DRAFT AGENDA

2nd OECD - ASEAN REGIONAL SME POLICY ROUNDTABLE:
GOOD PRACTICES IN INTERNATIONAL MARKET EXPANSION FOR SMEs
NEAR-TERM PRIORITIES FOR SME DEVELOPMENT IN 2015

Tuesday, 25th November 2014
Angkor Palace Resort & Spa
Siem Reap City, Kingdom Cambodia
OVERVIEW

The Organisation of Economic Cooperation and Development (OECD) in cooperation with the Economic Research Institute for ASEAN and East Asia (ERIA) and the ASEAN Secretariat (ASEC) are pleased to organise the 2nd OECD-ASEAN Regional SME Policy Roundtable on November 25th in Siem Reap, Cambodia.

The roundtable will focus on Good Practices in International Market Expansion for ASEAN SMEs and Near-Term Priorities for SME Development in 2015.

OBJECTIVE

The purpose of this roundtable is twofold:

1) To exchange international good practices examples and replicable success stories from the OECD and ASEAN member countries that encourage access to markets of SMEs. Policies supporting SMEs to enter into the ASEAN market and integrate into regional and global value chains enhance SMEs internationalisation and growth.

2) To agree upon near-term priorities and actions to help SME’s benefit from opportunities deriving from the ASEAN Economic Community (AEC) by 2015. These activities aim at building momentum in further strengthening AEC by fulfilling the objectives of the ASEAN Policy Blueprint for SME Development 2004-2014 and the ASEAN Strategic Plan for SME Development 2010-15.

CONTEXT

This roundtable is held in connection with the 35th ASEAN SME Working Group meeting and is part of the Regional Policy Network on SMEs of the OECD Southeast Asia Regional Programme.

The Programme was formally launched by the OECD in May 2014. It aims to support the regional economic integration process and SME policy reform priorities in Southeast Asia. It provides a platform for exchange of good practices and mutual learning between policy makers in Southeast Asia and OECD countries and facilitates access to the expertise of OECD bodies and adherence to its integration.

PARTICIPANTS AND FORMAT

The roundtable includes delegates of the ASEAN SME Working Group, the OECD Working Party on SMEs and Entrepreneurship as well as experts in SME policy, trade and investment policy from the OECD and ERIA.

The roundtable will be split in two sections. The Workshop on Good Practices will start with an overview of the SME policy assessment in the ASEAN region and then structured around a mix of presentations by invited experts and policy makers illustrating case studies and concrete country experiences, which are followed by a general discussion. The Meeting in the afternoon will start with the results of the first meeting and followed by a tour de table of potential short-term SME policy priorities to be selected by the delegates.
The objective and structure of the OECD SME Policy Roundtable will be outlined. The first part will focus on good practices in access to markets for SMEs. In the second part short-term SME policy priorities for implementation in 2014-2015 will be selected.

- Mr. Soem Nara, Director General of General Department of Industry, Ministry of Industry & Handicraft, Cambodia
- Mr. Ted Tan, Chair of the ASEAN SME Working Group, Deputy Chief Executive, SPRING Singapore
- Prof. Salvatore Zecchini, Chair of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE)
- Mr. Yasushi Iwata, General Manager, Economic Research Institute for ASEAN and East Asia (ERIA)

### 1. GOOD PRACTICES IN INTERNATIONAL MARKET EXPANSION FOR SMES

**09.30-10.15 INTRODUCTION ON INTERNATIONAL MARKET EXPANSION FOR SMEs**

The main findings of the policy dimension 6 “International Market Expansion” of the ASEAN SME Policy Index will be presented.

- Mr. Antonio Fanelli, OECD Southeast Asia Regional Programme (SEARP)
- Dr. Sothea Oum, Economic Research Institute for ASEAN and East Asia

**10.15-10.30 Coffee break**

**10.30-12.15 POLICIES SUPPORTING TRADE AND MARKET INTEGRATION FOR ASEAN SMEs**

This session will focus on policy framework and instruments supporting access to market for SMEs and as one of the priorities of the ASEAN Policy Blueprint for SME Development 2004-14.

- Prof. Salvatore Zecchini, Chair of the OECD WPSMEE

**10.40-11.20 Good practice case studies on effective measures to support SMEs’ participation in global markets from ASEAN and OECD countries will be presented.**

- Mr. Jerry Clavesillas, Director, Bureau of SME Development, Department of Trade and Industry, Philippines
- Mr. Osamu Tamura, Director, Office for International Cooperation, Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry, Japan – “Japanese programmes and case studies for supporting exports”

**11.20-12.00 Open Discussion**

**12.00-12.15 Interim summary**

- Prof. Salvatore Zecchini, Chair of the OECD WPSMEE

**12.15-13.30 Lunch break**
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<td>13.30-13.40</td>
<td>The session will continued by looking at cases from ASEAN and OECD countries.</td>
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<td>Good practice case studies on effective measures to support SMEs’ participation in global markets from an ASEAN and OECD countries will be presented.</td>
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<td>- Ms. Aye Aye Win, Deputy Director General, Department for SME Development, Ministry of Industry, Myanmar</td>
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<td>- Mr. Sergio Arzeni, Director, Centre for Entrepreneurship, SMEs and Local Development, OECD – “Trade financing and SMEs integration in global value chains”</td>
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<td>14.20-15.00</td>
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<td>15.00-15.15</td>
<td>Key Take-Aways and Concluding remarks</td>
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<td>15.15-15.30</td>
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#### 2. NEAR-TERM POLICY PRIORITIES FOR SME DEVELOPMENT IN 2015

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<td>Following the discussion on short-term reform priorities at the first OECD SME Regional Policy Network in Manila in June 2014, six shortlisted activities will be presented and the opportunity provided to select short-term SME policy priorities that can be implemented by the end of 2015.</td>
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<td>- Mr. Antonio Fanelli and Anita Richter, OECD SEARP</td>
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<td>- Tour de table on potential short-term priorities – presentations by countries</td>
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<td>16.15-16.45</td>
<td>WAY FORWARD</td>
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<td>The OECD ASEAN SME work programme – outlook for 2015</td>
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<td>- Mr. Antonio Fanelli and Anita Richter, OECD SEARP</td>
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<td>16.45-17.00</td>
<td>CONCLUSION AND CLOSING REMARKS</td>
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<td>- Mr. Ted Tan, Chair of the ASEAN SME Working Group, Deputy Chief Executive, SPRING Singapore</td>
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GOOD PRACTICES INTERNATIONAL MARKET EXPANSION FOR SMES

Enhancing SMEs’ competitiveness in international market is critical in Southeast Asia. Moving towards full integration into the ASEAN Economic Community, SMEs in the ASEAN countries need to be able to cope with increasing international competition. There is a direct link between internationalisation and increased SME performance. International activities reinforce growth, enhance competitiveness and support the long-term sustainability of companies. In order to help SMEs to tap into external markets, many countries put in place policies to encourage export.

Policies that support SME’s expansion in the international market include export promotion programmes, providing advance and high value information of the international market, capacity building programmes for export, financial facilities for SMEs to export and reducing costs of custom clearance for exports.

According to the ERIA-OECD ASEAN SME Policy Index 2014 – Towards Competitive and Innovative SMEs, there is a significant gap between ASEAN-6 and CLVM countries in capacities to provide facilitation support for international market expansion.

Export promotion for SMEs in Singapore and Malaysia are ones of the highest performances in the region. In these countries, there are several agencies supporting export promotion for SMEs. The agencies such as International Enterprises Singapore and the Malaysia External Trade Development Corporation provide not only export promotion programmes to SMEs, but also international market intelligence and financial support.

In contrary, Cambodia, Lao PDR and Myanmar face limit performances in SMEs export promotion due to insufficient human and financial resources, which lead to lack of market information, effective administration and knowledge to enter the external markets. Most of these obstacles affect SMEs disproportionately. Countries’ policies should therefore be directed towards providing those skills and knowledge which are most needed by SMEs for increasing theirs competitiveness and entering into international market.

Most ASEAN SMEs have yet not taken advantage of the opportunities that derive from Free Trade Agreements. Moreover, technical trade barriers also represent one of the most important obstacles to the market integration of SMEs amongst the countries in ASEAN. For instance, time and cost of trade across border for exports can affect SMEs’ capacity to engage in international market. It takes 23 days and costs US$ 1,950 per container in Lao PDR and 22 days and US$ 795 per container in Cambodia (World Bank, 2013). Technical barriers can severely distort trade by preventing market access, protecting domestic producers and discriminating against foreign producers. In particular, SMEs have to comply with the trade-related regulatory environment for industrial and agricultural products covering technical regulations, standards, accreditation, conformity assessments, metrology, market surveillance and sanitary and phytosanitary rules. Increasing export promotion and export capacity building programmes as well as reducing trade barriers such as time and cost for custom clearance for exports would therefore enhance opportunities and competitiveness of ASEAN SMEs to expand the international market.
NEAR-TERM PRIORITIES FOR SME DEVELOPMENT IN 2015

At the first meeting of the OECD SME Regional Policy Network in June 2014 in Manila, ASEAN countries discussed short-term priorities for SME development for 2014-15, based on national strategies, the strategic vision of the ASEAN Economic Community Blueprint and the findings of the ASEAN SME Policy Index. Afterwards, the OECD streamlined the proposals to six potential short term policy priorities, which will be further consulted and confirmed by the ASEAN member countries at the second meeting of OECD SME Regional Policy Network. The selected policies will be implemented by the end of 2015. The proposed short term policy priorities are as follow:

1) Identify common criteria on how to collect data on SMEs. Each ASEAN member country uses own criteria and methods to collect data of the SME sector. By using a different SME definition such as number of employees, asset value and annual sales turnover, harmonised criteria are necessarily important for data collection and comparison across the region. In doing so, a development of common standards and collecting more robust statistics is needed for monitoring national and regional SME development. Common measurement standards will be derived from the OECD-Eurostat Entrepreneurship Indicators Programme which develops policy-relevant and internationally-comparable indicators. They are based on an analytical model and measurement infrastructure that allow gathering comparable data.

2) Create an ASEAN SME Online-Portal. The ASEAN countries tend to have multiple websites disseminating information for SMEs due to manifold SME related agencies. It is also evident that in many websites, the countries use their local language. The variety of websites and the limited availability of languages hinder retrieving valuable information. An ASEAN SME online portal will unite information in one place, providing information ranging from practical advice to policy issues (e.g. business links, technical standards, custom regulations) for SMEs. It will be the key website for export oriented SMEs in the region, which will support the market integration of SMEs into the ASEAN Economic Community (AEC). A model of the ASEAN SME online portal can be the European Commission’s European Small Business Portal (http://ec.europa.eu/small-business/index_en.htm). Such a portal can be launched by December 2015.

3) Reduce time and cost for business registration. In line with the APBSD’s objective to increase SMEs’ contribution to regional economic growth, the region needs to support the transition of SMEs from the informal to the formal sector and stimulate the creation and registration of new enterprises. Reducing time and cost for business registration will promote the registration of existing enterprises operating in the informal sector and creation of start-ups. In many cases of ASEAN countries, starting a business is costly and requires a lengthy procedure, which results in an unfavourable business environment and a poor global ranking. For example, the registration procedure may take 104 days in Cambodia and cost 176.7% of income per capita in Myanmar. By applying the existing systems to register businesses with a trade name and minimum capital, this priority activity can be implemented by the end of 2015.
4) Integrate ASEAN countries in the OECD Scoreboard for SME Financing. SMEs’ access to finance is relatively limited in the region. According to the ASEAN SME Policy Index, many SMEs lack awareness of financing resources and programs available from commercial banks, other private sector and government sources, and have difficulty defining and articulating their financing needs. Furthermore, financial institutions seem to assign higher risk premium on opaque SMEs by offering less favourable financial conditions. The scoreboard for SME financing in ASEAN will provide a comprehensive framework for monitoring SMEs’ and entrepreneurs’ access to finance and help identifying a weakness of the existing SME policies. The comprehensive ASEAN Scoreboard for SME financing will not rank the ASEAN countries, but will support the design and evaluation of policy measures on a country-by-country basis. The development of an ASEAN Scoreboard for SME financing can be done by the end of 2015.

5) Raise awareness on the preferential tariff scheme for SMEs. Several researches indicate that the utilisation rate of the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area by SMEs in the region is low because SMEs are not fully aware of the scheme. To support the countries to attain the objectives of the APBSD 2004-2014, particularly to increase the contribution of SMEs to economic growth, increasing SMEs’ utilisation of the Common Effective Preferential Tariff (CEPT) Scheme is needed. A workshop to raise the awareness can be held by the end of 2015.

6) Organise an ASEAN SME week. Malaysia identifies that SMEs assume a vital role in shaping the future of the Malaysian economy as key drivers in the country’s economic transformation process, in line with the goal of attaining a high-income nation status of Vision 2020. One such initiative is the nationwide SME Week organised by SME Corp. Extending the national SME week to a Southeast Asia regional SME week aligned with SME programmes and activities in the region could allow SME stakeholders, governments, businesses and civil society, to strengthen their networks. The OECD - ASEAN Regional SME week will be a stage for information exchanges among the SME stakeholders from OECD and ASEAN member countries. The ASEAN SME week can be held by the end of 2015.

REFERENCES


OECD (2009), Top Barriers and Drivers to SME Internationalisation, Report by the OECD Working Party on SMEs and Entrepreneurship, OECD, Paris.
