



**Globalization of Production  
and the Competitiveness of Small  
and Medium-sized Enterprises  
in Asia and the Pacific:  
Trends and Prospects**



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# STUDIES IN TRADE AND INVESTMENT 65

## **Globalization of Production and the Competitiveness of Small and Medium-sized Enterprises in Asia and the Pacific: Trends and Prospects**

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## PREFACE

This publication was prepared by the Trade and Investment Division of ESCAP. Its principal aim is to fill a perceived gap in policy-related research and understanding of the development of the small and medium-sized enterprise (SME) sector in the Asia-Pacific region, in the context of a rapidly changing and mutating international business environment.

To foster growing national economies, policymakers in virtually all countries are expected to facilitate the entry of new business ventures and to increase the competitiveness of SMEs. SMEs typically account for the vast majority of companies in an economy, create the majority of employment, and are responsible for a substantial number of technical innovations in various sectors. Thus, their growth and survival are critical for sustainable and inclusive socio-economic development under intensified global competition.

Although considerable research has already been undertaken in this broad field, many developing countries in Asia and the Pacific lack a comprehensive understanding of the rapidly changing needs of the business sector—a result of the ongoing globalization of production—and how such needs should be taken into account in the design and implementation of effective enabling policy frameworks for SME development. This paper attempts to fill that lacuna.

This paper was penned in the latter part of 2008, when the global “credit crunch” and its wider impact on the global economy were becoming more readily apparent. The likely consequences in 2009 and beyond will only add to the challenges faced by SMEs—and policymakers seeking to support the SME sector—in an increasingly volatile international business environment. In particular, the business risks associated with uncertainty have risen considerably.

However, the current global economic recession should not derail ongoing efforts to support SME development, as those businesses provide part of the solution to the current economic woes. SME development is a key ingredient in the policy mix that will allow international business to return to healthy growth and permit Asia-Pacific economies to return to robust and inclusive growth.

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