

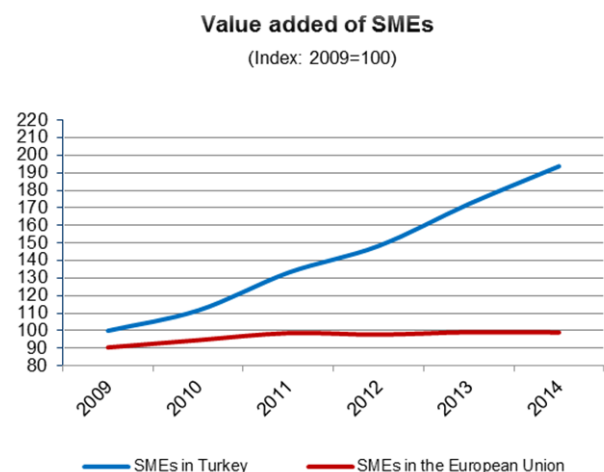
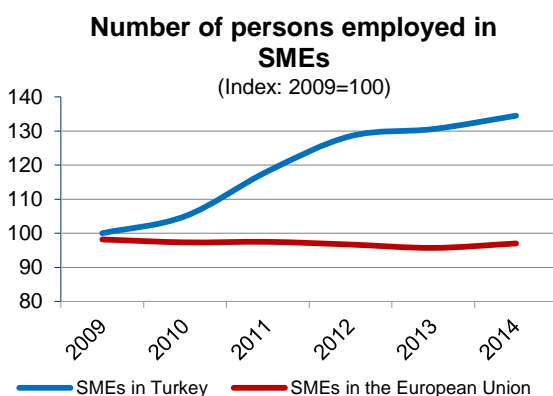


### Key points

**Past & future SME performance**<sup>1</sup>: Since the height of the financial crisis in 2009, when Turkish GDP contracted by 4.7 %, SMEs have fully participated in the upswing of the Turkish economy. They account for more than half of total value added (53 %) and nearly three in four jobs (73 %) in the non-financial business economy. During 2010-2014, their value added grew by 73 %, their employment by 28 % and their number by 15 %. New business registrations in 2016 decreased by 7 % compared to 2015, continuing the trend from the year before. De-registrations dropped by 2 % in 2016, following the trend of falling de-registrations which started in 2012.

**Implementing the Small Business Act for Europe (SBA)**: Turkey's performance is above the EU average on entrepreneurship and comparable to the EU average for skills & innovation, environment, 'responsive administration' and internationalisation. However, on access to finance and 'second chance', Turkey lags behind the EU. Compared to last year, Turkey's SBA performance profile has improved on entrepreneurship, 'responsive administration' and skills & innovation. For 'second chance' it deteriorated, but remained relatively stable in all other areas. The long-term observation since 2008 shows an overall stagnating performance. The most significant measures that were adopted during the reference period are the adoption of the Law on movable collateral enabling SMEs to use movable assets as collateral for bank loans and the adoption of the new Law on industrial property, ensuring better protection of trademarks, geographical indications, designs and patents.

**SME policy priorities**: Although restarters usually grow faster than newly established companies and show higher economic viability, the conditions to give entrepreneurs a second chance are not in place in Turkey. The time to resolve insolvency should be brought down and automatic discharge should be promoted for honest entrepreneurs after liquidation. Access to finance is another challenge for many SMEs. Here Turkey should improve its legislation on late payments and ensure enforcement. The low capacity of Turkish SMEs to adopt innovative means of production and related organisational measures hinders the commercialisation of R&D. Turkey should therefore consider financial and legislative initiatives to support the capacity of SMEs to implement innovative production processes.



### About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs.

## Table of contents

Key points.....	1
1. SMEs — basic figures.....	2
2. SBA profile.....	3
3. SBA principles.....	5
3.0 'Think Small First'.....	5
3.1 Entrepreneurship.....	6
3.2 'Second chance'.....	7
3.3 'Responsive administration'.....	8
3.4 State aid & public procurement.....	9
3.5 Access to finance.....	9
3.6 Single market.....	10
3.7 Skills & innovation.....	11
3.8 Environment.....	12
3.9 Internationalisation.....	13

## 1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	Turkey		EU	Turkey		EU	Turkey		EU
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	2 587 406	96.6 %	93.0 %	5 522 510	40.7 %	29.8 %	90 681	17.5 %	20.9 %
Small	58 926	2.2 %	5.8 %	1 813 020	13.4 %	20.0 %	68 366	13.2 %	17.8 %
Medium-sized	26 126	1.0 %	0.9 %	2 625 005	19.4 %	16.7 %	118 563	22.8 %	18.2 %
<b>SMEs</b>	<b>2 672 458</b>	<b>99.8 %</b>	<b>99.8 %</b>	<b>9 960 535</b>	<b>73.5 %</b>	<b>66.6 %</b>	<b>277 610</b>	<b>53.5 %</b>	<b>56.8 %</b>
Large	4 858	0.2 %	0.2 %	3 598 549	26.5 %	33.4 %	241 579	46.5 %	43.2 %
<b>Total</b>	<b>2 677 316</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>13 559 084</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>519 189</b>	<b>100.0 %</b>	<b>100.0 %</b>

For Turkey, these are estimates for 2014 from the Turkish Statistical Institute. For the EU, the data are from 2016 produced by DIW Econ, based on 2008-14 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. **The value added of Turkey's SMEs in 2017 shows a substantial increase compared to 2016. This may partially be caused by the revision of the national accounts methodology by Turkey, aligning itself with ESA 2010 standard (European System of Accounts).**

Similar to the situation in the EU, Turkish SMEs play an important role in the non-financial business economy, where they provide nearly three in four jobs and account for more than half of total value added. Most SMEs (some 39 %) operate in the *wholesale and retail trade sector*, accounting for more than one fourth of SME employment and SME value added. *Manufacturing* is even more important in terms of value added, taking up 30 % of total value added, but with fewer companies (around 12 % of the total number). These shares for wholesale & retail and manufacturing are 5 to 10 pps higher than the EU averages, confirming that Turkish SMEs are more concentrated in these two sectors than is typical for the EU.

Since 2009, SMEs have benefited fully from the upswing of the economy. From 2010 to 2014, their total value added and

employment grew by around 73 % and 28 % respectively, even though the number of SMEs only increased by 15 %.

The *accommodation and food service* sector was among the sectors with strong growth between 2010 and 2014. Employment rose by around 34 %, with an even bigger increase in value added of 77 %. However, 2016 (figures on employment and value added not yet available) saw a drop in tourism revenue of around 30 % compared to 2015 in response to geopolitical tensions, terrorist attacks and the state of emergency following the attempted coup.

Internal demand is the main driver of Turkey's economic performance. The *wholesale and retail trade* plays a key role in this, with value added having risen by 72 % between 2010 and

2014 and the number of people employed by 17 %. This growth is, however, largely generated by large companies. Indicative in this respect is the weak performance of SMEs in selling products online. In 2016, only 2 % of SMEs in Turkey sold products online, against an EU average of 17 %. It will therefore be essential for SMEs to adopt new e-commerce strategies and to keep up with more sophisticated demand.

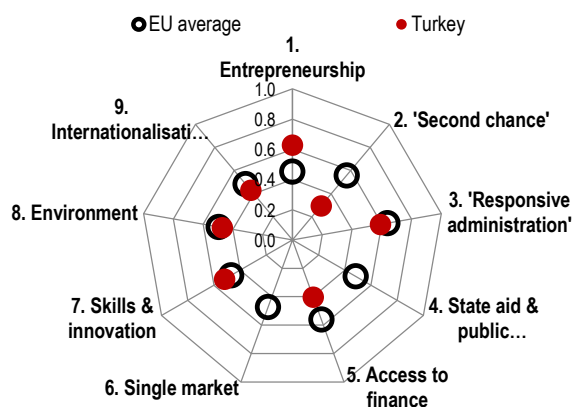
Construction was another booming sector between 2010 and 2014. It grew by 74 % in terms of value added and by 80 % in terms of employment. SMEs fully participated in the growth, with respective increases of 89 % and 81 %.

New business registrations in 2016 totalled 106 452, a decrease of 7 % compared to 2015 and continuing the trend from the

year before. De-registrations dropped by 2 % 45 903 in 2016, following the trend of falling de-registrations which started in 2012.

The value of the assets of companies seized during the ongoing state of emergency and transferred to the Savings Deposit Insurance Fund (TMSF) had reached EUR 10.3 billion at the end of 2016. In this context, a total of 965 companies were seized. SMEs are directly and indirectly affected: the latter is the case when they are suppliers or clients of the seized companies. The uncertainty over their contractual relationship with the seized companies in turn limits their access to finance.

## 2. SBA profile<sup>2</sup>



Turkey's performance is above the EU average on entrepreneurship and comparable to the EU average for skills & innovation and environment, 'responsive administration' and internationalisation. By contrast, on access to finance and 'second chance', Turkey lags behind the EU. Compared to the previous year, Turkey's SBA performance profile improved for entrepreneurship, 'responsive administration' and skills & innovation, while it deteriorated on 'second chance' and remained relatively stable in all other areas. The long-term observation since 2008 shows an overall stagnating performance. Some data are lacking (state aid & public

procurement) or stem from previous years. Overall, results therefore need to be interpreted with caution.

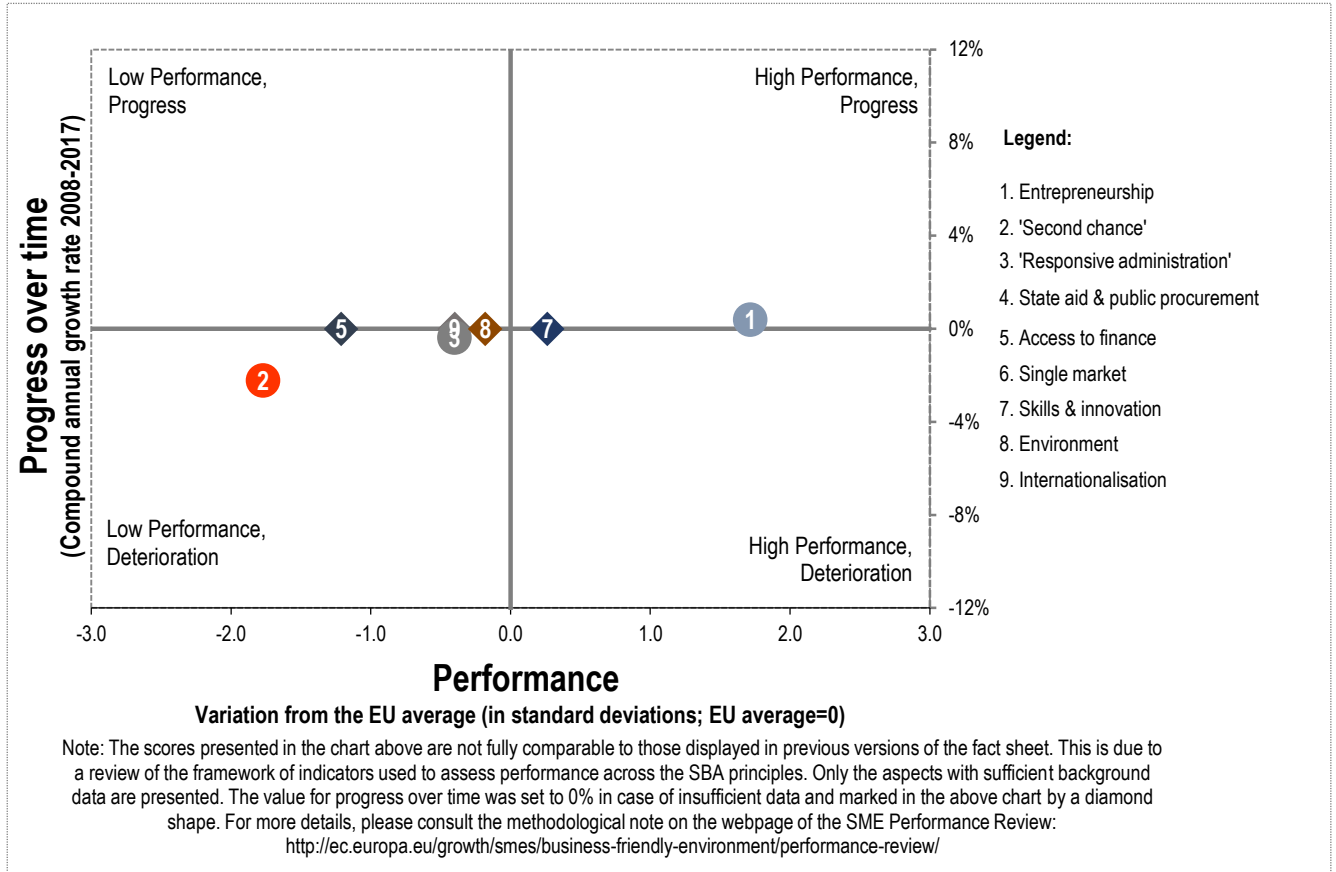
Entrepreneurship and access to finance were the main focus of policy measures so far. Measures to promote giving entrepreneurs a 'second chance' should be adopted and administrative and regulatory burdens on companies should be reduced.

In 2016 and the first quarter of 2017 which is the reference period for policy measures in this year's fact sheet, Turkey addressed 6 out of the 10 policy areas under the Small Business Act. The main focus was on access to finance, skills & innovation and internationalisation. The most significant measures that were adopted during the reference period were:

- the adoption of the Law on movable collateral, enabling SMEs to use movable assets as collateral for bank loans;
- the adoption of the new Law on industrial property, ensuring better protection of trademarks, geographical indications, designs and patents.

Areas where Turkey scores significantly below the EU average are 'second chance' and access to finance. While Turkey is addressing the latter through several initiatives, the issue of 'second chance' has been somewhat neglected in recent years. Improvements are especially needed on the strength of the insolvency framework and the time to resolve insolvency.

## SBA performance of Turkey: state of play and development from 2008 to 2017<sup>3</sup>



## 3. SBA principles<sup>4</sup>

### 3.0 'Think Small First'

The 'Think Small First' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

SME stakeholders are consulted through working committees and online and offline mechanisms during the preparation of relevant legislation. However, a systematic regulatory impact assessment and 'SME tests' (tests of the impact of new legislation on SMEs) are lacking.

The 2015-2018 SME strategy and action plan prepared by all SME stakeholders under the coordination of KOSGEB (the Small and Medium Enterprises Development Organisation) includes actions in five strategic areas related to SBA policies favouring SMEs:

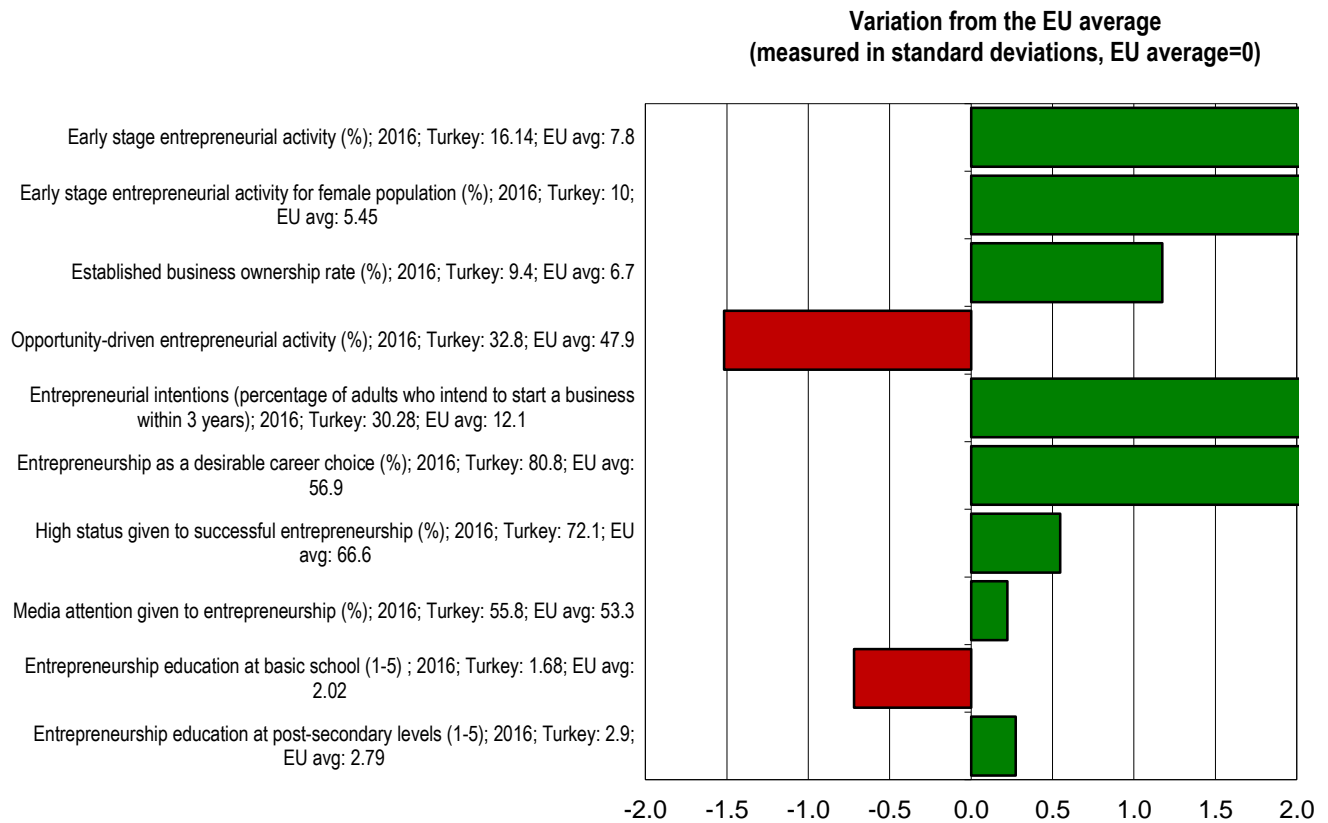
- improving SMEs' competitiveness and ensuring their growth;

- boosting SMEs' internationalisation by improving their export capacity;
- taking into consideration SMEs' needs when improving business and investment environment;
- improving SMEs' R&D and innovation capacity (including action on e-commerce);
- facilitating SMEs' access to finance.

Priority policy actions in the 'Think Small First' principle should be:

- the systematic implementation of regulatory impact assessments;
- the introduction of an SME test;
- measures to minimise administrative costs and burdens related to the implementation of laws and regulations.

### 3.1 Entrepreneurship



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

Entrepreneurship is Turkey's strongest SBA area. The country scores better than the EU average on most indicators. This is especially true for early-stage entrepreneurial activity (including for women), entrepreneurial intentions and entrepreneurship as a desirable career choice. Opportunity-driven entrepreneurial activity and entrepreneurship education at schools lag behind the EU average. Overall, Turkey's performance in this area has improved since 2013.

On the policy side, the government has paid significant attention to this area. Many measures have been implemented over the last few years, such as the introduction of new funding mechanisms, programmes to help the unemployed and women entrepreneurs, and mentoring. University curricula have been changed to include entrepreneurship training.

In the reference period, two important initiatives were started to further stimulate entrepreneurship. The first was the adoption in August 2016 of a new omnibus law amending other laws improving the investment environment and entrepreneurship in general. The aim is to reduce bureaucratic barriers, transaction costs and burdensome procedures. The reform package introduces a raft of measures on:

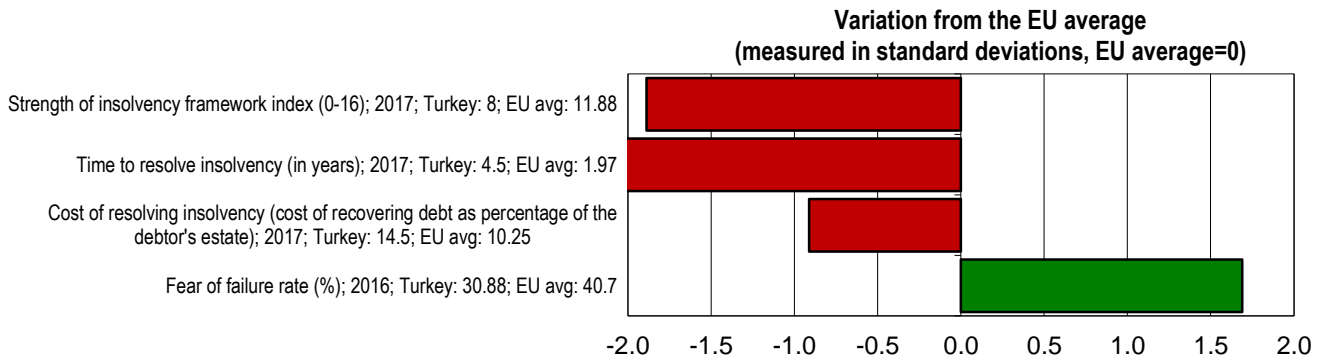
- postponement of bankruptcy decisions;
- special service passports for exporters with a high export volume;
- exemptions and rebates on taxes applied to foreign exchange-earning businesses;
- simplification of tax and social security premium payments;
- reduction in stamp duties and transaction costs for various categories of official transactions;
- postponement of social security premium payments under certain *force majeure* conditions;
- bank cheques and bank guarantee letters.

The second initiative concerns the start of the implementation of a regional support programme in January 2017 for 'centres of attraction'. This initiative was published in the Official Gazette on 11 January 2017. The support programme covers new investments in the manufacturing sector and in call centres and data collection centres, including manufacturing investments that could not be completed due to lack of working capital. The investment projects in provinces selected as centres of attraction can receive various types of support ranging from consultancy to financing, and from construction to support extended for fibre

communication infrastructure. A total of 23 provinces have been identified as centres for attraction, all of them in the east and

southeast of the country.

### 3.2 'Second chance'



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

'Second chance' refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Turkey scores below the EU average in this area, except for the fear of failure indicator, which reflects an optimistic business mentality. Compared to last year, Turkey's individual performance indicators have stayed the same.

Resolving bankrupt businesses takes a long time in Turkey. Insolvency procedures take on average 4.5 years and the recovery rate fell further to the low level of 18.7 %. Closing a business is lengthy and costly in Turkey, complicating a restart for honest entrepreneurs.

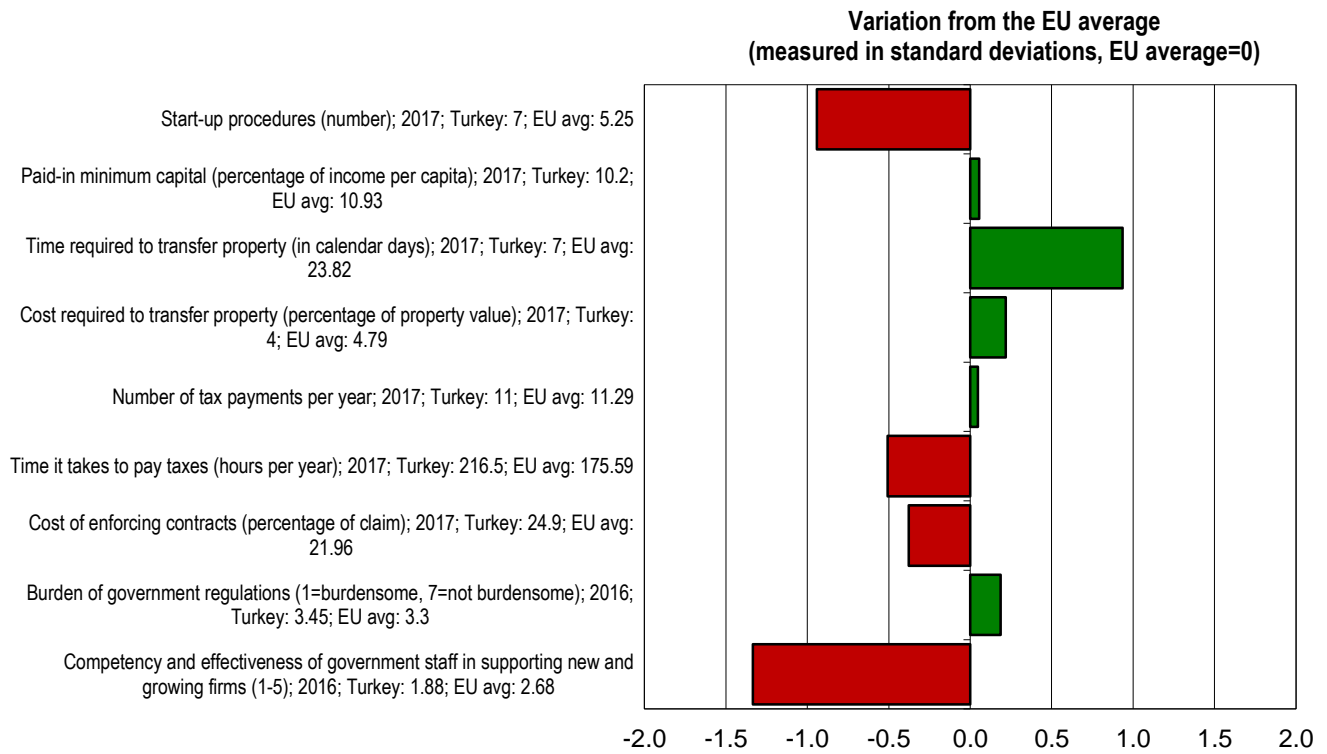
No significant measures have been adopted in the reference period. Turkey has no comprehensive early-warning system to prevent bankruptcies. However, there is a system to assign credit risk to companies, and procedures exist to oblige enterprises

identified as insolvent to convene a general board meeting and formulate proposals for remedial action.

Further gaps were noted in:

- the time it takes to resolve insolvency;
- automatic discharge for honest entrepreneurs after liquidation;
- fast-track and specific procedures for SMEs;
- helpdesk mechanisms to prevent bankruptcies, particularly through coaching of entrepreneurs.

### 3.3 'Responsive administration'



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

'Responsive administration' refers to public administration being responsive to the needs of SMEs. In this area, Turkey performs in line with the EU average. Its score is dragged down mainly by low scores on start-up procedures and competency and effectiveness of government staff in supporting new and growing firms. Most of the indicators remain unchanged compared to last year.

An important policy reform since 2008 was the introduction of the Ministry of Customs and Trade's central registry recording system. This serves as a one-stop shop for electronic company registration, amendments and company liquidation. Another relevant reform concerns the e-government online service website ([www.turkiye.gov.tr](http://www.turkiye.gov.tr)), which eases the administrative burden for businesses.

A significant gap in this area concerns the lack of a one-stop shop where SMEs can perform all administrative requirements. Furthermore, sufficient connections do not exist between databases of different public administrations so that companies can provide information only once.

During the reference period, regulations were adopted to make it easier to set up a company and to reduce costs. Starting

entrepreneurs do not have to go to a notary anymore to sign articles of association. They can send the company's notice of establishment to the relevant tax office electronically. Certain establishment fees have also been abolished.

In addition, the government adopted an e-government strategy and action plan (July 2016). The strategy covers the years between 2016 and 2019 and aims to provide more efficient e-government services to both companies and citizens. In May 2017, a transition to a paperless bureaucracy was started for the industrial registry system. Documentation submitted in hardcopy will be largely eliminated and accepted only in *force majeure* cases.

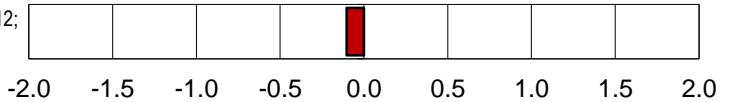
Similar to other public bodies in Turkey, the administrative capacity of public organisations in the area of enterprise and industrial policy was affected by the dismissal/suspension of staff on the basis of alleged links with forces behind the attempted coup of July 2016. This has affected KOSGEB, TUBITAK (the Scientific and Technological Research Council of Turkey) and the Ministry of Science, Industry and Technology.



### 3.4 State aid & public procurement

Variation from the EU average  
(measured in standard deviations, EU average=0)

Average delay in payments from public authorities (in days); 2014; Turkey: 12;  
EU avg: 10.73



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

As there is no sufficient data available for Turkey in this domain, no general conclusions can be drawn on its performance.

Since 2008, only a few measures have been introduced. Regulations on public procurement favour domestic production of all medium and high technology industrial goods over imports. This is not in line with EU rules.

The most notable policy measure so far is the ‘Electronic Public Procurement Platform’ (ekap.kik.gov.tr). The platform ensures

access to relevant information and improves the quality and understanding of the information provided by government.

Turkey’s 2017-2019 economic reform programme (adopted in January 2017) mentions the government’s intention to make legislative arrangements to facilitate and increase the participation of SMEs in public procurement. No further details have, however, been provided.

### 3.5 Access to finance

Variation from the EU average  
(measured in standard deviations, EU average=0)

Strength of legal rights index (0-12); 2017; Turkey: 3; EU avg: 5.75

Total amount of time it takes to get paid (days); 2014; Turkey: 81; EU avg: 37.08

Bad debt loss (percentage of total turnover); 2014; Turkey: 6; EU avg: 2.32

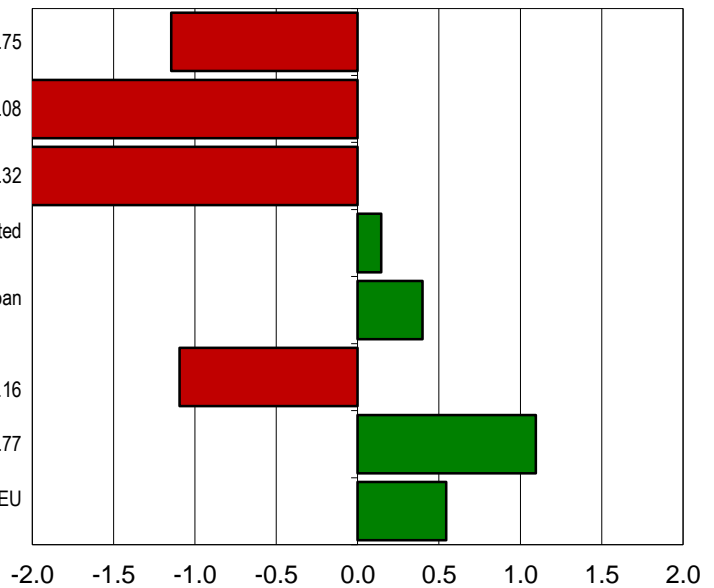
Willingness of banks to provide a loan (percentage of respondents that indicated a deterioration); 2016; Turkey: 11.13; EU avg: 11.96

Rejected loan applications and unacceptable loan offers (percentage of loan applications by SMEs); 2016; Turkey: 5.78; EU avg: 8.57

Access to public financial support including guarantees (percentage of respondents that indicated a deterioration); 2016; Turkey: 24.56; EU avg: 14.16

Equity funding for new and growing firms (1-5); 2016; Turkey: 3.19; EU avg: 2.77

Business angels funding for new and growing firms (1-5); 2016; Turkey: 3; EU avg: 2.78



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

Overall, in this area Turkey scores below the EU average. Nevertheless, since last year the indicators on rejected loan applications, equity funding and business angel funding have improved. The other indicators remain largely unchanged. The

legal framework, measured by the World Bank’s ‘strength of legal rights index’ is still weaker than the EU average.

Since 2008, a considerable number of measures have been launched in the form of project support, angel investments, venture capital funds, loans and credit guarantees addressing the funding needs of SMEs. Almost all new funding mechanisms have a specific clause on SMEs. Turkey has taken a number of steps to improve listing for SMEs and start-ups, and has created various listing platforms within the Istanbul Stock Exchange. The impact of these platforms still remains to be seen.

In the reference period, several new measures were introduced.

The Law on project-based investment incentives entered into force in September 2016. For an investment to be eligible under this scheme, it has to meet at least one of the following criteria: conformity with Turkey's national development plan, R&D focused, innovative, technology-oriented, high value added, and aiming to reduce Turkey's external dependence. The incentives to be granted and funded by the Ministry of Economy include corporate tax exemptions, customs duty exemptions, free land allocation, social security premium supports, compensation of up to 50 % for energy expenses and interest rate subsidies.

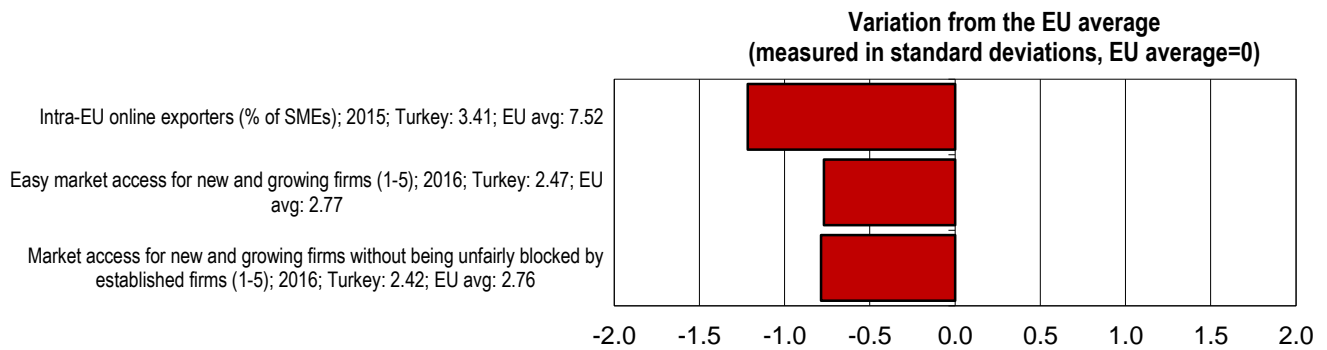
In December 2016, the government announced the creation of a new credit line of TL 250 billion (EUR 68 billion) for SMEs through the Credit Guarantee Fund. The fund will be guaranteed by the Treasury. The guarantee in export credits can go up to

100 %. In 2016 KOSGEB implemented a programme of interest subsidies for bank loans to businesses to increase production and quality standards, solve financing problems, create jobs and increase competitiveness at international level. In 2016, 15 000 businesses, 90 % of which are micro firms, received support under this programme for interest-free loans up to 50 000 Turkish lira.

In January 2017 the Law on movable collateral entered into force. SMEs are now able to use their movable assets as collateral against bank loans. Besides regular enterprises, the Law covers tradespeople, craftspeople, farmers, agricultural producer unions and service-sector professionals. Items that can be submitted as collateral include stocks, receivables, raw materials, revenues including rent, licences, commercial transportation routes and commercial projects.

Access to finance has generally improved. Turkey benefited from COSME funds. However, access to long-term funding remains challenging for SMEs and the capacity of financial institutions to provide such funding should be strengthened. In addition, Turkey should improve its legislation on late payments and ensure enforcement.

### 3.6 Single market



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

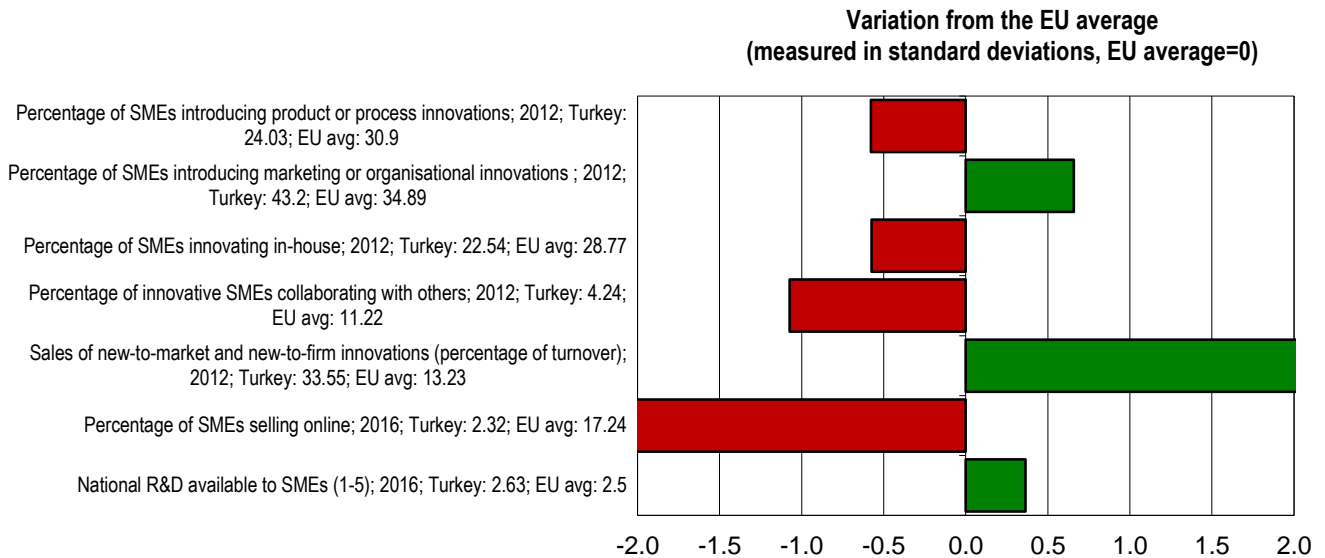
As Turkey is not an EU Member State, no relevant comparable data on EU legislation transposition and trade within the single market is available. However, the indicators point to relatively normal market access conditions.

EU-Turkey trade relations are largely regulated by the 1995 customs union. There are still some technical trade barriers for

certain goods. However, as for standardisation, Turkey uses nearly all harmonised EU standards and has aligned most of its own legislation with EU rules on product legislation.

In February 2017 the national standardisation strategy was adopted for the period 2017-2020.

### 3.7 Skills & innovation



**Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.**

Turkey's performance in this area is line with the EU average. However, for most indicators there are no updates available compared to last year's edition. The percentage of SMEs selling online remained very low compared to the EU average. The national R&D available to SMEs shows a slight increase since last year and remains at the EU average.

The Ministry of Economy, Ministry of Science, Technology and Industry, KOSGEB, and the Scientific and Technological Research Council of Turkey (TUBITAK) have implemented several measures since 2008. These include programmes to provide funding, training, mentoring services and the creation of incubators.

There were several relevant developments on skills & innovation during the reference period.

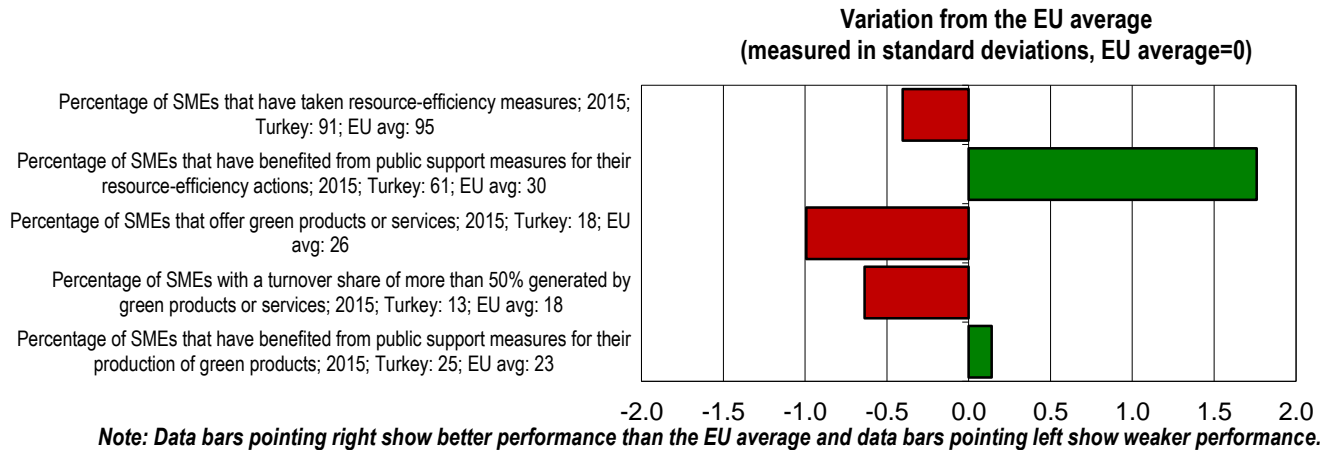
- In 2016, regulations were adopted on technology development zones and support for R&D and design activities. The regulations cover technology centres (as part of KOSGEB operations), R&D and design centres, R&D and innovation projects, pre-competition collaboration projects and techno-entrepreneurial support projects. One important measure is the

provision of tax exemptions for companies operating in R&D centres and their staff.

- In January 2017 the new Code on Industrial Property was adopted, covering trademarks, geographical indications, designs and patents.
- Turkey's 2017-2019 economic reform programme (adopted in January 2017) prioritises the commercialisation of R&D and innovation. It makes reference to the technological product investment supporting programme, through which private-sector R&D investments will be supported. It also mentions public procurement as an instrument for R&D commercialisation. However, using price preferences and exemptions in public procurement to stimulate R&D may be at odds with competition and EU public procurement rules, and does not seem to target SMEs and start-ups, which can be important drivers of new technology.

Moving forward, Turkey should consider financial and legislative initiatives to increase the capacity of companies, particularly SMEs, to adopt and implement innovative production processes.

### 3.8 Environment



Overall, Turkey’s performance in this area is comparable to the EU average. No new data are available since the publication of last year’s SBA factsheet. There was a decline in the share of SMEs that took resource-efficiency measures, received public support for them and generated more than half of their turnover from green products or services. The biggest deterioration is in the share of SMEs having received public support for their ‘green’ products, which more than halved from 2013 to 2015. The number of SMEs offering ‘green’ products or services increased by 4 pps in the same period.

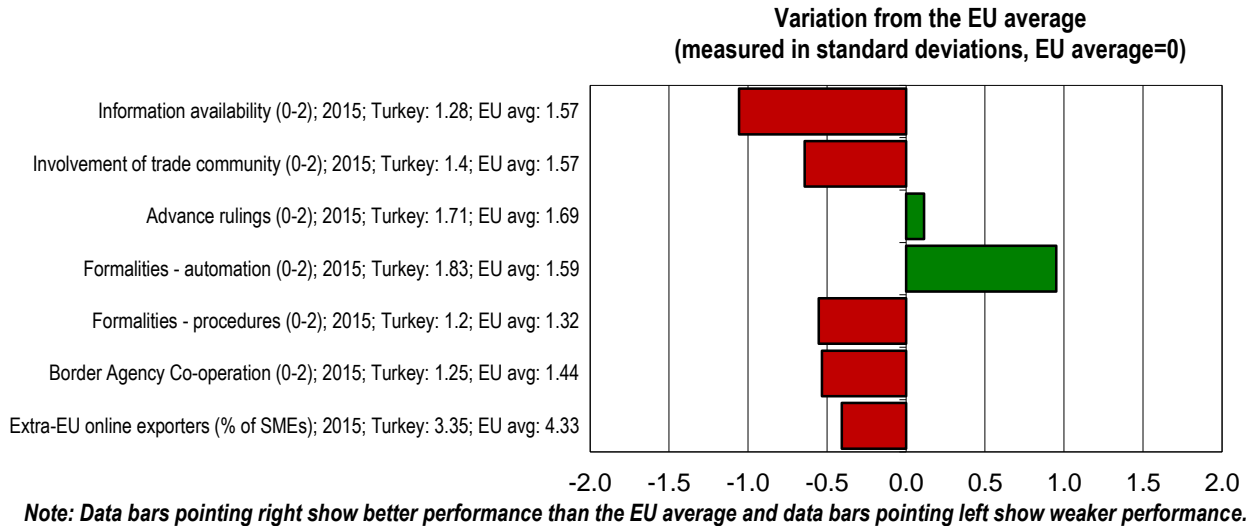
Since 2008, Turkey has made efforts to incorporate policies to promote green growth into its national policy frameworks. One of the three strategic objectives of its new industrial strategy (2015-2018) is to achieve a green and competitive industrial structure with resource efficiency. The national climate change action plan serves as Turkey’s general strategy to promote

environmentally-friendly development policy, and includes provisions on increasing energy efficiency among SMEs. KOSGEB provides information on environmental issues and tools for SMEs through printed guides and on its website. Turkey offers financial incentives, such as reduced costs for environmental certifications and loans, to help SMEs access finance for environmental investments. In addition, regional development agencies provide funding to increase environmental awareness and related production capacities of SMEs.

Moving forward, eco-efficient businesses should be further stimulated and regulatory incentives provided for EMAS (Eco-Management and Audit Scheme) certification. Green public procurement could be promoted, as well as strategic support to SMEs to ensure environmental and energy regulatory compliance.

During the reference period, no new measures were taken.

### 3.9 Internationalisation



Significant methodological changes have been introduced for the internationalisation SBA principle in this year's edition of the factsheets, with all World Bank indicators being replaced by six OECD trade-facilitation indicators (following a scale on which 0 is the lowest score and 2 is the highest<sup>5</sup>). Therefore, the overall performance in this area cannot be compared to that of last year.

Turkey's 2015-2018 SME strategy and action plan, embraces SME internationalisation as one of its new strategic fields. Turkey is an active partner of the Enterprise Europe Network and has introduced funding mechanisms for SMEs to increase their presence in international markets, either on a stand-alone basis or in clusters. Government export promotion programmes targeting SMEs are in place and implemented by the Ministry of Economy, the Turkish Exporters' Assembly, KOSGEB and Turk Eximbank.

There is an urgent need for an umbrella organisation providing strategic, operational, legal, financial and linguistic support to SMEs for internationalisation. There is also a need to decrease the time and number of documents required for this.

During the reference period, several measures were adopted:

- Subsidies for the organisation of sectoral international fairs in Turkey may now cover the participants' expenses in addition to

spending on organising the fair. 'Participants' are defined as companies established according to the Turkish Commercial Code that are members of an exporters' union.

- The scheme to support companies for their certification expenses in entering export markets was widened to include support covering companies' expenses towards participating in global value chains.

- The scheme for support for international competitiveness was amended. A more generic definition was adopted for activities that can be supported under this scheme, leading to more extensive and flexible use.

- In March 2017, the Ministry of Labour and Social Security published a regulation on the 'Turquoise card' which grants foreigners unlimited residence and work permit rights if certain conditions are met. Those eligible to receive the card should be highly qualified in terms of education, salary level, professional knowledge and experience and their contribution to science and technology. Turquoise cardholders can be investors, scientists or researchers, internationally recognised artists, sports people or people contributing to advancing Turkey's national interests at international level.



## Interesting initiative

Below is an example of an initiative from Turkey to show what governments can do to support SMEs:

### Technological product promotion and marketing support programme (TEKNOPAZAR)

The objective of the programme is to stimulate the promotion and marketing of technological products or prototypes resulting from R & D and innovation processes. Under the programme, SMEs are provided with 100 % non-refundable support. The programme is implemented by KOSGEB.

The programme period is 12 months and its upper support limit is TL 150 000 (EUR 36 500), with up to TL 100 000 (EUR 24 300) support without reimbursement for international promotion and marketing activities and up to TL 50 000 (EUR 12 200) support without reimbursement for domestic promotion and marketing activities.

The following expenses are supported under the programme:

- a) printed or electronic promotion materials;
- b) participation fees in fairs;
- c) customs transaction expenses for international fairs;
- d) expenses for membership of e-commerce sites;
- e) expenses related to the promotion of a technological product or prototype in the printed media;
- f) accommodation and transportation expenses of maximum two employees per company for travel related to promotion and marketing activities.

Companies with a technological product or prototype that has the following properties can participate in the programme;

- products obtained as a result of successfully completed R&D, innovation or design projects supported with public resources;
- products under patent protection;
- products with a technological product experience certificate (TÜR).

## Important remarks

The European Commission produces the SBA fact sheets, which combine the latest available statistical and policy information. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of national policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures considered relevant. They do not and cannot reflect all measures the government has taken over the reference period.

SME Performance Review:

[https://ec.europa.eu/neighbourhood-enlargement/policy/policy-highlights/sme-performance-review\\_en](https://ec.europa.eu/neighbourhood-enlargement/policy/policy-highlights/sme-performance-review_en)

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

Small Business Act:

[http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm)

European Small Business Portal:

[http://ec.europa.eu/small-business/index\\_en.htm](http://ec.europa.eu/small-business/index_en.htm)

## Endnotes

<sup>1</sup> The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2015, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2014 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

<sup>2</sup> The 2017 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

<sup>3</sup> The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2017. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2017. All SBA principles, with the exception of the 'Think Small First' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: <http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

<sup>4</sup> The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2016 and the first quarter of 2017. Only those measures were selected which are expected to have the highest impact in the SBA area in question.

<sup>5</sup> For more information on the indicators applied, see Moisé, E., T. Orliac and P. Minor (2011), 'Trade Facilitation Indicators: The Impact on Trade Costs', OECD Trade Policy Papers No 118, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5kg6nk654hmr-en>; further information is available at: <http://www.oecd.org/trade/facilitation/indicators.htm>