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COMMENTARY

SME internationalisation: S'pore, EU working together

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NOT only do Singapore and the European Union share similarities in the structure of their economies - with services accounting for around 75 per cent of GDP - but small and medium enterprises (SMEs) constitute the backbone of our respective private sectors, delivering economic growth, innovation, job creation and social integration.

In the EU, SMEs represent 99 per cent of all businesses, provide 80 million jobs or two-thirds of all private-sector employment, and contribute 58 cents of every euro in value added. Thanks to their versatility and adaptability, over the past five years they have created around 85 per cent of new jobs in the EU. Similarly, Singapore's 180,000 SMEs account for half of the country's GDP, represent 99 per cent of enterprises and employ over 70 per cent of the country's workforce.

While these impressive statistics are testament to the importance and resilience of our SMEs, by virtue of their size, they often face specific impediments and challenges when accessing finance or when trying to enter new markets. In fact, according to Eurochambres, only 13 per cent of EU SMEs are internationally active and only 10 per cent of manufacturing SMEs export goods to countries outside of Europe. Figures from IE Singapore suggest a similar internationalisation footprint for the city-state's SMEs.

Subsequently, SMEs represent a huge untapped export potential both in Singapore and the EU. This is why in the overall context of growing trade, investment and job creation, a key common focus area for both the EU and Singapore is the growth and internationalisation of SMEs.

In order to address this, among other measures, the Singapore government has outlined several incentives in its latest Budget to support more SMEs in their internationalisation efforts, including extending tax deduction for schemes that help them enter new regional and global markets. Through SPRING and IE Singapore, the Singapore government also continues to place significant emphasis on increasing SME productivity and innovation - elements which will make companies more competitive as they seek new growth

opportunities overseas.

As the EU also endeavours to support European companies interested in exporting their products, services and technologies, there is a clear win-win proposition for both the EU and Singapore to encourage their SMEs to partner and grow together. This can happen through multiple channels and business models including distributorships, franchisees, joint ventures, technology transfer partnerships, as well as joint research, innovation and development of products and services.

To facilitate such collaborations, two targeted priority programmes - Enterprise Europe Network Singapore Centre (EEN Singapore) and the EU Business Avenues in South-east Asia - will be launched in Singapore this year.

Firstly, the EEN Singapore Centre - formally opened by Trade and Industry Minister S Iswaran on Thursday - will promote and assist businesses, technology and research and development partnerships between Singaporean and European companies. Led by a consortium formed by the Singapore Manufacturing Federation (SMF), IE Singapore and Intellectual Property Intermediary Singapore (IPI Singapore), the EEN will enable Singaporean SMEs to use the EEN brand and to gain exclusive access to a network-partners-only database of 10,000 business project offerings. In joining the EEN, Singapore will also become part of a network spanning 600 partner organisations across 63 countries, with more than 3,000 internationalisation experts and technology transfer practitioners ready to assist SMEs in their internationalisation efforts.

To complement the EEN Singapore Centre, the EU will also launch a specific business support programme to assist European SMEs looking to access opportunities in South-east Asia. EU Business Avenues is designed to complement the EEN Singapore Centre's activities by organising week-long business trips to Singapore and the region. Building on a successful pilot, the new programme will extend to cover six key South-east Asian markets and seven priority sectors.

Using Singapore as the hub, over the next five years, Business Avenues will accompany up to 1,000 European SMEs on 20 targeted business trips to explore opportunities in the region. The first business trip under the programme - focusing on Environment and Water Technologies - will be an integral part of the Singapore International Water Week and the Clean Environment Summit this July.

As natural extensions to trade and investment flows in today's increasingly globalised and connected world, the EEN Singapore and EU Business Avenues in South-east Asia programme will provide Singaporean SMEs with an important gateway into the EU, and vice versa. I am confident that these two initiatives will offer unparalleled opportunities for Singaporean and European SMEs to share knowledge and expertise, transfer technology

and develop business cooperation. Ultimately, these programmes will help to address the intrinsic and trade-specific hurdles that SMEs face when venturing abroad and boost their already non-negligible contribution to the trade performance of our respective economies.

- **The writer is the EU ambassador to Singapore**

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