



Infra, logistics woes weaken SMEs global competency

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The Philippine's slow movement in addressing the infrastructure and logistics problems could affect the competitiveness of Small and Medium Entrepreneurs (SMEs) in the global market landscape.

A study released by state-owned think tank, Philippine Institute for Development Studies (PIDS) uncovered that the Philippines has not been faring well in many factors, especially in the area of logistics and infrastructure, which is described as unfortunate.

Hopefully, though the past reforms, which saw the Philippines improving in the global rankings could lead to better mainstreaming of Philippine SMEs, the study added.

The discussion paper said the government needs to address bottlenecks and constraints and provide a more conducive regulatory regime for SME participation in both the local and the global market and the global value chains (GVCs).

“The ultimate objective is to provide SMEs access and the opportunities and means to grow, and to encourage those SMEs with potential to eventually become major players, whether in the domestic or the international market,” PIDS suggested.

However, the paper said studies show low SME participation not just in the Philippines but in the Asian region overall.

Within the Association of Southeast Asian Nations (ASEAN), most SMEs are still minor players in production networks as only 22 percent of them participate.

The report said that crucial to the ease with which SMEs are able to mainstream depends on “a good regulatory framework that is SME-friendly.” This should promote quality infrastructure, trade facilitation, and overall general connectivity.

Aside from the poor infrastructure, and still underdeveloped logistic systems in the country, local SMEs are also faced with unresolved problem in lack capitalization access, said Mandaue Chamber of Commerce and Industry (MCCI) president Glenn Soco.

Access to finance, Soco reiterated could somehow serve as bandaid solution in order for Filipino SMEs to compete, as fixing infrastructure cannot be solved overnight.

Providing local SMEs the ability to expand by opening the access to capital, is the easier and fastest way in order to catch up with competition race.

SMEs that are mainstreamed in the international market generally perform better in productivity, competitiveness, innovation and sustainable growth, compared to those dealing only with the domestic market, the study further revealed.