



GAZDASÁGI ÉS KÖZLEKEDÉSI MINISZTERIUM



SMEs going international, national best practices

**Rural Credit Guarantee
Foundation
Budapest,
May 16, 2008**

**Bátorfi Edit
Director
Directorate for
European Countries**



The Lisbon Strategy 2008-2010

- Meeting of the Competitiveness Council on February 25-26, 2008:

Inadequate operation of the internal market:

- banking and insurance sector
- improving market access for SMEs
- harmonised patenting system at the Community level

Task:

Incentives for market access for SMEs,

Removal of the existing barriers in the internal market / the Commission's initiative „Small Business Act” / its objective



The need for SMEs to go international

Why?

- One fifth of the 25 million SMEs are involved in export activities
- 3 % have subsidiary companies
- Most SMEs do not even consider going international
- SMEs face strong international competition on their own national markets

Reasons:

- SMEs do not have the necessary resources or relations
- They do not know what potential partners or export opportunities they may have
- They have no financial experience
- It follows from the dynamically changing nature of the obstacles: the more international an enterprise becomes, the more challenges it has to face
- Every government develops one or more support schemes: Finland began an export promotion programme as early as 1919
- Export credit, foreign trade representation, joint trade exhibitions
- Result: SMEs are supported in their pursuit to go international up to 70% by such programmes worldwide
- It has to be superseded!



The process of going international

- **To recognise that going international is more than merely exporting, to realise that it entails a complex process:**
- **Export orientation**
- **Foreign subsidiaries performing sales activities**
- **Licensing agreements, supplier and subcontracting arrangements**
- **Establishing foreign manufacturing subsidiaries**
- **Strategic partnerships, corporate alliances**
- **Capital investments individually and in institutionalised forms by using capital funds including venture capital**



Forms of supporting international presence

- To recognise that cooperation opportunities represent incentives for internationalisation at the same time :
- Cross-border cooperation
- Cooperation in networks
- Aspects improving competitiveness, innovation, new technologies
- Hence: internationally operating SMEs rely on mutually reinforcing approaches



The most efficient forms of supporting international presence

- **SMEs need tailor-made support:**
 - Comprehensive screening of the enterprise
 - A tailor-made plan for the enterprise, using a wide range of support instruments
 - Not necessarily upon the initiatives of government institutions
 - Education and training programmes
 - Venture capital and other financial funds in operation

Examples:

ITD-H's initiative: a survey covering several thousand enterprises and launched in 2008 is intended among other things to assess their willingness and capacities to export



Hungarian examples of success 1

- **A dialogue was launched between the government and the business sector in February 2008**
„Foreign Trade Round Table”
- **Objective:**
 - **to continue a dialogue whereby the government recognises that business efforts need to be supported,**
 - **a cornerstone of economic growth lies in high-quality exports**
 - **problems have to be resolved with a concerted effort, thinking in perspective**



Hungarian examples of success 2

- Local SMEs acting as suppliers
- The export capacities of SMEs are improved by continuously remedying the deficiencies identified by the ITD-H's survey, also supported by
 - the services offered by ITD-H, i.e. information on:
 - financing opportunities,
 - projects: supplier networks, the Suzuki Pilot Project
- - and additional services such as:
- suppliers' forum, consulting, suppliers' events, competence centres, training, mentoring programme, suppliers' e-market.



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Wishing international success to SMEs!

Thank you for your attention!

Information on the Round Table Conference available at

www.intranet.gkm.hu

under the title

Foreign Trade Round Table