



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/COM.3/L.29
1 March 2005

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Enterprise, Business Facilitation
and Development
Ninth session
Geneva, 22-25 February 2005
Agenda item 3

**IMPROVING THE COMPETITIVENESS OF SMEs THROUGH
ENHANCING PRODUCTIVE CAPACITY**

Agreed recommendations*

1. The Commission recognizes the important contribution that the SME sector can make to job creation, economic growth and achieving the Millennium Declaration Goal of poverty reduction. It recalls that UNCTAD XI mandated UNCTAD to continue its work on enterprise development, taking account of developments in the international economic environment. It also agrees that, during the past decades, the globalization process has affected the business environment for SMEs in developing countries, with international competitiveness becoming increasingly important for them to benefit from international trade and investment opportunities.
2. The Commission agrees that the internationalization of enterprises is one of the essential ways for strengthening the competitiveness of developing country firms. That includes strategies addressing structural weaknesses, integrated forms of production and distribution networks, such as TNC-SME linkages, clusters and global value chains, and direct outward investment from developing country firms.

* As agreed by the Commission on Enterprise, Business Facilitation and Development at the closing plenary meeting of its ninth session on Friday, 25 February 2005.

3. The Commission requests UNCTAD to continue its work on policy analysis in the area of enterprise competitiveness. In particular, UNCTAD should further analyse policy options for enhancing the competitiveness of developing country firms through their internationalization, including by developing linkages with larger international firms, integration into global value chains, and engaging in direct outward investment.

4. The Commission also agrees that UNCTAD continue its efforts in the area of technical assistance and capacity building with a view to contributing to the development of an SME-conducive environment and to unleashing the potential of entrepreneurship in developing countries, especially the least developed countries. This work should be continued, *inter alia*, through public-private sector partnerships and through its EMPRETEC programme. The Commission also requests the secretariat to explore ways in which issues of SME development could be better addressed. It also requests the secretariat to explore ways of providing assistance to tsunami-affected countries in their rehabilitation efforts in the area of SME competitiveness.

5. The Commission requests the secretariat to undertake a preliminary study on the possible development of a competitiveness analysis framework and relevant indicators to support progress in building a sound SME sector in developing countries and countries with economies in transition.
