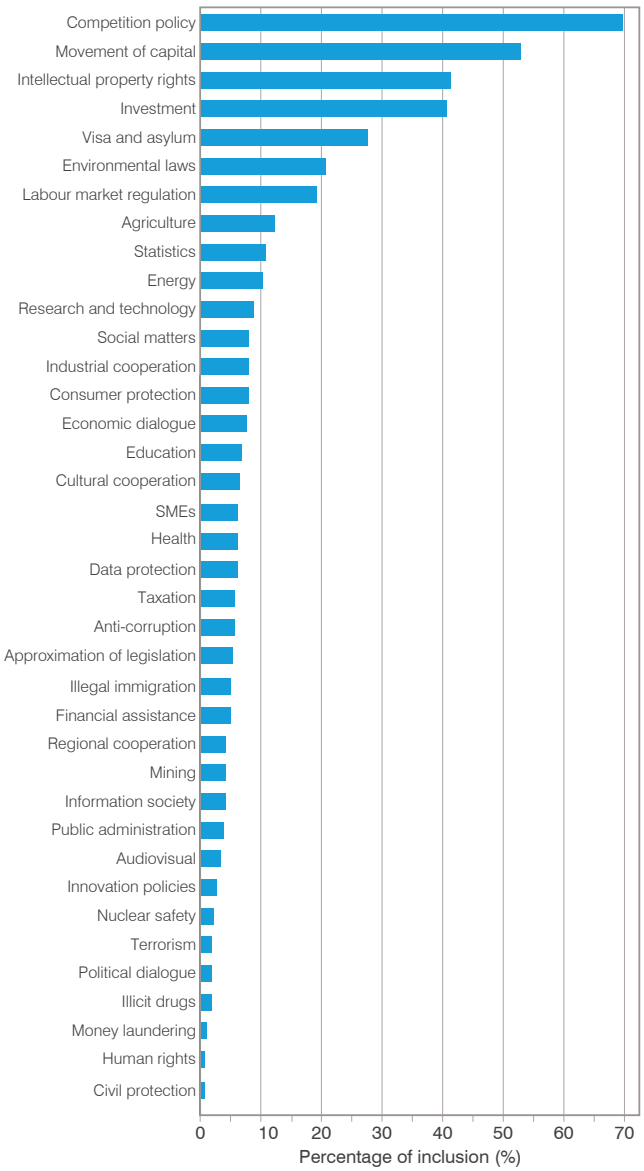


FIGURE 21B Share of agreements covering WTO-extra policy areas



Note: Based on 261 agreements. Averages are by agreement. Only areas covered by legally enforceable provisions are included.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).

relevant number of trade agreements. Yet, some of those provisions cover areas of high relevance for global value chain decision-making, such as movement of capital, investment and competition policy.

Figure 22 shows that agreements between OECD countries tend to be deeper than PTAs between OECD and non-OECD countries, and agreements between non-OECD countries only. When taking into consideration legal enforceability, the ranking of OECD-OECD PTAs is almost identical for WTO-plus and WTO-extra provisions. Legal enforceability is weaker in the two other groups, especially for WTO-extra provisions.

Figure 23 maps PTAs by type (according to the WTO standard classification) and whether they have legally enforceable provisions covering WTO-plus and WTO-extra policy areas. Customs unions and economic integration agreements tend to be deeper in such provisions than FTAs, in line with the successive stages approach of economic integration depicted by Balassa.[129]

The number of provisions is positively related to the scope of PTAs (i.e. number of areas covered), as countries start with border measures, progressively adding WTO-plus provisions and only then moving to WTO-extra provisions (Figure 23). For example, there is a large number of PTAs with WTO-plus provisions only, while there is only one agreement containing a WTO-extra provision without containing WTO-plus commitments (Figure 23).

There has long been a debate on the interrelationship between the multilateral trading system and PTAs, from economic, political and institutional perspectives. From the point of view of negotiations, the multilateral trading system is based on rules, and it levels the playing field for smaller economies and LDCs.

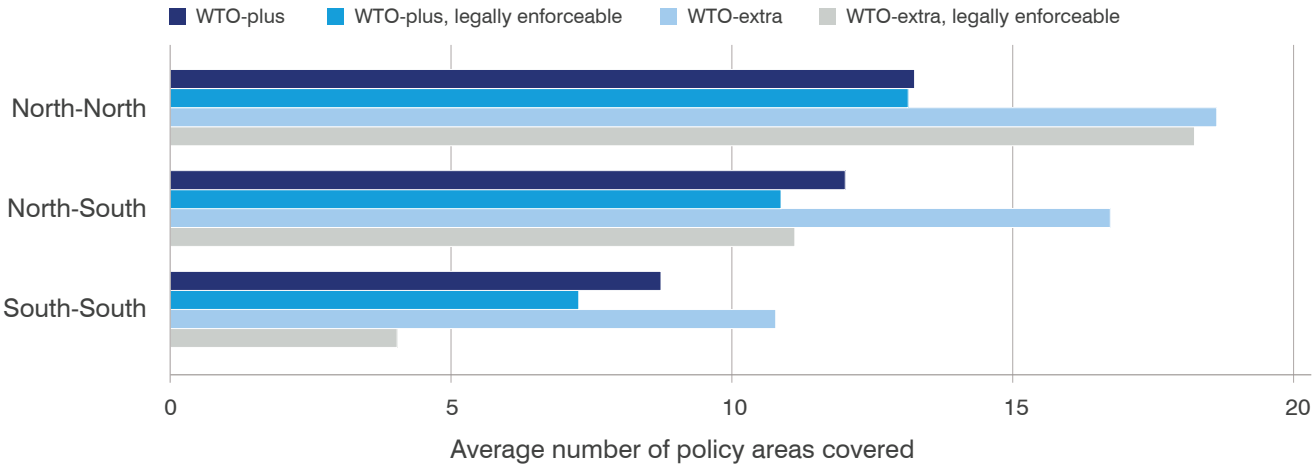
Many deep integration provisions – whether they be WTO-plus or WTO-extra – are non-discriminatory and de facto extended to non-members. If a country establishes a new competition law, its enforcement neither favours nor punishes foreign firms based on their country of origin. The question of whether trade is created or diverted is not necessarily relevant in such cases. Indeed, a recent empirical study shows that deep PTAs do not hurt trade for non-member countries and mitigate the negative impact of relative tariff preferences.[130] Instead, there are reasons to believe that deep PTAs create a conducive environment for global value chain activity.

Measuring integration in value chains

Measuring a country's integration into international value chains is critical for economic policy. With the exception of some databases, international value chain statistics at the firm level remain scarce. The best-case scenario would be to have firm-level transactions that track flows from lead firms to foreign affiliates and arm-length suppliers. However, that information is only available for a handful of economies. To date, the most representative measures of value chains are those derived from intra-industry flows of multiregional input-output tables.

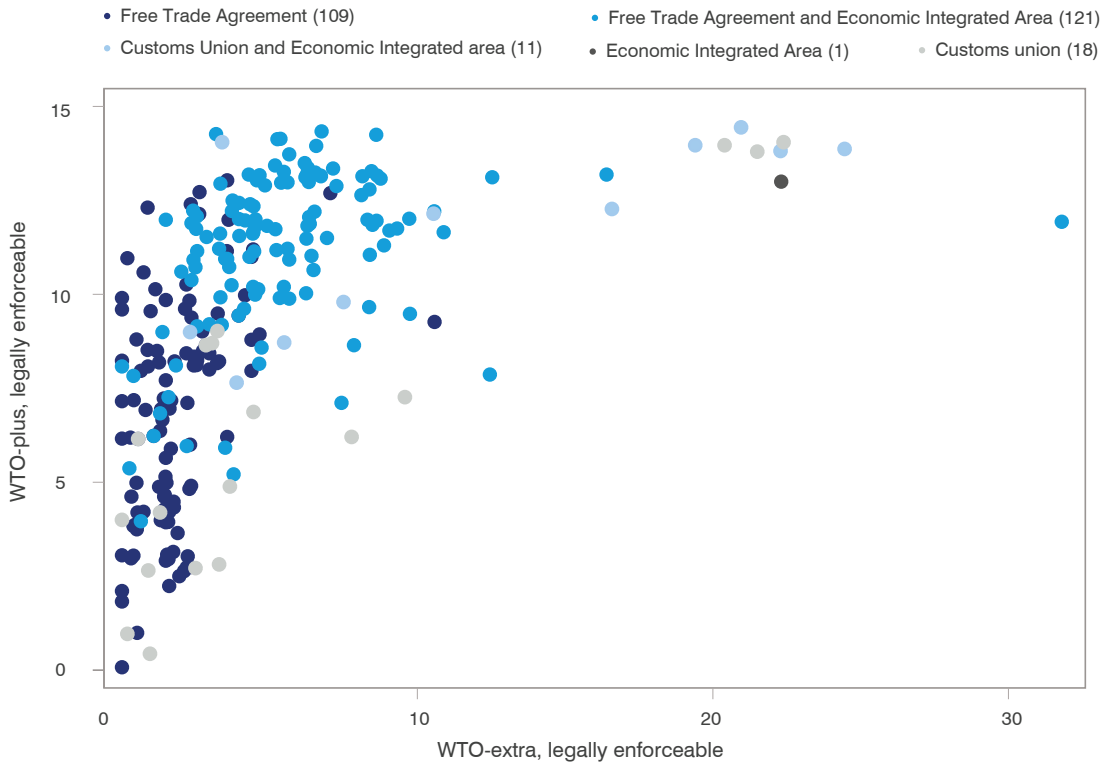
This report uses input-output tables to measure participation in IVCs. Countries integrate into IVCs as

FIGURE 22 WTO-plus and WTO-extra provisions, by country groups



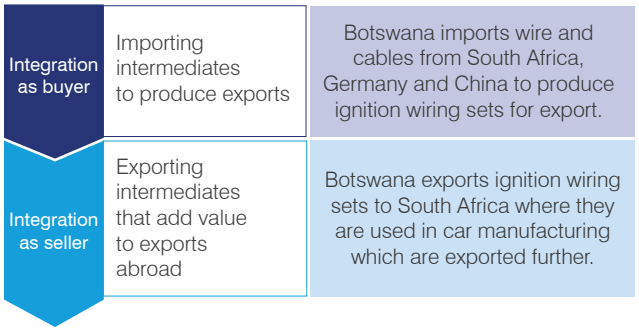
Note: Based on 261 agreements. Averages are by country groups. Only policy areas covered by strictly legally enforceable provisions are included. North is defined as OECD membership. Provisions mapped to 52 policy areas.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).

FIGURE 23 Deep integration and preferential trade agreement types



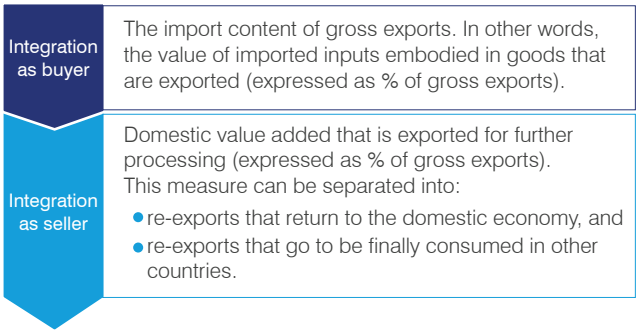
Note: Based on 260 trade agreements.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017).

FIGURE 24 Integration into value chains as buyer/seller



Source: ITC.

FIGURE 25 Measuring integration into value chains



Source: ITC based on Koopman R. et al. (2014).

sellers or buyers of value added derived from economic activities. Figure 24 depicts this twofold integration process.

- **Integration as buyer:** relates to the amount of foreign value added needed to produce a country's exports.
- **Integration as seller:** relates to the subsequent use of a country's exported domestic value added.

Databases on trade in value added permit calculations of indicators for integration as buyer and integration as seller. Moreover, both concepts can be approximated by several indicators.[131] Figure 25 summarizes the indicators that this report uses.

Deep agreements bring more value chain trade

The considerable research on the effects of trade agreements on international trade flows confirms that the impact of PTAs on members' trade flows is positive and significant.[132] It is only in recent years that such research also has assessed whether the nature of the PTA matters for trade.

Findings so far suggest that deep agreements generate bigger increases in both gross trade and IVC trade than shallow ones. Findings confirm that behind-the-border provisions matter for trade flows. Deep agreements have a much greater effect than shallow ones.[133] Broad agreements have also been found to generate substantially bigger effects on trade and welfare than narrow ones.[134]

A key question for policymakers is how to assess the increases in trade that can be expected from the signature of a trade agreement. In particular, policymakers may want to know the impact of including provisions in addition to tariff cuts. This report defines the depth of an agreement by counting the number of policy areas covered by legally enforceable provisions.[135] Table 3 provides estimates on the impact of trade agreements on IVC trade, including the effect on 'buyer IVC trade' and 'seller IVC trade'.[136]

As countries either sell to or buy from an IVC, this report's research focuses on two IVC variables: imports to export; and domestic value added re-exported by the partner. The first measure refers to the amount of value added from activities abroad necessary to produce exports at home. The second measure is the domestic value added in intermediate goods that are processed by the partner for its own exports. These measures are important at the bilateral level and denote IVC trade flows 'as buyer' and 'as seller' of value added.

The depth of the trade agreement affects value chain trade. For any two countries, signing an agreement with provisions covering 42 policy areas (the deepest in the sample) has the potential to increase IVC trade by 9.9% as buyer and 6.8% as seller. Signing an agreement of an average depth also has a significant impact, albeit of a smaller magnitude (3.2% increase in buyer-related flows and 2% for seller IVC trade). In other words, the effect is more than three times greater for buyer IVC trade when countries sign the deepest agreement compared with an average agreement.

It is not only the number of provisions that matter, but also their type. The impact on value chain trade is higher when PTAs contain investment provisions. Countries signing a PTA with legally enforceable investment provisions can on average expect a 3.2% increase in IVC trade as a buyer and a 2% increase in IVC trade as a seller. This is due to the investment provisions and the greater depth of agreements embedding them, as PTAs that include investment on average include 24 other provisions, compared with 14 provisions in average PTAs.

TABLE 3 Impact of depth of trade agreements, investment provisions on value chain trade

	Buyer dimension: increase in foreign value added from partner	**Seller dimension:** increase in domestic value added re-exported by partner
Trade policy options		
Deepest agreement (42 policy areas)	9.9%	6.8%
Preferential trade agreement of an average depth (14 policy areas)	2.8%	1.3%
Preferential trade agreements with investment provisions	3.2%	2%
Bilateral investment treaty	2.8%	No significant effect

Note: Estimates from gravity model. IVC indicators using Wang, Wei, Yu and Zhu (2017) decomposition implemented by Quast and Kummritz (2015). Only legally enforceable provisions are included.
Source: ITC calculations based on World Bank database on the Content of Deep Trade Agreements (Hoffman, Osnago and Ruta, 2017) and UNCTAD database on BITs (UNCTAD, 2009).

Finally, signing a deep trade agreement with legally enforceable investment provisions has a stronger effect on various components of value chain trade than signing a stand-alone BIT. BITs have a positive effect on a country's integration into IVCs as a buyer, albeit to a smaller extent than signing a PTA with investment provisions (2.8% vs 3.2%). BITs do not affect a country's integration into IVC as a seller. This suggests that countries seeking to increase domestic value added re-exported by partners (integration as seller) should consider PTAs with investment provisions.

Most analyses of the effect of deep agreements on trade focus on trade in goods, due to a lack of data on trade in services. Bilateral data on cross-border trade in services (Mode 1) are not available for many developing countries. Data on trade through commercial presence (Mode 3) are even rarer, and only available for a few large, developed markets, with limited coverage of partner countries and sectors. Replicating the kind of analysis conducted above is challenging for services. Nonetheless, PTAs covering services have been found to be effective in promoting services trade. Deeper agreements – in content and sectors covered – have been found to give a stronger boost to trade.[137] PTAs may bolster services trade more in some sectors than in others, however.[138]

Deep integration: Good for SMEs

Little is known about which firms benefit the most from PTAs. The existing research on the consequences of trade agreements focuses on the redistributive effects across countries and industries, rather than firms. A recurrent perception is that trade deals are biased in favour of large multinational firms.

Nonetheless, a few recent studies provide new insights into the consequences at firm level of PTAs and trade facilitation measures. One study offers evidence that reducing the time needed to export fosters SMEs' exports more than those of large firms, provided that both exporting and non-exporting firms are included in the sample of analysis.[139] Another study reveals that the relative effects on small and large firms vary according to the type of facilitation measure: small exporting firms profit relatively more from improvements regarding information availability, advance rulings and appeal procedures, while simplifying documents and automation tend to favour trade of large firms.[140]

One recent study stands out by focusing on the consequences of PTAs at firm level. On the one hand, the study finds that the largest and most productive firms disproportionately reap the benefits of tariff cuts through PTAs. On the other hand, market-friendly provisions that remove behind-the-border barriers appear to reallocate sales from the largest to the smallest affiliates.[141] In light of this result, shallow and deep PTAs seem to have different distributional consequences. The interests of SMEs are more likely to be served by greater depth in PTAs.

Indeed, according to the series of business surveys on NTMs undertaken by ITC, SMEs in developing countries are perceived to be disproportionally affected by procedural obstacles and NTMs than large firms, as they often lack the appropriate resources to deal with these barriers.[142]

With regard to services trade, it is a widely held view that local presence requirements in services tend to stymie SMEs more than multinational enterprises. According to the *World Trade Report 2016*, service SMEs tend to lean towards soft[143] forms of internationalization due to size constraints, and export essentially via supply Mode 1, which regulates cross-border trade, and supply Mode 4, which regulates the movement of natural persons across borders.[144]

As a result, obstacles in those modes affect the participation of SMEs in services trade more than is the case for large multinationals, which often establish operations abroad to deliver services (so-called supply Mode 3 – commercial presence). Research suggests that

THOUGHT LEADER

Harnessing the power of African SMEs for economic growth

Tony O. Elumelu

Commander of the Order of the Niger

Founder, the Tony Elumelu Foundation

Economic growth in Africa slowed in 2016, with GDP growth falling to 1.6% from 3.4% the year before. This has been attributed largely to lower commodity prices and reduced global demand. As expected, this situation reignited calls for Africa to diversify and industrialize.

Indeed, a more industrialized and diversified Africa would prove less vulnerable to commodity price fluctuations and shocks in demand. A crucial, missing piece of this debate is the role of home-grown SMEs in helping achieve these twin objectives.

SMEs throughout Africa are a critical force as drivers of economic activity across all sectors – from agriculture to ICT.

SMEs throughout Africa are a critical force as drivers of economic activity across all sectors – from agriculture to ICT. They have emerged as key employers – firms with fewer than 20 employees provide the most jobs in Africa's formal sector. Over 70% of Africans work for micro, small and medium-sized enterprises (MSMEs). African entrepreneurs and their small businesses are actively contributing to supply and production chains that will increase the continent's manufacturing base and kickstart massive industrialization.

As a businessman, investor and philanthropist, I fundamentally believe that small businesses are the lifeblood of the African economy. Between 2015 and 2030, 29 million new entrants will join Africa's labour force annually. There is a need for African business and policy leaders to rally to support SMEs, as only they can provide the jobs needed for Africa's teeming population.

Government action

At least 42 African countries have explicit policies and strategies that provide SMEs with training, finance and an enabling environment.

The good news is that African SMEs are already on the rise, with small companies accounting for more than 60% of the continent's business-to-business spending. This figure rises to over 80% in Nigeria, Kenya, the United Republic of Tanzania, and Ethiopia.

This progress has not occurred in a vacuum. Many African SMEs have thrived due to targeted and sustained support from governments. At least 42 African countries have explicit policies and strategies that provide SMEs with training, finance and an enabling environment.

In Ethiopia, for instance, federal and municipal agencies work together to provide managerial training and financing for SMEs. Similarly, Morocco has special

There is a need for African business and policy leaders to rally to support SMEs, as only they can provide the jobs needed for Africa's teeming population.

measures to ease access to finance for SMEs. In Rwanda, the Business Development Fund is at the forefront of SME development – pushing for SME partnerships with local and foreign investors. It is hardly surprising that Rwanda and Ethiopia are among Africa's fastest growing economies.

Despite the recent economic contraction that caused some SMEs to shut down (in Nigeria alone, 272 manufacturing firms closed in 18 months), the operating environment can be improved greatly. It is necessary to remove unfair regulations and bureaucratic bottlenecks that increase the cost and time of doing business. In addition, many SMEs face challenges and constraints caused by inefficient infrastructure – both hard and soft.

Africa's infrastructure deficit, estimated at $93 billion, is a major challenge. Unreliable electricity supply means some businesses close because they are too small to afford power generators. Poor roads and unreliable transport facilities hinder the ability of many SMEs to move their goods to market, increasing business costs and/or leading to losses.

Access to finance is another obstacle, with Africa's SMEs facing a credit gap of $135 billion. Slowing economic growth means it would be a tall order for the public sector to bridge this gap. This creates an avenue for other stakeholders – from the private sector especially – to support African SMEs. Every $1 invested by multilateral institutions in African entrepreneurs generates up to $5 in additional investment.

Every $1 invested by multilateral institutions in African entrepreneurs generates up to $5 in additional investment.

Supporting entrepreneurs

At the Tony Elumelu Foundation, I have committed $100 million to identify, train and fund 10,000 African entrepreneurs over a 10-year period with the goal of realizing $10 billion in revenue and creating a million jobs. The Tony Elumelu Foundation Entrepreneurship Programme is rooted in the inclusive philosophy of Africapitalism – the belief that a vibrant African-led private sector with significant participation from entrepreneurs is the key to unlocking Africa's economic and social potential.

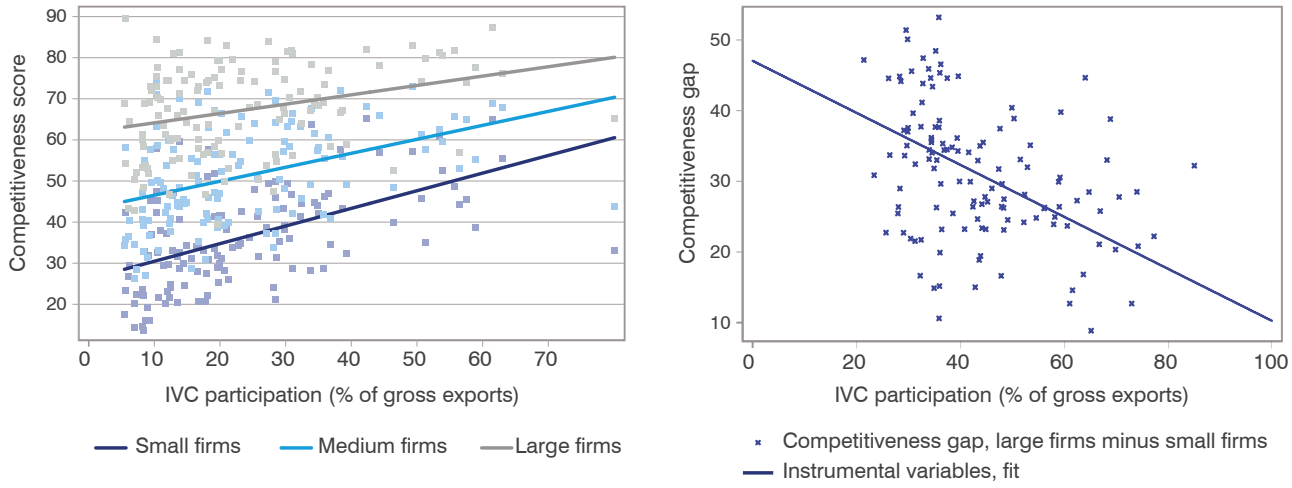
To build enterprises that last, our holistic programme has seven core pillars – business training, mentoring, seed capital funding, access to an online resource library, membership in the Africa-wide alumni network of the Tony Elumelu Foundation, frequent meetings with stakeholders (including top policymakers), and participation in Africa's biggest annual entrepreneurship networking forum. Now in our third year, having so far supported 3000 entrepreneurs, the robustness of the programme addresses the diverse needs of young African entrepreneurs.

The majority of entrepreneurs surveyed after participating in our programme multiplied their revenues and at least doubled their staff size. We call on other philanthropic organizations and private institutions to find ways to back African SMEs.

Since January 2015, nearly 150,000 applications have been received from all over the continent. The other roughly 147,000 candidates remain as members engaged in the Tony Elumelu Foundation Entrepreneurship Network where they receive non-financial support. We urge other successful Africans and friends of Africa, to support us to do more, to financially empower and give hope to these thousands of aspiring entrepreneurs whom we are unable to select.

Now more than ever before, African SMEs matter a great deal; our continent's growth and development is inextricably linked to the progress of local small businesses. It is time to prioritize their needs.

FIGURE 26 Engagement in international value chains raises firm competitiveness



Note: The IVC participation variable is defined as the sum of the exported domestic value added that re-exported to third countries and the foreign value added in gross exports. The estimates on the gap are significant in a random effects error component model. Competitiveness gap compiled from several rounds of the World Bank Enterprise Survey using ITC's methodology.
Source: Boffa, Jansen and Solleder (2017a).

relative to current GATS commitments, PTAs tend to level the playing field between SMEs and larger enterprises by improving market access in the modes not linked to commercial presence and preferred by SMEs.[145]

Based on existing research, it is to be expected that firms find it easier to compete in foreign markets covered by deep trade agreements and that SMEs benefit more from such agreements than large firms. This is the case because SMEs gain more from the reduction in certain trade costs. It is also to be expected that they benefit more from the transfer of information and knowledge brought by integration in international value chains.

The ITC competitiveness score captures these various dimensions of competitiveness and is used to measure the relationship between depth of trade agreements and SME competitiveness.[146]

The findings show that deep trade agreements stimulate value chain trade, which in turn helps to improve SME competitiveness. Specifically, increasing the average number of policy areas covered by legally enforceable provisions (either by signing new agreements or deepening the existing ones) by one is correlated with a 2.5% increase in the country's integration into value chain trade, and a 1.25% reduction in the competitiveness gap (that is, the difference in performance) between large and small firms.[147]

These estimates suggest that through deeper trade agreements, countries ease their integration into value chains that act as a catalyst for the competitiveness of domestic firms. Moreover, deeper agreements help to narrow the competitiveness gap between large and small firms. Given the importance of closing this competitiveness gap for a more equitable distribution of economic growth, engaging in international value chains not only generates more trade but also contributes to inclusive trade.

CHAPTER 3

SME Guide to Value Chains

For SMEs to take full advantage of market opportunities arising from regional economic integration, they need to be proactive within international value chains.

This involves developing three critical capacities: an ability to identify business opportunities and market niches based on unique products and services;[148] strong managerial and operational competencies; and flexibility to adapt to changing demands.

Whether joining a value chain or selling directly to customers (such as through electronic marketplaces), SMEs need the capacity to find buyers and sustain a relationship with them.

This chapter focuses on participation in value chains from the perspective of SMEs. Guidance, handbooks or frameworks on supply chain management or international expansion strategies are easily available. They tend, however, to be written from the point of view of the lead firm within supply chains.[149] Guidance on internationalization strategies targeted specifically to SMEs is rare.

Attracting a greater number and variety of buyers gives SMEs more bargaining power. SME managers can navigate participation in value chains in a way that increases benefits for their firm.

SME managers should consider different factors when entering value chains and weighing expansion options. These often have to do with the governance structure of the value chain. This chapter outlines specific firm-level capacities to:

- Be selected by buyers
- Operate within value chains
- Move up in these chains.

SME positioning in value chains

SMEs that enter international markets through value chains often are allocated standardized business functions in the chain. These usually are at the lowest value-added point in the chain (Chapter 1), and are not necessarily very profitable. Such positions also may not be sustainable, as newcomers can threaten these activities relatively easily. As a result, SMEs carrying out standardized business functions tend to have weak bargaining power within the chain.

SMEs can strengthen their position by thinking along the two axes in Figure 29:

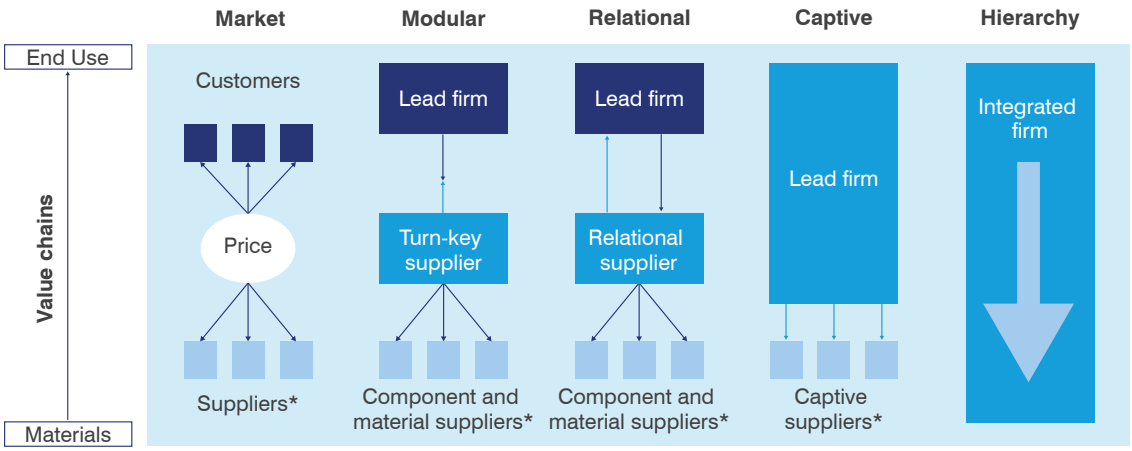
1. Upgrade path: move into more complex, higher value-added business functions.
2. Increase the customer base: join more value chains at regional and/or global level or expand direct sales.

Value chain governance matters

Governance is about the power and ability to exert control along the chain regarding what is produced (including design and specifications); how it is produced (processes, technology, quality systems, standards); and how much and when it is produced (scheduling, logistics, etc.). Those exerting power in a value chain can be buyers or producers of final goods. In producer-led chains, the final product manufacturer has most power; in buyer-led chains, the power lies with the retailers and branded manufacturers.

For SME suppliers, the governance structure has a major role in determining the flow of knowledge and competencies that boost their own performance. As a result, governance structures are crucial to whether SMEs benefit from the value chains they are in.[150]

FIGURE 27 Five types of value chain governance



Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	
Relational	High	Low	High	
Captive	High	High	Low	
Hierarchy	High	Low	Low	High

Note: *Suppliers are frequently SMEs.
Source: Gereffi, Humphrey & Sturgeon (2005).

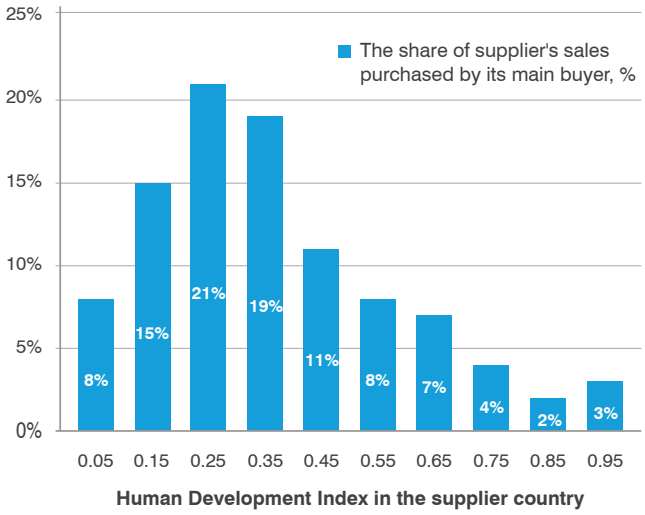
There are five types of value chain governance, as shown in Figure 27. These range from a market-driven chain to a hierarchical one.

- **Market:** This structure has the lowest power asymmetry. The supplier produces a low-skill intensive, standardized intermediate product. It sells the product to a wide range of international buyers, which have little, if any, influence over the supplier.
- **Modular:** Modular governance involves more complex business functions that can be easily codified, and therefore turned into modules. The lead firm provides the software that simplifies these otherwise complex activities for the supplier to execute.
- **Relational:** The supplier executes complex business functions that cannot be codified, creating mutual dependence between supplier and buyer. Interactions are dense, knowledge is tacit, and they exchange complex information with little codification of product specifications. Supplier capabilities usually are strong, which is necessary to execute these complex business functions.
- **Captive:** The business functions usually can be codified and thus entrusted to a low-capacity supplier. This puts the supplier in a precarious situation, as it becomes heavily dependent on the lead firm, hence the term 'captive governance'.
- **Hierarchy:** A lead firm might fully absorb the supplier via vertical integration if the supplier's capabilities are relatively weak and the ability to codify the business functions is low.

Modular governance and relational governance structures are likely to be most promising to suppliers. For suppliers to have these types of relationships with lead firms, there are two conditions:

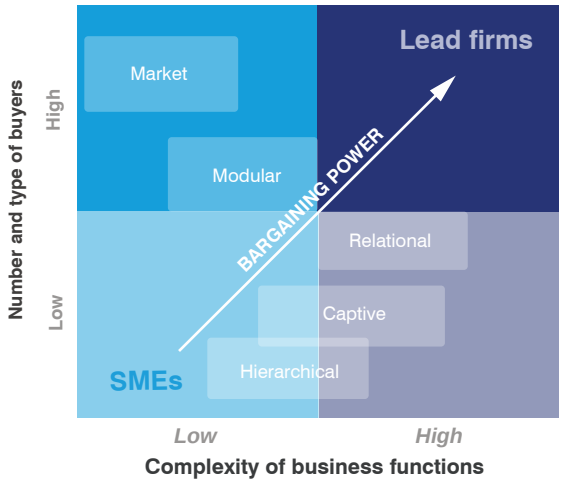
- Suppliers must fulfil relatively complex business functions.
- Suppliers must have relatively high capacities.

FIGURE 28 Captive governance in countries with low Human Development Index



Source: Vaughan-Whitehead D. and Pinedo L. (2017).

FIGURE 29 Bargaining power of SMEs within international value chains



Note: Market, modular, relational, captive and hierarchical are types of value chain governance.
Source: ITC.

Avoiding capture

Being dependent on one or few buyers weakens a supplier's negotiating position, particularly for prices and purchase conditions, such as lead times and quality specifications. Nearly a quarter of suppliers depend on their main buyer to purchase more than half of their production[151] (Figure 28), according to data from a global survey of suppliers to value chains.

Captive governance occurs more frequently in developing than in developed countries. In countries with a high Human Development Index, only 20% of suppliers have a high risk of dependency, compared with 54% in countries with a low Human Development Index.

Increasing SME bargaining power

SMEs are likely to have a stronger bargaining position when they offer complex business functions and have a large number of buyers. Figure 29 reflects this, situating the five types of value chain governance around two axes representing complexity of business functions, the number of buyers and their type.

Market governance structures involve many buyers and the captive and hierarchical structures just one buyer. Hierarchical and relational governance structures are marked by relatively high complexity of business functions.

Figure 29 shows that suppliers can increase bargaining power by moving up the value chain and increasing the customer base. Indeed, it is likely that the only firms operating in the top right area of Figure 29 are large, international lead firms.

Critical managerial and operational capacities

This guide is for SMEs interested in entering international value chains and for enterprises already inside value chains aiming to upgrade and improve their performance. The intent is to present the value chain business model as a means for boosting competitiveness, profitability and long-term sustainability of firms. The guide explores a wide range of factors SMEs can consider when entering, operating and upgrading in regional or global value chains.

SMEs have significant impact on the performance of the value chains they are part of. Often they supply commodities and low-cost labour in developing and emerging economies, and are innovators and technology specialists in developed economies. There are extensive empirical studies of the global agricultural, apparel, and electronics industries that document the participation of developing and emerging economy SMEs in value chains. Examples of SMEs in developed countries, meanwhile, include the advanced skills contributed by machinery suppliers in Germany and Switzerland.[152]

Furthermore, SME suppliers have a direct and significant impact on the quality, cost and lead time of new products and technologies needed to meet new market demands.[153]

Entering regional or global value chains

Lead firms pick suppliers based on quality, flexibility, delivery, service and other factors.[154] Lowest cost is not the overriding consideration of global buyers when selecting suppliers. Buyers look first for quality, followed by delivery,

price/cost, manufacturing capability, service, management, technology, research and development, finance, flexibility, reputation, relationship, risk, and safety and environment.[155] The trend among buyers is towards fewer partnerships with long-term, reliable suppliers.

Countries, regions and towns can attract global companies if they show they have a critical mass of competitive suppliers. The search for suppliers may be global, but buyers often prefer suppliers in the same region. There are similarities in culture, language and legal systems, as well as geographical proximity.

Setting objectives

Negotiation between a developing country SME and a global lead firm at first may seem akin to talks between David and Goliath. SMEs do well to enter such discussions proactively and with a clear idea of what they want to achieve.

An important consideration at this stage is which type of value chains to target. SMEs may consider it easier to enter into regional value chains than global ones, depending on internal factors, such as capacity and product attributes, and external factors, such as a supportive regulatory and institutional landscape. Regional value chains can be a quicker and cost-efficient entry point and may serve as a learning platform.

It is also vital to know if the lead firm is a buyer (retailers, branded manufacturers) or a producer (final-product manufacturer). This can affect the availability and type of upgrading opportunities. For example, buyer-driven chains can provide opportunities for product and process upgrading, as their core competence lies with marketing and branding. In contrast, producer-driven chains have less incentive to upgrade suppliers, as the lead firm's competencies are in technology and the production process.[156]

Once they set their objectives, SMEs can consider preparing a strategic plan. Strategic planning is a multi-step process to identify the activities and resources needed to implement the strategy. It helps provide direction and set priorities, and serves as the basis for developing an operational plan.

Being attractive to lead firms

The patterns of value chain governance by lead firms are based on:

- Complexity of business functions;
- The degree to which information can be codified;
- The degree to which suppliers are capable and reliable.[157]

To gain access to a value chain, suppliers increasingly must signal whether their operation and production systems meet internationally recognized or private standards. Standardized processes and outputs reduce complexity and increase efficiency within the chain. They help signal capability and reliability of suppliers.

Meeting standards associated with the lead firm improves the information flow on the quality of the firm's inputs, processes, products and services. This increases the probability of being selected by lead firms.[158] A variety of internationally recognized standards and certificates help ease access to international value chains. Adhering to such standards is often a worthwhile investment for SMEs.

Investors and lead firms are also interested in assessing the financial stability of suppliers before entering into commercial relationships. They therefore seek to gather and monitor key financial information on suppliers and contractors, such as revenue, financial references, continuity plans and third-party ratings. Willingness and ability of suppliers to disclose such information – if possible using standardized reporting methods – helps to gain access to value chains.

Complying with standards and regulations

It is impossible to overstate the importance of quality and compatibility when trading in subcomponents. Lead firms impose standards on their suppliers to ensure compatibility between products and processes throughout their value chains. Meeting these standards is critical for participation in international value chains, and improves firm-level value. Studies show that firms adopting ISO 9000 certification tend to benefit from quality effectiveness, increased efficiency and increased operational control.[159]

Standards also serve to satisfy high final customer requirements, especially regarding environmental and social impact.[160] The emphasis on sustainable and responsible value chains has led to a rise in the use of voluntary standards.[161]

Major global brands have integrated their sustainable sourcing commitments into their corporate strategies. Mars Incorporated, for instance, aims to certify all its cocoa as sustainably produced by 2020;[162] Unilever expects to source all its agricultural raw materials sustainably by 2020;[163] and IKEA intends to source all its wood, paper and cardboard from more sustainable sources by 2020.[164]

Standards and regulations, however, tend to increase fixed and marginal trade and production costs. To comply, companies often must invest in new technology and

production and logistical processes. Costs also occur at the certification stage, when firms have to prove that they have implemented a standard or a regulation.[165] Meeting many different standards and regulations can increase production and trade costs.

SME managers need to compare the costs of complying with international standards with that of serving regional markets, which often have less stringent requirements.[166] SMEs can initially enter into the regional market to gain economies of scale and learning, adopting stringent international standards at a later stage.[167]

Fuelling the entrepreneurial spirit

Entrepreneurship is crucial to maximize comparative advantages of operating on a small scale, such as the flexibility to adapt to changing market demands.[168] The ability to discover, enact, evaluate and exploit opportunities across national borders forms the basis of a firm's value chain integration strategy.[169]

Entrepreneurial qualities of SME managers are critical to a firm's internationalization, particularly in the early phases.[170] Once an SME starts to interact with lead buyers, it gains more knowledge and expertise, and the characteristics of the enterprise itself become vital.

The capacity of SMEs to innovate is increasingly important to lead buyers. At the firm level, there is a strong relationship between exporting and innovation.[171] Recent research finds that entrepreneurial small firms make key contributions to innovative activity and technological change, despite low spending on research and development by SMEs, especially when innovation is measured more holistically, and not only by R&D spending.[172] Innovation does not only occur in product development and design, but also in processes.

SMEs tend to have an innovative advantage, as their size reduces bureaucracy[173] and increases the ability to adapt to new technologies.[174] To improve innovation, SME managers need to view the process of transforming ideas into commercial outputs as an integrated flow – similar to Michael Porter's value chain for transforming raw materials into finished goods.[175]

Operating successfully within value chains

SME involvement in value chains usually entails greater demands on managerial and operational resources and capacity. This includes building and retaining relationships with partners, meeting product requirements, undertaking purchasing and supply functions, managing logistics and monitoring business performance.

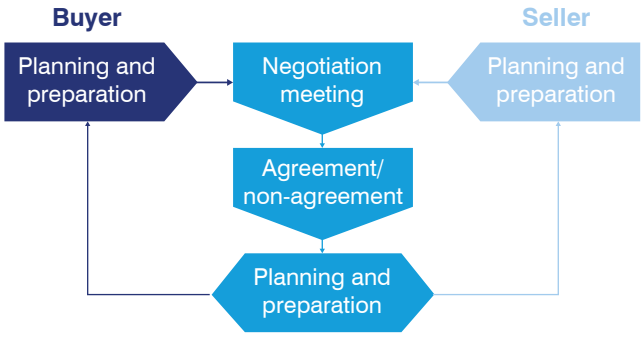
Negotiations to build business relationships

The first stage in developing a business relationship often involves negotiation. Key points about such negotiations include:

- **Win-win vs. win-lose negotiations:** Adopt a constructive, realistic approach, seeking agreements acceptable to both sides.
- **What to negotiate:** Negotiation on buying and selling usually includes specifications, quality assurance, quantities, prices and discounts, delivery and payment conditions and required support services. Negotiating a longer-term business relationship may involve long-term supply guarantees and price adjustments. For partner relationships, matters may include setting common business objectives, establishing modes of cooperation, sharing information and joint problem solving.
- **Have a good BATNA, or 'best alternative to a negotiated agreement':** This means having an acceptable backup option, should discussions fail. By understanding the worst-case scenario, one can negotiate with greater confidence and clarity.

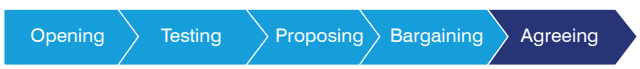
Negotiations entail a series of stages for both buyers and suppliers (Figures 30 and 31).

FIGURE 30 The negotiation process

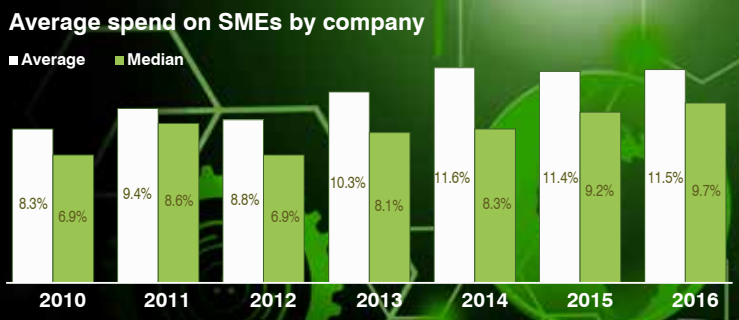


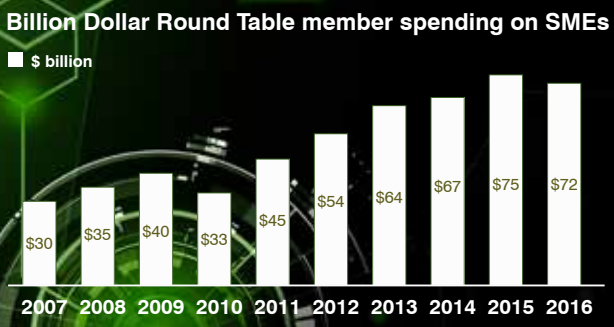
Source: ITC (2013).

FIGURE 31 Stages of a negotiation meeting



Source: ITC (2013).





Source: Billion Dollar Round Table, Preliminary Statistics (2016).

Ying McGuire

Global Vice President, Technology Integration Group

THOUGHT LEADER

Buyer perspectives on sustainability, diversity in value chains

Regional economic integration, coupled with technological advances, offer tremendous opportunities for small and medium-sized enterprises (SMEs) in developing countries to participate in domestic and regional value chains. Simultaneously, large corporations in developed countries have reengineered themselves to place sustainability and global supplier diversity as core elements of their value chains.

Joining the corporate value chain

In late 2006, I assumed leadership of Dell's global supplier diversity initiative to maximize participation of SMEs in Dell's domestic, regional and global value chain. At the time, Dell procured $650 million annually with SMEs in the United States. Our goal was to exceed $1 billion a year in procurement from SMEs. Besides expanding the programme in the home region, we sought to identify other regions with underutilized SMEs that could take part in the corporate value chain. We also considered how the supplier diversity initiative could contribute to Dell's international business objectives.

By the end of 2010, Dell exceeded $3 billion annually in procurement from over 3,000 domestic and foreign SMEs.

We collaborated with non-governmental organizations and Dell's local teams to identify and mentor SMEs in developing countries, raise awareness, train our teams and set goals and metrics to integrate SMEs into our supply chain. Within 18 months we reached our $1 billion goal. By the end of 2010, Dell exceeded $3 billion annually in procurement from over 3,000 domestic and foreign SMEs.

Dell was not the only Fortune 500 company promoting supplier diversity and SME development. In 2016, 22 Fortune 500 companies from eight industries were inducted into the Billon Dollar Round Table by spending more than $1 billion with underutilized minority and women-owned SMEs annually. Collectively, they achieved $72 billion spending on diversity in 2016.

Given that 95% of the world's consumers live outside the United States, members of the Billion Dollar Round Table and other United States-based corporations are increasing their investment and market reach in developing countries. For example, in February 2017, Boeing International announced plans to open offices in Johannesburg, South Africa and Nairobi, Kenya. These two

additional operations will aid in meeting aircraft demand in Africa, with an estimated 1,150 new airplanes needed on the continent by 2035.[176]

SMEs prove to be nimble and flexible, and are willing, able and ready to help corporations operate more efficiently and reduce risks.

Under corporate social responsibility and supplier diversity efforts, these corporations are seeking ways to support local employment and SMEs. Furthermore, tax regulations in most developing countries require local content. Such developments present new opportunities for SMEs in developing countries. Many of them are emerging as valuable partners to large corporations. They prove to be nimble and flexible, and are willing, able and ready to help corporations operate more efficiently and reduce risks. This can include strengthening the brand of corporate partners in the local market. In return, participation in value chains exposes SMEs to a large new customer base, provides learning opportunities and increases competitiveness.

Constraints in accessing capital, knowledge and customers, often limit SME participation in value chains. Seeking and adopting innovation and technology is crucial in responding to these challenges.

Access to capital

Driven by advances in artificial intelligence (AI), financial technology (FinTech) companies are connecting local SMEs with capital sources from around the world.[177] For example, Dell's first Entrepreneur-in-Residence, Ingrid Vanderveldt, has created 'Empowering a Billion Women by 2020', a FinTech company that links women-owned SMEs with personalized funding through AI and data analytics technology. Starting in 2018, any woman-owned SME with internet access can use this financing and educational tool from anywhere in the world.

Another example is Lendix platform, where private investors finance SMEs with a fast online process without a guarantee. MarketInvoice is another tool to overcome liquidity shortages and bolster the working capital of SMEs.

Access to knowledge

Information sharing through online social networks has led to open-source software, online courses, blogs, tutorial videos and interactive learning games. Khan Academy is a non-profit educational platform for free and accessible learning. Open Culture provides courses from leading universities for small business owners. The World Bank's Class Central is another vital source of financial and technical learning for SMEs. MicroMentor is an online platform helping SMEs to find a mentor and get free advice. ITC offers a variety of online courses through SME Trade Academy.

Access to Customers

Most corporations provide a supplier registration portal on their website where SMEs can present their company capabilities to targeted customers.

Most corporations provide a supplier registration portal on their website where SMEs can present their company capabilities to targeted customers. Those sites often announce a forthcoming request for proposal (RFP). By conducting online research and responding to the RFP with unique solutions, SMEs can link with corporate clients. Corporate sourcing teams often categorize their suppliers as tier one to four, indicating the commercial distance in the relationship. An SME may start engagement as a tier four or tier three supplier. Each level of progression requires time, patience, skillset upgrades and incremental financial resources.

To plan and prepare for negotiation:

- Understand market conditions
- Understand the other side
- Set negotiating objectives
- Determine negotiation variables (specifications, price, delivery schedule, transport and packaging, sharing of information, etc.)
- Set targets for each variable
- Identify negotiable zones
- Differentiate positions and interests
- Develop negotiation strategy.

Negotiation meetings follow several stages. The sequence may vary, and backtracking may also occur.

Differences in language, norms and values have a major impact on the success or failure of negotiations. At the regional level, these differences can be minimized.[178] For instance, one study shows that African culture promotes the principle of reciprocity, consultation and consensus.[179] Another study shows that in the case of Arab States, negotiators place emphasis on building relationships and use referent power, based on the ability of the leader to influence a follower.[180] (Referent power is one of five types of power: coercive, reward-based, legitimate, referent and expert.)

Contractual relationships

The contract signed between a supplier and a buyer is key to whether or not the SME succeeds. The more comprehensive the contract, the more stable the context in which suppliers operate.[181] First, the contract should be in writing. Second, it should go beyond basic terms and conditions (type of product, volume, price, delivery dates etc.) to include additional terms, such as specifications regarding who is responsible for the costs incurred when there are changes in the orders. Model contracts (Box 5) can give SMEs an idea of the level of detail they may seek in contracts with foreign parties.

The type of contract chosen depends on the nature of the contractual relationship envisaged. This can range from a one-off purchasing contract to a joint venture, with several options in between. From an SME supplier's perspective, it is not necessarily desirable to be at either end of the band of contractual relationships (Figure 32). While spot purchasing and call-off contracts offer little or no stability to SME suppliers, joint ventures can risk their autonomy.

- **Spot purchasing:** This is where the buyer simply selects the best deal possible at the time of purchase. The focus is typically on price, and no relationship develops between the parties. This approach often covers one-off requirements of standardized high-value business functions where the cost of switching suppliers is low.
- **Regular trading:** In the case of repeated spot purchases from the same supplier, there can be a regular trading relationship. This is useful when a business does not know the full extent of its requirements in advance or when each of its requirements is different. The frequent interactions under regular trading contribute to mutual understanding, with suppliers giving priority to the specific buyer, and buyers treating these suppliers as preferred partners.
- **Call-off contracts:** Also called framework agreements, blanket contracts or standing orders. The supplier provides business functions at agreed prices and within agreed timescales on an 'as needed' basis over an established period, such as one year. This approach saves time and effort for the buyer, allowing it to 'call-off' requirements directly with the supplier without the need to negotiate a deal each time.
- **Fixed contracts:** These are similar to call-off contracts, but the buyer commits to purchasing a certain volume or value each period. Fixed contracts are best suited when requirements are frequent and volumes can be predicted in advance. This type of contract is more attractive to suppliers than a call-off contract, as it guarantees a certain quantity.
- **Partnerships:** Partnerships involve developing a relationship of mutual interdependence based on a high degree of interaction, trust, teamwork and information sharing. Both sides invest a lot of time and effort in the relationship. The focus is usually on joint efforts to reduce total costs and improve supply chain

FIGURE 32 The continuum of contractual relationships

Source: ITC (2013).

performance, rather than on price. Partnerships are appropriate for customized high-value business functions with the aim of long-term product development.

- **Joint ventures:** A joint venture is a separate entity formed and owned by two or more businesses. By combining technologies and other resources, it usually serves to develop and offer a specific range of specialized products that members of the joint venture cannot provide on their own. SME suppliers that own a critical technology or other component required by the lead firms are likely to be absorbed by that firm.
- **Internal provision:** This means making rather than buying. It gives the business maximum control over supply and thus reduces its supply risk. However, developing or acquiring the required capabilities can be very costly.

Cross-border transactions are based on confidence, as delivery and payment may occur in different places. Having a better knowledge of local business law and practices can reduce uncertainties in regional value chain transactions, compared with global ones.[182]

As buyers move on to obtaining and selecting offers, they consider the number of suppliers to contact, the approach to use for obtaining offers and the method to evaluate them.

BOX 5: Model contracts for SMEs

Many small companies engaged in international trade lack access to the contract forms needed to protect their firms. ITC, working with leading legal experts, has developed generic contract templates that incorporate internationally recognized standards and laws for most small business situations.

The contract templates provide practical ways to secure international business for small firms. They bridge legal and cultural traditions by harmonizing recurring legal provisions common to most international contracts. The templates are for main trade activities, including the sale of goods, distribution, services and joint ventures. They were originally published in ITC's 2010 book *Model Contracts for Small Firms: Legal Guidance for Doing International Business*, based on a worldwide survey of institutions representing SMEs. The model contracts are:

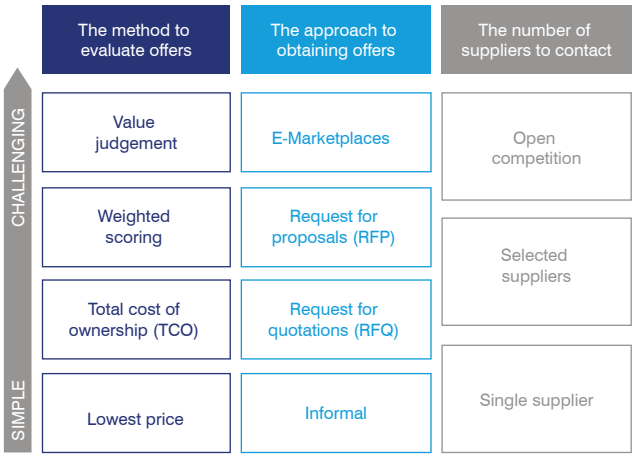
- **ITC model contract for an international contractual alliance:** A framework for an alliance or collaboration between parties.
- **ITC model contract for an international corporate joint venture:** A framework for a joint venture between two parties to establish a jointly owned company.
- **ITC model contract for the international commercial sale of goods:** An agreement for the sale of manufactured goods between a seller and a buyer. It contains specifications and explanations on issues such as lack of conformity and limitation of the seller's liability.
- **ITC model contract for the international long-term supply of goods:** An agreement for the long-term supply of manufactured goods between a supplier and a customer.
- **ITC model contract for the international manufacture agreement:** An agreement under which the client wants the manufacturer to design, manufacture and deliver certain goods, which the client intends to integrate into its own final products or its services.
- **ITC model contract for the international distribution of goods:** An agreement for the distribution of manufactured goods, between a supplier and a distributor, whether or not the supplier is the manufacturer of the goods.
- **ITC model contract for an international commercial agency:** An agreement under which a commercial agent negotiates the sale or purchase of goods on behalf of another entity.
- **ITC model contract for the international supply of services:** An agreement under which a service provider offers certain services to a client.

Companies using these model contracts are strongly recommended to seek legal advice whenever they can, due to the wide range of options, trade practices and legal uncertainties that stem from any international transaction.

More information on ITC's support to SMEs to enter into international contracts is available at www.intracen.org/itc/exporters/model-contracts

Source: ITC.

FIGURE 33 Obtaining and selecting offers



Source: ITC (2013). Modular Learning System 'Supply Chain Management for SMEs'.

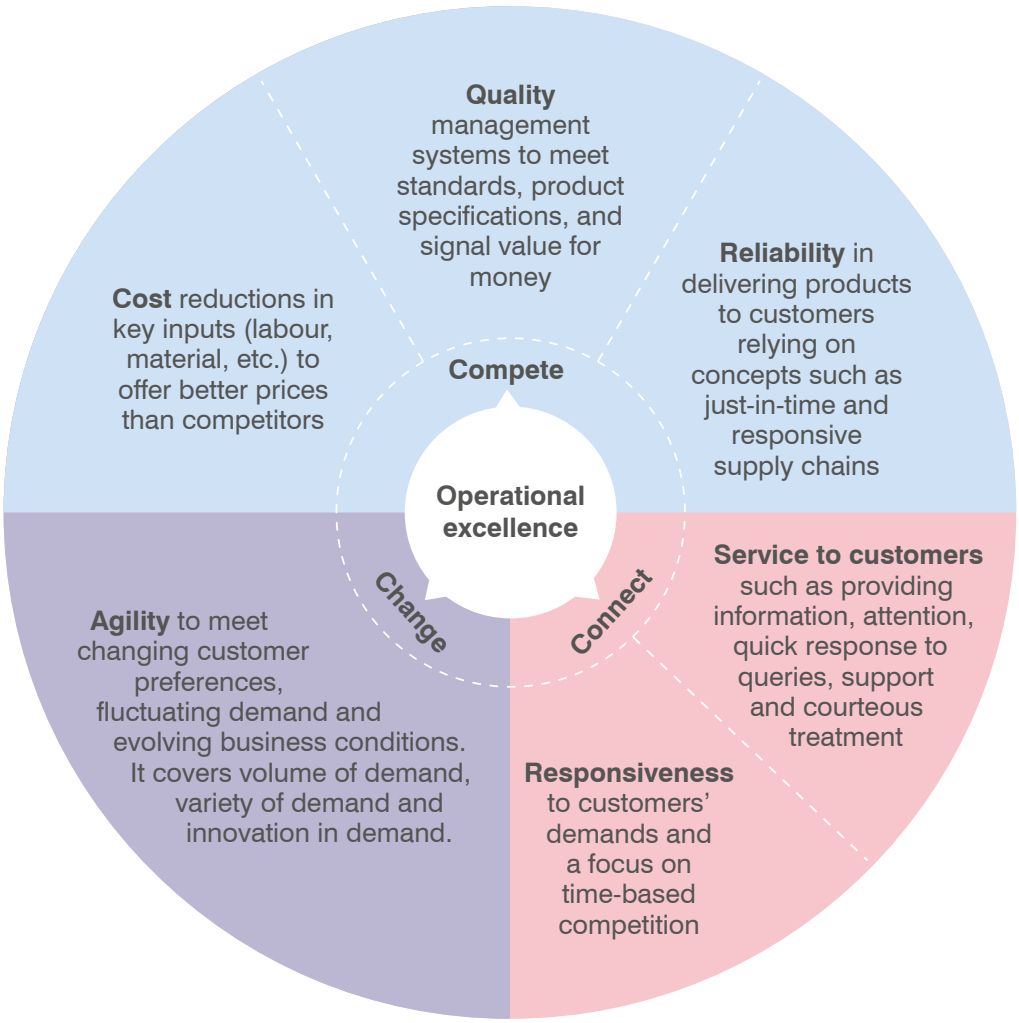
International contracting raises a number of significant issues, including the different social, political and economic environment faced by each firm, which applicable law to adopt and which Incoterms[183] to use. It is useful to have a careful definition of the relationship, noting the overall goals, scope of the products to provide, performance measures, and a formal mechanism to resolve conflicts.[184]

Investing in excellence

Excellence in operational capabilities is a central element in strategies of SMEs to internationalize and become suppliers in a value chain. The six key competencies that make up successful operations management include: quality, reliability, responsiveness, agility, service to customers and cost.[185]

These align with ITC's SME Competitiveness Grid[186] (Part II in this book), illustrated in Figure 34. The grid's pillars of

FIGURE 34 Key competencies for operational excellence



Source: ITC.

competitiveness – capacity to compete, connect and change – reflect where strengths and weaknesses of firms lie.

Transactions in global value chains normally come with quality control systems and global standards (cost, delivery, quality and just-in-time systems) that can exceed those in domestic and regional economies. Supplier quality is critical for final product quality and costs, and information from a supplier's quality control system and performance helps buyers set the right price level.[187]

Quality control and meeting standards are not only to signal quality when entering value chain, however. They are also central to an organization's operational strategy. By focusing on the connection between quality and strategy, firms can make progress towards achieving buyer satisfaction.[188]

Operational excellence also involves designing product service functions. Buyers and suppliers of manufactured products appear to agree that the quality of support services is as important as product and price issues.[189] This involves developing standard policies and procedures for returning goods, warranty servicing, repair, upgrades and support.

Meeting production needs of lead buyers

Figure 35 highlights four key supplier segments depending on risk and profitability.[190] It is followed by a list of desirable supplier characteristics for each category of business functions or items being purchased by a business. These items include goods, services and bundles of business functions.

- **Suppliers of standardized, less skill-intensive, low-cost items or business functions:** These suppliers provide a wide range of business functions over the long term. Buyers expect responsive and effective suppliers with processes that are simple, consistent and reliable. Suppliers in this category also accept purchasing cards, electronic trading, and offer consolidated monthly billing.
- **Suppliers of standardized high-value items or business functions:** Given the high spend value of these standard business functions, buyers generally seek only to ensure that the supplier has the basic capabilities and the possibility to negotiate a good deal at a lower cost.
- **Suppliers of customized low-cost items or business functions:** These business functions are critical and can immediately affect the buyer's operations. It is important that the suppliers are fully capable in areas that pose the greatest supply risk to the business (e.g. availability, quality, rapid delivery, supply flexibility, etc.).
- **Suppliers of customized high-value items or business functions:** These are a business's most important suppliers and key partners for the long term, as they provide items such as key components on which final products depend. The suppliers in this category are expected to be financially stable and have a sustainable market position, remaining competitive in cost and technology over the medium to long term. They also need to be particularly capable in areas that pose the highest risk to the buyer – including reducing any upstream supply risk where applicable. They should consider the products required by the buyer as their own core business.

From the supplier's perspective, the matrix in Figure 35 highlights two possible trajectories: moving along the bottom layer from standardized to customized items and business functions (functional upgrading) or moving up to the top layer where the governance structures of value chains can be favourable to SMEs. The matrix ties in with the discussion earlier in this report on the relevance of 'modular' and 'relational' governance structures for SME suppliers, which are characterized by mutual supplier-buyer dependence and high supplier capabilities.

Getting products to buyers efficiently

Inventory management and efficient delivery are critical to sustaining a firm's value chain operations. While suppliers in the chain usually are not in charge of managing relevant logistics, they are expected to adjust their own logistics to the chain's requirements. Quality management systems are instrumental at this distribution and logistical stage.

FIGURE 35 The buyer's perspective: Types of suppliers

Source: ITC, adapted from Kraljic (1983).

CASE STUDY

Building supply chain management competencies

An SME seeking to be competitive or becoming a supplier to a multinational or large domestic company needs to demonstrate that it has sufficient control over its own supply chain, has the right contracts and processes in place, and can ensure delivery on time and with the required quality.

Managing suppliers and contractors – and handling the related operations and expenses – is an essential part of any business. Supply chain management is especially critical for SMEs, which have fewer resources and must use them wisely. Managing supplies and controlling costs can mean the difference between profit and loss, between success and failure.

The *Modular Learning System in Supply Chain Management* (MLS-SCM) is a comprehensive training programme covering the total supply chain process, developed by ITC and a team of international supply chain experts.[191] It consists of a series of up-to-date training packs, each covering a particular aspect of this process. The programme promotes the competitiveness of enterprises through better supply chain management. The firm-level capacities that business managers should develop to enter and operate in value chains, which are outlined in this SME Guide chapter, reflect the training material of this course.

Most enterprises spend at least 60% of their earnings on buying goods and services. As a result, improved supply chain management has the scope to deliver substantial savings, increased competitiveness and higher profits. Some enterprises participating in the MLS-SCM training programme have achieved cost reductions of 50% or more.

A deputy purchasing manager of a Nigerian engineering company says she was able to improve her 'negotiation skills by integrating negotiation variables and components learnt from Module 7 (Negotiating), like trade-offs with regards to payment terms, importation options etc. This resulted in formalizing the agreement which allowed joint-cost reduction strategies'.

The training programme for SMEs – delivered through ITC partner institutions in over 40 countries – provides concepts and tools to SME managers seeking to take their business to a higher level. According to a procurement officer at the Eritrean Education Sector Development Programme, by making use of the supplier positioning model to manage standardized items he was able to 'minimize effort in re-tendering, evaluating and negotiating the contracts with many individual suppliers, and the cost associated with switching suppliers'.

The ITC certification process consists of a flexible three-step approach that provides increased professional recognition. It also allows participants to have their credentials recognized by other agencies, such as the Institute for Supply Management in the United States. This body accepts the ITC diploma in supply chain management as equivalent to its Certified Professional in Supply Management certification. The programme is ISO 9001:2008 certified.

Key achievements

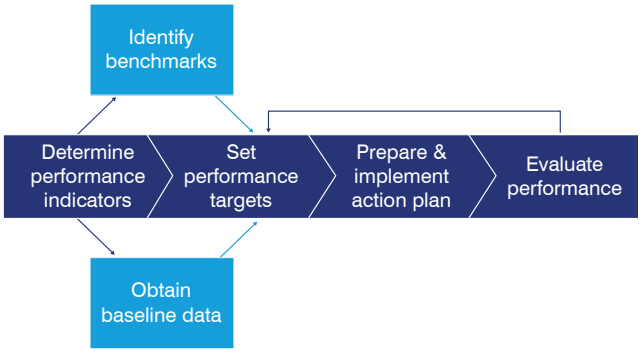
- Sustainable vocational training programme
- 16-year track record in developing and least developed countries
- ISO 9001:2008 certified
- Global outreach with 51 countries and 135 partner institutions
- 5,194 professionals certified
- 77,710 professionals trained (41 % women) trained[192] in supply chain management
- 7,302 supply chain management training events held
- 2,310 supply chain management trainers trained

For more information on the MLS-SCM programme and a list of local partners, go to

www.scm-learningnet.org.

Note: Data from 2002 to 2016. Gender disaggregated data collected since 2007. Total of 34,774 participants in 2007–2016 period, out of which about 41% (14,198) were women.
Source: ITC (2013).

FIGURE 36 The performance management process



Source: ITC (2013).

Adequate inventory records and ordering procedures, as well as timely scheduling of freight operations, help in achieving distribution objectives.

Technology plays a key role in logistics. Geographic information systems, distribution management applications and vehicle routing applications are all useful for logistics planning. The most commonly used technologies for tracking goods in the logistics pipeline are bar coding, scanning and radio frequency identification. These technologies also track vehicles, although there are vehicle-specific tracking systems based on GPS and mobile communications.

Logistical challenges for SMEs may be lower within regional value chains, due to the smaller distances and regional trade agreements that facilitate deep integration beyond market access.[193]

Analysing performance to learn and improve

An effective measurement system enables a firm to track and control its performance in accordance with the defined strategy. It provides clarity on how effective and efficient a firm's activities are in a value chain, as well as the impact on profitability. Understanding how well a business is performing is fundamental to doing things right.

The performance management process starts with identifying the most appropriate performance indicators. This is followed by collecting internal baseline and external benchmark data relevant to these indicators. Time-bound performance targets for the selected indicators can then be set, and an action plan developed for achieving these targets. Performance against the targets must be measured during, and at the end of, the action plan.

This process needs to be repeated continuously. Performance measurement frameworks can help SME managers to improve their visibility among value chain partners and explain the basis of decisions.[194]

In assessing their performance in value chains, SME suppliers should focus on the six key competencies mentioned earlier: quality, reliability, responsiveness, agility, service to customers and cost (Figure 34). The results help identify what to improve and reduce the chances of being replaced by other competitive suppliers. Depending on how feedback systems are used, an incentive system can influence the development of new capabilities – through organizational learning, or by reconfiguring existing capabilities.[195]

Upgrading in value chains

When SMEs enter value chains, they often are lower-tier suppliers. But this position tends to be precarious, as other suppliers can easily replace the original supplier by offering comparative advantages, such as lower costs. The challenge for SMEs is to move up by increasing their value content or by attracting more buyers or value chains.

Types of upgrades

Value chains open new doors to suppliers for the transfer of knowledge and technology, which stimulate innovation and lead to upgrading.[196] Enterprises can consider upgrading in various ways, for example by entering higher unit value market niches or new sectors, or by undertaking new productive functions. There are four main types of upgrading through value chains:

- **Process upgrades** bring better or more innovative production methods, for more efficient conversion of inputs into outputs.
- **Product upgrades** involve producing better or higher quality products.
- **Functional upgrades** enable firms to move from low value-added business functions, such as assembly or extraction of minerals, to higher value-added activities, such as marketing or R&D.[197]
- **Chain upgrades** allow firms to tap into value chains with more value added as a whole – moving from a textile chain to an electronics chain, for example. This usually happens at country level, in conjunction with policy decisions to channel competitiveness to different sectors of the economy. For example, such chain upgrading is thought to have been key in Chinese Taipei's development path.[198] SMEs can benefit if such a chain upgrade occurs in their country.

Innovation is crucial for upgrading. Such innovation does not necessarily mean a breakthrough creating an entirely new product or process. Instead, it involves marginal, evolutionary improvements of products and processes that are new to the firm, allowing it to keep up with changing international market requirements.

Value chains offer especially favourable conditions for product and process upgrades. The international buyer has an incentive to stimulate suppliers' production and delivery methods, as well as product quality. It is more complicated for firms to upgrade functionally. The lead firm has little incentive to assist its suppliers, as such upgrades can be a threat to the buyer's activities.[199]

When SMEs operate in several value chains with different buyers simultaneously, they can use the profits and the skills learned from one value chain for other markets. The lead firm or first-tier supplier in the first chain may only support or allow less threatening product and process upgrading, but in other markets buyers expect the firm to have its own designs or market its own products, leading to functional upgrading.[200]

Strategies to avoid 'lock-in'

As SMEs consider their options to upgrade and reposition their firm within value chains, they face the potentially serious problem of a 'lock-in' situation. In such an instance, firms find that a large part of their output is going to one, or a small number, of customers, and they become specialized in one particular activity, usually production. They either do not develop design or marketing capabilities, or allow such capabilities to atrophy because of the strength of the relationship with the lead buyer. Below are some strategies to help SME managers tackle lock-in and achieve upgrading.[201]

Diversify into new markets

Market diversification is an opportunity for SME suppliers to produce for diverse buyers and markets, or even for more than one cluster. Trade intelligence and participation in trade fairs can help enterprises reach new markets. When dominant firms in the cluster are particularly dependent on a few large customers and reluctant to diversify, diversification efforts can be directed towards smaller firms, which frequently produce for different markets.

While diversifying entails a greater level of uncertainty, by investing in firm-level competencies, SME managers can be better prepared and ensure that decisions are well informed. Moreover, they can be in a position to apply the knowledge and capabilities acquired in one market to new markets and customers.

Align with corporate social responsibility

Most regional or global buyers face increasing pressure to maintain appropriate levels of social, environmental and ethical standards in addition to producing quality products. As a result, more and more buyers are emphasizing green and ethical purchasing. Green purchasing involves applying environmental considerations, such as reducing waste, re-using, recycling, protecting biodiversity and using environmentally sustainable materials and energy sources. Ethical purchasing involves treating suppliers fairly and responsibly, buying only from fair and responsible suppliers, and avoiding any illicit or dishonest practices in the purchase process.

SMEs can build their potential to upgrade by applying sustainable development principles where relevant in their business activities and meeting the quality requirements, ISO benchmarks and codes of conduct of buyers.

Use acquired knowledge

'Learning by exporting' is a well-known phenomenon,[202] with the performance of firms improving after they enter export markets. Firms learn from contact with new markets, and joining value chains can magnify the impact if there are significant information flows between producers and buyers. However, the full advantages depend on the knowledge being used effectively. When firms, or groups of firms, sell to different markets they can leverage the knowledge gained in one market to support upgrading in another.

Considerations for services exporters

Many points in this chapter are relevant for both goods producers and service providers. It is hard to be prescriptive about strategies for services firms to join regional and international value chains, because there is little analytical material to draw on.

Some services sector characteristics affect the options and strategies open to service suppliers, particularly SMES, and suggest areas where support could be beneficial.

A paradox of cross-border trade in services is that explicit policy barriers are often low, but trade costs are very high – higher than for goods.[203] This is an overall comparison of services to goods, and the situation may be different when analysing specific services sectors. For example, computer services have seen significant decreases in trade costs over recent years, due to the spread of internet connectivity. In theory, reaching international customers

THOUGHT LEADER

SME perspectives on supplying value chains

Twahirwa Dieudonné

Managing Director,
Gashora Farm, Rwanda

Gashora Farm is a Rwandan agribusiness specialized in producing and distributing premium quality, high value chilli varieties and related products, including chilli flakes, oils and sauces. The business relies both on partnerships through intermediaries and direct exports to serve regional and global markets.

Middlemen: A door to value chains

Intermediaries provide essential services, as they collect, bundle, transport and sell agricultural produce further up the value chain.

Doing business with intermediaries, or so-called middlemen, is important in agriculture. Intermediaries provide essential services, as they collect, bundle, transport and sell agricultural produce further up the value chain. Focusing on these commercial functions allows intermediaries to exploit economies of scale and to lower transaction and transport costs. At the same time, farmers can concentrate on core activities: selecting crops, preparing land, selecting and sowing seeds, irrigation, growing crops, fertilizing and harvesting.

Selling to the value chain – through middlemen – can also create challenges. Intermediaries sometimes have a limited understanding of agricultural production processes and costs. Even short delays in their payments to farmers, for instance, can limit the ability of farmers to irrigate their land, adversely affecting yield. Similarly, incomplete product knowledge on the part of intermediaries may cause misconceptions and incorrect expectations among final buyers, leading to product rejections or complaints that ultimately affect farmers.

Market structure can sometimes be a challenge when the few intermediaries possess enough market power to bargain for a better price. Nonetheless, intermediaries can play a key role in the business activities of farmers by providing access to information on regional and global markets.

Access to market information

Many SMEs lack the administrative, technical, financial or human capacities to engage in market research.

Identifying, collecting and processing requirements in various export markets regarding quality, time and quantity is a challenge for small and medium-sized enterprises (SMEs) such as Gashora. Many SMEs lack the administrative, technical, financial or human capacities to engage in market research. Spice producers must comply with a maze of standards and regulations, which can differ significantly from one export market to another. To supply fresh chillies to

the United Kingdom, for instance, Gashora relies on an intermediary partner who is well informed about specific market conditions and requirements.

In contrast, Gashora exports African bird eye and hybrid chillies directly to India. As part of the 'Supporting Indian Trade and Investment for Africa '(SITA) project, Gashora attended the International Spice Conference 2017 in Kerala, India, initiating and closing business deals with buyers. Gaining easy access to information on Indian market requirements allowed Gashora to evaluate better the risks of exporting directly and to increase its profit margin.

Cooperation in outgrower schemes

Gaining easy access to information on Indian market requirements allowed Gashora to evaluate better the risks of exporting directly and to increase its profit margin.

Such direct business linkages often rely on so-called contract farming or outgrower schemes. Farmers and buyers agree on the conditions for producing agricultural products as well as on quality, quantity, price and time of delivery. This provides the farmer with an assured market and access to production support. Because buyers know exactly what they are looking for, they often supply inputs, such as seeds, assist with land preparation and provide production advice.

Formal or informal farmer cooperatives or associations can play an important part in this business linkage. They allow buyers to reduce transaction costs because they can reach a large number of farmers through one counterpart. Cooperatives also facilitate information exchange among farmers and improve their bargaining power. Furthermore, farmers may combine their outputs to meet quantity requirements, solving a capacity-related constraint that particularly affects smallholders.

However, there are risks associated with exporting directly. For buyers, there is the risk that farmers use inputs supplied by one buyer to produce products for another buyer. Such side-selling can undermine trust and business partnerships. For farmers, there is the risk that the buyer downgrades product quality requirements and demands a lower price. As the product is tailored specifically to the buyer, it might be difficult to find an alternative buyer. It is therefore essential to have signed, enforceable contracts and an adequate legal framework.

Serving the region

Legal frameworks are only one aspect of market conditions that can vary greatly between countries. There are, however, regional patterns and similarities that can make it easier for an exporter to serve the home region. As a Rwandan SME, for instance, Gashora benefits from the East African Community (EAC), its customs union and its common market. With zero tariffs, harmonized agricultural policies, joint programmes for efficient and effective production and investment promotion, as well as low transport costs, the EAC is an attractive market for Gashora.

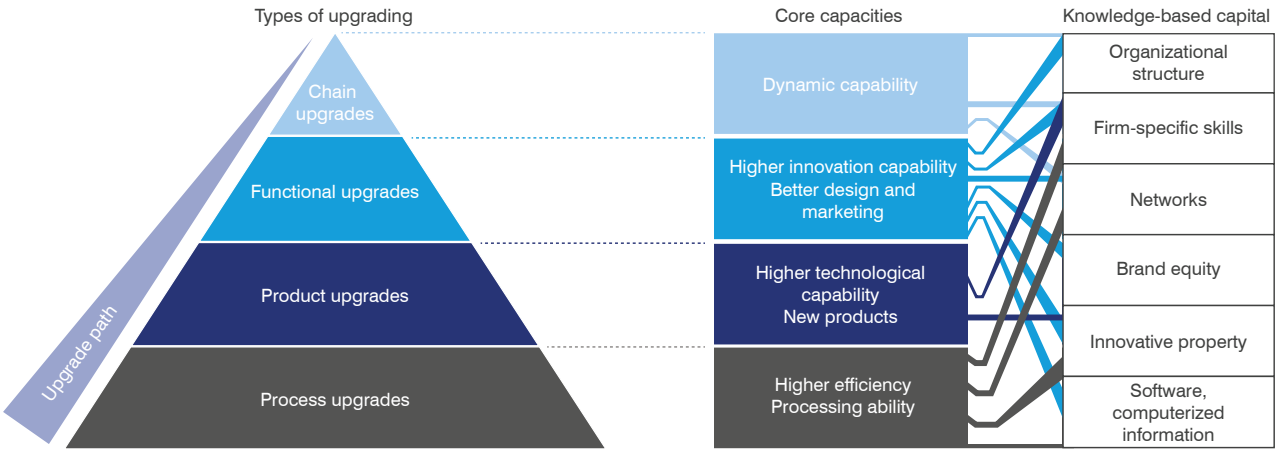
Of course, there are many other markets globally that may offer higher prices. Serving these markets comes at a higher cost, however, whether related to transport, market access or the involvement of intermediaries.

Diversification bears fruit

One strategy that works for all markets is adding value continuously.

One strategy that works for all markets is adding value continuously. Recently, Gashora diversified its product range to include tomatoes, watermelons and butternut squash. In its chilli segment, Gashora is making a deliberate effort to move up the value chain by processing chilli and producing chilli flakes, oils and sauces. This strategy is bearing fruit: Gashora has secured a number of purchasing orders from regional supermarkets and hotels. Maybe this is the door to the world.

FIGURE 37 Types of upgrades in value chains



Source: Avendaño, Daude, & Perea (2013).

can be done through a website that is relatively simple and inexpensive to establish, using widely available technologies. This is beyond the reach of the smallest SMEs in low income countries, but could be feasible for many medium-sized firms in those countries, and a wider variety of SMEs in middle income countries.

About a third of small services firms used a website to communicate with customers – a higher share than for manufacturers, according to World Bank Enterprise Surveys. For medium-sized firms, the proportion is closer to 60%. This suggests that services firms in developing countries are adopting digital technologies to connect with foreign customers.

It is not enough to simply establish an online presence and set up a payment system. A much more active approach is necessary to reach foreign customers. A major issue for all service providers, and particularly SMES, is tailoring services to meet the purchaser's needs.

Even when services firms are creative and offer diversified portfolios, in their early stages of development, it may appear to outsiders that they only perform a narrow range of business functions geared to the local market. This diminishes their attractiveness as international partners. The costs of obtaining the information about services markets, such as demand and requirements, are substantial, and there is a role for trade and investment support institutions (TISIs) in bridging this gap.

Another key difference between service and goods providers relates to the various modes of supply for international trade in services. These modes are defined under the General Agreement on Trade in Services (GATS), and include supplying services across borders (Mode 1) and having a commercial presence in another country (Mode 3).

Conventional theory suggests that SMEs usually export via Mode 1, whereas larger, more productive firms can bear the additional costs associated with trade via Mode 3. In services, however, relatively few developing country firms sell through a commercial presence abroad, even within their own region. When it does occur, it is most often firms from large, emerging markets.

As a result, Mode 1 trade is particularly important for SMEs, suggesting that digital strategies are key to their ability to join regional and international value chains. Unlike in goods markets, where online platforms can reduce trade costs substantially, the need to custom-tailor services means that there is no ready equivalent to eBay for service providers. Instead, the strategy for reaching potential customers has to be more sophisticated, increasing the need for TISIs and development partners to assist firms in this process.

Research by ITC summarized in Box 6 highlights the distinctive characteristics of services trade. From the SME perspective, there are significant barriers to reaching international clients, even those in neighbouring countries. Two of the most important factors in services trade are the need for innovation and human capital, which are linked.

There is little systematic data on innovation by services firms in developing countries. However, World Bank Enterprise Survey data for India, which has seen impressive performance by services exporters in business process outsourcing and software, provide some insight.

The surveys identify firms that have engaged in recent process innovation. While the rate of process innovation for manufacturers is 46%, for services firms it is 55%. The data also identify improvements in management and company systems, with similar results: 43% for

manufacturers, and 47% for services firms. This suggests that innovative activity is more prevalent among services firms than manufacturers, although generalizing such a conclusion requires data for more countries.

If this is the case, strategies for success in services exports should emphasize innovation, both in production processes and management and company systems. Mobilizing resources to help firms work on these areas could contribute greatly to promoting engagement in regional and international value chains.

Finally, trade in services plays a vital role in the functioning of international value chains.[204] Traded services are commonly used as inputs into the production of other goods and services, which means that the sector is already important to regional and international value chains. For SME service providers to gain a greater share of this business, they must work closely with TISIs and development partners. The services economy is key for development over the medium to long term, and further engagement with regional and international value chains can help boost productivity and drive higher incomes.

BOX 6: Characteristics of trade in services

Situational: Exporting services involves providing solutions to customer problems across borders. This requires firm-level capacities to build effective customer relationships, recognize emerging opportunities and respond rapidly with new solutions.

Client-driven: Service exporters tend to have relationships with individual clients, rather than with geographic markets.

Relationship-based: Clients often require a long-term relationship. Given that service exports are not tangible products and cannot be quality controlled on the spot, durable relationships require building mutual trust between service buyers and sellers.

Project-based: Services are usually part of a broader offering that goes beyond the service product being exported. For example, a piece of exported software is usually not a purpose in itself, but rather a means for achieving the client's end purpose.

Innovation-dependent: Each service export project tends to require a nuanced service offering. This means services exporters are rarely able to find new export markets without innovating.

People-driven: Service exports projects require a team of talented and creative people.

Source: ITC (2014). Creating Coalitions of Services Industries.

CHAPTER 4

Regional networks to support trade

Trade and investment support institutions (TISIs) assist SMEs to internationalize. TISIs operate at different levels: subnational, national, regional and international. This chapter explores current TISI trends, assesses how regional collaboration of TISIs can make a difference, and highlights success factors for strategic alliances and partnerships.

Trade and investment support today

The main objective of TISIs is to support companies to trade and invest. In doing so, they are diverse – taking a variety of forms and providing a variety of services. With the growth of international value chains and the emergence of deep regional integration agreements, the role of trade and investment support has changed.

TISIs are present in all world regions. The trend is for trade promotion organizations (TPOs) and investment promotion agencies (IPAs) to merge in high income countries and low population countries. This may reflect the increased role of value chains worldwide.[205] Trade and investment promotion organizations are organized at the regional level, often complemented by regional institutions such as chambers of commerce, standard-setting bodies, emerging coalitions of services industries and tourism associations. Examples of these institutions are presented later in this chapter.

TISIs have a key role in strengthening export competitiveness. Recent research suggests that national TPOs and resources devoted to export promotion can lead to export growth,[206] and that budget increases are likely to boost export performance.[207] This research finds that a 1% rise in export promotion budgets increases exports by 0.074%, confirming earlier findings. In other words, $1 spent on export promotion generates $87 dollars of additional exports on average.[208]

These export gains translate into large rises in GDP per capita. A 1% rise in export promotion budgets generates a 0.065% increase in GDP per capita. This means that $1 spent on export promotion generates a $384 increase in GDP.[209] Earlier research also noted that adequately funded TPOs in developing countries could minimize the costs and risks of entering highly complex and competitive international markets.[210]

An analysis of export promotion institutions in Latin America and the Caribbean shows that the presence of agency offices abroad helps to widen the types of goods

TABLE 4 Different types of TISIs

▪ Trade promotion organizations	▪ Professional associations
▪ Chambers of commerce	▪ Public-private dialogue organizations
▪ Investment promotion agencies	▪ Regional organizations
▪ Standards and quality bodies	▪ SME-microenterprise support institutions
▪ Arbitration and mediation centres	▪ Special economic zones
▪ Businesswomen organizations	▪ Tourism promotion organizations
▪ Economic development agencies	▪ Trade, credit and finance institution
▪ Employers' bodies	▪ Trade points
▪ Industry or sector specific institutions	▪ Trade exporters' associations
▪ Packaging institutes	▪ Training institutes – trade and business related

Source: ITC (2017).

exported. On the other hand, increased diplomatic representation in importer countries appears to increase exports of homogeneous goods.[211] Further research shows that trade supporting activities help firms reach new destination countries and introduce new types of products.[212]

Diverse institutions

TISIs are a diverse group of trade and investment related institutions. They include TPOs or national trade support agencies, also known as national export promotion agencies, and all bodies that assist local companies, such as chambers, sector and industry organizations. TISIs also include IPAs, which aim to attract investment to a country, region or city. Table 4 identifies 20 types of TISIs.[213]

There is scarce data on TISIs as a whole, but there are databases of TPOs (ITC) and of chambers of commerce, which constitute the largest group of TISIs (International Chamber of Commerce). Data collected by the *TPO Directory 2015* suggest that TPOs are located in developed and developing countries and in all the regions of the world. They are, however, underrepresented in least developed countries, where trade ministries often handle trade promotion.

Similarly, IPAs have a broad geographic coverage. The map below shows where there are TPOs and IPAs, identifies countries where TPOs and IPAs combine their functions and where the two agencies coexist but work independently (Figure 38).

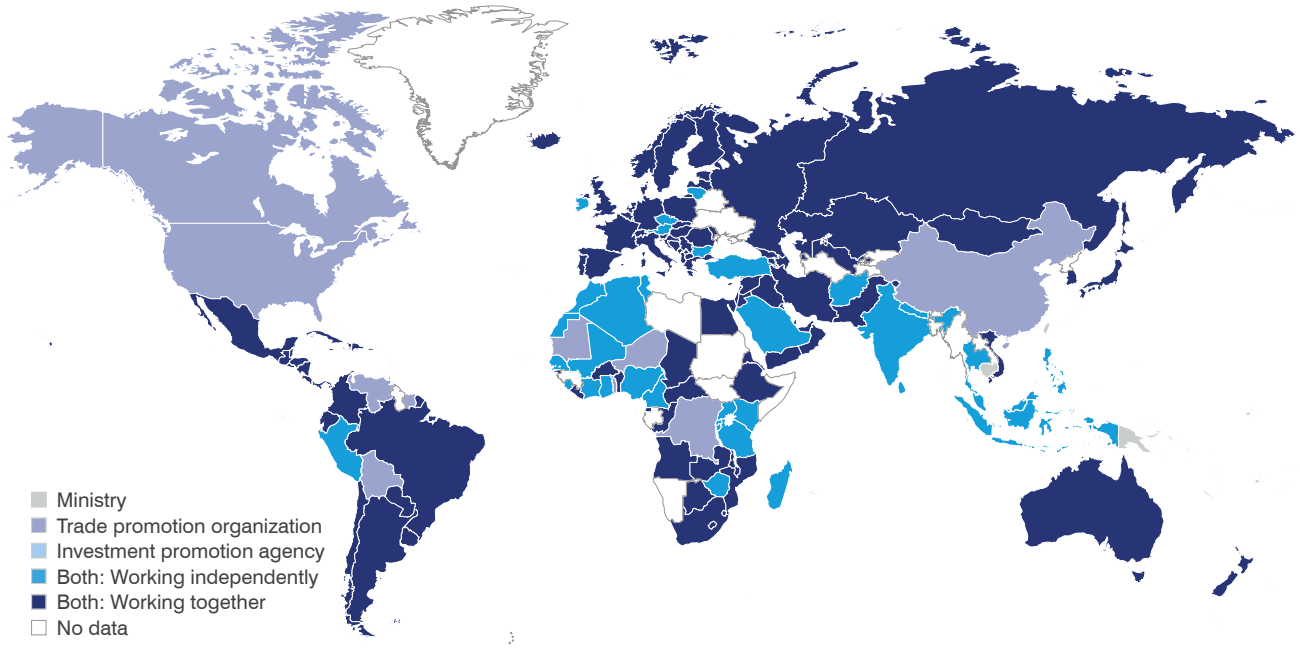
Table 5 provides a regional overview of TPOs and IPAs, including ministries of trade that handle trade promotion.

TABLE 5 Overview of trade promotion organizations and investment in all regions

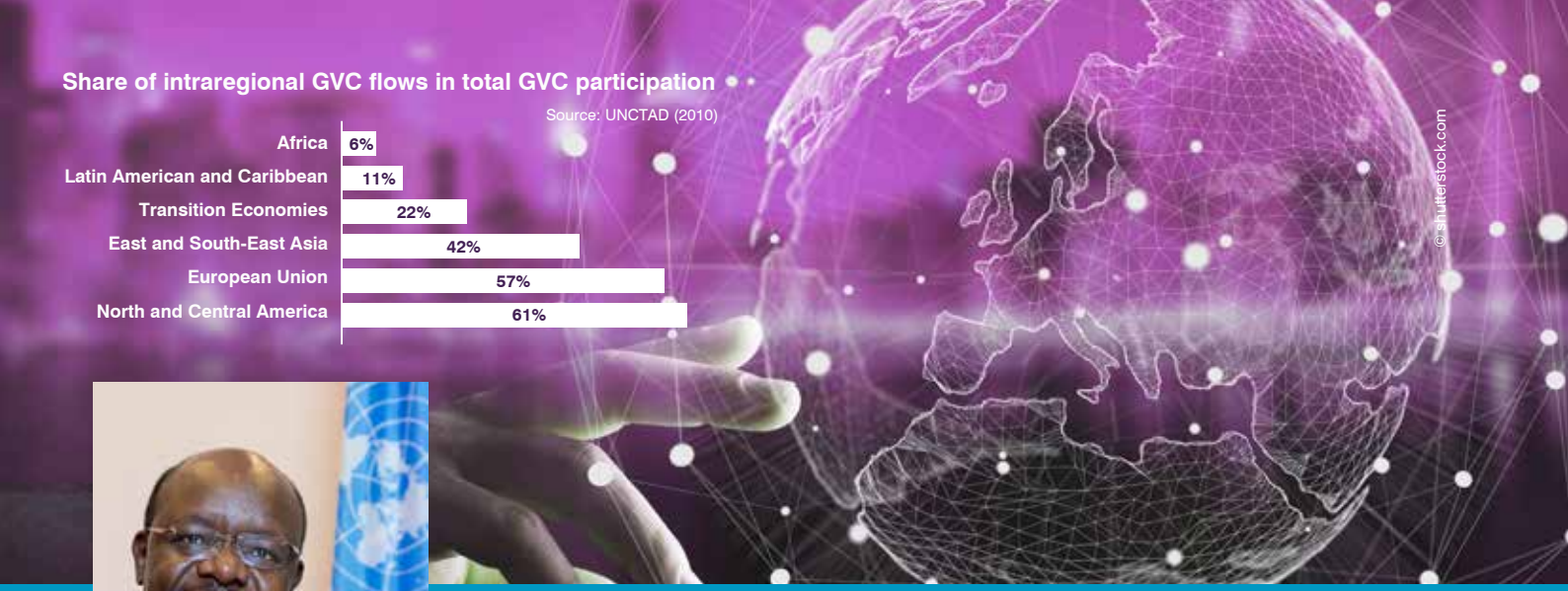
Region (as per United Nations)	Countries with ministries performing TPO functions	Countries with a TPO	Countries with an IPA	Countries with a TPO and an IPA, working independently	Countries with a TPO and an IPA as a single entity
Africa	12	5	1	14	12
Americas	0	6	0	3	16
Asia	11	3	0	12	12
Europe	3	0	0	6	26
Oceania	2	0	0	0	4

Source: ITC (2017).

FIGURE 38 Trade promotion organizations and investment promotion agencies are present in most countries



Note: Ministry refers to trade ministries handling trade promotion. Data for Libya, Sudan and Ukraine are not available. The software generating maps does not apply United Nations definitions of national borders.
Source: ITC (2017).



THOUGHT LEADER

Small business can propel development by linking better to value chains

Mukhisa Kituyi

Secretary-General

United Nations Conference on Trade and Development

The scale and diversity of small business in the global economy makes it a potentially powerful force in development efforts.

Selling vegetables in a market, opening a restaurant or patenting a technological invention – small business comes in many different forms. For millions of people around the world it is a route out of poverty and a chance at a better life.

Small businesses contribute significantly to global income and job creation. In developing countries, they provide 60% to 70% of formal employment, with that figure rising to 80% in sub-Saharan Africa. The scale and diversity of small business in the global economy makes it a potentially powerful force in development efforts. To harness this potential, we must strengthen the competitiveness of small and medium-sized enterprises (SMEs) and enhance their contribution to the 2030 Agenda and the Sustainable Development Goals (SDGs).

The Addis Ababa Action Agenda, which lays out financing priorities for the SDGs, calls for multiple interventions to build strong SMEs, notably in access to finance and skills; knowledge and technology transfer; and by creating linkages with regional and global value chains.

The integration of SMEs into global or regional value chains can be a potent way to strengthen small business operators through participation in the global economy. Global value chains account for 84% of the international production networks of multinational enterprises (MNEs), making them the engine room of the global economy. UNCTAD data show that over 90,000 MNEs have $27 trillion in foreign direct investment (FDI) stock invested in nearly 1 million foreign affiliates worldwide. Together, MNEs account for over a quarter of global GDP and 30% of private sector value-added. Their production networks form the backbone of trade, now accounting for 80% of all cross-border sales.

Most value chains are regional

Strategies to tap the potential of value chains for economic development would do well to heed a regional approach.

In contrast with the international reach inferred by their name, most global value chains have a distinctly regional character. The value chain participation of many countries is primarily located within their respective regions (Figure on top). Therefore, strategies to tap the potential of value chains for economic development would do well to heed a regional approach.

There is a large potential for business linkages in both manufacturing and services industries. This can include connecting local firms to value chains by

linking them to lead firms and affiliates operating in their countries. These ties could potentially achieve the benefits for small enterprises that the Addis Agenda calls for. Connecting local firms to lead firms and affiliates helps to create stable offset points for the goods and services produced by small suppliers, provides contact with technological innovation and gives access to new skills and alternative sources of capital.

A value chain participation plan for SMEs must form part of a broader national strategy.

Value chain participation can hold risks, however. Economic dependence and power imbalance sometimes characterize these networks, and SMEs linked to value chains are not spared the demand fluctuations associated with certain sectors. Taking part in a value chain is not a panacea that will lift all small operators. Smaller domestic firms naturally have fewer opportunities to become part of production networks because of limited resources and bargaining power, as well as information asymmetries.

Part of broader strategy

Country strategies to integrate into value chains are intricate and cut across policy areas. A value chain participation plan for SMEs must form part of a broader national strategy. Many of the factors that underpin links with cross-border production networks are overarching, affecting firms regardless of their size.

The first basic requirement for effective value chain integration is adequate infrastructure. The second is policies geared towards creating a sound overall business environment. These include coherent trade and investment policies, tax, competition policy, labour market regulation, intellectual property rights, access to land and a range of other policy areas. Moreover, trade and investment facilitation efforts are also key to help make a sound business environment a reality.

Beyond these basic requirements, a focus on the following key areas can help SMEs embark on the global and regional value chain development path:

- Enterprise clustering
- Linkages development
- Science and technology support and an effective intellectual property rights (IP rights) framework
- Business development services
- Entrepreneurship promotion
- Access to finance for SMEs
- Digital access

The integration of SMEs into regional and global value chains requires a strong focus on skills development.

The integration of SMEs into regional and global value chains requires a strong focus on skills development. Enterprise development and workforce skills development go hand-in-hand. To translate the growth of small businesses into productivity growth, it is imperative to invest in skills, technological progress and the engagement of local firms in value chains. If countries wish to compete in an increasingly knowledge-based global economy, an effective skills strategy is key to the involvement and upgrading of value chains.

The integration of SMEs into regional and global value chains can be a powerful driver of structural transformation and finance for developing countries. But this will not happen automatically, or in a vacuum. Policymakers and the international community can work closely with small business to help SMEs reach their potential as engines of the global economy.

Value chains lead promotion bodies to merge

Firms set up commercial offices, assembly or production in target markets. Firms, including SMEs, call on TPOs to help them attract foreign investors, import and license technology, and invest in operations abroad, generating demand for new services from TPOs. Such services include assistance in finding new and diverse markets. Information on non-tariff measures (NTMs) and other regulatory provisions is also increasingly important, particularly to support internationalization of SMEs.

Growth of trade in services, in which many SMEs from developing countries are active, has increased the demand for TPO services tailored to the needs of services exporters, including information and advice on protection of intellectual property.

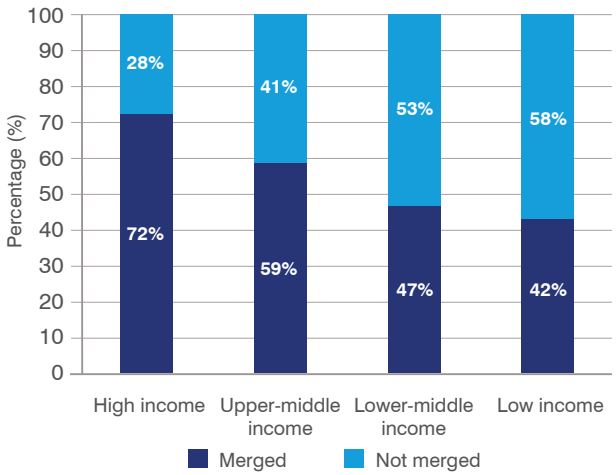
The trend towards public-private partnerships has generated a need for better coordination between governments and firms. TPOs are fundamental in ensuring governments are aware of the needs and aspirations of the private sector. Indeed, governing bodies of TPOs increasingly incorporate private sector representatives.

TABLE 6 Trade promotion organizations adapt to changes in global economy

Change	Trend	New roles
Global value chains	From export promotion to internationalization	Attracting foreign direct investment
Slower growth in developed economies	From traditional markets to emerging and developing ones	Market diversification
Increasing importance of non-tariff measres and regionalism	More complexity for SMEs	Regulatory information and support
Higher growth in trade in services	Increasing demand from SME service exporters	Specific services Intellectual property protection and support
Public-private partnerships	Need for cooperation and collaboration government and SMEs	TPO as bridge Private participation in TPO governance
Tougher fiscal environment	Pressure to reduce costs and increase performance	Measuring results and impact

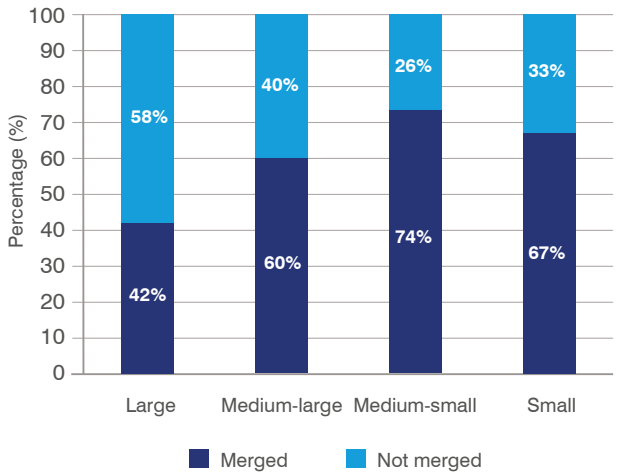
Source: ITC.

FIGURE 39 Mergers among trade promotion organizations and investment promotion agencies, by country income level



Note: Figures indicate the percentage of agencies.
Source: ITC.

FIGURE 40 Mergers among trade promotion organizations and investment promotion agencies, by country size of population



Note: Figures indicate the percentage of agencies.'Small' is defined as population below 700,000; 'Medium-small' between 800,000 and 6.1 million; 'Mid-large' between 6.2 million and 20.8 million; and 'Large' more than 21 million.
Source: ITC.

Governments' fiscal constraints have increased the need for public sector organizations, including TPOs, to demonstrate value for money. This often entails reducing costs and improving performance. As a result, TPOs must increasingly measure results, demonstrate impact and initiate performance improvement programmes.

To address these challenges, TPOs are adapting to new trends and defining new roles (Table 6).

Table 6 provides a regional overview of TPOs and IPAs, including ministries of trade that handle trade promotion.

Growth of value chains is leading TPOs and IPAs to merge. Current production processes have goods and services produced in various stages in different nations and regions. This means that connecting to value chains requires simultaneously promoting trade and investment, often with the same interlocutors abroad. Hence, the ability to adapt rapidly to new conditions is critical for those who promote trade and investment.

The activities of IPAs and TPOs are directly related, and both contribute to strengthening export competitiveness. IPAs attract FDI, which makes developing country exports more competitive by providing capital, technology, industry expertise, and access to international markets and the supply chains of large firms.[214] This suggests that promoting investment and trade jointly is a way to streamline the resources of TPOs and IPAs and maximize their efforts.[215]

The trend for merging IPAs and TPOs is particularly strong in high income countries and in those with small populations. Data from the World Trade Promotion Organization[216] show that high-income level countries have the most merged TPOs and IPAs, at 34 out of 47 (or 72%) (Figure 39).

The trend towards merging also prevails in medium-small and small countries. Of 34 TPOs from medium-small countries, 25 (74%) are merged with IPAs. Ten of 15 TPOs (67%) are merged in small countries (Figure 40).

Compared with TPOs, IPAs have witnessed more organizational change in recent years, often merging, splitting or restructuring. For example, between 2008 and 2012, over 35% of IPAs underwent some form of transformation, such as creation, closure and restructuring. These included merging and separating investment and trade.[217]

Several factors help explain the growing number of mergers. These include cost savings, creating synergies and providing more coherent leadership and knowledge sharing. This complementarity is especially significant in developing countries where capital markets are usually less developed.[218]

Trade and investment promotion: Areas of common interest

The emergence of international value chains linking trade and investment offers opportunities to modernize TPO and IPA promotion efforts. Joint organizations can benefit from partially integrated functions in administration and technical areas such as research, image building and overseas representation.

SMEs wanting to invest abroad face big challenges due to limited resources. Combined agencies with outward FDI services can provide assistance (e.g. in strategic planning or market research) through expertise in investment and trade matters. Although investment and trade promotion sometimes require different skills and knowledge, there are cross-cutting issues. For example, IPAs and TPOs may find a common interest in:

- **Infrastructure** (roads, railways, seaports, airports and telecommunications) necessary to strengthen the competitiveness of firms and help them integrate into value chains;
- **Skills and education** required to meet foreign investors' standards, enable higher value-added production and strengthen entrepreneurship;
- **Financial systems** that facilitate business by supplying credit, offering payment systems and risk-management solutions;
- **Public administration**, including increased efficiency, transparency and predictable regulations to strengthen competition;
- **Tax incentives** to start and run internationally competitive enterprises.[219]

Such complementarities encourage mergers; yet, there are challenges in combining investment and trade-related services. Research on services provided by seven combined agencies shows that most have an umbrella structure covering administration, overseas offices, market intelligence and image building. However, technical teams for each promotion stream function separately. This suggests that IPAs and TPOs sometimes have diverging objectives.

In addition, there are management hurdles to combining investment and trade aspects. These include the risk that joining different goals leads to greater bureaucracy and the difficulty of dealing with diverse mindsets in TPOs and IPAs.

Regional trade and investment support

TISIs promote regionalization of SMEs in a variety of ways, including:

- Facilitating exchange of information among national TISIs;
- Mentoring SMEs;
- Organizing trade promotion events;
- Implementing joint sector strategies;
- Fostering regional alliances;
- Influencing regional and national trade policy processes through joint lobbying and advocacy;
- Increasing regional and sub-regional organizations' capacity to foster trade integration.

Successful regional collaboration among TISIs depends on the effectiveness and efficiency of the participating national organizations.

Regional integration builds expectations that exporting within the region will become less burdensome, leading to growing demand for TISI services. Although an integrated regional market may be easier to access than a more distant one, success still relies on good research, understanding customer needs, product development and adaptation, established connections and relationships, and logistics.

Regional integration allows new exporters to enter markets that are culturally and geographically close. This means SMEs can tackle the challenges of international trade earlier than they might otherwise do. Consequently, TISIs need to help small businesses cope with cash flow issues, inexperience with international standards, low risk appetite and low levels of political influence. This also applies to SMEs in sectors that have not yet acquired global competitive advantage, but may be competitive within an integrated region.

TPOs tend to form regional networks that facilitate collaboration and the exchange of information, good practices and experiences regarding export-oriented services:

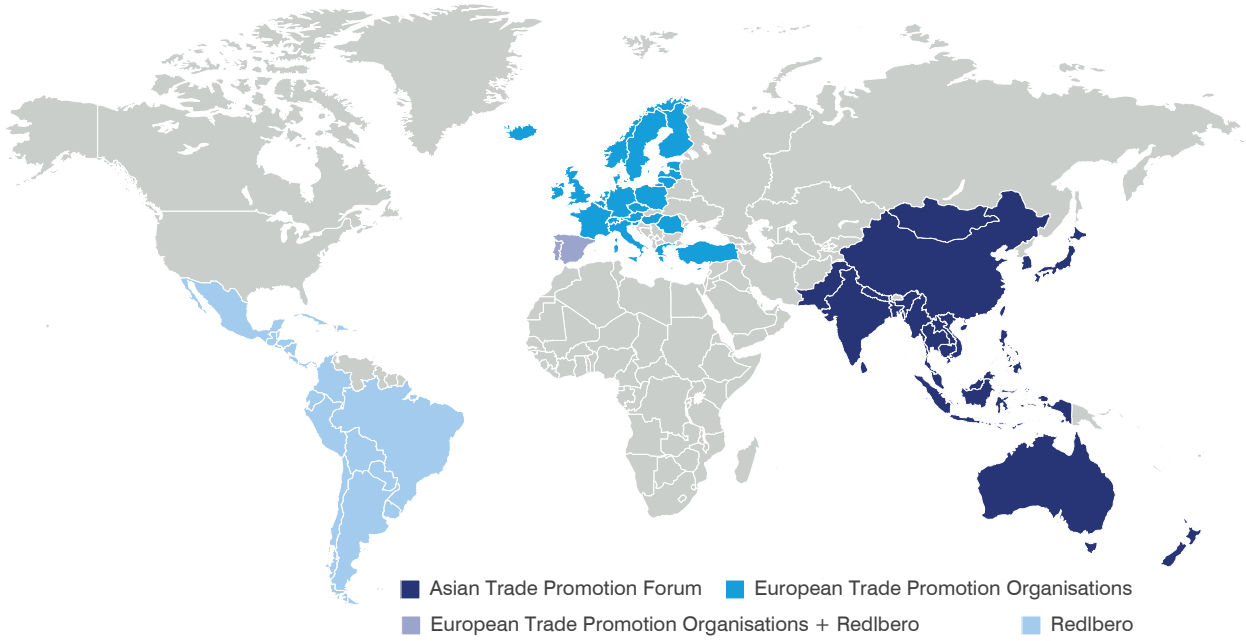
- **Information exchange** and business database sharing informs SMEs about new business opportunities in the regional market.
- **Mentoring firms** can help identify strengths, weaknesses, opportunities and threats overlooked by SMEs.
- **Joint trade promotion events**, at both regional and international levels, help attract investment and promote regional market opportunities.
- **Joint sector strategies** help companies in the region to exploit comparative and competitive advantages.
- **Joint lobbying and advocacy** helps to influence regional and national trade policies, through more coherence in messaging. Lobbying and advocacy are especially important in minimizing NTMs that make trade cumbersome.
- **Building capacity** supports SMEs to go beyond borders for new businesses and new sectors.

TABLE 7 Activities of selected regional trade promotion networks

	European Trade Promotion Organisations (ETPO)	Redlbero	Asian Trade Promotion Forum (ATPF)
Governance practices and processes	CEO roundtable Annual conferences Working group of information professionals meets twice a year	Rotating presidency Four annual meetings Host country checklist for organizing meetings	CEO meetings and working level meetings once a year
Internal communications, information and knowledge management	Working Group of Information Professionals	Communication protocol Communication and Media Committee	Capacity Building Initiative Programme to help member TPOs develop human resources Intranet system among the members
Marketing capabilities and promotion services	Working group discusses information systems, internet presence, and new services		ATPF Joint Exhibition to explore business opportunities and closer working cooperation

Source: ITC, based on information from ETPO, Redlbero and ATPF websites.

FIGURE 41 Composition of selected regional trade promotion organizations networks



Note: The software generating maps does not apply United Nations definitions of national borders.
Source: ITC.

Regional trade promotion organization networks

In regions such as Latin America, Europe and Asia, TPOs have formed regional networks (Figure 41). In addition, there are groupings based on non-geographic criteria, such as CANZUK, an informal forum involving Canada, Australia, New Zealand and the United Kingdom.

Benchmarking data[220] show that organizational performance is similar in countries from the same region, and varies significantly between regions. Among developing country regions, institutions from Latin America and South-East Asia invest substantially more in staff and financial resources and show higher levels of institutional strength. Institutions from East and West Africa, meanwhile, invest substantially less and display lower levels of organizational maturity. In Caribbean country institutions, the level of organizational maturity is midway between the lowest and the highest performing regions.

TPO networks in various regions bring together trade and investment promotion organizations:

- **Europe:** European Trade Promotion Organisations (ETPO) links trade and investment promotion organizations from 28 European countries.
- **Spanish and Portuguese-speaking countries:** RedIbero includes trade and investment promotion organizations from Spanish and Portuguese speaking countries in Europe and Latin America.
- **Asia and the Pacific:** The Asian Trade Promotion Forum (ATPF) gathers TPOs in the Asian region, and includes some investment promotion institutions. APTF also includes TPOs from the Pacific region, namely Austrade (Australia) and New Zealand Trade and Enterprise.

Common intervention areas among regional TPO networks include governance practices and processes; internal communications, information and knowledge management; capabilities in marketing and promotion of services; and quality and relevance of the portfolio of products and services (Table 7).

Governance practices and processes

RedIbero brings together about 25 trade and investment promotion organizations from Spanish and Portuguese speaking countries in Europe and Latin America. It has a rotating presidency, with presidents serving a two-year term based on a work plan.

ETPO is a network of trade and investment promotion organizations from 28 European countries and organizes annual meetings hosted by different members across Europe. ATPF has 24 members and functions with informal agreements based on previous decisions by members.

In some cases, regional TPO networks have other institutions as members, such as subnational TPOs or

regional organizations. ETPO includes subnational TPOs such as Brussels Invest Export, Wallonia Invest Export and Flanders Invest & Trade. The secretariat of the Latin American Integration Association is member of RedIbero.

Regional TPO networks generally meet once a year, and in some cases more frequently, such as two to four times a year. ETPO meets twice a year. RedIbero organizes four annual meetings, each with a central theme based on a common issue or an emerging trend. ATPF holds CEO meetings and working level meetings once a year. RedIbero has developed a host country checklist for organizing the network meetings.

Internal communications, information and knowledge management

Some regional TPO networks have established committees or working groups to deal with communications and information, and have other initiatives to support communication with the members. ETPO established a Working Group of Information Professionals covering information processing and dissemination. ATPF carries out various collaborative activities such as a Capacity Building Initiative Programme to help member TPOs develop human resources.

RedIbero has developed a communication protocol for its members and established a Communication and Media Committee supporting the network's president. Over the past six years, the network, with support from the Inter-American Development Bank, has focused on knowledge creation and conducted a management review of regional public goods in trade and investment promotion. This is a pioneering approach aimed at generating regional capacities to promote trade and investment.

Capabilities in marketing and promotion of services

ETPO's working group meets twice a year to discuss and share topics regarding information systems, internet presence, and new services. The working group invites member organization specialists in trade information, library services, market research, web content and digital media.

ATPF has set up a specialized committee of exhibitions, the ATPF Exhibition Industry Committee, to strengthen ATPF's efforts in joint exhibitions. Joint exhibitions constitute a platform to explore business opportunities in the internal market and promote closer working cooperation among member TPOs.

The website of RedIbero includes a number of joint information areas displayed under the section 'News and Announcements'. These are: regional branding strategy for Latin America; regional value chains, multi-country investment and joint trade promotion; export services and offshoring; and regional strategy for export promotion and attraction of FDI.

Chambers of commerce

Chambers of commerce represent business interests and offer an exchange platform for firms. There are various types of chambers representing business at the global, regional, national, subnational, local and sectoral level. Often, chambers of commerce establish SME committees to address SME-related issues.

At the global level, the International Chamber of Commerce is a global network of over 6 million members in more than 100 countries, working to promote international trade, responsible business conduct and a global approach to regulation through as a unique mix of advocacy and standard-setting activities.[221] Likewise, the World Chambers Network (WCN) is the official portal dedicated to international trade.[222] Among WCN's services are a chamber directory and a platform to showcase business opportunities.

Chambers of commerce also form regional clusters. For example, the Association of European Chambers of Commerce and Industry, EUROCHAMBRES, represents over 20 million businesses in Europe through 45 members (43 national associations of chambers of commerce and industry and two transnational chamber organizations). It constitutes a European network of 1,700 regional and local chambers, with more than 93% of its 20 million businesses SMEs.[223]

Regional clusters of chambers of commerce, however, can focus on more than one geographic region. The Silk Road Chamber of International Commerce aims to promote the renaissance of the Silk Road and enable businesses to participate in its investment and trade opportunities.[224] The organization is based on, but not limited to, the ancient Silk Road region. It includes as members several international chambers of commerce along the Silk Road. Its membership is open to over 100 chambers of industry and commerce all over the world.

There are also bilateral chambers of commerce, such as the Latin American Chamber of Commerce in Switzerland.[225] This private, non-profit, business organization promotes economic relations between Latin America and Switzerland. The organization has over 300 members – mainly large, midsize and small companies in various Swiss industries, with interests or business operations in Latin America. The Chamber maintains close contact with Swiss Federal Authorities and their agencies, Latin American embassies in Switzerland and Swiss

embassies in Latin America, as well as with Swiss chambers of commerce in Latin America.

Another bilateral initiative with a regional focus, which provides support specifically for SMEs, is the European Union SME Centre in China.[226] Six implementing partners manage it: China-Britain Business Council; Benelux Chamber of Commerce; China-Italy Chamber of Commerce; French Chamber of Commerce in China; EUROCHAMBRES; and European Union Chamber of Commerce in China. The centre assists European SMEs to establish, develop and maintain commercial activities in the Chinese market – through export and investment – particularly in the early stages of their market penetration efforts.

Regional standard-setting bodies

Standard-setting institutions operate at the national, regional and international level. Usually these bodies are set up under regional trade agreements. Their objective is to provide a platform to:

- Harmonize standards used in the region;
- Promote harmonized standards;
- Share experience among the region's national standards bodies;
- Create a common position to influence international standards development.

Harmonized regional standards facilitate cross-border trade, helping to strengthen the competitiveness of firms.

The European Standardization System is one such institution.[227] National standardization bodies of 34 European countries are obliged to adopt the European standard as a national standard and make it available to customers in their territory. The system includes three main institutions: the European Committee for Standardization, the European Committee for Electrotechnical Standardization, and the European Telecommunication Standards Institute.

Other stakeholders involved in the European system include national standardization bodies, consumer, trade union and environmental organizations and public authorities. Small Business Standards represents SMEs. It is a non-profit association that raises awareness about the benefits of standards and encourage SMEs to get involved in the standardization process.[228]

The African Organization for Standardization and the African Electrotechnical Standardization Commission function at the African continental level. Standardization bodies have also been developed for regions within Africa.

The Southern African Development Community (SADC) has a Standardization, Quality Assurance, Accreditation and Metrology Programme, which is the framework establishing the cooperation among the national institutions.[229] This programme aims to progressively eliminate technical barriers to trade among SADC member states and between SADC and other regional trading blocks, and to promote production of quality goods.

The Common Market for Eastern and Southern Africa (COMESA) established a committee on Standards, Metrology, Conformity Assessment and Accreditation.[230] The Committee undertakes and coordinates activities related to standards, metrology and conformity assessment (testing, calibration, inspection, certification) and accreditation. The Standards, Metrology, Conformity Assessment and Accreditation Coordination Office supports the work of the Committee.

Within the East African Community (EAC), the Standardization, Quality, Metrology and Testing Act seeks to harmonize regional activities in these fields and build client-oriented infrastructure complying with international standards.[231] The Act established three administrative structures at regional level: an East African Standards Committee, a Liaison Office and an East African Accreditation Board.

There are also standardization bodies at intraregional level. For example, within the Tripartite COMESA-EAC-SADC free trade area, two regional bodies were established – a Tripartite Standards Committee and a Technical Management Committee. To avoid duplication and conflict, cooperation and coordination is encouraged with member states and other regional, sub-regional and international standards bodies.

Examples of standardization bodies in other continents include the Pacific Area Standards Congress, the Pan American Standards Commission, and the Arabic Industrial Development and Mining Organization. Other regional standardization bodies are: the MERCOSUR Standardization Association, the CARICOM Regional Organization for Standards and Quality, the ASEAN Consultative Committee for Standards and Quality, and the Gulf Cooperation Council Standardization Organization.

Standards set at regional level often facilitate trade outside the home region. One example involves the voluntary sustainability standards adopted in a number of regions, including Africa, Europe and Oceania. The 'East African Organic Products Standard' does not target trade between countries in East Africa, for instance. Rather, it harmonizes production practices within the region for the sale of goods to countries outside that region. Similarly, 'Cotton made in

TABLE 8 Selected regional services associations in COMESA countries

Region	Association	Focus area
TOURISM INDUSTRY REGIONAL REPRESENTATION		
Southern Africa	Southern African Tourism Services Association	A member-driven association for inbound tourism companies. Members strive to maintain three key qualities: credibility, value and authority.
East Africa	Working Group of Information Professionals	It encompasses all East Africa offerings in tourism and related fields. Kenya, Uganda, Rwanda, Burundi and the United Republic of Tanzania are included.
TRANSPORTER INDUSTRY REGIONAL REPRESENTATION		
East Africa	Federation of East African Freight Forwarders Associations	This private sector body of freight forwarders' associations, established in 2006, is registered in the United Republic of Tanzania. Its secretariat is in Nairobi.
Southern Africa	Federation of Clearing and Forwarding Associations of Southern Africa	Formed in 2010 as a southern African organization for the clearing and forwarding industry, it conducts advocacy and is the dialogue partner of bodies such as the committees of heads of customs administrations, COMESA and SADC.
Southern Africa	Southern Africa Shippers Transport and Logistics Council	A public-private partnership of cargo owners and membership organization of transport and logistics service providers, it collaborates with government and other associations to support a healthy logistics climate in Southern Africa.
BANKER INDUSTRY REGIONAL REPRESENTATION		
SADC	SADC Banking Association	This federation, set up in 1998, is a recognized structure of SADC's Committee of Central Bank Governors to address regional financial integration and the SADC Finance and Investment Protocol.
INSURANCE INDUSTRY REGIONAL REPRESENTATION		
East Africa	East African Insurance Supervisors Association	Created in December 2008, this group fosters regional and international cooperation among insurance supervisory authorities.
Southern Africa	SADC Insurance Forum	This is a regional professional business association for insurance practitioners.

Source: ITC and COMESA Business Council (2016).

Africa' is a voluntary sustainability standard for African countries that targets trade outside the African region.

In Europe, 'EU Organic' is a national voluntary standard applied in member states that regulates production and labelling of organic goods. Another example is 'Nordic Swan', an official ecolabel to encourage sustainable consumption and production in Nordic countries. Finally, an example of a regional voluntary sustainability standard targeting intraregional trade is the Pacific Organic Standard for organic production.

Regional coalitions in services

The services sector encompasses a variety of industries, and service providers tend to act independently of each other. As a result, there is no single voice to raise services issues with public authorities. This has led service industries to form coalitions, creating umbrella organizations strategically designed to bring together service enterprises and associations to find common ground on policy and export matters.

While most such coalitions operate at the national level, some are regional. The European Services Forum and the Caribbean Network of Service Coalitions (CNSC), for instance, reflect regional integration arrangements such as the EU and the CARICOM Single Market and Economy. CNSC underscores a regional effort to strengthen services economies.[232]

Another example is the recently launched Asia-Pacific Services Coalition, which aims to promote dialogue, cooperation and sharing of best practices at local, national and regional levels. There are also industry-specific regional formations (Table 8) in countries of the Common Market for Eastern and Southern Africa (COMESA).[233]

Regional bodies promote tourism

Promoting a destination is key for the tourism sector. Unlike other exports, it is the buyer that travels, not the goods. Tourism promotion is primarily at the subnational and national level. However, there are regional promotion strategies. These allow economies of scale in costly promotion and marketing activities, and draw attention to the attractiveness of the region along with specific destinations.[234] Several regional organizations and coalitions exist at regional and sub-regional levels.

TABLE 9 Selected regional tourism associations

Region	Association	Functions
Africa	Africa Travel Association	Established in 1975, ATA is the leading trade association to promote travel and tourism to Africa and strengthen intra-Africa partnerships. It serves both the public and private sectors. Members are African governments, tourism ministries, tourism bureaus and boards, airlines, cruise lines, hotels, resorts, front-line travel sellers and providers, tour operators and travel agents, and affiliate industries.[235]
Asia and Pacific	Pacific Asia Travel Association	Set up in 1951, this association is a catalyst for responsible travel and tourism development to, from and within the Asia Pacific region. It provides advocacy, research and events to members, which are government, state and city tourism bodies; international airlines, airports and cruise lines; educational institutions; and travel industry companies in Asia Pacific and beyond.[236]
Caribbean	Caribbean Tourism Organization	This is the Caribbean's tourism development agency. Created in 1989, comprises membership of 28 countries and territories (Dutch, English, French and Spanish), as well as many private sector members. It provides services to develop sustainable tourism for the economic and social benefit of the members.[337]
Central and South America	Latin American Travel Association	This membership association, established in 1992, promotes Latin America as a tourist destination. It encourages best practice, high standards and more travel from the United Kingdom and Europe to Latin America. It brings together over 220 companies, including tourist boards, tour operators, hotels, wholesalers, media, airlines and overseas members.[238]
Southern Africa	Regional Tourism Organization of Southern Africa	Set up in 1997, this SADC body develops tourism and marketing in the region. Its focus is on sustainable development and initiatives, effective destination marketing, and improved regional competitiveness. It works closely with member states' ministries of tourism, national tourism organizations, the private sector, media partners and international cooperating partners.[239]

Note: Data on regional tourism associations collected in 2017.
Source: ITC.

Regional associations can play a vital role in promoting multi-country destinations. In the Caribbean region, for example, the campaign 'One Sea, One Voice, One Caribbean', initiated by the Caribbean Tourism Organization, aims to position the region as a 'desirable, year round, warm weather destination'.[240] Providing travel links are in place, regional associations act as a bridge between the public and private sectors in collaborating countries by supporting joint marketing. This reduces costs for individual countries and can boost competitiveness.[241]

In addition to raising awareness, enhancing the region's profile and attracting media coverage, regional associations help to build networks and connections among participating members, both in the public and private sector.

Other types of collaboration in support of SME internationalization

Other types of collaboration among TISIs beyond the ones described above, involve networks at the subnational, national and regional levels. In some cases, national TISIs have a specific focus on SMEs. For example, Montenegro and Bulgaria established national TPOs with a specific focus on SMEs. Although connection with SMEs is often better managed at the national level, the EU SME Centre in China is an example of a regional TISI with a specific focus on SMEs.

In other cases, institutions focus on identifying business opportunities within regional trade agreements. The Centre for Advancement of Trade Agreements, established in 2013 under Colombia´s Ministry of Trade, Industry and Tourism, aims to maximize the benefits of trade accords signed by Colombia.[242] The centre identifies sectors with export potential, bottlenecks and remedial actions as part of the drive to take advantage of opportunities offered by these agreements.

At the regional level, Caribbean Export is the only regional trade and investment promotion agency in the African, Caribbean and Pacific group of countries. It was established in 1996 by an intergovernmental agreement as the trade promotion agency of the 15 Member States of CARIFORUM.[243] It aims to be the leading driver of Caribbean private sector development, with a focus on enhancing the competitiveness and value of Caribbean brands through interventions to develop exports and promote investment.

Effective coordination among TPOs can also involve linking up subnational, national and regional level bodies. This type of interconnection is embodied in the International Network for Regional Trade Promotion Organizations (RTPO).[244] The network, with 17 members worldwide, was created in 2007 to increase competitiveness of companies and territories through

internationalization. Regional organizations work within the network, ignoring geographical, physical and mental boundaries, to support SMEs to internationalize.

One example of cooperation through RTPO involves Business France and Entreprise Rhône Alpes International (ERAI), which share offices abroad and cooperate to develop trade incubation centres. RTPO's agreement with Expansion Québec gives companies from Rhône Alpes and Québec access to the network of ERAI incubators worldwide. An agreement with ProCordoba is opening the network of ERAI incubators to Argentine SMEs.

In other cases, national TISIs implement joint initiatives. For example, the Brazilian Trade and Investment Promotion Agency (ApexBrasil) and the Argentinean Investment and International Trade Agency signed an agreement in February 2017 that includes holding regular meetings and exchanging publications and information on the two countries' markets.

The accord provides for trade missions between the two countries, mutual assistance to participate in international trade shows, promoting interaction between business representatives to foster trade and industrial cooperation and creating joint enterprises to operate in least developed countries.[245] Colombia, Peru and other members of the Pacific Alliance have also joined efforts for trade and investment promotion.[246]

In the Pacific Alliance, TPOs of signatory countries (ProChile, ProColombia, ProMéxico and PromPerú) work together to develop synergies for promotion and participation in fairs and events, exchange experiences, establish trade offices abroad, and identify and promote business opportunities between companies within alliance member countries and others.

Building alliances and partnerships

A network is only as strong as its participating organizations. Good networks depend on coordination and collaboration among TISIs at the subnational, national and regional levels. Coherence between the three levels is necessary to avoid overlapping of functions, which reduces the effectiveness of TISI services. This is a self-reinforcing dynamic: strengthening individual organizations creates positive stimulus, emulation and continuous improvement among TISIs – both for competitive and collaborative reasons and motives.

New regional responsibilities. As a regional economy moves towards closer integration, TISIs face new challenges and opportunities to deliver value to stakeholders. These include creating regional business linkages and knowledge; building capacity to go beyond borders for new businesses and new sectors; lobbying and advocacy, especially to minimize non-tariff measures; and strategic allocation of resources.[247]

New types of collaboration. If a TISI agrees that regional integration makes economic sense, then it may wish to work with other TISIs in certain domains. This might mean giving up a degree of competitive advantage for individual businesses in return for improved effectiveness and efficiency, and macroeconomic gains in the long run.[248]

Ecosystem of specialized institutions. To be efficient, TISIs need an ecosystem of specialized institutions (e.g. tourism organizations and standard-setting bodies) at the local, subnational, national and regional levels. This ecosystem ideally involves private and public entities as well as for profit and non-profit organizations. The ecosystem must be able to support a coherent approach

FIGURE 42 Recommendations to reinforce knowledge sharing between national trade promotion organizations and regional networks

Source: ITC.

to innovation, education, standards and finance among the specialized institutions operating at different levels.

Coordination and collaboration among different types of TISIs helps to avoid duplication of activities, which results in confusion and unnecessary controls and delays for businesses. For example, collaboration between regional and national standard-setting bodies and other TISIs can ensure harmonized production practices within a region and facilitate cross-border trade.

Harmonization between TISIs at subnational, national and regional levels, as well as transparency and training, can help to reinforce the role of TISIs as platforms for understanding business needs and for delivering support.

Collaborating with regional institutions, which have technical capacities and a regional perspective, can bring a more targeted focus on regionalization strategies. This may include identifying new business opportunities within the region, as well as complementarities in regional value chains. For instance, the secretariat of the Latin American Integration Association is a member of RedIbero. Another example is Colombia's Centre for Advancement of Trade Agreements, a model for identifying sectors with export potential, bottlenecks and joint promotion activities within a region.

Bringing on board subnational export promotion agencies is a way of increasing the focus on SMEs. For example, the ETPO network includes subnational TPOs (e.g. Brussels, Wallonia and Flemish TPOs). In addition, the EU SME Centre in China could be considered as a model for SME targeted services.

Pieces in the puzzle: National and regional trade institutions

Regional TPOs, in particular, can help SMEs to identify business opportunities offered by the regional market. This also applies to SMEs active in sectors that have not yet acquired global competitive advantage, but may be competitive within an integrated region.

This is valuable to diversify the export base and move further up value chains, but TISIs need to build their resources, skills and connections to support such new sectors. The following initiatives reinforce knowledge sharing between national TPOs and regional networks (Figure 42):

Information exchange
- Shared business databases to create a regional business directory;
- Joint information sessions for SMEs on trade and investment opportunities within the regional market.

Joint strategies
- Regionally integrated value chains that exploit comparative and competitive advantages;
- Aligned national export strategies that exploit comparative and competitive advantages;
- Joint regional branding to attract investment.

National policies coherent with regional strategies
- Strategic alliances to expand into markets beyond the integrated region;
- Coherent messages in regional and national trade policy processes to influence governments at regional and international negotiating tables;
- Minimize burdens created by non-tariff measures.

Joint capacity building at the regional level
- Identify services that complement the support provided by national TISIs;
- Identify strengths, weaknesses, opportunities and threats of SMEs, from a regional perspective;
- Use technologies such as e-learning platforms;
- Collaborate on institutional strengthening.

Joint trade and investment promotion
- Regional trade fairs or joint booths at international ones;
- Regional market opportunities to businesses;
- Collaboration to deliver services, especially business-to-business meetings;
- E-commerce promotion.

SPECIAL FEATURE by the Hungarian Investment Promotion Agency

Hungary: Smart. Ambitious. Competitive.

Hungary, the host of ITC's World Export Development Forum 2017, is featured among the 50 country profiles for this report. In this special feature, Hungary's investment promotion agency outlines the business case for trade and investment in its country.

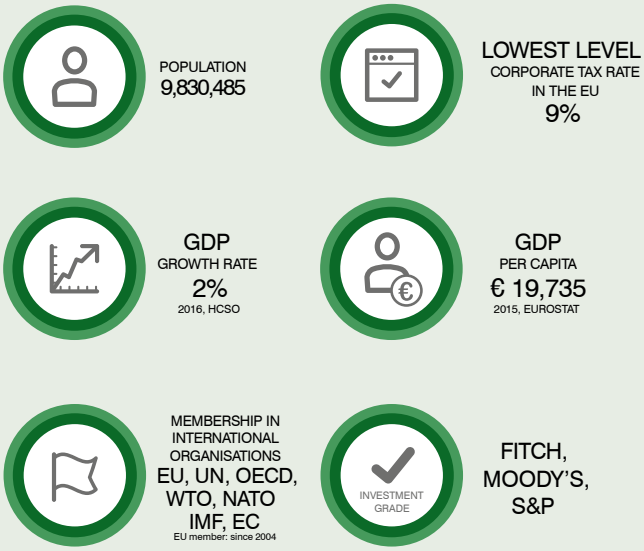
Hungary is located in the heart of Europe. The country has been a full member of the European Union since 2004, enabling investors to reach more than 500 million people in the European Union (EU) and 200 million more people to the east.

Hungary is increasingly recognized as an ideal investment location in Europe. Capital city Budapest stands among the top 10 most attractive cities for foreign direct investment (FDI) in Eastern Europe in the 2016–2017 rankings of fDi Magazine, a Financial Times Group publication, and is also ranked among the top 10 most important European cities.[249]

Hungary in figures

Foreign investors can make the most of the country's strategic location and telecommunications infrastructure. The six-hour time difference from New York and eight-hour time difference from Tokyo enables companies in Hungary to provide services to the east and west simultaneously. Budapest has the second largest office market in Europe, with over 3.35 million square metres of modern office space.

In addition to Budapest, rural cities and regions are becoming even more attractive to foreign investors. Hungary's university cities – Budapest, Szeged, Debrecen, Pécs, Miskolc or Győr – serve as knowledge bases for investments involving higher added value. The university background and availability of a large, highly qualified workforce are key factors in Hungary's success as an investment location.



Companies deciding to invest in Hungary say they attach great importance to the country's strategic geographic location, the qualification and diligence of available human resources, competitive wages, the country's logistics and the quality of secondary and higher education institutions.[250]

In order to improve the business climate the Hungarian government has:

- introduced a new incentive scheme supporting tech-intensive investments
- introduced its unique economic development plan based on Industry 4.0 requirements
- created the most competitive CIT in the EU with 9% flat rate
- extended its Digital Nation Development Program to agriculture and start-ups
- further improved the dual education system in favour of business needs
- signed more than 70 strategic partnership agreements giving companies fast access to the Government
- modified its taxation and incentive system to make Hungary the invention hub of CEE

Proximity and easy access

Hungary is located at the crossroads of three TEN-T core network corridors (as per the EU transport infrastructure policy). Several major European ports are nearby, as are rapidly growing markets in the Balkans, Commonwealth of Independent States (CIS) and Turkey.

Hungary has one of the highest motorway densities in Europe – six European capitals can be reached from Budapest within a few hours' drive. The total length of the Hungarian national public road network is nearly 32,000 km, including almost 1,800 km of highways and 2,400 km of expressways.

The country has also an extensive railway network, with direct connections to all significant harbours and terminals in Europe. Several main train lines provide regular block train services to the major ports of Western Europe (such as Hamburg, Bremerhaven and Rotterdam), the Adriatic (Koper, Rijeka and Trieste) and the Black Sea (Constanta).

Hungary is landlocked but has access to the North Sea and the Black Sea via the Danube river. The Danube–Rhine–Main Canal connects Rotterdam, Amsterdam, Antwerp and the industrial centres of Western Europe with the Black Sea, through the Danube–Black Sea Canal with Constanta.

Budapest Liszt Ferenc International Airport is one of Europe's fastest growing airports in passenger numbers.[251] Further international airports can be found in Debrecen, Sármellék (Balaton), Győr and Pécs.

Competitive labour force

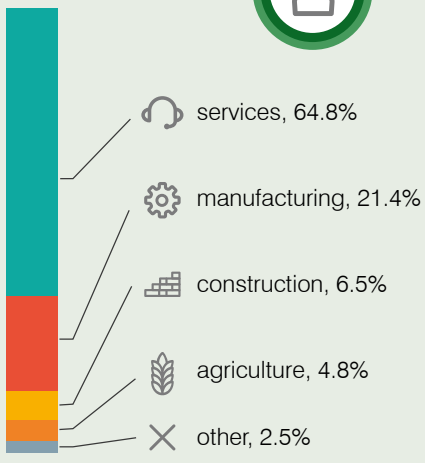
The Hungarian labour force is well qualified and cost effective, increasing the country's international competitiveness. The country has several well-known and practice-oriented universities, each playing a major role in educating the workforce. A large number of high-quality research institutions attest to Hungary's traditional strengths in science and technology. Six Hungarian universities appear in the respected QS World University Rankings.

In the 2015–2016 academic year, almost 260,000 students graduated from 66 institutions. Graduates in Hungary speak English and German as main languages, but other less common languages are also widely spoken.

To serve the needs of industry, the Hungarian government introduced the dual education system in 2012, based on the German model. The aim is to train more skilled workers, technicians, engineers and other professionals; strengthen practice-oriented knowledge; and improve the quality, effectiveness and efficiency of training. Dual education is available in vocational and in higher education institutes.

In the 2016–2017 academic year, 24 higher education institutions offered 41 bachelor programmes and 11 master programmes, in cooperation with 593 partner organizations. The number of students in the dual education system has doubled in the last few years.

Labor pool structure



Key investment sectors

Thanks to its excellent facilities, Hungary can offer a wide range of opportunities for potential investors. There are several industries with hundreds of years of tradition, including pharmaceuticals and life sciences.

Moreover, an increasing number of innovative projects and cutting-edge technologies have arrived in Hungary. This is in line with the government's emphasis on "Invented in Hungary" type of investments.

The automotive industry is one of the most important and fastest growing sectors in Hungary. It accounts for about 30% of total manufacturing production and over 20% of Hungarian exports. The automotive industry employed more than 150,000 people in 2016, with about half a million passenger cars manufactured. The country has four original equipment manufacturers in the automotive sector and more than 40 of the top 100 global parts suppliers.

Since the appearance of the first Shared Service Centres (SSCs) in Hungary during the 1990s, the sector has witnessed dynamic growth. The first Hungarian SSCs mainly handled outsourcing of simple transactional activities, such as customer service, human resources and standardized financial functions. Early positive experiences, however, led to the emergence of centres of excellence, which carry out a wide range of more complex tasks. To date, over 100 companies have established a long-term SSC presence in the country, employing about 42,000 people, mostly young professionals who speak multiple languages.

Hungary is a major European producer of many agricultural products, especially in relation to its size, creating a solid basis for the food industry. The agriculture and food sectors account for almost 7% of GDP and an employment share of over 8%. The natural climatic and soil characteristics of the Carpathian Basin allow for large-scale production of high quality raw materials for the food industry. Geographical fragmentation and a wide range of climatic conditions within the country ensure diversity in production and establish a rich choice for processing. Keeping Hungarian agriculture GMO-free is of great strategic importance, and represents an increasing competitive advantage.

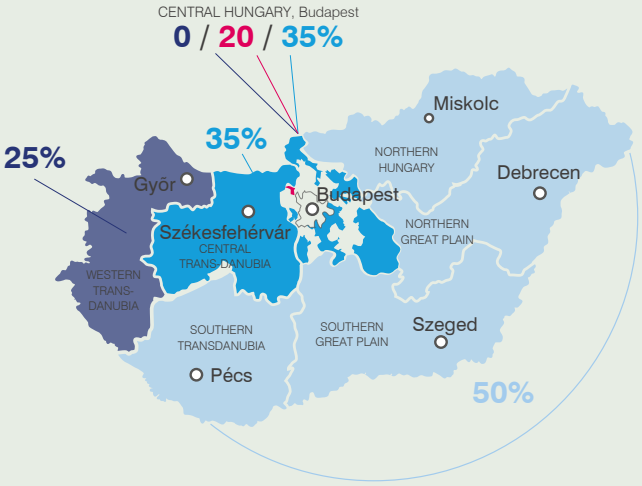
Success stories

Government incentives and stability

Hungary is an open economy, and has a strong focus on encouraging foreign investment. Partnership with potential investors is considered a national priority, with special attention paid to the needs of companies and to improving the business climate further. Inward FDI stock totalled 70% of GDP at the end of 2015, the highest ratio in the region. Hungary has a stable political system, with the government party in office for a second cycle, signalling a strong social mandate.

As EU member, Hungary's regulations on incentives comply with EU rules. One of Hungary's competitive advantages in the region is the government's commitment to increasing the competitiveness of SMEs and large enterprises. Alongside the regulatory tools that contribute to a competitive business environment, Hungary offers wide-ranging incentives for foreign direct investments and reinvestments by local enterprises. Subsidies are in the form of regional aid and specific aid, such as for research and development.

The subsidy scheme is based on individual government decisions, offers simple and flexible conditions and puts increased emphasis on stimulating projects in the countryside or high added-value projects. Regional grants are the most typical forms of incentives for greenfield/brownfield investments. The regional aid intensity map shows the maximum amount of regional incentive.



Regional aid intensity map

Aria Hotel Budapest is #1 Hotel in the World by TripAdvisor 2017 Travelers' Choice Awards.

New cash incentives

In line with the goal of transforming the Hungarian economy from a manufacturing hub to an advanced manufacturing and innovation centre, the government introduced new forms of cash incentive measures in January 2017. These aim to promote corporate research and development and technology-intensive investments. The incentives are based on individual government decisions and managed by the Hungarian Investment Promotion Agency.

Quality of life

Budapest, Hungary's capital, has a lively centre, parks, a majestic river, tall church spires and lavish spas. According to TripAdvisor, Budapest offers the best price–value ratio in the world[252], while Condé Nast Traveler readers voted Budapest as the world's second best city.[253]

Hungary's diverse countryside offers a wide range of outdoor activities. There are 11,000 km of hiking routes; more than 2,500 km of cycle paths; 22 golf courses; 10 national parks; and many protected nature reserves. The protected Puszta region, the Great Plain, the romantic Danube Bend with its historic sites, and baroque towns, such as Eger, attract visitors throughout the year. Lake Balaton, the largest fresh water lake in Central Europe, is a perfect holiday resort.

HIPA – Opening doors for your investment

The Hungarian Investment Promotion Agency (HIPA) is a national investment promotion organization governed by the Ministry of Foreign Affairs and Trade. It provides professional consulting services to interested companies free of charge in a one-stop-shop service model, supporting them to select a business location, providing tailor-made incentives offers and information on state aid issues, identifying investment possibilities and dealing with public authorities.

hipa
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PART II.

Regional roads to success

CHAPTER 5

SME competitiveness within a regional context

In the 21st century, the potential of SMEs to connect to regional or global markets greatly depends on the extent of value chain activity within their proximity. Policies, institutions and private sector activity in neighbouring countries are therefore likely to be relevant. They determine the capacity of a region to attract lead firms, establish regional value chains or link suppliers to lead firms in other regions.

Lead firms are the key actors in establishing regional value chains and, in turn, link suppliers to lead firms in other regions. They coordinate, discover, select and collaborate with smaller firms in the region to produce the final product. Lead firms choose specific locations as their base of operations; such countries are often referred to as headquarter economies.

Headquarter economies stimulate regional value chains, which offer firms of all sizes the possibility to internationalize by specializing in a given business function. While IVC trade is prevalent around the globe, there are three major regional hubs that dictate IVC activity (Figure 43): North America, Europe and East Asia. In the three regions there are strong headquarter economies that embed sizable foreign content in their exports. The United States, Germany and China are the key actors in this respect. Their constant use of foreign inputs offers opportunities for SMEs in the region to join and upgrade in IVCs.

Headquarter versus factory economies

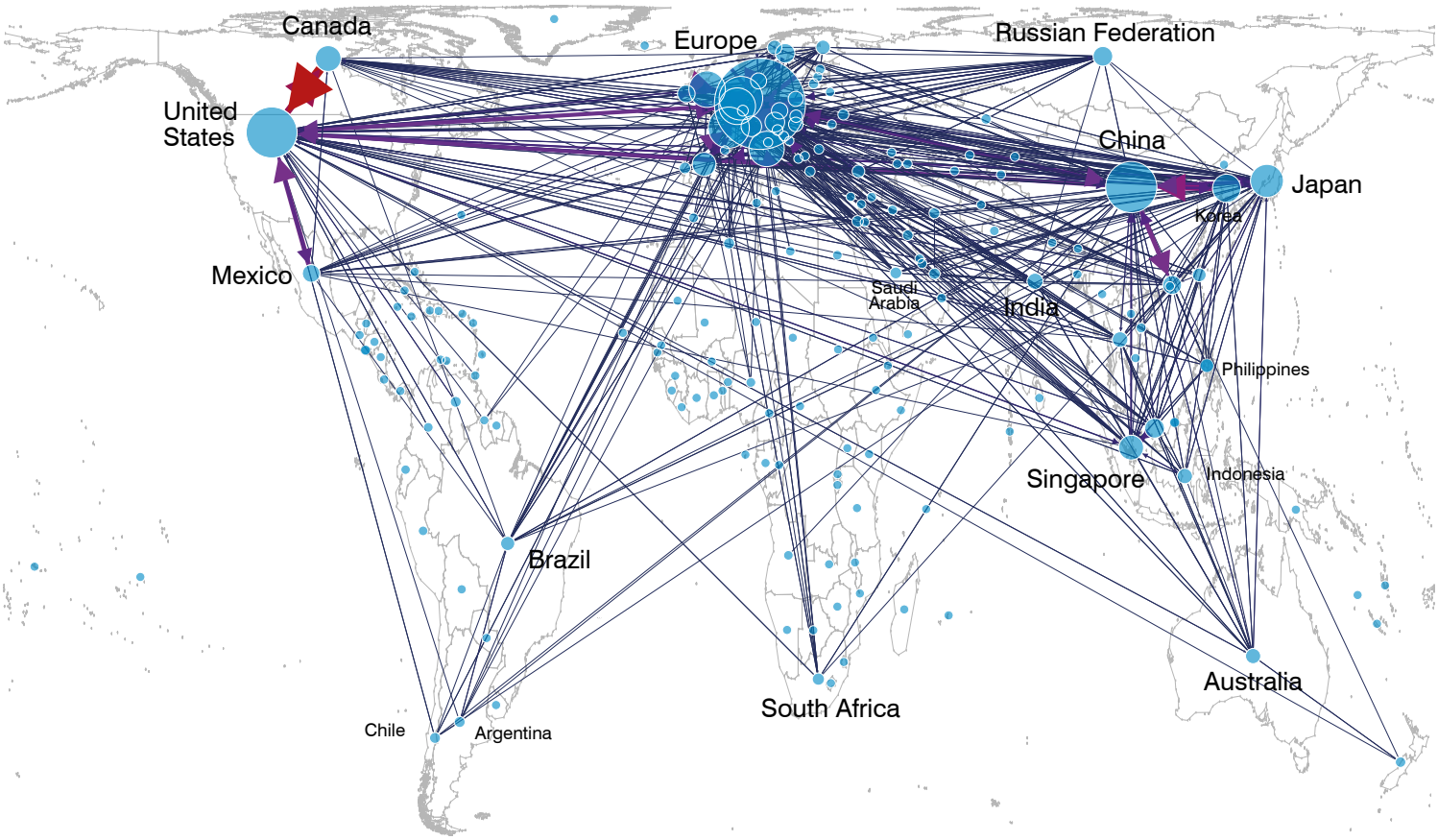
The ITC SME competitiveness framework lends itself to examining the potential of regions for value chain activity, and to identifying two key factors to strengthen it: geographic location and competitiveness. The competitiveness factor is based on three pillars – capacity to connect, compete and change – and three levels – firm capacities, business ecosystem and the national environment.

Figure 44 groups a sample of country-level SME competitiveness scores by region. This sample does not cover all countries in the four regions – Africa, Americas, Asia and Europe – due to missing data. For example, the sample 'Europe' includes mainly Central and Eastern European countries; the sample 'Americas' includes countries in Latin America and the Caribbean; and the sample 'Asia' does not include Japan and the Republic of Korea.[254]

SME competitiveness tends to be higher in Europe and the Americas, the two regions with the highest level of GDP per capita in this sample. The spread between the most and the least competitive countries is also narrower in these two regions than in Africa and Asia. The spread is by far the widest in Asia.

China (67.0) scores first in this Asian sample and comes close to the competitiveness of Slovakia (69.4). On the other hand, Asia also includes very low performing countries such as Yemen (22.4) and Myanmar (32.2). Asia and Europe therefore both contain a group of countries that have a strong supplier base for value chains and that may be close to becoming 'headquarter economies', or countries with lead firms that supply know-how and technologies to value chains.[255]

FIGURE 43 International value chain trade flows



Note: The dot's size represents international value chain (IVC) trade. It is defined as the sum between the domestic value added re-exported (seller dimension) and the foreign content of exports (buyer dimension) of a country. The larger the dot, the more the country is a global player in the IVC network. The arrow size reflects the intensity of bilateral trade. The bigger the arrow, the more the bilateral relationship contains IVC trade.
Source: Boffa, Jansen and Solleder (2017a).

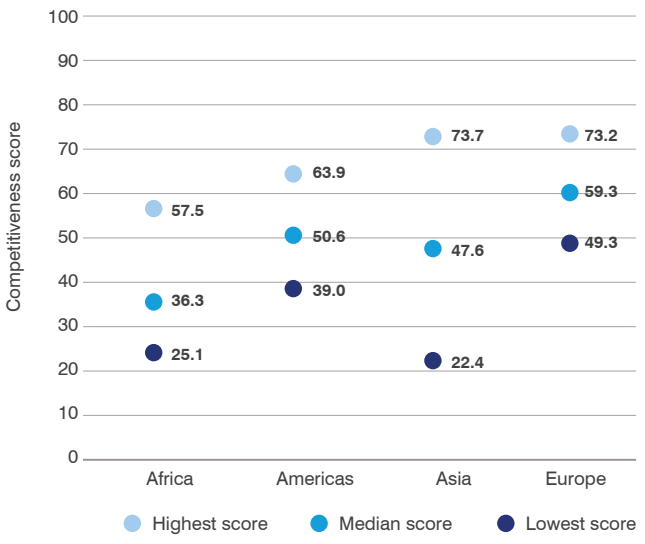
Another common feature of the sample countries is that they are geographically close to headquarter economies characterized by even higher levels of competitiveness, such as Japan and South Korea in Asia and Germany, France and other western European countries in the case of Europe.

In the Americas sample countries, top performers are weaker than those in Asia and Europe, and some are not well positioned geographically in relation to the most obvious headquarter economy, the United States. This is the case for Chile, the highest scoring sample country in the Americas (63.9). The region has produced its own brand of lead firms, the 'multilatinas', but in the absence of a clear headquarter economy in Latin America, 'factory America' tends to be centred around the United States.

Africa remains a continent split into two when it comes to potential to integrate into value chains. Some of its strongest performers – Morocco (55.3) and Tunisia (53.4) – are situated north of the Sahara and are in a position to serve headquarter economies in Europe. In those markets, they face tough competition from countries in Central and Eastern Europe, however.

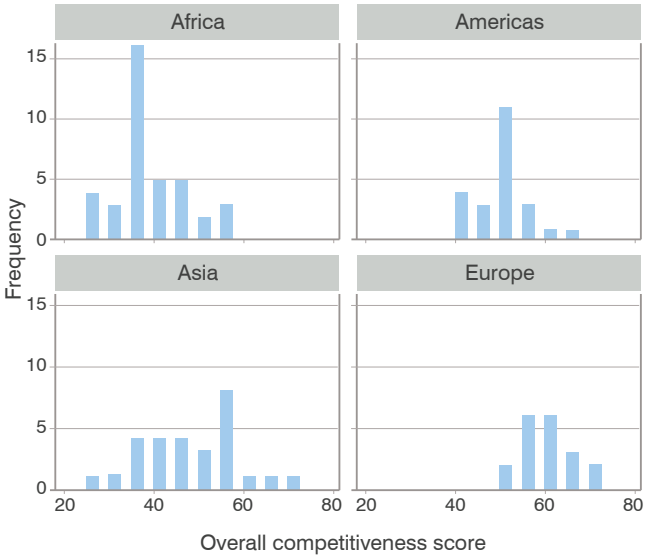
Sub-Saharan Africa, on the other hand, does not have a clear headquarter economy to link with, as pointed out in other research on value chains.[256] South Africa's SME competitiveness score of 57.5 is the highest in the Africa sample, but this is significantly behind the top performers in other geographical regions. As illustrated in Figure 45, sub-Saharan Africa has an additional disadvantage, with the majority of the sample countries at the lower end of the SME competitiveness scale.

FIGURE 44 Intraregional competitiveness differences



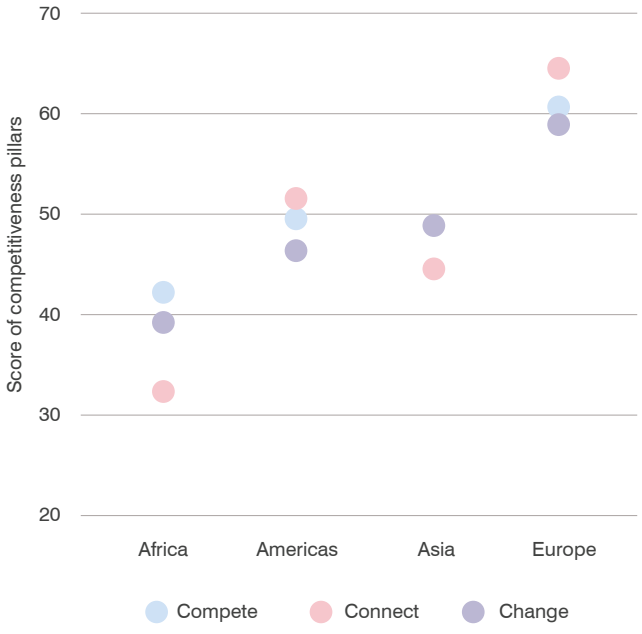
Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys.
Source: ITC.

FIGURE 45 Competitiveness scores by region



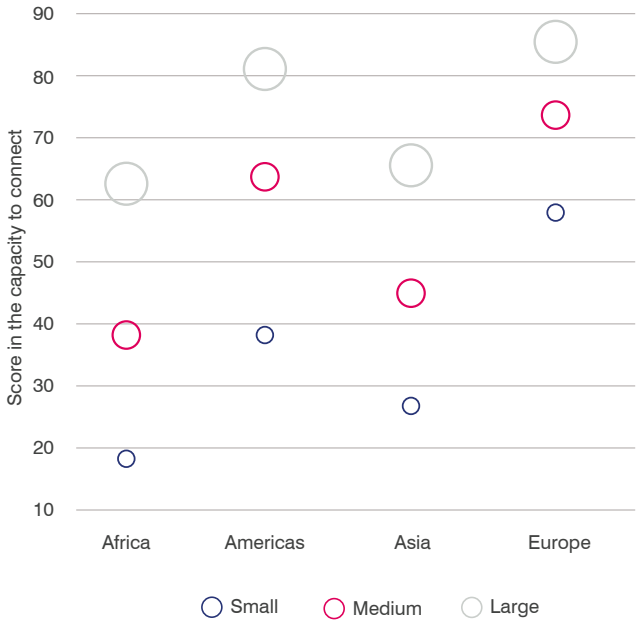
Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys.
Source: ITC.

FIGURE 46 Compete, connect and change scores by region



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys.
Source: ITC.

FIGURE 47 Capacity to connect by firm size



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys.
Source: ITC.

The connectivity gap across regions

The SME Competitiveness concept used in this report is organized around three pillars: the capacity to compete, the capacity to connect and the capacity to change. The capacity to compete refers to the static dimension of competitiveness and centres on present operations of firms as well as their efficiency in terms of cost, time, quality and quantity. The capacity to change centres on firms' ability to execute change in response to, or in anticipation of, dynamic market forces and to innovate through investments in human and financial capital. The capacity to connect links the static and dynamic part of competitiveness – it centres on the collection, processing and communication of information and knowledge. This pillar is crucial in today's digital age, with the emergence of new types of trade (such as e-commerce) and new economic trends (such as the sharing economy).

The capacity to connect drives cross-regional differences.

Figure 46 shows how the big four world regions[257] differ in their capacities to compete, connect and change. The illustrated scores are aggregated over the three layers of the SME Competitiveness Grid – firm level, business ecosystem and national environment. The capacity to connect presents a particularly interesting case. Africa and Asia perform, on average, weakest in this capacity, while connecting to markets, customers and stakeholders is a strength of the Americas and Europe.

At the firm level, the use by large firms of the Internet as a business tool drives the capacity to connect in the Americas. This is facilitated by a strong score for access to information and communications technology (ICT) at the national level and related to advanced marketing capabilities in the business ecosystem. Large firms also drive Europe's high score for the capacity to connect. The gap between large firms and SMEs, however, is much narrower than in the other regions, as illustrated in Figure 47. The gap between the connectivity of large and medium-sized firms is smaller in the Americas than in Africa and Asia.

The very low performance of small firms in this pillar in both Africa and Asia is of concern in terms of both absolute values of competitiveness indicators and relative performance of small firms vis-à-vis their larger counterparts.[258] It is likely to make it difficult for small firms in those regions to connect to potential buyers, including lead firms in value chains.

CHAPTER 6

Towards success in international value chains

Understanding what determines successful integration into international value chains is key for policymakers and entrepreneurs.

Why do some countries manage to integrate into international value chains and others do not? Which sectors have potential to attract foreign investors? Where will national suppliers be positioned within the value chain and what will determine whether they can move up the value chain? These are among the standard questions asked by policymakers and entrepreneurs interested in positioning their country on the radar screen of foreign investors and in ensuring that their country benefits from openness to trade.

Where to source supplies? Where to establish the next assembly or research centre? Where to locate the regional headquarters? In which country or company to invest? These are questions asked by lead firms and/or (impact) investors developing expansion strategies for emerging markets.

Wherever demand for and supply of investment meet, the result is business deals that have the potential to put a sector, region or cluster on a growth spiral and to deliver healthy profits to investors. Multiple factors determine whether and where such happy matches occur.

Smart entrepreneurs usually are behind the final decisions, supported or not by smart policymakers. The mix of factors taken into account in their decision-making differs and is situation specific, but it is always likely to involve three layers of the economy:

- The strength and nature of individual firms involved in the deal;
- The business ecosystem in which those firms operate;
- The national policy environment.

It is possible to gain insights from success stories of value chain integration. The following section looks at such successes in five countries: Ghana, Hungary, Indonesia, Kenya and Morocco. ITC has been active in these countries in recent years to facilitate business-to-business matches, strengthen SME performance and/or to develop export strategies. The examples illustrate how quantitative export potential assessments, detailed value chain analysis, competitor benchmarking and systematic SME competitiveness assessments are employed.

Cocoa in Ghana: Taking on regional competitors

Ghana is a lower-middle income country with a GDP of about $42 billion and a trade to GDP ratio of 98%, including goods and services. Large shares of Ghana's exports are directed at India and China. Top 10 export destinations also include seven European countries (Switzerland, the Netherlands, France, Belgium, United Kingdom, Italy and Germany) as well as the United States. In its home region, Burkina Faso is the most important export destination, ranking 15th in the list of all partner countries.

Export potential in Ghana

Figure 48 shows the Export Potential Indicator (EPI) results for Ghana, with a darker shade indicating markets with higher export potential. The EPI results suggest that the potential for Ghana's exports in Africa is limited, and much lower than to other continents, when all goods are analysed together. Yet, there are a number of specific industries where the home continent offers market opportunities.

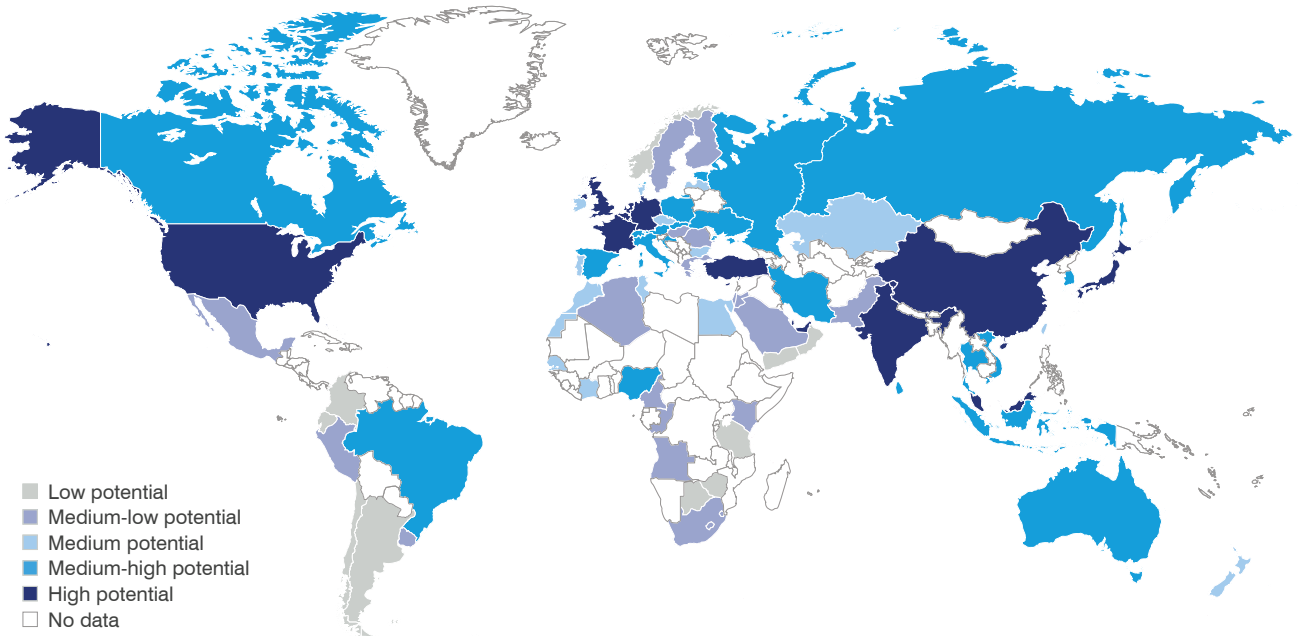
Looking at the EPI results by industry and destination region (Figure 49) points to a number of industries that have unrealized export potential on the continent. The figure illustrates the EPI results at the industry level, showing actual exports and unrealized export potential by destination region.[259]

Horticulture products, in particular nuts (HS code: 0801 and 0802), account for by far the highest export value to the African market. However, the potential of Ghanaian horticulture exports seems largely exploited here. Led by cocoa products (HS code: 1801 and 1803), the vegetable industry appears more promising, as there is significant unrealized export potential, even though the sector already accounts for a large part of Ghana's exports. A similar pattern can be observed in the other regional markets, where the value of cocoa exports often exceeds the export value of entire industries.

Value chain with potential: Cocoa

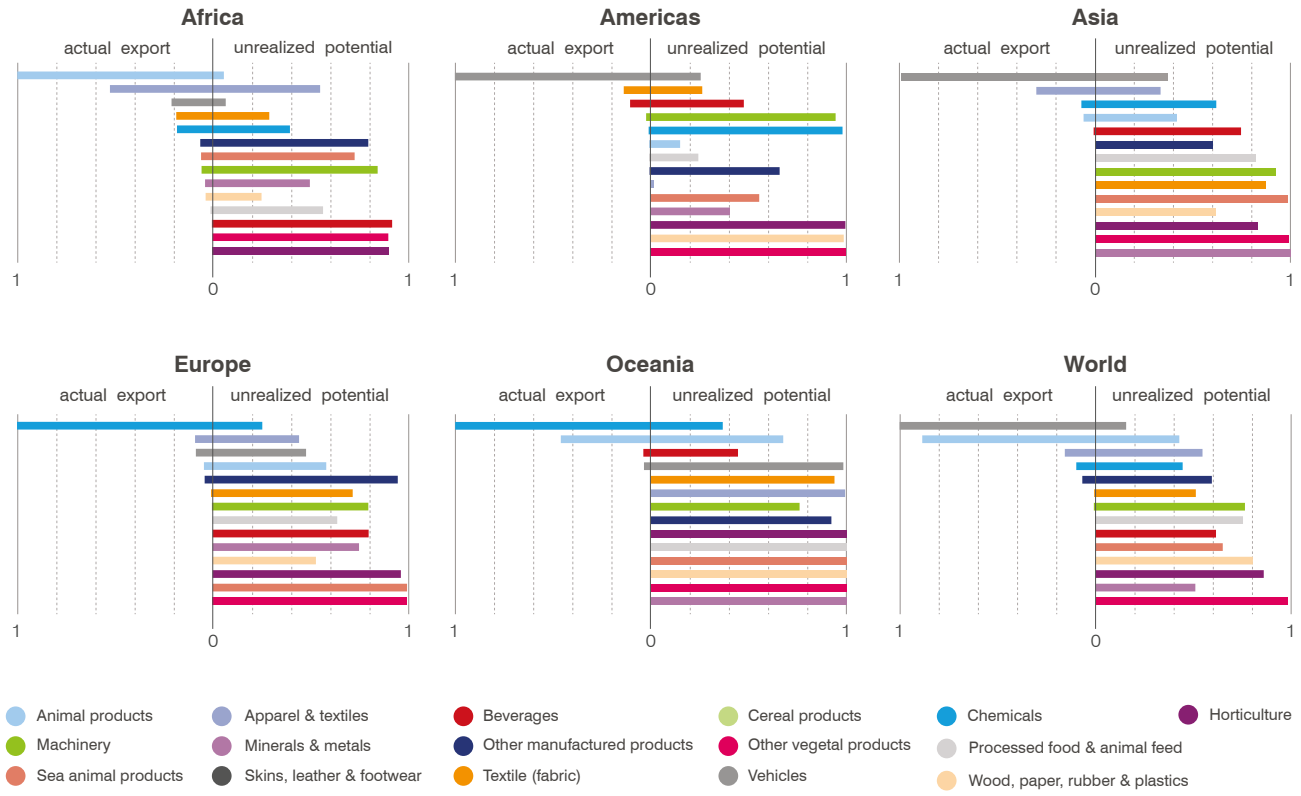
Four out of the five best performing Ghanaian export products include cocoa beans, paste, butter and powder. In total, cocoa products account for almost 4% of Ghana's GDP and one-third of the country's exports. The sector offers direct and indirect employment to two million people, mainly in the Ashanti, Western, Central, Volta, Brong Ahafo and Eastern regions.

FIGURE 48 Markets with export potential – Ghana



Note: The export potential is normalized to a scale ranging between zero and one and then divided into low potential (below 0.25), medium-low potential (between 0.25 and 0.5), medium-high potential (between 0.5 and 0.75) and high potential (above 0.75). The software generating maps does not apply UN definitions of national borders.
Source: Based on data from ITC Export Potential Map.

FIGURE 49 Export potential by industry and region – Ghana



Note: Actual exports are normalized to a scale ranging between zero and one, where a low number indicates low export volume and a high number indicates a large export volume. The unrealized export potential indicator also ranges between zero and one and captures the distance between actual exports and export potential. A high number indicates a large distance, meaning that the country exports much less than it could to the respective market.
Source: Based on data from ITC Export Potential Map.

Ghana is an integral part of the international cocoa value chain. The country hosts a number of large international firms such as ADM, Barry Callebaut, Cargill, Cadbury-Kraft, Real Products and the West African Mills Company (WAMCO). Together with Ghanaian-owned firms such as the Cocoa Processing Company, Plot Enterprise Ghana and Afrotropic Cocoa Processing, these firms connect Ghana's cocoa industry to the global market.[260]

Figure 50 shows that Ghana plays an important role at different stages of the international cocoa value chain (bottom part of Figure 50) and that smallholder farmers are an integral part of the business activities within Ghana (upper part of Figure 50). Ghanaian cocoa products are of high quality and known for the low level of debris and bean defects, as well as the appropriate level of moisture in the beans. Still, the industry faces a number of challenges ranging from inadequate local processing capacity to fluctuating world demand and prices.

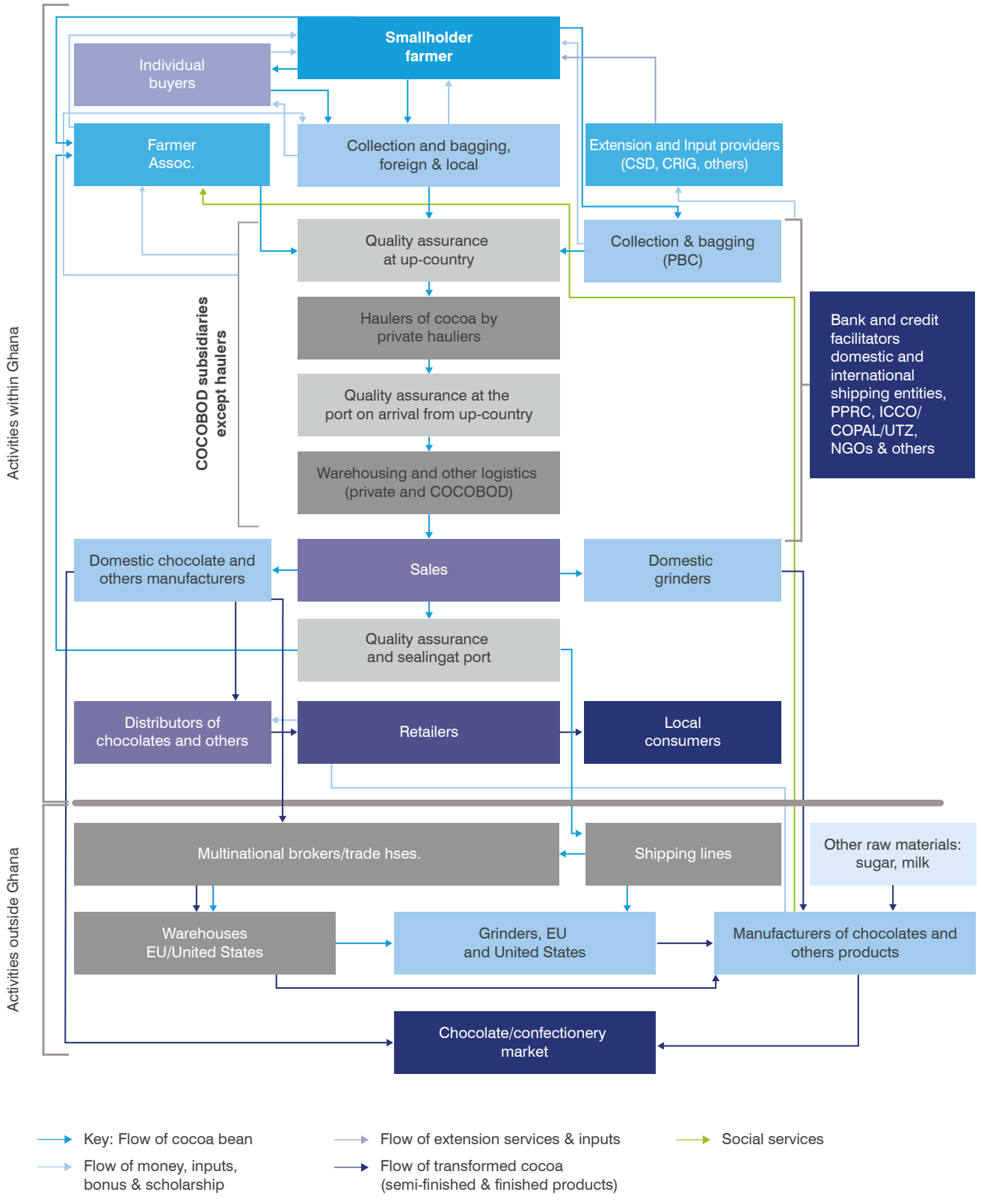
Benchmarking Ghana against competitors

To put Ghana's competitiveness into perspective, it is useful to benchmark the country to its home region, Africa, as well as its partners from the Economic Community of West African States (ECOWAS). The comparison with Côte d'Ivoire and Nigeria is particularly relevant as they represent two other major African cocoa exporters that are in direct competition with Ghana. In 2016, Côte d'Ivoire exported cocoa products worth $5.7 billion and Nigeria $900 million. Ghana lies in between, with $2.9 billion in cocoa exports.[261]

Cross-border infrastructure projects help link ECOWAS to global markets

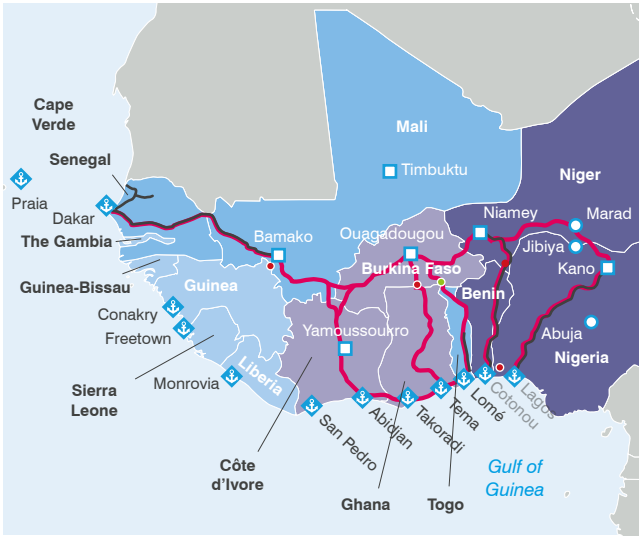
The three countries, in addition to Togo and Benin, play a significant role for the region as they connect landlocked ECOWAS countries to the ports of Abidjan in Côte d'Ivoire,

FIGURE 50 Mapping the value chain of the cocoa sector – Ghana



Source: Chocothon (2017).

FIGURE 51 Transport corridors – ECOWAS

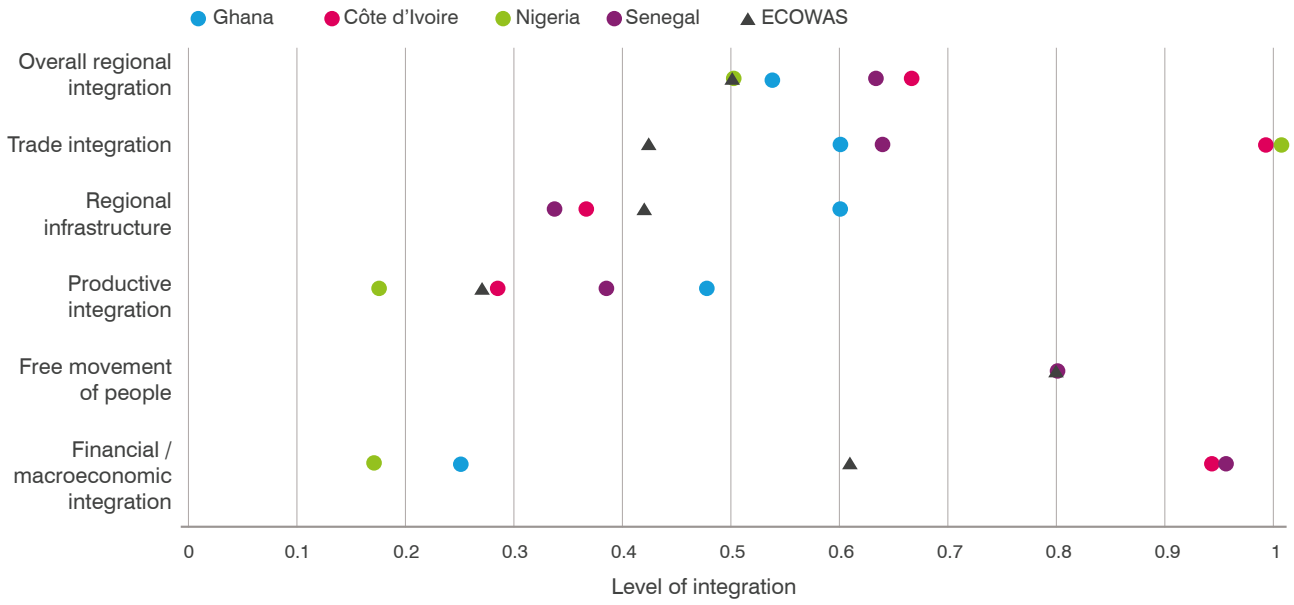


Source: Saana Consulting (2015).

FIGURE 52 Abidjan-Lagos Corridor

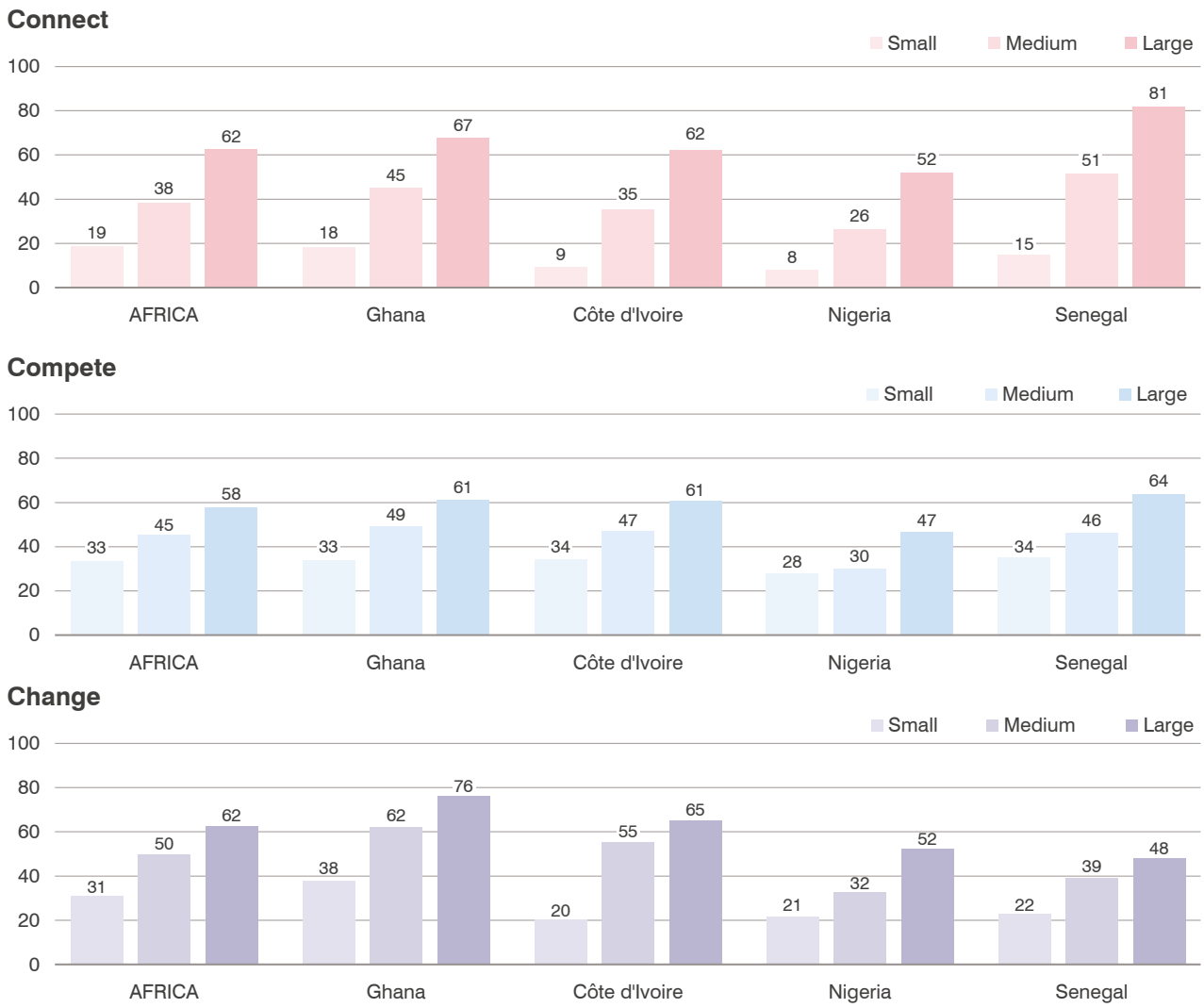
Source: Advanced Logistics Group (2017).

FIGURE 53 Regional integration – ECOWAS



Source: Based on data from African Union, African Development Bank Group and United Nations Economic Commission for Africa (2016). Africa Regional Integration Index.

FIGURE 54 SME competitiveness at firm level – Ghana and ECOWAS



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

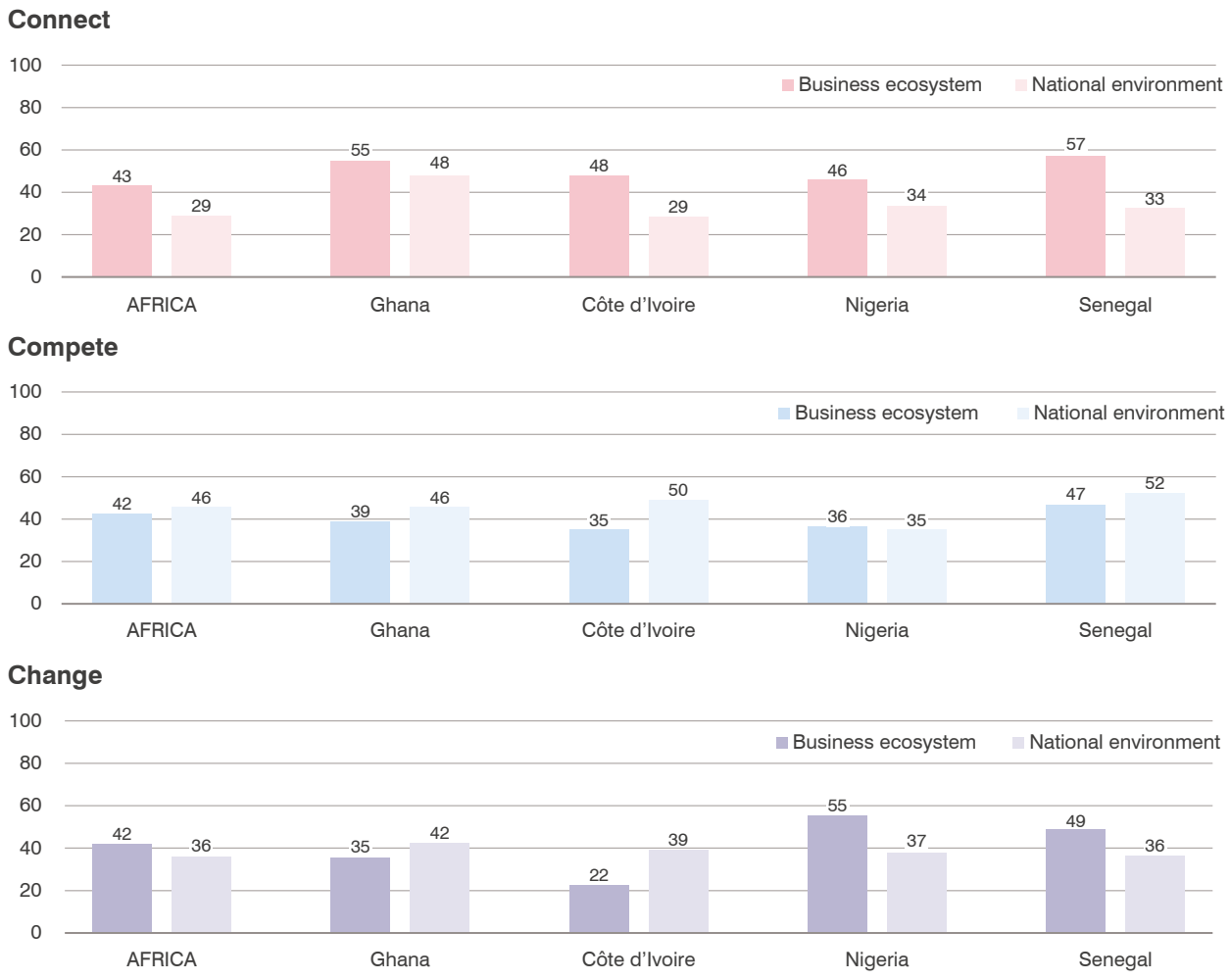
Tema and Takoradi in Ghana, Lomé in Togo, Cotonou in Benin and Lagos in Nigeria (Figure 51).

The five countries are also working hard to strengthen connections along the coast. Upon completion, the Abidjan-Lagos Corridor Highway Development Project will connect Abidjan, Accra, Lomé, Cotonou and Lagos through a 1028 kilometre, six-lane highway (Figure 52).

As a global gateway to coastal and landlocked countries in West Africa, the Abidjan-Lagos Corridor provides an important first step towards regional economic integration and development. Beyond physical infrastructure, the ECOWAS sub-region is working towards more efficient border regulations and procedures to foster the expansion of logistic services. The development of urban areas along the corridor will ultimately contribute to the region's economic development and poverty reduction.

First results of this big push for integration are illustrated in Figure 53, based on the Africa Regional Integration Index.[262] On a scale ranging between 0 and 1 (where a low value indicates a low level of integration), the ECOWAS region overall scores 0.546, mainly reflecting the region's strong performance in allowing people to move freely between countries.

FIGURE 55 SME competitiveness at business ecosystem and national level – Ghana and ECOWAS



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

Out of the four ECOWAS countries analysed, Côte d'Ivoire scores highest (0.675). Ghana's integration in ECOWAS is driven by the country's efforts in regional infrastructure projects and its connectivity to regional and global value chains. Ghana lags its region in financial and macroeconomic integration, particularly ECOWAS partners such as Côte d'Ivoire and Senegal.

In SME competitiveness, however, Ghana is ahead of its home region, Africa, and its ECOWAS partners. Figure 54 and Figure 55 benchmark the country's competitiveness at the firm, business ecosystem and national level against its ECOWAS partners.

At the firm level, Ghana's strong performance is particularly evident in the capacities to connect and change. Overall, Ghanaian firms make more use of e-mails, websites, financial auditing and foreign technology licences than their counterparts in Côte d'Ivoire, Nigeria and Senegal (Figure 54 and Country Profiles).

In all four countries, there are considerable competitiveness gaps between SMEs and large firms. In Côte d'Ivoire, 80% of large firms get their financial statements audited compared with 15% of small firms; 87% of large firms in Nigeria have foreign technology licences compared with 18% of small firms; and 80% of large Senegalese firms have a website compared with 13% of small firms (Figure 54 and Country Profiles).

The competitiveness gap narrows in the business ecosystem and at the national level. Compared with the other three countries, Ghana's business ecosystem receives strong scores for the ease of dealing with

FIGURE 56 SME Competitiveness Survey, overview – Ghana

SME Competitiveness Grid		Levels of competitiveness		
		Firm	Business ecosystem	National environment
Pillars of competitiveness	Compete	61	40	44
	Connect	69	53	51
	Change	70	57	51

Note: Scores range between 0 and 100, with higher score indicating stronger competitiveness. Blue colour highlights scores between 67 and 100. The scores are based on ITC SME Competitiveness Survey conducted in Ghana in collaboration with the Association of Ghana Industries. The results are based on 200 company interviews completed in 2016, in which 74% of respondents stated that they operate in manufacturing, 26% in agriculture. The survey was mainly conducted in the Accra region, Tema, Brong Ahafo and Kumasi.
Source: ITC.

regulations and the extent of cluster development. However, power reliability and access to finance are a challenge for Ghana's business ecosystem. At the national environment level, Ghana is ahead of its ECOWAS partners regarding ICT access and use (Figure 55 and Country Profiles).

Strong entrepreneurship in a tough environment

Findings from the ITC SME Competitiveness Survey in Ghana, summarized in Figure 56, make it possible to delve deeper into the challenges firms face in their business ecosystem and national environment. A detailed discussion of responses to these challenges can be found in the Alliances for Action report.[263]

The results indicate that Ghana has competitive firms that overcome challenges in the business ecosystem and at the national level (Figure 56). The average competitiveness score of Ghanaian firms is 67. The business ecosystem and national environment score an average of 50 and 48 out of 100, respectively.

Ghana's firms, regardless of their size, achieve high scores for their ability to raise financing and their use of nationally recognized certification. Nearly all of the surveyed firms that applied for a loan were granted one. This finding fits with Ghana's relatively high 'getting credit' score from the World Bank, which measures legal rights, credit information availability and other national factors. The result could also reflect a recent trend among Ghanaian SMEs to apply to microfinance institutions because application and approval processes are easier than with traditional banks.

In contrast, there is a modest score for access to finance at the level of the national environment, reflecting high interest rates at the time of the survey. Firm-level survey results suggest that many firms were deterred from applying for financing because they believed the interest rate would be unaffordable, leaving only firms who could afford these high rates to apply for credit.

Another strong point for Ghanaian firms is their adoption of official domestic certificates and standards. The large majority (90%) of surveyed firms reported that they adhere to an official domestic certificate or standard. This percentage drops to about half for those adhering to an internationally recognized certificate or standard. As expected, firms that export were much more likely to hold such certificates. They also were more likely to hold voluntary certificates. This may reflect the fact that in many international value chains, large lead firms now require compliance with voluntary standards.

Large Ghanaian firms also perform strongly in ICT and advertising and promotion. Small firms, however, lag behind in these activities. In the case of ICT competence, for instance, small firms achieve only 62% of the scores of large firms. Similarly, only 30% of small firms engaged in any type of advertising in the last fiscal year, compared with 76% of medium-sized firms, potentially limiting the growth of their client base.

Medium-sized firms are also more likely to attend domestic and foreign trade fairs and to use Internet advertising. Exporters are far more likely to use the Internet to promote their product than non-exporters, supporting the notion that business websites play a role in helping firms export.

Ghana's business ecosystem is considerably stronger in its capacity to connect and change than compete. Access to an educated workforce is an asset, whereas access and reliability of electricity supply is a challenge. Medium-sized firms reported scores that are lower than the scores of small firms, suggesting that access to electricity is a factor hampering such firms from growing into large enterprises.

CASE STUDY

The Chocothon Initiative helps cocoa farmers in Ghana

Cocoa production faces significant environmental and social sustainability challenges, which could ultimately disrupt global supply. In Ghana, the world's second largest cocoa producer, the cocoa sector used to account for 25% of GDP, but this has declined to 7%. At least 700,000 farmers in the West African country get most or all of their income (70%–100%) from cocoa production.

To ensure sustainability, farmers' interests are paramount. Multinational food companies, share the responsibility of securing farmer networks that supply them with sustainable cocoa. Sustainable production and community development should be at the core of corporate strategy and daily operations. In addition, producers need knowledge and technology to bridge the economic disparity among participants along the value chain.

Such challenges cannot be addressed by a single company or stakeholder. A roadmap based on three main steps can help ensure a sustainable cocoa sector in Ghana:

- Share knowledge;
- Connect stakeholders;
- Empower cocoa producers.

A partnership of private, international and national organizations is needed for a collaborative and innovative approach to sustainable development practices. The focus of such a partnership should be the wellbeing of all actors of the cocoa supply chain, especially those at the bottom of the chain, the farmers.

The innovative and collaborative Chocothon Initiative is an interesting example of such a roadmap. The initiative is based on a partnership between the Trade for Sustainable Development (T4SD) project of the International Trade Centre (ITC), the Google Food Lab (GFL), Business School Lausanne (BSL), Future Food Institute and the Crowdfooding platform. The knowledge partners are Googlers Give Global Leadership Program, Google Accra, Nestlé, Barry Callebaut and the media partners Food Inspiration and Food Tech Connect.

The first Chocothon mission was held in January 2017 in Accra and Kumasi. The Chocothon team's first event combined sharing knowledge among the cocoa community (private and public sector, cocoa farmers) through a three-day conference and connecting stakeholders through a two-day hackathon. During the hackathon, IT programmers and others involved in software development, including graphic designers, interface designers and

project managers, collaborated intensively on software innovation projects.

Cocoa Sika, a team of web developers, social entrepreneurs and agriculturalists, was the winner of the Chocothon. Under the slogan 'Sika pa!' (meaning good money), the team's entry was designed to make it easier for Ghanaian cocoa farmers to access credit. The prototype – a mobile phone and web application – aims to give farmers access to low-interest loans and includes a system awarding loyalty bonuses to the farmers. The team won one year of co-working space from Impact Hub Accra. Two other teams were recognized for their innovative proposals. For its mobile phone and web app that gives farmers access to free business, financial tools and a data warehouse, Vocoa won six months of co-working space from ISpace. Meanwhile, for its proposal for a one-stop shop and pictorial diagnostic tool for farmers to solve problems, Chocobites won $450.

'Other hackathons leave you to work on your idea but [the Chocothon] has periodic sessions to provide support. The business model canvas session helped a lot, enabling us to see more of the business side and deliver better value,' says Kofi Akyeampong, Vocoa team.

As part of the third step, to empower producers, an additional event took place in Kumasi, Ghana. Cocoa producer representatives or producers' coaches took part in a three-day training programme on using market analysis and sustainability-related tools. The objective was to provide producers with better technical assistance regarding sustainable production.

A second mission to Ghana is planned for November 2017. This aims to follow up on activities organized during the first mission and its agenda is based on the same structure: Share Knowledge, Connect Stakeholders and Empower Producers. The connecting stakeholder component includes field-testing the prototypes of the Chocothon's winning teams with lead farmers and local producer associations.

Isolated interventions have limited impact. When collaborative efforts follow roadmaps that allow experts, buyers, producers, the youth and the vulnerable to share, connect and empower each other, it is possible to achieve significant progress towards sustainable production. The Chocothon initiative highlights the relevance of this approach, which can be reproduced in any sector and developing country.[264]

Source: ITC.

Hungary's strong performance in auto exports

Hungary is a high income country with a GDP of about $124 billion and a trade to GDP ratio of 190%, including goods and services. Germany receives by far the largest share of Hungarian exports, followed by Romania and Slovakia. The United States is the only non-European country in Hungary's top 10 export destinations, which also include France, Italy, Austria, the Czech Republic, Poland and the United Kingdom. The top 20 list of export markets is geographically more diversified, including China, Russia and Ukraine.

Export potential in Hungary

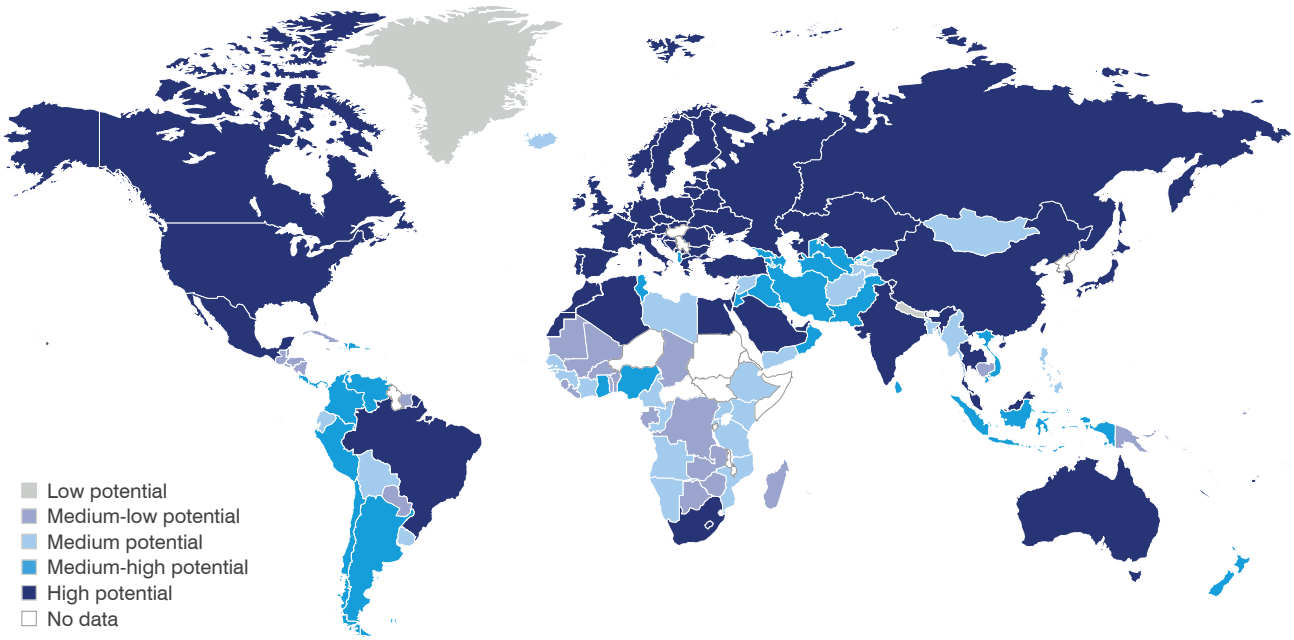
As illustrated by the Export Potential Indicator (EPI) results in Figure 57, there is high potential for Hungary's exports in a number of countries with which the country has relatively little trade, notably in the Balkan and Central Asian regions.

The country is well integrated with its most important markets through the Trans-European Transport Network (TEN-T, Figure 58). The Rhine-Danube corridor connects Budapest to other major European cities in Germany, the Czech Republic and Romania. The Mediterranean corridor directly connects the Hungarian capital to Croatia, Slovenia, Italy, France and Spain, whereas the Orient/East-Med corridor connects the country to Serbia, the former Yugoslav Republic of Macedonia and Greece.

Hungarian machinery and vehicle exports: Unrealized potential

Figure 59 highlights the EPI results at the industry level, showing actual exports and unrealized export potential by destination region. At industry and product level, there is little variation between the markets. Machinery and vehicles account for the largest shares of Hungarian exports in all regions. The most important machinery products include reception apparatuses for television and communication (HS code: 8528), electric conductors (HS code: 854442 and 854449) and ignition wiring sets for vehicles (HS code: 854430).

FIGURE 57 Markets with export potential – Hungary



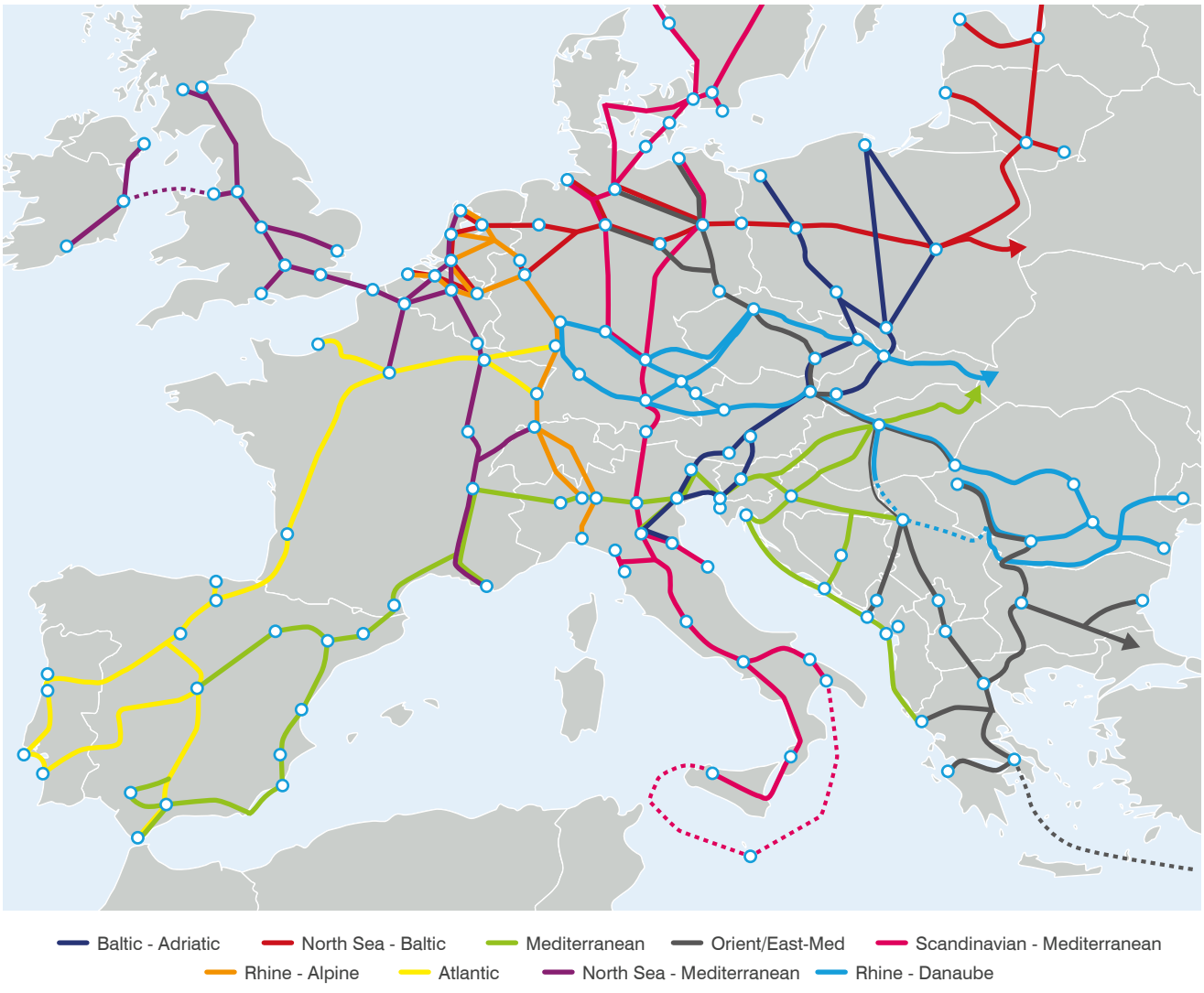
Note: The export potential is normalized to a scale ranging between zero and one and then divided into low potential (below 0.25), medium-low potential (between 0.25 and 0.5), medium-high potential (between 0.5 and 0.75) and high potential (above 0.75). The software generating maps does not apply UN definitions of national borders.
Source: Based on data from ITC Export Potential Map.

Vehicle exports are mainly motor cars (HS code: 8703), engines (HS code: 8407 and 8408) and regulating and controlling instruments and apparatus (HS code: 9032). Even though machinery and vehicles already account for the majority of Hungarian exports, there remains a considerable level of unrealized export potential for the two industries.

Value chain with potential: The automotive industry

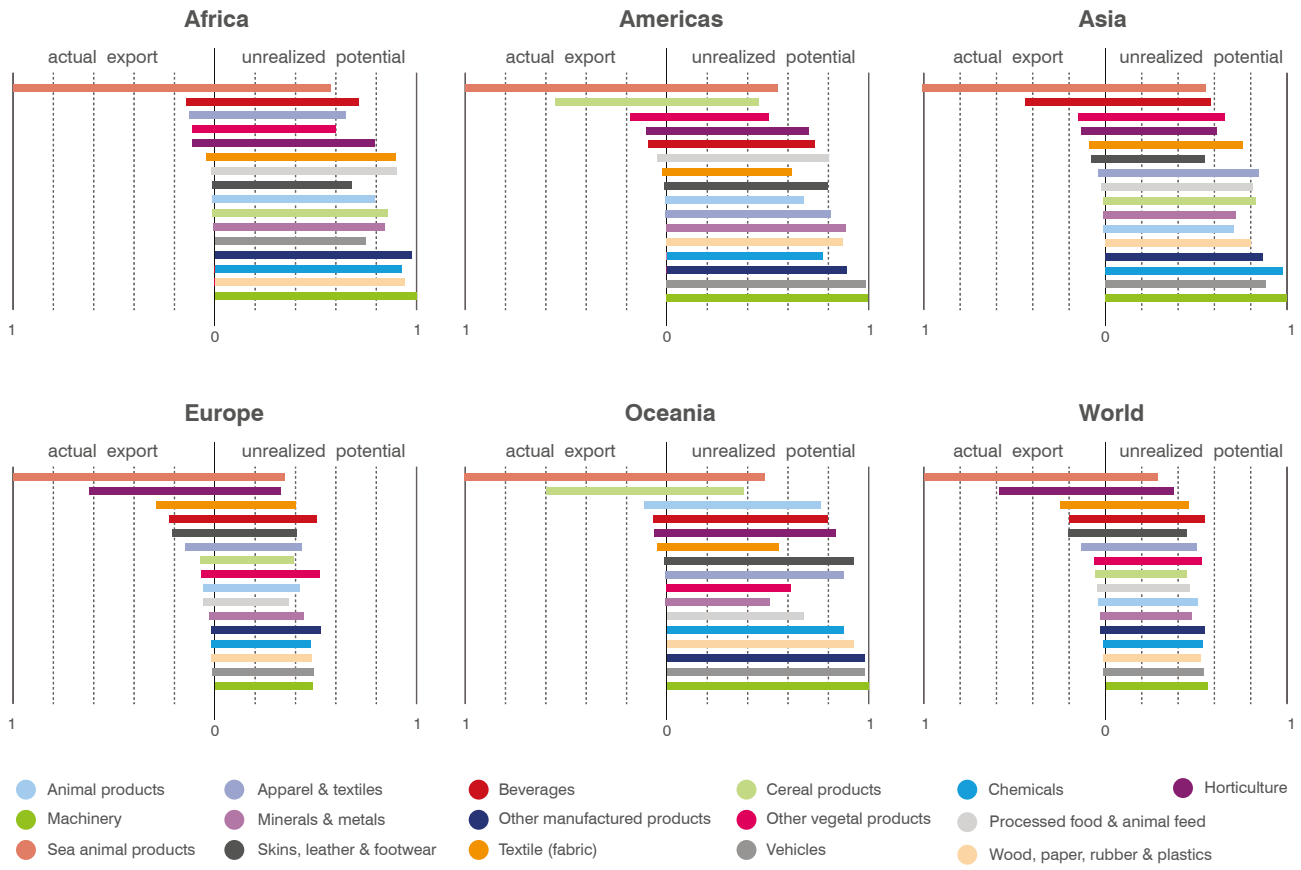
The success of Hungary's vehicle exports to a large extent reflects the presence of international companies such as Audi, Opel, Suzuki and Mercedes. Audi began operating in Hungary in 1993, and now employs more than 11,000 workers producing 160,000 cars per year – mainly the models TT Coupé/Roadster and A3 Sedan/Cabriolet. Suzuki and Opel have been in Hungary since 1991. Suzuki's 3,100 workers produce 185,000 cars annually, and Opel's 1,600 workers make more than 500,000 engines. More recently, in 2012, Mercedes established a presence in Hungary. Its 4,000 workers now produce 180,000 cars per year – mainly the models B Class and CLA.[265]

FIGURE 58 Trans-European Transport Network



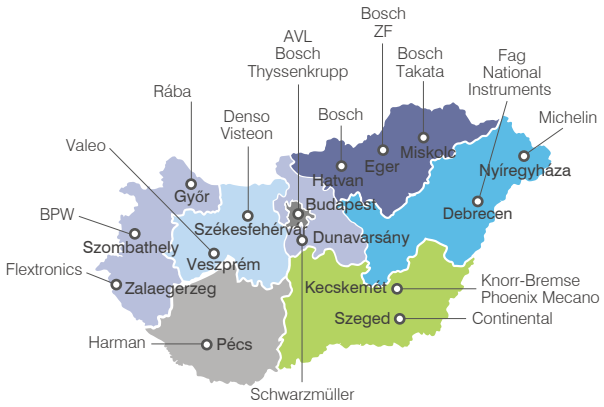
Source: European Commission (2017).

FIGURE 59 Export potential by industry and region – Hungary



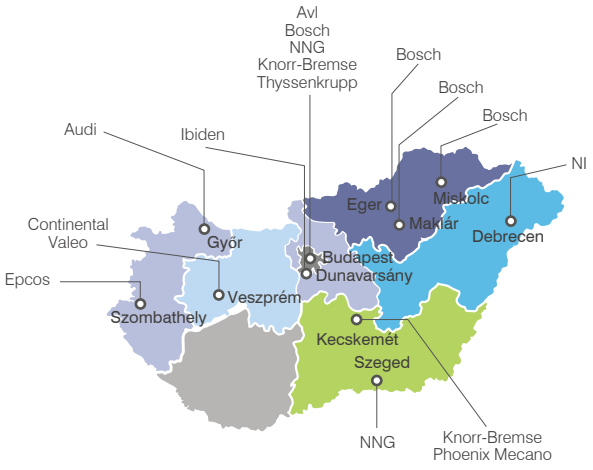
Note: Actual exports are normalized to a scale ranging between zero and one, where a low number indicates low export volume and a high number indicates a large export volume. The unrealized export potential indicator also ranges between zero and one and captures the distance between actual exports and export potential. A high number indicates a large distance, meaning that the country exports much less than it could to the respective market.
Source: Based on data from ITC Export Potential Map.

FIGURE 60 Suppliers in the automotive industry – Hungary



Source: Hungarian Investment Promotion Agency (2016).

FIGURE 61 Automotive R&D centres – Hungary



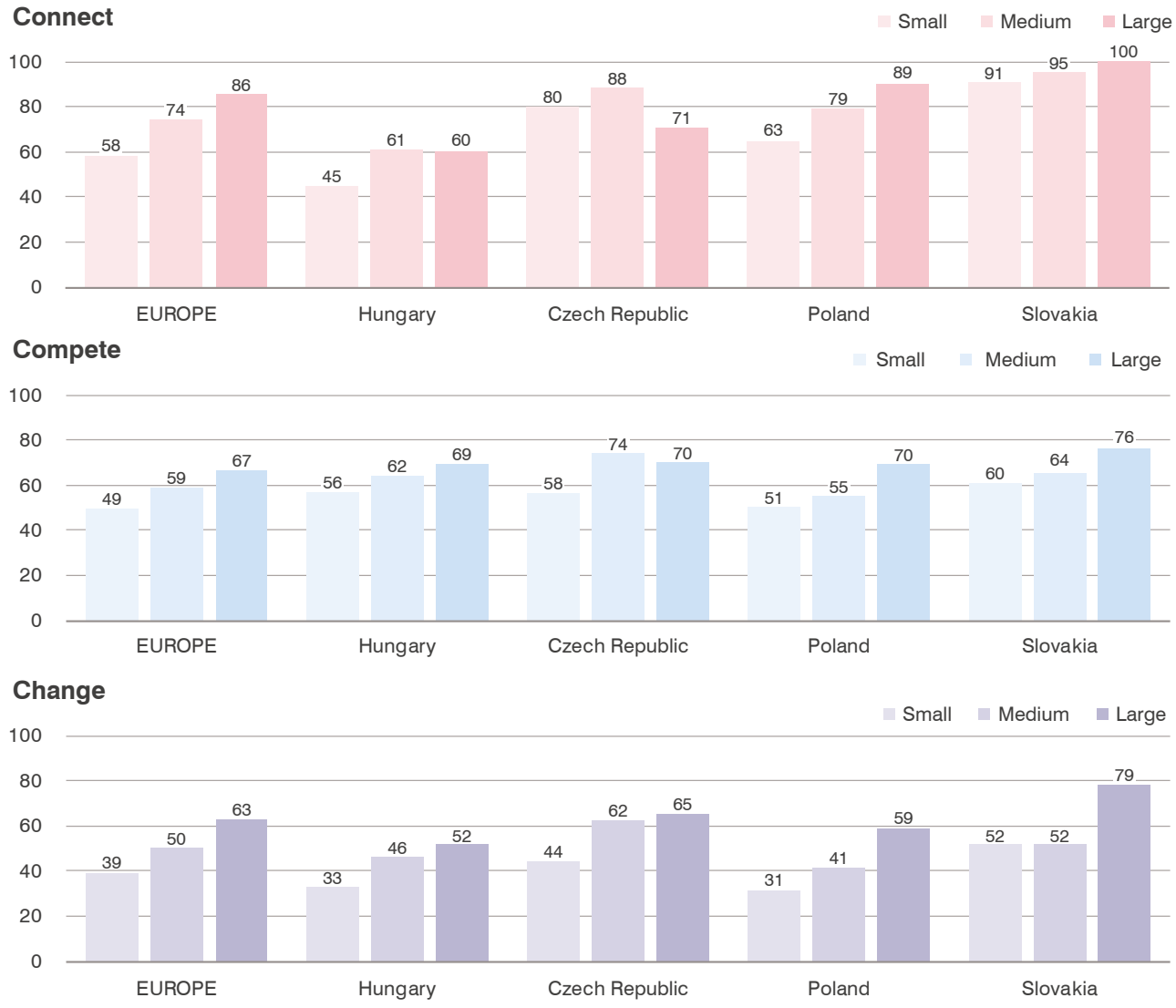
Source: Hungarian Investment Promotion Agency (2016).

These four Original Equipment Manufacturers (OEMs) are accompanied by more than 700 suppliers, a few of which are shown in Figure 60. Some Tier 1 suppliers, such as Bosch, have been present in Hungary for more than 100 years and now employ more than 8,000 workers to produce control units for automatic transmissions, ABS, airbags, electrodynamic servo steering, ESP and complete dashboards.

Hungary is in several parts of the automotive value chain, from component manufacturing to R&D

Hungary's participation in the automotive value chain also includes a range of research and development activities (Figure 61). Thyssenkrupp's Competence Centre for the development of electromechanical steering systems, for instance, employs more than 400 engineers and cooperates closely with a number of universities.

FIGURE 62 SME competitiveness at firm level – Hungary and regional competitors



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

Benchmarking Hungary against competitors

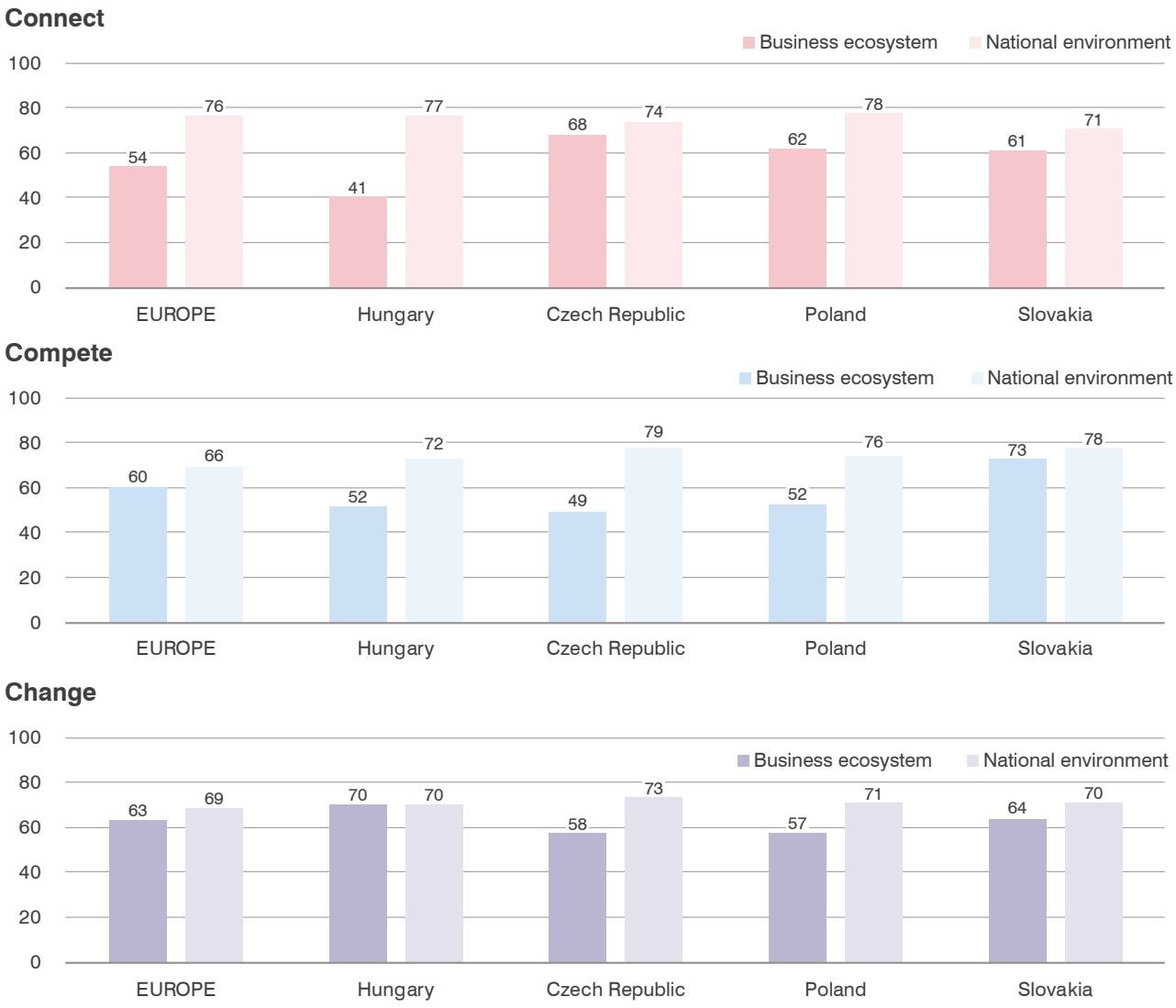
In Central Europe, Hungary is not the only country active in the automotive industry. The Czech Republic hosts three major car companies – Škoda, Toyota and Hyundai. Poland hosts, among others, Fiat, General Motors and Volkswagen. Slovakia has attracted Volkswagen, PSA Groupe and Kia. Figure 62 and Figure 63 benchmark Hungary's competitiveness at the firm, business ecosystem and national level against its regional competitors.

At firm level, Hungary leads in management experience and the implementation of international quality certification. In comparison to the Czech Republic, Poland and Slovakia, however, Hungarian firms make less use of bank accounts and ICT tools such as e-mails and websites (Figure 62 and Country Profiles).

This is somewhat surprising as Hungary's business ecosystem and national environment receive the highest scores for access to finance and ICT. Hungary's business ecosystem also achieves high scores for its access to an educated and skilled workforce (Figure 63 and Country Profiles).

To meet requirements of car makers and their suppliers for highly trained automotive professionals, Hungary has introduced the German-inspired model of dual vocational education. Within this framework, students receive tailored theoretical education combined with practical training courses from

FIGURE 63 SME competitiveness at business ecosystem and national level – Hungary and regional competitors



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys 2013. Simple averages by region.
Source: ITC

industry partners. Kecskemét College and Széchenyi István University, for instance, offer this model in cooperation with Mercedes-Benz, Knorr-Bremse, Audi, BPW, LuK, Magna Steyr and General Motors. Partly as a result of this dual education approach, Hungary achieves a high level of wage-adjusted labour productivity (Figure 64).

In summary, Hungary has established itself as an important European centre in the automotive industry. The country's investment in physical infrastructure, R&D centres and the tailored education system make it a prime destination for foreign direct investment.

Overcoming challenges to connect

An ongoing SME competitiveness survey covering 69 firms provides further insights into relative strengths and weaknesses of Hungarian competitiveness, in view of attempts to diversify into new products and markets.

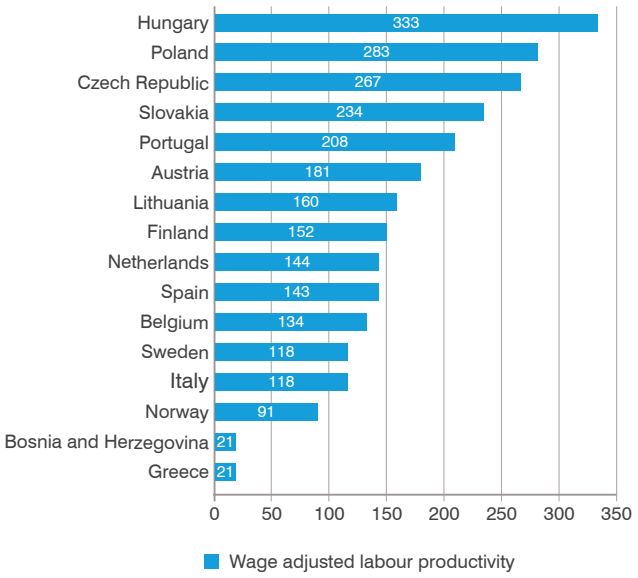
The preliminary findings of the survey present a balanced picture of competitiveness along the three pillars and layers of competitiveness (Figure 65). Hungary is therefore well positioned to compete in the high-quality segments of many industries, as would be expected given its level of economic development.

Firms' strong performance in the capacity to compete is partly driven by their ability to deliver products and services on time. On average, firms report that 93% of their products and services are delivered on time. Hungary's firms also perform well in the capacity to connect and change – 90% of the surveyed firms have a business website and 98% of firms have a business bank account.

In their business ecosystem, firms benefit strongly from the availability, quality and low cost of information on, and implementation of, international quality certificates and standards and from their access to financial institutions. The score of the business ecosystem's capacity to connect is pulled down, however, by the fact that many firms regard the cost of sector associations as too high and the level of information exchange within clusters as too low.

Partly related to this, many of the surveyed firms report that they would like the government to take more account of the views of sector associations. Furthermore, according to surveyed firms, the national environment could be improved by increasing the efficiency of customs. In contrast, Hungary's firms give high score to domestic regulations concerning competition, advertising and marketing, and employment and labour. The vast majority of firms also gave high scores to Hungary's ICT access at the national level.

FIGURE 64 Wage-adjusted labour productivity in the automotive industry – Hungary



Source: Based on Hungarian Investment Promotion Agency (2016).

FIGURE 65 SME Competitiveness Survey, overview – Hungary

SME Competitiveness Grid		Levels of competitiveness		
		Firm	Business ecosystem	National environment
Pillars of competitiveness	Compete	77	80	72
	Connect	75	63	71
	Change	70	66	76

Note: Scores range between 0 and 100, with higher score indicating stronger competitiveness. Blue colour highlights scores between 67 and 100. ITC SME Competitiveness Survey conducted in Hungary in collaboration with the National Hungarian Trading House and the Hungarian Ministry of Foreign Affairs and Trade. The survey is ongoing. The results are based on 69 company interviews. Of the respondents, 8% stated that they operate in the primary sector, 31% in manufacturing, 25% in services, 6% in biotechnology and health, 21% in electronics and 10% in agriculture and agricultural technology. The survey was conducted countrywide.
Source: ITC.

Electronics in Indonesia: Promising but competitive environment

Indonesia is a lower-middle income country with a GDP of about $876 billion and a trade to GDP ratio of 40%, including goods and services. China receives the largest share of Indonesian exports, followed by the United States and Japan. The other top 10 export destinations include many partner countries from the Association of Southeast Asian Nations (ASEAN), notably Singapore, Malaysia, Thailand and the Philippines, as well as India and Korea.

Export potential in Indonesia

The Export Potential Indicator (EPI) results in Figure 66 indicate that Indonesia has considerable export potential in Europe, particularly in Germany, the Netherlands, Italy and the United Kingdom.

Figure 67 illustrates the EPI results at the industry level, showing actual exports and unrealized export potential by destination region.[266] Indonesia's export basket is fairly diversified and its composition varies by destination market. Vegetable products, in particular palm oil products (HS code: 1511), dominate Indonesian exports to Africa. In addition to wood, paper and rubber, palm oil and other vegetable products account for large shares of Indonesian exports to Europe and Asia. Figure 67 indicates a relatively high level of unrealized potential, even for the products that account for a large part of Indonesia's current exports.

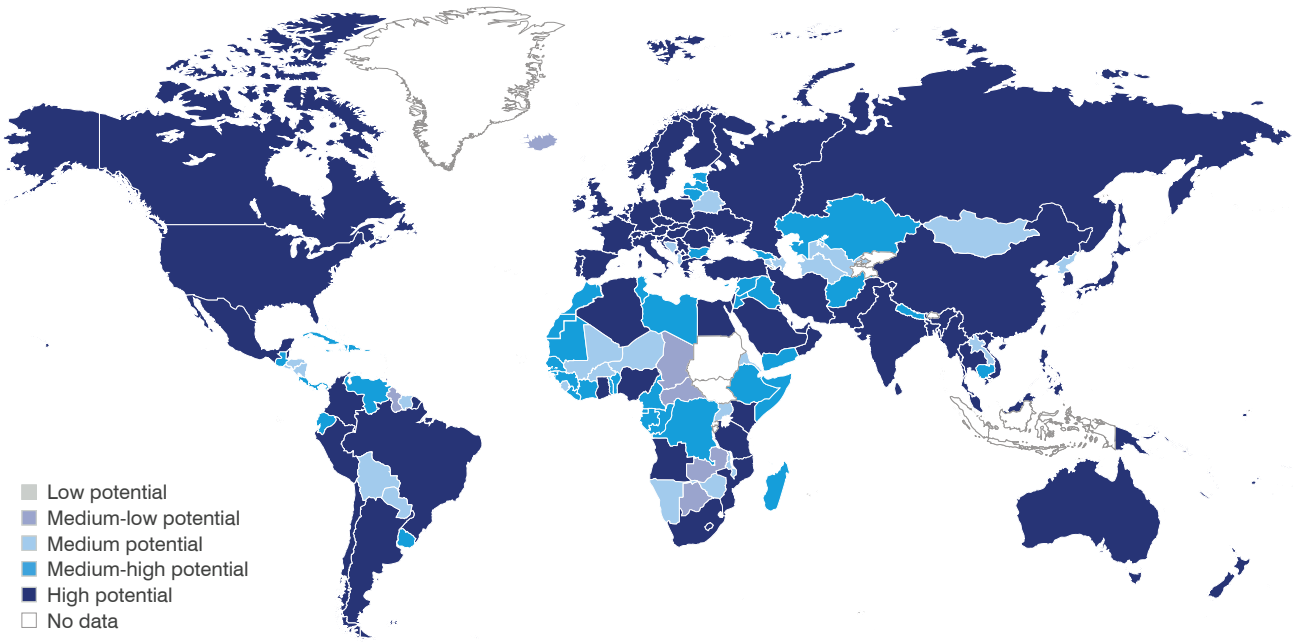
Indonesia's unrealized potential in machinery exports is of particular interest as it would allow the country to diversify away from lower value-added industries. At the product level, the EPI results show significant unrealized potential for electronics products, in particular printing devices and television reception apparatuses.

Value chain with potential: Electronics

Value chain production of electronics goods is complex and highly competitive – particularly in Asia, Indonesia's home region. Nonetheless, Indonesia already participates in various parts of the value chain. As captured in the simplified value chain in Figure 68, Indonesia accounts for almost 2% of world exports of passive components (HS code: 8532 and 8533) and 1% of world exports of wires and cables (HS code: 8544).

Further up in the value chain, Indonesia sub-assembles and exports about 1% of the world's power conversion devices (HS code: 8501, 8502, 8506, 8507). Indonesia

FIGURE 66 Markets with export potential – Indonesia



Note: The export potential is normalized to a scale ranging between zero and one and then divided into low potential (below 0.25), medium-low potential (between 0.25 and 0.5), medium-high potential (between 0.5 and 0.75) and high potential (above 0.75). The software generating maps does not apply UN definitions of national borders.
Source: Based on data from ITC Export Potential Map.

also participates at the final stage of the value chain – product assembly. The country accounts for a considerable share (4%) of world exports of sound and video products (HS code: 8519 and 8520) as well as about 1% of radio and radar equipment (HS code: 8526 and 8527).

Benchmarking Indonesia against competitors

The competition in the electronics value chain is fierce, and a number of Asian countries are a step ahead of Indonesia. Malaysia and the Philippines, in particular, are two major regional competitors in the electronics value chain. The competitiveness of Indonesian firms has to be viewed within a context of integration (ASEAN) and competition with neighbouring countries.

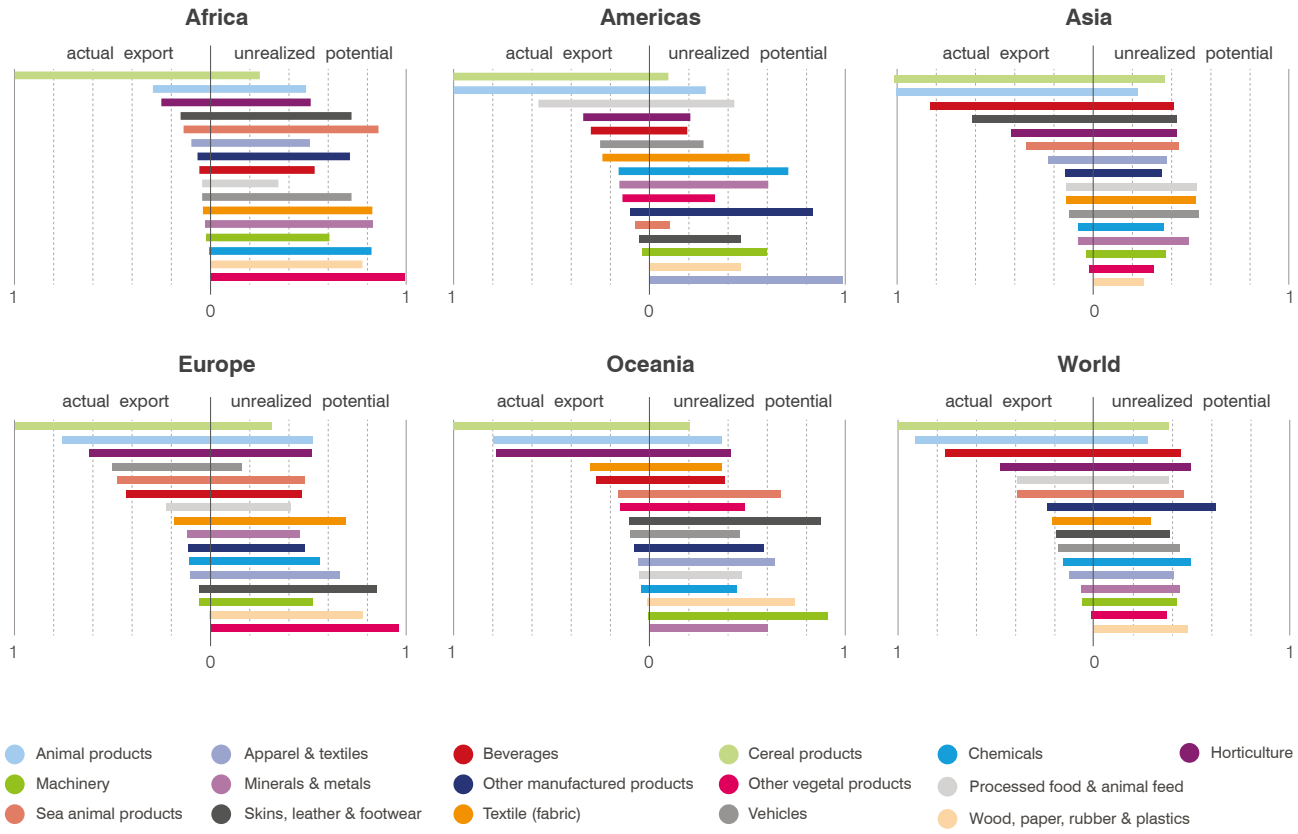
Connectivity plays a crucial role in the regional integration of ASEAN countries. To strengthen physical, institutional and people-to-people connectivity, ASEAN countries have identified a number of strategic objectives to promote sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence and mobility of people. Physical connectivity concerns the areas of transport, ICT and energy, while institutional connectivity refers to liberalizing and facilitating trade and investment, mutual recognition agreements and capacity-building programmes. People-to-people connectivity encompasses tourism, education and culture.[267]

Two major physical infrastructure projects include the 38400 kilometre ASEAN Highway Network and the 3,900 kilometre Singapore-Kunming Rail Link. Together with the 47 designated ports, these will connect countries both within and outside ASEAN (Figure 69).

Figure 70 shows how much ASEAN countries have invested in airports, railways, roads, ports, electricity and ICT since 1990. Indonesia, highlighted in dark blue, has become a major investor in infrastructure.

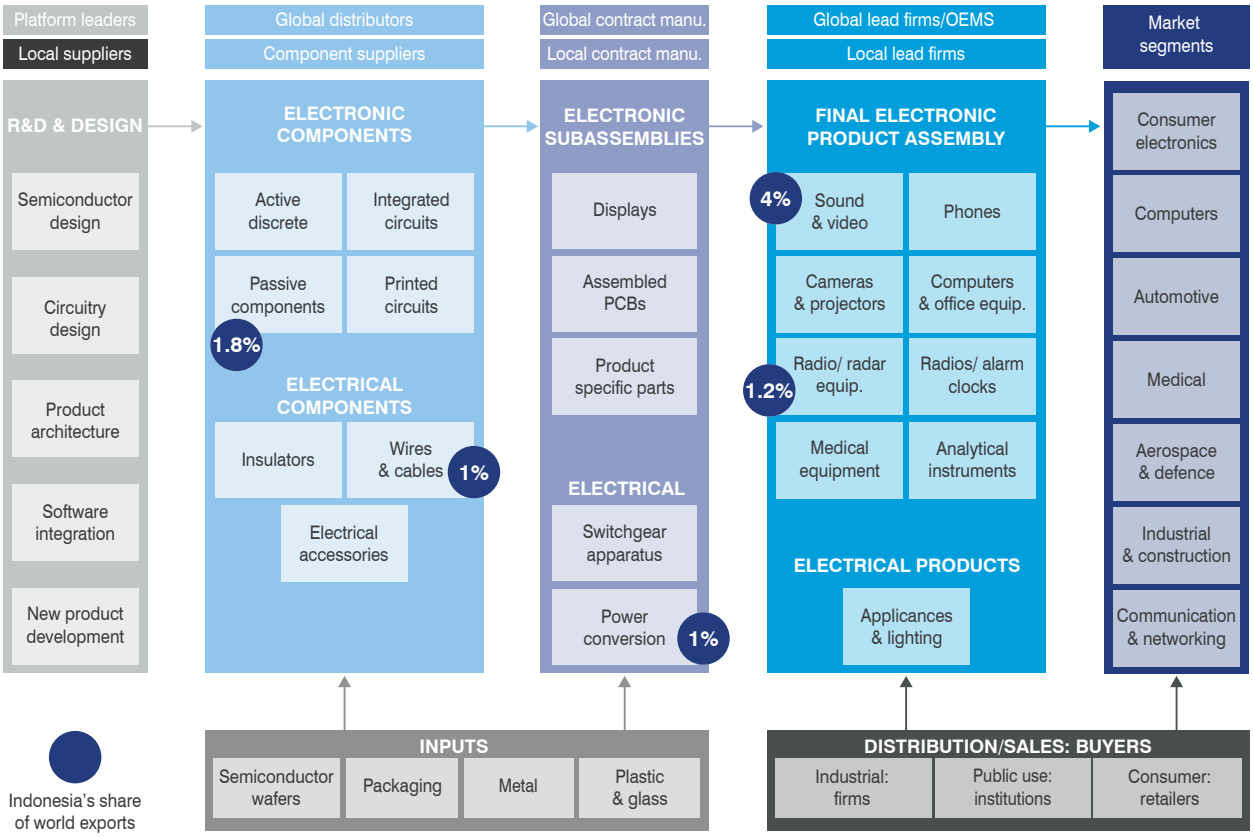
At country level, Figure 71 illustrates that the ICT sector has received a large part of Indonesian investment.

FIGURE 67 Export potential by industry and region – Indonesia



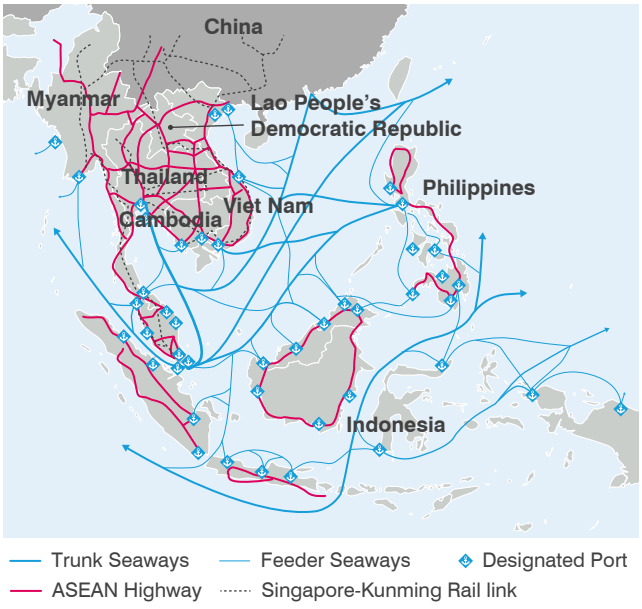
Note: Actual exports are normalized to a scale ranging between zero and one, where a low number indicates low export volume and a high number indicates a large export volume. The unrealized export potential indicator also ranges between zero and one and captures the distance between actual exports and export potential. A high number indicates a large distance, meaning that the country exports much less than it could to the respective market.
Source: Based on data from ITC Export Potential Map.

FIGURE 68 Mapping the value chain of the electronics sector – Indonesia



Source: Based on Frederick, S. and G. Gereffi (2013).

FIGURE 69 Physical infrastructure in ASEAN

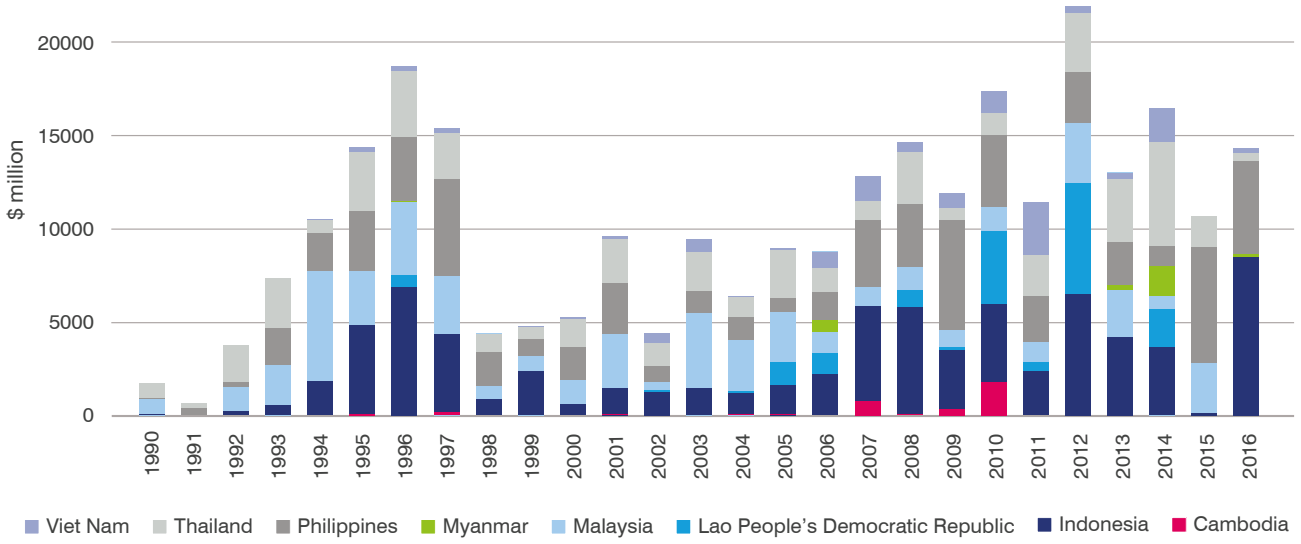


Source: ASEAN (2002).

The big push in ICT investment has not yet trickled down to all firms, however. Indeed, in comparison with the other ASEAN countries, Indonesian firms' competitiveness remains low. Figures 72 and Figure 73 benchmark the country's competitiveness at the firm, business ecosystem and national level against three of its ASEAN partners. Indonesia achieves a relatively low score for its capacity to connect as only 5% of firms use e-mails and just 11% have a business website. In the Philippines, in contrast, 41% and 47% of firms use e-mails and a website, respectively, for their day-to-day business operations (Figure 72 and Country Profiles).

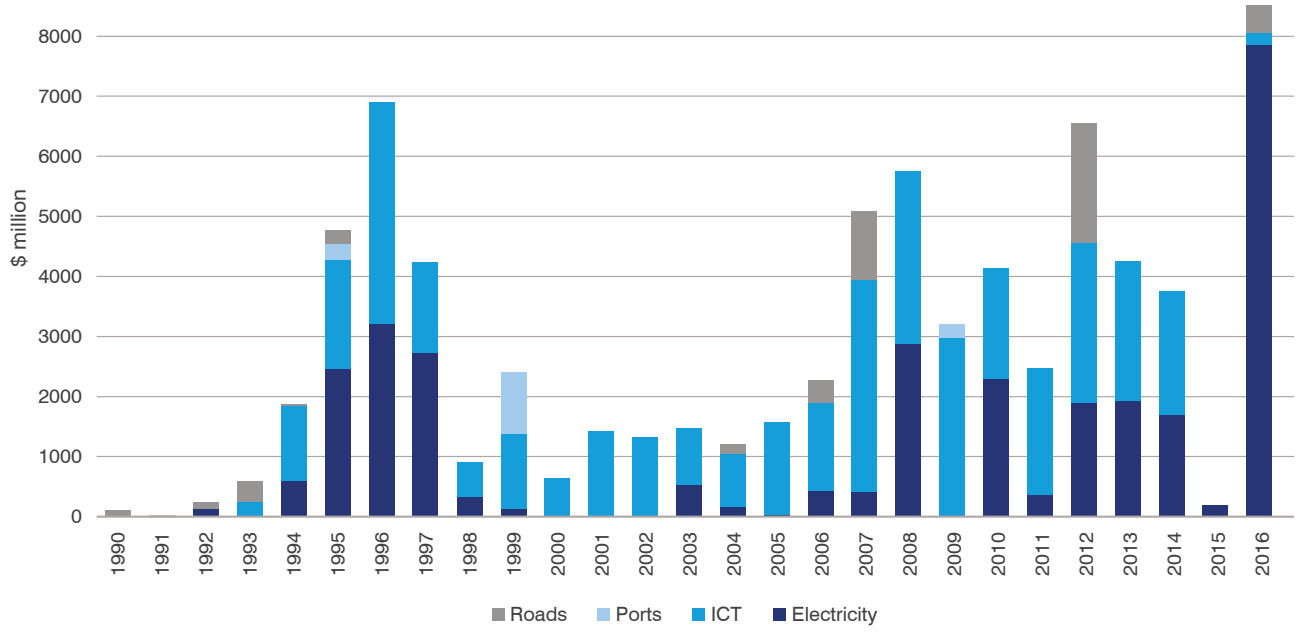
This unusual mismatch between the competitiveness of Indonesia's business ecosystem and national environment on the one side and the country's firms on the other side can also be observed regarding internationally recognized certificates and standards. Indonesia's quality infrastructure for ISO 9001 quality certificates and ISO 14001 environmental certificates scores as high as Malaysia's and considerably higher

FIGURE 70 Infrastructure investment – ASEAN



Note: This figure includes public-private partnerships (PPP) and Non-PPP investments in airports, railways, roads, ports, electricity and ICT.
Source: Based on data from World Bank (2017).

FIGURE 71 Infrastructure investment – Indonesia



Source: Based on data from World Bank (2017).

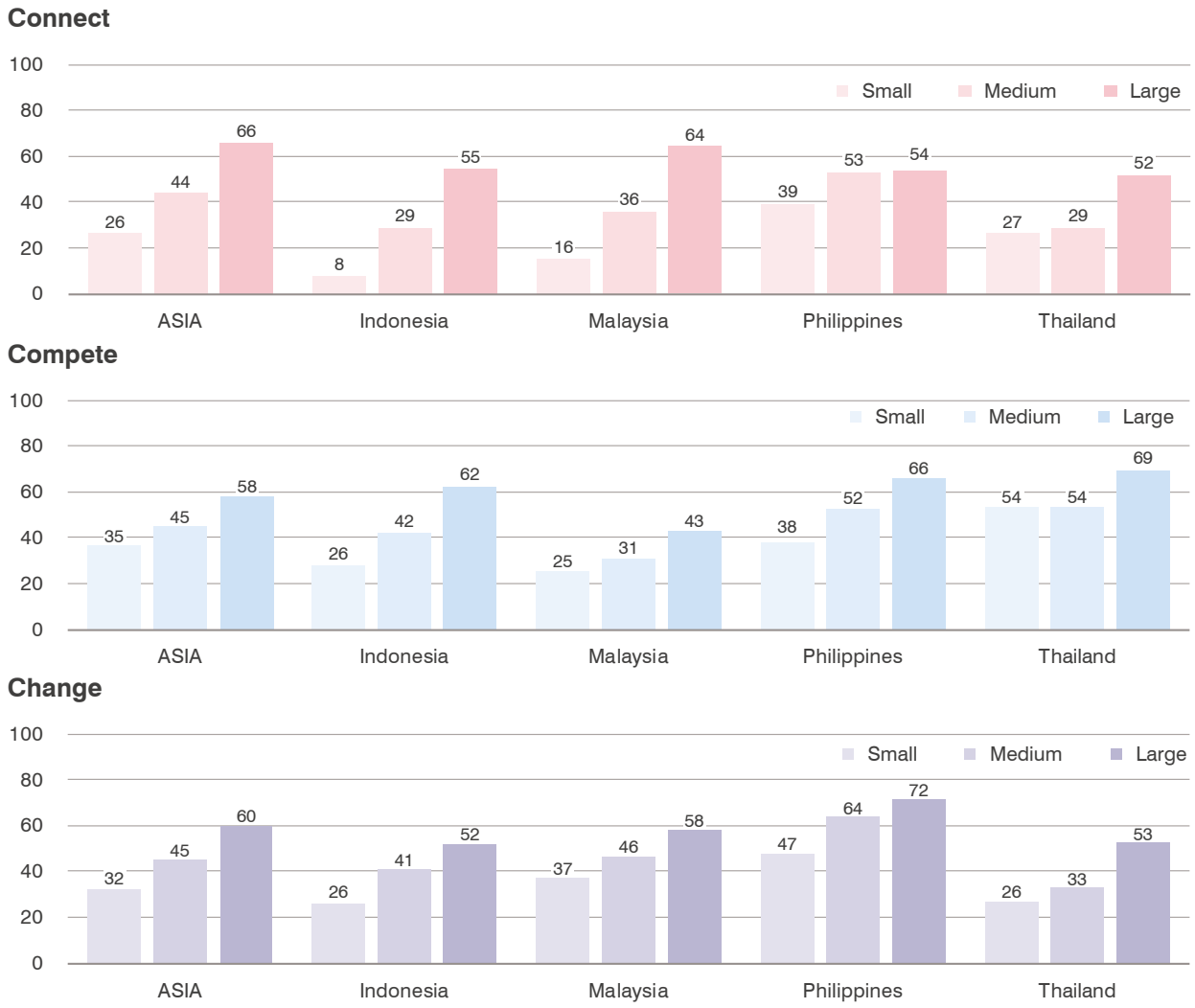
than in the Philippines and Thailand. Yet, among the four ASEAN countries, the share of firms that use international quality certificates is lowest in Indonesia, at under 20%. In the Philippines, almost twice as many firms use such certificates (Figure 73 and Country Profiles).

Strengthening firms' capacity to change

To understand the challenges that Indonesian women-owned and led firms face in capitalizing on the strong business ecosystem and national environment, ITC conducted – through the Indonesia Services Dialogue (ISD) – a SME Competitiveness Survey on 100 Indonesian women-owned and led firms in the services industry. The results, summarized in Figure 74, corroborate some of the previous findings and in particular the mismatch between the competitiveness of Indonesia's business ecosystem and national environment on the one side and the country's firms on the other side. Overall, the surveyed Indonesian firms achieve an average score of 66 out of 100. The average scores for the business ecosystem and national environment are slightly lower – 64 and 61, respectively.

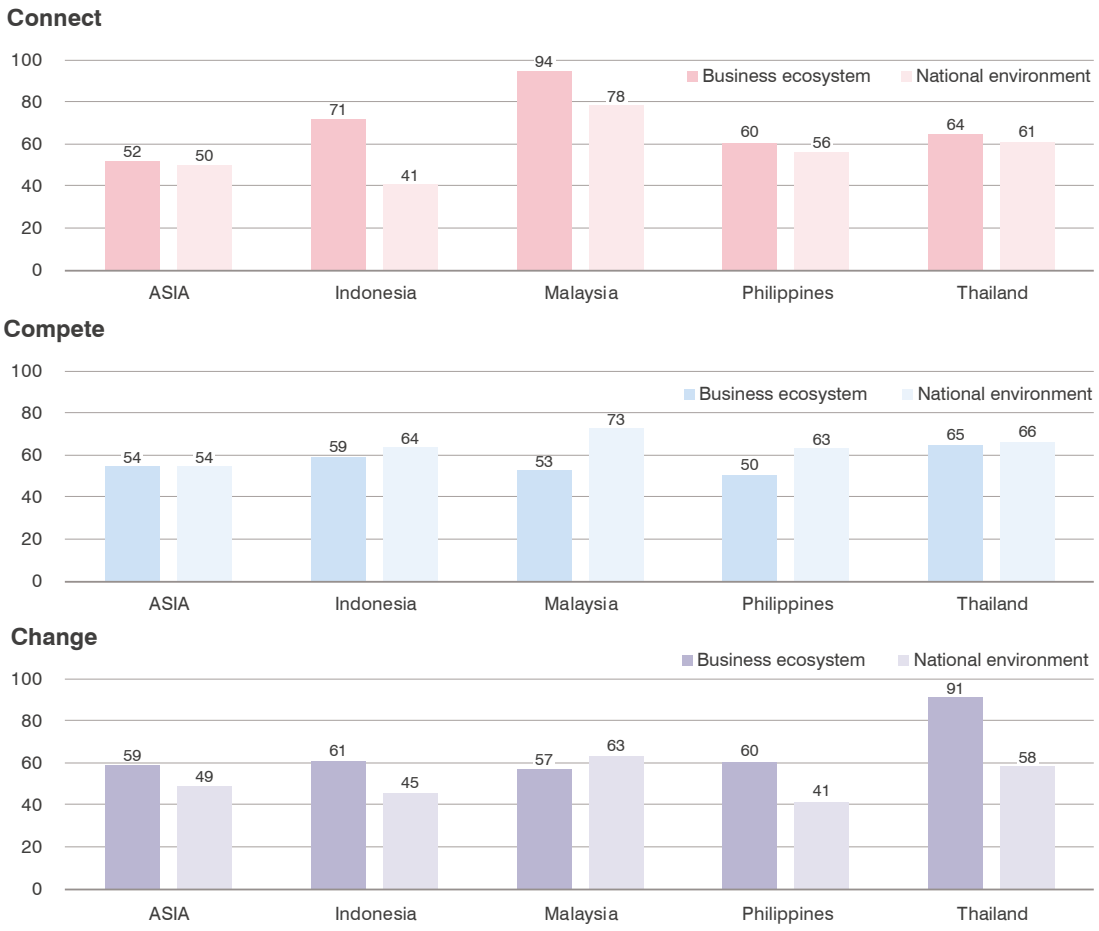
Confirming previous findings, the surveyed firms positively assess many aspects of Indonesia's business ecosystem and national environment. Firms report, for instance, a good knowledge of domestic intellectual property (IP) systems and procedures. Yet, only 27% of the surveyed firms actually hold a domestic patent for their main product. Similarly, firms rate certification bodies with a satisfactory score of 51. Yet, only 60% of the surveyed firms actually hold a domestic quality certificate. This percentage drops down to 40% when considering internationally recognized quality certificates.

FIGURE 72 SME competitiveness at firm level – Indonesia and ASEAN-4



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

FIGURE 73 SME competitiveness at business ecosystem and national level – Indonesia and ASEAN-4



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

The survey does draw a more positive picture of Indonesian firms' competitiveness. The level of ICT usage is high among the firms surveyed (e.g. using e-mail in day-to-day operations and having an internet connection). However, smaller firms struggle with setting up a website or using computers for back-office operations. Exporters are 10 percentage points more like to have a website than non-exporters. For international buyers, having a modern website is a signal of a competent company – without one, Indonesian SMEs will find it much harder to sell their products abroad.

FIGURE 74 SME Competitiveness Survey, overview – Indonesia

SME Competitiveness Grid		Levels of competitiveness		
		Firm	Business ecosystem	National environment
Pillars of competitiveness	Compete	**65**	**71**	**67**
	Connect	**74**	**61**	**57**
	Change	**59**	**59**	**58**

Note: Scores range between 0 and 100, with higher score indicating stronger competitiveness. Blue colour highlights scores between 67 and 100. The scores are based on ITC SME Competitiveness Survey conducted in Indonesia in collaboration with the SheTrades Initiative. The results are based on 100 company interviews completed early 2017. Of the respondents, 32% stated that they operate in ICT services, 25% in real estate services and 43% in other services, mainly tourism. The survey was mainly conducted Aceh, Batam, Makassar, Bandung, Wonosobo, Temanggung, Surabaya, Alor, Bali, Yogyakarta, Jabodetabek, and Sumatra Barat.
Source: ITC.

Agriculture in Kenya: Competitive services sector spurs exports

Kenya is one of the most competitive countries in Africa. It is a lower-middle income country with GDP of about $70 billion. The value of trade in goods and services corresponds to half of the country's GDP. The list of its top 10 export destinations is geographically diverse. The United States, the Netherlands, the United Kingdom, Pakistan, Germany and Russia receive large shares of Kenyan exports. In its home region, Africa, Kenya has sizeable markets in Zambia and Egypt, as well as in selected partner countries from the East African Community (EAC) – mainly the United Republic of Tanzania and Uganda.

Export potential in Kenya

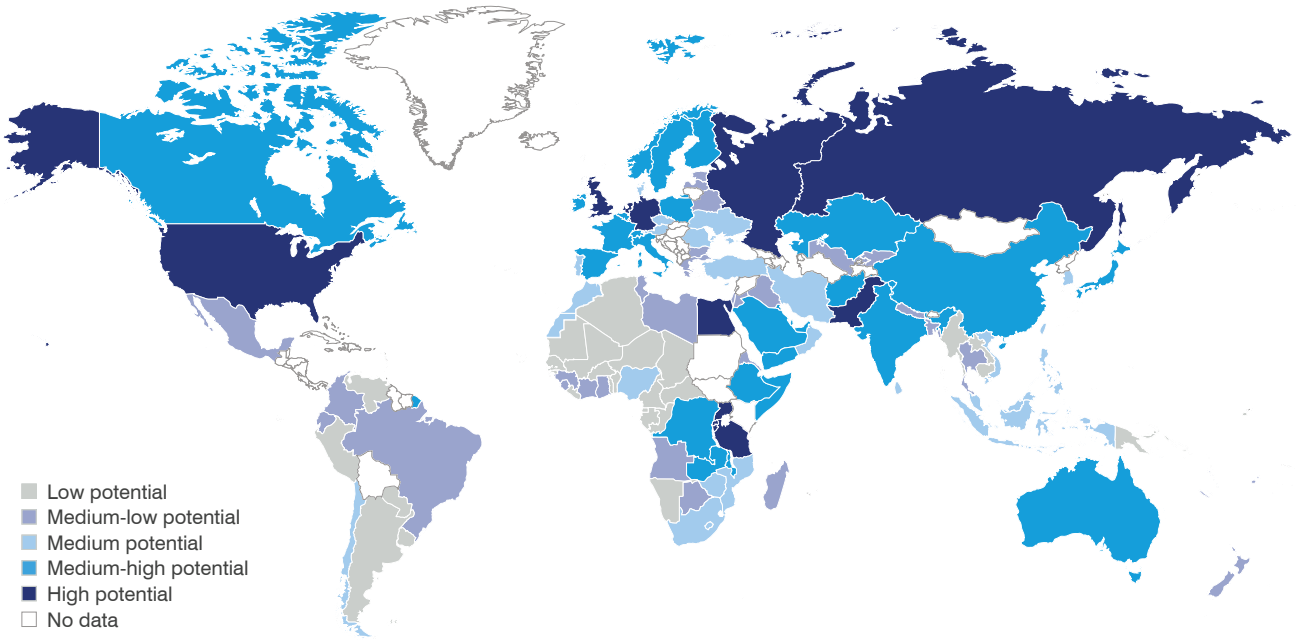
Within Africa, markets with high export potential for Kenya are geographic close – in the East Africa Community. Globally, markets with high export potential are in North America and scattered in parts of Europe and Asia (Figure 75).

Figure 76 illustrates the EPI results at the industry level, showing actual exports and unrealized export potential by destination region. Interestingly, Kenya's exports in its home region are more diversified than in the other regions. The beverages industry accounts for the highest export volume, followed by minerals and metals, wood and paper and chemicals.

Black fermented tea (HS code: 090240) is by far the most important beverage export. Its export volume is almost equal to the export volume of the entire minerals and metals industry and exceeds the export volume of the other mentioned industries. Portland cement (HS code: 252329) and soap products (HS code: 340111 and 340120) are the most significant exports from the minerals and metals and chemical industry, respectively.

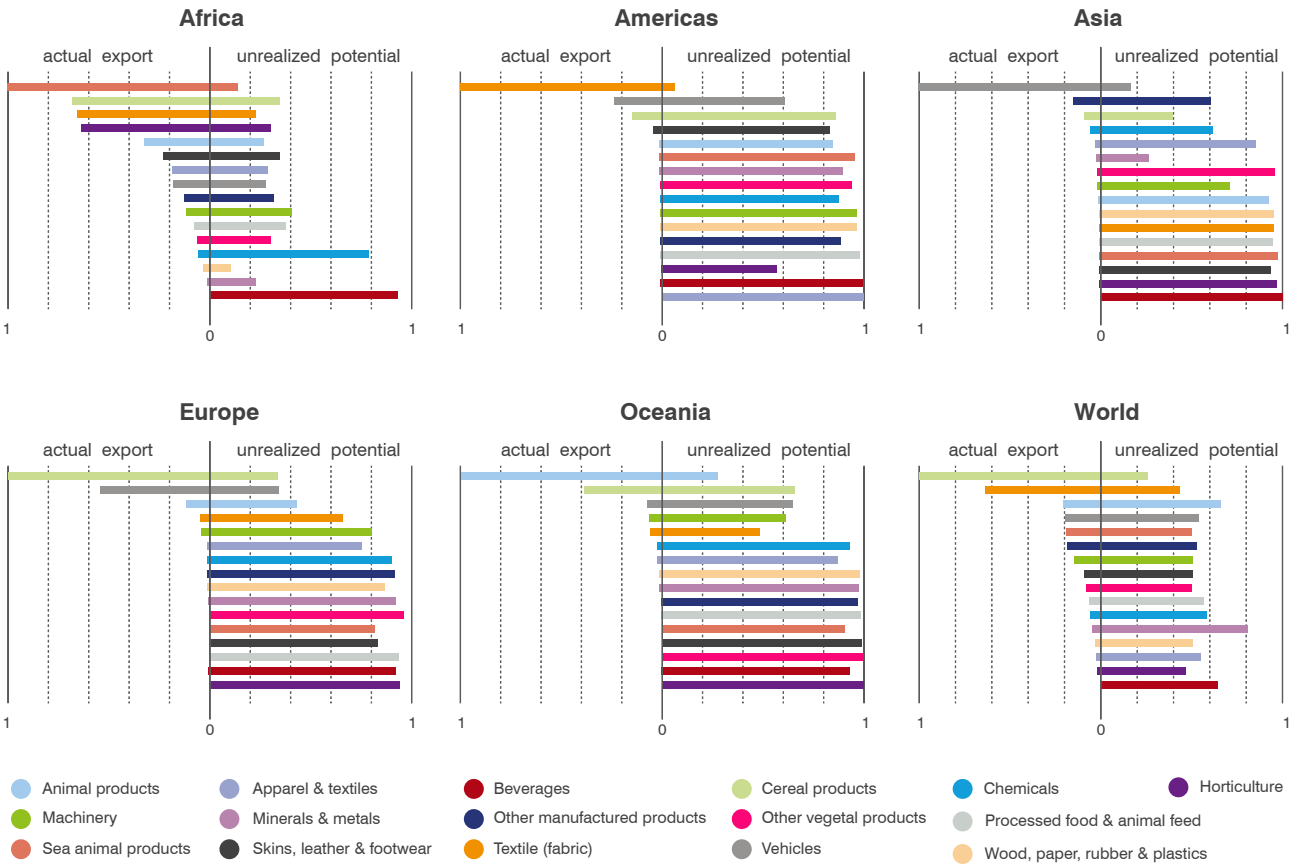
As illustrated in Figure 76, the beverages industry also accounts for the largest share of Kenyan exports to the Asian market. In the Americas, in contrast, Kenyan exports are largely apparel, in particular trousers (HS code: 620342 and 340462). While Kenya also exports a significant amount of tea to Europe and Oceania, its most important export industry is horticulture. Fresh cut flowers (HS code: 0603) and peas (HS code: 070810) are the most exported horticulture products. Even though horticulture already accounts for a large share of Kenyan exports, there is still significant unrealized potential in the industry.

FIGURE 75 Markets with export potential - Kenya



Note: The export potential is normalized to a scale ranging between zero and one and then divided into low potential (below 0.25), medium-low potential (between 0.25 and 0.5), medium-high potential (between 0.5 and 0.75) and high potential (above 0.75). The software generating maps does not apply UN definitions of national borders.
Source: Based on data from ITC Export Potential Map.

FIGURE 76 Export potential by industry and region – Kenya



Note: Actual exports are normalized to a scale ranging between zero and one, where a low number indicates low export volume and a high number indicates a large export volume. The unrealized export potential indicator also ranges between zero and one and captures the distance between actual exports and export potential. A high number indicates a large distance, meaning that the country exports much less than it could to the respective market.
Source: Based on data from ITC Export Potential Map.

Horticulture is a large part of Kenya's agricultural sector, accounting for a major share of total employment, with a relatively high female labour participation rate of 35%. Furthermore, 80% of firms are SMEs. Any gains in competitiveness and productivity are therefore likely to be widely distributed across society.

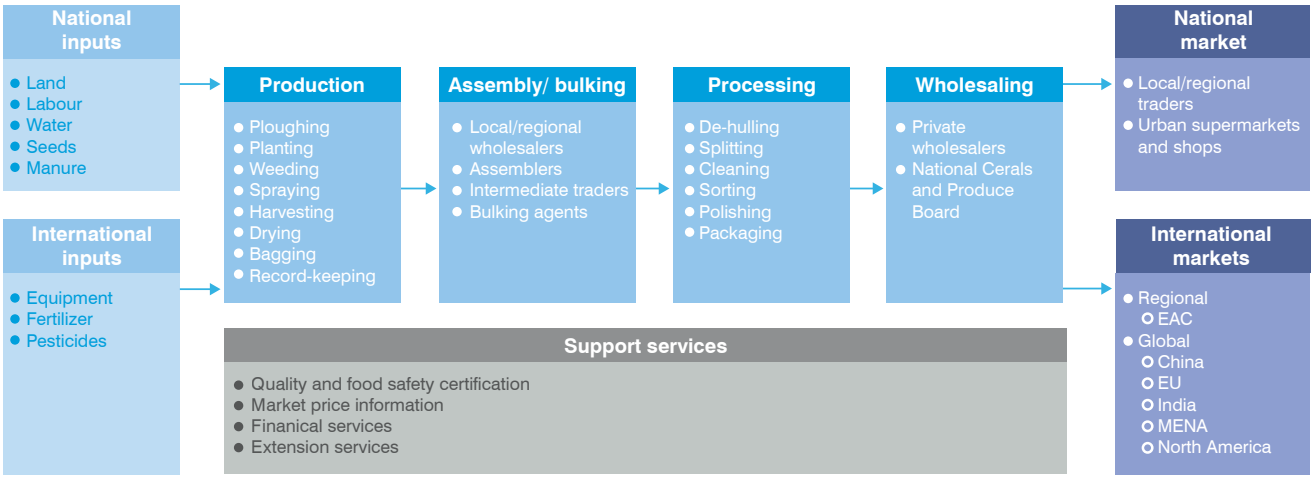
Value chain with potential: Pulses

Appearing repeatedly in the list of products that perform strongly are variations of beans, peas and pulses. The latter is a particularly interesting case for a number of reasons. Usually intercropped with maize, sugar cane and coffee, pulses have historically received little attention from businesses and trade and investment support institutions (TISIs) in Kenya. The hardiness and resistance to drought of pulses, however, make them ideal for Kenya's sporadic rainfall. Moreover, with their high protein content, pulses are a relatively low cost substitute for meat. Figure 77 maps the pulses value chain for Kenya.

Kenya is a small player in a growing but rather competitive market. Table 10 shows key challenges at the firm level, in the business ecosystem and in the national environment that need to be overcome to strengthen Kenya's position in the sector. Lack of quality certification and incomplete market information constrain the competitiveness of Kenyan pulses producers at the firm level.

Challenges in the business ecosystem include insufficient availability and competence of extension services (the application of scientific research and new knowledge to agricultural practices through farmer education); inefficient logistics networks; limited vertical and horizontal value chain integration; and lack of access to finance programmes for smallholder farmers. Lack of harmonization of agricultural policies and limited investment promotion present the main challenges that stakeholders identify at the national level.

FIGURE 77 Mapping the value chain of the pulses sector – Kenya



Source: ITC Value Chain Roadmap for Pulses 2016–2020.

Many of these challenges are closely linked to the country's services sector and its competitiveness. Understanding the strengths and weaknesses of the services sector is therefore vital to addressing the challenges in pulses and other agricultural sectors.

Benchmarking Kenya against competitors

The United Republic of Tanzania is a major competitor in the pulses value chain for Kenya. Both countries also present vital transit networks that connect landlocked EAC countries to the Ocean. The Northern Corridor connects Kenya's Port Mombasa to four EAC capitals: Nairobi (Kenya), Kampala (Uganda), Kigali (Rwanda) and Bujumbura (Burundi). The Central Corridor leads through the United Republic of Tanzania and connects Burundi's capital to Port Dar es Salam (Figure 78).

The leading role of Kenya in promoting regional integration in the EAC region is illustrated in Figure 79, based on the Africa Regional Integration Index.[268] Kenya's integration in regional trade and value chains drive the country's contribution to regional integration.

Kenya invests in infrastructure that connects landlocked EAC countries to the ocean

Both Kenya and the United Republic of Tanzania are racing to consolidate their role in connecting EAC to the ocean. Kenya is constructing a second transport corridor to connect the country to South Sudan and Ethiopia (Lamu Port – South Sudan – Ethiopia – Transport, LAPSSET), while the United Republic of Tanzania is constructing the Bagamoyo Port, which is expected to handle 20 million containers per year. The race between the two countries is close when considering the competitiveness of their firms, business ecosystems and national environments.

Kenyan firms are ahead of their EAC counterparts, but competitiveness gaps are a regional challenge

Figure 80 and Figure 81 benchmark the Kenya's competitiveness at the firm, business ecosystem and national level against its EAC partners.[269]

In comparison with other EAC members, Kenyan firms perform strongly in implementing international quality

TABLE 10 Competitiveness constraints in the pulses sector – Kenya

Level	Identified challenge for the pulses sector
Firm level	■ Unreliable supply of quality certified seeds ■ Incomplete information on international market requirements ■ Slow adoption of advanced agricultural practices and technology, i.e. e-agriculture
Business ecosystem	■ Weak extension services ■ Inefficient logistics ■ Lacking horizontal and vertical linkages ■ Limited access to finance
National environment	■ Incoherent agricultural policies ■ Limited investment promotion

Source: ITC Value Chain Roadmap for Pulses 2016–2020.

certification, use of ICT in daily business operations and use of audited financial statements for acquiring bank loans. Kenyan firms lag their Tanzanian counterparts in the capacity utilization indicator. Overall, Figure 80 indicates that there is a considerable competitiveness gap based on firm size in the capacity to connect in all EAC countries. In the United Republic of Tanzania, for instance, almost 67.7% of large firms, but fewer than 4.4% of small firms, use e-mails in their daily business operations (Figure 80 and Country Profiles).

Less pronounced competitive edge for Kenya's business ecosystem, national environment

Kenya also performs somewhat stronger than its EAC partners in the business ecosystem and at the national level (Figure 81 and Country Profiles). In particular, the country's capacity to connect firms through clusters and university–industry collaborations sets the country apart. At the national level, Kenya's ICT scores are relatively low (between 30 and 35), but still considerably higher than in the other EAC countries.

Strengthening support services

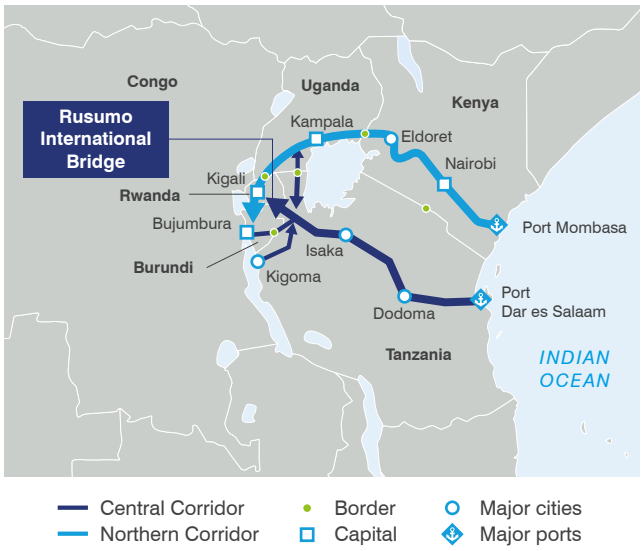
Pulses and other horticulture products could help Kenya to diversify from tea and coffee. Kenya's overall competitiveness puts the country at the top of the East African Community and in a very good position to take on other pulses exporters in this region, notably in the United Republic of Tanzania. Kenya's investment in infrastructure further enhances the country's competitiveness.

As outlined above, players in the pulses value chain nevertheless face a number of constraints, many of which could be addressed by engaging the country's growing agricultural e-services sector and exploiting the benefits of e-agriculture and agricultural mobile services (m-services).

In Kenya, agricultural m-services provide a growing number of farmers with access to information and learning, financial services, and input and output markets. The majority of these services are offered by Kenyan firms, including M-Farm, KACE, mFarmer, kuza doctor, Agrimanagr and iCow, which at times collaborate with international firms such as M-Kilimo and ACRE. In addition, there are a number of services led by government departments (National Farmers' Information Service, Maize Variety SMS Service) or international organizations (Sokopepe, E-Farming, index-based livestock insurance).[270]

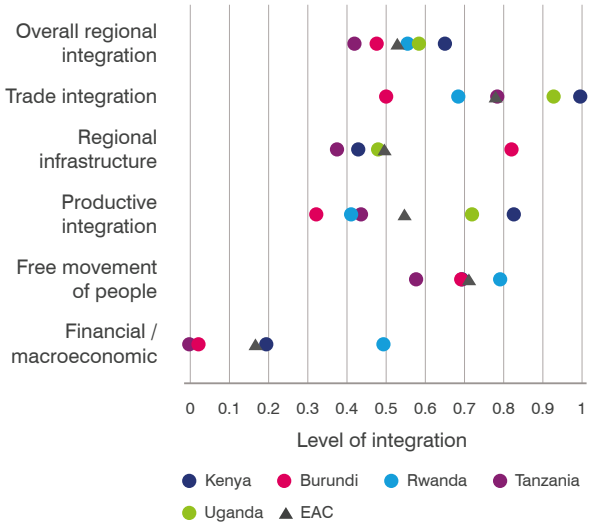
A recent SME competitiveness survey conducted among 100 Kenyan firms active in the services sector provides insights about the strengths of these firms, as well as the

FIGURE 78 Transport infrastructure – East African Community



Source: The Government of Japan (2017).

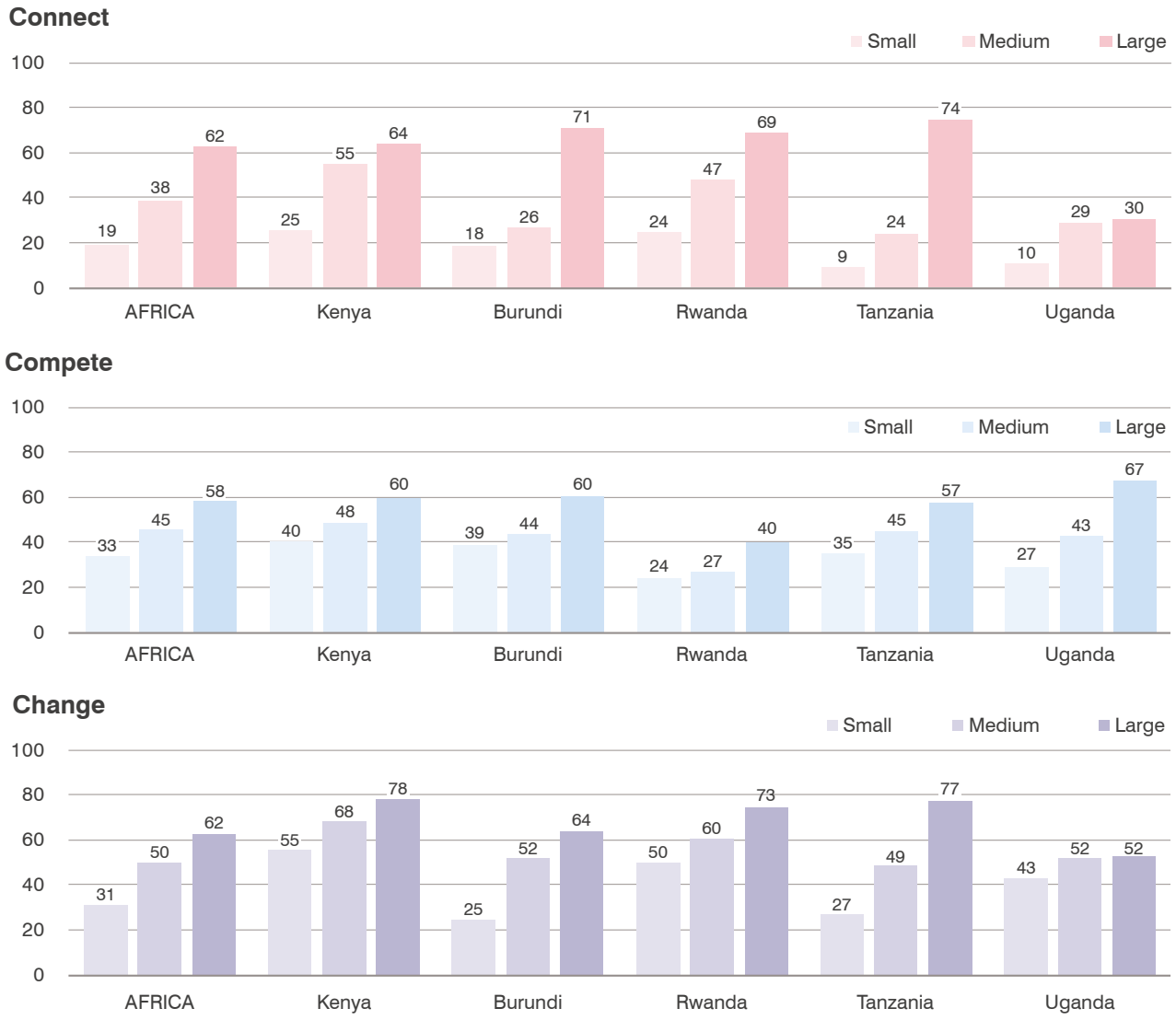
FIGURE 79 Regional integration – East African Community



Source: Based on data from African Union, African Development Bank Group and United Nations Economic Commission for Africa (2016). Africa Regional Integration Index.

hurdles they must overcome to develop further. Figure 82 summarizes the results. The higher score for firm-level determinants than those at the level of the business ecosystem and the national environment suggests that entrepreneurship and firm-level capacity are such that even minor improvements in the business ecosystem or in the national environment can lead to significant gains in the position of Kenyan SMEs in global markets.

FIGURE 80 SME competitiveness at firm level – Kenya and East African Community



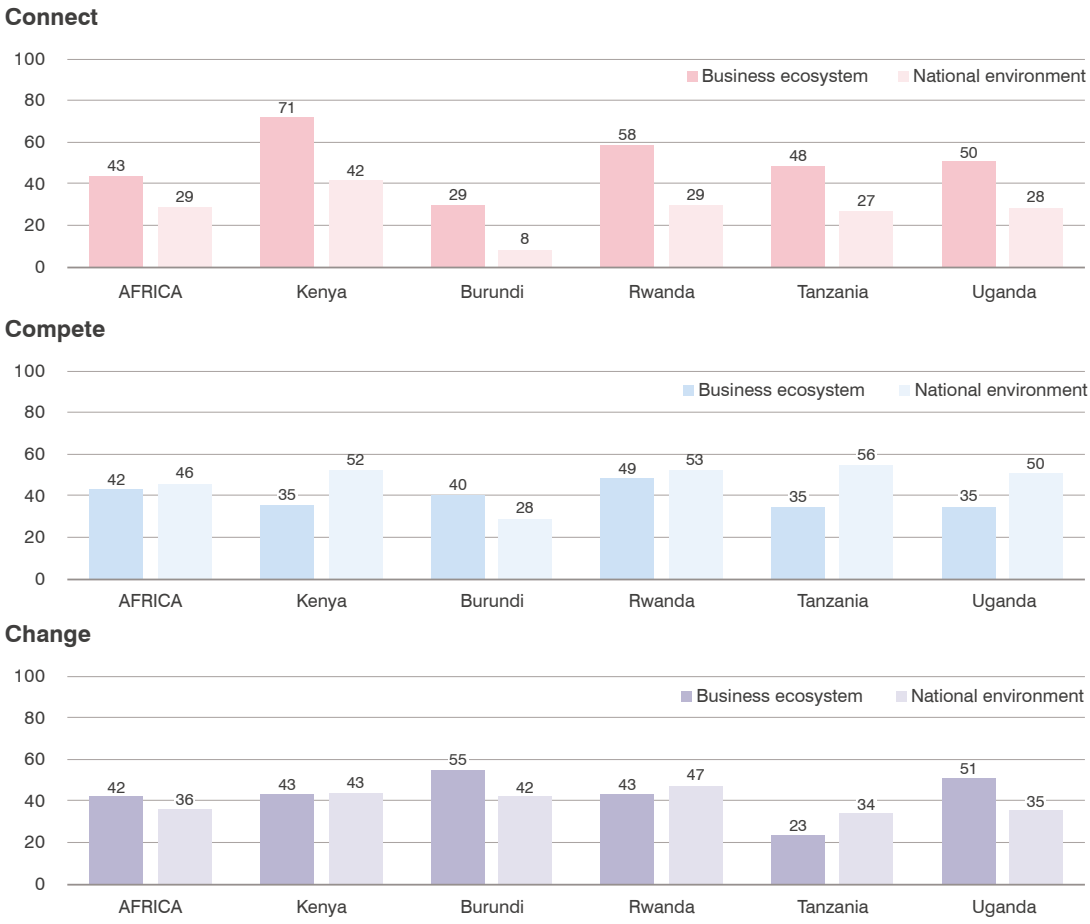
Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

Firm-level performance is particularly strong in aspects related to ICT, with almost all of the surveyed firms using mobile phones and e-mails for their business activities. In addition, 70% of the surveyed firms have a business website in place. Kenyan firms also score strongly in meeting finance and skill related requirements – almost 90% of surveyed firms have a business bank account and more than 80% have a hiring plan.

The business ecosystem and national environment, however, only achieve scores of 48 and 35 for the quality of network connections and ICT access, respectively. This indicates that many firms consider the quality of ICT infrastructure as an obstacle to their business operations. Firms' efforts to develop hiring plans are likely to be a response to the relatively poor access to skilled labour in the business ecosystem, with this indicator scoring only 42.

The biggest challenge to Kenyan firms' competitiveness is the lack of knowledge of domestic and foreign patents. Medium-range scores for access to information in the business ecosystem (56) and overall intellectual property regulation at the national level (69) do not seem to trickle down to the firm level. Indeed, only 12% of surveyed firms have a domestic patent and only 3% have a foreign patent.

FIGURE 81 SME competitiveness at business ecosystem and national level – Kenya and East African Community



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

Kenyan pulses producers can benefit from m-services and e-agriculture

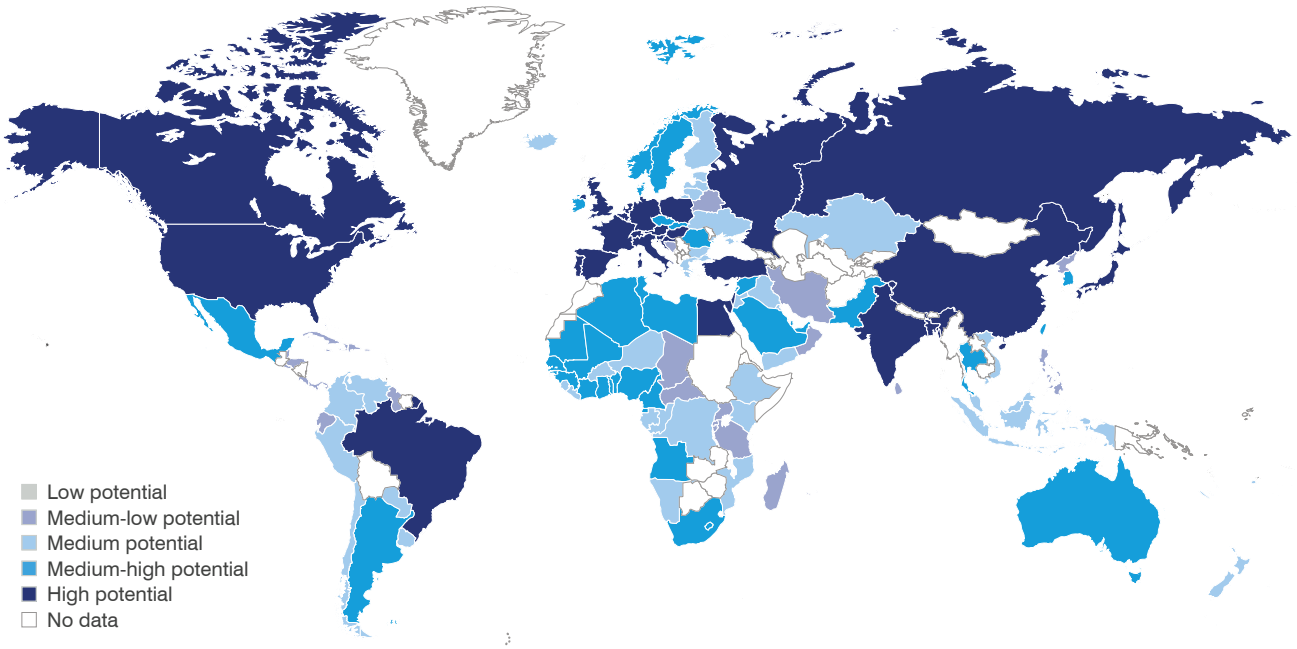
The surveyed services firms perform strongly in a number of indicators identified by pulses stakeholders as bottlenecks. In particular, their ICT affinity and ability to access finance could help Kenyan pulses producers to overcome some of the competitiveness constraints they face. Strengthening the position of Kenya's activities in pulses within global value chains could therefore be achieved by increasing the linkages between relevant actors in the agricultural sector and actors in the growing services sector.

FIGURE 82 SME Competitiveness Survey, overview – Kenya

SME Competitiveness Grid		Levels of competitiveness		
		Firm	Business ecosystem	National environment
Pillars of competitiveness	Compete	**62**	**58**	**40**
	Connect	**72**	**50**	**51**
	Change	**57**	**48**	**53**

Note: Scores range between 0 and 100, with higher score indicating stronger competitiveness. Blue colour highlights scores between 67 and 100. The scores are based on ITC SME Competitiveness Survey conducted in Kenya in collaboration with the SheTrades Initiative, Indian Ocean Rim Association Countries Project, funded by the Government of Australia Department of Foreign Affairs and Trade. The results are based on 100 company interviews. Of the respondents, 1% stated that they operate in ICT services, 60% in real estate services and 39% in other categories. The survey was mainly conducted in the Nairobi region.
Source: ITC.

FIGURE 83 Markets with export potential - Morocco



Note: The export potential is normalized to a scale ranging between zero and one and then divided into low potential (below 0.25), medium-low potential (between 0.25 and 0.5), medium-high potential (between 0.5 and 0.75) and high potential (above 0.75). The software generating maps does not apply UN definitions of national borders.
Source: Based on data from ITC Export Potential Map.

Aerospace in Morocco: Tapping into advanced machinery exports

Morocco is a lower-middle income country with a GDP of about $110 billion. Trade in goods and services account for just over 80% of GDP. The country's proximity to Europe is reflected in the list of its biggest export markets. Led by Spain, Morocco's top 10 export destinations include five European countries (France, Italy, United Kingdom, Germany and the Netherlands). Moroccan exports also find ready markets in the United States, India, Turkey and Brazil. In its home region, Africa, Morocco's biggest markets include Egypt, Algeria and Senegal. While these three markets do not make it into the top 10 list, they are among Morocco's 20 most important export destinations.

Export potential in Morocco

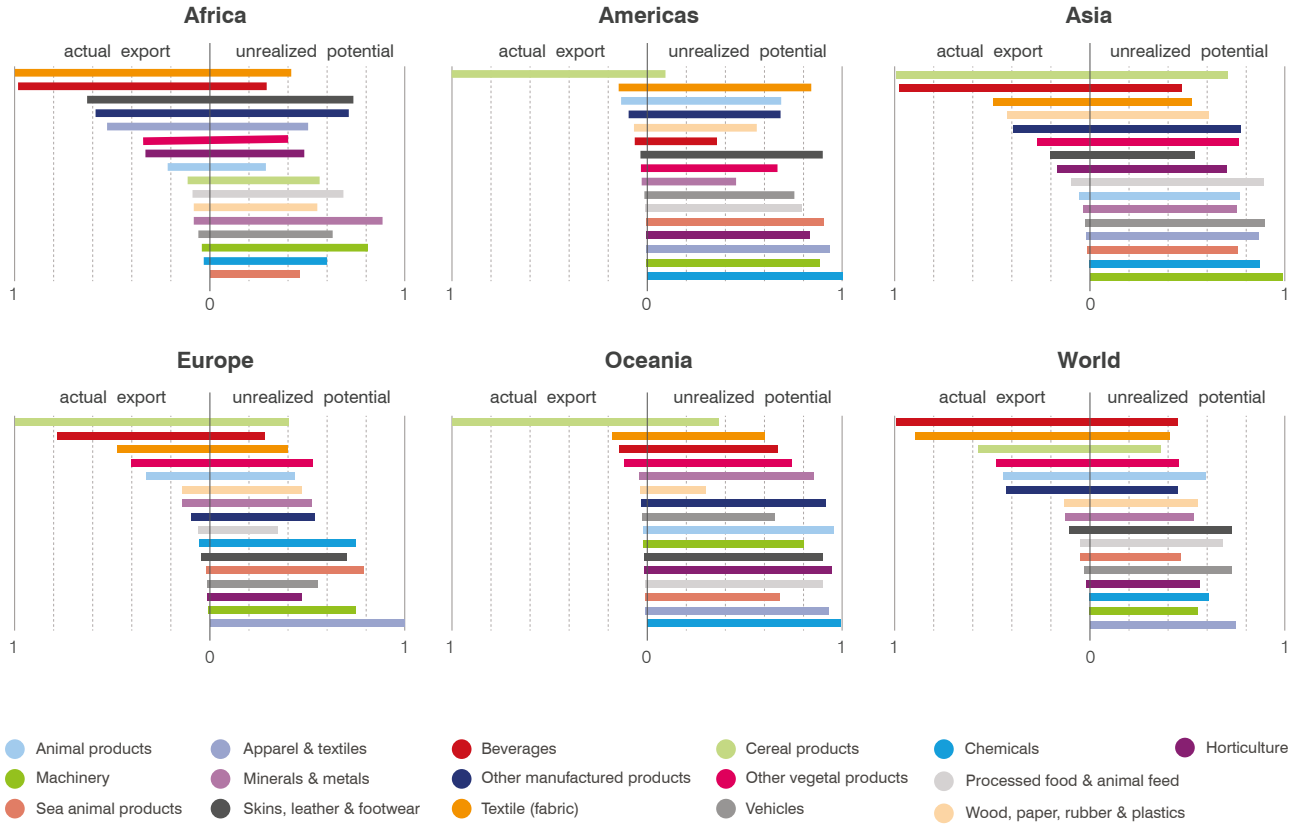
The Export Potential Indicator (EPI) results reflect the prominence of European, American and Asian markets for Moroccan exports. Figure 83 illustrates that the overall export potential to Africa is lower than to most other regions. While this is partly related to market size, it is also linked to the composition of Moroccan exports, which include a variety of advanced machinery products that find buyers mainly in high-income countries.

Morocco's exports are diverse, with machinery a growing success

Figure 84 illustrates the EPI results at the industry level, showing actual exports and unrealized export potential by destination region. The machinery industry and the apparel and textile industry account for a large share of Moroccan exports. The country also exports a wide range of apparel and textile products, including trousers (HS code: 620462 and 620342), T-shirts (HS code 610910) and blouses (HS code: 620640). Moroccan machinery exports are less diversified – ignition wiring sets (HS code: 854430) alone account for more than 40% of the volume of machinery exports.

These two industries also dominate Morocco's exports to Europe. In Asia, in contrast, Moroccan machinery exports are closely followed by chemical exports. Diammonium phosphate (HS code: 310310) accounts for more than 70% of these exports. Chemicals also accounts for a large share of exports to Oceania and Africa. In Morocco's

FIGURE 84 Export potential by industry and region – Morocco



Note: Actual exports are normalized to a scale ranging between zero and one, where a low number indicates low export volume and a high number indicates a large export volume. The unrealized export potential indicator also ranges between zero and one and captures the distance between actual exports and export potential. A high number indicates a large distance, meaning that the country exports much less than it could to the respective market.
Source: Based on data from ITC Export Potential Map.

home region, the chemical sector is only surpassed by fish, shellfish and processed fish sector – mainly sardines (HS code: 160413).

Regarding Morocco's machinery exports, although the sector already accounts for a large share of total exports, there remains a significant amount of unrealized export potential. Besides ignition wiring sets (HS code: 854430), there is high export potential for electric conductors (HS code: 854442). Both products are important components in the automotive and aerospace industries. The latter, in particular, has gone through a transformation.

Value chain with potential: Aerospace

The export competitiveness of Morocco's aircraft industry is the result of almost two decades of successful cluster development policies, including projects such as the Aéropôle de Nouaceur and the P2I MidParc. Both offer an integrated range of services that have attracted large international companies.[271] In 2001, only 10 companies were active in the industry. In 2016, there were 110 firms, including many SMEs, that employ more than 11,500 people and generate export revenues of over $1 billion.[272]

High skilled manufacturing is becoming the trademark for Morocco. By leveraging its privileged geographic position in the Mediterranean Sea, it has increased its ties with factory Europe. Over the years, Morocco has invested in human capital in the field of aeronautics. In 2009, the Organization of Moroccan Aeronautics Companies, the Union of Metallurgical Workers and The Ministries of Labour, Industry and Finance agreed on the creation of the Institute for Aeronautical Training.[273] The relative abundance of high skilled workers led Boeing to increase its commitments in the country. In 2016, Boeing signed an agreement with the Minister of Trade and Industry to boost the aeronautics industry in Morocco even further and attract 120 suppliers of the company to Morocco.

Figure 85 shows a simplified aircraft industry value chain and a selection of domestic and international firms active in Morocco. The large majority of firms are component manufacturers and sub-assemblers at various levels of the production hierarchy. Tier 1 suppliers specialize in producing composite equipment and assembling substructures such as engines, flight control and fuel systems. These firms rely on tier 2 and tier 3 suppliers which produce auxiliary equipment, metal works, cables and electronics. In total, these aircraft parts and sub-assembled items account for 94% of Morocco's aerospace exports.[274]

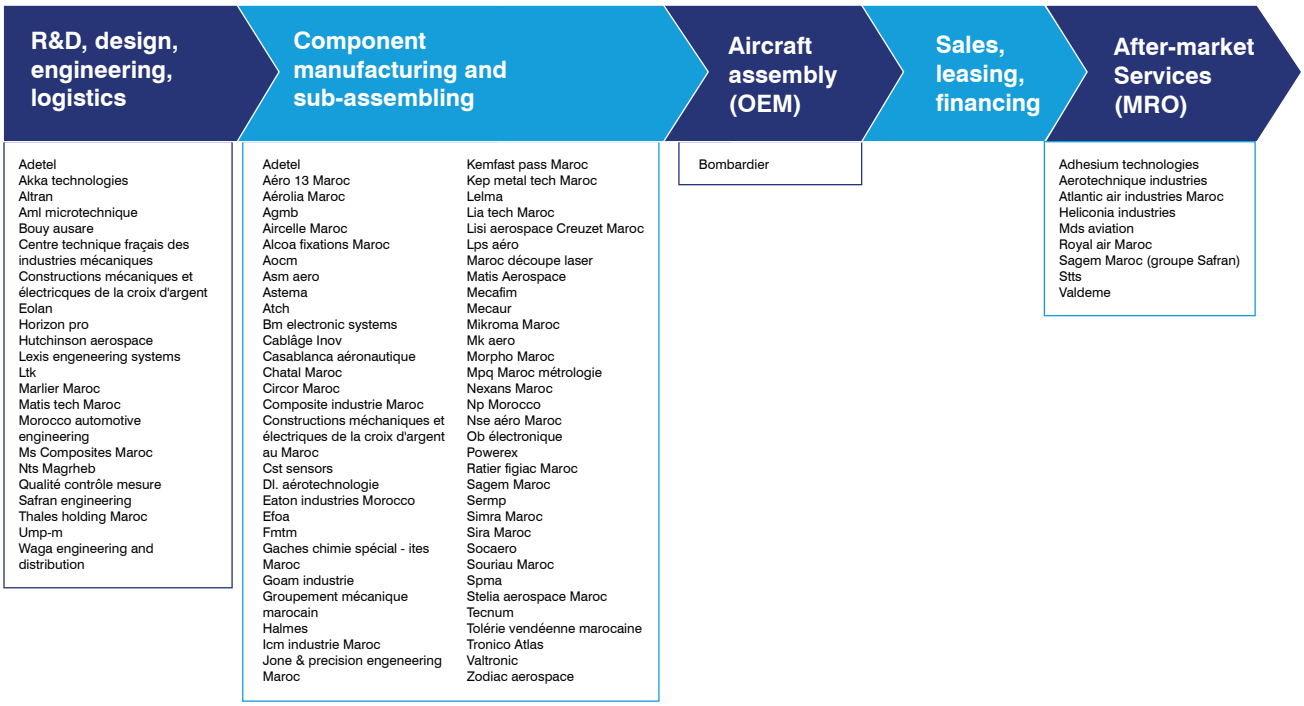
Morocco also hosts a growing number of firms that focus on R&D, design, engineering and logistics. The activities of these firms include testing, software development, data processing and supply chain optimization. While there is limited participation in the value chain by original equipment manufacturers (OEM) and firms in sales, leasing and financing, there are a number of firms that specialize in maintenance, repair and overhaul services (MRO).[275]

Benchmarking Morocco against competitors

Morocco has successfully established itself as a manufacturing exporter, particularly in the automotive and aerospace sub-assembly sector. Its geographical position and cultural, linguistic and historic links with Europe explain part, but not all, of this success.[276] Constant investments are required to maintain and expand this position, especially given competition from countries such as Tunisia and Turkey.

Morocco serves as an important bridge between North Africa and Europe.[277] With 2,822 km, Morocco accounts for the largest part of the 8,640 km Cairo–Dakar Trans-African Highway (Figure 86). The highway connects the region to two of Morocco's – and Africa's – busiest ports. The Port of Casablanca and the more recently developed Port Tanger-Med are surrounded by free economic zones and represent major trading hubs for the automotive, aerospace, agribusiness, textile, electronics and services industries. Starting in 2018, the two ports will be connected by a 320 km per hour, high-speed rail line (Figure 87). Major investments in infrastructure, such as the Port

FIGURE 85 Mapping the value chain of the aerospace sector – Morocco



Source: Based on Ahmad et al. (2013).

Tanger-Med and the Casablanca – Tangier high-speed rail line as well as future projects such as the Nador West-Med port have arguably strengthened Morocco's competitiveness.

Morocco has made intense efforts to attract foreign direct investment (FDI) from major manufacturers from industries such as aerospace. In many instances, Morocco has been on a short list with Tunisia and Turkey. Indeed, the three countries achieve comparable competitiveness scores at the firm level, business ecosystem and national level.

To illustrate this, Figure 88 and Figure 89 benchmark Morocco's competitiveness at the firm, business ecosystem and national level against its regional competitors in the Middle East and North Africa (MENA) region.

At the firm level, Morocco, Tunisia and Turkey perform stronger than the average for Africa, with Egypt, for example, lagging somewhat behind. Large firms in Morocco and Tunisia struggle to match the competitiveness of their counterparts in Turkey, in particular regarding use of foreign technology licences. Whereas 76% of large firms in Turkey have foreign licences, only 57% of Moroccan large firms have them (Figure 88 and Country Profiles).

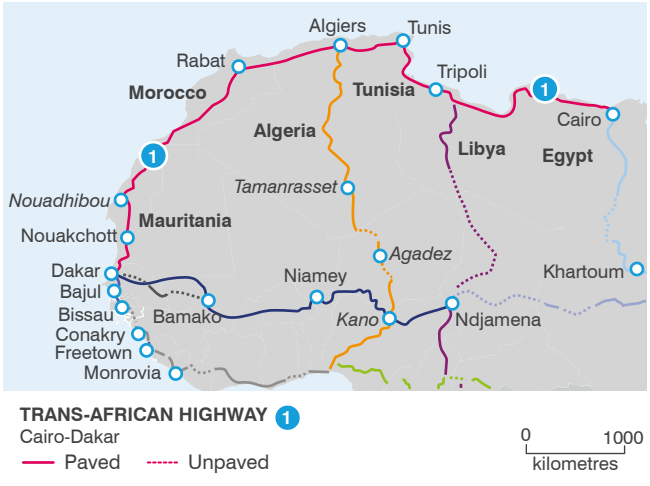
Moroccan SMEs outperform their Tunisian and Turkish equivalents in the use of ICT, however. In Morocco, 78% of small and 85% of medium-sized enterprises rely on e-mails in their day-to-day business. For Turkey and Tunisia, the figures are 49% and 59% of small firms and 69% and 81% of medium-sized firms, respectively. The share of small firms that have a business website is also slightly higher in Morocco (62%) than in Tunisia (54%) and Turkey (58%) (Figure 88 and Country Profiles).

At the business ecosystem level, Morocco performs especially strongly regarding power reliability and the regulatory environment. The share of firms that consider regulations as an obstacle to business operations is much lower in Morocco than in Tunisia and Turkey. This is also reflected in the national environment scores, where Morocco performs better than Egypt, Tunisia and Turkey in the ease of trading across borders and starting a business (Figure 89 and Country Profiles).

Employee skills and innovative capacity

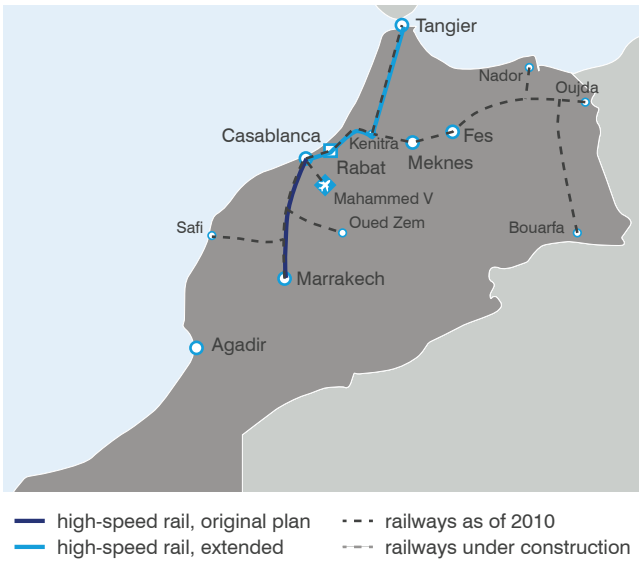
Morocco has managed to attract firms in almost all parts of the aircraft value chain. Findings from a recent ITC SME competitiveness survey provide insights into how to strengthen further the position of Moroccan firms within an international context.

FIGURE 86 Road infrastructure – North Africa



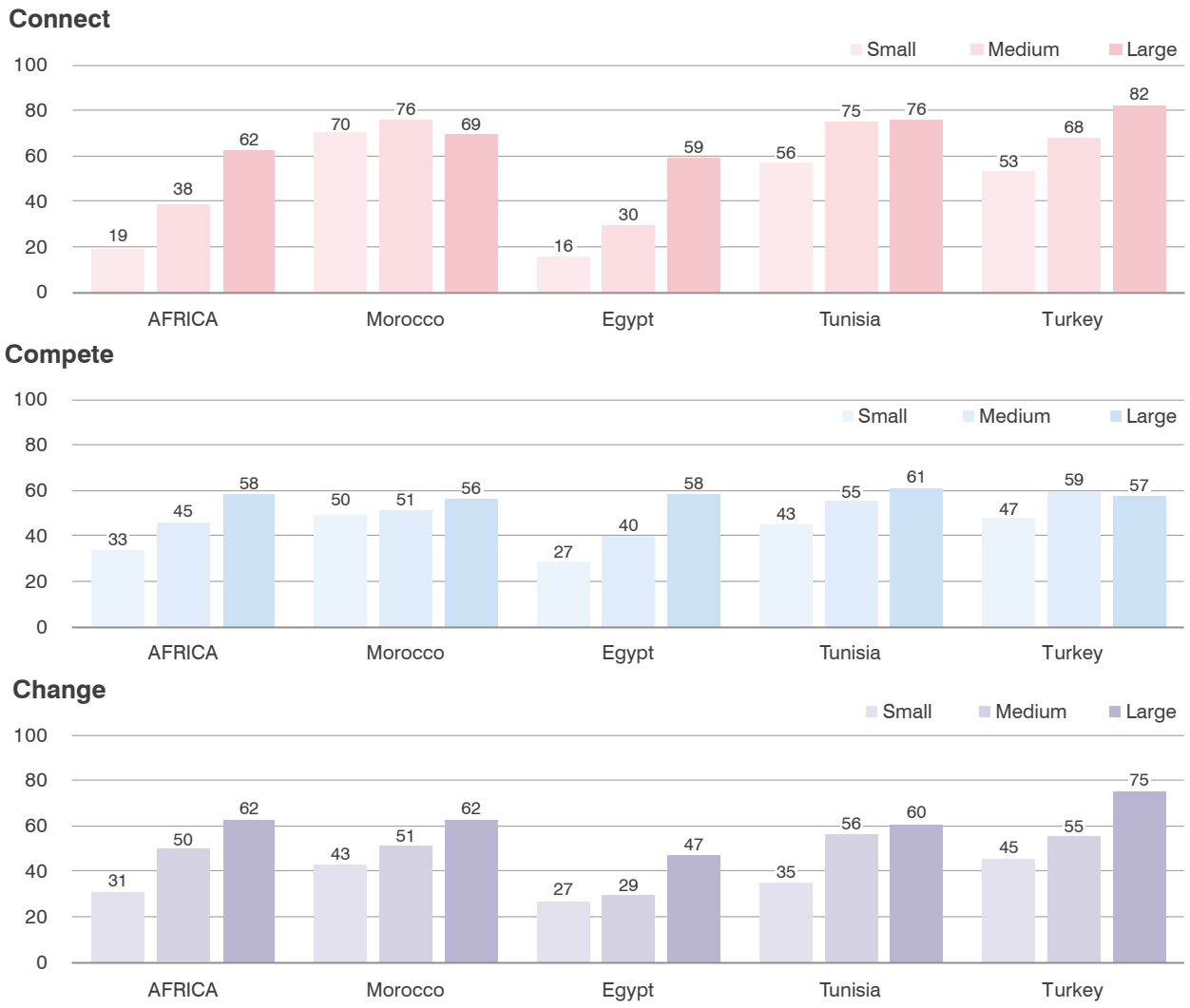
Source: African Development Bank, United Nations Economic Commission for Africa (2003).

FIGURE 87 Railway infrastructure – Morocco



Source: Railways Africa (2017).

FIGURE 88 SME competitiveness at firm level – Morocco and Middle East and North Africa



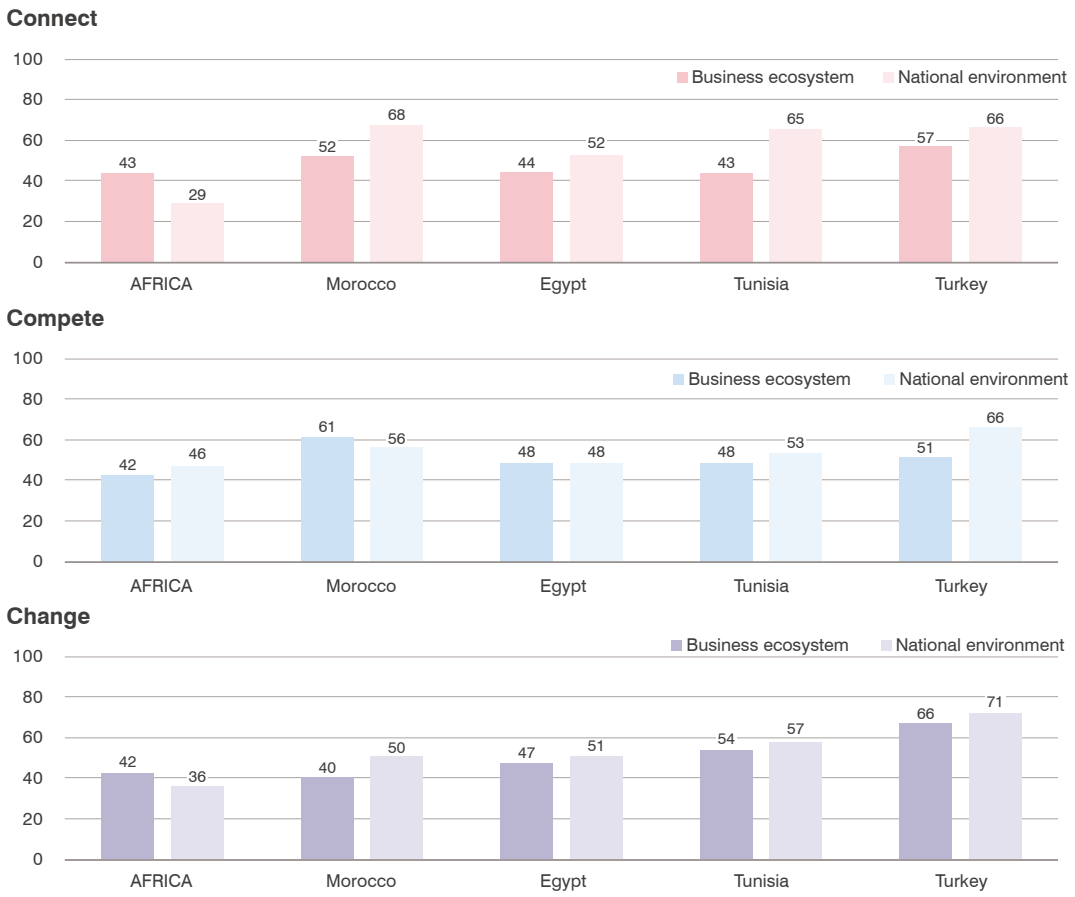
Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

Over 90 firms took part in the survey. The results reflected in Figure 90 show good performance across the layers and pillars of competitiveness, with somewhat stronger results at the firm level and in the business ecosystem than in the national environment.

Morocco's firms perform well regarding financing requirements. This reflects the fact that firms of all sizes have a bank account for their daily operations. SMEs and large firms share similar weaknesses, however. Limited knowledge and information on domestic and foreign patents is a constraint for Moroccan firms of all sizes. For instance, under 20% of the surveyed firms have a foreign patent. Competitiveness gaps between SMEs and large firms are apparent in employee development. While almost all (93%) surveyed large firms create staff hiring plans, the figure for small enterprises is only 57%.

Morocco's business ecosystem performs fairly well, as indicated in Figure 90. There is, however, scope for improvement regarding linkages with businesses, and ICT, skill and innovation requirements. The relatively low scores of these indicators mainly reflect the competitiveness gap between small and large firms. Fewer than a third of the surveyed small firms engage in research networks, compared with almost 60% of large firms. The surveyed firms evaluate the overall competitiveness of Morocco's national environment somewhat lower than the business ecosystem. One strength, reported repeatedly, is the ease of dealing with domestic advertising and marketing regulation.

FIGURE 89 SME competitiveness at business ecosystem and national level – Morocco and Middle East and North Africa



Note: SME Competitiveness Score calculated by ITC using 39 indicators, including data from the World Bank Enterprise Surveys. Simple averages by region.
Source: ITC.

FIGURE 90 SME Competitiveness Survey, overview — Morocco

SME Competitiveness Grid		Levels of competitiveness		
		Firm	Business ecosystem	National environment
Pillars of competitiveness	Compete	**70**	**75**	**63**
	Connect	**75**	**62**	**65**
	Change	**70**	**63**	**63**

Note: Scores range between 0 and 100, with higher score indicating stronger competitiveness. Blue colour highlights scores between 67 and 100. The scores are based on ITC SME Competitiveness Survey conducted in Morocco in collaboration with the Association Marocaine Conseillers Export and the Moroccan Ministry of Industry, Trade and Investment and the Digital Economy. The survey is ongoing – the results are based on 92 company interviews. Of the respondents, 26% operate in the primary sector, 61% in manufacturing and 13% in other services. The survey was mainly conducted in Agadir, Casablanca, Rabat and Tanger.
Source: ITC.

CHAPTER 7

From start-ups to lead firms

SMEs take a variety of paths to international success. When small or medium-sized, firms tend to operate in just a few markets, or provide inputs for regional or global lead firms based in their home country. Much of this report has focused on how SMEs can make the best of these circumstances and run a flourishing business.

For some SMEs, however, the road to success involves growing in size and taking a lead role within international value chains. This chapter highlights such firms, examining the steps these companies took and the role of regional integration and regional policies in their success.

The five companies covered have become regional or global leaders in their line of business. They come from different regions and sectors, including processed food and ecotourism, and have reached varying degrees of internationalization. Some capitalized on their home region; others used it as a springboard to expand globally. Governments' regional policies often played a role in their success. Other factors included company attitudes towards quality control and international standards.

The five examples highlighted here illustrate that blueprints for success do not exist and that every success story is unique. But they also show that it is possible for a start-up in a developing economy to become a global lead firm.

Wilderness Safaris: From safari camp to regional ecotourism operator

Wilderness Safaris *is one of Africa's prominent safari brands, headquartered in Botswana. Established over 30 years ago, it operates camps and lodges, and offers a wide range of safari experiences in Botswana, Kenya, Namibia, Rwanda, Seychelles, South Africa, Zambia and Zimbabwe. Providing private access to 2.5 million hectares (over six million acres) of wilderness, the company has over 40 exclusive camps and lodges.*[278]

The regional success of Wilderness Safaris hinges on a supportive policy environment and a robust business model centred on '4Cs - Commerce, Conservation, Community and Culture.' [279] *The company has improved its competitiveness through upgrading. It has diversified its services to include those with higher value added and complexity, increasing its bargaining power.*

From safari to stock exchange

Wildlife enthusiasts founded Wilderness Safaris in Botswana in 1983 as a mobile safari operator owning one safari camp and one jeep. The company gradually expanded in the region and extended its services from safari camps and lodges to light air travel and destination management. It was listed on the Botswana Stock Exchange in 2010.

In the early 1980s, Botswana was little known as a safari destination. Wilderness Safaris set up its first safari camp in Maun in the country's northern region, tapping into undiscovered natural parks and resources. Subsequently, the company purchased more equipment and employed specialized guides. By the 1990s, Wilderness Safari had become a well-known mobile camping safari company and had begun to build a few permanent camps. In 1991, Wilderness Safaris expanded by starting a new service, Wilderness Air, offering scheduled transfers between Wilderness camps.

The company's growth trajectory entailed vertical integration across four types of business areas: safari consulting (tour operation and destination management); transfers and touring (by air and road), camp, lodge and safari exploration operations; and finance and asset management.[280]

FIGURE 91 Regional operations, Wilderness Safaris

Source: Wilderness Safari website, www.wilderness-safaris.com.

Wilderness Safaris has expanded in sub-Saharan Africa, where regional tourism is increasingly popular. In Botswana, Namibia, Rwanda, Zambia and Zimbabwe, an average of 80% of tourists are from African countries.[281]

Supportive policies: Land use, standards

One key behind the success of Wilderness Safaris is policy support to access land. In the 1990s, Botswana's government reviewed land use in the Okavango, and areas outside the national parks became available for tender. This marked a big change in the safari business in Botswana, allowing Wilderness to develop and grow. There were similar developments in other countries – Namibia and Zimbabwe developed lodge and camp circuits, allowing the company to alter its business emphasis.

There has also been an interplay between Wilderness Safaris' operations and the national policy framework and legislation, with the company in some instances helping to guide the development of national standards.

Business values: Conservation and community engagement

Conservation of natural attractions and the involvement of local communities are central to running a safari company. Wilderness Safaris evaluates destinations based on '4C's: Conservation, Commerce, Community and Culture'. If these four goals cannot be fully pursued, the company may opt for alternative locations.

Since its inception, Wilderness Safaris has involved communities in ownership and operation of concessions. The company pioneered joint ventures with local communities, and its business model successfully integrates environmental, economic and social dimensions.

Wilderness Safaris has an impressive record of accomplishment in providing local economic benefits to communities through employment, procurement and joint ventures.[282] The model developed between Wilderness Safaris Namibia and the people of the Damaraland area sets new industry standards. The success of this project led the Namibian government to declare the area a Conservancy (an area designated to conserve and protect natural resources), and Damaraland Camp won the international 'Tourism for Tomorrow' award in 2005.[283]

Grupo ARCOR: From candy maker to Multilatina

***Grupo ARCOR** is an example of Latin America's version of multinational corporations. Known as 'Multilatinas', these companies start in one Latin American country and spread throughout the region, first increasing their sales outside their home market (the trade expansion phase) and then acquiring strategic assets abroad (the investment phase).*

Founded in 1951 in Argentina, Grupo ARCOR manufactures confectionery, chocolate, cookies and crackers. ARCOR has evolved from selling candy in local cities (its name combines the first letters of the city and province where it was founded, Arroyito in Córdoba) to become one of the world's largest candy manufacturers.

As the firm expanded regionally and internationally, it benefited from regional trade agreements, such as MERCOSUR, and made foreign direct investments in its home region. The company diversified its products and vertically integrated its production process, with marketing affiliates, production plants, and distribution centres across Latin America.

FIGURE 92 Commercial offices of ARCOR worldwide

Source: ARCOR (2013). Annual Report and Financial Statements.

Regional road, sweet success

ARCOR began in 1951, when Fulvio Salvador (son of Amos Pagani, an Italian immigrant who opened a candy factory after arriving in Argentina in 1924) and a group of entrepreneurs opened its first candy factory in Arroyito. By 1958, the company was producing 60,000 kilograms of sweets sold mainly in the domestic market. During the 1980s, the firm experienced strong investment and growth, diversifying its products and sites to take advantage of industrial promotion programmes within Argentina. The company set up seven new plants in the provinces of Catamarca, Tucuman, San Juan and San Luis.[284]

In the 1990s, the firm expanded, with sales reaching $1.1 billion in 2000, including exports of $218 million and the company employed 12,700 people, 30% of whom were outside Argentina.[285]

The company invested in Latin America, establishing marketing affiliates in Venezuela, as well as production plants and distribution centres in Chile and Mexico. It acquired firms and created partnerships with global companies, such as Danone, and regional firms, such as Mexico's Bimbo. ARCOR also increased its market share in North America through agreements with firms in the United States and a new commercial affiliate in Canada.[286]

ARCOR currently has more international markets than any other Argentinian group. Its early focus on exports helped consolidate the company's regional and international business. Its brands are present in more than 120 countries and it has 40 industrial plants in Latin America and 11 commercial offices worldwide, including in Europe, Asia and Africa (Figure 92).[287]

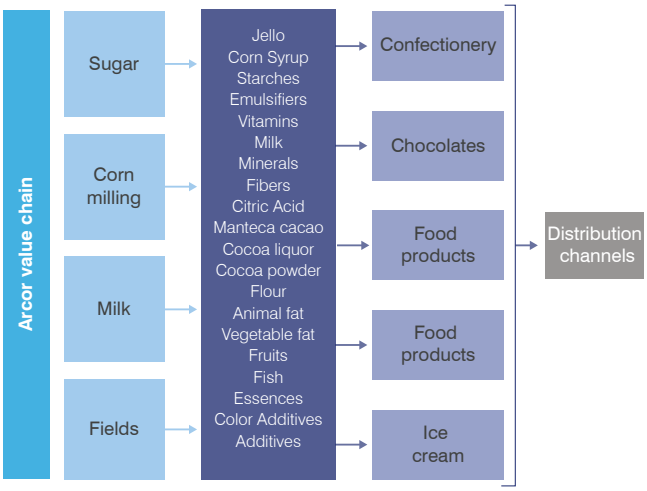
Taking advantage of regional integration policies

ARCOR's international expansion was part of a strategy to integrate with neighbouring countries, which was later reinforced institutionally with the creation of the Common Market of the South (MERCOSUR) in 1991.

The company made foreign investments in Paraguay, Uruguay and Brazil.[288] It set up Arcorpar in Paraguay to counter the advance of Brazilian companies in the Paraguayan market. It used Paraguay as a launching pad for moves into other countries when Latin American Integration Association agreements eliminated tariffs on regional exports.

In Uruguay in 1979, ARCOR formed an association with Industrias Van Dam, a local manufacturer of confectionery and chewing gum. ARCOR established itself in the

FIGURE 93 ARCOR value chain



Source: Bernardo Kosacoff et al., (2014).

Brazilian market by purchasing Nechar SA, a small confectionery manufacturer. This investment was also part of the company´s regional integration strategy in the context of various Latin American trade agreements.[289]

Becoming a lead firm

Success factors include vertical integration of production (Figure 93) and diversification of products and geographical markets. Some successful strategies resulted from the sector's globalization and accumulation of experience in foreign markets.[290] The firm moved from candy production to chocolates and candy bars, and eventually into other foods and alcohol. It also invested in agribusiness and other industries outside its core competencies, such as construction and hotels.[291]

Integration of ARCOR´s presence in Argentina, Brazil and Chile helped the company to build a manufacturing and sales network with specialized plants and a regional vision. This enabled it to gain a strong strategic position in costs and flexibility.[292]

KÜRT: From repair shop to European data recovery company

KÜRT Co. *has grown from a small, Hungarian-owned enterprise into an international group, developing technologies and solutions for information protection, data loss prevention and data recovery.*

Recognizing emerging opportunities and responding rapidly with new solutions contributed to KÜRT's global success. The company used the European market as a stepping stone to develop and market services that were later sold globally.

Working magic

Founded in 1989 by the brothers János and Sándor Kürti in Budapest, Hungary, KÜRT started as a hard drive repair shop, next to a laundry service. It is now an internationally recognized data recovery and information security company, recording net profit of HUF 45 million ($163,000) on revenue of HUF 1.18 billion ($4.2 billion) in 2014.[293]

Its data recovery services began in response to a data loss incident at a major legal institution in Hungary, where the data storage unit was accidentally dropped. Today, KÜRT offers innovative solutions to help clients recover from IT disasters and to prevent disasters, abuses and system problems. The company's information management division is a key player in the Hungarian market, having successfully completed a wide range of IT security projects. KÜRT's incident management team provides in-house developed solutions in ethical hacking, log analysis and network investigation.

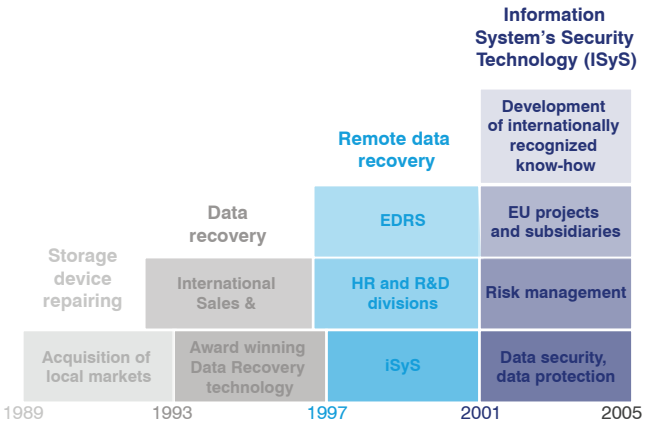
From bringing crashed servers back to life for banks, to finding evidence of criminal activity on smashed hard drives for the police, KÜRT built an international reputation for working magic on heavily damaged – soaked, broken or even burnt – hard disks. The firm was involved in the recovery of information destroyed in the September 11, 2001 attack on the World Trade Center. Although the company's reputation has been built on data recovery, this accounts for only 30% of revenues. The remainder comes from information security services and consulting.

Flexibility in regional growth strategies

In early days, KÜRT sold its data recovery technology through its foreign partners and operated a data recovery network in 16 European countries, called the European Data Recovery Services (EDRS). In the early 2000s, Kürt rapidly started to lose the European market when its main competitor, Ontrack from the United States, acquired KÜRT's 16 partners in EDRS.

With its local market saturated and the company close to bankruptcy, KÜRT set up wholly owned subsidiaries in Germany and Austria, through which the company serves the EU market. In 2006, KÜRT was recognized for outstanding growth performance and contribution to employment creation as one of 'Europe's 500 – Entrepreneurs for Growth.'

FIGURE 94 Kürt's expansion strategy



Source: Kurt Co website, kurt-security.com.

Going global

KÜRT also expanded outside its home region. The governments of Vietnam and Egypt have purchased its data recovery know-how, and clients in many countries, have used its IT security services. For example, one of Kuwait's largest corporations, Zen, has contracted the company to review and develop its security systems. KÜRT is present in Dubai, where it is training financial institution employees on IT security. More recently, KÜRT has been planning to expand into the Chinese market, after signing a strategic partnership agreement with Invest Shenzhen, China's first special economic zone, in 2015.

Business assets: skills and innovation

KÜRT's success is tied to its ability to use a strong skill base and a long-standing reputation to grow in changing circumstances. The firm's philosophy is 'cultivate our skills and survive our failures'.

Kürt's business started at a time when rules dating from the cold war under the Coordinating Committee for Multilateral Export Controls (COCOM) resulted in a shortage of computer spare parts, making repaired storage devices a marketable product. KÜRT repaired all devices, initially due to physical damage and later due to IT disasters. The challenges led the company to invent new technology for information security and data recovery.

The company has continued to develop cutting-edge products and services. These include: SeCube, to control an organization's information security management system; the Advanced Data Assesment Toolkit (AdvDAT); the specialized analytical storage tool PetaPylon; and the log file processing and analytics toolkit LogDrill.

Hikma Group: From local manufacturer to pharmaceutical titan

*Hikma Pharmaceuticals and its parent, the **Hikma Group**, started as a small manufacturing plant in Amman, Jordan. Some 40 years later, Hikma has grown into a pharmaceutical giant in the Middle East and North Africa (MENA) region, Europe and the United States.*

Initially, Hikma's expansion was mostly in its home region, but the company later expanded to North America and Europe, mainly through acquisitions. The company focused on signalling quality and reliability by meeting standards and implementing quality management systems. Capitalizing on its US Food and Drug Admininstration (USFDA) approval, Hikma became the licensing partner of choice for multinational companies seeking to expand into the MENA region. Hikma also benefited from Jordan's economic reforms, improvements to intellectual property laws and accession to the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

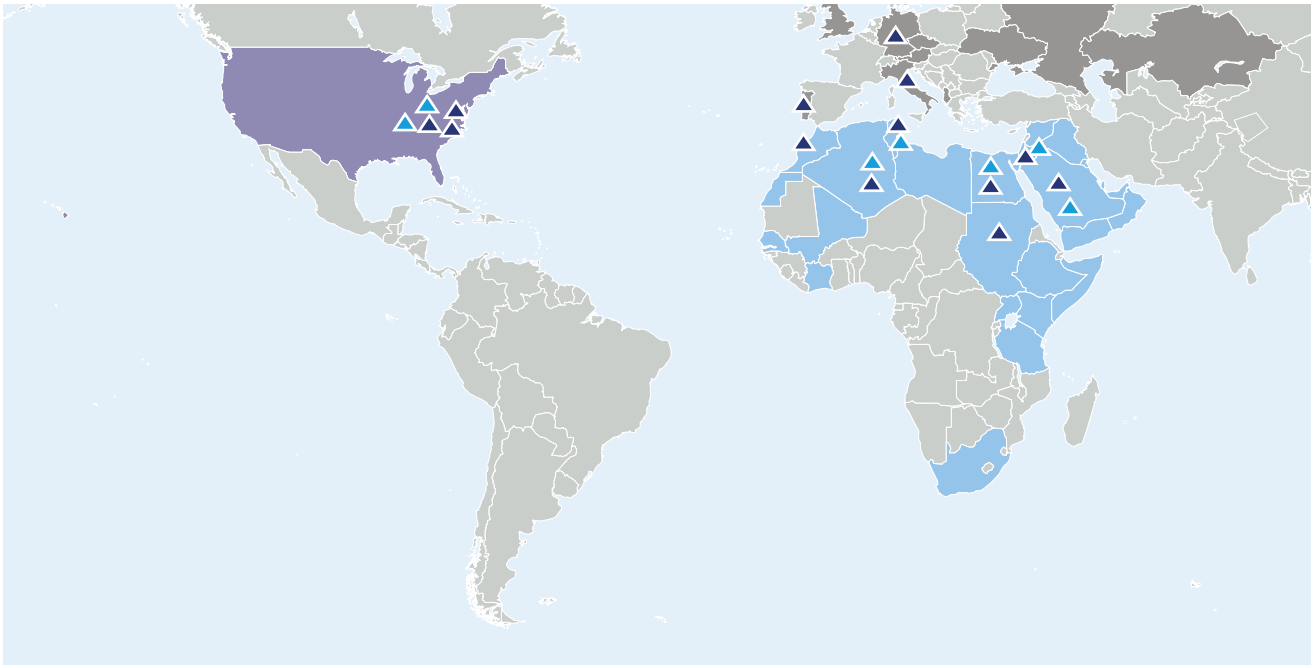
Origin, history and current situation

In 1978, Samih Darwazah established Hikma in Amman. In its early days, Hikma became a leading supplier of branded generics and in-licensed products in the Middle East and North Africa, supplying high-quality, affordable medicines. The company's success led it to expand beyond the MENA region. In 1991, Hikma established a presence in the United States through the acquisition of West-Ward, a generic pharmaceuticals business.[294]

The pharmaceutical industry is Jordan's highest value-added export sector and among the front-runners in the country's strategy of export-led economic growth. It accounted for 9.6% of Jordan's exports in 2016.[295] Hikma leads the sector in Jordan. Spanning 50 markets, Hikma is also one of the largest pharmaceutical manufacturers in the MENA region and a large supplier of generic drugs in the United States.

Hikma's listing on the London Stock Exchange in 2005 began a new development phase, enhancing its flexibility to expand geographically and build a strong and diverse product portfolio. Hikma completed four strategic acquisitions in 2007: two in Germany, to develop its oncology medications, one in Egypt, to establish a local manufacturing plant and presence in this market, and one in Jordan, to consolidate its domestic presence and gain access to the Saudi Arabian market.

FIGURE 95 Hikma manufacturing and R&D in Middle East and North Africa, Europe, and United States



▲ **29** manufacturing plans in **11** countries ▲ **7** R&D centres

Source: Hikma website, www.hikma.com

Meeting international standards

The aim of adhering to international standards led the company to consider introducing internal quality control systems from early days. The company implemented total quality management in its various processes. Hikma Pharmaceuticals Jordan has a strong quality unit, and its director reports directly to the company's general manager. The quality unit contains five departments: quality assurance, quality control, regulatory affairs, validation and calibration and the compliance department, each run by a dedicated manager, and directly reporting to the director of the quality unit.[296]

Seeking and obtaining USFDA approval was a key element in Hikma's success in entering markets beyond Jordan. In 1996, Hikma Jordan's manufacturing site was the first Arab pharmaceutical company to obtain USFDA approval. By the late 1990s, Hikma's innovation and presence in Europe, MENA and North America led to significant expansion of the company. Hikma's strong market position and its attention to high quality standards made it the licensing partner of choice for multinational companies looking to expand into the MENA region.

Supportive trade

While Hikma's early success came through the manufacturing and marketing of branded generic drugs, Jordan's comprehensive economic reforms, accession to the WTO's TRIPS agreement and increased intellectual property protection brought the company many new prospects. Those reforms appealed to international partners, which brought further licensing and partnership opportunities.[297] By the time intellectual property laws in Jordan changed, Hikma had a proven track record of working with global licensing partners. Its USFDA approved facilities, highly skilled workforce and production capabilities made the company even more attractive to multinational partners.

Synthite Industrial Chemicals: From small factory to a global spice leader

From a small village extraction factory in India, ***Synthite Industrial Chemicals*** *has become a world leader in the value-added spices industry, processing and supplying a wide range of spices to major food, fragrance and flavour companies in over 100 countries.*

Synthite's strong commitment to innovation and technology and early adoption of global food safety directives have given the company a competitive advantage in internationalization.

Building on oleoresins

While the history of spices is deeply entwined with the history of India, the country's tryst with value-added spice extracts began in the early 1970s. Synthite Industries Ltd, the global leader in value-added spices, had a humble beginning in 1972, as an oleoresin (spice extracted in liquid form) extraction factory in the small village of Kadayiruppu, in Kerala, South India. Launched as an idea of businessman C. V. Jacob, the family business that began with 20 employees has grown across borders and now processes and supplies a wide range of spices in diverse forms – whole, powder, oil and oleoresin – to companies worldwide.

Today, Synthite leads the global oleoresin industry, with 30% of world market share. In 2010, the company set up offices in China and the United States. In 2012, Synthite entered a new growth phase, establishing its first overseas production facility, which makes Paprika Oleoresins in Xinjiang, China. Besides this foreign production facility and the overseas offices, Synthite runs its worldwide operations through representative offices (Figure 96).

The role of policy: Public investment in R&D

The oleoresin business was initially based on research by India's Central Food Technological Research Institute in Mysuru, which had developed a method for isolating active ingredients in spices using steam distillation and solvent extraction processes. However, it took several years of additional research and development by Synthite to make the technology viable. It was another four years before the company convinced food producers that it could produce quality products on time.

FIGURE 96 Synthite's worldwide operations

Source: Synthite website, www.synthite.com.

Commitment to quality control, innovation, technology

Synthite was the first Indian food company to obtain an ISO 9002 certification with HACCP in 1994. Its product range of more than 500 spice offerings conforms to global food safety directives and meets the stringent quality standards of major clients, which include Nestlé. The company adopts a multi-layered quality control system that begins at the farming stage. Synthite's production and manufacturing units are ISO 22000:2005 certified. Other quality management systems conformed to include ISO 9001:2008 and National Accreditation Board for Testing and Calibration Laboratories (NABL) Accreditation – ISO 17025:2005.[298]

Synthite's commitment to innovation and technology has been crucial in its success. It won India's Spices Board award for exports excellence several times as well as National awards. The company uses technological processes such as Supercritical Fluid Extraction, Thin Film Distillation and Spinning Cone Column. These processes translate into high quality and cost effectiveness. To maintain competitiveness, Synthite employs experts with diverse skill sets, from flavour and fragrance specialists to business leaders.

Technical superiority, four decades of expertise and a commitment to maintaining product quality have contributed to making Synthite a preferred partner for some of the largest international businesses in seasoning and flavouring industry, including Givaudan, IFF, Griffith Laboratories and Kerry Group.[299]

CHAPTER 8

Country Profiles

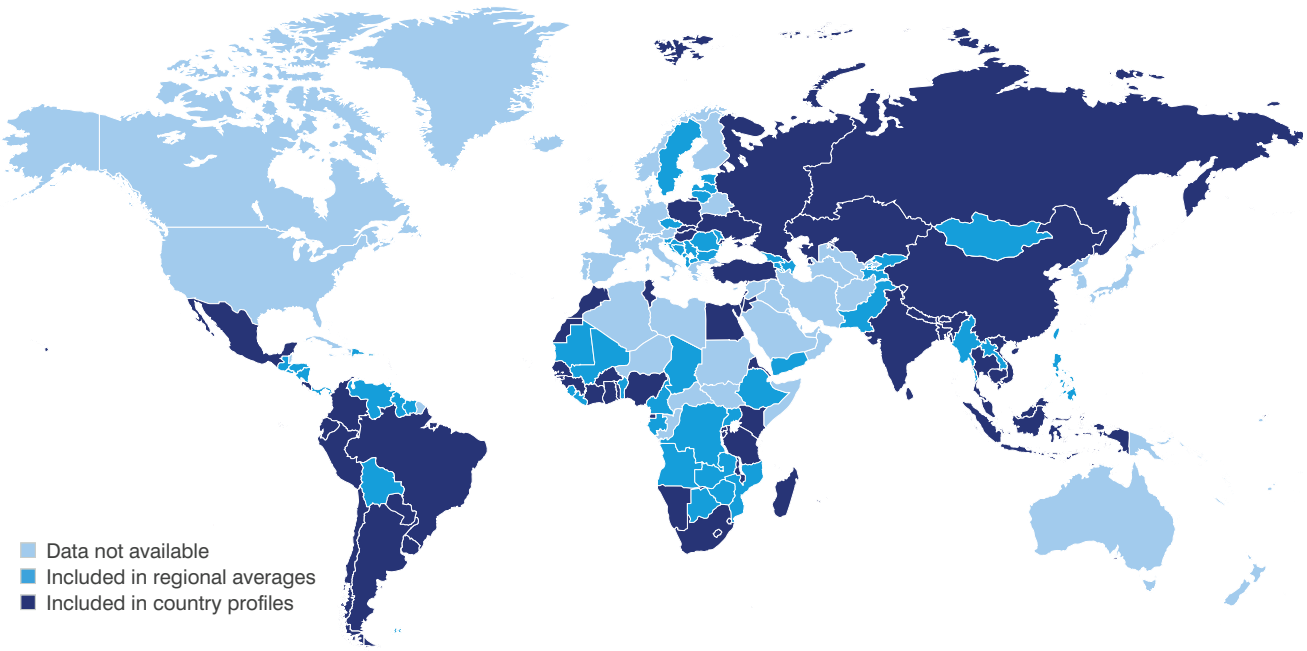
Edition 2017: What's new?

Firstly, more countries are covered. This year's edition includes 50 country profiles (compared with 35 countries last year), and the regional averages are calculated based on 109 countries, up from 108 countries 2016 (Figure 97). The underlying data has been updated whenever possible.

Secondly, this year's country profiles include two pages per country, with SME competitiveness on the left page and export potential on the right page. On the left page, there is a minor change in terminology. Factors that are external to the firm but still within its micro-environment are referred to as 'business ecosystem', rather than 'immediate business environment'. On the right page, the export potential is now reported by geographical region – in line with the focus of this report on regionalism.

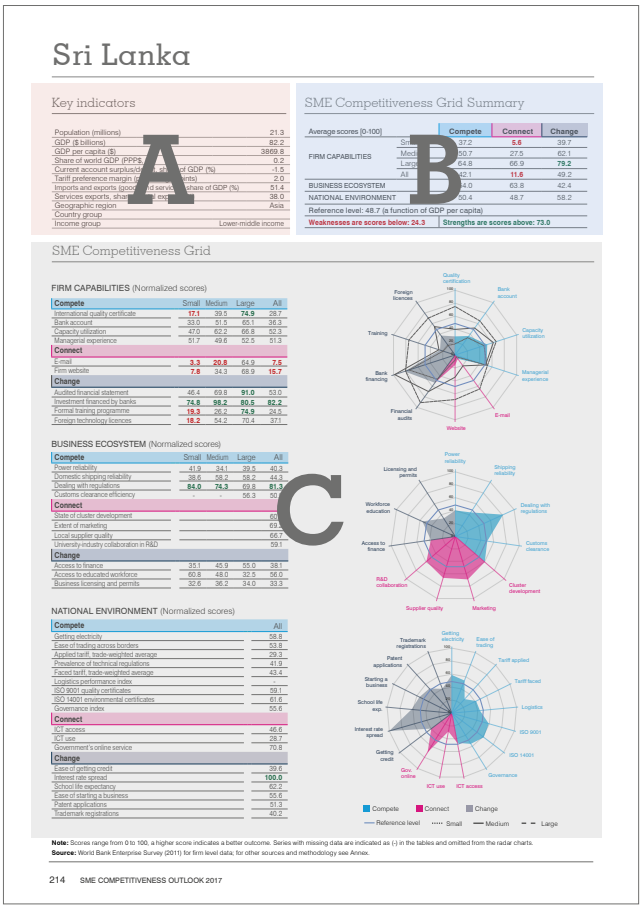
Thirdly, there are various improvements in methodology, notably in calculating the prevalence of technical

FIGURE 97 Countries included in the country profiles



Note: The software generating maps does not apply UN definitions of national borders.
Source: ITC.

FIGURE 98 Country Profile example



regulations, export potential and product diversification. These and other technical issues are explained briefly in the abridged technical annex at the end of the report, and in full detail in the technical annex available online.[300]

How to read country profiles

Key Indicators

At the top left of each country profile, there are eight key indicators on the country's population, economy and trade (Figure 98, area A).

SME competitiveness

SME Competitiveness Grid summary

The grid in the top right corner of the SME competitiveness page represents a table with summary statistics for each level and pillar of competitiveness (Figure 98, area B). Values are averages for each level-pillar combination, with higher numbers indicating higher competitiveness and lower numbers signalling room for improvement. Values in green indicate the country's strengths, and those in red indicate weaknesses. For firm-level capabilities, the profiles also provide indicators by company size, making it possible to distinguish the performance of small, medium-sized and large firms.

SME Competitiveness Grid

The SME competitiveness score is presented in tables and radar charts along three pillars and three levels of competitiveness.

Three pillars cluster capacities:

- Capacity to compete is in blue;
- Capacity to connect is in pink;
- Capacity to change is in grey.

Each pillar of competitiveness is determined at three levels:

- Firm capacities;
- Business ecosystem;
- National environment.

These pillars and levels of competitiveness make up the SME Competitiveness Grid, which is represented in tables and radar diagrams (Figure 98, area C). The indicator scores are normalized, so that higher numbers and larger coloured areas indicate stronger performance.

The border of the coloured area in each plot represents indicators computed at the national level (for firm-level data, indicators are produced by aggregating data over all firms). The solid dark blue line is the country-specific reference level. It is the expected level of indicators, taking into account the level of development of each country (approximated by its GDP per capita), and serving as the baseline for calculating strengths and weaknesses.

The radar charts are comparable across levels, making it possible to identify whether strengths and weaknesses lie in the business ecosystem, the national environment or firm capabilities.

Firm capabilities are reported separately for small firms (a dotted black line), medium-sized firms (a solid black line) and large firms (dashed black line). The closer the indicator score to the edge of the radar chart, the more competitive the firms. SME performance can be compared to large-firm performance; the performance gap is represented by the distance between the dashed and the dotted black lines.

SME export potential

SME export potential and competitiveness

The top section on the right page provides a concise text on countries' competitive strengths as well as an analysis of their export potential and SME performance (Figure 98, area D). Export potential is analysed along two dimensions: the ability to increase the export of existing products and the ability to diversify exports into new products.[301] The export potential discussion currently focuses on goods, due to the limited data available for services.

Unrealized potential: existing export products

The final section tabulates the top 10 products with the highest unrealized export potential, based on the ITC Export Potential Assessment methodology (Figure 98, area E). The table shows products in which the exporting country has already proven to be internationally competitive, but for which exports can still be increased.

The first column of the unrealized potential table contains the product's description and its code. The product group code is identical to the HS 6-digit code or, when code revisions made it necessary to group several HS 6 codes together, to the HS 4-digit or 2-digit code followed by letters. The next column indicates the corresponding total export value of the product, measured in millions of US dollars (averaged over 2011–2015). The subsequent five columns show the unrealized potential export value to each of the geographic regions: Africa, Americas, Asia, Europe and Oceania.

The products are listed with respect to highest unrealized potential export value in the world market. The length of the blue bars is proportional to the unrealized potential export value by region (also in millions of US dollars), and is comparable across the products and markets listed in the table. Longer bars indicate higher unrealized potential export value, revealing opportunities available to the country. Empty bars indicate that the target region has not consistently demanded the products in the past five years.

Development indicators

The final four columns add social and developmental dimensions. The indicators include:

- Price stability, reflecting the level of stability for associated export revenues.
- SME presence, or the level of participation of SMEs in the sector to which the product belongs.
- Women employed, reflecting the share of female employment in the product's sector.
- Technology, representing the level of technology used in the production of this product.

Development indicator measures are relative to the country's performance in other export sectors; light-green bullets indicating above-average performance and light red bullets indicating below-average performance. This implies that a given product, e.g. combed wool, may be a step up the value chain for one country, but not for others, or that the wool processing sector may employ relatively more women in some countries than in others. Empty cells for development indicators mean the data are not available.

Index of country profiles

Argentina

Key indicators

Population (millions)	43.6
GDP ($ billions)	541.7
GDP per capita ($)	12425.4
Share of world GDP (PPP$, %)	0.7
Current account surplus/deficit, share of GDP (%)	-2.3
Tariff preference margin (percentage points)	4.9
Imports and exports (goods and services), share of GDP (%)	29.1
Services exports, share of total exports (%)	19.6
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	46.7	49.3	51.2
	Medium	62.1	**89.3**	61.9
	Large	79.9	**95.5**	74.6
	All	55.8	63.5	58.4
BUSINESS ECOSYSTEM		38.3	48.8	**23.8**
NATIONAL ENVIRONMENT		52.5	76.8	58.8
Reference level: 58.4 (a function of GDP per capita)				
Weaknesses are scores below: 29.2			**Strengths are scores above: 87.6**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

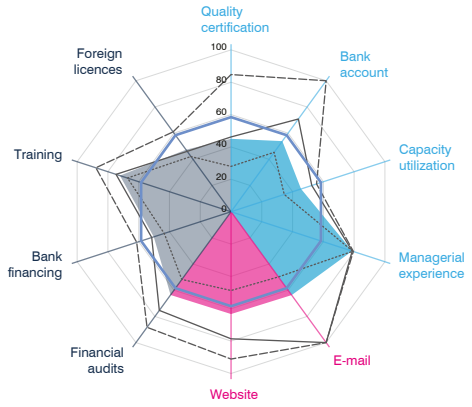
Compete	Small	Medium	Large	All
International quality certificate	**28.0**	46.2	84.7	45.0
Bank account	45.3	70.8	**100.0**	53.9
Capacity utilization	34.5	52.5	55.6	45.5
Managerial experience	79.1	78.8	79.5	78.8
Connect				
E-mail	49.8	**100.0**	**100.0**	63.7
Firm website	48.7	78.6	**91.1**	63.3
Change				
Audited financial statement	51.7	75.4	**88.3**	63.6
Investment financed by banks	43.4	51.5	61.3	50.2
Formal training programme	67.3	74.7	**87.8**	72.2
Foreign technology licences	42.2	46.1	60.9	47.4

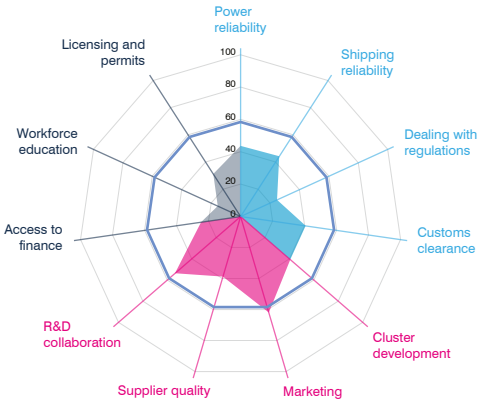
BUSINESS ECOSYSTEM (Normalized scores)

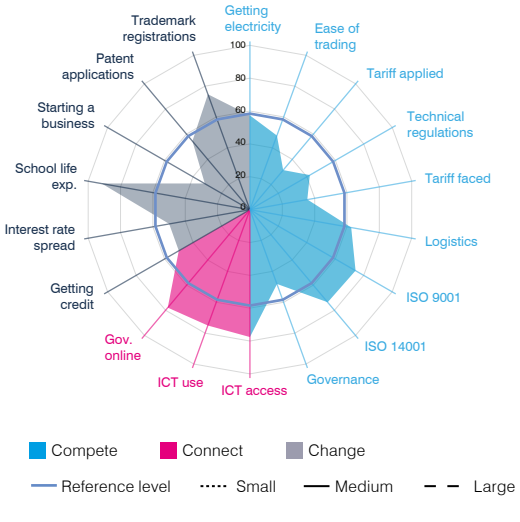
Compete	Small	Medium	Large	All
Power reliability	37.5	54.0	81.5	43.7
Domestic shipping reliability	37.4	50.0	58.2	44.3
Dealing with regulations	**24.9**	**24.5**	**25.6**	**24.8**
Customs clearance efficiency	**23.8**	50.6	45.5	40.7
Connect				
State of cluster development				40.7
Extent of marketing				61.9
Local supplier quality				38.8
University-industry collaboration in R&D				53.7
Change				
Access to finance	**20.2**	**27.6**	43.5	**24.7**
Access to educated workforce	**14.5**	**15.2**	**22.7**	**15.5**
Business licensing and permits	32.4	30.4	29.3	31.2

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	57.3
Ease of trading across borders	47.9
Applied tariff, trade-weighted average	31.4
Prevalence of technical regulations	42.1
Faced tariff, trade-weighted average	35.5
Logistics performance index	62.6
ISO 9001 quality certificates	74.3
ISO 14001 environmental certificates	73.6
Governance index	48.2
Connect	
ICT access	77.6
ICT use	75.1
Government's online service	77.9
Change	
Ease of getting credit	50.0
Interest rate spread	49.9
School life expectancy	**91.7**
Ease of starting a business	31.8
Patent applications	54.5
Trademark registrations	74.7







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Argentina

SME Export Potential

Argentina is an upper-middle income country with a population of 43.6 million and GDP of $541.7 billion. Goods and services account for 80.4% and 19.6% of exports, respectively.

Argentina has unrealized potential to increase existing exports of goods. The country could export an additional $393 million worth of *heavy motor vehicles* (for cargo transport) to Latin America and the Caribbean (see table below). These exports could grow by $186 million when exported to Asia and by $311 million when exported to Europe. Export opportunities also lie in *light motor vehicles* to Asia and Europe.

Regarding new export products, Argentina has diversification opportunities in aircrafts, spacecrafts and parts, chemicals, as well as machinery with products such as *aeroplanes and other powered aircraft,* and *vinyl acetate*. The production of the latter good involves a relatively strong representation of women and scores relatively well on the price stability indicator. Other products identified for diversification include *parts of turbojets or turbo propellers* and *machinery for preparing tobacco*.

Argentina's small firms perform well in terms of their managerial experience and in offering formal training programmes to employees. They underperform, however, in attaining international quality certifications and dealing with regulations, including customs clearance. Access to resources such as finance and a skilled workforce remain important challenges. The largest performance gap between small and large firms lies in their respective abilities to meet international quality standards. Argentina's national environment performs well in school life expectancy, access and use of ICT, and in online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the...	230400	10924									
Crude soya-bean oil, whether or not degummed	150710	4119									
Maize (excluding seed for sowing)	100590	4377									
Motor vehicles for the transport of goods, with compression-ignition internal combustion piston...	870421	3081									
Soya beans, whether or not broken	1201	4412									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	1490									
Fresh or chilled bovine meat, boneless	020130	680									
Miscellaneous chemical products	38XXXX	1396									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	1450									
Wheat and meslin (excluding durum wheat)	1001Xb	1557									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Bangladesh

Key indicators

Population (millions)	161.5
GDP ($ billions)	226.8
GDP per capita ($)	1404.0
Share of world GDP (PPP$, %)	0.5
Current account surplus/deficit, share of GDP (%)	-0.1
Tariff preference margin (percentage points)	8.1
Imports and exports (goods and services), share of GDP (%)	47.6
Services exports, share of total exports (%)	8.3
Geographic region	Asia
Country group	LDC
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	36.5	**3.0**	**18.2**
	Medium	46.9	**8.7**	30.9
	Large	**69.4**	57.5	**63.7**
	All	47.9	**16.2**	39.1
BUSINESS ECOSYSTEM		49.8	46.0	52.2
NATIONAL ENVIRONMENT		40.2	36.1	27.3
Reference level: 40.2 (a function of GDP per capita)				
Weaknesses are scores below: 20.1			**Strengths are scores above: 60.3**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

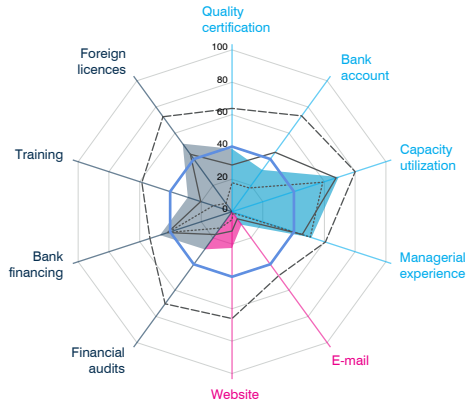
Compete	Small	Medium	Large	All
International quality certificate	**17.9**	28.9	**63.8**	38.8
Bank account	**18.1**	45.3	**73.2**	31.9
Capacity utilization	59.0	**67.6**	**80.0**	**69.4**
Managerial experience	50.8	45.7	**60.6**	51.7
Connect				
E–mail	**1.0**	**5.5**	49.0	**10.0**
Firm website	**4.9**	**11.9**	**66.1**	22.5
Change				
Audited financial statement	**12.5**	**17.5**	**70.4**	28.8
Investment financed by banks	41.6	41.9	53.4	46.8
Formal training programme	**12.2**	20.3	58.6	28.7
Foreign technology licences	**6.4**	43.9	**72.6**	51.9

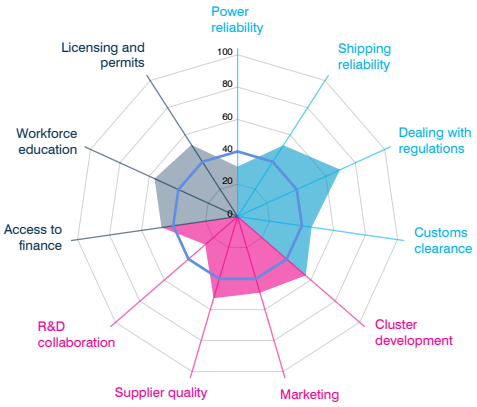
BUSINESS ECOSYSTEM (Normalized scores)

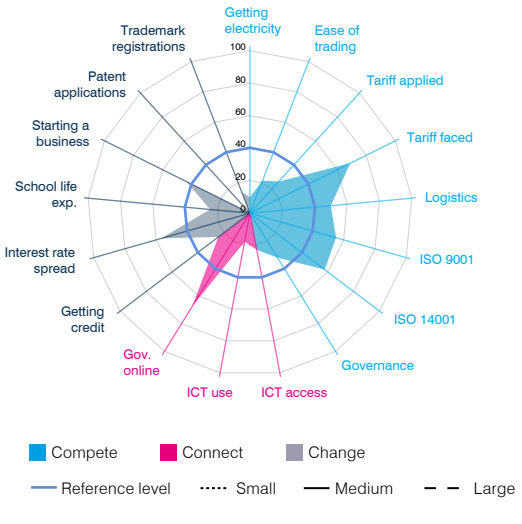
Compete	Small	Medium	Large	All
Power reliability	26.9	33.1	35.1	30.9
Domestic shipping reliability	52.4	50.0	**61.9**	52.4
Dealing with regulations	**79.6**	**71.6**	58.5	**69.8**
Customs clearance efficiency	42.8	47.0	46.6	46.3
Connect				
State of cluster development				55.8
Extent of marketing				49.2
Local supplier quality				52.7
University-industry collaboration in R&D				26.5
Change				
Access to finance	42.6	47.7	55.5	47.5
Access to educated workforce	**61.6**	58.8	48.0	56.5
Business licensing and permits	58.7	52.7	46.0	52.7

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**9.8**
Ease of trading across borders	21.5
Applied tariff, trade-weighted average	26.2
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**69.0**
Logistics performance index	50.0
ISO 9001 quality certificates	55.2
ISO 14001 environmental certificates	57.7
Governance index	32.2
Connect	
ICT access	23.0
ICT use	**17.9**
Government's online service	**67.3**
Change	
Ease of getting credit	24.3
Interest rate spread	56.9
School life expectancy	24.6
Ease of starting a business	43.8
Patent applications	**0.0**
Trademark registrations	**14.0**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

Bangladesh

SME Export Potential

Bangladesh is a lower-middle income country with a population of 161.5 million and GDP of $226.8 billion. Goods and services account for 91.7% and 8.3% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe (see table below). For *t-shirts, singlets and other vests of cotton* there is unrealized potential in the home region and to Europe and the Americas.

Regarding new export products, Bangladesh has diversification opportunities in processed food, wood, as well as apparel and textile with products such as *wood marquetry, ornaments of wood,* and *prepared or preserved pineapples*. The production of the latter good involves a relatively strong representation of SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *women's or girls' suits of textile materials* and *table linen of man-made fibres*.

Small firms in Bangladesh perform well in capacity utilization, dealing with regulations, access to an educated workforce and business licensing and permits. They underperform, however, in having international quality certificates, bank accounts, e-mails, websites, audited financial statements, foreign technology licences and offering formal training programmes to employees. The largest gap between small and large firms lies in owning foreign technology licences. The country's national environment scores well in the trade policy indicator, government's online services and interest rate spread.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	4359									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	4445									
Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted...	620462	2337									
Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and other vests)	620520	1777									
Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted...	611020	1960									
Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or...	611030	1498									
Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather...	6403XX	364									
Shrimps and prawns, frozen	0306Xb	478									
Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other...	610510	784									
Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding...	620343	330									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Barbados

Key indicators

Population (millions)	0.3
GDP ($ billions)	4.5
GDP per capita ($)	15955.4
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-5.3
Tariff preference margin (percentage points)	6.6
Imports and exports (goods and services), share of GDP (%)	97.7
Services exports, share of total exports (%)	75.4
Geographic region	Americas
Country group	SIDS
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.7	79.1	39.3
	Medium	74.1	84.4	50.9
	Large	81.6	**93.0**	74.7
	All	50.0	81.7	46.3
BUSINESS ECOSYSTEM		72.6	55.6	49.7
NATIONAL ENVIRONMENT		49.1	73.3	50.6
Reference level: 60.5 (a function of GDP per capita)				
Weaknesses are scores below: 30.3			**Strengths are scores above: 90.8**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

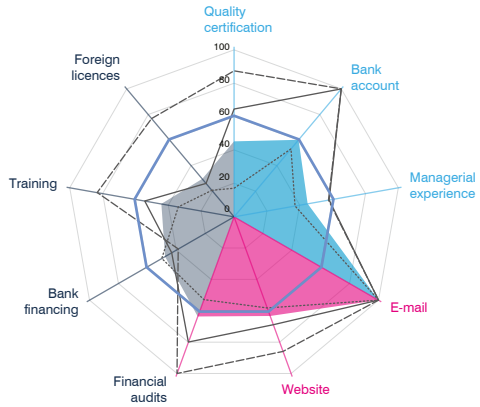
Compete	Small	Medium	Large	All
International quality certificate	**17.1**	64.5	87.4	45.2
Bank account	53.1	**100.0**	**100.0**	60.2
Capacity utilization	-	-	-	-
Managerial experience	37.1	57.9	57.5	44.8
Connect				
E–mail	**100.0**	**100.0**	**100.0**	**100.0**
Firm website	58.2	68.9	86.0	63.4
Change				
Audited financial statement	52.8	79.9	**100.0**	63.6
Investment financed by banks	50.0	43.2	38.6	47.8
Formal training programme	33.9	54.3	83.3	44.2
Foreign technology licences	**20.6**	**26.1**	76.8	**29.6**

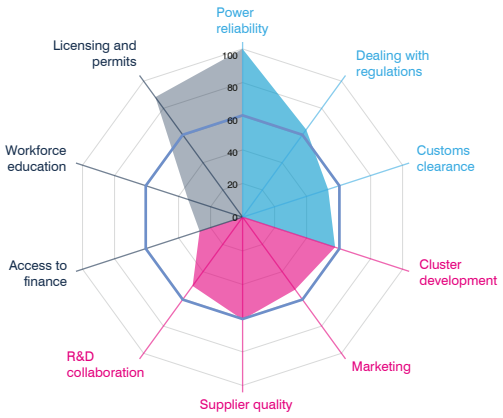
BUSINESS ECOSYSTEM (Normalized scores)

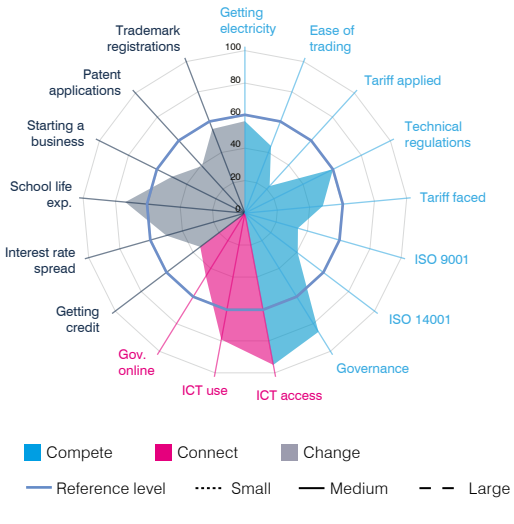
Compete	Small	Medium	Large	All
Power reliability	**100.0**	**100.0**	81.5	**100.0**
Domestic shipping reliability	-	-	-	-
Dealing with regulations	71.0	53.6	58.1	64.4
Customs clearance efficiency	51.1	56.3	60.4	53.5
Connect				
State of cluster development				57.8
Extent of marketing				53.2
Local supplier quality				60.9
University–industry collaboration in R&D				50.5
Change				
Access to finance	**23.6**	40.5	**14.7**	**26.8**
Access to educated workforce	35.0	35.8	**23.0**	34.1
Business licensing and permits	**100.0**	73.9	79.8	88.2

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.6
Ease of trading across borders	44.4
Applied tariff, trade-weighted average	**22.6**
Prevalence of technical regulations	60.6
Faced tariff, trade-weighted average	48.1
Logistics performance index	-
ISO 9001 quality certificates	34.0
ISO 14001 environmental certificates	40.7
Governance index	86.0
Connect	
ICT access	**95.0**
ICT use	79.2
Government's online service	45.7
Change	
Ease of getting credit	34.4
Interest rate spread	50.3
School life expectancy	74.0
Ease of starting a business	50.2
Patent applications	39.2
Trademark registrations	55.6







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Barbados

SME Export Potential

Barbados is a high income country with a population of 300,000 and GDP of $4.5 billion. Goods and services account for 24.6% and 75.4% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe (see table below). For *rum and other spirits,* there is an unrealized export potential of around $14 million to Europe. Other products with unrealized potential in the home region and to Europe include *artificial body parts* (e.g. prosthetic legs) and *undenatured ethyl alcohol*.

Regarding new export products, Barbados has diversification opportunities in chemicals, as well as optical products, watches and medical instruments with products such as *piperidine and its salts,* and *wrist-watches of precious metal*. Other products identified for diversification include *insulin and its salts* and *instruments and appliances used in geodesy, topography and hydrography*.

Small firms in Barbados perform well in using e-mails, access to electricity and business licensing and permits. They underperform, however, in meeting international quality standards, having foreign technology licences and in access to finance. The largest performance gap between small and large firms lies in owning foreign technology licences. The country's national environment performs well in accessing and using ICT.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Artificial parts of the body (excluding artificial teeth and dental fittings and artificial joints)	902139	19									
Rum and other spirits obtained by distilling fermented sugar-cane products	220840	36									
Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	220710	9									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	9									
Paper or paperboard labels of all kinds, printed	482110	7									
Portland cement (excluding white, whether or not artificially coloured)	252329	5									
Stoppers, caps and lids, incl. screw caps and pouring stoppers, capsules for bottles, threaded...	830990	3									
Wirewound variable electrical resistors, incl. rheostats and potentiometers, for a power handling capacity...	853331	5									
Liqueurs and cordials	220870	3									
Miscellaneous chemical products	38XXXX	5									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Bhutan

Key indicators

Population (millions)	0.8
GDP ($ billions)	2.1
GDP per capita ($)	2635.1
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-27.8
Tariff preference margin (percentage points)	4.8
Imports and exports (goods and services), share of GDP (%)	41.9
Services exports, share of total exports (%)	34.9
Geographic region	Asia
Country group	LDC, LLDC
Income group	Lower-middle income

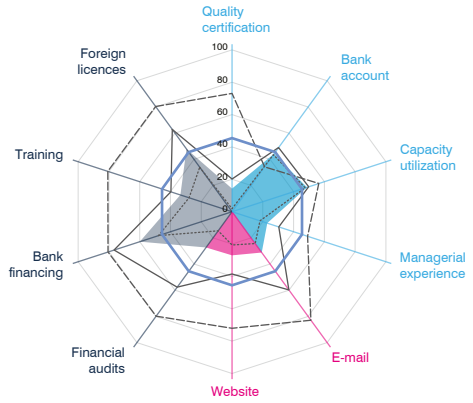
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	27.8	**22.5**	31.0
	Medium	37.4	49.1	59.2
	Large	53.2	**77.5**	**80.4**
	All	32.5	29.1	42.2
BUSINESS ECOSYSTEM		35.8	42.4	56.4
NATIONAL ENVIRONMENT		41.0	40.9	40.0
Reference level: 45.5 (a function of GDP per capita)				
Weaknesses are scores below: 22.7			**Strengths are scores above: 68.2**	

SME Competitiveness Grid

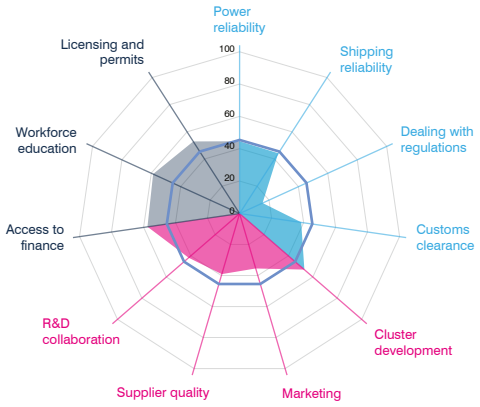
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**1.8**	**20.2**	**73.1**	**14.2**
Bank account	43.5	49.0	34.2	44.3
Capacity utilization	47.6	49.8	56.4	48.7
Managerial experience	**18.2**	30.4	49.1	22.9
Connect				
E–mail	24.4	59.7	**82.9**	31.2
Firm website	**20.6**	38.5	**72.1**	27.0
Change				
Audited financial statement	**14.6**	57.7	**79.8**	27.4
Investment financed by banks	47.8	**76.6**	**80.6**	59.9
Formal training programme	27.9	39.7	**80.7**	33.5
Foreign technology licences	33.9	62.8	**80.3**	47.9



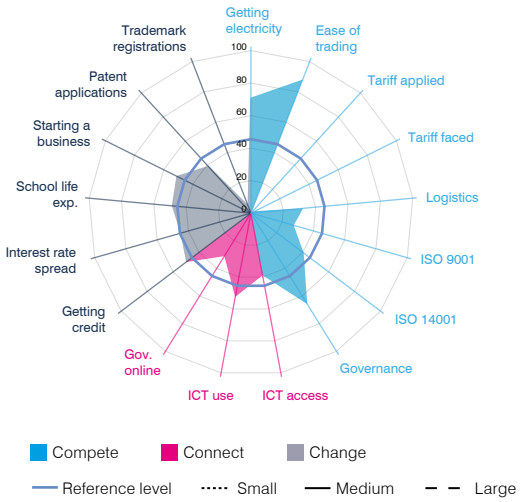
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	44.6	42.7	58.2	44.6
Domestic shipping reliability	39.9	58.2	-	44.3
Dealing with regulations	**18.3**	**9.4**	**14.6**	**15.6**
Customs clearance efficiency	-	**69.3**	-	38.5
Connect				
State of cluster development				53.1
Extent of marketing				35.5
Local supplier quality				39.1
University–industry collaboration in R&D				41.8
Change				
Access to finance	56.0	58.1	**82.3**	57.6
Access to educated workforce	58.2	58.4	**71.9**	58.8
Business licensing and permits	52.2	51.2	**100.0**	53.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**71.1**
Ease of trading across borders	**88.2**
Applied tariff, trade-weighted average	**0.0**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**2.7**
Logistics performance index	32.3
ISO 9001 quality certificates	27.4
ISO 14001 environmental certificates	40.7
Governance index	65.9
Connect	
ICT access	39.0
ICT use	52.5
Government's online service	31.2
Change	
Ease of getting credit	50.0
Interest rate spread	45.0
School life expectancy	48.9
Ease of starting a business	51.2
Patent applications	39.2
Trademark registrations	**5.7**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Bhutan is a lower-middle income country with a population of 800,000 and GDP of $2.1 billion. Goods and services account for 65.1% and 34.9% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Europe (see table below). *Ferro-silicon* has an unrealized export potential in the home region and to Europe of around $70 million. Other products with unrealized potential within the country's home region include *wire of refined copper* and *marble*.

Regarding new export products, Bhutan has diversification opportunities in metals and processed food with products, such as *ferro-nickel* and *prepared or preserved palm hearts*. The production of the latter good involves a relatively strong representation of women and SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *non-alloy pig iron* and *semi-finished products of iron or non-alloy steel*.

Small firms in Bhutan perform relatively well in using bank accounts, maximizing the utilization of resources and having their investments financed by banks. They underperform, however, in having international quality certificates, websites, and audited financial statements. The largest gap between small and large firms lies in attaining international quality certificates. Bhutan's national environment performs well in getting an electricity connection and trading across borders.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Ferro-silicon, containing by weight > 55% of silicon	720221	101									
Wire of refined copper, with a maximum cross-sectional dimension of <= 6 mm	740819	9									
Marble, travertine and alabaster articles thereof, simply cut or sawn, with a flat or even surface...	680221	2									
Bars and rods, of non-alloy free-cutting steel, not further worked than hot-rolled, hot-drawn or hot...	721430	7									
Plates, sheets, film, foil and strip, of non-cellular plastics, n.e.s., not reinforced, laminated...	392099	5									
Ferro-alloys (excluding ferro-manganese, ferro-silicon, ferro-silico-manganese, ferro-chromium...	720299	1									
Ferro-silicon, containing by weight <= 55% silicon	720229	2									
Cardamons	0908Xc	0									
Particle board, oriented strand board "OSB", waferboard and similar board, of wood	4410XX	3									
Semi-finished products of iron or non-alloy steel containing, by weight, < 0.25% of carbon, of...	720719	2									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Brazil

Key indicators

Population (millions)	206.1
GDP ($ billions)	1769.6
GDP per capita ($)	8586.5
Share of world GDP (PPP$, %)	2.6
Current account surplus/deficit, share of GDP (%)	-0.8
Tariff preference margin (percentage points)	1.9
Imports and exports (goods and services), share of GDP (%)	24.1
Services exports, share of total exports (%)	15.0
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	54.1	41.0	32.9
	Medium	63.8	63.7	52.3
	Large	79.2	**93.4**	63.9
	All	58.9	47.7	43.7
BUSINESS ECOSYSTEM		38.5	58.1	**12.5**
NATIONAL ENVIRONMENT		56.6	76.7	48.1
Reference level: 55.3 (a function of GDP per capita)				
Weaknesses are scores below: 27.7			**Strengths are scores above: 83.0**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

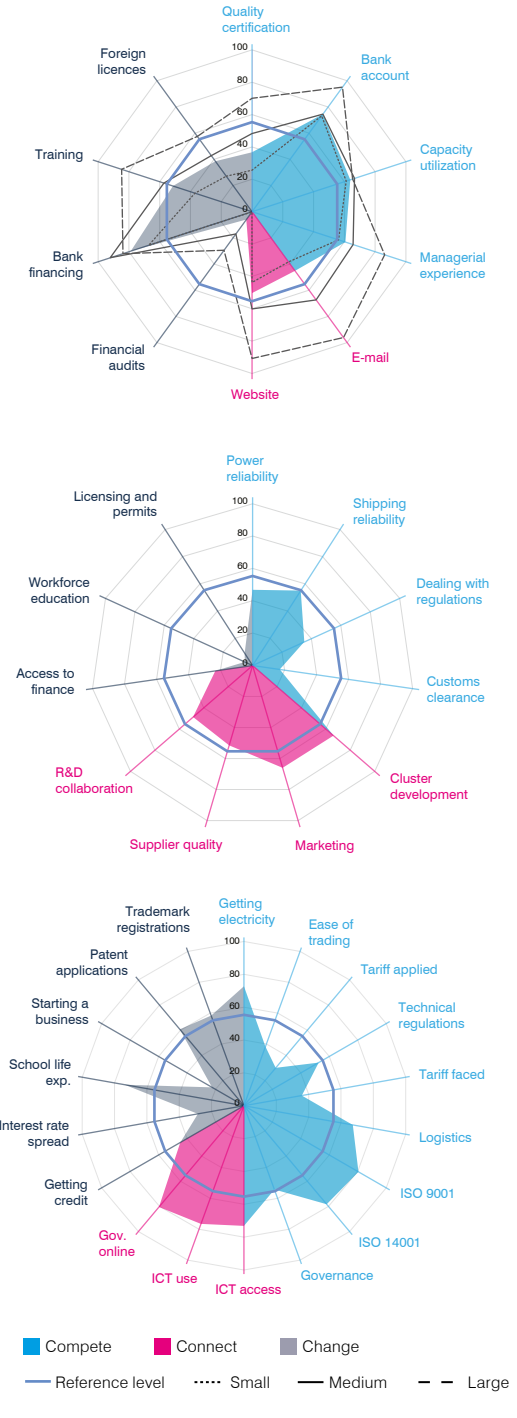
Compete	Small	Medium	Large	All
International quality certificate	**25.6**	48.3	70.1	36.7
Bank account	73.2	74.5	**95.1**	74.5
Capacity utilization	61.2	66.6	65.3	63.9
Managerial experience	56.2	65.7	**86.2**	60.6
Connect				
E–mail	38.4	67.4	**96.2**	45.2
Firm website	43.7	60.1	**90.7**	50.3
Change				
Audited financial statement	**0.1**	**17.0**	29.5	**6.0**
Investment financed by banks	67.2	**92.1**	**83.9**	78.8
Formal training programme	37.1	57.3	**84.7**	51.4
Foreign technology licences	**27.1**	42.8	57.4	38.5

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	46.8	46.8	48.0	46.8
Domestic shipping reliability	58.2	52.4	46.0	55.1
Dealing with regulations	39.4	29.5	**22.6**	35.2
Customs clearance efficiency	**26.0**	**14.9**	**23.5**	**17.0**
Connect				
State of cluster development				66.3
Extent of marketing				66.0
Local supplier quality				51.5
University–industry collaboration in R&D				48.7
Change				
Access to finance	**22.8**	**23.0**	30.5	**23.2**
Access to educated workforce	**7.3**	**0.0**	**7.8**	**5.3**
Business licensing and permits	**13.3**	**0.0**	**11.7**	**9.0**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	72.7
Ease of trading across borders	38.3
Applied tariff, trade-weighted average	30.1
Prevalence of technical regulations	52.5
Faced tariff, trade-weighted average	35.8
Logistics performance index	67.3
ISO 9001 quality certificates	80.5
ISO 14001 environmental certificates	78.3
Governance index	54.2
Connect	
ICT access	73.2
ICT use	76.5
Government's online service	80.5
Change	
Ease of getting credit	44.8
Interest rate spread	28.4
School life expectancy	73.8
Ease of starting a business	**22.4**
Patent applications	60.7
Trademark registrations	58.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2009) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Brazil is an upper-middle income country with a population of 206.1 million and GDP of $1,769.6 billion. Goods and services account for 85% and 15% of exports, respectively.

Brazil has an unrealized potential to increase existing exports within its home region and to Asia, Europe and Africa (see table below). There is potential to increase the existing exports of *motor cars* and *aeroplanes* to these regions.

Regarding new export products, Brazil has diversification opportunities in aircrafts, spacecrafts and parts, boats and parts, as well as metals with products such as *helicopters* and *light-vessels, fire floats, floating cranes and other vessels*. Other products for diversification include *line pipes for oil or gas* and *powders and flakes of nickel*.

Small firms in Brazil perform well in having bank accounts, maximizing the utilization of resources and having their investments financed by banks. They underperform, however, in having audited financial statements, international quality certificates and foreign technology licences. The largest performance gap between small and large firms lies in having managerial experience and international quality certificates. The country's national environment scores well in attaining ISO certification related to quality and in online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Soya beans, whether or not broken	1201	21452									
Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the...	230400	6474									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	8498									
Frozen, boneless meat of bovine animals	020230	3894									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	2820									
Maize (excluding seed for sowing)	100590	4785									
Frozen cuts and edible offal of fowls of the species Gallus domesticus	020714	4437									
Aeroplanes and other powered aircraft of an unladen weight > 15.000 kg (excluding helicopters and...	880240	2292									
Semi-bleached or bleached non-coniferous chemical wood pulp, soda or sulphate (excluding...	470329	5285									
Coffee (excluding roasted and decaffeinated)	090111	6139									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Burkina Faso

Key indicators

Population (millions)	18.4
GDP ($ billions)	12.0
GDP per capita ($)	651.8
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-6.0
Tariff preference margin (percentage points)	0.7
Imports and exports (goods and services), share of GDP (%)	63.9
Services exports, share of total exports (%)	14.6
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	43.0	**11.6**	29.1
	Medium	48.1	31.3	44.3
	Large	**63.9**	37.7	**66.5**
	All	45.7	17.6	37.8
BUSINESS ECOSYSTEM		37.8	36.7	23.0
NATIONAL ENVIRONMENT		47.0	**16.9**	34.3
Reference level: 33.8 (a function of GDP per capita)				
Weaknesses are scores below: 16.9			**Strengths are scores above: 50.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

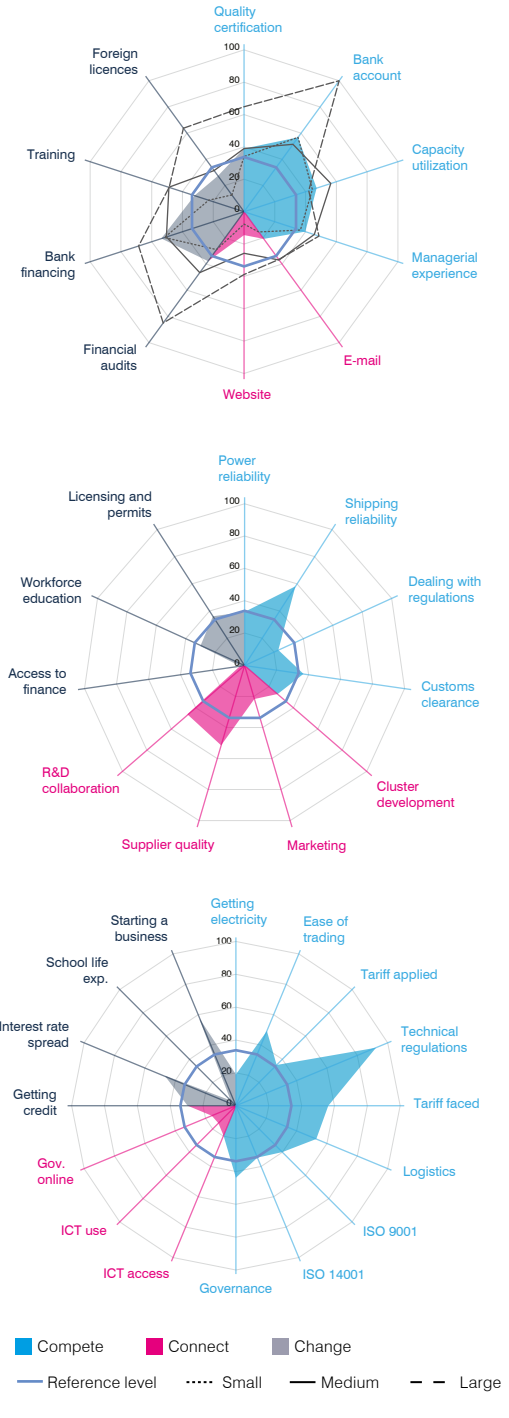
Compete	Small	Medium	Large	All
International quality certificate	34.1	39.0	**64.8**	39.0
Bank account	**56.8**	**51.5**	**100.0**	**56.8**
Capacity utilization	44.4	**56.4**	42.1	47.2
Managerial experience	36.6	45.7	48.7	39.9
Connect				
E-mail	**15.5**	36.9	36.6	20.8
Firm website	**7.7**	25.7	38.8	**14.4**
Change				
Audited financial statement	29.0	46.6	**85.0**	37.8
Investment financed by banks	**51.7**	50.4	**68.5**	**53.8**
Formal training programme	23.0	48.8	48.6	32.1
Foreign technology licences	**12.8**	31.4	**63.8**	27.4

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	29.7	43.7	49.3	33.1
Domestic shipping reliability	**66.6**	44.3	47.9	**58.2**
Dealing with regulations	25.9	**15.0**	25.9	23.0
Customs clearance efficiency	-	-	-	36.8
Connect				
State of cluster development				27.0
Extent of marketing				21.6
Local supplier quality				**51.5**
University-industry collaboration in R&D				46.5
Change				
Access to finance	**0.0**	**8.1**	**12.2**	**2.8**
Access to educated workforce	33.4	24.9	21.8	29.9
Business licensing and permits	33.0	42.4	48.2	36.2

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	19.0
Ease of trading across borders	49.2
Applied tariff, trade-weighted average	35.1
Prevalence of technical regulations	**92.4**
Faced tariff, trade-weighted average	**56.2**
Logistics performance index	**53.0**
ISO 9001 quality certificates	39.9
ISO 14001 environmental certificates	34.1
Governance index	43.9
Connect	
ICT access	19.7
ICT use	**15.1**
Government's online service	**15.9**
Change	
Ease of getting credit	29.4
Interest rate spread	46.6
School life expectancy	**4.5**
Ease of starting a business	**56.9**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2009) for firm level data; for other sources and methodology see Annex.

Burkina Faso

SME Export Potential

Burkina Faso is a low income country with a population of 18.4 million and GDP of $12 billion. Goods and services account for 85.4% and 14.6% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, especially to Asia and Europe (see table below). *Gold* has an unrealized export potential of $172 million to Asia and $28 million to Europe.

Regarding new export products, Burkina Faso has diversification opportunities in beverages, minerals and metals, and chemicals sectors with products such as *unfermented pineapple juice* and *mineral or chemical phosphatic fertilisers*. The production of the latter good involves a relatively strong representation of SMEs and women. Another product identified for diversification is *unwrought lead*.

Small firms in Burkina Faso perform well in having bank accounts and investments financed by banks. They underperform, however, in using e-mails, having websites and foreign technology licences. The largest gap between small and large firms lies in owning foreign technology licences. The country's national environment scores well in the prevalence of technical regulations, logistics and in starting a business.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	171									
Cotton, neither carded nor combed	520100	377									
Sesamum seeds, whether or not broken	120740	43									
Fresh or dried guavas, mangoes and mangosteens	080450	13									
Fixed vegetable fats and oils and their fractions, whether or not refined, but not chemically modified...	151590	11									
Fresh or chilled onions and shallots	070310	4									
Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor and side cars for motorcycles...	871190	2									
Fresh or dried cashew nuts, in shell	080131	16									
Parts and accessories of motorcycles, incl. mopeds, n.e.s.	871410	1									
Hides, skins and leather of animals other than bovine "incl. buffalo" and equine animals, sheep, lambs...	41XXXd	1									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Cambodia

Key indicators

Population (millions)	15.8
GDP ($ billions)	19.4
GDP per capita ($)	1227.7
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-10.2
Tariff preference margin (percentage points)	8.4
Imports and exports (goods and services), share of GDP (%)	132.1
Services exports, share of total exports (%)	31.6
Geographic region	Asia
Country group	LDC
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	27.5	**18.6**	**18.0**
	Medium	30.9	28.3	36.2
	Large	35.7	43.3	43.1
	All	28.6	20.7	22.7
BUSINESS ECOSYSTEM		45.9	48.5	52.6
NATIONAL ENVIRONMENT		51.5	25.6	37.6
Reference level: 39.1 (a function of GDP per capita)				
Weaknesses are scores below: 19.5		**Strengths are scores above: 58.6**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

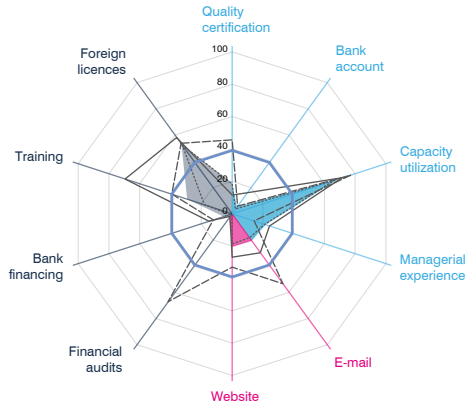
Compete	Small	Medium	Large	All
International quality certificate	**18.5**	**11.6**	45.6	**18.8**
Bank account	**3.4**	**16.0**	**5.8**	**5.1**
Capacity utilization	**66.6**	**71.5**	**77.1**	**68.7**
Managerial experience	21.3	24.4	**14.4**	21.9
Connect				
E-mail	**18.4**	29.8	53.5	20.8
Firm website	**18.7**	26.9	33.1	20.6
Change				
Audited financial statement	**0.3**	**2.1**	**67.3**	**3.0**
Investment financed by banks	**1.3**	**15.1**	**12.2**	**5.6**
Formal training programme	**18.0**	**69.5**	39.1	29.1
Foreign technology licences	52.3	58.1	53.7	53.2

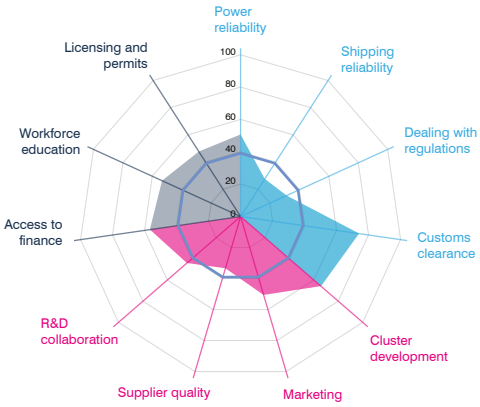
BUSINESS ECOSYSTEM (Normalized scores)

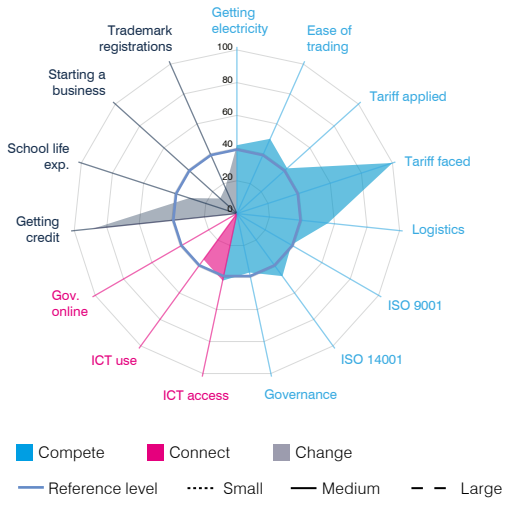
Compete	Small	Medium	Large	All
Power reliability	50.7	52.3	45.7	50.7
Domestic shipping reliability	27.0	31.5	29.1	27.7
Dealing with regulations	32.5	22.6	55.4	31.3
Customs clearance efficiency	-	-	**76.9**	**74.1**
Connect				
State of cluster development				**65.8**
Extent of marketing				50.6
Local supplier quality				33.4
University-industry collaboration in R&D				44.0
Change				
Access to finance	**63.5**	32.1	**65.1**	56.7
Access to educated workforce	**63.2**	27.6	29.9	53.4
Business licensing and permits	48.0	55.7	23.9	47.7

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	41.8
Ease of trading across borders	50.0
Applied tariff, trade-weighted average	41.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**100.0**
Logistics performance index	56.0
ISO 9001 quality certificates	38.4
ISO 14001 environmental certificates	47.3
Governance index	36.9
Connect	
ICT access	42.0
ICT use	34.7
Government's online service	**0.0**
Change	
Ease of getting credit	**88.4**
Interest rate spread	-
School life expectancy	30.7
Ease of starting a business	**13.8**
Patent applications	-
Trademark registrations	**17.4**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Annex.

Cambodia

SME Export Potential

Cambodia is a lower-middle income country with a population of 15.8 million and GDP of $19.4 billion. Goods and services account for 68.4% and 31.6% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe and the Americas (see table below). *Jerseys, pullovers, cardigans, waistcoats and similar articles of cotton* have an unrealized export potential of around $69 million in the home region, $310 million to Europe and $48 million to the Americas. Other products with unrealized export potential to these regions include *footwear* and *bicycles*.

Regarding new export products, Cambodia has diversification opportunities in processed food, wood, and textiles, with products such as *furniture of bamboo, rattan, cane or osier, women's or girls' suits of synthetic fibres, prepared or preserved shrimps and prawns,* as well as *prepared or preserved crab*. The production of the processed fish products involves a relatively strong participation of SMEs and women. Other products identified for diversification include *tableware and kitchenware of wood,* and *articles for interior furnishing of synthetic fibres*.

Small firms in Cambodia perform well in capacity utilization and accessing an educated workforce. They underperform, however, in having bank accounts, audited financial statements and investments financed by banks. The largest gap between small and large firms lies in having audited financial statements. The country's national environment performs well in the trade policy-related indicator and ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted...	611020	871									
Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather...	6403XX	543									
Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or...	611030	694									
Bicycles and other cycles, incl. delivery tricycles, not motorised	871200	341									
Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted...	620462	548									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	427									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	525									
Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted...	610462	359									
Fresh, chilled, frozen or dried roots and tubers of manioc "cassava", whether or not sliced or in the...	071410	251									
Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	611120	242									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Chile

Key indicators

Population (millions)	18.2
GDP ($ billions)	234.9
GDP per capita ($)	12909.8
Share of world GDP (PPP$, %)	0.4
Current account surplus/deficit, share of GDP (%)	-1.9
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	62.3
Services exports, share of total exports (%)	13.3
Geographic region	Americas
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	44.0	63.1	40.2
	Medium	65.0	79.7	57.6
	Large	61.6	**90.8**	81.1
	All	57.9	76.1	59.9
BUSINESS ECOSYSTEM		52.2	60.8	46.5
NATIONAL ENVIRONMENT		74.9	77.8	68.6
Reference level: 58.8 (a function of GDP per capita)				
Weaknesses are scores below: 29.4			**Strengths are scores above: 88.1**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

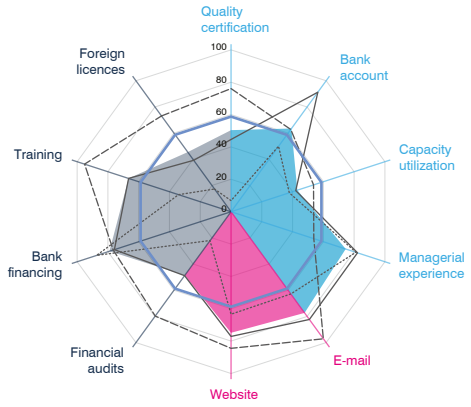
Compete	Small	Medium	Large	All
International quality certificate	**6.8**	44.6	76.1	50.4
Bank account	50.0	**91.3**	62.8	63.6
Capacity utilization	37.8	42.1	53.6	43.2
Managerial experience	81.2	82.2	53.8	74.5
Connect				
E-mail	62.9	82.3	**97.1**	77.3
Firm website	63.4	77.1	84.4	74.8
Change				
Audited financial statement	**22.1**	48.8	79.7	48.7
Investment financed by banks	87.3	75.8	76.5	79.0
Formal training programme	34.1	66.5	**95.2**	66.5
Foreign technology licences	**17.3**	39.2	73.1	45.5

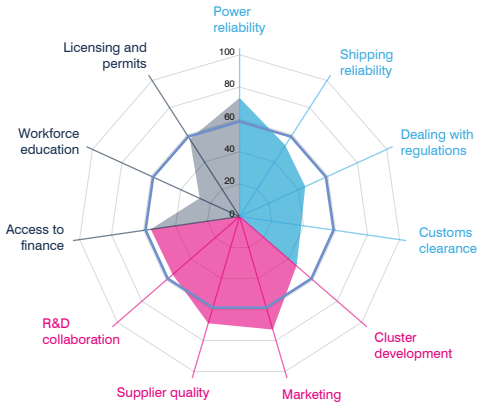
BUSINESS ECOSYSTEM (Normalized scores)

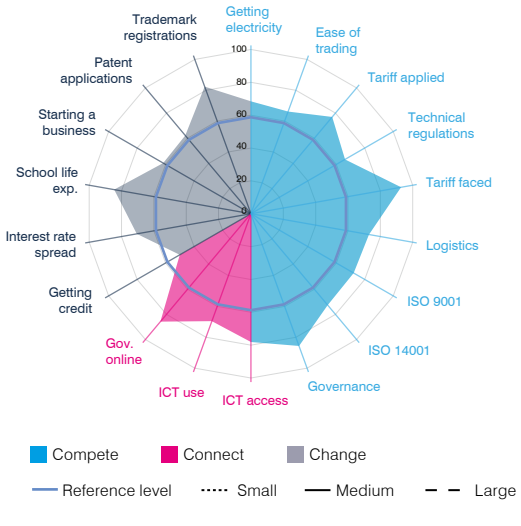
Compete	Small	Medium	Large	All
Power reliability	64.0	73.3	73.3	73.3
Domestic shipping reliability	52.4	55.1	47.9	52.4
Dealing with regulations	40.5	46.8	46.8	44.6
Customs clearance efficiency	**26.7**	53.0	36.2	38.6
Connect				
State of cluster development				46.6
Extent of marketing				72.9
Local supplier quality				68.8
University-industry collaboration in R&D				54.8
Change				
Access to finance	70.2	45.1	57.7	55.5
Access to educated workforce	**26.6**	**25.1**	30.6	**27.1**
Business licensing and permits	61.4	65.1	45.4	56.9

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	68.4
Ease of trading across borders	66.2
Applied tariff, trade-weighted average	77.0
Prevalence of technical regulations	66.2
Faced tariff, trade-weighted average	**92.8**
Logistics performance index	72.9
ISO 9001 quality certificates	72.2
ISO 14001 environmental certificates	72.7
Governance index	85.7
Connect	
ICT access	78.1
ICT use	69.6
Government's online service	85.8
Change	
Ease of getting credit	50.0
Interest rate spread	70.6
School life expectancy	84.6
Ease of starting a business	61.7
Patent applications	62.2
Trademark registrations	82.4







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Chile is a high income country with a population of 18.2 million and GDP of $234.9 billion. Goods and services account for 86.7% and 13.3% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Europe and Asia (see table below). *Copper* has an unrealized export potential of around $687 million in the home region, $4.6 billion to Asia, and $732 million to Europe.

Regarding new export products, Chile has diversification opportunities in machinery as well as fish products, with products such as *parts of non-electrical engines and motors* and *wind-powered generating sets*. The production of the former good involves a relatively strong presence of SMEs. Other products for diversification include *machinery for the industrial preparation of meat or poultry* and *prepared or preserved lobster*.

Small firms in Chile perform well in having managerial experience and investments financed by banks. They underperform, however, in having international quality certificates, audited financial statements and foreign technology licences. The largest performance gap between small and large firms lies in owning international quality certificates. The country's national environment scores well in the trade policy-related indicator.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Copper, refined, in the form of cathodes and sections of cathodes	740311	20362									
Copper, unrefined; copper anodes for electrolytic refining	740200	3084									
Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested...	220421	1558									
Semi-bleached or bleached non-coniferous chemical wood pulp, soda or sulphate (excluding dissolving...	470329	1189									
Fresh grapes	080610	1816									
Frozen fish fillets	0304Xb	1014									
Other frozen fish	0303Xa	716									
Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a...	310420	475									
Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excluding dissolving...	470321	1330									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	613									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

China

Key indicators

Population (millions)	1379.0
GDP ($ billions)	11391.6
GDP per capita ($)	8260.9
Share of world GDP (PPP$, %)	17.9
Current account surplus/deficit, share of GDP (%)	2.4
Tariff preference margin (percentage points)	0.5
Imports and exports (goods and services), share of GDP (%)	42.2
Services exports, share of total exports (%)	11.2
Geographic region	Asia
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	56.5	45.5	41.8
	Medium	63.7	64.9	61.4
	Large	70.9	71.4	67.2
	All	60.7	54.2	54.8
BUSINESS ECOSYSTEM		75.0	69.8	**88.2**
NATIONAL ENVIRONMENT		60.6	70.4	69.5
Reference level: 55.0 (a function of GDP per capita)				
Weaknesses are scores below: 27.5		**Strengths are scores above: 82.5**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

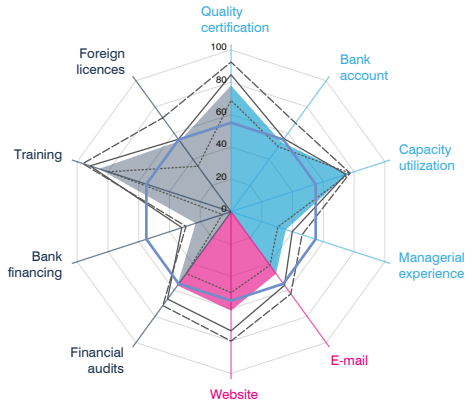
Compete	Small	Medium	Large	All
International quality certificate	68.8	**84.6**	**92.5**	78.0
Bank account	49.6	55.8	67.7	53.1
Capacity utilization	77.3	74.6	77.3	75.9
Managerial experience	30.4	39.9	46.1	35.7
Connect				
E-mail	40.9	56.3	62.9	47.3
Firm website	50.0	73.6	79.9	61.1
Change				
Audited financial statement	47.2	66.7	71.7	56.4
Investment financed by banks	**5.6**	32.0	29.3	**23.0**
Formal training programme	79.8	**91.6**	**96.3**	**85.8**
Foreign technology licences	34.8	55.4	71.7	54.0

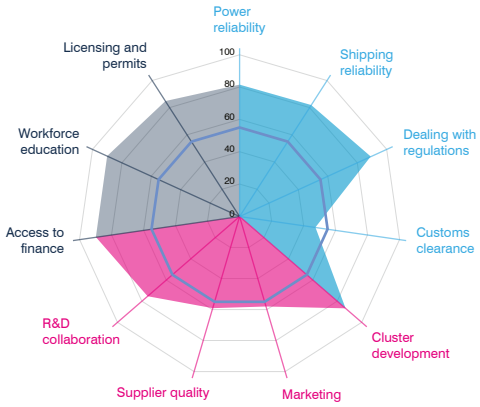
BUSINESS ECOSYSTEM (Normalized scores)

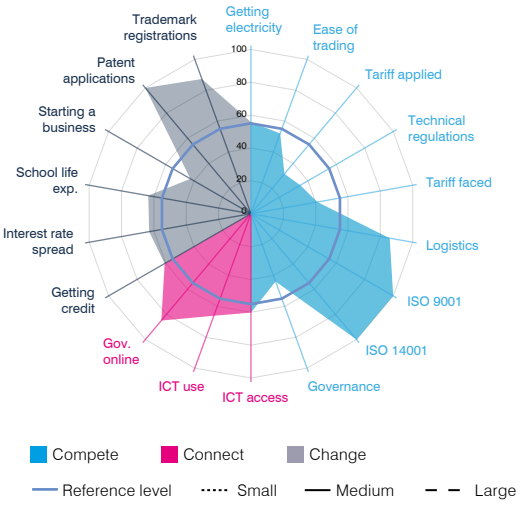
Compete	Small	Medium	Large	All
Power reliability	81.5	81.5	81.5	81.5
Domestic shipping reliability	81.9	72.8	66.6	81.9
Dealing with regulations	**90.3**	**87.0**	**87.0**	**89.2**
Customs clearance efficiency	-	46.8	47.2	47.4
Connect				
State of cluster development				**86.8**
Extent of marketing				58.0
Local supplier quality				59.1
University-industry collaboration in R&D				75.3
Change				
Access to finance	**92.2**	**86.2**	**90.1**	**89.8**
Access to educated workforce	**93.2**	**86.0**	**88.9**	**90.0**
Business licensing and permits	**84.1**	**85.7**	**90.0**	**84.9**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	55.8
Ease of trading across borders	52.0
Applied tariff, trade-weighted average	31.8
Prevalence of technical regulations	34.7
Faced tariff, trade-weighted average	41.1
Logistics performance index	**85.8**
ISO 9001 quality certificates	**100.0**
ISO 14001 environmental certificates	**100.0**
Governance index	43.9
Connect	
ICT access	60.2
ICT use	66.1
Government's online service	**84.9**
Change	
Ease of getting credit	60.7
Interest rate spread	63.0
School life expectancy	63.5
Ease of starting a business	42.6
Patent applications	**100.0**
Trademark registrations	**87.3**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2012) for firm level data; for other sources and methodology see Annex.

SME Export Potential

China is an upper-middle income country with a population of 1379 million and GDP of $11,391.6 billion. Goods and services account for 88.8% and 11.2% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies mainly within its home region and to Europe and the Americas (see table below). *Automatic data-processing machines* have an increasing export potential of around $15 billion in the home region, $18 billion to the Americas, and $27 billion to Europe.

Regarding new export products, China has diversification opportunities in transportation equipment, chemicals, as well as machinery and electronics with products such as *cinematographic films* and *ethylene*. The production of the latter good involves a relatively strong representation of women and SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *motor cars* and *broaching machines for working metals*.

Small firms in China perform well in dealing with regulations, in accessing finance and an educated workforce, as well as in dealing with business licensing and permits. They underperform, however, in having investments financed by banks. The largest performance gap between small and large firms lies in owning foreign technology licences. The country's national environment performs well in attaining ISO certification related to quality and the environment, and in patent applications.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 37500	0 37500	0 37500	0 37500	0 37500				
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	163956									
Automatic data-processing machines and processing units for automatic data-processing...	8471XX	135433									
Parts of telephone sets, telephones for cellular networks or for other wireless networks and of...	85XXXc	64471									
Parts and accessories of printers, copying machines, facsimile machines and other office machines of...	84XXXd	51890									
Printers, copying machines and facsimile machines, whether or not combined (excluding printing...	84XXXc	25308									
Static converters	850440	18434									
Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in...	854140	20749									
Storage units for automatic data-processing machines	847170	18441									
Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced...	950300	21288									
Printed circuits	853400	15442									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Colombia

Key indicators

Population (millions)	48.8
GDP ($ billions)	274.1
GDP per capita ($)	5623.3
Share of world GDP (PPP$, %)	0.6
Current account surplus/deficit, share of GDP (%)	-5.2
Tariff preference margin (percentage points)	2.5
Imports and exports (goods and services), share of GDP (%)	37.0
Services exports, share of total exports (%)	16.9
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	48.0	60.2	46.9
	Medium	67.5	**85.1**	59.1
	Large	**84.2**	**94.5**	**80.4**
	All	55.8	67.5	56.5
BUSINESS ECOSYSTEM		42.7	60.9	33.2
NATIONAL ENVIRONMENT		59.3	70.3	62.5
Reference level: 51.8 (a function of GDP per capita)				
Weaknesses are scores below: 25.9			**Strengths are scores above: 77.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

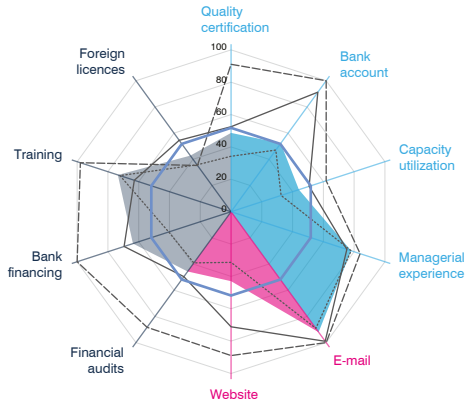
Compete	Small	Medium	Large	All
International quality certificate	34.3	52.5	**91.1**	48.7
Bank account	47.1	**91.3**	**100.0**	52.3
Capacity utilization	32.5	50.8	61.8	44.1
Managerial experience	**78.1**	75.3	**83.9**	**78.1**
Connect				
E-mail	**89.1**	**99.0**	**100.0**	**92.0**
Firm website	31.3	71.2	**88.9**	43.0
Change				
Audited financial statement	39.1	49.7	**88.3**	45.7
Investment financed by banks	40.6	69.5	**100.0**	63.8
Formal training programme	72.2	62.9	**97.9**	73.6
Foreign technology licences	35.8	54.5	35.3	42.8

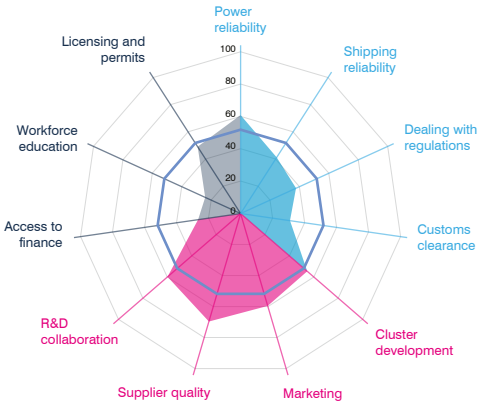
BUSINESS ECOSYSTEM (Normalized scores)

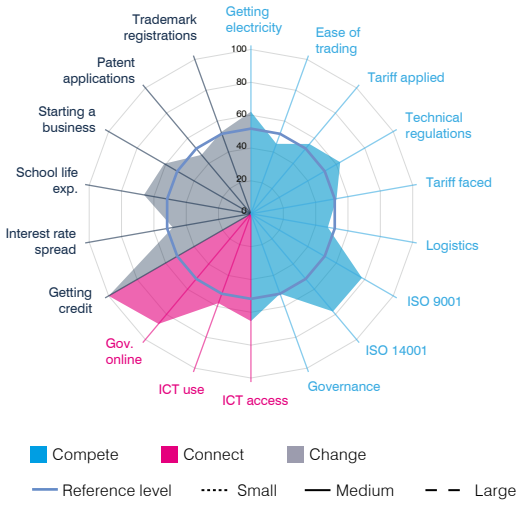
Compete	Small	Medium	Large	All
Power reliability	60.9	50.7	**100.0**	60.9
Domestic shipping reliability	42.7	36.3	47.9	41.2
Dealing with regulations	38.8	32.5	39.4	37.7
Customs clearance efficiency	**24.0**	56.5	**22.2**	30.9
Connect				
State of cluster development				54.6
Extent of marketing				59.6
Local supplier quality				69.7
University-industry collaboration in R&D				59.8
Change				
Access to finance	**18.0**	58.8	66.7	26.6
Access to educated workforce	**19.5**	36.1	45.3	**24.0**
Business licensing and permits	49.8	52.2	40.3	49.1

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	62.1
Ease of trading across borders	45.3
Applied tariff, trade-weighted average	55.5
Prevalence of technical regulations	62.7
Faced tariff, trade-weighted average	52.9
Logistics performance index	47.5
ISO 9001 quality certificates	**78.1**
ISO 14001 environmental certificates	**77.7**
Governance index	51.8
Connect	
ICT access	65.4
ICT use	57.9
Government's online service	**87.6**
Change	
Ease of getting credit	**100.0**
Interest rate spread	48.3
School life expectancy	66.1
Ease of starting a business	60.9
Patent applications	46.8
Trademark registrations	52.9







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Colombia

SME Export Potential

Colombia is an upper-middle income country with a population of 48.8 million and GDP of $274.1 billion. Goods and services account for 83.1% and 16.9% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Asia and Europe (see table below). The unrealized export potential for *gold, fresh cut flowers and buds,* and *ferro-nickel* is high. *Coffee* has an unrealized export potential to all regions, summing up to $650 million.

Regarding new export products, Colombia has diversification opportunities in textiles, metals, as well as chemicals with products such as *sewing thread of synthetic staple fibres,* and *bars and rods of iron or non-alloy steel*. The production of the latter good scores relatively well on the price stability indicator. Other products identified for diversification include *undenatured ethyl alcohol* and *mixtures of ammonium nitrate with calcium carbonate*.

Small firms in Colombia perform well in their managerial experience and using e-mails. They underperform, however, in customs clearance efficiency as well as in accessing finance and an educated workforce. The largest performance gap between small and large firms lies in access to finance. Colombia's national environment performs well in ease of getting credit and its government's online services.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Coffee (excluding roasted and decaffeinated)	090111	2364									
Bananas, incl. plantains, fresh or dried	0803	1263									
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth...	3808	404									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder...	710812	1845									
Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	170490	273									
Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes	0603XX	1220									
Ferro-nickel	720260	663									
Poly"vinyl chloride", in primary forms, not mixed with any other substances	390410	294									
Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles, of...	961900	178									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	287									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Costa Rica

Key indicators

Population (millions)	4.9
GDP ($ billions)	57.7
GDP per capita ($)	11749.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-4.5
Tariff preference margin (percentage points)	3.6
Imports and exports (goods and services), share of GDP (%)	67.0
Services exports, share of total exports (%)	44.6
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.2	34.5	34.3
	Medium	55.8	79.1	61.8
	Large	69.4	**96.4**	77.3
	All	48.4	51.2	51.3
BUSINESS ECOSYSTEM		51.0	60.4	**26.0**
NATIONAL ENVIRONMENT		67.8	73.6	60.5

Reference level: 58.0 (a function of GDP per capita)

Weaknesses are scores below: 29.0 | **Strengths are scores above: 86.9**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

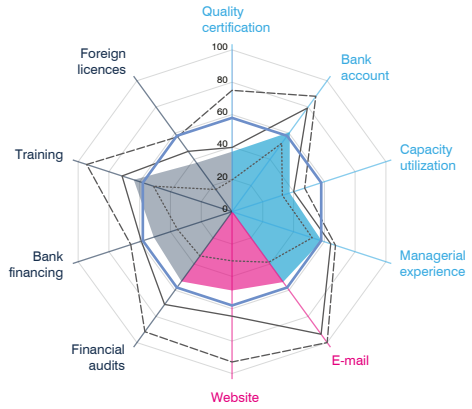
Compete	Small	Medium	Large	All
International quality certificate	**19.7**	39.7	75.0	37.1
Bank account	52.3	79.2	**88.1**	60.8
Capacity utilization	32.7	40.1	47.2	37.5
Managerial experience	52.1	64.2	67.2	58.3
Connect				
E-mail	38.6	**93.6**	**100.0**	53.7
Firm website	30.4	64.5	**92.9**	48.7
Change				
Audited financial statement	33.8	70.9	**91.7**	53.3
Investment financed by banks	35.4	58.9	65.8	50.9
Formal training programme	51.0	71.5	**94.5**	63.9
Foreign technology licences	**16.9**	46.1	57.2	37.3

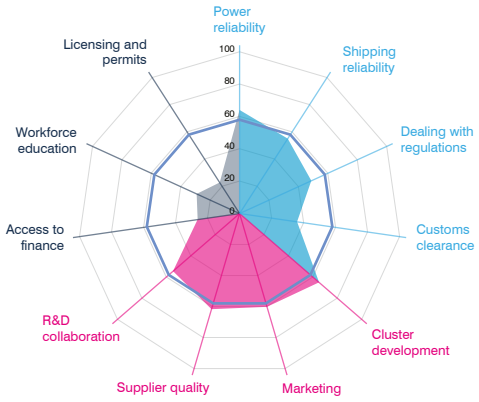
BUSINESS ECOSYSTEM (Normalized scores)

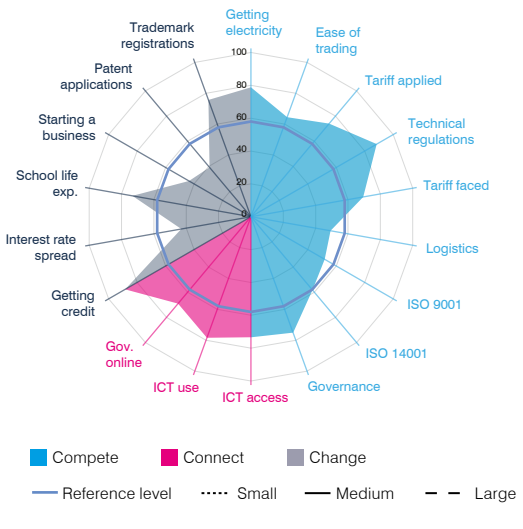
Compete	Small	Medium	Large	All
Power reliability	60.9	64.0	81.5	64.0
Domestic shipping reliability	55.1	50.0	61.9	55.1
Dealing with regulations	45.2	52.2	56.1	48.8
Customs clearance efficiency	49.8	**27.3**	42.3	36.0
Connect				
State of cluster development				65.1
Extent of marketing				60.2
Local supplier quality				61.7
University-industry collaboration in R&D				54.5
Change				
Access to finance	**28.1**	**23.4**	**26.8**	**26.2**
Access to educated workforce	34.3	**23.1**	29.3	29.2
Business licensing and permits	**22.2**	**24.6**	**19.0**	**22.8**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	78.8
Ease of trading across borders	64.5
Applied tariff, trade-weighted average	74.0
Prevalence of technical regulations	**88.4**
Faced tariff, trade-weighted average	69.4
Logistics performance index	49.3
ISO 9001 quality certificates	51.9
ISO 14001 environmental certificates	58.3
Governance index	75.1
Connect	
ICT access	73.4
ICT use	78.4
Government's online service	69.1
Change	
Ease of getting credit	**88.4**
Interest rate spread	43.1
School life expectancy	73.3
Ease of starting a business	43.5
Patent applications	39.2
Trademark registrations	75.6







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Costa Rica

SME Export Potential

Costa Rica is an upper-middle income country with a population of 4.9 million and GDP of $57.7 billion. Goods and services account for 55.4% and 44.6% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Asia and Europe (see table below). *Cards incorporating one or more electronic integrated circuits* have an unrealized export potential of around $73 million in the home region, $605 million to Asia, and $320 million to Europe.

Regarding new export products, Costa Rica has diversification opportunities in glass articles, beauty products and perfumes as well as chemicals with products such as *webs, mattresses, boards and similar nonwoven products of glass fibres,* and *perfumes and toilet waters*. The production of the former product involves a relatively strong presence of SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *other organic chemicals* and *anionic organic surface-active agents*.

Small firms in Costa Rica perform well in having bank accounts, managerial experience and formal training programmes. They underperform, however, in owning international quality certificates and foreign technology licences, and in accessing finance. The largest performance gap between small and large firms lies in using e-mails. The country's national environment scores well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 750	0 750	0 750	0 750	0 750				
Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	901890	758									
Cards incorporating one or more electronic integrated circuits "smart cards"; electronic...	85XXXd	8538									
Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary sciences...	901839	565									
Bananas, incl. plantains, fresh or dried	0803	1177									
Food preparations, n.e.s.	210690	327									
Fresh or dried pineapples	080430	1139									
Artificial parts of the body (excluding artificial teeth and dental fittings and artificial joints)	902139	295									
Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	854449	136									
Coffee (excluding roasted and decaffeinated)	090111	366									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	78									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Côte d'Ivoire

Key indicators

Population (millions)	24.3
GDP ($ billions)	34.6
GDP per capita ($)	1424.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-1.8
Tariff preference margin (percentage points)	4.0
Imports and exports (goods and services), share of GDP (%)	91.6
Services exports, share of total exports (%)	6.8
Geographic region	Africa
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	33.8	**9.2**	**20.0**
	Medium	46.9	35.2	55.1
	Large	**60.8**	**62.1**	**64.7**
	All	39.4	**16.9**	36.0
BUSINESS ECOSYSTEM		35.0	47.9	22.2
NATIONAL ENVIRONMENT		49.5	28.6	39.1
Reference level: 40.3 (a function of GDP per capita)				
Weaknesses are scores below: 20.2			**Strengths are scores above: 60.5**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

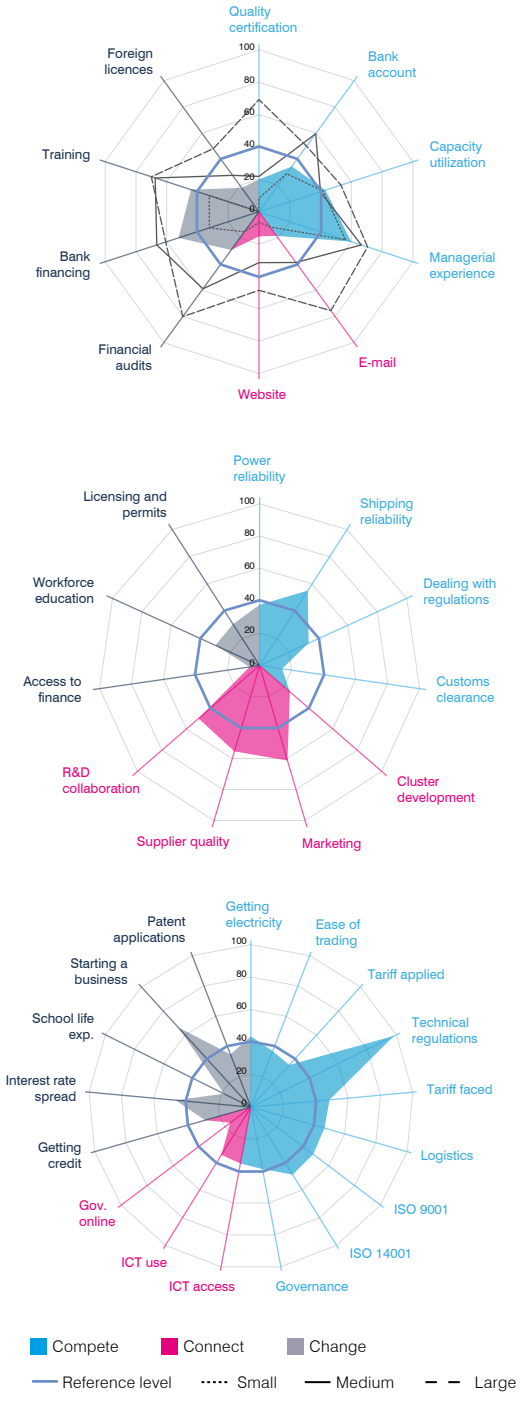
Compete	Small	Medium	Large	All
International quality certificate	**8.3**	21.9	**69.2**	**19.9**
Bank account	29.0	59.6	50.0	34.5
Capacity utilization	41.5	39.9	53.3	43.2
Managerial experience	56.2	**66.4**	**70.6**	59.9
Connect				
E-mail	**11.7**	38.8	**75.5**	**18.5**
Firm website	**6.7**	31.5	48.6	**15.2**
Change				
Audited financial statement	**15.3**	58.9	**80.2**	29.3
Investment financed by banks	32.3	**66.4**	**60.6**	52.3
Formal training programme	32.4	**67.5**	**70.0**	44.2
Foreign technology licences	**0.0**	27.7	48.1	**18.2**

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	37.5	36.3	41.1	37.5
Domestic shipping reliability	58.2	58.2	47.9	55.1
Dealing with regulations	39.2	25.7	**17.6**	33.4
Customs clearance efficiency	-	-	**11.1**	**14.1**
Connect				
State of cluster development				24.8
Extent of marketing				**61.3**
Local supplier quality				55.4
University-industry collaboration in R&D				50.0
Change				
Access to finance	**2.9**	**14.0**	**15.4**	**6.2**
Access to educated workforce	31.5	30.6	**17.2**	30.0
Business licensing and permits	35.3	24.1	**18.7**	30.4

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	43.6
Ease of trading across borders	37.0
Applied tariff, trade-weighted average	35.1
Prevalence of technical regulations	**98.4**
Faced tariff, trade-weighted average	48.6
Logistics performance index	47.1
ISO 9001 quality certificates	48.1
ISO 14001 environmental certificates	48.8
Governance index	38.8
Connect	
ICT access	35.3
ICT use	34.6
Government's online service	**15.9**
Change	
Ease of getting credit	29.4
Interest rate spread	46.6
School life expectancy	**18.5**
Ease of starting a business	**66.4**
Patent applications	34.9
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Annex.

Côte d'Ivoire

SME Export Potential

Côte d'Ivoire is a lower-middle income country with a population of 24.3 million and GDP of $34.6 billion. Goods and services account for 93.2% and 6.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe, the Americas and Asia (see table below). *Cocoa beans* have an unrealized export potential to all regions of around $1.4 billion.

Regarding new export products, Côte d'Ivoire has diversification opportunities in metals, vegetable oils and fats, and processed fish with products such as *tin not alloyed unwrought, prepared or preserved shrimps and prawns,* and *palm kernel and babassu oil*. The production of the latter good scores relatively well on the price stability indicator. Other products identified for diversification include *prepared or preserved sardines* and *soya-bean oil*.

Small firms in Côte d'Ivoire perform well in managerial experience and domestic shipping reliability. They underperform, however, in using e-mails and websites, and owning internationally recognized quality certificates and foreign technology licences. The largest gap between small and large firms lies in having audited financial statements. The country's national environment scores well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Cocoa beans, whole or broken, raw or roasted	180100	3122									
Fresh or dried cashew nuts, in shell	080131	493									
Coffee (excluding roasted and decaffeinated)	090111	143									
Cocoa paste (excluding defatted)	180310	658									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	177									
Bananas, incl. plantains, fresh or dried	0803	209									
Cocoa butter, fat and oil	180400	368									
Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	151190	151									
Sacks and bags, incl. cones, of polymers of ethylene	392321	60									
Extracts, essences and concentrates, of coffee	210111	78									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Ecuador

Key indicators

Population (millions)	16.5
GDP ($ billions)	99.1
GDP per capita ($)	5996.7
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	-1.5
Tariff preference margin (percentage points)	3.6
Imports and exports (goods and services), share of GDP (%)	44.9
Services exports, share of total exports (%)	11.4
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	51.0	65.7	42.2
	Medium	60.4	73.8	61.5
	Large	77.8	**83.7**	68.3
	All	58.4	69.4	52.2
BUSINESS ECOSYSTEM		34.5	48.1	40.4
NATIONAL ENVIRONMENT		54.1	57.3	42.5

Reference level: 52.3 (a function of GDP per capita)

Weaknesses are scores below: 26.2 | **Strengths are scores above: 78.5**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

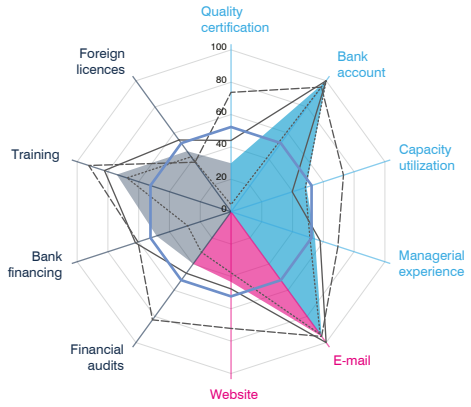
Compete	Small	Medium	Large	All
International quality certificate	**4.4**	44.0	73.7	30.0
Bank account	**100.0**	**100.0**	**95.1**	**100.0**
Capacity utilization	48.3	39.8	73.1	49.1
Managerial experience	51.3	57.9	69.4	54.6
Connect				
E-mail	**93.6**	**100.0**	**95.3**	**95.3**
Firm website	37.7	47.7	72.2	43.4
Change				
Audited financial statement	31.0	47.0	**82.6**	39.8
Investment financed by banks	28.2	62.2	60.5	48.4
Formal training programme	67.7	**82.3**	**92.5**	74.3
Foreign technology licences	41.9	54.8	37.8	46.2

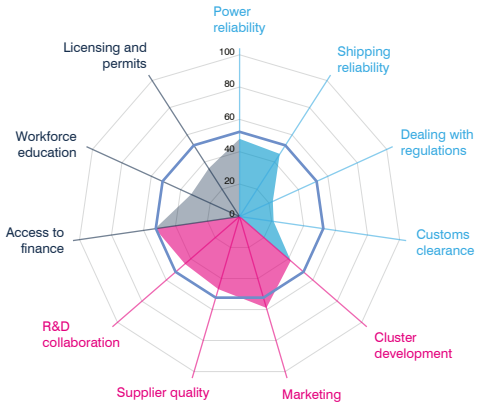
BUSINESS ECOSYSTEM (Normalized scores)

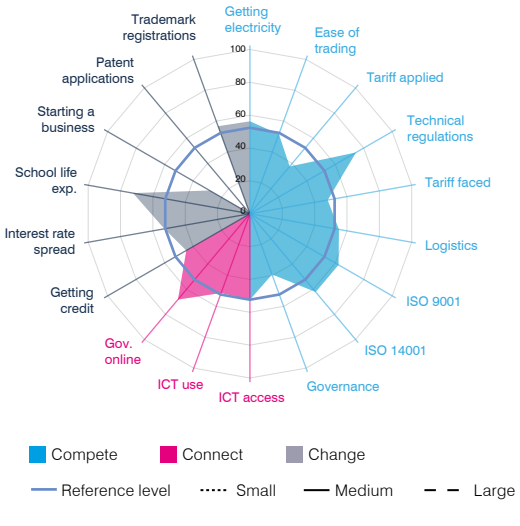
Compete	Small	Medium	Large	All
Power reliability	45.7	50.7	58.2	48.0
Domestic shipping reliability	42.7	52.4	55.1	46.0
Dealing with regulations	**19.2**	29.1	33.4	**22.6**
Customs clearance efficiency	-	**13.4**	**20.3**	**21.3**
Connect				
State of cluster development				41.9
Extent of marketing				58.9
Local supplier quality				46.8
University-industry collaboration in R&D				44.7
Change				
Access to finance	52.3	52.3	56.9	52.8
Access to educated workforce	29.8	41.2	31.9	33.0
Business licensing and permits	37.1	28.8	50.5	35.3

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.3
Ease of trading across borders	51.5
Applied tariff, trade-weighted average	37.6
Prevalence of technical regulations	74.6
Faced tariff, trade-weighted average	48.0
Logistics performance index	55.1
ISO 9001 quality certificates	62.3
ISO 14001 environmental certificates	62.2
Governance index	39.4
Connect	
ICT access	52.4
ICT use	51.4
Government's online service	68.2
Change	
Ease of getting credit	44.8
Interest rate spread	52.9
School life expectancy	72.3
Ease of starting a business	28.3
Patent applications	**0.0**
Trademark registrations	56.7







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Ecuador

SME Export Potential

Ecuador is an upper-middle income country with a population of 16.5 million and GDP of $99.1 billion. Goods and services account for 88.6% and 11.4% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Asia and Europe (see table below). *Bananas* have an unrealized export potential of $469 million to Europe. Other products with unrealized export potential include *gold* to Asia and *appliances for baking* in the home region.

Regarding new export products, Ecuador has diversification opportunities in meat, metals, as well as fruits with products such as *frozen boneless meat of bovine animals* and *wire of non-alloy aluminium*. The production of the latter good scores relatively well on the price stability indicator. Other products for diversification include *zinc dust* and *prepared or preserved pineapples*.

Small firms in Ecuador perform well in having bank accounts and using e-mails. They underperform, however, in owning internationally recognized quality certificates and dealing with regulations. The largest performance gap between small and large firms lies in attaining international quality certificates. The country's national environment performs well in the prevalence of technical regulations and school life expectancy.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Bananas, incl. plantains, fresh or dried	0803	3154									
Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	160414	949									
Shrimps and prawns, frozen	0306Xb	1691									
Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes	0603XX	775									
Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for...	230120	126									
Extracts, essences and concentrates, of coffee	210111	183									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	453									
Cocoa beans, whole or broken, raw or roasted	180100	523									
Appliances for baking, frying, grilling and cooking and plate warmers, for domestic use, of iron or...	7321Xa	93									
Crude palm oil	151110	175									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Egypt

Key indicators

Population (millions)	91.0
GDP ($ billions)	301.5
GDP per capita ($)	3473.9
Share of world GDP (PPP$, %)	0.9
Current account surplus/deficit, share of GDP (%)	-5.8
Tariff preference margin (percentage points)	4.4
Imports and exports (goods and services), share of GDP (%)	40.1
Services exports, share of total exports (%)	45.9
Geographic region	Africa
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	27.4	**15.8**	26.8
	Medium	40.2	29.7	29.3
	Large	58.2	58.6	47.1
	All	34.5	**22.1**	29.6
BUSINESS ECOSYSTEM		48.4	44.0	47.0
NATIONAL ENVIRONMENT		47.9	52.2	50.6
Reference level: 47.8 (a function of GDP per capita)				
Weaknesses are scores below: 23.9		**Strengths are scores above: 71.7**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

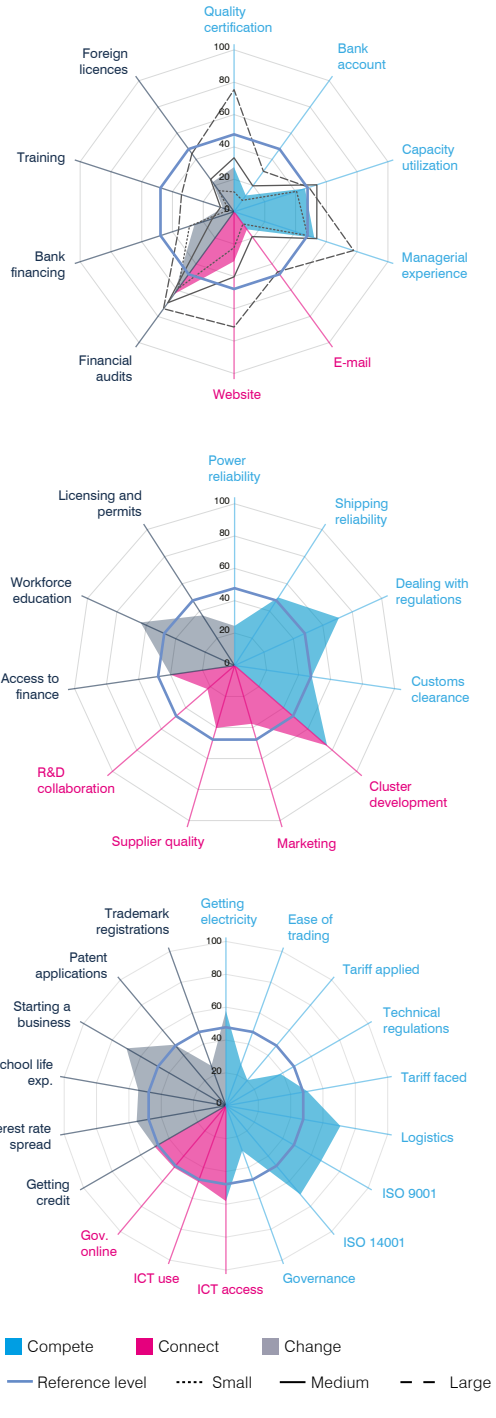
Compete	Small	Medium	Large	All
International quality certificate	**12.3**	33.3	**75.4**	27.5
Bank account	**8.7**	**19.7**	30.9	**12.4**
Capacity utilization	40.6	53.8	48.7	46.1
Managerial experience	47.9	53.8	**77.7**	52.1
Connect				
E-mail	**9.4**	**19.0**	45.9	**13.6**
Firm website	**22.2**	40.3	71.3	30.7
Change				
Audited financial statement	58.7	69.6	**74.1**	63.0
Investment financed by banks	28.9	**14.2**	36.0	25.7
Formal training programme	**3.4**	**8.8**	34.1	**7.3**
Foreign technology licences	**16.0**	24.7	44.3	**22.5**

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	24.2	24.8	26.2	24.5
Domestic shipping reliability	44.3	61.9	42.7	50.0
Dealing with regulations	**75.7**	62.9	67.5	71.0
Customs clearance efficiency	59.4	43.0	48.8	48.2
Connect				
State of cluster development				**75.8**
Extent of marketing				37.6
Local supplier quality				40.3
University-industry collaboration in R&D				**22.3**
Change				
Access to finance	36.7	46.1	48.8	40.1
Access to educated workforce	60.2	70.2	**74.4**	64.0
Business licensing and permits	37.4	35.8	36.3	36.8

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	57.8
Ease of trading across borders	27.0
Applied tariff, trade-weighted average	**20.4**
Prevalence of technical regulations	38.5
Faced tariff, trade-weighted average	50.4
Logistics performance index	70.8
ISO 9001 quality certificates	67.0
ISO 14001 environmental certificates	70.5
Governance index	29.1
Connect	
ICT access	58.1
ICT use	49.2
Government's online service	49.1
Change	
Ease of getting credit	50.0
Interest rate spread	55.2
School life expectancy	54.2
Ease of starting a business	69.9
Patent applications	48.5
Trademark registrations	25.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Egypt is a lower-middle income country with a population of 91 million and GDP of $301.5 billion. Goods and services account for 54.1% and 45.9% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Asia, Europe and the Americas (see table below). *Gold* has an unrealized export potential of over $447 million to Asia and $137 million to Europe. Other products with unrealized potential to these regions include *reception apparatus for television* and *coaxial cables*.

Regarding new export products, Egypt has diversification opportunities in plastic products, furniture, as well as home textiles with products such as *furniture of plastics* and *mattresses*. The production of these goods involves a relatively strong participation of SMEs. Other products for diversification include *seats,* and *blankets and travelling rugs of synthetic fibres*.

Small firms in Egypt perform well in dealing with regulations. They underperform, however, in having bank accounts, formal training programmes, and using e-mails. The largest gap between small and large firms lies in owning international quality certificates. The country's national environment performs well in logistics and in attaining ISO certification related to environment.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with a...	310210	834									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	814									
Fresh or dried oranges	080510	543									
Processed cheese, not grated or powdered	040630	220									
Reception apparatus for television	8528Xb	328									
Coaxial cable and other coaxial electric conductors, insulated	854420	262									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	267									
Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar...	170199	159									
Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles, of...	961900	153									
Appliances for baking, frying, grilling and cooking and plate warmers, for domestic use, of iron or...	7321Xa	100									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Ghana

Key indicators

Population (millions)	27.6
GDP ($ billions)	42.8
GDP per capita ($)	1550.8
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-6.3
Tariff preference margin (percentage points)	1.5
Imports and exports (goods and services), share of GDP (%)	98.2
Services exports, share of total exports (%)	34.8
Geographic region	Africa
Country group	
Income group	Lower-middle income

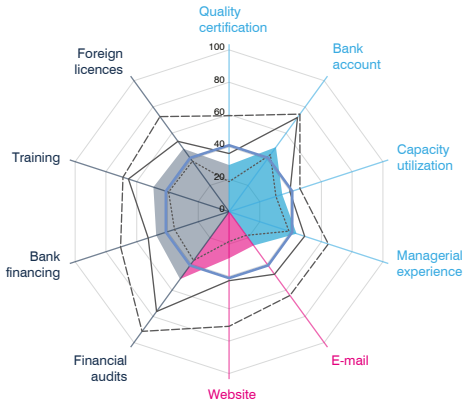
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.9	**18.3**	37.6
	Medium	49.2	45.2	**62.0**
	Large	61.1	**67.4**	**75.9**
	All	39.2	27.3	49.0
BUSINESS ECOSYSTEM		38.6	54.8	35.2
NATIONAL ENVIRONMENT		45.7	48.1	42.2
Reference level: 41.0 (a function of GDP per capita)				
Weaknesses are scores below: 20.5			**Strengths are scores above: 61.6**	

SME Competitiveness Grid

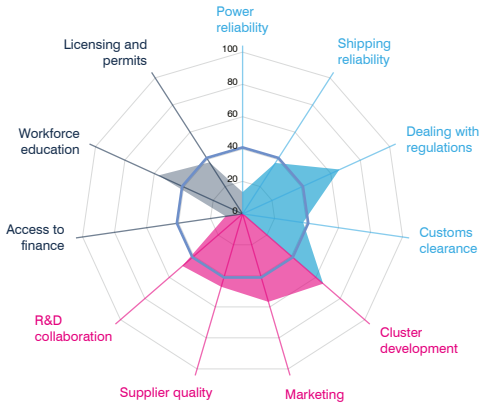
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**18.5**	36.0	59.3	28.9
Bank account	43.5	**72.0**	**74.5**	49.3
Capacity utilization	30.5	39.6	46.1	34.5
Managerial experience	38.9	49.1	**64.5**	43.9
Connect				
E-mail	**18.1**	47.8	**64.0**	25.8
Firm website	**18.5**	42.7	**70.8**	28.7
Change				
Audited financial statement	37.3	**76.3**	**91.4**	51.5
Investment financed by banks	35.4	52.5	**70.5**	47.3
Formal training programme	39.3	**65.4**	**69.0**	49.2
Foreign technology licences	38.5	53.7	**72.7**	48.1



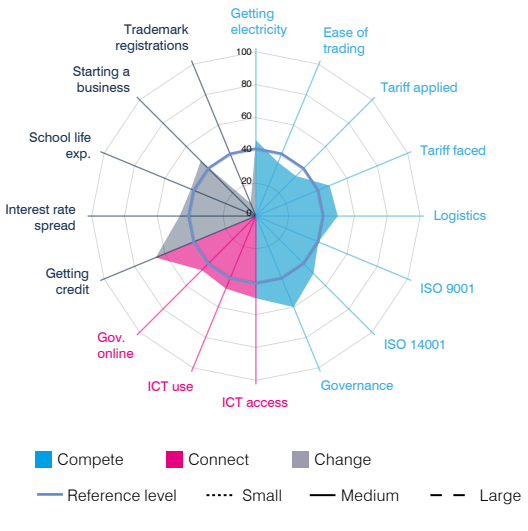
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**13.6**	**13.6**	**11.8**	**13.4**
Domestic shipping reliability	31.5	47.9	50.0	37.4
Dealing with regulations	**69.8**	**62.0**	53.3	**65.9**
Customs clearance efficiency	-	43.0	36.1	37.9
Connect				
State of cluster development				**66.0**
Extent of marketing				56.8
Local supplier quality				47.0
University-industry collaboration in R&D				**49.3**
Change				
Access to finance	**4.8**	**17.7**	47.3	**10.5**
Access to educated workforce	58.6	58.6	44.4	57.2
Business licensing and permits	39.8	33.3	39.8	37.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	46.2
Ease of trading across borders	35.4
Applied tariff, trade-weighted average	34.5
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.6
Logistics performance index	49.8
ISO 9001 quality certificates	41.2
ISO 14001 environmental certificates	49.6
Governance index	60.0
Connect	
ICT access	50.0
ICT use	47.8
Government's online service	46.6
Change	
Ease of getting credit	**66.1**
Interest rate spread	46.4
School life expectancy	42.8
Ease of starting a business	47.4
Patent applications	-
Trademark registrations	**8.4**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Ghana is a lower-middle income country with a population of 27.6 million and GDP of $42.8 billion. Goods and services account for 65.2% and 34.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, notably to Asia and Europe (see table below). *Gold* has an unrealized export potential of around $1.4 billion to Asia, $228 million to Europe and $101 million to the Americas. Other products with unrealized potential to these regions include *cocoa paste* and *fresh or dried cashew nuts*.

Regarding new export products, Ghana has diversification opportunities in beverages, chemicals, and processed food with products such as *rum and other spirits obtained by distilling fermented sugar-cane products, vegetable waxes,* and *oilcake and other solid residues*. The production of these products involves a relatively strong representation of SMEs and women. Other products identified for diversification include *juice of fruit or vegetables, methanol "methyl alcohol"* and *manioc starch*.

Small firms in Ghana perform well in dealing with regulations. They underperform, however, in owning international quality certificates, using e-mails and websites, and in access to electricity. The largest gap between small and large firms lies in having audited financial statements. The country's national environment performs well in getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	2626									
Cocoa beans, whole or broken, raw or roasted	180100	2294									
Fresh or dried cashew nuts, in shell	080131	195									
Cocoa paste (excluding defatted)	180310	367									
Cocoa butter, fat and oil	180400	193									
Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	160414	152									
Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	710813	25									
Wood in the rough (excluding rough-cut wood for walking sticks, umbrellas, tool shafts and the like...	4403XX	130									
Bananas, incl. plantains, fresh or dried	0803	54									
Cocoa powder, not containing added sugar or other sweetening matter	180500	119									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Guinea

Key indicators

Population (millions)	12.7
GDP ($ billions)	6.8
GDP per capita ($)	533.7
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-13.2
Tariff preference margin (percentage points)	1.0
Imports and exports (goods and services), share of GDP (%)	97.5
Services exports, share of total exports (%)	5.5
Geographic region	Africa
Country group	LDC
Income group	Low income

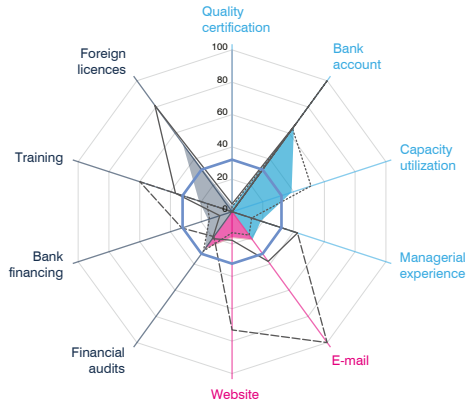
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.7	**15.4**	**15.2**
	Medium	38.1	27.8	36.6
	Large	47.5	**86.5**	37.2
	All	31.4	18.7	29.3
BUSINESS ECOSYSTEM		**52.3**	19.9	**50.5**
NATIONAL ENVIRONMENT		36.7	**9.4**	32.1
Reference level: 32.1 (a function of GDP per capita)				
Weaknesses are scores below: 16.1		**Strengths are scores above: 48.2**		

SME Competitiveness Grid

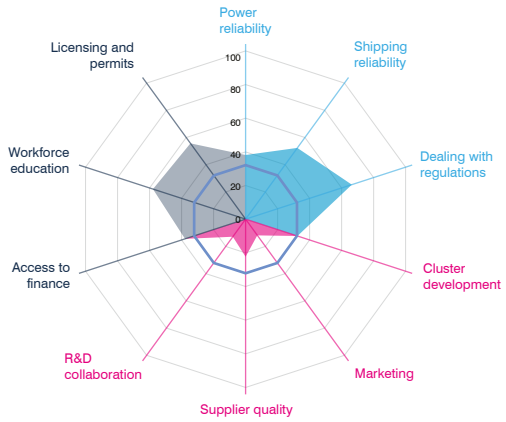
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**3.1**	**4.8**	**0.0**	**3.1**
Bank account	**63.6**	**66.8**	**100.0**	**65.1**
Capacity utilization	**51.3**	-	-	38.7
Managerial experience	**12.7**	42.6	42.6	18.7
Connect				
E-mail	**17.9**	38.0	**100.0**	21.4
Firm website	**13.0**	17.7	**73.1**	**16.0**
Change				
Audited financial statement	30.1	20.6	19.0	28.2
Investment financed by banks	**14.7**	**7.9**	32.6	**15.6**
Formal training programme	16.2	36.8	**60.0**	21.5
Foreign technology licences	**0.0**	**81.1**	-	**51.8**



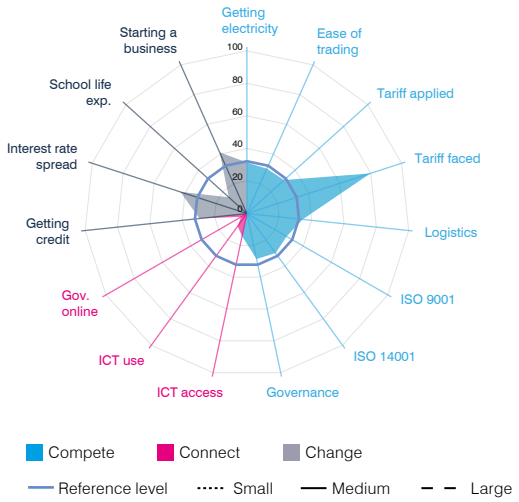
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	38.8	34.6	38.8	38.1
Domestic shipping reliability	46.0	**58.2**	-	**52.4**
Dealing with regulations	**68.1**	**65.9**	**50.9**	**66.4**
Customs clearance efficiency	-	-	-	-
Connect				
State of cluster development				32.4
Extent of marketing				**11.9**
Local supplier quality				22.3
University-industry collaboration in R&D				**12.9**
Change				
Access to finance	40.5	23.4	**52.8**	37.8
Access to educated workforce	**58.1**	**54.3**	**65.2**	**57.9**
Business licensing and permits	**58.7**	39.0	**67.6**	**55.7**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	31.3
Ease of trading across borders	30.2
Applied tariff, trade-weighted average	30.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**79.9**
Logistics performance index	34.5
ISO 9001 quality certificates	28.2
ISO 14001 environmental certificates	30.0
Governance index	28.6
Connect	
ICT access	**14.2**
ICT use	**9.8**
Government's online service	**4.2**
Change	
Ease of getting credit	29.4
Interest rate spread	43.0
School life expectancy	**15.0**
Ease of starting a business	41.2
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Guinea is a low income country with a population of 12.7 million and GDP of $6.8 billion. Goods and services account for 94.5% and 5.5% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, notably to Asia and Europe (see table below). For *non-industrial diamonds*, there is an unrealized export potential of over $40 million to Asia and $29 million to Europe. Other products with unrealized potential to these regions include *gold* and *coffee*.

Regarding new export products, Guinea has diversification opportunities in processed food, wood, and metals with products such as *oilcake and other solid residues, nickel oxide sinters and other intermediate products of nickel metallurgy,* and *statuettes and other ornaments of wood*. The production of the latter good scores relatively well on the price stability indicator. Other products identified for diversification include *nickel mattes,* and *dark or light red meranti sawn or chipped*.

Small firms in Guinea perform well in having bank accounts, capacity utilization and dealing with regulations. They underperform, however, in owning international quality certificates and foreign technology licences, and using firm websites. The largest gap between small and large firms lies in using e-mails. The country's national environment scores relatively well in the trade policy-related indicators.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	394									
Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	710231	23									
Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	710813	34									
Fresh or dried cashew nuts, in shell	080131	41									
Coffee (excluding roasted and decaffeinated)	090111	28									
Other frozen fish	0303Xa	27									
Cocoa beans, whole or broken, raw or roasted	180100	26									
Technically specified natural rubber "TSNR"	400122	30									
Wood in the rough (excluding rough-cut wood for walking sticks, umbrellas, tool shafts and the like...	4403XX	7									
Frozen sardines "Sardina pilchardus, Sardinops spp.", sardinella "Sardinella spp.", brisling or sprats...	030353	7									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Hungary

Key indicators

Population (millions)	9.8
GDP ($ billions)	117.1
GDP per capita ($)	11902.8
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	4.9
Tariff preference margin (percentage points)	3.9
Imports and exports (goods and services), share of GDP (%)	188.8
Services exports, share of total exports (%)	17.7
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	56.4	44.7	32.6
	Medium	61.5	61.1	46.1
	Large	69.0	59.9	51.5
	All	58.7	48.9	37.7
BUSINESS ECOSYSTEM		52.1	40.7	70.3
NATIONAL ENVIRONMENT		71.7	76.5	69.9
Reference level: 58.1 (a function of GDP per capita)				
Weaknesses are scores below: 29.0			**Strengths are scores above: 87.1**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

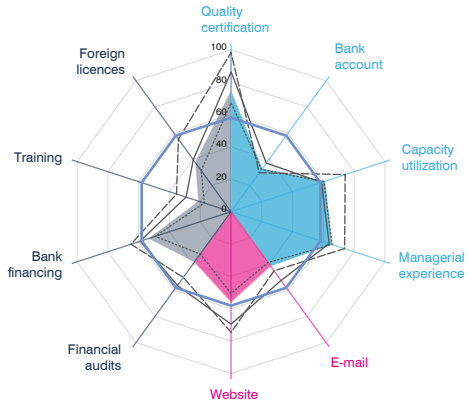
Compete	Small	Medium	Large	All
International quality certificate	67.3	86.5	**98.3**	75.0
Bank account	32.1	37.1	29.7	33.0
Capacity utilization	60.4	58.8	74.2	61.2
Managerial experience	65.7	63.8	73.8	65.7
Connect				
E-mail	38.8	52.6	45.2	41.7
Firm website	50.5	69.5	74.6	56.0
Change				
Audited financial statement	32.3	56.4	50.2	38.5
Investment financed by banks	49.3	59.1	65.0	53.6
Formal training programme	**17.4**	29.2	35.4	**21.2**
Foreign technology licences	31.4	39.7	55.4	37.6

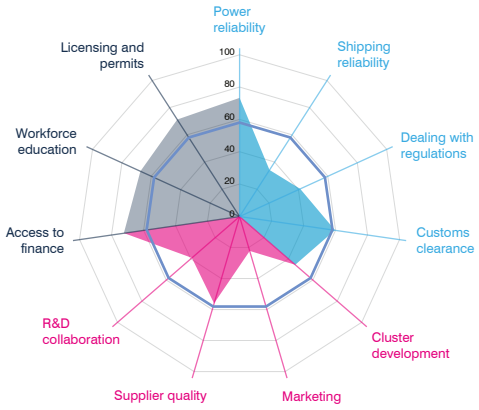
BUSINESS ECOSYSTEM (Normalized scores)

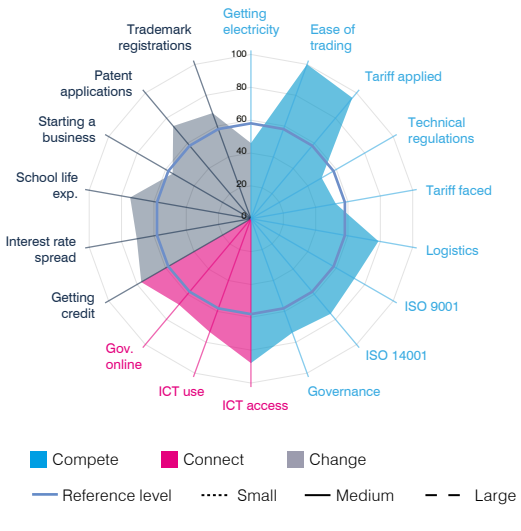
Compete	Small	Medium	Large	All
Power reliability	73.3	**100.0**	52.3	73.3
Domestic shipping reliability	47.9	**25.7**	-	34.2
Dealing with regulations	40.8	39.9	52.6	41.2
Customs clearance efficiency	-	-	68.0	59.6
Connect				
State of cluster development				45.6
Extent of marketing				**22.2**
Local supplier quality				56.0
University-industry collaboration in R&D				39.1
Change				
Access to finance	69.1	**87.2**	66.1	72.3
Access to educated workforce	63.6	**89.6**	54.3	67.4
Business licensing and permits	73.9	61.4	**100.0**	71.3

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	46.1
Ease of trading across borders	**100.0**
Applied tariff, trade-weighted average	**96.1**
Prevalence of technical regulations	49.8
Faced tariff, trade-weighted average	52.5
Logistics performance index	78.8
ISO 9001 quality certificates	72.8
ISO 14001 environmental certificates	75.5
Governance index	73.8
Connect	
ICT access	**87.9**
ICT use	73.4
Government's online service	68.2
Change	
Ease of getting credit	77.1
Interest rate spread	70.6
School life expectancy	74.7
Ease of starting a business	55.0
Patent applications	73.7
Trademark registrations	68.5







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

Hungary

SME Export Potential

Hungary is a high income country with a population of 9.8 million and GDP of $117.1 billion. Goods and services account for 82.3% and 17.7% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Asia and the Americas (see table below). *Pharmaceutical products* have an unrealized export potential of around $2.1 billion in the home region, $264 million to Asia, and $273 million to the Americas. Other products with unrealized potential to these regions include *reception apparatus for televisions* and *spark-ignition reciprocating piston engines*.

Regarding new export products, Hungary has diversification opportunities in machinery equipment with products such as *heat pumps*. The production of this good involves a relatively strong participation of SMEs. Other products identified for diversification include *presses for the manufacture of particleboard of wood,* and *machinery for cleaning or drying bottles or other containers*.

Small firms in Hungary perform well in meeting international quality standards. They underperform, however, in offering formal training programmes to employees. The largest performance gap between small and large firms lies in the ability to meet international quality standards. The country's national environment performs well in trading across borders and accessing ICT.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Pharmaceutical products, except lubricants and ostomy appliances	30XXXX	4213									
Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder...	840734	3637									
Reception apparatus for television	8528Xb	3295									
Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for the...	840820	2409									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	4144									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	2252									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870332	1759									
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	5090									
New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing cars	401110	1187									
Regulating or controlling instruments and apparatus (excluding hydraulic or pneumatic, manostats,...	903289	1531									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

India

Key indicators

Population (millions)	1309.7
GDP ($ billions)	2251.0
GDP per capita ($)	1718.7
Share of world GDP (PPP$, %)	7.3
Current account surplus/deficit, share of GDP (%)	-1.4
Tariff preference margin (percentage points)	0.9
Imports and exports (goods and services), share of GDP (%)	45.1
Services exports, share of total exports (%)	37.1
Geographic region	Asia
Country group	
Income group	Lower-middle income

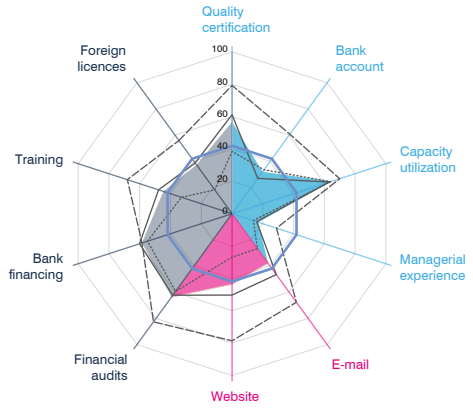
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.5	26.8	41.3
	Medium	41.9	48.4	52.2
	Large	59.7	**73.1**	**66.2**
	All	42.6	40.8	51.1
BUSINESS ECOSYSTEM		61.5	**69.8**	58.6
NATIONAL ENVIRONMENT		54.5	43.7	45.1
Reference level: 41.9 (a function of GDP per capita)				
Weaknesses are scores below: 21.0		**Strengths are scores above: 62.9**		

SME Competitiveness Grid

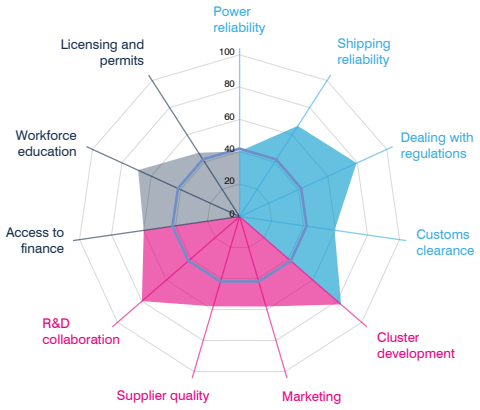
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	38.5	61.2	**79.3**	56.8
Bank account	33.5	27.0	60.8	32.0
Capacity utilization	**64.1**	**63.2**	**70.0**	**64.7**
Managerial experience	**13.8**	**16.0**	28.9	**17.1**
Connect				
E-mail	26.7	46.5	**67.7**	37.9
Firm website	26.9	50.3	**78.6**	43.6
Change				
Audited financial statement	59.4	62.3	**82.6**	**63.7**
Investment financed by banks	55.0	60.1	58.5	58.5
Formal training programme	32.8	47.8	**68.0**	44.7
Foreign technology licences	**18.2**	38.8	55.8	37.3



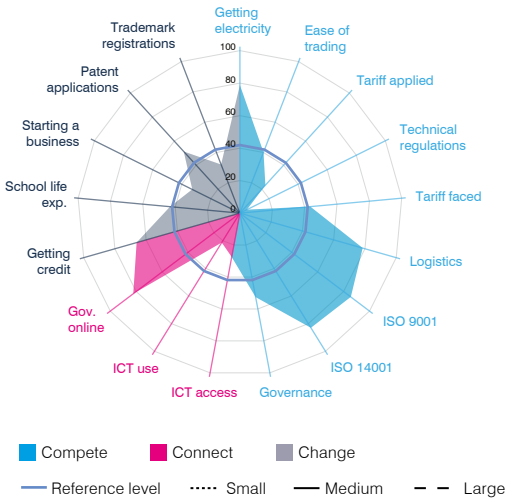
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	41.1	41.1	38.8	40.3
Domestic shipping reliability	**72.8**	**66.6**	**72.8**	**66.6**
Dealing with regulations	**83.1**	**78.7**	**72.9**	**79.6**
Customs clearance efficiency	54.2	60.2	59.4	59.4
Connect				
State of cluster development				**83.1**
Extent of marketing				58.0
Local supplier quality				58.0
University-industry collaboration in R&D				**80.0**
Change				
Access to finance	53.2	**64.1**	**69.8**	59.9
Access to educated workforce	**71.1**	**65.7**	**73.9**	**69.0**
Business licensing and permits	44.6	50.2	43.7	46.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**78.9**
Ease of trading across borders	40.2
Applied tariff, trade-weighted average	23.3
Prevalence of technical regulations	**4.8**
Faced tariff, trade-weighted average	43.5
Logistics performance index	**78.6**
ISO 9001 quality certificates	**85.5**
ISO 14001 environmental certificates	**83.0**
Governance index	52.6
Connect	
ICT access	27.5
ICT use	21.3
Government's online service	**82.3**
Change	
Ease of getting credit	**66.1**
Interest rate spread	-
School life expectancy	43.2
Ease of starting a business	32.7
Patent applications	51.3
Trademark registrations	32.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Annex.

SME Export Potential

India is a lower-middle income country with a population of 1,309.7 million and GDP of $2251 billion. Goods and services account for 62.9% and 37.1% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe and the Americas (see table below). *Diamonds* have an unrealized export potential of around $11 billion in the home region, $3.4 billion to Europe, and $4.2 billion to the Americas. Other products with unrealized potential to these regions include *pharmaceutical products* and *motor cars*.

Regarding new export products, India has diversification opportunities in electronic equipment, processed food, and textiles with products such as *headphones and earphones, silk yarn,* and *prepared or preserved tomatoes*. The production of *silk yarn* and other textile products identified for diversification such as *tyre cord fabric of high-tenacity polyester yarn* involves a relatively strong representation of women. Other products for diversification include *portable electrical lamps* and *electric hairdryers*.

Small firms in India perform well in capacity utilization and dealing with regulations. They underperform, however, in managerial experience and owning foreign technology licences. The largest gap between small and large firms lies in having business websites. The country's national environment performs particularly well in attaining ISO certification related to quality and environment, and in online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 15000	0 15000	0 15000	0 15000	0 15000				
Diamonds, worked, but not mounted or set (excluding industrial diamonds)	710239	25145									
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	9640									
Semi-milled or wholly milled rice, whether or not polished or glazed	100630	5917									
Pharmaceutical products, except lubricants and ostomy appliances	30XXXX	11668									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870322	3022									
Copper, refined, in the form of cathodes and sections of cathodes	740311	2308									
Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the...	230400	1801									
Shrimps and prawns, frozen	0306Xb	2458									
Cotton, neither carded nor combed	520100	3309									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	2618									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Indonesia

Key indicators

Population (millions)	258.8
GDP ($ billions)	941.0
GDP per capita ($)	3635.8
Share of world GDP (PPP$, %)	2.5
Current account surplus/deficit, share of GDP (%)	-2.3
Tariff preference margin (percentage points)	2.4
Imports and exports (goods and services), share of GDP (%)	40.2
Services exports, share of total exports (%)	12.7
Geographic region	Asia
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	25.7	**8.1**	25.6
	Medium	42.1	29.1	40.6
	Large	62.2	54.9	51.7
	All	31.7	**12.4**	30.8
BUSINESS ECOSYSTEM		58.7	71.2	61.0
NATIONAL ENVIRONMENT		63.9	40.7	45.0
Reference level: 48.2 (a function of GDP per capita)				
Weaknesses are scores below: 24.1			**Strengths are scores above: 72.2**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

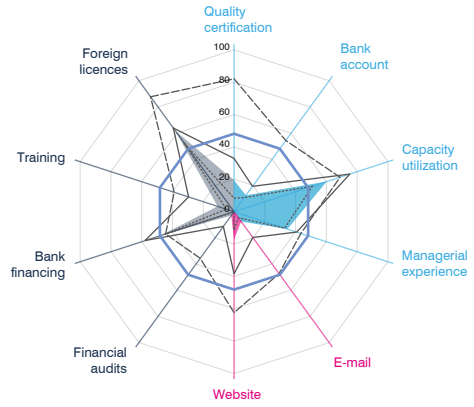
Compete	Small	Medium	Large	All
International quality certificate	**8.3**	32.9	**82.1**	**19.4**
Bank account	**10.7**	**19.4**	54.4	**12.5**
Capacity utilization	50.9	**75.3**	68.9	60.2
Managerial experience	32.8	40.8	43.5	34.7
Connect				
E-mail	**4.7**	**19.7**	47.3	**7.5**
Firm website	**11.4**	38.4	62.4	**17.3**
Change				
Audited financial statement	**0.0**	**11.2**	35.6	**3.0**
Investment financed by banks	44.9	57.8	44.4	47.8
Formal training programme	**4.9**	29.5	38.9	**10.7**
Foreign technology licences	52.6	63.9	**87.8**	62.0

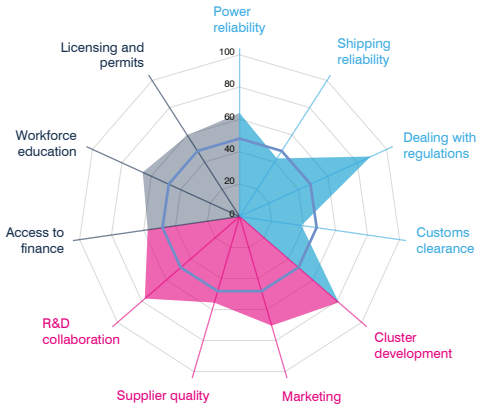
BUSINESS ECOSYSTEM (Normalized scores)

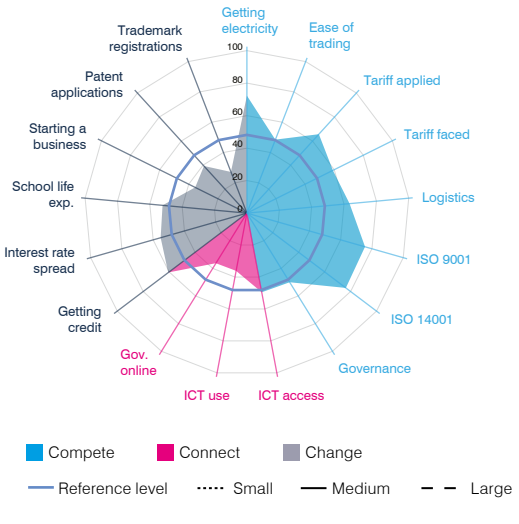
Compete	Small	Medium	Large	All
Power reliability	64.0	60.9	**81.5**	64.0
Domestic shipping reliability	38.6	46.0	66.6	42.7
Dealing with regulations	**89.2**	**94.1**	**84.0**	**89.2**
Customs clearance efficiency	-	47.0	36.0	38.8
Connect				
State of cluster development				**81.2**
Extent of marketing				70.4
Local supplier quality				55.6
University-industry collaboration in R&D				**77.6**
Change				
Access to finance	60.2	46.6	54.7	57.4
Access to educated workforce	68.3	57.4	60.4	65.9
Business licensing and permits	61.8	53.2	48.6	59.7

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**72.3**
Ease of trading across borders	48.5
Applied tariff, trade-weighted average	65.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	59.1
Logistics performance index	63.4
ISO 9001 quality certificates	**75.6**
ISO 14001 environmental certificates	**76.3**
Governance index	50.0
Connect	
ICT access	49.6
ICT use	36.2
Government's online service	36.3
Change	
Ease of getting credit	60.7
Interest rate spread	55.2
School life expectancy	52.1
Ease of starting a business	35.6
Patent applications	39.2
Trademark registrations	27.2







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Indonesia is a lower-middle income country with a total population of 258.8 million and GDP of $941 billion. Goods and services account for 87.3% and 12.7% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Europe and the Americas (see table below). *Rubber* has an unrealized export potential of $2.2 billion in the home region. Other products with unrealized export potential to these regions include *unwrought tin* and *sheets for veneering*.

Regarding new export products, Indonesia has diversification opportunities in machinery, textile, and rubber sectors with products such as *air conditioning machines, sheath contraceptives of vulcanised rubber,* and *woven fabrics*. The production of the latter products involves a relatively strong participation of SMEs and women. Other products identified for diversification include *shawls, scarves and similar articles of synthetic fibres* as well as *microwave ovens*.

Small firms in Indonesia perform well in dealing with regulations. They underperform, however, in owning international quality certificates, audited financial statements, and using e-mails or a website. The largest gap between small and large firms lies in owning international quality certificates. The country's national environment performs well in getting an electricity connection and attaining ISO certification related to quality and environment.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 2500	0 2500	0 2500	0 2500	0 2500				
Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	151190	10406									
Technically specified natural rubber "TSNR"	400122	6714									
Crude palm oil	151110	6233									
Paper and paperboard (excluding handmade; filter paper and paperboard; copying or transfer papers)...	48XXXa	3118									
Unwrought tin, not alloyed	800110	2053									
Sheets for veneering, incl. those obtained by slicing laminated wood, for plywood or for other similar...	44XXXX	1958									
Miscellaneous chemical products	38XXXX	1161									
Semi-bleached or bleached non-coniferous chemical wood pulp, soda or sulphate (excluding dissolving...	470329	1740									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	800									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder...	710812	1210									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Jamaica

Key indicators

Population (millions)	2.8
GDP ($ billions)	13.8
GDP per capita ($)	4870.2
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-3.3
Tariff preference margin (percentage points)	2.9
Imports and exports (goods and services), share of GDP (%)	79.7
Services exports, share of total exports (%)	70.0
Geographic region	Americas
Country group	SIDS
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	54.2	29.1	40.4
	Medium	62.4	36.8	64.5
	Large	71.4	73.1	75.6
	All	57.7	32.0	52.3
BUSINESS ECOSYSTEM		69.1	59.2	39.9
NATIONAL ENVIRONMENT		46.7	47.0	61.0

Reference level: 50.6 (a function of GDP per capita)

Weaknesses are scores below: 25.3 | **Strengths are scores above: 75.9**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

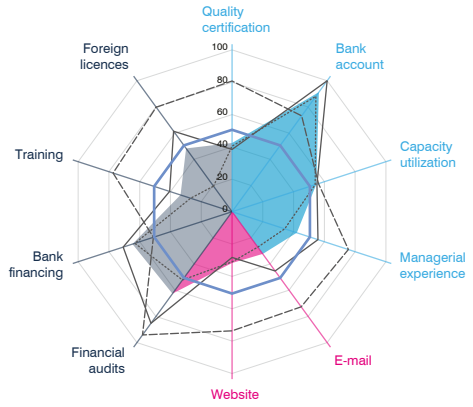
Compete	Small	Medium	Large	All
International quality certificate	40.5	38.5	**80.8**	42.5
Bank account	**88.1**	**100.0**	73.2	**91.3**
Capacity utilization	54.0	55.2	56.2	54.8
Managerial experience	34.3	55.8	75.6	42.1
Connect				
E-mail	27.1	45.3	72.7	32.3
Firm website	31.0	28.3	73.6	31.7
Change				
Audited financial statement	52.2	**85.3**	**94.2**	62.6
Investment financed by banks	63.1	70.7	51.1	64.7
Formal training programme	26.9	40.5	**77.3**	33.4
Foreign technology licences	**19.4**	61.5	**79.8**	48.3

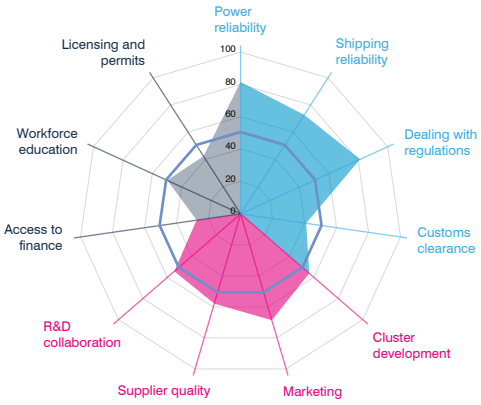
BUSINESS ECOSYSTEM (Normalized scores)

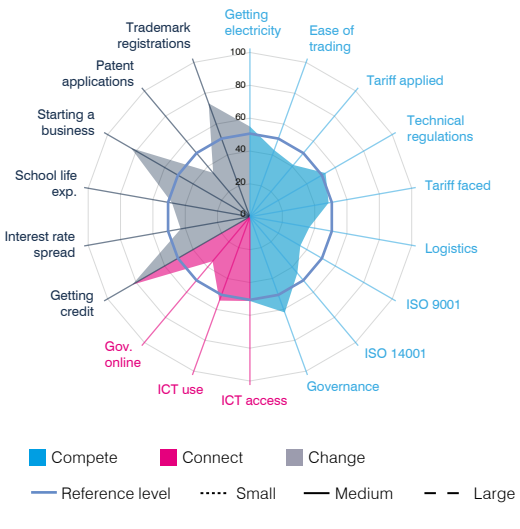
Compete	Small	Medium	Large	All
Power reliability	**81.5**	73.3	**100.0**	**81.5**
Domestic shipping reliability	**81.9**	61.9	66.6	72.8
Dealing with regulations	**85.0**	74.3	**76.4**	**81.3**
Customs clearance efficiency	-	56.8	35.8	41.0
Connect				
State of cluster development				56.2
Extent of marketing				68.6
Local supplier quality				57.9
University-industry collaboration in R&D				54.3
Change				
Access to finance	**21.6**	39.7	68.2	27.5
Access to educated workforce	49.4	52.3	41.4	49.9
Business licensing and permits	41.5	43.5	48.4	42.4

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	54.9
Ease of trading across borders	43.2
Applied tariff, trade-weighted average	41.1
Prevalence of technical regulations	53.2
Faced tariff, trade-weighted average	48.6
Logistics performance index	36.8
ISO 9001 quality certificates	35.4
ISO 14001 environmental certificates	44.9
Governance index	62.0
Connect	
ICT access	51.3
ICT use	54.4
Government's online service	35.4
Change	
Ease of getting credit	**82.7**
Interest rate spread	42.8
School life expectancy	48.2
Ease of starting a business	**83.6**
Patent applications	34.9
Trademark registrations	73.5







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Jamaica

SME Export Potential

Jamaica is an upper-middle income country with a population of 2.8 million and GDP of $13.8 billion. Goods and services account for 30% and 70% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe (see table below). *Beer* has an unrealized export potential of around $22 million in the home region, and *rum and other spirits* around $9 million to Europe.

Regarding new export products, Jamaica has diversification opportunities in medical instruments, wood material, chemicals, as well as ceramic articles with products such as *needles, catheters and cannulae used in medical, surgical and dental sciences,* and *wood in chips/particles*. Other products identified for diversification include *methanol* and *ceramic sinks and washbasins*.

Small firms in Jamaica perform well in having bank accounts and dealing with regulations. They underperform, however, in owning foreign technology licences and accessing finance. The largest performance gap between small and large firms lies in owning foreign technology licences. The country's national environment scores well in getting credit and starting a business easily.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Beer made from malt	220300	20									
Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	220710	71									
Rum and other spirits obtained by distilling fermented sugar-cane products	220840	53									
Arrowroot, salep, Jerusalem artichokes and similar roots and tubers with high starch or inulin content,...	0714XX	25									
Coffee (excluding roasted and decaffeinated)	090111	20									
Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa;...	190590	10									
Fruit and other edible parts of plants (excluding nuts, groundnuts and other seeds, pineapples,...	2008XX	12									
Preparations of a kind used in animal feeding (excluding dog or cat food put up for retail sale)	230990	10									
Preparations for sauces and prepared sauces; mixed condiments and seasonings (excluding...	210390	14									
Liqueurs and cordials	220870	3									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Jordan

Key indicators

Population (millions)	7.7
GDP ($ billions)	39.5
GDP per capita ($)	5092.0
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-9.0
Tariff preference margin (percentage points)	6.1
Imports and exports (goods and services), share of GDP (%)	104.1
Services exports, share of total exports (%)	44.0
Geographic region	Asia
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	28.4	**24.4**	34.0
	Medium	43.0	46.9	44.7
	Large	54.9	71.2	49.3
	All	34.0	31.6	39.1
BUSINESS ECOSYSTEM		61.9	65.3	47.7
NATIONAL ENVIRONMENT		61.2	55.5	40.4
Reference level: 51.0 (a function of GDP per capita)				
Weaknesses are scores below: 25.5			**Strengths are scores above: 76.5**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

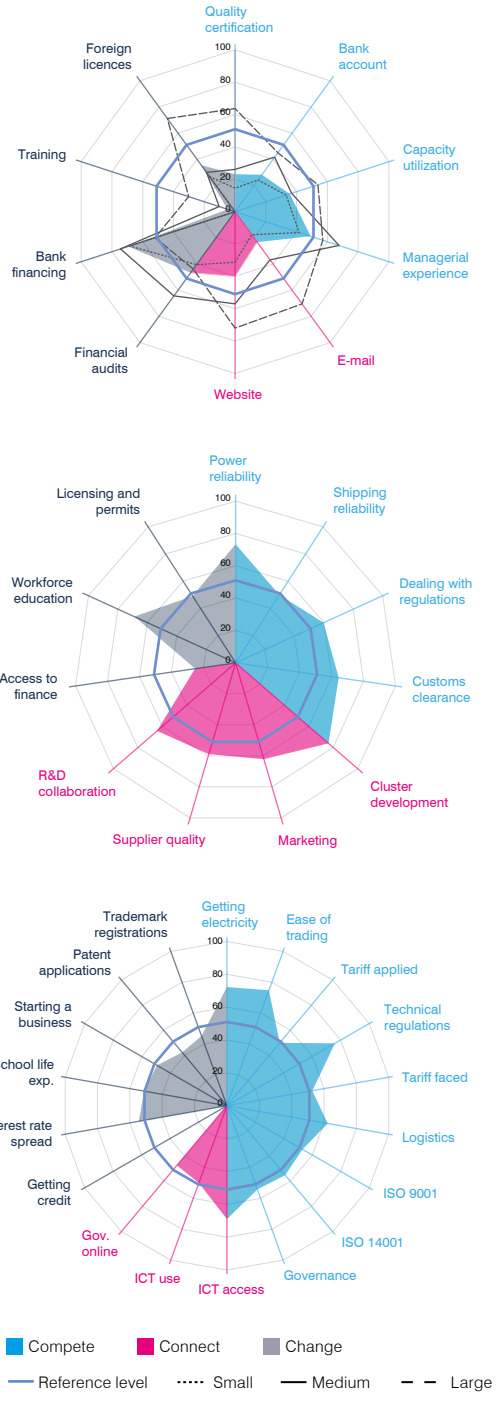
Compete	Small	Medium	Large	All
International quality certificate	**14.6**	26.1	63.7	**23.2**
Bank account	**24.2**	41.6	45.1	28.2
Capacity utilization	33.2	36.8	53.8	35.6
Managerial experience	41.7	67.6	57.1	49.1
Connect				
E-mail	**17.6**	36.8	70.4	**23.3**
Firm website	31.2	57.0	72.0	40.0
Change				
Audited financial statement	40.5	64.3	43.9	46.7
Investment financed by banks	68.6	74.4	51.9	69.5
Formal training programme	**0.0**	**10.3**	30.1	**4.8**
Foreign technology licences	26.8	29.9	71.2	35.5

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**81.5**	64.0	**81.5**	73.3
Domestic shipping reliability	44.3	61.9	66.6	50.0
Dealing with regulations	62.9	53.3	61.1	59.8
Customs clearance efficiency	66.3	63.6	60.4	64.5
Connect				
State of cluster development				76.1
Extent of marketing				62.1
Local supplier quality				58.9
University-industry collaboration in R&D				64.3
Change				
Access to finance	**20.3**	34.8	53.7	**25.3**
Access to educated workforce	**77.5**	55.0	55.6	68.8
Business licensing and permits	53.0	40.3	54.3	49.1

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	72.3
Ease of trading across borders	74.7
Applied tariff, trade-weighted average	50.0
Prevalence of technical regulations	75.9
Faced tariff, trade-weighted average	52.8
Logistics performance index	62.3
ISO 9001 quality certificates	53.2
ISO 14001 environmental certificates	55.2
Governance index	54.2
Connect	
ICT access	69.0
ICT use	50.0
Government's online service	47.4
Change	
Ease of getting credit	**0.0**
Interest rate spread	54.5
School life expectancy	51.2
Ease of starting a business	49.2
Patent applications	42.4
Trademark registrations	45.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Jordan is an upper-middle income country with a population of 7.7 million and GDP of $39.5 billion. Goods and services account for 56% and 44% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Europe and the Americas (see table below). *Pharmaceutical products* have an unrealized export potential of over $81 million in the home region and $292 million to the Americas. Other goods with unrealized potential include *coaxial cables* and *articles of jewellery*.

Regarding new export products, Jordan has diversification opportunities in metals, carpets, as well as ceramic articles with products such as *wire of non-alloy aluminium* and *carpets and other man-made floor covering*. These goods score relatively well on the price stability indicator. Other products for diversification include *ceramic sinks* and *unglazed ceramic flags and paving, hearth or wall tiles*.

Small firms in Jordan perform well in having investments financed by banks and access to electricity. They underperform, however, in attaining international quality certificates, using e-mails and offering formal training programmes to employees. The largest gap between small and large firms lies in using e-mails. The country's national environment scores well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Pharmaceutical products, except lubricants and ostomy appliances	30XXXX	630									
Live sheep	010410	131									
Coaxial cable and other coaxial electric conductors, insulated	854420	70									
Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, for any...	761290	72									
Carnallite, sylvite and other crude natural potassium salts, potassium magnesium sulphate and...	310490	356									
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	101									
Winding wire for electrical purposes, of copper, insulated	854411	71									
Tomatoes, fresh or chilled	070200	258									
Mineral or chemical nitrogen fertilisers (excluding urea; ammonium sulphate; ammonium nitrate;...	310290	159									
Mineral or chemical fertilisers containing the two fertilising elements nitrogen and potassium or one...	310590	37									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Kazakhstan

Key indicators

Population (millions)	17.9
GDP ($ billions)	128.1
GDP per capita ($)	7138.1
Share of world GDP (PPP$, %)	0.4
Current account surplus/deficit, share of GDP (%)	-2.2
Tariff preference margin (percentage points)	0.9
Imports and exports (goods and services), share of GDP (%)	51.2
Services exports, share of total exports (%)	11.9
Geographic region	Asia
Country group	LLDC
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	34.8	40.1	**21.9**
	Medium	44.7	50.7	32.1
	Large	61.4	74.2	47.9
	All	40.8	45.9	29.5
BUSINESS ECOSYSTEM		53.6	45.4	67.0
NATIONAL ENVIRONMENT		55.8	**81.4**	63.6
Reference level: 53.8 (a function of GDP per capita)				
Weaknesses are scores below: 26.9			**Strengths are scores above: 80.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

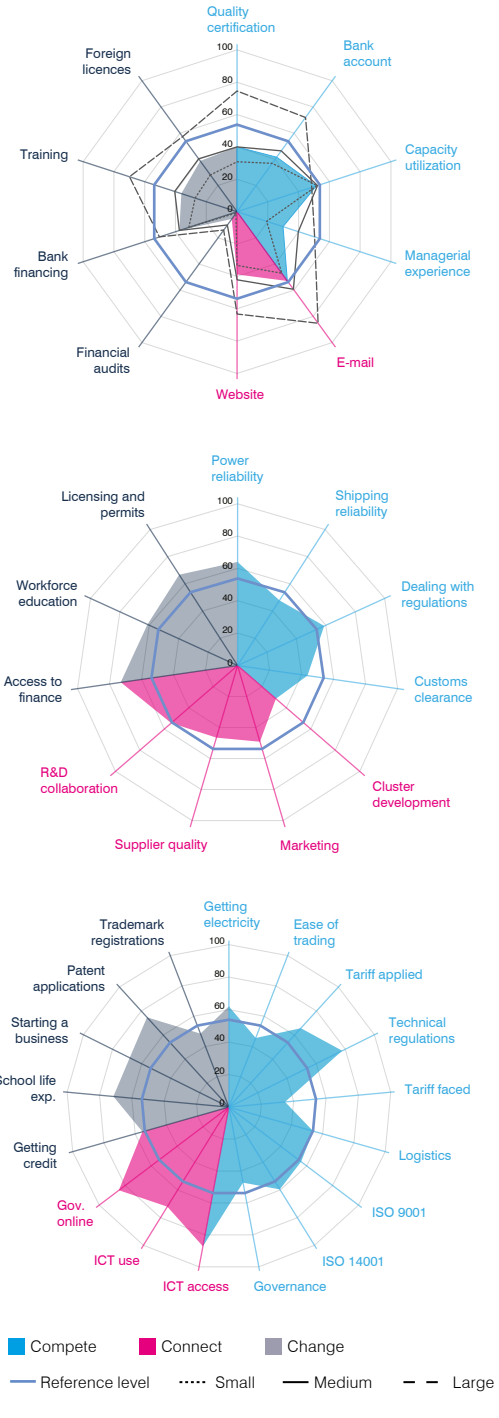
Compete	Small	Medium	Large	All
International quality certificate	30.8	40.0	74.6	40.0
Bank account	37.0	46.5	72.0	41.6
Capacity utilization	52.1	52.3	48.5	51.5
Managerial experience	**19.2**	39.9	50.4	29.9
Connect				
E-mail	47.0	59.3	**85.2**	53.0
Firm website	33.2	42.1	63.3	38.8
Change				
Audited financial statement	**1.1**	**10.2**	**14.0**	**5.6**
Investment financed by banks	31.3	37.5	50.4	37.5
Formal training programme	27.3	40.5	69.9	36.2
Foreign technology licences	28.1	40.4	57.3	38.8

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	64.0	64.0	60.9	64.0
Domestic shipping reliability	52.4	44.3	55.1	47.9
Dealing with regulations	62.0	54.7	56.5	58.9
Customs clearance efficiency	-	-	53.2	43.7
Connect				
State of cluster development				31.4
Extent of marketing				49.2
Local supplier quality				46.5
University-industry collaboration in R&D				54.4
Change				
Access to finance	72.5	74.5	69.1	73.0
Access to educated workforce	65.9	58.1	49.0	61.2
Business licensing and permits	**81.9**	53.8	64.0	66.8

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	62.0
Ease of trading across borders	45.7
Applied tariff, trade-weighted average	65.8
Prevalence of technical regulations	77.9
Faced tariff, trade-weighted average	34.7
Logistics performance index	53.9
ISO 9001 quality certificates	55.7
ISO 14001 environmental certificates	59.5
Governance index	47.3
Connect	
ICT access	**87.2**
ICT use	72.1
Government's online service	**84.9**
Change	
Ease of getting credit	55.3
Interest rate spread	-
School life expectancy	71.4
Ease of starting a business	68.2
Patent applications	74.8
Trademark registrations	48.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

Kazakhstan

SME Export Potential

Kazakhstan is an upper-middle income country with a population of 17.9 million and GDP of $128.1 billion. Goods and services account for 88.1% and 11.9% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Europe (see table below). *Copper* has an unrealized export potential of $606 million in the home region and $260 million to Europe.

Regarding new export products, Kazakhstan has diversification opportunities in minerals and metals, as well as chemicals with products such as *articles of titanium* and *mixtures of ammonium nitrate with calcium carbonate*. The production of the latter good involves a relatively strong presence of SMEs. Other products for diversification include *powders of aluminium,* and *powders and flakes of nickel*.

Small firms in Kazakhstan perform well in capacity utilization and access to electricity. They underperform, however, in having managerial experience and audited financial statements. The largest performance gap between small and large firms lies in offering formal training programmes to employees. The country's national environment performs well in accessing ICT and the online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 750	0 750	0 750	0 750	0 750				
Copper, refined, in the form of cathodes and sections of cathodes	740311	2163									
Wheat and meslin (excluding durum wheat)	1001Xb	911									
Ferro-chromium, containing by weight > 4% of carbon	720241	1420									
Silver, incl. silver plated with gold or platinum, unwrought (excluding silver in powder form)	710691	352									
Aluminium, not alloyed, unwrought	760110	400									
Unwrought titanium; titanium powders; titanium waste and scrap (excluding ash and residues...	8108XX	153									
Wheat or meslin flour	110100	558									
Unwrought zinc, not alloyed, containing by weight >= 99.99% of zinc	790111	530									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	38									
Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled...	721049	231									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Kenya

Key indicators

Population (millions)	45.5
GDP ($ billions)	69.2
GDP per capita ($)	1521.9
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-6.4
Tariff preference margin (percentage points)	8.3
Imports and exports (goods and services), share of GDP (%)	49.7
Services exports, share of total exports (%)	45.8
Geographic region	Africa
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	40.0	25.4	55.0
	Medium	48.0	54.9	**67.6**
	Large	59.6	**63.9**	**77.8**
	All	45.7	36.7	**63.3**
BUSINESS ECOSYSTEM		34.7	**71.2**	42.8
NATIONAL ENVIRONMENT		52.1	41.6	43.0

Reference level: 40.9 (a function of GDP per capita)

Weaknesses are scores below: 20.4 | **Strengths are scores above: 61.3**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

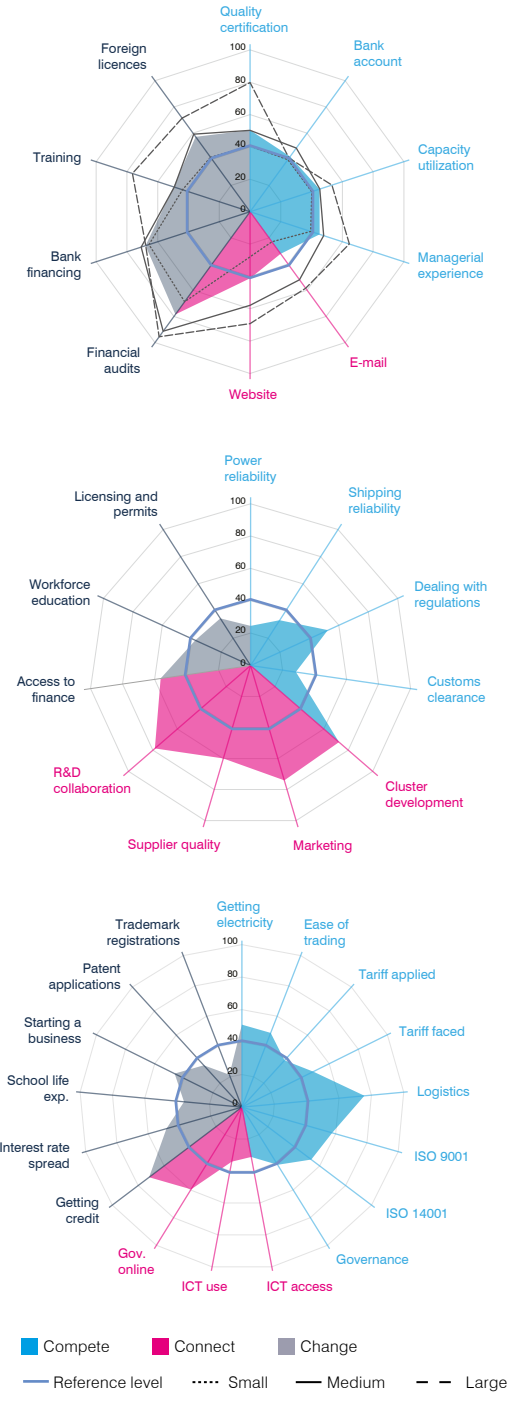
Compete	Small	Medium	Large	All
International quality certificate	40.7	50.3	**79.8**	50.4
Bank account	39.7	48.6	41.0	42.1
Capacity utilization	40.1	45.3	53.3	45.2
Managerial experience	39.4	47.9	**64.5**	45.2
Connect				
E-mail	23.0	52.0	58.5	32.2
Firm website	27.9	57.9	**69.2**	41.2
Change				
Audited financial statement	**68.8**	**91.3**	**95.6**	**78.5**
Investment financed by banks	**65.7**	**70.7**	**67.8**	**67.9**
Formal training programme	43.9	49.3	**76.4**	49.7
Foreign technology licences	41.5	59.2	**71.4**	57.2

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	25.6	24.5	**20.4**	24.5
Domestic shipping reliability	26.3	47.9	34.2	33.3
Dealing with regulations	54.3	50.3	50.0	52.6
Customs clearance efficiency	-	29.5	31.5	28.3
Connect				
State of cluster development				**72.4**
Extent of marketing				**74.1**
Local supplier quality				59.9
University-industry collaboration in R&D				**78.3**
Change				
Access to finance	59.9	52.3	48.7	56.2
Access to educated workforce	33.6	48.3	34.5	37.6
Business licensing and permits	34.6	36.3	30.5	34.6

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	50.8
Ease of trading across borders	49.0
Applied tariff, trade-weighted average	39.0
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	49.1
Logistics performance index	**75.7**
ISO 9001 quality certificates	57.8
ISO 14001 environmental certificates	53.5
Governance index	41.7
Connect	
ICT access	31.2
ICT use	34.1
Government's online service	59.5
Change	
Ease of getting credit	**71.6**
Interest rate spread	48.3
School life expectancy	35.8
Ease of starting a business	46.3
Patent applications	34.9
Trademark registrations	21.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Kenya is a lower-middle income country with a population of 45.5 million and GDP of $69.2 billion. Goods and services account for 54.2% and 45.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe, Asia and the Americas (see table below). Particularly to these regions, *fresh cut flowers and buds* and *black tea* have increased export potential. Other products with unrealized potential to Europe include *women's or girls' trousers,* and *sacks and bags*.

Regarding new export products, Kenya has diversification opportunities in processed food and textiles with products such as *women's or girls' jackets and blazers of synthetic fibres,* and *uncooked pasta*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *prepared or preserved vegetables, fruit and nuts by vinegar or acetic acid* as well as *made-up articles of textile materials*.

Small firms in Kenya perform well in having audited financial statements and investments financed by banks. They underperform, however, in using e-mails and having business websites. The largest gap between small and large firms is in having business websites. The country's national environment performs well in logistics and ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Fresh cut flowers and buds, of a kind suitable for bouquets or for ornamental purposes	0603XX	577									
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090240	1245									
Coffee (excluding roasted and decaffeinated)	090111	240									
Portland cement (excluding white, whether or not artificially coloured)	252329	89									
Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	151190	74									
Fresh or chilled beans "Vigna spp., Phaseolus spp.", shelled or unshelled	070820	125									
Pineapples, prepared or preserved, whether or not containing added sugar or other sweetening...	200820	69									
Fresh or dried avocados	080440	44									
Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted...	620462	57									
Sacks and bags, incl. cones, of polymers of ethylene	392321	32									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Lebanon

Key indicators

Population (millions)	4.6
GDP ($ billions)	51.8
GDP per capita ($)	11270.6
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-20.4
Tariff preference margin (percentage points)	4.2
Imports and exports (goods and services), share of GDP (%)	111.6
Services exports, share of total exports (%)	80.6
Geographic region	Asia
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	44.7	43.4	44.3
	Medium	61.7	62.8	66.2
	Large	83.5	**88.8**	67.3
	All	52.4	51.1	54.2
BUSINESS ECOSYSTEM		46.2	63.8	47.0
NATIONAL ENVIRONMENT		51.9	68.3	49.3
Reference level: 57.6 (a function of GDP per capita)				
Weaknesses are scores below: 28.8			**Strengths are scores above: 86.4**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

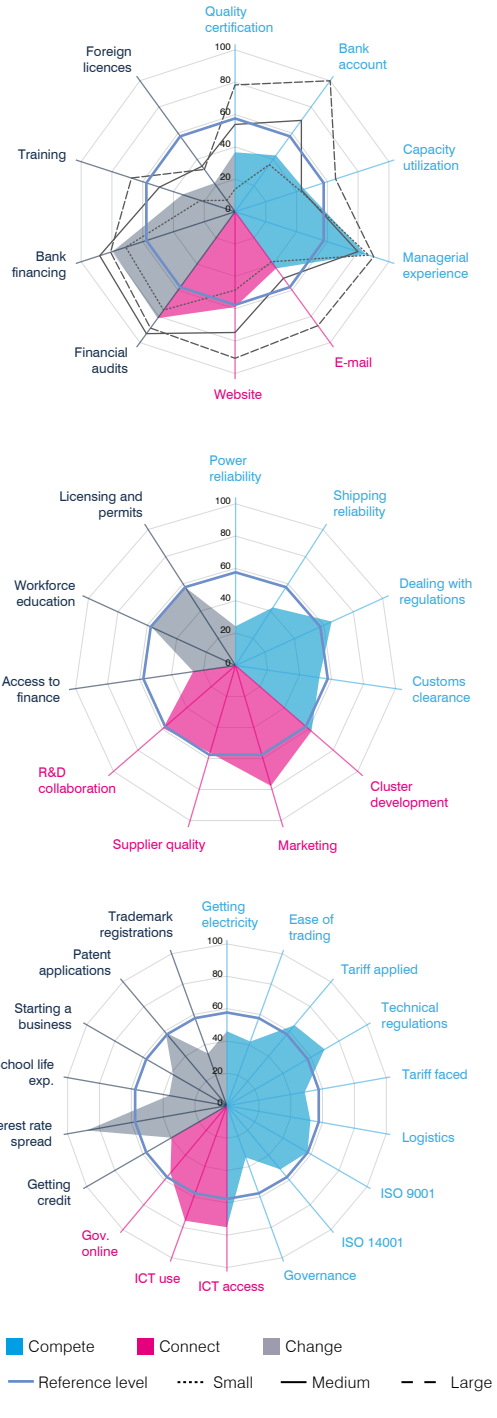
Compete	Small	Medium	Large	All
International quality certificate	**13.9**	53.9	78.4	36.7
Bank account	36.0	69.7	**100.0**	43.0
Capacity utilization	42.3	43.2	65.3	45.0
Managerial experience	**86.9**	79.8	**90.1**	84.9
Connect				
E-mail	38.2	50.9	**87.1**	43.3
Firm website	48.5	74.6	**90.6**	58.9
Change				
Audited financial statement	75.2	**93.2**	**88.9**	81.4
Investment financed by banks	71.0	**88.0**	80.9	79.4
Formal training programme	**22.5**	49.1	67.3	34.2
Foreign technology licences	**8.6**	34.8	32.3	**21.8**

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**26.2**	**21.3**	**21.9**	**24.2**
Domestic shipping reliability	32.4	72.8	**100.0**	42.7
Dealing with regulations	63.4	69.2	68.6	65.4
Customs clearance efficiency	49.0	50.0	70.7	52.4
Connect				
State of cluster development				62.1
Extent of marketing				77.6
Local supplier quality				56.3
University-industry collaboration in R&D				59.2
Change				
Access to finance	**25.4**	**28.2**	**28.5**	**26.5**
Access to educated workforce	54.3	64.0	56.1	57.2
Business licensing and permits	65.1	51.4	35.1	57.5

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	46.0
Ease of trading across borders	42.2
Applied tariff, trade-weighted average	65.0
Prevalence of technical regulations	69.7
Faced tariff, trade-weighted average	48.9
Logistics performance index	52.4
ISO 9001 quality certificates	57.5
ISO 14001 environmental certificates	51.3
Governance index	34.0
Connect	
ICT access	75.1
ICT use	75.6
Government's online service	54.3
Change	
Ease of getting credit	39.6
Interest rate spread	**88.1**
School life expectancy	36.3
Ease of starting a business	38.5
Patent applications	59.0
Trademark registrations	34.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

Lebanon

SME Export Potential

Lebanon is an upper-middle income country with a population of 4.6 million and GDP of $51.8 billion. Goods and services account for 19.4% and 80.6% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Africa (see table below). *Articles of jewellery* have an unrealized export potential of around $123 million in the home region. Other products with unrealized potential in the home region and to Africa include *generating sets* and *printed books*.

Regarding new export products, Lebanon has diversification opportunities in metals, machinery, carpets, as well as beverages with products such as *wire of non-alloy aluminium* and *wind-powered generating sets*. The production of the former good scores relatively well on the price stability indicator. Other products for diversification include *carpets and other floor covering* and *grape must*.

Small firms in Lebanon perform well in managerial experience and audited financial statements. They underperform, however, in owning internationally recognized quality certifications and foreign technology licences, and offering formal training programmes to employees. The largest gap between small and large firms lies in domestic shipping reliability. The country's national environment performs well in interest rate spread.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 150	0 150	0 150	0 150	0 150				
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	271									
Generating sets with compression-ignition internal combustion piston engine "diesel or semi-diesel...	850211	60									
Printed books, brochures and similar printed matter (excluding those in single sheets; dictionaries,...	490199	87									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder...	710812	260									
Generating sets with compression-ignition internal combustion piston engine "diesel or semi-diesel...	850213	60									
Non-alcoholic beverages (excluding water, fruit or vegetable juices and milk)	220290	36									
Generating sets with compression-ignition internal combustion piston engine "diesel or semi-diesel...	850212	43									
Fresh apples	080810	32									
Household refrigerators, absorption-type	841829	36									
Live goats	010420	5									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Madagascar

Key indicators

Population (millions)	24.9
GDP ($ billions)	9.7
GDP per capita ($)	390.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-2.3
Tariff preference margin (percentage points)	6.7
Imports and exports (goods and services), share of GDP (%)	75.6
Services exports, share of total exports (%)	34.2
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	25.8	**12.8**	15.3
	Medium	34.9	42.0	**44.9**
	Large	**60.4**	**67.8**	**49.9**
	All	33.5	24.5	31.6
BUSINESS ECOSYSTEM		32.9	43.4	**64.6**
NATIONAL ENVIRONMENT		**48.5**	**12.4**	22.9
Reference level: 29.5 (a function of GDP per capita)				
Weaknesses are scores below: 14.8		**Strengths are scores above: 44.3**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

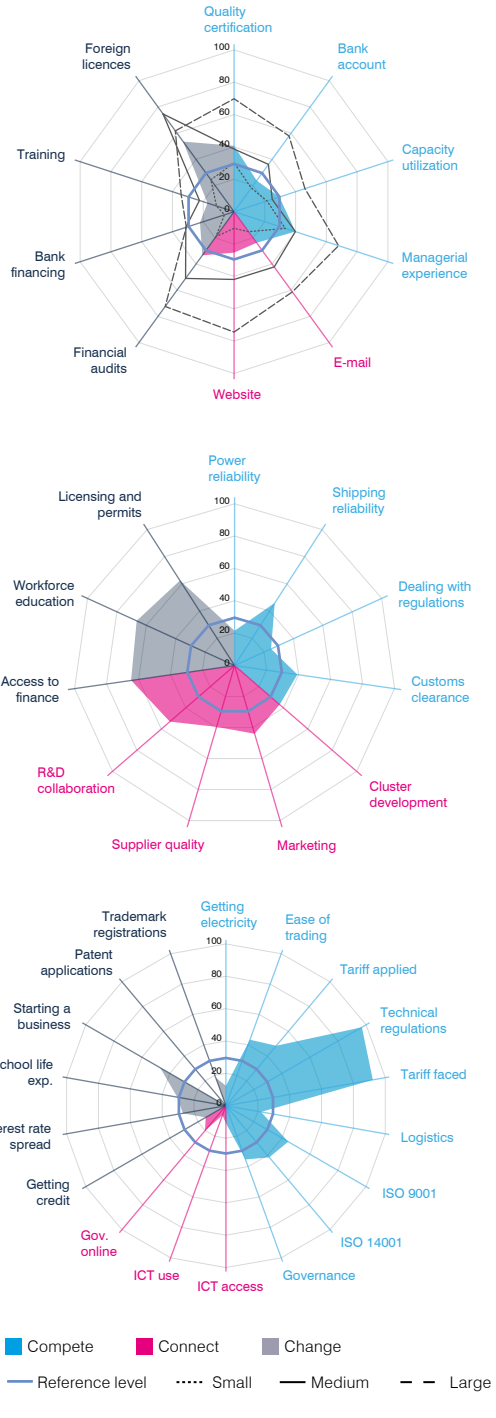
Compete	Small	Medium	Large	All
International quality certificate	30.2	38.7	**69.8**	40.7
Bank account	18.1	36.1	**57.8**	23.8
Capacity utilization	21.4	24.8	**46.1**	29.5
Managerial experience	33.3	39.9	**68.0**	39.9
Connect				
E-mail	15.3	42.2	**61.3**	23.7
Firm website	**10.2**	41.9	**74.4**	25.3
Change				
Audited financial statement	19.1	**51.0**	**72.4**	33.3
Investment financed by banks	**6.2**	31.3	31.0	22.2
Formal training programme	**11.4**	22.5	34.4	17.3
Foreign technology licences	24.4	**74.7**	**61.7**	**53.6**

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	19.2	23.9	29.7	21.5
Domestic shipping reliability	**47.9**	**47.9**	41.2	**46.0**
Dealing with regulations	24.4	22.0	36.7	24.8
Customs clearance efficiency	38.2	36.8	39.1	39.2
Connect				
State of cluster development				36.9
Extent of marketing				44.0
Local supplier quality				39.6
University-industry collaboration in R&D				**53.0**
Change				
Access to finance	**75.0**	**49.0**	**65.1**	**64.7**
Access to educated workforce	**76.1**	**48.0**	**73.7**	**66.5**
Business licensing and permits	**70.8**	**52.7**	**53.8**	**62.5**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**12.3**
Ease of trading across borders	43.4
Applied tariff, trade-weighted average	**48.4**
Prevalence of technical regulations	**97.0**
Faced tariff, trade-weighted average	**92.2**
Logistics performance index	22.0
ISO 9001 quality certificates	**44.5**
ISO 14001 environmental certificates	41.7
Governance index	35.3
Connect	
ICT access	**10.9**
ICT use	**6.2**
Government's online service	20.1
Change	
Ease of getting credit	**14.5**
Interest rate spread	27.0
School life expectancy	30.6
Ease of starting a business	**47.0**
Patent applications	**0.0**
Trademark registrations	18.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Madagascar is a low income country with a population of 24.9 million and GDP of $9.7 billion. Goods and services account for 65.8% and 34.2% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, notably to Europe, Asia and the Americas (see table below). *Nickel* has an unrealized export potential to Asia of about $170 million. Other goods with unrealized potential to Europe include *jerseys, pullovers, cardigans and waistcoats,* and *vanilla*.

Regarding new export products, Madagascar has diversification opportunities in textile, processed food and wood with products such as *women's or girls' blouses of man-made fibres,* and *flours, meals and pellets of fish or crustaceans unfit for human consumption*. The production of the latter good involves a relatively strong representation of SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *sacks and bags of polyethylene or polypropylene strip* and *statuettes and other ornaments of wood*.

Small firms in Madagascar perform well in dealing with business licensing and permits, as well as accessing finance and an educated workforce. They underperform, however, in having businesses websites and investments financed by banks, and in offering formal training programmes to employees. The largest gap between small and large firms lies in having business websites. The country's national environment performs well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Nickel, not alloyed, unwrought	750210	305									
Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool or fine animal hair, knitted...	6110XX	109									
Shrimps and prawns, frozen	0306Xb	82									
Vanilla	0905	119									
Cobalt mattes and other intermediate products of cobalt metallurgy; unwrought cobalt; cobalt...	8105XX	36									
Cloves, whole fruit, cloves and stems	0907	136									
Essential oils, whether or not terpeneless, incl. concretes and absolutes (excluding those of citrus...	330129	32									
Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	160414	46									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	39									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	19									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Malawi

Key indicators

Population (millions)	18.6
GDP ($ billions)	5.5
GDP per capita ($)	293.8
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-15.8
Tariff preference margin (percentage points)	8.6
Imports and exports (goods and services), share of GDP (%)	52.8
Services exports, share of total exports (%)	8.8
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	28.7	27.2	32.7
	Medium	**41.3**	**58.1**	**54.3**
	Large	**54.0**	**75.1**	**59.8**
	All	37.9	39.8	**47.3**
BUSINESS ECOSYSTEM		37.3	32.4	**48.0**
NATIONAL ENVIRONMENT		**49.7**	**12.5**	30.2
Reference level: 27.1 (a function of GDP per capita)				
Weaknesses are scores below: 13.6		**Strengths are scores above: 40.7**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

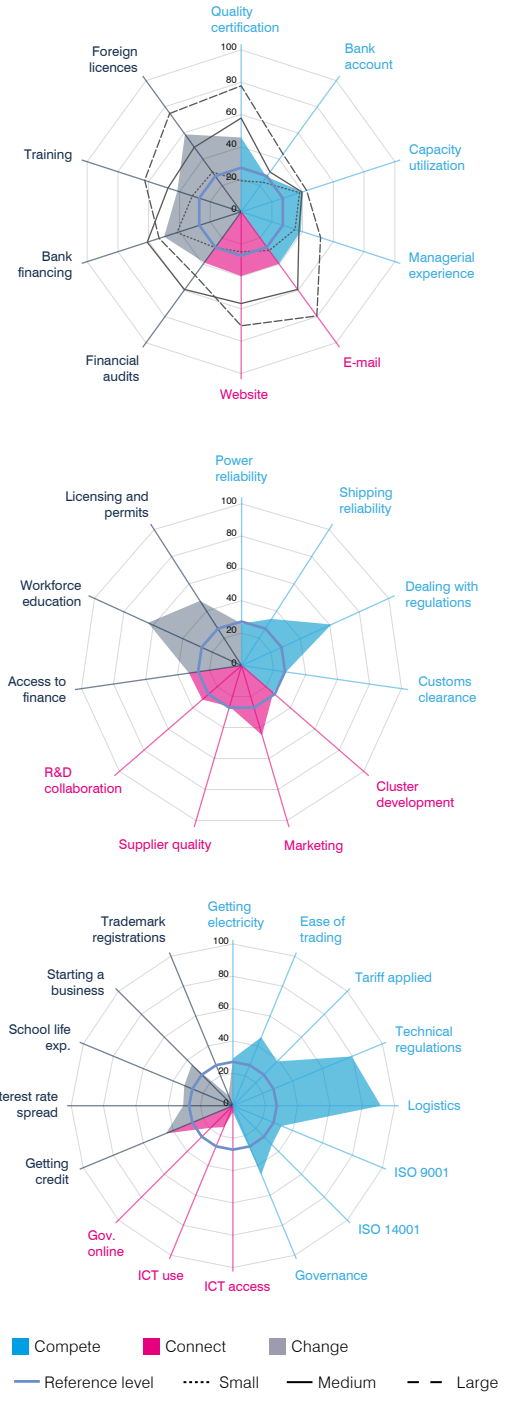
Compete	Small	Medium	Large	All
International quality certificate	19.1	**57.8**	**77.8**	**45.9**
Bank account	22.5	30.3	**44.0**	26.8
Capacity utilization	38.0	39.6	**42.6**	40.1
Managerial experience	35.2	37.6	**51.7**	38.9
Connect				
E-mail	29.5	**59.5**	**79.7**	39.8
Firm website	24.8	**56.7**	**70.5**	39.7
Change				
Audited financial statement	27.4	**59.5**	**48.4**	38.8
Investment financed by banks	**41.6**	**61.0**	**53.2**	**50.0**
Formal training programme	31.7	**47.5**	**62.6**	**41.4**
Foreign technology licences	30.2	**49.2**	**75.0**	**59.1**

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	27.5	20.4	33.1	25.9
Domestic shipping reliability	**50.0**	**46.0**	16.0	34.2
Dealing with regulations	**65.9**	**54.0**	**57.7**	**61.1**
Customs clearance efficiency	-	**0.0**	**48.2**	27.9
Connect				
State of cluster development				25.9
Extent of marketing				**44.9**
Local supplier quality				26.5
University-industry collaboration in R&D				32.2
Change				
Access to finance	27.9	34.5	**52.6**	32.9
Access to educated workforce	**62.8**	**61.4**	**70.2**	**63.6**
Business licensing and permits	**43.9**	**52.5**	**54.9**	**47.5**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	29.2
Ease of trading across borders	**45.8**
Applied tariff, trade-weighted average	38.7
Prevalence of technical regulations	**79.5**
Faced tariff, trade-weighted average	**91.4**
Logistics performance index	-
ISO 9001 quality certificates	32.5
ISO 14001 environmental certificates	34.1
Governance index	**46.0**
Connect	
ICT access	**4.0**
ICT use	14.3
Government's online service	19.3
Change	
Ease of getting credit	**44.8**
Interest rate spread	30.7
School life expectancy	32.6
Ease of starting a business	36.0
Patent applications	-
Trademark registrations	**6.8**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Annex.

Malawi

SME Export Potential

Malawi is a low income country with a population of 18.6 million and GDP of $5.5 billion. Goods and services account for 91.2% and 8.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Asia and Europe (see table below). *Birds' eggs* have an unrealized export potential in the home region of nearly $18 million. Other products with unrealized potential to these regions include *black tea* and *groundnuts*.

Regarding new export products, Malawi has diversification opportunities in chemicals, beverages as well as minerals and metals with products such as *wattle extract, unfermented pineapple juice,* and *Portland cement*. The production of the latter good involves a relatively strong representation of SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *undenatured ethyl alcohol* and *flat-rolled products of iron or non-alloy steel*.

Small firms in Malawi perform well in dealing with regulations and accessing an educated workforce. They underperform, however, in owning international quality certificates. This category is also the largest performance gap between small and large firms. The country's national environment scores well in the trade policy-related indicator.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 38	0 38	0 38	0 38	0 38				
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	93									
Birds' eggs, in shell, fresh, preserved or cooked	0407	13									
Groundnuts, whether or not shelled or broken (excluding roasted or otherwise cooked)	1202	28									
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090240	77									
Fresh or dried nuts (excluding coconuts, Brazil nuts, cashew nuts, almonds, hazelnuts, filberts, walnuts...	0802Xc	17									
Dried, shelled peas "Pisum sativum", whether or not skinned or split	071310	15									
Self-propelled mechanical shovels, excavators and shovel loaders (excluding self-propelled...	842959	5									
Wood, sawn or chipped lengthwise, sliced or peeled, sanded or end-jointed, of a thickness of > 6 mm...	4407Xb	6									
Wheat or meslin flour	110100	3									
Cotton, neither carded nor combed	520100	35									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Malaysia

Key indicators

Population (millions)	31.7
GDP ($ billions)	302.7
GDP per capita ($)	9545.5
GDP per capita ($)	0.7
Current account surplus/deficit, share of GDP (%)	1.2
Tariff preference margin (percentage points)	1.2
Imports and exports (goods and services), share of GDP (%)	152.3
Services exports, share of total exports (%)	14.8
Geographic region	Asia
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	**25.1**	**15.5**	36.9
	Medium	30.9	35.7	46.0
	Large	42.7	64.3	58.1
	All	**28.0**	**20.8**	45.1
BUSINESS ECOSYSTEM		52.8	**94.4**	56.6
NATIONAL ENVIRONMENT		72.9	78.4	62.6
Reference level: 56.2 (a function of GDP per capita)				
Weaknesses are scores below: 28.1			**Strengths are scores above: 84.3**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

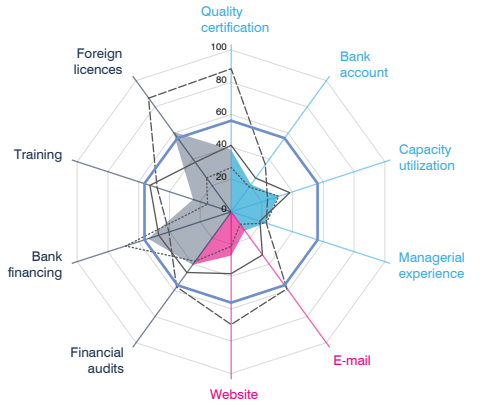
Compete	Small	Medium	Large	All
International quality certificate	**27.3**	41.0	**88.3**	38.3
Bank account	**19.0**	**25.7**	36.0	**20.8**
Capacity utilization	31.0	38.2	**23.7**	30.7
Managerial experience	**22.9**	**18.7**	**22.9**	**22.4**
Connect				
E-mail	**9.7**	33.1	58.8	**14.4**
Firm website	**21.4**	38.3	69.7	**27.2**
Change				
Audited financial statement	37.9	46.4	57.4	40.6
Investment financed by banks	68.5	47.1	40.3	54.0
Formal training programme	**15.3**	52.7	48.1	**24.6**
Foreign technology licences	**25.8**	37.8	**86.8**	61.1

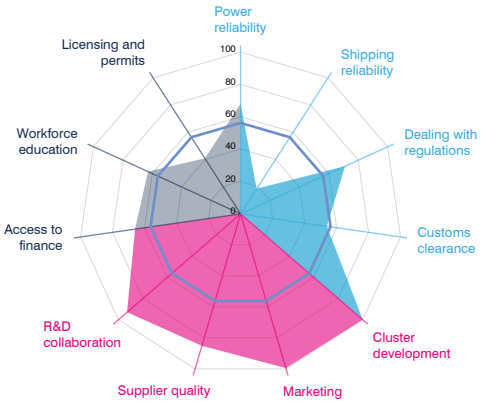
BUSINESS ECOSYSTEM (Normalized scores)

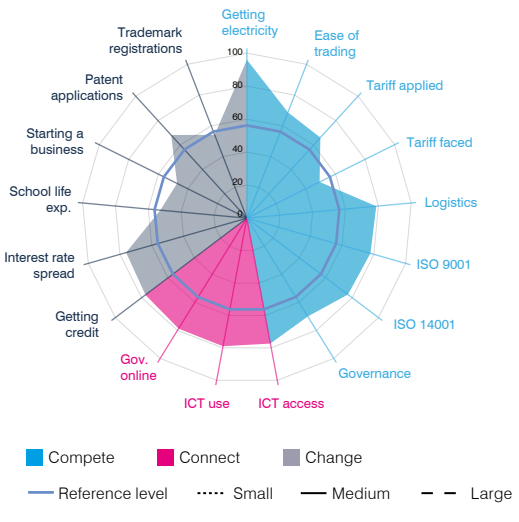
Compete	Small	Medium	Large	All
Power reliability	81.5	54.0	42.7	68.0
Domestic shipping reliability	**27.7**	**14.6**	**15.7**	**18.5**
Dealing with regulations	77.2	59.3	51.6	71.0
Customs clearance efficiency	46.8	60.4	53.0	53.9
Connect				
State of cluster development				**100.0**
Extent of marketing				**99.4**
Local supplier quality				**85.1**
University-industry collaboration in R&D				**92.9**
Change				
Access to finance	64.1	80.8	55.8	65.9
Access to educated workforce	64.2	57.0	67.2	63.0
Business licensing and permits	40.5	38.0	53.2	40.8

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**96.0**
Ease of trading across borders	68.8
Applied tariff, trade-weighted average	66.1
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	49.2
Logistics performance index	78.8
ISO 9001 quality certificates	77.9
ISO 14001 environmental certificates	76.8
Governance index	70.1
Connect	
ICT access	77.3
ICT use	79.0
Government's online service	78.7
Change	
Ease of getting credit	77.1
Interest rate spread	76.2
School life expectancy	52.7
Ease of starting a business	47.3
Patent applications	68.2
Trademark registrations	54.1







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Annex.

Malaysia

SME Export Potential

Malaysia is an upper-middle income country with a population of 31.7 million and GDP of $302.7 billion. Goods and services account for 85.2% and 14.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe and the Americas (see table below). *Cards incorporating one or more electronic integrated circuits* have an unrealized export potential of around $14 billion in the home region, $342 million to the Americas and $2 billion to Europe. Other products with unrealized potential include *parts and accessories of printers, copying machines, facsimile machines* and *apparatus for the transmission or reception of voice*.

Regarding new export products, Malaysia has diversification opportunities in chemicals, watch manufacturing, and vehicles sectors with products such as *floating or submersible drilling or production platforms, complete watch movements,* and *cumene*. The production of the latter product involves a relatively strong participation of SMEs with good scores on the price stability indicator. Other products identified for diversification include *tankers* and *vinyl acetate*.

Small firms in Malaysia perform well in access to electricity. They underperform, however, in using e-mails and formal training programmes. The largest gap between small and large firms lies in owning international quality certificates and foreign technology licences. The country's national environment performs well in getting an electricity connection.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Cards incorporating one or more electronic integrated circuits "smart cards"; electronic...	85XXXd	43523									
Parts and accessories of printers, copying machines, facsimile machines and other office...	84XXXd	8648									
Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	151190	10184									
Storage units for automatic data-processing machines	847170	5569									
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	7357									
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	2236									
Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in...	854140	4408									
Reception apparatus for television	8528Xb	3607									
Transistors with a dissipation rate >= 1 W (excluding photosensitive transistors)	854129	2237									
Crude palm oil	151110	3613									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Mauritius

Key indicators

Population (millions)	1.3
GDP ($ billions)	11.7
GDP per capita ($)	9321.6
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-4.3
Tariff preference margin (percentage points)	13.0
Imports and exports (goods and services), share of GDP (%)	103.0
Services exports, share of total exports (%)	51.9
Geographic region	Africa
Country group	SIDS
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	31.9	**23.0**	41.8
	Medium	54.8	46.0	62.3
	Large	60.3	73.3	81.2
	All	41.3	30.3	52.6
BUSINESS ECOSYSTEM		49.1	60.9	**26.7**
NATIONAL ENVIRONMENT		67.4	70.9	54.7
Reference level: 56.0 (a function of GDP per capita)				
Weaknesses are scores below: 28.0		**Strengths are scores above: 84.0**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

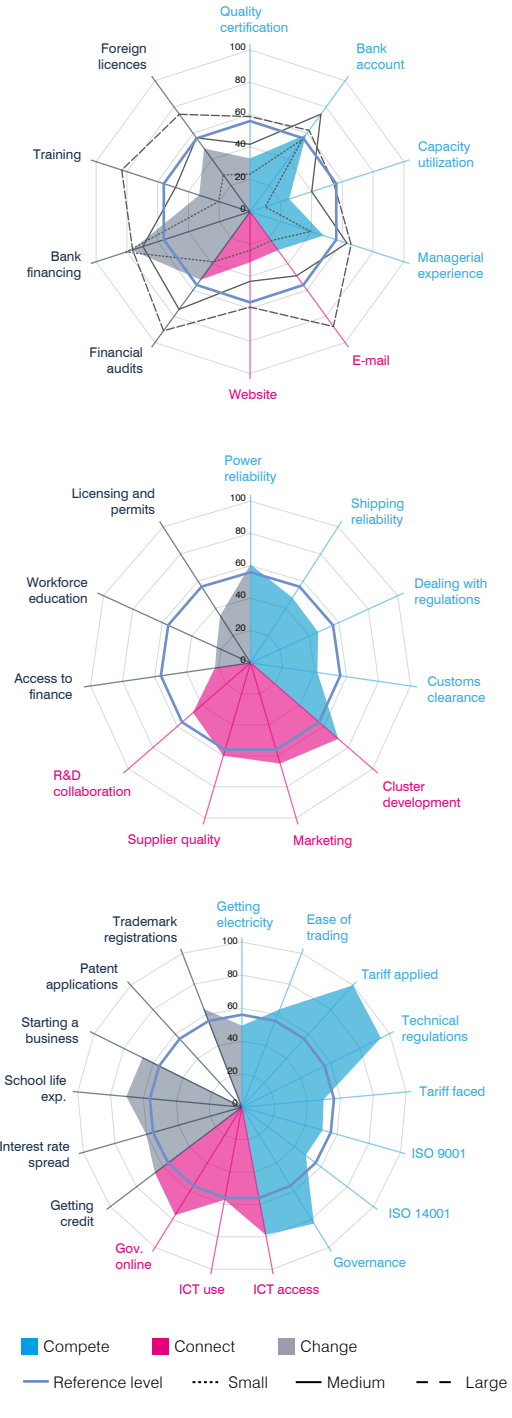
Compete	Small	Medium	Large	All
International quality certificate	**23.2**	41.7	58.8	32.9
Bank account	55.3	74.5	62.1	59.0
Capacity utilization	**9.8**	40.1	54.6	**25.4**
Managerial experience	39.4	63.0	65.7	47.9
Connect				
E-mail	**22.1**	49.0	**87.8**	29.3
Firm website	**23.9**	43.1	58.9	31.2
Change				
Audited financial statement	38.3	74.6	**90.9**	52.1
Investment financed by banks	80.6	69.6	76.3	77.0
Formal training programme	**20.3**	48.4	83.4	33.1
Foreign technology licences	28.1	56.4	74.4	48.3

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	64.0	52.3	73.3	60.9
Domestic shipping reliability	66.6	35.2	50.0	47.9
Dealing with regulations	46.0	45.2	51.6	46.0
Customs clearance efficiency	43.0	45.1	32.7	41.8
Connect				
State of cluster development				71.8
Extent of marketing				65.0
Local supplier quality				59.9
University-industry collaboration in R&D				47.1
Change				
Access to finance	**17.6**	**27.6**	48.0	**22.3**
Access to educated workforce	29.6	**9.2**	**21.0**	**23.1**
Business licensing and permits	36.3	**26.1**	51.4	34.8

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	49.4
Ease of trading across borders	63.7
Applied tariff, trade-weighted average	**100.0**
Prevalence of technical regulations	**94.1**
Faced tariff, trade-weighted average	49.8
Logistics performance index	-
ISO 9001 quality certificates	50.8
ISO 14001 environmental certificates	48.6
Governance index	83.0
Connect	
ICT access	78.7
ICT use	57.1
Government's online service	77.0
Change	
Ease of getting credit	66.1
Interest rate spread	60.4
School life expectancy	70.4
Ease of starting a business	67.2
Patent applications	**0.0**
Trademark registrations	63.9



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2009) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Mauritius is an upper-middle income country with a population of 1.3 million and GDP of $11.7 billion. Goods and services account for 48.1% and 51.9% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe (see table below). *Prepared or preserved tunas* have an unrealized export potential of nearly $262 million to Europe. Other products include *men's shirts and trousers of cotton*.

Regarding new export products, Mauritius has diversification opportunities in textile, vehicles, and chemicals with products such as *fishing vessels and factory ships for processing or preserving fishery products, dioctyl orthophthalates,* and *garment parts or clothing accessories*. The production of the latter good involves a relatively strong representation of SMEs. Other products identified for diversification include *woven fabrics of combed wool*.

Small firms in Mauritius perform well in having investments financed by banks. They underperform, however, in capacity utilization, offering formal training programmes to employees, and access to finance. The largest gap between small and large firms lies in using e-mails. The country's national environment scores well in the trade policy-related indicator and the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 375	0 375	0 375	0 375	0 375				
Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	160414	323									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	169									
Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and other vests)	620520	167									
Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar...	170199	220									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	110									
Diamonds, worked, but not mounted or set (excluding industrial diamonds)	710239	109									
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	102									
T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	610990	77									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	86									
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	40									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Mexico

Key indicators

Population (millions)	122.3
GDP ($ billions)	1063.6
GDP per capita ($)	8698.6
Share of world GDP (PPP$, %)	1.9
Current account surplus/deficit, share of GDP (%)	-2.7
Tariff preference margin (percentage points)	3.4
Imports and exports (goods and services), share of GDP (%)	72.6
Services exports, share of total exports (%)	5.6
Geographic region	Americas
Country group	OECD
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.8	32.7	33.6
	Medium	49.0	70.8	52.5
	Large	49.5	**85.0**	73.4
	All	42.2	43.2	43.7
BUSINESS ECOSYSTEM		40.8	66.4	33.0
NATIONAL ENVIRONMENT		64.9	70.7	63.1

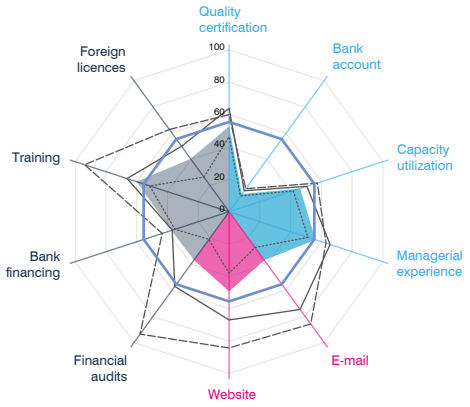
Reference level: 55.5 (a function of GDP per capita)

Weaknesses are scores below: 27.7 | **Strengths are scores above: 83.2**

SME Competitiveness Grid

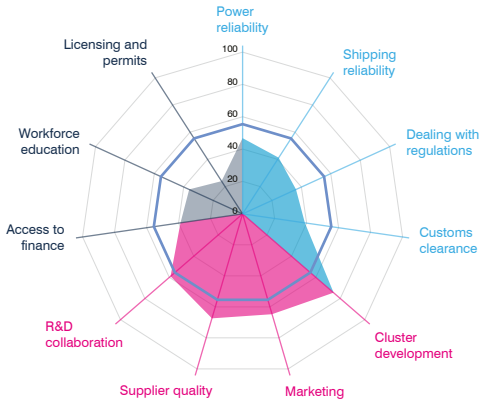
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	46.3	63.8	60.0	52.8
Bank account	**12.0**	**16.0**	**17.5**	**13.4**
Capacity utilization	41.7	50.6	57.4	46.3
Managerial experience	51.3	65.7	63.0	56.2
Connect				
E-mail	**27.4**	74.7	**85.8**	37.1
Firm website	38.0	66.9	**84.2**	49.3
Change				
Audited financial statement	**21.2**	57.0	**93.5**	36.9
Investment financed by banks	35.1	36.9	43.4	37.5
Formal training programme	51.6	66.2	**93.8**	60.1
Foreign technology licences	**26.4**	49.9	62.8	40.4



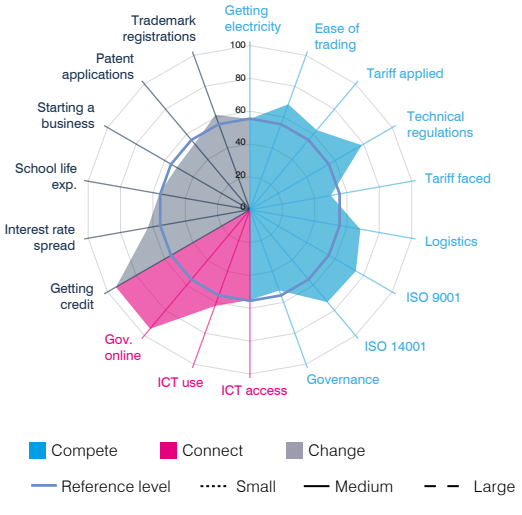
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	45.7	46.8	60.9	46.8
Domestic shipping reliability	44.3	36.3	38.6	41.2
Dealing with regulations	39.2	28.9	38.6	36.3
Customs clearance efficiency	49.8	31.6	39.4	38.9
Connect				
State of cluster development				74.5
Extent of marketing				64.7
Local supplier quality				67.4
University-industry collaboration in R&D				59.0
Change				
Access to finance	42.1	29.1	44.4	38.8
Access to educated workforce	45.6	**19.0**	36.5	36.3
Business licensing and permits	**25.4**	**22.3**	**19.3**	**24.0**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	55.3
Ease of trading across borders	68.4
Applied tariff, trade-weighted average	63.3
Prevalence of technical regulations	78.6
Faced tariff, trade-weighted average	50.0
Logistics performance index	68.2
ISO 9001 quality certificates	74.6
ISO 14001 environmental certificates	73.5
Governance index	52.3
Connect	
ICT access	55.0
ICT use	62.4
Government's online service	**94.7**
Change	
Ease of getting credit	**94.2**
Interest rate spread	63.1
School life expectancy	56.0
Ease of starting a business	51.5
Patent applications	52.5
Trademark registrations	61.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Mexico

SME Export Potential

Mexico is an upper-middle income country with a population of 122.3 million and GDP of $1,063.6 billion. Goods and services account for 94.4% and 5.6% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region (see table below). *Motor cars* have an unrealized export potential of around $16 billion in the home region. Other products with unrealized potential include *reception apparatus for televisions* and *parts of seats*.

Regarding new export products, Mexico has diversification opportunities in machinery, plastics and rubber, as well as ferrous metals with products such as *cranes designed for mounting on road vehicles,* and *conveyor belts or belting of vulcanized rubber*. The production of the former good involves a relatively strong presence of SMEs and scores relatively well on the price stability indicator. Other products identified for diversification include *sheet piling of iron or steel* and *generating sets*.

Small firms in Mexico perform well in offering formal training programmes to employees. They underperform, however, in having bank accounts and audited financial statements. The largest performance gap between small and large firms lies in having audited financial statements. The country's national environment performs well in online services provided by the government and ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	20899									
Reception apparatus for television	8528Xb	16516									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870324	3460									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	13588									
Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine,...	870431	11555									
Parts of seats	940190	5468									
Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons,...	870829	4385									
Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	854430	6598									
Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder...	840734	3054									
Automatic data-processing machines and processing units for automatic data-processing...	8471XX	15539									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Morocco

Key indicators

Population (millions)	33.8
GDP ($ billions)	104.9
GDP per capita ($)	3101.3
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	-1.2
Tariff preference margin (percentage points)	6.3
Imports and exports (goods and services), share of GDP (%)	81.3
Services exports, share of total exports (%)	39.2
Geographic region	Africa
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	50.0	70.1	43.0
	Medium	50.8	**75.7**	51.3
	Large	56.1	69.2	62.1
	All	51.3	**71.9**	49.2
BUSINESS ECOSYSTEM		60.8	51.8	39.5
NATIONAL ENVIRONMENT		55.8	67.5	50.2
Reference level: 46.8 (a function of GDP per capita)				
Weaknesses are scores below: 23.4			**Strengths are scores above: 70.3**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

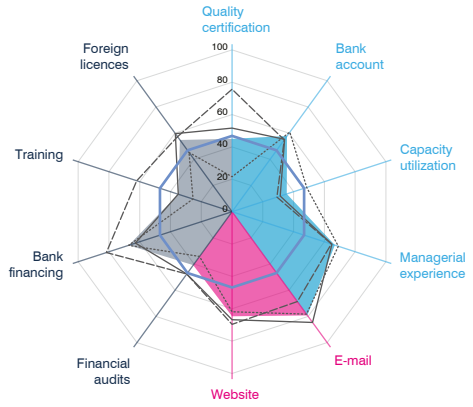
Compete	Small	Medium	Large	All
International quality certificate	**21.6**	51.6	**75.7**	45.0
Bank account	60.8	55.3	54.8	57.8
Capacity utilization	48.5	31.3	29.2	35.6
Managerial experience	69.1	64.9	64.5	66.8
Connect				
E-mail	**78.3**	**84.6**	68.7	**79.2**
Firm website	61.9	66.8	69.6	64.7
Change				
Audited financial statement	34.2	47.6	47.6	40.8
Investment financed by banks	67.2	62.8	**81.6**	67.2
Formal training programme	25.3	34.9	61.9	33.9
Foreign technology licences	45.3	59.6	57.3	54.8

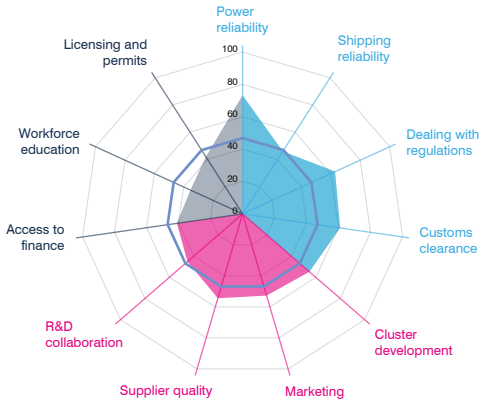
BUSINESS ECOSYSTEM (Normalized scores)

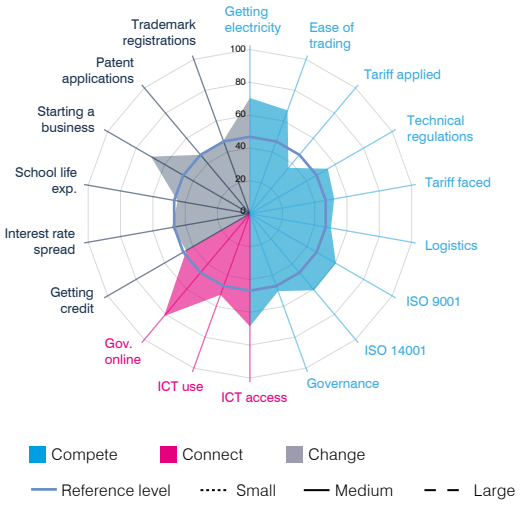
Compete	Small	Medium	Large	All
Power reliability	**73.3**	68.0	68.0	**73.3**
Domestic shipping reliability	38.6	52.4	58.2	46.0
Dealing with regulations	65.9	58.9	64.4	62.9
Customs clearance efficiency	-	59.9	61.3	61.0
Connect				
State of cluster development				54.8
Extent of marketing				52.7
Local supplier quality				54.4
University-industry collaboration in R&D				45.1
Change				
Access to finance	38.2	44.1	44.3	41.1
Access to educated workforce	29.6	41.6	43.5	35.4
Business licensing and permits	35.8	49.8	50.5	42.0

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**70.5**
Ease of trading across borders	67.0
Applied tariff, trade-weighted average	36.5
Prevalence of technical regulations	54.8
Faced tariff, trade-weighted average	52.1
Logistics performance index	50.0
ISO 9001 quality certificates	60.5
ISO 14001 environmental certificates	60.8
Governance index	50.2
Connect	
ICT access	68.6
ICT use	52.5
Government's online service	**81.4**
Change	
Ease of getting credit	44.8
Interest rate spread	48.1
School life expectancy	44.7
Ease of starting a business	69.6
Patent applications	46.8
Trademark registrations	47.4







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Morocco is a lower-middle income country with a population of 33.8 million and GDP of $104.9 billion. Goods and services account for 60.8% and 39.2% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies outside its home region, notably to Europe (see table below). *Parts of aeroplanes or helicopters, ignition wiring sets,* and *electric conductors* have increased export potential to Europe, Asia and the Americas.

Regarding new export products, Morocco has diversification opportunities in fertilizers, ceramic articles, as well as apparel and textiles with products such as *urea* and *tableware and kitchenware*. These goods score relatively well on the price stability indicator. Other identified products are *woven fabrics containing predominantly polyester staple fibres,* and *men's or boy's jackets and blazers of wool*.

Small firms in Morocco perform well in using e-mails and access to electricity. They underperform, however, in owning international quality certificates. This category is also the largest performance gap between small and large firms. The country's national environment scores well in getting an electricity connection and the online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	880330	229									
Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	854430	1477									
Electric conductors for a voltage <= 1.000 V, insulated, fitted with connectors, n.e.s.	854442	529									
Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets...	310530	835									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870331	430									
Octopus "Octopus spp.", smoked, frozen, dried, salted or in brine	030759	347									
Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus...	080520	368									
Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather...	6403XX	238									
Ammonium dihydrogenorthophosphate "monoammonium phosphate", whether or not...	310540	715									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870322	381									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Namibia

Key indicators

Population (millions)	2.3
GDP ($ billions)	10.2
GDP per capita ($)	4427.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-12.4
Tariff preference margin (percentage points)	3.7
Imports and exports (goods and services), share of GDP (%)	129.7
Services exports, share of total exports (%)	23.4
Geographic region	Africa
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.3	30.4	44.3
	Medium	49.0	59.7	64.9
	Large	63.5	**99.6**	64.0
	All	42.3	36.3	53.6
BUSINESS ECOSYSTEM		64.2	50.6	63.5
NATIONAL ENVIRONMENT		47.7	38.6	47.9
Reference level: 49.8 (a function of GDP per capita)				
Weaknesses are scores below: 24.9			**Strengths are scores above: 74.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

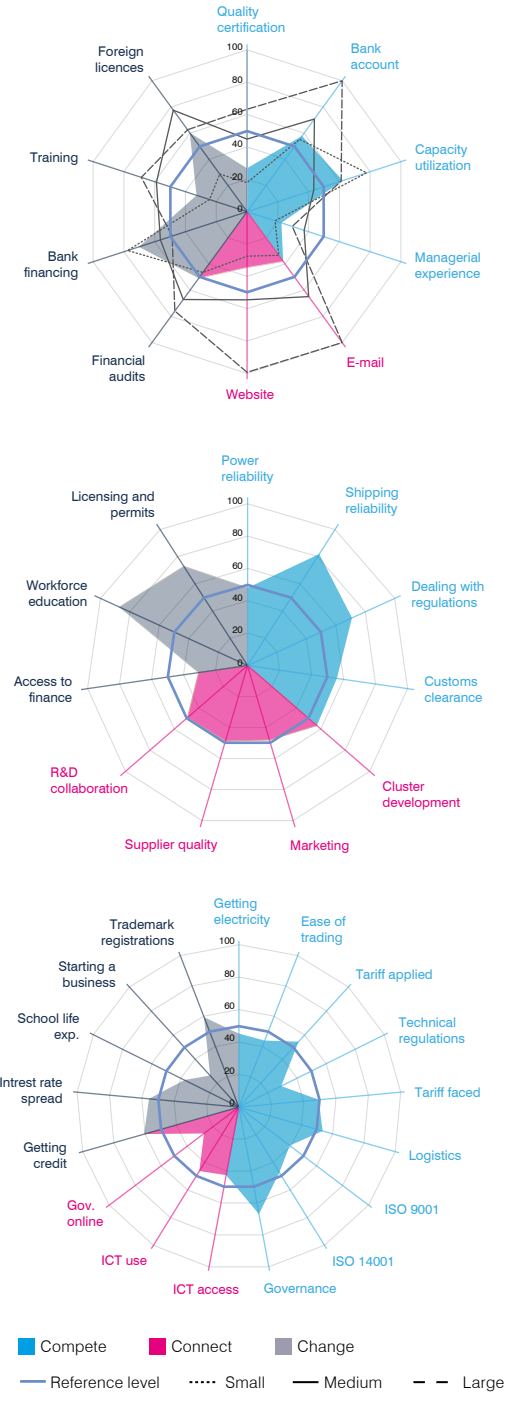
Compete	Small	Medium	Large	All
International quality certificate	**17.9**	44.9	63.3	26.8
Bank account	55.3	70.8	**100.0**	57.8
Capacity utilization	**77.8**	43.3	61.2	62.2
Managerial experience	**18.2**	37.1	29.4	**22.4**
Connect				
E-mail	33.3	64.9	**100.0**	38.0
Firm website	27.5	54.5	**99.3**	34.5
Change				
Audited financial statement	46.4	67.1	**75.9**	50.9
Investment financed by banks	**77.6**	56.3	48.7	70.3
Formal training programme	**24.3**	58.9	68.7	32.8
Foreign technology licences	28.7	**77.5**	62.6	60.3

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	46.8	49.3	50.7	48.0
Domestic shipping reliability	**81.9**	-	-	**81.9**
Dealing with regulations	72.3	63.4	**90.3**	71.0
Customs clearance efficiency	-	-	-	55.8
Connect				
State of cluster development				56.8
Extent of marketing				48.0
Local supplier quality				48.7
University-industry collaboration in R&D				49.1
Change				
Access to finance	27.0	40.0	**96.7**	30.6
Access to educated workforce	**85.6**	**93.2**	**93.6**	**87.0**
Business licensing and permits	**79.8**	50.0	**92.0**	72.8

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	45.2
Ease of trading across borders	43.9
Applied tariff, trade-weighted average	54.5
Prevalence of technical regulations	29.1
Faced tariff, trade-weighted average	49.3
Logistics performance index	53.6
ISO 9001 quality certificates	39.2
ISO 14001 environmental certificates	47.3
Governance index	67.0
Connect	
ICT access	42.6
ICT use	46.2
Government's online service	26.9
Change	
Ease of getting credit	60.7
Interest rate spread	55.6
School life expectancy	37.5
Ease of starting a business	26.3
Patent applications	-
Trademark registrations	59.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Annex.

Namibia

SME Export Potential

Namibia is an upper-middle income country with a population of 2.2 million and GDP of $14 billion. Goods and services account for 76.6% and 23.4% of exports, respectively.

Namibia's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe (see table below). *Non-industrial diamonds* have increased export potential in the home region, Asia and Europe. Other products with unrealized potential to Europe include *frozen fish fillets* and *fresh or chilled bovine meat*.

Regarding new export products, Namibia has diversification opportunities in animal products, chemicals, as well as minerals and metals with products such as *gold in semi-manufactured forms, piperidine and its salts,* and *frozen cuts of sheep*. The production of the latter good involves a relatively strong representation of women. Other products identified for diversification include *jewellery articles of silver, non-alloy aluminium wire,* and *cheese*.

Small firms in Namibia perform well in accessing an educated workforce and domestic shipping reliability. They underperform, however, in owning international quality certificates, having managerial experience, and offering formal training programmes to employees. The largest gap between small and large firms lies in access to finance. The country's national environment scores well in governance.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	710231	898									
Frozen fish fillets	0304Xb	228									
Fresh or chilled bovine meat, boneless	020130	62									
Beer made from malt	220300	112									
Copper, unrefined; copper anodes for electrolytic refining	740200	363									
Fresh grapes	080610	76									
Other frozen fish	0303Xa	102									
Unwrought zinc, not alloyed, containing by weight >= 99.99% of zinc	790111	267									
Frozen hake "Merluccius spp., Urophycis spp."	030366	34									
Frozen, boneless meat of bovine animals	020230	36									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Nepal

Key indicators

Population (millions)	28.8
GDP ($ billions)	21.2
GDP per capita ($)	733.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	3.9
Tariff preference margin (percentage points)	15.8
Imports and exports (goods and services), share of GDP (%)	47.1
Services exports, share of total exports (%)	69.7
Geographic region	Asia
Country group	LDC, LLDC
Income group	Low income

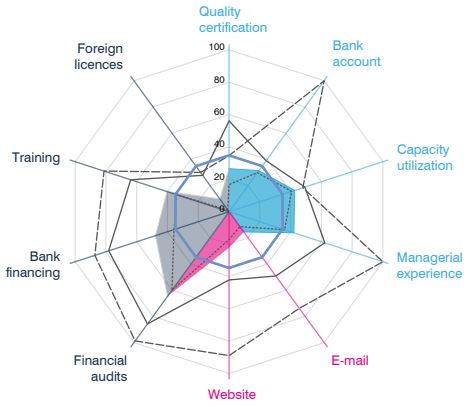
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	30.8	**14.3**	32.8
	Medium	51.6	45.7	**63.9**
	Large	**70.6**	**81.4**	**74.3**
	All	35.7	18.9	40.6
BUSINESS ECOSYSTEM		51.4	31.6	49.3
NATIONAL ENVIRONMENT		52.0	29.4	33.0
Reference level: 34.8 (a function of GDP per capita)				
Weaknesses are scores below: 17.4			**Strengths are scores above: 52.2**	

SME Competitiveness Grid

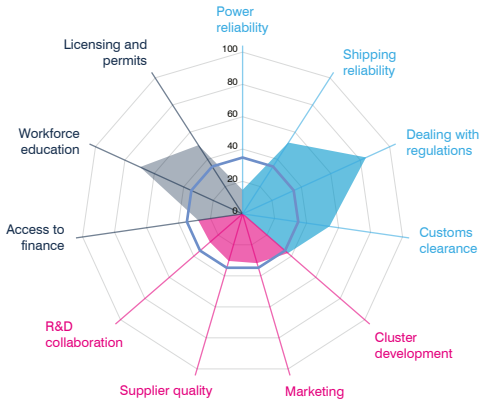
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**16.7**	**56.1**	34.7	26.6
Bank account	29.8	39.0	**100.0**	31.4
Capacity utilization	40.6	49.2	47.9	42.6
Managerial experience	36.2	**62.2**	**100.0**	42.1
Connect				
E-mail	**11.4**	49.1	**73.9**	**15.5**
Firm website	**17.2**	42.2	**88.9**	22.3
Change				
Audited financial statement	**60.0**	**85.8**	**98.7**	**64.7**
Investment financed by banks	35.7	**78.2**	**87.2**	47.8
Formal training programme	34.0	**64.0**	**81.2**	40.3
Foreign technology licences	**1.4**	27.7	29.9	**9.7**



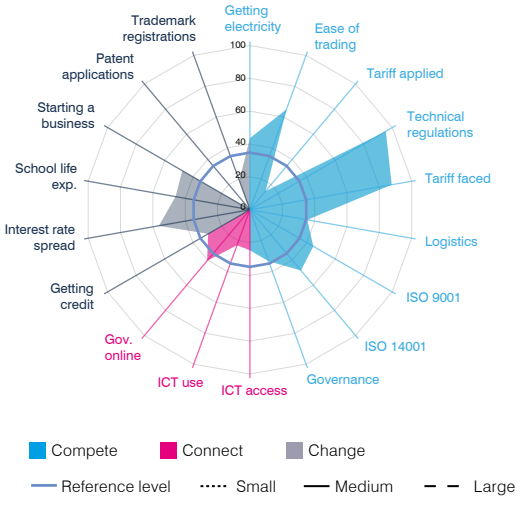
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**14.0**	19.2	**16.6**	**14.8**
Domestic shipping reliability	50.0	**66.6**	**72.8**	**52.4**
Dealing with regulations	**89.2**	**65.4**	**82.1**	**84.0**
Customs clearance efficiency	-	**53.2**	**60.2**	**54.4**
Connect				
State of cluster development				37.2
Extent of marketing				31.8
Local supplier quality				30.4
University-industry collaboration in R&D				26.8
Change				
Access to finance	25.1	50.1	**7.2**	27.8
Access to educated workforce	**70.7**	**67.4**	**58.8**	**69.7**
Business licensing and permits	48.2	**63.6**	**67.2**	50.5



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	43.6
Ease of trading across borders	**65.1**
Applied tariff, trade-weighted average	**14.7**
Prevalence of technical regulations	**95.5**
Faced tariff, trade-weighted average	**87.6**
Logistics performance index	35.5
ISO 9001 quality certificates	44.6
ISO 14001 environmental certificates	48.3
Governance index	33.4
Connect	
ICT access	24.8
ICT use	23.0
Government's online service	40.5
Change	
Ease of getting credit	29.4
Interest rate spread	**56.3**
School life expectancy	46.0
Ease of starting a business	47.5
Patent applications	**0.0**
Trademark registrations	18.9



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

Nepal

SME Export Potential

Nepal is a low income country with a population of 28.8 million and GDP of $21.2 billion. Goods and services account for 30.3% and 69.7% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region (see table below). *Sacks and bags* have an unrealized export potential of nearly $45 million in the home region.

Regarding new export products, Nepal has diversification opportunities in the textiles and footwear sector with products such as *men's or boys' trousers of cotton, footwear with outer soles of rubber, plastics or composition leather,* and *men's or boy's jackets and blazers of synthetic fibres*. The production of these products involves a relatively strong participation of SMEs and scores relatively well on the price stability indicator.

Small firms in Nepal perform well in having audited financial statements, dealing with regulations and accessing an educated workforce. They underperform, however, in using e-mails and owning foreign technology licences. The largest gap between small and large firms lies in having bank accounts. The country's national environment scores well in the prevalence of technical regulations and the trade policy-related indicator.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Fresh or dried nuts (excluding coconuts, Brazil nuts, cashew nuts, almonds, hazelnuts, filberts, walnuts...	0802Xc	15									
Sacks and bags, for the packing of goods, of jute or other textile bast fibres of heading 5303	630510	19									
Dried, shelled lentils, whether or not skinned or split	071340	17									
Cardamons	0908Xc	27									
Single yarn containing >= 85% polyester staple fibres by weight (excluding sewing thread and yarn...	550921	22									
Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up	570110	70									
Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding goods...	392690	26									
Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled "cold-...	721041	19									
Rosin and resin acids	380610	11									
Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or for...	1211XX	12									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Nigeria

Key indicators

Population (millions)	183.6
GDP ($ billions)	415.1
GDP per capita ($)	2260.3
Share of world GDP (PPP$, %)	0.9
Current account surplus/deficit, share of GDP (%)	-0.7
Tariff preference margin (percentage points)	0.1
Imports and exports (goods and services), share of GDP (%)	23.9
Services exports, share of total exports (%)	5.7
Geographic region	Africa
Country group	
Income group	Lower-middle income

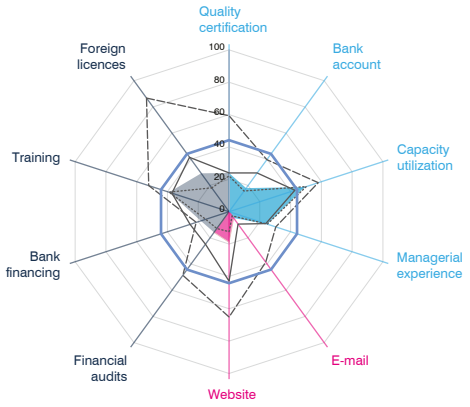
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	28.2	**7.8**	**21.3**
	Medium	30.0	26.2	32.2
	Large	46.9	51.8	52.2
	All	29.0	**11.9**	25.6
BUSINESS ECOSYSTEM		36.3	46.0	55.1
NATIONAL ENVIRONMENT		34.9	33.7	37.4
Reference level: 44.2 (a function of GDP per capita)				
Weaknesses are scores below: 22.1			**Strengths are scores above: 66.3**	

SME Competitiveness Grid

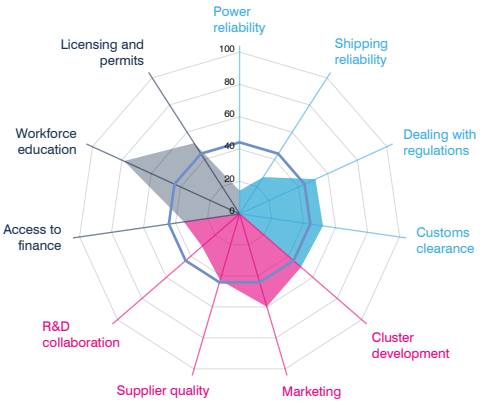
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	22.1	23.9	59.3	23.9
Bank account	**15.8**	29.6	39.7	**18.0**
Capacity utilization	50.2	42.8	58.0	49.2
Managerial experience	24.9	23.9	30.4	24.9
Connect				
E-mail	**3.3**	**9.5**	38.6	**4.9**
Firm website	**12.4**	43.0	65.1	**18.9**
Change				
Audited financial statement	**12.8**	24.9	48.6	**15.8**
Investment financed by banks	**15.1**	25.3	**21.3**	**18.3**
Formal training programme	39.0	37.1	52.2	38.9
Foreign technology licences	**18.2**	41.5	**86.8**	29.3



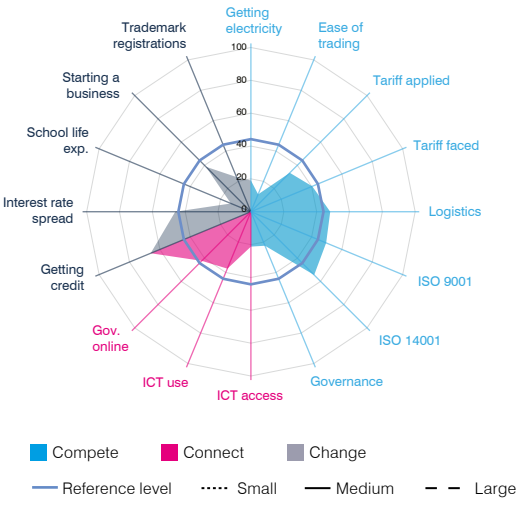
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**13.9**	**17.1**	**9.3**	**14.3**
Domestic shipping reliability	29.1	**21.2**	31.5	27.0
Dealing with regulations	53.6	47.6	28.9	51.6
Customs clearance efficiency	52.8	59.4	40.7	52.1
Connect				
State of cluster development				50.3
Extent of marketing				59.9
Local supplier quality				42.8
University-industry collaboration in R&D				30.8
Change				
Access to finance	33.5	36.7	**77.8**	34.8
Access to educated workforce	**80.1**	**74.4**	**67.0**	**78.6**
Business licensing and permits	51.7	51.7	58.1	51.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**19.0**
Ease of trading across borders	**11.4**
Applied tariff, trade-weighted average	33.5
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	40.4
Logistics performance index	48.3
ISO 9001 quality certificates	49.6
ISO 14001 environmental certificates	54.5
Governance index	22.4
Connect	
ICT access	**21.3**
ICT use	37.5
Government's online service	42.3
Change	
Ease of getting credit	66.1
Interest rate spread	46.0
School life expectancy	**13.2**
Ease of starting a business	38.7
Patent applications	-
Trademark registrations	22.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Annex.

Nigeria

SME Export Potential

Nigeria is a lower-middle income country with a population of 183.6 million and GDP of $415.1 billion. Goods and services account for 94.3% and 5.7% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, notably to Asia and Europe (see table below). *Cocoa beans* have an unrealized export potential of around $209 million to Asia and $141 million to Europe. Other products with unrealized potential to these regions include *fresh or dried cashew nuts* and *unwrought aluminium alloys*.

Regarding new export products, Nigeria has diversification opportunities in metals, chemicals and beverages with products such as *ferrous products, mineral or chemical fertilisers,* and *unfermented orange juice*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *ferro-nickel* and *vegetable waxes*.

Small firms in Nigeria perform well in accessing an educated workforce. They underperform, however, in using e-mails or business websites, and having audited financial statements. The largest gap between small and large firms lies in owning foreign technology licences. The country's national environment scores well in ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 250	0 250	0 250	0 250	0 250				
Cocoa beans, whole or broken, raw or roasted	180100	724									
Sesamum seeds, whether or not broken	120740	338									
Fresh or dried cashew nuts, in shell	080131	115									
Cocoa butter, fat and oil	180400	110									
Unwrought aluminium alloys	760120	94									
Hides and skins, in the dry state "crust", and leather further prepared after tanning or crusting...	41XXXf	225									
Shrimps and prawns, frozen	0306Xb	86									
Wood in the rough (excluding rough-cut wood for walking sticks, umbrellas, tool shafts and the like;...	4403XX	131									
Sacks and bags, incl. cones, of polymers of ethylene	392321	49									
Footwear with outer soles and uppers of rubber or plastics (excluding with upper straps or thongs...	6402XX	100									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Paraguay

Key indicators

Population (millions)	6.9
GDP ($ billions)	27.3
GDP per capita ($)	3986.1
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	0.6
Tariff preference margin (percentage points)	3.9
Imports and exports (goods and services), share of GDP (%)	74.8
Services exports, share of total exports (%)	10.4
Geographic region	Americas
Country group	LLDC
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	34.6	25.7	31.1
	Medium	54.8	62.4	58.1
	Large	66.1	**78.4**	**81.9**
	All	46.7	42.7	51.7
BUSINESS ECOSYSTEM		35.1	38.7	33.7
NATIONAL ENVIRONMENT		53.2	53.1	48.8
Reference level: 48.9 (a function of GDP per capita)				
Weaknesses are scores below: 24.5			**Strengths are scores above: 73.4**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

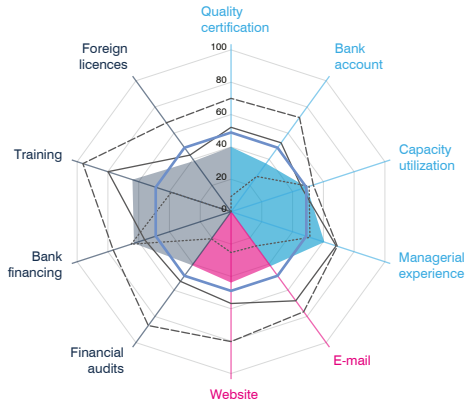
Compete	Small	Medium	Large	All
International quality certificate	**9.4**	52.1	70.0	40.0
Bank account	26.9	52.7	72.0	36.8
Capacity utilization	50.8	46.3	53.4	49.2
Managerial experience	51.3	68.3	69.1	60.6
Connect				
E-mail	26.2	68.0	**76.4**	41.6
Firm website	25.3	56.7	**80.3**	43.8
Change				
Audited financial statement	**20.7**	53.2	**87.0**	40.9
Investment financed by banks	64.9	56.1	**76.5**	63.1
Formal training programme	38.8	**79.9**	**96.3**	64.0
Foreign technology licences	**0.0**	43.2	67.9	38.8

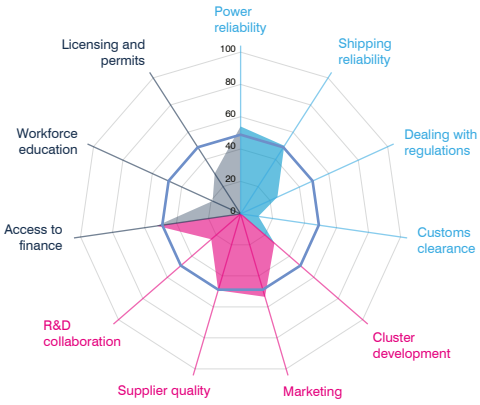
BUSINESS ECOSYSTEM (Normalized scores)

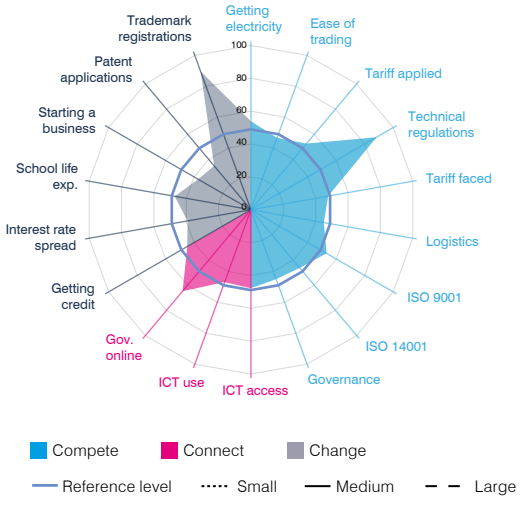
Compete	Small	Medium	Large	All
Power reliability	56.0	52.3	52.3	54.0
Domestic shipping reliability	61.9	42.7	47.9	50.0
Dealing with regulations	26.0	**24.4**	**23.2**	25.0
Customs clearance efficiency	-	**3.2**	27.1	**11.2**
Connect				
State of cluster development				27.7
Extent of marketing				53.5
Local supplier quality				49.3
University-industry collaboration in R&D				**24.0**
Change				
Access to finance	50.0	51.7	69.3	52.4
Access to educated workforce	**22.8**	**15.2**	**18.9**	**19.0**
Business licensing and permits	30.4	28.2	33.1	29.7

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	53.9
Ease of trading across borders	46.5
Applied tariff, trade-weighted average	52.5
Prevalence of technical regulations	**88.3**
Faced tariff, trade-weighted average	47.8
Logistics performance index	45.1
ISO 9001 quality certificates	53.1
ISO 14001 environmental certificates	46.2
Governance index	44.9
Connect	
ICT access	47.8
ICT use	46.9
Government's online service	64.7
Change	
Ease of getting credit	44.8
Interest rate spread	39.2
School life expectancy	47.1
Ease of starting a business	37.1
Patent applications	34.9
Trademark registrations	**89.6**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Paraguay

SME Export Potential

Paraguay is an upper-middle income country with a population of 6.9 million and GDP of $27.3 billion. Goods and services account for 89.6% and 10.4% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Asia and Europe (see table below). *Frozen, boneless meat of bovine animals* have an unrealized export potential of nearly $120 million in the home region, $94 million to Asia, and $211 million to Europe. Other products with unrealized potential to these regions and Africa include *oilcake* and *maize*.

Regarding new export products, Paraguay has diversification opportunities in meat, cereals, as well as vegetable oils and fats with products such as *frozen cuts of sheep with bone* and *hulled, pearled, sliced or kibbled maize grains*. Other products for diversification include *cotton-seed oil and its fractions,* and *animal or vegetable fats and oils and their fractions*.

Small firms in Paraguay perform well in having investments financed by banks. They underperform, however, in owning international quality certificates and foreign technology licences. The largest performance gap between small and large firms lies in owning foreign technology licences. The country's national environment performs well in the prevalence of technical regulations and trademark registrations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Frozen, boneless meat of bovine animals	020230	640									
Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the...	230400	708									
Maize (excluding seed for sowing)	100590	452									
Wheat and meslin (excluding durum wheat)	1001Xb	183									
Soya beans, whether or not broken	1201	2097									
Crude soya-bean oil, whether or not degummed	150710	249									
Fresh or chilled bovine meat, boneless	020130	319									
Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	854430	49									
Hides, skins and leather of bovine "incl. buffalo" or equine animals ("incl. parchment-dressed leather"...	41XXXa	145									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	48									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Peru

Key indicators

Population (millions)	31.5
GDP ($ billions)	180.3
GDP per capita ($)	5726.9
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-3.8
Tariff preference margin (percentage points)	3.1
Imports and exports (goods and services), share of GDP (%)	44.5
Services exports, share of total exports (%)	15.8
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.9	40.1	41.3
	Medium	49.1	49.1	56.5
	Large	70.8	71.9	74.6
	All	45.8	46.1	51.6
BUSINESS ECOSYSTEM		41.2	49.2	48.4
NATIONAL ENVIRONMENT		67.5	55.2	52.8

Reference level: 52.0 (a function of GDP per capita)

Weaknesses are scores below: 26.0 | **Strengths are scores above: 77.9**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

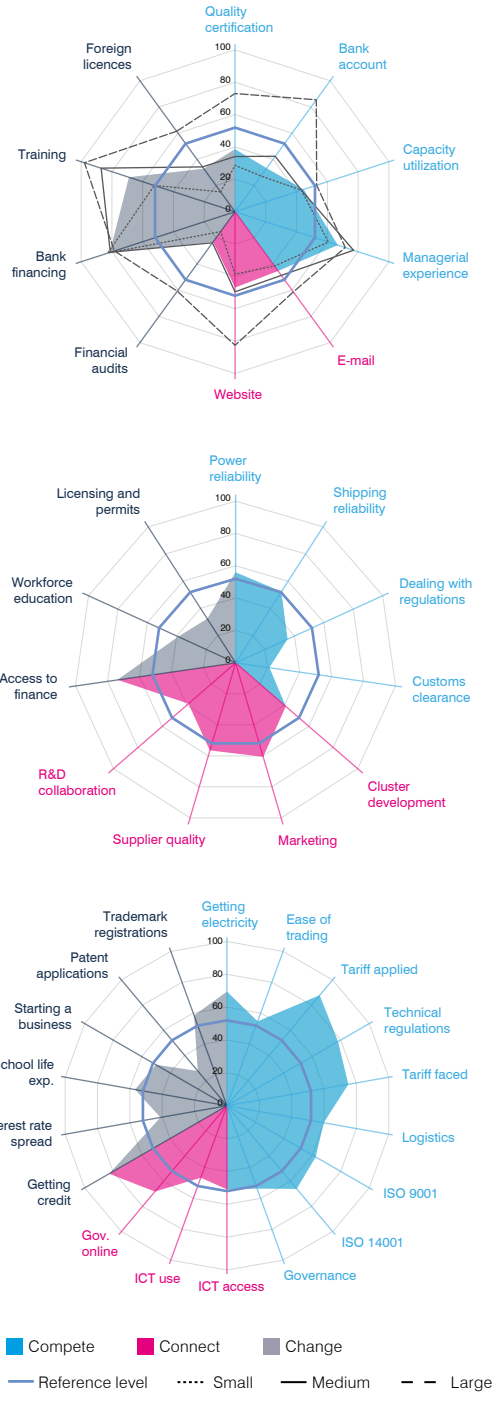
Compete	Small	Medium	Large	All
International quality certificate	28.7	34.1	73.0	38.7
Bank account	27.3	42.3	**85.4**	33.2
Capacity utilization	43.2	43.2	53.1	44.6
Managerial experience	60.6	77.0	71.7	66.8
Connect				
E-mail	41.6	48.6	61.3	45.3
Firm website	38.6	49.5	**82.6**	46.9
Change				
Audited financial statement	**15.1**	**23.8**	60.7	**23.1**
Investment financed by banks	**82.7**	**81.1**	**78.4**	**81.4**
Formal training programme	52.4	**87.0**	**97.8**	69.0
Foreign technology licences	**15.1**	34.2	61.5	32.8

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	52.3	64.0	60.9	56.0
Domestic shipping reliability	55.1	50.0	61.9	52.4
Dealing with regulations	30.8	46.2	39.9	35.4
Customs clearance efficiency	**21.0**	30.1	**17.3**	**21.2**
Connect				
State of cluster development				41.1
Extent of marketing				60.6
Local supplier quality				56.5
University-industry collaboration in R&D				38.6
Change				
Access to finance	**78.4**	61.0	**84.6**	73.8
Access to educated workforce	45.4	29.9	34.0	39.0
Business licensing and permits	36.8	**22.3**	40.1	32.4

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	69.5
Ease of trading across borders	54.7
Applied tariff, trade-weighted average	**87.8**
Prevalence of technical regulations	**78.1**
Faced tariff, trade-weighted average	75.1
Logistics performance index	59.8
ISO 9001 quality certificates	62.4
ISO 14001 environmental certificates	66.1
Governance index	53.7
Connect	
ICT access	50.9
ICT use	46.6
Government's online service	68.2
Change	
Ease of getting credit	**82.7**
Interest rate spread	41.2
School life expectancy	56.8
Ease of starting a business	50.0
Patent applications	27.6
Trademark registrations	58.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Peru is an upper-middle income country with a population of 31.5 million and GDP of $180.3 billion. Goods and services account for 84.2% and 15.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies within its home region and to Asia and Europe (see table below). *Copper* has an unrealized export potential of nearly $393 million in the home region, $806 million to Asia and $190 million to Europe. Other products with unrealized potential to these regions include *coffee* and *gold*.

Regarding new export products, Peru has diversification opportunities in textiles, metals, as well as beverages with products such as *plain woven fabrics of cotton,* and *ferro-chromium*. The production of the former good involves a relatively strong presence of SMEs and women. Other products for diversification include *wire of non-alloy aluminium* and *grape must*.

Small firms in Peru perform well in having investments financed by banks and accessing finance. They underperform, however, in having audited financial statements and owning foreign technology licences. The largest performance gap between small and large firms lies in having bank accounts. The country's national environment performs well in the trade policy-related indicator, the prevalence of technical regulations, and ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Copper, refined, in the form of cathodes and sections of cathodes	740311	2079									
Coffee (excluding roasted and decaffeinated)	090111	943									
Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, unfit for...	230120	1598									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder...	710812	3976									
Fresh grapes	080610	578									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	347									
Fats and oils of fish and their fractions, whether or not refined (excluding liver oils and chemically...	150420	425									
Silver, incl. silver plated with gold or platinum, unwrought (excluding silver in powder form)	710691	339									
Fresh or chilled asparagus	070920	482									
Preparations of a kind used in animal feeding (excluding dog or cat food put up for retail sale)	230990	137									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Poland

Key indicators

Population (millions)	38.0
GDP ($ billions)	467.4
GDP per capita ($)	12309.3
Share of world GDP (PPP$, %)	0.9
Current account surplus/deficit, share of GDP (%)	-0.1
Tariff preference margin (percentage points)	4.6
Imports and exports (goods and services), share of GDP (%)	96.9
Services exports, share of total exports (%)	18.3
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	51.0	62.5	31.4
	Medium	55.4	78.9	41.2
	Large	69.6	**88.5**	59.0
	All	55.1	69.5	39.1
BUSINESS ECOSYSTEM		52.4	61.8	57.2
NATIONAL ENVIRONMENT		76.3	77.5	71.0
Reference level: 58.4 (a function of GDP per capita)				
Weaknesses are scores below: 29.2			**Strengths are scores above: 87.5**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

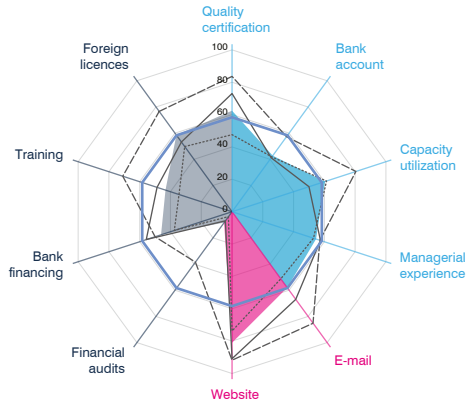
Compete	Small	Medium	Large	All
International quality certificate	47.6	73.0	83.6	62.4
Bank account	41.9	41.2	57.3	42.8
Capacity utilization	61.4	50.0	80.5	60.4
Managerial experience	52.9	57.5	57.1	54.6
Connect				
E-mail	51.3	67.0	85.2	58.1
Firm website	73.7	**90.8**	**91.8**	81.0
Change				
Audited financial statement	**3.8**	**7.0**	38.5	**8.4**
Investment financed by banks	37.5	55.7	50.0	46.1
Formal training programme	34.5	48.7	71.0	43.2
Foreign technology licences	49.7	53.2	76.6	58.6

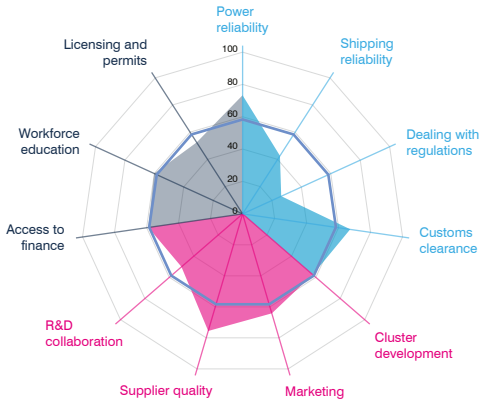
BUSINESS ECOSYSTEM (Normalized scores)

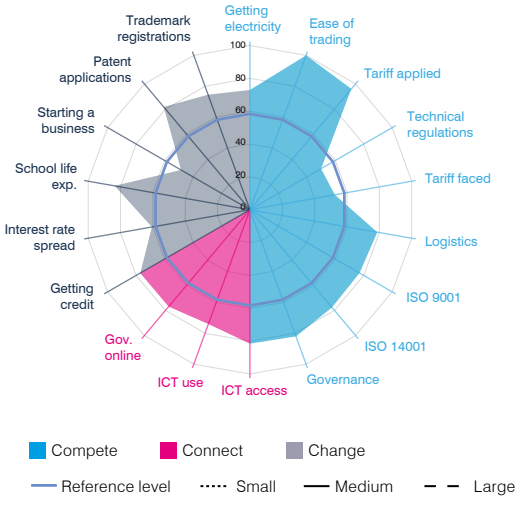
Compete	Small	Medium	Large	All
Power reliability	73.3	81.5	73.3	73.3
Domestic shipping reliability	38.6	41.2	58.2	42.7
Dealing with regulations	**26.6**	**26.7**	**24.0**	**26.3**
Customs clearance efficiency	75.7	69.0	57.5	67.3
Connect				
State of cluster development				57.5
Extent of marketing				64.2
Local supplier quality				75.5
University-industry collaboration in R&D				50.1
Change				
Access to finance	52.6	65.9	78.1	59.0
Access to educated workforce	57.9	58.1	84.6	60.1
Business licensing and permits	48.4	54.3	81.9	52.5

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	72.9
Ease of trading across borders	**100.0**
Applied tariff, trade-weighted average	**96.1**
Prevalence of technical regulations	50.0
Faced tariff, trade-weighted average	52.5
Logistics performance index	78.7
ISO 9001 quality certificates	77.1
ISO 14001 environmental certificates	77.7
Governance index	82.1
Connect	
ICT access	81.5
ICT use	74.1
Government's online service	77.0
Change	
Ease of getting credit	77.1
Interest rate spread	60.6
School life expectancy	83.6
Ease of starting a business	48.4
Patent applications	81.7
Trademark registrations	74.5







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Poland is a high income country with a population of 38 million and GDP of $467.4 billion. Goods and services account for 81.7% and 18.3% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies within its home region and to Asia and the Americas (see table below). *Motor cars* have an unrealized export potential of around $2.1 billion in the home region. Other products with unrealized potential include *compression-ignition internal combustion piston engines* and *parts of seats*.

Regarding new export products, Poland has diversification opportunities in vehicles machinery and electronic equipment, as well as medical instruments with products such as *railway or tramway goods vans and wagons,* and *flexographic printing machinery*. The production of the former goods scores relatively well on the price stability indicator. Other products for diversification include *apparatus based on the use of X-rays for dental uses,* and *driving bogies and bissel-bogies for railway or tramway locomotives*.

Small firms in Poland perform well in having business websites and in customs clearance efficiency. They underperform, however, in having audited financial statements and dealing with regulations. The largest performance gap between small and large firms lies in having audited financial statements. The country's national environment performs well in ease of trading across borders.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	5416									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870322	3268									
Compression-ignition internal combustion piston engine "diesel or semi-diesel engine", for the...	840820	2801									
Reception apparatus for television	8528Xb	4122									
Parts of seats	940190	2078									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870332	1786									
Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons,...	870829	2107									
New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing cars	401110	1315									
Upholstered seats, with wooden frames (excluding convertible into beds)	940161	1727									
Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ten or...	870830	1007									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Russian Federation

Key indicators

Population (millions)	143.4
GDP ($ billions)	1267.8
GDP per capita ($)	8838.2
Share of world GDP (PPP$, %)	3.1
Current account surplus/deficit, share of GDP (%)	3.0
Tariff preference margin (percentage points)	0.7
Imports and exports (goods and services), share of GDP (%)	50.3
Services exports, share of total exports (%)	13.1
Geographic region	Europe
Country group	
Income group	Upper-middle income

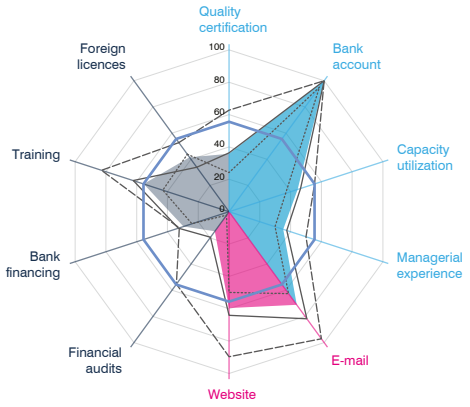
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	46.5	56.3	28.4
	Medium	55.1	72.9	37.2
	Large	67.1	**93.4**	55.8
	All	53.9	65.4	35.4
BUSINESS ECOSYSTEM		49.3	54.5	40.8
NATIONAL ENVIRONMENT		51.0	80.9	70.2
Reference level: 55.6 (a function of GDP per capita)				
Weaknesses are scores below: 27.8			**Strengths are scores above: 83.4**	

SME Competitiveness Grid

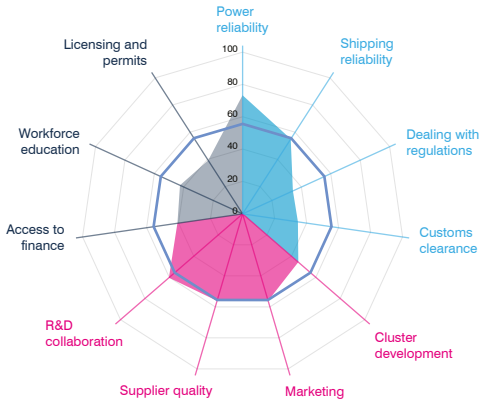
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**24.2**	36.3	62.7	35.8
Bank account	**95.1**	**100.0**	**100.0**	**100.0**
Capacity utilization	36.8	46.4	55.6	44.6
Managerial experience	29.9	37.6	50.0	35.2
Connect				
E-mail	62.6	81.8	**97.1**	71.2
Firm website	49.9	64.0	**89.6**	59.6
Change				
Audited financial statement	**2.7**	**19.5**	55.4	**15.0**
Investment financed by banks	**24.2**	32.9	32.3	29.6
Formal training programme	43.0	62.2	82.9	55.5
Foreign technology licences	43.9	33.9	52.8	41.5



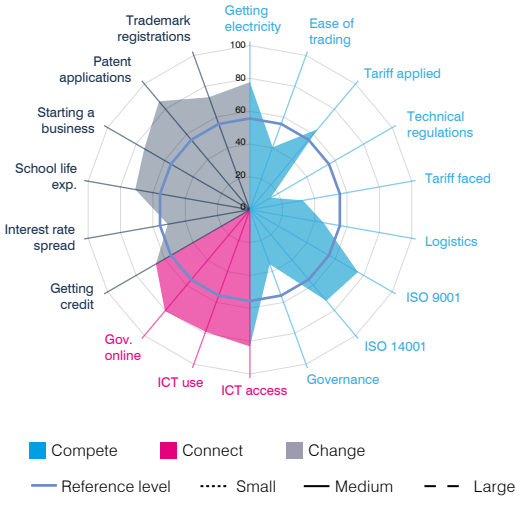
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	73.3	68.0	73.3	73.3
Domestic shipping reliability	50.0	61.9	58.2	55.1
Dealing with regulations	35.0	33.4	33.7	34.3
Customs clearance efficiency	35.2	38.2	**27.1**	34.6
Connect				
State of cluster development				45.6
Extent of marketing				56.1
Local supplier quality				56.1
University-industry collaboration in R&D				60.3
Change				
Access to finance	40.8	46.1	29.0	40.7
Access to educated workforce	45.6	36.7	46.6	42.5
Business licensing and permits	44.1	35.9	32.8	39.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	77.7
Ease of trading across borders	40.5
Applied tariff, trade-weighted average	63.9
Prevalence of technical regulations	**14.6**
Faced tariff, trade-weighted average	32.7
Logistics performance index	45.6
ISO 9001 quality certificates	76.0
ISO 14001 environmental certificates	72.4
Governance index	35.3
Connect	
ICT access	83.2
ICT use	79.1
Government's online service	80.5
Change	
Ease of getting credit	66.1
Interest rate spread	50.8
School life expectancy	70.9
Ease of starting a business	74.3
Patent applications	**86.1**
Trademark registrations	73.0



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2012) for firm level data; for other sources and methodology see Annex.

Russian Federation

SME Export Potential

The Russian Federation is an upper-middle income country with a population of 143.4 million and GDP of $1,267.8 billion. Goods and services account for 86.9% and 13.1% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies mainly within its home region and to Asia (see table below). *Non-industrial diamonds unworked* have an unrealized export potential of around $791 million in the home region and $1.7 billion to Asia. Other products with unrealized potential to these regions, Africa and the Americas include *refined copper* and *potassium chloride for use as fertiliser*.

Regarding new export products, the Russian Federation has diversification opportunities in machinery and electronic equipment, as well as medical instruments with products such as *self-propelled earth-moving machinery* and *agricultural, horticultural, forestry or bee-keeping machinery*. The production of these goods involves a relatively strong participation of SMEs and women and scores relatively well on the price stability indicator. Other products for diversification include *ultrasonic scanning apparatus* and *magnetic resonance imaging apparatus*.

Small firms in the Russian Federation perform well in having bank accounts. They underperform, however, in having audited financial statements. This category is also the largest performance gap between small and large firms. The country's national environment performs well in ICT access and patent applications.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	710231	4085									
Wheat and meslin (excluding durum wheat)	1001Xb	2906									
Nickel, not alloyed, unwrought	750210	3771									
Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a...	310420	2930									
Copper, refined, in the form of cathodes and sections of cathodes	740311	1856									
Aluminium, not alloyed, unwrought	760110	4317									
Semi-finished products of iron or non-alloy steel containing, by weight, < 0.25% of carbon, of...	720712	4035									
Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-...	440710	3510									
Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and...	310520	1599									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	1203									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Rwanda

Key indicators

Population (millions)	11.5
GDP ($ billions)	8.3
GDP per capita ($)	723.5
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-16.6
Tariff preference margin (percentage points)	3.7
Imports and exports (goods and services), share of GDP (%)	49.3
Services exports, share of total exports (%)	49.2
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	23.8	24.2	49.9
	Medium	26.6	47.4	**60.3**
	Large	39.7	**68.9**	**74.5**
	All	26.2	32.9	**55.6**
BUSINESS ECOSYSTEM		48.6	**58.0**	42.7
NATIONAL ENVIRONMENT		**52.8**	29.4	46.8
Reference level: 34.7 (a function of GDP per capita)				
Weaknesses are scores below: 17.3			**Strengths are scores above: 52.0**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

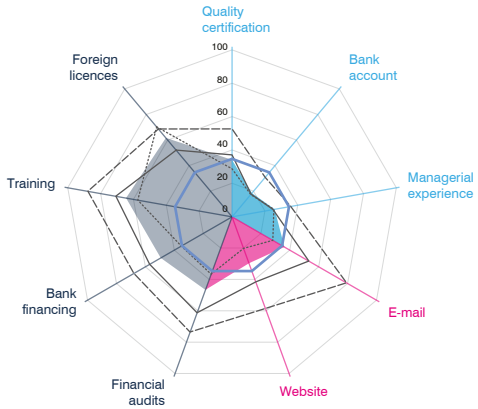
Compete	Small	Medium	Large	All
International quality certificate	28.7	37.1	**52.6**	34.1
Bank account	17.4	17.7	30.9	18.5
Capacity utilization	-	-	-	-
Managerial experience	25.4	24.9	35.7	25.9
Connect				
E-mail	28.3	**53.2**	**79.2**	36.2
Firm website	20.2	41.6	**58.5**	29.6
Change				
Audited financial statement	36.6	**61.3**	**73.5**	46.7
Investment financed by banks	35.1	**57.0**	**67.9**	49.3
Formal training programme	**57.4**	**70.7**	**87.7**	**64.5**
Foreign technology licences	**70.3**	**52.1**	**68.7**	**61.7**

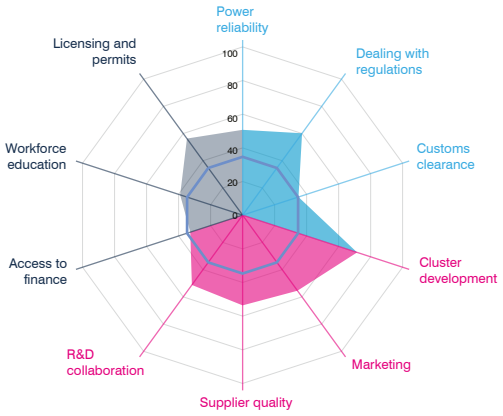
BUSINESS ECOSYSTEM (Normalized scores)

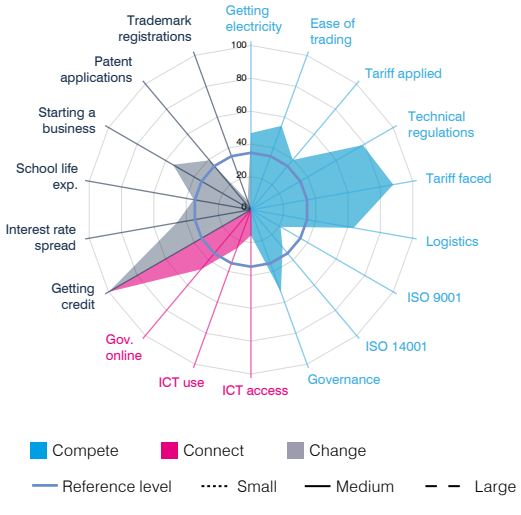
Compete	Small	Medium	Large	All
Power reliability	**54.0**	45.7	43.7	50.7
Domestic shipping reliability	-	-	-	-
Dealing with regulations	**62.9**	**57.3**	**54.7**	**60.2**
Customs clearance efficiency	-	34.6	41.2	35.0
Connect				
State of cluster development				**71.6**
Extent of marketing				**55.5**
Local supplier quality				**53.6**
University-industry collaboration in R&D				51.3
Change				
Access to finance	30.7	37.4	33.7	32.7
Access to educated workforce	42.3	38.9	23.2	39.0
Business licensing and permits	**52.7**	**65.9**	**57.5**	**56.3**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	46.6
Ease of trading across borders	**54.4**
Applied tariff, trade-weighted average	39.6
Prevalence of technical regulations	**78.7**
Faced tariff, trade-weighted average	**88.0**
Logistics performance index	**63.5**
ISO 9001 quality certificates	20.8
ISO 14001 environmental certificates	30.0
Governance index	**53.3**
Connect	
ICT access	**15.7**
ICT use	25.0
Government's online service	47.4
Change	
Ease of getting credit	**100.0**
Interest rate spread	45.9
School life expectancy	35.4
Ease of starting a business	**54.8**
Patent applications	39.2
Trademark registrations	**5.7**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2011) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Rwanda is a low income country with a population of 11.5 million and GDP of $8.3 billion. Goods and services account for 50.8% and 49.2% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe and Asia (see table below). *Black tea* has an unrealized export potential to all regions of around $19 million.

Regarding new export products, Rwanda has diversification opportunities in textiles and processed food with products such as *men's or boys' trousers of synthetic fibres, sacks and bags of polyethylene or polypropylene strip,* and *prepared or preserved pineapples*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *oilcake and other solid residues,* and *women's or girls' tracksuits of man-made fibres*.

Small firms in Rwanda perform well in offering formal training programmes to employees and owning foreign technology licences. They underperform, however, in having bank accounts and business websites. The largest gap between small and large firms lies in the use of e-mails. The country's national environment performs well in ease of getting credit.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090240	32									
Coffee (excluding roasted and decaffeinated)	090111	68									
Hides, skins and leather of animals other than bovine "incl. buffalo" and equine animals, sheep,...	41XXXd	5									
Vegetable saps and extracts (excluding liquorice, hops and opium)	130219	4									
Decaffeinated coffee (excluding roasted)	090112	2									
Hides, skins and leather of bovine "incl. buffalo" or equine animals ("incl. parchment-dressed leather"...	41XXXa	4									
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090230	1									
Basketwork, wickerwork and other articles, made directly to shape from vegetable plaiting materials...	4602XX	1									
Printed or illustrated postcards; printed cards bearing personal greetings, messages or...	490900	0									
Precious stones and semi-precious stones, unworked or simply sawn or roughly shaped,...	710310	0									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Senegal

Key indicators

Population (millions)	15.4
GDP ($ billions)	14.9
GDP per capita ($)	965.2
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-8.4
Tariff preference margin (percentage points)	5.3
Imports and exports (goods and services), share of GDP (%)	78.2
Services exports, share of total exports (%)	32.4
Geographic region	Africa
Country group	LDC
Income group	Low income

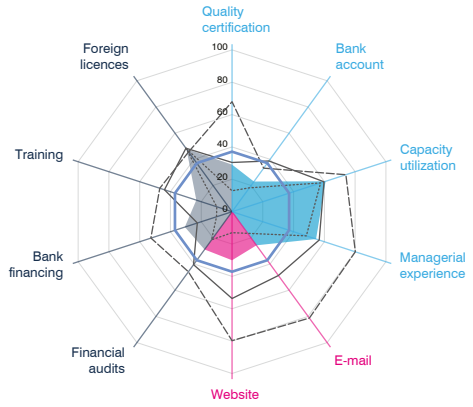
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	34.2	**14.8**	22.4
	Medium	46.4	51.2	38.9
	Large	**63.8**	**80.5**	47.8
	All	41.9	27.9	32.7
BUSINESS ECOSYSTEM		46.6	**57.4**	48.6
NATIONAL ENVIRONMENT		51.5	32.6	36.2
Reference level: 37.1 (a function of GDP per capita)				
Weaknesses are scores below: 18.5			**Strengths are scores above: 55.6**	

SME Competitiveness Grid

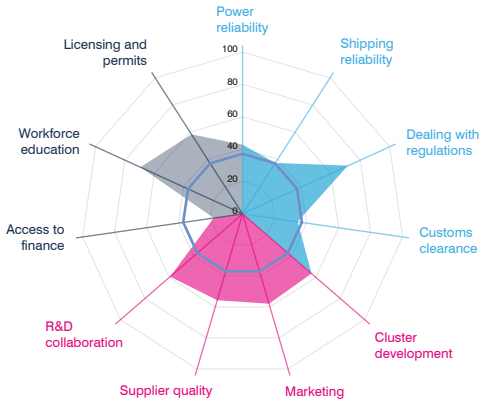
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**12.9**	30.4	**68.0**	29.1
Bank account	**18.2**	38.8	33.2	23.0
Capacity utilization	**57.6**	**59.8**	**73.9**	**60.8**
Managerial experience	48.3	**56.6**	**80.2**	54.6
Connect				
E-mail	**16.5**	48.8	**81.3**	25.7
Firm website	**13.0**	53.7	**79.7**	30.0
Change				
Audited financial statement	21.5	40.5	45.9	28.9
Investment financed by banks	**10.1**	22.6	52.7	30.7
Formal training programme	**9.9**	43.9	46.9	23.2
Foreign technology licences	48.1	48.5	45.7	47.9



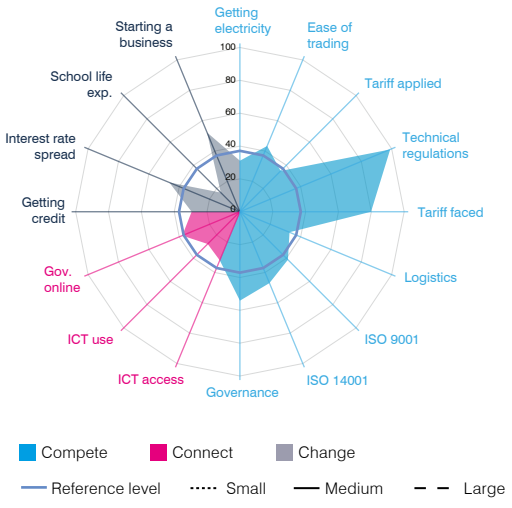
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	44.6	39.5	43.7	42.7
Domestic shipping reliability	29.9	46.0	**81.9**	37.4
Dealing with regulations	**78.7**	**60.2**	**64.4**	**71.6**
Customs clearance efficiency	-	36.1	29.8	34.4
Connect				
State of cluster development				**56.5**
Extent of marketing				**58.0**
Local supplier quality				**55.7**
University-industry collaboration in R&D				**59.3**
Change				
Access to finance	**12.7**	25.2	37.0	**18.0**
Access to educated workforce	**76.1**	**60.8**	**58.8**	**69.5**
Business licensing and permits	**62.5**	43.7	**79.2**	**58.4**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	31.1
Ease of trading across borders	43.3
Applied tariff, trade-weighted average	35.1
Prevalence of technical regulations	**99.0**
Faced tariff, trade-weighted average	**79.8**
Logistics performance index	32.7
ISO 9001 quality certificates	41.3
ISO 14001 environmental certificates	47.0
Governance index	54.1
Connect	
ICT access	32.0
ICT use	27.7
Government's online service	38.0
Change	
Ease of getting credit	29.4
Interest rate spread	46.6
School life expectancy	**16.5**
Ease of starting a business	52.3
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Senegal is a low income country with a population of 15.4 million and GDP of $14.9 billion. Goods and services account for 67.6% and 32.4% of exports, respectively.

The country's unrealized potential to increase existing exports lies in its home region and to Europe and Asia (see table below). *Gold* has an unrealized export potential of nearly $99 million to Asia and $26 million to Europe. Other products with unrealized potential in the home region include *frozen fish, soups and broths,* and *Portland cement*.

Regarding new export products, Senegal has diversification opportunities in animal products, wood, and processed fish with products such as *frozen boneless meat of bovine animals, virola and mahogany "Swietenia spp." sawn or chipped,* and *prepared or preserved shrimps and prawns*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *frozen lamb carcases and half-carcases, prepared or preserved pineapples,* and *prepared or preserved sardines*.

Small firms in Senegal perform well in dealing with regulations and accessing an educated workforce. They underperform, however, in having investments financed by banks and offering formal training programmes to employees. The largest gap between small and large firms lies in using e-mails and business websites. The country's national environment performs well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Other frozen fish	0303Xa	155									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	127									
Portland cement (excluding white, whether or not artificially coloured)	252329	167									
Soups and broths and preparations therefor	210410	111									
Crude groundnut oil	150810	60									
Beauty or make-up preparations and preparations for the care of the skin (other than medicaments),...	330499	29									
Other fresh or chilled fish	0302Xd	46									
Octopus "Octopus spp.", smoked, frozen, dried, salted or in brine	030759	49									
Shrimps and prawns, frozen	0306Xb	33									
Cuttle fish "Sepia officinalis, Rossia macrosoma, Sepiola spp." and squid "Ommastrephes spp.,...	030749	23									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Slovakia

Key indicators

Population (millions)	5.4
GDP ($ billions)	90.3
GDP per capita ($)	16648.1
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-1.0
Tariff preference margin (percentage points)	4.7
Imports and exports (goods and services), share of GDP (%)	189.3
Services exports, share of total exports (%)	9.7
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	60.6	91.3	52.1
	Medium	63.5	**95.2**	51.5
	Large	76.0	**100.0**	78.5
	All	62.8	**93.3**	55.2
BUSINESS ECOSYSTEM		72.7	60.6	63.7
NATIONAL ENVIRONMENT		74.9	70.9	70.5
Reference level: 60.9 (a function of GDP per capita)				
Weaknesses are scores below: 30.4			**Strengths are scores above: 91.3**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

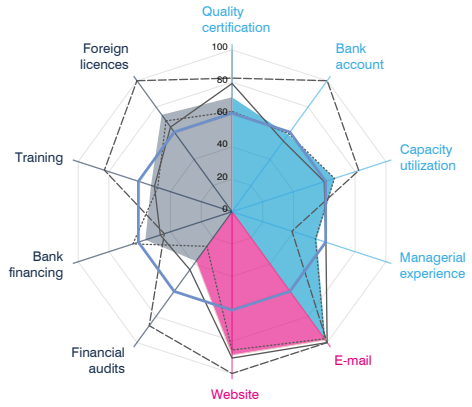
Compete	Small	Medium	Large	All
International quality certificate	62.0	79.2	82.5	70.7
Bank account	59.6	53.9	**100.0**	59.0
Capacity utilization	66.6	60.0	82.4	66.6
Managerial experience	54.2	61.0	38.9	55.0
Connect				
E-mail	**97.1**	**100.0**	**100.0**	**98.0**
Firm website	85.5	90.5	**100.0**	88.6
Change				
Audited financial statement	**26.5**	44.3	87.1	37.8
Investment financed by banks	64.4	46.6	43.9	56.3
Formal training programme	48.3	50.4	83.0	52.7
Foreign technology licences	69.4	64.6	**100.0**	73.9

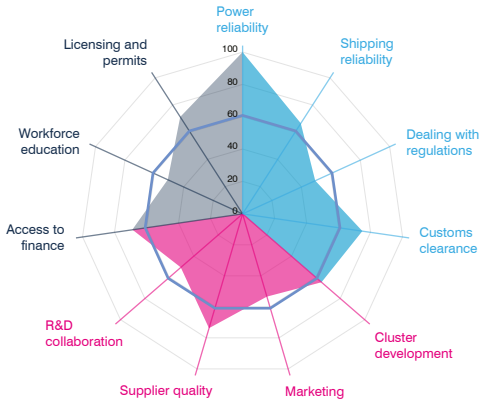
BUSINESS ECOSYSTEM (Normalized scores)

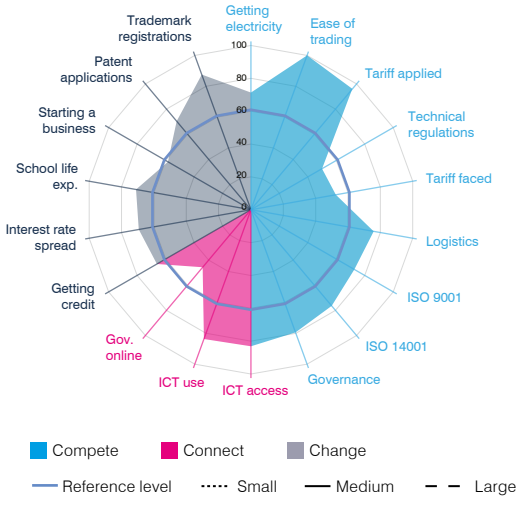
Compete	Small	Medium	Large	All
Power reliability	**100.0**	**100.0**	68.0	**100.0**
Domestic shipping reliability	50.0	**100.0**	81.9	66.6
Dealing with regulations	49.4	48.5	52.2	49.4
Customs clearance efficiency	80.9	76.9	61.0	74.9
Connect				
State of cluster development				64.6
Extent of marketing				53.5
Local supplier quality				73.8
University-industry collaboration in R&D				50.6
Change				
Access to finance	74.2	59.1	75.5	68.9
Access to educated workforce	53.4	48.6	45.7	50.9
Business licensing and permits	71.8	65.9	**93.0**	71.3

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	71.4
Ease of trading across borders	**100.0**
Applied tariff, trade-weighted average	**96.1**
Prevalence of technical regulations	50.0
Faced tariff, trade-weighted average	52.5
Logistics performance index	75.9
ISO 9001 quality certificates	72.7
ISO 14001 environmental certificates	76.4
Governance index	79.4
Connect	
ICT access	83.1
ICT use	83.8
Government's online service	45.7
Change	
Ease of getting credit	66.1
Interest rate spread	69.3
School life expectancy	71.0
Ease of starting a business	58.4
Patent applications	70.4
Trademark registrations	87.6







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Slovakia is a high income country with a population of 5.4 million and GDP of $90.3 billion. Goods and services account for 90.3% and 9.7% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies mainly within its home region and to Asia and the Americas (see table below). *Reception apparatus for televisions* has an unrealized export potential of around $1.3 billion in the home region. *Motor cars* have an unrealized export potential to Asia and the Americas.

Regarding new export products, Slovakia has diversification opportunities in vehicles, as well as machinery and electronic equipment with products such as *turbopropellers* and *electrical insulators*. Other products for diversification include *railway and tramway passenger coaches,* and *ironing machines and presses*.

Small firms in Slovakia perform well in access to electricity and using e-mails. They underperform, however, in having audited financial statements. This category is also the largest performance gap between small and large firms. The country's national environment scores particularly well in ease of trading across borders.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	3809									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870332	3026									
Reception apparatus for television	8528Xb	6064									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870333	2104									
Bodies for motor cars and other motor vehicles principally designed for the transport of persons	870710	2069									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870322	1488									
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	2314									
Unwrought aluminium alloys	760120	352									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	2159									
Ignition wiring sets and other wiring sets for vehicles, aircraft or ships	854430	766									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

South Africa

Key indicators

Population (millions)	55.9
GDP ($ billions)	280.4
GDP per capita ($)	5018.2
Share of world GDP (PPP$, %)	0.6
Current account surplus/deficit, share of GDP (%)	-3.3
Tariff preference margin (percentage points)	2.4
Imports and exports (goods and services), share of GDP (%)	57.1
Services exports, share of total exports (%)	17.8
Geographic region	Africa
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.7	**14.6**	39.4
	Medium	61.7	44.0	61.7
	Large	73.9	**81.8**	**78.7**
	All	52.7	30.9	56.5
BUSINESS ECOSYSTEM		54.6	**80.4**	68.3
NATIONAL ENVIRONMENT		61.1	59.8	53.1
Reference level: 50.9 (a function of GDP per capita)				
Weaknesses are scores below: 25.4			**Strengths are scores above: 76.3**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

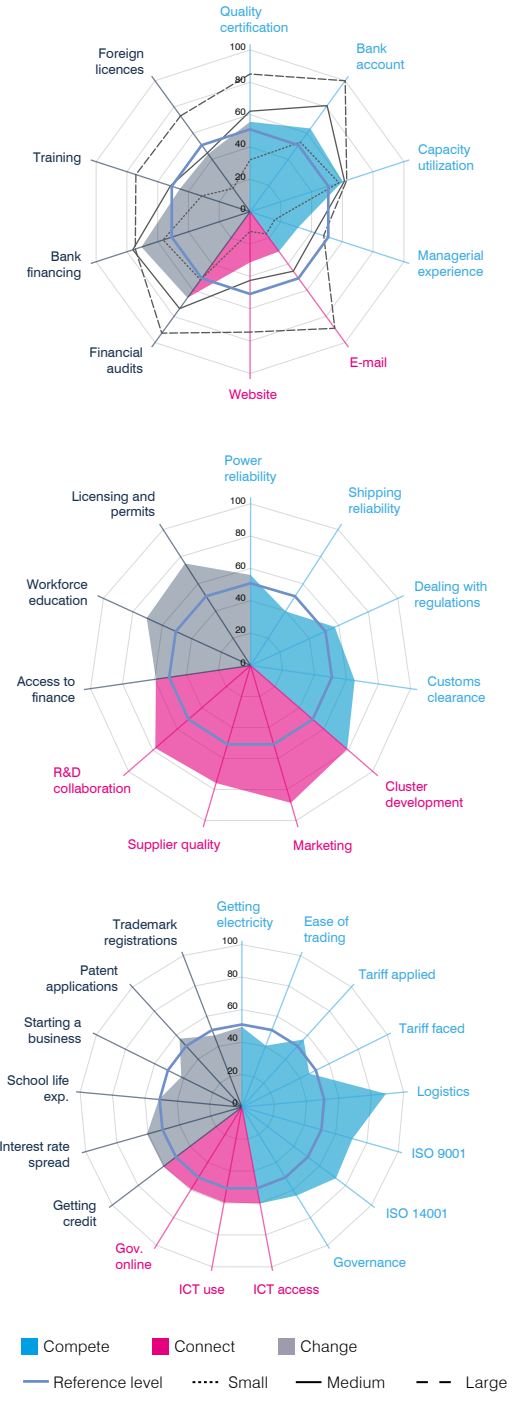
Compete	Small	Medium	Large	All
International quality certificate	32.1	62.1	**85.1**	55.5
Bank account	53.1	**81.0**	**100.0**	63.6
Capacity utilization	57.8	61.4	62.8	60.2
Managerial experience	**16.0**	42.1	47.9	31.4
Connect				
E-mail	**17.0**	45.5	**89.1**	30.4
Firm website	**12.2**	42.5	74.4	31.3
Change				
Audited financial statement	52.1	74.0	**92.8**	65.8
Investment financed by banks	56.5	76.2	74.6	70.6
Formal training programme	31.4	51.7	74.2	45.6
Foreign technology licences	**17.8**	44.9	73.1	44.1

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	58.2	56.0	52.3	56.0
Domestic shipping reliability	36.3	44.3	41.2	39.9
Dealing with regulations	59.8	54.0	58.5	57.3
Customs clearance efficiency	62.7	66.3	64.2	65.1
Connect				
State of cluster development				**79.1**
Extent of marketing				**88.6**
Local supplier quality				75.8
University-industry collaboration in R&D				**78.0**
Change				
Access to finance	50.3	64.9	**82.3**	59.1
Access to educated workforce	**76.6**	66.7	64.8	70.7
Business licensing and permits	71.8	75.5	**91.0**	75.0

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	49.4
Ease of trading across borders	40.6
Applied tariff, trade-weighted average	56.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	46.3
Logistics performance index	**89.0**
ISO 9001 quality certificates	70.8
ISO 14001 environmental certificates	72.6
Governance index	64.1
Connect	
ICT access	60.3
ICT use	59.7
Government's online service	59.5
Change	
Ease of getting credit	60.7
Interest rate spread	60.7
School life expectancy	51.3
Ease of starting a business	41.7
Patent applications	57.0
Trademark registrations	47.2



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2007) for firm level data; for other sources and methodology see Annex.

South Africa

SME Export Potential

South Africa is an upper-middle income country with a population of 55.9 million and GDP of $280.4 billion. Goods and services account for 82.2% and 17.8% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly outside its home region, notably to Europe, Asia and the Americas (see table below). *Platinum* has an unrealized export potential of around $1 billion to Asia, $1.4 billion to Europe, and $493 million to the Americas. Products with unrealized export potential in the home region include *motor cars* and *non-industrial diamonds*.

Regarding new export products, South Africa has diversification opportunities in metals, textile, and processed food with products such as *wire of non-alloy aluminium, carded wool yarn,* and *oilcake and other solid residues*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *woven fabrics of artificial staple fibres, bars and rods of alloy steel, unwrought copper alloys,* and *ferro-niobium*.

Small firms in South Africa perform well in dealing with business licensing and permits as well as in accessing an educated workforce. They underperform, however, in having managerial experience and foreign technology licences, as well as in using e-mails and business websites. The largest gap between small and large firms lies in the use of e-mails. The country's national environment performs well in logistics.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	710813	750									
Platinum, unwrought or in powder form	711011	4701									
Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	710231	1571									
Diamonds, worked, but not mounted or set (excluding industrial diamonds)	710239	1991									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	2770									
Ferro-chromium, containing by weight > 4% of carbon	720241	3008									
Palladium, unwrought or in powder form	711021	1371									
Motor vehicles for the transport of goods, with compression-ignition internal combustion piston...	870421	1918									
Machinery and apparatus for filtering or purifying gases (excluding isotope separators and intake air...	842139	1967									
Platinum, in semi-manufactured forms	711019	1930									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Sri Lanka

Key indicators

Population (millions)	21.3
GDP ($ billions)	82.2
GDP per capita ($)	3869.8
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	-1.5
Tariff preference margin (percentage points)	2.0
Imports and exports (goods and services), share of GDP (%)	51.4
Services exports, share of total exports (%)	38.0
Geographic region	Asia
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.2	**5.6**	39.7
	Medium	50.7	27.5	62.1
	Large	64.8	66.9	**79.2**
	All	42.1	**11.6**	49.2
BUSINESS ECOSYSTEM		54.0	63.8	42.4
NATIONAL ENVIRONMENT		50.4	48.7	58.2
Reference level: 48.7 (a function of GDP per capita)				
Weaknesses are scores below: 24.3		**Strengths are scores above: 73.0**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

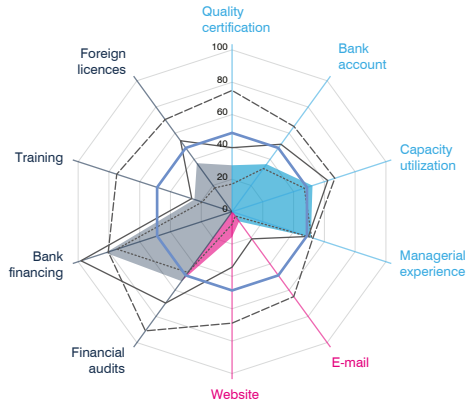
Compete	Small	Medium	Large	All
International quality certificate	**17.1**	39.5	**74.9**	28.7
Bank account	33.0	51.5	65.1	36.3
Capacity utilization	47.0	62.2	66.8	52.3
Managerial experience	51.7	49.6	52.5	51.3
Connect				
E-mail	**3.3**	**20.8**	64.9	**7.5**
Firm website	**7.8**	34.3	68.9	**15.7**
Change				
Audited financial statement	46.4	69.8	**91.0**	53.0
Investment financed by banks	**74.8**	**98.2**	**80.5**	**82.2**
Formal training programme	**19.3**	26.2	**74.9**	24.5
Foreign technology licences	**18.2**	54.2	70.4	37.1

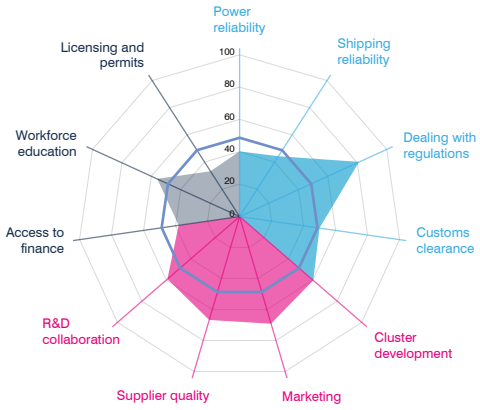
BUSINESS ECOSYSTEM (Normalized scores)

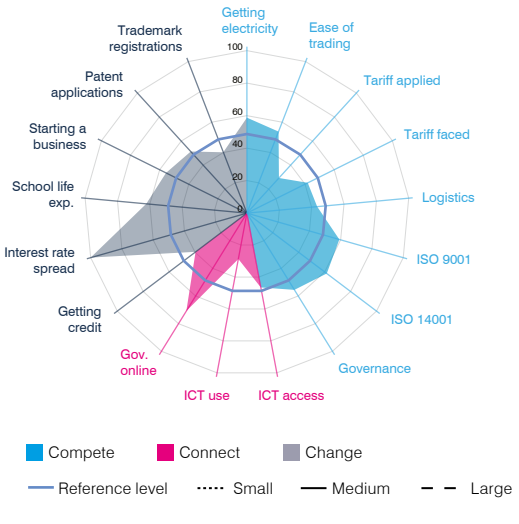
Compete	Small	Medium	Large	All
Power reliability	41.9	34.1	39.5	40.3
Domestic shipping reliability	38.6	58.2	58.2	44.3
Dealing with regulations	**84.0**	**74.3**	69.8	**81.3**
Customs clearance efficiency	-	-	56.3	50.0
Connect				
State of cluster development				60.3
Extent of marketing				69.2
Local supplier quality				66.7
University-industry collaboration in R&D				59.1
Change				
Access to finance	35.1	45.9	55.0	38.1
Access to educated workforce	60.8	48.0	32.5	56.0
Business licensing and permits	32.6	36.2	34.0	33.3

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	58.8
Ease of trading across borders	53.8
Applied tariff, trade-weighted average	29.3
Prevalence of technical regulations	41.9
Faced tariff, trade-weighted average	43.4
Logistics performance index	-
ISO 9001 quality certificates	59.1
ISO 14001 environmental certificates	61.6
Governance index	55.6
Connect	
ICT access	46.6
ICT use	28.7
Government's online service	70.8
Change	
Ease of getting credit	39.6
Interest rate spread	**100.0**
School life expectancy	62.2
Ease of starting a business	55.6
Patent applications	51.3
Trademark registrations	40.2







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2011) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Sri Lanka is a lower-middle income country with a population of 21.3 million and GDP of $82.2 billion. Goods and services account for 62% and 38% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe and the Americas (see table below). *Diamonds* have an unrealized export potential to these regions of around $427 million. Other products include *brassieres of all types of textile materials,* and *solid or cushion tyres*.

Regarding new export products, Sri Lanka has diversification opportunities in the processed food, textiles and machinery sectors with products such as *prepared or preserved mushrooms and truffles, combined refrigerator-freezers,* and *men's or boys' jackets and blazers of wool*. The production of the latter product involves a relatively strong participation of SMEs and women. Other products identified for diversification include *woven fabrics, air conditioning machines incorporating a refrigerating unit,* and *articles for interior furnishing of synthetic fibres*.

Small firms in Sri Lanka perform well in having investments financed by banks and dealing with regulations. They underperform, however, in owning international quality certificates and using e-mails or business websites. The largest gap between small and large firms lies in the use of e-mails. The country's national environment performs well in interest rate spread.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Diamonds, worked, but not mounted or set (excluding industrial diamonds)	710239	222									
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090240	749									
Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings...	090230	605									
Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	621210	495									
Pepper of the genus Piper, neither crushed nor ground	090411	84									
Rubies, sapphires and emeralds, worked, whether or not graded, but not strung, mounted or set,...	710391	131									
Solid or cushion tyres, interchangeable tyre treads and tyre flaps, of rubber	401290	351									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted or...	620342	329									
Gloves, mittens and mitts, of vulcanised rubber (excluding surgical gloves)	401519	134									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	197									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Thailand

Key indicators

Population (millions)	69.0
GDP ($ billions)	390.6
GDP per capita ($)	5662.3
Share of world GDP (PPP$, %)	1.0
Current account surplus/deficit, share of GDP (%)	9.6
Tariff preference margin (percentage points)	3.1
Imports and exports (goods and services), share of GDP (%)	132.6
Services exports, share of total exports (%)	22.3
Geographic region	Asia
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	54.0	26.7	26.3
	Medium	53.5	28.7	33.2
	Large	69.4	51.7	52.7
	All	56.1	29.2	32.8
BUSINESS ECOSYSTEM		64.6	64.3	**90.8**
NATIONAL ENVIRONMENT		65.7	61.0	58.0
Reference level: 51.9 (a function of GDP per capita)				
Weaknesses are scores below: 25.9			**Strengths are scores above: 77.8**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

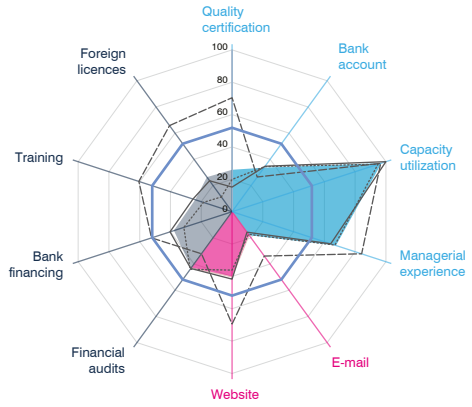
Compete	Small	Medium	Large	All
International quality certificate	**19.9**	**15.2**	70.4	**25.9**
Bank account	34.4	34.7	26.5	33.7
Capacity utilization	**94.8**	**100.0**	**96.6**	**97.1**
Managerial experience	66.8	64.2	**84.2**	67.6
Connect				
E-mail	**17.3**	**15.7**	33.9	**18.0**
Firm website	36.1	41.7	69.4	40.3
Change				
Audited financial statement	44.0	43.4	32.1	42.9
Investment financed by banks	31.3	40.3	52.3	37.8
Formal training programme	**18.6**	**25.3**	60.6	**24.0**
Foreign technology licences	**11.3**	**23.6**	65.7	26.4

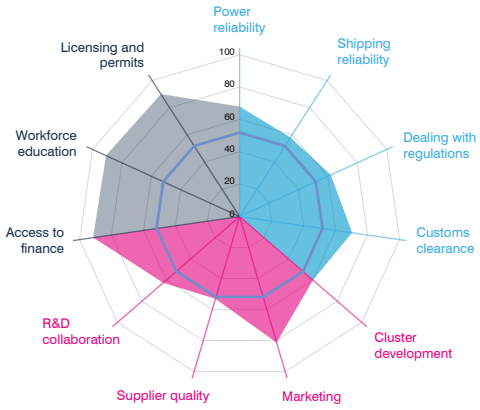
BUSINESS ECOSYSTEM (Normalized scores)

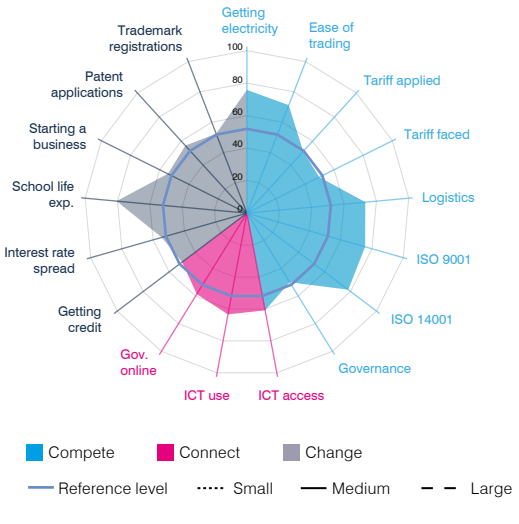
Compete	Small	Medium	Large	All
Power reliability	68.0	60.9	68.0	68.0
Domestic shipping reliability	50.0	72.8	72.8	58.2
Dealing with regulations	57.3	71.6	**81.3**	62.0
Customs clearance efficiency	60.7	77.3	**83.3**	70.4
Connect				
State of cluster development				60.1
Extent of marketing				**81.3**
Local supplier quality				53.1
University-industry collaboration in R&D				62.6
Change				
Access to finance	**89.1**	**95.6**	**97.5**	**91.5**
Access to educated workforce	**92.4**	**84.6**	**98.6**	**90.8**
Business licensing and permits	**86.5**	**100.0**	**96.3**	**90.0**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	75.8
Ease of trading across borders	71.3
Applied tariff, trade-weighted average	51.4
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	49.7
Logistics performance index	73.2
ISO 9001 quality certificates	75.6
ISO 14001 environmental certificates	**78.2**
Governance index	50.0
Connect	
ICT access	60.9
ICT use	63.4
Government's online service	58.6
Change	
Ease of getting credit	50.0
Interest rate spread	54.5
School life expectancy	**80.6**
Ease of starting a business	54.4
Patent applications	56.2
Trademark registrations	52.5







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Annex.

Thailand

SME Export Potential

Thailand is an upper-middle income country with a population of 69 million and GDP of $390.6 billion. Goods and services account for 77.7% and 22.3% of exports, respectively.

The country's unrealized potential to increase existing exports lies mostly within its home region and to Europe and the Americas (see table below). *Cards incorporating one or more electronic integrated circuits* have an unrealized export potential of around $6 billion in the home region.

Regarding new export products, Thailand has diversification opportunities in the chemicals and metals sectors with products such as *dioctyl orthophthalates, hammers and sledge hammers with working parts of base metal,* and *chemical elements and compounds for use in electronics*. The production of these products involves a relatively strong participation of SMEs. Other products identified for diversification include *interchangeable spanner sockets, methanol "methyl alcohol",* and *saccharin and its salts*.

Small firms in Thailand perform well in capacity utilization and accessing an educated workforce. They underperform, however, in using e-mails and owning foreign technology licences. The largest gap between small and large firms lies in owning foreign technology licences. The country's national environment performs well in attaining ISO certification related to environment and school life expectancy.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Storage units for automatic data-processing machines	847170	15130									
Cards incorporating one or more electronic integrated circuits "smart cards"; electronic...	85XXXd	10268									
Parts and accessories of printers, copying machines, facsimile machines and other office...	84XXXd	4334									
Motor vehicles for the transport of goods, with compression-ignition internal combustion piston...	870421	7310									
Technically specified natural rubber "TSNR"	400122	3892									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	2226									
Semi-milled or wholly milled rice, whether or not polished or glazed	100630	4532									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	3725									
Television cameras, digital cameras and video camera recorders	852580	2601									
Raw cane sugar, in solid form, not containing added flavouring or colouring matter	1701XX	1888									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Trinidad and Tobago

Key indicators

Population (millions)	1.4
GDP ($ billions)	22.8
GDP per capita ($)	16717.1
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-8.7
Tariff preference margin (percentage points)	1.9
Imports and exports (goods and services), share of GDP (%)	112.4
Services exports, share of total exports (%)	4.9
Geographic region	Americas
Country group	SIDS
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	56.7	**29.2**	39.1
	Medium	63.6	52.6	55.2
	Large	61.0	63.3	65.0
	All	58.1	34.2	46.0
BUSINESS ECOSYSTEM		61.3	47.0	40.5
NATIONAL ENVIRONMENT		49.7	67.5	50.8
Reference level: 60.9 (a function of GDP per capita)				
Weaknesses are scores below: 30.5			**Strengths are scores above: 91.4**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

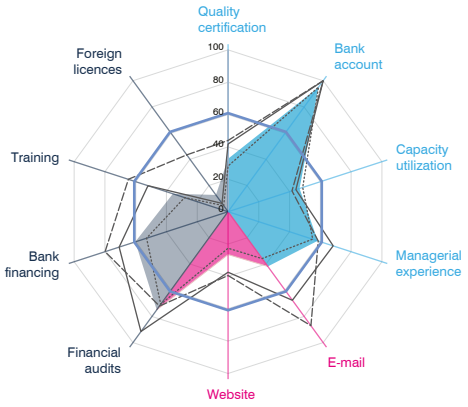
Compete	Small	Medium	Large	All
International quality certificate	**28.2**	41.8	44.0	32.7
Bank account	**95.1**	**100.0**	**100.0**	**95.1**
Capacity utilization	48.5	44.1	41.5	46.4
Managerial experience	55.0	68.3	58.7	58.3
Connect				
E-mail	35.8	67.7	87.1	41.8
Firm website	**22.5**	37.4	39.5	**26.5**
Change				
Audited financial statement	70.7	**91.5**	72.1	75.0
Investment financed by banks	53.0	70.7	79.9	60.3
Formal training programme	**28.2**	52.0	64.7	35.9
Foreign technology licences	**4.6**	**6.4**	43.4	**12.8**

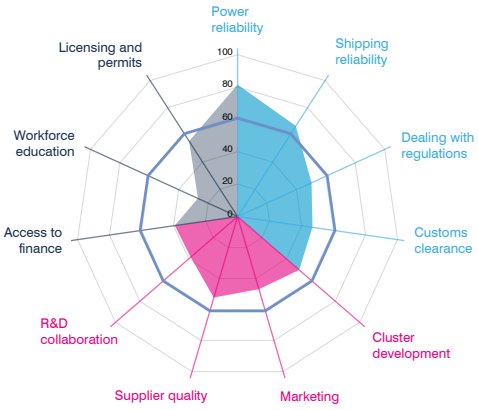
BUSINESS ECOSYSTEM (Normalized scores)

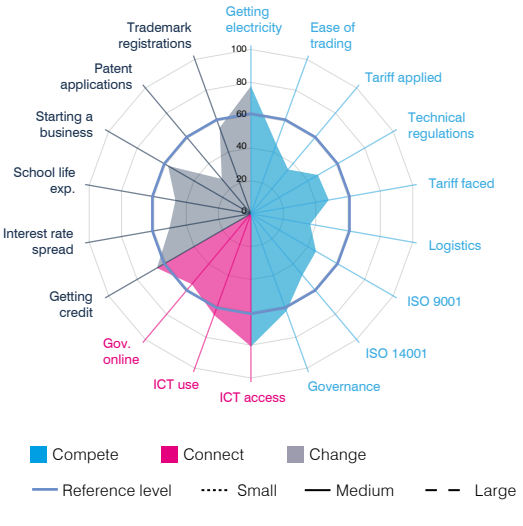
Compete	Small	Medium	Large	All
Power reliability	81.5	81.5	**100.0**	81.5
Domestic shipping reliability	72.8	61.9	52.4	66.6
Dealing with regulations	48.5	57.7	49.1	50.3
Customs clearance efficiency	45.3	53.9	43.7	46.8
Connect				
State of cluster development				50.4
Extent of marketing				46.9
Local supplier quality				52.3
University-industry collaboration in R&D				38.4
Change				
Access to finance	37.0	46.0	44.4	39.2
Access to educated workforce	**24.3**	33.4	41.0	**26.9**
Business licensing and permits	56.6	47.5	70.8	55.4

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	77.7
Ease of trading across borders	45.1
Applied tariff, trade-weighted average	35.2
Prevalence of technical regulations	47.1
Faced tariff, trade-weighted average	48.1
Logistics performance index	36.7
ISO 9001 quality certificates	45.8
ISO 14001 environmental certificates	48.8
Governance index	63.1
Connect	
ICT access	80.8
ICT use	65.6
Government's online service	56.0
Change	
Ease of getting credit	66.1
Interest rate spread	50.4
School life expectancy	46.7
Ease of starting a business	58.3
Patent applications	**27.6**
Trademark registrations	55.8







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

Trinidad and Tobago

SME Export Potential

Trinidad and Tobago is a high income country with a population of 1.4 million and GDP of $22.8 billion. Goods and services account for 95.1% and 4.9% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe (see table below). *Urea-ammonium nitrate* (an organic compound used in fertilizers) has an unrealized export potential of $402 million in the home region and $25 million to Europe. Other products with unrealized export potential to these regions include *methanol* and *ferrous products*.

Regarding new export products, Trinidad and Tobago has diversification opportunities in chemicals and wood with products such as *potassium chloride for use as fertilizer,* and *tiles of any shape of agglomerated cork*. The production of the latter good scores relatively well on the price stability indicator. Other products for diversification include *ammonium nitrate,* and *railway or tramway track fixtures and fittings*.

Small firms in Trinidad and Tobago perform well in having bank accounts. They underperform, however, in owning business websites and foreign technology licences. The largest performance gap between small and large firms lies in owning foreign technology licences. The country's national environment performs well in accessing ICT.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution (excluding those in...	310280	364									
Methanol "methyl alcohol"	290511	1743									
Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with...	310210	220									
Ferrous products obtained by direct reduction of iron ore, in lumps, pellets or similar forms	720310	916									
Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section...	721391	96									
Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	220710	33									
Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption as a...	220210	48									
Rum and other spirits obtained by distilling fermented sugar-cane products	220840	22									
Semi-finished products of iron or non-alloy steel containing, by weight, >= 0.25% of carbon	720720	42									
Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary...	480300	11									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Tunisia

Key indicators

Population (millions)	11.2
GDP ($ billions)	42.4
GDP per capita ($)	3776.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-8.0
Tariff preference margin (percentage points)	4.5
Imports and exports (goods and services), share of GDP (%)	104.4
Services exports, share of total exports (%)	18.4
Geographic region	Africa
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.5	56.4	35.2
	Medium	55.1	**74.9**	55.7
	Large	60.6	**75.7**	60.4
	All	50.3	63.7	47.0
BUSINESS ECOSYSTEM		48.3	43.2	53.5
NATIONAL ENVIRONMENT		52.5	65.3	57.2
Reference level: 48.5 (a function of GDP per capita)				
Weaknesses are scores below: 24.2		**Strengths are scores above: 72.7**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

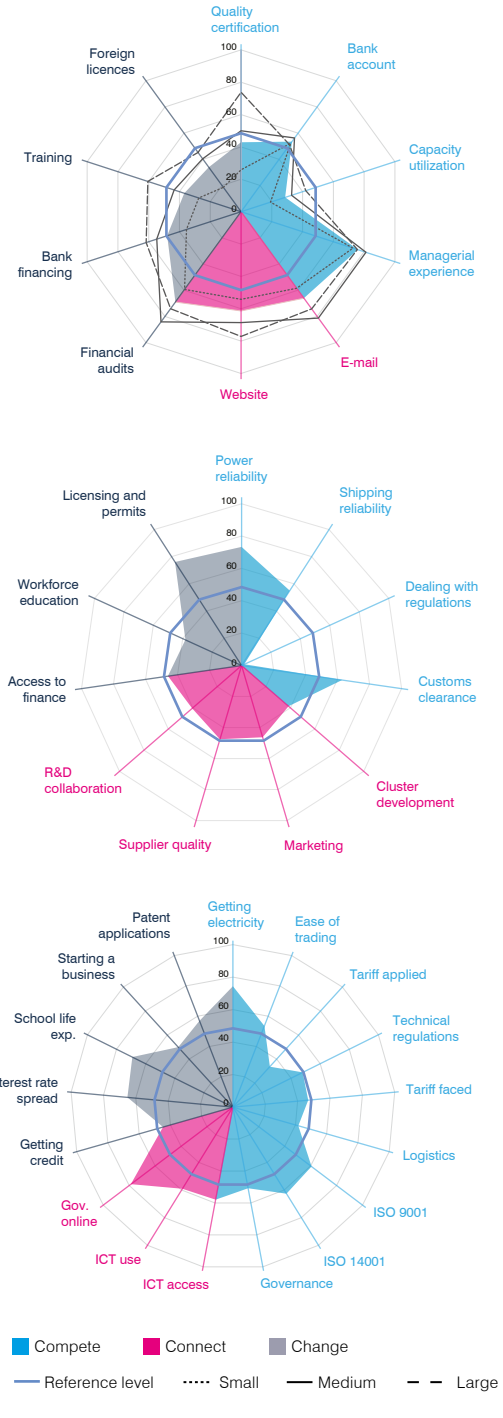
Compete	Small	Medium	Large	All
International quality certificate	25.9	50.0	**73.8**	42.9
Bank account	52.3	56.3	51.1	53.5
Capacity utilization	**19.1**	32.8	42.1	28.7
Managerial experience	**72.7**	**81.2**	**75.6**	**76.0**
Connect				
E-mail	58.5	**81.3**	**74.3**	66.1
Firm website	54.2	68.5	**77.1**	61.4
Change				
Audited financial statement	59.4	**84.2**	**74.1**	69.0
Investment financed by banks	35.4	54.8	61.6	48.0
Formal training programme	27.5	43.5	60.6	36.9
Foreign technology licences	**18.6**	40.4	45.3	33.9

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**81.5**	68.0	**100.0**	**73.3**
Domestic shipping reliability	66.6	46.0	**100.0**	55.1
Dealing with regulations	**3.3**	**0.0**	**1.0**	**1.9**
Customs clearance efficiency	55.6	65.4	70.4	63.0
Connect				
State of cluster development				38.5
Extent of marketing				46.3
Local supplier quality				47.6
University-industry collaboration in R&D				40.5
Change				
Access to finance	45.7	42.1	60.8	46.0
Access to educated workforce	44.4	30.4	36.1	38.2
Business licensing and permits	**84.1**	63.6	**91.0**	**76.1**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**74.4**
Ease of trading across borders	53.6
Applied tariff, trade-weighted average	33.7
Prevalence of technical regulations	48.0
Faced tariff, trade-weighted average	46.5
Logistics performance index	41.9
ISO 9001 quality certificates	60.7
ISO 14001 environmental certificates	62.7
Governance index	50.8
Connect	
ICT access	57.9
ICT use	59.1
Government's online service	**78.7**
Change	
Ease of getting credit	44.8
Interest rate spread	65.2
School life expectancy	69.2
Ease of starting a business	50.0
Patent applications	57.0
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Tunisia is a lower-middle income country with a population of 11.2 million and GDP of $42.4 billion. Goods and services account for 81.6% and 18.4% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies outside its home region, notably to Europe (see table below). *Parts of aeroplanes and helicopters* have an unrealized export potential of $586 million to Europe. Other products with unrealized export potential to this region include *electric conductors,* and *men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton*.

Regarding new export products, Tunisia has diversification opportunities in synthetic textiles, plastics and rubber, as well as electronic equipment with products such as *woven fabrics containing predominantly polyester staple fibres,* and *polyethylene in primary forms*. The production of these goods involves a relatively strong participation of SMEs and score well on the price stability indicator. Other products for diversification include *sewing thread of synthetic staple fibres* and *electric sound amplifier sets*.

Small firms in Tunisia perform well in having managerial experience, access to electricity and dealing with business licensing and permits. They underperform, however, in capacity utilization, owning foreign technology licences and dealing with regulations. The largest gap between small and large firms lies in owning international quality certificates. The country's national environment performs well in getting an electricity connection and online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 750	0 750	0 750	0 750	0 750				
Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	880330	184									
Virgin olive oil and its fractions obtained from the fruit of the olive tree solely by mechanical or other...	150910	428									
Reception apparatus for television	8528Xb	408									
Electric conductors for a voltage <= 1.000 V, insulated, fitted with connectors, n.e.s.	854442	662									
Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted...	620342	633									
Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather...	6403XX	255									
Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	854449	191									
Miscellaneous parts and accessories, for tractors, motor vehicles for the transport of ten or more...	8708XX	244									
Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in...	310530	246									
Parts suitable for use solely or principally with compression-ignition internal combustion piston...	840999	95									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Turkey

Key indicators

Population (millions)	79.0
GDP ($ billions)	735.7
GDP per capita ($)	9316.8
Share of world GDP (PPP$, %)	1.4
Current account surplus/deficit, share of GDP (%)	-4.4
Tariff preference margin (percentage points)	4.1
Imports and exports (goods and services), share of GDP (%)	58.6
Services exports, share of total exports (%)	24.5
Geographic region	Asia
Country group	OECD
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	46.4	53.4	45.3
	Medium	59.2	67.6	55.2
	Large	57.3	81.8	75.1
	All	51.5	59.2	51.6
BUSINESS ECOSYSTEM		51.2	57.0	66.4
NATIONAL ENVIRONMENT		67.3	65.6	71.3
Reference level: 56.0 (a function of GDP per capita)				
Weaknesses are scores below: 28.0		**Strengths are scores above: 84.0**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

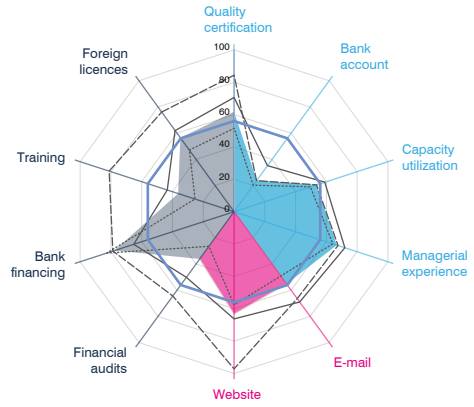
Compete	Small	Medium	Large	All
International quality certificate	51.5	70.6	**84.4**	61.8
Bank account	**20.3**	35.2	**23.7**	**23.9**
Capacity utilization	49.6	59.0	53.6	53.4
Managerial experience	64.2	72.0	67.6	66.8
Connect				
E-mail	49.1	69.0	66.4	55.2
Firm website	57.6	66.3	**97.2**	63.3
Change				
Audited financial statement	**26.5**	50.1	64.4	36.1
Investment financed by banks	82.6	65.2	78.8	77.7
Formal training programme	**25.3**	43.4	81.2	36.3
Foreign technology licences	47.0	62.0	76.1	56.4

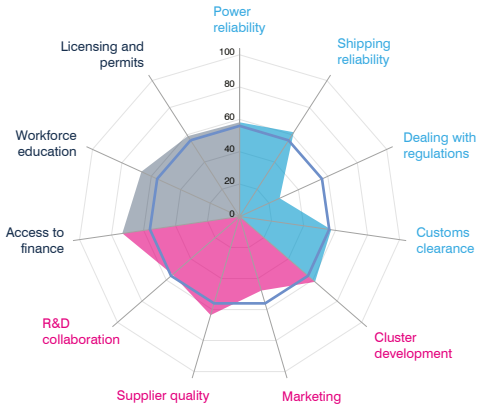
BUSINESS ECOSYSTEM (Normalized scores)

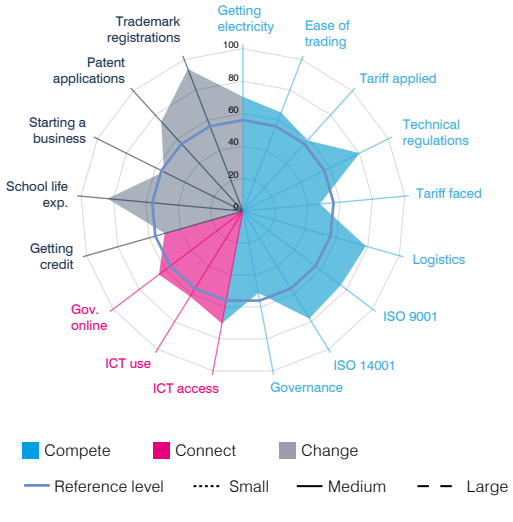
Compete	Small	Medium	Large	All
Power reliability	60.9	56.0	41.9	58.2
Domestic shipping reliability	66.6	58.2	55.1	61.9
Dealing with regulations	**27.3**	28.5	**21.5**	**27.3**
Customs clearance efficiency	58.8	52.1	62.7	57.3
Connect				
State of cluster development				61.7
Extent of marketing				47.8
Local supplier quality				63.6
University-industry collaboration in R&D				54.9
Change				
Access to finance	73.3	79.2	57.6	73.3
Access to educated workforce	69.9	65.9	50.0	66.7
Business licensing and permits	56.6	77.3	39.0	59.1

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	70.4
Ease of trading across borders	65.1
Applied tariff, trade-weighted average	58.9
Prevalence of technical regulations	80.1
Faced tariff, trade-weighted average	47.6
Logistics performance index	78.7
ISO 9001 quality certificates	75.5
ISO 14001 environmental certificates	77.8
Governance index	51.3
Connect	
ICT access	70.3
ICT use	61.7
Government's online service	64.7
Change	
Ease of getting credit	50.0
Interest rate spread	-
School life expectancy	83.7
Ease of starting a business	54.3
Patent applications	74.6
Trademark registrations	**93.8**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Turkey is an upper-middle income country with a population of 79 million and GDP of $735.7 billion. Goods and services account for 75.5% and 24.5% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies mainly within its home region and to the Americas and Europe (see table below). Products with unrealized export potential to these regions include *iron and steel bars and rods,* and *motor vehicles*.

Regarding new export products, Turkey has diversification opportunities in textiles, machinery and electronic equipment, as well as vehicles with products such as *woven fabrics* and *circular knitting machines*. The production of the latter good involves a relatively strong presence of SMEs. Other products for diversification include *machinery for making or repairing articles of hides, skins or leather,* and *coaster braking hubs and hub brakes*.

Small firms in Turkey perform well in having investments financed by banks and in accessing finance. They underperform, however, in having bank accounts and offering formal training programmes to employees. The largest performance gap between small and large firms lies in offering formal training programmes to employees. The country's national environment scores well in school life expectancy and trademark registrations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Bars and rods, of iron or non-alloy steel, with indentations, ribs, grooves or other deformations...	721420	4122									
Motor vehicles for the transport of goods, with compression-ignition internal combustion piston...	870421	3478									
Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or...	711319	2155									
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder...	710812	2399									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870322	2000									
T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	610990	1491									
Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	854449	1374									
T-shirts, singlets and other vests of cotton, knitted or crocheted	610910	1897									
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station...	870323	1660									
Reception apparatus for television	8528Xb	1866									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.
Source: ITC Export Potential Map, http://exportpotential.intracen.org

Ukraine

Key indicators

Population (millions)	42.5
GDP ($ billions)	87.2
GDP per capita ($)	2051.6
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-1.5
Tariff preference margin (percentage points)	1.9
Imports and exports (goods and services), share of GDP (%)	109.1
Services exports, share of total exports (%)	24.5
Geographic region	Europe
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	38.2	45.4	31.4
	Medium	49.9	60.2	35.1
	Large	57.7	**82.8**	45.2
	All	43.4	51.2	36.0
BUSINESS ECOSYSTEM		55.8	47.5	**67.6**
NATIONAL ENVIRONMENT		52.8	59.5	**68.7**

Reference level: 43.4 (a function of GDP per capita)

Weaknesses are scores below: 21.7 | **Strengths are scores above: 65.1**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

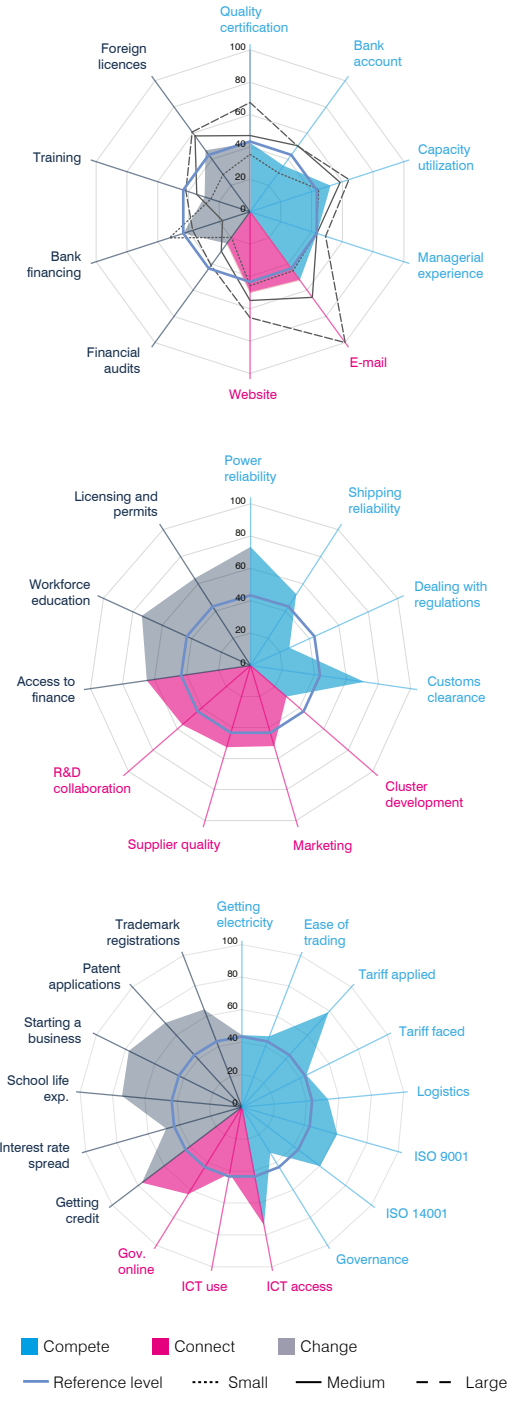
Compete	Small	Medium	Large	All
International quality certificate	35.4	47.0	**67.5**	42.6
Bank account	29.7	50.4	50.0	35.2
Capacity utilization	44.6	58.6	64.3	52.3
Managerial experience	43.0	43.5	49.1	43.5
Connect				
E-mail	45.2	**65.5**	**100.0**	52.4
Firm website	45.7	54.9	**65.5**	50.0
Change				
Audited financial statement	**19.6**	30.2	41.0	24.4
Investment financed by banks	52.3	**17.9**	37.2	43.4
Formal training programme	25.4	34.6	41.7	29.5
Foreign technology licences	28.4	57.9	60.8	46.8

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**73.3**	**73.3**	**73.3**	**73.3**
Domestic shipping reliability	58.2	46.0	52.4	52.4
Dealing with regulations	30.5	**19.1**	31.6	26.4
Customs clearance efficiency	62.4	**79.1**	**71.4**	**71.1**
Connect				
State of cluster development				29.4
Extent of marketing				52.0
Local supplier quality				52.7
University-industry collaboration in R&D				56.0
Change				
Access to finance	**69.1**	59.5	57.2	64.9
Access to educated workforce	**78.9**	**66.3**	**68.1**	**73.9**
Business licensing and permits	62.5	**66.8**	**65.9**	64.0

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	44.3
Ease of trading across borders	46.8
Applied tariff, trade-weighted average	**79.2**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	44.3
Logistics performance index	53.2
ISO 9001 quality certificates	61.0
ISO 14001 environmental certificates	60.3
Governance index	33.1
Connect	
ICT access	**73.9**
ICT use	41.6
Government's online service	63.0
Change	
Ease of getting credit	**77.1**
Interest rate spread	48.5
School life expectancy	**74.1**
Ease of starting a business	**77.8**
Patent applications	**70.2**
Trademark registrations	64.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Ukraine is a lower-middle income country with a population of 42.5 million and GDP of $87.2 billion. Goods and services account for 75.5% and 24.5% of exports, respectively.

The country's unrealized potential to increase existing exports of goods lies mainly within its home region and to the Americas and Asia (see table below). *Flat-rolled products of iron or non-alloy steel* have an unrealized export potential of around $194 million in the home region and $218 million to Asia.

Regarding new export products, Ukraine has diversification opportunities in minerals and metals, and vehicles with products such as *ferro-silico-chromium* and *motor cars and other motor vehicles*. These goods score relatively well on the price stability indicator. Other products for diversification include *ferrous products obtained by direct reduction of iron ore* and *parts of structures of aluminium*.

Small firms in Ukraine perform well in accessing an educated workforce. They underperform, however, in having audited financial statements. The largest performance gap between small and large firms lies in using e-mails. The country's national environment scores well in the trade policy-related indicator and ease of starting a business.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Crude sunflower-seed or safflower oil	151211	3262									
Semi-finished products of iron or non-alloy steel containing, by weight, < 0.25% of carbon, of...	720711	1288									
Wheat and meslin (excluding durum wheat)	1001Xb	1418									
Maize (excluding seed for sowing)	100590	3354									
Semi-finished products of iron or non-alloy steel containing, by weight, < 0.25% of carbon, of...	720712	1979									
Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply hot-rolled,...	720839	751									
Bars and rods, of iron or non-alloy steel, with indentations, ribs, grooves or other deformations...	721420	1251									
Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with a...	310210	912									
Semi-finished products of iron or non-alloy steel containing, by weight, >= 0.25% of carbon	720720	693									
Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, not in coils, simply hot-rolled,...	720851	978									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

United Republic of Tanzania

Key indicators

Population (millions)	48.6
GDP ($ billions)	46.7
GDP per capita ($)	960.2
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-8.8
Tariff preference margin (percentage points)	7.0
Imports and exports (goods and services), share of GDP (%)	58.9
Services exports, share of total exports (%)	38.6
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.0	**9.1**	26.5
	Medium	44.6	23.9	48.6
	Large	**57.1**	**74.0**	**76.7**
	All	38.1	**13.2**	37.2
BUSINESS ECOSYSTEM		34.6	48.0	23.3
NATIONAL ENVIRONMENT		**55.7**	26.8	33.5
Reference level: 37.0 (a function of GDP per capita)				
Weaknesses are scores below: 18.5			**Strengths are scores above: 55.6**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

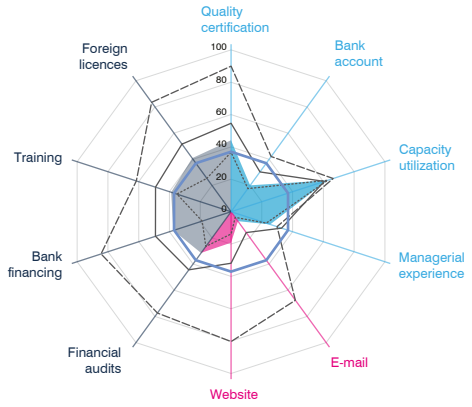
Compete	Small	Medium	Large	All
International quality certificate	36.7	54.6	**89.9**	44.1
Bank account	**17.7**	30.4	42.1	20.1
Capacity utilization	**62.8**	**60.6**	**66.4**	**62.6**
Managerial experience	22.9	32.8	29.9	25.4
Connect				
E-mail	**4.4**	**16.0**	**67.7**	**7.3**
Firm website	**13.8**	31.9	**80.3**	19.2
Change				
Audited financial statement	26.6	44.4	**77.4**	31.5
Investment financed by banks	18.8	49.1	**84.5**	37.5
Formal training programme	35.2	49.1	**61.5**	38.9
Foreign technology licences	25.4	51.6	**83.6**	40.8

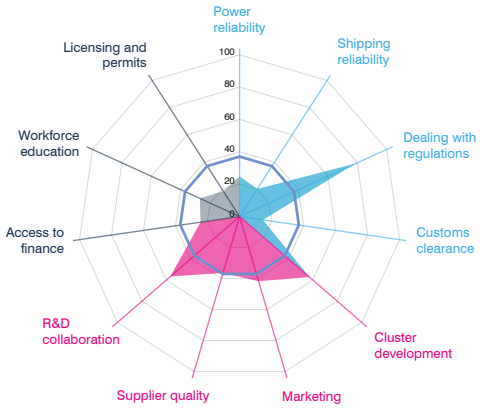
BUSINESS ECOSYSTEM (Normalized scores)

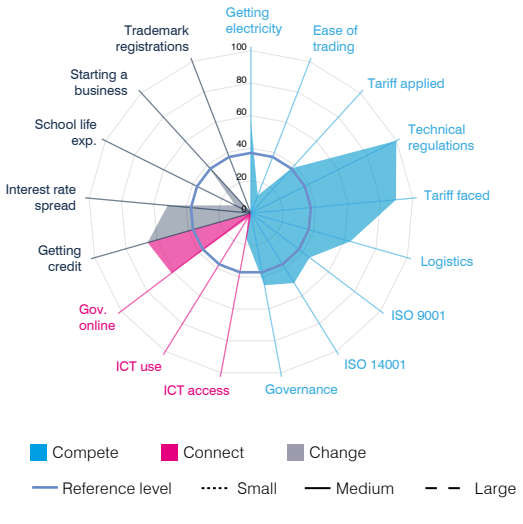
Compete	Small	Medium	Large	All
Power reliability	25.0	23.4	26.5	24.8
Domestic shipping reliability	**18.0**	36.3	28.4	20.3
Dealing with regulations	**80.4**	**74.3**	**68.1**	**78.7**
Customs clearance efficiency	-	**10.5**	**10.0**	**14.6**
Connect				
State of cluster development				**57.3**
Extent of marketing				41.8
Local supplier quality				36.4
University-industry collaboration in R&D				**56.7**
Change				
Access to finance	24.9	21.7	30.3	24.3
Access to educated workforce	28.7	22.0	21.4	27.0
Business licensing and permits	20.0	**12.4**	33.0	18.6

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**58.0**
Ease of trading across borders	**11.6**
Applied tariff, trade-weighted average	37.4
Prevalence of technical regulations	**100.0**
Faced tariff, trade-weighted average	**89.6**
Logistics performance index	**63.6**
ISO 9001 quality certificates	45.3
ISO 14001 environmental certificates	50.6
Governance index	45.2
Connect	
ICT access	**15.7**
ICT use	**3.4**
Government's online service	**61.3**
Change	
Ease of getting credit	**66.1**
Interest rate spread	51.4
School life expectancy	**10.7**
Ease of starting a business	39.5
Patent applications	-
Trademark registrations	**0.0**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

United Republic of Tanzania

SME Export Potential

Tanzania is a low income country with a population of 48.6 million and GDP of $46.7 billion. Goods and services account for 61.4% and 38.6% of exports, respectively.

The country's unrealized potential to increase existing exports lies outside its home region, notably to Asia (see table below). *Gold* has an unrealized export potential to Asia of around $866 million. Other products with unrealized potential to this region include *reception apparatus for television* and *non-industrial diamonds*.

Regarding new export products, Tanzania has diversification opportunities in animal products, wood and textile with products such as *frozen boneless meat of bovine animals, virola and mahogany "Swietenia spp." sawn or chipped,* and *women's or girls' trousers of cotton*. The production of the latter good involves a relatively strong representation of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *tents of textile materials* and *frozen lamb carcases and half-carcases*.

Small firms in Tanzania perform well in capacity utilization and dealing with regulations. They underperform, however, in having bank accounts, using e-mails and having business websites. The largest gap between small and large firms lies in using e-mails. The country's national environment performs well in the prevalence of technical regulations.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in...	710812	1070									
Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	710813	95									
Fresh or dried cashew nuts, in shell	080131	201									
Reception apparatus for television	8528Xb	71									
Coffee (excluding roasted and decaffeinated)	090111	173									
Sesamum seeds, whether or not broken	120740	166									
Cotton, neither carded nor combed	520100	105									
Non-industrial diamonds unworked or simply sawn, cleaved or bruted (excluding industrial diamonds)	710231	38									
Cloves, whole fruit, cloves and stems	0907	29									
Wood, sawn or chipped lengthwise, sliced or peeled, sanded or end-jointed, of a thickness of > 6 mm...	4407Xb	24									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Uruguay

Key indicators

Population (millions)	3.4
GDP ($ billions)	54.4
GDP per capita ($)	15864.4
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-2.9
Tariff preference margin (percentage points)	4.2
Imports and exports (goods and services), share of GDP (%)	46.3
Services exports, share of total exports (%)	28.1
Geographic region	Americas
Country group	
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	44.4	39.8	31.9
	Medium	53.8	76.1	40.7
	Large	72.8	90.4	69.4
	All	47.7	49.1	38.7
BUSINESS ECOSYSTEM		59.8	49.9	49.7
NATIONAL ENVIRONMENT		60.0	83.8	60.5
Reference level: 60.5 (a function of GDP per capita)				
Weaknesses are scores below: 30.2			**Strengths are scores above: 90.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

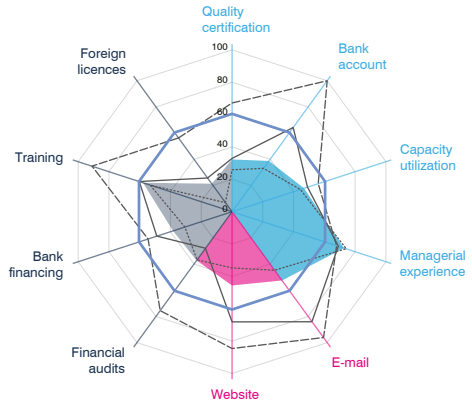
Compete	Small	Medium	Large	All
International quality certificate	**25.9**	32.9	67.2	32.3
Bank account	33.1	64.3	**100.0**	38.8
Capacity utilization	44.4	49.1	56.0	46.8
Managerial experience	74.2	69.1	68.0	72.7
Connect				
E-mail	44.7	84.0	**96.2**	52.6
Firm website	34.8	68.1	84.6	45.6
Change				
Audited financial statement	36.7	**28.0**	75.5	37.3
Investment financed by banks	30.7	48.9	54.6	38.4
Formal training programme	53.2	60.3	**91.0**	57.9
Foreign technology licences	**6.9**	**25.8**	56.3	**21.4**

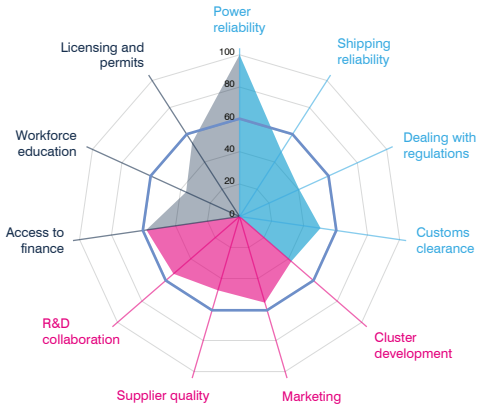
BUSINESS ECOSYSTEM (Normalized scores)

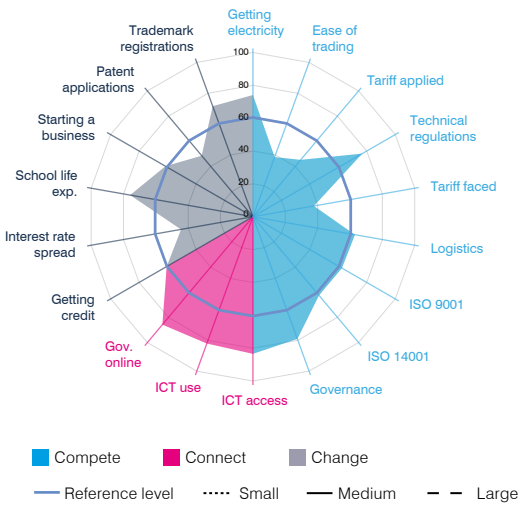
Compete	Small	Medium	Large	All
Power reliability	**100.0**	**100.0**	**100.0**	**100.0**
Domestic shipping reliability	46.0	46.0	61.9	47.9
Dealing with regulations	44.1	33.0	35.2	40.5
Customs clearance efficiency	46.1	50.2	62.1	50.6
Connect				
State of cluster development				42.4
Extent of marketing				55.6
Local supplier quality				47.6
University-industry collaboration in R&D				54.1
Change				
Access to finance	56.9	61.5	62.3	58.3
Access to educated workforce	37.8	33.6	32.8	36.4
Business licensing and permits	52.7	56.3	64.7	54.3

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	74.1
Ease of trading across borders	38.7
Applied tariff, trade-weighted average	45.2
Prevalence of technical regulations	76.9
Faced tariff, trade-weighted average	37.7
Logistics performance index	63.0
ISO 9001 quality certificates	62.6
ISO 14001 environmental certificates	62.6
Governance index	79.1
Connect	
ICT access	83.5
ICT use	82.1
Government's online service	85.8
Change	
Ease of getting credit	60.7
Interest rate spread	44.5
School life expectancy	75.9
Ease of starting a business	61.5
Patent applications	48.5
Trademark registrations	71.6







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Annex.

SME Export Potential

Uruguay is a high income country with a population of 3.4 million and GDP of $54.4 billion. Goods and services account for 71.9% and 28.1% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Asia and Europe (see table below). *Frozen, boneless meat of bovine animals* have increased export potential to Africa. Other products with unrealized potential include *parts of seats* and *malt*.

Regarding new export products, Uruguay has diversification opportunities in meat, dairy, as well as wood with products such as *fresh or chilled cuts of sheep with bone* and *agglomerated cork*. The production of the former good involves a relatively strong presence of SMEs and women and scores relatively well on the price stability indicator. Other products identified for diversification include *blue-veined cheese* and *fresh or chilled edible offal of bovine animals*.

Small firms in Uruguay perform well in access to electricity. They underperform, however, in owning international quality certificates and foreign technology licences. The largest performance gap between small and large firms lies in having bank accounts. The country's national environment scores well in ICT access and online services provided by the government.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Soya beans, whether or not broken	1201	1112									
Frozen, boneless meat of bovine animals	020230	953									
Milk and cream in solid forms, of a fat content by weight of > 1.5%, unsweetened	040221	258									
Wheat and meslin (excluding durum wheat)	1001Xb	204									
Fresh or chilled bovine meat, boneless	020130	350									
Malt (excluding roasted)	110710	173									
Semi-milled or wholly milled rice, whether or not polished or glazed	100630	379									
Wool, combed (excluding that in fragments "open tops")	510529	150									
Live bovine animals	0102	130									
Parts of seats	940190	92									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Viet Nam

Key indicators

Population (millions)	92.6
GDP ($ billions)	200.5
GDP per capita ($)	2164.3
Share of world GDP (PPP$, %)	0.5
Current account surplus/deficit, share of GDP (%)	0.4
Tariff preference margin (percentage points)	2.3
Imports and exports (goods and services), share of GDP (%)	185.2
Services exports, share of total exports (%)	6.5
Geographic region	Asia
Country group	
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.3	42.7	27.3
	Medium	39.6	**66.2**	34.1
	Large	52.4	**75.3**	55.0
	All	36.6	51.8	34.8
BUSINESS ECOSYSTEM		63.1	49.7	**73.0**
NATIONAL ENVIRONMENT		58.8	54.3	55.8
Reference level: 43.8 (a function of GDP per capita)				
Weaknesses are scores below: 21.9			**Strengths are scores above: 65.7**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

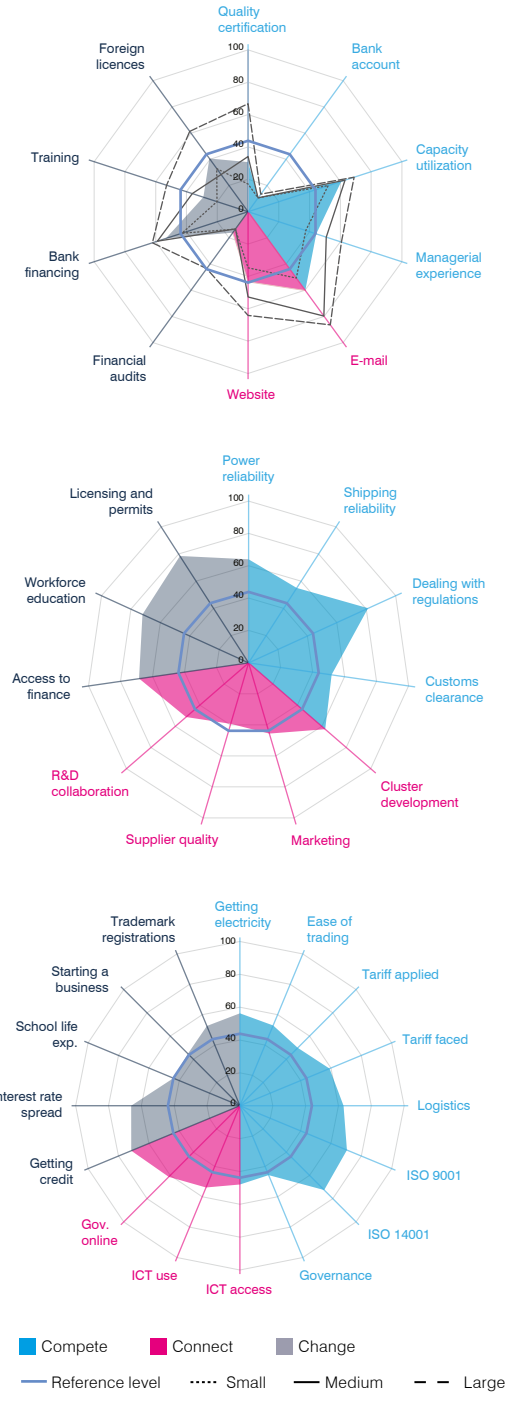
Compete	Small	Medium	Large	All
International quality certificate	**17.1**	34.1	**66.7**	30.6
Bank account	**10.6**	**10.6**	**13.4**	**10.8**
Capacity utilization	52.1	63.0	**68.9**	60.6
Managerial experience	37.6	50.8	60.6	44.4
Connect				
E-mail	50.7	**79.7**	**86.5**	60.2
Firm website	34.7	52.7	64.1	43.3
Change				
Audited financial statement	**13.3**	**13.1**	43.5	**16.0**
Investment financed by banks	42.9	58.9	62.2	53.4
Formal training programme	**20.2**	36.2	52.9	29.1
Foreign technology licences	32.8	28.4	61.3	40.6

BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	60.9	**68.0**	64.0	64.0
Domestic shipping reliability	52.4	55.1	**66.6**	55.1
Dealing with regulations	**87.0**	**72.9**	**81.3**	**81.3**
Customs clearance efficiency	40.5	58.3	47.8	51.9
Connect				
State of cluster development				62.8
Extent of marketing				45.6
Local supplier quality				39.3
University-industry collaboration in R&D				51.2
Change				
Access to finance	**71.8**	62.1	**73.5**	**68.4**
Access to educated workforce	**79.2**	61.4	**78.0**	**72.1**
Business licensing and permits	**76.1**	**81.9**	**79.8**	**78.5**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.3
Ease of trading across borders	52.9
Applied tariff, trade-weighted average	49.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	59.1
Logistics performance index	63.1
ISO 9001 quality certificates	**70.5**
ISO 14001 environmental certificates	**72.6**
Governance index	45.7
Connect	
ICT access	47.9
ICT use	53.9
Government's online service	61.3
Change	
Ease of getting credit	**71.6**
Interest rate spread	**66.2**
School life expectancy	-
Ease of starting a business	43.8
Patent applications	44.8
Trademark registrations	52.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Annex.

Viet Nam

SME Export Potential

Viet Nam is a lower-middle income country with a population of 92.6 million and GDP of $200.5 billion. Goods and services account for 93.5% and 6.5% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region and to Europe and the Americas (see table below). *Apparatus for the transmission or reception of voice, images or other data* have an unrealized export potential of around $5.7 billion to the Americas, $5 billion to Asia and $1.5 billion to Europe. Other products with unrealized potential to these regions include *footwear* and *printers*.

Regarding new export products, Vietnam has diversification opportunities in the machinery, processed food, and textiles sectors with products such as *microwave ovens, electric blankets of all types, textile materials*, and *dried mushrooms and truffles*. The production of the latter product involves a relatively strong participation of SMEs and women. Other products identified for diversification include *electric smoothing irons, woven fabrics,* and *combined refrigerator-freezers*.

Small firms in Viet Nam perform well in dealing with regulations and accessing an educated workforce. They underperform, however, in having bank accounts and audited financial statements. The largest gap between small and large firms lies in owning international quality certificates. The country's national environment scores well in attaining ISO certification related to quality and the environment.

Unrealized potential: Existing export products

Product description	Product code	Exports ($ million)	Value of unrealized potential exports by destination ($ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
Apparatus for the transmission or reception of voice, images or other data, incl. apparatus for...	85XXXb	19987									
Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather...	6403XX	4138									
Coffee (excluding roasted and decaffeinated)	090111	2678									
Printers, copying machines and facsimile machines, whether or not combined (excluding printing...	84XXXc	2339									
Sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like,...	640411	2066									
Automatic data-processing machines and processing units for automatic data-processing...	8471XX	2953									
Technically specified natural rubber "TSNR"	400122	1335									
Frozen fish fillets	0304Xb	1756									
Semi-milled or wholly milled rice, whether or not polished or glazed	100630	2569									
Cards incorporating one or more electronic integrated circuits "smart cards"; electronic...	85XXXd	4216									

Notes: Unrealized potential table: Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

Source: ITC Export Potential Map, http://exportpotential.intracen.org

Technical Annex

ANNEX I:

Technical notes

This Chapter summarizes the methodology underlying the country profiles. A detailed description is provided online.[302] There are in total 50 country profiles, while the data used for the calculation of regional averages cover 109 countries (Table A.6).

The country profiles cannot be compared directly across years, as most underlying firm-level indicators are not updated yearly. Even if the data for a specific country is the same, its strengths and weaknesses may differ from previous years. First, strengths and weaknesses are relative to the performance of other countries. Second, the expected competitiveness is a function of a country's GDP per capita, and hence the reference level of competitiveness may increase or decrease. Third, the calculations of the export potential, product diversification and the prevalence of technical regulations have undergone methodological changes.

Finally, this year's edition contains a change in terminology: factors that are external to the firm but still within its microenvironment are referred to as 'business ecosystem', rather than 'immediate business environment'. Through its SME Competitiveness Surveys, ITC is currently collecting firm-level data that could adequately capture the concept of the business ecosystem. In the meantime, this report uses indicators from publicly accessible sources that do not fully capture the concept but nonetheless, provide an approximation of the situation faced by firms in their microenvironment.

Definitions

Competitiveness

This report follows the following definition of competitiveness, elaborated in detail in the first edition of the *SME Competitiveness Outlook*.[303]

Competitiveness is the demonstrated ability to design, produce and commercialize an offer, which fully, uniquely and continuously fulfils the needs of targeted market segments, while connecting with and drawing resources from the business environment, and achieving a sustainable return on the resources employed.

Small and medium-sized enterprises

The definition of the size of a firm is based on the number of full-time employees:

- Micro: 1 to 4 employees
- Small: 5 to 19 employees
- Medium: 20 to 99 employees
- Large: 100 or more employees.

Note that the SME Competitiveness Grid indicators and development indicators on the SME Export Potential page are largely based on the World Bank Enterprise Surveys administered to legally register small, medium and large firms in manufacturing and services sectors.[304] Hence, micro firms, informal entities and agricultural enterprises are not included in the country profiles due to lack of suitable data.

Value chains

Value chain (related/driven) trade refers to the absolute amount of business activities traded, generally expressed in United States dollars. The participation or integration of a country (firm) in value chains is defined as a share, and ranges from 0 to 1 (or from 0 to 100%).

Technical notes

Key Indicators

Key indicators are derived from ITC's Market Analysis Tools and databases of other international institutions. They are taken directly from their respective sources (listed below), and are expressed in the units indicated alongside the indicator's name. They have not been transformed or undergone normalization calculations.

SME Competitiveness

Grid Summary

The Competitiveness Grid Summary provides summary statistics for all 39 indicators of the SME Competitiveness Grid. Out of these 39 indicators, 17 apply directly to business establishments and are available by firm size. Indicator averages (listed vertically in the table) are calculated for each competitiveness level:

(1) Firm capabilities

(2) Business ecosystem

(3) National environment.

Furthermore, indicators are averaged by pillar of competitiveness, creating a matrix containing competitiveness levels and pillars:

(1) Capacity to compete (highlighted in blue)

(2) Capacity to connect (highlighted in pink)

(3) Capacity to change (highlighted in grey).

Reference level, strengths and weaknesses

Threshold values defining strengths and weaknesses related to competitiveness are based on a country-specific reference level. To determine the reference level for each country, the SME Competitiveness indicators are averaged by country and regressed on the natural logarithm (log) of country GDP per capita. The reference level is then set to the predicted value for log of GDP per capita, as determined by the least-squares regression.

An indicator is considered a 'strength' when it surpasses a threshold value of 150% of the country's reference level (indicated by bold green text). Conversely, an indicator signals 'weakness' when it falls below a threshold value of 50% of the reference level (indicated by bold red text). Thus, strengths and weaknesses allow for an easy comparison of individual indicators for a given country to the average value of all indicators in the sample, conditioning on the country's GDP per capita.

Indicators and radar diagrams

The SME Competitiveness Grid presents transformed and normalized scores for competitiveness indicators. The indicators are split into three levels of competitiveness, each in turn split into three pillars. Whenever possible, the grid includes indicators by firm size.

To allow for cross-indicator and cross-country comparisons, indicators are normalized on a [1-100] scale, with a score of 100 representing the best possible outcome. For positive indicators, those in which higher values represent better outcomes, a raw data series X is transformed according to:

$$Y_{(+)} = 100 \frac{X - \min(X)}{\max(X) - \min(X)}$$

For negative indicators, those on an inverse scale, in which higher values represent worse outcomes, a raw data series X is transformed according to:

$$Y_{(-)} = 100 \frac{\max(X) - X}{\max(X) - \min(X)}$$

Equivalently, the normalized series for negative indicators may be constructed from:

$$Y_{(-)} = 100 - Y_{(+)}$$

A non-linear transformation (developed by ITC) is then applied over the same [1-100] range to compensate for highly skewed distributions, aimed at bringing the sample median to 50. For an input data series Y, the transformed score Z is defined as:

$$Z = 100 \frac{\ln(1 + aY)}{\ln(1 + 100a)}$$

where

$$a = \frac{100 - 2\,\text{median}(Y)}{\text{median}(Y)^2}$$

and median(Y) is the sample median. The formula is not defined in the likely event that the median is already equal to 50; in this case, the second step becomes redundant.

The radar diagrams on the right hand side of the SME Competitiveness Grid convey the same statistics as indicated in the tables. The solid area plots are colour-coded according to each competitiveness pillar and represent aggregate indicator values for all firm sizes, while the line plots of varying patterns identify indicators for small firms (dotted black line), medium firms (solid black line), and large firms (dashed black line). A blue line is a country-specific reference level indicating the expected competitiveness of this country.

Export Potential

The below provides a short summary on ITC's methodology of calculating a country's unrealized export potential, product diversification and development indicators presented on the second page of each country profile. Please refer to the methodology paper for full technical details.[305]

Unrealized potential: Existing export products

Each country's top 10 products with the highest export potential to the world are reported in the table 'Unrealized potential: Existing export products', based on ITC's Export Potential Indicator (EPI).[306] The length of the bars reflects the potential by geographic region. Blank values indicate that the product has not been in consistent demand for over five years by any country in the respective region.

Unrealized export potential for product *k* between exporting country i and importing country *j* exists when the export potential exceeds the value of current exports (immediate future). Export potential depends on three critical factors, which are country *i*'s expected capacity to supply this product ($Exp.MShare_{ik}$), partner *j*'s expected demand for this product ($Exp.m_{jk}$) and the overall easiness to trade between countries *i* and *j* ($Easiness_{ij}$). Therefore, in its simplest form, EPI is defined as:

$$EPI_{ijk} = Exp.MShare_{ik} \times Easiness_{ij} \times Exp.m_{jk}$$

The actual formula includes correction factors corresponding to tariff (dis)advantages and product-specific distance sensitivity. The above formula can be seen as the outcome of a theoretical model of world trade based on the following assumptions:

1. A given country will offer similar products, in terms of type and quality, to all markets. In other words, the type and quality of products exported does not depend on the export destination. This assumption is essential to derive an export potential value in new markets from the observed performance of a supplier in current markets.
2. Trade costs are identical for all products.

In the final EPI that includes correction factors, trade costs vary because of different sensitivities to distance and to tariff (dis)advantages.

The below describes three components that make up the export potential index. Firstly, the expected market share of country *i* in product *k* is based on current exports x_{ik} times the ratio of GDP 2020 forecast and current GDP, noted GDP_i^g. The expected world market share is simply:

$$Exp.MShare_{ik} = \frac{x_{ik} GDP_i^g}{\sum_i x_{ik} GDP_i^g}$$

Secondly, the easiness to export from country *i* to country *j* is calculated as the ratio of actual trade and potential trade between these countries. Here, potential trade is the value of total bilateral trade based on the critical assumption that the exporter has the same market share in a particular market as it has at the world level, for every product. When the easiness to export is above one, the market is easier to reach than average markets.

$$Easiness_{ij} = \frac{X_{ij}}{\Sigma_k \times MShare_{ik} \times m_{jk}}$$

With

- x_{ij} total exports of exporter *i* to market *j*
- $MShare_{ik}$ the current[307] world market share of exporter *i* for product *k*
- m_{jk} country *j*'s total imports of product *k*.

Finally, partner *j*'s expected demand for product *k* in 2020 is calculated as its current imports of that product, multiplied by the expected growth ratio of these imports between the current period and 2020:

$$Exp.m_{jk} = \widetilde{m_{jk2020}} = m_{jk} \times \frac{\widetilde{m_{jk2020}}}{m_{jk}}$$

The expected growth of imports between the period 2011–2015 and 2020 is computed using expected annual growth rates of import per capita, which are based on GDP and population forecasts and the following relation:

$$\hat{m}_{jkt} = \alpha_{dc} \hat{Y}_{jt} + \beta_{dc} + \varepsilon_{jkt}$$

Where

- $\hat{m}_{jkt}$ is the growth rate of imports per capita;
- $\hat{y}_{jt}$ is the growth rate of GDP per capita;
- α_{dc} and β_{dc} are parameters depending on *d*, the development level of market *j* (developed or developing), and *c*, the HS 2-digit chapter of product *k*.[308]

Products with diversification opportunities

The summary on the second page of each country profile identifies products with diversification opportunities, i.e. products that a country does not export yet, but can potentially produce and export to diversify its export basket. These products have been selected based on ITC's Product Diversification Indicator (PDI). The methodology is motivated by Hausmann and Hidalgo's product space concept that establishes links between products through an assessment of how frequently they are found together in a country's export baskets.[309] Demand and supply combined allows to rank products according to their diversification opportunities for a given target market that may yield export revenues in the medium- to long-term future.

PDI differs from EPI in how supply conditions are captured. Market shares can only be computed for existing products. To identify diversification opportunities, the product space concept establishes linkages from a country's current comparative advantages to potential new ones. The average distance of a product from a country's current export basket replaces the expected market share as an estimate of supply capacity. Demand and market access indicators remain identical to the EPI methodology.

A country's potential to diversify is based on a density measure, which determines the proximity between products. The density of product *k* with respect to a currently exported product *l* is based on the conditional probability of exporting *k*, given that *l* is exported, taking into account the export composition of a large number of countries.

The mean density is then computed over all currently exported products *l*, weighed by the respective comparative advantage (CA) of each product *l*. Comparative advantages are defined as Balassa's revealed comparative advantage (RCA), corrected for tariff advantages (a country may have RCA in a product because it benefits from a tariff advantage, but this does not imply that this country has an actual comparative advantage in exporting the product). The resulting value $Density_{ik}$ is a measure of comparative advantage in products surrounding product *k*. Higher values imply that country *i* should be able to move into production and export of product *k* in the future with relative ease. All density values are normalized to ensure that their range follows that of the corresponding market share.

The final PDI indicator is calculated as:

$$PDI_{ijk} = Density'_{ik} \times Easiness_{ij} \times Exp.m_{jk}$$

Potential new export products undergo several qualification filters. First, products that already appear in EPI are removed from PDI. Thus, the products that are included in the PDI are either products that are not exported on a regular basis by the country, or products for which the potential as measured by the EPI approach is currently limited. Potential agricultural products are then checked against the country's climactic conditions; agricultural products unsuitable to the country's climactic endowments are eliminated from consideration. Finally, sea access is considered for the production of some products; some sea-related products are eliminated from consideration for landlocked countries (some exceptions being freshwater fish and marine equipment).

Development indicators

To allow for a comprehensive analysis and policy formulation, EPI and PDI are reported alongside four additional indicators:

- **Price stability** is based on the standard deviation of unit values at product level, sourced from the 'Centre d'Etudes Prospectives et d'Informations Internationales'[310].
- **SME presence** is the share of SMEs in the sector, based on data from the World Bank Enterprise Surveys.
- **Women employed** is the share of female employment in the sector, based on data from the World Bank Enterprise Surveys.
- **Technology** indicates a technologically advanced product (green bullet). The product is considered advanced if it is regularly exported with comparative advantage by countries that have a GDP per capita at least as high as the country itself.

Indicators for price stability, SME presence, and women employment are relative. They depend on how other sectors in the country perform. Green bullets indicate performance above the trade-weighted mean, and red bullets indicate performance below the trade-weighted mean. Indicator cells are empty when data is not available.

Methodological changes

Product diversification calculation has undergone three methodological changes between 2016 and 2017: Products ranked high in both EPI and PDI are now reported in EPI results only, because diversification opportunities are relevant for products that a country does not (or hardly) export. To qualify for inclusion in PDI, the export potential to the world has to be less than $200,000 and the product has to be within the last five percentile of the distribution of export potential to the world.[311]

The other two modifications concern the calculation of densities used to estimate a country's supply capacity of a potential new export product. These densities have to be

normalized to be on the same scale as market shares. In 2016, a one-step linear transformation was applied to ensure that the total PDI value equals the projected trade between the exporting country and the market. However, in light of export diversification, the projected trade is likely to change. Therefore, densities this year are rescaled in a two-step procedure: As a first step, densities are rescaled to ensure that the total diversification potential equals the total projected bilateral exports. In a second step, densities are rescaled again to ensure that the total supply from all exporters matches with the total demand by product and market. Finally, the revealed comparative advantage, as the basis in density calculations, is computed based on current (reported) values, rather than future (forecasted) demand values.

In this year's edition, each product's technology level is calculated based on the GDP per capita and revealed comparative advantage, while in 2016 the indicator was based on the product complexity approach[312].

Data sources

Each indicator is calculated using the most recent data available, with specific periods for data series provided next to the source. Indicators rely on actual values, with the exception of GDP and population, which rely on a 2016 forecast to ensure that the reference is based on the same year for all countries.

Certain indicators contain the phrase 'inverted scale' in the description tag to signal that these indicators are based on raw data measured by an inverted scale, in which higher values indicate worse outcomes. The transformation and normalization procedure converts these series to a positive scale, in which higher values indicate better outcomes.

Key indicators

TABLE A.1. Data sources used in key indicators

Indicator	Source	Year
Population	IMF World Economic Outlook	2016
GDP	IMF World Economic Outlook	2016
GDP per capita	IMF World Economic Outlook	2016
Share of world GDP	IMF World Economic Outlook	2016
Current account surplus/deficit	IMF World Economic Outlook	2016
Tariff preference margin	ITC Market Access Map	2006–2016
Imports and exports (goods and services)	ITC Trade Map	2011–2015
Service exports	ITC Trade Map	2011–2015
Income Group	World Bank classification	2015

Firm capabilities

TABLE A.2. Data sources used in firm capabilities

Indicator	Source	Year
Compete		
International quality certification	World Bank Enterprise Surveys	2006–2016
Bank account	World Bank Enterprise Surveys	2006–2016
Capacity utilization	World Bank Enterprise Surveys	2006–2016
Manager's experience	World Bank Enterprise Surveys	2006–2016
Connect		
E-mail	World Bank Enterprise Surveys	2006–2016
Firm website	World Bank Enterprise Surveys	2006–2016
Change		
Audited financial statements	World Bank Enterprise Surveys	2006–2016
Investments financed by banks	World Bank Enterprise Surveys	2006–2016
Formal training programme	World Bank Enterprise Surveys	2006–2016
Foreign technology licences	World Bank Enterprise Surveys	2006–2016

Business ecosystem

TABLE A.3. Data sources used in business ecosystem

Indicator	Source	Year
Compete		
Power reliability (inverted scale)	World Bank Enterprise Surveys	2006–2016
Domestic shipping reliability (inverted scale)	World Bank Enterprise Surveys	2006–2016
Dealing with regulations (inverted scale)	World Bank Enterprise Surveys	2006–2016
Customs clearance efficiency (inverted scale)	World Bank Enterprise Surveys	2006–2016
Connect		
State of cluster development	World Economic Forum, Executive Opinion Survey	2016–2017
Extent of marketing	World Economic Forum, Executive Opinion Survey	2016–2017
Local supplier quality	World Economic Forum, Executive Opinion Survey	2016–2017
University industry collaboration in R&D	World Economic Forum, Executive Opinion Survey	2016–2017
Change		
Access to finance (inverted scale)	World Bank Enterprise Surveys	2006–2016
Access to educated workforce (inverted scale)	World Bank Enterprise Surveys	2006–2016
Business licensing and permits (inverted scale)	World Bank Enterprise Surveys	2006–2016

National environment

TABLE A.4. Data sources used in firm capabilities

Indicator	Source	Year
Compete		
Getting electricity	World Bank, International Finance Corporation, *Doing business*	2017
Ease of trading across borders	World Bank, International Finance Corporation, *Doing business*	2017
Applied tariff, trade-weighted average (inverted scale)	ITC Market Access Map	2006–2016
Prevalence of technical regulations[313] (inverted scale)	International NTM database, available from ITC Market Access Map	2008–2016
Faced tariff, trade-weighted (inverted scale)	ITC Market Access Map	2006–2016
Logistics performance index	World Bank and Turku School of Economics	2007–2016
ISO 9001 quality certificates	ISO, ISO Survey of Management System Standard Certification	2015
ISO 14001 environmental certificates	ISO, ISO Survey of Management System Standard Certification	2015
Governance index	World Bank, Worldwide Governance Indicators	2015
Connect		
ICT access	ITU, Measuring the Information Society, ICT Development index	2016
ICT use	ITU, Measuring the Information Society, ICT Development index	2016
Government's online service	UNPAN, e-government survey	2016
Change		
Ease of getting credit	World Bank, *Doing Business*	2017
Interest rate spread (inverted scale)	World Bank, on the basis of IMF data, International Financial Statistics and data files	1988–2016
Ease of starting a business	World Bank, Doing Business	2017
Patent applications	WIPO	2000–2015
Trademark registrations	WIPO	2004–2015

Export potential

TABLE A.5. Data sources used in export potential assessment

Indicator	Source	Year
Exports	ITC Trade Map	2011–2015
Price Stability	ITC calculations based on CEPII data (Centre d'études prospectives et d'informations internationales)	2006–2015
SME presence	ITC calculations based on World Bank Enterprise Surveys	2006–2016
Women employment	ITC calculations based on World Bank Enterprise Surveys	2006–2016

Listed countries and composition of regions

The SME Competitiveness sample does not cover all countries in the five regions. For example, in Europe, the data is mainly available for countries in Central and Eastern Europe; in the Americas, the sample covers Latin America and the Caribbean; in Asia, the sample does not include Japan or the Republic of Korea. Data for Oceania is not available.

This section lists all 109 countries that were included in the calculations of the SME Competitiveness Grid, grouped following the United Nations' definition of geographic regions[314]. It also shows whether countries are least developed countries (LDCs), landlocked developing countries (LLDCs), small island developing States (SIDS), and/or belong to the Organisation for Economic Co-operation and Development (OECD). The 50 countries, which are included in the country profiles, are indicated in bold.

TABLE A.6. Countries in Africa

Country	Group
Angola	LDC
Benin	LDC
Botswana	LLDC
Burkina Faso	LDC, LLDC
Burundi	LDC, LLDC
Cabo Verde	SIDS
Cameroon	
Chad	LDC, LLDC
Côte d'Ivoire	
Democratic Republic of the Congo	LDC
Egypt	
Ethiopia	LDC, LLDC
Gabon	
Gambia	LDC
Ghana	
Guinea	LDC
Kenya	
Lesotho	LDC, LLDC
Liberia	LDC
Madagascar	LDC
Malawi	LDC, LLDC
Mali	LDC, LLDC
Mauritania	LDC
Mauritius	SIDS
Morocco	
Mozambique	LDC
Namibia	
Nigeria	
Rwanda	LDC, LLDC
Senegal	LDC
Sierra Leone	LDC
South Africa	
Swaziland	LLDC
Tunisia	
Uganda	LDC, LLDC
United Republic of Tanzania	LDC
Zambia	LDC, LLDC
Zimbabwe	LLDC

Note: Countries indicated in bold are included in the country profiles.

TABLE A.9. Countries in Europe

Country	Group
Albania	
Bosnia and Herzegovina	
Bulgaria	
Croatia	
Czech Republic	OECD
Estonia	OECD
Hungary	OECD
Latvia	OECD
Lithuania	
Montenegro	
Poland	OECD
Republic of Moldova	LLDC
Romania	
Russian Federation	
Serbia	
Slovakia	OECD
Slovenia	OECD
The Former Yugoslav Republic of Macedonia	LLDC
Sweden	OECD
Ukraine	

Note: Countries indicated in bold are included in the country profiles.

TABLE A.7. Countries in the Americas

Country	Group
Argentina	
Barbados	SIDS
Bolivia	LLDC
Brazil	
Chile	OECD
Colombia	
Costa Rica	
Dominican Republic	SIDS
Ecuador	
El Salvador	
Guatemala	
Guyana	SIDS
Honduras	
Jamaica	SIDS
Mexico	OECD
Nicaragua	
Panama	
Paraguay	LLDC
Peru	
Suriname	SIDS
Trinidad and Tobago	SIDS
Uruguay	
Venezuela	

Note: Countries indicated in bold are included in the country profiles.

TABLE A.8. Countries in Asia

Country	Group
Armenia	LLDC
Azerbaijan	LLDC
Bangladesh	LDC
Bhutan	LDC, LLDC
Cambodia	LDC
China	
Georgia	
India	
Indonesia	
Israel	OECD
Jordan	
Kazakhstan	LLDC
Kyrgyzstan	LLDC
Lao People's Democratic Republic	LDC, LLDC
Lebanon	
Malaysia	
Mongolia	LLDC
Myanmar	LDC
Nepal	LDC, LLDC
Pakistan	
Philippines	
Sri Lanka	
Tajikistan	LLDC
Thailand	
Timor-Leste	LDC, SIDS
Turkey	OECD
Viet Nam	
Yemen	LDC

Note: Countries indicated in bold are included in the country profiles.

Endnotes and References

Endnotes

Chapter 1

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2. (Ghemawat, 2017)
3. (Baldwin, 2016; Blinder, 2006; Grossman & Rossi-Hansberg, 2008)
4. (R. C. Johnson & Noguera, 2012)
5. (Abonyi, 2007; Giovannetti, Marvasi, & Sanfilippo, 2015)
6. (Oh, 2009; Rugman, 2003; Rugman & Oh, 2013; Rugman & Verbeke, 2004; Verbeke & Asmussen, 2016)
7. (Baldwin, 2016)
8. (Sturgeon, Van Biesebroeck, & Gereffi, 2008)
9. (Contreras, Carrillo, & Estrada, 2010; Sturgeon et al., 2008)
10. (Los, Timmer, & de Vries, 2015)
11. (Daudin, Rifflart, & Schweisguth, 2011)
12. (Grover & Dihel, 2016)
13. (Farole, 2016)
14. (Oh, 2009; Rugman, 2003; Rugman & Oh, 2013; Rugman & Verbeke, 2004; Verbeke & Asmussen, 2016)
15. (Fratianni & Oh, 2009)
16. (Staritz & Morris, 2013)
17. (Gereffi & Lee, 2012)
18. (Diaz Rios & Jaffee, 2008; Kaplinsky & Farooki, 2011; Kaplinsky, Terheggen, & Tijaja, 2011)
19. (Fratianni & Oh, 2009)
20. http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=uriserv%3Arx0014
21. (UNECA, 2013)
22. (Freytag, Fricke, & Draper, 2014)
23. (UNECA, 2013)
24. (Bamber, Fernandez-Stark, Gereffi, & Guinn, 2013; Cattaneo, Gereffi, & Staritz, 2010; Gereffi & Sturgeon, 2013; Kaplinsky & Farooki, 2011)
25. (Amighini & Sanfilippo, 2014
26. (Kaplinsky, Terheggen, & Tijaja, 2011)
27. (Bamber et al., 2013; Fernandez-Stark, Bamber, & Gereffi, 2013)
28. (UNCTAD, 2015a)
29. (Sturgeon, 2002)
30. The concept was first proposed by Stan Shih, the founder of Acer, an IT company headquartered in Taiwan, around 1992.
31. (Low & Pasadilla, 2016)
32. (Borchert, Gootiiz, Grover Goswami, & Mattoo, 2017)
33. (van der Marel & Shepherd, 2013)
34. Recent research (World Bank Group, World Trade Organization, OECD, ISE-JETRO, & RDGVC, 2017) has indicated the existence of an inverted smiling curve, where the main value is added at the production stage, rather than in the upstream and downstream service sectors. For example, in the German car industry, labour compensation, a proxy of value added, is significantly higher than in both the upstream and downstream industries. One explanation for this is that the German car industry has been able to transform the process of mass standardization of production towards mass customization and individual design using both digital technologies and artificial intelligence.
35. (Sturgeon & Zylberberg, 2017)
36. (Sturgeon & Zylberberg, 2017)
37. (Franssen, 2017)

Chapter 2

38. (Hofmann, Osnago, & Ruta, 2017)
39. (UNCTAD, 2017a)
40. (Hummels & Schaur, 2013)
41. (Djankov, Freund,& Pham, 2010)
42. (Anson et. al. 2017)

43. (Taglioni & Winkler, 2016)
44. (Taglioni & Winkler, 2016)
45. (Baldwin, 2016)
46. (International Trade Centre, 2016b)
47. (Cantwel & Iammarino, 2001; Chaminade & Vang, 2006; Le Bas & Sierra 2002)
48. (OECD, 2013)
49. The 2007 World Trade Report provides an extensive analysis of the ongoing multilateral trade liberalization that started with GATT's 1947 inception.
50. (UNCTAD, 2013a)
51. (Rollo, 2016)
52. (Hudec, 1991)
53. (Low & Subramanian, 1996)
54. (International Monetary Fund, 2013)
55. (UNESCAP, 2011)
56. (Orefice & Rocha, 2012; World Trade Organization, 2011)
57. (Baldwin, 2016)
58. (Baldwin, 2011; World Trade Organization, 2011)
59. (Baldwin, 2011)
60. (Miroudot, 2011)
61. (Miroudot, 2011)
62. (Miroudot, 2011)
63. (Busse, Königer, & Nunnenkamp, 2010; Tobin & Rose-Ackerman, 2011)
64. (Kekic, Sauvant, Economist Intelligence Unit (Great Britain), & Columbia Program on International Investment, 2006)
65. (Boffa, Jansen, & Solleder, 2017a)
66. (Egger, Larch, Pfaffermayr, & Winner, 2006)
67. (Hufbauer & Moran, 2015)
68. (UNCTAD, 2015b)
69. (Neumayer & Spess, 2005)
70. (UNCTAD, 2009b)
71. (Neumayer, 2007)
72. (Christians, 2006)
73. (Neumayer, 2007)
74. (Sauvant & Sachs, 2009)
75. (Asian Development Bank, 2016; Desbordes, 2016)
76. Tax evasion consists in attempts by individuals and organizations to evade taxes by illegal means. Tax avoidance entails the utilization of ambiguities and indeterminacies of tax rules and regulations to reduce the taxable base.
77. OECD, Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS. Available from www.oecd.org/tax/treaties/multilateral-convention-to-implement-tax-treaty-related-measures-to-prevent-beps.htm
78. (Low, 2013)
79. (Miroudot, Sauvage, & Sudreau, 2010; Roy, Marchetti, & Lim, 2007)
80. A notable exception to this rule are the so-called "GATS Minus" commitments—instances when trading partners in a PTA undertake weaker engagements than what they have already committed to in the GATS on a multilateral basis. The legal status of these provisions is unclear. See Adlung & Miroudot, 2012.
81. (VanGrasstek & Mashayekhi, 2016)
82. (Sieber-Gasser, 2016)
83. (Park & Park, 2011)
84. (Fink & Jansen, 2009)
85. The MFN principle is the first principle of the multilateral trading system. Under the WTO agreements, the MFN principle establishes that countries cannot normally discriminate between their trading partners.
86. (Miroudot & Shepherd, 2014)
87. (Mattoo, 2002)
88. (UNWTO, 2016)
89. (UNWTO, 2016)
90. (World Trade Organization, 2016)
91. (Ben-David, Nordström, & Winters, 1999; Winters, McCulloch, & McKay, 2004)
92. (Korinek, 2005)
93. (Higgins, 2012; Musselli & Zarrilli, 2012; Women Watch, 2011; World Bank, 2011)
94. Günseli Berik, "Gender Aspects of Trade" in M. Jansen, R. Peters and J.M. Salazar-Xirinachs (Eds) Trade and

Employment: From Myths to Facts, (ILO-EC, 2011)

95. (International Labour Organization, 2016)
96. (International Labour Organization, 2016)
97. (ILO, 2016)
98. (ILO, 2016)
99. European Commission, Better Regulation "Toolbox" http://ec.europa.eu/smart-regulation/guidelines/docs/br_toolbox_en.pdf
100. (Donaldson, 2016)
101. (UNCTAD, 2017b)
102. (IDB, 2016)
103. (IDB, 2014)
104. The BRI initiative refers to four basic concepts (Business Together and Construction Together for realizations of Win Together and Share Together) and five "connections" (Policy Communication, Infrastructure Connection, Capital Communication, Trade Communication, and People Communication).
105. http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html
106. (ECFR, 2015)
107. (European Parliament, 2016)
108. https://reconasia.csis.org/analysis/entries/obor-ground/
109. More information on https://reconasia.csis.org/analysis
110. (Asian Development Bank, 2017)
111. (Gateway House, 2017). http://www.gatewayhouse.in/obor-building-its-private-financing/
112. ADB, Asia Infrastructure Needs Exceed $1.7 Trillion Per Year, Double Previous Estimates. Available from www.adb.org/news/asia-infrastructure-needs-exceed-17-trillion-year-double-previous-estimates
113. (Ansar, Flyvbjerg, Budzier, & Lunn, 2016)
114. (Johnson, 2016)
115. (Inter-American Development Bank, 2013)
116. (Volpe Martincus & Blyde, 2013)
117. (Carballo, Volpe Martincus, & Cusolito 2013)
118. (COSIPLAN-IIRSA, 2016)
119. (COSIPLAN, 2016)
120. (Killeen, 2007)
121. (IIRSA, 2011)
122. (IIRSA, 2009)
123. (Bruhn, 2014)
124. (Baldwin, 2014)
125. (Horn, Mavroidis, & Sapir, 2010)
126. (Horn et al., 2010)
127. A comprehensive documentation of this development is given in WTO (2011).
128. (Hofmann et al., 2017)
129. (Balassa, 1961)
130. (Mattoo, Mulabdic, & Ruta, 2016)
131. Measures are abundant. See (Hummels, Ishii, & Yi, 2001)(Baldwin & Lopez-Gonzalez, 2015)(Koopman, Wang, & Wei, 2014). For a review see (Taglioni & Winkler, 2016)
132. (Baier & Bergstrand, 2007; Peter Egger, Larch, Staub, & Winkelmann, 2011)
133. (Dür, Baccini, & Elsig, 2014)
134. (Egger & Nigai, 2015)
135. (Mulabdic, Osnago, & Ruta, 2017)
136. In this empirical exercise, we assess the effect of Preferential Trade Agreements (PTAs) and Bilateral Investment Treaties (BITs) on International Value Chains (IVCs) trade flows. The starting point of the analysis is the augmented gravity framework that estimates the impact of these two trade policies on bilateral trade in value-added. We run the model twice, for both "buyer" related IVC flows and "seller" related IVC flows. Both measures are in millions of dollars, they are the foreign content of exports, and the domestic value-added re-exported abroad. We estimate the model using ordinary least squares with exporter-time, importer-time and exporter-importer fixed effects. The independent variables are a BIT dummy and the depth of an agreement. The BIT dummy takes the value of 1 if there is a BIT in force in a given year between the two partners and 0 otherwise. The depth variable is defined as the count of policy areas containing legally enforceable provisions between two countries in a given year, normalized between 0 and 1. For further details, see (Boffa, Jansen, & Solleder, 2017a)
137. (Guillin, 2013)
138. (van der Marel & Shepherd, 2013)
139. (Han & Piermartini, 2016)
140. (Fontagné, Orefice, & Piermartini, 2016)

141. (Baccini, Pinto, & Weymouth, 2017)
142. (International Trade Centre, 2015)
143. Erramilli (1990) suggested dividing services for foreign markets into two categories: soft and hard. Hard services require limited or no local presence by the exporter and consumption can be separated from production. Soft services production and consumption are simultaneous processes, and such services require major local presence by the service providing firm. Krishna Erramilli, (1990) "Entry Mode Choice in Service Industries", International Marketing Review, Vol. 7 Issue: 5, https://doi.org/10.1108/EUM0000000001535
144. (World Trade Organization, 2016)
145. (Persin, 2011)
146. To establish the role of IVC trade in SME competitiveness we use an instrumental variables approach embedded in a random-effects model for panel data. The dependent variable of the model is the competitiveness gap between large and small enterprises for a country on a given year. We construct the competitiveness score of large and small firms using a panel database from two rounds of the World Bank Enterprise Surveys. The independent variable is the IVC participation variable, defined as the sum between the foreign content of exports and the domestic value-added re-exported to third countries, all as a share of a country's gross exports in a given year (lies between 0% and 100% at the country level). Since the most competitive SMEs are more likely to participate in IVCs, the IVC variable might suffer from an identification problem. To deal with the issue, we propose an instrumental variables estimator that uses the depth of an agreement (measured as a simple count of legally binding commitments) as the main instrument. We exploit the fact that the presence of an agreement helps firms integrate in value chains. However, an agreement alone has no effect on the competitiveness of SMEs. Hence, the depth of an agreement is a reasonable instrument for IVC participation. We estimate the model with the Generalized 2 Step Least Squares Estimator. For further details see (Boffa, Jansen, & Solleder, 2017b)
147. The reported results are elasticities at the median of the sample.

Chapter 3

148. (ADB & ADBI, 2015)
149. (A. Park, Nayyar, & Low, 2013)
150. (Gereffi, Humphrey, & Sturgeon, 2005; Humphrey & Schmitz, 2000, 2002; C. Pietrobelli & Saliola, 2008; Carlo Pietrobelli & Rabellotti, 2006)
151. (Vaughan-Whitehead & Caro, 2017)
152. (A. Park et al., 2013)
153. (Humphreys, Huang, Cadden, & McIvor, 2007)
154. (Sarkis & Talluri, 2002; Verma & Pullman, 1998; Wilson, 1994)
155. (Ho, Xu, & Dey, 2010)
156. (Gereffi & Fernandez-Stark, 2011)
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158. Eccles, Robert G. and Serafeim, George, Corporate and Integrated Reporting: A Functional Perspective (January 31, 2014). Chapter in Stewardship of the Future, edited by Ed Lawler, Sue Mohrman, and James O'Toole, Greenleaf, 2015. Available from http://ssrn.com/abstract=2388716
159. (Bhuiyan & Alam, 2005; Hudson & Orviska, 2013; Gotzamani & Tsiotras, 2002)
160. (J. Luis Guasch, Isabel Sánchez, Jean-Louis Racine, & Makhtar Diop, 2007)
161. (International Trade Centre & European University Institute, 2016)
162. (Mars, 2017)
163. (Unilever, 2017)
164. (IKEA, 2016)
165. (International Trade Centre, 2016a)
166. (Cusolito, Safadi, & Taglioni, 2016)
167. (Cadot & Malouche, 2012)
168. (Lim, Kimura, & others, 2009)
169. (Oviatt & McDougall, 1994)
170. (Etemad & Wright, 2003)
171. (Melitz & Trefler, 2012)
172. (Ács & Audretsch, 2005)
173. (Scherer, 1988)
174. (Jovanovic, 2001)
175. (Hansen & Birkinshaw, 2007)
176. (African Business Magazine, 2017)
177. (World Economic Forum, 2015)
178. (Wognum, Fisscher, & Weenink, 2002)
179. (Darley & Blankson, 2008)
180. (Khakhar & Rammal, 2013)

181. (Vaughan-Whitehead & Caro, 2017)
182. (Jansen & Piermartini, 2005)
183. Incoterms are trade terms published by the International Chamber of Commerce (ICC) that are commonly used in both international and domestic trade contracts.
184. (Badaracco, 1991)
185. (International Trade Centre, 2013)
186. (International Trade Centre, 2015c)
187. (Baxter, Ferguson, Macbeth, & Neil, 1989)
188. (Friesen & Johnson, 1995)
189. (Donaldson, 1994)
190. (Kraljic, 1983)
191. For more information on the MLS-SCM programme and a list of local partners, visit www.scm-learningnet.org.
192. Gender disaggregated data collected since 2007. Total of 34'774 participants during the 2007-2016 period, out of which 41 % (14'198) women.
193. (UNESCAP, 2015)
194. (Thakkar, Kanda, & Deshmukh, 2009)
195. (Grafton, Lillis, & Widener, 2010)
196. (International Trade Centre, 2015c)
197. (Humphrey & Schmitz, 2000)
198. (Humphrey & Schmitz, 2002)
199. (Humphrey & Schmitz, 2002)
200. (Navas-Aleman, 2011)
201. (Humphrey, 2003)
202. (De Loecker, 2013; Garcia-Marin & Voigtländer, 2014; Van Biesebroeck, 2005)
203. (Sébastien Miroudot, Sauvage, & Shepherd, 2013)
204. (Lanz & Maurer, 2015; Low, 2013)

Chapter 4

205. (International Trade Centre, 2014b)
206. (Lederman, Olarreaga, & Payton, 2010; Van Biesebroeck, Konings, & Martincus, 2016)
207. (International Trade Centre, 2017)
208. (International Trade Centre & University of Geneva, 2016)
209. (International Trade Centre & University of Geneva, 2016)
210. (Helleiner, 1995)
211. Christian Volpe Volpe Martincus and Jerónimo Carballo, "Entering New Country and Product Markets: Does Export Promotion Help?," Review of World Economics 146, no. 3 (2010): 437–467.
212. (Volpe Martincus & Carballo, 2010)
213. International Trade Centre's Benchmarking platform, www.tisibenchmarking.org
214. (Reis & Farole, 2012)
215. (International Trade Centre, 2014b)
216. WTPO database provides the names of 178 TPOs, of which 41 are ministries. As the purpose of the study was to analyse the type of countries merging their TPOs and IPAs, the ministries were not considered in the analysis. Thus, the findings are based on 137 TPOs: out of 137 TPOs, 75 are merged.
217. (UNCTAD, 2013b)
218. (International Trade Centre, 2015a)
219. (UNCTAD, 2009a)
220. The analysis conducted by ITC includes data on national TPOs from 24 developing countries in five regions: West Africa (5 TPOs), East Africa (5 TPOs), Latin America (5 TPOs), South East Asia (3 TPOs) and the Caribbean (6 TPOs). Please note that the data in this chapter shows overall regional scores; individual benchmarking TISI scores are confidential.
221. International Chamber of Commerce's website. Available from www.iccwbo.org/about-us/who-we-are
222. World Chambers Network's website. Available from www.worldchambers.com/WCN_About.aspx
223. The Association of European Chambers of Commerce and Industry's website. Available from www.eurochambres.eu/Content/default.asp?pagename=WhoWeAre
224. The Silk Road Chamber of International Commerce's website. Available from www.srcic.com
225. The Latin American Chamber of Commerce in Switzerland's website. Available from www.latcam.ch/about-us
226. The EU SME Centre, available from www.eusmecentre.org.cn/about-centre
227. European Committee for Standardization's website, The European Standardization System. Available from www.cen.eu/about/RoleEurope/ESS/Pages/default.aspx
228. Small Business Standards' website, SME-Friendly Standards. Available from www.sbs-sme.eu/
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232. (International Trade Centre, 2014a)
233. (International Trade Centre & Common Market for Eastern and Southern Africa Business Council, 2016)
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236. Pacific Asia Travel Association's website. Available from www.pata.org/about-pata
237. The Caribbean Tourism Organization's website. Available from www.onecaribbean.org/about-cto
238. The Latin American Travel Association's website. Available from www.lata.travel/about-lata/about-lata
239. The Regional Tourism Organisation of Southern Africa. Available from www.retosa.co.za
240. (Travel Trade Caribbean, 2013)
241. (UNWTO, 2015)
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243. Caribbean Export Development Agency's website, available from www.carib-export.com/about-us/
244. International Network for Regional Trade Promotion Organizations, available fromwww.rtpo.org/aboutus.asp
245. BrazilGovNews' website, Brazil and Argentina sign acts on trade, diplomacy and health. Available from www.brazilgovnews.gov.br/news/2017/02/brazil-and-argentina-sign-acts-on-trade-diplomacy-and-health
246. ProColombia's website, The Pacific Alliance' Gravitational Pull. Available from www.procolombia.co/en/news/pacific-alliance-gravitational-pull-
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249. (fDi Magazine, 2016)
250. Hungarian Investment Promotion Agency, "Invest in Hungary". Available from https://hipa.hu/main#publications
251. Budapest Liszt Ferenc International Airport was awarded 4-times in-a-row since 2013 the Skytrax title "Best Airport in Eastern Europe". Budapest Aiport, Budapest Airport retains Skytrax title 'Best Airport in Eastern Europe'. Available from www.bud.hu/english/business-and-partners/aviation/route_development/budapest-airport-retains-skytrax-title-%E2%80%98best-airport-in-eastern-europe%E2%80%99-16822.html
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Chapter 5

254. See Technical Annex for information on the country composition of the regions.
255. (Baldwin, 2016)
256. (Baldwin, 2016)
257. Oceania is excluded due to lack of data.
258. See also SME Competitiveness Outlook 2015 on this point.

Chapter 6

259. See Technical Annex for a detailed description of the indicators.
260. (Sutton & Kpenty, 2012)
261. International Trade Centre (2017). Trade Map. Available from www.trademap.org
262. (African Union, African Development Bank Group & United Nations Economic Commission for Africa, 2016)
263. (International Trade Centre, 2016c)
264. For more information about the Chocothon initiative, please contact sustainability@intracen.org.
265. (Hungarian Investment Promotion Agency, 2016)
266. See Technical Annex for a detailed description of the indicators.
267. (ASEAN, 2016)
268. (African Union, African Development Bank Group & United Nations Economic Commission for Africa, 2016)
269. For data availability reasons, South Sudan is excluded from the discussion of the East African Community
270. (ITU, 2016) and (Baumüller, 2016)
271. (Jaidi & Msadfa, 2017)
272. (Aviation Week, 2016)

273. (Moran, 2016)
274. (Jaidi & Msadfa, 2017)
275. (Ahmad et al., 2013)
276. (Jansen & Filadoro, 2017)
277. (Financial Times, 2016)

Chapter 7

278. (Wilderness Safaris, 2017)
279. (Wilderness Safaris, 2017)
280. (Spenceley, 2010)
281. (World Tourism Organization, 2016)
282. (Christie, Fernandes, Messerli, & Twining-Ward, 2014)
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294. (Hikma Pharmaceuticals, 2015)
295. (UN Comtrade: International Trade Statistics, 2016)
296. (Sweis, Al-Ghawi, AlSaleh, Al-Zu'bi, & Obeidat, 2015)
297. (WIPO, 2017)
298. (Synthite, 2017)
299. (Outlook Business, 2017)

Chapter 8

300. A comprehensive online technical annex is available at www.intracen.org/SMEOutlook.
301. Note that the analysis typically provides only 3-4 products for export diversification and 10 products for export potential. An exhaustive ranking of products can be found on http://exportpotential.intracen.org

Technical Annex

302. Please see full details on the technical annex at www.intracen.org/smeoutlook.
303. See Chapter 9 of (ITC, 2015b) for a more elaborate discussion on the definition of firm competitiveness.
304. World Bank (2009). Enterprise Survey and Indicator Surveys—Sampling Methodology. Washington, D.C. Available at www.enterprisesurveys.org/~/media/GIAWB/EnterpriseSurveys/Documents/Methodology/Sampling_Note.pdf
305. (Decreux & Spies, 2015)
306. An exhaustive list of products is accessible at http://exportpotential.intracen.org. To receive information for other products or a more detailed and customized analysis, please contact marketanalysis@intracen.org.
307. 'Current' refers to averages computed over the period 2011–2015.
308. In line with gravity literature, the income elasticity of imports per capita □_dc is on average less than 1 because fast growing countries gain market shares in their own markets. The intercept □_dc reflects chapter-specific trends.
309. (Hidalgo, Klinger, Barabási, & Hausmann, 2007)
310. Unit values are sourced from Trade Unit Values (TUV) database of CEPII (Centre d'Etudes Prospectives et d'Informations Internationales). Available from www.cepii.fr/cepii/en/bdd_modele/presentation.asp?id=2
311. Export potential is ranked in descending order.
312. (Hidalgo & Hausmann, 2009)
313. The calculation of this indicator used the countries' import regulations applied to the whole world, i.e. based on the Most Favoured Nation (MFN) approach rather than on the bilateral level.
314. UN definition of regional groups can be consulted at https://unstats.un.org/unsd/methodology/m49/#geo-regions.

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