



LATIN AMERICAN
AND CARIBBEAN
ECONOMIC SYSTEM



Export Consortiums: A strategic instrument for SMEs international insertion

Economic and Technical Cooperation

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F O R E W O R D

This document of the Permanent Secretariat of SELA is essentially aimed at analysing the importance and configuration of export consortiums, as strategic instruments to boost the participation of SMEs in international markets.

In the first chapter, a description of SMEs in the region is presented, pointing out their contribution regarding the number of microenterprises and SMEs, the creation of employment and Gross Domestic Product and, there are noted their strengths and limitations for their performance in the socio economic scope.

The second chapter analyses the different forms of inter-entrepreneurial cooperation to favour internationalization of SMEs, in order to promote an exporting culture and a greater knowledge about how to have access to foreign markets based on associative models that contribute to generate economies of scale.

The third chapter considers several definitions of export consortiums and the methodology to configure them, considering that it is a phase, or stage-wise process, pointing at the advantages and benefits of the operation.

Lastly in chapter four, several studies of export consortium cases in different sectors are presented. Most of the countries of the region have had a significant experience in the development of export consortium cases, whose results show that good experience has been gained.

The Permanent Secretariat of SELA expresses its recognition to Engineer Antonio Leone, for his work as a consultant in charge of drafting this document.

EXECUTIVE SUMMARY

Reactivating the industrialization processes should be considered in the current trends of industrial development at global scale, based on knowledge and information technology. Therefore, priority to higher education, scientific and technological development and training of qualified personnel are components of the effort into the industrial development at national, sub regional and regional⁽¹⁾ scale.

The current trends of industrial development are expressed in demands regarding the ways of organizing and developing industrial activities, especially in the progressive sectors that increasingly imply the international integration of production chains and, the development of specialized industry clusters.

There is an increasing interrelationship of the different markets, at world level, and because of this the production can be located or moved to places and countries where there would be better conditions in the surroundings, clear and transparent rules of the game, lower costs, ease of movement and circulation of products in the trade global circuit, and the guarantee of a balanced use of profits or foreign exchange.

The design and application of public policies on SMEs should be oriented to facilitate and promote the sector growth, in such a way that a set of instruments would be made available to face the challenges of the future. Currently, new policies of production development are being applied, like the SMEs programmes, with a special emphasis in association capacity-building, relaunch of development banking and, the adoption of policies on the creation of suppliers and producer networks.

LAC exporting profile shows an accentuated specialization in raw materials exports, and to a lesser extent, medium technology products. If primary products and raw materials-intensive manufacture are added, these reach almost two thirds of goods total exports.

The region has had significant advances in the last two decades in the creation and development of policy institutions and instruments. In practice, all the countries of the region have national institutions to support SMEs, although their financial resources allocation is insufficient, they have few human resources that are technically qualified and poor basic information.

The importance of SMEs resides not only in their effective participation in socio economic terms, but in their ability to adapt to technological changes and respond to market demand due to their flexible nature; the democratization of opportunities in job creation; improvement in labour relations at all levels and among them, the development of economies of scale through association capacity or cooperation.⁽²⁾

However, a series of limitations is evidenced, such as a lack of strategic vision, what hinders the identification of opportunities; difficulties in having access to credit due to the restrictions of financial entities; a shortfall of qualified personnel, at non managerial level as well as at executive level; a lack of spirit of cooperation with other enterprises, due to business jealousy or mistrust;

¹ Latin American and Caribbean Economic System (SELA). [Articulación y convergencia para la integración productiva en América Latina y el Caribe](#). Meeting of regional and subregional integration mechanisms of the productive dimension. Caracas, Venezuela. 5 and 6 May 2011. SP/RMRSIDP/ DT N° 2-11.

² De Anta, Alex. [El futuro de las Pymes](#). Noticias.com. May 2005.

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and a poor orientation towards developing innovation processes and information technology applications.

One of the basic problems of the SMEs of the region is the lack of a product exporting culture, what can be explained by several reasons, such as the guarantee of placing their products or services in the local markets, a lack of an exporting vocation or a lack of knowledge of how to access foreign markets.

The small and medium-sized enterprises should face the challenge of exporting, an essential factor for the continuity of the enterprise in the current world economy. To make it, the SMEs should introduce criteria that generate international business, by formulating long-term strategies for the search of new markets, with trained personnel at all levels, which would act in an integrated way, with well-defined objectives and establishing different ways of sector links.

In the literature specialized in the subject, export consortiums are defined in different ways, but their main goal is always the union of enterprises to have access to international markets. The participation of single enterprises that form part of an export consortium strengthen their capacities and understanding of the cooperation process, tasks, challenges and limitations to be dealt with to ensure an efficient performance of the collective effort that entails the action of an export consortium.

Nevertheless, this type of initiatives finds its main difficulties in the level of human relations. The entrepreneurs tend to seem reluctant to participate in cooperation projects with those who are their direct competitors, and individualism entails in many cases. Nevertheless, a lot depends on the enterprise characteristics, if they are direct competitors or if they really produce complementary goods, in this case the relations seem less unsettling.

An export consortium, as it has been previously said and mentioned by several authors and experts, is a voluntary alliance of enterprises with the aim of promoting the goods and services of its members abroad, and facilitating exports of those products through joint actions. It can be considered that an export consortium is a formal means of medium and long-term strategic cooperation between enterprises that render specialized services, aimed at easing the access to foreign markets.

The export consortiums differ in the field of intervention or scope of action, such as those that act towards a single sector or multi-sector, and others that are exclusively for enterprises offering complementary goods and services; and consortiums that deal exclusively with a specific market or several markets.

Finally, at the end of the paper, there are presented only some successful cases of export consortium configuration and operation in different sectors, some of them have been analysed academically and others using a documentary approach. Our understanding is that many export consortium projects present sustainability problems, not only financial but issues of human relations and conflict of interests among the members of the consortiums, also the government policy changes generate discontinuity in such efforts.

In the successful case studies about export consortiums there have been considered experiences in five countries: Argentina, Chile, Peru, Mexico and Costa Rica.

With respect to the conclusions and recommendations of this paper, it is indicated that the State should promote successful associative models such as cooperatives, export consortiums and export networks, which are feasible alternatives to attain the internationalization of the SME sector.

To obtain a sustainable economic growth, we should find new drives for growth that would enable us to be integrated into the global value chains in the segments that have greater opportunities for creating added value with a market approach.

INTRODUCTION

The fast transformations that have been happening within the framework of globalization, the technological revolution and opening of the markets have caused changes in the economy and today's society, by prompting citizens, institutions and enterprises to search for new ways of action that would enable them to take advantage of new opportunities.⁽³⁾

The reactivation of the industrialization processes should be included in the current trends of industrial development at global scale, based in knowledge and information technology. Therefore, priority to higher education, scientific and technological development and training of qualified personnel are the components of the effort of industrial development at national, sub regional and regional levels.⁽⁴⁾

Those current trends of industrial development are expressed in demands on ways of organizing and developing industrial activities, especially in the progressive sectors, that imply increasingly the international integration of production chains and the development of specialized industry clusters.

The entrepreneurs should be clear that in the current circumstances, and maybe strongly in the future, globalization as a dynamic process conditions the operation of every enterprise, in particular, the big ones.

Increasingly, there is a greater interrelationship at world level between the different markets, production can be located or moved to places and countries where there are better conditions in the surroundings, clear and transparent rules of the game, lower costs, ease of product movement and circulation in the trade global circuit and the guarantee of a balanced use of profits or foreign exchange.

In short, if the conditions of the production factors in a specific country are not favourable, these big enterprises can migrate towards countries or zones where they would find more favourable circumstances, what cannot be done by the SMEs.⁽⁵⁾

The exporting profile of LAC shows an accentuated specialization in raw materials exports, and to a lesser extent, medium technology products. If primary products and natural raw materials-intensive manufacture are added, these reach almost two thirds of the total exports of goods, whereas high technology exports amount to just a tenth of the total. However, this profile varies because it depends on export destination, those going to Asia and Europe are predominantly primary, whereas exports whose destination is the United States are mostly manufactured, which is a sign that there are industrial value chains with that country (although in LAC part of this activity is assembly).

More than half of intra-regional trade consists of manufactured products, and those of medium⁽⁶⁾ technology predominate.

³ Piñero, Fernando; J. Gabriela Herrera and Fernanda Di Meglio. [Los consorcios de exportación como estrategia de inserción internacional. Caso de Estudio: Grupo Asociativo de Productores de Maquinaria Agrícola \(GAPMA\), Provincia de Buenos Aires, Argentina](#). INTERAÇÕES (Campo Grande). Vol. 12, No. 1. p. 9-18. January-June, 2011.

⁴ Latin American and Caribbean Economic System (SELA). [Articulación y convergencia para la integración productiva en América Latina y el Caribe](#). Meeting of regional and subregional integration mechanisms of the productive dimension.. Caracas, Venezuela. 5 and 6 May 2011. SP/RMRSIDP/ DT N° 2-11.

⁵ Latin American and Caribbean Economic System (SELA). [Visión prospectiva de las Pequeñas y Medianas Empresas \(PYMES\). Respuestas ante un futuro complejo y competitivo](#). Caracas, Venezuela. May 2010. SP/Di No. 4 – 10.

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Currently, new policies of production development are being applied such as the SMEs programmes, emphasizing the association capacity, relaunch of development banking and the adoption of policies on the creation of suppliers and networks of national and foreign producers.

In spite of all the difficulties, it should not be underestimated the development of more promising forms of support to SMEs that are focused not so much in the single enterprise but also when this is inside a cluster or production chains, as well as in its technological innovation. That drives such enterprises to be articulated locally with other ones, thickening the production net, and also with education institutions, the local governments or other organizations that are close in regard to territory, which can configure a favourable context in order to make the enterprise successful. These associations translate into joint purchases, joint exports, associations between enterprises to have access to credit, a link associated to sub-contracting, etc. In relation to financial support new instruments have been developed.

During the SELA Regional Meeting on Public Policies on SMEs Promotion and Support, held in Cartagena, Colombia, in 23 and 24 April 2015,⁷⁾ a study was presented which was prepared by the Permanent Secretariat where a reference is made firstly to the SMEs importance and characteristics in the region, which are between 95% and 99% of the region's enterprises, and their contribution is of great importance in terms of employment and production.

The region has made significant progress during the last two decades in the creation and development of policy institutions and instruments. Nearly all the countries of the region have national institutions supporting SMEs. Nevertheless, those are designed and carried out at government levels that have light political weight, insufficient financial resources allocation, few technically qualified human resources and poor information from the basis, and also the institutional development is the key to policy continuity and the creation of learning and implementation capacity.

The design of public policies on SMEs should be oriented at facilitating and promoting the sector growth, in such a way that a battery of instruments would be available to it, that would invigorate and launch the leap required to face the challenges of the future. That would suppose a substantive improvement in the entrepreneurial competitiveness, based on a better and larger infrastructure, an open access to information for decision-making, better management of available knowledge, guarantee of access to technology, incentives for innovation, and institutionalized mechanisms that would ease access to credit and markets.

An important element that introduces a new approach to industrial policy, in the current conditions, is the need to promote the development of the surroundings that would favour the inter-entrepreneurial cooperation, stimulate innovation processes, contribute to strengthening the technical capacities, and improve the management capacity of the enterprise. Thus, industrial policy – as an expression or also conciseness of public policies supporting SMEs – points directly at creating conditions for public intervention that would promote a local favourable environment for production development, more than supporting directly and separately enterprises. However, it is clear that in the end the essential goal of industrial policy is to bring in dynamism to enterprises

⁶ Latin American and Caribbean Economic System (SELA). [Políticas de desarrollo Productivo en Industrial en América Latina y el Caribe](#). First Meeting of Ministers of Economy and Industry of CELAC. San José, Costa Rica. 10 and 11 April 2014. SELA-CELAC/DT N° 1-14.I.

⁷ Latin American and Caribbean Economic System (SELA). [Informe Final de la Reunión Regional sobre Políticas Públicas para la Promoción y Apoyo a las PYMES](#). Cartagena, Colombia. 23 and 24 April 2015. SP/RRPPA-PYMES/IF-15.

and economic and entrepreneurial sectors, to increase their competitive capacity and respond efficiently to the market dynamics.⁽⁸⁾

In the same Regional Meeting in Cartagena, the proposals for recommendations were gathered around the following issues:

- a) Modalities of work in a network form by the supporting institutions to disseminate information on events where the institutions participate, as well as an exchange of successful experiences between the institutions of the region;
- b) Human resources training and skills development for the production articulation in networks, clusters and production hubs, among others;
- c) Innovation, it is necessary for this to capitalize the best experiences in the region, taking into account the different capacities and infrastructure available;
- d) Internationalization; production and trade integration; and country image and country branding and;
- e) Quantitative information for decision-making.

It is highlighted that the role of the private sector is key to generate the investment and innovation that are needed to invigorate and bring about changes in the production structure, and also that the State can help in defining the role expected to be played by the private sector and modalities of participation.

Some important subjects are set out to keep moving forward in the development of SMEs: the regulatory frameworks of SMEs; institutional development; human and financial resources; analytical framework (instruments, strategies and goals); supervision and assessment of results.

Also it is pointed out the importance of identifying subjects of interest (production articulation, development banking, shared systems of guarantees, centres of entrepreneurial development, innovation and others), the dissemination of event information, the dialogues between institutions of different countries and the exchange of successful experiences between countries (South-South cooperation, besides other forms).

Another document also prepared by the Permanent Secretariat, sets out the increasing gaps between the per capita income in the nations of Latin America and the Caribbean and in other developing nations, especially, the South East Asian countries. At the same time, the gap in per capita income is associated with the chronic backwardness of the total productivity of the factors of the region. The Index of SMEs Public Policies in Latin America and the Caribbean is a tool specifically designed to identify challenges and opportunities.

In the conceptual discussion about the Index, the different dimensions of the tool were addressed, as well as the indicators used to quantify the current state of the public policies of the region in different dimensions, and there were specified the mechanisms of weighting and addition of indicators. Eventually, there were discussed the mechanisms proposed by SELA for the parallel appraisal of the public and private sectors, as well as the conciliation and homogenization of appraisals.⁽⁹⁾

⁸ Latin American and Caribbean Economic System (SELA). [Visión prospectiva de las Pequeñas y Medianas Empresas \(PYMES\). Respuestas ante un futuro complejo y competitivo](#). Caracas, Venezuela. May 2010. SP/Di No. 4 – 10.

⁹ Latin American and Caribbean Economic System (SELA). [Consideraciones metodológicas para la elaboración de un índice de políticas públicas para las PYMES en América Latina y el Caribe](#). Cartagena, Colombia, 23 and 24 April 2015. SP/RRPPA-PYMES/DT N° 3-15.

I. CHARACTERIZATION OF SMES IN LATIN AMERICA AND THE CARIBBEAN

Even though there is a general acknowledgement of the importance of SMEs in the region, the statistical information on their number, their role as job creators and their contribution to the manufacture gross product are referential data based on empirical estimations. Their classification based on the number of employees and the volume of sales varies according to the interest, reality and relative size of each country, what brings about several groupings of micro, small and medium-sized enterprises. Many microenterprises operate under informal conditions, making harder the registration and identification of the entrepreneurial universe.⁽¹⁰⁾

It is estimated that in the region 95% of the total are micro, small and medium-sized enterprises, the rest corresponds to big enterprises. The empirical calculations also indicate that SMEs contribute with 35%-40% of employment, 33% of GDP and 25% of the manufacture product.

1. Attributes that favour the SMEs participation in the socio economic

The importance of the SMEs not only resides in their effective participation in socio economic terms, but in the following attributes:

- Capacity to adapt to the technological changes and respond to the market demand by their flexible nature, by adjusting quickly, given their size, the production procedures and patterns to satisfy the demand posed.
- They create a large number of jobs, ensuring the balanced operation of the labour market and offering opportunities for skilled labour and technicians.
- SMEs promote closer social relations between the owner or manager and employees, due to the smaller number of employees and manual workers, so the form of addressing people and the relation are more direct.
- They develop economies of scale through the association capacity or inter-entrepreneurial cooperation, which give them a broader participation and presence, generating in this way a greater knowledge of strategies and methodologies of access to other local and foreign markets.

2. Limitations that SMEs should overcome to improve their performance

The starting point for the SMEs total transformation should take into account how to deal with some of the problems that this sector traditionally presents, in order to take the leap that would put them across the future that would certainly be more complex and pose bigger challenges, but that would also imply opportunities, therefore, an important effort should be made to overcome the following limitations⁽¹¹⁾.

- Tight link with specialized sectors, which restricts the possibility of access to other branches of activity where there can also be an endless number of opportunities for the development of new products and services.
- Establishing very short-term goals, due to the lack of strategic vision, which hinders identifying future opportunities and planning actions to improve technology and develop new products. In general, the SMEs do not have a strategic plan that would entail action

¹⁰ Latin American and Caribbean Economic System (SELA). [Políticas e instrumentos para enfrentar el impacto de la crisis económica internacional sobre las pequeñas y medianas empresas \(PYMES\) de América Latina y el Caribe](#). XXXV Regular Meeting of the Latin American Council. October 2009. SP/CL/XXXV.O/Di No. 24-09. N° 06 – 09.

¹¹ De Anta, Alex. [El futuro de las Pymes](#). Noticias.com. May 2005.

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planning and decision-making, and frequently, the “instinct” of the manager or owner of the enterprise is trusted. Decision-making often comes from gained and intuitive experience.

- Difficulties in access to credit due to restrictions imposed by the financial entities, who perceive the MSMEs as an unreliable and risky client, and because of the own difficulties of the entities of that sector. The dimension of SMEs brings similar problems in regard to access to financing. When having a more limited credit history, it is more difficult the access to financing for enterprises of smaller size.
- Shortfall of qualified personnel, at non managerial level as well as at executive level. The size of the enterprise also limits the availability of specialized personnel in both levels, although there are high technology sectors, such as biotechnology where the scarce personnel is highly qualified.
- Lack of cooperation with other enterprises, due to business jealousy or mistrust. In this regard, it is always posed that an effort should be made to break that reserved attitude between competitors, since an associative effort brings with itself multiple benefits that allow resolving problems of production, commercialization, innovation and training among other areas.
- Poor orientation to develop innovation processes that would improve quality and the level of the products developed by the enterprise. It does not have a deliberate planning to stimulate the innovative processes.
- There is not a frequent and systematic use of information technology to support administrative and production processes. Neither for promotion of the enterprise, nor online commercialization of products and services that the same offer.

Similarly, several analyses made by different experts and specialized organizations highlight among the limitations of the sector of SMEs in Latin America and the Caribbean, the following ones:

- Even though the different costs of making business affect all the enterprises, they are burdensome for micro, small and medium-sized enterprises. Whereas the same administrative cost could be a much reduced proportion of the income of a very big enterprise, these amounts imply sometimes that a high amount of the sales of a small-sized enterprise have to be allocated to cover its transaction costs.
- On the other hand, the survival rate of SMEs is very low in LAC, reaching just 45% when 3 years have passed after creation, what brings as a consequence bigger difficulties at the time of searching financing, given the non-favourable perception that the banking sector has in this regard.
- The problems of infrastructure can be solved in a direct or indirect way by the big enterprises by means of a territorial relocation or self-provision of some goods and services, what is allowed by their scale. The SMEs lack such options. Likewise, they are subject to higher risks, since their sphere of action, mainly local, implies that the conditions in the specific region where they are located largely affected them.

On the other hand, the SMEs generate a much reduced proportion of goods and services in the countries of the region, what shows that this sector does not have the conditions in production as well as trade that would allow a sustainable external insertion. Broadly, the sector profile of external insertion of the SMEs differs from the big exporting enterprises. Whereas these last two focus their sales in sectors with capital-intensive use, economies of scale and natural resources, in

the SMEs there have greater relevance the sectors with (skilled and non-skilled) work-intensive use, that make differentiated products and are subject to economies of scope¹².

The data indicate that a significant export learning is needed to consolidate the external sales as a regular activity of the enterprises. To that end, it should be considered that the export activity requires a specific administration, particular organizational and commercialization abilities and certain technological competences, which are scarce in the SMEs.

In various countries of the region, the SMEs sector considers that the institutional framework is still less favourable for their development and strengthening, what determines – among other factors – an accentuated isolation of the enterprises, that clearly limits the development of long-term systemic competitive advantages.

- Tight links with specialized sectors.
- Lack of strategic plans and loss of trust in the learned and intuitive experience for decision-making.
- Difficulties in the access to credit due to restrictions of the financial entities.
- Shortfall of qualified personnel.
- Lack of spirit of cooperation with other enterprises, due to business jealousy or mistrust.
- Poor orientation to develop innovation processes that would improve quality and the level of the products developed by the enterprise.
- Rare systemic use of information technology to support online processes of administration, production, promotion and commercialization of products and services offered by the enterprise.

II. INTERNATIONALIZATION OF SMEs: DIFFERENT FORMS OF INTER-ENTERPRISE COOPERATION

One of the fundamental problems of the SMEs in the region is the lack of culture to export their products, which can be explained by various reasons, such as the guarantee of placing their products and services in local markets, the lack of export vocation or lack of knowledge of how to access foreign markets.

The current circumstance of the world economy is affecting the demand for products from the SMEs, both locally and in international markets, although the possibility of insertion in foreign markets can compensate the decrease in local demand. To this end, governments, as well as organizations, chambers or business associations, should encourage their affiliates to think strategically of the opportunity to participate and compete in international markets.

In the internationalization process, it is essential to determine if they have the necessary facilities and installed capacity, in accordance with the projections of a potential international demand, and should therefore have the necessary technology that can be adapted for the modification of structural and informative designs that the product needs for its rapid acceptance by consumers and to comply with regulations imposed by the market, besides having new and innovative services and are part of a specific market in which there are profitable and increasing consumption levels, that is, a market segment that is willing to buy it.

¹² That also determines that the sector of SMEs, in general terms, has more links with suppliers of national goods and services.

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Given the above, the gradual increase in the scale of operation is part of the process that will enable SMEs to ensure their profitability and be successful in their development process; in that everything indicates that there is a need for minimum size thresholds to achieve operation levels that are economically viable under current conditions.

Certainly, the external opening process of economies that, in theory, favours a more unrestricted flow of goods and capitals, as well as the improvement of infrastructure, trade facilitation and communication, are factors that enable production organization and coordination among productive plants and service companies located in various countries around the globe, particularly among large companies. That is why – given this predominant global context – SMEs should prioritize their joint or associated action in such a way to have the required level of economy, which guarantees higher production volume and marketing capacity, to be inserted into defined spaces of these global production and marketing chains.

The unawareness of the nature of the markets, the incapability to anticipate problems and the slow reaction to finding solutions, as well as the limited use of opportunities, has historically led to the disappearance of many SMEs, with the consequent negative impact on the productive setting, the national economy and society in general. "In most cases, these errors are caused by the lack of information, involvement and inadequate identification of the objectives proposed by the organization and are even more evident given the problems in which SMEs are immersed, resulting from their own familiar nature and under conditions of very scarce existing promotion factors".⁽¹³⁾

One of the weaknesses or limitations of entrepreneurs in Latin American and the Caribbean is the low vocation for export. Moreover, in many of our countries, the governments have not defined effective policies and instruments to urge the entrepreneurs to place their products or services overseas.

To achieve success in terms of internationalization, the SME entrepreneur should accomplish some fundamental changes:⁽¹⁴⁾

- Determined attitude towards internationalization, recognizing the potential of his company to develop foreign business.
- Designing of a plan and formulation of long-term strategies.
- Diagnosis and analysis of the strengths and weaknesses of the company, leading to the internal restructuring of the company.
- Constant search for information, new markets and new products.
- Analysis of national and international competition.
- Recognition, implementation and monitoring of strategic management, administration and marketing instruments.
- Training of staff at all levels.
- Development of strategic alliances for export.

¹³ Espino Vargas, Pedro and Victoria Haydee Vejarano García. [Insertion of SMEs in the New Economy: A Review of Models.](#)

¹⁴ Zapata, Cristina I. [SME Competitiveness: Look beyond borders.](#) Deference.com. January 2003.

1. Partnership and inter-enterprise cooperation as a strategy for improving the productive capacities of SMEs

Inter-enterprise collaboration (partnership)

One of the fundamental weaknesses presented by SMEs, which paradoxically offers both the flexibility and agility needed to respond to changing market demands, is their reduced size or inability to generate a level of economy that will allow them to be competitive in world markets.

For this reason, one of the ways to solve this, and several other needs in the SMEs, is to resort to partnership models. Partnership is nothing but a cooperative mechanism for the development of alliances between two or more actors, whether public or private, prompted by the need and intention to achieve a collective goal.

The partnership process is complex and covers a range of modalities that arise from the need to acquire a competitive advantage to have a better position in the market. Partnership is also an opportunity for competitiveness and integration of SMEs and their coordination with larger companies, as demonstrated in many Asian and European countries.⁽¹⁵⁾

The characteristics of the partnership mechanisms entail the voluntary incorporation of various organizations, where operational criteria are set, with equal word of command between the parties and where everyone keeps the general autonomy of his company.

The advantages obtained from these mechanisms range from increased business confidence, a longer term vision or further integration; even the adoption of a new business model. In this sense, the partnership models comprise a strategy that allows achievement of sustainable development of organizations, especially the SMEs.

There is a significant number of successful experiences in this regard, but governments and business associations are responsible for designing policies to promote new opportunities for partnership. That is why it is imperative to develop an overall strategy that encourages small and medium enterprises to make use of the new business concepts based on the formation of networks and partnerships. There are various models of partnerships such as clusters, industrial districts and social networks.

A cluster is defined as the sectoral and geographical concentration of firms, which should stimulate the generation of external economies. This physical grouping is a spontaneous agglomeration phenomenon, very common in developing countries.

An Industrial District is a way of grouping SMEs that achieve a collective efficiency and become local or regional centres that take advantage of physical proximity and interconnection, thus increasing competitiveness.

Social Networks, meanwhile, represent strategic alliances among a limited and clearly defined group of independent companies working together to achieve common goals, and do not necessarily imply geographical proximity of SMEs.

¹⁵ Franco Clavijo, Juan Bautista. Business partnership, path to competitiveness. 2009.

Some authors make a very important distinction between clusters, networks and industrial districts. According to these authors, mutual learning and collective innovation can exist in clusters defined as sectoral or geographic concentrations of companies, or SMEs networks that are not necessarily in the same sector or location.⁽¹⁶⁾

Furthermore, the tremendous opportunities offered by the associations are expressed in the process of collective learning that they entail, which concretize in innovative management processes, and are derived from the articulation of models that impact, in the long-term, economic and competitive growth to encourage various regions.⁽¹⁷⁾

It is therefore convenient to advance with the development of an overall strategy so that SMEs can appeal to the formation of businesses based on networks (clusters), given the need to confront their traditional limitations and strengthen greater capabilities. In fact, it has been shown that they have a very positive impact in terms of efficiency and competitiveness in this business stratum, when the SMEs act in an associative manner to purchase raw materials at low cost, to solve certain technological problems, to advance training or qualification of staff, to encourage innovation and technological development processes of common interest, among others.

2. Strategies for SMEs internationalization and access to new markets

It is important to recall that, as a result of the economic liberalization, improved transport and innovation in ICTs, the SMEs are increasingly exposed to global competition, while isolated companies face increasing difficulty when penetrating foreign markets. Given their relatively small production capacity and limited financing capacity, SMEs find it difficult to compete with multinationals capable of utilizing scale economies and, now that the life cycles of products are progressively decreasing, they are unable to position their products overseas.⁽¹⁸⁾

To strengthen its internationalization capabilities, the person in charge or the company team from the SME should advance certain actions related, not only his personal attitude, but to improve certain business management processes, such as:

- Identify the capabilities of the company to venture into internationalization processes.
- Identify limitations that should to be solved in order to contribute to improved business management.
- Develop a plan that includes long-term strategies and methodologies of action.
- Identify characteristics on new markets and new opportunities for different products.
- Establish an analysis of the competitive capabilities of companies in the same sector.
- Strengthen the administrative, operational and marketing capacities.
- Undertake a training program for staff at all levels.
- Develop strategic alliances for export.

Small and medium enterprises must face the challenge of exporting, a crucial factor for the permanence of the company in today's global economy. To achieve this, SMEs should introduce

¹⁶ Humphrey, John; Hubert Schmitz. [The Triple C approach to local industry policy](#). Volume 24, Issue 12, December 1996, pp. 1859-1877.

¹⁷ Cervilla de Olivieri, María Antonia. [Business development strategies: Partnership in the venezuelan plastic sector](#). Social Science Journal (SSJ) Vol. XIII, No. 2, May - August 2007, pp. 230 – 248.

¹⁸ Bittan, Moisés. [Business Cooperation Strategies: Export Consortiums](#). [Observatory of Business Networks of Barrabes America](#). Innovation, information and communication technologies, internationalization and new ventures. July 2011.

international business generating criteria, formulating long-term strategies, with a view to finding new markets, with trained staff at all levels, to act in an integrated manner, with clearly defined objectives and establishing various forms of sectoral links.

Statistics show that many SMEs and, in particular, industrial, have managed to cross the barriers of domestic and local market and have begun participating in the global market, increasing more and more their exports.⁽¹⁹⁾

Nowadays, when the development and performance of SMEs face constant challenges, they must find effective actions to promote internationalization of the sector. Apart from generating very positive effects in terms of promoting innovation and competitiveness, this process can counteract the negative impacts of unfavourable domestic situations.

3. Stages for the internationalization of the SMEs

Given that most SME entrepreneurs are not clear on how to advance the internationalization process, before attempting, they must first be convinced that they are interested in doing so. The Spanish Institute for Foreign Trade (ICEX), based on the success achieved with the launching of the Initiation Program to Foreign Promotion (PIPE), has been spreading the methodology in several countries in the region, through workshops jointly organized with the Ibero-American Programme of Institutional Cooperation for the Development of Small and Medium Enterprises (IBERPyme) of the Latin American Economic System (SELA) and the Regional Latin American and Caribbean Programme for Small and Medium Enterprises (SELA-SMEs Programme).

The methodology includes a Phase I that refers to the diagnosis of the company's capabilities, which has been called "Diagnosis of the company's competitive position and its potential for internationalization", which provides an analysis of the company's current situation and its competitive position in the national market.

Phase II is the designing of the strategic plan for internationalization, including the decision to export and the plan for information research, the market strategy assessing its size and analysing the competence and the business environment.

Phase III is the implementation of the internationalization plan in which the necessary measures are launched in order to start exporting. The SME develops and puts into practice the promotional actions contemplated in the internationalization plan. The following policies in international markets are also defined: promotion, price, distribution, communication.

In this inter-enterprise cooperation environment for internationalization, the "export consortiums" framework predominates, and is considered by certain authors as a particular case of strategic alliance of companies, whose main objective is to jointly develop its overseas markets from for a common internal market. Therefore, the export consortia can be created with the main purpose of creating a common distribution network to all members of the consortiums.⁽¹⁵⁾

The process of export development is no longer seen as an individual adventure by the companies, because they become part of a network of agreements that transcend borders, replacing the direct path to international projection with new cooperation methods; in such a way that the election of

¹⁹ Zapata, Cristina I. [SME Competitiveness: look beyond borders](#). Deference.com. January 2003.

partners and the scope of agreements have become key aspects in the companies' international strategy.⁽²⁰⁾

4. Actions to improve the performance of exporting SMEs. Limitations to overcome

Before embarking on the process of internationalization, it is important to consider some actions that contribute to improving the conditions of SMEs, such as:

- Strengthen SMEs' access to the internationalization opportunities.
- Establish information systems on market opportunities.
- Encourage the development of associative forms for export.
- Assist entrepreneurs to identify their capabilities and limitations in addressing foreign markets.
- Develop training programs to undertake the internationalization path, promoting an export culture.

The actions suggested above will, of course, contribute to overcoming the limitations that impede better performance by the SMEs, in such a way that they contribute to performing with better chances for their internationalization. The identified limitations to overcome, among others, are:

- Rigid links with specialized sectors.
- Lack of strategic plans and abandoning reliance on accumulated experience and intuitive decision making.
- Difficulties in accessing credit due to financial restrictions by financial entities.
- Shortage of qualified staff.
- Lack of cooperation spirit with other companies, due to business jealousy or distrust.
- Low orientation to develop innovative processes that improve the quality and level of products developed by the company.
- Systematically low use of information technologies to support administrative processes, production, promotion, and marketing via the Internet of the products and services it offers.

Given the above, a gradual increase in the level of operation is part of the process that will enable SMEs to ensure their profitability and be successful in their development process; because everything indicates that there is need for minimum thresholds in order to achieve levels of operation that are economically viable under current conditions.

Export consortiums provide the enterprises participating in them with a number of benefits including: the possibility of obtaining grants from various organizations, among which we can mention, the distribution of costs among partners, professional management, marketing of a range of products, greater negotiating power, synergies and exchange of information among the various business-partner participants and the multiplier benefit based on the favourable acceptance of products offered, thereby contributing to encourage other companies to venture those markets or others with the same products.

²⁰ Martínez Carazo, Piedad Cristina. [Export development process of the Spanish industrial SMEs participating in an export consortium. Case study](#). Thought & Leadership, Northern University, p. 52-93, 2004.

III. EXPORT CONSORTIUMS

Strengthening the internationalization capacity contributes to granting SMEs the opportunity to act together, cooperating with each other to venture into the markets. Most governments and the private sector have understood that it is an alternate and more efficient way. In this sense, the relevant public authorities, both at national and local levels, have recently led and established the development of specific programs for the promotion of such export consortiums. However, despite the efforts made, progress is evident in only a few countries with varying performance.⁽²¹⁾

Without a doubt, international organizations like the United Nations Industrial Development Organization (UNIDO) and the Latin American and Caribbean Economic System (SELA), through their respective SME programs, have dedicated considerable efforts to disseminate the concepts, strategies and methodologies for the development of productive coordination and especially of export consortiums.

1. Definitions

In the literature specialized in the subject, export consortiums are defined in different ways, but always with a main objective, which is the joint venture to access international markets.

According to Alex Rialp Criado, cited above, "Export consortiums are considered an organizational type innovation. This type of partnership is a new path, a new way of entering international markets encountered by small and medium businesses, as an alternative to the traditional way which, in some cases, is very difficult. Therefore, the business association is a flexible cooperation mechanism among enterprises, each of which, without losing its autonomy, voluntarily decides to participate in a joint effort to obtain common goals".

The participation of individual companies forming part of an export consortium strengthens their skills and understanding of the cooperation process and of the tasks, challenges and limitations to overcome in order to ensure the efficient performance of the collective effort that the action of an export consortium means.

As a result of this, responsibility increases and production becomes more efficient as well as the quality of the products or the goods and services, the staff is motivated and becomes aware of the challenges posed by international markets and also expands the business vision and strengthens the link with other entrepreneurs in these markets, and relations with other sectors, customers, suppliers, technicians, consultants, academic and government sectors, among others, both internationally and locally.

However, this type of initiative has its main difficulties in terms of human relations. Entrepreneurs are often reluctant to participate in cooperation projects with those who are their direct competitors and, in many cases, deprive individualism. In this regard, it greatly depends on the characteristics of companies, whether they are direct competitors or actually produce complementary goods; in the latter case the relationships are usually less contentious. At this point, it is important to consider the value and opportunity of the experience of participating in an export consortium, beyond the results obtained in actual material terms.

²¹ Rialp Criado, Alex; Piedad Cristina Martínez Carazo. [Export development of Notebooks of the Spanish industrial SMEs participating in an export consortium: a case](#). Management Notebooks. Universidad del País Vasco. Vol. 5. No. 2, November 2005. pp. 95-116.

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"Some authors define the export consortium in general as a permanent association of entrepreneurs, whose main objective is to group offers of domestic products or services and demands for products or services from overseas, or as any kind of association of producers who, using scarce resources from each company, form a joint foreign trade department in order to maximize revenues from their exports. Other authors define more specifically the export consortium as a traditional formula of cooperation, in which a group of companies are associated to develop a joint marketing performance by creating a new organization".⁽²²⁾

According to UNIDO, "an Export Consortium is a voluntary alliance of firms with the objective of promoting the goods and services of its members abroad and facilitating the export of these products through joint actions. Consortium members understand that such cooperation should prevail in regard to the competition, in order to gain access to key markets and the latest technology.

The Export Consortium can be considered as a formal means of strategic medium to long term cooperation among companies, which serves to provide specialized services to facilitate access to foreign markets. Most consortiums are non-profit entities. They usually provide services exclusively to companies that are members of the Consortiums. Given that the SMEs can obtain greater benefits from their participation in a Consortium, members generally have a relatively small size".⁽²³⁾

The Spanish Institute for Foreign Trade (ICEX) defines Export Consortium as follows: "It is the grouping of companies to meet the export activity, with a joint marketing strategy and similar objectives." An "Export Consortium is a group of companies that come together to create synergies and increase competitiveness, reducing risks, links and internationalization costs".

ICEX itself points out that export consortiums are groups of at least three companies that become associated with the common aim of developing joint policies for exporting their products. One of the key features of the consortium derives from its inherently entrepreneurial nature. That is to say, it is completely linked to the company, and not an external organization. The consortium emerged as an auxiliary of the company, associated with others, and defends the common interests of the partners. This confers an idiosyncrasy, linked to the eminent practical nature of its own instrument and at the company's service.

For the abovementioned reason, that is, the fact of being an instrument created by and for the company, the partners themselves determine the rules of action, as well as their respective rights, duties and contributions. The companies, in their union, often share the same distribution channel as well as common promotional events.

The Italian Federation of Export Consortiums (FEDEREXPORT), a pioneer institution in the creation of export consortiums in 1974, considers that an export consortium "represents a coordination tool for the promotion of exports and organization of export strategies. The consortium can bond all companies that aim at commercial penetration in foreign markets."

²² Errecart, Valeria. [Theoretical framework for approaching the study on export consortia](#). *Universidad Nacional de San Martín*. Series of Documents on Regional Economy. November 2013. Document No. 21.

²³ Russo, Fabio. [Export Consortia: An instrument to promote SMEs exports](#). United Nations Industrial Development Organization.

The export consortium "is an independent entity owned by a group of companies which, due to their small size or lack of knowledge or experience in international activities, do not export their products on their own. These companies become associated in order to share the costs of developing a consortium, which sometimes acts as a joint export department.

There are different types of consortiums and, usually, it is responsible not only for all formalities and logistical aspects of exporting, but also of all contacts and negotiations with customers overseas, while member companies specialize in the manufacture of the articles to be exported".⁽²⁴⁾

An export consortium, as mentioned above and mentioned by various authors and experts, is a voluntary alliance of enterprises aimed at promoting overseas the goods and services from its members and facilitating the export of these products through joint actions. It can be considered that the export consortium is a formal way for strategic cooperation among medium to long term companies that serves to provide specialized services in order to facilitate access to international markets.

By combining their knowledge, financial resources and contacts within an export consortium, SMEs can significantly improve their export potential and reduce the costs and risks involved in penetrating these international markets.⁽²⁵⁾

2. Advantages of export consortiums

Both individual SMEs forming part of an export consortium, as well as the consortium itself as a unit, have certain advantages, namely:

- The companies maintain their autonomy, without losing their judicial nature and continue to maintain their administration and management operations. In fact, they can continue trading other products individually on other markets.
- They improve their knowledge of the markets, together with the other companies forming part of the consortium; and they can also explore new markets.
- They improve their level of competitiveness and productivity and the increase of income and cost reduction.
- They obtain more information regarding the markets where they will participate and they prepare better to satisfy the demands of these markets.

Export consortiums differ with respect to the field of intervention or performance field, such as those working towards only one sector or multi sectors and others that are exclusively for companies offering complementary goods and services; and consortiums that are limited to a specific market or to various markets.

3. Creation of an export consortium

In order for a series of companies to form a consortium, it is necessary to first comply with certain conditions, such as:

²⁴ Piñero, Fernando; J. Gabriela Herrera and Fernanda Di Meglio. [Export Consortia as a strategy for international insertion. Case Study: Associative Group Agricultural Machinery Producers \(GAPMA\), Provincia de Buenos Aires, Argentina.](#) INTERAÇÕES (Campo Grande). Vol. 12, No. 1. pp. 9-18. January-June 2011.

²⁵ Russo, Fabio. [Export Consortia: an instrument to promote SMEs exports.](#) United Nations Industrial Development Organization.

- Identification and selection of the member companies.
- Acceptance of basic principles, that is; to define clear objectives of the union and establish a consensus on the extent of these.
- Identification of the target markets and selection of the products to be exported.
- Legal constitution of the consortium, that it involves the adoption of its own legal entity.
- Establishment of rules and procedures
- Preparation of an Operational and Financial Plan.

Business cooperation among SMEs enables individual companies to improve their competitiveness and to benefit from the opportunities on the International market. One of the most successful formulas of cooperation is constituted by the export consortiums, simple formulas of business association and appropriate instrument for SMEs that have sufficient production capacity and some experience in international trade, and they need a source of support to overcome the challenges arising with globalization and liberalization of markets.

In an interview given by the United Nations Industrial Development Organization (UNIDO), Fabio Russo, Senior Industrial Development Officer of this organization, gave the following opinion:

“Successful consortiums are those capable of continuously assuring the strategic alignment of their members. To align competitive strategies of independent companies means developing a shared vision of present and future activities of the consortium outlining clearly the reasons underlying the alliance and the benefits that each member can obtain on adopting the competitive strategy of the network. The possibility of developing and maintaining over time a shared vision depends on factors such as the numbers of partners, homogeneity in terms of sector, size and phase of internationalization, and the degree of complementarity and competition of their products”.⁽²⁶⁾

4. Benefits from export consortiums

An export consortium is the grouping of companies to join synergies and increase competitiveness, reducing the risks and costs of internationalization. The consortium is:

1. A strategic service centre for the internationalization of the companies
2. A tool to increase the export culture.
3. An instrument for the increase in the competitiveness of the country.

The consortium is not the unification of the companies integrating it, since they simply participate in the creation of a new organization with which they establish a trade agreement. It does not require from its members full participation or availability of their respective productions and each member maintains their individuality, but uses the services, the capacity and the infrastructure of the consortium created.

With the creation of the consortium, the members dispose of their own trade organization to sell their products overseas without having to recur to third parties; also, the consortium allows them to reduce costs, diversify their offer, increase their possibility of entry to new markets, improve

²⁶ [Interview with Fabio Russo](#). Exporter N° 151, July 2011. Spanish Institute for Foreign Trade (Instituto Español de Comercio Exterior, ICEX).

their image and importance, and increase their negotiating capacity with respect to foreign purchasers.⁽²⁷⁾

The objectives of the export consortium are:

- Present to the international market an extensive and varied offer of products/services that are adjusted to the demands of the foreign buyer with respect to quality, quantity, delivery period, price, etc.
- Reduce the costs of introduction, promotion and trade of the products/services on the international market, by means of distributing these costs among the participants of the exporting group.
- Increase the negotiating capacity, for the purchase of raw materials and domestic or imported goods as well as for the necessary financing and the sale of the products/services, achieving in this manner improved trade conditions.
- Allow the creation of special services to the members of the group, whose investment would be too burdensome for one isolated exporter, such as quality control laboratories, financing of production or purchase of raw materials, participation in international fairs and business meetings, printing leaflets and catalogues, organization of trade missions, etc.
- Study complementary lines of joint trade and look into the possibility of incorporating new products/services for exclusive development for specific markets (manufacture only for export).

SMEs are often faced with difficulties and limitations that hinder their possibilities of exporting. Among the most significant are:

- Dependence on few suppliers.
- Shortage of qualified personnel on matters of foreign trade
- Absence of information on the markets.
- Lack of capital for investment in improvement of quality, production processes, promotion of entry into the markets, training, etc.
- Lack of contractual power with the suppliers, clients, banks and government entities.
- Lack of volumes of production to gain the interest of large buyers.
- Lack of an own brand.

The Spanish Institute for Foreign Trade (ICEX Spanish acronym) in its rules on export consortium makes the following observations:

Small and Medium companies constitute to one of the main objectives of the supporting instruments for export. In order to encourage and enable this internationalization, the ICEX have designed programs to support the SMEs among which is the Program for Export Consortiums.

The Spanish Institute for Foreign Trade (ICEX) in its rules on export consortium makes the following observations:

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²⁷ Wiñazky, Marcelo. What is the purpose of an Export Consortium? Centro de Estudios para el Desarrollo Exportador (CEDEX). News bulletins. University of Palermo, Argentina. Year 1, No. 8. 27 December 2006.

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The objective of this programme is, on the one hand, support the grouping together of small and medium companies, with a joint trade strategy and some similar objectives to confront the exporting activity (consortiums constituted in Spain), and on the other, enable the presence with trade establishment grouped by Spanish SMEs in foreign countries, providing that they have a same strategy of trade and promotion, and that they are aimed at the same distribution channels, in order to approach a concrete market in a more direct manner and with permanent character (consortiums in destination, constituted in foreign countries).⁽²⁸⁾

With respect to the advantages that come along with an export consortium, they include:

- Distribution of expenses among the different partners is one of the main advantages of the export consortium.
- A range of different products can be offered. In this way, the companies that operate opening their doors to international markets through consortiums with other companies are usually organizations that are related to each other because they produce products whose complementarity makes joint development of promotional actions compatible.
- The joining of various companies puts them in a superior position, since it gives them greater strength when negotiating with agents, distributors, importers and clients.
- Another advantage is the obtaining of important aid from public administrations, autonomous as well as state level.

IV. SUCCESSFUL CASES OF EXPORT CONSORTIUMS

This chapter highlights only some cases of these efforts, in the understanding that there is very detailed literature, which we cannot include totally in this document. There are several successful cases of export consortium in different sectors, some of which have been analysed and studied academically and others as a documental. Most Latin American countries have had their own experiences and lessons, the results of which reflect significant accumulated experience, sometimes successful and other times with obstacles, that have been corrected.

Below are some cases, from which experiences have been gathered. Our perception is that many export consortium projects face sustainability problems, not only financial, but also human relations and conflict of interests among members of the consortiums, and also due to changes in government policies resulting in the discontinuity of these efforts.

1. Argentina

Export consortiums as a strategy for international insertion. Case Study: Associative Group of Agricultural Machinery Producers (Grupo Asociativo de Productores de Maquinaria Agrícola, GAPMA)

In Argentina, 89% of the agriculture machinery sector and its elements are concentrated in three provinces: Santa Fe, Cordoba and Buenos Aires. There are 720 companies that directly employ approximately 40.000 persons, of which 80% corresponds to qualified labour, which shows the incorporated aggregated value to the production of this sector.

²⁸ [Instituto Español de Comercio Exterior \(ICEX\)](#). (Spanish Institute of Foreign Trade).

GAPMA was created during the middle of 2003. From its initiation, it brought together small and medium companies that had already gained recognition in the domestic market for the quality of their products and had huge exporting potential. The initiative emerged from a group of companies that saw an opportunity of growth for their companies by association. The official announcement was made by the Ministry of Agricultural and Production Affairs of the Province of Buenos Aires, prior to a pre-classification and selection process of the companies that were finally chosen.

Likewise, its success is reflected in its majority participation in exports by the sector at the provincial and domestic level, compared with the rest of the companies comprising the consortium, based on the disposition to the cooperation and the exchange of information, knowledge and experiences, for which they permanently continue promoting their products on the foreign markets.

Working together and greater knowledge among the businessmen, result in the strengthening of the bonds between the members and the consolidation of the consortium as an associative group, with successful results. Also, the group stands out for their long term vision, the idea of expanding their objectives with respect to the opportunities that are presented, is evidence of this.

One of the companies participating in the consortium is Martinez y Stanect, which is a medium company located in the Industrial Park in the city of Tandil, Province of Buenos Aires. They began operations in 1982 with the sale of machineries, tools and agricultural parts. Currently they develop the manufacturing and construction of agricultural tools and accessories, and are leaders domestically in the sector. Particularly, the company is outstanding in the development of systems for humid split grains (grains destined to animal nutrition) and systems for storage of dry grains, products that were incorporated into the market in 1993 and 1997 respectively.

The company has 36 employees and generate greater possibilities of indirect employment. The company is characterized by their constant concern in improving and attempting to adapt to the needs of the markets, and thus innovation plays a fundamental role for the company.

Regarding the company Martinez y Stanect, the enterprising character of the company is observed, their commitment to quality, their interest in innovation and their attempt to adapt to the different markets where their products are placed. In matters on foreign trade, it must be noted that from their first experience, they have been increasing the volumes of their exports and diversifying the destinations.

With respect to GAMPA's achievements, it is important to point out that from the beginning of the consortium to date, there has been an increase of 120% in the sales directed to the foreign market. However, from within the company, particular emphasis is placed on the opportunity offered by the experience of the consortium in cooperating, not only in the area of foreign trade, but also in all other areas that are convenient. Principally, the importance of being able to share different experiences as well as the information and knowledge acquired by each company throughout their evolutionary journey is significant.⁽²⁹⁾

²⁹ Piñero, Fernando; J. Gabriela Herrera and Fernanda Di Meglio. [Export Consortiums as strategy for international insertion. Case Study: Grupo Asociativo de Productores de Maquinaria Agrícola \(GAPMA\), Province of Buenos Aires, Argentina.](#) INTERAÇÕES (Campo Grande). Vol. 12, No. 1. pp. 9-18. January - June 2011.

2. Chile

Consortium Vino Vinnova S.A. and Tecnovid S.A.

Rosas Opazo evaluated the consortium comprised of Vino Vinnova S.A. and Tecnovid S.A. Specifically, the consortium is created as a successful public-private alliance that has been able to meet its objectives, incorporating knowledge and innovation in order to strengthen the productive and exporting development in the wine industry, bringing about in this way greater competitiveness.

The main objective of this Case Study is centered on establishing if, under the perception of the relevant parties of the consortium, this has been a contribution to the Chilean exporting development in the wine industry. In specific terms, it seeks to describe, analyse and evaluate the Wine Consortiums with regard to their constitution as a public-private alliance.

The mission established by the Consortium is to achieve a fusion between the business and the academic world in order to develop the innovation of the industry and wherein the requirements of the investigation and developments are established by the companies themselves and executed by investigation teams from universities that coordinate with the businessman throughout the process and where the benefit of the results reached is shared by both (CDV, s.f.). According to this, the final mission of the Consortium is to "be converted, in time, into a feasible company and entity of permanent innovation in the wine industry". (CDV, s.f.).

With respect to its objectives, it seeks "to develop research programmes aimed at strengthening the quality, productivity, distinction between wines and sustainable production, developing alternatives for innovative production, economically feasible, with high impact on the competitiveness in the Chilean wine industry".

The wine consortium is comprised of 73 wineries. The Case Study was made on the basis of a questionnaire that investigated, fundamentally, the compliance of objectives, operation, the future and impact of the alliance, putting together in this manner the analytical framework that allowed correct evaluation of the Consortium.

General conclusions place the alliance in a Working Zone. Very few variables were positioned in the Progressive Zone, indicating its good functioning.⁽³⁰⁾

The benefits from public-private alliances have the capacity, the nature and the consequence to transform themselves into a synergic effect, since as a group they are superior to the individual effects of the parties, because the relation triggers retro alimentation processes, generation of trust, positive foreign views and other effects, which under proper guidance, with well-defined roles and boundaries, the parties can among themselves benefit positively not only from the project itself, but also for the development of the country. And this implies acting, but also reacting.

3. Costa Rica

The Programme on Export Consortiums was started at the end of 2012 with resources from international cooperation and applying the methodology of the UNIDO.⁽³¹⁾

³⁰ [Analysis of a Chilean public-private: The case of consortiums ofl Vino Vinnova S.A. y Tecnovid S.A.](#) Patricio Rosas Opazo. Thesis for opting for Masters in International Strategy and Trade Policy. Santiago, University of Chile, 2012. p. 54.

The initiative was aimed at creating the partnership and improving export potentials. Additionally, it also sought to develop capacity, installed through a platform of local technical assistance for the promotion and development of consortiums in various sectors, as well as promoting a public-private institutional environment favourable for the development of consortiums.

With that objective in mind, consortiums were created in three regions of Costa Rica: Brunca, Huetar Norte and Huetar Caribe.

In the Brunca region, three export consortiums were initiated in September 2012: Agroindustry, tourism and fresh products. Fourteen companies and five productions associations participated, for a total of 405 companies.

In the Huetar Caribe region two consortiums were created: the Caribbean Art Consortium, comprised of handicrafts and whose market was aimed at local and international tourists, with average monthly sales of US\$ 200 per enterprise participating in the consortium. The other consortium in that region is "Caribbean Things", which includes 15 companies aimed at theatrical arts, gastronomy, handmade crafts, tourism and transport, with average monthly sales reaching were US\$ 200 per participating enterprise.

In the Huetar Norte region, two consortiums were established. The first one is the Huetar Industrial Consortium, where three companies participated from the metal mechanic, maintenance and industrial equipment sector, offering the services of assessment, technical support, feasibility study, financing, construction, start up and collocation. The client-consortium interaction begins with onsite tours.

The second consortium in the Huetar Norte region is the *Delicia Artesanal* Consortium, where 7 companies and one cooperative of producers participated. There is a trade representative and sales are estimated at US\$ 5,000 per month. The consortium operates in a well-structured manner, and has redefined the business. Additionally, the creation of a marketing company in the region has been proposed.

4. Mexico

The National Entrepreneurs Institute (INADEM) considers that the main objective of export consortiums is to encourage the strengthening of the internationalization competitiveness of SMEs in strategic sectors, and to stimulate international competitiveness.⁽³²⁾

In Mexico, 30 consortiums have been created in the states of Jalisco, the Federal District and Zacatecas. The various sectors involved are auto parts, fashion, shoes, tequila, graphic arts, ICTs, veterinary care and 3D animation, among others.

A typical case is the Cotija Cheese, which is a non-pasteurized cow milk cheese, produced ancestrally for more than 400 years, related to the traditional social economic farming system.

³¹ López, Laura. [Strategy of Productive Articulation](#). Ministry of Economy and Trade and Industry (MEIC) of Costa Rica. Seminary of Productive Articulation in Latin America. Export Consortiums. México City, 25 and 26 September 2014.

³² Ornelas, Ivan. [Export Consortium: Case Mexico](#). National Entrepreneurs Institute (INADEM). Seminary on Productive Articulation in Latin America. Export Consortiums. Mexico City, 25 and 26 September 2014.

It is produced in the Jalmich Sierra, very hilly with difficult mechanization and has been competing with prices of industrial imitations. In view of the economic conditions of the region, a rural exodus was occurring, and barely some 200 family farms remained.

In order to resolve this situation, a proposal was made to register the geographical location so as to protect the cultural and social-economic legacy, as well as to increase the income of the farmers.

"The artisan Cotija cheese is the only Mexican cheese with a collective brand identified by a geographic location called '*Cotija Region de Origen*'. Over the years the product has acquired prestige, and because of this, it has been necessary to differentiate it from the others, in order not to mislead or deceive the consumer and also to avoid disloyal competition faced in the market. This occurs because there are products that take the same name, but are manufactured with raw materials and processed differently from the traditional product made in the region of origin.

Production now reaches an average of 350 tons per year. These figures indicate that this activity is important for the economy in the region. Its production must be encouraged, despite the social and economic problems faced in this region of the country, since it has been evidenced that its chemical, nutritional and sensorial properties can be very attractive for domestic and foreign trade. The process followed currently in making the product must be maintained, particularly the use of *Cebuino* cattle fed by free pasture. Added to this, it must be emphasized that it is necessary to obtain the best chemical and microbiological quality milk, as well as to implement good hygienic practices in the processing, handling and storing of the pieces".⁽³³⁾

The results obtained were extraordinary, since the price of the Cotija Cheese was increased by 50%. In 2008, a maturing cellar for the cheese was installed, and in 2009 the Official Mexican Norm for artesian mature Cotija Cheese was adopted.

5. Peru

A model of Export Consortium for the Selected Fishing Subsector of Peru

This study intends to determine the feasibility and convenience in creating export consortiums within the Peruvian fishing sector for direct human consumption and, if feasible, to propose a model of export consortium that would take advantage of the benefits of the association for its internationalization, which leads to the enabling and developing of the Peruvian fishing export sector. For the model proposed, an implementation process will be designed, including selection of companies, creating the export consortium and tutorial-monitoring of the export consortium.

The study defines export consortiums as a voluntary alliance of companies, with the purpose of increasing and enabling their exports, maintaining each their own independence and autonomy, and the same study also indicates some advantages of export consortiums, among which the following are mentioned:

- Increase in the exportable offer of a product.

³³ Quirasco Baruch, Marycarmen. Mature artesian Cotija cheese, a traditional Mexican nutritional product. Autonomous National University of Mexico. Hablemos Claro.

³⁴ Yamashita Shimokawa, Carlos. [Consultation service for Export Consortium Model for the selected Peruvian Fishing Subsector: Investigation on feasibility of Export Consortiums in the Fishing industry](#). Consultation Order: Service No. Os13100321. Subdivision of Trade Promotion. Department of Fishing Products.

- The higher exportable offer can make the consortium more attractive to the foreign importer since they would not have to negotiate with several companies to cover their needs.
- On creating an export consortium among companies that export complementary products, the consortium offers a wider range of products.
- Greater negotiating power with other parties in the sector.
- The cooperating entities tend to provide more support to a group of companies forming part of an export consortium.
- The meetings between the businessmen of the consortiums enable them to identify common problems and establish a set of strategies to resolve them.
- Allows for investigation and finding new market opportunities.
- The costs of investigation of the market of the consortiums are divided among the companies of the export consortium.
- Reduces costs and international promotional efforts.
- On having more negotiating power as a consortium, they can obtain better prices and/or conditions and therefore implement more aggressive trading strategies.
- The exchange of communication among the members of the consortium enables the generation of ideas and therefore permits the establishment of more aggressive strategies and in this way control over the supply of raw material.

Export consortiums must be directed toward the market. From the analysis of the exports of the sector, it was observed that there are several new markets or few that are attended, to which the consortiums could focus their efforts, which would lead to expansion in the international markets, reduce the competition among exporters in the traditional markets and achieve better prices and/or conditions. That is, apply the strategy of *Océano Azul*. The advantage of selecting these markets is to avoid conflicts with the current markets of the companies, bearing in mind the great rivalry existing among the companies of the sector. Subsequently, the members of the consortium can agree to cooperate in their current markets.

CONCLUSIONS

Export consortiums contribute to increasing competitiveness of Small and Medium-sized Enterprises, through entrepreneurial cooperation and complementarity.

In terms of exports, it is necessary to know the extent and depth level, and adjust the level of international development of the benefitting companies.

Correct identification of the objectives, results and products of the project will avoid the emergence of false expectations regarding the project's scope, which is important when it comes down to actually executing the project in a coordinated manner with the different parties.

Continuous and timely dissemination of information about the project ensures that the beneficiaries resort to it, since that information might represent a guarantee of the demand for the services offered by the project. Continuity of the services and their potential sustainability must be analysed from the beginning of the project, in order to work progressively toward such objectives during the entire period of the operation, increasing the possibilities of achieving sustainability beyond the finalization of financial support that is offered.

At a more general level, the challenge consists in transforming the evaluation tools into execution tools of the project, which depends on the training of professionals and the increase in awareness of all parties participating in the project.⁽³⁴⁾

In order to guarantee success in the establishment and start up of the export consortium, it is convenient to take the following measures:

- Identify the persons or group that will carry out the idea of establishing the consortium and define beforehand the conditions for the start up, including sectors and products or services and outline briefly the development and operational plan of the consortium.
- Establish the norms and agreements between the members of the consortium, outlining responsibilities and conditions of participation.
- Implement all phases of the development of the consortium, this first phase corresponding to the identification of the capacities, advantages and limitations of the consortium as a unit, and also of each participant of the SMEs, with respect to the market that is being targeted; following, as a second phase, resolve the limitations identified and finally begin entry into the selected market.
- Involve various public and private entities, to achieve technical assistance, financing and other services to strengthen the institutionalism of the consortium and in this way obtain the support of a set of advisors and support of the activities of the consortium.

In Latin America and the Caribbean there are common cultural factors making it difficult to advance in the establishment of associative efforts for the creation and strengthening of the consortiums, because of the marked individualism and mutual mistrust of the businessmen, and thus it is necessary to undertake sensitizing efforts for the acceptance of joint work through partnerships.

³⁴ Eguíluz Zamora, Alejandra. Reflections on the Business Development Projects for Exports. Learning and Challenges. Inter-American Development Bank, Washington DC. May 2011.

The State must promote corporate coordination under successful associative models, cooperative types, export consortium and export networks, as viable alternatives in achieving internationalization of the SME sector, bearing in mind that the associative processes contribute to improvement with respect to the volumes of scale, negotiating power, establishment of new technologies, innovation, access to markets and financing, among others.

To achieve sustained economic growth, we must find new engines for growth that allow us to integrate into the global value chains in the sectors with greater opportunities to generate aggregated value and with focus on market.

Greater communication has to be promoted in order to increase the bonds between urban SMEs and cooperatives in rural areas so as to establish alliances between the two sectors through the creation of consortiums.

RECOMMENDATIONS

It must be noted that in Latin America, the territories are characterized for being highly diverse. This forces to outline public policies differentiated by regions and by sectors. Likewise, emphasis must be made on the need to strengthen the consortiums and clusters that have been created in those territories.

The inclusion of SME business associations in the designing and implementation is necessary and indispensable in outlining the public policies and instruments to implement them, with the purpose of promoting the development of various partnership mechanisms.

The State must promote corporate coordination under successful partnership models, such as cooperatives, export consortiums and export networks, which are viable alternatives to achieve internationalization of the SMEs sector, taking into account that partnership processes contribute to improving scale volumes, negotiating power, implementation of new technologies, innovation, and access to markets and financing, among others.

In order to achieve sustained economic growth, we must find new engines for growth that enable us to integrate ourselves into the global value chains, within the areas with greater opportunity to generate aggregated value and with a focus on the markets.

Improving communications in order to increase links: SMEs (in urban areas) and cooperatives (in rural areas) should establish alliances through the creation of consortiums.

A recommendation is made to implement business and marketing intelligence strategies, in such a way that the cooperatives and export consortiums contribute to improving competitiveness of SMEs, through corporate coordination and complementarity.

It is also necessary to promote the products from vulnerable areas so as to encourage economic, financial and social inclusion of micro producers and SMEs in those vulnerable regions.

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