

Initiatives for SME's - 1997

Strengthening the Foundations of the Regional Business Community

Small and Medium Enterprises (SME's) account for over nine-tenths of the region's business firms. They create most new jobs and facilitate wealth creation. They provide the essential business infrastructure for large enterprises, and are the basic source of entrepreneurial activity. Ensuring the viability, profitability and growth of SME's is therefore of critical importance in strengthening the regional business community.

SME's face particular challenges due to resource constraints and a lack of market power. APEC is committed to assisting SME's by:

- reducing barriers to cross-border flows and finance;
- helping SME's take advantage of new opportunities and internationalize;
- building a better business environment; and
- addressing the attitudes that constrain their growth.

We reiterate the need for a core set of SME statistical indicators, coupled with clear targets, in order to be able to measure progress in achieving stated objectives.

Issues of Special Concern to SME's

Recognizing that SME concerns cut across various areas, ABAC is addressing certain of these concerns in relation to cross-border flows and finance. These recommendations are therefore spelled out in other parts of this report, rather than presented as a separate set of proposals in this chapter. This section focuses on these issues' relevance to SME's.

Business Mobility: Visa Arrangements and Special Immigration Lanes

For SME's with limited resources, being able to move around the region in a time-efficient manner is critical to trade expansion. This underlines the importance of border entry arrangements to business people.

Regional Conference On Mutual Recognition Of Professional Credentials

Most of the firms affected by restrictions related to recognition of professional credentials are SME's that lack the time and resources to pursue recognition on an individual basis. The 1996 ABAC Report proposed the identification of common standards for professional services that can facilitate APEC-wide recognition. While there was support in principle for this recommendation, little actual progress was made towards its implementation in 1997 due to uncertainty about the next steps forward. A regional conference would provide a mechanism for moving ahead.

SME Finance Roundtables

Growth financing for SME's has been a challenge in all of the APEC economies. A supportive financing environment needs to have the following characteristics:

- time-and-cost-efficient access by SME's to a full range of financing options;
- provision of both debt and equity financing mechanisms;
- a sufficiently competitive environment that allows SME's to have some leverage in selecting financing options; and
- a regulatory environment in which financing SME's is attractive to the providers of capital.

The continued holding of SME Finance Roundtables, coupled with the sharing of best practices that emerge from these activities, would contribute to the development of such an environment.

The APEC SME Network of Networks

Access to current information on the regional trading environment and on resources available to SME's is a critical factor in their competitiveness and growth. ABAC commends the progress made by the APEC Center For Technology Exchange And Training For Small And Medium Enterprises (ACTETSME, <http://www.actetsme.org>) and Japan's modification to the G-7 Global Information Network (GIN, <http://www.gin.ipa.go.jp>) to establish the basic structure for the APEC Network Of Networks for SME's, into which additional linkages can be made. Its usefulness to SME's will now depend on:

- identification of a coordinator for each economy to act as a gateway to and from other APEC economies,
- the development and maintenance within each economy of relevant content, and
- cost-effective access to the Network by SME's in each economy.

Recommendation

We ask the Economy Leaders to facilitate and reinforce the use of the APEC Network Of Networks for SME's (through the ACTETSME and GIN). The Economic Leaders should call on their respective SME Ministers and private sector business and trade associations to ensure relevant, adequate and up-to-date content and maintenance of the respective homepages to facilitate growth and export opportunities of SME's. Further, Economic Leaders should call on the appropriate Ministers to ensure easy, cost-efficient access to the Internet for SME's so that they can utilize the APEC Network Of Networks for SME's.